
THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt as to the action you should take, you are recommended to seek immediately your own financial advice from your stockbroker, bank manager, solicitor, accountant or other independent financial adviser duly authorised under the Financial Services and Markets Act 2000 if you are in the United Kingdom, or from another appropriately authorised independent financial adviser.

If you have sold or otherwise transferred all of your Shares, please send this document and the accompanying form of proxy as soon as possible to the purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer was effected for delivery to the purchaser or transferee.

Rugby Estates Plc

Approval for waivers of obligations under Rule 9 of the City Code on Takeovers and Mergers

Notice of Extraordinary General Meeting

A letter of recommendation from the Chief Executive of Rugby Estates Plc is set out on pages 5 to 9 of this document.

BDO Stoy Hayward Corporate Finance, a division of BDO Stoy Hayward LLP, Chartered Accountants, which is authorised to carry on investment business by the Financial Services Authority, is acting for Rugby Estates Plc, through its Independent Directors, and no one else in connection with the Rule 9 Waivers and will not be responsible to anyone other than Rugby Estates Plc, through its Independent Directors, for providing the protections afforded to customers of BDO Stoy Hayward Corporate Finance, nor for providing advice in relation to the Rule 9 Waivers or in relation to the contents of this document or any transaction or arrangement referred to in this document.

Notice of an extraordinary general meeting of Rugby Estates Plc to be held at 10.30 a.m. (or, if later, immediately following the closing of the 2005 annual general meeting of the Company to be held immediately prior to the EGM) on 22 June 2005 at the offices of Rugby Estates Plc, 14 Garrick Street, Covent Garden, London WC2E 9SB is set out at the end of this document. Shareholders will find enclosed with this document a form of proxy for use at the Extraordinary General Meeting. To be valid, the form of proxy should be completed in accordance with the printed instructions. The accompanying form of proxy should be completed, signed and returned as soon as possible and, in any event, no later than 10.30 a.m. on 20 June 2005, in hard copy form by post to be deposited at 14 Garrick Street, Covent Garden, London WC2E 9SB.

If you hold your Shares in uncertificated form (that is, in CREST), you can also utilise the CREST electronic proxy appointment service in accordance with the procedures set out in the notes to the notice of extraordinary general meeting, so that the TTE Instruction settles as soon as possible and, in any event, no later than 10.30 a.m. on 20 June 2005.

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DEFINITIONS

The following definitions apply throughout this document unless the context otherwise requires:

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| “Act” | the Companies Act 1985 (as amended) |
| “AESOP” | the Rugby Estates Plc All Employee Share Ownership Plan |
| “AIM” | the Alternative Investment Market operated by the London Stock Exchange |
| “Approved Scheme” | the Rugby Estates Plc 1994 Approved Executive Share Option Scheme |
| “Authority” | the authority to be proposed to its Shareholders at the Company’s annual general meeting to be held on 22 June 2005 to make market purchases of such number of Ordinary Shares representing approximately 14.9 per cent. of the Company’s issued share capital (excluding the Treasury Shares) as at the date of the notice of annual general meeting or, if less, of the Company’s issued share capital (excluding the Treasury Shares) as at the date of the annual general meeting itself |
| “BDO Stoy Hayward Corporate Finance” | BDO Stoy Hayward Corporate Finance, a division of BDO Stoy Hayward LLP, Chartered Accountants, which is authorised by the Financial Services Authority to carry on investment business, financial adviser to Rugby Estates |
| “Board” or “Directors” | the board of directors of Rugby Estates |
| “business day” | a day, not being a Saturday or Sunday, on which banks in the City of London are typically open for business |
| “Code” | the City Code on Takeovers and Mergers |
| “Company” or “Rugby Estates” | Rugby Estates Plc |
| “Concert Party” or “David Tye Parties” | David Tye and his immediate family, related trusts and Cathedral Properties Limited, a company wholly-owned by David Tye |
| “David Tye AESOP Shares” | up to 5,000 Ordinary Shares which the trustee of the AESOP could offer to David Tye between 27 May 2005 and 22 September 2006 |
| “David Tye Options” | options granted to David Tye to subscribe for up to 59,645 Ordinary Shares under the Approved Scheme, exercisable between 21 November 2003 and 1 November 2011 |
| “EGM” or “Extraordinary General Meeting” | the extraordinary general meeting of the Company to be held at 14 Garrick Street, Covent Garden, London WC2E 9SB at 10.30 a.m. (or, if later, immediately following the closing of the 2005 annual general meeting of the Company to be held immediately prior to the EGM) on 22 June 2005, notice of which is set out at the end of this document |
| “Group” | the Company and its subsidiary undertakings and interests in joint ventures |
| “Independent Directors” | the Directors other than David Tye |
| “Independent Shareholders” | the Shareholders other than the members of the Concert Party |
| “LTIP” | the Long Term Incentive Plan adopted by Shareholders at the Company’s annual general meeting held in June 2004 |
| “Ordinary Shares” | the issued ordinary shares of 20p each in the capital of the Company |
| “Panel” | the Panel on Takeovers and Mergers |

| | |
|----------------------|--|
| “Pension Scheme” | the Rugby Estates Plc Retirement Benefit Scheme |
| “Rule 9 Waivers” | the waivers of the obligation to make a general offer under Rule 9 of the Code which have been granted to the Concert Party by the Panel subject to the passing of each of the Waiver Resolutions at the EGM by the Independent Shareholders |
| “Shareholders” | the holders of Shares |
| “Shares” | the issued or unconditionally allotted and fully paid ordinary shares of 20p each in the capital of the Company |
| “Treasury Shares” | the issued and fully paid ordinary shares at 20p each in the capital of the Company which are, for the time being, held by Rugby Estates as treasury shares, within the meaning of Section 162A of the Act |
| “Waiver Resolutions” | the resolutions set out in the notice of Extraordinary General Meeting, which are to be proposed as ordinary resolutions |

For the purposes of this document, “subsidiary” and “subsidiary undertaking”, have the meanings given to them by the Act (but for this purpose ignoring paragraph 20(1)(b) of Schedule 4A of the Act).

