



**ASIA PACIFIC  
INTERNET  
DEVELOPMENT  
TRUST**

# APIDT ANNUAL REPORT 2023

May 2024

# Annual Report 2023

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# **1 Introduction**

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 subsidiaries, APIDT Infrastructure Pty Ltd (ACN 644 451 150) and ARENA-PAC Research incorporated in Japan. This report covers the calendar year from January to December 2023.

Funding activities include funds invested to support ARENA-PAC, a regional Internet infrastructure project undertaken by APIDT Infrastructure; and grant funding for other regional Internet development projects of the APNIC Foundation<sup>1</sup>.

Expenses reported here include all expenses related to the operations of APIDT and its controlled entities.

The majority of the Income reported is generated by APIDT's investment portfolio, including distributions, dividends and increases in the value of the funds invested. The investment portfolio is managed in line with [APIDT's Investment Policy Statement](#), with advice from the APIDT Investment Advisory Committee (IAC).

## **2 Funding Activities 2023**

### **2.1 ARENA-PAC**

The Arterial Research and Educational Network in the Asia Pacific (ARENA-PAC<sup>2</sup>) is a backbone network providing capacity and redundancy in support of RENs (research and education networks) in the region. ARENA-PAC is operated by APIDT Infrastructure, a subsidiary company of APIDT.

ARENA-PAC comprises several international submarine cable circuits (mostly 100Gbps) meeting at the GOREX<sup>3</sup> Internet Exchange Point in Guam and connecting with RENs in various economies (detailed below). ARENA-PAC is also a signatory to the MoU which establishes APONET<sup>4</sup>, the Asia Pacific Oceania NETwork, a trans-Pacific collaboration to improve high-speed REN services in the Asia Pacific Oceania region.

#### **2.1.1 Guam – Tokyo**

A 15-year Indefeasible Rights of Use (IRU) agreement was signed with IPS, in January 2021 for a 100Gb circuit between GOREX and the NTT Otemachi (Honkan) site in Tokyo. The outlays for this link include a one-time IRU Fee (amortised over the life of the agreement), and ongoing operations, administration, and maintenance (OA&M) charges over 15 years. The circuit became active from April 2022.

In October 2022, the Tokyo end of this link was relocated from NTT Otemachi to Equinix TY4, also in Otemachi.

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<sup>1</sup> <https://apnic.foundation>

<sup>2</sup> <https://arena-pac.net>

<sup>3</sup> <https://gorex.uog.edu>

<sup>4</sup> <https://www.aponet.global>

### 2.1.2 Guam – Singapore

In December 2021, ARENA-PAC joined a consortium with Internet2, Indiana University, AARNet, SINGARen and University of Hawaii, for a shared connection between Guam and Singapore. A 15-year IRU agreement was signed to provide connectivity between GOREX and SINGARen.

The outlays for this link include an IRU Fee (one-time, amortised over 15 years), and ongoing OA&M charges over 15 years; with APIDT contributing a 25% share of these fees. This link went live in January 2022.

### 2.1.3 Guam – Indonesia

A 15-year IRU agreement was signed with Telin Indonesia in August 2022, to provide connectivity between GOREX and IDREN in Malang, Indonesia. Fifty percent of the IRU Fee was paid upon signing. The remaining balance, and the first of the ongoing the annual OA&M charges, were paid in February 2023 when the link was ready for service.

### 2.1.4 Guam – Philippines

A 15-year IRU agreement was signed in January 2023 to provide connectivity between GOREX and Quezon City in the Philippines. The outlays for this link include an IRU Fee (one-time, amortised), and ongoing OA&M charges over 15 years. This agreement was signed in August 2022, with the link ready for service in April 2023.

Total ARENA-PAC Funding activities in 2023 are provided in Table 1 below.

## 2.2 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 region, through education and training, human capacity building, community development, research, and related projects and activities.

APIDT funded the APNIC Foundation to undertake 12 major projects in 2023, with a total approved grant request of USD \$12,614,621. In addition, funding of USD \$76,671 was provided to cover a shortfall after the final reconciliation of the 2022 grant projects.

The approved funding for the APNIC Foundation Grant program in 2023 comprised the following projects. Individual project costs are provided in Table 1 below.

