

Islamic Development Bank



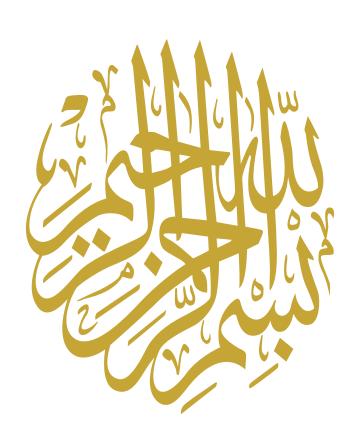




Awgaf Properties Investment Fund

Eleventh Annual Report 1433H (2012G)







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APIF Mission



Awqaf Properties Investment Fund (APIF) aims at reviving the Islamic Sunnah of waqf by developing Awqaf properties around the world to increase their returns and thereby contribute to the socio-economic development of the Ummah

Presentation of Information

Basis of Presentation

This annual financial report is prepared in accordance with the accounting standards of the Accounting & Auditing Organization for Islamic Financial Institutions (AAOIFI) and the Shariah rules and principles as determined by the Shariah Board of the Islamic Development Bank (the Mudarib). The Fund has also followed other accounting measurement, recognition, presentation and disclosure of matters not covered by the AAOIFI standards.

Currency of Presentation

All currency amounts are expressed in US dollars unless otherwise stated.

Certain Definitions and Glossary

The Fund adopts the Hijri calendar for its reporting. Therefore, the fiscal year ended 29 Dhul Hijjah 1433H is referred to as the eleventh year and subsequent years will be referred to in a corresponding manner.

The abbreviations \$m and \$bn represent millions and thousand of millions (i.e. billions) of US dollars respectively. Financial statements means the Fund's financial statements for the years ended 29 Dhul Hijjah 1433H and 29 Dhul Hijjah 1432H included in this report.

A glossary of some of the key terms used in this annual report is mentioned at page 5.

Forward Looking Statements

This annual report contains certain 'forward looking statements'. The intention of these statements is to provide prospective information about the Fund. They are not meant to be guarantees of future performance or budgetary forecasts.

Nothing in this Annual Report 1433H is, or should be taken as, an offer of units or securities in the Awqaf Properties Investment Fund for issue or sale, or an invitation to apply for the issue or for the repurchase of such units or securities.

Glossary

Term used	Brief description
AAOIFI	Accounting and Auditing Organization for Islamic Financial Institutions
Awqaf	Real property held as permanent waqf
The Fund	Awqaf Properties Investment Fund (APIF)
Approval	Amount of money approved by the Mudarib for a project or operation
Bank/IDB	Islamic Development Bank
Beneficiary	A recipient of financing
Equity	Participant's contribution to capital
Leasing	Medium term finance or capital lease
LIBOR	London Inter-Bank Offered Rate
Mark-up	Profit margin earned on financing operations
MC	Management Committee
Mudarib	Islamic Development Bank
NAV	Net Asset Value
Nazer	Trustee or Manager of a waqf
Sukuk	Asset-backed Shariah-compatible bond
Waqf	An asset being donated for general charitable purposes such as the relief of poverty, the relief of the needs of the aged, the relief of sickness or distress, the advancement of religion, the advancement of education and other purposes beneficial to the Islamic community.
WWF	World Waqf Foundation

IDB - Board of Executive Directors

Statement of Mudarib

In The Name of Allah The Beneficent The Merciful

The Honourable Members of the Participants Committee of the Awgaf Properties Investment Fund

Dear Brothers

Assalamu Alaikum Warahmatullahi Wabarakatuh

On behalf of the Islamic Development Bank, the Mudarib of the Fund, I am pleased to present to your Honourable Committee the eleventh annual report of the Awgaf Properties Investment Fund. The report has been prepared in accordance with Article 17 of the Fund's Regulations and includes the operations, activities and financial statements of the Fund for the Hijra year ending on 29 Dhul Hijjah 1433H.

I am pleased to report that despite the financial crisis, the Fund has delivered satisfactory results and the net income for the year was US\$ 2.339 million. Accordingly, the Mudarib of the Fund is pleased to announce the decision of the IDB Board of Executive Directors to declare a dividend of US\$ 1.795 million representing 2.5% of the paid-up capital of the Fund.

The Fund is performing well and has a clear strategy for continuous growth. The strategic framework is outlined in this year's annual report and will be further developed over the coming years.

I would like to thank all staff for their work and commitment, our members for their contribution and the IDB Board of Executive Directors for its vision and guidance.

Thank you for your continued support.

Yours sincerely,

Dr. Ahmed Mohamed Ali

Chairman, Supervisory Committee of the Awgaf Properties Investment Fund

Shariah Advisor's Report

To: The Chairman and Honourable Members of the Participants Committee of the Awgaf Properties Investment Fund

Assalamu Alaikum Warahmatullah Wabarakatuh,

In accordance with the second principle of the governance statement of the Awqaf Properties Investment Fund (the Fund) which stipulates that the Fund shall ensure its commitment to Shariah through an independent Shariah advisor, I hereby submit the report in fulfilment of my duties and responsibilities as a Shariah Advisor.

I have examined the applicable principles used and contracts governing the transactions and the applications developed by the Fund during the period. I have carried out necessary audit to express my opinion as to whether the Fund has compiled with Shariah principles in conformity with decisions made by the International Islamic Fiqh Academy, edicts (fatwas) issued by the Shariah Committee of the Islamic Development Bank.

I have reviewed the data pertaining to the five projects of the Fund in 1433H. I have also listened to the clarifications presented by the management which confirmed that it applied the Bank's approved contracts.

The management of the Fund bears the responsibility to ensure that its operational activities are carried out in accordance with the principles of Shariah. My responsibility is limited to express an independent opinion based on my audit following the review of all necessary information which is sufficient for making a reasonable assertion that the Fund has not contravened Shariah rules and principles.

In my opinion:

- a) The contracts, operations and transactions concluded by the Fund during 1433H and which I have reviewed have been implemented in conformity with Shariah rules and principles.
- b) The distribution of dividends and charging of losses to the investment certificates confirms to the approved rules in accordance with Shariah principles.

- c) There were no gains which derive from sources or prohibited means that may be spent on charitable purposes.
- Since the Management of the Fund is not authorized to give Zakat, it is the responsibility of the institutions and bodies of the private sector to do so. Government and waqf organizations are exempted from Zakat as their financial resources are utilized for the interests of the public and charitable purposes.

I pray to Allah Almighty to grant the Fund and its founders success in their endeavours.

Dr. Abdel Sattar Abu Ghuddah Shariah Advisor to

Awgaf Properties Investment Fund

The Role of Awgaf in Improving the Socio-Economic Conditions

Islamic institutions like Zakat and Awgaf are very important economic tools that, if implemented well, will not only help to eradicate poverty from Islamic societies but reduce government spending, reduce the need for taxes and contribute towards better socioeconomic justice and development. They have the potential to alleviate high unemployment and acute poverty, narrow the gap between rich and poor, and complement government's efforts in providing health, education and other social services to the population.

Historically, institutions like Zakat and Awgaf have contributed greatly to the advancement of knowledge, establishment of hospitals, orphanages, schools, universities, etc., in Muslim countries and led to a great civilization that spread from Indonesia to Andalusia.

Should these institutions be revived and reactivated, they may be able to contribute significantly in solving many of the socio-economic problems prevailing among Muslim societies, reduce the burden on government expenditures and lead to a better life for the communities and ultimately to the improvement of the socio-economic conditions of the Muslim Ummah.

