

**SACKVILLE  
SPF IV (GP) No. 3  
LIMITED**

**(Registered Number: 6838362)**

**Report and Financial Statements**

**for the year ended**

**31 December 2013**

FRIDAY



\*L3G8YA0P\*

LD7

12/09/2014

#80

COMPANIES HOUSE

---

**Sackville SPF IV (GP) No. 3 Limited**  
**Report and Financial Statements for the year ended 31 December 2013**

---

	<b>PAGE</b>
<b>DIRECTORS</b>	<b>2</b>
<b>STRATEGIC REPORT</b>	<b>3</b>
<b>DIRECTORS' REPORT</b>	<b>4 - 5</b>
<b>STATEMENT OF DIRECTORS' RESPONSIBILITIES</b>	<b>6</b>
<b>INDEPENDENT AUDITORS' REPORT</b>	<b>7 - 8</b>
<b>PROFIT AND LOSS ACCOUNT</b>	<b>9</b>
<b>BALANCE SHEET</b>	<b>10</b>
<b>NOTES TO THE FINANCIAL STATEMENTS</b>	<b>11 - 16</b>

**Sackville SPF IV (GP) No. 3 Limited**  
**Report and Financial Statements for the year ended 31 December 2013**

---

**DIRECTORS**

C D Fleming

T N Gillbanks

D Jordison

C J Morrogh

J M A Rigg

J M Willcock

**Secretary and registered office**

A Kaye  
60 St Mary Axe  
London  
EC3A 8JQ

**Independent auditors**

PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
7 More London Riverside  
London  
SE1 2RT

**Sackville SPF IV (GP) No. 3 Limited**  
**Report and Financial Statements for the year ended 31 December 2013**

---

**STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2013**

The directors present their strategic report for Sackville SPF IV (GP) No 3 Limited ("the Company") for the year ended 31 December 2013. The Company is a subsidiary of Threadneedle Asset Management Holdings Sàrl, a Luxembourg registered company owned by Ameriprise Financial, Inc. ("Ameriprise"), the ultimate parent company. Threadneedle Asset Management Holdings Sàrl and all its subsidiaries are referred to herein as "the Group"

**Results and performance**

The profit and loss account for the year is set out on page 9. The profit for the financial year under review was £1,539 (2012: £1,513)

**Significant developments and principal activities**

The principal activity of the Company is to act as general partner to Threadneedle Strategic Property Fund IV Sub Partnership No 3 LP ("the Partnership"), a property limited partnership. The directors do not anticipate any change in the nature of the Company's activities in the foreseeable future.

**Review of the business and future developments**

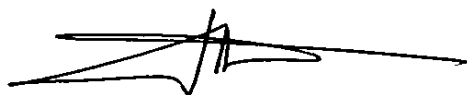
The results of companies within the Group are managed on a group and business stream basis. Business streams do not correspond directly with individual legal entities, and consequently key performance indicators are not set for individual companies

The performance of the Company reflects the allocation of the general partner's share from the Partnership for the year under review, under the terms of the partnership agreement. The level of business and the financial position at the end of the year are considered to be satisfactory by the directors

**Principal risks and uncertainties**

The principal risks and uncertainties are integrated with the financial risk management policies of the Company and are discussed in the Directors' Report

On behalf of the board



J M Willcock  
Director  
25 April 2014

**Sackville SPF IV (GP) No. 3 Limited**  
**Report and Financial Statements for the year ended 31 December 2013**

---

**DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2013**

The directors present their report and audited financial statements ("the financial statements") of Sackville SPF IV (GP) No. 3 Limited ("the Company") for the year ended 31 December 2013

The Company's registration number is 6838362

**Future developments**

Likely future developments in the business of the company are discussed in the strategic report

**Dividends**

The directors do not recommend the payment of a dividend (2012 £nil).

**Risk management**

The Board of Threadneedle Asset Management Holdings Sàrl has established a Risk Committee, which includes representatives from Ameriprise, one of whom is its Chairperson. The Risk Committee reports to both the Board and the Audit Committee so that they may fulfil their corporate governance responsibilities in relation to risk management. The Risk Committee meets quarterly and is responsible for the oversight of the Group's strategic, business and process risks and ensuring a suitable risk management framework is in place to mitigate risk. The scope of this review incorporates the operations of the Company.

The principal credit risk lies in uncollectible receivables. The Company manages credit risk by only offering credit to reputable institutions and by operating strict credit control procedures. The directors do not perceive any significant credit risk as the main concentration of debtors is with related parties.

The Company is also exposed to non-financial or operational risk which includes the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. The Company has completed risk and control assessments to identify potential risks and ensure that adequate controls are in place to mitigate them.

**Going concern**

The Company's business activities, together with the factors likely to affect its future development and position, are set out on the strategic report on page 3 and page 4 of the directors' report.

The Company is expected to generate positive cash flows in the future and to participate in the Group's centralised treasury arrangements and banking relationships with its parent and fellow subsidiaries.

The directors have a reasonable expectation that the Company has adequate resources to continue in existence for the foreseeable future. Thus they adopt the going concern basis of accounting in preparing the annual financial statements.

---

**Sackville SPF IV (GP) No. 3 Limited**  
**Report and Financial Statements for the year ended 31 December 2013**

---

**DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2013**

**Fixed assets**

Movements in fixed asset investments during the year are set out in note 7 to the financial statements

**Directors**

The names of the directors and secretary of the Company are listed on page 2. The directors all held office throughout the year unless otherwise shown.

**Directors' qualifying third party indemnity provisions**

During the year and also at the date of approval of these financial statements the Company had in force a qualifying third party indemnity provision in favour of one or more of its directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in section 234 of the Companies Act 2006

**Disclosure of information to the auditors**

Each of the persons who are a director at the date of this report confirms that.

- as far as each of them is aware, there is no information relevant to the audit of the Company's financial statements for the year ended 31 December 2013 of which the auditors are unaware, and
- the director has taken all steps that he/she ought to have taken in his/her duty as a director in order to make him/herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

**Independent auditors**

The auditors are deemed to be reappointed under section 487(2) of the Companies Act 2006

On behalf of the board



J M Willcock  
Director  
25 April 2014

---

**Sackville SPF IV (GP) No. 3 Limited**  
**Report and Financial Statements for the year ended 31 December 2013**

---

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The directors are responsible for preparing the Strategic Report, Directors' Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that year. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent, and
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements.

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

---

**Sackville SPF IV (GP) No. 3 Limited**  
**Report and Financial Statements for the year ended 31 December 2013**

---

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SACKVILLE SPF IV (GP) No. 3 LIMITED**

**Report on the financial statements**

***Our opinion***

In our opinion the financial statements, defined below

- give a true and fair view of the state of the Company's affairs as at 31 December 2013 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

This opinion is to be read in the context of what we say in the remainder of this report.

***What we have audited***

The financial statements, which are prepared by Sackville SPF IV (GP) No.3 Limited, comprise

- the profit and loss account for the year ended 31 December 2013,
- the balance sheet as at 31 December 2013, and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

***What an audit of financial statements involves***

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)") An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error This includes an assessment of

- whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed,
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements

In addition, we read all the financial and non-financial information in the Directors' report and Strategic report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.



