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Woodford Patient Capital Trust plc
Annual Report

For the period from incorporation (26 January 2015) to 31 December 2015

Contents

STRATEGIC REPORT

Investment objective

The Company's investment objective is to achieve long-term capital growth through investing in a portfolio consisting predominantly of UK companies, both quoted and unquoted.

The Company will aim to deliver a return in excess of 10% per annum over the longer term*.

* This is a target only, not a profit forecast, and there can be no assurance that it will be met.

Financial and operational highlights

	30 June 2015 £'000	31 December 2015 £'000
Total assets	**814,858**	**805,264**

Net asset value and share price	**30 June 2015 pence**	**31 December 2015 pence**
Net asset value per share	101.86	97.37
Share price	113.50	101.00

Net asset value and share price performance	**30 June 2015 %**	**31 December 2015 %**
Increase in net asset value since admission (21 April 2015)*	3.1	(1.5)
Increase in share price since admission (21 April 2015)	13.5	1.0
Share price premium to net asset value	11.4	3.7

	30 June 2015	**31 December 2015**
Ongoing charges ratio**	0.1	0.1

* Net asset value at admission (21 April 2015) was 98.83 pence per share.

** Ongoing charges ratio – calculated as a percentage of average shareholders' funds and using expenses, excluding finance costs, performance fees and taxation in accordance with AIC guidelines.

Investment characteristics as at 31 December 2015

Woodford Investment Management LLP (Woodford) believes that the lack of long-term patient equity capital has created a compelling opportunity to invest in businesses with outstanding intellectual property.

01

Unique portfolio
The Company's portfolio represents a mix of exciting, disruptive early-stage and early-growth companies, together with some of Woodford's high conviction mid and large capitalisation ideas.

02

Innovative fee structure
Woodford does not receive a management fee from the Company for its services and is only awarded a fee based on performance. The majority of any performance fee is payable in ordinary shares, further aligning the portfolio manager's interests with shareholders.

03

Attractive target returns
The Company aims to deliver a return in excess of 10% per annum over the longer term*.

* This is a target only, not a profit forecast, and there can be no assurance that it will be met.

04

Diversified portfolio
The Company's portfolio consists of 64 holdings, predominantly early-stage and early-growth companies.

05

Portfolio manager
The portfolio manager specialises in managing UK equities for retail and institutional investors. The portfolio manager had £14.28bn of assets under management as at 31 December 2015, including £8.32bn of assets in the CF Woodford Equity Income Fund.

06

Portfolio management team
Neil Woodford, one of the most respected fund managers in the UK, has principal responsibility for the management of the Company's portfolio. Neil is supported by a team of investment professionals including Saku Saha, Paul Lamacraft and Stephen Lamacraft.

Operational highlights

26 January 2015
Woodford Patient Capital Trust plc is incorporated at Companies House

6 February 2015
Announcement of intention to launch

24 February 2015
Publication of prospectus for the initial public offering

9 April 2015
Supplementary prospectus published, increasing the size of the initial public offering

21 April 2015
Shares commence trading on the London Stock Exchange, investment team starts to build the portfolio

11 August 2015
Interim results published, portfolio revealed for the first time

11 August – 9 September 2015
A further 27 million shares were issued by way of a series of tap issues, raising an additional £30.46m

31 December 2015
The portfolio ends the financial year substantially invested

Woodford Patient Capital Trust – annual results

Chairman's statement
Welcome to the maiden set of annual results for Woodford Patient Capital Trust, covering the period from the Company's inception on 26 January 2015 to its 31 December 2015 year end.

The Board was delighted with the investment community's enthusiastic response to the launch of Woodford Patient Capital Trust last spring. As a result, the initial £200m public offering was increased as the concept of investing patient capital in early-stage and early-growth businesses captured investors' imagination. The resized share issue of £800m was itself oversubscribed, which the Board viewed as a tremendous endorsement of the patient capital strategy.

The net asset value of Woodford Patient Capital Trust ended the period at 97.38p per share (cum income), slightly below the issue price of 100p per share. A detailed assessment of the portfolio's progress follows in the manager's review but performance since launch is broadly in line with the Board's expectations, given the long-term nature of this investment vehicle and the deterioration in market sentiment over the period.

Since dealings in the Company's shares commenced on the London Stock Exchange on 21 April 2015, Neil and his investment team have been busy building the portfolio, a process that was completed shortly before year end.

As the Woodford team has constructed the portfolio the opportunity set has emerged as deeper and richer than originally anticipated, further strengthening already high levels of confidence in the investment rationale. The team continues to identify what it believes is a significant volume of attractive investment opportunities for the Company, including new investment opportunities, from a variety of sources, as well as follow-on investments in existing portfolio companies.

Accordingly, in January, we announced we were looking at ways to raise additional capital. With the continuing uncertainty prevailing in markets, now is not an appropriate time to raise capital. The Board will, however, monitor the situation and advise shareholders of any developments.

In order to retain the Company's status as an investment trust, a resolution to declare a final dividend of 0.16 pence per share will be proposed at the Company's Annual General Meeting, which is due to take place on 9 May 2016. The dividend will be payable on 10 June 2016 to shareholders who appear on the shareholder register as at 20 May 2016.

The Board firmly believes in the strategy of investing in highly promising early-stage opportunities with patient capital and is confident of the long-term prospects for the Company.

Susan Searle
Chairman
21 March 2016

Portfolio manager's review

Since April's launch, we have been actively building the Woodford Patient Capital Trust portfolio, a process which was completed just before year end. Initially, our activity was focused towards building exposure to the quoted element of the portfolio, with positions in the more liquid mid-to-large capitalisation companies completed quite quickly. Some of the less liquid positions took longer to build, but placings by the likes of allergy and asthma business Circassia in June, clinical-stage stem-cell research company ReNeuron in August and aquaculture technology business Benchmark in December allowed us to gain the exposure we had sought to these exciting young businesses, some of which can have limited liquidity in the secondary market.

At the Company's interim period end, the portfolio was more than 75% invested. Since then, our focus has been on building out the portfolio's unquoted exposure. At launch, we mentioned that we had a strong pipeline of opportunities under due diligence and many of these are now represented in the portfolio. The majority of these opportunities have been introduced to us through our network of trusted partners, such as Allied Minds, Arthurian Life Sciences, Imperial Innovations, IP Group and Malin.

These established 'evergreen' investors do much of the painstaking work that is required to nurture a nascent company through the very early stages of its life. Our long-standing relationship with them provides us with the opportunity to co-invest once those companies have started to prove themselves and need more capital to progress on the long journey towards fulfilling their long-term commercial potential. This often involves several funding rounds, allowing us to increase the amount of capital we deploy as the business de-risks.

Among the largest unquoted positions are Immunocore, a UK-based clinical-stage immuno-oncology business, gene sequencing company Oxford Nanopore and Proton Partners, which plans to introduce proton beam cancer therapy to the UK by 2017. We look forward to updating investors on the progress of these, and other, promising early-stage businesses in future reports.

Turning to performance, the Company's net asset value ended the year at 97.38p per share on a cum income basis, a slight decline on the issue price of 100p per share. Clearly, we would prefer to be reporting on a period of positive progress for the portfolio in net asset value terms, but it is still very early days for this long-term strategy and performance should be viewed in the context of the overall market environment since launch. The performance of the trust should not correlate closely to that of the broader UK stock market in the long term, but the quoted element of the portfolio and, in particular, our large cap positions are exposed to the slings and arrows of market sentiment which, in the period under review, turned increasingly negative. From launch on 21 April 2015 to year end, the FTSE All Share Index declined by -7.5% in total return terms.

We would be concerned if the share price performance of our investee businesses had been prompted by disappointing operational progress. In most instances, in fact, the opposite is true – we have been very pleased by the fundamental performance of the vast majority of our holdings, many of which have actually exceeded our initial expectations.

There are, of course, one or two exceptions. It is the nature of investing in early-stage companies that not all of them will progress in the way that was envisaged when the investment was first committed. If problems are encountered, we do our best to help the company overcome them. RM2 International is a good example of a company that hit a bump in the road during the period under review. RM2 has a high performance composite pallet product which has the potential to significantly disrupt the global goods transportation industry. The company announced some very positive contract wins during the period but also needed to make minor modifications to the coating it applies to its pallets, resulting in delays to its production upswing. We participated in its September share placing and remain very confident that the company will arrive at a successful destination, albeit somewhat later than previously anticipated.

Northwest Biotherapeutics, meanwhile, was the largest negative contributor to performance. We were attracted to Northwest by its technology, which looks to harness the power of the body's immune system to fight cancer. It's a broad-based technology for a range of solid tumours and is being trialled in patients who have exhausted all other avenues of cancer treatment. Since we first invested, however, allegations of financial improprieties and regulatory failure have been published by at least one anonymous source. We have engaged with the board on this matter and in a public filing to the US Securities and Exchange Commission, we called for the appointment of an independent non-executive director and the convening of a special committee to investigate the allegations. Accordingly, the company has initiated an investigation and we await its findings.

More positively, our other US biotech holdings provided a strong positive contribution to performance. In particular, the portfolio's largest position, Prothena, which is developing immuno-therapies in central nervous system and chronic inflammatory disorders, performed very strongly. This is a business we have known for several years – it was originally spun out of Elan in 2012 and has since established a growing analytical following in the US biotechnology industry, supported by positive clinical data in its lead candidate, a potential treatment for AL amyloidosis. The company is also developing a treatment for Parkinson's disease in collaboration with Roche, which has reported highly encouraging, albeit early-stage, clinical data. Both assets have enormous commercial long-term potential and increasing awareness of the company's progress drove significant share price gains in 2015.

Elsewhere, our holding in Vernalis performed well, having received FDA approval for the first of its extended release cough cold products, Tuzistra, in April 2015, shortly after the position was purchased. Investors continue to significantly undervalue the potential of Vernalis' cough cold franchise, in our view. It has four further products in development, alongside a portfolio of central nervous system and oncology programmes currently in the clinic.

Meanwhile, Norwegian fingerprint imaging technology business Idex was rewarded for its continued operational progress. Several mobile phone manufacturers are evaluating the company's product capabilities and towards the end of the year, it announced that a tier-one mobile phone manufacturer had selected its technology for use in a new device, representing a landmark design win. We are increasingly confident that Idex can continue to convert these opportunities to build a meaningful position in the fast-growing fingerprint sensor industry, which represents a multi-billion dollar market opportunity.

With regard to unquoted holdings, most of them continue to be held at the original price we paid. It may take several years for these businesses (and indeed many of their quoted counterparts) to fully realise their potential but there have been a couple of early successes. Immunocore, the clinical-stage immuno-oncology company, saw an independent revaluation, reflecting the continued positive progress being made by the business. Its well-validated ImmTAC technology platform has already demonstrated proof of concept with good clinical data in melanoma patients and the company continues to make progress on multiple partnered programmes with major pharmaceutical companies.

Meanwhile, Stratified Medical was also upwardly revalued as a result of a further funding round. The company has already identified and out-licensed two potential targets for Alzheimer's disease and is now further developing its powerful algorithm-based technology platform towards 'self-learning'. We continue to see considerable long-term growth potential in Stratified Medical as it continues to develop and commercialise its very impressive intellectual property.

Looking ahead, 2016 is shaping up to be another challenging year for financial markets but we are tremendously excited about the long-term potential in the portfolio that we have built. The realisation of future long-term value will be determined by the fundamental progress made by the companies in which we have invested, not by market sentiment.

We have invested in some incredible businesses with massively disruptive technologies and high-growth potential. Some of these businesses may take a long time to fulfil their potential but the stock market is not well endowed with patience, particularly in volatile conditions. Periodically, this manifests itself in share price weakness, especially in businesses with no earnings or dividends and relatively limited market liquidity.

Share price weakness in listed early-stage businesses tends, therefore, to reflect this lack of patience from investors, rather than a lack of fundamental progress by the companies. Therein lies the opportunity for patient capital to exploit. The portfolio is in excellent shape and we continue to view the future with great confidence.

Neil Woodford
21 March 2016

Top ten holdings

Quoted holdings

Prothena **6.3%***
(Listed on NASDAQ)
A US biotechnology company focused on developing immuno-therapies in central nervous system and chronic inflammatory disorders. Since we invested, the shares have performed very well, on the back of data for its treatment for AL amyloidosis. Meanwhile, PRX002, the Parkinson's candidate that the company is developing in collaboration with Roche, reported highly encouraging early clinical data. A relatively unknown US-listed company 12 months ago, its profile has been transformed by this data, attracting the attention of the analyst community and investors. Both assets have enormous commercial potential addressing areas of high unmet clinical need.

Cost: £26.1m
Value as at year end: £51.2m

Circassia **4.0%***
(Listed on the main market of the London Stock Exchange)
An allergy and asthma specialist, with its novel asthma diagnosis and management products sold direct in the US and Germany and its lead immunotherapy targeting cat allergy in phase III. House dust mite, grass and ragweed allergy therapies have also completed phase IIb proof-of-concept trials. Recent strategic acquisitions have strengthened the investment case. Aerocrine brings the company's first approved product in the respiratory sector and provides commercial infrastructure in major markets for the entire company portfolio. Meanwhile, Prosonix is a respiratory technology that provides additional product for that infrastructure. Its first product was approved towards the end of 2015.

Cost: £29.6m
Value as at year end: £32.7m

Verseon **3.9%***
(Listed on AIM)
A US-based but UK-listed platform drug development business. Verseon's proprietary platform uses computerised molecular modelling techniques to engineer novel drugs consistently, reliably and cost-effectively. The company continues to advance its three drug programmes in anti-coagulation, treatment of diabetic macular oedema and treatment of solid tumour cancers and is building the infrastructure to support further growth in its pipeline.

Cost: £31.7m
Value as at year end: £32.1m

Alkermes **3.7%***
(Listed on NASDAQ)
A US-listed biotech company with a diversified on-market portfolio and substantial clinical pipeline of product candidates for chronic diseases such as schizophrenia, depression, addiction and multiple sclerosis. News flow during the year confirmed positive progress in its drug pipeline. Meanwhile, its on-market products continue to perform well and Aristada recently received approval from the FDA as a new extended release injection to treat adults with schizophrenia.

Cost: £22.9m
Value as at year end: £30.2m

Vernalis **3.4%***
(Listed on AIM)
A UK biotechnology business with a rapidly maturing extended release cough cold franchise. Its lead product Tuzistra was approved by the FDA in April 2015 and is commercially available for the first time this winter. It also has another four cough cold products in development, a portfolio of central nervous system and oncology programmes in clinical trials and the company recently acquired the rights to a once-a-day formulation of the antibiotic amoxicillin.

Cost: £18.5m
Value as at year end: £27.4m

Idex **2.9%***
(Listed on the Oslo Stock Exchange)
A Norwegian fingerprint imaging and recognition technology business. The company continues to make positive progress in its discussions with several mobile phone manufacturers which are evaluating the company's product capabilities. Towards the end of the year, Idex announced that a tier-one mobile phone manufacturer had selected its technology for use in a new device, representing a landmark design win and further validation of Idex's technology. We are increasingly confident that the company can build a meaningful position in the fast-growing fingerprint sensor industry, which represents a multi-billion dollar market opportunity.

Cost: £15.9m
Value as at year end: £23.4m

Unquoted holdings

Immunocore **5.0%***

A UK clinical-stage biotechnology company which is the culmination of decades of research and development around technology originally developed at Oxford University. The company operates in the field of immuno-oncology and is developing drugs that target cancer cells and redirect the immune system to kill them. Its well-validated platform has already demonstrated proof of concept with good clinical data in melanoma patients and continues to make progress on multiple partnered programmes with major pharmaceutical companies. With funding now in place to develop its lead candidates through the clinic and to market, the company has the potential to become a leading global commercial biotech company.

Cost:	£35.3m
Value as at year end:	£40.9m
% capital owned	7.20%
Turnover	£6.4m
Pre-tax loss	-£7.2m
Net liabilities attributable to shareholders	-£2.1m
Last financial year end	30 Sept 2014

Oxford Nanopore **4.2%***

A business backed through its technology development phase and now beginning commercialisation, Oxford Nanopore is developing next generation technology for molecular diagnostics, with DNA sequencing being the first application. The company continues to make great progress with its technology, with its 'London Calling' conference in May marking the commercial launch of its portable MinION DNA sequencing device. Academic validation of the technology over the past 6-9 months has surpassed any prior innovation in this field. Combined with the functionality of a portable, low-cost, real-time sequencer, the MinION has potential across huge markets including the diagnosis of infectious diseases, food and crop monitoring and academic research. We took part in the company's latest fundraising to support further product development, scale-up and commercial launch.

Cost:	£34.4m
Value as at year end:	£34.3m
% capital owned	3.53%
Turnover	N/A
Pre-tax loss	-£41.7m
Net assets attributable to shareholders	£65.6m
Last financial year end	31 Dec 2014

Proton Partners **3.7%***

Proton Partners plans to introduce the UK's first private cancer centres offering high energy proton beam therapy to cancer patients. The introduction of new compact equipment at lower cost is driving wider adoption of proton therapy, which represents a substitute for conventional radiotherapy with the potential to reduce damage to peripheral tissue and organs. The business aims to be operational by 2017 and offer full-service cancer care.

Cost:	£30.0m
Value as at year end:	£30.0m
% capital owned	49.18%
Turnover	N/A
Pre-tax profit/loss	N/A
Net assets attributable to shareholders	N/A
Last financial year end	N/A

Oxford Sciences Innovation **2.8%***

A new company formed earlier this year as Oxford University's preferred partner for the provision of capital for spinout companies, based on research from its science and medical divisions. The company represents a critical new link in Oxford's science innovation infrastructure and an important part of the UK's burgeoning technology commercialisation industry.

Cost:	£23.0m
Value as at year end:	£23.0m
% capital owned	6.80%
Turnover	£0m
Pre-tax profit	£0m
Net assets attributable to shareholders	£0m
Last financial year end	31 Dec 2014

* *% of total portfolio assets*

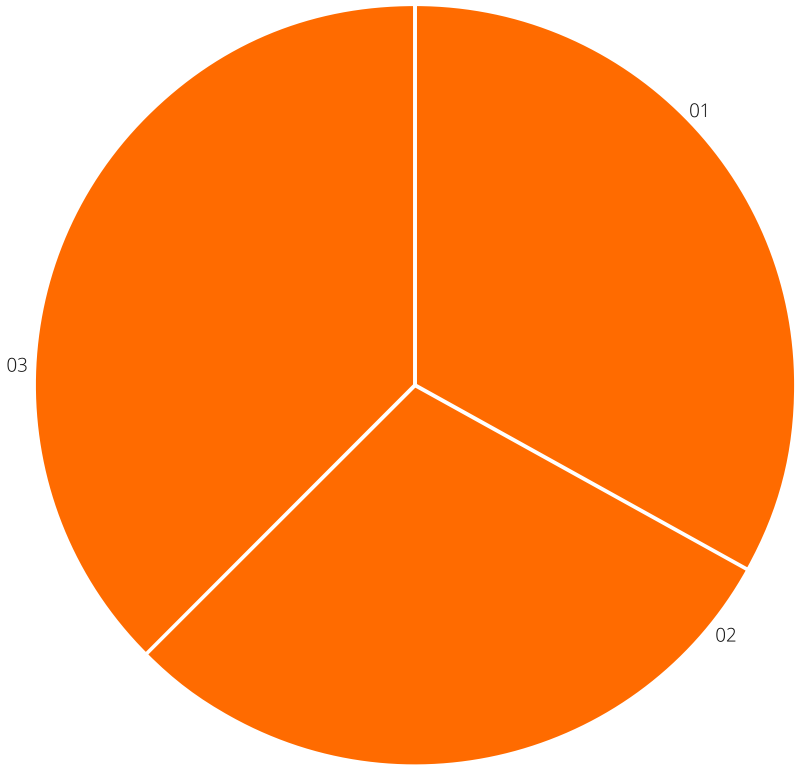
Portfolio composition

Please find below the composition of the Woodford Patient Capital Trust portfolio by maturity stage and listing status.

