

SECURITIES AND EXCHANGE COMMISSION

FORM N-CSR

Certified annual shareholder report of registered management investment companies filed on
Form N-CSR

Filing Date: **2013-01-10** | Period of Report: **2012-10-31**
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FILER

TORCHLIGHT VALUE FUND MASTER, LLC

CIK: **1175902** | IRS No.: **331009209** | State of Incorporation: **DE** | Fiscal Year End: **1031**
Type: **N-CSR** | Act: **40** | File No.: **811-21122** | Film No.: **13522801**

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM N-CSR

**CERTIFIED SHAREHOLDER REPORT OF REGISTERED MANAGEMENT
INVESTMENT COMPANIES**

Investment Company Act file number 811-21122

**Torchlight Value Fund Master,
LLC**

(Exact name of registrant as specified in charter)

230 Park Avenue
New York, NY 10169

(Address of principal executive offices) (Zip code)

Daniel Heflin
Torchlight Value Fund Master, LLC
230 Park Avenue
New York, NY 10169

(Name and address of agent for service)

Registrant' s telephone number, including area code: 1-212-883-2800

Date of fiscal year end: October 31, 2012

Date of reporting period: October 31, 2012

Form N-CSR is to be used by management investment companies to file reports with the Commission not later than 10 days after the transmission to stockholders of any report that is required to be transmitted to stockholders under Rule 30e-1 under the Investment Company Act of 1940 (17 CFR 270.30e-1). The Commission may use the information provided on Form N-CSR in its regulatory, disclosure review, inspection, and policymaking roles.

A registrant is required to disclose the information specified by Form N-CSR, and the Commission will make this information public. A registrant is not required to respond to the collection of information contained in Form N-CSR unless the Form displays a currently valid Office of Management and Budget ("OMB") control number. Please direct comments concerning the accuracy of the information collection burden estimate and any suggestions for reducing the burden to Secretary, Securities and Exchange Commission, 450 Fifth Street, NW, Washington, DC 20549-0609. The OMB has reviewed this collection of information under the clearance requirements of 44 U.S.C. § 3507.

Item 1. Report(s) to Shareholders.

The registrant' s annual report transmitted to shareholders pursuant to Rule 30e-1 under the Investment Company Act of 1940, as amended (the "1940 Act") is attached hereto.



TORCHLIGHT INVESTORS
TORCHLIGHT VALUE FUND MASTER, LLC
ANNUAL REPORT
OCTOBER 31, 2012



ANNUAL REPORT 2012 | TORCHLIGHT VALUE FUND MASTER, LLC

Table of Contents

| | |
|---|----|
| Fund Overview | 2 |
| Portfolio Highlights | 3 |
| TORCHLIGHT VALUE FUND MASTER, LLC | |
| Financial Highlights | 4 |
| Portfolio Holdings | 5 |
| Summary of Ratings | 10 |
| Financial Statements | 12 |
| Notes to Financial Statements | 16 |
| Report of Independent Registered Public Accounting Firm | 22 |
| Fund Expenses | 23 |
| OFFICERS AND DIRECTORS | 24 |
| CONTACT INFORMATION | 26 |

ANNUAL REPORT 2012 | TORCHLIGHT VALUE FUND MASTER, LLC

FUND OVERVIEW (unaudited)

THE INVESTMENT ADVISER*

Torchlight Investors is an SEC registered investment adviser with \$3.1 billion under management. Torchlight has over 50 employees and a seasoned senior management team averaging 25 years of experience. Torchlight has been managing commercial real estate related debt investments for its institutional clients since 1995.

*Information as of September 30, 2012

FUND OBJECTIVE

Torchlight Value Fund Master, LLC (the “Master Fund”) seeks to generate high current income by selecting investments based on fundamental analysis and relative value.

INVESTMENT STRATEGY

The Master Fund’s investment approach identifies investments with potential for capital appreciation based on credit upgrades and other factors. The portfolio is actively managed to enhance return and to mitigate downside risk.

PORTFOLIO OVERVIEW

TORCHLIGHT VALUE FUND MASTER, LLC

October 31, 2012¹

| | |
|--------------------------|------------|
| Net Asset Value | \$407.8 MM |
| Portfolio Positions | 159 |
| Nominal IRR ² | 9.4% |
| Average Rating | BBB- |
| Spread to U.S. Treasury | 906 bps |

| | |
|-------------------------------------|-----------|
| Weighted Average Life | 3.4 years |
| Average Modified Duration | 2.5 years |
| Portfolio Distribution ³ | |
| CMBS | 93.3% |
| Other (includes Treasuries) | 6.7% |

- (1) With the exception of Net Asset Value, the portfolio overview above excludes cash
- (2) In the nominal scenario, using 12 months to recovery, a 25% principal loss is assumed on all loans (30+) delinquent or Performing Specially Serviced
- (3) Portfolio Distribution is based on market value. Market values are based on information from one or more of the following sources: quotations from dealers, third party pricing services and market transactions of comparable securities. These may differ from the value that would have been used had a broader market for the securities existed and the differences could be material.

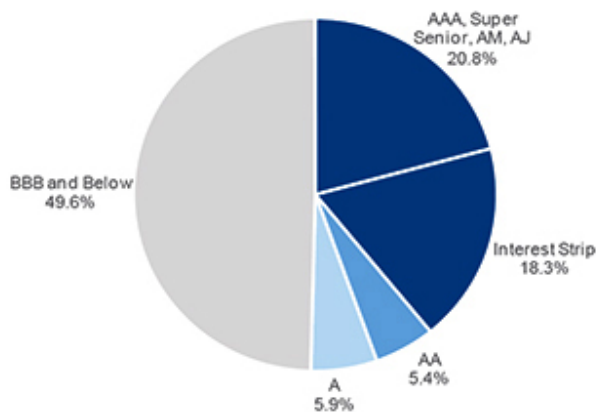
PORTFOLIO HIGHLIGHTS (unaudited)

TORCHLIGHT VALUE FUND MASTER, LLC

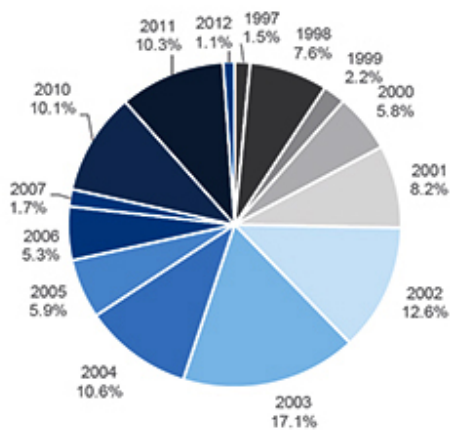
(As of October 31, 2012)

PORTFOLIO DISTRIBUTION¹

Portfolio Distribution by Rating²

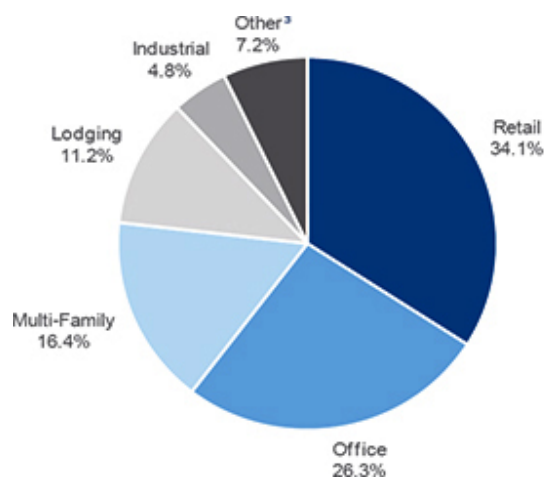


Non-Super Senior and Non-IO CMBS Portfolio Distribution by Vintage

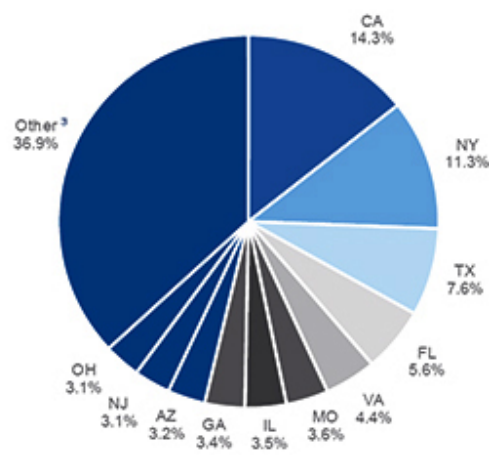


COLLATERAL DISTRIBUTION¹

CMBS Distribution by Property Type



CMBS Distribution by State



Based on market value. Market values are based on information from one or more of the following sources: quotations from (1) dealers, third party pricing services and market transactions of comparable securities. These may differ from the value that would have been used had a broader market for the securities existed and the differences could be material.

(2) Rating groups include “+” and “-”. Split rated bonds shown at the lowest rating.

(3) Other includes collateral distributions of less than 3% of the outstanding principal balance.

Source: Torchlight Investors and Trepp, LLC

FINANCIAL HIGHLIGHTS

TORCHLIGHT VALUE FUND MASTER, LLC

| | Year Ended October 31, 2012 | Year Ended October 31, 2011 | Year Ended October 31, 2010 | Year Ended October 31, 2009 | Year Ended October 31, 2008 |
|---|--------------------------------|--------------------------------|--------------------------------|--------------------------------|-----------------------------------|
| Total Investment Return ⁽¹⁾ | 22.21% | 8.15% | 40.03% | 14.48% | (41.15)% |
| Ratios and Supplemental Data | | | | | |
| Members' Capital, End of Year (in Thousands) | \$407,790 | \$374,187 | \$341,608 | \$346,064 | \$315,452 |
| Ratio of Expenses to Average Members' Capital | 0.15% | 0.13% | 0.15% | 0.27% | 0.16% |
| Ratio of Net Investment Income to Average Members' Capital | 8.66% | 7.36% | 10.93% | 19.40% | 8.84% |
| Portfolio Turnover Rate | 7% | 36% | 37% | 73% | 87% |

Total investment return is based on net increase (decrease) in the Master Fund's members' capital resulting from (1) operations and reflects the effects of changes in the Master Fund's members' capital adjusted for contributions and withdrawals on the performance of the Master Fund during the year.

See Notes to Financial Statements.