---

**Sackville SPF IV (GP) No. 3 Limited**  
**Report and Financial Statements for the year ended 31 December 2013**

---

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SACKVILLE SPF IV (GP) No. 3 LIMITED**

***Opinion on other matter prescribed by the Companies Act 2006***

In our opinion the information given in the Directors' report and Strategic report for the financial year for which the financial statements are prepared is consistent with the financial statements

**Other matters on which we are required to report by exception**

***Adequacy of accounting records and information and explanations received***

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

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns

We have no exceptions to report arising from this responsibility.

***Directors' remuneration***

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

**Responsibilities for the financial statements and the audit**

***Our responsibilities and those of the directors***

As explained more fully in the Statement of directors' responsibilities set out on page 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.



Alex Bertolotti (Senior Statutory Auditor)  
For and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
London  
25 April 2014

**Sackville SPF IV (GP) No. 3 Limited**  
**Report and Financial Statements for the year ended 31 December 2013**

---

**PROFIT AND LOSS ACCOUNT**  
**FOR THE YEAR ENDED 31 DECEMBER 2013**

	Note	2013 £	2012 £
<b>Turnover</b>	2	<b>2,000</b>	2,000
Interest receivable and similar income	4	5	4
<b>Profit on ordinary activities before taxation</b>	5	<b>2,005</b>	2,004
Tax on profit on ordinary activities	6	(466)	(491)
<b>Profit for the financial year</b>		<b>1,539</b>	1,513

There are no material differences between the profit on ordinary activities before taxation and the profit for the financial year stated above and their historical cost equivalents.

The movements in reserves are set out in note 11.

All results are derived from continuing operations

The Company has no recognised gains or losses in the year other than the profit for the year, therefore, no statement of total recognised gains and losses has been included

The notes on pages 11 to 16 form an integral part of these financial statements

**Sackville SPF IV (GP) No. 3 Limited**  
**Report and Financial Statements for the year ended 31 December 2013**

**BALANCE SHEET**  
**AS AT 31 DECEMBER 2013**

	Note	2013 £	2012 £
<b>Fixed assets</b>			
Investments in subsidiary undertakings	7	2	2
<b>Current assets</b>			
Debtors	8	4,002	2,002
Cash at bank and in hand		3,449	3,444
		<u>7,451</u>	<u>5,446</u>
<b>Creditors</b>			
Amounts falling due within one year	9	(1,489)	(1,023)
<b>Net current assets</b>		<u>5,962</u>	<u>4,423</u>
<b>Total assets less current liabilities</b>		<u>5,964</u>	<u>4,425</u>
<b>Net assets</b>		<u>5,964</u>	<u>4,425</u>
<b>Capital and reserves</b>			
Called up share capital	10	2	2
Profit and loss account	11	5,962	4,423
<b>Total shareholders' funds</b>	12	<u>5,964</u>	<u>4,425</u>

The notes on page 11 to 16 form an integral part of these financial statements.

The financial statements on pages 9 to 16 were approved and authorised for issue by the board of directors on 25 April 2014 and were signed on its behalf by:



J M Willcock  
Director

**Sackville SPF IV (GP) No. 3 Limited**  
**Report and Financial Statements for the year ended 31 December 2013**

---

**NOTES TO THE FINANCIAL STATEMENTS**

**1. Accounting policies**

**a) Basis of preparation**

These financial statements are prepared on the going concern basis, under the historical cost convention, and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom

The principal accounting policies, which have been applied consistently throughout the year are set out below

On the grounds that the Company is a subsidiary undertaking, 100% of whose voting rights are controlled within a group which prepares publicly available consolidated financial statements in which the results of the Company are included, it is exempt from the requirement to prepare a cash flow statement under Financial Reporting Standard ("FRS") 1 (revised 1996), 'Cash flow statements' and the disclosure requirements of FRS 29, 'Financial Instruments – Disclosures'

**b) Consolidated financial statements**

The Company is exempt under section 401 of the Companies Act 2006 (Exemption for company included in non-EEA group accounts of larger group) and UITF 43 from preparing consolidated financial statements. The above financial statements and attached notes are therefore in respect of the Company only

The Company acts as the general partner to the Partnership. The Company therefore exercises a dominant influence over the Partnership. However, the Company's rights are exercised on behalf of the limited partners, with the Company acting in a fiduciary capacity. The economic interest of the Company in the Partnership is small and restricted and is principally derived in the form of the general partner share provided for under the terms of the Partnership agreement. As the Company's influence is fiduciary in nature the Partnership is not treated as a subsidiary undertaking

**c) Revenue recognition**

Turnover, stated net of value added tax, arises from the Company's general partner share of the underlying profits of the Partnership, as detailed in the underlying partnership agreement for the Partnership and is recognised on an accruals basis. Interest receivable is also recognised on an accruals basis.

**d) Tax**

*Current income tax*

Income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, by the reporting date, in the country where the Company operates and generates taxable income.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the income statement. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

**Sackville SPF IV (GP) No. 3 Limited**  
**Report and Financial Statements for the year ended 31 December 2013**

---

**1. Accounting policies (continued)**

**e) Investments and other financial assets**

Investments in subsidiary undertakings are exempt from the requirements of FRS 26 hence they are held at the lower of cost or net realisable value.

**f) Trade and other receivables**

Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost. When the time value of money is material, the carrying value is discounted to present value. Provision for specific doubtful debts is made when there is evidence that the Company will not be able to recover balances in full. Balances are written off when the receivable amount is deemed irrecoverable.

**g) Trade and other payables**

Trade and other payables are obligations to pay for goods or services that have been acquired in the ordinary course of business. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

**2. Turnover**

All turnover is derived in the UK from the Company's principal activity.

**3. Directors and employees**

**Employees**

The average monthly number of persons (including directors), considered to be directly employed by the Company on a full time basis during the year was nil (2012 nil). The costs associated with the administration of the Company that are performed by employees of fellow subsidiaries of the Group are not recharged to the Company.

**Directors' remuneration**

The remuneration of Directors, which was borne by other companies within the Group and not recharged to the Company, was as follows:

	2013 £	2012 £
Aggregate emoluments in respect of qualifying services	174,743	160,000
Pension contributions	370	-
	<u>175,113</u>	<u>160,000</u>

**Sackville SPF IV (GP) No. 3 Limited**  
**Report and Financial Statements for the year ended 31 December 2013**

---

**3. Directors and employees (continued)**

**Directors' remuneration (continued)**

One director (2012 four) received options or units in other companies of the Group under long-term incentive schemes in respect of qualifying services. Retirement benefits are accruing to four (2012 four) directors under a defined benefit scheme.

	2013 £	2012 £
<b>In respect of the highest paid director:</b>		
Aggregate emoluments and amounts receivable under long-term incentive plans	<u>68,080</u>	<u>64,000</u>
<b>Defined benefit pension scheme:</b>		
Accrued pension at end of year	<u>2,750</u>	<u>3,000</u>

The highest paid director received (2012 received) shares or units in other companies of the Group under long-term incentive schemes in respect of qualifying services.

**4. Interest receivable and similar income**

	2013 £	2012 £
Bank interest receivable	<u>5</u>	<u>4</u>

**5. Profit on ordinary activities before taxation**

The audit fee of £3,000 (2012 £3,000) was borne by Threadneedle Asset Management Holdings Limited on behalf of the Company and was not recharged. Fees payable to the auditors for other non-audit services during the year under review were £nil (2012 £nil).