Keeping in view the importance of the waqf sector, the IDB established the Awqaf Properties Investment Fund as a means to reviving the Sunna of wagf. The Fund has, since its inception, helped to develop numerous idle waqf properties in various parts of the world, both in IDB member countries and non-member countries. Today, these properties are generating income that are used for the welfare of the under privileged members of the society.

Legal status and management of awgaf

From a legal point of view, the ownership of a waqf property is surrendered by the person who created the waqf. Some Muslim jurists argue that the right of ownership of waqf belongs to Allah Almighty. Others believe that it belongs to the beneficiaries although the ownership is not complete in the sense that they are not permitted to dispose of the property or use it in a way that is different from what was decreed by the founder. This underlies the perpetuity of the waqf that once an asset is legated as waqf, it remains a waqf forever. This perpetuity concept necessitates that a waqf should be a non-perishable property whose benefit can be extracted without consuming the property itself.

In principle the founder of the waqf (waqif) determines the type of management of the wagf. The wagf manager (nazer or mutawalli) has the responsibility to administer the wagf property to the best interests of the beneficiaries designated by the wagif. In many Muslim countries, government ministries or agencies play the role of nazer. In non-muslim countries where the wagf is unknown, Muslim communities have been able to organise and manage their awgaf in accordance with Islamic Shariah within the limits of prevailing laws and regulations governing foundations, trusts and charitable organisations generally.

Establishment of The Fund

During the 6th Conference of Awgaf and Islamic Affairs of OIC member countries which was held in Jakarta, Indonesia on 29th October 1997, the Islamic Development Bank articulated its vision of a global fund for the development of, and investment in, Islamic awgaf properties. This vision came from the Bank's own mission as an Islamic developmental institution and its recognition of the important role that the waqf has played in the economic and social development of the Islamic society. Nine other founding institutions shared the Bank's view and saw the opportunity to create a fund that would provide long-term financing support from a stable base and a global footprint.

During the Fund's inaugural meeting which took place on 9.11.1421H (3.2.2001), all ten founding institutions signed the Memorandum of Understanding for the establishment of the Fund. Their total subscriptions amounted to US\$ 50 million. The door was left open for other organizations and institutions to subscribe in accordance with the procedures provided for in the By-Laws of the Fund.

Purpose of the Fund

The purpose of the Fund is to invest and develop in accordance with the principles of Islamic Shariah, awqaf real estate properties that are socially, economically, and financially viable, in the member countries of IDB and Islamic communities in non-member countries.

As manager of the Fund, the Mudarib (IDB) certainly seeks to ensure that participants are well rewarded for their investment, consistent with the risks involved and comparable with other similar investments, but APIF goes further than that. As a fund dedicated to the development of Islamic awqaf, it owes responsibility to the ultimate beneficiaries of the waqf, i.e. the needy, the destitute, the orphaned, the elderly and the handicapped.

Operational Strategies of the Fund

The sector of Awgaf provides a full spectrum of real estate business opportunities from development, asset management to complex project financing initiatives. Our operations span twenty four countries providing geographical spread, diverse investment and financing platform across the risk/return dimensions tailored to the needs of awgaf institutions and charitable organisation worldwide. Key sectors include residential, commercial, retail and industrial facilities.

The main focus of the Mudarib is the long term success of the Fund for the benefit of all stakeholders: wagifs, nazers, beneficiaries, unitholders and the public at large.

The following are the key elements of the Fund's strategy:

- Global reach: The geographical spread of APIF's operations which are not confined to IDB member countries, underlines the global platform for the Fund's operations. The Fund pursues a global strategy giving priority to: (1) APIF's participating countries; followed by (2) IDB member countries; and (3) other countries.
- Integrated services: The Fund seeks to partner with capital providers: APIF's own capital resources, IDB Departments and financing windows, other Islamic banks and financial institutions, conventional investors and BOT operators looking for developmental opportunities.
- Financial packaging: The Fund harmonizes the interplay between capital requirements, technical and design work, revenue and ongoing property management in order to optimize the facilities delivered to awqaf customers and enhance the returns to investors and eventually to the beneficiaries of the waqfs.

Financial Resources of the Fund

The Fund's Regulations set the initial capital of the Fund at US\$ 50 million, divided into 5,000 certificates, having a value of US\$ 10,000 each. The Regulations also provided for the minimum subscription in the Fund to be US\$ 1 million. The Participants' Committee has since approved increasing the capital of the Fund to US\$100 million.

The IDB Board of Executive Directors, in its 185th meeting, approved the subscription of IDB by an amount of US\$ 20 million representing 40% of the total subscribed capital of the Fund. Fourteen other participants including ministries of awqaf, awqaf organizations and Islamic banks have subscribed in the capital of the Fund. The paid up capital of the Fund as of end 1433H amounted to US\$71.8 million. The names of participants and the amounts subscribed are given in **Annex-I.**

IDB Support

To support the activities of the Fund, the IDB has provided a line of financing of US\$ 100 million to the Fund. In addition, the Bank has approved an amount of US\$ 200,000 for technical assistance to be used for preparing feasibility studies, concept and preliminary designs of qualifying projects.

IDB, as part of its commitment to the development of Awgaf properties, has made significant efforts on research and publications, and has also convened conferences aimed at the revival of the Sunnah of Wagf. IDB has also been instrumental in developing Awgaf as a modern institution at the macro level. To achieve this objective, the IDB established the World Wagf Foundation (WWF) which aims to establish a network of wagf institutions that would undertake Shariah compatible charity activities, support waqf institutions, contribute to the alleviation of poverty, etc.

The Year Under Review

During the year 1433H, the Fund has delivered good results especially on the operational side despite difficulties in obtaining co-financing for awqaf projects from other financial institutions.

Although it has been a challenging year especially with the impact of financial crisis reflecting negatively on the real estate sector; however, the Fund has been able to approve five projects for an aggregate value of US\$ 133.07 million for Saudi Arabia, UAE, Bosnia & Herzegovina and Uganda. In the course of managing its liquidity, the Fund also invested in short-term murabaha operations, ijarah sukuk and non-waqf operations.

Financial Performance of the Fund

Assets of the Fund

APIF remains in a firm financial position underpinned by its strong Balance Sheet and the improved quality of its earnings, though the task ahead is to improve the return on capital. Total assets of the Fund amounted to US\$ 80.719 million at the end of 1433H compared to US\$ 79.968 million at the end of last year, registering an increase of about one percent. The table below summarizes the asset composition for 1433H-1432H:

Table 1: Asset Composition As at 29th Dhul Hijjah, 1433H

(US\$'000)

	1433H		143	32H
	Amount	%	Amount	%
Cash & Cash Equivalent	30,566	37.9	29,865	37.4
Investments–Ijarah Muntahia Bittamleek	17,079	21.2	19,662	24.6
Investments–Islamic Ijarah Sukkuks	17,926	22.2	10,660	13.3
Investments–Islamic Lease Fund	1,950	2.4	1,913	2.4
Receivables–Murabaha Syndications	1,385	1.7	341	0.4
Receivables–Istisna'a	348	0.4	436	0.5
Financing-Musharakah	3,204	4.0	5,022	6.3
Accrued income and other assets	8,261	10.2	10,853	13.6
Due from a related party	0	0	1,216	1.5
Total Assets	80,719	100	79,968	100

Financial Indicators

The financial performance indicators of the Fund for the year 1433H in comparison with the same period in 1432H are presented in the following Table:

Table-2: Financial Indicators

(US\$'000)

Financial Indicators	1433H	1432H
Net Assets	77,878	77,334
Net Income before Mudarib's share	2,599	1,923
Mudarib's share of net income	260	192
Transfer to General Reserve	169	384
Dividend	1,795	1,795
Dividend/Paid-up Capital - Declared Dividend	2.5%	2.5%
Average LIBOR (x)	1.03%	0.80%
Net Asset Value Per Certificate	10.846	10.771

The earning per certificate, after Mudarib's share of net income amounted to US\$326 in 1433H compared to US\$ 241 in 1432H.

