

AUDITED FINANCIAL STATEMENTS

APQ ALEXANDRIA MASTER FUND LIMITED

For the year ended 31 December 2015
With Report of Independent Auditors

APQ ALEXANDRIA MASTER FUND LIMITED

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Independent Auditors' Report

The Board of Directors
APQ Alexandria Master Fund Limited

We have audited the accompanying financial statements of APQ Alexandria Master Fund Limited (the "Master Fund") which comprise the statement of financial position as at 31 December 2015, and the statement of comprehensive income, statement of changes in net assets attributable to holders of redeemable participating shares and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

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

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of APQ Alexandria Master Fund Limited as at 31 December 2015, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

Ernst & Young Ltd.

11 May 2016

APQ ALEXANDRIA MASTER FUND LIMITED

STATEMENT OF FINANCIAL POSITION

(Expressed in U.S. Dollars)

As at 31 December 2015

	Notes	2015	2014
Assets		\$	\$
Due from brokers	3	41,362,920	52,187,862
Financial assets at fair value through profit or loss	5	19,345,200	33,164,967
Dividends receivable		55,387	-
Interest receivable		92,921	200,152
Due from APQ Alexandria Fund Limited		31,500	-
Other receivables and prepayments		169,923	222,604
Total assets		<u>61,057,851</u>	<u>85,775,585</u>
Liabilities			
Due to brokers	3	735,457	620,223
Financial liabilities at fair value through profit or loss	5	6,846,355	14,097,809
Interest payable		2,489	1,538
Professional fees payable		80,140	51,410
Other payables and accrued expenses		72	1,676
Total Liabilities		<u>7,664,513</u>	<u>14,772,656</u>
Net assets attributable to holders of redeemable participating shares		<u>53,393,338</u>	<u>71,002,929</u>

Net asset value per share by class as at 31 December 2015

	No of shares	NAV per share
Class A USD	597,884.85	\$87.05
Class B GBP	10,387.01	£87.94

Net asset value per share by class as at 31 December 2014

	No of shares	NAV per share
Class A USD	723,266.75	\$95.67
Class B GBP	11,953.28	£96.91

The accompanying notes are an integral part of the financial statements and should be read in conjunction therewith.

APQ ALEXANDRIA MASTER FUND LIMITED

STATEMENT OF COMPREHENSIVE INCOME

(Expressed in U.S. Dollars)

For the year ended 31 December 2015

	Notes	2015 \$	2014 \$
Investment income/(loss)			
Net realised (loss)/gain on financial assets and liabilities at fair value through profit or loss	5	(5,827,644)	4,214,192
Net realised gain on foreign currency exchange	5	2,950	112,857
Net change in unrealised appreciation/(depreciation) on financial assets and liabilities at fair value through profit or loss	5	538,785	(6,672,320)
Net change in unrealised appreciation/(depreciation) on foreign currency exchange	5	36,106	(24,500)
Interest income		511,676	947,806
Dividend income (net of withholding tax 2015: \$69,895 2014:\$15,518)		197,916	133,214
Other income		-	3,750
		<u>(4,540,211)</u>	<u>(1,285,001)</u>
Expenses			
Professional fees		99,195	90,750
Directors' fees	10	28,060	36,309
Interest expense		30,223	145,795
Dividend expense		-	123,237
Administration fees	10	314,700	300,000
Custodian fees		-	59,580
Organisation Expenses		59,987	59,987
Other expenses		177,684	211,144
		<u>709,849</u>	<u>1,026,802</u>
Operating loss		<u>(5,250,060)</u>	<u>(2,311,803)</u>
Decrease in net assets attributable to holders of redeemable participating shares from operations		<u>(5,250,060)</u>	<u>(2,311,803)</u>

The accompanying notes are an integral part of the financial statements and should be read in conjunction therewith.

APQ ALEXANDRIA MASTER FUND LIMITED

STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE PARTICIPATING SHARES

(Expressed in U.S. Dollars)

For the year ended 31 December 2015

	2015	2014
	\$	\$
Net Assets attributable to holders of redeemable participating shares at beginning of year	71,002,929	98,096,988
Issue of redeemable participating shares	19,552,596	2,291,627
Redemption of redeemable participating shares	(31,912,127)	(27,073,883)
Decrease in net assets attributable to holders of redeemable participating shares from transactions in shares	(12,359,531)	(24,782,256)
Decrease in net assets attributable to holders of redeemable participating shares from operations	(5,250,060)	(2,311,803)
Net assets, at end of year	53,393,338	71,002,929

The accompanying notes are an integral part of the financial statements and should be read in conjunction therewith.

APQ ALEXANDRIA MASTER FUND LIMITED

STATEMENT OF CASH FLOWS

(Expressed in U.S. Dollars)

For the year ended 31 December 2015

	2015	2014
	\$	\$
Cash flows from operating activities		
Decrease in net assets attributable to holders of redeemable participating shares from operations	(5,250,060)	(2,311,803)
<i>Adjustments to reconcile decrease in net assets attributable to holders of redeemable participating shares from operations to net cash provided by operating activities:</i>		
Payments for purchase of financial instruments at fair value through profit or loss	(237,626,829)	(210,161,207)
Proceeds from sale of financial instruments at fair value through profit or loss	238,906,283	192,768,808
Net realised loss/(gain) on financial instruments	5,827,644	(4,214,192)
Net change in unrealised (appreciation)/depreciation on financial instruments	(538,785)	6,672,320
Due from brokers	10,824,942	41,833,941
Due to brokers	115,234	194,302
Dividends receivable	(55,387)	-
Interest receivable	107,231	(18,672)
Other receivables and prepayments	52,681	59,956
Interest payable	951	(3,032)
Administration fees payable	-	(25,000)
Due from affiliated entities	(31,500)	-
Professional fees payable	80,140	185
Custodian fees payable	-	(10,177)
Other payables and accrued expenses	(53,014)	(3,173)
Net cash provided in operating activities	12,359,531	24,782,256
Cash flows from financing activities		
Proceeds from issue of redeemable participating shares	19,552,596	2,291,627
Payments on redemption of redeemable participating shares	(31,912,127)	(27,073,883)
Net cash used in financing activities	(12,359,531)	(24,782,256)
Net decrease in cash and cash equivalents	-	-
Cash and cash equivalents, at beginning of year	-	-
Cash and cash equivalents, at end of year	-	-
Supplemental disclosure of cash flow information		
Interest received	218,603	-
Interest paid	(29,272)	(21,707)
Dividends received	142,529	-

The accompanying notes are an integral part of the financial statements and should be read in conjunction therewith.

APQ ALEXANDRIA MASTER FUND LIMITED

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in U.S. Dollars)

1. Reporting entity

APQ Alexandria Master Fund Limited (the “Master Fund”) is a regulated mutual fund domiciled and incorporated in the Cayman Islands. The Master Fund was incorporated on 14 March 2013 and commenced operations on 15 May 2013. The Master Fund’s registered office is at 94 Solaris Avenue, Camana Bay, Grand Cayman.

APQ Alexandria Fund Limited (the “Feeder Fund”) is a regulated mutual fund domiciled and incorporated, with limited liability in the Cayman Islands. The Feeder Fund was incorporated on 14 March 2013 and was registered with the Cayman Islands Monetary Authority (“CIMA”) on 22 April 2013. The Feeder Fund commenced operations on 15 May 2013. Both the Master Fund and the Feeder Fund de-registered from CIMA on 31 December 2015.

The Feeder Fund invests substantially all of its capital through a “master-feeder” structure in the Master Fund which is also a Cayman Islands regulated mutual fund. The Master Fund is 100% owned by the Feeder Fund as at 31 December 2015 (100%: 31 December 2014).

The investment objective of the Master Fund is to generate long-term returns through investments in global and emerging markets. The Master Fund will invest in stocks, bonds, foreign exchange, commodities and their derivatives across Asia, Latin America, Eastern Europe, Middle East, Africa, and the developed markets.

The Master Fund’s investment activities are managed by APQ Partners LLP (the “Investment Manager”). The Investment Manager is an English limited liability partnership and is regulated by the Financial Conduct Authority (“FCA”).

The Master Fund meets the definition of an investment entity as defined by IFRS 10 - Consolidated Financial Statements.

