



ASIC

Australian Securities & Investments Commission

4 August 2017

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Dear Sir/Madam

Timeline Project Management Pty Ltd and the Realestate Equity Investment Trust

ASIC is writing to you as we understand that you are one of the investors in the Realestate Equity Investment Trust (**REIT**), whose principal asset is land located at 490 Flinders Avenue, Lara in Victoria.

The purpose of this letter is to inform you of recent action taken by ASIC in relation to REIT and an associated company, Timeline Project Management Pty Ltd (**Timeline**).

ASIC has commenced proceedings in the Federal Court of Australia, seeking the winding up of, and appointment of liquidators to, each of Timeline and REIT.

Lotus Pty Ltd (In Liquidation) (**Lotus**) was the responsible entity which managed the REIT scheme up until 21 September 2016 at which time its Australian financial services licence was cancelled by ASIC for various compliance breaches. Lotus was placed into liquidation on 14 December 2016, on application of a creditor.

ASIC is concerned that REIT is operating as a registered managed investment scheme, in circumstances where it has no responsible entity and no reasonable prospect of obtaining one.

We enclose for your information a copy of ASIC's media release, some 'Frequently Asked Questions', which contains further information about the action taken by ASIC in relation to REIT and Timeline, and ASIC's Originating Process.

The first hearing in the proceeding is listed on **Friday, 18 August 2017 at 9:30am**, at the Federal Court in Melbourne.

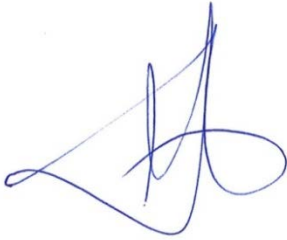
Future court hearing dates and court orders made in the proceeding can be viewed via Federal Law Search by searching File Number "VID820/2017" at: <https://www.comcourts.gov.au/public/eseach>

If you wish to be represented at the hearing of ASIC's application then I strongly recommend that you seek independent legal advice. If you have any other queries about your investment, you may wish to consider obtaining independent legal advice and/or financial advice.

Please note that ASIC cannot advise you as to your personal circumstances or the steps that you may be able to take in the proceedings.

As ASIC may not hold current contact details for all investors in REIT, we would be grateful if you could bring this letter to the attention of any other investors in REIT of whom you might be aware.

Yours sincerely

A handwritten signature in blue ink, appearing to be 'Naomi Johnston', written in a cursive style.

Naomi Johnston
Senior Lawyer, Financial Services Enforcement
Australian Securities and Investments Commission

Encl.

ASIC acts to wind up a land banking scheme

ASIC has started legal action in the Federal Court in Melbourne to wind up a land banking scheme known as the Realestate Equity Investment Trust (**REIT**) and an associated company, Timeline Project Management Pty Ltd (**Timeline**).

The REIT scheme owns land located at Flinders Avenue in Lara, Victoria.

ASIC understands that at least 82 investors have invested a total of at least \$800,000 into the REIT scheme and that, since 2013, investors have been making payments in respect of their investment to Timeline.

Lotus Pty Ltd (In Liquidation) was the responsible entity which managed the REIT scheme until 21 September 2016 at which time its Australian financial services licence was cancelled by ASIC for various compliance breaches (refer ASIC Media Release 16-337MR). It was placed into liquidation on 14 December 2016, on the application of a creditor.

ASIC alleges that REIT is operating as a managed investment scheme in circumstances where it has no responsible entity and no reasonable prospects of obtaining one.

The matter is listed for hearing at the Federal Court in Melbourne on 18 August, 2017 at 9.30am.

More information about these proceedings can be found in the attachment to this media release.

These proceedings are part of ASIC's wider and ongoing investigation into land banking schemes.

Further information on land banking is located on ASIC's [MoneySmart website](http://www.moneysmart.gov.au) at www.moneysmart.gov.au.

Attachment to 17-252MR: ASIC acts to wind up a land banking scheme

FAQs

1. What steps has ASIC taken?

Following an investigation, ASIC started proceedings on 25 July, 2017 in the Federal Court of Australia to wind up:

- Realestate Equity Investment Trust (ARSN 094 623 515) (**REIT**); and
- Timeline Project Management Pty Ltd (ACN 145 830 851) (**Timeline**).

If ASIC's application is successful then liquidators will be appointed to REIT and Timeline.

2. Why did ASIC issue the proceedings?

REIT is a land banking scheme which owns land at 490 Flinders Avenue, Lara, Victoria, which was intended to be rezoned and developed. ASIC understands that at least 82 investors have invested at least \$800,000 in the REIT scheme.