Dividend distribution

In accordance with Article 19.0 of the Fund's Regulations, the Fund has distributed a dividend of 2.5% for the year ended 29 Dhul Hijjah 1433H. Previous year also a dividend at the rate of 2.5% was distributed to the Unit holders.

Operational Performance

In the year 1433H, the Fund approved five projects aggregate amounting to US\$ 133.07 million for different IDB member and non-member countries. The table below gives the details:

Table-3: List of APIF Projects Approved During 1433H

(Amounts in US\$ million)

No	Project Name	Total Cost	APIF	IDB Line	Others
1.	Construction of a Residential Apartment Building Al- Seeh District, Medinah Al-Munawarah, Kingdom of Saudi Arabia.	34.0	5.00	5.00	24.00
2.	Construction of a Commercial/Residential Waqf Complex in Khalidiya, Sharjah, United Arab Emirates.	50.80	7.00	4.70	39.10
3.	A Line of Financing of US\$ 10.0 million in favour of Bosna Bank International (Investment Agent) for establishing Waqf Projects in Bosnia & Herzegovina.	15.00	5.00	5.00	5.00
4.	Construction of Commercial and Residential Complex in Kampala, Uganda	18.77	5.00	7.75	6.02
5.	Construction of Commercial & Residential Complex in Jeddah, Kingdom of Saudi Arabia.	14.50	3.80	4.50	6.20
	Total:	133.07	25.80	26.95	80.32

A brief description of each project is given below:

1. Construction of a Residential Apartment Building in Al-Seeh District, Madinah Al-Munawarah, Saudi Arabia:

The major project objective is to generate financial resources for underprivileged Shanaquettas residing in Madinah Al-Munawarah. The project entails construction of a basement plus five-storey residential building that will comprise of 186 residential apartments and car parking space. The total built up area will be 14,700 sqm. The project will be built on a piece of land measuring 4,900 sqm located in the heart of Madinah Al-Munawarah. The estimated cost of the project is US\$ 34.0 million which will be financed by APIF US\$5.0 million, APIF line US\$5.0 million, and US\$24.0 million will be contributed by the beneficiary.

2. Construction of a Commercial/Residential Waqf Complex Project in Khalidiya, **Sharjah, United Arab Emirates:**

The project aims at supporting the social and charitable activities of the Awgaf General Trust, Sharjah. The Trust is providing help to needy, handicapped, new converting Muslims, orphans, poor students, old aged people. The Trust is also involved in dissemination teachings of Islam, maintenance of mosques and serving pilgrims.

The project entails construction of a residential/commercial compound composed of seven identical buildings comprising each a ground floor and five recurrent upper floors. The total built up area will be 51,500 sqm. The total cost is US\$50.8 million with contribution by APIF US\$7.0 million, APIF line US\$4.7 million and the balance will be contributed by the beneficiary.

3. A Line of Financing of US\$ 10.0 million in favour of Bosna Bank International for Establishing Wagf Projects in Bosnia & Herzegovina (BiH):

The project aims at providing regular income for the Waqf Directorate of Bosnia, which is involved in recovery, maintenance, renovation and development of waqf properties in BiH. The Directorate is also providing legal assistance in restoration and development of new wagf in the country. The income from the wagf projects is also being used to support students, mosque, madrasah and schools.

The project entails providing a line of financing of US\$ 10 million to Bosna Bank International (BBI) for financing Awgaf projects in Bosnia and Herzegovina. BBI will act as an agent for IDB in the appraisal and implementation of wagf projects in the country with a ceiling of US\$2 million for each project. The total cost of the program is US\$ 15.0 million, out of that APIF will finance US\$5.0 million, APIF line will contribute US\$5.0 million and the balance amount of US\$ 5.0 million will be financed by the project beneficiary.

4. Construction of Commercial and Residential Complex in Kampala, Uganda:

The project aims at generating income for Uganda Muslim Education Association to finance its activities related to supporting needy students, teachers' salaries and schools expenditure.

The project entails construction of a mixed development comprised of retail, office and residential accommodation. Retail/commercial property will constitute two separate blocks with a gross area of 9,657 sq m. The blocks will comprise 5 storey each, finished in shell and core. The total cost of the project is US\$18.77 million, which will be financed by APIF US\$5.0 million, APIF line US\$7.75 million and the balance amount of US\$6.02 million will be contributed by the beneficiary.

5. Construction of Commercial & Residential Complex in Jeddah, Saudi Arabia:

The project objective is to generate income for the International Union of Muslim Scouts (IUMS) to support its social and charitable activities for youth in the IDB member as well as non-member countries.

The project entails construction of a multi storey commercial and furnished apartments building comprising of four showrooms, 106 residential apartments, basement, ground floor, mezzanine and four upper floors. The total estimated cost of the project is US\$14.5 million, which will be financed by APIF US\$3.8 million, APIF line US\$4.5 million and the balance amount of US\$6.2 million will be contributed by the beneficiary.

Future Plans and Outlook



APIF has a well defined plan, strong balance sheet and an outstanding pipeline of business growth prospects. During 1433H, it has maintained momentum in building a long term pipeline of high quality projects spanning seventeen IDB member and non member countries. With projects in the pipeline having total developmental value of more than US\$300 million, the Fund is well positioned for future profit growth and operating synergies. The year 1434H is already shaping up as a very exciting one for APIF with a target value of US\$ 210 million. The Mudarib and the Fund's management team have the strategy and commitment to ensure continued growth.

APIF will continue to respond for a range of needs and challenges. At the same time, it will continue to build a sector that is a relevant and vital part of the development of the Ummah. The strategic framework identifies the means by which the Fund will deliver on the promise of its mission through operational efficiency, managing its extensive portfolio and perusing innovative ways to develop the Fund.

Among the most ambitious strategies of the Fund is to evolve into an International bank of Awgaf. This idea was inspired by vision 1440H of the Islamic Development Bank which recognizes Awgaf as an important institution for alleviating poverty and enhancing social welfare. In order to realize this initiative, a Quick-Win team was formed under the Islamic Financial Services Industries Department of IDB to prepare the necessary groundwork leading to the establishment of the Awgaf International Bank.

In order to activate this vision, the Bank invited scholars and practitioners working on research and development of Awqaf to a brainstorming session about the proposal of establishing an international Awgaf development bank. The attendees exchanged the ideas and opinions about the proposal and confirmed the pressing need for establishing an entity under the umbrella of IDB which will be dedicated to the development of awgaf. In order to move forward, IDB has decided to appoint a consultancy firm to carry out the feasibility study of the proposed bank.