2.1. Basis of preparation

The financial statements of the Master Fund for the year ended 31 December 2015 have been prepared in accordance with International Financial Reporting Standards (“IFRSs”) as issued by the International Accounting Standard Board (“IASB”). The financial statements are presented in US Dollars.

The financial statements have been prepared on a historical cost basis, except for financial assets and financial liabilities held at fair value through profit or loss, which have been measured at fair value.

APQ ALEXANDRIA MASTER FUND LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

(Expressed in U.S. Dollars)

2.2. Summary of significant accounting policies

(a) Use of estimates and judgements

The preparation of the Master Fund's financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

(b) Foreign currency

The Master Fund's functional and presentation currency is the currency of the primary economic environment in which it operates i.e. US Dollars. The Master Fund receives its investing capital primarily in US Dollars. For this reason, management has determined that the functional currency of the Master Fund should be US Dollars.

Transactions in foreign currencies are translated into US Dollars at the spot exchange rate at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated into US Dollars at the spot exchange rate at that date.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value through profit or loss are translated into US Dollars at the spot exchange rate at the date that the fair value was determined. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Foreign currency differences arising on translation are recognized in the statement of comprehensive income in the "net realised gain/(loss) on foreign currency exchange" and "net change in unrealised depreciation on foreign currency exchange" lines, except for those arising on financial instruments at fair value through profit or loss which is recognized the statement of comprehensive income in the "net realised gain/(loss) on financial assets and liabilities at fair value through profit or loss" and "net change in unrealised appreciation/(depreciation) on financial assets and liabilities at fair value through profit or loss" lines.

APQ ALEXANDRIA MASTER FUND LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

(Expressed in U.S. Dollars)

2.2. Summary of significant accounting policies (continued)

(c) Interest

Interest income and expenses are recognized in the statement of comprehensive income on an accruals basis.

(d) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits, short term deposits in banks and short-term highly liquid investments that are readily convertible to known amounts of cash. There were no cash and cash equivalents held by the Master Fund at 31 December 2015.

(e) Income taxes

The Master Fund is exempt from all forms of taxation in the Cayman Islands (including income, capital gains and withholding taxes). However, in some jurisdictions, investment income and capital gains are subject to withholding tax deducted at the source of the income. The Master Fund presents the withholding tax separately from the gross investment income in the Statement of Comprehensive Income. For the purpose of the Statement of Cash Flows, cash inflows from investments are presented net of withholding taxes, when applicable.

(f) Net gain or loss on financial assets and liabilities at fair value through profit or loss

This includes changes in the fair value of financial assets and liabilities held for trading or designated upon initial recognition as 'at fair value through profit or loss' and excludes interest and dividend income and expense.

Unrealised gains and losses comprise changes in the fair value of financial instruments for the period and from reversal of prior period's unrealised gains and losses for financial instruments which were realised in the reporting period.

Realised gains or losses on disposals of financial instruments classified at fair value through profit or loss are calculated using first in, first out ("FIFO") method. They represent the difference between an instrument's initial carrying amount and disposal amount, or cash payments or receipts made on derivative contracts (excluding payments or receipts on collateral margin accounts for such instruments).

APQ ALEXANDRIA MASTER FUND LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

(Expressed in U.S. Dollars)

2.2. Summary of significant accounting policies (continued)

(g) Fees, commission and other expenses

Fees, commission and other expenses are recognised in the statement of comprehensive income on an accruals basis.

(h) Financial Instruments

(i) Classification

The Master Fund has adopted the following classifications for financial assets and financial liabilities:

Financial assets and financial liabilities at fair value through profit or loss:

The category of financial assets and liabilities at fair value through profit or loss include financial assets and liabilities held for trading. Financial assets are classified as held for trading if they are acquired for the purpose of selling and/or repurchasing in the near term.

This category includes listed equity securities, debt securities, fund investments and derivatives. Derivative financial assets held for trading include futures, contracts for difference ("CFD"), interest rate swaps, variance swaps, equity and index options, currency options and forward contracts. These assets are acquired principally for the purpose of generating a profit from short-term fluctuations in price. All derivatives and liabilities from short sales of financial instruments are classified as held for trading. The Master Fund's policy is not to apply hedge accounting

Other financial liabilities

This category includes all financial liabilities, other than those classified fair value through profit or loss. The Master Fund includes in this category amounts relating to short-term payables.

(ii) Recognition

The Master Fund recognises a financial asset or a financial liability when, and only when, it becomes a party to the contractual provisions of the instrument. Purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the marketplace (regular way trades) are recognised on the trade date, i.e., the date that the Master Fund commits to purchase or sell the asset.

(iii) Initial measurement

Financial assets and financial liabilities at fair value through profit or loss are recorded in the Statement of Financial Position at fair value. All transaction costs for such instruments are recognised directly in the Statement of Comprehensive Income.

APQ ALEXANDRIA MASTER FUND LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

(Expressed in U.S. Dollars)

2.2. Summary of significant accounting policies (continued)

(h) Financial Instruments (continued)

(iv) Subsequent measurement

After initial measurement, the Master Fund measures financial instruments which are classified as fair value through profit or loss, at fair value. Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction on the measurement date. Subsequent changes in the fair value of those financial instruments are recorded in 'Net change in unrealised appreciation/(depreciation) on financial assets and liabilities at fair value through profit or loss'. Interest and dividend earned or paid on such instruments are recorded separately in interest income or expense and dividend income or expense.

When available, the Master Fund measures the fair value of an instrument using quoted prices in an active market for that instrument. A market is regarded as active if quoted prices are readily and regularly available and represent actual and regularly occurring market transactions on an arm's length basis. When fair values of listed equity securities as well as publicly traded derivatives at the reporting date are based on quoted market prices without any deduction for transaction costs, the instruments are included within Level 1 of the fair value hierarchy.

For all other financial instruments the Master Fund establishes fair value using industry standard valuation techniques. Valuation techniques include using recent arm's length transactions between knowledgeable, willing parties (if available), reference to the current fair value of other instruments that are substantially the same, discounted cash flow analyses and option pricing models. The chosen valuation technique makes maximum use of market inputs, relies as little as possible on estimates specific to the Master Fund, incorporates all factors that market participants would consider in setting a price, and is consistent with accepted economic methodologies for pricing such financial instruments. Inputs to valuation techniques reasonably represent market expectations and measures of the risk-return factors inherent in the financial instrument. The Master Fund classifies securities valued in this manner within Level 2 of the Fair Value hierarchy.

The Master Fund at the reporting date did not hold any Level 3 securities.

(v) Derecognition

The Master Fund derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or when it transfers the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred or in which the Master Fund neither transfers nor retains substantially all the risks and rewards of ownership but transfers control of the financial asset. Any interest in transferred financial assets that qualify for derecognition that is created or retained by the

APQ ALEXANDRIA MASTER FUND LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

(Expressed in U.S. Dollars)

2.2. Summary of significant accounting policies (continued)

(h) Financial Instruments (continued)

(v) Derecognition (continued)

Master Fund is recognised as a separate asset or liability in the Statement of Financial Position. On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognised), and the consideration received (including any new asset obtained less any new liability assumed) is recognised in the Statement of Comprehensive Income.

The Master Fund derecognizes a financial liability when its contractual obligations are discharged, cancelled or expired.

(i) Offsetting

Financial assets and liabilities are presented gross in the Statement of Financial Position. Information about where the Master Fund has the enforceable legal right to offset financial assets and liabilities is described in note 7.

(j) Dividend income and expense

Dividend income is recognized when the Master Fund's right to receive payment is established. Dividend income is presented net of any non-recoverable withholding taxes in the Statement of Comprehensive Income. Dividend expense relating to equity securities sold short is recognized when the shareholders right to receive payment is established.

(k) Redeemable participating shares

Redeemable participating shares are classified as financial liabilities and are measured at the redemption amounts representing the investor's right to a residual interest in the Master Funds assets. In accordance with the Master Fund's Prospectus, the redemption amounts of the redeemable participating shares are calculated using the closing prices of the Master Fund's underlying investments/short positions and other assets and liabilities as disclosed on the Statement of Financial Position.

(l) Founder shares

The Master Fund's founder shares are classified as equity. The founder shares do not form part of the net assets of the Master Fund and are disclosed in the financial statements by way of this note only.

