

ASX AND MEDIA RELEASE

SERVCORP REPORTS FIRST HALF NET PROFIT BEFORE TAX OF \$12.47 MILLION

Servcorp Limited ABN 97 089 222 506 (SRV) today announced a net profit before tax of \$12.47 million for the six months ended 31 December 2012.

Servcorp, the world's leading provider of executive serviced offices, virtual offices and superior IT and business infrastructure solutions, operates 128 floors in 52 cities across 21 countries.

Summary of results for first half of Financial Year 2013

- Operating revenue up 3% on first half of FY 2012 to \$102.67 million and up 4% in constant currency terms.
- Statutory net profit before tax of \$12.47 million.
- Leasehold depreciation rate changed from 15% to 10%.
- Normalised net profit before tax of \$9.38 million, up 15% on first half of FY 2012.
- Statutory mature floor net profit before tax of \$19.55 million.
- Free cash produced (before tax) of \$18.06 million for the first half of FY 2013.
- Unencumbered cash balances of \$87.15 million as at 31 December 2012.
- NTA backing of \$1.86 per share as at 31 December 2012.
- Interim dividend of 7.50 cents per share, 100% franked, payable on 4 April 2013.

Change in depreciation estimate

- The Board of Directors elected to change the depreciation rate of leasehold improvements from 15% to 10%, effective 1 July 2012.
- A depreciation rate of 10% more accurately reflects the actual life of a Servcorp floor, and also more closely aligns Servcorp's depreciation policy to the industry standards.
- The impact of the rate change was to increase net profit before tax by \$3.09 million in first half of FY 2013.

The Mature business

- Difficult global market conditions continued to impact business confidence and office sales during the first half of FY 2013.
- Aggressive price competition continues to impact the entry pricing point for new clients, and this has adversely impacted revenue.
- The strong Australian dollar throughout the period also impacted overseas revenue and profits.
- Management is satisfied with the performance of the Virtual Office business.
- Average mature floor occupancy remained stable at 77%. Management's current objective is to increase occupancy from current levels to approximately 85% - 90% over the next twelve months.

World's Finest Serviced Offices, Virtual Offices and Meeting Rooms

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The Immature business

- 37 floors were immature at 31 December 2012.
- Immature floor revenue and occupancy continues to increase.

Expansion

- As previously stated, it is our intention to slow the pace of expansion in FY 2013 and consolidate operations in new and existing markets.
- We anticipate opening a total of 11 floors in FY 2013.
- This will bring the total expected floor openings to 73 in the 48 months to 30 June 2013 as part of this expansion phase.

Dividends

- The directors of Servcorp have declared an interim dividend of 7.50 cents per share, payable on 4 April 2013. The dividend will be 100% franked.
- It is anticipated that total dividends of 15.0 cents per share, fully franked, will be paid for FY 2013. Payment is subject to currencies remaining constant, global financial markets remaining stable and no unforeseen circumstances.

Outlook for FY 2013

- Global markets continue to be volatile and the global Serviced Office industry, in particular, continues to experience aggressive price competition.
- Notwithstanding, it is management's intention to reduce vacancy across Servcorp's Serviced Office portfolio over the next twelve months. We will also continue to focus on growing the Virtual Office package base.
- Notwithstanding these difficult trading conditions, management reconfirm the full year statutory net profit before tax forecast of \$33 million, taking into consideration the depreciation rate change benefit in FY 2013.
- This forecast assumes currencies remain constant, global financial markets remain stable and no unforeseen circumstances.

For more information contact

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Results Presentation

Wednesday 20 February 2013 at 4:30pm
Level 12 MLC Centre, 19 Martin Place, Sydney

Dial-in facility

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