

This document is important and requires your immediate attention. If you are in any doubt about the action to be taken, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser 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 transferred all your shares in Rugby Estates Plc, please pass this letter and the accompanying form of proxy to the person through whom the sale or transfer was effected, for transmission to the purchaser or transferee.

RUGBY ESTATES Plc

(Registered in England, number 2548935)

(the "Company")

Registered Office:
4 Farm Street
London W1J 5RD

19 May 2006

To: Holders of ordinary shares of 20 pence each in the capital of the Company ("Ordinary Shares") and, for information only, to holders of options under the Rugby Estates Plc 1994 Approved Executive Share Option Scheme.

Dear Shareholders,

Annual General Meeting

The next annual general meeting of the Company (the "Annual General Meeting") will be held at 4 Farm Street London W1J 5RD on Wednesday 21 June 2006 at 10.00 a.m. The Resolutions proposed are set out in the Notice of Annual General Meeting on pages 4 to 5 of this circular. Explanatory information regarding the proposed Resolutions is given below.

Ordinary Business (Resolutions 1 to 6)

Directors

In accordance with the Company's Articles of Association ("Articles"), Mr N Taylor and Mr A Tyrie will retire by rotation at the Annual General Meeting. Being eligible, each of Mr Taylor and Mr Tyrie offers himself for re-election.

Biographical details of Directors

Mr Neal Taylor, BSc, MRICS, aged 38, has been an executive director of the Company since 1997. A Chartered Surveyor, he joined the company in 1992 after working as a fund manager with Hillier Parker.

Mr Andrew Tyrie, MP, aged 49, was appointed to the board as a non-executive director in 2002. An economist, he held positions with HM Treasury and European Bank for Reconstruction and Development prior to becoming a Member of Parliament in 1997.

Auditors

It is proposed that Ernst & Young LLP be reappointed as auditors and that the Directors be authorised to agree their remuneration.

Other Ordinary Business

In addition to the re-election of Directors and reappointment of auditors, it is proposed that the Annual Report and Accounts be received and adopted and that the payment of a final dividend be approved.

Special Business

Directors' authority to allot relevant securities (Resolution 7)

In accordance with the provisions of Section 80 of the Companies Act 1985 ("the Act") the Directors are prevented from exercising their powers under the Articles to allot shares without an authority in terms of the Act contained either in the Articles or in a resolution of the shareholders in general meeting. Such authority was last given by the shareholders at the annual general meeting held on 22 June 2005 (the "2005 AGM") and it is proposed to renew such authority for a further period until the next annual general meeting of the Company or 15 months after the passing of the ordinary resolution set out as Resolution 7 in the Notice of Annual General Meeting, whichever is the earlier. The authority will be in respect of 3,700,000 Ordinary Shares, representing approximately 33 per cent of the issued share capital of the Company (calculated exclusive of treasury shares) on 19 May 2006. The Directors have no present intention of exercising the authority, if granted.

The Company holds, as at 19 May 2006, 325,000 Ordinary Shares in treasury, representing approximately 2.8% of the then issued share capital of the Company.

Directors' authority to allot equity securities other than pre-emptively (Resolution 8)

The Act requires that an allotment of shares for cash may not be made unless the shares are first offered to existing shareholders on a pre-emptive basis in accordance with the terms of the Act. In accordance with general practice, the Directors propose that advantage be taken of the provisions of Section 95 of the Act to modify the strict requirements of the Act for rights issues or other pro rata offers in respect of the maximum number of shares as set out in Resolution 8 in the Notice of Annual General Meeting in circumstances where they consider it necessary or expedient and to disapply the Act's pre-emptive requirements in respect of an allotment of up to 560,000 Ordinary Shares representing approximately 5 per cent of the issued ordinary share capital of the Company (calculated exclusive of treasury shares) on 19 May 2006. Accordingly, a special resolution (set out as Resolution 8 in the Notice of Annual General Meeting) will be proposed which, if passed, will have the effect of granting the Directors the power on similar terms as that granted by special resolution at the 2005 AGM, to allot equity securities in these circumstances otherwise than in accordance with Section 89 of the Act. No issue of Ordinary Shares will be made which would effectively alter the control of the Company without prior approval of the Company's shareholders in general meeting being obtained.

Directors' authority for the Company to purchase its own shares (Resolution 9)

At the 2005 AGM, the shareholders of the Company gave authority to the Directors to purchase up to a maximum aggregate number of 1,654,000 Ordinary Shares, representing approximately 14.9 per cent of the Company's then issued ordinary share capital, excluding treasury shares ("the 2005 AGM authority"). Pursuant to the 2005 AGM authority, 25,000 Ordinary Shares were purchased on 6 July 2005.

