

Registration No. 01879480

Registered Office:

**Ninth Floor, Ten Bishops Square,
London E1 6EG, United Kingdom**

INVESTMENT PROPERTY DATABANK LIMITED

Report and Financial Statements

For the year ended

31 December 2017



INVESTMENT PROPERTY DATABANK LIMITED

	Page
Strategic Report	1
Directors' Report	4
Directors' Responsibilities Statement	6
Independent Auditors' Report	7
Statement of Comprehensive Income	9
Statement of Financial Position	10
Statement of Changes in Equity	11
Notes to the financial statements	12-22

INVESTMENT PROPERTY DATABANK LIMITED

STRATEGIC REPORT

The Directors present the Strategic Report for Investment Property Databank Limited (the “Company”) for the year ended 31 December 2017 and in doing so have complied with s414c of the Companies Act 2006.

The financial statements of the Company for the year ended 31 December 2017 have been prepared in accordance with FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

REVIEW OF THE BUSINESS

The principal activity of the Company is that of a collector and compiler of statistics, data and analysis relating to real estate investment and management. The Company provides real estate sector performance analytics, including research, reporting, benchmarking and indices, for funds, investors, managers and lenders in the real estate industry. The Company is based in London.

The Company's immediate parent undertaking is IPD Group Limited, a company incorporated in the United Kingdom and registered in England and Wales. The Company's ultimate parent undertaking and controlling party is MSCI Inc., a company incorporated in the United States of America. The Company's results are consolidated within the results of the MSCI Inc. Group (the “Group”).

The Company acts as the operating hub of the global IPD business (the “MSCI Real Estate business”) whereby all IPD companies outside the United Kingdom earn a 2 per cent operating margin with either expense or income being transferred to the Company.

The Statement of Comprehensive Income is set out on page 9. The Company has recorded a profit on ordinary activities before taxation of £65k (2016: £354k).

Revenue has decreased by £49k, or 0.3%, to £15,939k (2016: £15,988k) as a result of slightly decreased sales to third party clients. Staff costs have decreased by £493k, or 10%, to £4,576k (2016: £5,069k), primarily as a result of a reduction in the number of staff employed by the Company. In addition to a decrease in salary costs employee severance costs, share based payment expenses and pension costs have also decreased in 2017 compared to the prior year.

Other administrative expenses have increased by £1,548k, or 9%, to £18,377k (2016: £16,829k). The increase is primarily due to higher intercompany expenses recharged by other Group companies in respect of their employees working within specific data management, information technology and other service functions dedicated to the MSCI Real Estate business. The Company has incurred an expense of £6,898k in 2017 (2016: £5,070k) in respect of these services, which are invoiced to the Company at actual cost plus a pre-determined margin. Other operating income has increased by £1,383k, or 25%, to £7,003k (2016: £5,620k) due to an increase in intercompany income receivable from other IPD companies, for whom the Company acts as an operating hub.

The Company has recorded a tax charge for the year of £66k (2016: £150k). The Company has recorded a loss for the financial year after tax of £1k (2016: £204k profit).

The Statement of Financial Position is set out on page 10 and shows the net current liabilities of the Company at 31 December 2017 are £24,161k (2016: £24,254k). Cash and cash equivalents have decreased from £8,456k at 31 December 2016 to £1,871k at 31 December 2017, primarily as a result of the timing of intercompany settlements.

INVESTMENT PROPERTY DATABANK LIMITED

STRATEGIC REPORT (CONTINUED)

KEY PERFORMANCE INDICATORS

The performance of the Company is included in the results of the MSCI Inc. Group which are discussed in the Group's Annual Report on Form 10-K to the United States Securities and Exchange Commission. The Group manages its key performance indicators on a global basis. For these reasons, the Company's Directors believe that providing performance indicators for the Company itself would not enhance an understanding of the development, performance or position of the business of the Company.

PRINCIPAL RISKS AND UNCERTAINTIES

Financial risk management objectives and policies

Risk is an inherent part of the Company's business activity and is managed within the context of the broader Group's business activities. The Group seeks to identify, assess, monitor and manage each of the various types of risk involved in its activities, in accordance with defined policies and procedures. A detailed assessment of the risk factors considered by the Group is provided in the Group's Annual Report on Form 10-K to the United States Securities and Exchange Commission.

