

SACKVILLE SPF IV (GP) No. 3 LIMITED

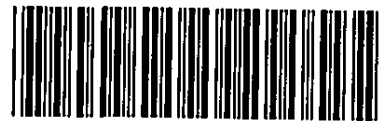
(Registered Number: 6838362)

Report and Financial Statements

for the year ended

31 December 2014

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Sackville SPF IV (GP) No. 3 Limited
Report and Financial Statements for the year ended 31 December 2014

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Sackville SPF IV (GP) No. 3 Limited
Report and Financial Statements for the year ended 31 December 2014

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
Cannon Place
78 Cannon Street
London
EC4N 6AG

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 2014

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2014

The directors present their strategic report for Sackville SPF IV (GP) No 3 Limited (“the Company”) for the year ended 31 December 2014. 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 £1,574 (2013: £1,539).

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
28 April 2015

Sackville SPF IV (GP) No. 3 Limited
Report and Financial Statements for the year ended 31 December 2014

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2014

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 2014.

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 (2013: £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 2014

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2014

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 2014 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
28 April 2015

Sackville SPF IV (GP) No. 3 Limited
Report and Financial Statements for the year ended 31 December 2014

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 2014

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

Report on the financial statements

Our opinion

In our opinion, Sackville SPF IV (GP) No 3 Limited's financial statements (the "financial statements")

- give a true and fair view of the state of the company's affairs as at 31 December 2014 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

What we have audited

Sackville SPF IV (GP) No 3 Limited's financial statements comprise

- the balance sheet as at 31 December 2014,
- the profit and loss account for the year then ended, 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 the preparation of the financial statements 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.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, the information given in the Strategic Report, the Directors' Report and the Statement of Directors' Responsibilities 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.

Sackville SPF IV (GP) No. 3 Limited
Report and Financial Statements for the year ended 31 December 2014

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

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 International Standards on Auditing (UK and Ireland) ("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

What an audit of financial statements involves

We conducted our audit in accordance with 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

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both

In addition, we read all the financial and non-financial information in the 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

Peter O'Brien

Peter O'Brien (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
28 April 2015

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Sackville SPF IV (GP) No. 3 Limited
Report and Financial Statements for the year ended 31 December 2014

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2014

	Note	2014 £	2013 £
Turnover	2	2,000	2,000
Interest receivable and similar income	4	6	5
Profit on ordinary activities before taxation	5	2,006	2,005
Tax on profit on ordinary activities	6	(432)	(466)
Profit for the financial year		1,574	1,539

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 2014

BALANCE SHEET
AS AT 31 DECEMBER 2014

	Note	2014 £	2013 £
Fixed assets			
Investments in subsidiary undertakings	7	<u>2</u>	<u>2</u>
Current assets			
Debtors	8	2,000	4,002
Cash at bank and in hand		7,455	3,449
		<u>9,455</u>	<u>7,451</u>
Creditors			
Amounts falling due within one year	9	(1,919)	(1,489)
Net current assets		<u>7,536</u>	<u>5,962</u>
Total assets less current liabilities		<u>7,538</u>	<u>5,964</u>
Net assets		<u>7,538</u>	<u>5,964</u>
Capital and reserves			
Called up share capital	10	2	2
Profit and loss account	11	7,536	5,962
Total shareholders' funds	12	<u>7,538</u>	<u>5,964</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 28 April 2015 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 2014

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 2014

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 (2013: 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:

	2014 £	2013 £
Aggregate emoluments in respect of qualifying services	189,317	174,743
Pension contributions	290	370
	<u>189,607</u>	<u>175,113</u>

Sackville SPF IV (GP) No. 3 Limited
Report and Financial Statements for the year ended 31 December 2014

3. Directors and employees (continued)

Directors' remuneration (continued)

One director (2013: one) 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 (2013: four) directors under a defined benefit scheme.