Corporate Governance

Corporate Governance Statement

IDB is a leading advocate of sound corporate governance. As the Mudarib and being the responsible entity for APIF, it has established the best principles and practices of corporate governance for the Fund. It has adopted systems of control and accountability as the basis of the administration and management of the Fund. This statement outlines the main corporate governance practices that were in place or adopted during the year.

Principle 1: Lay Solid Foundations for Management and Oversight

The Bank manages the Fund in accordance with the principles of Mudarabah. Thus, the Fund is managed as a financially and administratively separate organization with due regard to all of the Fund's stakeholders and its role in awqaf affairs. IDB's functions as Mudarib include custody of the Fund's assets and monitoring the Fund's operations to ensure compliance with the Regulations. It is also responsible for the strategic direction and management of the Fund's portfolio, as well as the day to day administration of the Fund.

The Board of Executive Directors

The Bank's Board of Executive Directors has the overall responsibility of the business of the Fund. It validates and approves business strategy and business plans, reviews business results and monitors budgetary controls and ensures compliance with the Fund's Regulations, the policies and the approved investment guidelines and compliance with the rulings of the International Islamic Figh Academy, the standards of AAOIFI and the regulations of the various jurisdictions where it operates.

Participants Committee

The Participants Committee has the advisory and control powers to ensure implementation of the provisions of the Fund's Regulations and the guidelines for investment of the Fund's financial resources, in addition to reviewing and approving the Annual Report and final accounts of the Fund. The Members of the Participants Committee during the year are listed in Annex-II.

Supervisory Committee

The Supervisory Committee is composed of the President of the Bank, three members of IDB Board of Executive Directors, two members nominated by every participant holding certificates with a nominal value of US\$ 10 million or more and a member for each participant holding certificates with a nominal value of US\$ 5 million or more but less than US\$10 million. This Committee is responsible for examining the guarterly accounts of the Fund and for proposing guidelines and policies for the Fund. This Committee is also responsible for periodic review of the performance of the Fund and for submitting reports on such performance to the Participants Committee and the Board of Executive Directors. The Members of the Supervisory Committee are listed in **Annex III.**

Management Committee

The Management Committee (MC) is chaired by the President, IDB, and includes senior staff from various departments of the Bank. The MC has the responsibility to ensure full compliance with the Regulations and Investment Guidelines, and the requirements of the statutory authorities in the countries of the Fund's operations. In addition, the MC considers due diligence reports and issues relating the Fund's investments. The members of the Management Committee are listed in Annex-IV.

Other Committees

Other committees are established from time to time as required to consider matters of special importance including capital strategies, major investments and commitments, capital expenditure, staff appointments and the allocation of resources.

Principle 2: Ensure Shariah compliance

The Bank's policy and practice is not to deviate from the Shariah in any way. Shariah compliance of the Fund is assured by an independent Shariah Adviser who reviews each transaction for compliance with the rulings and decisions of the International Islamic Figh Academy and the fatwas of the Shariah Committee of the Bank. As a Fund with a mission, every project must be properly justified as a service to the Ummah.

Principle 3: Internal Audit and Control

The Fund's internal audit function is a component of the Bank's internal control environment. Internal audit operates within the framework of the Bank's policy on internal audit which aims at ensuring the continuous and effective operation of internal controls across the IDB Group. The policy gives authority to the internal audit function based on the principles of independence, compliance with standards, internal control, and practice methodologies, reporting and external audit liaisons within which internal audit operates.

The Internal Audit Department (IAD) of IDB liaises with the Management of the Fund to identify areas of procedural efficiency and improvement. The IAD has direct access to all employees (and the external auditors) without management interference.

The external audit is undertaken by Deloitte & Touche who conduct their audit once at the end of the financial year.

Principle 4: Promote Ethical and Responsible Decision Making

Staff members are required to meet high standards of honesty and integrity. IDB has adopted a "Code of Conduct" that outlines standards of behaviour to be met by all employees. The rules of the Code of conduct are published in the IDB three working languages. These rules require the observance of strict ethical guidelines. They cover personal conduct, honesty, relations with investors and borrowers, prevention of fraud, conflict of interest and disclosure.

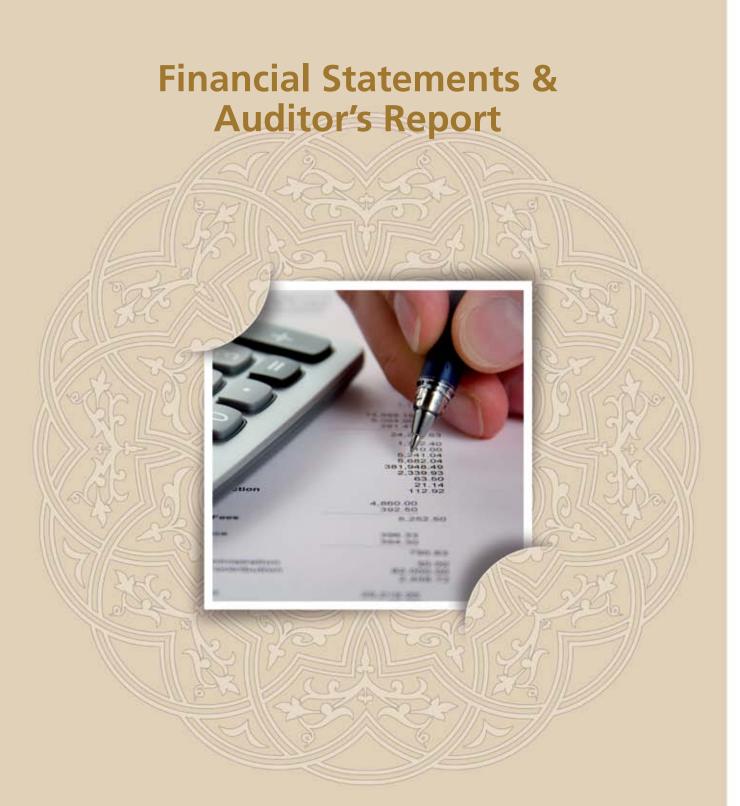
Principle 5: Risk Management

The Mudarib of the Fund has a formal Group-wide risk management program, based on proactive rather than reactive management of risk. This program is supported by IDB's Risk Management Policy which has been endorsed by the Board of Executive Directors. The Group Risk Management Department overviews and monitors the risk profile of existing and future business operations. Each investment operation is screened for viability and is protected by adequate guarantees and insurance programs. The internal audit team reports to the Audit Committee of the Mudarib on the nature and materiality of risks. The external auditor also reports findings on relevant risk issues to the Board of Executive Directors and the Participants Committee.

Principle 6: Make Timely and Balanced Disclosures

The Mudarib has a commitment to a high level of disclosure to the market and its participants. As a result to this commitment and rigorous internal procedures, quarterly actual results of the Fund are reported against budget and monitored by Management. The Fund reports to participants on quarterly basis.

The Fund's liquid balance, hedging programs and foreign exchange positions are managed by the IDB Treasury Department, which, after consultation with the Fund, determines position taking with external organizations. Funding, cash management, financial instruments and commodity hedging tools are managed through policies, procedures and limits that are subject to internal and external review.