APQ ALEXANDRIA MASTER FUND LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

(Expressed in U.S. Dollars)

2.2. Summary of significant accounting policies (continued)

(m) Taxes

Uncertainties exist with respect to the interpretation of complex tax regulations and changes in tax laws on foreign withholding tax. Given the wide range of international investments, differences arising between the actual investment income and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax expense already recorded. The Master Fund establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective countries in which it invests. The amounts of such provisions are based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in their respective investment's domicile. As the Master Fund assesses the probability for litigation and subsequent cash outflow with respect to taxes as remote, no contingent liability has been recognised.

(n) Going Concern

The Master Fund's management has made an assessment of the Master Fund's ability to continue as a going concern and is satisfied that the Master Fund has the resources to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Master Fund's ability to continue as a going concern. Therefore, the financial statements have been prepared on a going concern basis.

2.3. New and amended standards and interpretations

(i) New standards, amendments and interpretations effective for the current reporting period:

IFRS 9 Financial Instruments-Classification and Measurement

IFRS 9 as issued reflects the first phase of the IASB's work on the replacement of IAS 39 and applies to classification and measurement of financial assets and financial liabilities as defined in IAS 39. The standard is effective for annual periods beginning on or after 1 January 2018. In subsequent phases, the IASB will address hedge accounting and impairment of financial assets. The adoption of the first phase of IFRS 9 will have an effect on the classification and measurement of the Master Fund's financial assets but will potentially have no impact on classification and measurements of financial liabilities. The Master Fund will quantify the effect in conjunction with the other phases, when issued, to present a comprehensive picture.

APQ ALEXANDRIA MASTER FUND LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

(Expressed in U.S. Dollars)

3. Balances due from/to brokers

Balances due from brokers result from margin cash balances held as collateral by the brokers against derivative positions. Amounts due to brokers include margin and collateral accounts, amounts payable for securities purchased (in a regular way transaction) that have been contracted for, but not yet delivered, as at the reporting date. Amounts due from brokers include margin accounts and amounts receivable for securities sold (in a regular way transaction) that have been contracted for, but not yet delivered, on the reporting date. Margin accounts represent cash deposits held with brokers as collateral against open futures contracts.

At 31 December 2015, due from/to brokers comprised of the following balances:

	As at 31 December 2015	
	Amounts Due from Broker	Amounts Due to Broker
Collateral Cash	13,146,672	-
Margin	11,724,965	1,724
Cash at Broker	16,491,283	733,733
	41,362,920	735,457

At 31 December 2014, due from/to brokers comprised of the following balances:

	As at 31 December 2014	
	Amounts Due from Broker	Amounts Due to Broker
Collateral Cash	9,518,694	500,000
Margin	17,857,936	18,830
Cash at Broker	24,811,232	101,393
	52,187,862	620,223

APQ ALEXANDRIA MASTER FUND LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

(Expressed in U.S. Dollars)

4. Financial risk management

The Master Fund's risk management objective is to create and protect shareholder value. Risk is inherent in the Master Fund's activities, but it is managed through a process of ongoing identification, measurement and monitoring. The Master Fund is exposed to credit risk, market risk (which includes currency risk, interest rate risk and price risk) and liquidity risk arising from the financial instruments it holds.

Risk management framework

The Master Fund maintains positions in a variety of derivative financial instruments in accordance with its investment objectives. The Master Fund's investment portfolio is comprised of both quoted, OTC derivative financial instruments and forward foreign exchange contracts.

Asset purchases and sales are determined by the Investment Manager, who has been given discretionary authority to manage the distribution of the assets to achieve the Master Fund's investment objectives. Compliance of the composition of the portfolio is monitored by the Master Fund's Board of Directors.

(a) Credit risk/counterparty risk

Credit risk is the risk that the counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Master Fund, resulting in a financial loss to the Master Fund. The Master Fund has the credit risk in relation to transactions it enters with brokers, banks and third parties if the counterparty was to fail to complete any transaction to which the Master Fund is party. The Master Fund restricts its exposure to credit losses on derivative instruments by entering into master-netting arrangements with major counterparties with whom a significant volume of transactions are undertaken. Such arrangements provide for a single net settlement of all financial instruments covered by the agreement in the event of default on any one contract. Master-netting arrangements do not result in the offset of assets and liabilities in the Statement of Financial Position unless certain conditions for offsetting under IFRS 7 apply. Refer to Note 7 for details on offsetting arrangements.

For risk management reporting purposes the Master Fund considers and consolidates all elements of credit risk exposure (such as individual obligator risk, country and sector risk).

Management of credit risk/counterparty risk

The Master Fund's policy over credit risk is to minimize its exposure to counterparties with perceived higher risk of default by dealing only with counterparties meeting the credit standards set out in the Master Fund's prospectus and taking collateral where it can. The Master Fund may enter into transactions with counterparties for OTC financial derivative instruments, wherein cash or other assets belonging to the Master Fund may be passed outside the custodial network of the Master Fund to an unlimited extent in order to support the Master Fund's transactions.

The Master Fund's maximum credit risk exposure at the Statement of Financial Position date is represented by the respective carrying amounts of the financial assets in the Statement of Financial Position. This amounted to \$61,057,851 as at 31 December 2015.

APQ ALEXANDRIA MASTER FUND LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

(Expressed in U.S. Dollars)

4. Financial risk management (continued)

(a) Credit risk/counterparty risk (continued)

Exposure to credit risk arising from derivative assets

The Master Fund enters into two types of derivative transactions – exchange-traded derivatives and over the counter (“OTC”) derivatives. Credit risks arising from exchange-traded derivatives are mitigated as the clearing houses of each futures exchange guarantee the settlement of all futures contracts for market participants. OTC derivatives expose the Master Fund to the risk that the counterparties to these OTC derivatives might default on their obligations to the Master Fund. The exposure to OTC derivatives as at 31 December 2015 is (\$3,952,651.67) (2014: (\$3,227,604)).

Settlement risk

The Master Fund’s activities may give rise to risk at the time of settlement of transactions. Settlement risk is the risk of loss due to the failure of an entity to honor its obligations to deliver cash, securities or other assets as contractually agreed.

The Investment Manager also manages the Master Fund’s exposure to price risk by analysing the investment portfolio by region and sector. The Investment Manager’s policy is to concentrate the investment portfolio in sectors and regions where the Investment Manager believes the Master Fund can maximize the returns derived for the level of risk to which the Master Fund is exposed.

For all transactions the Master Fund mitigates credit risk by conducting settlements through a broker to ensure that a trade is settled only when both parties have fulfilled their contractual settlement obligations. Settlement limits form part of the credit approval and limit monitoring process. The Master Fund has two major counterparties with A rating, making up 99.33% of NAV, at 31 December 2015 (2014: 79.14%). A major counterparty is defined as any counterparty that holds portfolio positions and cash that in the aggregate, are greater than 10% of net assets

Portfolio Credit risk

The tables below summarise the significant region concentrations within the Master Fund’s debt portfolio:

Concentration of credit risk by geographical region

	% of net assets 31 December 2015	% of net assets 31 December 2014
Americas	4.40%	2.97%
Asia	0%	0.98%
EMEA	5.73%	8.63%
	10.13%	12.58%

APQ ALEXANDRIA MASTER FUND LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

(Expressed in U.S. Dollars)

4. Financial risk management (continued)

(a) Credit risk/counterparty risk (continued)

Concentration of credit risk by industry

Sector	% of net assets 31 December 2015	% of net assets 31 December 2014
Banks	3.43%	8.16%
Financial	-	1.15%
Government	0.77%	-
Oil & Gas	3.64%	1.64%
Real Estate	-	0.98%
Utilities	2.29%	0.65%
	10.13%	12.58%

The following table analyses the Master Fund's Portfolio of debt securities by rating agency category.

Bloomberg Composite/Fitch Credit rating table

Credit rating	% of net assets 31 December 2015	% of net assets 31 December 2014
B	2.63%	1.28%
B+	-	2.10%
BB	1.11%	1.15%
BB-	-	1.32%
BB+	3.06%	0.65%
BBB-	0.63%	2.57%
C	-	0.89%
CC	-	0.98%
CCC	2.70%	1.64%
	10.13%	12.58%

APQ ALEXANDRIA MASTER FUND LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

(Expressed in U.S. Dollars)

4. Financial risk management (continued)

(b) Liquidity risk

Liquidity risk is the risk that the Master Fund will encounter difficulty in meeting obligations arising from its financial liabilities that are settled by delivering cash or another financial asset, or that such obligations will have to be settled in a manner disadvantageous to the Master Fund.