Maturity stage
Source: Woodford

01	Early stage	46.10%
02	Early growth	23.33%
03	Mid/large	29.52%

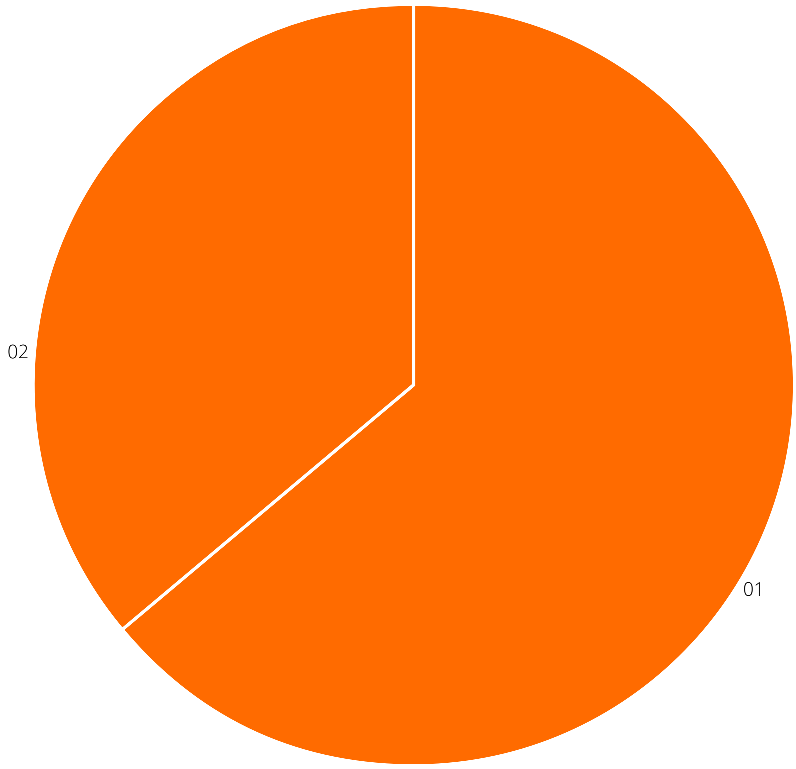
(excludes cash)



Listing status
Source: Woodford

01	Quoted	63.31%
02	Unquoted	35.64%

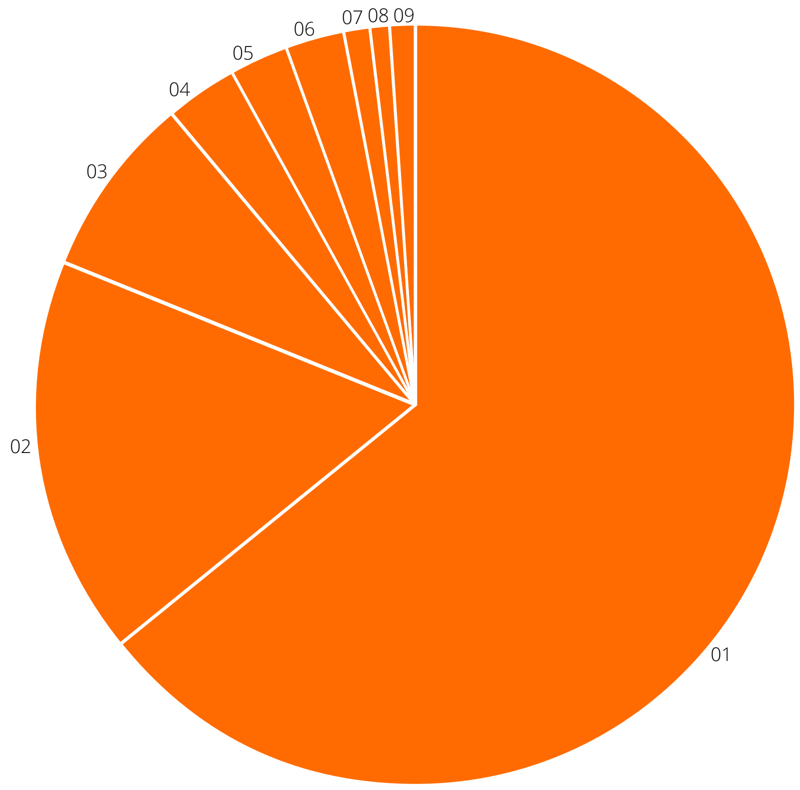
(excludes cash)



And by industry and geography.

Industry
Source: Woodford

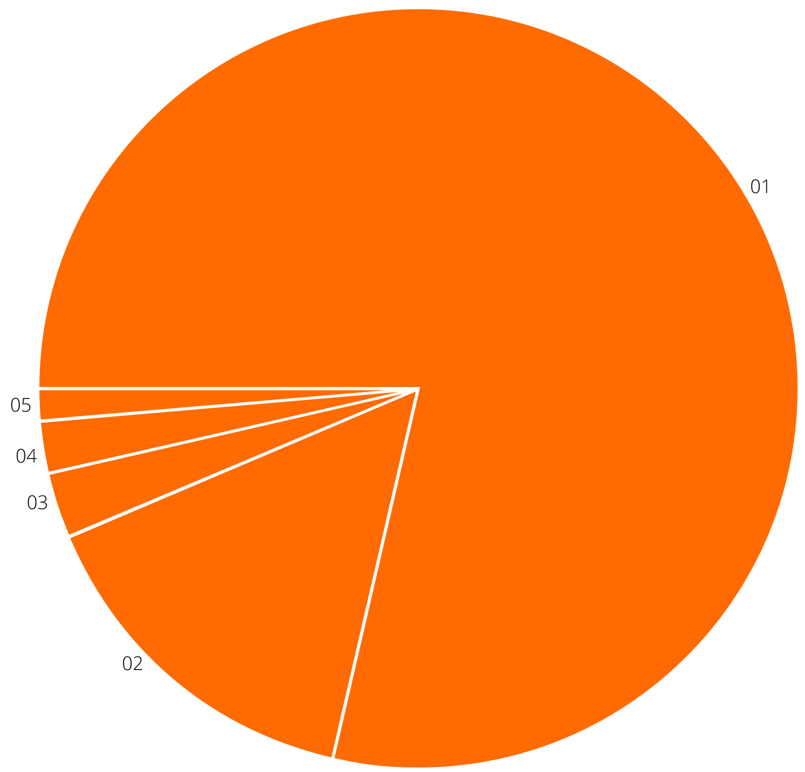
01	Health Care	64.33%
02	Financials	16.93%
03	Industrials	7.63%
04	Technology	3.16%
05	Consumer Services	2.49%
06	Consumer Goods	2.46%
07	Telecommunications	1.31%
08	Basic Materials	0.64%
09	Cash and near cash	1.05%



Geographical allocation
Source: Woodford

01	United Kingdom	78.03%
02	United States	14.70%
03	Norway	2.88%
04	Ireland	2.06%
05	Switzerland	1.28%

(excludes cash)



Investment portfolio

Name		Industry	Weight (%)
01	Prothena	Health Care	6.30
02	Immunocore (unquoted)	Health Care	5.03
03	Oxford Nanopore (unquoted)	Health Care	4.22
04	Circassia	Health Care	4.02
05	Verseon	Health Care	3.94
06	Alkermes	Health Care	3.72
07	Proton Partners International (unquoted)	Health Care	3.69
08	Vernalis	Health Care	3.38
09	Idex	Industrials	2.88
10	Oxford Sciences Innovation (unquoted)	Financials	2.83
11	Purplebricks	Consumer Services	2.49
12	Allied Minds	Financials	2.37
13	Imperial Innovations	Financials	2.28
14	IP	Financials	2.25
15	AstraZeneca	Health Care	2.23
16	BTG	Health Care	2.14
17	GlaxoSmithKline	Health Care	2.08
18	Malin	Health Care	2.06
19	Industrial Heat (unquoted)	Industrials	1.88
20	4D Pharma	Health Care	1.87
21	ReNeuron	Health Care	1.78
22	Horizon Discovery	Health Care	1.69
23	Kymab (unquoted)	Health Care	1.64
24	Northwest Biotherapeutics	Health Care	1.63
25	Benchmark	Health Care	1.39
26	Gigaclear (unquoted)	Telecommunications	1.31
27	Netscientific	Health Care	1.31
28	Cequr (unquoted)	Health Care	1.28
29	Precision Biopsy (unquoted)	Health Care	1.25
30	Atom Bank (unquoted)	Financials	1.23
31	Kind Consumer C (unquoted)	Consumer Goods	1.23
32	RM2 International	Industrials	1.18
33	Provident Financial	Financials	1.13
34	A J Bell (unquoted)	Financials	1.09
35	Kind Consumer (unquoted)	Consumer Goods	1.07
36	Legal & General	Financials	0.99
37	Ombu Pref (unquoted)	Financials	0.98
38	SciFluor Life Sciences (unquoted)	Health Care	0.94
39	Drayson Technologies (unquoted)	Technology	0.92
40	Redde	Financials	0.87
41	Silence Therapeutics	Health Care	0.86
42	Oxford Pharmascience	Health Care	0.85
43	Xeros	Industrials	0.85
44	AMO Pharma (unquoted)	Health Care	0.83
45	Utilitywise	Industrials	0.83
46	Abzena	Health Care	0.82
47	Seedrs (unquoted)	Financials	0.74
48	Mercia Technologies	Technology	0.73
49	Mereo Biopharma (unquoted)	Health Care	0.73
50	Stratified Medical (unquoted)	Technology	0.72

Name	Industry	Weight (%)
51 Tissue Regenix	Health Care	0.63
52 Ultrahaptics Pref (unquoted)	Technology	0.62
53 Evofem C (unquoted)	Health Care	0.50
54 Hvivo	Health Care	0.47
55 Revolymer	Basic Materials	0.46
56 Sphere Medical	Health Care	0.34
57 Midatech Pharma	Health Care	0.30
58 PsiOxus (unquoted)	Health Care	0.22
59 Origin (unquoted)	Health Care	0.19
60 Halosource Reg S	Basic Materials	0.18
61 American Financial Exchange (unquoted)	Financials	0.17
62 Ultrahaptics (unquoted)	Technology	0.17
63 Kind Consumer B (unquoted)	Consumer Goods	0.16
64 Rolls-Royce	Industrials	0.01

Business review

The strategic report on pages 5 to 28 has been prepared to help shareholders assess how the Company has performed, to understand its objectives and policies. The strategic report has been prepared in accordance with the requirements of Section 414 A-D of the Companies Act 2006 and best practice. The business review section of the strategic report discloses the Company's risks and uncertainties as identified by the Board, the key performance indicators used by the Board to measure the Company's performance, the strategies used to implement the Company's objectives, the Company's environmental, social and ethical policy and the Company's future developments.

Principal activity

The Company carries on business as an investment trust and its principal activity is investment in quoted and unquoted equities of companies incorporated or listed predominantly in the United Kingdom, with a view to achieving the Company's investment objective. Investment companies are a way for investors to make a single investment that gives a share in a much larger portfolio. A type of collective investment, they allow investors to spread risk and diversify in investment opportunities which may not otherwise be easily accessible to them. For more information: theaic.co.uk/guide-to-investment-companies

Strategy and investment policy

The Company's investment objective is to achieve long-term capital growth through investing in a portfolio consisting predominantly of UK companies, both quoted and unquoted.

The Company will aim to deliver a return in excess of 10% per annum over the longer term*.

* This is a target only, not a profit forecast, and there can be no assurance that it will be met.

The Company's portfolio is constructed on the basis of an assessment of the fundamental value of individual securities and is not structured on the basis of sector weightings. The Company's portfolio is diversified across a number of sectors and, while there are no specific limits placed on exposure to any one sector, the Company will at all times invest and manage the portfolio in a manner consistent with spreading investment risk.

The Company's investment policy is as follows:

Asset allocation and risk diversification

The Company will invest in a diversified portfolio consisting predominantly of UK companies, both quoted and unquoted.

The Company will invest in:

(i) Mid and large-capitalisation listed, mature companies
(ii) Early-growth companies, which are typically quoted although may be unquoted companies
(iii) Early-stage companies, which are likely to include both quoted and unquoted companies

To acknowledge the Company's evolving structure the Company's portfolio is generally expected to reflect the following asset allocation:

(i) Between 15 and 30% invested in mid and large-capitalisation listed, mature companies
(ii) Between 15 and 30% invested in early-growth companies
(iii) Between 40 and 70% invested in early-stage companies

However, the actual portfolio composition at any one time will reflect the opportunities available to the portfolio manager, the performance of the underlying investee companies and the maturity of the portfolio.

The Company's portfolio is expected to consist of 50-100 holdings. The Company may become a significant shareholder in any of the underlying portfolio companies.

Investment restrictions

The Company is subject to the following investment restrictions:

(i) Investment in unquoted companies will be limited to 60% of net asset value at the time of investment
(ii) Investment in non-UK companies will be limited to 30% of net asset value at the time of investment
(iii) The Company's portfolio shall be invested in a minimum of 40 holdings
(iv) The Company shall not invest more than 10% of its net asset value at the time of investment in an investee company, save that the portfolio manager may make further investments into an investee company subject to an aggregate investment limit in any investee company of 15% of net asset value at the time of investment
(v) The Company may invest in other investment funds, including listed closed-ended investment funds, to gain investment exposure but such investment will be unleveraged and (other than in relation to investment in money market funds for the purposes of cash management) limited, in aggregate, to 10% of net asset value at the time of investment
(vi) The Company shall not have exposure of more than 10% of net asset value, at the time of investment, to any one issuer

Borrowing
The Company does not intend to deploy long-term gearing but may employ gearing of up to 20% of net asset value, calculated at the time of borrowing, for the purpose of capital flexibility, including for investment purposes.

The Board oversees the level of gearing in the Company, and reviews the position with the portfolio manager on a regular basis. As at the year end the Company was not geared.

Hedging
The Company may use derivatives for the purposes of hedging any currency risk to which the Company may be subject but will not use derivatives for investment purposes. During the period under review the Company hedged its exposure to Euro currency denominated holdings in the portfolio using forward currency contracts. No other derivatives were employed during the period.

Cash management
While it is intended that the Company will be fully invested in normal market conditions, the Company may hold cash on deposit or invest on a temporary basis in a range of debt securities and cash equivalent instruments. There is no restriction on the amount of cash or cash equivalent instruments that the Company may hold and there may be times when it is appropriate for the Company to have a significant cash position instead of being fully or near fully invested. As at the year end the Company held 1.48% of its assets in cash.

Unquoted Securities Valuation Policy
The Company has amended its Unquoted Securities Valuation Policy to continue to provide an objective, consistent and transparent basis for estimating the fair value of unquoted equity securities in accordance with International Financial Reporting Standards as well as International Private Equity and Venture Capital Valuation Guidelines.

The Unquoted Securities Valuation Policy and the portfolio manager's valuation procedures are subject to review on a regular basis, and updated as appropriate, in line with industry best practice. In addition, the portfolio manager works with Duff & Phelps Ltd, an independent third-party valuation firm, to obtain assistance, advice, assurance, and documentation in relation to the ongoing valuation process.

The portfolio manager seeks to mitigate any conflicts of interest in the valuation process by clearly segregating responsibilities in order to ensure independence in the process.

The portfolio manager considers it impractical to perform an in-depth valuation analysis for every unquoted investment on a daily basis (whether internally or with the assistance of an independent third party). Therefore, it is expected that an in-depth valuation of each investment will be performed independently by Duff & Phelps (i) at the time of initial investment, (ii) with a semi-annual frequency thereafter, and (iii) as required where the portfolio manager determines that a 'Triggering Event' has occurred.

A Triggering Event may include any of the following:
- A subsequent round of financing (whether pro-rata or otherwise) by the relevant investee company;
- A significant or material milestone achieved by the relevant investee company;
- A secondary transaction involving the relevant investee company on which sufficient information is available;
- A change in the makeup of the management of the relevant investee company;
- A material change in the recent financial performance or expected future financial performance of the relevant investee company;
- A material change in the market environment in which the relevant investee company operates; or
- A significant movement in market indices or economic indicators.

Once a valuation review has been established fair value will be assumed to be representative of fair value each Business Day until the next valuation review is performed by Duff & Phelps.

Once completed, the valuations are submitted to the Pricing Committee for review. The Pricing Committee comprises representatives from each of the portfolio manager, Capita Financial Managers Limited, acting as AIFM, and Duff & Phelps. Any specific considerations that arise are discussed with the portfolio manager's finance team and adjustments made to fair values if appropriate. Where the Pricing Committee considers such an adjustment to be material, the portfolio manager will inform the Board of the nature and reasons for the adjustment.

Business model
The management of the Company's assets and the Company's administration has been outsourced to third-party service providers. Further details of each service provider can be found on page 24. The Board has oversight of the key elements of the Company's strategy, including the following:
- The Company's level of gearing. The Company has a maximum limit of 20% of net asset value at the time of borrowing as detailed in the Company's prospectus
- The Company's investment policy which determines the diversity of the Company's portfolio. The Board sets limits and restrictions with the aim of reducing risk and maximising returns
- The appointment, amendment or removal of the Company's third-party service providers
- An effective system of oversight over the Company's risk management and corporate governance
- Premium/discount control mechanism. The Board compares the Company's share price against its then prevailing net asset value.

In order to effectively undertake its duties the Board may seek expert legal advice. It also can call upon the advice of the company secretary. During the period under review the Board appointed Stephenson Harwood LLP to advise on the Company's Initial Public Offering prior to the Company's listing on 21 April 2015 and to provide ongoing legal services to the Company.

Future developments
The Company's future developments and outlook are discussed in more detail in the Chairman's statement and the manager's review.

Premium/Discount management
The Board closely monitors the premium or discount at which the Company's ordinary shares trade in relation to the Company's

underlying net asset value and takes action accordingly. During the period under review the Company's ordinary shares traded predominantly at a premium to its underlying net asset value throughout the period. The Board is of the view that an increase of the Company's ordinary shares in issue provides benefits to shareholders, including a reduction in the Company's administrative expenses on a per share basis and increased liquidity in the Company's shares. In order to satisfy natural demand in the market during the period the Board authorised the issue of 27 million shares by way of a tap issue.

The Board is seeking to renew its authority to issue ordinary shares at the forthcoming Annual General Meeting.

The Board believes that it is in shareholders' best interest to prevent the Company's shares trading at a discount to net asset value because shareholders will be unable to realise the full value of their investments.

As a means of controlling the discount at which the shares may, from time to time, trade, the Board has vested powers to buy back ordinary shares up to a maximum of 14.99% of the shares issued following the Initial Public Offering, which equates to 119.92 million shares. This authority will expire at the conclusion of the Company's first Annual General Meeting. As the Company's shares traded predominantly at a premium to net asset value throughout the period under review, no repurchases were authorised. At the forthcoming Annual General Meeting the Board is seeking to renew these powers.

The full text of the authority to buy back shares or issue shares can be found in the Notice of AGM.

Board diversity

The Board consists of four non-executive directors, two of whom are female. The Board seeks to appoint new directors on the basis of merit as a primary consideration, with the aim of bringing an appropriate range of skills and experience together.

Corporate and operational structure

Operational and portfolio management

The Company has outsourced its operations and portfolio management to various service providers as detailed below:

- Capita Financial Managers Limited has been appointed as the Company's manager for the purposes of the Alternative Investment Fund Manager's Directive (AIFMD) – Woodford Investment Management LLP has been appointed to act as the Company's portfolio manager
- Capita Company Secretarial Services Limited has been appointed to act as the Company's company secretary
- Northern Trust Global Services Limited has been appointed to act as the Company's investment accountant, administrator and depositary
- Duff & Phelps Limited has been appointed to value the Company's unquoted holdings
- Capita Registrars Limited has been appointed as the Company's registrar
- Winterflood Investment Trusts (a division of Winterflood Securities Limited) has been appointed to act as the Company's corporate broker and financial adviser
- Kinetic Partners, a Division of Duff & Phelps has been appointed to act as the Company's tax adviser

In addition to the above, the Company has been provided with legal advice for the work undertaken in respect of the Initial Public Offering and in respect of various of its unquoted investments.

Alternative Investment Fund Manager's Directive (AIFMD)

In accordance with the Alternative Investment Fund Managers' Directive, the Company has appointed Capita Financial Managers Limited to act as the Company's manager for the purposes of the AIFMD. The manager has in turn appointed Woodford Investment Management LLP to act as its portfolio manager to manage the Company's assets. The manager monitors the portfolio manager of the Company and ensures that the Company's assets are valued appropriately in accordance with the relevant regulations and guidance. In addition the Company has appointed Northern Trust Global Services Limited as depositary, to provide custody services to the Company as required by the AIFMD.

Donations

The Company made no political or charitable donations during the period under review to organisations either within or outside the EU.

Environment, social, human rights, community and employee issues

The Board has high standards on all issues that concern the environment, social matters, human rights, community and employees. The Company has no employees and all of its Board members are non-executive. There are therefore no disclosures to be made in respect of employees. The Board has delegated the Company's day-to-day operations and investment decisions to third-party service providers. In particular, as mentioned above, the Company's manager, Capita Financial Managers Limited, has appointed Woodford Investment Management LLP to act as the Company's portfolio manager. The portfolio manager considers, amongst other things, the environment, social and human rights, employee and community implications of the companies within which it invests the Company's assets. The Board is provided with detailed information on each of the Company's underlying holdings on a regular basis. It has regular meetings with members of the investment management team who provide them with detailed feedback on the affairs of the Company's underlying holdings and can direct that action is taken to bear pressure on the companies with which the portfolio manager invests on behalf of the Company to ensure the highest standards are maintained. The portfolio manager exercises its votes at the shareholders' meetings of the Company's underlying holdings. In addition the portfolio manager meets with the boards of many of the Company's underlying holdings to direct management towards high standards with regard to each company's approach to social, environmental, human rights, community and employee matters.