**6. Tax on profit on ordinary activities**

a) Taxation in the profit and loss account is as follows:

	2013 £	2012 £
<b>Current tax:</b>		
UK corporation tax on profits for the year	<u>466</u>	<u>491</u>

**Sackville SPF IV (GP) No. 3 Limited**  
**Report and Financial Statements for the year ended 31 December 2013**

---

**6. Tax on profit on ordinary activities (continued)**

b) Factors affecting the current tax charge on ordinary activities

The tax assessed for the year is equivalent to (2012: equivalent to) the standard rate of corporation tax in the UK of 23.25% (2012: 24.5%).

	2013 £	2012 £
Profit on ordinary activities before taxation	<u>2,005</u>	<u>2,004</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 23.25% (2012: 24.5%)	<u>466</u>	<u>491</u>

**7. Investments in subsidiary undertakings**

	2013 £	2012 £
At 31 December	<u>2</u>	<u>2</u>

The investment in subsidiary undertakings balance represents 100% of the issued share capital of Sackville SPF IV Property Nominee (5) Limited and Sackville SPF IV Property Nominee (6) Limited. Both companies are incorporated in England and Wales.

**8. Debtors**

	2013 £	2012 £
Amounts owed by the Partnership	4,000	2,000
Amounts owed by group undertaking	2	2
	<u>4,002</u>	<u>2,002</u>

**9. Creditors: Amounts falling due within one year**

	2013 £	2012 £
Amounts owed to group undertakings	493	2
Corporation tax	996	1,021
	<u>1,489</u>	<u>1,023</u>

**Sackville SPF IV (GP) No. 3 Limited**  
**Report and Financial Statements for the year ended 31 December 2013**

---

**10. Called up share capital**

	2013 £	2012 £
<b>Authorised</b>		
1,000 (2012: 1,000) ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>
<b>Allotted and fully paid</b>		
2 (2012: 2) ordinary shares of £1 each	<u>2</u>	<u>2</u>

**11. Movement in reserve**

	Profit and loss account £
At 1 January 2013	4,423
Profit for the financial year	1,539
<b>At 31 December 2013</b>	<u><b>5,962</b></u>

**12. Reconciliation of movements in shareholders' funds**

	2013 £	2012 £
Opening shareholders' funds	4,425	2,912
Profit for the financial year	1,539	1,513
<b>Closing shareholders' funds</b>	<u><b>5,964</b></u>	<u><b>4,425</b></u>

**13. Ultimate parent company**

The immediate parent company is Threadneedle Property Investments Limited, a company incorporated in England and Wales

The ultimate parent undertaking and controlling party is Ameriprise Financial, Inc ("Ameriprise"), a company incorporated in the state of Delaware, United States of America

Ameriprise is the parent undertaking of the largest group of undertakings to consolidate these financial statements to 31 December 2013. The consolidated financial statements of Ameriprise can be obtained by writing to the Corporate Secretary, Ameriprise Financial, Inc., 1098 Ameriprise Financial Center, Minneapolis, Minnesota, USA, 55474 or by visiting the Ameriprise Financial website at [www.ameriprise.com](http://www.ameriprise.com)



**Sackville SPF IV (GP) No. 3 Limited**  
**Report and Financial Statements for the year ended 31 December 2013**

---

**13. Ultimate parent company (continued)**

Threadneedle Asset Management Holdings Sàrl, is the parent undertaking of the smallest group of undertakings to consolidate these financial statements. The consolidated financial statements of Threadneedle Asset Management Holdings Sàrl can be obtained from 19, rue de Bitbourg, L-1273, Luxembourg.

**14. Related party transactions**

The Company is a general partner in the Threadneedle Strategic Property Fund IV Sub Partnership No. 3 LP (“the Partnership”), a property limited partnership.

Amounts recognised in the year from the Partnership in respect of the general partner’s profit share were £2,000 (2012: £2,000). As at 31 December 2013, £4,000 (2012: £2,000) was outstanding from the Partnership in respect of profit share

In all other respects, advantage has been taken of the exemption provided by FRS 8 (‘Related party disclosures’) from disclosing details of transactions with Ameriprise and its subsidiary undertakings on the basis that 100% of the Company’s voting rights are controlled within a group which prepares publicly available consolidated financial statements in which they are included

**15. Contingent liability**

The Company acts as general partner to the Partnership. In acting as general partner the Company enters into transactions on behalf of the Partnership. None of these transactions give any right of recourse to the assets of the Company



Limited Partnership Number: LP13672

**THREADNEEDLE STRATEGIC PROPERTY FUND IV  
SUB PARTNERSHIP NO. 3 LP**

**31 December 2013**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

## **THREADNEEDLE STRATEGIC PROPERTY FUND IV SUB PARTNERSHIP NO. 3 LP**

### **STRATEGIC REPORT**

The Directors of the Member ("General Partner") present the Strategic Report, the Members' Report and the financial statements of Threadneedle Strategic Property Fund IV Sub Partnership No 3 LP (the "Partnership") for the year ended 31 December 2013

### **REVIEW OF THE BUSINESS**

In respect of investment activity the Partnership disposed of twenty-five properties (including fifteen part sales) and acquired no properties during the year. At 31 December 2013 the Partnership held one hundred and thirty one properties in its property investment portfolio

The profit for the year to 31 December 2013 amounted to £9,440,422 (2012 £6,936,294) which when added to the surplus on revaluation of properties of £6,676,800 (2012 deficit £20,798,069) resulted in a total recognised gain of £16,117,222 (2012 loss £13,861,775). A total of £8,125,477 was distributable as income to Partners in the year (2012 £5,332,570). The Partnership made distributions of £7,964,718 to Partners during the year (2012 £15,207,173).

Turnover remained stable during the year at £18,378,227 (2012: £18,514,663). Operating profit also increased, due to the increased other income resulting from surrender premiums.

The Partnership reports a surplus on the revaluation of properties for the year to 31 December 2013 of £6,676,800 (2012 deficit £20,798,069), which can be attributed to general market conditions in the property sector.

The General Partner considers that the result of trading up to 31 December 2013 and the financial position as at 31 December 2013 is satisfactory in view of the general market conditions.

### **FUTURE DEVELOPMENTS**

The Partnership is due to terminate on 3 July 2014, however the General Partner has extended the life of the Partnership for a further twelve months from the date of termination.

Since 31 December 2013 the Partnership has completed five property sales from the New York portfolio for a gross selling price of £5,405,000.

The Partnership has considerable financial resources and anticipates lease agreements with customers and contracts with suppliers across different industries and geographical locations. As a consequence, the General Partner believes that the Partnership is well placed to manage its business risks successfully.

The General Partner is satisfied that the Partnership has adequate resources to continue in operational existence for at least twelve months from signing of the financial statements and accordingly, it continues to adopt the going concern basis in preparing the financial statements.