	2014 £	2013 £
In respect of the highest paid director:		
Aggregate emoluments and amounts receivable under long-term incentive plans	<u>77,912</u>	<u>68,080</u>
Defined benefit pension scheme:		
Accrued pension at end of year	<u>3,206</u>	<u>2,750</u>

The highest paid director received (2013: received) shares or units in other companies of the Group under long-term incentive schemes in respect of qualifying services and did not exercise any share options in either the current or previous year

4. Interest receivable and similar income

	2014 £	2013 £
Bank interest receivable	<u>6</u>	<u>5</u>

5. Profit on ordinary activities before taxation

The audit fee of £4,150 (2013: £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 (2013: £nil).

6. Tax on profit on ordinary activities

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

	2014 £	2013 £
Current tax:		
UK corporation tax at 21.49% (2013: 23.25%) for the year	431	466
Adjustments in respect of prior years	1	-
Tax on profit on ordinary activities	<u>432</u>	<u>466</u>

Sackville SPF IV (GP) No. 3 Limited
Report and Financial Statements for the year ended 31 December 2014

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 greater than (2013 equivalent to) the standard rate of corporation tax in the UK of 21.49% (2013 23.25%)

	2014 £	2013 £
Profit on ordinary activities before taxation	<u>2,006</u>	<u>2,005</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 21.49% (2013 23.25%)	431	466
Adjustments in respect of prior years	1	-
	<u>432</u>	<u>466</u>

7. Investments in subsidiary undertakings

	2014 £	2013 £
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 nominee companies are incorporated in England and Wales.

8. Debtors

	2014 £	2013 £
Amounts owed by the Partnership	2,000	4,000
Amounts owed by group undertaking	-	2
	<u>2,000</u>	<u>4,002</u>

9. Creditors: Amounts falling due within one year

	2014 £	2013 £
Amounts owed to group undertakings	957	493
Inter-company payable in relation to corporation tax	962	996
	<u>1,919</u>	<u>1,489</u>

Sackville SPF IV (GP) No. 3 Limited
Report and Financial Statements for the year ended 31 December 2014

10. Called up share capital

	2014 £	2013 £
Authorised		
1,000 (2013: 1,000) ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>
Allotted and fully paid		
2 (2013: 2) ordinary shares of £1 each	<u>2</u>	<u>2</u>

11. Movement in reserve

	Profit and loss account £
At 1 January 2014	5,962
Profit for the financial year	1,574
At 31 December 2014	<u>7,536</u>

12. Reconciliation of movements in shareholders' funds

	2014 £	2013 £
Opening shareholders' funds	5,964	4,425
Profit for the financial year	1,574	1,539
Closing shareholders' funds	<u>7,538</u>	<u>5,964</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 2014. 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

Sackville SPF IV (GP) No. 3 Limited
Report and Financial Statements for the year ended 31 December 2014

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 (2013: £2,000). As at 31 December 2014, £2,000 (2013: £4,000) 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**

THESE PARTNERSHIP
ACCOUNTS FORM
PART OF THE ACCOUNTS
OF COMPANY
No. 06838362.....

31 December 2014

ANNUAL REPORT AND FINANCIAL STATEMENTS

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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 2014

REVIEW OF THE BUSINESS

In respect of investment activity, the Partnership disposed of sixty-six properties during the year. There were no property acquisitions during the year. As at 31 December 2014, the Partnership held sixty-five properties in its property investment portfolio.

The profit for the year to 31 December 2014 amounted to £30,001,026 (2013: £9,440,422) which when added to the surplus on revaluation of properties of £20,362,178 (2013: £6,676,800) resulted in a total recognised gain for the year of £50,363,204 (2013: £16,117,222). A total of £2,815,959 was distributable as income to Partners in the year (2013: £8,125,477). The Partnership made distributions of £127,400,168 to Partners during the year (2013: £7,964,718).

Turnover decreased during the year to £11,989,363 (2013: £18,378,227) due to a fall in rental income, principally caused by property disposals in the year. Operating profit also decreased due to the fall in rental income.