29 Dhul Hijjah 1433H (14 November 2012G)



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AUDITORS' REPORT

The Chairman and Members of the Board of Governors, Islamic Development Bank Awgaf Properties Investment Fund, Jeddah, Saudi Arabia

Scope of Audit

We have audited the accompanying statements of net assets and portfolio investments, receivables and financing of Islamic Development Bank - Awqaf Properties Investment Fund (the "Fund") as at 29 Dhul Hijjah 1433H and the related statements of operations, changes in net assets, cash flows and financial highlights for the year then ended. These financial statements and the Fund's undertaking to operate in accordance with Islamic Shari'ah are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Auditing Standards for Islamic Financial Institutions issued by the Accounting and Auditing Organization for Islamic Financial Institutions ["AAOIFI"]. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

Unqualified Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Fund as of 29 Dhul Hijjah 1433H, the results of its operations and its cash flows for the year then ended in accordance with the Financial Accounting Standards issued by AAOIFI.

Deloitte & Touche

Bakr Abulkhair & Co

Al-Mutahhar Y. Hamiduddin

License No. 296 28 Rabi'I, 1434,

February 9, 2013

Member of Deloitte Touche Tohmatsu Limited

ISLAMIC DEVELOPMENT BANK - AWQAF PROPERTIES INVESTMENT FUND (THE FUND)

STATEMENT OF NET ASSETS AS OF 29 DHUL HIJJAH 1433H

(Expressed in thousands of US Dollars)

	Note	1433	1432
ASSETS			
Cash and balances with banks Investments:	3	30,566	29,865
Ijarah Muntahia Bittamleek, net	4	17,079	19,662
Islamic Ijara Sukkuks	5	17,926	10,660
Islamic Lease Fund Receivables:		1,950	1,913
Murabaha syndications		1,385	341
Istisna'a Financing:		348	436
Musharaka		3,204	5,022
Accrued income and other receivables Due from Islamic Development Bank - Ordinary Capital		8,261	10,853
Resource (IDB-OCR)	_	-	1,216
TOTAL ASSETS	_	80,719	79,968
LIABILITIES			
Payable to Special Account Resources Waqf Fund		607	472
Accrued expenses and other payables Accrued Mudarib's share of income		34 260	30 192
Dividends payable	_	1,940	1,940
TOTAL LIABILITIES	_	2,841	2,634
NET ASSETS	_	77,878	77,334
NET ASSETS REPRESENTED BY:			
Certificate holders' contribution	6	71,800	71,800
Premium on certificates		956	956
General reserve		4,379	4,210
Retained earnings	-	743	368
TOTAL CERTIFICATE HOLDERS' EQUITY	-	77,878	77,334
NUMBER OF CERTIFICATES OUTSTANDING	6	7,180	7,180
NET ASSET VALUE PER CERTIFICATE	_	10.846	10.771

STATEMENT OF PORTFOLIO INVESTMENTS, RECEIVABLES AND FINANCING AS OF 29 DHUL HIJJAH 1433H (Expressed in thousands of US Dollars)

	1433		1432	?
_	Amount	%age of Portfolio	Amount	%age of Portfolio
INVESTMENTS				
Ijarah Muntahia Bittamleek	17,079	41%	19,662	51.7%
Islamic Ijara Sukuks	17,926	43%	10,660	28.0%
Islamic Lease Fund	1,950	5%	1,913	5.0%
RECEIVABLES				
Murabaha syndications	1,385	3%	341	0.9%
Istisna'a	348	-	436	1.2%
FINANCING				
Musharaka	3,204	8%	5,022	13.2%
Total	41,892	100%	38,034	100%

ISLAMIC DEVELOPMENT BANK - AWQAF PROPERTIES INVESTMENT FUND (THE FUND)

STATEMENT OF OPERATIONS FOR THE YEAR ENDED 29 DHUL HIJJAH 1433H

(Expressed in thousands of US Dollars)

	Note	1433	1432
INCOME FROM INVESTMENTS, RECEIVABLES			
AND FINANCING			
Investments:			
Ijarah Muntahia Bittamleek, net		5,296	4,666
Islamic Ijara Sukuks		1,049	295
Islamic Lease Fund		86	28
	_	6,431	4,989
Receivables:			
Murabaha syndications		82	124
Istisna'a		15	19
	_	97	143
Financing:			
Musharaka		94	97
	_	94	97
Total income from investments, receivable and financing	_	6,622	5,229
Expenses:			
Depreciation- Ijarah Muntahia Bittamleek	4	(3,710)	(3,746)
Administrative expenses		(53)	(67)
Impairment provision		(566)	
Total expenses	_	(4,329)	(3,813)
Net income from investments, receivables and financing		2,293	1,416
Income from cash and cash equivalents		402	338
Other income		-	143
Exchange (loss)/gain	_	(96)	26
Net income before Mudarib's share of income		2,599	1,923
Mudarib's share of net income	8 _	(260)	(192)
Increase in net assets representing net income			
for the year		2,339	1,731
Earning per certificate		0.326	0.241

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 29 DHUL HIJJAH 1433H

(Expressed in thousands of US Dollars)

		Certificate holders'	Premium on	General	Retained	
	Note	contribution	certificates	reserve	earnings	Total
Balance at 30 Dhul Hijjah 1431H		71,800	956	3,826	816	77,398
Net income for the year before Mudarib's share					1,923	1,923
Mudarib's share of net income Dividends Transfer to general reserve	8	:	-	384	(192) (1,795) (384)	(192) (1,795)
Balance at 29 Dhul Hijjah 1432H		71,800	956	4,210	368	77,334
Net income for the year before Mudarib's share Mudarib's share of net income	8		*	-	2,599	2,599
Dividends	٥		-	169	(260) (1,795)	(260) (1,795)
Transfer to general reserve Balance at 29 Dhul Hijjah 1433H		71,800	956	4,379	(169) 743	77,878

ISLAMIC DEVELOPMENT BANK - AWQAF PROPERTIES INVESTMENT FUND (THE FUND)

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 29 DHUL HIJJAH 1433H

(Expressed in thousands of US Dollars)

	1433	1432
OPED ATING ACTIVITIES	1433	1432
OPERATING ACTIVITIES		
Net income after Mudarib's fee Adjustments to reconcile net income to net cash provided by operating activities:	2,339	1,731
Depreciation	3,710	3,746
Mudarib's share of net income	260	192
Changes in operating assets and liabilities: Murabaha syndications Accrued income and other receivables	(1,044) 2,592	132 (2,073)
Due from Islamic Development Bank - ordinary Capital Resources	1,216	(1,216)
Due to Special Account Resources Waqf Fund	135	472
Payable to IDB-OCR Accrued expenses and other payables	4	(1,239)
Cash from operations	9,212	1,748
Mudarib's share of income paid	(192)	(224)
Net cash from operating activities	9,020	1,524
INVESTING ACTIVITIES		
Ijarah Muntahia Bittamleek	(1,127)	(1,410)
Musharakah	1,818	159
Short term commodity transactions	13,813 88	(10,158) 81
Istisna'a Islamic Ijarah Sukuk	(7,266)	(4,716)
Islamic Lease Fund	(37)	(1,913)
Net cash from /(used in) investing activities	7,289	(17,957)
FINANCING ACTIVITIES		
Dividends paid	(1,795)	(1,723)
Net cash used in financing activities	(1,795)	(1,723)
Net change in cash and cash equivalents	14,514	(18,156)
Cash and cash equivalents at the beginning of the year	6,852	25,008
CASH AND CASH EQUIVALENTS THE END OF THE YEAR (NOTE 3)	21,366	6,852

STATEMENT OF FINANCIAL HIGHLIGHTS FOR THE YEAR ENDED 29 DHUL HIJJAH 1433H

(Expressed in thousands of US Dollars)

	1433	1432
DATA PER CERTIFICATE		
Net assets value - beginning of the year	10.771	10.780
Movement in certificate holders' equity Net income from investments, receivables, financing and cash	-	
and cash equivalents	0.362	0.268
Less: Mudarib share of income	(0.036)	(0.027)
Net income from investments, receivables;, financing and cash and cash equivalents after Mudarib share	0.326	0.241
Dividends	(0.250)	(0.250)
Net assets value - end of the year	10.846	10.771

The data per certificate are calculated using the number of certificates outstanding at 29 Dhul Hijjah 1433H and 1432H, which were 7,180 for both years.