Market and foreign exchange risk

The MSCI Real Estate business is a market leader in the provision of investment analytic tools to the real estate industry. By focusing on sales growth with the development of new products and high retention rates of existing clients with a stable production platform and breadth of product coverage, the Company seeks to minimise potential adverse effects on its performance arising from negative market factors.

Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the entity's functional currency. The Company operates internationally and is exposed to some foreign exchange risk arising from currency exposures, primarily with respect to transactions in the US dollar and the Euro. Foreign exchange risk is managed by a central Group treasury department, responsible for identifying, evaluating and hedging financial risks in close co-operation with the Group's operating units.

Credit risk

Credit risk refers to the risk of loss arising from borrower or counterparty default when a borrower, counterparty or obligor is unable to meet its financial obligations.

The Group manages credit risk exposure in consideration of each individual legal entity, but on a global basis, by ensuring transparency of material credit risks, ensuring compliance with established limits, approving material extensions of credit, and escalating risk concentrations to appropriate senior management.

Liquidity and cash flow risk

The Group's senior management establishes the overall liquidity and capital policies of the Group. The Group's liquidity and funding risk management policies are designed to mitigate the potential risk that the Group and the Company may be unable to access adequate financing to service its financial obligations when they fall due without material, adverse franchise or business impact. The key objectives of the liquidity and funding risk management framework are to support the successful execution of the Group's and the Company's business strategies while ensuring ongoing and sufficient liquidity through the business cycle and during periods of financial distress.

INVESTMENT PROPERTY DATABANK LIMITED

STRATEGIC REPORT (CONTINUED)

FUTURE DEVELOPMENTS

The Directors believe the Company is well-positioned for growth over time and has a growth strategy that will build on its strong client relationships, products and brands. There are opportunities to increase the number of users and locations and the number of products the Company licences to existing client organisations. Many of the Company's clients use only one or a limited number of the available products, and the Company believes there are opportunities to sell new modules and capabilities to its existing clients. Developments in the Company's client interface platform, providing additional analytical tools and customisation capabilities to clients, are expected to help drive sales growth as well as supporting client retention. The Company also seeks to add new clients by expanding its sales efforts and by maintaining a certain level of investment in marketing events.

The Directors expect the level of the Company's activity to increase moderately in the forthcoming year.

POST BALANCE SHEET EVENTS

No significant post balance sheet events have occurred.

On behalf of the Board on 27 June 2018



T E Foster

Director

Ninth Floor,
Ten Bishops Square,
London E1 6EG

INVESTMENT PROPERTY DATABANK LIMITED

DIRECTORS' REPORT

The Directors present their report and audited financial statements on the affairs of the Company for the year ended 31 December 2017.

FUTURE DEVELOPMENTS AND EVENTS AFTER THE BALANCE SHEET DATE

Details of future developments and events that have occurred after the balance sheet date can be found in the Strategic Report on pages 1 to 3 and form part of this report by cross-reference.

DIVIDENDS

No dividends (2016: nil) were declared or paid during the year. The Directors do not recommend the payment of a final dividend for the year ended 31 December 2017.

GOING CONCERN

At 31 December 2017 the Company has £1,871k (2016: £8,456k) in cash and cash equivalents and net current liabilities of £24,161k (2016: £24,254k). Although the Company has net current liabilities in the current and prior year at the balance sheet date, the Directors believe that the Company continues to operate with satisfactory cash flow and receives satisfactory support from MSCI Limited and MSCI Inc., the ultimate parent undertaking of the Company. MSCI Limited has provided a letter of support to the Company effective for a 12 month period from the date of signature of the Report and Financial Statements. The Company is expected to return to profitability in the future as the Company and other IPD companies increase revenues in excess of the rate of expense growth. Accordingly, the Directors continue to adopt the going concern basis in preparing the Annual Report and Financial Statements.

DIRECTORS

The following Directors of the Company were in office during the year and up to the date of signing the financial statements:

J C Pawliczek (resigned 30 May 2017)
R A Warne (resigned 30 September 2017)
T E Foster
J M Procter (appointed 30 September 2017)
C Harte (appointed 26 September 2016, resigned 30 May 2017)
C D B Pettit (appointed 30 September 2017)
M A Michaelides (appointed 30 May 2017, resigned 22 June 2018)
F Grand (appointed 30 May 2017, resigned 30 September 2017)

DIRECTORS' INDEMNITIES

The Company has made qualifying third party indemnity provisions for the benefit of its Directors which were made during the year and remain in force at the date of this report.