The General Partner considers that the result of trading up to 31 December 2014 and the financial position as at 31 December 2014 is satisfactory in view of the general market conditions.

FUTURE DEVELOPMENTS

The Partnership was due to terminate on 3 July 2015, however the General Partner has extended the life of the Partnership until 3 July 2016.

Since 31 December 2014 the Partnership has completed three property sales from the New York portfolio for a gross selling price of £1,052,500.

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 -

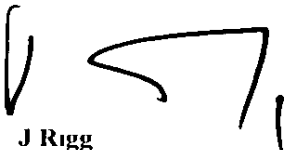
- Rental income levels,
- Profitability, and
- The movement in the market value of the Partnership's property investment portfolio

Performance against these indicators is discussed within the review of the business for the year 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 Rigg
Director of Sackville SPF IV (GP) No. 3 Limited
Date: 17 February 2015

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 statement 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 14 to the financial statements

LOAN REFINANCING

As at 31 December 2013 the Partnership held a £130,000,000 loan facility, provided by Wells Fargo Bank N A , London Branch, of which £98,494,640 had been drawn The loan facility was due to mature on 16 December 2014

On 23 May 2014, the Partnership completed the refinancing of its existing facility, providing the certainty of finance for the remaining life of the Partnership, whilst delivering greater flexibility, lower finance costs and releasing equity which was subsequently repaid to Investors

The bank loan of £31,179,815 held as at 31 December 2014 represents the total amount of funds drawn from a £119,946,750 revolving investment loan facility provided to the Partnership by Wells Fargo Bank N A , London Branch, the term of which is 2 years expiring 3 July 2016, or if earlier, on termination of the Partnership

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, which include the effects of changes in prices, credit risk, liquidity and cash flow risk and interest rate 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 in 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 chased on a regular basis

THREADNEEDLE STRATEGIC PROPERTY FUND IV SUB PARTNERSHIP NO. 3 LP

MEMBERS' REPORT (continued)

LIQUIDITY AND CASH FLOW RISK

Liquidity and cash flow 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 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 cash flow position to ensure it has sufficient finance in order to fund its activities

INTEREST RATE RISK

Interest rate 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 IN RESPECT OF THE FINANCIAL STATEMENTS

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

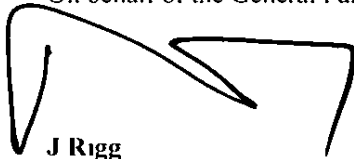
MEMBERS' REPORT (continued)

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 Rigg
Director of Sackville SPF IV (GP) No. 3 Limited
Date. 17 February 2015

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, Threadneedle Strategic Property Fund IV Sub Partnership No 3 LP's financial statements (the "financial statements")

- give a true and fair view of the state of the qualifying partnership's affairs as at 31 December 2014 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

What we have audited

Threadneedle Strategic Property Fund IV Sub Partnership No 3 LP's financial statements comprise

- the Balance Sheet as at 31 December 2014,
- 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,
- the Cash Flow Statement for the year then ended, 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 the preparation of the financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

In applying the financial reporting framework, the members 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

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

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

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)

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 International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)") Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors

This report, including the opinion, 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 this opinion, 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

What an audit of financial statements involves

We conducted our audit in accordance with 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

We primarily focus our work in these areas by assessing the members' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both

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



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

Date: 17 February 2015

THREADNEEDLE STRATEGIC PROPERTY FUND IV SUB PARTNERSHIP NO. 3 LP

**PROFIT AND LOSS ACCOUNT
for the year ended 31 December 2014**

	Note	2014 £	2013 £
Turnover	2	11,989,363	18,378,227
Cost of sales	3	(3,411,631)	(4,018,425)
GROSS PROFIT		8,577,732	14,359,802
Administrative expenses	4	(1,945,356)	(2,182,775)
Other operating income	5	176,353	910,589
OPERATING PROFIT		6,808,729	13,087,616
Interest receivable and similar income		169	64
Interest payable and similar charges	7	(3,992,939)	(4,962,203)
Realised gain on property disposals		27,185,067	1,314,945
PROFIT ON ORDINARY ACTIVITIES BEFORE AND AFTER TAXATION		30,001,026	9,440,422
STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES for the year ended 31 December 2014			
		2014 £	2013 £
Profit for the financial year		30,001,026	9,440,422
Surplus on revaluation of properties	8	20,362,178	6,676,800
TOTAL RECOGNISED GAINS FOR THE YEAR		50,363,204	16,117,222