Exposure to liquidity risk arises because of the possibility that the Master Fund could be required to pay its liabilities or redeem its shares earlier than expected.

The following table summarizes the maturity of the Master Fund's financial instruments based on contractual maturities.

	Less than 1 month	1 month to 1 year	1 to 5 years	>5 years	Total
As at 31 December 2015	\$	\$	\$	\$	\$
Due from brokers	41,362,920	-	-	-	41,362,920
Financial assets at fair value through profit or loss	13,881,286	574,017	792,108	4,097,789	19,345,200
Dividend receivable	36,284	4,324	14,779	-	55,387
Interest receivable	26,927	65,994	-	-	92,921
Due from affiliated entities	31,500	-	-	-	31,500
Other receivables and prepayments	169,923	-	-	-	169,923
Total financial assets	55,508,840	644,335	806,887	4,097,789	61,057,851
Due to brokers	735,457	-	-	-	735,457
Financial liabilities at fair value through profit or loss	6,846,355	-	-	-	6,846,355
Net assets attributable to holders of redeemable participating shares	53,393,338	-	-	-	53,393,338
Interest payable	2,489	-	-	-	2,489
Professional fees payable	80,140	-	-	-	80,140
Other payables and accrued expenses	72	-	-	-	72
Total financial liabilities	61,057,851	-	-	-	61,057,851
Liquidity gap	(5,549,011)	644,335	806,887	4,097,789	-

APQ ALEXANDRIA MASTER FUND LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

(Expressed in U.S. Dollars)

4. Financial risk management (continued)

(b) Liquidity Risk (continued)

	Less than 1 month	1 month to 1 year	1 to 5 years	>5 years	Total
As at 31 December 2014	\$	\$	\$	\$	\$
Due from brokers	52,187,862	-	-	-	52,187,862
Financial assets at fair value through profit or loss	15,807,167	4,352,596	9,870,143	3,135,061	33,164,967
Interest receivable	32,974	167,178	-	-	200,152
Other receivables and prepayments	222,604	-	-	-	222,604
Total financial assets	68,250,607	4,519,774	9,870,143	3,135,061	85,775,585
Due to brokers	620,223	-	-	-	620,223
Financial liabilities at fair value through profit or loss	2,498,240	7,018,303	4,581,266	-	14,097,809
Net assets attributable to holders of redeemable participating shares	71,002,929	-	-	-	71,002,929
Interest payable	1,538	-	-	-	1,538
Professional fees payable	51,410	-	-	-	51,410
Other payables and accrued expenses	1,676	-	-	-	1,676
Total financial liabilities	74,176,016	7,018,303	4,581,266	-	85,775,585
Liquidity gap	(5,925,409)	(2,498,529)	5,288,877	3,135,061	-

Management of liquidity risk

The Master Fund's policy and the Investment Manager's approach to managing liquidity is to have sufficient liquidity to meet its liabilities, including estimated redemptions of shares, as and when due, without incurring due losses or risking damage to the Master Fund's reputation

The Master Fund's prospectus provides for the monthly subscription and redemption of redeemable participating shares, as described in note 8. The Master Fund is therefore exposed to the liquidity risk of meeting Shareholder redemptions at each redemption date. The Master Fund typically holds a large percentage of the net assets in liquid assets. At 31 December 2015, the Master Fund has \$41,362,920 due from brokers, which represents 77.47% of net assets.

(c) Market risk

Market risk is the risk that changes in market prices, such as interest rates, equity prices, foreign exchange rates and credit spreads (not relating to changes in the obligor's/issuer's credit standing) will affect the Master Fund's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimizing the return on risk.

APQ ALEXANDRIA MASTER FUND LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

(Expressed in U.S. Dollars)

4. Financial risk management (continued)

(c) Market risk (continued)

The Master Fund's Market risks are managed on a daily basis by the Investment Manager as set out below. Strict and dynamic risk management techniques are applied to the portfolio based on quantitative signals, risk indicators (VaR, stress tests, Greeks) and qualitative appreciation of market conditions (e.g. liquidity). These risk constraints are applied prior to any trade implementation and are strictly monitored intraday at the portfolio level by the Investment Manager and independently by the risk controller of the Investment Manager.

Overall Sensitivity

The principal tool used to measure and control market risk exposure of the Master Fund is a Value-at-Risk analysis (VaR). The VaR of the Master Fund's portfolio is the estimated loss that may arise on the portfolio over a specified period of time (holding period) from an adverse market movement within a specified probability (confidence level). The VaR model used by the Master Fund is based on a 98% confidence level and assumes a 1-day holding period. The VaR model is based mainly on historical simulations, taking into account market data from previous day's trading and observed relationships between different markets and prices. The model can generate a wide range of plausible future scenarios for market price movements, and is measured daily by the Investment Manager.

The use of VaR has limitations because it is a "point-in-time" calculation, reflecting positions held at 31 December 2015, which does not necessarily reflect the risk inherent in positions at other time. VaR is a statistical estimation and therefore it is possible that there could be, in any period, a greater number of days in which losses could exceed the calculated VaR. In addition, losses on those days might be substantially greater than the calculated VaR. The VaR model is based on historical data and does not take into account future market price movements, correlation between markets and levels of market liquidity in conditions of market stress may bear no relation to historical patterns. Losses that may be incurred due to exchange rate fluctuations are included in the VaR results.

A summary of the VaR position of the Master Fund at 31 December 2015 and during the year to 31 December 2015 is as follows per the below table:

	<u>Credit</u>	<u>Equity</u>	<u>FX</u>	<u>Rates</u>	<u>Total</u>
Americas	0.07%	0.35%	0.19%	0.09%	0.70%
Asia	0.02%	0.47%	0.03%	0.06%	0.58%
EMEA	0.13%	1.08%	0.14%	0.02%	1.37%
Total	0.22%	1.90%	0.36%	0.17%	2.65%

*Value-at-Risk at 98% confidence interval, 1 day horizon.

APQ ALEXANDRIA MASTER FUND LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

(Expressed in U.S. Dollars)

4. Financial risk management (continued)

(c) Market risk (continued)

A summary of the VaR position of the Master Fund at 31 December 2014 and during the period to 31 December 2014 is as follows per the below table:

	Credit	Equity	FX	Rates	Total
Americas	0.01%	0.01%	0.22%	-	0.24%
Asia	-	0.14%	0.23%	-	0.37%
EMEA	0.06%	0.48%	0.12%	-	0.66%
Total	0.07%	0.63%	0.57%	-	1.27%

*Value-at-Risk at 98% confidence interval, 1 day horizon.

(d) Currency risk

The Master Fund may invest in financial instruments and enter into transactions that are denominated in currencies other than its functional currency. Consequently, the Master Fund may be exposed to risks that the exchange rate of its currency relative to other foreign currencies may change in a manner that has an adverse impact on the fair value or future cash flows of that portion of the Master Fund's financial assets or liabilities.

The Master Fund's currency risk is monitored on an on-going basis by the Investment Manager. Where Shares are subscribed for in a share class denominated in a currency other than US Dollars, the Investment Manager will enter into a forward foreign exchange contract (a "forward") in order to hedge the currency risk of that specific share class. Forward currency contracts are entered into to mitigate the foreign exchange exposure of these specific share classes and the related gains and losses on these contracts are applied to the specific share classes only.

