

# **Invesco US Core Direct Property Fund**

ARSN 624 175 775

**Annual report**

**for the year ended 30 June 2024**

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## Annual report for the year ended 30 June 2024

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These financial statements cover Invesco US Core Direct Property Fund as an individual entity.

The Responsible Entity of Invesco US Core Direct Property Fund is Invesco Australia Limited (ABN 48 001 693 232).

The Responsible Entity's registered office is Level 26, 333 Collins Street, Melbourne VIC 3000.

## Directors' report

The directors of Invesco Australia Limited, the Responsible Entity of Invesco US Core Direct Property Fund, present their report together with the financial statements of Invesco US Core Direct Property Fund (the "Fund"), for the year ended 30 June 2024.

### Principal activities

The Australian Fund invests into the Invesco Core Real Estate – U.S.A., L.P., a Delaware limited partnership ("Underlying Fund") to gain exposure to the underlying strategy. The Underlying Fund currently invests primarily in core properties with a focus on investments with stable income and quality locations in the United States.

The Fund did not have any employees during the year.

There were no significant changes in the nature of the Fund's activities during the year.

### Directors

The following persons held office as directors of the Responsible Entity during the year or since the end of the year and up to the date of this report:

Martin Franc (Chairman)  
 Jeremy Simpson  
 Andrew Lo  
 Alex (Hideki) Sato  
 Jason Roach  
 Jonathon Crook (Appointed as Director effective 1 September 2024)

### Review and results of operations

There have been no significant changes to the operations of the Fund during the year. The Fund continued to invest in accordance with target asset allocations as set out in the governing documents of the Fund and in accordance with the provisions of the Fund's Constitution.

The performance of the Fund, as represented by the results of its operations, was as follows:

	<b>Year ended</b>	
	<b>30 June 2024</b>	<b>30 June 2023</b>
Operating loss (\$'000)	<b>(9,611)</b>	<b>(7,313)</b>
<i>Distributions</i>		
Distributions paid and payable (\$'000)	<b>2,326</b>	2,320
Distributions (cents per unit)	<b>3.4312</b>	3.3153

## **Directors' report (continued)**

### **Significant changes in state of affairs**

Market disruptions associated with current geopolitical events have had a global impact, and uncertainty exists as to their implications. Such disruptions can adversely affect the valuations and thus the performance of the Fund. Management is continuing to monitor this development and evaluate its impact on the Fund. In assessing such impacts, management has reviewed the Fund's assets and liabilities to ensure valuations remain appropriate.

In the opinion of the directors, there were no other significant changes in the state of affairs of the Fund that occurred during the financial year.

### **Matters subsequent to the end of the financial year**

No matter or circumstance has arisen since 30 June 2024 that has significantly affected, or may significantly affect:

- (i) the operations of the Fund in future financial years; or
- (ii) the results of those operations in future financial years; or
- (iii) the state of affairs of the Fund in future financial years.

### **Likely developments and expected results of operations**

The Fund will continue to be managed in accordance with the investment objectives and guidelines as set out in the governing documents of the Fund and in accordance with the provisions of the Fund's Constitution.

The results of the Fund's operations will be affected by a number of factors, including the performance of investment markets in which the Fund invests. Investment performance is not guaranteed and future returns may differ from past returns. As investment conditions change over time, past returns should not be used to predict future returns.

### **Indemnity and insurance of officers and auditors**

No insurance premiums were paid for out of the assets of the Fund in regards to insurance cover provided to either the officers of Invesco Australia Limited or the auditors of the Fund. So long as officers of Invesco Australia Limited act in accordance with the Fund's Constitution and the Law, the officers remain indemnified out of the assets of the Fund against losses incurred while acting on behalf of the Fund. The auditors of the Fund are in no way indemnified out of the assets of the Fund.

### **Fees paid to and interests held in the Fund by the Responsible Entity or its associates**

Fees paid to the Responsible Entity and its associates out of the Fund's property during the year are disclosed in Note 13 to the financial statements.

No fees were paid out of the Fund's property to the directors of the Responsible Entity during the year.

The number of interests in the Fund held by the Responsible Entity or its associates as at the end of the financial year are also disclosed in Note 13 of the financial statements.

### **Interests in the Fund**

The movement in units on issue in the Fund during the year is disclosed in Note 8 to the financial statements.

The value of the Fund's assets and liabilities is disclosed on the balance sheet and derived using the basis set out in Note 2 to the financial statements.

### **Environmental regulation**

The operations of the Fund are not subject to any particular or significant environmental regulations under a Commonwealth, State or Territory law.

### **Rounding of amounts to the nearest thousand dollars**


Amounts in the Directors' report have been rounded to the nearest thousand dollars in accordance with *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191*, unless otherwise indicated.

## Directors' report (continued)

### Auditor's independence declaration

A copy of the Auditor's independence declaration as required under Section 307C of the *Corporations Act 2001* is set out on page 4.

This report is made in accordance with a resolution of the directors of Invesco Australia Limited.

