

31 October 2011

Company Announcements Office
ASX Limited
Level 6, 20 Bridge Street
Sydney NSW 2000

By electronic lodgement

Total pages: 5 (including cover letter)

Dear Sir/Madam

**Takeover bid by Seven (National) Pty Limited ACN 153 299 159 ("Seven") for National Hire Group Limited ("National Hire")
Supplementary bidder's statement & replacement bidder's statement**

We attach, by way of service, pursuant to subsection 647(3)(b) of the *Corporations Act 2001* (Cth), a second supplementary bidder's statement, dated 31 October 2011.

Yours faithfully



John Kinninmont
Company Secretary

Seven (National) Pty Limited ACN 153 299 159

Second Supplementary Bidder's Statement

This document is a supplementary bidder's statement under section 643 of the *Corporations Act 2001* (Cth). It is the second supplementary bidder's statement (**Second Supplementary Bidder's Statement**) issued by Seven (National) Pty Limited ACN 153 299 159 (**Seven (National)**) in relation to its off-market takeover bid for the ordinary shares in National Hire Group Limited ABN 61 076 688 938 (**National Hire**). This Second Supplementary Bidder's Statement supplements, and should be read together with, Seven (National)'s replacement bidder's statement and first supplementary bidder's statement, each dated 4 October 2011.

Your National Hire shares have become illiquid. So what does this actually mean?

- The market for National Hire shares is very thin – only 1.944 million shares were traded in the last 12 months
- They have traded at a discount to their value due to the lack of liquidity
- You may not have a meaningful opportunity to sell your shares

Your independent directors have said to you that:

Seven (National)'s offer "allows for an exit in a largely illiquid instrument with limited distribution prospects in the short term."

ACCEPT NOW...Take up this exit opportunity while it's still available!

- It will save you from being "locked in" to an illiquid stock
- Removes your exposure to the refinancing risks associated with Coates Group
- Gets you paid in five business days; and
- Enables you to re-invest the proceeds elsewhere.

Read more inside.

31 October 2011

Dear National Hire shareholder

National Hire's Independent Directors have recommended that you ACCEPT THE OFFER if you want to sell your shares in the foreseeable future

The Offer provides an attractive premium to recent trading prices but the Independent Directors cannot be confident that the opportunity to realise a higher price in the foreseeable future will be available. The IBC considers that accepting the Offer represents a lower risk option for shareholders.

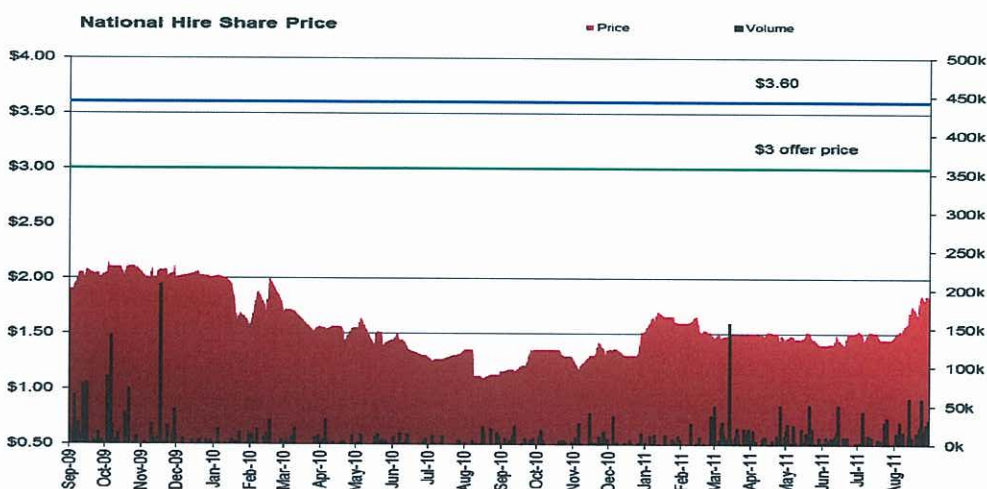
Independent Expert's Report

In its Independent Expert's report enclosed with the Target's Statement that was mailed to you, Deloitte Corporate Finance Pty Limited (**Deloitte**), concludes that the Offer is not fair but reasonable to shareholders not associated with Seven (National). Deloitte's determination is based on the offer price being below its valuation range of \$3.66 to \$4.30 per National Hire share. This valuation range incorporates, as mandated by ASIC guidance, a control premium to Deloitte's equity valuation of National Hire. The control premium added is 20%.

Seven (National) contends it is not appropriate to add the control premium because Seven (National) and its associates already control National Hire, with voting power of 66.7%.

If Deloitte did not add the control premium, its valuation would have been \$3.05 to \$3.58 per share. At \$3.58, the valuation is less than the increased offer price of \$3.60 that Seven (National) will pay under its Offer if the 91.55% compulsory acquisition threshold is reached before the end of the Offer. That's a 91% premium to the \$1.88 closing price of National Hire shares on the last trading day before Seven (National)'s takeover offer was announced.