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 2014**

	2014	2013
	£	£
Reported profit on ordinary activities before taxation	30,001,026	9,440,422
Realisation of property valuation losses of previous years	(11,345,023)	(752,205)
HISTORICAL COST PROFIT ON ORDINARY ACTIVITIES BEFORE AND AFTER TAXATION	18,656,003	8,688,217

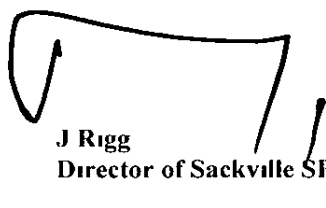
THREADNEEDLE STRATEGIC PROPERTY FUND IV SUB PARTNERSHIP NO. 3 LP

BALANCE SHEET
as at 31 December 2014

	Note	2014 £	2013 £
FIXED ASSETS			
Investment property	8	80,010,230	224,626,080
Other investments other than loans	9	-	4
		<hr/>	<hr/>
		80,010,230	224,626,084
CURRENT ASSETS			
Debtors amounts falling due within one year	10	975,325	1,157,829
Cash at bank		5,379,374	7,219,284
		<hr/>	<hr/>
		6,354,699	8,377,113
		<hr/>	<hr/>
TOTAL ASSETS		86,364,929	233,003,197
		<hr/>	<hr/>
CREDITORS : amounts falling due within one year	11	2,077,463	105,019,334
CREDITORS : amounts falling due after more than one year	12	84,287,466	127,983,863
		<hr/>	<hr/>
TOTAL LIABILITIES		86,364,929	233,003,197
		<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 2015 and were signed on its behalf by



J Rigg
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 2014**

	Note	2014 £	2013 £
NET CASH INFLOW FROM OPERATING ACTIVITIES	15	5,055,812	11,953,251
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE:			
Interest received		169	64
Loan and swap interest paid		(3,430,456)	(4,778,081)
Debt issue costs		(972,402)	-
Preferred return on Partner loans		(12,811,760)	-
NET CASH OUTFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		(17,214,449)	(4,778,017)
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT.			
Purchase of properties and investments		(1,099,995)	(1,108,217)
Sale of properties and investments		193,321,951	7,474,647
Sale of investment in Management Company		4	-
NET CASH INFLOW FROM CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT		192,221,960	6,366,430
FINANCING:			
Partner loans repaid in the year		(114,588,408)	(7,964,718)
Repayment of loans to Wells Fargo Bank N A , London Branch		(98,494,640)	(5,756,353)
Advance of loans from Wells Fargo Bank N A , London Branch		119,946,750	-
Repayment of loans to Wells Fargo Bank N A , London Branch		(88,766,935)	-
NET CASH OUTFLOW FROM FINANCING		(181,903,233)	(13,721,071)
DECREASE IN CASH IN THE YEAR		(1,839,910)	(179,407)
RECONCILIATION TO NET DEBT			
Net debt at 1 January		(91,275,356)	(96,852,302)
Decrease in cash in the year		(1,839,910)	(179,407)
Movement in borrowings		67,314,825	5,756,353
NET DEBT AT 31 DECEMBER	16	(25,800,441)	(91,275,356)

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

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2014

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. The prior year comparatives are also prepared on the above basis and the accounting policies below.