Principal risks and uncertainties

The Board has carried out a robust assessment of its risks and controls during the period under review. In doing so it has established a robust process to identify and monitor the risks faced by the Company which has been in place since prior to the date at which the Company began trading (21 April 2015). The process involves the maintenance of a risk register, which identifies the risks facing the Company and assesses each risk on a scale, classifying the likelihood of the risk and the potential impact of each risk to the Company. This helps the Audit Committee and Board to focus on any identified risk of particular concern and aids with the development of the Board's risk appetite. In developing the risk management process, the Board took into consideration the Guidance on Risk Management, Internal Control and Related Financial and Business Reporting issued by the Finance Reporting Council. The Board has established controls to mitigate against risks faced by the Company, which are reviewed on a regular basis to ascertain the effectiveness of each control.

The Company's operations are undertaken by third-party service providers as detailed on page 24. The third-party service providers have established controls to mitigate against risks identified by the Board. The controls and operations of each service provider are subject to a detailed analysis of their operations, which includes testing their key systems to identify any weaknesses, by independent auditors on at least an annual basis. The findings of each review are detailed in Assurance Reports, copies of which are provided to the Audit Committee for its review, so that it can gain a greater understanding of the risk management processes and how they apply to the Company's business. The principal risks and uncertainties faced by the Company in 2015 are set out below.

Operational

The Company has no employees and the directors have been appointed on a non-executive basis. The Company is reliant upon the performance of third-party service providers for its executive function. Failure of any of its third-party service providers to perform in accordance with the terms of its appointment could have a material detrimental impact on the operation of the Company. Furthermore, any of the Company's service providers could terminate their contract. The manager, the portfolio manager, the depositary, the company secretary and the administrator will be performing services which are integral to the operation of the Company. Failure by any service provider to carry out its obligations to the Company in accordance with the terms of its appointment, together with a failure by the Company to enforce such terms, could have a materially detrimental impact on the operation of the Company.
The performance of the Company's service providers is monitored closely by the Board. Further information on how the Board monitors the performance of its service providers is on page 50 under the heading 'Management Engagement Committee'.

The departure of some or all of the portfolio manager's investment professionals could prevent the Company from achieving its investment objective. In particular, Neil Woodford is considered a key individual as the fund manager principally responsible for the management of the Company's assets. The past performance of the portfolio manager's investment professionals cannot be relied upon as an indication of the future performance of the Company.
The portfolio manager has developed a suitable succession planning programme which seeks to ease the impact the loss of a key investment professional may have to the Company's performance. The Board has reached an agreement with the portfolio manager that any change in its key professionals will be notified to the Board at the earliest possible opportunity and the Board will be made aware of all efforts made to fill a vacancy. Furthermore, investment decisions are made by a team of professionals, mitigating the impact the loss of any key professional within the portfolio manager's organisation may have on the Company's performance.

The shares may trade at a discount to net asset value whereby the shares can be traded on the open market at a price that is lower than the value of their underlying assets. Similarly the shares may trade at a premium to net asset value whereby the Company's shares can trade on the open market at a price that is higher than the value of their underlying assets, resulting in shareholders purchasing shares at a price that is higher than the value of the underlying assets.
The Board closely monitors the level of discount or premium at which the shares trade on the open market. When the shares trade at a discount the Board may seek to buy back shares in an effort to narrow the discount at which the shares are trading on the open market. When the shares trade at a premium the Board may issue shares in an attempt to reduce the premium at which the shares trade. As at 31 December 2015 the shares were trading at a premium to net asset value.

Investments

There is no guarantee that the Company's investment objective will be achieved.
The Company's investment decisions are delegated to the Company's portfolio manager, Woodford Investment Management LLP. The Company's performance is closely monitored by the portfolio manager and the Board and reviewed in more detail at each Board meeting. Any mitigating action is taken as deemed appropriate by the portfolio manager, whilst remaining mindful not to compromise long-term growth for short-term gain.

The Company may use borrowings for the purpose of capital flexibility, which may include seeking to enhance investment returns where the portfolio manager believes that it is in the interests of shareholders to do so. While the use of borrowings should enhance the total return of the Company where the return on the Company's underlying assets is rising and exceeds the cost of borrowing, it will have the opposite effect where the return on the Company's underlying assets is rising at a lower rate than the cost of borrowing or is falling, further reducing the total return of the Company. As a result, the use of borrowings by the Company may increase the volatility of the net asset value and could affect the ability of the Company to achieve its investment objective.
The Board sets the gearing parameters for the portfolio manager to utilise at its discretion with the aim of maximising shareholder return. The Board closely monitors the Company's level of gearing, if any. Furthermore, the Company is restricted to deploy no more than 20% of net asset value as gearing, limiting the damage gearing can have on the Company's net asset value in times of decline. As at the date of this report the Company does not have any gearing.

The Company is expected to invest a significant proportion of its assets in early-stage companies and early-growth companies which, by their nature, may be smaller capitalisation companies. Such companies may not have the financial strength, diversity and resources of larger and more established companies and may find it more difficult to operate, especially in periods of low economic growth. The market in the shares of such companies may be less liquid and, as a consequence, their share prices may be more volatile than investments in larger companies.
The Company's portfolio is monitored closely by the Board and portfolio manager. The Company seeks to invest in a diversified

portfolio across a wide range of companies and investment vehicles, including larger, well-established and fully-listed companies so as to mitigate against the risk posed by early-stage or early-growth companies. Furthermore, the Company has established a number of investment restrictions, in particular the Company may not invest more than 60% of its net asset value at the time of investment in unquoted companies.

The Company is expected to invest a significant proportion of its assets in unquoted securities, which may be less liquid and more difficult to realise than publicly traded securities. Unquoted holdings are hard to value.
The Company was established with the aim of providing long-term growth. Any short-term liquidity problems with any of the Company's underlying holdings would be mitigated over time. The portfolio manager cannot invest more than 60% of its net asset value at the time of investment in unquoted companies in accordance with the Company's investment restrictions, hence restricting the Company's risk to unquoted holdings. The Company has appointed Duff & Phelps, an independent third-party valuation company, to assist in valuing the unquoted securities.

The Company's ordinary shares are quoted in Sterling. The assets of the Company may be invested in securities which are denominated in currencies other than Sterling. Accordingly, the value of such assets may be affected favourably or unfavourably by fluctuations in currency rates. The Company is also subject to other financial risks including interest risk, other price risk, liquidity risk and credit risk.
The Company's portfolio manager and AIFM closely monitor the Company's exposure to foreign currency. To mitigate against any risk of loss of shareholder returns the portfolio manager seeks to invest across a range of jurisdictions and therefore dilute any risk exposure to any single jurisdiction. The Company has the ability to utilise derivative instruments when required to hedge against declines in the value of its portfolio as a result of changes in currency exchange rates although the success of any such hedging cannot be guaranteed. Details of the other financial risks faced by the Company can be found in note 22 on pages 82 to 85 together with an explanation as to how they are mitigated against.

The effects of both normal market fluctuations and the ongoing effect of the recent global economic crisis may impact the Company's business, operating results or financial condition.
These are factors which are outside the Company's control and which may affect the volatility of underlying asset values and the liquidity and the value of the Company's portfolio. The Board adopted a number of investment restrictions which aim to diversify the Company's portfolio to mitigate against the risk of market turbulent conditions. The portfolio manager and Board closely monitor the Company's portfolio and any mitigating action is taken accordingly to respond to prevalent market conditions. Furthermore, the Company may hold up to 10% of its assets in cash which may be utilised by the portfolio manager at its discretion to help protect the Company against the effect of any short-term turbulent market conditions. In addition the Company is likely to invest in unquoted holdings which are not subject to daily market fluctuations.

Regulations

Any change in the Company's tax status or in taxation legislation or practice generally could affect the value of the investments held by the Company, affect the Company's ability to provide returns to shareholders, or alter the post-tax returns to shareholders.
Part of the process that is undertaken when analysing each of the Company's investments involves an analysis of its tax status and the impact to the Company. In order to maintain its investment trust status the Company is required to comply with section 1158-9 of the Corporation Tax Act 2010 (CTA). A breach of CTA would result in the Company losing its investment trust status which would create a capital gains tax liability for the Company in respect of the Company's portfolio. Northern Trust Global Services Limited, as the Company's appointed administrator, monitors this, other than the Company's close company status, and reports to the Board if it becomes aware of any breach to CTA. In order to monitor close company status triggers have been set up with the Company's registrars who will notify the Company Secretary should more than 0.5% of the Company's shares change hands.

The Company is subject to various legislation and regulations. Any breach of its legislative obligations could have a negative impact on the Company and impact any returns to its shareholders.
The Company's appointed company secretary and AIFM closely monitor the legislation and regulations to ensure that the Company complies with its statutory obligations. The AIFM and company secretary provide detailed reports summarising how the Company has complied with its statutory obligations at each Board meeting. Furthermore, the Board may, at its discretion, seek legal advice or the advice of the Company's appointed auditors to advise on any area of uncertainty or ambiguity. Other than as part of the Company's listing the Board did not seek the services of legal advisers or the auditor.

Key
Risks and uncertainties
Mitigation

Key performance indicators (KPIs)

The Board monitors success in implementing the Company's strategy against a range of key performance indicators (KPIs), which are viewed as significant measures of success over the longer term. Although performance relative to the KPIs is also monitored over shorter periods, it is success over the long term that is viewed as more important, given the inherent volatility of short-term investment returns. The principle KPIs are set out here:

Performance

Performance is measured against the Company's objective of 10% growth per year. During the period to 31 December 2015 the Company's net asset value declined by 1.5%. A more detailed explanation of the Company's performance can be found in the chairman's statement and manager's review on pages 13 to 24.

Performance against the Company's peers

The Company is positioned within the Association of Investment Companies (AIC) UK All Companies sector and the Board reviews the Company's performance against its peers at each board meeting. For the period 21 April 2015 to 31 December 2015 the Company's net asset value underperformed the average net asset value amongst its peers with a total return of -1.83% compared to the average net asset value return of 3.85% return amongst the Company's peers.

Share price premium/(discount) to net asset value per share

The Board closely monitors the Company's discount or premium to net asset value per share. Since the date the Company was admitted to the UK Official List (21 April 2015) to 31 December 2015 the Company issued a total of 27,000,000 ordinary shares in order to meet natural market demand. The Company's shares traded at an average premium of 8.46% to its net asset value (cum income) throughout the period under review.

Ongoing charges

Woodford will not receive a fee for managing this investment trust, unless it delivers cumulative annual returns in excess of 10%.

The ongoing charges cover the general administrative and management costs associated with running the trust.

The Company calculates the ongoing charges ratio as a percentage of average shareholders' funds and using expenses, excluding finance costs, performance fees and taxation in accordance with AIC guidelines. This gives an indication as to the Company's expenses to its shareholders and potential investors. The Board monitors the Company's estimated ongoing charges against its peers at each board meeting to ensure that the Company remains competitive against its peers. It is not expected that the ongoing charges will exceed 0.2%, which compares favourably with the Company's peers who operate with an average ongoing charges level of 0.47%. As at 31 December 2015 the Company's ongoing charge was 0.1%.

Gearing

The Board reviews the Company's gearing against its peers at each board meeting. As at 31 December 2015 the Company had no gearing whilst the average level of gearing amongst its peers was 7.0%.

Portfolio diversification

At each board meeting the Board reviews the Company's portfolio to monitor the Company's exposure to various sectors, geographical areas, investment split between listed and unlisted equities and early-growth, early stage and mid-large companies to ensure there is sufficient diversification of the Company's portfolio.

For and on behalf of the Board of directors by

Capita Company Secretarial Services Limited
Secretary
21 March 2016

DIRECTORS' REPORT

Board of directors

Susan Searle*
(Chairman of the Board and the Management Engagement Committee and a member of the Audit Committee)
Susan served as the Chief Executive of Imperial Innovations from January 2002 to July 2013, where she led funding rounds totalling circa £250m. During her tenure Imperial Innovations invested £121m in a portfolio of healthcare, engineering and software businesses linked to major universities.
Previously she worked at Montech in Australia (science commercialisation), Signet Group plc, Bank of Nova Scotia and Shell Chemicals in a variety of business development and commercial roles.
Susan currently serves as non-executive director of Horizon Discovery Group plc, Benchmark Holdings PLC, QinetiQ Group plc and is a trustee of UK charity Fight for Sight. She is also Deputy Chair, and chair of the Audit Committee, of Mercia Technologies plc, an investment business that invests in high growth technology businesses with a focus on the Midlands, North and Scotland. Susan has an MA in Chemistry from Oxford University.

Steven Harris*
(Chairman of the Audit Committee and member of the Management Engagement Committee)
Steven is Chief Executive, co-founder and shareholder of Circassia Pharmaceuticals plc. He is a bioscience entrepreneur with extensive experience of founding and leading specialty pharmaceutical companies. Prior to co-founding Circassia in 2006, he was a founding member of the team that grew Zeneus Pharma Ltd into a leading specialty pharmaceuticals company. Prior to Zeneus, he spent seven years at PowderJect Pharmaceuticals plc as Chief Financial Officer, where he was a key member of the team that grew the private biotechnology organisation into an integrated, profitable public company, which became the world's fifth largest vaccines business before being acquired by Chiron Corporation in 2003. Steven holds a BSc from Southampton University and is a Chartered Accountant, and a member of the Institute of Chartered Accountants of England and Wales.

Scott Brown*
(Member of the Management Engagement and Audit Committees)
Scott is Chief Executive of Nexeon, an Imperial College spin-out focused on developing silicon anode technology for next generation Li-ion battery technology. During his tenure, he has led the change in the company's strategy to successfully move from an IP licensing business model to one of material production and supply. Previously, Scott was Executive Vice President at Cambridge Display Technology (CDT), responsible for commercial and IP activities of the company. Prior to CDT, Scott was Global R&D Director for the Electronic Materials Business at Dow Corning, a US-headquartered multinational corporation with over US$6 billion in annual revenues. Scott holds a PhD in Chemistry and is a Fellow of the Royal Society of Chemistry.

Dame Louise Makin*
(Member of the Management Engagement and Audit Committees)

Louise joined BTG plc, a growing international specialist healthcare company in the FTSE 250, as Chief Executive in October 2004. During her time with the company, Louise has overseen a strategic business review leading to a focus on life sciences, expansion into the US and a series of acquisitions. Prior to joining BTG, Louise was with Baxter Healthcare – initially as Vice President, Strategy & Business Development Europe and then as President, Biopharmaceuticals Europe, where she was responsible for Europe, Africa and the Middle East. Louise's previous roles include Director of Global Ceramics at English China Clay and a variety of positions at ICI between 1985 and 1998. Louise is a non-executive director of Intertek Group, a trustee of the Outward Bound Trust. Louise holds an MA and PhD in Materials Science and is an Honorary Fellow of St. John's College, Cambridge.

* *Appointed 13 February 2015*

Investment team

Neil Woodford
Head of Investment

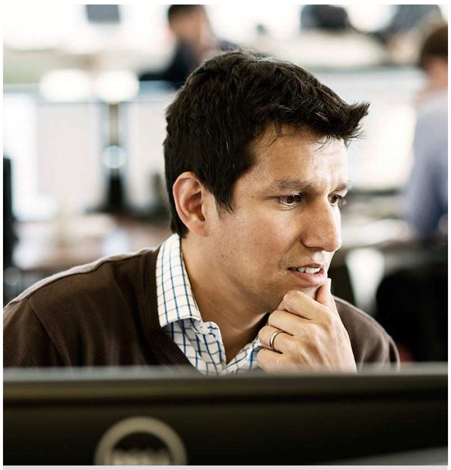
Neil Woodford is one of the most respected fund managers in the UK. His disciplined, valuation-oriented approach has consistently delivered outstanding long-term performance to his clients.

He was a pivotal part of the UK equities team at Invesco Perpetual for more than 26 years, fine-tuning his distinctive approach and making his mark on the investment industry. He was appointed a Commander of the Order of the British Empire (CBE) in 2013 for services to the economy.

Neil announced he was leaving Invesco Perpetual in October 2013 to set up his own fund management business. He joined the company on 1 May 2014. Woodford Investment Management's first fund was launched on 2 June 2014.

Paul Lamacraft
Fund Manager

An experienced finance industry professional, Paul began his career at Ernst & Young and his most recent role, prior to joining Woodford, was as a fund manager on the UK Equities team at Invesco Perpetual. His private equity and corporate finance background provides our team with invaluable expertise. Paul is focused on comprehensive and diligent analysis of fundamentals to deliver positive long-term outcomes and has a particular specialism in the early-stage and early-growth components of the portfolios.



Saku Saha
Fund Manager

Saku's previous role was as Analyst and Investment Director for the Invesco Perpetual UK Equities team. In this role, he was responsible for analysing investment opportunities and assisting Neil Woodford, with a specific focus on early-stage and early-growth companies. His many years at a senior level in the British Army, stationed at home and abroad, have equipped him with exceptional discipline and rigour in his analysis and interpretation of market intelligence.

Stephen Lamacraft
Fund Manager

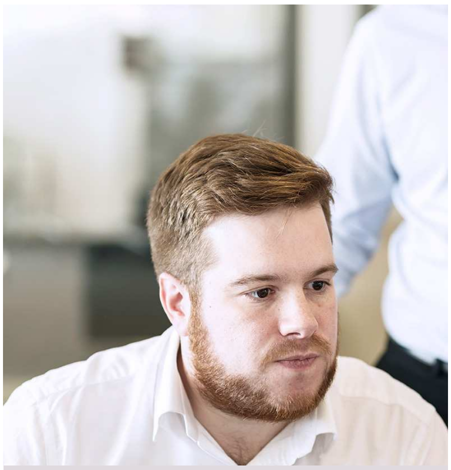
For the six years prior to joining Woodford Investment Management, Stephen made his mark at Invesco Perpetual as a UK Fund Manager. Responsible for £120m of assets, his strategy focused on fundamental analysis, an approach inspired by his mentor and colleague Neil Woodford.

An intensely competitive addition to the Woodford team, Stephen is highly focused on performance and has a naturally challenging mind that endeavours to enhance the business's collective understanding of investment opportunities. He has a particular focus on the mature, blue-chip elements of the portfolios.

Lucinda Crabtree
Senior Investment Analyst

Lucinda brings invaluable expertise and knowledge to the Woodford investment team. Over the past decade, she has worked in various analyst roles covering the pharmaceutical and biotechnology sectors at a number of investment banks, including Goldman Sachs and JPMorgan. Lucinda also has significant experience working within the industry itself, having worked at AstraZeneca and Grünenthal Group.

Lucinda graduated from University College, London in 2004, with a BSc (first class) in Physiology and Pharmacology and a PhD in Pharmacology.



Richard Lockington
Investment Analyst

Richard joined Woodford in 2015 from Duff & Phelps, the global valuations adviser, where he was Senior Associate working on valuations of intangible assets and businesses. Richard's extensive skills and experience help the team evaluate investment opportunities and performance, with responsibilities including due diligence, company valuation modelling, performance monitoring and internal reporting.

A qualified Chartered Accountant (ACA), Richard gained previous audit and due diligence experience during three years at Shipleys, the accountant and advisory firm.

Investment team

Harry Raikes
Investment Analyst

Harry joined Woodford as an early-stage investment analyst in 2015 from Envestors, an FCA-regulated corporate finance adviser, where he evaluated business proposals and conducted due diligence research for high-growth unquoted companies seeking up to £10m in equity funding. While studying for a BSc in Economics and Finance at Bristol University, Harry completed internships at Kite Lake Capital and Fidelity Biosciences Venture Capital.

Grant Wentzel
Head of Trading

Grant has held a number of significant roles including Senior Vice President at JPMorgan (London) and Director at Lehman Brothers (London and Tokyo). Before joining Woodford in May 2014, he had been a Director at Barclays (London) for five years. Grant is an exceptionally experienced trader, dedicated to making sure the fund management team can execute its investment strategy successfully. The nature of his role at Woodford demands that he understands and interprets short-term market influences, enabling him to keep the fund managers informed with intra-day market developments and changes in sentiment, thereby allowing them to focus on long-term fundamentals.

Mohammad Sohail
Trading and Trade Operations

Mohammed joined as trading and dealing specialist in 2015 from Ruffer LLP, where he had worked for the previous four years. He began his career as a relationship manager at Fidelity before moving to Ruffer where he became a dealer in 2013, responsible for all areas of executions, including global equities, fixed income and FX.

Mohammad graduated from Kingston University in 2008 with a BA in Financial Economics and in 2010 completed an MSc in Investment Management at London's Cass Business School. He also holds the Investment Management Certificate.

The directors have pleasure in presenting their Annual Report and the audited financial statements for the period ended 31 December 2015.

Statutory information

Board members, and directors' and officers' insurance
The names and biographical details of the Board members who served on the Board as at the period end can be found on pages 32 to 33. Alexander Haynes and Nicholas Horton were appointed the Company's initial directors at the Company's inception on 26 January 2015. Both Alexander Haynes and Nicholas Horton resigned from the Board on 13 February 2015 at which point the current Board members were appointed.