**THREADNEEDLE STRATEGIC PROPERTY FUND IV SUB PARTNERSHIP NO. 3 LP**

**STRATEGIC REPORT (continued)**

**KEY PERFORMANCE INDICATORS**

The Directors of the General Partner consider the following to be their Key Performance Indicators

- Rental income levels,
- Profitability, and
- The growth in the market value of the Partnership's investment property portfolio

Performance against these indicators is discussed within the review of the business for 2013 as set out above

**PRINCIPAL RISKS AND UNCERTAINTIES**

The principal risks and uncertainties are integrated with the financial risk management policies of the Partnership and are discussed in the Members' Report by the General Partner

On behalf of the General Partner



**J M Willcock**  
**Director of Sackville SPF IV (GP) No. 3 Limited**  
**Date: 17 February 2014**

## **THREADNEEDLE STRATEGIC PROPERTY FUND IV SUB PARTNERSHIP NO. 3 LP**

### **MEMBERS' REPORT**

#### **PARTNERS**

The Partners throughout the year and up to the date of signing the financial Statements were as follows

Sackville SPF IV (GP) No 3 Limited	General Partner
Threadneedle Strategic Property Fund IV LP	Limited Partner

Individual Partners' interests are detailed in the breakdown of the Partners' interests in Note 13 to the financial statements

#### **LOAN REFINANCING**

As at 31 December 2013 the qualifying partnership had a £130,000,000 loan facility, provided by Wells Fargo Bank, N A , London Branch, of which £95,345,321 was drawn down The loan facility matures and is due for repayment on 16 December 2014 The current loan provider remains keen to extend the loan facility, however, we are in negotiations and seeking terms from several potential lenders with the objective of extending the facility for a further 2 years on more preferential terms. As no formal agreement is in place with the current or any new lender, we note that there is a material uncertainty which may cast significant doubt on the qualifying partnership's ability to continue as a going concern However, the Directors of the General Partner are confident that the current facility will be extended or a new facility will be in place prior to the 16 December 2014 maturity date

In conclusion, the Directors of the General Partner considers it appropriate to use the going concern basis in preparing these financial statements without including any adjustments that would result if the qualifying partnership was unable to continue as a going concern

#### **FINANCIAL RISK MANAGEMENT POLICIES**

The General Partner is a wholly owned subsidiary company of Threadneedle Property Investments Limited and as such follows the financial risk management objectives and policies applicable to that company

The Partnership's operations expose it to a variety of financial risks, that include the effects of changes in prices, credit risk, liquidity and cashflow risk The General Partner has in place a risk management programme that seeks to limit the adverse effects on financial performance by monitoring property market prices and maintaining a close control over debtors

#### **PRICE RISK**

Price risk is the risk that the Partnership's financial position and performance will be affected by a change of market prices

The Partnership's performance is determined by

- i) the eventual selling price of the investment properties it holds As a consequence, it benefits from any uplift in the value of the properties it holds and also participates in the deficit when property values fall,
- ii) the rental income obtainable from the properties during the period they are held The risk arises when there are adverse trends in the property rental market

In order to mitigate the risk, the General Partner considers the market price risk associated with particular industry and geographical sectors in formulation of its investment strategy

#### **CREDIT RISK**

Credit risk for the Partnership is defined as potential loss resulting from the tenants' inability to pay rents owed

In order to mitigate this risk, the General Partner performs credit checks on potential customers before lease contracts are undertaken Any overdue debts are pursued on a regular basis

## **THREADNEEDLE STRATEGIC PROPERTY FUND IV SUB PARTNERSHIP NO. 3 LP**

### **MEMBERS' REPORT (continued)**

#### **LIQUIDITY AND CASHFLOW RISK**

Liquidity and cashflow risk is the risk stemming from the lack of marketability of an investment

The Partnership's liquidity can be influenced by the following

- i) the Partnership's assets, comprising mainly of its investment in property, may not be readily saleable,
- ii) decline in the rental market can lead to uncertainty of income received from the property assets

In order to limit the risk, the General Partner actively monitors its liquidity and cashflow position to ensure it has sufficient finance in order to fund its activities

#### **INTEREST RATE RISK**

Interest risk arises due to changes in interest rates. The Partnership has interest-bearing loans and any rise in interest rates would adversely affect its financial position

The risk is managed by the deployment of interest rate contracts that effectively fix the rate of interest on bank debt

#### **INDEPENDENT AUDITORS**

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office

#### **STATEMENT OF MEMBERS' RESPONSIBILITIES**

The members are responsible for preparing the Annual Report and the Financial Statements in accordance with applicable law and regulations

Company law as applied to qualifying partnerships by the Partnerships (Accounts) Regulations 2008 (the "Regulations") requires the members to prepare financial statements for each financial year. Under that law the members have prepared the Partnership financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law as applied to qualifying partnerships the members must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Partnership and of the profit or loss of the Partnership for that period. In preparing these financial statements, the members are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- state whether applicable United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Partnership will continue in business

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

**THREADNEEDLE STRATEGIC PROPERTY FUND IV SUB PARTNERSHIP NO. 3 LP**

**MEMBERS' REPORT (continued)**

**DISCLOSURE OF INFORMATION TO AUDITORS**

In the case of each of the directors of the General Partner in office at the date the Members' Report is approved

- so far as the directors are aware there is no relevant audit information of which the Partnership's auditors are unaware, and
- the directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the Partnership's auditors are aware of that information

On behalf of the General Partner



**J M Willcock**  
**Director of Sackville SPF IV (GP) No. 3 Limited**  
**Date: 17 February 2014**

**THREADNEEDLE STRATEGIC PROPERTY FUND IV SUB PARTNERSHIP NO. 3 LP**

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THREADNEEDLE STRATEGIC PROPERTY FUND IV SUB PARTNERSHIP NO. 3 LP**

**REPORT ON THE FINANCIAL STATEMENTS**

**Our opinion**

In our opinion the financial statements, defined below

- give a true and fair view of the state of the qualifying partnership's affairs as at 31 December 2013 and of its profit and cash flows for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006 as applied to qualifying partnerships by The Partnerships (Accounts) Regulations 2008.

This opinion is to be read in the context of what we say in the remainder of this report

**Emphasis of Matter – Going Concern**

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosures made in note 1 to the financial statements concerning the going concern basis of accounting. The matter explained in note 1 to the financial statements relating to the expiry of the Wells Fargo Bank, N A , London Branch loan facility and the on-going negotiation for replacement facilities, indicate the existence of a material uncertainty which may cast significant doubt on the qualifying partnership's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the qualifying partnership was unable to continue as a going concern.

**What we have audited**

The financial statements, which are prepared by the members of Threadneedle Strategic Property Fund IV Sub Partnership No 3 LP, comprise

- the Balance Sheet as at 31 December 2013,
- the Profit and Loss Account, the Statement of Total Recognised Gains and Losses and the Note of Historical Cost Profits and Losses for the year then ended, and
- the notes to the financial statements, which include a summary of the significant accounting policies and other explanatory information

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

**What an audit of the financial statements involves**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)") An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of

- whether the accounting policies are appropriate to the qualifying partnership's circumstances and have been consistently applied and adequately disclosed,
- the reasonableness of significant accounting estimates made by the members, and
- the overall presentation of the financial statements



**THREADNEEDLE STRATEGIC PROPERTY FUND IV SUB PARTNERSHIP NO. 3 LP**

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THREADNEEDLE STRATEGIC PROPERTY FUND IV SUB PARTNERSHIP NO. 3 LP (CONTINUED)**

**REPORT ON THE FINANCIAL STATEMENTS (continued)**

In addition, we read all the financial and non-financial information in the Annual Report and Financial Statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

**OTHER MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION**

**Adequacy of accounting records and information and explanations received**

Under the Companies Act 2006 as applied to qualifying partnerships, we are required to report to you if, in our opinion

- we have not received all the information and explanations we require for our audit,
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns

We have no exceptions to report arising from this responsibility

**Members' remuneration**

Under the Companies Act 2006, we are required to report to you if, in our opinion, certain disclosures of members' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

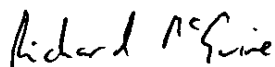
**RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS AND THE AUDIT**

**Our responsibilities and those of the members**

As explained more fully in the Statement of Members' Responsibilities set out on page 5, the members are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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

This report, including the opinions, has been prepared for and only for the members of the qualifying partnership as a body in accordance with the Companies Act 2006 as applied to qualifying partnerships by the Partnerships (Accounts) Regulations 2008 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.