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 2014**

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 and interest rate cap 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 profits or losses 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 2014

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 LPA, 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 dated 29 October 2009 as amended on 11 January 2010

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' Distribution Account

2. TURNOVER

	2014	2013
	£	£
Rental income	10,942,236	16,854,230
Service charge income	1,047,127	1,523,997
	<hr/>	<hr/>
	11,989,363	18,378,227
	<hr/>	<hr/>

3. COST OF SALES

	2014	2013
	£	£
Service charge expense	2,119,190	2,520,325
Other property related expenses	1,292,441	1,505,012
	<hr/>	<hr/>
	3,411,631	4,025,337
	<hr/>	<hr/>

THREADNEEDLE STRATEGIC PROPERTY FUND IV SUB PARTNERSHIP NO. 3 LP

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2014

4. ADMINISTRATIVE EXPENSES

	2014	2013
	£	£
Management fees	1,913,334	2,152,611
Other expenses	860	502
Fees payable to Partnership's auditor		
- Audit of the financial statements	28,750	22,750
- Tax compliance services	2,412	6,912
	<hr/>	<hr/>
	1,945,356	2,182,775
	<hr/>	<hr/>

5. OTHER OPERATING INCOME

	2014	2013
	£	£
Surrender premium	104,559	820,740
Dilapidations income	59,500	33,000
Sundry income	12,268	56,646
Late payment interest	26	203
	<hr/>	<hr/>
	176,353	910,589
	<hr/>	<hr/>

6. EMPLOYEES

The number of persons working for the Partnership during the year was nil (2013 nil)

7. INTEREST PAYABLE AND SIMILAR CHARGES

	2014	2013
	£	£
Loan interest	2,831,966	4,519,932
Loan breakage and swap cancellation fee	61,882	25,915
Amortisation of issue costs on loans	1,099,091	416,356
	<hr/>	<hr/>
	3,992,939	4,962,203
	<hr/>	<hr/>

THREADNEEDLE STRATEGIC PROPERTY FUND IV SUB PARTNERSHIP NO. 3 LP

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2014

8. INVESTMENT PROPERTY

	Freehold £	Leasehold £	Total £
Cost			
At 1 January 2014	225,192,381	7,735,916	232,928,297
Additions	1,099,995	-	1,099,995
Disposals	(176,483,049)	(939,997)	(177,423,046)
	<hr/>	<hr/>	<hr/>
At 31 December 2014	49,809,327	6,795,919	56,605,246
	<hr/>	<hr/>	<hr/>
Movement in Value			
At 1 January 2014	(7,550,533)	(751,684)	(8,302,217)
Unrealised surplus in respect of properties held at 31 December 2014	19,255,368	1,106,810	20,362,178
Reversal of unrealised loss in respect of property sold in year to 31 December 2014	11,170,026	174,997	11,345,023
	<hr/>	<hr/>	<hr/>
At 31 December 2014	22,874,861	530,123	23,404,984
	<hr/>	<hr/>	<hr/>
Valuation			
At 31 December 2014	72,684,188	7,326,042	80,010,230
	<hr/>	<hr/>	<hr/>
Valuation by CBRE Limited, Chartered Surveyors, at open market value			
At 31 December 2014	72,676,000	7,360,000	80,036,000
	<hr/>	<hr/>	<hr/>
At 31 December 2013	218,323,334	7,015,000	225,338,334
	<hr/>	<hr/>	<hr/>

The valuation as at 31 December 2014 is calculated after deducting the value of lease incentives receivable amounting to £25,770 as at 31 December 2014 (2013 £712,254). The value of lease incentives receivable is shown within Debtors (see note 10).

THREADNEEDLE STRATEGIC PROPERTY FUND IV SUB PARTNERSHIP NO. 3 LP

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2014

9. OTHER INVESTMENTS

At 31 December 2013, the Partnership had an interest in the following company

	Share capital held	Cost of Investment	Nature of business
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 held a 29% interest) is described as a participating interest. As Threadneedle Strategic Property Fund IV Sub Partnership No 3 LP did not participate in the commercial or financial policy decisions, and had 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.

At 31 December 2014, the Partnership had fully disposed of its interest in the above company at a price of £4.