PART I

LETTER FROM THE CHIEF EXECUTIVE OF RUGBY ESTATES PLC



Rugby Estates Plc

(Incorporated in England and Wales under the Companies Act 1985 with registered number 02548935)

Directors:

David MF Tye (*Executive Chairman*)
Andrew L Wilson (*Chief Executive*)
Stephen D Jones (*Finance Director*)
Neal A Taylor (*Director*)
Alexander JF Wildman (*Director*)
Benjamin J Martin (*Non-Executive Director*)
Andrew Tyrie (*Non-Executive Director*)
John A Jackson (*Non-Executive Director*)

Registered Office and Head Office:

14 Garrick Street
Covent Garden
London
WC2E 9SB

27 May 2005

To Shareholders and, for information only, to participants in the Approved Scheme

Dear Shareholder,

Approval for waiver of obligations under Rule 9 of the City Code on Takeovers and Mergers

Introduction

In common with many listed companies, the Directors have in recent years included a resolution in the notice of annual general meeting of the Company to give limited authority to make market purchases of the Ordinary Shares. The Directors have always considered it to be in the interest of all Shareholders for the Company to have the right, in appropriate circumstances, to purchase its own Ordinary Shares in the market. No Ordinary Shares were acquired by the Company pursuant to the buy-back authority given by Shareholders at the annual general meeting held in June 2004.

Accordingly, at the Company's annual general meeting to be held on 22 June 2005, Shareholders will be asked to approve the renewal of the Company's authority to purchase in the market up to 1,654,000 Ordinary Shares, representing approximately 14.9 per cent. of the Company's issued share capital, excluding the Treasury Shares, at the date of the notice of annual general meeting or such lesser number representing 14.9 per cent. of the Company's issued share capital, excluding Treasury Shares, at the date of the annual general meeting. The Company has no immediate intention to utilise the Authority, but feels it is in the best interest of Shareholders to have the flexibility to return cash to them. The Ordinary Shares acquired by way of the Authority will either be cancelled or held as Treasury Shares.

The David Tye Parties hold in aggregate 2,668,477 Shares, representing 24.03 per cent. of the issued share capital of the Company (excluding the Treasury Shares). However, for the purposes of Rule 9 of the Code, the David Tye Parties are deemed to be currently holding 3,292,413 Shares, representing 29.65 per cent. of the issued share capital of the Company (excluding the Treasury Shares). This is because the Panel, having taken into account the structure of the Pension Scheme, views the Shares held within the Pension Scheme as being attributable to the individual holdings of each of the executive Directors, of which David Tye, your Chairman, is one. Consequently, if, at some point in the future, the Company were to purchase over 128,798 Ordinary Shares in accordance with the Authority and cancel the Shares so acquired or hold the Ordinary Shares as Treasury Shares, then the Concert Party's shareholding would increase to at least 30 per cent. and, in accordance with Rule 9 of the Code, it would be required to make an offer for the entire issued share capital of the Company. The Independent Directors are therefore seeking your approval, via the first of the Waiver Resolutions, for a waiver to be granted from the obligations that would otherwise apply to the Concert Party in these circumstances.

Similarly, if at some point in the future, David Tye were to acquire Shares by exercising the David Tye Options and/or by accepting his allocation of David Tye AESOP Shares and the Company were to exercise the Authority and cancel the Ordinary Shares so acquired or hold the Ordinary Shares as Treasury Shares, the Concert Party's deemed shareholding might be increased to 30 per cent. or more and, in accordance with Rule 9 of the Code, it would be required to make an offer for the entire issued share capital of the Company. The Independent Directors are therefore also seeking your approval, via the second and third of the Waiver Resolutions, for a waiver to be granted from the obligations that would otherwise apply to the Concert Party in these circumstances.

On 23 June 2004 and on 20 May 2005, the remuneration committee of the Company made certain awards to the Directors and other senior employees pursuant to the LTIP. Included in these awards was one of 174,611 Ordinary Shares made to David Tye. The awards are subject to the achievement of certain performance conditions. Until such time as these conditions are met, David Tye has no claim, right or entitlement whatever over these Ordinary Shares. It is presently intended that Ordinary Shares to be used to satisfy LTIP obligations will be acquired by market purchases through an employee benefit trust set up for these purposes by the Company, rather than through the issue of new Ordinary Shares. The power of appointment of the trustees lies with the remuneration committee of the Company (which excludes David Tye) and the trustee is to be Barings Trustees (Guernsey) Limited who is independent of the Board. On the basis that the LTIP awards are entirely conditional upon satisfaction of the performance conditions, the awards are made independently by the remuneration committee and the trustees of the employee benefit trust is independent of the Company, the Panel has deemed the Shares represented by the award not be part of the Concert Party's aggregate holding of Shares for the purposes of the Rule 9 Waiver.

