



APIDT ANNUAL REPORT 2021



MARCH 2022

APIDT Annual Report 2021

The APIDT Annual Report incorporates the funding activities, revenue, and expenses for APIDTT Pty Ltd (ACN 638 389 072) ATF for Asia Pacific Internet Development Trust, including those of its subsidiary, APIDT Infrastructure Pty Ltd (ACN 644 451 150). This report covers the calendar year (January to December) 2021.

Funding activities include investment to support regional Internet infrastructure projects undertaken by APNIC Infrastructure; and grant funding for other regional Internet development projects of the APNIC Foundation¹.

Expenses reported here include all expenses related to the operations of APIDT, and APIDT Infrastructure.

Income reported here is generated by APIDT's investment portfolio, including distributions, dividends and increases in the value of the funds invested.

Funding Activities 2021

ARENA-PAC

The Arterial Research and Educational Network in the Asia Pacific (ARENA-PAC²) is a backbone network with supporting research and education networks, operated by APIDT Infrastructure. It is made up of an international submarine cable circuits meeting at the GOREX³ Internet Exchange Point in Guam, which together serve a goal of expanding the Internet for research and education in the Asia Pacific region.

Tokyo – Guam

A 15-year Indefeasible Rights of Use (IRU) agreement was signed in January 2021 to provide connectivity between Tokyo and Guam. The outlay for this link included an IRU Fee (one-time) with ongoing operations, administration and maintenance (OA&M) charges over 15 years. The circuit became active from April 2022. The IRU upfront investments in IRU agreements are amortised over the life span of the IRU agreement.

Guam – Singapore

As part of a consortium, a 15-year IRU agreement was signed to provide connectivity between Guam and Singapore. The outlay for this link includes an IRU Fee (one-time) with ongoing OA&M charges over 15 years. APIDT will contribute 25% towards the cost of these fees. This link went live in January 2022, after a cut to the cable in December delayed the link's availability.

¹ <https://apnic.foundation>

² <https://arena-pac.net>

³ <https://gorex.uog.edu>

Other circuits

During 2021, negotiations commenced to enter into capacity agreements from Guam to the Philippines and from Guam to Indonesia. It is anticipated that if agreements are reached these links will be available in 2022.

Equipment

A purchase order for equipment to support connectivity in Tokyo, Guam, Indonesia, and the Philippines was placed in December 2021, with deliveries expected to commence in mid-2022.

APNIC Foundation

The APNIC Foundation (ACN 646 643 156) shares a common vision with APNIC of “a global, open, stable, and secure Internet that serves the entire Asia Pacific community”. Under this vision, the Foundation’s mission is to increase investment in Internet development in the Asia Pacific region, through education and training, human capacity building, community development, research, and related projects and activities.

APIDT funded the APNIC Foundation to undertake 8 major projects in 2021. The total approved grant request was for USD \$9,162,745 of which USD \$6,453,641 was incurred by the end of 2021.

The Grant program in 2021 comprised the following projects:

- ISIF Asia
- M-Root anycast deployment support
- APNIC Academy
- Community trainers
- Training delivery
- Curriculum development for non-technical audiences
- Asian Internet Interconnection (AI3) and School of Internet Asia (SOI) and Foundation
- Sponsorship

Income 2021

During 2021, funds received from the sale of IPv4 addresses were finalised and progressively transferred into an investment portfolio. Initially, USD \$350M was transferred into the fund in late April and early May, with a further USD \$46M transferred in July.

An investment advisory committee was established in 2021 to assist in the management of these funds and to help establish a robust Investment Policy Statement to guide future investment decisions. The funds have been invested in a “Yield” portfolio in USD in the interim.

At the end of December 2021, the Investment Fund was valued at USD \$405,866,995.

Expenses 2021

Funding Expenses 2021

Grants - APNIC Foundation

Funding for eight projects to be implemented by the APNIC Foundation during 2021.

APIDT Infrastructure

IRU Operating & Management Fees

Fees incurred for the ongoing operations and management pursuant to the long term IRU agreements.

IRU Amortisation of Investments

Upfront investments relating to IRU agreements are treated as investments in APIDT Infrastructure and are amortised over the life of each agreement.

Operating Expenses 2021

Accounting Fees

APIDT has engaged Ernst & Young Australia to provide a full range of accounting and payroll services. KPMG have been appointed as APIDT auditors.

APIDT's financial accounts for the period Jan 13, 2020 to Jun 30, 2021 were audited by KPMG (please see attached).

Staffing & Professional Fees

The CFO role officially commenced from July 2021, with other professional fees incurred in relation to the sale process and other APIDT operational activities.

Insurance Expenses

APIDT insurance expenses include Management Liability, Public Liability, and Travel Insurances.

Legal Fees

APIDT maintains the services of a legal counsel on a retainer basis and engages specialist legal advisors as required to support its operations and initiatives.

Travel Expenses

Planned travel for 2021 was not completed because of COVID-19 travel restrictions.

Investment Management Fees

Commencing at the end of April 2021, APIDT engaged the services of investment managers to manage its investment portfolio.

Membership Fees

APIDT and APIDT Infrastructure is a member of APNIC and pays annual membership fees based on the IP resource holdings at their membership anniversary date. APIDT's membership will move to the Associate tier upon renewal in 2022.

