rugby estates plc

REPORT AND ACCOUNTS

FOR THE YEAR ENDED 31 JANUARY 2010

Company No **2548935**

Rugby Estates Plc

The Directors intend to realise the value of Rugby Capital's portfolio over the next two to three years. Subject to the needs of the asset management business, which is not intended to be capital intensive, the capital released will be returned to shareholders.

Year in brief

£14.6m
Cash returned to shareholders

£38.2m
Portfolio value

421p
Triple net assets per share

£3.2m
Fee income

contents

CHAIRMAN'S REVIEW

RESULTS

I am delighted to report a return to profitability with a profit before tax for the year ended 31 January 2010 of £0 2 million (2009 loss of £15 8 million) Total comprehensive income for the year, which includes taxation and changes in the fair value of our co-investments, was £2 7 million (2009 loss of £16 8 million)

Triple net assets per share ("NNNAPS") at 31 January 2010, based on the Group's underlying share of the estimated net assets of co-investment vehicles, were 421p (2009 556p (restated for the effect of the share consolidations during the year) This figure is calculated on a basis which is consistent with the corresponding figures reported in prior years NNNAPS calculated on the statement of financial position value, rather than on the share of underlying net assets, of these vehicles was 407p (2009 531p (restated))

During the first three quarters of the year, the UK economy was in recession with the first half of the year seeing a continued sharp fall in UK commercial property values before rallying strongly in the final months of 2009

In December 2008, the Board announced its belief that, with its small capital base, Rugby would be better placed to enhance shareholder value over the longer term by using the expertise of its highly focused management team to develop further its successful asset management business to reduce the capital employed in direct property holdings and return the cash realised on disposals of properties to shareholders Towards the end of the year, your Board took advantage of the market rally and investor interest in certain types of investment property to commence a programme of disposals with the result that in total £6 9 million was realised from sales in the year This enabled the Company to make a second return of cash to shareholders of £6 2 million in January 2010, bringing the total return of cash to shareholders during the year to £14 6 million This is equivalent to 86p for each share held at 31 January 2009 or, following the share consolidations during the year, 129p per share held at 31 January 2010

RUGBY CAPITAL

Rugby Capital is the division of the Group which deals with our directly-owned property portfolio Rugby Capital made three principal disposals during the period of properties in Birmingham, Cranleigh and London Additional sale proceeds were received in respect of property interests in Bridgwater and Swindon, bringing the total sales for the year to £6 9 million, equivalent to 15% of the portfolio value at the start of the year

Rugby Capital's total portfolio return for the year ended 31 January 2010, as calculated by Investment Property Databank Limited ("IPD") was 4 2%, comprising 3 2% capital reduction and a positive 7 7% income return The corresponding figures for the IPD annual benchmark for 2009 for all properties were 3 0%, negative 3 8% and positive 7 0% respectively

The market value of our directly-owned portfolio at 31 January 2010 was £38 2 million (2009 £46 0 million), of which 62% were industrial properties, 32% were offices and 6% was mixed-use retail/office South East England, including London, accounted for 43% of capital value with 26% in the Midlands, 20% in northern England and 11% in the South West

Since 31 January 2010, we have marketed selected properties and are pleased to report that sales of four holdings, located in London, Bridgwater and Rugby, have been agreed in principle with an aggregate sale consideration of £8 7 million In accordance with the Board's intention to realise the whole property portfolio over the next two to three years, further disposals will be considered later in 2010

RUGBY ASSET MANAGEMENT ("RAM")

Rugby Asset Management is the division of the Group which deals with our co-investment and asset management activities During the year our co-investments were ING Covent Garden Limited Partnership ("CGLP"), Rugby Estates Investment Trust Plc ('REIT Plc") and O Twelve Estates Limited ("O Twelve")

In common with property sector equities generally, the share prices of REIT Plc and O Twelve recovered somewhat from the depressed levels at the start of the year Under IFRS, although value reductions of these financial assets below cost in previous years have been charged against profit, subsequent recoveries in value are not released through profit until realised on disposal The increase in values of our co-investments in the year of £2 1 million, as measured under IFRS, is therefore shown outside the profit figure as "other comprehensive income"

The Directors consider the Group's share of estimated underlying net assets in co-investments to be a key performance indicator and the appropriate measure for calculating the Group's NNNAPS This increased by £0 8 million in the year to £7 3 million (2009 £6 5 million)

CGLP disposed of the majority of its assets for £119 5 million in December, leaving one development property, which was valued at £21 9 million as at 31 December 2009 This has now been completed and is expected to be sold over the course of the next 12 months The proceeds will then be distributed to investors Once this remaining property is sold, RAM's management role with CGLP will cease

The latter months of 2009 saw a strong rally in capital values driven by investor demand, particularly for good quality investment properties.