The purpose of this document is to explain why the Independent Directors consider the Rule 9 Waivers to be in the best interest of the Company and its Shareholders and to convene the Extraordinary General Meeting at which the Waiver Resolutions will be proposed.

David Tye has not taken part in the decision to seek any of the Rule 9 Waivers from the Panel pursuant to the Waiver Resolutions nor in the recommendation given by the Independent Directors in relation to any of the Waiver Resolutions. Further, none of the David Tye Parties will vote on any of the Waiver Resolutions at the EGM and neither will the trustees of the Pension Fund in respect of the shareholdings held by the Pension Fund.

Information on Rugby Estates

Rugby Estates invests in strategic property holdings in central London and throughout the United Kingdom, both directly and indirectly through joint ventures. The Board attributes its success to the careful research of opportunities and proactive management to realise latent value. Rugby Estates combines its established trading and development skills with asset management activities in order to enhance Shareholder returns.

In compliance with the Code, enclosed with this document are the annual report and accounts of the Group for each of the financial years ended 31 January 2004 and 31 January 2005.

Current trading and prospects

As reported to Shareholders on 26 April 2005, pre-tax profits for the year to 31 January 2005 were £7.8 million (2004: £7.2 million). "Triple net" assets per share, which take into account uncrystallised tax liabilities, the market value of debt and the effect of share options, were 359p (2004: 299p).

The Board will continue to seek interesting opportunities in both on and off market transactions. However, properties will only be acquired for the Company's own portfolio and for the indirect vehicles managed by the Company which present real opportunities to enhance rental and capital values. The Company's business is not to accumulate assets for their own sake but to achieve sustained growth in dividends and net assets per Ordinary Share and thereby create value for Shareholders. With the Group's strong financial position and experienced management team, the Directors believe the Company is well placed to grow both its directly owned portfolio and its asset management business. Accordingly, the Board views the future with confidence.

As announced on 26 April 2005, the Board considers that AIM is now a more appropriate market for a company the size of Rugby Estates. Admission to trading on AIM, and the cancellation of the Company's listing on the Official List, is expected to take place on 14 June 2005.

Background information on David Tye and the Pension Scheme

David Tye, aged 52, is Executive Chairman of Rugby Estates. This is a full time position and he has responsibility for the Company's strategic business initiatives. He is a chartered surveyor and was a founder director of the Company when it was established in 1990. Prior to this, he held positions with Norwich Union, Druce & Co and Rugby Securities Limited. David Tye is also a trustee of Babes in Arms, a charity which raises funds for research into Sudden Infant Death Syndrome. David Tye is currently a director of Cathedral Properties Limited and Bolney Estates Limited, his wholly owned private companies.

The Rugby Estates Plc Retirement Benefit Scheme. This is an Inland Revenue approved small self-administered pension scheme established in 1986 by Rugby Securities Limited. Control of the Pension Scheme passed to the Company in 1993. Until 1997 David Tye was the only member of the Pension Scheme. Between April 1997 and April 2003 Andrew Wilson, Stephen Jones, Neal Taylor and Alexander Wildman, the other four executive Directors of the Company, joined the Pension Scheme. The Pension Scheme is allowed under its rules to invest not more than 50 per cent. of its assets in Ordinary Shares. Between December 1997 and October 2003 the Pension Scheme made a number of market purchases resulting in the present holding of 623,936 Shares. The trustees of the Pension Scheme, which are appointed by Rugby Estates Plc, are the five executive Directors of the Company, together with an independent pensioner trustee. The five executive Directors are the only members of the Pension Scheme. Within the Pension Scheme as a whole each member has his own entitlement valued by reference to the scheme's assets.

For the purpose of valuing the Directors' interests in the Pension Scheme's assets, the Pension Scheme's current holding of 623,936 Shares are notionally attributable to each individual Director's pension fund as follows:

| | <i>Number of Shares</i> |
|-------------------|-------------------------|
| David Tye | 338,486 |
| Andrew Wilson | 163,487 |
| Stephen Jones | 101,128 |
| Alexander Wildman | 15,435 |
| Neal Taylor | 5,400 |

As a matter of trust law, however, the trustees are deemed to hold joint interest in all the Pension Scheme's assets. Investment decisions by the Pension Scheme require the unanimous consent of all trustees. As each of the executive Directors is a trustee with an effective power to veto an offer for the Shares, the Panel has determined for the purposes of Rule 9 of the Code that each Director who is also a trustee of the Pension Scheme must be deemed to hold all of the Shares held by the Pension Scheme.

The Waiver Resolutions to grant approval for the Rule 9 Waivers

Under Rule 9 of the Code, when any person or group of persons acting in concert individually or collectively holds not less than 30 per cent. but not more than 50 per cent. of the voting rights of a company which is subject to the Code (which includes the Company) then acquires additional shares which increase his/their percentage of the voting rights of the Company, that person or group is usually required, except with the consent of the Panel, to make a general offer in cash to all shareholders of that company at the highest price paid by him/them for shares in that company during the previous 12 months.