Richard McGuire (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
London

Date: 17 February 2014

**THREADNEEDLE STRATEGIC PROPERTY FUND IV SUB PARTNERSHIP NO. 3 LP**

**PROFIT AND LOSS ACCOUNT  
for the year ended 31 December 2013**

	Notes	2013 £	2012 £
Turnover	2	18,378,227	18,514,663
Cost of Sales	3	(4,025,337)	(4,327,402)
<b>GROSS PROFIT</b>		<b>14,352,890</b>	<b>14,187,261</b>
Administrative expenses	4	(2,175,863)	(2,310,806)
Other operating income		910,589	67,494
<b>OPERATING PROFIT</b>		<b>13,087,616</b>	<b>11,943,949</b>
Interest receivable and similar income		64	804
Interest payable and similar charges	6	(4,962,203)	(6,600,747)
Realised gain on property disposals		1,314,945	1,592,288
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE AND AFTER TAXATION</b>		<b>9,440,422</b>	<b>6,936,294</b>
<b>STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES for the year ended 31 December 2013</b>			
		<b>2013 £</b>	<b>2012 £</b>
Profit for the financial year		9,440,422	6,936,294
Surplus/(deficit) on revaluation of properties	7	6,676,800	(20,798,069)
<b>TOTAL RECOGNISED GAINS/(LOSSES) FOR THE YEAR</b>		<b>16,117,222</b>	<b>(13,861,775)</b>

All amounts above are in respect of continuing operations

The notes on pages 13 to 24 form an integral part of the financial statements

**THREADNEEDLE STRATEGIC PROPERTY FUND IV SUB PARTNERSHIP NO. 3 LP**

**NOTE OF HISTORICAL COST PROFITS AND LOSSES  
for the year ended 31 December 2013**

	<b>2013</b>	<b>2012</b>
	<b>£</b>	<b>£</b>
Reported profit on ordinary activities before taxation	9,440,422	6,936,294
Realisation of property valuation (losses)/gains of previous years	(752,205)	299,911
<b>HISTORICAL COST PROFIT ON ORDINARY ACTIVITIES BEFORE AND AFTER TAXATION</b>	<b>8,688,217</b>	<b>7,236,205</b>

**THREADNEEDLE STRATEGIC PROPERTY FUND IV SUB PARTNERSHIP NO. 3 LP**

**BALANCE SHEET**  
**as at 31 December 2013**

	Notes	2013 £	2012 £
<b>FIXED ASSETS</b>			
Investment property	7	224,626,080	222,998,964
Other investments	8	4	4
		<hr/>	<hr/>
		224,626,084	222,998,968
<b>CURRENT ASSETS</b>			
Debtors, amounts falling due within one year	9	1,157,829	1,065,678
Cash at bank		7,219,284	7,398,691
		<hr/>	<hr/>
		8,377,113	8,464,369
		<hr/>	<hr/>
<b>TOTAL ASSETS</b>		<b>233,003,197</b>	<b>231,463,337</b>
		<hr/>	<hr/>
<b>CREDITORS : amounts falling due within one year</b>	10	105,019,334	7,991,529
<b>CREDITORS : amounts falling due after more than one year</b>	11	127,983,863	223,471,808
		<hr/>	<hr/>
<b>TOTAL LIABILITIES</b>		<b>233,003,197</b>	<b>231,463,337</b>
		<hr/>	<hr/>

The notes on pages 13 to 24 form an integral part of the financial statements

The financial statements on pages 9 to 24 were approved by the General Partner on 17 February 2014 and were signed on its behalf by



J M Willcock  
Director of Sackville SPF IV (GP) No. 3 Limited

**THREADNEEDLE STRATEGIC PROPERTY FUND IV SUB PARTNERSHIP NO. 3 LP**

**CASH FLOW STATEMENT**

**for the year ended 31 December 2013**

	Notes	2013 £	2012 £
<b>NET CASH INFLOW FROM OPERATING ACTIVITIES</b>	14	11,953,251	13,018,446
<b>RETURNS ON INVESTMENTS AND SERVICING OF FINANCE:</b>			
Interest received		64	804
Loan and swap interest paid		(4,778,081)	(6,241,834)
<b>NET CASH OUTFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE</b>		<b>(4,778,017)</b>	<b>(6,241,030)</b>
<b>CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT:</b>			
Purchase of properties and investments		(1,108,217)	(1,707,246)
Sale of properties and investments		7,474,647	8,214,845
<b>NET CASH INFLOW FROM CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT</b>		<b>6,366,430</b>	<b>6,507,599</b>
<b>FINANCING:</b>			
Partner capital and loans advanced in the year		-	15,000,000
Partner loans repaid in the year		(7,964,718)	(15,207,173)
Repayment of loans from credit facility with Wells Fargo Bank, N A , London Branch and Hypothekenbank Frankfurt AG		(5,756,353)	(19,714,466)
<b>NET CASH OUTFLOW FROM FINANCING</b>		<b>(13,721,071)</b>	<b>(19,921,639)</b>
<b>DECREASE IN CASH IN THE YEAR</b>		<b>(179,407)</b>	<b>(6,636,624)</b>
<b>RECONCILIATION TO NET DEBT</b>			
Net debt at 1 January		(96,852,302)	(109,930,144)
Decrease in cash in the year		(179,407)	(6,636,624)
Movement in borrowings		5,756,353	19,714,466
<b>NET DEBT AT 31 DECEMBER</b>	15	<b>(91,275,356)</b>	<b>(96,852,302)</b>

The notes on pages 13 to 23 form an integral part of the financial statements

**THREADNEEDLE STRATEGIC PROPERTY FUND IV SUB PARTNERSHIP NO. 3 LP**

**NOTES TO THE FINANCIAL STATEMENTS**

**for the year ended 31 December 2013**

**1. ACCOUNTING POLICIES**

**Basis of Preparation**

These financial statements have been prepared on a going concern basis under the historical cost convention, as modified by the revaluation of investment properties which are stated at their open market value after the deduction of unamortised lease incentives at the year end, and in accordance with Partnerships (Accounts) Regulations 2008 and other applicable accounting standards in the United Kingdom (United Kingdom Generally Accepted Accounting Practice). The principal accounting policies which have been applied consistently throughout the year are set out below.

As at 31 December 2013 the qualifying partnership had a £130,000,000 loan facility, provided by Wells Fargo Bank, N A, London Branch, of which £95,345,321 was drawn down. The loan facility matures and is due for repayment on 16 December 2014. The current loan provider remains keen to extend the loan facility, however, we are in negotiations and seeking terms from several potential lenders with the objective of extending the facility for a further 2 years on more preferential terms. As no formal agreement is in place with the current or any new lender, we note that there is a material uncertainty which may cast significant doubt on the qualifying partnership's ability to continue as a going concern. However, the Directors of the General Partner are confident that the current facility will be extended or a new facility will be in place prior to the 16 December 2014 maturity date.