ANNUAL REPORT 2012 | TORCHLIGHT VALUE FUND MASTER, LLC

P ORTFOLIO HOLDINGS

TORCHLIGHT VALUE FUND MASTER, LLC

October 31, 2012

| COMMERCIAL MORTGAGE-BACKED SECURITIES (96.90%) | | Principal Amount | Value (a) |
|---|---------------------------|------------------|---------------------------|
| Ansonia CDO Ltd. | 5.702% due 07/28/2046 (b) | \$ 2,439,811 | \$ 1,062,782 (c),(d),(e) |
| Ansonia CDO Ltd. | 7.149% due 07/28/2046 (b) | 2,000,000 | - (c),(d),(e),(f) |
| Ansonia CDO Ltd. | 7.445% due 07/28/2046 (b) | 2,000,000 | - (c),(d),(e),(f) |
| Arbor Realty Mortgage Securities. | 0.769% due 02/21/2040 (b) | 1,972,254 | 1,709,747 (c),(d),(e),(g) |
| Banc of America Large Loan, Inc. | 1.958% due 11/15/2015 (b) | 13,649,959 | 13,621,567 (g) |
| Banc of America Large Loan, Inc. | 5.992% due 05/15/2046 (b) | 4,500,000 | 4,857,795 (g) |
| Banc of America Merrill Lynch Commercial Mortgage, Inc. | 5.803% due 04/10/2049 | 7,000,000 | 8,137,500 (g) |
| Banc of America Merrill Lynch Commercial Mortgage, Inc. | 6.721% due 06/11/2035 (b) | 9,054,108 | 7,243,286 (d),(f),(g) |
| Banc of America Merrill Lynch Commercial Mortgage, Inc. | 7.000% due 09/15/2032 (b) | 5,566,295 | 3,758,613 (d) |
| Banc of America Merrill Lynch Commercial Mortgage, Inc. | 0.554% due 02/10/2051 (b) | 227,322,376 | 3,369,372 (d),(g),(h) |
| Banc of America Merrill Lynch Commercial Mortgage, Inc. | 1.022% due 11/10/2038 (b) | 50,143,694 | 524,503 (g),(h) |
| Bank of America-First Union National Bank Commercial Mortgage, Inc. | 6.250% due 04/11/2037 (b) | 12,300,000 | 11,886,351 |
| Citigroup/Deutsche Bank Commercial Mortgage Trust | 0.137% due 10/15/2048 (b) | 140,051,502 | 2,094,778 (d),(g),(h) |
| Citigroup/Deutsche Bank Commercial Mortgage Trust | 0.897% due 12/11/2049 (b) | 40,500,000 | 1,245,079 (d),(g),(h) |
| Commercial Mortgage Acceptance Corp. | 5.440% due 09/15/2030 (b) | 2,500,000 | 2,551,300 |

| | | | |
|---|-------------------------------|-------------|-----------------------|
| Commercial Mortgage Pass-Through Certificates | 2.597% due 07/10/ 2046 (b) | 28,472,997 | 2,407,961 (g),(h) |
| Commercial Mortgage Pass-Through Certificates | 5.540% due 03/10/ 2039 (b) | 2,000,000 | 1,684,436 (d),(g) |
| Commercial Mortgage Pass-Through Certificates | 5.540% due 03/10/ 2039 (b) | 1,638,000 | 1,594,790 (g) |
| Commercial Mortgage Pass-Through Certificates | 0.664% due 12/15/ 2020 (b) | 1,160,290 | 1,102,276 (d),(g) |
| Credit Suisse Mortgage Capital Certificates | 0.864% due 04/15/ 2022 (b) | 3,000,000 | 2,231,232 (d),(f),(g) |
| Credit Suisse Mortgage Capital Certificates | 0.229% due 01/15/ 2049 (b) | 265,697,834 | 1,191,389 (d),(g),(h) |
| Credit Suisse Mortgage Capital Certificates | 5.952% due 09/15/ 2039 (b) | 16,000,000 | 753,010 (f)(g) |
| CS First Boston Mortgage Securities Corp. | 6.000% due 07/15/ 2035 (b) | 19,196,000 | 19,328,530 (g) |
| CS First Boston Mortgage Securities Corp. | 6.294% due 12/15/ 2035 (b) | 5,200,000 | 3,226,574 (d) |
| CS First Boston Mortgage Securities Corp. | 5.575% due 05/15/ 2036 | 3,000,000 | 3,036,630 (g) |
| CS First Boston Mortgage Securities Corp. | 4.131% due 05/15/ 2038 | 2,500,000 | 2,526,525 |
| CS First Boston Mortgage Securities Corp. | 6.080% due 08/15/ 2036 (b) | 3,325,000 | 1,657,695 (d),(f) |
| CS First Boston Mortgage Securities Corp. | 4.813% due 02/15/ 2038 | 747,272 | 768,024 |
| CS First Boston Mortgage Securities Corp. | 4.231% due 05/15/ 2038 (b) | 2,000,000 | 706,690 (d),(g) |
| CS First Boston Mortgage Securities Corp. | 4.947% due 12/15/ 2040 (b) | 12,523,000 | 648,316 (d),(f),(g) |
| CS First Boston Mortgage Securities Corp. | 0.727% due 12/15/ 2035 (b) | 13,773,174 | 102,610 (g),(h) |
| DBUBS Mortgage Trust | 1.603% due 08/10/ 2044 (b) | 27,152,240 | 1,314,168 (g),(h) |
| DBUBS Mortgage Trust | 1.565% due 11/10/ 2046 (b) | 15,577,686 | 786,362 (g),(h) |
| DLJ Commercial Mortgage Corp. | 6.410% due 02/15/ 2031 (b) | 6,500,000 | 6,108,505 |
| DLJ Commercial Mortgage Corp. | 6.410% due 02/15/ 2031 (b) | 6,300,000 | 4,738,652 (c),(d) |

October 31, 2012

| COMMERCIAL MORTGAGE-BACKED SECURITIES (Continued) | | Principal Amount | Value (a) |
|---|---------------------------|------------------|---------------------------|
| DLJ Commercial Mortgage Corp. | 7.826% due 11/10/2033 | \$ 3,174,000 | \$ 3,187,909 (g) |
| DLJ Commercial Mortgage Corp. | 5.750% due 03/10/2032 (b) | 1,011,102 | 1,031,284 |
| DR Securitized Lease Trust | 8.550% due 08/15/2019 | 421,740 | 71,360 (c),(d) |
| DR Structured Finance Corp. | 9.350% due 08/15/2019 | 1,897,377 | 550,989 (c),(d) |
| DR Structured Finance Corp. | 8.375% due 08/15/2015 | 207,342 | 99,576 (c),(d) |
| Extended Stay America Trust | 5.498% due 11/05/2027 (b) | 5,000,000 | 5,035,200 |
| FHLMC Multi-Family Pass-Through Certificates | 1.937% due 05/25/2040 | 19,158,556 | 2,450,830 (d),(f),(g),(h) |
| First Union National Bank Commercial Mortgage | 6.000% due 12/12/2033 (b) | 3,398,939 | 3,412,841 |
| FREMF Mortgage Trust | 4.751% due 11/25/2046 (b) | 5,000,000 | 5,349,450 (g) |
| FREMF Mortgage Trust | 5.332% due 02/25/2047 (b) | 2,000,000 | 2,228,420 (g) |
| GE Capital Commercial Mortgage Corp. | 5.065% due 07/10/2045 | 3,000,000 | 3,165,510 (g) |
| GE Capital Commercial Mortgage Corp. | 4.983% due 03/10/2040 | 2,775,000 | 2,893,742 (g) |
| GE Capital Commercial Mortgage Corp. | 5.485% due 11/10/2045 | 5,481,000 | 1,900,520 (d),(g) |
| GE Capital Commercial Mortgage Corp. | 5.468% due 05/10/2043 (b) | 2,972,000 | 366,896 (d),(f),(g) |
| GE Capital Commercial Mortgage Corp. | 1.167% due 01/10/2038 (b) | 76,026,919 | 152,358 (d),(g),(h) |
| GE Capital Commercial Mortgage Corp. | 5.962% due 12/10/2049 (b) | 2,472,283 | 113,725 (f),(g) |
| GE Capital Commercial Mortgage Corp. | 5.505% due 06/10/2048 (b) | 1,398,120 | 38,974 (d),(f),(g) |
| G-Force LLC | 5.090% due 08/22/2036 (b) | 4,700,000 | 4,442,440 (c)(d),(e) |
| GMAC Commercial Mortgage Securities, Inc. | 7.000% due 08/16/2033 (b) | 6,452,867 | 5,564,346 (d) |
| Gramercy Real Estate CDO | 0.635% due 07/25/2035 (b) | 4,493,969 | 3,894,024 (d),(e),(g) |
| Greenwich Capital Commercial Funding Corp. | 5.444% due 03/10/2039 | 7,500,000 | 8,639,550 |
| Greenwich Capital Commercial Funding Corp. | 5.736% due 12/10/2049 | 7,235,000 | 8,510,748 |
| Greenwich Capital Commercial Funding Corp. | 0.490% due 03/10/2039 (b) | 274,780,049 | 2,776,652 (d),(g),(h) |

| | | | |
|--|-------------------------------|-------------|---------------------------|
| Greenwich Capital Commercial Funding Corp. | 0.194% due 12/10/ 2049 (b) | 169,794,955 | 1,461,425 (d),(g),(h) |
| Greenwich Capital Commercial Funding Corp. | 1.051% due 08/10/ 2042 (b) | 60,813,822 | 978,117 (d),(g),(h) |
| Greenwich Capital Commercial Funding Corp. | 2.010% due 07/05/ 2035 (b) | 44,582,784 | 196,610 (g),(h) |
| Greenwich Capital Commercial Funding Corp. | 1.501% due 01/11/ 2035 (b) | 18,162,309 | 26,917 (d),(g),(h) |
| GS Mortgage Securities Corp. II | 1.307% due 03/10/ 2044 (b) | 79,728,688 | 4,126,757 (g),(h) |
| GS Mortgage Securities Corp. II | 0.638% due 05/10/ 2045 (b) | 100,000,000 | 3,753,570 (d),(g),(h) |
| GS Mortgage Securities Corp. II | 0.841% due 06/05/ 2031 (b) | 48,946,420 | 2,021,517 (d),(g),(h) |
| GS Mortgage Securities Corp. II | 1.925% due 08/10/ 2044 (b) | 21,575,398 | 1,907,265 (g),(h) |
| GS Mortgage Securities Corp. II | 0.395% due 05/03/ 2032 (b) | 65,000,000 | 1,660,100 (g),(h) |
| GS Mortgage Securities Corp. II | 6.000% due 10/18/ 2030 (b) | 1,497,178 | 1,493,256 |
| GS Mortgage Securities Corp. II | 5.687% due 12/20/ 2049 (b) | 4,998,180 | 1,110,596 (c),(d),(e),(g) |
| GS Mortgage Securities Corp. II | 5.232% due 04/10/ 2038 (b) | 3,925,490 | 910 (f),(g) |
| J.P. Morgan Chase Commercial Mortgage Securities Corp. | 5.569% due 07/15/ 2046 (b) | 10,000,000 | 9,585,600 (g) |
| J.P. Morgan Chase Commercial Mortgage Securities Corp. | 5.882% due 02/15/ 2051 | 7,105,000 | 8,408,412 (g) |
| J.P. Morgan Chase Commercial Mortgage Securities Corp. | 5.491% due 08/15/ 2046 (b) | 7,644,000 | 7,263,940 (g) |
| J.P. Morgan Chase Commercial Mortgage Securities Corp. | 6.390% due 08/05/ 2032 (b) | 5,000,000 | 5,282,200 (g) |
| J.P. Morgan Chase Commercial Mortgage Securities Corp. | 4.961% due 01/15/ 2042 | 5,000,000 | 5,025,250 (g) |

PORTFOLIO HOLDINGS

TORCHLIGHT VALUE FUND MASTER, LLC

October 31, 2012

| COMMERCIAL MORTGAGE-BACKED SECURITIES (Continued) | | Principal Amount | Value (a) |
|--|---------------------------|---------------------|----------------------|
| J.P. Morgan Chase Commercial Mortgage Securities Corp. | 5.541% due 06/12/ 2041 | \$ 4,000,000 | \$ 4,100,000 (d),(g) |