To retain the flexibility to make market purchases of Ordinary Shares, your Directors are seeking authority to enable the Company to purchase up to a maximum aggregate number of 1,680,000 Ordinary Shares (representing 14.9 per cent of the present issued ordinary share capital of the Company, excluding treasury shares) or such lesser number representing 14.9 per cent of the Company's issued Ordinary Share capital, excluding treasury shares, at the date of the Annual General Meeting. The minimum price per Ordinary Share will be 20p, which is the nominal value of each Ordinary Share, and the maximum price to be paid on any exercise of the authority must not exceed 105 per cent of the average market value of those shares as derived from the AIM Appendix of the London Stock Exchange Daily Official List for the five business days immediately preceding the date of purchase. The authority would only be exercised if your Directors were satisfied, after careful consideration, that the purchase would result in an increase in net assets per share and would be in the best interests of shareholders generally after taking into account alternative investment opportunities and the effect of any purchases on the overall financial position of the Company. The authority, if granted, will be subject to renewal at

the next annual general meeting of the Company. At 19 May 2006, options were outstanding over 72,870 Ordinary Shares, representing 0.65 per cent of issued share capital of the Company (excluding treasury shares). If the full authority to buyback shares is used, this proportion will increase to 0.76 per cent.

The Companies (Acquisition of Own Shares) (Treasury Shares) Regulations 2003 ("Treasury Shares Regulations") allow companies to hold shares in treasury which have been acquired by way of market purchase, rather than having to cancel them. Under the Treasury Shares Regulations, the Company will consider holding any of its own shares that it purchases pursuant to the authority as treasury shares, which will give the Company the ability to reissue shares quickly and cost effectively, and will provide the Company with additional flexibility in the management of its capital base.

Yours faithfully



David Tweeddale-Tye

Chairman

19 May 2006

Copies of this document and the Group's Annual Report and Accounts may be obtained from the Secretary at the above address, free of charge, or:

By telephone: 020 7016 0050

By fax: 020 7016 0080

By email: nicola.handyside@rugbyestates.plc.uk

during normal office hours, Saturdays, Sundays and Bank Holidays excepted, from the date of this document until 21 June 2006.

RUGBY ESTATES Plc

(Registered Number 2548935)

Notice of Annual General Meeting

Notice is hereby given that the annual general meeting of Rugby Estates Plc ("Annual General Meeting") will be held at its registered office at 4 Farm Street, London W1J 5RD on Wednesday 21 June 2006 at 10.00 a.m. whereupon the following business is proposed to be transacted:

Ordinary Business – Resolutions 1 to 6

1. To receive and adopt the Directors' Report and Accounts for the year ended 31 January 2006.
2. To declare a final dividend for the year ended 31 January 2006 which the Directors recommend should be 3.96p per ordinary share.
3. To re-elect N Taylor as a Director of the Company.
4. To re-elect A Tyrie as a Director of the Company.
5. To re-appoint Ernst & Young LLP as Auditors of the Company.
6. To authorise the Directors to determine the Auditors' remuneration.

Special Business

As special business to consider and, if thought fit, to pass the following Resolutions, Resolution 7 being proposed as an Ordinary Resolution and Resolutions 8 & 9 as Special Resolutions, namely:

Resolution 7

That the Directors be and they are hereby generally and unconditionally authorised for the purposes of Section 80 of the Companies Act 1985 ("the Act") to allot and make offers and agreements to allot relevant securities as defined in Section 80(2) of the Act up to an aggregate nominal amount of £740,000 provided that this authority shall expire at the conclusion of the next annual general meeting of the Company after the date of the passing of this Resolution or 15 months after the date of the passing of this Resolution (if earlier) unless renewed or extended prior to such time except that the Company may before the expiry of such period make an offer or agreement which would or might require relevant securities to be allotted after the expiry of such period and the Directors may allot relevant securities in pursuance of such offer or agreement as if the authority conferred hereby had not expired. This authority is to replace any existing like authority which is hereby revoked with immediate effect.

Resolution 8

That, subject to the passing of the immediately preceding Resolution, the Directors be and they are hereby empowered pursuant to Section 95 of the Act to allot equity securities (as defined in Section 94 of the Act) for cash as if Section 89 (1) of the Act did not apply to any such allotment (all previous such authorities being hereby revoked) provided that the power conferred by this Resolution shall be limited:

- (a) to the allotment of equity securities in connection with an issue in favour of holders of ordinary shares of 20 pence each in the capital of the Company ("Ordinary Shares") where the equity securities respectively attributable to the interest of all such shareholders are proportionate (as nearly as may be) to the respective numbers of Ordinary Shares held by them subject only to such exclusions or other arrangements as the Directors may consider appropriate to deal with fractional entitlements or legal and practical difficulties under the laws of, or the requirements of any recognised regulatory body in, any territory; and
- (b) the allotment (otherwise than pursuant to sub-paragraph (a) above) of equity securities up to an aggregate nominal amount of £112,000

and shall expire at the conclusion of the next annual general meeting of the Company after the date of passing of this Resolution or 15 months after the date of passing of this Resolution (if earlier) unless renewed or extended prior to such time except that the Company may, before the expiry of any power contained in this Resolution, make an offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of such offer or agreement as if the power conferred hereby had not expired.