Under Rule 37 of the Code, when a company redeems or purchases its own voting shares, a resulting increase in the percentage of voting rights carried by the shareholding of any person or group of persons acting in concert will be treated as an acquisition for the purposes of Rule 9 of the Code (although a shareholder who is neither a director nor acting in concert with a director will not normally incur an obligation to make an offer under Rule 9 of the Code).

The Concert Party is deemed to hold 3,292,413 Shares representing 29.65 per cent. of the issued share capital of the Company. Further, David Tye holds the David Tye Options and has a right to take up the David Tye AESOP Shares. Therefore, if at some point in the future the Board were to exercise the Authority, in whole or in part (and separately, in addition to this, David Tye were to exercise any of the David Tye Options, and/or acquire the David Tye AESOP Shares) then the Concert Party's shareholding would proportionately increase and, in the absence of the Rule 9 Waivers, this could give rise to an obligation on the Concert Party to make a general offer to all Shareholders under Rule 9 of the Code.

Set out below are (i) the current interests of the members of the Concert Party and the Pension Scheme in the Company's issued share capital; (ii) the percentage shareholding which would arise assuming the Company was to acquire and subsequently cancel the maximum number of Ordinary Shares possible pursuant to the Authority or hold the Ordinary Shares as Treasury Shares, (iii) the percentage shareholding which would arise

if the event referred to in (ii) were to occur and if David Tye were to exercise all of the David Tye Options; and (iv) the percentage shareholding which would arise if the events referred to in (ii) and (iii) were to occur and if David Tye were to acquire the David Tye AESOP Shares.

| | <i>Current shareholding</i> | <i>Percentage of issued share capital</i> | <i>Percentage of issued share capital following maximum buy-back²</i> | <i>Percentage of issued share capital following maximum buy-back and full exercise of the David Tye Options²</i> | <i>Percentage of issued share capital following maximum buyback, full exercise of the David Tye Options and acceptance of all the David Tye AESOP shares²</i> |
|-----------------------------|-----------------------------|---|--|---|--|
| David Tye Parties | 2,668,477 | 24.03 | 28.24 | 28.69 | 28.74 |
| Pension Scheme ¹ | 623,936 | 5.62 | 6.60 | 6.56 | 6.56 |
| Total | 3,292,413 | 29.65 | 34.84 | 35.25 | 35.30 |

1 As stated above, due to the structure of the Pension Scheme, the Panel considers the Shares held within the Pension Scheme as being attributable to the individual holdings of each of the executive Directors. Accordingly, for the purposes of the Rule 9 Waivers, David Tye's shareholding has been aggregated with the shareholding of the Pension Scheme.

2 The table assumes that each of the maximum buy-back, full exercise of the David Tye Options and acceptance of all the David Tye AESOP Shares occurs on the earliest date possible. All options are already exercisable.

3 For the purposes of the above table, the Treasury Shares are excluded from the total number of Shares in issue.

The Independent Directors believe that it is in the best interest of the Company and its Shareholders as a whole to retain the flexibility to return cash to Shareholders. In the past, such authority has been used on a number of occasions. In 2002 the Company used such authority in full and on 3 June 2004 the Company purchased 300,000 Ordinary Shares currently held as Treasury Shares. No Ordinary Shares were acquired by the Company pursuant to the buy-back authority given by Shareholders at the annual general meeting held in June 2004. The Board has no immediate intention of exercising the Authority and would only do so if it considered that the effect of so doing would be to increase net assets per Share and would be in the best interest of Shareholders generally. However, the Independent Directors would not be prepared to exercise the Authority in circumstances which would lead to the Concert Party becoming obliged to make a general offer to acquire all of the Shares not already held by them in accordance with Rule 9 of the Code.

It is for this reason that the Independent Directors have decided to seek a waiver from the Panel from the obligation on the Concert Party to make a general offer under Rule 9 of the Code which could arise as a result of an exercise of the Authority (and separately, in addition to this, exercise of the David Tye Options and/or the acceptance by David Tye of the David Tye AESOP Shares). Accordingly, subject to the Waiver Resolutions being approved by the Independent Shareholders on polls at the Extraordinary General Meeting, the Panel has agreed to grant the respective Rule 9 Waivers where the obligation on the Concert Party to make a general offer to all other Shareholders arises solely as a result of the exercise by the Company of the Authority (and separately, in addition to this, exercise of the David Tye Options and/or the acceptance by David Tye of the David Tye AESOP Shares).

In order to be passed, each of the Waiver Resolutions will require the approval by a simple majority of the votes cast by the Independent Shareholders on a poll.

The Rule 9 Waivers will, if approved, be invalidated if any purchases of Shares are made by any member of the Concert Party or any person acting in concert with any of them in the period between the date of this document and the Extraordinary General Meeting.

If the Company utilises the Authority to its full extent and buys back Ordinary Shares, the Concert Party will, assuming there is no increase in the number of Shares deemed to be held by the Concert Party, own or control in aggregate 3,292,413 Shares representing 34.84 per cent. of the voting rights in the Company.

However, if any of the David Tye Parties or the trustees of the Pension Scheme acquire further Shares, save for any exercise by David Tye of any of the David Tye Options or the acceptance by David Tye of any of the David Tye AESOP Shares, which take the Concert Party's deemed shareholding to the maximum allowable level of 29.99 per cent., then the Company would be restricted on utilising the Authority.