On 15 April 2010, ING UK Real Estate Income Trust Limited announced a recommended offer for the whole of the issued share capital of REIT Plc (the "Offer") which valued REIT plc at just over £40 million The Group holds 4,990 200 shares in REIT Plc, representing 8 47% of its issued share capital Rugby Estates has, in the absence of a higher offer, undertaken to accept the Offer, electing for the cash alternative of 63p per share, which is equivalent to £3 1 million if the Offer becomes unconditional in all respects Substituting this value for the estimated value of REIT Plc's net assets as at 31 January 2010 of 80p per share would produce a figure for the Group's NNNAPS of 413p per share Should the Offer become unconditional in all respects, RAM's management agreements with REIT Plc will cease and RAM will receive a termination payment of £600,000

During the year, RAM was active in restructuring O Twelve's loan facilities, demonstrating the confidence which its lenders have in O Twelve's strategy and future To facilitate this, RAM has agreed to restrict its management fee settled in cash to £200,000 per quarter while O Twelve's current financing arrangements continue In March 2010, O Twelve sold The Interchange, Swanley for £24 4 million, a figure 37% above that property's valuation as at September 2009 The proceeds have been used to reduce O Twelve's fixed rate debt, thus strengthening its balance sheet

Fee income for the year was £3 3 million (2009 £4 2 million) This reduction, which arose principally as a result of falling property values and the renegotiation of management arrangements with O Twelve, was mitigated by a fee of £0 9 million in respect of the sale by CGLP of its investment property portfolio

£14.6m
Cash returned to shareholders

Fee income for the current 2010/11 financial year will fall significantly as a result of the reduced contribution from CGLP as it winds up If ING's Offer is accepted by REIT shareholders, fee income in the current financial year will not be adversely affected due to the termination fee which RAM will receive Considerable effort is being put into creating potential new asset management opportunities to replace the CGLP and REIT mandates and secure future growth for the asset management business

FINANCING

The Group had no borrowings during the year and does not expect to take on borrowings in the foreseeable future

DISTRIBUTIONS

Cash realised from disposals is being returned to shareholders on a periodic basis In order to comply with company law and to provide shareholders with some flexibility of taxation treatment, certain formal procedures are required Accordingly, returns of cash to shareholders are only made when economically viable amounts have accumulated

During the year a total of £14 6 million was returned to shareholders

CHAIRMAN'S REVIEW
CONTINUED

OUTLOOK

The latter months of 2009 saw a strong rally in capital values driven by investor demand, particularly for good quality investment properties This positive demand has continued in the early months of 2010, although values are now stabilising as the perception that capital values are over-discounted recedes The key uncertainties remain, namely the strength of the economic recovery, the possibility of a double-dip recession and the effect on tenant demand The effect of the recession so far on tenant demand, voids and rental values, whilst undoubtedly adverse, has not been as bad as might have been feared at the start of 2009 Generally, conditions for most tenants and therefore property investors are difficult but not disastrous However, economic growth for the next year or two is likely to be anaemic and, with the overshoot on the downside now largely corrected, expectations for capital and rental value growth for the property sector as a whole for the immediate future must be modest

The market value of our directly-owned portfolio at 31 January 2010 was £38.2 million

A number of properties are currently under offer for sale with an aggregate sale consideration of £8 7 million If the Offer for REIT Plc becomes unconditional in all respects, the Group will receive £3 1 million for its shareholding Accordingly, if these transactions proceed to completion, the Board currently intends, in the absence of any unforeseen circumstances, to return approximately 100p per share to shareholders in the next few months In accordance with the Board's intention to continue to realise the whole property portfolio over the next two to three years, further asset disposals will be considered later in 2010

Rugby's priority has always been to maximise shareholder returns In the past, this has been achieved by applying our experience and entrepreneurial skills to manage our assets, crystallise value and to identify and exploit gaps in the market for the benefit of all our investors This ethos and commitment continues unabated and your management team remains firmly focused on capitalising on its expertise, in-depth market knowledge, ability to source and execute transactions and track record to secure future growth for Rugby Asset Management and for our shareholders

David Tye
Chairman

30 April 2010

OPERATING AND FINANCIAL REVIEW

The continuing adverse market conditions in the early part of the year followed by a sharp recovery in the final months have meant that the Group's principal financial key performance indicators (KPIs) have shown a largely stable position for the year For measuring performance at Group level these are