Director   
Jonathon Crook

Melbourne

19 September 2024



## Auditor's Independence Declaration

As lead auditor for the audit of Invesco US Core Direct Property Fund for the year ended 30 June 2024, I declare that to the best of my knowledge and belief, there have been:

- (a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (b) no contraventions of any applicable code of professional conduct in relation to the audit.

A handwritten signature in black ink, appearing to read 'Adrian Gut'.

Adrian Gut  
Partner  
PricewaterhouseCoopers

Melbourne  
19 September 2024

Invesco US Core Direct Property Fund  
Statement of comprehensive income  
For the year ended 30 June 2024

**Statement of comprehensive income**

		Year ended	
		30 June 2024	30 June 2023
	Note	\$'000	\$'000
<b>Investment income</b>			
Interest income		3	2
Distribution income		1,772	1,995
Net losses on financial instruments at fair value through profit or loss	5	(11,360)	(9,283)
Other operating income		<u>34</u>	<u>27</u>
<b>Total net investment loss</b>		<u>(9,551)</u>	<u>(7,259)</u>
<b>Expenses</b>			
Withholding tax expense		<u>60</u>	<u>54</u>
<b>Total operating expenses</b>		<u>60</u>	<u>54</u>
<b>Operating loss</b>		<u>(9,611)</u>	<u>(7,313)</u>
<b>Loss for the year</b>		(9,611)	(7,313)
Other comprehensive income		<u>—</u>	<u>—</u>
<b>Total comprehensive loss for the year</b>		<u>(9,611)</u>	<u>(7,313)</u>

*The above statement of comprehensive income should be read in conjunction with the accompanying notes.*

## Balance sheet

		As at	
		30 June 2024	30 June 2023
	Note	\$'000	\$'000
<b>Assets</b>			
Cash and cash equivalents	10	43	156
Receivables		403	465
Financial assets at fair value through profit or loss	6	<u>71,386</u>	<u>86,507</u>
<b>Total assets</b>		<u><b>71,832</b></u>	<u><b>87,128</b></u>
<b>Liabilities</b>			
Distribution payable	9	586	633
Payables		<u>–</u>	<u>112</u>
<b>Total liabilities</b>		<u><b>586</b></u>	<u><b>745</b></u>
<b>Net assets attributable to unitholders - equity</b>	8	<u><b>71,246</b></u>	<u><b>86,383</b></u>

*The above balance sheet should be read in conjunction with the accompanying notes.*



Invesco US Core Direct Property Fund  
Statement of changes in equity  
For the year ended 30 June 2024

**Statement of changes in equity**

	Note	Year ended	
		30 June 2024 \$'000	30 June 2023 \$'000
<b>Total equity at the beginning of the year</b>		<b>86,383</b>	97,666
<b>Comprehensive loss for the year</b>			
Loss for the year		(9,611)	(7,313)
Other comprehensive income		<u>—</u>	<u>—</u>
<b>Total comprehensive loss for the year</b>		<b>(9,611)</b>	(7,313)
<b>Transactions with unitholders</b>			
Redemptions	8	(3,200)	(1,650)
Distributions paid and payable	9	<u>(2,326)</u>	<u>(2,320)</u>
<b>Total transactions with unitholders</b>		<b>(5,526)</b>	(3,970)
<b>Total equity at the end of the year</b>		<b><u>71,246</u></b>	<u>86,383</u>

The above statement of changes in equity should be read in conjunction with the accompanying notes.

Invesco US Core Direct Property Fund  
Statement of cash flows  
For the year ended 30 June 2024

**Statement of cash flows**

		Year ended	
		30 June 2024	30 June 2023
	Notes	\$'000	\$'000
<b>Cash flows from operating activities</b>			
Proceeds from sale of financial instruments at fair value through profit or loss		3,749	1,636
Purchase of financial instruments at fair value through profit or loss		—	(24)
Dividends received		(60)	—
Distributions received		1,798	1,923
Interest received		3	2
Other income received		96	—
Payment of other expenses		(112)	(183)
<b>Net cash inflow from operating activities</b>	11(a)	<u>5,474</u>	<u>3,354</u>
<b>Cash flows from financing activities</b>			
Payments for redemptions by unitholders		(3,200)	(1,650)
Distributions paid to unitholders		(2,374)	(1,952)
<b>Net cash outflow from financing activities</b>		<u>(5,574)</u>	<u>(3,602)</u>
<b>Net decrease in cash and cash equivalents</b>		<u>(100)</u>	<u>(248)</u>
Cash and cash equivalents at the beginning of the year		156	392
Effects of foreign currency exchange rate changes on cash and cash equivalents		(13)	12
<b>Cash and cash equivalents at the end of the year</b>	10	<u><u>43</u></u>	<u><u>156</u></u>
Non-cash financing activities	11(b)	—	—

*The above statement of cash flows should be read in conjunction with the accompanying notes.*

## **1 General information**

These financial statements cover Invesco US Core Direct Property Fund (the “Fund”) as a registered managed investment scheme. The Fund was constituted on 1 February 2018.