	1433	1432
FINANCIAL RATIOS/SUPPLEMENTARY DATA:		
Net assets - end of the year	77,878	77,334
Average of net assets	77,606	77,366
Ratio of expenses to average of net assets	5.6%	4.9%
Annual rate of return	3.0%	2.2%

ISLAMIC DEVELOPMENT BANK - AWQAF PROPERTIES INVESTMENT FUND (THE FUND)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 29 DHUL HIJJAH 1433H

(Expressed in thousands of US Dollars)

ORGANIZATION AND ACTIVITIES 1.

The financial statements of Islamic Development Bank - Awqaf Properties Investment Fund ("the Fund") for the year ended 29 Dhul Hijjah 1433H, were authorized for issue by the Fund's Management on 28 Rabi'I, 1434H corresponding to 9 February, 2013. The Fund is a trust fund established under Articles 2 and 23 of the Articles corresponding to Agreement of Islamic Development Bank (IDB or the Bank) based in Jeddah, Saudi Arabia and pursuant to the memorandum of understanding between the Bank and Awqaf Ministries and Institutions of Islamic countries in 1422H. The certificate holders in the Fund are the Bank, participating institution and religious authorities in the Islamic countries. The Fund commenced operations on 1 Rajab 1422H.

The objective of the Fund is to invest in financially viable projects for the development of Awqaf real estate properties in the member countries of the Organization of the Islamic Conference ("OIC") and other countries. The Fund has been established for an extendable period of thirty years, unless terminated earlier, in accordance with the conditions laid down in its regulations.

The Fund is managed by the Bank as Mudarib in accordance with the principles of Shari'ah. The Fund has Supervisor Committee ("the Committee") selected by the founding members of the Fund. The Committee oversees the actions of the Mudarib and the general policies of the Fund.

The Fund is a specialized trust fund established to operate in accordance with the principles of Islamic Shariah.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Basis of Presentation

The Fund adopts the Financial Accounting Standards issued by the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI). For matters which are not covered by AAOIFI standards, the Fund uses the relevant International Financial Reporting Standards ["IFRS"] issued by the International Accounting Standards Board ["IASB"].

b) Accounting convention

The financial statements are prepared under the historical cost convention using the accrual basis of accounting and the going concern concept, except for Investment in Sukuk. The financial statements have been presented in thousands of US Dollars. The Fund's financial year is the lunar Hijra year.

c) Investment in Sukuk

Investments in Sukuk are classified as Fair Value through Income Statement. These investments are initially recognized at fair value at the date the contract is entered into and are subsequently re-measured to their fair value at the end of each reporting period with the resulting gain or loss recognized in the statement of operations.

d) Ijarah Muntahia Bittamleek

This represents assets purchased by the Fund and leased to beneficiaries for their use under Ijarah Muntahia Bittamleek agreements whereby the ownership of the assets is transferred to the beneficiaries at the end of the lease term and the completion of all payments under the agreement. The assets are stated at their acquisition cost less accumulated depreciation up to the reporting date. The assets are depreciated using the straight-line method over the related lease period. A provision for doubtful receivable is made if, in the opinion of management, the outstanding rentals net of security, are doubtful of recovery.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 29 DHUL HIJJAH 1433H

(Expressed in thousands of US Dollars)

e) Participation in Murabaha syndication

The Fund's participation in Murabaha syndication is stated at amortized cost less provision for impairment.

f) Istisna'a contract

Receivable from Istisna'a contracts represents the disbursements made as of the date of the statement of net assets against the assets acquired for an Istisna'a project plus income recognized.

g) Musharaka financing

Musharaka financing is partnership in which the Fund contributes capital. Musharaka financing is stated at cost less received amounts as a repayment of the Musharaka capital.

In accordance with the regulations of the Fund, the Mudarib is authorized by the Participants, before paying any dividends, to set aside, from the net income of the Fund such sums as it thinks proper, as general reserve to strengthen and support the Fund, provided it does not exceed 20% of the net income of the year, until such reserve equals 50% of the Fund's capital.

i) Foreign currencies

Transactions in foreign currencies are recorded in US Dollars at the rate of exchange ruling at the date of the transaction. Any monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the statement of net assets date. All differences are taken to the statement of operations.

j) Revenue recognition

Islamic Ijarah Sukuk

Income from investments in Islamic Ijarah Sukkuk is accrued on a time apportionment basis using the rate of return advised by the investee entities.

Ijarah Muntahia Bittamleek

Income from Ijarah Muntahia Bittamleek is recognised on a time-apportioned basis over the lease term.

Murabaha syndications

Income from investment in Murabaha syndications is accrued from the date of actual disbursement of the funds to the repayment date on a time apportionment basis.

Income from Istisna'a is recognized using the percentage of completion method based on return stipulated in the Istisna'a agreement.

Musharaka

Income on Musharaka financing is recognised when the right to receive payment is established or on distribution. The Fund's share of loss is recognized in the period in which the losses are deducted from its share of Musharaka capital.

k) Cash and cash equivalents

Income from cash and cash equivalents is recognized when such income is earned. Income from shortterm commodity transactions is accrued evenly over the period from actual disbursement date of the funds to the maturity date.

ISLAMIC DEVELOPMENT BANK - AWQAF PROPERTIES INVESTMENT FUND (THE FUND)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 29 DHUL HIJJAH 1433H

(Expressed in thousands of US Dollars)

Impairment of financial assets

An assessment is made at each reporting period date to determine whether there is objective evidence that a financial asset or a group of financial assets may be impaired. The amount of the impairment losses for financial assets are calculated as the difference between the asset's carrying amount and its fair value and is included in the statement of operations.

m) Cash and cash equivalents

For the purpose of Statement of Cash Flows, "cash and cash equivalents" consist of cash at bank and short-term investments with original maturities of 90 days or less.

CASH AND CASH EQUIVALENTS

	1433	1432
Cash in bank	797	4,857
Funds placed with Islamic banks	9,769	10,964
Investments in short-term commodity transactions with banks	20,000	14,044
	30,566	29,865
Funds placed as investments in short-term commodity transactions	(0.200)	(22.012)
with original maturity more than 90 days	(9,200)	(23,013)
Cash and cash equivalents	21,366	6,852

Funds placed with Islamic banks have been utilized by the respective banks in the purchase and sale of commodities. Such funds are maintained to meet the obligation under approved investment operations.