PRINCIPAL RISKS AND UNCERTAINTIES

Risks as identified in relation to the Company's operations are managed as described in the Strategic Report on page 2 and form part of this report by cross-reference.

INVESTMENT PROPERTY DATABANK LIMITED

DIRECTORS' REPORT (CONTINUED)

EMPLOYEES

Both the Company and the Group place considerable value on the investment in their employees and have continued their practice of keeping employees informed on matters affecting them. Employees are encouraged to present their suggestions and views on the Group's performance to management and employees participate directly in the success of the business through both the Company's and the Group's various compensation incentive plans.

Every effort is also made to ensure that disabled applicants, or those existing employees that are disabled or may have become disabled, are treated as fairly as possible on terms comparable with those of other employees. Appropriate training is arranged for disabled persons, including retraining for alternative work of employees who become disabled, to promote their career development within the organisation.

INDEPENDENT AUDITORS

Each of the persons who is a Director at the date of approval of this report confirms that:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- the Director has taken all the steps that he/she ought to have taken as a Director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

PricewaterhouseCoopers LLP was appointed as the Company's auditors for the year ended 31 December 2017 and has indicated its willingness to continue in office as auditors of the Company and under Sections 485 to 488 of the CA 2006 will be deemed to be reappointed.

This report and the financial statements on pages 9 to 22 were approved by the Board of Directors on 27 June 2018 and signed on its behalf by



T E Foster

Director

Ninth Floor,
Ten Bishops Square,
London E1 6EG

INVESTMENT PROPERTY DATABANK LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

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, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", 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 period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006.

The directors 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.

In the case of each director in office at the date the Directors' Report is approved:

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

This report and the financial statement on pages 9 to 22 were approved by the Board of Directors on 27 June 2018 and signed on its behalf by



T E Foster

Director

Ninth Floor,
Ten Bishops Square,
London E1 6EG

INVESTMENT PROPERTY DATABANK LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF INVESTMENT PROPERTY DATABANK LIMITED

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

In our opinion, Investment Property Databank Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2017 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Report and Financial Statements (the "Annual Report"), which comprise: the Statement of financial position as at 31 December 2017; the Statement of comprehensive income, the Statement of changes in equity for the year then ended; and the Notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

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

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you when:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

INVESTMENT PROPERTY DATABANK LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF INVESTMENT PROPERTY DATABANK LIMITED (CONTINUED)

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 December 2017 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

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.

OTHER REQUIRED REPORTING

Companies Act 2006 exception reporting

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 by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

A. Barford

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

27 June 2018

INVESTMENT PROPERTY DATABANK LIMITED

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2017

	Note	2017 £'000	2016 £'000
Revenue	5	15,939	15,988
Administrative expenses	6	(22,953)	(21,898)
Other operating income	7	7,003	5,620
Exceptional item	8	-	538
Operating (loss)/profit		(11)	248
Finance income	9	77	107
Finance expenses	10	(1)	(1)
Profit before taxation		65	354
Tax on profit	11	(66)	(150)
(LOSS)/PROFIT FOR THE FINANCIAL YEAR		(1)	204
TOTAL COMPREHENSIVE (EXPENSE)/INCOME		<u>(1)</u>	<u>204</u>
Total comprehensive (expense)/income for the year attributable to:			
Owners of the parent		<u>(1)</u>	<u>204</u>

All operations were continuing in the current and prior year.

The notes on pages 12 to 22 form an integral part of the financial statements.

INVESTMENT PROPERTY DATABANK LIMITED
Registration No. 01879480

STATEMENT OF FINANCIAL POSITION
As at 31 December 2017

	Note	2017 £'000	2016 £'000
FIXED ASSETS			
Property, plant and equipment	12	-	3
		-	3
NON-CURRENT ASSETS			
Other debtors	13	-	91
		-	91
CURRENT ASSETS			
Debtors	14	10,148	6,608
Cash and cash equivalents		1,871	8,456
		12,019	15,064
CURRENT LIABILITIES			
Creditors – amounts falling due within one year	16	(36,180)	(39,318)
		(36,180)	(39,318)
NET CURRENT LIABILITIES		(24,161)	(24,254)
TOTAL ASSETS LESS CURRENT LIABILITIES		(24,161)	(24,160)
NET LIABILITIES		(24,161)	(24,160)
EQUITY			
Called up share capital	17	-	-
Share premium account	17	-	-
Profit and loss account		(24,161)	(24,160)
TOTAL SHAREHOLDERS' DEFICIT		(24,161)	(24,160)

The notes on pages 12 to 22 form an integral part of the financial statements.