The Responsible Entity of the Fund is Invesco Australia Limited (ABN 48 001 693 232) (the “Responsible Entity”). The Responsible Entity's registered office is Level 26, 333 Collins Street, Melbourne VIC 3000. The financial statements are presented in the Australian currency.

The financial statements were authorised for issue by the directors on 19 September 2024. The directors of the Responsible Entity have the power to amend and reissue the financial statements.

## **2 Summary of material accounting policies**

The material accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated in the following text.

### **(a) Basis of preparation**

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board and the *Corporations Act 2001* in Australia. The Fund is a for-profit unit trust for the purpose of preparing the financial statements.

The financial statements are prepared on the basis of fair value measurement of assets and liabilities except where otherwise stated.

The balance sheet is presented on a liquidity basis. Assets and liabilities are presented in decreasing order of liquidity and do not distinguish between current and non-current. All material balances are expected to be recovered or settled within 12 months, except for investments in financial assets and net assets attributable to unitholders. The amount expected to be recovered or settled within 12 months after the end of each reporting period cannot be reliably determined.

The Fund manages financial assets at fair value through profit or loss based on the economic circumstances at any given point in time, as well as to meet any liquidity requirements. As such, it is expected that a portion of the portfolio will be realised within 12 months, however, an estimate of that amount cannot be determined as at balance sheet date.

In the case of net assets attributable to unitholders, the units are redeemed on demand at the unitholders' option. However, holders of these instruments typically retain them for the medium to long term. As such, the amount expected to be settled within 12 months cannot be reliably determined.

#### *(i) Compliance with International Financial Reporting Standards (IFRS)*

The financial statements of the Fund also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

#### *(ii) New and amended standards adopted by the Fund*

The Fund has applied the following standards and amendments for the first time for its annual reporting period commencing 1 July 2023:

- AASB 2021-2 *Amendments to Australian Accounting Standards- Disclosure of Accounting Policies and Definition of Accounting Estimates* [AASB 7, AASB 101, AASB 108, AASB 134 & AASB Practice Statement 2].

The amendment listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

#### *(iii) New standards, amendments and interpretations effective after 1 July 2024 and have not been early adopted*

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 July 2024, and have not been early adopted in preparing these financial statements. None of these are expected to have a material effect on the financial statements of the Fund.

## **2 Summary of material accounting policies (continued)**

### **(b) Financial instruments**

#### *(i) Classification*

##### *Assets*

The Fund classifies its investments based on its business model for managing those financial assets and the contractual cash flow characteristics of the financial assets. The Fund's portfolio of financial assets is managed and performance is evaluated on a fair value basis in accordance with the Fund's documented investment strategy. The Fund uses fair value information to assess performance of the portfolio and to make decisions to rebalance the portfolio or to realise fair value gains or minimise losses through sales or other trading strategies. The Fund's policy is for the Responsible Entity to evaluate the information about these financial instruments primarily on a fair value basis, with the supporting use of other related financial information.

Equity securities and derivatives are measured at fair value through profit or loss.

#### *(ii) Recognition/derecognition*

The Fund recognises financial assets and financial liabilities on the date it becomes party to the contractual agreement (trade date) and recognises changes in fair value of the financial assets or financial liabilities from this date.

Investments are derecognised when the right to receive cash flows from the investments has expired or have been transferred and the Fund has transferred substantially all risks and rewards of ownership.

#### *(iii) Measurement*

At initial recognition, the Fund measures financial assets and financial liabilities at fair value. Transaction costs of financial assets and financial liabilities carried at fair value through profit or loss are expensed in the statement of comprehensive income.

Subsequent to initial recognition, all financial assets and financial liabilities at fair value through profit or loss are measured at fair value. Gains and losses arising from changes in the fair value of the 'financial assets or financial liabilities at fair value through profit or loss' category are presented in the statement of comprehensive income within 'net gains/(losses) on financial instruments at fair value through profit or loss' in the period in which they arise.

For further details on how the fair values of financial instruments are determined please see Note 4 to the financial statements.

### **(c) Net assets attributable to unitholders**

Units are redeemable at the unitholders' option, however, applications and redemptions may be suspended by the Responsible Entity if it is in the best interests of the unitholders.

The units can be redeemed from the Fund quarterly for cash based on the redemption price, which is equal to a proportionate share of the Fund's net asset value attributable to the unitholders, subject to receiving 50 calendar day's written notice from an investor prior to quarter end and subject to corresponding redemptions being approved by the Underlying Fund.

The units are carried at the redemption amount that is payable at balance sheet date if the holder exercises the right to put the unit back to the Fund. This amount represents the expected cash flows on redemption of these units.

Units are classified as equity when they satisfy the following criteria under AASB 132 *Financial Instruments: Presentation*:

the puttable financial instrument entitles the holder to a pro-rata share of net assets in the event of the Fund's liquidation

- the puttable financial instrument is in the class of instruments that is subordinate to all other classes of instruments and class features are identical
- the puttable financial instrument does not include any contractual obligations to deliver cash or another financial asset, or to exchange financial instruments with another entity under potentially unfavourable conditions to the Fund, and it is not a contract settled in the Fund's own equity instruments; and
- the total expected cash flows attributable to the puttable financial instrument over the life are based substantially on the profit or loss.