Following full utilisation of the Authority (and separately, in addition to this, the exercise of the David Tye Options and/or acceptance by David Tye of the David Tye AESOP Shares) the Concert Party would hold between 30 per cent. and 50 per cent. of the voting rights in the Company. If there is any subsequent increase in

the percentage level of the deemed shareholding of the Concert Party, this would normally incur an obligation under Rule 9 of the Code for the Concert Party to make a general offer.

Management, employees and continuation of the business

David Tye, together with the other Directors, intends to continue to conduct the business of the Company in the same manner as it is currently. There are no plans to introduce any significant changes in the business or in the terms of employment of the employees of the Group.

Additional information

Your attention is drawn to the additional information set out Part II of this document.

Extraordinary General Meeting

You will find set out at the end of this document a notice convening an extraordinary general meeting to be held at the offices of Rugby Estates Plc, 14 Garrick Street, Covent Garden, London WC2E 9SB at 10.30 a.m. (or, if later, immediately following the closing of the 2005 annual general meeting of the Company to be held immediately prior to the EGM) on 22 June 2005, at which each of the Waiver Resolutions will be proposed as ordinary resolutions.

Action to be taken

Whether or not you intend to be present at the Extraordinary General Meeting, you are requested to complete and return the form of proxy in accordance with the instructions. The procedure for voting is set out in the notes to the notice of extraordinary general meeting and in the case of Shares held in certificated form, in the accompanying form of proxy.

The form of proxy, to be valid, must be returned by one of the following methods:

- in hard copy form by post deposited at the Company's registered office at 14 Garrick Street, Covent Garden, London WC2E 9SB, as soon as possible and, in any event, no later than 10.30 a.m. on 20 June 2005; or
- in the case of CREST members, by utilising the CREST electronic proxy appointment service in accordance with the procedures set out in the notes in the notice of extraordinary general meeting enclosed in this document, so that the TTE Instruction settles as soon as possible and, in any event, no later than 10.30 a.m. on 20 June 2005.

In the case of joint holders, the signature of the holder first on the register only is required. Completion and return of the form of proxy will not affect your right to attend in person and vote at the Extraordinary General Meeting if you so wish.

Independent Directors' recommendation

The Independent Directors, who have been so advised by BDO Stoy Hayward Corporate Finance in respect of the Rule 9 Waivers, consider that obtaining the Rule 9 Waivers is in the best interest of Shareholders as a whole. In providing advice to the Independent Directors, BDO Stoy Hayward Corporate Finance has taken into account the Independent Directors' commercial assessments. Accordingly, the Independent Directors unanimously recommend that Independent Shareholders vote in favour of each of the Waiver Resolutions to be proposed at the Extraordinary General Meeting, as they have irrevocably undertaken so to do in respect of their own beneficial holdings amounting to, in aggregate, 863,602 Shares, representing 7.78 per cent. of the current issued share capital of the Company.

Yours sincerely

Andrew Wilson
Chief Executive

PART II

ADDITIONAL INFORMATION

1. RESPONSIBILITY

1.1 *Concert Party*

The members of the Concert Party accept responsibility for the information contained in this document relating to the Concert Party and the members of their immediate families and related trusts. To the best of the knowledge and belief of the members of the Concert Party (who have taken all reasonable care to ensure that such is the case), the information contained in this document for which they are responsible is in accordance with the facts and does not omit anything likely to affect the import of such information.

1.2 *Rugby Estates*

The Directors, whose names appear in paragraph 2 of this Part II, accept responsibility for the information contained in this document. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this document for which they are responsible is in accordance with the facts and does not omit anything likely to affect the import of such information.

2. DIRECTORS

2.1. The names of the Directors of the Company and their respective functions are as follows:

David Michael Francis Tweeddale-Tye, *Executive Chairman*

Andrew Luis Wilson, *Chief Executive*

Stephen Douglas Jones, *Finance Director*

Neal Anthony Taylor, *Director*

Alexander James Franklin Wildman, *Director*

Benjamin John Martin, *Non-Executive Director*

Andrew Tyrie, *Non-Executive Director*

John Andrew Jackson, *Non-Executive Director*

The registered office of the Company and the business address of all of the above is 14 Garrick Street, Covent Garden, London WC2E 9SB.

3. SHAREHOLDINGS AND DEALINGS

3.1 *Definitions*

For the purposes of this paragraph:

- (a) “arrangement” includes an indemnity or option arrangement, and any agreement or understanding, formal or informal, of whatever nature relating to relevant securities which may be an inducement to deal or refrain from dealing;
- (b) reference to an “associate” is to:
 - (i) parent companies, subsidiaries and associated companies of the Company and to companies with which any such subsidiaries or associated companies are themselves associated;
 - (ii) the banks, financial and other professional advisers (including stockbrokers) to the Company or any company referred to in (i) above, including persons controlling, controlled by or under the same control such as banks, financial or other professional advisers;
 - (iii) the Directors together in each case with members of their immediate families or related trusts or their connected persons or the Directors of any company referred to in (i) above;
 - (iv) the Pension Scheme or any pension fund of any company referred to in (i) above; and
 - (v) an investment company, unit trust or other person whose investments an associate (as otherwise defined in this paragraph (a)) manages on a discretionary basis, in respect of the relevant investment accounts;