APQ ALEXANDRIA MASTER FUND LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

(Expressed in U.S. Dollars)

4. Financial risk management (continued)

(d) Currency risk (continued)

At the reporting date the carrying value of the Master Fund's financial assets and liabilities held in foreign currencies were as follows:

	Monetary Asset	Monetary Liability	Non- Monetary Asset	Non- Monetary Liability	Net Exposure
2015	\$	\$	\$	\$	\$
BRL	-	-	395,925	(310,844)	85,081
CHF	127	(127)	-	-	-
EUR	945,903	(731,300)	1,024,890	(1,829,628)	(590,135)
GBP	-	(4,025)	457,167	(15,469)	437,673
JPY	-	-	571	-	571
MXN	-	-	-	(38,671)	(38,671)
PLN	-	-	20,641	-	20,641
RUB	-	-	-	(47,641)	(47,641)
SGD	-	(5)	-	-	(5)
TRY	-	-	327,728	-	327,728
ZAR	-	-	1,225,105	(3,641)	1,221,464
	946,030	(735,457)	3,452,027	(2,245,894)	1,416,706
2014	\$	\$	\$	\$	\$
CHF	-	(89)	40,054	-	39,965
EUR	842,502	(17,052)	1,423,449	(1,147,946)	1,100,953
GBP	8,710	(1,709)	2,318,283	(2,006,431)	318,853
HKD	24	-	-	-	24
HUF	-	-	-	(3,257)	(3,257)
JPY	178,005	(100,247)	355,773	-	433,531
MXN	184,247	-	-	-	184,247
SGD	747	(750)	-	-	(3)
THB	-	(130)	-	-	(130)
TRY	76	(80)	1,768,087	-	1,768,083
ZAR	166	(166)	1,334,777	(1,595,865)	(261,088)
	1,214,477	(120,223)	7,240,423	(4,753,499)	3,581,178

APQ ALEXANDRIA MASTER FUND LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

(Expressed in U.S. Dollars)

4. Financial risk management (continued)

(d) Currency risk (continued)

The following exchange rates were used to convert investments, assets and liabilities to the functional currency of the Master Fund:

	As at 31 <u>December 2015</u>	As at 31 <u>December 2014</u>
BRL	3.96	-
CHF	1.00	0.99
EUR	1.09	1.21
GBP	1.47	1.56
HKD	7.75	7.75
HUF	-	260.94
ILS	3.89	-
JPY	120.30	119.9
MXN	17.27	14.74
PLN	3.95	-
RON	4.16	-
RSD	111.67	-
RUB	73.04	-
SGD	1.42	1.33
THB	35.99	32.9
TRY	2.92	2.34
ZAR	15.50	11.57

APQ ALEXANDRIA MASTER FUND LIMITED

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

(Expressed in U.S. Dollars)

4. Financial risk management (continued)

(e) Interest rate risk

The Master Fund is exposed to interest rate risk as a result of broker balances it holds, fixed income securities and derivative contracts entered into. It is part of the investment policy of the Master Fund that they will look to obtain exposure to interest rate risk. This exposure is monitored on a daily basis by the Investment Manager in accordance with policies and procedures in place.

Exposure interest rate risk

The following table analyses the Master Fund's interest rate risk exposure. The Master Fund's assets and liabilities are included at fair value and categorised by the earlier of contractual re-pricing or maturity dates.

As at 31 December 2015	0-3 months	3 months – 6 months	6 months – 1 year	1 – 5 years	> 5 years	Non-interest bearing	Total
	\$	\$	\$	\$	\$	\$	\$
Assets							
Due from brokers	41,362,920	-	-	-	-	-	41,362,920
Debentures and other interest bearing investments	-	-	496,250	792,108	4,097,789	-	5,386,147
Non-interest bearing securities	-	-	-	-	-	14,308,784	14,308,784
Total assets	41,362,920	-	496,250	792,108	4,097,789	14,308,784	61,057,851
Liabilities							
Due to brokers	735,457	-	-	-	-	-	735,457
Non-interest bearing securities	-	-	-	-	-	6,929,056	6,929,056
Total Liabilities	735,457	-	-	-	-	6,929,056	7,664,513

APQ ALEXANDRIA MASTER FUND LIMITED

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

(Expressed in U.S. Dollars)

4. Financial risk management (continued)

(e) Interest rate risk (continued)

As at 31 December 2014	0-3 months	3 months – 6 months	6 months – 1 year	1 – 5 years	> 5 years	Non-interest bearing	Total
	\$	\$	\$	\$	\$	\$	\$
Assets							
Due from brokers	52,187,862	-	-	-	-	-	52,187,862
Debentures and other interest bearing investments	-	-	-	5,602,565	3,135,061	-	8,737,626
Non-interest bearing securities	-	-	-	-	-	24,627,493	24,627,493
Total assets	52,187,862	-	-	5,602,565	3,135,061	24,627,493	85,552,981
Liabilities							
Due to brokers	620,223	-	-	-	-	-	620,223
Professional fees payable	-	-	-	-	-	51,410	51,410
Other payables and accrued expenses	-	-	-	-	-	1,676	1,676
Non-interest bearing securities	-	-	-	-	-	14,099,347	14,099,347
Total Liabilities	620,223	-	-	-	-	14,152,433	14,772,656

APQ ALEXANDRIA MASTER FUND LIMITED

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

(Expressed in U.S. Dollars)

4. Financial risk management (continued)

(f) Equity price risk

Equity price risk is the risk of unfavourable changes in the fair values of equities or equity-linked derivatives as the result of changes in the levels of equity indices and the value of individual shares. Equity price risk arises as a result of the Master Fund's investments in equity securities, equity securities sold short and equity-linked derivatives.

The following table analyses the Master Fund's concentration of equities by geographical location as a percentage of net assets attributable to shareholders;

2015

Brazil	2.16%
Britain	0.57%
Cayman Islands	(0.03)%
Germany	1.71%
Jersey	0.17%
Mexico	0.56%
Russia	7.93%
United Arab Emirates	0.46%
United States	11.98%
Total	<u>25.51%</u>

2014

Emerging Markets	0.28%
United Arab Emirates	0.45%
Total	<u>0.73%</u>

(g) Capital management

Redeemable participating shares issued by the Master Fund provide an investor with the right to require redemption for cash at a value proportionate to the investor's share in the Master Fund's net assets at each monthly redemption date and are classified as liabilities. See note 8 for a description of the terms of the redeemable participating shares issued by the Master Fund.

The Master Fund's objective in managing the redeemable participating shares is to ensure a stable base to maximize returns to all investors, and to manage liquidity risk arising from redemptions. The Master Fund's management of the liquidity risk arising from redeemable participating shares is discussed in note 4.

The Master Fund is not subject to any externally imposed capital requirements.

APQ ALEXANDRIA MASTER FUND LIMITED

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

(Expressed in U.S. Dollars)

5. Fair Value of Assets and Financial Liabilities at fair value through profit or loss

Valuation of financial instruments

The Master Fund measures fair value using the following fair value hierarchy that reflects the significance of inputs used in making the measurements:

- (i) Quoted (unadjusted) prices in active markets for identical assets or liabilities (Level 1).
- (ii) Securities valued using inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly derived from prices (Level 2).
- (iii) Securities valued using inputs that are based on unobservable data (Level 3).

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a Level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement, considering factors specific to the asset or liability.

The determination of what constitutes 'observable' requires significant judgement by the Master Fund. The Master Fund considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

(a) Financial assets at fair value through profit or loss

	\$ 2015	\$ 2014
Financial assets held for trading		
Investments in Securities		
Listed equity securities	10,679,047	695,543
ETF	1,773,559	-
UCIT Fund	-	13,493,910
Preferred securities	915,343	-
Debt securities	5,315,493	8,737,626
	<u>18,683,442</u>	<u>22,927,079</u>
Derivative financial instruments		
Futures	20,641	430,278
Options	99,790	3,828,340
Currency Options	116,023	5,519,480
Forward Contracts	-	453,265
CFDs	276,882	-
Interest rate swaps	70,655	-
Variance Swaps	77,767	6,525
	<u>661,758</u>	<u>10,237,888</u>
Total Financial assets at fair value through profit or loss	<u>19,345,200</u>	<u>33,164,967</u>

APQ ALEXANDRIA MASTER FUND LIMITED

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

(Expressed in U.S. Dollars)

5. Fair Value of Assets and Financial Liabilities at fair value through profit or loss (continued)

(b) Financial liabilities at fair value through profit or loss

	\$ 2015	\$ 2014
Financial liabilities held for trading		
Investments in Securities		
Listed equity securities	-	182,850
	-	182,850
Derivative financial instruments		
Options	3,771,610	4,016,191
Currency Options	2,558,650	7,740,141
Forward Contracts	425,345	1,712,308
Futures	75,281	-
CFDs	15,469	-
Variance Swaps	-	446,319
	6,846,355	13,914,959
Total Financial liabilities at fair value through profit or loss	6,846,355	14,097,809

(c) Realised gain/(loss) and change in unrealised appreciation/(depreciation) on financial instruments at fair value through profit or loss.