### **(d) Cash and cash equivalents**

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short term, highly liquid investments with original maturities of 3 months or less from the date of acquisition that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts.

Payments and receipts relating to the purchase and sale of investment securities are classified as cash flows from operating activities, as movements in the fair value of these securities represent the Fund's main income generating activity.

## 2 Summary of material accounting policies (continued)

### (e) Margin accounts

Margin accounts comprise cash held as collateral for derivative transactions and short sales. The cash is held by the broker and is only available to meet margin calls.

### (f) Investment income

Interest income from financial assets at amortised cost is recognised on a time-proportionate basis using the effective interest method and includes interest from cash and cash equivalents.

Dividend and distribution income from financial assets at fair value through profit or loss is recognised in the statement of comprehensive income within dividend income and distribution income when the Fund's right to receive payments is established.

Other changes in fair value for such instruments are recorded in accordance with the policies described in Note 2(b) of the financial statements.

### (g) Expenses

All expenses, including Responsible Entity's fees, are recognised in the statement of comprehensive income on an accruals basis.

### (h) Income tax

Under current legislation, the Fund is not subject to income tax provided it attributes the entirety of its taxable income to its unitholders.

The Fund currently incurs withholding taxes imposed by certain countries on investment income and capital gains. Such income or gains are recorded gross of withholding taxes in the statement of comprehensive income.

### (i) Distributions

In accordance with the Fund's Constitution, the Fund distributes income adjusted for amounts determined by the Responsible Entity, to unitholders by cash or reinvestment. The distributions are recognised in the statement of changes in equity.

### (j) Foreign currency translation

#### *(i) Functional and presentation currency*

Items included in the Fund's financial statements are measured using the currency of the primary economic environment in which it operates (the "functional currency"). This is the Australian dollar, which reflects the currency of the economy in which the Fund competes for funds and is regulated. The Australian dollar is also the Fund's presentation currency.

#### *(ii) Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translations at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported in the statement of comprehensive income on a net basis within gains/(losses) on financial instruments at fair value through profit or loss.

### (k) Receivables and accrued income

Receivables may include amounts for dividends, interest and trust distributions. Dividends and trust distributions are accrued when the right to receive payment is established. Interest is accrued at the end of each reporting period from the time of last payment in accordance with the policy set out in Note 2(f) above. Amounts are generally received within 30 days of being recorded as receivables.

### (l) Payables

Payables include liabilities and accrued expenses owed by the Fund which are unpaid as at the end of the reporting period.

## 2 Summary of material accounting policies (continued)

### (m) Applications and redemptions

Applications received for units in the Fund are recorded net of any entry fees payable prior to the issue of units in the Fund. Redemptions from the Fund are recorded gross of any exit fees payable after the cancellation of units redeemed.

### (n) Goods and services tax (GST)

Expenses of various services provided to the Fund by third parties such as Responsible Entity fees are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case, it is recognised as part of the expense in the statement of comprehensive income. The Fund qualifies for Reduced Input Tax Credits (RITC). Responsible Entity fees and other expenses have been recognised in the statement of comprehensive income net of the amount of GST recoverable from the Australian Taxation Office (ATO). Accounts payable are inclusive of GST. The net amount of GST recoverable from the ATO is included in receivables in the balance sheet. Cash flows relating to GST are included in the statement of cash flows on a gross basis.

### (o) Comparative revisions

Comparative information has been revised where appropriate to enhance comparability. Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year.

### (p) Use of estimates

The Fund makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

For the majority of the Fund's financial instruments, quoted market prices are readily available. However, certain financial instruments, for example over the counter derivatives or unquoted securities, are fair valued using valuations techniques. Where valuation techniques (for example, pricing models) are used to determine fair values, they are validated and periodically reviewed by experienced personnel of the Responsible Entity, independent of the area that created them. Models use observable data, to the extent practicable. However, areas such as credit risk (both own and counterparty), volatilities and correlations require management to make estimates. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

For certain other financial instruments, the carrying amounts approximate fair value due to the short term nature of these financial instruments.

### (q) Rounding of amounts

The Fund is an entity of the kind referred to in *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191*, relating to the "rounding off" amounts in the financial statements. Amounts in the financial statements have been rounded off to the nearest thousand dollars, unless otherwise indicated.

## 3 Financial risk management

The Fund's activities may expose it to a variety of financial risks: market risk (including price risk, foreign exchange risk and interest rate risk), credit risk and liquidity risk.

The Fund's overall risk management program focuses on ensuring compliance with the Fund's Information Memorandum and seeks to maximise the returns derived for the level of risk to which the Fund is exposed. Financial risk management is carried out by an Investment Manager under policies approved by the Board of Directors of the Responsible Entity (the "Board").

The Fund uses different methods to measure different types of risks to which the Fund is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and other price risks and ratings analysis for credit risk.

