

National Hire

ASX RELEASE - NATIONAL HIRE GROUP LIMITED ("NHR")



NATIONAL HIRE TO ACQUIRE THE CAT RENTAL STORE BUSINESS IN WESTERN AUSTRALIA AND ALLIGHT, AND RAISE \$40 MILLION IN PLACEMENT

National Hire Group Limited (ASX Code: NHR) today announced that it has entered into agreements to acquire the assets of The Cat Rental Store® business operated by WesTrac Pty Ltd ("WesTrac") in Western Australia ("CRS WA") and 100% of the shares in Allight Holdings Pty Ltd ("Allight") for a total equity consideration of \$111.9 million. This consideration is to be satisfied by the issue of a total of 298.4 million shares in National Hire at a fixed issue price of \$0.375 per share.

In conjunction with the acquisitions, National Hire has successfully completed an equity capital raising to institutional investors at an offer price of \$0.35 per share to raise \$40 million, primarily to fund additional plant and equipment to be deployed across the operations of the combined group. The capital raising was substantially oversubscribed at the top of the bookbuild range, providing the company with a high quality institutional investor base. The settlement of the capital raising and the completion of the acquisitions are each conditional on the other.

National Hire also intends to provide existing shareholders in National Hire an opportunity to participate in the expansion of the company by offering shares through a share purchase plan to raise up to \$5 million once the acquisitions have been completed. Shareholders will be provided further information and details of the proposed share purchase plan at a later stage.

Managing Director of National Hire, Mr Stephen Donnelley, said "the acquisition of these businesses, together with the equity raising will significantly increase revenues, earnings and earnings per share, while allowing National Hire to better serve customers by expanding the store network and range of equipment. National Hire also expects to realise significant benefits from scale, scope and synergies."

Australia Capital Equity Pty Limited ("ACE") through its wholly owned subsidiaries currently own 59.7% of National Hire. ACE and its wholly owned subsidiaries are also 100% owners of CRS WA and majority owners of Allight. Upon completion of the transactions, the number of shares on issue in National Hire will increase to approximately 580.2 million shares while the shareholding of ACE and its wholly owned subsidiaries is expected to be 58.9%.

The transactions are conditional on a number of third party consents being obtained and on shareholder approval in accordance with the ASX Listing Rules and Chapter 6 of the Corporations Act. A Shareholder Meeting of National Hire will be held on 9 December 2004 for this purpose.

In addition, it is proposed that Mr Peter Gammell and Mr Andrew Aitken will be appointed to the Board, as Non-Executive Directors, while Mr Gavin Armstrong will step down from the Board and be appointed the Chief Financial Officer of the Company. Mr Ray Harman, the Company Secretary will assume responsibility for a new position in charge of corporate services.

The view of the independent expert to the Directors of National Hire is that the terms of the proposed acquisitions are fair and reasonable to the non-associated shareholders of National Hire.

Stephen Donnelley commented, "this is a very exciting transaction for the company which will enable us to develop the business, generate significant returns for shareholders and achieve our strategic objective of becoming a leading, national equipment hire company in Australia".

A detailed Information Memorandum on the transaction and the investor presentation have been lodged with the ASX. A copy of the Explanatory Memorandum will be sent to shareholders.

Citigroup acted as financial adviser to National Hire and as Lead Manager of the Capital Raising.

FOR FURTHER INFORMATION:

Stephen Donnelley
Chief Executive Officer
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OVERVIEW OF NATIONAL HIRE

National Hire conducts a significant equipment hire business on the eastern seaboard of Australia with a current distribution network of 18 branch locations in NSW, VIC and QLD. National Hire operates through four specialised business units: tools & equipment; elevating work platforms; portable toilets & site accommodation and de-watering equipment. The Company operates through various brands including National Hire The Cat Rental Store in NSW, National Hire Tools & Equipment in VIC and QLD, National Hire Portaloo, National Hire Hi-Lift Rentals, National Hire Site Shed Rentals and National Hire Pumps.

OVERVIEW OF CRS WA

CRS WA is an equipment hire business, currently part of WesTrac, one of the leading Caterpillar dealers worldwide. The business commenced trading under the name "WesTrac the Cat Rental Store" in 2001 with a standalone single branch operation, and has grown to eight stores throughout WA. This acquisition will allow National Hire to continue its strategy, commenced in NSW, of rebranding its stores to the "National Hire The Cat Rental Store" brand. National Hire embarked on this strategy following the grant to National Hire by WesTrac of the right to use the "The Cat Rental Store" brand in NSW and the ACT in April 2004.

OVERVIEW OF ALLIGHT

Allight specialises in the hire and sale of mobile lighting equipment, power generation equipment and de-watering pumps and is also a leading designer, assembler and distributor of such equipment. Additionally, Allight is a distributor of Perkins Engines Company Limited engines and FG Wilson (Engineering) Ltd power generating sets.