These financial statements were approved by the Board and authorised for issue on 27 June 2018.

Signed on behalf of the Board



T E Foster

Director

Ninth Floor,
Ten Bishops Square,
London E1 6EG

INVESTMENT PROPERTY DATABANK LIMITED

STATEMENT OF CHANGES IN EQUITY For the year ended 31 December 2017

	Called up share capital £'000	Share premium account £'000	Profit and loss account £'000	Total Shareholders' deficit £'000
Balance at 1 January 2016	-	-	(24,364)	(24,364)
Profit for the financial year	-	-	204	204
Total comprehensive income attributable to owners of the parent	-	-	204	204
Balance at 31 December 2016	-	-	(24,160)	(24,160)
Loss for the financial year	-	-	(1)	(1)
Total comprehensive expense attributable to owners of the parent	-	-	(1)	(1)
Balance at 31 December 2017	-	-	(24,161)	(24,161)

The notes on pages 12 to 22 form an integral part of the financial statements.

INVESTMENT PROPERTY DATABANK LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2017

1. GENERAL INFORMATION

Investment Property Databank Limited is a private limited Company incorporated in the United Kingdom. The Company is registered in England and Wales with a registered office at Ninth Floor, Ten Bishops Square, London, E1 6EG. The principal activity of the Company is that of a collector and compiler of statistics, data and analysis relating to real estate investment and management.

2. STATEMENT OF COMPLIANCE

The financial statements are prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', and the reduced disclosure framework set out in that standard is applied. The financial statements are prepared under the historical cost convention, and in accordance with the Companies Act 2006.

3. ACCOUNTING POLICIES

a) Accounting convention

The Company has selected and applied its accounting policies consistently.

b) Going concern

At 31 December 2017 the Company has £1,871k (2016: £8,456k) in cash and cash equivalents and net current liabilities of £24,161k (2016: £24,254k). Although the Company has net current liabilities in the current and prior year at the balance sheet date, the Directors believe that the Company continues to operate with satisfactory cash flow and receives satisfactory support from MSCI Limited and MSCI Inc., the ultimate parent undertaking of the Company. MSCI Limited has provided a letter of support to the Company effective for a 12 month period from the date of signature of the Report and Financial Statements. The Company is expected to return to profitability in the future as the Company grows its revenues. Accordingly, the Directors continue to adopt the going concern basis in preparing the Annual Report and Financial Statements.

c) Exemption for qualifying entities under FRS 102

The company has taken advantage of the following exemptions as the Company is a qualifying entity and the relevant disclosures are included in consolidated financial statements:

- preparing a statement of cash flows;
- disclosing share based payment arrangements, required under FRS 102 paragraphs 26.18, 26.19, 26.21 and 26.23,
- disclosing the compensation of the Company's key management personnel, as required by FRS 102 paragraphs 33.7;
- disclosing transactions with fellow Group undertakings under paragraph 33.1A of FRS 102

The shareholders of the Company have been notified in writing and do not object to the use of the above disclosure exemptions.

d) Functional currency

The financial statements are prepared in Pounds sterling, the currency of the primary economic environment in which the Company operates.

All currency amounts in the Strategic Report, the Directors' Report, the Financial Statements and the Notes to the Financial Statements are rounded to the nearest thousand Pounds sterling, except where stated otherwise.

e) Foreign currencies

All monetary assets and liabilities denominated in currencies other than Pounds Sterling are translated into Pounds Sterling at the rates ruling at the balance sheet date. Transactions in currencies other than Pounds Sterling are recorded at the rates ruling at the dates of the transactions. Revaluation differences are presented in the Statement of Comprehensive Income.