In conclusion, the Directors of the General Partner consider it appropriate to use the going concern basis in preparing these financial statements without including any adjustments that would result if the qualifying partnership was unable to continue as a going concern.

**Turnover**

Turnover consists principally of rental income receivable from tenants in the period and is recognised on an accruals basis. Rental income received in advance is deferred and recognised in the period to which it relates. In accordance with the Accounting Standards Board's Urgent Issues Task Force, Abstract 28 'Operating lease incentives' (UITF 28), rental income from properties which have been subject to a rent free period or inducement, is accounted for on a straight line basis over the period of the lease (or until the first rent review/break option, if earlier). The valuation of investment properties is reduced by all unamortised lease incentives.

**Cost of Sales**

Cost of Sales consists of direct property expenses incurred by the Partnership relating to management of properties and are recognised on an accruals basis.

**Service Charges**

Service charge revenue and service charge expenditure attributable to tenants is accounted for within Turnover and Cost of Sales respectively and is recognised on an accruals basis. Service charge void costs attributable to the Partnership have been included within service charge expenditure in Cost of Sales.

**Administrative Expenses**

Administrative expenses consist of costs associated with general administration of the Partnership and are recognised on an accruals basis.

**Interest Receivable and Interest Payable**

Interest receivable and interest payable are recognised on an accruals basis.

**THREADNEEDLE STRATEGIC PROPERTY FUND IV SUB PARTNERSHIP NO. 3 LP**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**for the year ended 31 December 2013**

**1. ACCOUNTING POLICIES (continued)**

**Investment Properties**

Property that is held for long-term rental income or for capital appreciation or both, and that is not occupied by the Partnership, is classified as investment property and accounted for in accordance with SSAP 19

Investment property is measured initially at cost, including related transaction costs, on the date of acquisition or the date of unconditional exchange, if earlier. After initial recognition, investment property is carried at open market value, after the deduction of unamortised lease incentives. Revaluation gains and losses are recognised in the Statement of Total Recognised Gains and Losses.

Valuations are performed by CBRE Limited who are professional, third party, independent Chartered Surveyors, at the period end in accordance with RICS Appraisal and Valuation Standards. CBRE Limited hold recognised and relevant professional qualifications and have recent experience in the location and category of the investment property being valued. Open market value is based on active market information, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If this information is not available, alternative valuation methods are used, such as recent prices of similar properties in less active markets, with adjustments to reflect any changes in economic conditions since the date of the transactions that occurred at those prices, or discounted cash flow projections.

The principal assumptions underlying the estimation of open market value are those related to the receipt of contractual rentals, expected future market rentals, void periods, lease incentives, maintenance requirements and appropriate yields/discount rates. These valuations are regularly compared to actual market yield data and actual transactions by the Partnership and those reported by the market. The expected future market rentals are determined on the basis of current market rentals for similar properties in the same location and condition.

Disposals of investment property are recognised on legal completion of contracts.

**Other Investments**

Investments are exempt from the requirements of FRS 26 hence they are held at the lower of cost or net realisable value.

**Cash at Bank**

Cash at bank includes cash held with banks or other qualifying financial institutions.

**Borrowings**

Borrowings are stated net of debt issue costs incurred on the arrangement and drawdown of the facility with Wells Fargo Bank, N A, London Branch, adjusted for the amortisation of issue costs. The debt issue costs are charged to the profit and loss account on a straight line basis over the life of the credit facility.

**Financial Instruments**

The Partnership uses interest rate swap agreements to manage its interest rate risk. Premiums payable in respect of financial instruments held for non-investment purposes are amortised on a straight line basis over the expected life of the instrument. The difference between interest payable by the Partnership and to the Partnership is dealt with on an accruals basis.

Gains or losses on the sale of financial instruments held for investment purposes are not charged to revenue profits but are treated as realised capital gains or losses respectively for the purpose of allocation to the Partners' accounts in accordance with the terms of the Limited Partnership Agreement (the "LPA").

**THREADNEEDLE STRATEGIC PROPERTY FUND IV SUB PARTNERSHIP NO. 3 LP**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**for the year ended 31 December 2013**

**1. ACCOUNTING POLICIES (continued)**

**Taxation**

The tax effects of the Partnership's activities accrue to the Partners, and a Partner liable to tax on its participation in the Partnership is responsible for settling the liabilities independently of the Partnership

**Partners' Accounts**

The General Partner has classified the Partners' accounts as a financial liability in accordance with the contractual arrangements within the Limited Partnership Agreement, whereby there is a contractual requirement for the General Partner to distribute proceeds from the sale of investments, or residual assets upon the termination of the Partnership, to various Partners in accordance with the LPA. The Partnership does not have an unconditional right to avoid delivering cash or another financial asset to settle the contractual obligation, and the obligation is recognised as a financial liability

**General Partner's Profit Share**

The General Partner is entitled to receive an amount equal to £2,000 per annum as a first charge on net income and capital gains in accordance with Clause 9 of the LPA

**Profit Allocations**

Allocations to the General Partner and Limited Partners of revenue profits, revenue losses, capital gains and capital losses are made in accordance with Clause 8 of the LPA

**Distributions**

Distributions are reflected in the Partners' Loan Accounts until the Partners' loans are fully repaid in accordance with the LPA. Thereafter, distributions are reflected in the Partners' Current Accounts

**2. TURNOVER**

	<b>2013</b>	<b>2012</b>
	<b>£</b>	<b>£</b>
Rental income	16,854,230	16,835,202
Service charge Income	1,523,997	1,679,461
	<hr/>	<hr/>
	18,378,227	18,514,663
	<hr/>	<hr/>

**3. COST OF SALES**

	<b>2013</b>	<b>2012</b>
	<b>£</b>	<b>£</b>
Service charge expense	2,520,325	2,805,420
Other property related expenses	1,505,012	1,521,982
	<hr/>	<hr/>
	4,025,337	4,327,402
	<hr/>	<hr/>



**THREADNEEDLE STRATEGIC PROPERTY FUND IV SUB PARTNERSHIP NO. 3 LP**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**for the year ended 31 December 2013**

**4. ADMINISTRATIVE EXPENSES**

	<b>2013</b>	<b>2012</b>
	<b>£</b>	<b>£</b>
Management fees	2,152,611	2,259,278
Other expenses	502	737
Fees payable to Partnership's auditor for the audit of the financial statements	22,750	50,791
	<hr/>	<hr/>
	2,175,863	2,310,806
	<hr/>	<hr/>

**5. EMPLOYEES**

The number of persons working for the Partnership during the year was nil (2012 nil)

**6. INTEREST PAYABLE AND SIMILAR CHARGES**

	<b>2013</b>	<b>2012</b>
	<b>£</b>	<b>£</b>
Loan interest	4,519,932	5,895,803
Loan breakage and swap cancellation fee	25,915	97,377
Amortisation of issue costs on loans	416,356	607,567
	<hr/>	<hr/>
	4,962,203	6,600,747
	<hr/>	<hr/>