- (c) ownership or control of 20 per cent. or more of the equity share capital is regarded as the test of associated company status and “control” means a holding, or aggregate holdings, of shares carrying 30 per cent. or more of the voting rights attributable to the share capital of a company which are currently exercisable at a general meeting, irrespective of whether the holding gives, or aggregate holdings give, *de facto* control;
- (d) reference to a “bank” does not include a bank whose sole relationship with the Company (as appropriate) or any company referred to in paragraph (a)(i) above is the provision of normal commercial banking services or such activities in connection with any buy-back connected with the Authority as handling acceptances and other registration work;
- (e) “relevant securities” means Shares and securities convertible into, rights to subscribe for Shares, options (including traded options) in respect of and derivatives referenced to any of the foregoing; and
- (f) “disclosure period” means the period commencing on 27 May 2004 (being the date 12 months prior to the posting of this document) and ending on 26 May 2005 (being the latest practicable date prior to the posting of this document).

3.2 Shareholdings

- (a) Save as disclosed in paragraph 3.2 (b), as at the last day of the disclosure period, no member of the Concert Party, nor their respective immediate families and related trusts held any interests in Shares.
- (b) As at the last day of the disclosure period, the Concert Party held 3,292,413 Shares representing 29.65 per cent. of the then issued share capital of the Company (excluding the Treasury Shares). These Shares were held as follows:

| <i>Name</i> | <i>Number of Shares</i> | <i>Percentage of issued share capital**</i> |
|-------------------|-------------------------|---|
| David Tye Parties | 2,668,477 | 24.03 |
| Pension Scheme* | 623,936 | 5.62 |

*Due to the structure of the Pension Scheme the Panel considers the Shares held within the Pension Scheme as being attributable to the individual holdings of each of the executive Directors. Accordingly, David Tye’s shareholding has been aggregated with the holding of the Pension Scheme.

**The Treasury Shares are excluded from the total number of Shares in issue.

- (c) The interests of the Directors and members of their immediate families and related trusts and (so far as the Directors are aware having made due and careful enquiry) their connected persons, all of which are beneficial unless the contrary is stated, in the issued share capital of the Company (within the meaning of section 346 of the Act), which have been notified to the Company pursuant to sections 324 or 328 of the Act or as shown in the register of such interests required to be maintained pursuant to section 325 of the Act, as at the last day of the disclosure period are set out below:

| <i>Name</i> | <i>Number of Shares</i> | <i>Percentage of issued share capital*</i> | <i>Number of Shares under option</i> |
|-------------------|-------------------------|--|--------------------------------------|
| David Tye | 2,668,477 | 24.03 | 59,645 |
| Andrew Wilson | 514,215 | 4.63 | 59,645 |
| Stephen Jones | 170,641 | 1.54 | 37,145 |
| Neal Taylor | 78,083 | 0.70 | 44,645 |
| Alexander Wildman | 56,339 | 0.51 | 44,645 |
| Benjamin Martin | 29,824 | 0.27 | — |
| John Jackson | 10,000 | 0.09 | — |
| Andrew Tyrie | 4,500 | 0.04 | — |

*The Treasury Shares are excluded from the total number of Shares in issue.

- (d) As at the last day of the disclosure period, Credit Suisse First Boston Equities Limited, stockbroker to Rugby Estates, held 5,000 Shares.

- (e) As at the last day of the disclosure period, the Pension Scheme held 623,936 Shares.
- (f) As at the last day of the disclosure period, the Company held 300,000 Ordinary Shares as Treasury Shares.
- (g) As at the last day of the disclosure period, the Company was aware of the following interests of 3 per cent. or more in its issued share capital:

| <i>Name</i> | <i>Number of Shares</i> | <i>Percentage of issued share capital*</i> |
|---|-------------------------|--|
| David Tye | 2,668,477 | 24.03 |
| Thames River Capital (UK) Limited | 1,450,000 | 13.06 |
| Prudential Plc | 1,400,000 | 12.61 |
| Aberdeen Property Share Unit Trust | 770,000 | 6.93 |
| Andrew Wilson | 514,215 | 4.63 |
| Pension Scheme | 623,936 | 5.62 |
| Deutsche Asset Management Life & Pensions Limited | 639,237 | 5.76 |

*The Treasury Shares are excluded from the total number of Shares in issue.

3.3 *Dealings in Shares*

- (a) David Tye has dealt for value in the Shares in the disclosure period as follows:

| <i>Deal date</i> | <i>Type</i> | <i>Quantity</i> | <i>Price</i> |
|------------------|-------------|-----------------|--------------|
| 22 December 2004 | Buy* | 4,750 | 200.0p |
| 10 January 2005 | Sale | 2,500 | 330.0p |
| 11 January 2005 | Sale | 2,500 | 323.0p |

*The Shares acquired through exercise of SAYE options.