- profit or loss before tax, which was a profit for the year of £0 2 million, against a loss of £15 8 million last year,
- change in triple net assets per share (NNNAPS), which, before returning £14 6m of cash to shareholders, reduced by 1% (2009 26% reduction), and
- return on net assets (RONA), which was minus 1% for the year (2009 minus 23%)

NNNAPS takes into account the market value of properties (before deducting any selling expenses), uncrystallised tax liabilities, the Group's share of the estimated underlying net assets of co-investment vehicles and the effect of share and incentive schemes The calculation of NNNAPS is set out on page 10 Under IFRS our two quoted co-investment vehicles, O Twelve Estates Limited ("O Twelve") and Rugby Estates Investment Trust Plc ("REIT Plc"), are carried in the statement of financial position at their respective share prices The statement of financial position carrying value of our holding in ING Covent Garden Limited Partnership ("CGLP") is the net asset value according to that vehicle's audited accounts as at 31 December 2009 As CGLP has disposed of the majority of its assets, repaid its external borrowings and is in the process of winding up, the Directors do not consider a discount to reflect illiquidity and uncertainty now to be necessary

RONA is measured as the change in NNNAPS plus cash returned to shareholders expressed as a percentage of NNNAPS at the start of the year

Directly-owned portfolio (%)

Proportion of capital value (£38m)

RUGBY CAPITAL

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The market value of our directly-owned portfolio at 31 January 2010 was £38 2 million (2009 £46 0 million), of which 62% were industrial properties, 32% were offices and 6% were mixed-use retail/office South East England, including London, accounted for 43% of capital value with 26% in the Midlands, 20% in northern England and 11% in the South West

The current annual rental income from the directly-owned portfolio as at 31 January 2010 was £3 3 million The estimated rental value ("ERV") was £3 7 million, of which vacant units accounted for 8% Industrial uses accounted for 60% of ERV, with office use accounting for 34% and retail/residential use 6% Excluding income from subletting the Group's own offices, gross rental income for the year under review was £3 4 million and net income after direct expenses was £3 2 million 60% of rental income is from leases expiring within five years, with 22% from leases with between five and ten years to expiry and 18% from leases with more than ten years unexpired

The KPI for the performance of our directly owned property portfolio is ungeared total portfolio return IPD have calculated this for our directly owned portfolio at 4 2% for the year ended 31 January 2010, compared with IPD's total return for 2009 of 3 0%

The Directors intend to realise the value of Rugby Capital's portfolio through orderly disposal over the next two to three years The estimated net realisable value of properties held as inventory at 31 January 2010 takes into account the valuations of the properties as at that date and the intended realisation period As property market conditions now show some degree of stabilisation, compared with early 2009, sales of properties are being considered as specific opportunities arise

OPERATING AND FINANCIAL REVIEW
CONTINUED

RUGBY ASSET MANAGEMENT

Rugby Asset Management is the division of the Group which manages our co-investing asset management activities RAM's principal appointments as Property Adviser are

Rugby Estates Investment Trust Plc ("REIT Plc")

REIT Plc's objective is to assemble a portfolio of investment properties in the UK principally through the acquisition of privately owned property investment companies REIT Plc raised £50 million of new equity and its shares commenced trading on the London Stock Exchange on 15 May 2007

REIT Plc successfully achieved its initial objectives of converting to Real Estate Investment Trust ("Reit") status, which took effect from 1 January 2008, and establishing its initial portfolio Acting on behalf of REIT Plc, in 2007 RAM identified, negotiated and completed acquisitions of three private property companies All of the companies acquired had significant latent tax liabilities which were extinguished once Reit status was achieved This tax arbitrage worked to the advantage of both REIT Plc and the owners of the private companies and was reflected in the price agreed

At 31 December 2009, REIT Plc held a diversified portfolio of 33 properties let to 105 tenants with a valuation of £68 3 million RAM has achieved an outstanding performance for REIT Plc's portfolio which produced a portfolio return for 2009 of 22% This is equivalent to fourth place of the 286 funds monitored by IPD Net assets per share increased by 23% to 79p at 31 December 2009 Applying the IPD monthly all property capital value index movement for January 2010 of 1 0% gives the Group's share of REIT Plc's estimated underlying net assets as at 31 January 2010 of £4 0 million, which is £1 5 million more than the Group's statement of financial position value of £2 5 million based on share price as at 31 January 2010 of 50 5p

