

Jarvis Securities plc
("Jarvis" or "the Company")

Related Party Transaction

Jarvis Securities plc currently occupies premises, which it rents from Sion Holdings Limited ("Sion"). The family of Andrew Grant, chairman and chief executive of Jarvis, controls Sion and, in addition, Mathew Edmett, finance director of Jarvis, is a director of Sion. Sion is a property and investment company and holds 7,158,000 ordinary shares in the Company, being 65.67 per cent. of the issued share capital.

In order to accommodate its growth, Jarvis needs additional office space and has entered into a lease with Sion for 3,800 sq ft of self contained offices at 78 Mount Ephraim, Tunbridge Wells, close to its existing offices. The lease is for a 10 year term, with an upward only rent review after five years. The initial rent is GBP63,500 per annum, which has been confirmed to the directors as representing market rate.

Jarvis is unable to reclaim all its input VAT and, because it is treated as a group for tax purposes with Sion, Sion in turn is unable to recover all of its VAT inputs incurred in connection with the purchase of the property. Accordingly, Jarvis has agreed to recompense Sion for the irrecoverable VAT which will be capitalised by Jarvis and written off by Jarvis over the term of the lease. The rent payable by Jarvis to Sion will not be subject to VAT (which Jarvis would have been unable to wholly recover).

Sion will release Jarvis early from its lease obligations at its current premises without any compensation for the early release.

The transaction is classified as a related party transaction under Rule 13 of the AIM Rules for Companies. John Mackay, who is a non-executive director of Jarvis and is independent of Sion, considers, having consulted with the Company's nominated adviser, that the terms of the transaction are fair and reasonable insofar as its shareholders are concerned.

For further Information:

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