| | | | |
|--|-------------------------------|-------------|---------------------------|
| J.P. Morgan Chase Commercial Mortgage Securities Corp. | 5.015% due 01/15/ 2038 (b) | 6,513,000 | 3,719,965 (d),(g) |
| J.P. Morgan Chase Commercial Mortgage Securities Corp. | 0.730% due 05/15/ 2045 | 212,590,828 | 3,503,497 (g),(h) |
| J.P. Morgan Chase Commercial Mortgage Securities Corp. | 0.439% due 06/12/ 2047 | 279,913,400 | 2,947,180 (d),(g),(h) |
| J.P. Morgan Chase Commercial Mortgage Securities Corp. | 0.606% due 05/15/ 2047 | 207,898,805 | 2,741,437 (d),(g),(h) |
| J.P. Morgan Chase Commercial Mortgage Securities Corp. | 2.126% due 11/15/ 2043 (b) | 14,202,664 | 1,308,633 (g),(h) |
| J.P. Morgan Chase Commercial Mortgage Securities Corp. | 1.512% due 02/15/ 2046 (b) | 21,640,469 | 1,278,709 (d),(g),(h) |
| J.P. Morgan Chase Commercial Mortgage Securities Corp. | 5.627% due 08/12/ 2037 (b) | 2,910,000 | 1,141,803 (d),(g) |
| J.P. Morgan Chase Commercial Mortgage Securities Corp. | 0.611% due 02/15/ 2051 | 96,645,816 | 841,785 (g),(h) |
| J.P. Morgan Chase Commercial Mortgage Securities Corp. | 0.484% due 01/15/ 2049 | 66,759,575 | 712,258 (d),(g),(h) |
| J.P. Morgan Chase Commercial Mortgage Securities Corp. | 5.764% due 05/15/ 2045 (b) | 2,000,000 | 709,216 (d),(g) |
| J.P. Morgan Chase Commercial Mortgage Securities Corp. | 5.377% due 08/15/ 2042 (b) | 2,500,000 | 399,215 (d),(g) |
| J.P. Morgan Chase Commercial Mortgage Securities Corp. | 5.056% due 07/12/ 2035 (b) | 11,804,387 | 219,830 (d),(f),(g) |
| J.P. Morgan Chase Commercial Mortgage Securities Corp. | 6.227% due 02/15/ 2051 (b) | 2,709,783 | 71,132 (g) |
| LB UBS Commercial Mortgage Trust | 4.647% due 12/15/ 2036 | 4,000,000 | 4,034,080 |
| LB UBS Commercial Mortgage Trust | 0.841% due 11/15/ 2038 (b) | 85,145,993 | 1,760,921 (d),(g),(h) |
| LB UBS Commercial Mortgage Trust | 0.184% due 02/15/ 2040 (b) | 125,212,305 | 1,534,990 (d),(g),(h) |
| LB UBS Commercial Mortgage Trust | 7.585% due 03/15/ 2032 (b) | 1,244,363 | 1,243,939 (g) |
| LB UBS Commercial Mortgage Trust | 5.350% due 09/15/ 2040 (b) | 3,000,000 | 971,805 (d),(g) |
| LB UBS Commercial Mortgage Trust | 0.502% due 04/15/ 2040 (b) | 119,915,837 | 843,008 (g),(h) |
| LB UBS Commercial Mortgage Trust | 0.649% due 02/15/ 2040 | 42,939,157 | 727,733 (d),(g),(h) |
| LB UBS Commercial Mortgage Trust | 0.693% due 02/15/ 2040 | 36,351,959 | 679,055 (g),(h) |
| LB UBS Commercial Mortgage Trust | 6.449% due 07/15/ 2040 (b) | 19,095,000 | 572,850 (f),(g) |
| LNR CDO Ltd. | 1.511% due 07/23/ 2036 (b) | 4,200,000 | 3,948,840 (d),(e),(g) |
| LNR CDO Ltd. | 0.741% due 07/23/ 2018 (b) | 593,632 | 578,672 (d),(e),(g) |
| Mach One Trust Commercial Mortgage-Backed Secs | 6.319% due 05/28/ 2040 (b) | 2,000,000 | 1,910,200 (c),(d),(e),(g) |

| | | | |
|---|-------------------------------|-------------|---------------------------|
| Mach One Trust Commercial Mortgage-Backed Secs | 5.999% due 05/28/ 2040 (b) | 1,706,000 | 1,671,539 (c),(d),(e),(g) |
| Merrill Lynch Mortgage Investors Trust | 6.250% due 12/10/ 2029 | 3,478,807 | 3,478,424 (g) |
| Merrill Lynch Mortgage Trust | 5.782% due 08/12/ 2043 | 5,000,000 | 5,585,200 (g) |
| Merrill Lynch Mortgage Trust | 5.421% due 02/12/ 2042 (b) | 3,675,000 | 3,016,587 (g) |
| Merrill Lynch Mortgage Trust | 5.709% due 09/12/ 2042 (b) | 3,200,000 | 242,125 (d),(f),(g) |
| Merrill Lynch Mortgage Trust | 5.019% due 09/12/ 2042 (b) | 3,107,000 | 86,611 (d),(f),(g) |
| Merrill Lynch Mortgage Trust | 5.438% due 11/12/ 2037 (b) | 579,000 | 29,975 (d),(g) |
| Merrill Lynch/Countrywide Commercial Mortgage Trust | 0.811% due 12/12/ 2049 | 91,797,739 | 1,181,804 (d),(g),(h) |
| Merrill Lynch/Countrywide Commercial Mortgage Trust | 0.237% due 12/12/ 2049 (b) | 93,952,890 | 1,166,895 (g),(h) |
| Merrill Lynch/Countrywide Commercial Mortgage Trust | 0.471% due 03/12/ 2051 (b) | 118,102,951 | 1,151,504 (g),(h) |
| Merrill Lynch/Countrywide Commercial Mortgage Trust | 0.636% due 09/12/ 2049 | 111,073,253 | 1,074,967 (d),(g),(h) |
| Merrill Lynch/Countrywide Commercial Mortgage Trust | 0.161% due 09/12/ 2049 (b) | 155,247,361 | 1,052,267 (d),(g),(h) |
| Morgan Stanley Capital I | 4.770% due 07/15/ 2056 | 3,500,000 | 3,656,135 |
| Morgan Stanley Capital I | 6.010% due 11/15/ 2030 (b) | 3,118,904 | 3,111,263 (f) |

PORTFOLIO HOLDINGS

TORCHLIGHT VALUE FUND MASTER, LLC

October 31, 2012

| COMMERCIAL MORTGAGE-BACKED SECURITIES (Continued) | | Principal Amount | Value (a) |
|---|-------------------------------|---------------------|----------------------|
| Morgan Stanley Capital I | 0.609% due 03/15/ 2044 (b) | \$ 140,686,221 | \$ 2,121,548 (g),(h) |
| Morgan Stanley Capital I | 1.134% due 09/15/ 2047 (b) | 54,462,472 | 1,872,964 (g),(h) |
| Morgan Stanley Capital I | 0.349% due 09/15/ 2047 (b) | 69,000,000 | 1,444,860 (g),(h) |
| Morgan Stanley Capital I | 0.448% due 11/12/ 2049 (b) | 102,781,496 | 1,092,567 (g),(h) |

| | | | |
|--|-------------------------------|-------------|-----------------------|
| Morgan Stanley Capital I | 0.398% due 02/12/ 2044 (b) | 145,960,931 | 1,038,950 (d),(g),(h) |
| Morgan Stanley Capital I | 0.864% due 07/15/ 2019 (b) | 1,400,000 | 987,000 (d),(f),(g) |
| Morgan Stanley Capital I | 0.486% due 06/13/ 2041 (b) | 121,540,777 | 245,512 (g),(h) |
| Morgan Stanley Reremic Trust | 5.983% due 08/15/ 2045 (b) | 6,000,000 | 6,606,780 (g) |
| Morgan Stanley Reremic Trust | 5.983% due 08/12/ 2045 (b) | 6,000,000 | 6,606,780 (g) |
| Morgan Stanley Reremic Trust | 0.000% due 07/17/ 2056 (b) | 320,000 | 274,894 (c),(d) |
| PNC Mortgage Acceptance Corp. | 6.850% due 12/10/ 2032 (b) | 618,381 | 624,657 (c),(g) |
| Prudential Mortgage Capital Funding LLC | 6.399% due 05/10/ 2034 (b) | 2,500,000 | 2,475,100 |
| RBSCF Trust | 4.970% due 04/16/ 2040 (b) | 1,500,000 | 1,520,650 (d),(g) |
| Salomon Brothers Mortgage Securities VII, Inc. | 7.000% due 05/18/ 2032 (b) | 3,000,000 | 2,656,050 (f),(g) |
| Salomon Brothers Mortgage Securities VII, Inc. | 7.000% due 05/18/ 2032 (b) | 1,000,000 | 1,021,030 (g) |
| Wachovia Bank Commercial Mortgage Trust | 4.932% due 04/15/ 2035 (b) | 15,606,000 | 14,286,798 (d) |
| Wachovia Bank Commercial Mortgage Trust | 5.030% due 11/15/ 2035 | 7,000,000 | 7,247,730 (g) |
| Wachovia Bank Commercial Mortgage Trust | 5.141% due 02/15/ 2035 | 6,500,000 | 6,484,400 (g) |
| Wachovia Bank Commercial Mortgage Trust | 5.238% due 11/15/ 2035 (b) | 14,396,000 | 5,651,185 (d),(g) |
| Wachovia Bank Commercial Mortgage Trust | 0.688% due 12/15/ 2043 (b) | 239,260,896 | 3,885,214 (d),(g),(h) |
| Wachovia Bank Commercial Mortgage Trust | 5.466% due 01/15/ 2045 | 3,000,000 | 3,334,530 (g) |
| Wachovia Bank Commercial Mortgage Trust | 0.410% due 04/15/ 2047 (b) | 131,009,225 | 1,046,764 (g),(h) |
| Wachovia Bank Commercial Mortgage Trust | 4.990% due 05/15/ 2044 (b) | 4,036,500 | 902,404 (d),(g) |
| Wachovia Bank Commercial Mortgage Trust | 6.140% due 10/15/ 2048 (b) | 5,000,000 | 539,550 (g) |
| Wachovia Bank Commercial Mortgage Trust | 5.470% due 04/15/ 2042 (b) | 1,000,000 | 355,872 (d),(g) |
| Wachovia Bank Commercial Mortgage Trust | 6.060% due 12/15/ 2043 (b) | 12,500,000 | 281,250 (f),(g) |
| Wachovia Bank Commercial Mortgage Trust | 6.150% due 10/15/ 2048 (b) | 5,000,000 | 228,300 (g) |
| Wachovia Bank Commercial Mortgage Trust | 5.956% due 04/15/ 2047 (b) | 1,000,000 | 1,580 (f),(g) |
| Wells Fargo Commercial Mortgage Trust | 1.634% due 11/15/ 2043 (b) | 11,117,487 | 920,973 (g),(h) |

| | | | |
|----------------------------------|-------------------------------|-------------|-----------------------|
| WF-RBS Commercial Mortgage Trust | 0.340% due 02/15/ 2044 (b) | 222,499,677 | 4,324,726 (d),(g),(h) |
| WF-RBS Commercial Mortgage Trust | 5.006% due 06/15/ 2045 (b) | 2,500,000 | 2,575,625 (g) |
| WF-RBS Commercial Mortgage Trust | 0.164% due 06/15/ 2045 (b) | 248,386,065 | 2,057,034 (d),(g),(h) |
| WF-RBS Commercial Mortgage Trust | 2.239% due 11/15/ 2044 (b) | 12,359,885 | 1,504,074 (g),(h) |
| WF-RBS Commercial Mortgage Trust | 1.880% due 03/15/ 2044 (b) | 10,769,113 | 895,129 (g),(h) |
| WF-RBS Commercial Mortgage Trust | 1.025% due 06/15/ 2044 (b) | 22,508,731 | 870,639 (g),(h) |

PORTFOLIO HOLDINGS

TORCHLIGHT VALUE FUND MASTER, LLC

October 31, 2012

| | Principal Amount | Value (a) |
|---|---------------------|-----------------------|
| Total Commercial Mortgage-Backed Securities (Cost \$456,193,123) | | 395,146,002 |
| MEZZANINE LOAN (0.67%) | | |
| Hilton Worldwide (3.464% due 11/12/2013) | \$ 2,994,778 | \$ 2,746,357 (d),(g) |
| Total Mezzanine Loan (Cost \$2,684,070) | | 2,746,357 |
| MONEY MARKET FUND (6.29%) | | |
| Dreyfus Treasury Prime Cash Management Money Market Fund, 0.00%(i) | 25,626,589 | 25,626,589 |
| Total Money Market Fund (Cost \$25,626,589) | | 25,626,589 |
| TOTAL SECURITIES (103.86%) (Cost \$484,503,782)(j) | | 423,518,948 |
| OTHER LIABILITIES, NET OF ASSETS (-3.86%) | | (15,729,286) |
| MEMBERS' CAPITAL (100.00%) | | \$ 407,789,662 |

(a) See Notes to Financial Statements.

(b) 144A Securities may be resold in transactions exempt from registration, normally to qualified institutional buyers. The value of these securities at October 31, 2012 was \$283,442,712 or 69.51% of the Master Fund's members' capital.