As part of its risk management strategy, the Fund may use derivatives and other investments to manage exposures resulting from changes in interest rates, foreign currencies, equity price risks and exposure arising from forecast transactions. Market disruptions associated with current geopolitical events have had a global impact, and uncertainty exists as to their implications. Such disruptions can adversely affect the valuations and thus the performance of the Fund. Management is continuing to monitor this development and evaluate its impact on the Fund. In assessing such impacts, management has reviewed the Fund's assets and liabilities to ensure valuations remain appropriate.

### 3 Financial risk management (continued)

#### (a) Market risk

##### (i) Price risk

Price risk is the risk that the fair value or future cash flows of the properties will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk) in which the Underlying Fund may invest. Markets can be affected by many factors including economic conditions, the political and sovereign environment, outlook for companies, interest rates, inflation and general investor sentiment. These factors will impact the investment market and ultimately the value of the Underlying Fund and the Australian Fund.

Price risk exposure arises from the Fund's investment portfolio. The investments are classified on the balance sheet as at fair value through profit or loss.

At 30 June, the fair value of investments exposed to price risk were as follows:

	As at	
	30 June 2024 \$'000	30 June 2023 \$'000
Limited partnership at fair value through profit or loss	71,386	86,507
<b>Net total</b>	<b>71,386</b>	<b>86,507</b>

##### (ii) Foreign exchange risk

The foreign exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Fund holds assets denominated in currencies other than the Australian dollar, the functional currency. It is therefore exposed to foreign exchange risk, as the value of the future cash flows of the securities denominated in other currencies will fluctuate due to changes in exchange rates. The risk is measured using sensitivity analysis.

The table below summarises the Fund's assets and liabilities that are denominated in a currency other than the Australian dollar.

	US Dollars \$'000
<b>30 June 2024</b>	
<b>Assets</b>	
Receivables	403
Financial assets at fair value through profit or loss	71,386
<b>Total assets</b>	<b>71,789</b>
<b>Liabilities</b>	
<b>Total liabilities</b>	<b>-</b>
<b>Net exposure</b>	<b>71,789</b>
<b>30 June 2023</b>	
<b>Assets</b>	
Receivables	465
Financial assets at fair value through profit or loss	86,507
<b>Total assets</b>	<b>86,972</b>
<b>Liabilities</b>	
Payables	112
<b>Total liabilities</b>	<b>112</b>
<b>Net exposure</b>	<b>86,860</b>

### 3 Financial risk management (continued)

#### (a) Market risk (continued)

##### (iii) Cash flow and fair value interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Fund does hold cash for liquidity and transactional purposes and this cash is held at floating rates of interest. As a result, the Fund is subject to a limited exposure to interest rate risks due to fluctuations in the levels of market interest rates.

There was no significant direct interest rate risk in the Fund as at 30 June 2024 (2023: Nil).

#### (b) Summarised sensitivity analysis

The following tables summarise the sensitivity of the Fund's operating profit and net assets attributable to unitholders to price risk and foreign exchange risk.

	Impact on operating profit and net assets attributable to unitholders			
	As at			
	30 June 2024		30 June 2023	
	+5% \$'000	-5% \$'000	+5% \$'000	-5% \$'000
Price risk	3,569	(3,569)	4,325	(4,325)

	As at 30 June 2024			
	Impact on operating profit and net assets attributable to unitholders			
	Change in currency rate			
	Increase %	Decrease %	Increase \$'000	Decrease \$'000
Foreign exchange risk USD	+5	-5	3,561	(3,561)

	As at 30 June 2023			
	Impact on operating profit and net assets attributable to unitholders			
	Change in currency rate			
	Increase %	Decrease %	Increase \$'000	Decrease \$'000
Foreign exchange risk USD	+8	-8	6,949	(6,949)

In determining the impact of an increase/decrease in operating profit/loss and net assets attributable to unitholders, the responsible entity has considered, based on management's best estimate, and having regard to a number of factors, including historical movements of the portfolio information in order to determine a reasonably possible shift in assumptions. Actual movements in the risk variables may be greater than or less than anticipated due to a number of factors, including unusual market events. As a result, historical variations in sensitivity analysis may not be indicative of future variations in risk variables.

#### (c) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Credit risk primarily arises from investments in debt securities and from trading derivative products. Other credit risk arises from cash and cash equivalents, and deposits with banks and other financial institutions.

As the Fund mainly held units in the Underlying Fund, credit risk is not considered to be significant to the Fund.



### 3 Financial risk management (continued)

#### (d) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. The risk is managed through the Fund's cash balances, investments in the Underlying Fund, and any uncalled capital commitments of the fund under normal operating circumstances.

	Less than 1 month \$'000	1 - 6 months \$'000	6 - 12 months \$'000	Over 12 months \$'000	Total \$'000
<b>30 June 2024</b>					
Distribution payable	586	—	—	—	586
<b>Total</b>	<b>586</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>586</b>
<b>30 June 2023</b>					
Distribution payable	633	—	—	—	633
Payables	112	—	—	—	112
<b>Total</b>	<b>745</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>745</b>

### 4 Fair value measurement

The Fund measures and recognises the following assets and liabilities at fair value on a recurring basis:

- Financial assets/liabilities at fair value through profit or loss (FVTPL) (see Note 6)
- Derivative financial instruments

The Fund has no assets or liabilities measured at fair value on a non-recurring basis in the current reporting period.