INVESTMENT PROPERTY DATABANK LIMITED

NOTES TO THE FINANCIAL STATEMENTS Year ended 31 December 2017

3. ACCOUNTING POLICIES (CONTINUED)

f) Tangible fixed assets

Tangible fixed assets are stated at cost net of depreciation and any provision for impairment in value. Depreciation is provided on tangible assets at rates calculated to write-off the cost of the assets on a straight-line basis over their expected useful lives as follows:

- Fixtures, fittings and equipment are depreciated over 3 to 7 years.

g) Offsetting of financial assets and financial liabilities

Where there is a legally enforceable right to set off the recognised amounts and an intention to settle on a net basis or to realise the asset and the liability simultaneously, financial assets and financial liabilities are offset and the net amount is presented on the balance sheet. All other amounts are presented on a gross basis.

h) Taxation

Provisions are established based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective countries in which the Company operates. The amount of such provisions is based on various factors, such as experience with previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority.

Deferred tax is recognised in respect of all timing differences which are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements.

Management estimation is required to determine the amount of deferred tax assets that can be recognised, based upon likely timing and level of future taxable profits together with an assessment of the effect of future tax planning strategies. Unrelieved tax losses and other deferred tax assets shall be recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax liabilities/ assets shall be measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply in the periods in which the timing difference is expected to reverse. An entity shall not discount current or deferred tax liabilities or deferred tax assets.

i) Vacation accrual

Short term employee benefits are being charged to the Statement of Comprehensive income as employee services are received. Vacation expense is recognised in the Statement of Comprehensive Income on an accrual basis.

j) Retirement benefits

The Company operates a defined contribution scheme. The contributions due are recognised in the Statement of Comprehensive Income on an accrual basis.

k) Interest receivable and interest payable

Interest receivable and interest payable arises from cash and intercompany balances and financing activities. Interest is recognised in the Statement of Comprehensive Income on an accrual basis using the effective interest method.

l) Revenue

Sales revenue is recognised based on service delivery.

m) Accrued and deferred income

Deferred revenues represent amounts billed to customers for products and services in advance of delivery. Deferred revenue is generally amortised based on service delivery as revenue recognition criteria are met.

Accrued income arises when revenue is recognisable based on services delivered but the invoice to the client has not yet been issued.

INVESTMENT PROPERTY DATABANK LIMITED

NOTES TO THE FINANCIAL STATEMENTS Year ended 31 December 2017

3. ACCOUNTING POLICIES (CONTINUED)

n) Other operating income

Other operating income represents the amount of income accrued by the Company in respect of services agreements with other IPD companies. The Company acts as the operating hub of the global MSCI Real Estate business whereby all IPD companies outside the United Kingdom earn a 2 per cent operating margin with either expense or income being transferred to the Company.

o) Exceptional items

Exceptional items are those items that in the Directors' view are required to be separately disclosed by virtue of their size or incidence. Exceptional items are disclosed separately in the financial statements where it is necessary to do so to provide further understanding of the financial performance of the Company.

4. CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATION UNCERTAINTY

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates may, by definition, not equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

a) Impairment of receivables

The Company makes an estimate of the recoverable value of receivables. When assessing impairment of receivables, management considers factors including the current credit rating of the debtor, the ageing profile of debtors and historical collection experience.

b) Share-based payments

MSCI Inc. operates equity-based compensation plans on behalf of the Company and, in relation to which, the Company pays MSCI Inc. in consideration of the procurement of the transfer of shares to employees. The cost of equity based transactions with employees is measured based on the fair value of the equity instruments at grant date. The fair value of restricted stock unit awards is based on the market price of MSCI Inc. shares at the time of the award grant. Non-market vesting conditions are not taken into account when measuring fair value, but are reflected by adjusting over time the number of equity instruments included in the measurement of the transaction such that the amount ultimately recognised reflects the number that actually vest. The expense for FRS 102 Share-based payment ("FRS 102 Section 26") purposes is taken directly to the Statement of Comprehensive Income as services are received from the Company's employees during the vesting period with a corresponding liability established to the extent that payments are due to MSCI Inc. in respect of these awards.

c) Deferred tax

The Company makes an assessment of the recoverability of deferred tax assets in accordance with FRS 102 (section 29). Deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Based on management's assessment, it is probable that there will be future taxable profits in the company to utilise the deferred tax assets recognised at 31 December 2017. Details of deferred tax assets recognised by the Company are given in Note 15 of these financial statements.

INVESTMENT PROPERTY DATABANK LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2017

4. REVENUE

Revenue represents revenues earned for the provision of real estate sector performance analytics, including research, reporting, benchmarking and indices, for funds, investors, managers and lenders in the real estate industry.