(c) Illiquid security. At October 31, 2012, illiquid securities with aggregate principal of \$31,581,085 had a value of \$18,267,432 which represented 4.48% of the Master Fund's members' capital.

Fair valued security. At October 31, 2012, the fair valued securities represented 34.85% of the Master Fund's members' capital. The value of such securities was determined by management primarily using a pricing methodology which incorporates factors such as dealer bids and market transactions in comparable securities, based on credit rating and the vintage year of securities. The extent of the observability of the pricing input(s) served as the basis for designating such securities as Level 2 or Level 3 pricing input(s).

(e) CDO security. At October 31, 2012, collateralized debt obligations in aggregate had a value of \$20,328,840 which represented 4.99% of the Master Fund's members' capital.

(f) Non-interest income generating securities as of October 31, 2012.

(g) Variable rate security.

Interest-only security. At October 31, 2012, interest-only securities in aggregate had a value of \$82,375,937 which (h) represented 20.20% of the Master Fund's members' capital. Amount shown as principal represents current face amount of the underlying security.

(i) Rate shown reflects effective yield at October 31, 2012.

The cost for federal income tax purposes was \$466,311,698. At October 31, 2012 net unrealized depreciation for all (j) securities based on tax cost was \$42,792,750. This consisted of aggregate gross unrealized appreciation for all securities of \$47,799,806 and aggregate gross unrealized depreciation for all securities of \$90,592,556.

SUMMARY OF RATINGS (unaudited)

TORCHLIGHT VALUE FUND MASTER, LLC

October 31, 2012

| Issuer | Portfolio Distribution by Rating (a) | | | | | | | | | | | Total |
|---|--------------------------------------|---------------|-------------|-----------------|---------------|------------|----------------|------|------|------|------|-------|
| | AAA | AA+ to AA- | A+ to A- | BBB+ to BBB- | BB+ to BB- | B+to B- | CCC+to CCC- | CC | C | D | NR | |
| Commercial Mortgage-Backed Securities | | | | | | | | | | | | |
| Ansonia CDO Ltd. | - | - | - | - | - | - | - | - | 0.26 | - | - | 0.26 |
| Arbor Realty Mortgage Securities | - | - | - | 0.42 | - | - | - | - | - | - | - | 0.42 |
| Banc of America Large Loan, Inc. | - | 1.19 | - | - | - | - | - | - | - | - | 3.34 | 4.53 |
| Banc of America Merrill Lynch Commercial Mortgage, Inc. | 0.83 | - | 1.99 | - | 0.13 | - | - | - | - | 1.78 | 0.92 | 5.65 |
| Bank of America-First Union National Bank Commercial Mortgage, Inc. | - | - | - | - | - | 2.91 | - | - | - | - | - | 2.91 |
| Citigroup/Deutsche Bank Commercial Mortgage Trust | - | - | - | 0.31 | 0.51 | - | - | - | - | - | - | 0.82 |
| Commercial Mortgage Acceptance Corp. | - | - | 0.63 | - | - | - | - | - | - | - | - | 0.63 |
| Commercial Mortgage Pass-Through Certificates | 0.59 | - | - | - | 0.66 | 0.42 | - | - | - | - | - | 1.67 |
| Credit Suisse Mortgage Capital Certificates | - | - | - | - | 0.29 | - | - | - | 0.10 | 0.63 | - | 1.02 |
| CS First Boston Mortgage Securities Corp. | 0.19 | 0.62 | 0.74 | - | 2.76 | 1.98 | 0.99 | - | - | 0.57 | - | 7.85 |
| DBUBS Mortgage Trust | 0.52 | - | - | - | - | - | - | - | - | - | - | 0.52 |
| DLJ Commercial Mortgage Corp. | - | - | 0.57 | - | 0.46 | 2.66 | - | - | - | - | - | 3.69 |
| DR Structured Finance Corp. | - | - | - | - | - | - | - | - | - | - | 0.18 | 0.18 |
| Extended Stay America Trust | - | - | - | 1.23 | - | - | - | - | - | - | - | 1.23 |
| FHLMC Multi-Family Pass-Through Certificates | - | - | - | - | - | - | - | - | - | - | 0.60 | 0.60 |
| First Union National Bank Commercial Mortgage | - | - | - | - | 0.84 | - | - | - | - | - | - | 0.84 |
| FREMF Mortgage Trust | - | - | 1.86 | - | - | - | - | - | - | - | - | 1.86 |
| GE Capital Commercial Mortgage Corp. | 0.71 | 0.78 | - | - | 0.04 | - | 0.46 | 0.09 | - | 0.04 | - | 2.12 |

| | | | | | | | | | | | | |
|--|------|------|------|------|------|------|------|------|---|------|---|-------|
| G-Force LLC | - | - | - | - | - | - | 1.09 | - | - | - | - | 1.09 |
| GMAC Commercial Mortgage Securities, Inc. | - | - | - | - | - | - | 1.36 | - | - | - | - | 1.36 |
| Gramercy Real Estate CDO | - | - | - | 0.96 | - | - | - | - | - | - | - | 0.96 |
| Greenwich Capital Commercial Funding Corp. | 0.36 | - | 2.12 | 2.09 | 0.97 | - | - | - | - | - | - | 5.54 |
| GS Mortgage Securities Corp. II | 0.47 | - | 0.90 | - | 2.30 | - | - | 0.27 | - | - | - | 3.94 |
| J.P. Morgan Chase Commercial Mortgage Securities Corp. | 0.64 | 1.21 | 2.06 | 6.66 | 3.34 | 0.45 | - | 0.10 | - | 0.07 | - | 14.53 |
| LB UBS Commercial Mortgage Trust | 1.15 | - | 0.99 | - | 0.21 | 0.30 | - | - | - | 0.38 | - | 3.03 |
| LNR CDO Ltd. | - | - | 0.14 | - | 0.97 | - | - | - | - | - | - | 1.11 |
| Mach One Trust Commercial Mortgage-Backed Secs | - | - | - | - | - | 0.41 | 0.47 | - | - | - | - | 0.88 |

(a) Calculated as a percentage of the Master Fund's members' capital. Split rated securities are accounted for at the lowest rating.

ANNUAL REPORT 2012 | TORCHLIGHT VALUE FUND MASTER, LLC

SUMMARY OF RATINGS (unaudited)

TORCHLIGHT VALUE FUND MASTER, LLC

October 31, 2012

| Issuer (continued) | Portfolio Distribution by Rating (a) | | | | | | | | | | | Total |
|---|--------------------------------------|------------|----------|--------------|------------|----------|--------------|------|---|------|------|-------|
| | AAA | AA+ to AA- | A+ to A- | BBB+ to BBB- | BB+ to BB- | B+ to B- | CCC+ to CCC- | CC | C | D | NR | |
| Commercial Mortgage-Backed Securities (continued) | | | | | | | | | | | | |
| Merrill Lynch Mortgage Investors Trust | - | - | 0.85 | - | - | - | - | - | - | - | - | 0.85 |
| Merrill Lynch Mortgage Trust | - | - | - | 1.37 | 0.74 | - | - | - | - | 0.09 | - | 2.20 |
| Merrill Lynch/Countrywide Commercial Mortgage Trust | 0.81 | - | - | - | 0.57 | - | - | - | - | - | - | 1.38 |
| Morgan Stanley Capital I | 0.98 | 0.90 | - | 0.76 | 0.58 | 0.24 | - | - | - | - | 0.36 | 3.82 |
| Morgan Stanley Reremic Trust | - | - | 1.62 | 1.69 | - | - | - | - | - | - | - | 3.31 |
| PNC Mortgage Acceptance Corp. | - | - | - | - | - | - | 0.15 | - | - | - | - | 0.15 |
| Prudential Mortgage Capital Funding LLC | - | - | - | - | - | 0.61 | - | - | - | - | - | 0.61 |
| RBSCF Trust | 0.37 | - | - | - | - | - | - | - | - | - | - | 0.37 |
| Salomon Brothers Mortgage Securities VII, Inc. | - | 0.24 | - | - | - | - | 0.66 | - | - | - | - | 0.90 |
| Wachovia Bank Commercial Mortgage Trust | - | 3.37 | 0.82 | - | 4.71 | - | 1.41 | 0.06 | - | 0.48 | - | 10.85 |
| Wells Fargo Commercial Mortgage Trust | 0.23 | - | - | - | - | - | - | - | - | - | - | 0.23 |
| WF-RBS Commercial Mortgage Trust | 0.80 | - | - | 0.63 | 1.56 | - | - | - | - | - | - | 2.99 |

| | | | | | | | | | | | | | |
|--------------------------------|-------|------|-------|-------|-------|------|------|------|------|------|------|-----------|--|
| TOTAL COMMERCIAL | | | | | | | | | | | | | |
| MORTGAGE-BACKED | 8.65 | 8.31 | 15.29 | 16.12 | 21.64 | 9.98 | 6.59 | 0.52 | 0.36 | 4.04 | 5.40 | 96.90 | |
| SECURITIES | | | | | | | | | | | | | |
| TOTAL MEZZANINE LOAN | - | - | - | - | - | - | - | - | - | - | 0.67 | 0.67 | |
| TOTAL MONEY MARKET FUND | 6.29 | - | - | - | - | - | - | - | - | - | - | 6.29 | |
| TOTAL SECURITIES | 14.94 | 8.31 | 15.29 | 16.12 | 21.64 | 9.98 | 6.59 | 0.52 | 0.36 | 4.04 | 6.07 | 103.86(a) | |

(a) Calculated as a percentage of the Master Fund's members' capital. Split rated securities are accounted for at the lowest rating.

FINANCIAL STATEMENTS

TORCHLIGHT VALUE FUND MASTER, LLC

Statement of Assets, Liabilities, and Members' Capital October 31, 2012

Assets

| | |
|---|--------------------|
| Investments, at Fair Value (Cost \$484,503,782) | \$ 423,518,948 |
| Interest Receivable | 4,374,599 |
| Contribution Receivable | 200,000 |
| Receivable for Securities Sold | 114,511 |
| Total Assets | 428,208,058 |

Liabilities

| | |
|--------------------------------------|-------------------|
| Withdrawal Payable | 20,000,000 |
| Cash Distribution Payable | 169,260 |
| Accrued Audit and Tax Fees | 123,836 |
| Accrued Administrative Fees - Note D | 54,986 |
| Accrued Custodian Fees - Note D | 14,895 |
| Other Accrued Expenses | 55,419 |
| Total Liabilities | 20,418,396 |

Members' Capital \$ 407,789,662

Members' Capital

| | |
|--|-----------------------|
| Represented by: | |
| Net Capital | \$ 468,774,496 |
| Accumulated Net Unrealized Depreciation on Investments | (60,984,834) |
| Total Members' Capital | \$ 407,789,662 |

See Notes to Financial Statements.

 ANNUAL REPORT 2012 | TORCHLIGHT VALUE FUND MASTER, LLC

FINANCIAL STATEMENTS

TORCHLIGHT VALUE FUND MASTER, LLC

Statement of Operations

Year Ended October 31, 2012

| | |
|--|----------------------|
| Investment Income | |
| Interest | \$ 35,033,319 |
| Expenses | |
| Legal Fees | 190,090 |
| Administrative Fees - Note D | 177,865 |
| Audit and Tax Fees | 124,986 |
| Insurance Expense | 53,172 |
| Custodian Fees - Note D | 38,287 |
| Directors' Fees | 20,419 |
| Other | 14,933 |
| Total Expenses | 619,752 |
| Net Investment Income | 34,413,567 |
| Realized and Unrealized Gain (Loss) on Investments | |
| Net Realized Loss on Investments | (14,985,612) |
| Net Change in Unrealized Appreciation / Depreciation on Investments | 60,131,550 |
| Net Gain on Investments | 45,145,938 |
| Net Increase in Members' Capital Resulting from Operations | \$ 79,559,505 |

See Notes to Financial Statements.