AASB 13 *Fair Value Measurement* requires disclosure of fair value measurements by level of the following fair value hierarchy:

- quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly (level 2); and
- inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

#### (i) Fair value in an active market (level 1)

The fair value of financial assets and liabilities traded in active markets is based on their quoted market prices at the end of the reporting period without any deduction for estimated future selling costs.

The Fund values its investments in accordance with the accounting policies set out in Note 2. For the majority of its investments, the Fund relies on information provided by independent pricing services for the valuation of its investments.

The quoted market price used for financial assets held by the Fund is the current bid price; the appropriate quoted market price for financial liabilities is the current asking price. When the Fund holds derivatives with offsetting market risks, it uses mid-market prices as a basis for establishing fair values for the offsetting risk positions and applies this bid or asking price to the net open position, as appropriate.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

#### (ii) Fair value in an inactive or unquoted market (level 2 and level 3)

The fair value of financial assets and liabilities that are not traded in an active market is determined using valuation techniques. These include the use of recent arm's length market transactions, reference to the current fair value of a substantially similar other instrument, discounted cash flow techniques, option pricing models or any other valuation technique that provides a reliable estimate of prices obtained in actual market transactions.

Where discounted cash flow techniques are used, estimated future cash flows are based on management's best estimates and the discount rate used is a market rate at the end of the reporting period applicable for an instrument with similar terms and conditions.

For other pricing models, inputs are based on market data at the end of the reporting period. Fair values for unquoted equity investments are estimated, if possible, using applicable price/earnings ratios for similar listed companies adjusted to reflect the specific circumstances of the issuer.

## 4 Fair value measurement (continued)

### (ii) Fair value in an inactive or unquoted market (level 2 and level 3) (continued)

The fair value of derivatives that are not exchange traded is estimated at the amount that the Fund would receive or pay to terminate the contract at the end of the reporting period taking into account current market conditions (volatility and appropriate yield curve) and the current creditworthiness of the counterparties. The fair value of a forward contract is determined as a net present value of estimated future cash flows, discounted at appropriate market rates as at the valuation date.

Investments in other unlisted unit trusts are recorded at the redemption value per unit as reported by the investment managers of such funds.

Some of the inputs to these models may not be market observable and are therefore estimated based on assumptions.

The output of a model is always an estimate or approximation of a value that cannot be determined with certainty, and valuation techniques employed may not fully reflect all factors relevant to the positions the Fund holds. Valuations are therefore adjusted, where appropriate, to allow for additional factors including liquidity risk and counterparty risk.

The carrying value less impairment provision of other receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Fund for similar financial instruments.

### Recognised fair value measurements

The table below sets out the Fund's financial assets and financial liabilities measured and recognised at fair value according to the fair value hierarchy at 30 June 2024 and 30 June 2023.

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<b>30 June 2024</b>				
<b>Financial assets at fair value through profit or loss</b>				
Limited partnership	–	–	71,386	71,386
<b>Total</b>	<u>–</u>	<u>–</u>	<u>71,386</u>	<u>71,386</u>
<b>30 June 2023</b>				
<b>Financial assets at fair value through profit or loss</b>				
Limited partnership	–	–	86,507	86,507
<b>Total</b>	<u>–</u>	<u>–</u>	<u>86,507</u>	<u>86,507</u>

The Fund's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

### Transfers between levels

There were no transfers between the levels of the fair value hierarchy during the year ended 30 June 2024 (2023: Nil).

## 4 Fair value measurement (continued)

### Fair value measurements using significant unobservable inputs (level 3)

The following table presents the movement in level 3 instruments for the year ended 30 June 2024 and 30 June 2023 by class of financial instrument.

	Limited partnership \$'000
<b>30 June 2024</b>	
Opening balance	86,507
Sales	(3,742)
Gains and (losses) recognised in profit or loss	<u>(11,379)</u>
<b>Closing balance</b>	<u><u>71,386</u></u>
Total unrealised gains or losses for the year included in the statement of comprehensive income for financial assets and liabilities held at the end of the year	<u>(11,764)</u>
<b>30 June 2023</b>	
Opening balance	97,396
Sales	(1,636)
Gains and (losses) recognised in profit or loss	<u>(9,253)</u>
<b>Closing balance</b>	<u><u>86,507</u></u>
Total unrealised gains or losses for the year included in the statement of comprehensive income for financial assets and liabilities held at the end of the year	<u>(9,578)</u>

## 5 Net losses on financial instruments at fair value through profit or loss

Net losses recognised in relation to financial assets and financial liabilities at fair value through profit or loss:

	Year ended	
	30 June 2024 \$'000	30 June 2023 \$'000
Net unrealised losses on financial instruments at fair value through profit or loss	(11,759)	(9,581)
Net realised gains on financial instruments at fair value through profit or loss	<u>399</u>	<u>298</u>
Total net losses on financial instruments at fair value through profit or loss	<u><u>(11,360)</u></u>	<u><u>(9,283)</u></u>

