



Servcorp Limited ASX Spotlight Presentation

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SERVCORP
Smart Office®

Servcorp business highlights

Servcorp is a market leader in the Serviced Office business and has a track record of global growth, with strong cash flow generation and return on capital from existing business

- A market leading Serviced Office business
- Track record of successful global expansion
- Strong return on capital
 - approximately 70%¹ for 2009A
- Diversity of client base and geographic spread
- Compelling expansion opportunity
 - depressed commercial real estate markets and high vacancy rates in prime/A-grade buildings
 - attractive market opportunity with trends towards outsourcing and working remotely
 - available pool of talented executives
- Proprietary business infrastructure and IT platform
 - IT platform enables rapid roll out of Virtual Office business model
- Number of Virtual Office package growth was over 100% from June 2005 to June 2009

Note:

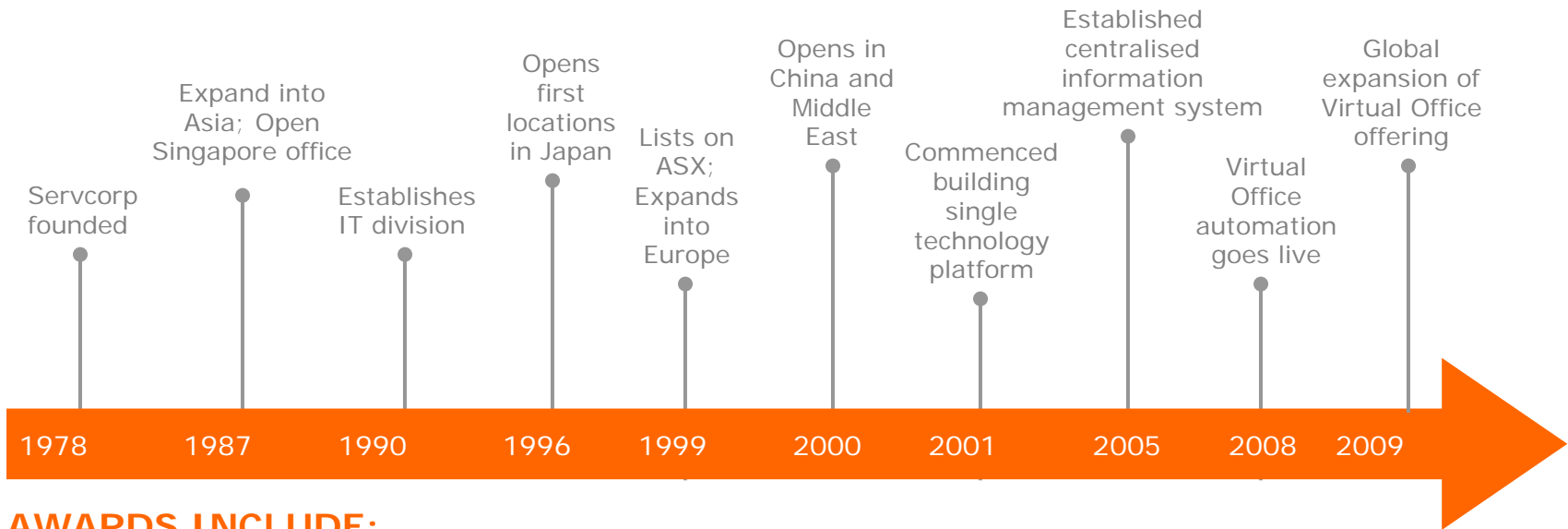
¹ ROC defined as EBIT/(book equity + book net debt). Book debt used in this calculation excludes security deposit liabilities

The Virtual Office model represents a compelling opportunity to expand and build upon Servcorp's existing business

The transformation of Servcorp

Through 30 years of investment, Servcorp has built a proprietary IT platform

- When it was established in 1978 Servcorp's offering was premium quality Serviced Office space
- To improve the client service offering, Servcorp developed proprietary IT client service packages
- Today Servcorp has a proprietary IT platform that has become its primary service offering