Other Operating Expenses

This budget includes a provision for other minor expenses. The major expenses in 2021 relate to the revaluation of the final tranches of the sale where the actual price achieved was lower than the valuation of the remaining gifted asset.

Funding Activities 2021

Funding Activities		Total 2021 USD	Budget 2021 USD	2021 Var to Budget	% Variance
APIDT INFRASTRUCTURE					
ARENA-PAC IRU Funding	One-Time charges	1,620,872	2,143,928	(523,056)	(24.40%)
	O&M fees	105,180	121,779	(16,599)	(13.63%)
	Total	1,726,052	2,265,707	(539,655)	(23.82%)
ARENA-PAC Equipment*	Upfront	-	2,000,000	(2,000,000)	(100.00%)
	Ongoing	-	-	-	
	Total	-	2,000,000	(2,000,000)	(100.00%)
Total ARENA-PAC Funding	One-Time charges	1,620,872	4,143,928	(2,523,056)	(60.89%)
	O&M fees	105,180	121,779	(16,599)	(13.63%)
	Total	1,726,052	4,265,707	(2,539,655)	(59.54%)
* Upfront costs of IRU to be amortised over the life of the agreement		-	-		
APNIC FOUNDATION GRANTS					
	ISIF Asia (Including IPv6 grants)	2,122,782	2,245,000	(122,218)	(5.44%)
	M-Root Anycast instance deployment support	132,770	770,000	(637,230)	(82.76%)
	APNIC Academy Platform and Curriculum development	293,195	900,000	(606,805)	(67.42%)
	Community Trainers Network Expansion	162,565	445,000	(282,435)	(63.47%)
	Training Delivery	293,867	652,000	(358,133)	(54.93%)
	Curriculum development for non-technical audiences	356,233	500,000	(143,767)	(28.75%)
	AI3 and SOI	2,062,702	2,276,300	(213,598)	(9.38%)
	Sponsorship and contributions	314,276	250,000	64,276	25.71%
	Overhead	908,117	1,124,445	(216,328)	(19.24%)
Total Foundation Grants		6,646,507	9,162,745	(2,516,238)	(27.46%)
Total Funding Activities		8,372,559	13,428,452	(5,055,893)	(37.65%)

The specific purpose for which the special purpose financial information has been prepared is to provide information relating to the performance and financial position of the Trust that satisfies the information needs of the Board.

No audit or review has been performed and accordingly no assurance is expressed. The financial information was prepared exclusively for the Trustees.

Income Statement 2021

Income		Total 2021 USD	Budget 2021 USD Jan - Dec	2021 Var to Budget	% Variance
Investment Income	Interest Income	32,176	109,568	(77,392)	(70.63%)
	Investment Dividend Income	1,220,924	3,559,521	(2,338,597)	(65.70%)
	Gains/Losses from market value adjustments	9,350,568	10,211,926	(861,358)	(8.43%)
	Less: Investment Management Fees	(804,086)	(820,000)	15,914	(1.94%)
Total Investment Income after fees		9,799,582	13,061,015	(3,261,433)	(24.97%)
Expenses		Total 2021 USD	Budget 2021 USD	2021 Var to Budget	% Variance
Funding Expenses	Grants - APNIC Foundation	6,646,507	9,162,745	(2,516,238)	(27.46%)
	APIDT Infrastructure - IRU Operating & Management Fees	105,180	142,500	(37,320)	(26.19%)
	APIDT Infrastructure - IRU Amortisation of Investments	96,802	122,000	(25,198)	(20.65%)
	Depreciation Expenses - ARENA PAC Equipment	-	-	-	-
Total Funding Expenses		6,848,489	9,427,245	(2,578,756)	(27.35%)
Operating Expenses	Accounting Fees	85,894	100,000	(14,106)	(14.11%)
	Staffing & Professional Fees	161,147	200,000	(38,853)	(19.43%)
	Insurance Expenses	11,118	15,000	(3,882)	(25.88%)
	Legal Fees	95,203	155,000	(59,797)	(38.58%)
	Travel Expenses	-	-	-	-
	Membership Fees	21,502	16,000	5,502	34.39%
	Depreciation	-	-	-	-
	Other Operating Expenses	10,841	9,500	1,341	14.12%
Total Operating Expenses		385,705	495,500	(109,795)	(22.16%)
Total Funding and Operating Expenses		7,234,194	9,922,745	(2,688,551)	(27.09%)
Surplus/(Deficit) - Investing, Funding and Operating		2,565,388	3,138,270	(572,882)	(18.25%)
Other Expenses	Loss from market value adjustment				
	Unrealised Foreign Currency Loss	43,094		43,094	100.00%
	Realised Foreign Currency Loss	997		997	100.00%
	Loss on Sale of Intangible Asset	3,198,157		3,198,157	100.00%
	Fair Value adjustment	2,798,387		2,798,387	100.00%
Total Other Expenses		6,040,635	-	6,040,635	100.00%
Total Expenses		13,274,829	9,922,745	3,352,084	33.78%
Surplus/(Deficit)		(3,475,247)	3,138,270	(6,613,517)	(210.74%)

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