- (b) The Pension Scheme has dealt for value in the Shares in the disclosure period as follows:

| <i>Deal date</i> | <i>Type</i> | <i>Quantity</i> | <i>Price</i> |
|------------------|-------------|-----------------|--------------|
| 5 October 2004 | Buy | 27,000 | 286.0p |
| 13 October 2004 | Buy | 1,275 | 286.0p |
| 24 November 2004 | Buy | 30,000 | 284.0p |

- (c) AESOP has dealt for value in the Shares in the disclosure period as follows:

| <i>Deal date</i> | <i>Type</i> | <i>Quantity</i> | <i>Price</i> |
|------------------|-------------|-----------------|--------------|
| 16 July 2004 | Buy | 12,000 | 274.7p |
| 7 December 2004 | Buy | 10,000 | 289.0p |

- (d) The Company has dealt for value in the Shares in the disclosure period as follows:

| <i>Deal date</i> | <i>Type</i> | <i>Quantity</i> | <i>Price</i> |
|------------------|-------------|-----------------|--------------|
| 3 June 2004 | Buy** | 300,000 | 259.0p |

**The Ordinary Shares purchased by the Company on 3 June 2004 are held as Treasury Shares.

3.4 *General*

- (a) Save as disclosed in this paragraph 3, neither any member of the Concert Party nor any member of their immediate families or related trusts, nor any of their connected persons is interested in and, so far as the members of the Concert Party are aware (having made due and careful enquiry), no person acting in concert with any member of the Concert Party owns or controls, in either case directly or indirectly, any relevant securities nor has any such person dealt for value therein during the disclosure period.
- (b) Save as disclosed in this paragraph 3, neither the Directors, nor any member of their immediate families or related trusts, nor any of their connected persons is interested in and no person owns or controls, in either case directly or indirectly, any relevant securities nor has any such person dealt for value therein during the disclosure period.

- (c) Save as disclosed in this paragraph 3, no bank, stockbroker, financial or other professional adviser to any member of the Concert Party or to any associated company of any member of the Concert Party (other than an exempt market-maker) nor any person controlling, controlled by or under the same control as any such adviser nor any pension fund of any member of the Concert Party nor any person whose investments are managed on a discretionary basis by fund managers (other than exempt fund managers) connected with any member of the Concert Party owns or controls, or is interested, directly or indirectly, in any relevant securities neither has any such person dealt therein for value during the disclosure period.
- (d) Save as disclosed in this paragraph 3, no bank, stockbroker, financial or other professional adviser to the Company or to any subsidiary or associated company of the Company (other than an exempt market-maker) nor any person controlling, controlled by or under the same control as any such adviser nor any pension fund of the Company or any of its subsidiaries nor any person whose investments are managed on a discretionary basis by fund managers (other than exempt fund managers) connected with the Company owns, controls, or is interested, directly or indirectly, in any relevant securities nor has any such person dealt therein for value during the disclosure period.

4. SERVICE AGREEMENTS

There are no service contracts between any member of the Group and any Director having more than twelve months to run and no such contract has been entered into or amended within six months preceding the date of this document.

5. MARKET QUOTATIONS

The following table lists the closing price for a Share on the first dealing day of each of the six months prior to the date of this document, on 27 May 2005 (the latest practicable date prior to posting of this document):

| <i>Date</i> | <i>Price per Share (p)</i> |
|-----------------|----------------------------|
| 1 December 2004 | 282.0 |
| 4 January 2005 | 315.0 |
| 1 February 2005 | 315.5 |
| 1 March 2005 | 326.0 |
| 1 April 2005 | 317.0 |
| 3 May 2005 | 312.5 |
| 26 May 2005 | 312.5 |

The closing price of a Share is based on the mid-market price of a Share derived from the Official List for the relevant dates.

6. MATERIAL CONTRACTS

On 21 May 2004 Madiworth Limited, a wholly-owned subsidiary of Rugby Estates, completed the purchase of Ovalbrick for £360,000 from Saint Gobain Building Distribution Limited, a sister company of Jewson Limited. Ovalbrick's assets were a freehold property in Wednesfield, Wolverhampton, with a book value of £1.35 million and cash of £1.2 million. In addition, Ovalbrick had liabilities in the form of outstanding loan notes of an aggregate value of £2.45 million. Under the sale and purchase agreement, Madiworth has the benefit of an indemnity in respect of any Ovalbrick liabilities pre-dating 21 May 2004, other than liabilities relating to the loan notes and the Wednesfield property. This indemnity is supported by a parent company guarantee from Saint Gobain Plc. At the same time as completing the purchase of Ovalbrick, Rugby Estates, through two other wholly-owned subsidiaries (Darowell Properties Limited and Fildwood Limited), entered into sale and leaseback option agreements to acquire up to 13 properties from Jewson Limited (running until 31 December 2004) and development pre-emption agreements on a further four Jewson properties that run until May 2009. Exercise of all of the option agreements and purchase of all of the pre-emption properties would involve a total purchase consideration of approximately £22 million. To date, members of the Group have exercised options with a total purchase consideration of £17.9 million.

7. OTHER INFORMATION

- 7.1 No agreement, arrangement or undertaking exists between any person and any member of the Concert Party or the Company or any person acting in concert with any member of the Concert Party or any associate of the Company, for the purposes of the matters referred to in this document in relation to

relevant securities of any member of the Concert Party or the Company, including, in addition to indemnity and option arrangements, any agreement or understanding, formal or informal, or whatever nature, which may be an inducement to deal or refrain from dealing.