 ANNUAL REPORT 2012 | TORCHLIGHT VALUE FUND MASTER, LLC

FINANCIAL STATEMENTS

TORCHLIGHT VALUE FUND MASTER, LLC

Statements of Changes in Members' Capital

| Year Ended October 31, 2012 | Year Ended October 31, 2011 |
|--------------------------------|--------------------------------|
|--------------------------------|--------------------------------|

| | | |
|---|---------------|---------------|
| Increase in Members' Capital Resulting from Operations: | | |
| Net Investment Income | \$ 34,413,567 | \$ 27,383,869 |
| Net Realized Gain (Loss) on Investments | (14,985,612) | 3,691,976 |
| Net Change in Unrealized Appreciation / Depreciation on Investments | 60,131,550 | (2,945,447) |
| Net Increase in Members' Capital Resulting from Operations | 79,559,505 | 28,130,398 |
| Contributions/Withdrawals: | | |
| Contributions ⁽¹⁾ | 53,023,840 | 85,210,190 |
| Withdrawals ⁽¹⁾ | (98,980,677) | (80,762,048) |
| Net Contributions (Withdrawals) | (45,956,837) | 4,448,142 |
| Total Increase in Members' Capital | 33,602,668 | 32,578,540 |
| Members' Capital: | | |
| Beginning of Year | 374,186,994 | 341,608,454 |
| End of Year | \$407,789,662 | \$374,186,994 |

(1) See Note A
See Notes to Financial Statements.

FINANCIAL STATEMENTS

TORCHLIGHT VALUE FUND MASTER, LLC

Statement of Cash Flows

Year Ended October 31, 2012

| | |
|--|---------------|
| Cash Flows from Operating Activities: | |
| Net Increase in Members' Capital Resulting from Operations | \$ 79,559,505 |
| Adjustments to Reconcile Net Increase in Members' Capital Resulting from Operations to Net Cash Provided by Operating Activities: | |
| Cost of Securities Purchased | (93,983,044) |
| Proceeds from Sale of Securities | 73,470,319 |
| Adjustment to Cost of Interest Only Securities | 19,601,283 |
| Net Amortization of Premium and Accretion of Discount | (5,348,049) |
| Net Paydown Gain on Securities | (1,981,793) |
| Net Change in Unrealized Appreciation / Depreciation on Investments | (60,131,550) |
| Net Realized Loss on Investments | 14,985,612 |
| Net Change in Operating Assets and Liabilities: | |

| | |
|---|------------------|
| Decrease in Interest Receivable | 50,749 |
| Increase in Receivable for Securities Sold | (114,511) |
| Decrease in Other Assets | 1,876 |
| Decrease in Payable for Securities Purchased | (16,393) |
| Increase in Accrued Audit and Tax Fees | 3,336 |
| Increase in Accrued Administrative Fees | 12,753 |
| Increase in Accrued Custodian Fees | 5,571 |
| Increase in Accrued Other Expenses | 39,308 |
| Net Cash Provided by Operating Activities | 26,154,972 |
| Cash Flows from Financing Activities*: | |
| Contributions | 202,397 |
| Withdrawals | (26,357,369) |
| Net Cash Used in Financing Activities | (26,154,972) |
| Net Increase in Cash | - |
| Cash at Beginning of Year | - |
| Cash at End of Year | \$ - |

* Non-cash financing transactions not included herein consist of reinvestment of distributions of \$19,427,905 and subscriptions received in-kind of \$33,198,538.

See Notes to Financial Statements

NOTES TO FINANCIAL STATEMENTS

TORCHLIGHT VALUE FUND MASTER, LLC

October 31, 2012

A. Organization: Torchlight Value Fund Master, LLC (the “Master Fund”) was formed on June 20, 2002 and is registered under the Investment Company Act of 1940, as amended, as a non-diversified, open-end management investment company. The primary objective of the Master Fund is to provide high current income by investing primarily in commercial mortgage-backed securities. Torchlight Investors, LLC is the organizational member of the Master Fund.

The Master Fund operates under a “master/feeder fund” structure and, accordingly, one of its investors is an investment fund investing all or a substantial portion of its assets in the Master Fund. At October 31, 2012, Torchlight Value Fund, Inc. (the “Feeder Fund”), and Torchlight Investors, LLC (the “Adviser”) are the only investors invested in the Master Fund, and own 99.9% and 0.1% of the members’ capital of the Master Fund, respectively. Effective September 28, 2012, the entire membership interest of Torchlight Value Fund plc (the “Irish Feeder”) in the Master Fund valued at \$33,198,538 was transferred to the sole shareholder of the Irish Feeder, in settlement of the in-kind redemption of the aforesaid shareholder’s entire interest in the Irish Feeder. Subsequently, the said sole shareholder of the Irish Feeder exchanged the aforesaid membership interest at the Master Fund into common stock in Torchlight Value Fund Inc. For federal income tax purposes, the Master Fund is treated as a partnership, and each investor in the Master Fund is treated as the owner of its proportionate share of the members’ capital, income, expenses, and realized and unrealized gains and losses of

the Master Fund. Accordingly, as a “pass-through” entity, the Master Fund pays no income dividends or capital gain distributions.

Investors may make an investment in the Master Fund on any Business Day at the next determined net asset value, subject to the Fund’s ability to reject or limit certain investments. A Business Day is any weekday the U.S. government bond market is open for trading. All investments in the Fund are subject to a minimum initial subscription of \$3,000,000. In certain circumstances, the Adviser may reduce such minimum at its discretion. Investors may redeem their investment on any Business Day at the next determined net asset value. Investors hold a Member interest in the Master Fund.

Included in contributions and withdrawals on the Statements of Changes in Members’ Capital are \$19,427,905 and \$74,847,190 of distributions reinvested into the Master Fund for 2012 and 2011, respectively.

B. Summary of Significant Accounting Policies: The Fund prepares its financial statements in conformity with U.S. Generally Accepted Accounting Principles (“GAAP”).

In May 2011, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) No. 2011-04, Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRS, which amends U.S. GAAP to conform it with fair value measurement and disclosure requirements in International Financial Reporting Standards. The amendments in ASU 2011-04 change the wording used to describe the requirements in U.S. GAAP for measuring fair value and requires additional disclosure information about fair value measurements. The amendments in ASU 2011-04 are to be applied prospectively and are effective during interim and annual periods beginning after December 15, 2011.

NOTES TO FINANCIAL STATEMENTS

TORCHLIGHT VALUE FUND MASTER, LLC

B. Summary of Significant Accounting Policies (continued):

The following significant accounting policies are in conformity with GAAP. Such policies are followed by the Master Fund in the preparation of its financial statements. GAAP may require management to make estimates and assumptions that affect the reported amounts and disclosures in the financial statements. Actual results may differ from those estimates.

- Security Valuation:** Fixed income securities’ valuations are based on information from one or more of the following sources: quotations from dealers, third party pricing services, market transactions in comparable securities and various relationships between security values, credit quality, and yield to maturity. The value of securities for which market quotations are not readily available are determined in good faith at fair value using methods approved by the Board of Directors. These prices may differ from the value that would have been used had a broader market for the securities existed and the differences could be material to the financial statements. Short-term investments that have remaining maturities of sixty days or less at time of purchase are valued at amortized cost, which approximates fair value.
- 1.

The fair value of CMBS securities are determined through the use of a pricing methodology that uses, as its basis, observable market data such as dealer bids and market transactions in comparable securities. The pricing

methodology incorporates relationships between vintage and rating for generic securities. These relationships are then used to formulate a basis of fair value for other securities with similar characteristics. Factors such as liquidity, credit exposure, and level of credit support are also incorporated as inputs in applying the pricing methodology.

GAAP requires disclosure regarding the various inputs that are used in determining the value of the Master Fund's investments. The inputs are summarized in the three broad levels listed below:

Level 1: quoted prices in active markets for identical investments

Level 2: other significant observable inputs (including quoted prices for similar investments, interest rates, prepayment speeds, credit risk, etc.)

Level 3: significant unobservable inputs (including Management's own assumptions in determining the fair value of investments)

The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those investments.

The following is a summary of the levels based on inputs used as of October 31, 2012 in valuing the Master Fund's Investments carried at fair value:

| Investments in Securities | Level 1 | Level 2 | Level 3 | Total |
|---------------------------------------|---------------------|----------------------|---------------------|----------------------|
| Commercial Mortgage-Backed Securities | \$ - | \$306,141,251 | \$89,004,751 | \$395,146,002 |
| Mezzanine Loan | - | - | 2,746,357 | 2,746,357 |
| Money Market Fund | 25,626,589 | - | - | 25,626,589 |
| Total | \$25,626,589 | \$306,141,251 | \$91,751,108 | \$423,518,948 |

NOTES TO FINANCIAL STATEMENTS

TORCHLIGHT VALUE FUND MASTER, LLC

B. Summary of Significant Accounting Policies (continued):

The following is a reconciliation of investments in which significant unobservable inputs (Level 3) were used in determining fair value:

| | CMBS | Corporate Bond | Mezzanine Loan | Mortgage-Backed Securities | Total |
|-------------------------------|-----------------------|-----------------|--------------------|----------------------------|-----------------------|
| Balance as of 10/31/11 | \$ 225,916,334 | \$ 7,210 | \$2,346,371 | \$ 2,929,534 | \$ 231,199,449 |
| Realized gain / (loss) | (10,699,450) | 5,000 | 542 | (335,646) | (11,029,554) |

| | | | | | |
|--|----------------------|-----------|----------------------|-------------|------------------------|
| Change in unrealized appreciation/(depreciation) | 25,479,860 | (4,817) | 404,666 | 285,718 | 26,165,427 |
| Net amortization /accretion | 2,250,177 | 1,277 | - | (284,549) | 1,966,905 |
| Purchases | 5,866,750 | - | - | - | 5,866,750 |
| Sales and Paydowns | (33,380,175) | (8,670) | (5,222) | (2,595,057) | (35,989,124) |
| Transfers into Level 3 | 17,420,852 | - | - | - | 17,420,852 |
| Transfers out of Level 3* | (143,849,597) | - | - | - | (143,849,597) |
| Balance as of 10/31/12 | \$ 89,004,751 | \$ | - \$2,746,357 | \$ | - \$ 91,751,108 |
| Net change in unrealized appreciation/(depreciation) from positions still held at 10/31/12 | | | | \$ | 13,469,252 |

*Net transfers out of level 3 relate primarily to an increase in availability of observable inputs for certain securities.

Information about Significant Inputs Used in Fair Value Measurements Categorized within Level 3:

The table below summarizes information about the significant unobservable inputs used in determining the fair value of the Master Fund's Level 3 assets and liabilities:

| Type of Investment | Fair Value at October 31, 2012 | Valuation Technique | Unobservable Input | Weight ascribed to Unobservable Input (Range) | Impact to Valuation from an increase in Input |
|---------------------------------------|--------------------------------|---|----------------------------|---|---|
| Commercial Mortgage-backed Securities | \$89,004,751 | Market transactions in comparable securities Dealer quotes | Comparable Trades | 50-100% | Increase/Decrease |
| | | | Illiquidity Discount | 0-30% | Decrease |
| | | | Underlying Collateral | 0-50% | Increase/Decrease |
| | | | Delinquencies | | |
| | | | Credit Enhancement | 0-50% | Increase/Decrease |
| | | | Sensitivity to Prepayments | 0-10% | Increase/Decrease |
| Mezzanine Loan | \$2,746,357 | Market transactions in comparable securities | Illiquidity Discount | 0-10% | Decrease |

NOTES TO FINANCIAL STATEMENTS

TORCHLIGHT VALUE FUND MASTER, LLC

Valuation Process for Fair Value Measurements Categorized within Level 3:

The Master Fund has established an internal control infrastructure over the valuation of financial instruments that requires ongoing independent oversight by its Financial Control and Compliance groups. These management control functions are segregated from the trading and investing functions. The Master Fund has also established a Valuation Committee, which includes non-investment professionals with voting powers, that is responsible for overseeing and monitoring the valuation of the Master Fund's investments. The Valuation Committee may obtain input from investment professionals for consideration in carrying out its responsibilities.