A geographical analysis of revenue by origination is as follows:

	2017 £'000	2016 £'000
United Kingdom	13,493	13,827
Rest of the World	2,446	2,161
	<u>15,939</u>	<u>15,988</u>

5. ADMINISTRATIVE EXPENSES

The monthly average number of employees, including the Directors, employed by the Company is shown in the table below:

By activity	2017 No.	2016 No.
Sales and Marketing	21	38
Data Production and IT	18	17
Research and Development	2	1
	<u>41</u>	<u>56</u>

Administrative expenses, including the costs of the staff and Directors, are analysed below:

	2017 £'000	2016 £'000
Wages and salaries	3,805	4,284
Social security costs	501	462
Other pension costs	270	323
Other administrative expenses	18,377	16,829
	<u>22,953</u>	<u>21,898</u>

The increase in Other administrative expenses is primarily due to higher intercompany expenses recharged by Group companies in respect of their employees working within specific data management, information technology and other service functions dedicated to the MSCI Real Estate business. The Company has incurred an expense of £6,898k in 2017 (2016: £5,070k) in respect of these services, which are invoiced to the Company at actual cost plus a pre-determined margin.

	2017 £'000	2016 £'000
Other administrative expenses are stated after charging:		
Depreciation and amortisation on owned assets	3	121
Auditors' remuneration – audit fees	31	30

INVESTMENT PROPERTY DATABANK LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2017

6. OTHER OPERATING INCOME

	2017 £'000	2016 £'000
Other operating income	7,003	5,620

Other operating income of £7,003k (2016: £5,620k) represents income earned by the Company in respect of its services agreements with other IPD companies. The Company acts as the operating hub of the global MSCI Real Estate business whereby all IPD companies outside the United Kingdom earn a 2 per cent operating margin with either expense or income being transferred to the Company.

7. EXCEPTIONAL ITEM

	2017 £'000	2016 £'000
Profit on disposal	-	538

No exceptional items have been recorded in 2017. In 2016 exceptional income of £538k was recognised by the Company in relation to the profit arising on the sale of its Occupiers business to a third party.

8. DIRECTORS' EMOLUMENTS

	2017 £'000	2016 £'000
Total emoluments of all Directors:		
Aggregate emoluments	11	8

Directors' emoluments have been calculated as the sum of cash, accrued bonuses, and benefits in kind.

All Directors who are employees of the Group are eligible for shares and share options of the Company's ultimate parent undertaking, MSCI Inc., awarded under the Group's equity based long-term incentive schemes. No Directors exercised options during the year (2016: one). Seven Directors were awarded new grants under the Group's equity-based long-term incentive schemes (2016: three), subject to the Group's standard vesting terms and conditions. During the year a share-based payments expense of £3,000 has been recognised in respect of the qualifying services performed by Directors on behalf of the Company (2016: £2,000).

No Director received compensation for loss of office during the year (2016: none). Compensation payments for loss of office in respect of the qualifying services performed by Directors during the year amounted to £nil (2016: £nil).

There are three Directors to whom retirement benefits are accruing under a money purchase scheme (2016: four).

INVESTMENT PROPERTY DATABANK LIMITED

NOTES TO THE FINANCIAL STATEMENTS Year ended 31 December 2017

9. FINANCE INCOME

	2017 £'000	2016 £'000
Other interest receivable	18	-
Other foreign exchange gains	59	107
	<u>77</u>	<u>107</u>

Other interest receivable represents interest received on cash balances deposited with external financial institutions. Other foreign exchange gains are generated through the revaluation of monetary assets and liabilities into the functional currency of the Company.

10. FINANCE EXPENSES

	2017 £'000	2016 £'000
Other interest payable	1	1
	<u>1</u>	<u>1</u>

Other interest payable represents interest charged on cash balances deposited with external financial institutions.