- APNIC Academy Platform and Curriculum Development
- Training delivery and Community Trainers
- Curriculum development for non-technical audiences
- Cybersecurity: Honeynet and threat sharing
- M-Root anycast deployment
- Research and Internet Measurement
- ISIF Asia (Inc. IPv6)
- Foundation Community Assistance
- SWITCH!
- Mentoring Network – Afghanistan

- Trust Discretionary Funds
- AI3 and SOI Asia

## 2.3 APIDT Property Acquisition

In February 2022 APIDT contracted to purchase a development site at 56 Breakfast Creek Road, Newstead in Brisbane, for the purpose of developing a commercial office where it could base its operations along with providing tenancies for APNIC and the APNIC Foundation. The contract was settled in March 2022.

During 2023 a project team was established with the engagement of architects and other key consultants to design, project manage and construct the new building. During 2023 a demolition approval was granted, and the existing buildings were demolished.

In the latter part of 2023, the site was approved for a Material Change of Use to a commercial office site and development approval was granted for commercial offices to be constructed.

## 3 Income 2023

During 2023, the value of the APIDT investment portfolio recorded a significant positive return. Markets finished the year on a strong note as global bonds and equities rallied with the expectation of cooling inflation and forecast interest rate cuts in the United States.

The IAC was established in 2021 to provide expert advice to the APIDT Board in relation to the strategy and management of the investment portfolio, and during 2023 the IAC helped develop an Investment Policy Statement to guide future investment decisions. This policy was approved by the APIDT Board in September 2022 and the funds are now invested into two portfolios: a liquidity portfolio to meet shorter term expenditure, and an endowment portfolio with a longer-term investment horizon.

At the end of December 2023, the Investment Fund was valued at USD \$346,617,945.

## 4 Expenses 2023

### 4.1 Funding Expenses 2023

APIDT funding expenses are detailed in Table 2 below, under the following headings.

#### 4.1.1 Grants - APNIC Foundation

Grant funding for 12 projects undertaken by the APNIC Foundation during 2023.

#### 4.1.2 APIDT Infrastructure

##### 4.1.2.1 *IRU Operating & Management Fees*

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

#### **4.1.2.2 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 (generally 15 years).

#### **4.1.3 ARENA-PAC Research Japan**

Funding for the new service company incorporated in Tokyo to undertake ARENA-PAC Research activities during 2023 on a cost recovery basis.

#### **4.1.4 Depreciation Expenses ARENA-PAC Equipment**

Equipment installed in Tokyo, Guam, Indonesia, and Philippines is depreciated over a four-year useful life.

### **4.2 Operating Expenses 2023**

APIDT operating expenses are included in Table 2 below, under the following headings.

#### **4.2.1 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 changed its financial reporting period from a July-June financial year to a January to December calendar year, from the end of 2022. Therefore, the 2022 financial reports included 18 months from June 2021 to Dec 2022.

APIDT's financial accounts for the period 1 January to 31 December 2023, were audited by KPMG (please see attached).

#### **4.2.2 Insurance Expenses**

APIDT insurance expenses include Property, Management Liability, Public Liability, and Travel Insurances for all entities. Equipment insurance is in place to cover the assets as they are installed to support the ARENA-PAC network.

#### **4.2.3 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.

#### **4.2.4 Staffing & Professional Fees**

Staffing expenses include provisions for the CFO role and contracted support provided by the Financial Controller, and new Internet Development Project Lead role which commenced from November 2023. The increase in resources reflects the growth of APIDT's operational activities and the need for redundancy for key operational roles. Other professional fees include the professional advice to support the ARENA-PAC initiatives and APIDT Operations.

#### **4.2.5 Travel Expenses**

Travel expenses include travel for APIDT Directors, Staff and Consultants travelling on behalf of APIDT to meetings and conferences as required.

#### 4.2.6 Building and Other Operating Expenses

During 2023, some building holding costs including Rates & Taxes, Security and maintenance expenses were incurred.