During the year under review the Company purchased and maintained directors' and officers' liability insurance for its directors and officers as permitted by Section 233 of the Companies Act 2006. The Company acquired specific Public Offering and Securities Insurance which commenced on 24 February 2015 with a five-year run-off period.

Status of the Company
The Company is an investment company within the meaning of section 833 of the Companies Act 2006. The Company operates as an investment trust in accordance with Sections 1158-1159 of the Corporation and Taxes Act 2010 and the Investment Trust (Approved Company) (Tax) Regulations 2011. HM Revenue & Customs approved the Company as an investment trust upon its listing on 21 April 2015. In the opinion of the directors, the Company has conducted its affairs so that it is able to maintain its status as an investment trust.

The Company is not a close company within the meaning of the provisions of the Corporation Tax Act 2010 and has no employees.

The Company was incorporated in England & Wales on 26 January 2015 and started trading on 21 April 2015, immediately upon the Company's listing.

Internal controls and risk management
The Board has established an ongoing process for identifying, evaluating and managing risk on behalf of the Company. Further details of the Company's principal risks can be found on pages to 26 to 27 and internal controls can be found on page 51.

Share capital – voting and dividend
As at 31 December 2015 the Company had 827 million ordinary shares in issue. There are no other classes of shares in issue and no shares are held in Treasury.

On 23 February 2015 the Board was granted authority to issue up to an additional 80,000,000 ordinary shares at listing (equating to a nominal value of £800,00), which equates to 10% of the shares issued at listing on 21 April 2015. The directors are seeking to renew this authority which will expire at the forthcoming Annual General Meeting to be held on 9 May 2016.

During the period under review a total of 27 million shares were issued as detailed below:

Date	Shares issued	Price paid per share (pence)	Premium to net asset value (%)*
11 August 2015	4,000,000	115.70	11.57
13 August 2015	5,000,000	115.30	11.61
19 August 2015	1,500,000	116.90	13.94
25 August 2015	8,500,000	108.40	10.15
27 August 2015	3,500,000	113.10	11.01
3 September 2015	1,500,000	114.25	12.57
9 September 2015	3,000,000	114.25	11.37

** Last published NAV.*

The ordinary shares carry the right to receive dividends and have one voting right per ordinary share. There are no shares which carry specific rights with regard to the control of the Company. The shares are freely transferable. There are no restrictions or agreements between shareholders on the voting rights of any of the ordinary shares or the transfer of shares. The Company does not have a fixed life nor is the Company subject to a continuation vote as can sometimes be required of investment companies in accordance with their Articles of Association. On wind up, the ordinary shareholders are entitled to the capital of the Company.

The Board is recommending the payment of a final dividend in respect of the period end of 0.16 pence per share, payable on 10 June 2016 to shareholders who appear on the register on 20 May 2016.

Substantial share interest

During the period to 31 December 2015, the Company received notification in accordance with the FCA's Disclosure and Transparency Rule 5.1.2R of the following interests in 3% or more of the voting rights attaching to the Company's issued share capital.

Holder	Ordinary shares	Securities lending*	Percentage of total voting rights	Date notified
BlackRock, Inc.	101,095,630	6,140,007	12.22%	17 December 2015

Following the year end, the company received a further notification from BlackRock, Inc.

Holder	Ordinary shares	Securities lending*	Percentage of total voting rights	Date notified
BlackRock, Inc.	100,943,682	6,315,023	12.96%	11 March 2016

**Securities lending is the act of loaning a stock, derivative or other security to an investor or firm.*

Independent auditor

The Company's independent auditor, Grant Thornton UK LLP, has expressed willingness to continue to act as the Company's auditor for the forthcoming financial year. The Audit Committee has carefully considered the auditor's appointment, as required in accordance with its Terms of Reference, and, having regard to its effectiveness and the services it has provided the Company during the period under review, has recommended to the Board that the independent auditor be appointed at the forthcoming Annual General Meeting. At the first Annual General Meeting resolutions are therefore to be proposed for its appointment and to authorise the directors to agree its remuneration for the forthcoming financial year. In reaching its decision, the Audit Committee considered the points detailed on pages 53 to 55 of the Audit Committee's report.

Audit information

As required by section 418 of the Companies Act 2006, the directors who held office at the date of this report each confirm that, so far as they are aware, there is no relevant audit information of which the Company's auditor is unaware and each director has taken all the steps required of a director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Articles of Association

Any amendments to the Company's Articles of Association must be made by special resolution.

Global greenhouse gas emissions for the period from incorporation (26 January 2015) to 31 December 2015

The Company has no greenhouse gas emissions to report from its operations, nor does it have responsibility for any other emissions producing sources under the Companies Act 2006 (Strategic Report and Directors' Reports) Regulations 2013.

Going concern

The financial statements have been prepared on a going concern basis. Having had regard to the Company's projected income and expenses, the directors consider that going concern is the appropriate basis as they have a reasonable expectation that, with in excess of £805m of total assets, 64% of which is realisable, the Company has adequate resources to continue in operational existence for at least the next 12-month period. The directors shall continue to adopt the going concern basis of accounting in preparing the financial statements.

Viability statement

In accordance with Principle 21 of the Association of Investment Companies Code of Corporate Governance published in February 2015 (the 'AIC Code') and provision C.2.2 of the UK Corporate Governance Code, published by the Financial Reporting Council in September 2014 (the 'Code'), the directors have assessed the prospects of the Company over the five-year period to 31 December 2020. The directors consider that a period of at least five years is required to assess the viability of an investment company that holds predominantly young unquoted or small to medium sized companies, as they believe this to be a reasonable period of time for such young companies to make meaningful progress on the journey towards fulfilling their long-term potential.

In its assessment of the viability of the Company, the directors have considered each of the Company's principal risks and uncertainties detailed on pages 26 to 27 and in particular the impact of the total collapse of one or more of the Company's significant holdings. The Board has considered the Company's likely income and expenditure. The Board is particularly mindful that a significant proportion of the Company's portfolio comprises cash and equity assets traded on public markets (64% as at 31 December 2015), which are easily realisable and that can be sold to meet funding requirements if required.

The Board has given careful consideration to the Company's estimated annual expenditure on operating costs, the Company's risks and internal controls, the Company's asset allocation and diversification, portfolio risk, financial controls, and the restrictions set to the Company's level of gearing. Following the Board's detailed analysis, it has concluded that there is a reasonable expectation that the Company will be able to continue to operate and to meet its liabilities as they fall due over the five-year period to 31 December 2020.

Management and administration

Company secretary

Capita Company Secretarial Services Limited (the 'company secretary') has been appointed as the corporate company secretary of the Company on the basis of a fee of £45,000 per annum (exclusive of VAT and out of pocket expenses) plus any additional ad hoc expenses that may fall outside the scope of their agreement that are normally charged on a time-spent basis unless otherwise agreed with the Board, rising to £55,000 in the second year of its engagement.

The company secretarial agreement can be terminated by either party by providing six months' written notice.

Administrator

Northern Trust Global Services Limited (the 'administrator'), a company authorised and regulated by the FCA, has been appointed as the administrator of the Company. The administrator provides the day-to-day administration of the Company. The administrator is also responsible for the Company's general administrative functions, such as the calculation of the net asset value and maintenance of the Company's accounting records, and ensures that the Company complies with its continuing obligations as an investment trust other than monitoring close company status.

The fee payable to the administrator is based on the Company's net assets. The fees for the period under review equated to 0.01% of the Company's net assets (exclusive of VAT and out of pocket expenses). The administrator agreement can be terminated by either party by providing six months' written notice.

Manager

Capita Financial Managers Limited (the 'manager'), a UK-based Company authorised and regulated by the FCA, has been appointed the Company's manager for the purposes of the AIFMD. The manager monitors the portfolio manager of the Company and ensures that the Company's assets are valued appropriately in accordance with the relevant regulations and guidance. The fees payable to the manager are on a sliding scale based on the Company's proportion of Woodford Investment Management LLP's gross assets. Throughout the period the fees payable were based on 0.0125% of the Company's total assets. The manager's agreement can be terminated by either party providing three months' written notice.

Portfolio manager

The Company's portfolio manager is Woodford Investment Management LLP (the 'portfolio manager'), an investment management firm authorised and regulated by the FCA. Neil Woodford has primary responsibility for management of the Company's portfolio. Further details of how the portfolio manager is remunerated can be found in note 4 on page 75. The portfolio manager's agreement may be terminated after the Company's third anniversary following its listing by either party providing three months' written notice.

Depositary

The Company's depositary is Northern Trust Global Services Limited (the 'depositary'), a company authorised and regulated by the FCA. The depositary provides custody services to the Company. The fee payable to the depositary is based on the Company's net assets. The fees throughout the period under review equated to 0.01% of the Company's net assets (exclusive of VAT and out of pocket expenses). The depositary agreement can be terminated by either party by providing six months' written notice.

Change of control
There are no agreements which the Company is party to that might be affected by a change of control of the Company.

Post-year end events
Save as otherwise disclosed, there have been no important events to disclose since the period end under review.

Regulatory disclosures – information to be disclosed in accordance with Listing Rule 9.8.4
The disclosures below are made in compliance with the requirements of Listing Rule 9.8.4.

Listing rule	
9.8.4 (1) – capitalised interest	The Company has not capitalised any interest in the period under review.
9.8.4(2) – unaudited financial information	The Company has not published any unaudited financial information in either a class 1 circular or a prospectus or in respect of any profit forecast or profit estimate in accordance with listing rule 9.2.18.
9.8.4 (3) - deleted	This provision has been deleted.
9.8.4 (4) – incentive schemes	The Company has no incentive schemes in operation.
9.8.4 (5) and (6) - waiver	No director of the Company has waived or agreed to waive any current or future emoluments from the Company.
9.8.4 (7), (8) and (9)	During the period under review, the Company issued a total of 27,000,000 ordinary shares with a nominal value of £270,000 and an average price of 112.82 pence per share for a total consideration of £32,744,768.75 including commission and issue costs. Further details can be found on page 39.
9.8.4 (8) and 9.8.4 (9) – relate to companies that are part of a group of companies	The Company is not part of a group of companies. These Listing Rules therefore do not apply.
9.8.4 (10)	During the period under review, there were no contracts of significance subsisting to which the Company is a party and in which a director of the Company is or was materially interested or between the Company and a controlling shareholder.
9.8.4 (11)	This provision is not applicable to the Company.
9.8.4 (12) and (13) – waiving dividends	During the period under review, there were no arrangements under which a shareholder has waived or agreed to waive any dividends or future dividends.
9.8.4 (14)	This provision is not applicable to the Company.

Annual General Meeting ('AGM')
The Company's AGM will be held on 9 May 2016 at 11am at Saïd Business School, Park End Street, Oxford OX1 1HP.

The following information to be discussed at the forthcoming Annual General Meeting is important and requires your immediate attention. If you are in any doubt about the action you should take, you should seek advice from your stockbroker, bank manager, solicitor, accountant or other financial adviser authorised under the Financial Services and Markets Act 2000 (as amended).

If you have sold or transferred all of your ordinary shares in the Company, you should pass this document, together with any other accompanying documents including the 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 onward transmission to the purchaser or transferee. Resolutions relating to the following items of special business will be proposed at the forthcoming Annual General Meeting.

Resolution 11: authority to allot shares
Prior to the Company's listing, the Board was authorised to issue shares up to 10% of shares in issue following the placing and offer for subscription. This authority is due to expire at the conclusion of the AGM to be held in 2016. Resolution 11 set out in the Notice of AGM is an ordinary resolution and will, if passed, authorise the directors for a period of 15 months from the date on which the Resolution is passed (or until the following AGM to be held in 2017, if earlier) to allot up to 82,699,999 ordinary shares or 10% of the Company's shares in issue, with a nominal value of £826,999.99, which will replace the current authority granted to the directors prior to the Company's listing.

Since the initial authority was granted 27,000,000 shares have been issued.

The shares will only be issued at par or at a premium to net asset value at the time of issue and at a time when the directors believe it to be in the best interest of the Company's shareholders.

Resolution 12: authority to disapply pre-emption rights
Prior to the Company's listing, the Board was authorised to issue shares for cash up to 10% following the placing and offer for subscription on a non-pre-emptive basis. This authority is due to expire at the conclusion of the AGM to be held in 2016. Resolution 12 set out in the Notice of AGM is a special resolution and will, if passed, authorise the directors for a period of 15 months from the date on which the Resolution is passed (or until the following AGM to be held in 2017, if earlier) to allot up to 82,699,999 ordinary shares of 1p each, or 10% of the Company's shares in issue with a nominal value of £826,999.99 for cash on a non-pre-emptive basis, which will replace the current authority granted to the directors prior to the Company's listing.

The directors intend to use this authority at a time when they believe it to be in the best interest of the shareholders as a whole and to satisfy demand for the Company's shares. The shares will only be issued at par or at a premium to net asset value at the time of issue.

Resolution 13: authority to buy back shares
Prior to the Company's listing, the Board was authorised to buy back shares for cancellation of up to 14.99% following the placing and open offer. This authority is due to expire at the conclusion of the AGM to be held in 2016. Resolution 13 set out in the Notice of AGM is a special resolution and will, if passed, authorise the directors for a period of 15 months from the date on which the resolution is passed (or until the following AGM to be held in 2017, if earlier) to buy back up to 123,967,300 ordinary shares of 1p each, or 14.99% of the Company's shares in issue with a nominal value of £1,239,673, which will replace the current authority granted to the directors prior to the Company's listing.

The maximum price (exclusive of expenses) which may be paid by the Company in relation to any such purchase is the higher of:
(i) 5% above the average of the market value of shares for the five business days before the day of purchase; or
(ii) The higher of the price of the last independent trade and the highest current independent bid on the London Stock Exchange.

The minimum price which may be paid is 1 pence per share, being the nominal price per share.

The decision as to whether to buy back any ordinary shares will be at the discretion of the Board. Ordinary shares bought back in accordance with the authority granted to the Board will either be held in treasury or cancelled. If the shares are held in treasury, they may be reissued from treasury but will only be reissued at a price that is in excess of the Company's then prevailing net asset value. The Company will fund any buy back by using the Company's cash resources or utilising the Company's loan facility.

Resolution 14
Resolution 14 set out in the Notice of AGM is a special resolution and will, if passed, allow the Company to hold General Meetings (other than Annual General Meetings) on a minimum notice period of 14 clear days, rather than 21 clear days as required by the Companies Act 2006. The approval will be effective until the Company's next AGM to be held in 2017. The directors will only call General Meetings on 14 clear days' notice when they consider it to be in the best interest of the Company's shareholders and will only do so if the Company offers facilities for all shareholders to vote by electronic means.

The full text of the resolutions being proposed at the AGM can be found on pages 93 to 97.

The Board considers that all of the resolutions described above and disclosed on pages 93 to 97 are in the best interest of the Company's shareholders and are likely to promote the success of the Company. The Board recommends that you vote in favour of the resolutions as they intend to do in respect of their own beneficial holdings.

By order of the Board

Capita Company Secretarial Services Limited
Company secretary
21 March 2016

Corporate governance statement

The corporate governance statement explains how the Board has sought to protect shareholders' interests by protecting and enhancing shareholder value. The directors are ultimately responsible for the stewardship of the Company and this section explains how they have fulfilled their corporate governance responsibilities. This corporate governance statement forms part of the directors' report.

The Board is committed to high standards of corporate governance. The Listing Rules and the Disclosure and Transparency Rules (DTR) requires the Board to disclose how it has applied the principles of the September 2014 UK Corporate Governance Code (the 'UK Code'). A copy of the UK Code is available from the website of the Financial Reporting Council at frc.org.uk. The AIC has published its own Code on Corporate Governance ('the AIC Code'), by reference to the AIC Corporate Governance Guide for Investment Companies ('the AIC Guide'), both revised in February 2015. The AIC Code provides a comprehensive guide to best practice in certain areas of governance where the specific characteristics of investment trusts suggest alternative approaches to those set out in the UK Code. The FRC has confirmed that the AIC member companies who report against the AIC Code and who follow the AIC Guide will be meeting their obligations in relation to the UK Code and the associated disclosure requirements of the DTR. Both the AIC Code and AIC Guide are available from the AIC website at theaic.co.uk.

The Board of Woodford Patient Capital Trust plc has considered the principles and recommendations of the AIC Code by reference to the AIC Guide. The AIC Code, as explained by the AIC Guide, addresses all the principles set out in the September 2014 UK Corporate Governance Code (the 'UK Code'), as well as setting out additional principles and recommendations on issues that are of specific relevance to the Company.

The Board considers that reporting against the principles and recommendations of the AIC Code, and by reference to the AIC Guide (which incorporates the UK Code), will provide better information to shareholders.

Statement of compliance
The company has complied with the recommendations of the AIC Code and the relevant provisions of the UK Code, except as set out below.

The UK Code includes provisions relating to:

- The role of the chief executive
- Executive directors' remuneration
- The senior independent director
- The need for an internal audit function
- Chairman's membership of the Audit Committtee
- The requirement for separate Nomination and Remuneration Committees.

For the reasons set out in the AIC Guide, and as explained in the UK Code, the Board considers these provisions are not relevant to the Company, being an externally managed investment company. In particular, all of the Company's day-to-day management and administrative functions are outsourced to third parties. As a result, the Company has no executive directors, employees or internal operations. The Company has therefore not reported further in respect of these provisions.

The Board does not, at present, consider that separate Nomination and Remuneration Committees would be appropriate at this stage in the Company's life (the Company only having commenced trading and gained its premium listing eight months prior to the Company's period end) and given the Board's size, being four members in total. Currently, decisions concerning the Board's remuneration, nomination and Board appraisals are undertaken by the Board as a whole. However, the need for separate Nomination and Remuneration Committees is considered on an annual basis.

The Board of directors
The Board consists of four directors, all of whom are independent non-executive directors. Biographies of the directors are shown on pages 32 to 33 and demonstrate the wide range of skills and experience that they bring to the Board. The directors possess business and financial expertise relevant to the direction of the Company and consider themselves to be committing sufficient time to the Company's affairs.

External search consultancy services were not required for the initial recruitment of Board members because the Board were appointed prior to the Company's listing. As an unlisted company it would not have been required to comply with the UK Code or the AIC Code. The Board may consider using an external search consultancy to aid in the recruitment of future Board members.

None of the directors has a service contract with the Company, nor are any such contracts proposed. Each director has been appointed pursuant to a letter of appointment entered into with the Company. The directors' appointment can be terminated in accordance with the Articles of Association and without compensation.

Copies of the letters of appointment are available on request from the company secretary and will be available at the Annual General Meeting.

The Chairman
The Chairman, Susan Searle, is independent and considers herself to have sufficient time to commit to the Company's affairs. The Chairman's other commitments are detailed in her biography on page 32.

The directors have determined that the size of the Company's Board does not warrant the appointment of a senior independent director at this time. All of the directors are available to address shareholder queries or engage in consultation as required.

The operation of the Board
The Board of directors meets at least four times a year and more often if required.

The table on the following page sets out the directors' attendance at Board and Committees meetings held since the Company was first listed on the London Stock Exchange on 21 April 2015 to 31 December 2015, against the number of meetings each Board or Committee member was eligible to attend during the period under review.

	Board	Audit Committee	Management Engagement Committee
Susan Searle	4/4	1/1	1/1
Steven Harris	4/4	1/1	1/1
Scott Brown	4/4	1/1	1/1
Louise Makin	4/4	1/1	1/1

During the period under review Alexander Haynes and Nicholas Horton served as directors. However, they both resigned on 13 February 2015 before the Company commenced trading and they were not eligible to attend the above meetings.

No individuals other than the Committee or Board members are entitled to attend the relevant meetings unless they have been invited to attend by the Board or relevant Committee.

Directors are provided with a comprehensive set of papers for each Board or Committee meeting, which equips them with sufficient information to prepare for the meetings. In addition, the company secretary aims to circulate meeting papers at least seven days prior to each meeting to allow the Board or Committee members sufficient time to review the meeting packs.

The Board has a formal schedule of matters specifically reserved to it for decision to ensure effective control of strategic, financial, operational and compliance issues, which includes:

- Company's structure including share issues and setting a discount/premium management programme
- Risk management
- Appointing the investment managers and other service providers and setting their fees
- Setting the overall objectives and investment restrictions
- Approving Board changes
- Authorising Board conflicts of interest
- Approving the Company's annual accounts and half yearly accounts including accounting policies
- The approval of dividend payments and distributions to the Company's shareholders
- Approving the Company's level of gearing
- The approval of terms of reference and membership of Board Committees
- Approving liability insurance
- Agreeing the terms of the appointment of the third-party service providers

There is a procedure in place for the directors to take independent professional advice at the expense of the Company. No such professional advice has been taken by the directors during the period under review other than to provide advice as part of the initial public offering.

The Company has taken out directors' and officers' liability insurance, such cover to be maintained for the full term of each director's appointment.