**THREADNEEDLE STRATEGIC PROPERTY FUND IV SUB PARTNERSHIP NO. 3 LP**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**for the year ended 31 December 2013**

**7. INVESTMENT PROPERTY**

	<b>Freehold £</b>	<b>Leasehold £</b>	<b>Total £</b>
<b>Cost</b>			
At 1 January 2013	231,007,391	7,722,795	238,730,186
Additions	1,095,096	13,121	1,108,217
Disposals	(6,910,106)	-	(6,910,106)
	<hr/>	<hr/>	<hr/>
At 31 December 2013	225,192,381	7,735,916	232,928,297
	<hr/>	<hr/>	<hr/>
<b>Movement in Value</b>			
At 1 January 2013	(14,818,427)	(912,795)	(15,731,222)
Unrealised surplus in respect of properties held at 31 December 2013	6,515,689	161,111	6,676,800
Reversal of unrealised loss in respect of property sold in year to 31 December 2013	752,205	-	752,205
	<hr/>	<hr/>	<hr/>
At 31 December 2013	(7,550,533)	(751,684)	(8,302,217)
	<hr/>	<hr/>	<hr/>
<b>Valuation</b>			
At 31 December 2013	217,641,848	6,984,232	224,626,080
	<hr/>	<hr/>	<hr/>
<b>Valuation by CBRE Limited, Chartered Surveyors, at open market value</b>			
At 31 December 2013	218,323,334	7,015,000	225,338,334
	<hr/>	<hr/>	<hr/>
At 31 December 2012	216,472,179	6,810,000	223,282,179
	<hr/>	<hr/>	<hr/>

The valuation as at 31 December 2013 is calculated after deducting the value of lease incentives receivable amounting to £712,254 as at 31 December 2013 (2012 £283,215) The value of lease incentives receivable is shown within Debtors (see note 9)

**THREADNEEDLE STRATEGIC PROPERTY FUND IV SUB PARTNERSHIP NO. 3 LP**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**for the year ended 31 December 2013**

**8. OTHER INVESTMENTS**

At 31 December 2013 and 31 December 2012 the Partnership had interests in the following company

	<b>Share capital held</b>	<b>Cost of Investment</b>	<b>Nature of business</b>
Quadrant Estates (Stevenage) Limited	4 Ordinary Shares of £1	£4	Property Management

In accordance with the Companies Act 2006, Quadrant Estates (Stevenage) Limited (a company in which Threadneedle Strategic Property Fund IV Sub Partnership No 3 LP has a 29% interest) is described as a participating interest. As Threadneedle Strategic Property Fund IV Sub Partnership No 3 LP does not participate in the commercial or financial policy decisions, and has no board representation, Quadrant Estates (Stevenage) Limited is not regarded as an associated undertaking and is therefore included within the balance sheet at cost and not equity value.

**9. DEBTORS: amounts falling due within one year**

	<b>2013</b>	<b>2012</b>
	<b>£</b>	<b>£</b>
Trade debtors	185,011	347,424
Lease incentives receivable	712,254	283,215
Rent deposit	84,291	27,240
Rental guarantees receivable	87,991	199,396
Prepaid disposal costs	-	37,891
Prepaid ground rent	3,581	72,885
Other debtors	84,701	97,627
	<hr/>	<hr/>
	1,157,829	1,065,678
	<hr/>	<hr/>

**THREADNEEDLE STRATEGIC PROPERTY FUND IV SUB PARTNERSHIP NO. 3 LP**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**for the year ended 31 December 2013**

**10. CREDITORS: amounts falling due within one year**

	<b>2013</b>	<b>2012</b>
	<b>£</b>	<b>£</b>
Disposal costs payable	24,971	23,170
Rent deposit	84,291	27,240
Loan and swap interest payable	687,646	919,879
Other taxation and social security	237,773	428,565
Deferred income	3,144,344	3,316,797
Service charge void accruals	83,327	286,771
Service charge creditor	467,950	428,143
Amounts due to Manager	5,676	578,205
Amounts due to Partners (see note 13)	1,911,223	1,750,464
Loan agency fee accrual	25,000	50,000
Other creditors	207,441	182,295
Bank Loan	98,139,692	-
	<hr/>	<hr/>
	105,019,334	7,991,529
	<hr/>	<hr/>

**11. CREDITORS: amounts falling due after more than one year**

	<b>2013</b>	<b>2012</b>
	<b>£</b>	<b>£</b>
Bank loans	98,494,640	104,250,993
Less Debt issue costs	(354,948)	(771,303)
Less Moved to current creditors	(98,139,692)	-
	<hr/>	<hr/>
As at 31 December	-	103,479,690
	<hr/>	<hr/>
Amounts due to Partners (see note 13)	127,983,863	119,992,118
	<hr/>	<hr/>
	127,983,863	223,471,808
	<hr/>	<hr/>
<b>Maturity of borrowing</b>		
	<b>2013</b>	<b>2012</b>
	<b>£</b>	<b>£</b>
In one year or less	98,494,640	-
In more than one year, but not more than two years	-	104,250,993
	<hr/>	<hr/>
	98,494,640	104,250,993
	<hr/>	<hr/>

**THREADNEEDLE STRATEGIC PROPERTY FUND IV SUB PARTNERSHIP NO. 3 LP**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**for the year ended 31 December 2013**

**11. CREDITORS: amounts falling due after more than one year (continued)**

The bank loan of £98,494,640 represents the total amount of funds drawn down from a £130,000,000 revolving investment loan facility provided to the Partnership by Hypothekenbank Frankfurt AG, the term of which is 5 years expiring 16 December 2014, or the earlier termination of the Partnership. The bank loan is secured on the underlying investment properties to which this relates. Each drawdown under the loan facility is restricted to purchases which will meet the criteria as set out in the loan facility.

As at 31 December 2013 the qualifying partnership had a £130,000,000 loan facility, provided by Wells Fargo Bank, N A, London Branch, of which £95,345,321 was drawn down. The loan facility matures and is due for repayment on 16 December 2014. The current loan provider remains keen to extend the loan facility, however, we are in negotiations and seeking terms from several potential lenders with the objective of extending the facility for a further 2 years on more preferential terms. As no formal agreement is in place with the current or any new lender, we note that there is a material uncertainty which may cast significant doubt on the qualifying partnership's ability to continue as a going concern. However, the Directors of the General Partner are confident that the current facility will be extended or a new facility will be in place prior to the 16 December 2014 maturity date.

In conclusion, the Directors of the General Partner considers it appropriate to use the going concern basis in preparing these financial statements without including any adjustments that would result if the qualifying partnership was unable to continue as a going concern.

Interest is payable quarterly in arrears and is calculated at a variable rate (the "Margin") over LIBOR. Commitment fees on the undrawn amount of loan are payable at a rate of 1.00% per annum.

In December 2009, as part of the interest rate management strategy, the Partnership entered into an interest rate swap agreement for a total notional amount of £130,000,000. Premiums payable on the purchase of such swap agreements are amortised on a straight line basis over the expected life of the instrument.

On 22 October 2013, Hypothekenbank Frankfurt AG, in its capacity as Agent under the Facility Agreement, assigned and transferred absolutely to Wells Fargo Bank, N A, London Branch, as successor agent all of its interest in and all its rights and entitlements under the Facility Agreement.