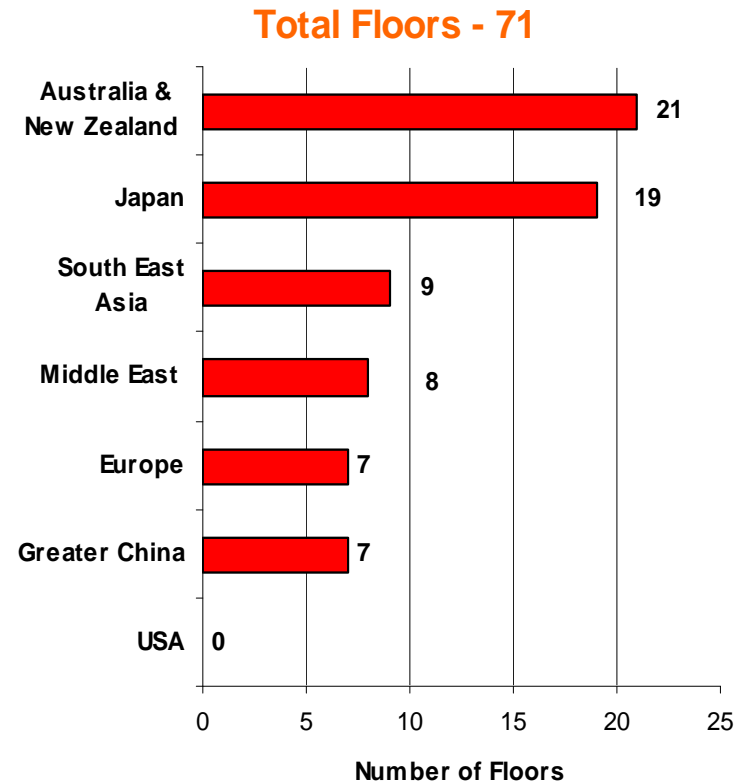


AWARDS INCLUDE:

Australian Exporter of the Year Finalist – 2008, 2009
Forbes Best Under a Billion – 2007, 2008
Deloitte Fast 50 - 2002, 2003

Operational Highlights H1 2010

- Mature floor NPBT of \$12.05 million for H1 2010 (in line with forecast)
- Virtual Office packages up 5% in H1 2010 (10% annualised)
- Virtual Office revenue up 7% in constant currency for H1 2010
- 5 new floors opened in London, Jeddah, Abu Dhabi, Fukuoka and Tokyo
- Closure of 3 floors in the 2009 / 2010 year
- Development of Virtual Office business model
- Capital raising of \$80 million for the purposes of expansion
- Global expansion is on track



Serviced Office Business

- Very difficult trading environment in H1 2010 as a result of the global financial crisis:
 - Increased competition in Serviced Offices
 - Occupancy rates have suffered
 - Office prices have been impacted
 - Serviced Office margins compressed
- Average occupancy has softened from 81% in H1 2009 to 76% for H1 2010
- Office revenue for H1 2010 has decreased by 32% compared H1 2009
- Office revenue decreased by 28% on a constant currency basis compared to H1 2009
- We believe we have hit the bottom of our earnings cycle in the Serviced Office business



Virtual Office Business

- Continued growth of Virtual Office - package growth of 5% for H1 2010 (annualised 10% growth)
- Virtual Office revenue increased by 2% in H1 2010
- Virtual Office revenue increased by 7% on a constant currency basis compared to H1 2009
- Management are happy with Virtual Office growth to date
- We are excited by the development of the Virtual Office business model
- Purchase of virtualoffice.com domain name



SERVCORP | Virtual Office
Everything but the office®
www.servcorpvirtual.net

Around The World 2009 – 2010

AUSTRALIA & NEW ZEALAND

- Not impacted to the same extent as other countries by the global financial crisis
- One floor will close in H2 2010
- Intend to open four new locations by the end of calendar 2010
- Virtual Office is performing well

JAPAN

- Recession has impacted business confidence
- Competition has increased
- Virtual Office is performing very well
- Management are confident there is a market upswing underway



Around The World 2009 – 2010

GREATER CHINA

- Loss of some big clients in Shanghai and Beijing
- Management has been restructured in Greater China
- Two floors will close in H2 2010
- We have just opened in the best building in Hong Kong in 2IFC (January 2010)
- On track to recovery in H2 2010

SOUTHEAST ASIA

- Singapore and Kuala Lumpur have seen dramatic falls in commercial property values
- A recovery is now evident in both of these markets
- Bangkok market has proved resilient to the global financial crisis



Around The World 2009 – 2010

MIDDLE EAST

- The property market in Dubai has suffered a material downturn. Servcorp is still profitable in this city
- Other cities in the Middle East are performing as expected
- Opened new floors in Jeddah and Abu Dhabi in H1 2010
- A floor in Kuwait has just opened in February 2010
- Six more floors to open in this region by the end of calendar 2010