11. TAX ON PROFIT

Analysis of charge in the year

	2017 £'000	2016 £'000
UK corporation tax at 19.25% (2016: 20.00%)		
- Current year	-	-
- Adjustments in respect of prior periods	-	-
Foreign tax suffered	7	-
Total current tax charge	<u>7</u>	<u>-</u>
Deferred taxation		
- Current year	34	167
- Adjustments in respect of prior periods	1	-
- Effect of changes in tax rate	24	(17)
Total deferred tax	<u>59</u>	<u>150</u>
Tax charge on profit	<u>66</u>	<u>150</u>

INVESTMENT PROPERTY DATABANK LIMITED

NOTES TO THE FINANCIAL STATEMENTS Year ended 31 December 2017

11. TAX ON PROFIT (CONTINUED)

Factors affecting the tax charge for the year

The current tax charge in the Statement of Comprehensive Income for the year is higher (2016: higher) than the standard rate of corporation tax in the UK of 19.25% (2016: 20%). The differences are reconciled below:

	2017 £'000	2016 £'000
Profit before taxation	65	354
Profit multiplied by the standard rate of corporation tax in the UK of 19.25% (2016: 20%)	13	71
Effects of corporate income tax:		
Expenses not deductible for tax purposes	12	(108)
Income not taxable	-	(108)
Foreign tax	7	-
Adjustments in respect of prior periods	1	-
Group relief surrendered not paid for	9	207
Current year loss relief	-	105
Rate change	24	(17)
Total tax charge for the year	66	150

Deferred tax on deferred staff compensation has been recognised using the tax rate of 19% (2016: 19%) and on fixed assets using the tax rate of 18% (2016: 18%). A deferred tax asset on tax losses is calculated using a rate of 18% (2016: 18%).

The accumulated tax loss carried forward as of 31 December 2017 is £2,589k (2016: £2,589k).

The headline rate of UK corporation tax reduced from 20% to 19% on 1 April 2017. The enactment of Finance Act 2016, on 15 September 2016, will further reduce the rate to 17% from 1 April 2020.

INVESTMENT PROPERTY DATABANK LIMITED

NOTES TO THE FINANCIAL STATEMENTS Year ended 31 December 2017

12. PROPERTY, PLANT AND EQUIPMENT

	Fixtures, fittings and equipment £'000
Cost	
At 1 January 2017	478
Additions	-
At 31 December 2017	<u>478</u>
Accumulated depreciation	
At 1 January 2017	(475)
Charge for the year	(3)
At 31 December 2017	<u>(478)</u>
Net book value	
At 31 December 2016	<u>3</u>
At 31 December 2017	<u>-</u>

Fixed assets are capitalised in MSCI Limited, a fellow Group undertaking, which provides all necessary equipment and facilities to the Company and other Group undertakings in the United Kingdom. An associated recharge of cost is made by MSCI Limited to the Company.

13. OTHER DEBTORS

	2017 £'000	2016 £'000
Other debtors	-	91
	<u>-</u>	<u>91</u>

A portion of the sales proceeds from the sale of the Company's Occupiers business was paid in the form of deferred consideration, to be held in a third party escrow account until 31 January 2018, as security for any warranty or indemnity claims. The deferred consideration of 113k US Dollars (equivalent to £91k), was disclosed within Non current assets at 31 December 2016. At 31 December 2017 and subsequent to the balance sheet date, no warranty or indemnity claims have been lodged by the buyer with the Company in respect of the Occupiers business. At 31 December 2017 the Company has reclassified the amount of the deferred consideration within Current assets.

INVESTMENT PROPERTY DATABANK LIMITED

NOTES TO THE FINANCIAL STATEMENTS Year ended 31 December 2017

14. DEBTORS

	2017 £'000	2016 £'000
Trade debtors	3,569	2,379
Amounts owed by Group undertakings	3,935	1,637
Deferred tax (see note 15)	657	716
Other debtors	136	21
Prepayments and accrued income	1,851	1,855
	<u>10,148</u>	<u>6,608</u>

Amounts owed by Group undertakings are unsecured, interest free and repayable on demand.

Trade debtors are stated after provisions for impairment of £142k (2016: £207k).

15. DEFERRED TAX

Deferred taxation has been fully recognised and is analysed as follows:

	2017 £'000	2016 £'000
Accelerated capital allowances	173	211
Other timing differences	17	12
Tax losses	467	493
	<u>657</u>	<u>716</u>

The movement in the deferred tax asset during the year is analysed as follows:

	£'000
At 1 January 2017	716
Amounts recognised in the Statement of Comprehensive Income:	
- Current year timing differences	(34)
- Prior year timing differences	(1)
- Rate change	(24)
At 31 December 2017	<u>657</u>

Under FRS 102 deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date. Deferred tax on deferred staff compensation has been recognised using the tax rate of 19% (2016: 19%) and on fixed assets using the tax rate of 18% (2016: 18%). A deferred tax asset on tax losses is calculated using a rate of 18% (2016: 18%).