**Counterparty: Wells Fargo Bank, N.A., London Branch – Contract 2196435EL-10**

Under the swap agreement the Partnership pays interest at the following rates

Notional sum £130,000,000 – Fixed Rate 3.01%, effective from 22 April 2010 to 24 October 2011  
Notional sum £125,000,000 – Fixed Rate 3.01%, effective from 24 October 2011 to 22 October 2012  
Notional sum £86,667,000 – Fixed Rate 3.01%, effective from 22 October 2012 to 22 October 2013  
Notional sum £43,334,000 – Fixed Rate 3.01%, effective from 22 October 2013 to 22 October 2014

Under the swap agreements the Partnership receive interest at the following rates

Notional sum £130,000,000 – 3 Month LIBOR, effective from 22 April 2010 to 24 October 2011  
Notional sum £125,000,000 – 3 Month LIBOR, effective from 24 October 2011 to 22 October 2012  
Notional sum £86,667,000 – 3 Month LIBOR, effective from 22 October 2012 to 22 October 2013  
Notional sum £43,334,000 – 3 Month LIBOR, effective from 22 October 2013 to 22 October 2014

**THREADNEEDLE STRATEGIC PROPERTY FUND IV SUB PARTNERSHIP NO. 3 LP**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**for the year ended 31 December 2013**

**11. CREDITORS: amounts falling due after more than one year (continued)**

In December 2011 the Partnership cancelled a total notional amount of £5,000,000 of the interest rate swap agreement with effect from 22 October 2011 to 22 October 2012. The Partnership paid cancellation costs of £98,000.

The fair value of the swap agreement effective at 31 December 2013 was as follows:

Counterparty	Notional Sum £	Effective Date	Rate of Interest Payable	Rate of Interest Receivable	Fair Value 2013 £	Fair Value 2012 £
Wells Fargo Bank, N A , London Branch	43,333,333	22 April 2010	3.01%	3 month LIBOR	(837,525)	(2,768,640)

**12. RECONCILIATION OF MOVEMENTS IN PARTNERS' INTERESTS**

	As at 1 January 2013 £	Movement in Loan Account £	Movement in Net Revenue Account £	Movement in Net Capital Account £	As at 31 December 2013 £
Return	(811,544)	-	8,125,477	7,991,745	15,305,678
Capital and loans	122,554,126	(7,964,718)	-	-	114,589,408
	<u>121,742,582</u>	<u>(7,964,718)</u>	<u>8,125,477</u>	<u>7,991,745</u>	<u>129,895,086</u>

**THREADNEEDLE STRATEGIC PROPERTY FUND IV SUB PARTNERSHIP NO. 3 LP**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**for the year ended 31 December 2013**

**13. PARTNERS' INTERESTS AS AT 31 DECEMBER 2013**

Partners	Capital Contribution Account £	Loan Contribution Account £	Revenue Account £	Net Capital Account £	Current Account £	Total £
Sackville SPF IV (GP) No 3 Limited	-	-	8,000	-	(4,000)	4,000
Threadneedle Strategic Property Fund IV LP	1,000	114,588,408	20,106,464	(4,804,786)	-	129,891,086
	<u>1,000</u>	<u>114,588,408</u>	<u>20,114,464</u>	<u>(4,804,786)</u>	<u>(4,000)</u>	<u>129,895,086</u>

**Maturity Profile**

Due in one year or less	£
Due in more than one year	1,911,223
	127,983,863
	<u>129,895,086</u>

Partners	Capital Contribution Account £	Loan Contribution Account £	Revenue Account £	Net Capital Account £	Current Account £	Total £
Sackville SPF IV (GP) No 3 Limited	-	-	6,000	-	(4,000)	2,000
Threadneedle Strategic Property Fund IV LP	1,000	122,553,126	11,982,987	(12,796,531)	-	121,740,582
	<u>1,000</u>	<u>122,553,126</u>	<u>11,988,987</u>	<u>(12,796,531)</u>	<u>(4,000)</u>	<u>121,742,582</u>

**Maturity Profile**

Due in one year or less	£
Due in more than one year	1,750,464
	119,992,118
	<u>121,742,582</u>

**THREADNEEDLE STRATEGIC PROPERTY FUND IV SUB PARTNERSHIP NO. 3 LP**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
for the year ended 31 December 2013

**14. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES**

	2013 £	2012 £
Operating profit	13,087,616	11,943,949
(Increase)/decrease in debtors	(92,151)	643,054
(Decrease)/increase in creditors	(1,042,214)	431,443
<b>NET CASH INFLOW FROM OPERATING ACTIVITIES</b>	<b>11,953,251</b>	<b>13,018,446</b>

**15. ANALYSIS OF NET DEBT**

	At 1 January 2013 £	Cash flow £	At 31 December 2013 £
Bank balance and restricted cash	7,398,691	(179,407)	7,219,284
Debt due after more than one year	(104,250,993)	5,756,353	(98,494,640)
	<b>(96,852,302)</b>	<b>5,576,946</b>	<b>(91,275,356)</b>

**16. ULTIMATE PARENT COMPANY**

The ultimate parent undertaking and controlling party is Ameriprise Financial, Inc ("Ameriprise"), a company incorporated in the state of Delaware, United States of America

Ameriprise is the parent undertaking of the largest group of undertakings to consolidate these financial statements to 31 December 2013. The consolidated financial statements of Ameriprise can be obtained by writing to the Corporate Secretary, Ameriprise Financial, Inc, 1098 Ameriprise Financial Center, Minneapolis, Minnesota, USA, 55474 or by visiting the Ameriprise Financial website at [www.ameriprise.com](http://www.ameriprise.com)

Threadneedle Asset Management Holdings Sàrl, is the parent undertaking of the smallest group of undertakings to consolidate these financial statements. The consolidated financial statements of Threadneedle Asset Management Holdings Sàrl can be obtained from 19, rue de Bitbourg, L-1273, Luxembourg

Threadneedle Asset Management Holdings Limited, a company incorporated in England and Wales, is the parent company of Threadneedle Property Investments Limited, which holds the entire share capital of the General Partner, Sackville SPF IV (GP) No 3 Limited. The General Partner is considered to be the immediate controlling party



**THREADNEEDLE STRATEGIC PROPERTY FUND IV SUB PARTNERSHIP NO. 3 LP**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**for the year ended 31 December 2013**

**17. RELATED PARTY TRANSACTIONS**

With effect from 31 December 2013, the management of the Partnership transferred from Threadneedle Asset Management Limited to Threadneedle Portfolio Services Limited (the "Fund Manager"), and the investment advisory and management services previously provided by Threadneedle Property Investments Limited transferred to Threadneedle Portfolio Services Limited

During the year to 31 December 2013 the Partnership incurred management fees of £2,152,611 (2012 £2,259,278) from the Fund Manager. The balance due to the Fund Manager at 31 December 2013 was £5,676 (2012 £578,205)

The General Partner is entitled to receive an amount equal to £2,000 per annum as a first charge on net income and capital gains. During the year to 31 December 2013 the amount allocated to the General Partner was £2,000 (2012 £2,000)

No contract of significance existed at any time during the year in which a director or key manager was materially interested or which requires disclosure as a related party transaction as defined under FRS 8

**18. POST BALANCE SHEET EVENTS**

There have been no material post balance sheet events which would provide additional evidence relating to conditions that existed at the balance sheet date, or events indicating that it is not appropriate to apply the going concern basis of accounting