When determining the price for investments, the Valuation Committee, seeks to determine the price that the Master Fund might reasonably expect to receive from the current sale of that investment in an arm's-length transaction. Fair value determinations shall be based upon all available factors that the Valuation Committee deems relevant consistent with the principles of fair value measurement, which include the market approach, income approach and/or cost approach, as appropriate. A market approach generally consists of using information on comparable market transactions. The income approach is generally used to discount future cash flows to present value and adjusted for liquidity as appropriate. Other factors that have an impact on the fair value of Level 3 investments include, but are not limited to, (i) attributes specific to the investment; (ii) the principal market for the investment; (iii) the customary participants in the principal market for the investment; (iv) data assumptions by market participants for the investment, if reasonably available; (v) quoted prices for similar investments in active markets; and (vi) other factors, such as future cash flows, interest rates, yield curves, volatilities, prepayment speeds, loss severities, credit risks, recovery rates, liquidation amounts and/or default rates. Due to inherent uncertainty of valuations of such investments, the fair value may differ from the values that would have been used had an active market existed.

The Valuation Committee employs various methods for calibrating valuation approaches for investments where an active market does not exist, including a regular review of key inputs and assumptions, comparisons between independent third party pricing and fair valuations, transactional back-testing and reviews of any market related activity. The valuation procedures and fair valuations are subsequently reported to the Board of Directors on a quarterly basis.

2. Restricted Securities: The Master Fund is permitted to invest in privately placed restricted securities. These securities may be resold in transactions exempt from registration under Rule 144A of the Securities Act of 1933. Disposal of these securities may involve time consuming negotiations and expense, and the prompt sale at an acceptable price may be difficult. As of October 31, 2012, the Master Fund held \$283,442,712 of restricted securities.

3. Other: Security transactions are accounted for on the trade date, which is the date the trade was executed. Costs used in determining realized gains and losses on the sale of investment securities are based on the specific identification method. Interest income, adjusted for amortization of premium and accretion of discount, is recognized on an accrual basis.

4. Income Taxes: The Master Fund is treated as a partnership for federal income tax purposes. As such, each investor in the Master Fund is subject to taxation on its share of the Master Fund's ordinary income and capital gains. The Master Fund's assets are managed so that an investor in the Master Fund can satisfy the requirements of Subchapter M of the Internal Revenue Code.

The Master Fund evaluates tax positions taken or expected to be taken in the course of preparing the Master Fund's tax returns to determine whether the tax positions are "more-likely-than-not" of being sustained by the applicable tax

authority. Tax positions not deemed to meet the “more-likely-than-not” threshold would be recorded as a tax expense in the current period. Management has analyzed the Master Fund’s tax positions for all open tax years (the current and the prior three tax years) and has concluded that as of October 31, 2012, no provision for income taxes would be required in the financial statements.

The Master Fund’s U.S. Federal income and excise tax returns for tax years for which the applicable statutes of limitations have not expired are subject to examination by the Internal Revenue Service. The Master Fund does not have any state-sourced income and is not subject to income taxes in any states.

As of and during the year ended October 31, 2012, the Master Fund did not have any liabilities for any unrecognized tax benefits. The Master Fund recognizes interest and penalties, if any, related to unrecognized tax benefits as income tax expense in the Statement of Operations. During the period, the Master Fund did not incur any interest or penalties.

NOTES TO FINANCIAL STATEMENTS

TORCHLIGHT VALUE FUND MASTER, LLC

C. Advisory Services and Directors: Torchlight Investors, LLC is registered with the SEC as an investment adviser and is the investment adviser for the Master Fund. Advisory fees may be charged at both the Master Fund and Onshore Feeder levels, subject, as to each feeder fund, to any overall fee cap (measuring fees on a combined basis at both the Master Fund and feeder fund level) that a particular feeder fund may have in place. The Adviser currently receives no asset-based fees from the Master Fund in connection with its services, as advisory fees are currently only charged at the feeder fund level. For the year ended October 31, 2012, no such fees were paid by the Master Fund.

The Master Fund’s Board of Directors consists of Interested Directors, who are affiliates of the Master Fund and/or the Adviser, and Independent Directors, as defined by the Investment Company Act of 1940. Interested Directors are not paid for services provided to the Master Fund. Independent Directors are compensated through an annual retainer and for their attendance at quarterly and ad-hoc meetings.

D. Administration and Custodian Services: The Bank of New York Mellon Corporation serves as the Master Fund’s Administrator and Custodian pursuant to separate administration and accounting and custody agreements.

E. Purchases and Sales: For the year ended October 31, 2012, the Master Fund made purchases of \$68,402,127 and sales of \$26,515,985 of investment securities other than long-term U.S. Government and short-term securities (other than money market funds).

F. Indemnifications: In the normal course of business, the Master Fund enters into contracts that contain a variety of indemnifications. The Master Fund’s maximum exposure under these arrangements is unknown. The Master Fund does not anticipate recognizing any loss relating to these arrangements.

G. Related Parties: The Adviser is a related party of the Master Fund. Certain employees of the Adviser also serve as Interested Directors on the Master Fund’s Board of Directors.

Certain trusts that issue the Master Fund’s portfolio securities may retain an affiliate of the Adviser as “special servicer” to resolve delinquent and defaulted underlying loans held by such trusts. When retained as such, the special servicer may or

may not service loans affecting securities of the trust in which the Master Fund is invested. The compensation of the special servicer is an expense of the individual security holding such loans, as allocated by the trust, but this arrangement can be viewed as representing additional compensation to the Adviser derived from the Master Fund. Service and fee levels are within the range of market rates for such services.

H. Risk Factors: The Master Fund is subject to market and other risk factors, including, but not limited to, the following:

Market Risk: The market price of securities owned by the Master Fund may go up or down, sometimes rapidly or unpredictably. Securities may decline in value due to factors affecting securities markets generally or particular industries represented in the securities markets. The value of a security may decline due to general market conditions which are not specifically related to such security, such as real or perceived adverse economic conditions, changes in interest or currency rates or adverse investor sentiment generally.

1.

Market Illiquidity: The Master Fund invests in securities that lack an established secondary trading market or are otherwise considered illiquid. In addition, securities that were liquid when purchased by the Master Fund may become illiquid due to market or other conditions. Liquidity of a security refers to the ability to readily dispose of securities and the price to be obtained, and does not relate to the credit risk or likelihood of receipt of cash at maturity. Illiquid securities may trade at a discount from comparable, more liquid investments and at times there may be no market at all. Mezzanine and subordinate CMBS may be less marketable or in some instances illiquid because of the absence of registration under the U.S. federal securities laws, contractual restrictions on transfer, the small size of the market and the small size of the issue (relative to the issues of comparable interests). Certain securities that the Master Fund will acquire will include interests that have not been registered under the Securities Act or other applicable relevant securities laws, resulting in a prohibition against transfer, sale, pledge or other disposition of such securities except in a transaction that is exempt from the registration requirements of, or otherwise in accordance with, those laws. Thus, these restrictions may limit the ability of the Master Fund to transfer, sell, pledge or otherwise dispose of certain investments in response to changes in economic and other conditions.

2.

NOTES TO FINANCIAL STATEMENTS

TORCHLIGHT VALUE FUND MASTER, LLC

Credit Risk: Investments may be deemed by nationally recognized rating agencies to have substantial vulnerability to default in payment of interest and/or principal. Some investments may have low quality ratings or be unrated.

3. Lower rated and unrated investments have major risk exposure to adverse conditions and are considered to be predominantly speculative. Generally, such investments offer a higher return potential than higher rated investments, but involve greater volatility of price and greater risk of loss of income and principal.

In general, the ratings of nationally recognized rating organizations represent the opinions of these agencies as to the quality of the securities they rate. Such ratings, however, are relative and subjective; they are not absolute standards of quality and do not evaluate the market value risk of the relevant securities. It is also possible that a rating agency might not change its rating of a particular issue on a timely basis to reflect subsequent events. The Adviser may use these ratings as initial criteria for the selection of portfolio assets for the Master Fund but is not required to utilize them.

4. **Interest Rate and Spread Risk:** The market values of the Master Fund's assets will generally fluctuate inversely with changes in prevailing interest rates and spreads and directly with the perceived credit quality of such assets.

Interest rates are highly sensitive to many factors, including governmental, monetary, fiscal and tax policies, domestic and international economic and political considerations, and other factors beyond the control or anticipation of the Master Fund. Interest rate fluctuations can adversely affect the Master Fund's income in many ways and present a variety of risks, including the risk of increased prepayments. In addition, securities with longer durations, such as subordinate securities, tend to be more sensitive to changes in interest rates and spreads, usually making them more volatile than securities with shorter durations. To the extent the various hedging techniques and active portfolio management employed by the Master Fund do not offset these changes, the members' capital of the Master Fund will also fluctuate in relation to these changes. The various investment techniques employed by the Master Fund and the different characteristics of particular securities in which the Master Fund may invest make it very difficult to predict precisely the impact of interest rate and credit quality changes on the members' capital of the Master Fund.

Additional risk factors associated with the Master Fund and its investments can be found in the Master Fund's registration statement.

- Subsequent Events:** Management has evaluated the effect of subsequent events that may require disclosure on the
- I. Master Fund's financial statements and determined that there are no subsequent events that would require disclosure in the Master Fund's financial statements.

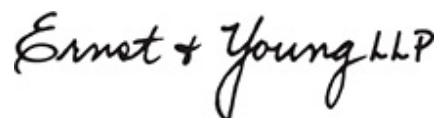
REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM TORCHLIGHT VALUE FUND MASTER, LLC

The Board of Directors and Members of Torchlight Value Fund Master, LLC:

We have audited the accompanying statement of assets, liabilities and members' capital, including the schedule of portfolio holdings, of Torchlight Value Fund Master, LLC (the "Master Fund") as of October 31, 2012, and the related statements of operations and cash flows for the year then ended, the statements of changes in members' capital for each of the two years in the period then ended, and the financial highlights for each of the five years in the period then ended. These financial statements and financial highlights are the responsibility of the Master Fund's management. Our responsibility is to express an opinion on these financial statements and financial highlights based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and financial highlights are free of material misstatement. We were not engaged to perform an audit of the Master Fund's internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Master Fund's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements and financial highlights, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our procedures included confirmation of securities owned as of October 31, 2012, by correspondence with the custodian and others. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements and financial highlights referred to above present fairly, in all material respects, the financial position of Torchlight Value Fund Master, LLC at October 31, 2012, the results of its operations and its cash flows for the year then ended, the changes in its members' capital for each of the two years in the period then ended, and the financial highlights for each of the five years in the period then ended, in conformity with U.S. generally accepted accounting principles.

The logo for Ernst & Young LLP, featuring the company name in a stylized, handwritten-style script.

ANNUAL REPORT 2012 | TORCHLIGHT VALUE FUND MASTER, LLC

FUND EXPENSES (unaudited)

TORCHLIGHT VALUE FUND MASTER, LLC

As a member of the Master Fund, you incur two types of costs: (1) transaction costs, which may include sales charges (loads) on purchase payments and contingent deferred sales charges on redemptions and (2) ongoing costs, including advisory fees and other Master Fund expenses. This example is intended to help you understand your ongoing costs (in dollars) of investing in the Master Fund and to compare these costs with the ongoing costs of investing in other mutual funds.

The example is based on an investment of \$1,000 invested at the beginning of the period and held for the entire period as indicated below.

ACTUAL EXPENSES

The first line of the table provides information about actual account values and actual expenses. You may use the information in this line, together with the amount you invested, to estimate the expenses that you paid over the period. Simply divide the account value by \$1,000 (for example, an \$8,600 account value divided by \$1,000 = 8.6), then multiply the result by the number in the first line under the heading entitled “Expenses Paid During the Period” to estimate the expenses you paid on your account during this period.