Save for such indemnity provisions in the Company's Articles of Association, there are no qualifying third party indemnity provisions in force.

Independence of directors

Each of the directors was considered to be independent on appointment and remained so throughout the period of Woodford Investment Management LLP (the portfolio manager) and Capita Financial Management Limited (the manager) and free from any business or other relationship that could materially interfere with the exercise of his or her independent judgement. There are no relationships or circumstances relating to the Company that are likely to affect their judgement.

Care will be taken at all times to ensure that the Board is composed of members who, as a whole, have the required knowledge, abilities and experience to properly fulfil their role and are sufficiently independent.

Directors' interests

The Board hold shares in the following companies, all of which represent more than 1% of the Company's portfolio as at 31 December 2016:

Susan Searle:	Horizon Discovery, Benchmark
Steven Harris:	Circassia
Scott Brown:	Nil
Louise Makin:	BTG plc

Board evaluation

In consideration of the Company's launch during 2015 and the focus on investment, policies and procedures, the Board has scheduled the first evaluation to take place during 2016 when it was felt the Board and its Committees would be fully established and the most benefit would be derived from the process. Any training needs identified as part of the Board evaluation process will be added to the agenda of the next Board meeting.

As a FTSE 250 Company the Board is required to be externally evaluated at least every third year. As the Board has been in existence for less than a year the Board does not feel it would be appropriate at present to employ the services or to incur the additional expense of an external third party to conduct the evaluation process.

Board training and induction

The company secretary, Board or the portfolio manager upon request of the Board, will offer induction training to new directors about the Company, its key service providers, the directors' duties and obligations and other matters as may be relevant from time to time.

The Board members are encouraged to keep up to date and attend training courses on matters which are directly relevant to their involvement with the Company. The Company has joined The Association of Investment Companies ('AIC') and the Board have taken advantage of various webinars, meetings and conferences organised by the AIC in the furtherance of their training. The directors also receive regular briefings from, among others, the auditor and the company secretary regarding any proposed developments or changes in laws or regulations that could affect them or the Company.

Board appointment, election and tenure

The rules concerning the appointment and replacement of directors are contained in the Company's Articles of Association and the Companies Act 2006.

None of the directors consider length of service as an impediment to independence or good judgement but, if they felt this had become the case, the relevant director would stand down.

The Chairman of the Company acts as Chairman of the Management Engagement Committee. The Terms of Reference of all committees are available from the company secretary's office and the Company's section of the portfolio manager's website at woodfordfunds.com.

The directors of the Company and their biographies are set out on page 32 to 33. Details of their interests in the shares of the Company are set out in the directors' remuneration report on page 57. As this is the first Annual General Meeting, all members of the Board will put themselves forward for election. As a FTSE 250 company, each member of the Board is required to put themselves forward for re-election on an annual basis.

The Board considers that all of the current directors contribute effectively to the operation of the Board and the strategy of the Company. The Board has considered each Board member's independence of the Company and manager. The Board therefore believes that it is in the best interests of shareholders that each of the directors is elected.

Board responsibilities and relationship with the portfolio manager

The Board is responsible for the determination of the Company's investment policy and strategy and has overall responsibility for the Company's activities, including the review of investment activity and performance and the control and supervision of all suppliers of services to the Company including the portfolio manager. The Board is also responsible for the Company's system of internal and financial controls and for ensuring that commercial risks and financing needs are properly considered and that the obligations of a public limited company are adhered to.

To assist the Board in the day-to-day operations of the Company, arrangements have been put in place to delegate this authority to the manager and portfolio manager and other third-party service providers. The Board has appointed Capita Financial Managers Limited as its manager who, in turn, has delegated the management of the Company's portfolio to Woodford Investment Management LLP (the portfolio manager) to manage the Company's investment portfolio within guidelines set by the Board.

The portfolio manager is in frequent contact with the Board and supplies the directors with regular updates on the Company's activities and detailed reports are provided for review at each Board meeting. The Chairman encourages open and constructive debate to foster a supportive and co-operative approach at all meetings.

Management agreement and continuing appointment

Details of the portfolio manager's agreement and fees are set out in note 4 to the financial statements on page 75.

The Board keeps the performance of the portfolio manager under continual review. The Management Engagement Committee undertook its first annual appraisal of the manager and portfolio manager during the period under review. The Committee recommended to the Board that the appointments of all of the Company's third-party service providers continue. It was felt that their appointment was in the best interests of the shareholders as a whole as the relationship with each party was new and insufficient time had passed since the Company was incorporated to enable the Committee to effectively evaluate any party's performance.

Conflicts of interest

The Articles of Association provide that the directors may authorise any actual or potential conflict of interest that a director may have, with or without imposing any conditions that they consider appropriate on the director. Directors are not able to vote in respect of any contract, arrangement or transaction in which they have a material interest and in such circumstances they are not counted in the quorum. A process has been developed to identify any of the directors' potential or actual conflicts of interest. This includes declaring any potential new conflicts before the start of each Board meeting. A schedule is maintained of each Board member's potential conflict of interest.

Board committees

Given the size of the Board, it is not considered appropriate for the Company to establish separate Remuneration and Nomination Committees. It is, therefore, the practice for the Board as a whole to consider and approve directors' remuneration, new appointments and Board appraisals.

Audit Committee

The Board has delegated certain responsibilities to its Audit Committee and it is felt appropriate that all directors are members of the Audit Committee because the Board has only four members. The UK Corporate Governance Code (the 'UK Code') stipulates that, as a FTSE 250 company the Chairman should not be a member of the Audit Committee. However, given the size of the Board being only four members in total, the Board believes it is appropriate that the Chairman of the Board is a member of the Audit Committee. The Board has established formal terms of reference for the Audit Committee which are available on the Company's section of Woodford Investment Manager's website (woodfordfunds.com) , or from the Company Secretary upon request. An outline of the remit of the Audit Committee and its activities during the period are set out below.

The Audit Committee is chaired by Steven Harris and meets at least twice a year. It is responsible for ensuring that the financial performance of the Company is properly reported and monitored and provides a forum through which the Company's external auditor may report to the Board. The Audit Committee reviews and recommends to the Board the annual and half-yearly reports and financial statements, financial announcements, internal control systems, risk metrics, valuations and procedures and accounting policies of the Company.

Further details on the work of the Audit Committee can be found in the report of the Audit Committee on pages 53 to 55.

Management Engagement Committee

The Committee meets at least once a year or more often if required. Its principal duties are to consider the terms of appointment of the manager and portfolio manager and the Company's other service providers.

Management agreement and continuing appointment

Details of the portfolio manager's agreement and fees are set out in note 4 to the financial statements on page 75.

The Board keeps the performance of the portfolio manager under continual review. The Management Engagement Committee undertook its first annual appraisal of the manager, portfolio manager and other service providers during the period under review. It recommended to the Board that the appointments of all of the Company's third-party service providers continue as it was felt that their appointment was in the best interests of the shareholders as a whole. The relationship between each party was new and insufficient time had passed since the Company was incorporated to enable the Committee to effectively evaluate any party's performance.

Company secretary

The Board has direct access to the advice and services of the company secretary, Capita Company Secretarial Services Limited, which is responsible for ensuring that the Board and Committee procedures are followed and that applicable rules and regulations are complied with. The company secretary is also responsible for ensuring good information flows between all parties.

Review of shareholder profile

The Board reviews reports provided by qualified independent industry consultants and the Company's broker on the Company's shareholder base and its underlying beneficial owners. The portfolio manager and brokers disclose any concerns raised by shareholders to the Board.

Stewardship responsibilities and the use of voting rights

The Financial Reporting Council (FRC) introduced a Stewardship Code which sets out the responsibilities of institutional shareholders in respect of investee companies. Under the Code, managers should:

- Publicly disclose their policy on how they will discharge their stewardship responsibilities to their clients
- Disclose their policy on managing conflicts of interest
- Monitor their investee companies
- Establish clear guidelines on how they escalate engagement
- Be willing to act collectively with other investors where appropriate
- Have a clear policy on proxy voting and disclose their voting record
- Report to clients.

Woodford Investment Management LLP ('Woodford') recognises that one of the important obligations that it has as a shareholder (on behalf of the Company) is the right to vote on issues submitted to shareholders. These issues may include the election of directors and other important matters that affect the structure of the investee company. Woodford recognises its fiduciary responsibility to its clients and the Woodford investment team will consider proxy voting papers, supported by independent providers, ahead of making an election.

The Woodford investment team considers its position on all major proxy voting issues. The investment team is responsible for all elections and a record of the that election is maintained electronically.

Woodford has retained the services of Institutional Voting Information Service (IVIS), a leading provider of corporate governance research. IVIS outlines a number of best practice guidelines that cover:

- Corporate governance
- Share capital management.

Woodford considers the advice and recommendations made by IVIS in reaching a proxy voting decision. It is the responsibility of the Woodford investment team to decide how to vote and it may choose not to follow the advice provided by a third party. Woodford's default position is to vote with management.

Woodford manages the proxy voting process via 'ProxyEdge', a platform provided by Broadridge. The system manages the process of notifications, voting, tracking, mailing, reporting and record maintenance. ProxyEdge provides proxy information through an automated electronic interface based on share positions provided directly to Broadridge by Woodford back office or directly from the client's custodian, bank or broker-dealer.

Relations with shareholders

All shareholders have the opportunity to attend and vote, in person or by proxy, at the Annual General Meeting (AGM). The notice of the AGM, which is sent out at least 20 working days in advance, sets out the business of the meeting and any item not of an entirely routine nature is explained in the directors' report. Separate resolutions are proposed in respect of each substantive issue.

Shareholders are encouraged to attend the AGM and to participate in proceedings. The Chairman of the Board and the directors, together with representatives of the investment manager, will be available to answer shareholders' questions at the AGM. Proxy voting figures are available to shareholders at the AGM.

The portfolio manager holds regular discussions with major shareholders, the feedback from which is provided to and greatly valued by the Board. The directors are available to enter into dialogue and correspondence with shareholders regarding the progress and performance of the Company. Further information about the Company can be found on the Company's section of the portfolio manager's website – woodfordfunds.com.

Internal control review

The Board does not have an internal audit function as it delegates its operations to third-party service providers and does not employ any staff. Instead it has been agreed that it will rely on the internal audit controls which exist within its third-party providers.

The administrator, depositary, manager and portfolio manager have established internal control frameworks to provide reasonable assurance on the effectiveness of the internal controls operated on behalf of their clients. The manager, portfolio manager, the administrator and the company secretary will report on any breaches of law or regulation, if and when they arise, periodically in scheduled Board reports. The Audit Committee considers annually whether there is any need for an internal audit function, and it has agreed that it is appropriate for the Company to rely on the internal audit controls which exist within its third-party providers and that it is not necessary to have an internal audit function.

The Board has reviewed the effectiveness of the administrator, manager and portfolio manager's systems of internal control and risk management. During the period under review, the Board has not identified any significant failings or weaknesses in the internal control systems of its service providers.

The Company established a risk matrix prior to the Company's listing on 21 April 2015, consisting of the key risks and controls in place to mitigate those risks. The Board confirms that there is an ongoing process for identifying, evaluating and managing the principal risks faced by the Company. Details of the Company's risks can be found on pages 26 to 27 of the directors' report, together with an explanation of the robust controls that have been established to manage each risk. Financial risks are explained in note 22 on page 82. The risk matrix provides a basis for the Audit Committee and the Board to regularly monitor the effective operation of the controls and to update the matrix when new risks are identified.

The system of internal control and risk management is designed to meet the Company's particular needs and the risks to which it is exposed. The Board recognises that these control systems can only be designed to manage, rather than eliminate, the risk of failure to achieve business objectives and to provide reasonable, but not absolute, assurance against material misstatement or loss.

Whistleblowing

As the Company has no employees, the Company does not have a whistleblowing policy. The Audit Committee reviews the whistleblowing procedures of the manager, portfolio manager and administrator to ensure that the concerns of their staff may be raised in a confidential manner.

Alternative Investment Fund Management Directive Disclosure

Report on remuneration

The Alternative Investment Fund Manager's Directive (AIFMD) requires certain disclosures to be made with regard to the remuneration policy of the Company's AIFM.

Details of the Capita Financial Managers Limited (CFML) AIFM Remuneration Policy are disclosed on the website at capitafinancial.com and have applied to CFML since 1 January 2015, being the beginning of the first financial year of CFML following its authorisation as an AIFM.

Quantitative remuneration disclosure
In accordance with FUND 3.3.5 (5) and in accordance with FCA Finalised guidance – General guidance on the AIFM Remuneration Code (SYSC 19B) ('the Guidelines'), dated January 2014, the total amount of remuneration paid by the AIFM, for the financial year to the 31 December 2015, in respect of the Woodford Patient Capital Trust was £22,155. The AIFM does not consider that any member of staff of the AIFM has the ability to materially impact the risk profile of the Woodford Patient Capital Trust. It should be noted that the CFML has delegated portfolio management to Woodford Investment Managers by way of a portfolio management agreement and the CFML is satisfied that Woodford Investment Managers is subject to the regulatory requirements that are equally as effective as those applicable under the Guidelines.

Other disclosures
The AIFMD requires that the AIFM ensures that certain other matters are actioned and or reported to investors. Each of these is set out below.

- Provision and content of an Annual Report (FUND 3.3.2 and 3.3.5)
- The publication of the Annual Report and Accounts of the company satisfies these requirements
- Material change of information
- The AIFMD requires certain information to be made available to investors in the Company before they invest and requires that material changes to this information be disclosed in the Annual Report.

Periodic disclosure (FUND 3.2.5 and 3.2.6)
There are no assets subject to special arrangements due to their illiquid nature and no new arrangements for the managing of the liquidity of the Company.

There is no change to the arrangements, as set out in the Prospectus, for managing the Company's liquidity.

The current risk profile of the Company is set out in the Annual Report: principal risks and uncertainties on page 26 and in further detail in note 22: risk management policies and procedures in the Notes to the financial statements on page 73.

The Company is permitted to be leveraged and the table below sets out the current maximum permitted and actual leverage.

As a percentage of net asset value	Gross method	Commitment method
Maximum level of leverage	320.0%	120.0%
Leverage as at 31st December 2015	100.8%	100.0%

There have been no breaches of the permitted leverage limits within the reporting period and no changes to maximum level of leverage employed by the AIF.

Other matters
The CFML can confirm that required reporting to the FCA has been undertaken in accordance with FUND 3.4.

By order of the Board

Susan Searle
Chairman
21 March 2016

Report of the Audit Committee

As Chairman of the Audit Committee (the 'Committee') I am pleased to present the Audit Committee report for the period ended 31 December 2015.

Membership of the Audit Committee

All of the directors are members of the Audit Committee. As Chairman of the Committee, I can confirm that I am a Chartered Accountant and I maintain my membership of the Institute of Chartered Accountants of England and Wales. As such, I have relevant financial experience. The UK Corporate Governance Code (the 'UK Code') and the AIC's Code on Corporate Governance ('the AIC Code') recommend that the Chairmen of FTSE 250 companies, of which your Company is one, should not be a member of the Audit Committee. However, we are of the opinion that, as the Board is small with only four members and because of the Chairman's relevant financial experience gained through her involvement with other industries during the course of her career and given our opinion that the Chairman is independent, the Audit Committee would greatly benefit from her input. Consequently, we have agreed that Susan Searle, as Chairman of the Board, be a member of the Audit Committee.

The role of the Audit Committee

The role of the Audit Committee is defined in its terms of reference, which can be found on the Company's section of Woodford Investment Management LLP's website at woodfordfunds.com. In summary, the role includes the following:

- To monitor the financial reporting process
- To review and monitor the integrity of the half-year and annual financial statements and review and challenge where necessary the accounting policies and judgements of the manager, portfolio manager and administrator
- To review the adequacy and effectiveness of the Company's internal financial and internal control and risk management systems
- To review the effectiveness of the external audit process
- To make recommendations to the Board on the re-appointment or removal of the external auditor and to approve its remuneration and terms of engagement
- To review and monitor the external auditor's independence and objectivity
- To consider the provision of non-audit services
- To consider the provision of services by the Company's appointed tax advisers
- To consider any dividend payments and distributions to shareholders
- To consider and review the valuation and existence of the Company's assets
- To consider the need for an internal audit function
- To review the 'whistleblowing' policies of the third-party service providers.

Matters considered during the period

The Audit Committee has met once during the period under review and considered the following items:

- The Company's half-year financial statements and advised the Board accordingly
- The Company's audit plan with the external auditor
- The policy on non-audit services
- The dividend policy
- The whistleblowing policy of the manager and the portfolio manager.

The Board as a whole reviewed the following items:

- The internal controls and risk management of the Company
- Whether there was a requirement for an internal audit function
- Review of the Company's risk matrix
- Review of the appropriateness of the Company's accounting policies and whether appropriate estimates and judgements have been made.

UK non-audit services

In relation to non-audit services, the Committee has reviewed and implemented a policy on the engagement of the auditor to supply non-audit services and this will be reviewed on an annual basis.

The auditor provided reporting accountant services on the Company's prospectus prior to the Company's listing and on the Company's half-year accounts, both of which are considered non-audit services. These non-audit fees amounted to £40,000 (excluding VAT), £30,000 for the work undertaken in respect of the Company's prospectus prior to listing and £10,000 to review the financial statements of the Company's half-year accounts.

It was agreed that all requests or applications for other services to be provided by the auditor should be submitted to the Audit Committee and will include a description of the services to be rendered and an anticipated cost.

Significant accounting matters

The Committee met on 17 March 2016 to review the report and accounts for the period to 31 December 2015. The Audit Committee considered the following significant issues, including principal risks and uncertainties in light of the Company's activities and issues communicated by the Auditors during their review, all of which were satisfactorily addressed:

Issue considered	How the issue was addressed
Valuation of the investment portfolio, including the unquoted holdings	The Company's assets are principally invested in listed and unlisted equities. The Committee reviewed internal control reports from the portfolio manager in the year reporting on the systems and controls around the pricing and valuation of securities. The Committee notes that listed investments are valued using stock exchange prices provided by third-party financial data vendors. Please see note 2b on page 73 for further details of how unlisted equities are valued.
Compliance with section 1158 of the Tax Act 2010	The Audit Committee receives assurance from the Company's administrators that the Company has been in compliance with section 1158 of the Corporation Tax Act 2010. This is other than monitoring of close company status, which is monitored by way of an alert that has been set up by the Company's registrars to notify the company secretary should more than 0.5% of shares change hands.
Risk of misappropriation of assets and unsecured ownership of investments	The Committee reviews reports from its service providers on key controls over the assets of the Company. Any significant issues are reported by the manager to the Board. The manager has put in place procedures to ensure that investments can only be made to the extent that the appropriate contractual and legal arrangements are in place to protect the Company's assets.
Management override of controls	The Committee reviews reports from its service providers on key controls over the assets of the Company. Any significant issues are reported by the manager to the Board. The manager has put in place procedures to ensure that investments can only be made to the extent that the appropriate contractual and legal arrangements are in place to protect the Company's assets.
The risk that income is overstated, incomplete or inaccurate through failure to recognise proper income entitlements or to apply the appropriate accounting treatment for recognition of income.	The Board regularly reviews income forecasts, including special dividends. The audit includes checks on the completeness and accuracy of income and also checks that this has been recognised in accordance with stated accounting policies.

External auditor

The Company's external auditor, Grant Thornton UK LLP, was appointed prior to the listing of the Company in 2015. Under the Financial Reporting Council's transitional arrangements the Company is required to re-tender, at the latest, by 2025. The Committee intends to re-tender within the timeframe set by the Financial Reporting Council. Due to the short period of time since the Auditor was appointed, it is not considered appropriate to consider the auditor's succession at this point in time.

The individual at Grant Thornton UK LLP who acts as the Company's appointed audit partner is Julian Bartlett. Julian's appointment is reviewed annually. In accordance with UK legislation, the audit partner must rotate at least every five years. As this is Julian's first year as audit partner, he will be due to rotate out of this role during 2020 at the latest.

The audit fees for the period under review can be found in note 5 to the accounts on page 76.

The Committee monitors the auditor's objectivity and independence on an ongoing basis. In determining the auditor's independence, the Committee has assessed all relationships with the auditor and received confirmation from the auditor that it is independent and that no issues of conflicts arose during the period. The Committee is therefore satisfied that Grant Thornton UK LLP is independent.

The Committee monitors and reviews the effectiveness of the external audit process on an annual basis and makes recommendations to the Board on its re-appointment, remuneration and terms of engagement of the auditor. The Committee has met with the audit partner and assessed Grant Thornton UK LLP's performance to date. I have met with Julian separately to discuss the Company's audit and other matters concerning the Company. I can confirm that Julian did not raise any issues of concern during our meeting. The review has involved an examination of the auditor's remuneration, the quality of its work including the quality of the audit report , the quality of the audit partner and audit team, the expertise of the audit firm and the resources available to it, the identification of audit risk, the planning and execution of the audit and the terms of engagement. Accordingly, the Committee has recommended to the Board that it proposes to shareholders via an ordinary resolution that Grant Thornton UK LLP be re-appointed as auditor at the Annual General Meeting. Grant Thornton UK LLP has confirmed its willingness to continue in office.

