



14 March 2011

## QUAYSIDE HOLDINGS LIMITED PREFERENCE SHARES RATE RESET

Dear Unit Holder

On 12 March 2011 it was three years since Quayside Holdings Limited Preference Shares were issued. It also triggered a rate reset for dividends payable on your shares for the next three year term. **The rate to be applied for the next three years will be 5.42 percent.** The first dividend paid at the new rate will be on 12 June 2011.

### *How is the Reset Rate calculated?*

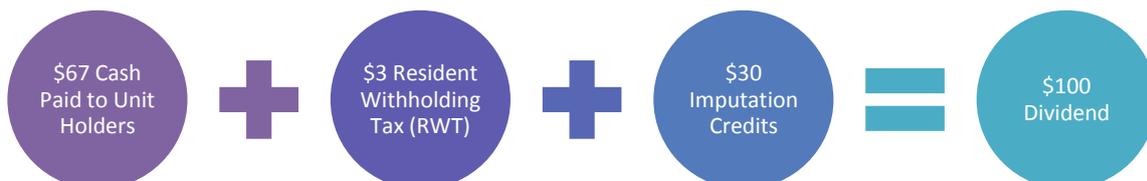
The Reset Rate formula is defined in the Investment Statement and Prospectus of 31 January 2008. The dividend rate is to be reset every three years from 12 March 2008. The rate is reset using the three year swap rate, plus a margin of 1.70 percent. The rate of 5.42 percent for the three years commencing 12 March 2011 has been derived this way. This rate will be applicable through until 12 March 2014, at which point the rate will be reset once more.

### *Is there any change to my dividend payments?*

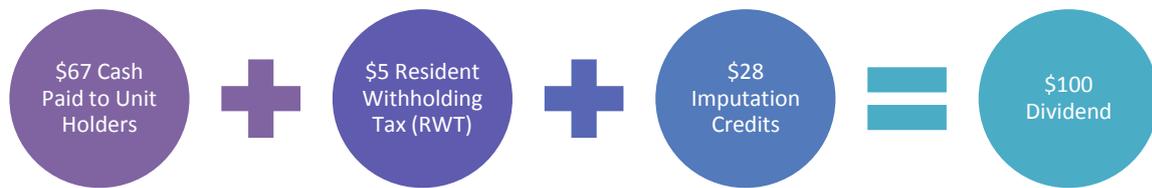
The amount of dividend paid will change with the reset of the dividend rate. Dividends will continue to be paid quarterly, on 12 March, June, September and December respectively each year.

With the proposed drop in the company tax rate (from 1 July 2011 for Quayside Holdings) the level of Imputation Credits attached to the dividends will fall to represent 28 percent of the gross dividend. Quayside will make a corresponding increase to the Resident Withholding Tax paid on behalf of members to offset the fall in levels of Imputation Credits as illustrated below.

Example 1: Breakdown of a Dividend payment of \$100 due on 12 June 2011



Example 2: Breakdown of a Dividend payment of \$100 due on 12 September 2011 and thereafter (based on a company tax rate of 28 percent)



*How is Quayside performing?*

Quayside remains a majority holder in the Port of Tauranga Limited, New Zealand's largest exporting port. Quayside reported to the NZX an unaudited consolidated profit after tax of \$33.8 million for the six months to 31 December 2010. If you have any questions about Quayside please email [enquiries@quaysideholdings.co.nz](mailto:enquiries@quaysideholdings.co.nz)

*How can I buy more or sell my units?*

Quayside Holdings Limited Preference Shares are listed on the NZDX (at [www.nzx.com](http://www.nzx.com) stock code QHLHA), and can be traded through your broker. Further information about your current holding in Quayside Preference Shares can be obtained from Computershare Investor Services Limited on email at [enquiry@computershare.co.nz](mailto:enquiry@computershare.co.nz). Alternatively you can review or manage your share holding online at [www.computershare.co.nz/investorcentre](http://www.computershare.co.nz/investorcentre)

*What do I need to do?*

There is no action required on your part. This letter is to advise you of the change in the dividend rate you will receive as a result of the Rate Reset.

Quayside thanks you for your continued investment.

Yours Sincerely

Scott Hamilton  
**Chief Executive**