2015	Realised Gain	Realised Loss	Unrealised Gain	Unrealised Loss
Investments in Securities	1,297,908	(4,515,205)	3,121,525	(3,425,510)
Derivatives	16,353,518	(18,963,865)	11,016,428	(10,173,658)
Foreign Exchange	99,768	(96,818)	36,130	(24)
Total	17,751,194	(23,575,888)	14,174,083	(13,599,192)
2014	Realised Gain	Realised Loss	Unrealised Gain	Unrealised Loss
Investments in Securities	1,025,590	(3,054,141)	661,552	(3,606,368)
Derivatives	29,847,035	(23,604,292)	9,902,955	(13,630,459)
Foreign Exchange	197,041	(84,184)	5,342	(29,842)
Total	31,069,666	(26,742,617)	10,569,849	(17,266,669)

Investments whose values are based on quoted market prices in active markets, and are therefore classified within Level 1, include active listed equities, exchange traded funds and exchange traded derivatives such as future contracts and listed equity options. The Master Fund does not adjust the quoted mid-price obtained from Bloomberg for these instruments.

Financial instruments that trade in markets that are not considered to be active but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs are classified within Level 2. The Master Fund invests in investment-grade corporate bonds and preferred equity securities. In the absence of a quoted price in an active market, they are valued using observable inputs such as recently executed transaction prices in securities of the issuer or

APQ ALEXANDRIA MASTER FUND LIMITED

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

(Expressed in U.S. Dollars)

5. Fair Value of Assets and Financial Liabilities at fair value through profit or loss (continued)

comparable issuers and yield curves. Adjustments are made to the valuations when necessary to recognise differences in the instrument's terms. The Master Fund uses widely recognised valuation models for determining fair values of over-the-counter contracts for difference, interest rate swaps, variance swaps, currency options and forward foreign exchange contracts. The most frequently applied valuation techniques include forward pricing and swap models, using present value calculations. The models incorporate various inputs including both credit and debit valuation adjustments for counterparty and own credit risk, foreign exchange spot and forward rates and interest rate curves. To the extent that the significant inputs are observable, the Master Fund categorises these investments as Level 2.

Investments classified within Level 3 have significant unobservable inputs, as they trade infrequently.

During the year, the Master Fund did not hold any instruments that were deemed to be Level 3 instruments and no instruments were transferred between levels during the year.

The table below analyses financial instruments measured at fair value at the end of the reporting period by the level in the fair value hierarchy into which the fair value measurement is categorized.

	31 December 2015			Total
	Level 1	Level 2	Level 3	
Financial assets at fair value through profit or loss	\$	\$	\$	\$
Investments				
Equities				
Listed equity securities	10,679,047	-	-	10,679,047
Preferred securities	-	915,343	-	915,343
ETF	1,773,559	-	-	1,773,559
Interest bearing investments				
Debt Securities	-	5,315,493	-	5,315,493
Derivative contracts				
Currency Options	-	116,023	-	116,023
Equity Options	99,790	-	-	99,790
Futures	20,641	-	-	20,641
CFDs	-	276,882	-	276,882
Variance Swaps	-	77,767	-	77,767
Interest Rate Swaps	-	70,655	-	70,655
Forward Contracts				
Total	12,573,037	6,772,163	-	19,345,200

APQ ALEXANDRIA MASTER FUND LIMITED

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

(Expressed in U.S. Dollars)

5. Fair Value of Assets and Financial Liabilities at fair value through profit or loss (continued)

	31 December 2015			
	Level 1	Level 2	Level 3	Total
Financial liabilities at fair value through profit or loss	\$	\$	\$	\$
Derivative contracts				
Currency Options	-	2,558,650	-	2,558,650
Equity Options	3,771,610	-	-	3,771,610
Futures	75,281	-	-	75,281
CFDs	-	15,469	-	15,469
Forward Contracts	-	425,345	-	425,345
Total	3,846,891	2,999,464	-	6,846,355

	31 December 2014			
	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss	\$	\$	\$	\$
Equities				
Listed equity securities	695,543	-	-	695,543
Interest bearing investments				
Debt Securities	-	8,737,626	-	8,737,626
Fund Investments				
UCIT Fund	-	13,493,910	-	13,493,910
Derivatives financial assets				
Currency Options	-	5,519,480	-	5,519,480
Forward Contracts	-	453,265	-	453,265
Futures	430,278	-	-	430,278
Options	2,610,858	1,217,482	-	3,828,340
Variance Swaps	-	6,525	-	6,525
Total Derivatives	3,041,136	7,196,752	-	10,237,888
	3,736,679	29,428,288	-	33,164,967

APQ ALEXANDRIA MASTER FUND LIMITED

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

(Expressed in U.S. Dollars)

5. Fair Value of Assets and Financial Liabilities at fair value through profit or loss (continued)

	31 December 2014			
	Level 1	Level 2	Level 3	Total
Financial liabilities at fair value through profit or loss	\$	\$	\$	\$
Equities				
Listed equity securities	182,850	-	-	182,850
Derivatives financial liabilities				
Currency Options	-	7,740,141	-	7,740,141
Forward Contracts	-	1,712,308	-	1,712,308
Options	4,016,191	-	-	4,016,191
Variance Swaps	-	446,319	-	446,319
Total Derivatives	4,016,191	9,898,768	-	13,914,959
	4,199,041	9,898,768	-	14,097,809

6. Derivative contracts

Typically, derivative contracts serve as components of the Master Fund's investment strategy and are utilised primarily to structure and hedge investments, to enhance performance and reduce risk to the Master Fund (the Master Fund does not designate any derivative as a hedging instrument for hedge accounting purposes). The derivative contracts that the Master Fund holds include forwards, futures, exchange traded options and foreign exchange options.

The Master Fund uses derivative financial instruments to hedge its risks associated primarily with foreign currency fluctuations. Derivative financial instruments may also be used for trading purposes where the Investment Manager believes this would be more effective than investing directly in the underlying financial instruments.

Derivatives often reflect at their inception only a mutual exchange of promises with little or no transfer of tangible consideration. However, these instruments frequently involve a high degree of leverage and are very volatile. A relatively small movement in the underlying of a derivative contract may have a significant impact on the profit or loss of the Master Fund.

During the year/period, the Master Fund had positions in the following types of derivatives:

Forwards and futures

Forward and futures contracts are contractual agreements to buy or sell a specified financial instrument at a specific price and date in the future. Forwards are customized contracts transacted in the OTC market. Futures contracts are transacted in standardised amounts on regulated exchanges and are subject to daily cash margin requirements. The main differences in

APQ ALEXANDRIA MASTER FUND LIMITED

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

(Expressed in U.S. Dollars)

6. Derivative contracts (continued)

Forwards and futures (continued)

the risk associated with forward and futures contracts are credit risk and liquidity risk. The Master Fund has credit exposure to the counterparties of forward contracts. The credit risk related to future contracts is considered minimal because the exchange ensures that these contracts are always honored. Forward contracts are settled gross and, therefore, considered to bear a higher liquidity risk than the future contracts which are settled on a net basis. Both types of contracts result in market risk exposure.

Options

Options are contractual agreements that convey the right, but not the obligation, for the purchaser either to buy or sell a specific amount of a financial instrument at a fixed price, either at a fixed future date or at any time within a specified period.

The Master Fund purchases and sells put and call options through regulated exchanges and OTC markets. Options purchased by the Master Fund provide the Master Fund with the opportunity to purchase (call options) or sell (put options) the underlying asset at an agreed-upon value either on or before the expiration of the option. The Master Fund is exposed to credit risk on purchased options only to the extent of their carrying amount, which is their fair value. Options written by the Master Fund provide the purchaser the opportunity to purchase from or sell to the Master Fund the underlying asset at an agreed-upon value either on or before the expiration of the option. None of the options at the yearend were covered. Options are generally settled on a net basis.

Swaps

Swaps are contractual agreements between two parties to exchange streams of payments over time based on specified notional amounts. Interest rate swaps relate to contracts taken out by the Master Fund with major brokers in which the Master Fund either receives or pays a floating rate note of interest in return for paying or receiving a fixed rate of interest. The payment flows are usually netted against each other, with the difference being paid by one party to the other.