The Audit Committee has direct access to the Company's auditor and provides a forum through which the auditor reports to the Board. Representatives of the auditor attend the Audit Committee meetings at least annually.

Internal audit

The Audit Committee believes that the Company does not require an internal audit function, principally because the Company delegates its day-to-day operations to third parties, which are monitored by the Committee, and which provide control reports on their operations at least annually.

Tax adviser

The Company's tax adviser Kinetic Partners, a division of Duff & Phelps, was appointed as tax adviser to the Company during 2015. The Committee monitors and reviews the effectiveness of the tax adviser on an annual basis and makes recommendations to the Board as to its appointment and remuneration.

Approved
21 March 2016
Steven Harris
Chairman of the Audit Committee

Directors' remuneration report

Statement from the Chairman

I am pleased to present the directors' remuneration report for the period ended 31 December 2015, prepared in accordance with The Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013 and the Companies Act 2006. The Company's auditor is required to verify certain information within this report subject to statutory audit by the Companies Act 2006. Where information set out below has been audited it is indicated as such.

We are required to seek shareholder approval of the directors' remuneration policy at least every third year and the remuneration report annually. Any changes to the directors' remuneration policy will require shareholder approval.

It is proposed that an ordinary resolution to approve the directors' remuneration policy will be proposed as set out below at the Company's forthcoming Annual General Meeting to be held on 9 May 2016. It is proposed that this policy will be adopted at that meeting with effect from the date of the Annual General Meeting and will remain in force for the year ending 31 December 2016 and for the two subsequent years. An ordinary resolution to approve the director's remuneration policy will be put to shareholders at least once every three years. At the Annual General Meeting, shareholders will also be asked to make an advisory vote on the contents of the directors' remuneration report.

As at 31 December 2015, the Board comprised four non-executive directors, all of whom are independent of the investment managers.

Given the size of the Board, and as the Company has no employees, it is not considered appropriate for the Company to establish separate Remuneration and Nomination Committees. It is, therefore, the practice for the Board as a whole to consider and approve directors' remuneration. Prior to the Company's incorporation, the fees were set at the rate of £40,000 per annum for the Chairman, £32,000 per annum for the Chairman of the Audit Committee and £27,000 for the other directors. As the Board's fees were considered prior to the Company's incorporation and prior to its listing as an investment company, the appointment of external remuneration consultants was not considered necessary. Furthermore, the Board took the decision not to revise the Board's fees because they did not feel it was appropriate, given the Company's short existence. Many parts of The Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013 do not apply as the Board is comprised entirely of non-executive directors and the Company has no employees. The Board has considered and approved a formal policy for the approval of directors' expenses.

Directors' remuneration policy

The fees for the Board as a whole are limited to £500,000 per annum in accordance are with the Company's articles of association, divided between the directors as they may determine. Subject to this limit, the Board's policy is that remuneration of non-executive directors should reflect the experience of the Board member and the time commitment required by Board members to carry out their duties, and is determined with reference to the appointment of directors of similar investment companies. The level of remuneration has been set with the aim of promoting the future success of the Company. With this in mind, the Board considers remuneration in order to attract individuals of a calibre appropriate to promote the long-term success of the Company and to reflect the specific circumstances of the Company and its field of investment, the duties and responsibilities of the directors and the value and amount of time committment required of directors to the Company's affairs.

Due regard is taken of the Board's requirement to attract and retain individuals with suitable knowledge and experience and the role that individual directors fulfil. There are no specific performance-related conditions attached to the remuneration of the Board and the Board members are not eligible for bonuses, pension benefits, share options, long-term incentive schemes or other non-cash benefits or taxable expenses. No other payments are made to directors other than reasonable out-of-pocket expenses which have been incurred as a result of attending to the affairs of the Company.

In addition to the Board's remuneration, Board members are entitled to such fees as they may determine in respect of any extra or special services performed by them, having been called upon to do so. Such fees would only be incurred in exceptional circumstances. An example of such a circumstance would be if the Company was to undertake a corporate action, which would require the Board to dedicate additional time to review associated documents and to attend additional meetings. Such fees would be determined at the Board's absolute discretion and would be set at a similar rate to other comparable investment companies who have undertaken equivalent activities. The fees would be set with the Company's long-term success in mind and would be considered in the interest of the Company's shareholders as a whole.

The directors are entitled to be paid all expenses properly incurred by them in attending meetings with shareholders or other directors or otherwise in connection with the discharge of their duties as directors.

Shareholders have the opportunity to express their views in respect of directors' remuneration at the Company's AGM. The Company has not sought shareholder views on its remuneration policy. Any comment volunteered by shareholders on the remuneration policy will be carefully considered and appropriate action taken. No communications have been received from shareholders on the Company's remuneration policy.

The Company's remuneration policy and its implementation are reviewed by the Board as a whole on an annual basis. Directors do not vote on their own fees. Reviews are based on third parties' information on the fees of other similar investment trusts. Every third year, in accordance with Code B.6.2 of the UK Corporate Governance Code, as a FTSE 250 company, the Board is required to carry out an externally facilitated evaluation of its performance. This evaluation process also provides input into the appropriate level of directors' fees from an independent source.

None of the directors has a service contract with the Company, nor are any such contracts proposed. Instead, directors are appointed pursuant to a letter of appointment entered into with the Company. There is no notice period specified in the letters of appointment or Articles of Association for the removal of directors. Directors are not appointed for a specific term. Copies of the directors' letters of appointment are available at each of the Company's Annual General Meetings and can be obtained from the Company's registered office.

The directors are not entitled to exit payments and are not provided with any compensation for loss of office.

As with most investment trusts there is no Chief Executive Officer and no employees. The Company's remuneration policy will apply to new Board members, who will be paid the equivalent amount of fees as current Board members holding similar roles.

This policy has been followed since the Company's incorporation on 26 January 2015 and will be formalised at the Company's first Annual General Meeting to be held on 9 May 2016 and it will take effect from that date.

Directors' remuneration policy implementation

This section refers to the way in which the remuneration policy has been implemented during the period under review.

Voting at Annual General Meeting

An ordinary resolution for the approval of the directors' remuneration policy will be put to a binding shareholder vote at the forthcoming Annual General Meeting. A binding vote means that if it is not successful, the Board will be obliged to revise the policy and seek further shareholder approval at a General Meeting specially convened for that purpose.

The directors' remuneration report, including the implementation of the directors' remuneration policy, is subject to an annual advisory vote via an ordinary resolution. An advisory vote is a non-binding 'advisory' resolution. In the event that shareholders vote against the 'advisory' resolution, the Board will be required to put its remuneration policy for shareholder approval at the next Annual General Meeting to be held in 2017, regardless of whether the remuneration policy was approved by shareholders. The votes cast at the Annual General Meeting on the two new resolutions will be disclosed in the remuneration report for the year to 31 December 2016.

Directors’ fees (audited)

Single total aggregate directors’ remuneration for the period under review was £87,877. The directors who served during the period under review received the following emoluments:

	Fees paid during the period under review (26 January 2015 to 31 December 2015)	Taxable benefits	Non-taxable benefits	Total period to 31 December 2015
Susan Searle (Chair)#	£27,897	Nil	Nil	£27,897
Steven Harris#	£22,318	Nil	Nil	£22,318
Scott Brown#	£18,832	Nil	Nil	£18,832
Louise Makin#	£18,832	Nil	Nil	£18,832
Alexander Haynes*	Nil	Nil	Nil	Nil
Nicholas Horton*	Nil	Nil	Nil	Nil

* *Alexander Haynes and Nicholas Horton were appointed as directors upon the Company’s incorporation but resigned from the Board on 13 February 2015, prior to the Company’s listing*

\# *Susan Searle, Steven Harris, Scott Brown and Louise Makin were appointed to the Board on 13 February 2015*

No payments were made to past directors for loss of office. In the absence of further major increases in the workload and responsibility involved, the Board does not expect fees to increase significantly over the next three years. The overall remuneration of each director will continue to be monitored by the Board, taking into account those matters referred to in the annual statement above. The Company did not pay any other benefits including bonuses, pension benefits, share options, long-term incentive schemes or other non-cash benefits or taxable benefits.

As a FTSE 250 company the Board members will be required to put themselves forward for re-election at each Annual General Meeting.

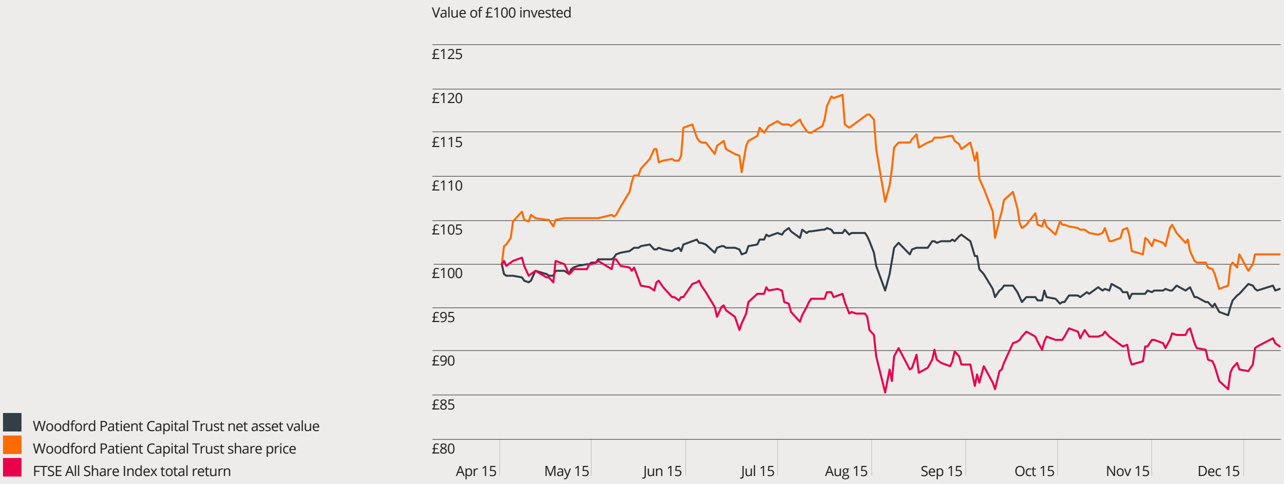
The Company has not made any loans to the directors which are outstanding, nor has it ever provided any guarantees for the benefit of any director or the directors collectively nor does it intend to.

Company performance

The Board is responsible for the Company’s investment strategy and performance, although day-to-day management of the Company’s affairs, including the management of the Company’s portfolio, has been delegated to third-party service providers. An explanation of the performance of the Company is given in the Chairman's statement and manager's review on pages 13 to 15.

The graph below shows the total return to ordinary shareholders compared to the total shareholder returns of the FTSE All Share Index during the period since the Company was listed (21 April 2015) to 31 December 2015. This index has been selected as the most relevant, although there is no listed index that is directly comparable to the Company's portfolio.

Woodford Patient Capital Trust performance
Source: Bloomberg



Expenditure by the Company on directors' remuneration compared with distributions to shareholders
The following table is provided in accordance with The Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013 which sets out the relative importance of spend on pay in respect of the period since incorporation (26 January 2015) to 31 December 2015. As the Company has not made a distribution to shareholders by way of dividend payments, share buy-backs or any other significant distribution and other payments deemed appropriate and furthermore the Company has been in existence for less than a year, the table only presents the remuneration paid to directors for the period under review, compared to the fees paid to the Company's third-party service providers together with the Company's administrative costs.

When considering the table below, shareholders should take into account the Company's principal investment objective of achieving capital growth. As the Company has no employees and undertakes its operations through service providers, the spend on service providers was chosen to assist the shareholders in understanding the relative importance of spend on pay. The spend on service providers is an aggregate of the fees paid to each service provider in accordance with their respective agreements.

	Period since incorporation (26 January 2015) to 31 December 2015
Total remuneration paid to directors	£87,877
Service providers and administrative costs	£728,577
Shareholder distribution – dividends or share buy-backs	Nil

Directors' interests (audited)
The Company does not have any requirement for any director to own shares in the Company.

The interests of the directors (including connected persons) in the shares of the Company are set out below:

	Class of Shares	31 December 2015
Susan Searle	Ordinary shares	36,062
Steven Harris	Ordinary shares	45,077
Scott Brown	Ordinary shares	24,341
Louise Makin	Ordinary shares	13,523
Alexander Haynes		Nil
Nicholas Horton		Nil

There have been no changes to any holdings between 31 December 2015 and the date of this report.

Approval of the Annual Report on remuneration and the directors' remuneration policy

The Annual Report on remuneration was approved by the Board on 21 March 2016.

By order of the Board
Susan Searle
Chairman

Statement of directors' responsibility

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable laws and regulations. Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company as at the end of each financial year and of the profit or loss of the Company for that period.

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

- Present fairly the financial position, financial performance and cash flows of the Company
- Select suitable accounting policies in accordance with United Kingdom Generally Accepted Accounting Practice and then apply them consistently
- Present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information
- Make judgements and estimates that are reasonable and prudent
- State whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are also responsible for preparing the strategic report, the directors' report, the directors' remuneration report, the corporate governance statement and the report of the Audit Committee in accordance with the Companies Act 2006 and applicable regulations, including the requirements of the Listing Rules and the Disclosure and Transparency Rules. The directors have delegated responsibility to the manager for the maintenance and integrity of the Company's corporate and financial information included on Woodford Investment Management LLP's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Each of the directors, whose names are listed on pages 32 to 33, confirms that:

- The financial statements, prepared in accordance with applicable accounting standards, give a true and fair view of the assets, liabilities, financial position and loss of the Company
- The strategic report contained in the Annual Report and financial statements includes a fair review of the development and performance of the business and the position of the Company, together with a description of the principal risks and uncertainties that it faces.

The 2014 UK Corporate Governance Code requires directors to ensure that the Annual Report and financial statements are fair, balanced and understandable. In order to reach a conclusion on this matter, the Board has requested that the Audit Committee advises on whether it considers that the Annual Report and financial statements fulfils these requirements. The process by which the Committee has reached these conclusions is set out in the Audit Committee's report on pages 53 to 55. As a result, the Board has concluded that the Annual Report for the period ended 31 December 2015, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy.

Signed on behalf of the Board of directors by:

Susan Searle
Chairman
21 March 2016

Independent auditor's report

Our opinion on the financial statements is unmodified

In our opinion the financial statements:

- Give a true and fair view of the state of the Company's affairs as at 31 December 2015 and of its loss for the period then ended;
- Have been properly prepared in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'; and
- Have been prepared in accordance with the requirements of the Companies Act 2006.

Who we are reporting to

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

What we have audited

Woodford Patient Capital Trust plc's financial statements for the period ended 31 December 2015 comprise the Income statement, the Statement of financial position, the Statement of changes in equity, the Cash flow statement and the related notes.

The financial reporting framework that has been applied in their preparation is United Kingdom Generally Accepted Accounting Practice including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

Overview of our audit approach

- Overall materiality: £8,053,000, which represents 1% of the company's net assets; and
- Key audit risks were identified as the valuation and existence of investments.

Audit risk	**How we responded to the risk**
Investments The Company's business is to achieve long-term capital growth through investing in a portfolio consisting predominantly of UK companies, both quoted and unquoted. As a consequence of this, the Company has significant exposure to quoted and unquoted investments. We therefore identified the valuation and existence of investments as a risk that requires special audit attention.	Our audit work included, but was not restricted to: – Obtaining an understanding of how the valuations were performed by the Company's investment manager; – Obtaining a confirmation of investments held at the year end directly from the independendent custodian; – Inquiry and observation of the controls implemented by the investment manager in relation to unquoted investment pricing; – Considering whether the valuations were made in accordance with the published guidance, in particular the International Private Equity and Venture Capital Guidelines; – On a sample basis, reviewing and challenging the reasonableness of both the valuation techniques used and the assumptions made by management, including corroboration of financial inputs underlying those valuations and other supporting information; – Consulting with our own internal valuations experts on the valuation methodologies applied by the client; – Assessing the investment manager's consideration of other factors that might require adjustment to the valuation; – Agreeing the valuation of quoted investments to an independent source of market prices; and – Testing a selection of investment additions and disposals shown in the Company's records against supporting documentation. The Company's accounting policy on valuation of unquoted investments is shown in note 2(b) and related disclosures are included in note 9. The Audit Committee identified valuation of the investment portfolio, including the unquoted holdings, as an issue in its report on page 54, where the Committee also described the action that it has taken to address this issue.

Our application of materiality and an overview of the scope of our audit

Materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality in determining the nature, timing and extent of our work and in evaluating the results of that work.

We determined materiality for the audit of the financial statements as a whole to be £8,053,000, which is 1% of net assets. This benchmark is considered the most appropriate because net assets, which are primarily composed of the Company's investment portfolio, is considered to be the key driver of the Company's total return performance.

We use a different level of materiality, performance materiality, to drive the extent of our testing and this was set at 75% of financial statement materiality. We also determine a lower level of specific materiality for certain areas such as directors' remuneration and related party transactions.

We determined the threshold at which we will communicate misstatements to the Audit Committee to be £0.4m. In addition we will communicate misstatements below that threshold that, in our view, warrant reporting on qualitative grounds.

Overview of the scope of our audit

A description of the generic scope of an audit of financial statements is provided on the Financial Reporting Council's website at frc.org.uk/auditscopeukprivate

We conducted our audit in accordance with International Standards on Auditing (ISAs) (UK and Ireland). Our responsibilities under those standards are further described in the 'Responsibilities for the financial statements and the audit' section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

We are independent of the Company in accordance with the Auditing Practices Board's Ethical Standards for Auditors, and we have fulfilled our other ethical responsibilities in accordance with those Ethical Standards.

Our audit approach was based on a thorough understanding of the Company's business and is risk-based. The day-to-day management of the Company's investment portfolio, the custody of its investments and the maintenance of the Company's accounting records are outsourced to third-party service providers. Accordingly, our audit work included obtaining an understanding of, and evaluating relevant internal controls at both the Company and third-party service providers. This included obtaining and reading controls reports prepared by third-party auditors on the description, design and operating effectiveness of internal controls at the custodian and administrator. We undertook substantive testing on significant transactions, balances and disclosures, the extent of which was based on various factors such as our overall assessment of the control environment, the design effectiveness of controls over individual systems and the management of specific risks.

Other reporting required by regulations

Our opinion on other matters prescribed by the Companies Act 2006 is unmodified

In our opinion:

- The part of the directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006; and
- The information given in the strategic report and directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- Adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- The financial statements and the part of the directors' remuneration report to be audited are not in agreement with the accounting records and returns; or
- Certain disclosures of directors' remuneration specified by law are not made; or
- We have not received all the information and explanations we require for our audit.

Under the Listing Rules, we are required to review:

- The directors' statements in relation to going concern and longer-term viability, set out on page 41; and
- The part of the Corporate Governance Statement relating to the Company's compliance with the provisions of the UK Corporate Governance Code specified for our review.

Under the ISAs (UK and Ireland), we are required to report to you if, in our opinion, information in the Annual Report is:

- Materially inconsistent with the information in the audited financial statements; or
- Apparently materially incorrect based on, or materially inconsistent with, our knowledge of the Company acquired in the course of performing our audit; or
- Otherwise misleading.

In particular, we are required to report to you if:

- We have identified any inconsistencies between our knowledge acquired during the audit and the directors' statement that they consider the Annual Report is fair, balanced and understandable; or
- The Annual Report does not appropriately disclose those matters that were communicated to the Audit Committee which we consider should have been disclosed.

We have nothing to report in respect of any of the above matters.

We also confirm that we do not have anything material to add or to draw attention to in relation to:

- The directors' confirmation in the Annual Report that they have carried out a robust assessment of the principal risks facing the Company including those that would threaten its business model, future performance, solvency or liquidity;
- The disclosures in the Annual Report that describe those risks and explain how they are being managed or mitigated;
- The directors' statement in the financial statements about whether they have considered it appropriate to adopt the going concern basis of accounting in preparing them, and their identification of any material uncertainties to the Company's ability to continue to do so over a period of at least 12 months from the date of approval of the financial statements; and
- The directors' explanation in the Annual Report as to how they have assessed the prospects of the Company, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Responsibilities for the financial statements and the audit

What the directors are responsible for:
As explained more fully in the statement of directors' responsibilities set out on page 62, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

What we are responsible for:
Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and ISAs (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Julian Bartlett
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
London
21 March 2016

FINANCIAL STATEMENTS

Income statement

From 26 January 2015 (date of incorporation) to 31 December 2015

			26 January 2015 to 31 December 2015	
	Notes	**Revenue £000**	**Capital £000**	**Total £000**
Losses on investments measured at fair value through profit or loss		0	(17,587)	(17,587)
Income	3	2,374	0	2,374
Portfolio management fee	4	0	0	0
Other expenses	5	(816)	0	(816)
Return before finance costs & taxation		**1,558**	**(17,587)**	**(16,029)**
Finance costs	6	(20)	0	(20)
Return on ordinary activities before taxation		**1,538**	**(17,587)**	**(16,049)**
Taxation on ordinary activities	7	**0**	**0**	**0**
Return for the period		**1,538**	**(17,587)**	**(16,049)**
Return per ordinary share (pence)	18	**0.25p**	**(2.88)p**	**(2.63)p**

The notes on pages 73 to 85 form part of these accounts.
The total column of this statement is the profit and loss account of the company.
All the revenue and capital items in the above statement derive from continuing operations.
There is no other comprehensive income.