The net movement in deferred tax assets expected to occur in 2018 is a decrease of £34k. This relates to deferred staff compensation and capital allowance claims.

The accumulated tax loss carried forward at 31 December 2017 is £2,589k (2016: £2,589k).

INVESTMENT PROPERTY DATABANK LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2017

16. CREDITORS – AMOUNTS FALLING DUE WITHIN ONE YEAR

	2017 £'000	2016 £'000
Amounts owed to Group undertakings	32,092	35,613
Taxation and social security	391	281
Other creditors	303	277
Accruals and deferred income	3,394	3,147
	<u>36,180</u>	<u>39,318</u>

Amounts owed to Group undertakings are unsecured, interest free and repayable on demand.

17. CALLED UP SHARE CAPITAL

	2017 £	2016 £
Issued and fully paid:		
125 (2016: 125) ordinary shares of £1.00 each	125	125
	<u>125</u>	<u>125</u>

	2017 £	2016 £
Share premium	350	350
	<u>350</u>	<u>350</u>

INVESTMENT PROPERTY DATABANK LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2017

18. SHARE-BASED PAYMENT TRANSACTIONS

Deferred Stock Awards

On 28 January 2014, MSCI Inc. awarded a portion of the Company's employees with a grant in the form of restricted stock units ("2013 Bonus Award") as a component of the 2013 annual bonus. The restricted stock units vest over a three-year period, with one-third vesting on each anniversary of the grant in 2015, 2016 and 2017, respectively. The total number of units granted was 1,956 and the aggregate value of the grants awarded was approximately £50k. No expense has been recognised by the Company in the year ended 31 December 2017 in respect of this award.

On 27 January 2015, MSCI Inc. awarded a portion of the Company's employees with a grant in the form of restricted stock units ("2014 Bonus Award") as a component of the 2014 annual bonus. The total number of units granted was 3,239. The aggregate value of the grants was approximately £118k. No expense has been recognised by the Company in the year ended 31 December 2017 in respect of this award.

On 10 February 2016, MSCI Inc. awarded a portion of the Company's employees with a grant in the form of restricted stock units ("2015 Bonus Award") as a component of the 2015 annual bonus. The total number of units granted was 1,852 and the aggregate value of the grants was approximately £82k. The Company has recognised an expense of £8k in the year ended 31 December 2017 in respect of this award.

On 7 February 2017, MSCI Inc. awarded a portion of the Company's employees with a grant in the form of restricted stock units ("2016 Bonus Award") as a component of the 2016 annual bonus. The total number of units granted was 616 and the aggregate value of the grants was approximately £46k. The Company has recognised an expense of £24k in the year ended 31 December 2017 in respect of this award.

On 6 February 2018, MSCI Inc. awarded a portion of the Company's employees with a grant in the form of restricted stock units ("2017 Bonus Award") as a component of the 2017 annual bonus. The total number of units granted was 1,073 and the aggregate value of the grants was approximately £103k. No expense was recognised in the Statement of Comprehensive Income in respect of this award in the year ended 31 December 2017.

19. RETIREMENT BENEFITS

The Company's employees are enrolled within a defined contribution pension plan operated by MSCI Limited, a fellow Group undertaking. This defined contribution pension plan requires contributions to be made to funds held in trust, separate from the assets of the Company. The defined contribution pension charge for the year was £270k (2016: £323k).

20. RELATED PARTY TRANSACTIONS

The Company is exempt from the requirement to disclose transactions with fellow Group undertakings under paragraph 33.1A of FRS 102.

21. PARENT UNDERTAKINGS

The immediate parent undertaking of the Company is IPD Group Limited, a company incorporated in the United Kingdom and with a registered office at Ninth Floor, Ten Bishops Square, London, E1 6EG.

The ultimate parent undertaking and controlling party of the Company is MSCI Inc., a Company incorporated in Delaware, the United States of America. MSCI Inc. is the parent undertaking of both the largest and the smallest group of undertakings to consolidate these financial statements at 31 December 2017. The consolidated financial statements of MSCI Inc. can be obtained from 7 World Trade Center, 250 Greenwich Street, New York, New York 10007, United States of America.