Lotus Securities Pty Ltd (**Lotus**) was the former responsible entity of REIT. On 21 September 2016, ASIC cancelled the Australian financial services license (**AFSL**) of Lotus due to a number of compliance concerns including failure to lodge financial statements for Lotus (for the years 2014 onwards) and REIT (for the years 2012 onwards). Lotus was not permitted to act as a responsible entity following the cancellation of its AFSL and no new responsible entity has been appointed.

Lotus is now in liquidation, having been wound up by the Court on 14 December 2016, on application by a creditor.

ASIC understands that, since June 2013, investors have been making payments in respect of their investment to a bank account in the name of Timeline. Timeline is not (and has never been) the responsible entity of REIT.

ASIC commenced these current proceedings to protect the interests of investors in the REIT scheme given ASIC's allegations in the proceedings that, amongst other matters:

- REIT has been operating despite it not having a validly appointed responsible entity as required under the *Corporations Act 2001 (Cth)* (the **Act**);
- the REIT scheme appears to be unviable given that there has been no progress in developing the real estate investments of the fund since the initial fundraising;
- financial statements for REIT have not been prepared or lodged with ASIC since 2012; and
- the interests of investors appear to be prejudiced due to the fact that they are still paying monies apparently into the scheme via a bank account held by Timeline.

3. What orders does ASIC want the Court to make?

ASIC is seeking orders from the Court to wind up, and to appoint liquidators to, each of REIT and Timeline. The application is listed before the Court on 18 August, 2017.

4. Will investors get a refund?

ASIC is not seeking compensation or refunds for investors in these proceedings. However, if the Court orders the winding up of REIT and Timeline there may be a return to creditors as part of the liquidation process. The realisation of assets and any distribution to investors will be undertaken by the liquidators appointed by the Court.

5. What rights do investors have?

ASIC is unable to advise investors as to any rights that they may have in relation to ASIC's application. If investors wish to be represented at the hearing of ASIC's application, then they should seek legal advice. Investors may also wish to seek independent legal and/or financial advice in relation to their investment in the REIT scheme.

ASIC's guide on the process of liquidation may also assist investors and is accessible at: http://download.asic.gov.au/media/1340240/Liquidation_guide_for_creditors.pdf.

NOTICE OF FILING AND HEARING

This document was lodged electronically in the FEDERAL COURT OF AUSTRALIA (FCA) on 26/07/2017 11:47:00 AM AEST and has been accepted for filing under the Court's Rules. Filing and hearing details follow and important additional information about these are set out below.

Filing and Hearing Details

Document Lodged:	Originating process (Rule 2.2): Federal Court (Corporations) Rules 2000 form 2
File Number:	VID820/2017
File Title:	AUSTRALIAN SECURITIES AND INVESTMENTS COMMISSION v REALESTATE EQUITY INVESTMENT TRUST & ANOR
Registry:	VICTORIA REGISTRY - FEDERAL COURT OF AUSTRALIA
Reason for Listing:	First Case Management Hearing
Time and date for hearing:	04/08/2017, 9:30 AM
Place:	COURT 6A (Level 6), Owen Dixon Commonwealth Law Courts Building Level 7, 305 William Street, Melbourne



A handwritten signature in blue ink, appearing to read 'Warwick Soden'.

Dated: 26/07/2017 11:55:20 AM AEST

Registrar

Important Information

As required by the Court's Rules, this Notice has been inserted as the first page of the document which has been accepted for electronic filing. It is now taken to be part of that document for the purposes of the proceeding in the Court and contains important information for all parties to that proceeding. It must be included in the document served on each of those parties.

The Reason for Listing shown above is descriptive and does not limit the issues that might be dealt with, or the orders that might be made, at the hearing.

The date and time of lodgment also shown above are the date and time that the document was received by the Court. Under the Court's Rules the date of filing of the document is the day it was lodged (if that is a business day for the Registry which accepts it and the document was received by 4.30 pm local time at that Registry) or otherwise the next working day for that Registry.

ORIGINATING PROCESS



No. of 2017

Federal Court of Australia
District Registry: Victoria
Division: General

**IN THE MATTER OF REALESTATE EQUITY INVESTMENT TRUST (ARSN 094 623 515)
AND TIMELINE PROJECT MANAGEMENT PTY LTD (ACN 145 830 851)**

Australian Securities and Investments Commission

Plaintiff

And

Realestate Equity Investment Trust (ARSN 094 623 515) and another named in the
Schedule

Defendants

A. DETAILS OF APPLICATION

This application is made under s 601ND(1)(a); s 601ND(2); s 601NF(1),(2) and (3); s 461(1)(k); s 462(2)(e); and s 464 of the *Corporations Act 2001 (the Act)*.