HYPOTHETICAL EXAMPLE FOR COMPARISON PURPOSES

The second line of the table below provides information about hypothetical account values and hypothetical expenses based on the Master Fund’s actual expense ratio and an assumed annual rate of return of 5% before expenses, which is not the Master Fund’s actual return. The hypothetical account values and expenses may not be used to estimate the actual ending account balance or expenses you paid for the period. You may use this information to compare the ongoing costs of investing in the Master Fund and other funds by comparing this 5% hypothetical example with the 5% hypothetical examples that appear in the shareholder reports of other funds.

Please note that the expenses shown in the table are meant to highlight your ongoing costs only and do not reflect any transactional costs, such as sales charges (loads), or contingent deferred sales charges on redemptions. Therefore, the second line of the table is useful in comparing ongoing costs only, and will not help you determine the relative total costs of owning different funds. In addition, if these transactional costs were included, your costs would have been higher.

| | Beginning Account Value 5/1/2012 | Ending Account Value 10/31/2012 | Annualized Expense Ratio Based on the Six-Month Period | Expenses Paid During the Six-Month Period* |
|--|---|--|---|--|
|--|---|--|---|--|

Torchlight Value Fund Master, LLC

| | | | | |
|--|------------|------------|-------|--------|
| Actual | \$1,000.00 | \$1,095.96 | 0.15% | \$0.79 |
| Hypothetical (5% return before expenses) | \$1,000.00 | \$1,024.38 | 0.15% | \$0.76 |

*Expenses are calculated using the annualized expense ratio for the Master Fund, which represents the ongoing expenses as a percentage of members’ capital for the six months ended 10/31/12. Expenses are calculated by multiplying the annualized expense ratio by the average account value for the period; then multiplying the result by the number of days in the most recent fiscal half-year; and then dividing that result by the number of days in the calendar year. Expense ratios for the most recent fiscal half-year may differ from expense ratios based on the one-year data in the financial highlights.

A description of the Master Fund's proxy voting policies and procedures related to portfolio securities is available without charge, upon request, by calling the Fund at (212) 883-2692 or on the Securities & Exchange Commission's website at <http://www.sec.gov>.

Information regarding how the Master Fund voted proxies for portfolio securities, if applicable, during the most recent 12-month period ended June 30, is also available, without charge and upon request by calling the Master Fund at (212) 883-2692 or by accessing the Master Fund's Form N-PX on the Commission's website at <http://www.sec.gov>.

The Master Fund will file its complete schedule of portfolio holdings with the Securities & Exchange Commission for the first and third quarters of each fiscal year on Form N-Q. The Master Fund's Forms N-Q are available on the SEC website at <http://www.sec.gov>. The Master Fund's Forms N-Q may also be reviewed and copied at the Commission's Public Reference Room in Washington, DC; information on the operation of the Public Reference Room may be obtained by calling (800) SEC-0330.

ANNUAL REPORT 2012 | TORCHLIGHT VALUE FUND MASTER, LLC

OFFICERS AND DIRECTORS

Unless otherwise noted, the address of all Officers and Directors is c/o Torchlight Value Fund Master, LLC, 230 Park Avenue, New York, NY 10169. Each Director serves until their retirement, resignation, death or removal.

Independent Directors*

| Name | Position Held with Fund | Term of Office and Length of Time Served | Principal Occupation(s) During Past 5 Years | Number of Portfolios in Fund Complex Overseen by Director | Other Directorships Held by Director |
|----------------|-------------------------|---|--|---|--|
| S. Leland Dill | Director | Director since May 2006 (with prior service as an Advisory Director from November 2005 to May 2006) | Advisory Board Member, Hedgeforum, Citicorp Hedge Fund Portfolios | 2 | Torchlight Value Fund, Inc. |
| James Webb | Director | Director since May 2006 (with prior service as an Advisory Director from November 2005 to May 2006) | Hedge Fund Industry Consultant; formerly, Chief Operating Officer, FrontPoint Partners, LLC. | 2 | Torchlight Value Fund, Inc.; Various Rubicon Fund Management, GSA Capital Partners and Avantium Investment Management fund entities. |
| Mark B. Taylor | Director | Director since June 2008 | Formerly, Principal, Renaissance Technologies, LLC | 2 | Torchlight Value Fund, Inc. |

*Not "interested persons" within the meaning of Section 2(a)(19) of the 1940 Act.

Interested Directors

| <i>Name</i> | <i>Position(s) Held with Fund</i> | <i>Term of Office and Length of Time Served</i> | <i>Principal Occupation(s) During Past 5 Years</i> | <i>Number of Portfolios in Fund Complex Overseen by Director</i> | <i>Other Directorships Held by Director</i> |
|------------------------|-----------------------------------|---|--|--|--|
| Frank L. Sullivan, Jr. | Chairman of the Board | Director since July 1997 | Managing Director, Clarion Partners, LLC | 2 | Torchlight Value Fund, Inc. |
| Daniel Heflin | President, CEO, CIO, and Director | Director since July 1997 | President, CEO, and CIO, Torchlight Investors, LLC | 2 | Torchlight Value Fund, Inc.; Torchlight Investors, LLC |

Additional information about the Directors is available in the Fund's Statement of Additional Information dated February 28, 2012, which is available from the Fund at no charge by calling Robert Kopchains at (212) 883-2692.

24 |

ANNUAL REPORT 2012 | TORCHLIGHT VALUE FUND MASTER, LLC
OFFICERS AND DIRECTORS (continued)

Officers

| <i>Name</i> | <i>Position(s) Held with Fund</i> | <i>Principal Occupation(s) During Past 5 Years</i> |
|-------------------|-----------------------------------|---|
| Daniel Heflin | President, CEO, CIO and Director | President, CEO, and CIO, Torchlight Investors, LLC |
| Ramalingam Ganesh | Chief Financial Officer | CFO, CCO, Torchlight Investors, LLC; formerly, Executive Director, Morgan Stanley Investment Management, Inc. |
| Marshall Reiss | Chief Compliance Officer* | Controller, Torchlight Investors, LLC; formerly, Vice President, The Bank of New York Mellon Corporation |
| Joanne M. Vitale | Vice President | Managing Director, Clarion Partners, LLC; formerly, Director, Clarion Partners, LLC |

* Effective November 8, 2012.

25 |

ANNUAL REPORT 2012 | TORCHLIGHT VALUE FUND MASTER, LLC

CONTACT INFORMATION

Investment Adviser
Torchlight Investors, LLC
230 Park Avenue
New York, NY 10169

Investor Relations
Robert Kopchains
230 Park Avenue
New York, NY 10169

Phone: (212) 883-2692

Administrator

The Bank of New York Mellon Corporation
101 Barclay Street
New York, NY 10286

Custodian

The Bank of New York Mellon Corporation
100 Colonial Center Parkway
Lake Mary, FL 32746

Item 2. Code of Ethics.

- (a) The registrant has adopted a code of ethics that applies to the registrant's President and Chief Financial Officer.
- (b) Not applicable.
- (c) The registrant has not amended its Code of Ethics during the period covered by the shareholder report presented in Item 1 hereto.
- (d) The registrant has not granted a waiver or an implicit waiver from a provision of its Code of Ethics.
- (e) Not applicable.

- (f) (1) The registrant's Code of Ethics is attached hereto as exhibit 12(a)(1).

(2) N/A

(3) N/A

Item 3. Audit Committee Financial Expert.

The registrant's Board of Directors ("Board") has determined that the registrant has at least one Audit Committee Financial Expert ("ACFE") serving on the registrant's Audit Committee. The Board determined that S. Leland Dill qualifies as ACFE and is "independent" (as each item defined in Item 3 of Form N-CSR).

A person who is determined to be an ACFE will not be deemed an "expert" for any purpose, including without limitation for purposes of Section 11 of the Securities Act of 1933, as amended, as a result of being designated or identified as an ACFE pursuant to this Item. The designation or identification of a person as an ACFE pursuant to this Item does not impose on such person any duties, obligations, or liability that are greater than the duties, obligations, and liability imposed on such person as a member of the Audit Committee and Board in the absence of such designation or identification. The designation or identification of a person as an ACFE pursuant to this Item does not affect the duties, obligations, or liability of any other member of the Audit Committee or Board.

Item 4. Principal Accountant Fees and Services.

(a) Audit Fees: the aggregate fees billed in each of the last two fiscal years for professional services rendered by the principal accountant for the audit of the registrant's annual financial statements or services that are normally provided by the accountant in connection with statutory and regulatory filings or engagements for those fiscal years are as follows:

2012: \$94,500
2011: \$94,150

(b) Audit-Related Fees: the aggregate fees billed in each of the last two fiscal years for assurance and related services by the principal accountant that are reasonably related to the performance of the audit of the registrant's financial statements and are not reported under paragraph (a) of this item are as follows:

2012: \$0
2011: \$0

(c) Tax Fees, the aggregate fees billed in each of the last two fiscal years for professional services rendered by the principal accountant for tax compliance, tax advice, and tax planning are as follows:

2012: \$27,500

2011: \$27,500

(d) All Other Fees, the aggregate fees billed in each of the last two fiscal years for products and services provided by the principal accountant, other than the services reported in paragraphs (a) and (c) of this Item are as follows:

2012: \$0

2011: \$0

(e) Audit Committee Pre-Approval Policies and Procedures.

(i) Per Rule 2-01(c)(7)(A), the audit committee pre-approves all of the Audit, Audit-Related, Tax and Other Fees of the registrant.

(ii) 100% of services described in each of Items 4(b) through (d) were approved by the Audit Committee pursuant to paragraph (c)(7)(i)(C) of Rule 2-01 of Regulation S-X.

(f) The percentage of hours expended on the principal accountant's engagement to audit the registrant's financial statements for the most recent fiscal year attributable to work performed by persons other than the principal accountant's full-time, permanent employees was zero.

(g) The aggregate non-audit fees billed by the principal accountant for services rendered to the registrant, the registrant's adviser or any entity controlling, controlled by, or under common control with the investment adviser that provides ongoing services to the registrant (except for any sub-adviser whose role is primarily portfolio management and is subcontracted with or overseen by another investment adviser) that directly impacted the registrant for the period from November 1, 2011 to October 31, 2012 were \$0.

(h) There were no non-audit services rendered by the principal accountant to the registrant's investment adviser or entity controlling, controlled by, or under common control with the investment adviser that provides ongoing services to the registrant that were not pre-approved pursuant to paragraph (c)(7)(ii) of Rule 2-01 of Regulation S-X.

Item 5. Audit Committee of Listed Registrants.

The Torchlight Value Fund Master, LLC has a separately designated audit committee established in accordance with Section 3(a)(58)(A) of the Securities Exchange Act of 1934, which consists of three independent directors. The audit committee members are S. Leland Dill, James Webb, and Mark B. Taylor.

(b) Not applicable.

Item 6. Schedule of Investments.

The Schedule of Investments is included as part of the report to shareholders filed under Item 1 of this Form N-CSR.

Item 7. Disclosure of Proxy Voting Policies and Procedures for Closed-End Management Investment Companies.

Not applicable.

Item 8. Portfolio Managers of Closed-End Management Investment Companies.

Not applicable.

Item 9. Purchases of Equity Securities by Closed-End Management Investment Company and Affiliated Purchasers.

Not applicable.

Item 10. Submission of Matters to a Vote of Security Holders.

There were no material changes to the procedures by which shareholders may recommend nominees to the registrant's board of directors since the registrant's most recent disclosure in response to the requirements of Item 7(d)(ii)(G) of Schedule 14A or this Item.

Item 11. Controls and Procedures.

(a) Based on their evaluation of the registrant's disclosure controls and procedures (as defined in Rule 30a-3(d) under the 1940 Act), as of a date within 90 days of the filing date of the report, the President (principal executive officer) and the Chief Financial Officer (principal financial officer) of the registrant, concluded that they were not aware of any material deficiencies in the design or operation of the registrant's disclosure controls and procedures and that these controls and procedures are effective.

(b) There was no change in the registrant's internal control over financial reporting (as defined in Rule 30a-3(d) under the 1940 Act) over the fiscal quarter of the period covered by this report that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.

Item 12. Exhibits.

(a)(1) Code of Ethics.