Contracts for difference ("CFD") which trade on an exchange or whose underlying securities are traded on an exchange are valued at the closing market value of the underlying security. CFD's are valued based on the difference between the notional long/short position of the underlying security calculated from a reference price on the date of entering the contract and the market value at the date of closing the trade, or the reporting date if prior to terminating the contract. For unsettled positions, unrealized gains/losses for the year are included in the Statement of Financial Condition and the Statement of Comprehensive Income. Realized gains and losses are included in the Statement of Comprehensive Income.

Variance swaps relate to contracts taken out by the Master Fund with major brokers in which the Master Fund trades future realised volatility against current implied volatility.

APQ ALEXANDRIA MASTER FUND LIMITED

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

(Expressed in U.S. Dollars)

6. Derivative contracts (continued)

The following table shows the fair values of derivative financial instruments, recorded as assets or liabilities, together with their notional amounts. The notional amount, recorded gross, is the amount of a derivative's underlying asset, reference rate or index and is the basis upon which changes in the value of derivatives are measured. The notional amounts indicate the volume of transactions outstanding at the reporting dates and are indicative of neither the market risk nor the credit risk.

As at 31 December 2015			
	\$	\$	\$
	Assets	Liabilities	Notional Amount
Derivatives primarily held for trading purposes			
Futures	20,641	75,281	8,240,210
Options	99,790	3,771,610	3,871,400
Currency Options	116,023	2,558,650	2,674,673
Forward Contracts	-	425,345	7,535,519
CFDs	276,882	15,469	4,065,819
Interest Rate Swaps	70,655	-	39,324,884
Variance Swaps	77,767	-	234,733
	661,758	6,846,355	65,947,238

As at 31 December 2014			
	\$	\$	\$
	Assets	Liabilities	Notional Amount
Derivatives primarily held for trading purposes			
Futures	430,278	-	10,224,778
Options	3,828,340	4,016,191	191,632,900
Currency Options	5,519,480	7,740,141	2,293,835,925
Forward Contracts	453,265	1,712,308	30,415,015
Variance Swaps	6,525	446,319	22,500,000
	10,237,888	13,914,959	2,548,608,618

7. Offsetting assets and liabilities

The Master Fund is required to disclose the impact of offsetting assets and liabilities presentation the Statement of Financial Position, in order to enable users of the financial statements to evaluate the effect, or potential effect, of netting arrangements. These recognised assets and liabilities are financial instruments and derivative instruments that are either subject to an enforceable master-netting arrangement or similar agreement or meet the following right of set off criteria: the amounts owed by the Master Fund to another party are determinable, the Master Fund has the right to set off the amounts owed with the amounts owed by the other party, the Master Fund intends to set off, and the Master Fund's right of setoff is enforceable at law.

7. Offsetting assets and liabilities (continued)

APQ ALEXANDRIA MASTER FUND LIMITED

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

(Expressed in U.S. Dollars)

As of 31 December 2015, the Master Fund held financial instruments and derivative instruments that were eligible for offset in the Statement of Financial Position and were subject to a master-netting arrangement. The master-netting arrangement allows the counterparty to net applicable collateral held on behalf of the Master Fund against applicable liabilities or payment obligations of the Master Fund to the counterparty. These arrangements also allow the counterparty to net any of its applicable liabilities or payment obligations they have to the Master Fund against any collateral sent to the Master Fund.

The following tables provide disclosure regarding the potential effect of offsetting of recognised assets and liabilities presented in the Statement of Financial Position:

As at 31 December 2015	(i) Gross Amounts of Recognized Assets \$	(ii) Gross Amounts Offset in the Statement of Financial Position \$	(iii) = (i) – (ii) Net Amounts of Assets presented in the Statement of Financial Position \$
Derivative Assets			
Options	99,790	-	99,790
Variance Swaps	77,767	-	77,767
Futures	20,641	-	20,641
CFDs	276,882	-	276,882
Interest Rate Swaps	70,655	-	70,655
Currency Options	116,023	-	116,023
Total	661,758	-	661,758

As at 31 December 2015	(iii) Net Amounts of Assets presented in the Statement of Financial Position \$	(iv) Gross Amounts Not offset in the Statement of Financial Position	(v) = (iii) –(iv)
		Financial Instruments \$	Cash Collateral Received \$
Counterparties			Net Amount \$
Citigroup Inc.	297,523	284,817	-
Deutsche Bank AG	300,879	300,879	-
HSBC	63,356	-	-
Total	661,758	585,696	-

APQ ALEXANDRIA MASTER FUND LIMITED

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

(Expressed in U.S. Dollars)

7. Offsetting assets and liabilities (continued)

As at 31 December 2015	(i)	(ii)	(iii) = (i) – (ii)
	Gross Amounts of Recognized Liabilities	Gross Amounts Offset in the Statement of Financial Position	Net Amounts of Liabilities presented in the Statement of Financial Position
	\$	\$	\$
Derivative Liabilities			
Forward Contracts	425,345	-	425,345
Futures	75,281	-	75,281
Options	3,771,610	-	3,771,610
CFDs	15,469	-	15,469
Currency Options	2,558,650	-	2,558,650
Total	6,846,355	-	6,846,355

As at 31 December 2015	(iii)	(iv)	(v) = (iii) – (iv)
	Net Amounts of Liabilities presented in the Statement of Financial Position	Gross Amounts Not offset in the Statement of Financial Position	
	\$	Financial Instruments	Cash Collateral Pledged
	\$	\$	\$
Counterparties			
Citigroup Inc.	284,817	284,817	-
Deutsche Bank AG	5,367,538	300,879	5,066,659
JP Morgan Chase & Co	1,194,000	-	1,194,000
Total	6,846,355	585,696	6,260,659

APQ ALEXANDRIA MASTER FUND LIMITED

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

(Expressed in U.S. Dollars)

7. Offsetting assets and liabilities (continued)

As at 31 December 2014	(i)	(ii)	(iii) = (i) – (ii)
	Gross Amounts of Recognized Assets	Gross Amounts Offset in the Statement of Financial Position	Net Amounts of Assets presented in the Statement of Financial Position
	\$	\$	\$
Derivative Assets			
Options	3,828,340	-	3,828,340
Variance Swaps	6,525	-	6,525
Futures	430,278	-	430,278
Forward Contracts	453,265	-	453,265
Currency Options	5,519,480	-	5,519,480
Total	10,237,888	-	10,237,888

As at 31 December 2014	(iii)	(iv)	(v) = (iii) – (iv)
	Net Amounts of Assets presented in the Statement of Financial Position	Gross Amounts Not offset in the Statement of Financial Position	
	\$	Financial Instruments \$	Cash Collateral Received \$ Net Amount \$
Counterparties			
Citigroup Inc.	1,217,482	-	1,217,482
Deutsche Bank AG	8,735,881	8,735,881	-
Goldman Sachs	6,525	-	6,525
JP Morgan Chase & Co	278,000	278,000	-
Total	10,237,888	9,013,881	1,224,007

APQ ALEXANDRIA MASTER FUND LIMITED

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

(Expressed in U.S. Dollars)

7. Offsetting assets and liabilities (continued)

As at 31 December 2014	(i) Gross Amounts of Recognized Liabilities \$	(ii) Gross Amounts Offset in the Statement of Financial Position \$	(iii) = (i) - (ii) Net Amounts of Liabilities presented in the Statement of Financial Position \$
Derivative Liabilities			
Forward Contracts	1,712,308	-	1,712,308
Options	4,016,191	-	4,016,191
Variance Swaps	446,319	-	446,319
Currency Options	7,740,141	-	7,740,141
Total	13,914,959	-	13,914,959

As at 31 December 2014	(iii) Net Amounts of Liabilities presented in the Statement of Financial Position \$	(iv) Gross Amounts Not offset in the Statement of Financial Position Financial Instruments \$	(v) = (iii) - (iv) Cash Collateral Pledged \$	Net Amount \$
Counterparties				
Bank of America	179,012	-	179,012	-
Deutsche Bank AG	12,829,902	8,735,881	4,094,021	-
JP Morgan Chase & Co	906,045	278,000	628,045	-
Total	13,914,959	9,013,881	4,901,078	-

8. Share Capital and Redeemable Participating Shares

The authorised share capital of the Master Fund is \$50,000 divided into 5,000,000 ordinary shares of \$0.01 par value each, €50,000 divided into 5,000,000 ordinary shares of €0.01 par value each, £50,000 divided into 5,000,000 ordinary shares of £0.01 par value each and ¥5,000,000 divided into 5,000,000 ordinary shares of ¥1.00 par value each.