- 7.2 There is no agreement, arrangement or understanding whereby the beneficial interest in any Shares held by any member of the Concert Party will be transferred to any other person.
- 7.3 No agreement, arrangement or understanding (including any compensation agreement) exists between any member of the Concert Party or any person acting in concert with any member of the Concert Party for the purposes of the matters referred to in this document and any of the Directors, or recent directors, shareholders or recent shareholders of the Company having any connection with or dependence on, or which is conditional on the outcome of, the matters referred to in this document.
- 7.4 BDO Stoy Hayward Corporate Finance is a division of BDO Stoy Hayward LLP. BDO Stoy Hayward LLP has given and not withdrawn its written consent to the issue of this document with the references to BDO Stoy Hayward Corporate Finance in the form and context in which they appear.
- 7.5 Except as disclosed in the current trading and prospects paragraph in Part I of this document, there has been no material change in the financial or trading position of the Company since 31 January 2005, the date to which the last published audited consolidated accounts of the Company were prepared.

8. DOCUMENTS FOR INSPECTION

Copies of the following documents will be available for inspection during usual business hours on business days at the registered office of the Company, 14 Garrick Street, Covent Garden, London WC2E 9SB until the time and date of the Extraordinary General Meeting:

- 8.1 the memorandum and articles of association of the Company and the new articles of association of the Company proposed to be adopted at the annual general meeting to be held immediately before the EGM;
- 8.2 the published accounts of the Company for the two financial years ended 31 January 2005;
- 8.3 the material contract referred to in paragraph 6 above;
- 8.4 the written consent referred to in paragraph 7.4 above;
- 8.5 the irrevocable undertakings given by the Independent Directors to vote in favour of each of the Waiver Resolutions; and
- 8.6 this document and the form of proxy.

27 May 2005

NOTICE OF EXTRAORDINARY GENERAL MEETING

Rugby Estates Plc

(Incorporated in England and Wales under the Companies Act 1985, with registered number 02548935)

NOTICE IS HEREBY GIVEN that an extraordinary general meeting of Rugby Estates Plc (the “Company”) will be held at 10.30 a.m. (or, if later, immediately following the closing of the 2005 annual general meeting of the Company to be held immediately prior to this meeting) on 22 June 2005 at the offices of Rugby Estates Plc, 14 Garrick Street, Covent Garden, London WC2E 9SB to consider and, if thought fit, pass the following resolutions:

Ordinary Resolutions

1. THAT the waiver by the Panel on Takeovers and Mergers (the “Panel”) of the obligation which might otherwise fall on the Concert Party (as defined in the document sent to shareholders of the Company dated 11 June 2004 (the “Circular”)) to make a general offer pursuant to Rule 9 of the City Code on Takeovers and Mergers (the “Code”) as a result of an increase in the Concert Party’s deemed percentage shareholding to a maximum of 34.84 per cent. of the issued share capital, represented by 3,292,413 Shares, pursuant to the exercise in full of the Authority (as defined in the Circular), be and is hereby approved.
2. THAT, subject to the passing of resolution 1, the waiver by the Panel of the obligation which might otherwise fall on the Concert Party to make a general offer pursuant to Rule 9 of the Code as a result of an increase in the Concert Party’s deemed shareholding to a maximum of 3,352,058 Shares, representing 35.25 per cent. of the issued share capital, pursuant to the exercise in full of the Authority, and the exercise of the David Tye Options (as defined in the Circular), be and is hereby approved.
3. THAT, subject to the passing of resolution 1, the waiver by the Panel of the obligation which might otherwise fall on the Concert Party to make a general offer pursuant to Rule 9 of the Code as a result of an increase in the Concert Party’s deemed shareholding to a maximum of 3,357,058 Shares, representing 35.30 per cent. of the issued share capital, pursuant to the exercise in full of the Authority, the exercise of the David Tye Options and the acceptance by David Tye of the David Tye AESOP Shares (as defined in the Circular), be and is hereby approved.

By order of the Board

Stephen Jones
Company Secretary

27 May 2005

Registered Office:
14 Garrick Street
Covent Garden
London
WC2E 9SB

Notes:

1. Each of the resolutions will be proposed as an ordinary resolution and, in accordance with the requirements of the Code, will be taken on a poll.
2. Any member of the Company entitled to attend and vote at the extraordinary general meeting may appoint one or more proxies to attend and, on a poll, vote on his or her behalf. A proxy need not be a member of the Company. To be valid, a form of proxy, and any power of attorney under which it is signed, must be lodged with the Company’s registered office, no later than 10.30 a.m. on 20 June 2005. A form of proxy is enclosed. The completion and return of a form of proxy will not preclude a member from attending and voting at the meeting in person.
3. The enclosed form of proxy, to be valid, must be returned by one of the following methods:
 - in hard copy form by post deposited at the Company’s registered office at 14 Garrick Street, Covent Garden, London WC2E 9SB, as soon as possible and, in any event, no later than 10.30 a.m. on 20 June 2005; or
 - in the case of CREST members, by utilising the CREST electronic proxy appointment service in accordance with the procedures set out below, so that the TTE Instruction settles as soon as possible and, in any event, no later than 10.30 a.m. on 20 June 2005.

In the case of joint holders, the signature of the holder first on the register only is required.

CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so by utilising the procedures described in the CREST Manual. CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf. In order for a proxy appointment made by means of CREST to be valid, the appropriate CREST message (a “CREST Proxy Instruction”) must be properly authenticated in

accordance with CRESTCo's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message, regardless of whether it relates to the appointment of a proxy or to an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the issuer's agent (ID: 7RA01) by the latest time(s) for receipt of proxy appointments specified in this notice. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001. CREST members and, where applicable, their CREST sponsors or voting service providers should note that CRESTCo does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.