Resolution 9

That the Company be and it is hereby generally and unconditionally empowered pursuant to the Company's Articles of Association and section 166 of the Act to make market purchases (as defined in section 163(3) of the Act) of Ordinary Shares on such terms and in such manner as the Directors may from time to time determine provided that:

1. the maximum aggregate number of Ordinary Shares which may be so purchased shall be 1,680,000 Ordinary Shares (representing 14.9 per cent of the Company's issued Ordinary Share capital, excluding treasury shares, at the date of the Notice convening the Annual General Meeting at which this Resolution is to be proposed) or such lesser number representing 14.9 per cent of the Company's issued ordinary share capital, excluding treasury shares, at the date of the Annual General Meeting;
2. the maximum price which may be paid for an Ordinary Share shall be an amount equal to 105 per cent of the average middle market quotations, as derived from the AIM Appendix of the London Stock Exchange Daily Official List, for the five business days immediately preceding the day on which the shares in question are to be purchased (exclusive of expenses);
3. the minimum price which may be paid for an Ordinary Share shall be 20p (exclusive of expenses); and
4. this authority shall expire, unless previously revoked or varied, at the conclusion of the next annual general meeting of the Company after the passing of this Resolution or 15 months from the date of this Resolution (whichever is the earlier) provided that the Company may before this authority expires make contracts for purchases of Ordinary Shares under this authority which would or might be executed wholly or partly after this authority expires and may make a purchase of Ordinary Shares pursuant to any such contract.

By order of the Board

SD Jones

Secretary

19 May 2006

Notes:

1. A member entitled to attend and vote may appoint one or more proxies to attend and, on a poll, vote instead of him. A proxy need not be a member.
2. A person who has appointed a proxy may nevertheless attend the meeting and vote, in which case any votes cast by the proxy will be superseded.
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 4 Farm Street London W1J 5RD; or
 - in the case of CREST members, by utilising the CREST electronic proxy appointment service in accordance with the procedures set out below;

and in each case not less than 48 hours before the time for holding the meeting. 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.

4. Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, only those shareholders registered in the register of members of the Company as at 6.00 pm on 19 June 2006 shall be entitled to attend or vote at the meeting in respect of the number of shares registered in their name at that time. Changes to entries on the relevant register of securities after that time shall be disregarded in determining the rights of any person to attend or vote at the meeting.
5. The following documents will be available for inspection at the registered office of the Company during normal business hours on each weekday (Saturdays and public holidays excepted) from the date of this notice until the close of the meeting.
 - a. The register of Directors' interests kept in accordance with section 325 of the Companies Act 1985;
 - b. Copies of the executive Directors' service contracts;
 - c. Copies of the non-executive Directors' letters of appointment; and
 - d. Copies of the Company's Memorandum and Articles of Association.

Rugby Estates Plc

Form of Proxy for Annual General Meeting

I/We

being (a) member(s) of the above named Company hereby appoint the Chairman of the Meeting (See Note 4 below)

.....

.....

as my/our proxy to vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held on 21 June 2006 at 10:00am and at any adjournment thereof, on the following Resolutions, as indicated by an 'X' in the appropriate box:

Business	For	Against
1. To receive and adopt the Director's Report & Accounts		
2. To declare a final dividend		
3. To re-elect N Taylor		
4. To re-elect A Tyrie		
5. To re-appoint Ernst & Young LLP		
6. To authorise the Directors to determine the Auditors' remuneration		
7. To authorise the Directors to allot shares pursuant to Section 80 of the Companies Act 1985		
8. To disapply the statutory pre-emption rights for certain issues		
9. To authorise the company to purchase its fully paid Ordinary Shares		

Date Signature

Notes:

1. To be effective this proxy, duly completed, must be received at the registered office of the Company, 4 Farm Street London W1J 5RD, not less than 48 hours before the time fixed for the Meeting or, in the case of a meeting adjourned for less than 28 days but more than 48 hours or in the case of a poll taken more than 48 hours after it is demanded, not less than 24 hours before the time fixed for the holding of the adjourned meeting or the taking of the poll or, in the case of a meeting adjourned for not more than 48 hours after it was demanded, at the adjourned meeting or at the meeting at which the poll was demanded by a Director or the Secretary.
2. If the appointor is a corporation this proxy should be under its common seal or under the hand of an officer or attorney duly authorised in writing.
3. If you do not indicate how you wish your proxy to use your vote on any particular matter, or any other business or resolution considered at the meeting other than the Resolutions referred to above, the proxy will exercise his discretion both as to how he votes and whether or not he abstains from voting.
4. If any other proxy is preferred strike out "the Chairman of the Meeting" and add the name of the proxy or proxies desired. A proxy need not be a member of the company. If you appoint more than one proxy the appointment of each proxy must specify the shares held by you in respect of which each proxy is to vote. You may not appoint more than one proxy to vote in respect of any one share.
5. In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the vote of the other joint holders and for this purpose seniority will be determined by the order in which the names stand in the Register of Members in respect of the shares.