Statement of financial position

As at 31 December 2015

	Notes	31 December 2015 £'000
Fixed assets		
Investments at fair value through profit or loss	9	**796,929**
Current assets		
Debtors	10	326
Cash at bank		12,008
		12,334
Creditors – amounts falling due within one year		
Creditors	11	(3,631)
Derivative financial instruments	12	(368)
		(3,999)
Net current assets		**8,335**
Total assets less current liabilities		**805,264**
Net assets		**805,264**
Capital and reserves		
Share capital	13	8,270
Share premium	14	813,043
Capital reserve	15	(17,587)
Revenue reserve	16	1,538
Total shareholders' funds		**805,264**
NAV per share – ordinary shares (pence)	19	**97.37p**

The financial statements on pages 69 to 85 of Woodford Patient Capital Trust plc, company number 09405653, were approved by the Board and authorised for issue on 21 March 2016 and were signed on its behalf by:

Susan J Searle
Chairman

The notes on pages 73 to 85 form part of these accounts.

Statement of changes in equity

For the period from 26 January 2015 to 31 December 2015

	Share capital £'000	**Share premium account** £'000	**Capital reserve** £'000	**Revenue reserve** £'000	**Total** £'000
Beginning of period	-	-	-	-	-
Total comprehensive income for the financial period	-	-	(17,587)	1,538	(16,049)
Issue of ordinary shares	8,270	822,190	-	-	830,460
Share issue costs	-	(9,147)	-	-	(9,147)
Balance at 31 December 2015	**8,270**	**813,043**	**(17,587)**	**1,538**	**805,264**

Distributable reserves comprise: the revenue reserve and capital reserve attributable to realised profits.

Share capital represents the nominal value of shares that have been issued. The share premium account includes any premiums received on issue of share capital. Any direct transaction costs associated with the issuing of shares are deducted from share premium.

All investments are held at fair value through profit or loss. When the Company revalues the investments still held during the period, any gains or losses arising are credited/charged to the capital reserve.

Cash flow statement

For the period from 26 January 2015 to 31 December 2015

	31 December 2015 £'000
Cash flows from operating activities	
Loss before finance costs and taxation	(16,029)
Adjustments for:	
Movement in investments held at fair value through profit or loss	17,587
Fee paid for credit facility	(20)
Increase in trade and other debtors	(326)
Increase in trade creditors	550
Net cash generated from operating activities	**1,762**
Cash flows from investing activities	
Purchases of investments	(820,489)
Proceeds from sales of investments	9,365
Net cash used in investing activities	**(811,124)**
Cash flows from financing activities	
Issue of ordinary share capital	830,460
Share issue costs	(9,090)
Net cash from financing activities	**821,370**
Net increase in cash and cash equivalents	**12,008**
Cash and cash equivalents at the beginning of the period	-
Cash and cash equivalents at end of period	**12,008**

Notes to the financial statements

1. General information
Woodford Patient Capital Trust Plc (the 'Company') was incorporated in England and Wales on 26 January 2015 with registered number 09405653, as a closed-ended investment company. The Company commenced its operations on 21 April 2015. The Company intends to carry on business as an investment trust within the meaning of Chapter 4 of Part 24 of the Corporation Tax Act 2010.

The Company's investment objective is to achieve long-term capital growth through investing in a portfolio consisting predominantly of UK companies, both quoted and unquoted. The Company will aim to deliver a return in excess of 10% per annum over the longer term.

The Company's shares were admitted to the Official List of the UK Listing Authority with a premium listing on 21 April 2015. On the same day, trading of the ordinary shares commenced on the London Stock Exchange. The registered office is 40 Dukes Place, London EC3A 7NH, United Kingdom.

2. Accounting policies
The principal accounting policies followed by the Company are set out below:

(a) Basis of accounting
The Company's financial statements have been prepared in compliance with FRS102 as it applies to the financial statements of the Company for the period ended 31 December 2015 and the Statement of Recommended Practice 'Financial Statements of Investment Trust Companies and Venture Capital Trusts' (issued in November 2014). The financial statements have been prepared on the historical cost basis except for the modification to a fair value basis for certain financial instruments as specified in the accounting policies below.

The financial statements have been prepared on a going concern basis and on assumption that approval as an investment trust will continue to be granted.

The financial statements have been presented in Sterling (£), which is also the functional currency of the Company.

(b) Investments
The Company has adopted the provisions of Sections 11 and 12 of FRS 102 for measuring and disclosing its financial instruments. All investments held by the Company are classified as "fair value through profit or loss", and are valued in accordance with the International Private Equity and Venture Capital Valuation (IPEVCV) guidelines, as updated in December 2012. This classification is followed as the Company's business is to invest in financial assets with a view to profiting from their total return in the form of capital growth and income.

For investments actively traded on organised financial markets, fair value is generally determined by reference to Stock Exchange market quoted bid prices at the close of business on the balance sheet date. Purchases and sales of quoted investments are recognised on the trade date where a contract of sale exists whose terms require delivery within a time frame determined by the relevant market. Purchases and sales of unlisted investments are recognised when the contract for acquisition or sale becomes unconditional.

Unquoted investments are a significant accounting judgement which is stated at fair value by the directors in accordance with the following rules, which are consistent with the IPEVCV guidelines:

All investments are held at the price of a recent investment for an appropriate period where there is considered to have been no change in fair value. Where such a basis is no longer considered appropriate, the following factors will be considered:

(i) Where a value is indicated by a material arms-length transaction by an independent third party in the shares of a company, this value will be used.
(ii) In the absence of (i), and depending upon both the subsequent trading performance and investment structure of an investee company, the valuation basis will usually move to an earnings multiple basis. The shares may be valued by applying a suitable price-earnings ratio to that company's historic, current or forecast post-tax earnings before interest and amortisation (the ratio used being based

on a comparable sector but the resulting value being adjusted to reflect points of difference identified by the Investment Adviser compared to the sector including, inter alia, a lack of marketability).

Where an earnings multiple basis is not appropriate and overriding factors apply, discounted cash flow or net asset valuation bases may be applied.

(c) Foreign currency

Transactions denominated in foreign currencies are translated into Sterling at actual exchange rates as at the date of the transaction. Assets and liabilities denominated in foreign currencies at the period end are reported at the rates of exchange prevailing at the year end. Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is included as an exchange gain or loss to capital or revenue in the income statement as appropriate. Foreign exchange movements on investments are included in the income statement within gains on investments.

(d) Income

Investment income has been accounted for on an ex-dividend basis or when the Company's right to the income is established. Special dividends are credited to capital or revenue in the income statement, according to the circumstances surrounding the payment of the dividend. UK dividends are accounted for net of any tax credits. Overseas dividends are included gross of withholding tax.

Interest receivable on deposits is accounted for on an accruals basis.

(e) Expenses

All expenses are accounted for on an accruals basis and are charged as follows:

- Any performance fee is allocated to capital
- Investment transactions costs are allocated to capital
- Other expenses are charged wholly to revenue
- Direct issue costs are deducted from the share premium account.

(f) Taxation

The charge for taxation is based upon the net revenue for the year. The tax charge is allocated to the revenue and capital accounts according to the marginal basis whereby revenue expenses are first matched against taxable income arising in the revenue account. Deferred taxation will be recognised as an asset or a liability if transactions have occurred at the reporting date that give rise to an obligation to pay more taxation in the future, or a right to pay less taxation in the future. An asset will only be recognised to the extent that it is probable to be recovered.

3. Income

	Period ended 31 December 2015 £'000
Income from investments	
UK franked dividends	2,317
Other Income	57
	2,374

4. Portfolio management fee

	Period ended 31 December 2015 £000
Performance fee accrual: 100% charged to capital	0
	0

The portfolio manager is entitled to receive a performance fee equal to 15% of any excess returns over a cumulative 10% per annum hurdle rate, subject to a high watermark. The performance fee is calculated on the following basis.

PF = ((A–B) x C) x 15 per cent.

Where:
- PF is the performance fee, if any, payable to the portfolio manager
- A is the adjusted NAV per ordinary share
- B is the higher of: (i) the high watermark NAV per ordinary share and (ii) the hurdle
- C is the time weighted average number of ordinary shares in issue since the last performance period in respect of which a performance fee was earned, or if no performance fee has yet been earned, admission

In the event that A–B is a negative number, it shall be taken to equal zero.

For these purposes:
“Performance period” means: (i) the period beginning on the date of admission and ending on 31 December 2015 and (ii) each subsequent period corresponding to each accounting period of the Company.

“Adjusted NAV per ordinary share” means the net asset value per ordinary share on the last business day of each performance period, adjusted by adding back any performance fee accrual in respect of such performance period.

“High watermark NAV per ordinary share” means the net asset value per ordinary share as at the last business day of the performance period in respect of which a performance fee was last earned, adding back the effect of any performance fee paid in respect of such performance period (or, if no performance fee has yet been earned, the issue price).

“Hurdle” means the issue price increased, from admission, at a rate of 10% per annum, compounded annually as at the last business day of each performance period (pro-rated, in the case of the first performance period, from the date of admission).

The high watermark NAV per ordinary share and the hurdle will be adjusted to reflect the impact on the adjusted NAV per ordinary share from a capital return and / or dividend and / or distribution to shareholders at the time of such capital return and / or dividend and / or distribution, on a pence per ordinary share basis.

If at any time a potential adjustment event shall occur, the portfolio manager and the Company will discuss in good faith what adjustment would be appropriate for the purpose of calculation of the performance fee. Failing such agreement, the Company will instruct the auditor, or other independent firm of accountants, to report to the Company and the portfolio manager regarding any adjustment which in the opinion of the auditor, or other independent firm of accountants, shall be appropriate to be made for the purpose of the calculation of the performance fee.

“Potential adjustment event” means, in relation to the Company, every issue by way of capitalisation of profits or reserves and every issue by way of rights or bonus and every consolidation or sub-division or reduction of capital or share premium or capital dividend or redemption of ordinary shares, or other reconstruction or adjustment relating to the share capital of the Company (or any shares, stock or securities derived therefrom or convertible thereinto) and also includes any other amalgamation or reconstruction affecting the share capital of the Company (or any shares, stock or securities derived therefrom or convertible thereinto).

5. Other expenses

		Period ended 31 December 2015 £'000
Secretarial services		50
Administration expenses		628
Auditor’s remuneration	– audit services	40
	– half-year review	10
Directors’ fees		88
		816

Other fees paid to Grant Thornton of £30,000 in connection with the launch of the Company are included in the share issue costs charged to the share premium which are disclosed in note 14.
The above expenses includes employers National Insurance Contributions of £5,821.42.

6. Finance costs

	Period ended 31 December 2015 £'000
Fee paid for credit facility	20

7. Taxation

(a) Analysis of charge in the period:

	Period ended 31 December 2015 Revenue £'000	Period ended 31 December 2015 Capital £'000	Period ended 31 December 2015 Total £'000
Overseas tax	0	0	0
Total tax charge for the year (see note 7 (b))	**0**	**0**	**0**

(b) Factors affecting the tax charge for the year:

The tax assessed for the year is lower than the standard rate of corporation tax in the UK for a large company of 20.19%. The differences are explained below:

	Period ended 31 December 2015 Revenue £000	**Period ended 31 December 2015 Capital £000**	**Period ended 31 December 2015 Total £000**
Total return before taxation	1,538	(17,587)	(16,049)
UK corporation tax at 20.19%	311	(3,551)	(3,240)
Effects of:			
Capital (gains)/losses not subject to corporation tax	0	3,551	3,551
UK dividends which are not taxable	(468)	0	(468)
Overseas tax suffered	0	0	0
Non-taxable overseas dividends	0	0	0
Movement in unutilised management expenses	157	0	157
Total tax charge	**0**	**0**	**0**

The Company is not liable to tax on capital gains due to its status as an investment trust. Due to the Company's status as an investment trust, and the intention to continue meeting the conditions required to obtain approval in the foreseeable future, the Company has not provided for deferred tax on any capital gains and losses arising on the revaluation or disposal of investments.

After claiming relief against accrued income taxable on receipt, the Company has a deferred tax asset of approximately £140,191 relating to excess management expenses of £778,836. It is unlikely that the Company will generate sufficient taxable profits in the future to utilise these expenses and therefore no deferred tax asset in respect of these expenses has been recognised.

8. Dividend

The dividend relating to the period ended 31 December 2015 which is the basis on which the requirements of Section 1159 of the Corporation Tax Act 2010 are considered is detailed below:

	Period ended 31 December 2015 pence per ordinary share	**Period ended 31 December 2015 £'000**
Annual dividend – payable on 10 June 2016*	0.16p	1,323

**Not included as a liability in the period ended 31December 2015 accounts.*

The annual dividend will be paid on 10 June 2016 to members on the register at the close of business on 20 May 2016. The shares will be marked ex-dividend on 19 May 2016.

9. Investments

(a) Summary of investments

For financial reporting purposes, fair value measurements are categorised into a fair value hierarchy based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurements in its entirety, which are described as follows:

Level 1 – The unadjusted quoted price in an active market for identical assets or liabilities that the entity can access at the measurement date.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable (ie developed using market data) for the asset or liability, either directly or indirectly.

Level 3 – Inputs are unobservable (ie for which market data is unavailable) for the asset or liability.

In preparing these financial statements the Company has adopted 'Amendments to FRS102: Fair value hierarchy disclosure (March 2016)' published by the FRC.

	31 December 2015 £'000
Level 1	
Investments listed on a recognised investment exchange:	507,267
Level 3	
Unquoted investments:	289,662
	796,929

(b) Movements

	Listed £000	Unquoted £000	Total 2015 £000
			In the period ended 31 December 2015
Book cost at beginning of period	–	–	–
Gains/(losses) on investments held at beginning of period	–	–	–
Valuation at beginning of period	–	–	–
Purchases at cost	548,038	275,843	823,881
Sales:			
– proceeds	(9,365)	–	(9,365)
– losses on investment holdings sold in the period	(4,760)	–	(4,760)
Movements in (losses)/gains on investment holdings held at end of period	(26,646)	13,819	(12,827)
	---------	---------	---------
Valuation at end of period	**507,267**	**289,662**	**796,929**

	Total Period ended 31 December 2015
Comprising:	£'000
Book cost at end of period	809,756
Losses on investment holdings at period end	(12,827)

Valuation at end of period	**796,929**
	======

Transaction costs on purchases for the period ended 31 December 2015 amounted to £763,000 and on sales for the year amounted to £8,000.

10. Debtors

	31 December 2015 £'000
Accrued income and prepayments	326

11. Creditors

	31 December 2015 £'000
Amounts falling due within one year:	
Purchases for future settlement	3,392
Other creditors	239
	3,631

12. Derivative financial instruments

			31 December 2015
	Current assets £’000	Current liabilities £’000	Net current assets/ (liabilities) £’000
Forward foreign exchange contracts – GBP/EUR	-	(368)	(368)
Total derivative financial instruments	-	**(368)**	**(368)**

The above derivatives are classified as Level 2 as defined in note 9.

13. Share capital

The table below details the issued share capital of the Company as at the date of the accounts:

	31 December 2015 No of shares	31 December 2015 £'000
Allotted, issued & fully paid:		
Ordinary shares of 1p	827,000,000	8,270
	827,000,000	**8,270**

On incorporation, the issued share capital of the Company was £0.01 represented by one ordinary share, held by Woodford Investment Management LLP as subscriber to the Company's memorandum of association. The ordinary share was fully paid up.

To enable the Company to obtain a certificate of entitlement to conduct business and to borrow under Section 761 of the Act, on 13 February 2015, 50,000 redeemable shares were allotted to the portfolio manager. The redeemable shares were paid up as to one quarter of their nominal value and were redeemed immediately following admission on 21 April 2015 out of the proceeds of the Issue.

On 21 April 2015, 799,999,999 ordinary shares of 1p each were issued to shareholders as part of the placing and offer for subscription in accordance with the Company's prospectus dated 24 February 2015.

On 23 February 2015 the Board was granted authority to issue up to 80,000,000 ordinary shares which equates to 10 per cent of the shares issued at placing on 21 April 2015. The directors are seeking to renew this authority which will expire at the forthcoming Annual General Meeting to be on held 9 May 2016.

During the period under review a total of 27 million shares were issued. The price paid per share ranged from 108.40p to 116.90p and the total amounted to £30,460,000.

Share movement

The table below sets out the share movement since incorporation (26 January 2015) to 31 December 2015.

For the period from 26 January 2015 to 31 December 2015

	Shares in issue at the beginning of the period	Shares issued	Shares redeemed	Shares in issue at 31 December 2015
Redeemable shares	0	50,000	50,000	0
Ordinary shares of 1p	1	826,999,999	0	827,000,000

14. Share premium

	31 December 2015 £'000
Share premium arising on ordinary shares	822,190
Share issue costs	(9,147)
Closing balance	**813,043**

15. Capital reserve

	31 December 2015 £'000
Losses on investments - held at fair value through profit or loss	(17,587)
Closing balance	(17,587)

16. Revenue reserve

	Period ended 31 December 2015 £'000
Retained profit for the period	1,538
Closing balance	1,538

17. Financial commitments

At 31 December 2015 there were no commitments in respect of unpaid calls or underwriting.

18. Return per ordinary share

			31 December 2015
	Revenue	**Capital**	**Total**
Return per ordinary share	0.25p	(2.88)p	(2.63)p

Total return per ordinary share is based on the return on ordinary activities after taxation of £(16,049,000). This calculation is based on the weighted average of 610,349,412 ordinary shares in issue during the period.

19. Net asset value per share

Total shareholders' funds and the net asset value per share attributable to the ordinary shareholders at the period-end calculated in accordance with the Articles of Association were as follows:

		31 December 2015
	Net asset value per share pence	**Net assets available £'000**
Ordinary shares (827,000,000 shares in issue)	**97.37**	**805,264**

The net asset value per share is based on total shareholders' funds above, and on 827,000,000 ordinary shares in issue at the period end.

20.Transactions with the portfolio manager and the Alternative Investment Fund Manager 'AIFM'

The Company provides additional information concerning its relationship with the portfolio manager, Woodford Investment Management LLP. The amount of the accrual established as a provision for the performance fee due to Woodford is nil as set out in note 4. At 31 December 2015 no amount was payable in respect of the fee as it only crystallises at the end of a performance period although it would accrue if over the hurdle.

Capita Financial Managers Limited, as the Alternative Investment Fund Manager ('AIFM') of the Company, has a fee payable for the period ended 31 December 2015 of £18,000.00.

Woodford has subcontracted to Northern Trust Global Services Limited (NT) the provision of the middle office function on behalf of the Company. NT charge the Company directly for that service. From time to time Woodford instructs various third parties to undertake various functions on behalf of the Company which they recharge the Company at cost. During the period since incorporation, charges relating to middle office services amounts to £67,807.

21. Related party transactions

Fees paid to the directors are disclosed in the directors' remuneration report on page 59.

22. Risk management policies and procedures

As an investment trust the Company invests in equities and other investments for the long term so as to secure its investment objectives stated on pages 22 to 24. In pursuing its investment objectives, the Company is exposed to a variety of risks that could result in either a reduction in the Company's net assets or a reduction of the profits available for dividends.

The Company's financial instruments comprise securities in unquoted and quoted companies, trade receivables, trade payables and cash.

The main risks arising from the Company's financial instruments are fluctuations in market price, interest rate, credit, liquidity, capital and foreign currency exchange rate risk. The policies for managing each of these risks are summarised below.

(a) Market risk

The fair value or future cash flows of a financial instrument held by the Company may fluctuate because of changes in market prices. This market risk comprises three elements – currency risk (see (b) below), interest rate risk (see (c) below) and other price risk (see (d) below). The Board of directors reviews and agrees policies for managing these risks. The Company's investment manager assesses the exposure to market risk when making each investment decision, and monitors the overall level of market risk on the whole of the investment portfolio on an ongoing basis.

(b) Currency risk

Certain of the Company's assets, liabilities and income are denominated in currencies other than Sterling (the Company's functional currency, in which it reports its results). As a result, movements in exchange rates may affect the Sterling value of those items.

The investment manager monitors the Company's exposures and reports to the Board on a regular basis. Income denominated in foreign currencies is converted to Sterling on receipt. The Company does not use financial instruments to mitigate the currency exposure in the period between the time that income is included in the financial statements and its receipt.