## 6 Financial assets at fair value through profit or loss

	<b>As at</b>	
	<b>30 June 2024 Fair value \$'000</b>	<b>30 June 2023 Fair value \$'000</b>
<b>Financial assets at fair value through profit or loss</b>		
Limited partnership	<u>71,386</u>	<u>86,507</u>
<b>Total financial assets at fair value through profit or loss</b>	<u><b>71,386</b></u>	<u><b>86,507</b></u>
<b>Comprising:</b>		
<b>Limited partnership</b>		
International limited partnership	<u>71,386</u>	<u>86,507</u>
Total limited partnership	<u>71,386</u>	<u>86,507</u>
<b>Total financial assets at fair value through profit or loss</b>	<u><b>71,386</b></u>	<u><b>86,507</b></u>

An overview of the risk exposures relating to financial assets at fair value through profit or loss is included in Note 3.

## 7 Structured entities

A structured entity is an entity that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity, and the relevant activities are directed by means of contractual arrangements.

The Fund considers its investments in the underlying fund to be a structured entity. The Fund invests in a related fund for the purpose of capital appreciation and/or earning investment income.

The exposure to investments in related investment funds are disclosed in Note 13.

The fair value of investee funds is included in financial assets at fair value through profit or loss in the balance sheet. The Fund's maximum exposure to loss from its interests in investee funds is equal to the fair value of its investments in the investee funds as there are no off-balance sheet exposures relating to any of the investee funds. Once the Fund has disposed of its units in an investee fund, it ceases to be exposed to any risk from that investee fund.

## 8 Net assets attributable to unitholders

Under AASB 132 *Financial Instruments: Presentation*, puttable financial instruments meet the definition of a financial liability to be classified as equity where certain strict criteria are met. The Fund shall classify a financial instrument as an equity instrument from the date when the instrument has all the features and meets the conditions. Otherwise the financial instrument should be disclosed as a liability.

Movement in number of units and net assets attributable to unitholders during the year were as follows:

	<b>As at</b>			
	<b>30 June 2024 No.'000</b>	<b>30 June 2023 No.'000</b>	<b>30 June 2024 \$'000</b>	<b>30 June 2023 \$'000</b>
Opening balance	69,249	70,513	86,383	97,666
Redemptions	(2,727)	(1,264)	(3,200)	(1,650)
Distributions paid and payable	–	–	(2,326)	(2,320)
Loss for the year	–	–	(9,611)	(7,313)
Closing balance	<u>66,522</u>	<u>69,249</u>	<u>71,246</u>	<u>86,383</u>

As stipulated within the Fund's Constitution, each unit represents a right to an individual share in the Fund and does not extend to a right in the underlying assets of the Fund. There are no separate classes of units and each unit has the same rights attaching to it as all other units of the Fund.

## 8 Net assets attributable to unitholders (continued)

### Capital risk management

The Australian Fund offers quarterly redemptions to investors, subject to receiving 50 calendar days' written notice from an investor prior to quarter end and subject to corresponding redemption being approved by the Underlying Fund. The amount of each quarterly redemption offer will be determined by the Responsible Entity based on the amount approved for payment by the Underlying Fund to the Australian Fund. If not all redemption requests can be met in respect of a quarter, redemptions will be completed on a pro-rata basis, based on the ratio of total number of units held by each investor making a redemption request to the total number of units held by all investors requesting redemptions in the Australian Fund in respect of the quarter.

## 9 Distributions to unitholders

The distributions during the year were as follows:

	Year ended			
	30 June 2024		30 June 2023	
	\$'000	CPU	\$'000	CPU
Distributions paid				
- September	565	0.8243	491	0.6957
- December	682	0.9997	513	0.7281
- March	493	0.7268	683	0.9770
Distributions payable				
- June	586	0.8804	633	0.9145
	<u>2,326</u>		<u>2,320</u>	

## 10 Cash and cash equivalents

	As at	
	30 June 2024	30 June 2023
	\$'000	\$'000
Domestic cash at bank	43	156
<b>Total cash and cash equivalents</b>	<u>43</u>	<u>156</u>

## 11 Reconciliation of operating loss to net cash inflow from operating activities

	Year ended	
	30 June 2024	30 June 2023
	\$'000	\$'000
<b>Reconciliation of operating loss to net cash inflow from operating activities</b>		
Operating loss for the year	(9,611)	(7,313)
Net losses on financial instruments at fair value through profit or loss	11,360	9,283
Proceeds from sale of financial instruments at fair value through profit or loss	3,749	1,636
Purchase of financial instruments at fair value through profit or loss	—	(24)
Net change in accrued income and receivables	88	(227)
Net change in payables	(112)	(1)
<b>Net cash inflow from operating activities</b>	<u>5,474</u>	<u>3,354</u>

## 12 Remuneration of auditors

During the year, the following fees net of tax were paid or payable for services provided by the auditors of the Fund.