The nature of the proceeding is to appoint a liquidator to wind up the First Defendant and the Second Defendant on the basis that it is just and equitable to do so.

On the facts stated in the supporting affidavits, the Plaintiff seeks the following orders:

1. Pursuant to sub-section 601ND(1)(a) and sub-sections 601NF(1) and (2) of the Act:
 - a. the Court directs that the Real Estate Investment Trust (ARSN 094 623 515), and any of its sub-trusts (together, **REIT**), be wound up;

Filed on behalf of	Australian Securities and Investments Commission, Plaintiff		
Prepared by	Georgina Thomas		
Tel	9280 4107	Fax	03 9280 3444
Email	Georgina.thomas@asic.gov.au		
Address for service (include state and postcode)	Australian Securities and Investments Commission Level 7, 120 Collins Street Melbourne Victoria 3000		



- b. Nicholas John Martin and Craig David Crosbie are hereby appointed to wind up REIT in accordance with its constitution and with any further orders set out herein;
 - c. in the absence of a responsible entity, Nicholas John Martin and Craig David Crosbie shall have the power and responsibility to exercise all functions that a responsible entity would take in winding up REIT, and shall have all the powers of a liquidator that are necessary to enable Nicholas John Martin and Craig David Crosbie to investigate claims on behalf of the members of REIT, gather the assets of REIT, and distribute them to those members in accordance with the constitution of REIT;
 - d. Nicholas John Martin and David Craig Crosbie shall have access to the books and records of REIT relating to the scheme; and
 - e. ASIC's costs of this application and Nicholas John Martin and Craig David Crosbie's reasonable remuneration and costs and expenses of winding up are to be paid from the property of REIT.
2. Pursuant to section 461(1)(k) of the Act, the Court directs that:
- a. Timeline Project Management Pty Ltd ACN 145 830 851 (**Timeline**) be wound up;
 - b. Nicholas John Martin and Craig David Crosbie are hereby appointed to wind up Timeline in accordance with its constitution and with the Act and any further orders set out herein; and
 - c. ASIC's costs of this application and Nicholas John Martin and Craig David Crosbie's reasonable remuneration and costs and expenses of winding up Timeline are to be paid from the property of Timeline or REIT.
3. Such further or other order as to the Court seems appropriate.

A handwritten signature in blue ink, appearing to read 'Georgina Thomas', written over a dotted line.

Georgina Thomas

Signature of Plaintiff's legal practitioner

This application will be heard by the Federal Court of Australia, 305 William Street
Melbourne, Victoria, 3000 at *am/*pm on / /2017.



B. NOTICE TO DEFENDANTS

TO: Realestate Equity Investment Trust (ARSN 094 623 515)

C/ Daniel Juratowitch and Bruno Secatore
Liquidators of Lotus Securities Pty Ltd (in Liquidation)
(in its capacity as Responsible Entity of Realestate Equity Investment Trust)
Cor Cordis
Level 29, 360 Collins Street
Melbourne, Victoria 3000

AND TO: Timeline Project Management Pty Ltd (ACN 145 830 851)
Suite 4, 30-32 Holmes Road
Moonee Ponds, Victoria, 3039

If you or your legal practitioner do not appear before the Court on the return of the application, the application may be dealt with, and an order made, in your absence. As soon after that time as the business of the Court will allow, any of the following may happen:

- (a) the application may be heard and final relief given;
- (b) directions may be given for the future conduct of the proceeding;
- (c) any interlocutory application may be heard.

Before appearing before the Court, you must file a notice of appearance, in the prescribed form, in the Registry and serve a copy of it on the Plaintiff.

Note Unless the Court otherwise orders, a defendant that is a corporation must be represented at a hearing by a legal practitioner. It may be represented at a hearing by a director of the corporation only if the Court grants leave.

D. FILING

Date of filing:

.....
Registrar

This originating process is filed by Georgina Thomas for the Plaintiff.



E. SERVICE

The Plaintiff's address for service is:

Australian Securities and Investments Commission

Level 7, 120 Collins Street

Melbourne Victoria 3000

Attention: Mark Pangbourne and Georgina Thomas

It is intended to serve a copy of this originating process on the Defendants.

SCHEDULE



No. of 2017

Federal Court of Australia

District Registry: Victoria

Division: General

Realestate Equity Investment Trust (ARSN 094 623 515)

First Defendant

and

Timeline Project Management Pty Ltd (ACN 145 830 851)

Second Defendant