IJARAH MUNTAHIA BITTAMLEEK, NET

The movement in Ijarah Muntahia Bittamleek during the year is as follows:

	1433	1432
Cost Assets acquired, not yet in repayment period:		
Balance at beginning of the year Additions Transfer to assets in repayment period	242 1,693	7,082 1,410 (8,250)
Balance at end of the year Assets in repayment period:	1,935	242
Balance at beginning of the year Transfer from non repayment status	52,725	44,475 8,250
Balance at end of the year before provision Less: Provision	52,725 (808)	52,725 (242)
Balance at end of the year after provision	51,917	52,483
Total costs	53,852	52,725
Accumulated depreciation: Balance at beginning of the year Charge for the year	33,063 3,710	29,317 3,746
Balance at end of the year	36,773	33,063
Net book value	17,079	19,662

Future rentals receivable related to Ijarah Muntahia Bittamleek at 29 Dhul Hijjah 1433H are estimated to be US\$ 29.82 million (1432H: US\$ 36 million). The precise amount receivable at end of any period is

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 29 DHUL HIJJAH 1433H

(Expressed in thousands of US Dollars)

only known prior to the commencement of the period/year, as most of the rentals are determined based on prevailing London Inter-Bank Offer Rate (LIBOR).

INVESTMENTS IN SUKUK

Investment in Sukuk certificates represents a share in the Sukuk issued by various governments, financial institutions and certain other entities. The carrying amount of sukuks include an amount of unrealized fair value gain of USD 722k (1432H: USD 420k).

Investments in Sukuk at 29 Dhul Hijjah comprise of the following:

	1433	1432
Governments Financial Institutions	12,546 5,380	5,625 5,035
Investment in Sukuk - at fair value	17,926	10,660
The movement in Sukuk investments is summarized as follows:		
	1433	1432
Balance at the beginning of the year Additions during the year	10,660 6,964	5,943 5,066
Fair value gains/(loss)	302	(349)
Balance at the end of the year	17,926	10,660

6.

Certificate holders' contributions at 29 Dhul Hijjah comprise the	following:	
	1433	1432
Authorized: 20,000 certificates of US \$ 10,000 each	200,000	200,000
Issued and subscribed: 7,180 certificates of US \$ 10,000 each (1432H - 7,180 certificates of US \$ 10,000 each)	71,800	71,800
Paid up: 7,180 certificates of US \$ 10,000 each (1432H - 7,180 certificates of US \$ 10,000 each)	71,800	71,800

7. RELATED PARTY TRANSACTIONS

IDB is entitled to 10% share of net income of the Fund as Mudarib, which is separately shown in the statement of operations.

Under the terms of the Fund's Regulations, in its capacity as Mudarib, IDB provides certain administration facilities and personnel to the Fund for which no separate charge is made to the Fund.

As at 29 Dhul Hijjah 1433H and 1432H, IDB held 2,950 of the subscribed certificates.

ISLAMIC DEVELOPMENT BANK - AWQAF PROPERTIES INVESTMENT FUND (THE FUND)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 29 DHUL HIJJAH 1433H

(Expressed in thousands of US Dollars)

DISTRIBUTION OF NET INCOME

As per the Regulations of the Fund, subject to the transfer to general reserve as stated in note 2, the net income for each financial year shall be distributed as follows:

Mudarib Certificate holders 90%

9. CREDIT RISK

Credit risk is the risk that one party to a financial contract will fail to discharge an obligation and cause the other party to incur a financial loss. The Fund manages credit risk by monitoring credit exposures, and continually assessing the creditworthiness of counterparties.

10. CONCENTRATION OF CREDIT RISK

Concentration of credit risk arises when a number of counterparties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations of credit risk indicate the relative sensitivity of the Fund's performance to developments affecting a particular industry or geographic location. The Fund seeks to manage its credit risk exposure through diversification of financing activities to avoid undue concentration of risk with individuals or customers in specific locations or industry sectors.

10.1 Concentration of assets by geographical areas at 29 Dhul Hijjah is analyzed as under:

	Cash and balances		1433 Receivables and		
Description	with banks	Investments	financing	Other	Total
Africa	-	5,028	-	-	5,028
Asia	30,566	38,878	4,937	1,310	75,691
Total assets	30,566	43,906	4,937	1,310	80,719
			1432		
	Cash and		Receivables		
	balances with		and		
Description	banks	Investments	financing	Other	Total
Africa	-	12,734	-	-	12,734
Asia	29,865	28,834	5,798	2,737	67,234
Total assets	29,865	41,568	5,798	2,737	79,968

10.2 An analysis of the Fund's assets by industry at 29 Dhul Hijjah is as follows:

	1433				
Description	Real estate	Public utilities	Financial institutions	Other	Total
Cash and balances with banks	-	-	30,566	-	30,566
Investments	11,069	27,457	5,380	-	43,906
Receivables and financing Accrued income and other	348	3,870	719	-	4,937
assets	-	-	-	1,310	1310
Total assets	11,417	31,327	36,665	1,310	80,719

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 29 DHUL HIJJAH 1433H

(Expressed in thousands of US Dollars)

			1432		
Description	Real estate	Public utilities	Financial institutions	Other	Total
Cash and balances with banks	-	-	29,865	-	29,865
Investments	10,896	21,579		9,093	41,568
Receivables and financing Accrued income and other	436	2,826	2,536		5,798
assets			-	2,737	2,737
Total assets	11,332	24,405	32,401	11,830	79,968

11. LIQUIDITY RISK

Liquidity risk is the risk that the Fund will be unable to meet its net funding requirements. Liquidity risk can be caused by market disruptions or credit downgrades which may cause certain sources of funding to cease immediately. To guard against this risk, assets are managed with liquidity in mind, maintaining a healthy balance of cash and cash equivalents.

The table below summarises the maturity profile of the Fund's assets and liabilities. The contractual maturities of assets and liabilities have been determined on the basis of the remaining period at the balance sheet date to the contractual maturity date.

The contractual maturities of the Fund's assets and liabilities according to their respective periods to maturity at 29 Dhul Hijjah are as follow:

			1433		
Description	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 year	Total
Assets					
Cash and balances with banks	21,366	9,200	-	-	30,566
Investments	9,008	3,872	24,684	6,342	43,906
Receivables and financing	-	1,385	1,067	2,485	4,937
Accrued income and other receivables		1,310	-		1,310
Total assets	30,374	15,767	25,751	8,827	80,719
Liabilities					
Due to Waqf Fund	-	607		-	607
Accrued expenses and other					
payables	-	34	-	-	34
Accrued Mudarib's share of income		260		-	260
Dividends payable	-	145	-	-	145
Total liabilities		1,046	-	-	1,046
Net Assets	30,374	14,721	25,751	8,827	79,673

ISLAMIC DEVELOPMENT BANK - AWQAF PROPERTIES INVESTMENT FUND (THE FUND)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 29 DHUL HIJJAH 1433H

(Expressed in thousands of US Dollars)

•			1432		
	Less than	3 to 12	1 to 5	Over 5	
Description	3 months	months	years	year	Total
Assets					
Cash and balances with banks	15,821	14,044	-	-	29,865
Investments	11,296	4,830	23,289	2,153	41,568
Receivables and financing	-	340	2,972	2,486	5,798
Accrued income and other					
receivables	-	2,737	-	-	2,737
Total assets	27,117	21,951	26,261	4,639	79,968
Liabilities					
Due to Waqf Fund		472	-	-	472
Accrued expenses and other					
payables		30	-		30
Accrued Mudarib's share of income					
		192	-	-	192
Dividends payable	-	1,940	-	-	1,940
Total liabilities	-	2,634	-	-	2,634
Net Assets	27,117	19,317	26,261	4,639	77,334
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12. CURRENCY RISK

Currency risk is the risk that value of a financial asset of the Fund will fluctuate due to changes in foreign exchange rates. The Fund did not undertake significant transactions in currencies other than US Dollars, during the year, and therefore it was not exposed to significant currency risk.