The redeemable participating shares provide investors with the right to require redemption for cash at a value proportionate to the investor's share in the Master Fund's net assets at each monthly redemption date and also in the event of the Master Fund's liquidation.

APQ ALEXANDRIA MASTER FUND LIMITED

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

(Expressed in U.S. Dollars)

8. Share Capital and Redeemable Participating Shares (continued)

The rights attaching to the redeemable participating shares are as follows:

Redeemable participating shares may be redeemed on the last business day of each month; on the provision that day is a business day for the Master Fund, at the net asset value per share of the respective share class. If that day is not a business day for the Master Fund, shares may be redeemed on the immediately preceding business day. The Shareholder must request such redemption at least 30 calendar days prior to the proposed redemption day or such other day as the Investment Manager may determine. Redeemable shares in voting classes have the right to receive notice of, attend and vote at any general meeting of the Master Fund. The classes in issue which have voting rights are classes Class A USD and Class B GBP. Gains/losses from forward foreign exchange contracts held for share class hedging purposes are attributed to the relevant share class only.

The analysis of movements in the number of redeemable shares during the year was as follows:

	Outstanding at 01 January 2015	Issued	Redeemed	Outstanding at 31 December 2015
USD Class A	723,266.75	202,520.19	(327,902.09)	597,884.85
GBP Class B	11,953.28	621.95	(2,188.22)	10,387.01
	735,220.03	203,142.14	(330,090.31)	608,271.86

	Outstanding at 01 January 2014	Issued	Redeemed	Outstanding at 31 December 2014
USD Class A	990,713.52	7,841.96	(275,288.73)	723,266.75
GBP Class B	3,010.92	8,942.36	-	11,953.28
	993,724.44	16,784.32	(275,288.73)	735,220.03

Capital management

As a result of the ability to issue and redeem shares, the capital of the Master Fund can vary depending on the demand for redemptions and subscriptions to the Master Fund. The Master Fund is not subject to externally imposed capital requirements and has no legal restrictions on the issue or redemption of redeemable shares beyond those included in the Master Fund's constitution.

The Master Fund's objectives for managing capital are:

- To invest the capital in investments meeting the description, risk exposure and expected return indicated in its Prospectus

APQ ALEXANDRIA MASTER FUND LIMITED

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

(Expressed in U.S. Dollars)

8. Share Capital and Redeemable Participating Shares (continued)

Capital management (continued)

- To achieve consistent returns while safeguarding capital by investing in diversified portfolio, by participating in derivative and other capital markets and by using various investment strategies and hedging techniques
- To maintain sufficient liquidity to meet the expenses of the Master Fund, and to meet redemption requests as they arise
- To maintain sufficient size to make the operation of the Master Fund cost-efficient

Refer to Financial risk management objectives and policies for the policies and processes applied by the Master Fund in managing its capital.

9. Commitments and contingencies

There are no commitments or contingencies as at 31 December 2015. (There were no commitments or contingencies as at 31 December 2014.)

10. Related parties

Board of Directors

The Board of Directors is entitled to remuneration for their services. Fees will be paid to the Directors in an amount up to \$25,000 each per annum per Director equally prorated across both the Master Fund and the Feeder Fund. In addition, the Chairman of each Board of Directors receives an annual fee with respect to each of the Fund and the Master Fund of up to \$25,000. This is payable in advance, together with their out of pocket expenses. Director Fees and Expenses charged to the Master Fund for 2015 were \$28,060 (2014: \$36,309).

HighWater Limited provides corporate secretarial services to the Master Fund. Gary Linford and Todd Groome are directors of both HighWater Limited and the Master Fund. Corporate secretarial fees for the year ended 31 December 2015 amounted to \$6,500 (2014: \$7,560). The prepaid fee at year end was \$1,083 (2014: \$1,083).

Manager

APQ Capital Management Limited (the "Manager"), is an exempted company incorporated with limited liability under the laws of the Cayman Islands. Tuva Mountains Limited hold 80% (2014: 80%) of the shares of APQ Capital Management Limited and the underlying beneficial owner of these shares is Bart Turtelboom. Bart Turtelboom is also a beneficial investor in the Feeder Fund.

APQ ALEXANDRIA MASTER FUND LIMITED

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

(Expressed in U.S. Dollars)

10. Related parties (continued)

Administrator

The Master Fund has appointed HedgeServ Limited, a fund administration company incorporated in the Republic Ireland, to provide administrative services to the Master Fund. Administration fees charged during the year amounted to \$314,700 (2014: \$300,000).

Founder Shares

All Founder Shares are held by APQ Capital Management Limited (the “Manager”).

Investment in other funds

During the year the Master Fund disposed of an investment for \$11.9m (150,000 shares at US\$79.33 per share) in Merrill Lynch Investment Solutions - APQ Emerging Markets UCITS Fund, a UCITS fund also managed by the Investment Manager of the Master Fund. The investment originally cost \$15m when first acquired.

11. Indemnification

The Master Fund enters into contracts that contain a variety of indemnifications. The Master Fund's maximum exposures under these arrangements are unknown. However, the Master Fund has not had prior claims or losses pursuant to these contracts and considers the risk of loss to be remote.

12. Subsequent events

Subsequent to year end, the Master Fund paid out redemptions of \$39,914,992 and £83,722.62.

13. Approval of financial statements

The financial statements were approved by the board of directors of the Master Fund on 11 May 2016.

APQ ALEXANDRIA MASTER FUND LIMITED

APPENDIX I - GENERAL INFORMATION (UNAUDITED)

Manager

APQ Capital Management Limited
c/o MourantOzannes Corporate Services
(Cayman)
Limited
94 Solaris Avenue, Camana Bay
PO Box 1348
Grand Cayman KY-1108
Cayman Islands

Investment Manager

APQ Partners LLP
3rd Floor
22-23 Old Burlington St
London W1s 2JJ
United Kingdom

Non-executive Independent Directors of the Master Fund

Mr. Todd Groome
Mr. Gary Linford

Prime Brokers

Deutsche Bank AG
1 Great Winchester Street
London EC2N 2DB
United Kingdom

Citigroup Global Markets Limited
Citigroup Centre, Canada Square
Canary Wharf
London E14 5LB
United Kingdom

Administrator

HedgeServ Limited
75 St. Stephen's Green
Dublin 2
Ireland

Registered Office

c/o MourantOzannes Corporate Services
(Cayman) Limited
94 Solaris Avenue
Camana Bay PO Box 1348
Grand Cayman KY-1108
Cayman Islands

Auditors

Ernst & Young Ltd.
Suite 6401, 62 Forum Lane
Camana Bay
PO Box 510
Grand Cayman
KY1-1106
Cayman Islands

Legal Advisers

Stephenson Harwood
1 Finsbury Circus, London EC2M 7SH

MourantOzannes (in Cayman)
94 Solaris Avenue, Camana Bay
PO Box 1348
Grand Cayman KY1-1108
Cayman Islands

APQ ALEXANDRIA MASTER FUND LIMITED

APPENDIX II - ADDITIONAL INFORMATION (UNAUDITED)

Remuneration disclosure required under AIFM Directive

APQ Partners LLP (the “Investment Manager”) is a regulated alternative investment fund manager (“AIFM”). For the year ended 31 December 2015 the total remuneration of the entire staff of the Investment Manager was £95,000 divided into £95,000 fixed remuneration and £0 variable remuneration. There were 2 beneficiaries. The aggregate amount of remuneration of senior management and members of staff of the Investment Manager whose actions have a material impact on the risk profile of the APQ Alexandria Fund Limited and the APQ Alexandria Master Fund Limited during the year was £0. An allocation or breakdown of the total remuneration figures in relation to the APQ Alexandria Fund Limited and the APQ Alexandria Master Fund Limited does not exist and is not readily available.