Foreign currency exposures

An analysis of the Company's equity investments and liabilities at 31 December 2015 (shown at fair value, except derivatives at gross exposure value) that are priced in a foreign currency based on the country of primary exposure are shown below.

			As at 31 December 2015
Euro	Investments	Net financial assets	Equity investments
	£'000	£'000	£'000
Euro	(15,204)	16,547	1,343
Norwegian Krone	–	23,282	23,282
Swiss Francs	–	10,370	10,370
US Dollar	–	141,544	141,544
Total	**(15,204)**	**191,743**	**176,539**

Foreign currency sensitivity

The following table illustrates the sensitivity of the return after taxation for the period and the equity in regard to the Company's non-monetary financial assets to changes in the exchange rates for the portfolio's significant currency exposure being Sterling / US Dollar.
It assumes the following changes in exchange rates:
Sterling / US Dollar +/- 2%

These percentages have been determined based on the average market volatility in exchange rates in the period.

If Sterling had strengthened against the US Dollar, this would have had the following effect:

	As at 31 December 2015 US Dollar £'000
Projected change	2%
Impact on capital return	(2,831)
Return after taxation for the period	(2,831)

If Sterling had weakened against the US Dollar, this would have had the following effect:

	As at 31 December 2015 US Dollar £'000
Projected change	2%
Impact on capital return	2,831
Return after taxation for the period	2,831

In the opinion of the directors, the above sensitivity analyses are not representative of the period as a whole, since the level of exposure changes frequently as part of the currency risk management process used to meet the Company's objectives.

(c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Company is exposed to interest rate risk specifically through its cash holdings. Interest rate movements may affect the level of income receivable from any cash at bank and on deposits. The effect of interest rate changes on the earnings of the companies held within the portfolio may have a significant impact on the valuation of the Company's investments.

The Company does not have any fixed rate exposure at 31 December 2015.
Due to the insignificant impact of fluctuations in interest rates no sensitivity analysis is shown.

(d) Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting similar financial instruments traded in the market.

The Company is exposed to market price risk arising from its equity investments. The movements in the prices of these investments result in movements in the performance of the Company.

The Board of directors manages the market price risks inherent in the investment portfolio by ensuring full and timely access to relevant information from the investment manager. The Board meets regularly and at each meeting reviews investment performance. The Board monitors the investment manager's compliance with the Company's objectives.

Concentration of exposure to other price risks

A sector breakdown and geographical allocation of the portfolio is contained in the portfolio on pages 18 to 19.

Other price risk sensitivity

The following table illustrates the sensitivity of the profit after taxation for the year to an increase or decrease of 10% in the fair values of the Company's equities. This level of change is considered to be reasonably possible based on observation of current market conditions. The sensitivity analysis is based on the Company's equities at the balance sheet date, with all other variables held constant.

	Increase in fair value 2015 £'000	Decrease in fair value 2015 £'000
Income statement – return on ordinary activities after taxation:		
Capital return – increase/(decrease)	79,693	(79,693)
Return after taxation other than arising from interest rate or currency risk – increase/(decrease)	79,693	(79,693)

(e) Liquidity risk

This is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities.

Liquidity risk exposure

The Company's assets comprise quoted and unquoted equity shares. Whilst the unquoted equity is intentionally illiquid, the quoted assets comprise of readily realisable securities which can be sold to meet funding requirements if necessary.

For the avoidance of doubt, none of the assets of the Company are subject to special liquidity arrangements. The investment in unquoted securities may have limited liquidity and be difficult to realise. At 31 December 2015 the unquoted securities are valued at £289,662,000.

(f) Credit risk

The failure of the counterparty to a transaction to discharge its obligations under that transaction could result in the Company suffering a loss.

The cash is subject to counterparty credit risk as the Company's access to its cash could be delayed should the counterparties become insolvent or bankrupt.

In summary, the exposure to credit risk at 31 December 2015 was as follows:

	2015 3 months or less £'000
Cash at bank	12,008
Debtors	326
Total	**12,334**

None of the above assets were impaired or past due but not impaired.

Investment transactions are carried out with a number of brokers, whose credit standing is reviewed periodically by the investment manager, and limits are set on the amount that may be due from any one broker.

Cash at bank is held only with reputable banks with high–quality external credit ratings.

(g) Fair value measurements of financial assets and financial liabilities

The financial assets and liabilities are either carried in the balance sheet at their fair value, or the balance sheet amount is a reasonable approximation of fair value (due from brokers, dividends receivable, accrued income, due to brokers, accruals and cash balances).

The valuation techniques used by the Company are explained in the accounting policies note 2(b) on page 73. The table below sets out fair value measurements using fair value hierarchy.

Financial assets at fair value through profit or loss

At 31 December 2015	**Level 1**	**Level 2**	**Level 3**	**Total**
Assets:		£000	£000	£000
Equity investments	507,267	–	289,662	796,929
Total	**507,267**	**–**	**289,662**	**796,929**

Categorisation within the hierarchy has been determined on the basis of the lowest level input that is significant to the fair value measurement of the relevant asset (see note 9 for details).

The change in fair value for the current year is recognised through the income statement.

Financial liabilities at fair value through profit or loss

At 31 December 2015	**Note**	**Level 2**	**Total**
Liabilities		£'000	£'000
Derivative financial liabilities	12	368	368
Total		**368**	**368**

Categorisation within the liabilities has been determined on the basis of level input 2 that is significant to the fair value measurement of the relevant liability (see note 9 for details).

(h) Capital management policies and procedures

The Company's capital management objectives are:

- To ensure that the Company will be able to continue as a going concern
- To deliver a return in excess of 10% per annum over the longer term.

As the Company does not intend to deploy long-term gearing this is primarily to be achieved through equity capital.

The Company's total capital at 31 December 2015 was £805,264,000.

23. Segmental analysis

There is only one class of business and the operations of the Company are wholly in the United Kingdom.

SHAREHOLDER INFORMATION

Directors, portfolio manager and advisers

Directors
Susan J Searle (Chairman)
Scott Brown
Steven Harris
Dame Pamela Louise Makin

Registered office
40 Dukes Place
London
EC3A 7NH
United Kingdom

Portfolio manager
Woodford Investment Management LLP
9400 Garsington Road
Oxford
OX4 2HN
United Kingdom

Alternative Investment Fund Manager
Capita Financial Managers Limited
40 Dukes Place
London
EC3A 7NH
United Kingdom

Company secretary
Capita Company Secretarial Services Limited
40 Dukes Place
London
EC3A 7NH
United Kingdom

Broker
Winterflood Securities Limited
The Atrium Building
Cannon Bridge House 25 Dowgate Hill
London
EC4R 2GA
United Kingdom

Tax adviser
Kinetic Partners, a division of Duff & Phelps
The Shard, Level 14
32 London Bridge Street
London
SE1 9SG

Administrator
Northern Trust Global Services Limited
50 Bank Street Canary Wharf
London
E14 5NT
United Kingdom

Depositary
Northern Trust Global Services Limited
50 Bank Street Canary Wharf
London
E14 5NT
United Kingdom

Legal adviser
Stephenson Harwood LLP
1 Finsbury Circus
London
EC2M 7SH
United Kingdom

Auditor
Grant Thornton UK LLP
30 Finsbury Square
London
EC2P 2YU
United Kingdom

Registrar
Capita Asset Services
The Registry
34 Beckenham Road
Beckenham
Kent
BR3 4TU
United Kingdom

Website
woodfordfunds.com

Share Identifiers
ISIN: GB00BVG1CF25
Sedol: BVG1CF2
Ticker: WPCT

Shareholder information

Website
The Company's section of Woodford's website can be found at woodfordfunds.com. The site provides visitors with a comprehensive range of performance statistics, Company information and literature downloads.

The Company's profile is also available on third-party sites such as trustnet.com and morningstar.co.uk.

Annual and half-yearly reports
Copies of the annual and half–yearly reports may be obtained from Woodford by calling 0333 300 0381 or by visiting woodfordfunds.com.

Share prices and net asset value information
The Company's ordinary shares of 1p each are quoted on the London Stock Exchange:
SEDOL number: BVG1CF2
ISIN number: GB00BVG1CF25
EPIC code: WPCT

The codes above may be required to access trading information relating to the Company on the internet.

Electronic communications with the Company
(E-communications)
The Company's Annual Report & Accounts, half-yearly reports and other formal communications are available on the Company's section of Woodford's website. To reduce costs the Company's half-yearly accounts are not posted to shareholders but are instead made available on the Company's website.

Warning to shareholders – share fraud scams

Fraudsters use persuasive and high-pressure tactics to lure investors into scams. They may offer to sell shares that turn out to be worthless or non-existent, or to buy shares at an inflated price in return for an upfront payment. While high profits are promised, if you buy or sell shares in this way, you will probably lose your money.

How to avoid share fraud

- Keep in mind that firms authorised by the FCA are unlikely to contact you out of the blue with an offer to buy or sell shares
- Do not get into a conversation, note the name of the person and firm contacting you and then end the call
- Check the Financial Services Register from www.fca.org.uk to see if the person and firm contacting you is authorised by the FCA
- Beware of fraudsters claiming to be from an authorised firm, copying its website or giving you false contact details
- Use the firm's contact details listed on the Register if you want to call it back
- Call the FCA on 0800 111 6768 if the firm does not have contact details on the Register or you are told they are out of date
- Search the list of unauthorised firms to avoid at www.fca.org.uk/scams
- Consider that if you buy or sell shares from an unauthorised firm you will not have access to the Financial Ombudsman Service or Financial Services Compensation Scheme.
- Think about getting independent financial and professional advice before you hand over any money
- Remember: if it sounds too good to be true, it probably is!

5,000 people contact the Financial Conduct Authority about share fraud each year, with victims losing an average of £20,000

Report a scam

If you are approached by fraudsters, please tell the FCA using the share fraud reporting form at fca.org.uk/scams, where you can find out more about investment scams.

You can also call the FCA Consumer Helpline on 0800 111 6768.

If you have already paid money to share fraudsters, you should contact Action Fraud on 0300 123 2040.

Definitions

Net asset value (NAV)
Net asset value represents the total value of the Company's assets less the total value of its liabilities. For valuation purposes it is common to express the net asset value on a per share basis.

Ongoing charges
Total expenses (excluding finance costs and taxation) incurred by the Company as a percentage of average net asset values.

Premium
If the share price of the Company is higher than the net asset value per share, the Company's shares are said to be trading at a premium. The premium is shown as a percentage of the net asset value.

Discount
If the share price of the Company is lower than the net asset value per share, the Company's shares are said to be trading at a discount. The discount is shown as a percentage of the net asset value.

Registrar
An entity that manages the Company's shareholder register. The Company's registrar is Capita Asset Services Limited.

AIFM
Alternative Investment Fund Manager. This is the entity that undertakes oversight of the portfolio manager. Capita Financial Managers Limited undertakes this role on behalf of the Company.

Hedging
An investment to reduce the risk of adverse price movements in an asset.

NOTICE OF ANNUAL GENERAL MEETING

Notice of meeting

Notice is hereby given that the first Annual General Meeting (the 'AGM') of Woodford Patient Capital Trust plc (the 'Company') will be held at Saïd Business School, Park End Street, Oxford OX1 1HP on 9 May 2016 at 11am to transact the business set out in the resolutions below.

Resolutions 1 to 11 will be proposed as ordinary resolutions, which means that for each of those ordinary resolutions to be passed, more than half of the votes cast must be in favour. Resolutions 12 to 14 will be proposed as special resolutions, which means that for each of those resolutions to be passed, at least three-quarters of the votes cast must be in favour.

Ordinary resolutions:

1. To receive the Company's annual financial statements for the financial period ended 31 December 2015 together with the strategic report, directors' report and the auditor's report on those financial statements
2. To approve the directors' remuneration report (excluding the directors' remuneration policy) set out on pages 57 to 61 of the Company's Annual Report and financial statements for the financial period ended 31 December 2015
3. To approve the directors' remuneration policy set out on pages 57 to 58 of the Company's Annual Report and financial statements for the financial period ended 31 December 2015
4 To elect Susan Searle as a Director
5. To elect Steven Harris as a Director
6. To elect Scott Brown as a Director
7. To elect Dame Pamela Louise Makin as a Director
8. To approve a final dividend of 0.16p per share
9. To appoint Grant Thornton UK LLP as auditor of the Company, to hold office from the conclusion of this meeting until the conclusion of the next annual general meeting at which financial statements are laid before the Company
10. To authorise the Board to determine the remuneration of the auditors
11. THAT, in accordance with Section 551 of the Act, the directors be and are hereby generally and unconditionally authorised to exercise all the powers of the Company to allot ordinary shares in the Company up to a maximum aggregate nominal amount of £827,000, representing approximately 10% of the Company's issued ordinary share capital as at the date of this notice, such authority to expire at the conclusion of the Annual General Meeting of the Company to be held in 2017, save that the Company may, before such expiry make offers or agreements which would or might require ordinary shares to be allotted after such expiry and the directors may allot ordinary shares in pursuance of such offers or agreements as if the authority conferred by this resolution had not expired.

Special resolutions:

12. THAT subject to the passing of Resolution 11, and in accordance with Sections 570 and 573 of the Act, the directors be and are hereby generally empowered to allot equity securities (as defined in Section 560(1) of the Act) for cash pursuant to the authority conferred on the directors by Resolution 11 and to sell ordinary shares from Treasury for cash, as if Section 561 of the Act did not apply to any such allotment or sale, up to an aggregate nominal amount of £827,000 (being 10% of the issued ordinary share capital of the Company at the date of this Notice), such power to expire at the conclusion of the Annual General Meeting of the Company to be held in 2017 (unless previously renewed, varied or revoked by the Company in general meeting) 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 ordinary shares to be allotted or sold from Treasury after the expiry of such power and the directors may allot or sell ordinary shares from Treasury in pursuance of such an offer or agreement as if such power had not expired.

13. THAT the Company be and is hereby generally and unconditionally authorised for the purpose of Section 701 of the Act to make market purchases (within the meaning of Section 693(4) of the Act) of ordinary shares of £0.01 each in the capital of the Company, provided that:

(a) The maximum number of ordinary shares which may be purchased is 124,049,173
(b) The minimum price, exclusive of any expenses, which may be paid for each ordinary share is £0.01

(c) The maximum price, exclusive of any expenses, which may be paid for each ordinary share is an amount equal to the higher of:
(i) 105% of the average of the mid-market values of the ordinary shares for the five business days before the purchase is made
(ii) The higher of the price of the last independent trade of an ordinary share and the highest current independent bid for an ordinary share.

This authority shall expire at the conclusion of the Annual General Meeting of the Company to be held in 2017 (unless previously revoked, varied, renewed or extended by the Company in general meeting) save that the Company may, before such expiry, enter into a contract to purchase shares which will or may be executed wholly or partly after the expiry of such authority.

14. THAT a general meeting, other than an annual general meeting, may be called on not less than 14 clear days' notice.

By order of the Board

Capita Company Secretarial Services Limited
Company Secretary
7 April 2016
40 Dukes Place, London EC3A 7NH

Important notes to the notice of meeting

The following notes explain your general rights as a shareholder and your right to attend and vote at this AGM or to appoint someone else to vote on your behalf.

1. The Company, pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, specifies that only those shareholders entered on the Company's register of members at 6pm on 5 May 2016 or, if the meeting is adjourned, on the Company's register of members 48 hours before the time fixed for the adjourned meeting, shall be entitled to attend or vote at the meeting in respect of the number of ordinary shares registered in their name at that time. Changes to entries on the Company's register of members after 6pm on 5 May 2016 or, if the meeting is adjourned, 48 hours before the time fixed for the adjourned meeting, shall be disregarded in determining the rights of any person to attend or vote at the meeting.

2. The doors will open at 10:30am and you may wish to arrive by 10:30am to register and take your seat in good time. Light refreshments will be provided at the meeting. If you have any special needs or require wheelchair access to the venue, please contact the Company Secretary by telephone on 020 7954 9799 in advance of the meeting. Mobile phones may not be used in the meeting hall and cameras and recording equipment are not allowed in the meeting hall.

3. Members are entitled to appoint a proxy to exercise all or part of their rights to attend and to speak and vote on their behalf at the AGM. A shareholder may appoint more than one proxy in relation to the AGM provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that shareholder. A proxy need not be a shareholder of the Company. A form of proxy which may be used to make such appointment and give proxy instructions accompanies this notice. If you do not have a form of proxy and believe that you should have one, or if you require additional forms, please contact our Registrar, Capita Asset Services, on 0871 664 0300 (or from outside the UK: +44 208 639 3399). Calls cost 12p per minute plus your phone company's access charge. Lines are open between 9am – 5:30pm, Monday to Friday excluding public holidays in England and Wales

4. In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's Register of Members in respect of the joint holding (the first named being the most senior).

5. Any person to whom this notice is sent who is a person nominated under Section 146 of the Act to enjoy information rights (a "Nominated Person") may, under an agreement between him/her and the shareholder by whom he/she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the AGM. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may, under any such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights.

6. The statement of the rights of shareholders in relation to the appointment of proxies in notes 3, 4 and 8 do not apply to Nominated Persons. The rights described in these paragraphs can only be exercised by shareholders of the Company.

7. A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution. If no voting indication is given, your proxy will vote or abstain from voting at his or her discretion. Your proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the AGM.

8. To be valid, any form of proxy or other instrument appointing a proxy must be received by post or (during normal business hours only) by hand only at the Company's Registrar, Capita Asset Services, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU or in accordance with the address shown on the form of proxy or in the case of shares held through CREST, via the CREST system, (see note 11 below). In each case, for proxy appointments to be valid, they must be received by no later than 11am on 5 May 2016. Note that the cut-off time for receipt of proxy appointments also applies in relation to amended instructions; any amended proxy appointment received after the relevant cut-off time will be disregarded. If you return more than one proxy appointment, either by paper or electronic communication, that received last by the Registrar before the latest time for the receipt of proxies will take precedence. You are advised to read the terms and conditions of use carefully.

9. The return of a completed form of proxy, other such instrument or any CREST Proxy Instruction (as described in note 12 below) will not prevent a shareholder attending the AGM and voting in person if he/she wishes to do so.

10. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the AGM (and any adjournment of the AGM) by using the procedures described in the CREST Manual (available from euroclear.com/site/public/EUI). CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

11. In order for a proxy appointment or instruction made by means of CREST to be valid, the appropriate CREST message (a 'CREST Proxy Instruction') must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message must be transmitted so as to be received by the issuers' agent (ID RA10) by 11am on 5 May 2016. For this purpose, the time of receipt will be taken to the time (as determined by the timestamp applied to the message by the CREST application host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time, any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

12. CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular message. Normal system timings and limitations will, therefore, apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member, or sponsored member, or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting system providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

13. Any corporation which is a member can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a member provided that no more than one corporate representative exercises powers in relation to the same shares.

14. As at 21 March 2016 (being the last practicable business day prior to the publication of this notice), the Company's issued share capital was 827,000,000 carrying one vote per share. No shares are held in Treasury.

15. Under Section 527 of the Act, shareholders meeting the threshold requirements set out in that section have the right to require the Company to publish on a website a statement setting out any matter relating to: (i) the audit of the Company's accounts (including the auditor's report and the conduct of the audit) that are to be laid before the AGM; or (ii) any circumstances connected with an auditor of the Company ceasing to hold office since the previous meeting at which annual accounts and reports were laid in accordance with Section 437 of the Act. The Company may not require the shareholders requesting any such website publication to pay its expenses in complying with Sections 527 or 528 of the Act. Where the Company is required to place a statement on a website under Section 527 of the Act, it must forward the statement to the Company's auditor not later than the time when it makes the statement available on the website. The business which may be dealt with at the AGM includes any statement that the Company has been required under Section 527 of the Act to publish on a website.

16. Any shareholder attending the meeting has the right to ask questions. The Company must cause to be answered any such question relating to the business being dealt with at the meeting but no such answer need be given if (a) to do so would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information, (b) the answer has already been given on a website in the form of an answer to a question, or (c) it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.

17. The following documents are available for inspection during normal business hours at the registered office of the Company on any business day from 21 March 2016 until the time of the AGM and may also be inspected at the AGM venue Saïd Business School, Park End Street, Oxford OX1 1HP from 11am, on the day of the meeting until the conclusion of the AGM:
    - Copies of the directors' letters of appointment
    - A copy of the Articles of Association of the Company.

18. You may not use any electronic address provided in either this notice or any related documents (including the Form of Proxy) to communicate with the Company for any purposes other than those expressly stated. A copy of this notice, and other information required by Section 311A of the Act, can be found on the Company's section of Woodford Investment Management LLP's website at woodfordfunds.com

Notes

Notes

Woodford Investment Management LLP,
authorised and regulated by the Financial Conduct Authority.
Registered office is 9400 Garsington Road,
Oxford OX4 2HN.

0333 300 0381
info@woodfordfunds.com
@woodfordfunds
woodfordfunds.com