13. SEGMENTAL INFORMATION

The main activity of the Fund is to invest in projects for the development of Awqaf real estate properties in the member countries of the Organization of the Islamic Conference ("OIC") and other countries and the management views its investments and financing as one segment. Therefore, any segmentation of operating income, expenses, assets and liabilities is not applicable to the Fund.

14. FAIR VALUES

Fair value is the amount for which an asset could be exchanged, or a liability settled between knowledgeable willing parties in an arm's length transaction. The fair values of the Fund's financial assets and liabilities are not materially different from their carrying values at the statement of net assets date.

15. COMMITMENTS

As at 29 Dhul Hijjah 1433H, the undisbursed commitments for investments amounted to US\$ 24.90 million (1432H: US\$ 157 million).

Annexes



Annex-I

APIF Participants and their Contribution in the Paid-up Capital as at end 1433H

(US\$ million)

No.	Name of Participant	Country	Paid-up Capital
1	Islamic Development Bank	Saudi Arabia	29.5
2	OIC – Islamic Solidarity Fund	Saudi Arabia	10.9
3	Ministry of Islamic Affairs, Awqaf, Da'wa and Irshad	Saudi Arabia	7.5
4	Kuwait Awqaf Public Foundation	Kuwait	5.0
5	Kuwait Finance House	Kuwait	5.0
6	Faisal Islamic Bank	Egypt	3.0
7	Iran Endowment Fund	Iran	2.9
8	Al-Baraka Islamic Bank	Bahrain	1.0
9	Bahrain Islamic Bank	Bahrain	1.0
10	Shamil Bank of Bahrain	Bahrain	1.0
11	Islamic Tadamun Bank	Sudan	1.0
12	Jordan Islamic Bank	Jordan	1.0
13	Ministry of Awqaf and Islamic Affairs	Jordan	1.0
14	Arab Islamic Bank	Palestine	1.0
15	Amanah Raya Bhd	Malaysia	1.0
	Total		71.8

Annex-II

Members of the Participants Committee of the Awqaf Properties Investment Fund

Mr. Abdulhamid Abu Mousa Governor, Faisal Islamic Bank of Egypt.	Chairman
H.E.Prof. Dr. Abdul Salam Al-Abbadi Minister of Awqaf and Islamic Affairs and Holy Shrines, Jordan	Member
Dr. Ahmad Mohamed Ali President of the Islamic Development Bank Group, Saudi Arabia	Member
Br. Khalid bin Saleh Al Fareh Director General, General Dept. for Investment Ministry of Islamic Affairs, Endowments, Da'wah & Guidance, Riyadh, Saudi Arabia	Member
Dr. Abdulmohsin Al Kharafi Secretary General, Kuwait Awqaf Public Foundation, Kuwait	Member
Mr. Meshal Abdulaziz Al Nassar Senior Investment Manager, Kuwait Finance House, Kuwait	Member
Mr. Mohammed Abdul Rahman Bucheerei General Manager, Shamil Bank of Bahrain	Member
Mr. Musa Shehadeh Vice Chairman of the Board of Directors and Director General Jordan Islamic Bank for Finance & Investment, Amman, Jordan	Member
H.E. Ambassador Nasser Bin Abdallah Hamdan Al-Zaabi Chairman of the Council of the OIC-Islamic Solidarity Fund	Member
Mr. Ibrahim Abdullah Al-Khuzayem Executive Director OIC-Islamic Solidarity Fund	Member
Mr. Mohamed Ibrahim Mohamed Executive President, Bahrain Islamic Bank.	Member
Mr. Mohamed Issa Al Mutaweh Chief Executive Officer and Board Member, Al Baraka Islamic Bank, Bahrain.	Member
Mr. Abbas Abdulla Abbas General Manager, Tadamon Islamic Bank, Khartoum, Sudan	Member
Mr. Waleed Toufiq Fakhouri Managing Director, Arab Islamic Bank, Ramallah, Palestine	Member
Mr. Abdolreza Abed Chairman, Iran Endowments Reclamation Dev. Institute, Tehran, Iran	Member
Dato Ahmad Rodzi Pawanteh Managing Director, Amanah Raya Berhad, Malaysia	Member

Annex-III

Members of The Supervisory Committee of The Awqaf Properties Investment Fund



Chairman H.E. Dr. Ahmad Mohamed Ali President, IDB Group.



Member Hon. Abdulwahab Saleh Al Muzaini Executive Director, Islamic Development Bank



Member Hon. Bader Abdullah S. Abuaziza Executive Director, Islamic Development Bank



Member Hon. Mohammed Gambo Shuaibu Executive Director, Islamic Development Bank

Member



Br. Khalid bin Saleh Al Fareh Director General, General Dept. for Investment Ministry of Islamic Affairs, Awqaf, Da'wah & Guidance, Saudi Arabia



Member

H.E. Ambassador Nasser Bin Abdallah Hamdan Al-Zaabi Chairman of the Council of the OIC-Islamic Solidarity Fund



Member

Mr. Ibrahim Abdullah Al-Khuzayem Executive Director, OIC-Islamic Solidarity Fund



Member

Mr. Abdulhamid Abu Mousa Governor, Faisal Islamic Bank, Egypt



Member

Mr Meshal Abdulaziz Al-Nassar Senior Investment Manager, Kuwait Finance House, Kuwait



Member

Mr. Iyad Nasser Al-Ibrahim Director, Real Estate Investment Department Kuwait Awqaf Public Foundation, Kuwait

Annex-IV

Members of the Management Committee of The Awqaf Properties Investment Fund



Chairman H.E. Dr Ahmad Mohamed Ali President, IDB Group



Member Mr. Abdul Aziz Al-Hinai Vice President (Finance)



Member Mr. Khalid Al-Aboodi Chief Executive Officer and General Manager, Islamic Corporation for the Development of Private Sector (ICD)



Member Dr. Bashir Omar Fadlallah Director, Islamic Solidarity Fund for Development (ISFD)



Member Mr. Adil Al-Sharif Executive Director, World Waqf Foundation



Member Dr. Walid Abdelwahab Director, Infrastructure Department



Member Dr. Mansur. A. Noibi Director, Legal Department



Member Mr. Hassan Demirhan Director, Treasury Department



Member Mr. Ahmed Murad Hammouda Acting Director, Group Risk Management Department



Member Mr. Diab Karrar Ahmed Acting Director, Islamic Financial Services Department

Annex-V

Members of the Technical Review Committee of The Awqaf Properties Investment Fund

Dr. Essamaldine Al-Kalyoubi Senior Legal Expert General Counsel's Office	Chairman
Mr. Ahmed Jabri Legal Department	Member
Mr. Seedy Mohammed Njie Group Risk Management Department	Member
Mr. Abdullah Mohammed Saeed Infrastructure Department	Member
Mr. Diab Karrar Ahmed Islamic Financial Services Department	Member
Mr. Syed Muhammad Asim Raza Islamic Financial Services Department	Member
Mr. Hamza Taha Treasury Department	Member

APIF STAFF MEMBERS



APIF Projects in Pictures



United Arab Emirates: Khaldiya Commercial/ Residential Waqf Complex, Sharjah



Kingdom of Saudi Arabia: Construction of Commercial & Residential Complex Jeddah



Uganda: Construction of Commercial and Residential Complex Kampala



United Arab Emirates: Construction of a Commercial Building in Fujairah