	Year ended	
	30 June 2024	30 June 2023
	\$	\$
<b>Audit Services</b>		
<i>Auditors of the Fund</i>		
Audit and review of financial reports under the <i>Corporations Act 2001</i> - PwC	18,190	17,000
Audit of compliance plan and internal controls report - PwC	9,134	8,317
Total remuneration for auditors of the Fund	<u>27,324</u>	<u>25,317</u>

The fees are paid by the Responsible Entity on behalf of the Fund.

## 13 Related party transactions

### Responsible Entity

The Responsible Entity of the Fund is Invesco Australia Limited (ABN 48 001 693 232) (the "Responsible Entity"). The registered office of the Responsible Entity and the Fund is Level 26, 333 Collins Street, Melbourne VIC 3000.

The immediate and ultimate holding companies of the Responsible Entity are Invesco Pacific Group Ltd. and Invesco Ltd. respectively.

### Key management personnel

Key management personnel include persons who were directors of the Responsible Entity at any time during the financial year as follows:

Martin Franc (Chairman)  
Jeremy Simpson  
Andrew Lo  
Alex (Hideki) Sato  
Jason Roach  
Jonathon Crook (Appointed as Director effective 1 September 2024)

There were no other persons with responsibility for planning, directing and controlling the activities of the Fund, directly or indirectly during the financial year.

Key management personnel services are provided by Invesco Australia Limited and are included in the Responsible Entity fees disclosed below. There is no separate charge for these services. There was no compensation paid directly by the Fund to any of the key management personnel.

### 13 Related party transactions (continued)

#### Responsible Entity's fees and other transactions

Under the terms of the Fund's Constitution, the Responsible Entity has chosen not to charge Responsible Entity's fees for this Fund.

#### Investments

The Fund held investments in the following fund which is managed by Invesco Real Estate:

Fund Name	30 June 2024			30 June 2023		
	Fair value of investment \$'000	Interest held %	Distribution received/ receivable \$'000	Fair value of investment \$'000	Interest held %	Distribution received/ receivable \$'000
Invesco Core Real Estate – U.S.A., LP	71,386	0.47	1,772	86,507	0.49	1,995

#### Other transactions within the Fund

Apart from those details disclosed in this Note, no directors have entered into a material contract with the Fund during the financial year and there were no material contracts involving director's interests subsisting at year end.

### 14 Events occurring after the reporting period

No significant events have occurred since the end of the reporting period which would impact on the financial position of the Fund disclosed in the statement of financial position as at 30 June 2024 or on the results and cash flows of the Trust for the year ended on that date.

### 15 Contingent assets, liabilities and commitments


There are no outstanding contingent assets, liabilities or commitments as at 30 June 2024 (2023: Nil).

## Directors' Declaration

In the opinion of the directors of the Responsible Entity:

- (a) the financial statements and notes set out on pages 5 to 21 are in accordance with the *Corporations Act 2001*, including:
  - (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
  - (ii) giving a true and fair view of the Fund's financial position as at 30 June 2024 and of its performance for the financial year ended on that date;
- (b) there are reasonable grounds to believe that the Fund will be able to pay its debts as and when they become due and payable; and
- (c) Note 2(a) confirms that the financial statements comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

This declaration is made in accordance with a resolution of the directors.

Director   
Jonathon Crook

Melbourne

19 September 2024





## Independent auditor's report

To the unitholders of Invesco US Core Direct Property Fund

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### Our opinion

In our opinion:

The accompanying financial report of Invesco US Core Direct Property Fund (the Fund) is in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the Fund's financial position as at 30 June 2024 and of its financial performance for the year then ended
- (b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

### What we have audited

The financial report comprises:

- the balance sheet as at 30 June 2024
- the statement of comprehensive income for the year then ended
- the statement of changes in equity for the year then ended
- the statement of cash flows for the year then ended
- the notes to the financial statements, including material accounting policy information and other explanatory information
- the directors' declaration.

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### Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* 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 are independent of the Fund in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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### Other information

The directors of the Responsible Entity are responsible for the other information. The other information comprises the information included in the annual report for the year ended 30 June 2024, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon through our opinion on the financial report.



In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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### **Responsibilities of the directors of the Responsible Entity for the financial report**

The directors of the Responsible Entity are responsible for the preparation of the financial report in accordance with Australian Accounting Standards and the *Corporations Act 2001*, including giving a true and fair view, and for such internal control as the directors of the Responsible Entity determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors of the Responsible Entity are responsible for assessing the ability of the Fund 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 of the Responsible Entity either intend to liquidate the Fund or to cease operations, or have no realistic alternative but to do so.

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### **Auditor's responsibilities for the audit of the financial report**

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 the Australian Auditing Standards 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 the financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: [http://www.auasb.gov.au/auditors\\_responsibilities/ar4.pdf](http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf). This description forms part of our auditor's report.

A stylized, handwritten signature of PricewaterhouseCoopers in black ink.

PricewaterhouseCoopers

A handwritten signature of Adrian Gut in black ink.

Adrian Gut  
Partner

Melbourne  
19 September 2024