Merger of ABP and ASF
Illustrative Example of Tax Cost Base Adjustments - ABP Securityholders

The worked example below provides an illustration of the effect of the Merger on the tax cost base of an ABP security. The tax cost base for each individual securityholder will depend on the cost base of their own ABP securities less any tax deferred distributions received since acquisition. The figures in this example have been rounded. The tax cost base is required to be calculated in relation to each share and each unit comprising an ABP security and a New Stapled Security.

	Note	AGHL	AT	AGPL	AIT	ABP	ASPT	ASOL	ASF	New Stapled Securities
Tax cost base (cents)	*1*	8.0	69.3	0.5	23.6	101.4				101.4
Recapitalisation of AGHL and AGPL	*2*	25.9	(17.1)	2.6	(11.4)	0.0				
Cost base prior to Merger		33.9	52.2	3.1	12.2	101.4				101.4
Stapling distribution/ acquisition of ASF securities	*3*	0.0	(5.9)	0.0	(3.9)	(9.8)	8.8	1.0	9.8	
Stapling transfer in specie	*4*	0.0	(5.8)	0.0	0.0	(5.8)	5.2	0.6	5.8	
Tax cost base after Merger implementation		33.9	40.5	3.1	8.3	85.8	14.0	1.6	15.6	101.4

Initial cost base

1. To illustrate the impact of the Merger we have used as a starting point a tax cost base of an ABP security of 101.4 cents. In using 101.4 cents we have assumed an investment in ABP at $0.25 in March 2009 which was the rights issue price, adjusted for the one for five security consolidation in November 2010 less tax deferred distributions since that date. It is likely that most investors in ABP will have a higher cost base although the cost base of each securityholder will vary. This cost base needs to be split between the four entities of Abacus Group Holdings Limited (AGHL), Abacus Trust (AT), Abacus Group Projects Limited (AGPL) and Abacus Income Trust (AIT).

Recapitalisation

2. The recapitalisation of AGHL and AGPL reallocates tax cost base from AT and AIT to AGHL and AGPL. There is no impact on the aggregate tax cost base of the four entities that currently comprise ABP provided the securityholder's cost base in the individual AT and AIT units at the time the recapitalisation distribution is made exceeds the relevant distribution amounts. If such distributions exceed the cost base of the relevant units the cost base is reduced to nil and a capital gain arises to the securityholder to the extent of the excess.

Stapling

Notes 3 and 4 and this worked example assume that the recapitalisation resolution was passed in accordance with note 2.

3. Subject to the comments in (2) above, a cash stapling distribution of approximately 5.9 cents on each AT unit and approximately 3.9 cents on each AIT unit reduces the cost base of each AT and each AIT unit by an amount equal to the distribution made on that AT and AIT unit. This reduction is matched by obtaining a cost base in ASF securities since the stapling distribution is used to subscribe for Restructured ASF Securities, comprising approximately 9 cents in an Abacus Storage Property Trust (ASPT) restructured unit and approximately 1 cent in an Abacus Storage Operations Limited (ASOL) restructured share.
4. ASF securities owned by ABP are transferred from AT to ABP securityholders. The transfer will reduce the cost base of each AT unit by an amount equal to the market value of the ASF securities. The ASF securities acquired will have a corresponding cost base of approximately 5.2 cents per ASPT restructured unit and 0.6 cents per ASOL restructured share, being their market value at that time.

The aggregate tax cost base of an ABP security prior to the Merger of 101.4 cents in this example is reallocated such that the four entities that comprised an ABP security have a total cost base of 85.8 cents and the entities that comprised an ASF security have a total cost base of 15.6 cents. Accordingly, subject to comments in (2) above the aggregate cost base of a New Stapled Security after the Merger of 101.4 cents is the same as the cost of the original ABP security prior to the reallocation of capital and the Merger.

Merger of ABP and ASF
Illustrative Example of Tax Cost Base Adjustments - ASF Securityholders

The worked example below provides an illustration of the effect of the Merger on the tax cost base of an ASF security. The tax cost base for each individual securityholder will depend on the cost of their own ASF securities less any tax deferred distributions received since acquisition. The figures in this example have been rounded. The tax cost base is required to be calculated in relation to each share and each unit comprising an ASF security and a New Stapled Security.

	Note	AGHL	AT	AGPL	AIT	ABP	ASPT	ASOL	ASF	New Stapled Securities
Tax cost base (cents)	*1*						53.7	10.0	63.7	63.7
Merger Distribution	*2*						(5.3)		(5.3)	(5.3)
Cost base prior to Merger							48.4	10.0	58.4	58.4
Consolidation of ASF securities to Restructured ASF securities (1/ merger ratio)	*3*						0.538	0.538	0.538	0.538
Cost base after consolidation to Restructured ASF securities							89.9	18.6	108.5	108.5
Acquisition of ABP securities/ Stapling distribution	*4*	7.0	32.0	1.0	10.0	50.0	(50.0)	0.0	(50.0)	
Tax cost base after Merger implementation		7.0	32.0	1.0	10.0	50.0	39.9	18.6	58.5	108.5

Initial cost base

1. To illustrate the impact of the Merger we have used as a starting point a tax cost base of an ASF security of 63.7 cents. In using 63.7 cents we have assumed an investment in ASF of $1.03 in October 2006, adjusted for tax deferred distributions since that date. This cost base is split between the two entities being Abacus Storage Property Trust (ASPT) and Abacus Storage Operations Limited (ASOL).

Merger Distribution

2. The Merger Distribution of 5.3 cents reduces the tax cost base of ASPT provided an ASF securityholder's cost base in that unit at the time the Merger Distribution is made exceeds this amount. If such distribution exceeds the cost base of the ASPT unit the cost base is reduced to nil and a capital gain arises to the securityholder to the extent of the excess. The franked dividend of 8.7 cents from ASOL has no impact on the tax cost base of ASOL. The cost base after the Merger Distribution and before the Merger for an ASF security in this example is therefore 58.4 cents.

Stapling

3. ASF securities are consolidated by reference to the Merger Ratio so that each ASF security becomes 0.538 Restructured ASF security. This means that the tax cost base of a Restructured ASF security represents the cost base of 1.86 ASF securities. The cost base of a Restructured ASF security in the example is 108.5 cents.
4. Subject to comments in (2) above a stapling distribution of 50 cents on each Restructured ASPT unit reduces the cost base of that unit by an amount equal to the distribution made. This reduction is matched by obtaining a cost base in the ABP security since the stapling distribution is used to subscribe for ABP securities, comprising 7 cents in Abacus Group Holdings Limited (AGHL), 32 cents in Abacus Trust (AT), 1 cent in Abacus Group Projects Limited (AGPL) and 10 cents in Abacus Income Trust (AIT).

The aggregate tax cost base of a Restructured ASF security of 108.5 cents in this example is reallocated such that the two entities that comprised an ASF security have a total cost base of 58.5 cents and four entities that comprised an ABP security have a total cost base of 50 cents. Accordingly, subject to the comments in (2) above the aggregate cost base of a New Stapled Security after the Merger of 108.5 cents is the same as the cost base of the Restructured ASF security.