(a)(2) Certifications of the registrant's President and Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 ("SOX") are attached as Exhibit 99.CERT.

(b) Certifications of the registrant's President and Chief Financial Officer pursuant to Section 906 of SOX are attached as Exhibit 99.906CERT.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

(Registrant) Torchlight Value Fund Master, LLC

By: /s/ Daniel Heflin

Name: Daniel Heflin

Title: President and Chief Executive Officer

Date: January 10, 2013

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, this report has been signed by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

By: /s/ Daniel Heflin

Name: Daniel Heflin

Title: President and Chief Executive Officer

Date: January 10, 2013

By: /s/ Ramalingam Ganesh

Name: Ramalingam Ganesh

Title: Chief Financial Officer

Date: January 10, 2013

TORCHLIGHT VALUE FUND MASTER, LLC
CODE OF ETHICS FOR
PRINCIPAL EXECUTIVE AND SENIOR FINANCIAL OFFICERS

I. Covered Officers, Purpose of the Code.

This Code of Ethics (the “Code”) for the Torchlight Value Fund Master, LLC and all other funds in the investment company complex (collectively, “Funds” and each, a “Fund”) applies to each Fund’ s Principal Executive Officer and Principal Financial Officer (“Covered Officers” each of whom are set forth in Exhibit A) for the purpose of promoting:

honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships.

full, fair, accurate, timely and understandable disclosure in reports and documents that a company files with, or submits to, the Securities and Exchange Commission (“SEC”) and in other public communications made by the Fund;

compliance with applicable laws and governmental rules and regulations;

prompt internal reporting of violations of the Code to an appropriate person or persons identified in the Code; and

accountability for adherence to the Code.

Each Covered Officer should adhere to a high standard of business ethics and should be sensitive to situations that may give rise to actual as well as apparent conflicts of interest. Any question about the application of the Code should be referred to the Chair of the relevant Fund’ s Audit Committee (the “Audit Committee”) of its Board of Directors/Trustees, whose contact information can be found on Appendix A.

II. Covered Officers Should Handle Ethically Actual and Apparent Conflicts of Interest

Overview. A “conflict of interest” occurs when a Covered Officer’ s private interest interferes, or appears to interfere, with the interests of, or his service to, a Fund. For example, a conflict of interest would arise if a Covered Officer, or a member of his family, receives improper personal benefits as a result of his position with the Fund. Certain conflicts of interest arise out of the relationships between Covered Officers and the Fund and already are subject to conflict of interest provisions in the Investment Company Act of 1940 (“Investment Company Act”) and the Investment Advisers Act of 1940 (“Investment Advisers Act”). For example, Covered Officers may not individually engage in certain transactions (such as the purchase or sale of securities or other property) with the Fund because of their status as “affiliated persons” (as defined in the Investment Company Act) of the Fund. The Fund’ s and its investment adviser’ s compliance programs and procedures are designed to prevent, or identify and correct, violations of these provisions. This Code does not, and is not intended to, repeat or replace these programs and procedures, and such conflicts fall outside the parameters of this Code, unless or until the Chair of the Audit Committee determines any violations of such programs and procedures is also a violation of this Code.

Although typically not presenting an opportunity for improper personal benefit, conflicts may arise from, or as a result of, the contractual relationship between a Fund and its investment adviser of which the Covered Officers are also officers or employees. As a result, this Code recognizes that the Covered Officers will, in the normal course of their duties (whether formally for the Fund or for the adviser, or for both), be involved in establishing policies and implementing decisions that will have different effects on the Fund and its investment adviser. The participation of the Covered Officers in such activities is inherent in the contractual relationship between the Fund and the adviser and is consistent with the performance by the Covered Officers of their duties as officers of the Fund. Thus, if performed in conformity with the provisions of the Investment Company Act and the Investment Advisers Act, such activities will be deemed to have been handled ethically. In addition, it is recognized by the Funds’ Boards of Directors/Trustees (“Boards”) that the Covered Officers may also be officers or employees of one or more other investment companies covered by this or other codes.

Other conflicts of interest are covered by the Code, even if such conflicts of interest are not subject to provisions in the Investment Company Act and the Investment Advisers Act. The overarching principle is that the personal interest of a Covered Officer should not be placed improperly before the interest of a Fund.¹

Some examples of conflicts of interest follow (this is not an all-inclusive list): being in the position of supervising, reviewing or having any influence on the job evaluation, pay or benefit of any immediate family member who is an employee of a Fund service provider or is otherwise associated with a Fund; or having an other than de minimis ownership interest in, or having any consulting or employment relationship with, any Fund service provider other than Torchlight Investors, LLC (“Torchlight Investors”) or its affiliates.

Covered Officers should avoid actual conflicts of interest, and appearances of conflicts of interest, between the Covered Officer’s duties to a Fund and his or her personal interests beyond those contemplated or anticipated by applicable regulatory schemes. If a Covered Officer suspects or knows of a conflict or an appearance of one, the Covered Officer must immediately report the matter to the Chair of the Audit Committee.

III. Disclosure and Compliance

Each Covered Officer should familiarize himself or herself with the disclosure requirements generally applicable to the Funds;

each Covered Officer should not knowingly misrepresent, or cause others to misrepresent, facts about the Fund to others, whether within or outside the Fund, including to the Fund’s Directors/Trustees and auditors, and to governmental regulators and self-regulatory organizations;

¹ Conflicts of interest may arise as a result of family relationships. Accordingly, each Covered Officer should consider such potential conflicts and, if appropriate, familiarize his or her immediate family members with the Covered Officer’s relevant obligations under this Code.

each Covered Officer should, to the extent appropriate within his area of responsibility, consult with other officers and employees of the Funds and their advisers with the goal of promoting full, fair, accurate, timely and understandable disclosure in the reports and documents the Funds file with, or submit to, the SEC and in other public communications made by the Funds; and

it is the responsibility of each Covered Officer to use reasonable efforts to promote compliance with the standards and restrictions imposed by applicable laws, rules and regulations.

IV. Reporting and Accountability

Each Covered Officer must:

upon adoption of the Code (thereafter as applicable, upon becoming a Covered Officer), affirm in writing to the Boards that he has received, read and understands the Code;

annually thereafter affirm to the Boards that he has complied with the requirements of the Code;

not retaliate against any other Covered Officer or any employee of the Funds or their affiliated persons for reports of potential violations that are made in good faith; and

notify the Chair of the Audit Committee promptly if he or she knows of any violation of this Code. Failure to do so is itself a violation of this Code.

The Chair of the Audit Committee is responsible for applying this Code to specific situations in which questions are presented under it and has the authority to interpret this Code in any particular situation. However, any explicit or implicit waivers² sought by a Covered Officer must be considered by the Audit Committee of the relevant Fund as described below.

The Funds will follow these procedures in investigating and enforcing this Code:

The Chair of the Audit Committee will take appropriate action to investigate any potential violations reported to him;

if, after such investigation, the Chair of the Audit Committee believes that no violation has occurred, he is not required to take any further action;

any matter that the Chair of the Audit Committee believes is a violation will be reported to the full Audit Committee of the relevant Fund;

² Item 2 of Form N-CSR defines “waiver” as “the approval by the registrant of a material departure from a provision of the code of ethics” and “implicit waiver” as “the registrant’s failure to take action within a reasonable period of time regarding a material departure from a provision of the code of ethics that has been made known to an executive officer” of the registrant.

if the Audit Committee concurs that a violation has occurred, they will consider appropriate action, which may include review of, and appropriate modifications to, applicable policies and procedures; notification to appropriate personnel of the investment adviser or its board; or a recommendation to dismiss the Covered Officer as an officer of the Fund;

the Audit Committee of the relevant Fund will be responsible for granting waivers, as appropriate; and

any changes to or waivers of this Code will, to the extent required, be disclosed as provided by SEC rules.

With respect to any obligations or responsibilities described herein as those the Chair of the Audit Committee or of the full Audit Committee, the Chair or Committee (as the case may be) – at the expense of the relevant Fund – may consult with Fund counsel, counsel deemed to be independent of Torchlight Investors, Fund auditors or such other counsel, auditors, consultants or experts as the Chair or Committee (as the case may be) deems necessary or appropriate in furtherance of such obligations or responsibilities.

Other Policies and Procedures

This Code shall be the sole code of ethics adopted by the Funds for purposes of Section 406 of the Sarbanes-Oxley Act of 2002 and the rules and forms applicable to registered investment companies thereunder. Insofar as other policies or procedures of the Funds, the Funds’ investment adviser, principal underwriter, or other service providers govern or purport to govern the behavior or activities of the Covered Officers who are subject to this Code, they are superseded by this Code to the extent that they overlap or conflict with the provisions of this Code, unless any provision of this Code conflicts with any applicable federal or state law, in which case the requirements of such law will govern. The Funds’ and their investment advisers’ and principal underwriters’ codes of ethics under 17j-1 under the Investment Company Act are separate requirements applying to the Covered Officers and others, and are not part of this Code.

V. Amendments

Any amendments to this Code, other than amendments to Appendix A must be approved or ratified by a majority vote of the Board, including a majority of Independent Directors/Trustees.

VI. Confidentiality

All reports and records prepared or maintained pursuant to this Code will be considered confidential and shall be maintained and protected accordingly. Except as otherwise required by law or this Code, such matters shall not be disclosed to anyone other than the

Independent Directors/Trustees and any counsel, auditors, consultants or other experts retained by them, the Funds and their counsel and Torchlight Investors and its counsel.

Appendix A

COVERED OFFICERS

Principal Executive Officer - Daniel Heflin

Principal Financial Officer - Ramalingam Ganesh

AUDIT COMMITTEE CHAIR

S. Leland Dill

7721 Blue Heron Way

West Palm Beach, FL 33412

(561) 371-1364

Rule 30a-2(a) CERTIFICATIONS

I, Daniel Heflin, certify that:

1. I have reviewed this report on Form N-CSR of Torchlight Value Fund Master, LLC;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations, changes in net assets, and cash flows (if the financial statements are required to include a statement of cash flows) of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Rule 30a-3(c) under the Investment Company Act of 1940) and internal control over financial reporting (as defined in Rule 30a-3(d) under the Investment Company Act of 1940) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of a date within 90 days prior to the filing date of this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal half-year (the registrant's second fiscal half-year in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize, and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: January 10, 2013

/s/ Daniel Heflin

Daniel Heflin, President and

Chief Executive Officer

EXHIBIT 99.CERT (ii)

Rule 30a-2(a) CERTIFICATIONS

I, Ramalingam Ganesh, certify that:

1. I have reviewed this report on Form N-CSR of Torchlight Value Fund Master, LLC;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations, changes in net assets, and cash flows (if the financial statements are required to include a statement of cash flows) of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Rule 30a-3(c) under the Investment Company Act of 1940) and internal control over financial reporting (as defined in Rule 30a-3(d) under the Investment Company Act of 1940) for the registrant and have:
- (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of a date within 90 days prior to the filing date of this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal half-year (the registrant's second fiscal half-year in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
- (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize, and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: January 10, 2013

/s/ Ramalingam Ganesh

Ramalingam Ganesh,

Chief Financial Officer

Rule 30a-2(b) CERTIFICATIONS

Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of section 1350, chapter 63 of title 18, United States Code), each of the undersigned officers of Torchlight Value Fund Master, LLC (the Registrant), do hereby certify, to such officer's knowledge, that:

- (1) The Torchlight Value Fund Master, LLC on Form N-CSR of the Registrant for the period ended October 31, 2012 (the "Form N-CSR") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) the information contained in the Form N-CSR fairly presents, in all material respects, the financial condition and results of operations of the Registrant.

By: /s/ Daniel Heflin

Name: Daniel Heflin
Title: President and Chief Executive Officer
Date: January 10, 2013

By: /s/ Ramalingam Ganesh

Name: Ramalingam Ganesh
Title: Chief Financial Officer
Date: January 10, 2013

This certification is being furnished solely pursuant to 18 U.S.C. ss. 1350 and is not being filed as part of the Report or as a separate disclosure document.