INDIA

- Real estate market continues to be depressed
- Both Indian operations now profitable



Around The World 2009 – 2010

EUROPE

- Paris office market continues to be soft
- Brussels surprised on the upside and is now in profits
- London opened in December 2009



USA

- Commenced expansion in H1 2010
- First floor opened in Chicago in March 2010
- We expect to have at least twelve floors open in the USA by the end of calendar 2010



Financial Results - H1 2010

	H1 2010 \$000's	H1 2009 \$000's	%	% (Constant Currency)
Revenue	84,034	118,298	(29%)	(21%)
Mature Floor Net Profit Before Tax (excluding interest, foreign exchange and abnormals)	12,003	27,308	(56%)	
Mature Floor Net Profit Before Tax (in line with forecast)	12,045	31,666	(62%)	
Immature Floor Expansion costs	(8,966)	(1,515)		
Office Squared Losses	(1,208)	(2,058)	41%	
Net Profit Before Tax	1,871	28,093	(93%)	(92%)
	At 31/12/2009 \$000's	At 30/06/2009 \$000's	%	
Net Assets	213,164	145,291	47%	
Cash Balance	142,960	83,958	70%	
Net Tangible Assets (per share)	\$2.00	\$1.71	17%	
Interim Dividend (cents per share)	5.00 cps	10.00 cps		

Virtual Office versus Serviced Office

The Servcorp technology platform allows the Virtual Office to be expanded off a smaller fixed cost infrastructure resulting in lower capital outlay, cheaper cost structure and potentially higher returns

Target Virtual Office versus Serviced Office cost structure¹

	Virtual Office cost structure	Serviced Office cost structure
Average floor size (sqm)	425	1,200
# client offices	15	50
# Virtual packages / floor	350	350
# Serviced Office clients / floor ⁴	12	40
# staff needed / floor	3	6
Start up capex (A\$m) ²	1.0	3.8
Start up losses (A\$'000) ³	260	1,200
Virtual Office package pricing (A\$/month)	125	125
Serviced Office package pricing (A\$/month)	2,500	3,500
Time to break even (months) ⁴	9–12	16–20
Annualised EBIT at 3 years from open date (A\$ 000s) ⁴	450	800

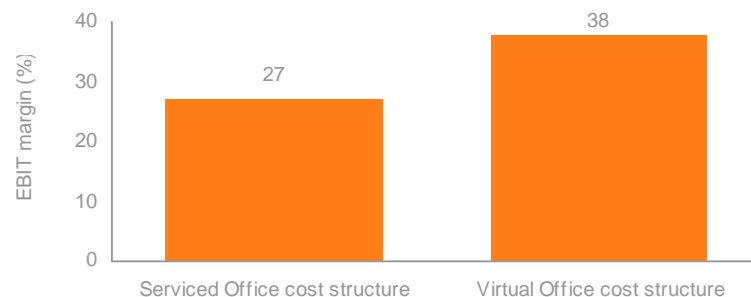
Notes:

1 Indicative only. Estimated global average across all regions. All numbers are approximate

2 Comprises floor fit-out, IT fit-out, security deposit and miscellaneous items

3 Comprises cash losses of \$120,000 and depreciation of \$140,000 for the Virtual Office cost structure and cash losses of \$660,000 and depreciation of \$540,000 for the Serviced Office cost structure

Potential EBIT margin—cost structure



- When the lower cost structure associated with a smaller floor plate coverage is overlaid, profit margins increase
 - approximately a third of the capex of the traditional floor which implies a third of the depreciation
 - approximately a third of the rent of a traditional floor
 - half of the salaries
- The model is scalable and can be replicated

2009/2010 Outlook

- Trading conditions will continue to be challenging in the medium term
- Revenue in January / February 2010 is encouraging
- Mature floor net profit before tax will continue at approximately \$2 million per month for the second half of the 2010 financial year (assuming currencies remain constant) subject to unforeseen circumstances and global financial markets remaining stable
- Expansion costs for new floors will continue to have a material negative impact on group profits until they reach maturity
- Expect to open no less than 35 floors by 31 December 2010
- Expect to have 29,000 Virtual Office packages by 31 December 2010
- On track to open 100 floors by 2012 - 2013

Questions and Answers