10. DEBTORS, amounts falling due within one year

	2014	2013
	£	£
Trade debtors	-	185,011
Lease incentives receivable	25,770	712,254
Rent deposit	51,781	84,291
Rental guarantees receivable	-	87,991
Prepaid ground rent	72,818	3,581
Other debtors	131,418	84,701
Other taxation and social security	215,749	-
Amounts due from Partners (see note 14)	477,789	-
	<hr/>	<hr/>
	975,325	1,157,829
	<hr/>	<hr/>

THREADNEEDLE STRATEGIC PROPERTY FUND IV SUB PARTNERSHIP NO. 3 LP

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2014

11. CREDITORS: amounts falling due within one year

	2014	2013
	£	£
Trade creditors	192,239	-
Disposal costs payable	83,832	24,971
Rent deposit	51,781	84,291
Loan interest payable	151,038	687,646
Other taxation and social security	-	237,773
Deferred income	1,027,145	3,144,344
Service charge void accruals	136,271	83,327
Service charge creditor	146,051	467,950
Amounts due to Manager	175,095	5,676
Amounts due to Partners (see note 14)	-	1,911,223
Loan agency fee accrual	-	25,000
Other creditors	114,011	207,441
Bank loan	-	98,139,692
	<hr/>	<hr/>
	2,077,463	105,019,334
	<hr/>	<hr/>

12. CREDITORS: amounts falling due after more than one year

	2014	2013
	£	£
Bank loans	31,179,815	98,494,640
Less Debt issue costs	(228,259)	(354,948)
Less Moved to current creditors	-	(98,139,692)
	<hr/>	<hr/>
	30,951,556	-
	<hr/>	<hr/>
Amounts due to Partners (see note 14)	53,335,910	127,983,863
	<hr/>	<hr/>
	84,287,466	127,983,863
	<hr/>	<hr/>

Maturity of borrowing

	2014	2013
	£	£
In one year or less	-	98,494,640
In more than one year, but not more than two years	31,179,815	-
	<hr/>	<hr/>
	31,179,815	98,494,640
	<hr/>	<hr/>

THREADNEEDLE STRATEGIC PROPERTY FUND IV SUB PARTNERSHIP NO. 3 LP

**NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2014**

12 CREDITORS: amounts falling due after more than one year (continued)

As at 31 December 2013, the Partnership held a £130,000,000 loan facility provided by Wells Fargo Bank N A , London Branch, of which £98,494,640 had been drawn. The loan facility was due to mature on 16 December 2014.

On 23 May 2014 the Partnership completed the refinancing of its existing facility, providing the certainty of finance for the remaining life of the Partnership, whilst delivering greater flexibility, lower finance costs and releasing equity which was subsequently repaid to Investors.

The bank loan of £31,179,815 held as at 31 December 2014 represents the total amount of funds drawn from a £119,946,750 revolving investment loan facility provided to the Partnership by Wells Fargo Bank N A , London Branch, the term of which is 2 years expiring 3 July 2016, or if earlier, on termination of the Partnership.

Interest is payable quarterly in arrears and is calculated at a variable rate (the "Margin") over LIBOR.

In December 2009, as part of the interest rate management strategy for the loan facility provided Wells Fargo Bank N A , London Branch, the Partnership entered into interest rate swap agreements with 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.

As at 31 December 2014, all swap agreements held by the Partnership had expired.