#### 4.2.7 Investment Management Fees

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

## 5 Appendices

### 5.1 Table 1. Funding Activities 2023

Funding Activities		2023 USD	Budget 2023 USD	2023 Var to Budget	% Variance
<b>APIDT Infrastructure</b>					
ARENA-PAC IRU Agreements	Upfront	2,866,758	3,165,000	(298,242)	(9%)
	Ongoing	557,169	560,640	(3,470)	(1%)
<b>Total</b>		<b>3,423,927</b>	<b>3,725,640</b>	<b>(301,713)</b>	<b>(8%)</b>
<b>ARENA-PAC Research Japan</b>					
ARENA-PAC Research Japan Operations and Equipment	Upfront	-	676,923	(676,923)	(100%)
	ARENA-PAC Research Japan Operating Expenses	199,803	399,538	(199,735)	(50%)
<b>Total</b>		<b>199,803</b>	<b>1,076,462</b>	<b>(876,659)</b>	<b>(81%)</b>
<b>Total ARENA-PAC Funding</b>	One-Time charges	2,866,758	3,841,923	(975,166)	(25%)
	Ongoing fees	756,972	960,178	(203,206)	(21%)
<b>Total</b>		<b>3,623,730</b>	<b>4,802,101</b>	<b>(1,178,371)</b>	<b>(25%)</b>
<i>* Upfront costs of IRU to be amortised over the life of the agreement</i>					
<b>APNIC FOUNDATION GRANTS</b>					
	APNIC Academy Platform and Curriculum Development	1,021,545	1,021,545	-	
	Training Delivery & Community Trainers	1,223,439	1,223,439	-	
	Curriculum Development for non-technical Audiences	55,214	55,214	-	
	Cybersecurity: Honeynet and threat sharing	53,130	53,130	-	
	M-Root Deployment	725,840	725,840	-	
	Research and Internet Measurement	200,000	200,000	-	
	ISIF Asia (incl. IPv6)	2,718,546	2,718,546	-	
	Foundation Community Assistance	303,107	303,107	-	
	SWITCH!	1,385,946	1,385,946	-	
	Digital Leap South Asia	185,572	185,572	-	
	Trust Discretionary Fund	250,000	250,000	-	
	AI3 & SOI Asia	2,846,896	2,846,896	-	
	Previous Year (Adjustment)	76,672	-	76,672	
	Overhead	1,645,385	1,645,385	-	
<b>Total Foundation Grants</b>		<b>12,691,292</b>	<b>12,614,620</b>	<b>76,672</b>	<b>1%</b>
<b>Total Funding Activities</b>		<b>16,315,022</b>	<b>17,416,721</b>	<b>(1,101,699)</b>	<b>(6%)</b>

- 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.
- For a better understanding of APIDT's financial position and performance, as represented by the results of its operations for the financial year ended 31 December 2023, the performance and financial position, should be read in conjunction with the audit report contained therein.



## 5.2 Table 2. Income Statement 2023

Income		2023 USD	Budget 2023 USD	2023 Var to Budget	% Variance
Investment Income	Interest Income	3,249,815	693,264	2,556,551	369%
	Investment Dividend Income	1,991,642	2,400,000	(408,358)	(17%)
	Gain/ (Loss) from Market Value Adjustments	25,530,917	15,657,561	9,873,356	63%
	Unrealised Foreign Currency Gains/ (Loss)	736,802		736,802	
	Realised Foreign Currency Gains	88,488		88,488	
	Less: Investment Management Fees	(814,735)	(972,241)	157,506	(16%)
	Less: Interest paid	(8)		(8)	
Total Income		30,782,920	17,778,584	13,004,336	73%

  

Expenses		2023 USD	Budget 2023 USD	2023 Var to Budget	% Variance
Funding Expenses	Grants - APNIC Foundation	12,691,292	12,614,620	76,673	1%
	APIDT Infrastructure - IRU Operating & Management Fees	535,028	560,640	(25,612)	(5%)
	APIDT Infrastructure - IRU Amortisation of Investments	328,532	410,756	(82,224)	(20%)
	ARENA-PAC Research Japan Operating Expenses	199,803	399,538	(199,735)	(50%)
	Depreciation Expenses - ARENA-PAC Equipment	199,179	360,718	(161,539)	(45%)
Total Funding Expenses		13,953,834	14,346,271	(392,437)	(3%)
Operating Expenses	Accounting Fees	133,581	115,080	18,501	16%
	Insurance Expenses	37,641	34,037	3,604	11%
	Legal Fees	103,932	105,000	(1,068)	(1%)
	Staffing & Professional Fees	289,307	438,145	(148,839)	(34%)
	Travel Expenses	101,842	150,000	(48,158)	(32%)
	Other Operating Expenses	16,071	30,401	(14,331)	(47%)
	Building Operating Expenses	95,181	94,657	524	1%
Total Operating Expenses		777,554	967,321	(189,767)	(20%)
Total Funding and Operating Expenses		14,731,388	15,313,592	(582,204)	(4%)

  

Surplus/(Deficit)	16,051,531	2,464,991	13,586,540	551%
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