Seven (National) considers the offer price compelling as it is greater than National Hire's trading price at any time in the past 12 years. As disclosed in the Target's Statement, National Hire shares have not traded at or above \$3.00 since 1999. For the last two years the highest price at which National Hire shares traded has been \$2.14 (see graph below).



Seven (National) Pty Limited | ACN 153 299 159 (a wholly owned subsidiary of Seven Group Holdings Limited)
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Illiquidity

Deloitte also said that during the preceding 12 months “trading in National Hire Group shares was very illiquid”. The Independent Directors note in the Target’s Statement that this illiquidity may adversely affect the realisation of full value for National Hire shares when they are traded on-market (see footnote 7 to the Target’s Statement).

Seven (National) expects that many of National Hire’s remaining shareholders will accept the Offer to take advantage of the liquidity opportunity it has created. The exit of those shareholders from the register may well magnify the illiquidity of trading in National Hire shares.

Coates Hire refinancing risk

As noted by Deloitte, there is a significant refinancing risk relating to Coates Group. Coates Group’s existing debt facilities are subject to refinancing within the next three years. Since the existing debt facilities were negotiated in a more favourable debt environment, it is likely that the interest margins on these facilities will increase when refinanced. Also given the relatively high existing leverage within Coates Group (approximately 60% balance sheet gearing) there is a risk that existing debt levels may not be able to be rolled over when refinancing occurs, requiring additional equity injections from existing shareholders or other investors, which may dilute existing shareholders and their future equity returns.

By accepting Seven (National)’s Offer, National Hire shareholders will no longer be exposed to the refinancing risks associated with Coates Group.

Delisting

Seven (National) and Seven Group Holdings Limited remain of the view that in light of the illiquid trading in National Hire shares on ASX and the significant costs of remaining listed, National Hire should be delisted as soon as possible after the takeover offer closes. The costs associated with National Hire’s listing and the non-commensurate benefits flowing from it are key motivations of the takeover offer you have before you from Seven (National).

Even at an annual cost of \$500,000 to maintain the listing, it is a cost to shareholders of in excess of \$687 per shareholder per year based on the current number of remaining shareholders.

Using the cost of the ASX listing at \$500,000 per annum these overhead costs of maintaining a listing on the twelve months trading preceding the Offer is as follows.

| | | | |
|-------------------------------|----------|----------------------------------|----------|
| Total number of trades | 531 | Cost per trade | \$941 |
| Total number of shares | 1.944m | Cost per share traded | 26 cents |
| Total value traded | \$2.924m | Cost as % of value traded | 17% |

Seven (National) believes that the costs of maintaining the listing can no longer be justified and will be seeking to commence the process of delisting once the takeover offer closes.

Seven (National)’s Offer has been made to enable shareholders to receive full value for their shares prior to the proposed delisting.

After a delisting, it may become very difficult to trade your shares in National Hire.

Our takeover offer affords you an exit mechanism for your investment in National Hire which can be accepted at this time for all of your shares at a price which is at a significant premium to recent market prices.

For all of these reasons, I do urge you to consider this takeover offer **very** carefully and the opportunity it presents you to sell your shares. Before deciding whether to accept Seven (National)’s Offer for your National Hire shares, you should carefully read both Seven (National)’s replacement bidder’s statement and the Target’s Statement.

Seven (National) is confident that your review of these documents will confirm that the Offer is compelling and urges National Hire shareholders to accept the Offer before it closes (currently scheduled for 21 November 2011 unless extended).

A personalised yellow acceptance form and reply paid envelope have been enclosed for your convenience.

If you have any queries in relation to Seven (National)'s Offer, please contact the Seven Offer Information Line on 1300 233 947 (for callers within Australia) or +61 2 9290 9600 (for callers outside Australia).

Yours sincerely



Peter Gammell

Chairman – Seven (National) Pty Limited

Managing Director and Group CEO – Seven Group Holdings Limited

Notices

This Second Supplementary Bidder's Statement includes statements which are made in, or based on statements made in, documents lodged with ASIC or given to ASX. Under the terms of ASIC Class Order 01/1543, the parties making those statements are not required to consent to, and have not consented to, inclusion of those statements in this Second Supplementary Bidder's Statement. If you would like to receive a copy of any of those documents, or the relevant parts of the documents containing the statements, (free of charge), during the takeover offer period, please contact the Seven Offer Information Line on 1300 233 947 (for callers within Australia) or +61 2 9290 9600 (for callers outside Australia).

A copy of this Second Supplementary Bidder's Statement has been lodged with ASIC. Neither ASIC nor any of its officers take any responsibility for its contents.

Signed for and on behalf of Seven (National) following a resolution of the directors of Seven (National).

sign here ►



Bruce McWilliam, Director

date

31 October 2011