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

Under the swap agreement the Partnership paid 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 agreement the Partnership received 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 2014

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

On 23 May 2014, as part of the interest rate management strategy, the Partnership entered into an interest rate cap agreement with Wells Fargo Securities International Limited for a total notional amount of £18,204,900

Premiums payable on the purchase of such cap agreements are amortised on a straight line basis over the expected life of the instrument

Counterparty: Wells Fargo Securities International Limited – Reference Number: 13293320

Under the cap agreement the Partnership will receive the amount by which the 3 Month LIBOR interest rate exceeds the cap rate based on a notional sum. This effectively caps the interest rate payable on the equivalent notional sum of the drawn bank loan at 3%. Cap agreement detailed below

Notional sum £16,084,500 – Cap Rate 3.00%, effective from 23 May 2014 to 22 October 2014

Notional sum £18,204,900 – Cap Rate 3.00%, effective from 22 October 2014 to 22 January 2016

Notional sum £16,204,900 – Cap Rate 3.00%, effective from 22 January 2016 to 4 July 2016

The fair value of swap and cap agreements effective at 31 December 2014 were as follows

Counterparty	Notional Sum £	Effective Date	Rate of Interest Payable	Rate of Interest Receivable	Fair Value 2014 £	Fair Value 2013 £
Wells Fargo Bank N A , London Branch	43,334,000	22 April 2010	3.01%	3 month LIBOR	-	(837,525)
Wells Fargo Securities International Limited	18,204,900	23 May 2014	3.00%	3 month LIBOR	608	-

13 RECONCILIATION OF MOVEMENTS OF PARTNERS' INTERESTS

	As at 1 January 2014 £	Movement in Loan Account £	Movement in Net Revenue Account £	Movement in Net Capital Account £	Movement in Distribution Account £	As at 31 December 2014 £
Return	15,305,678	-	2,815,959	47,547,244	(12,811,760)	52,857,121
Capital and loans	114,589,408	(114,588,408)	-	-	-	1,000
	<u>129,895,086</u>	<u>(114,588,408)</u>	<u>2,815,959</u>	<u>47,547,244</u>	<u>(12,811,760)</u>	<u>52,858,121</u>

THREADNEEDLE STRATEGIC PROPERTY FUND IV SUB PARTNERSHIP NO. 3 LP

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2014

14. PARTNERS' INTERESTS AS AT 31 DECEMBER 2014

Partners	Capital Contribution Account £	Loan Contribution Account £	Revenue Account £	Net Capital Account £	Distribution Account £	Total £
Sackville SPF IV (GP) No 3 Limited	-	-	10,000	-	(8,000)	2,000
Threadneedle Strategic Property Fund IV LP	1,000	-	22,920,423	42,742,458	(12,807,760)	52,856,121
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	1,000	-	22,930,423	42,742,458	(12,815,760)	52,858,121
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

Maturity Profile

	£
Due in one year or less	(477,789)
Due in more than one year	53,335,910
	<hr/>
	52,858,121
	<hr/>

PARTNERS' INTERESTS AS AT 31 DECEMBER 2013

Partners	Capital Contribution Account £	Loan Contribution Account £	Revenue Account £	Net Capital Account £	Distribution 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
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	1,000	114,588,408	20,114,464	(4,804,786)	(4,000)	129,895,086
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

Maturity Profile

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

THREADNEEDLE STRATEGIC PROPERTY FUND IV SUB PARTNERSHIP NO. 3 LP

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2014

15. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2014 £	2013 £
Operating profit	6,808,729	13,087,616
Decrease/(increase) in debtors	660,292	(92,151)
Decrease in creditors	(2,413,209)	(1,042,214)
NET CASH INFLOW FROM OPERATING ACTIVITIES	5,055,812	11,953,251

16. ANALYSIS OF NET DEBT

	At 1 January 2014 £	Cash flow £	At 31 December 2014 £
Bank balance	7,219,284	(1,839,910)	5,379,374
Debt	(98,494,640)	67,314,825	(31,179,815)
	(91,275,356)	65,474,915	(25,800,441)

17. 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 2014. 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

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 2014

18. 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 2014 the Partnership incurred management fees of £1,913,334 (2013 £2,152,611) from the Fund Manager. The balance due to the Fund Manager at 31 December 2014 was £175,095 (2013 £5,676)

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 2014 the amount allocated to the General Partner was £2,000 (2013 £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

19. 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

Since 31 December 2014 the Partnership has completed three property sales from the New York portfolio for a gross selling price of £1,052,500