On 15 April 2010, ING UK Real Estate Income Trust Limited announced a recommended offer for the whole of the issued share capital of REIT Plc (the "Offer") which valued REIT Plc at just over £40 million The Group holds 4,990,200 shares in REIT Plc, representing 8 47% of its issued share capital Rugby Estates has, in the absence of a higher offer, undertaken to accept the Offer, electing for the cash alternative of 63p per share, which is equivalent to £3 1 million if the Offer becomes unconditional in all respects Substituting this value for the estimated value of REIT Plc's net assets as at 31 January 2010 of 80p per share would produce a figure for the Group s NNNAPS of 413p per share Should the Offer become unconditional in all respects, RAM's management agreements with REIT Plc will cease and RAM will receive a termination payment of £600,000

421p
Triple net assets per share

RAM has achieved an outstanding performance for REIT Plc's portfolio which produced a portfolio return for 2009 of 22%.

O Twelve Estates Limited ("O Twelve")
In 2005, we conceived the idea of a focused investment fund to take advantage of real estate opportunities to the east of London arising as a result of the 2012 Olympic Games and the major regeneration and infrastructure initiatives taking place in the Thames Gateway area In March 2006, O Twelve raised £122 5 million of new equity and its shares commenced trading on AIM RAM is Property Adviser to O Twelve, in which the Group holds 6,694,502 shares, representing a 5 46% equity interest

Following the acquisition programme implemented by RAM in 2006 and 2007, O Twelve has assembled a balanced portfolio which at 30 September 2009 comprised 22 properties across the retail, industrial, office and residential sectors in its target area

Notwithstanding the adverse market conditions generally, the rationale for the creation of O Twelve Estates continues to be sound The implementation of regeneration projects is helping to maintain occupier demand, particularly in and around Stratford with its knock-on effect on surrounding areas O Twelve's target area is still relatively under-researched compared to other areas of London and, coupled with the regeneration initiatives currently in progress, promises to be attractive to both tenants and investors once market conditions stabilise

At 30 September 2009, the latest date for which O Twelve has announced results, its portfolio was valued at £172 million and net asset value per share was minus 4p Applying the IPD monthly all property capital value index movement for October 2009 to January 2010 of 8 44%, gives the Group's share of O Twelve's estimated underlying net assets as at 31 January 2010 of £0 5 million, which is the same as the value in the Group s statement of financial position based on O Twelve's share price as at 31 January 2010 of 7 75p

On 17 February 2009, the Group announced that it had agreed to reduce its management fee to O Twelve from 1 0% to 0 6% per annum of gross property asset value and that O Twelve had agreed not to exercise its right to terminate RAM's appointment as a result of failure to achieve the minimum performance target of 5% per annum growth in net assets per share (with dividends added back) for the period ending 31 March 2009 The minimum performance target will next be tested for the 3 years to 31 March 2012 with net assets per share at 31 March 2009 deemed to be 50p Changes to the basis of calculation of any future performance fees were also agreed

In October 2009, O Twelve completed the restructuring of its borrowing facilities, providing a more stable base from which to move forward In connection with the financial restructuring, RAM has agreed to accept a maximum £200,000 per quarter of its fee to be settled in cash while O Twelve's current financing arrangements are in place In March 2010, O Twelve sold The Interchange, Swanley for £24 4 million, a figure 37% above that property s valuation as at 30 September 2009 The proceeds have been used to reduce O Twelve's fixed rate debt, thus strengthening its balance sheet

ING Covent Garden Limited Partnership ("CGLP")
RAM has been Property Adviser to CGLP since its creation in March 2002 and the Group holds a 6 46% interest

When it was established CGLP was intended to have a seven year life The investors decided not to extend the term of the partnership and accordingly CGLP will be wound up In December 2009, CGLP sold its investment property portfolio in a single transaction for £119 5 million CGLP retains one development property, which was valued at £21 9 million as at 31 December 2009 This development has now been completed and is expected to be sold over the course of the next 12 months The proceeds will then be distributed to investors Once the remaining property is sold, RAM's management role with CGLP will cease

The Group s estimated share of CGLP's net assets as at 31 January 2010 (after applying the IPD monthly capital value index for January of 1 0% to CGLP's audited accounts as at 31 December 2009) was £2 8 million, which is the same as the carrying value in the financial position statement

Directly-owned portfolio by Region (%)

Proportion of capital value (£38m)

OPERATING AND FINANCIAL REVIEW
CONTINUED

FEE INCOME
Fee income for the year was £3 3 million (2009 £4 2 million) This reduction, which arose principally as a result of falling property values and the renegotiation of management arrangements with O Twelve, was mitigated by a fee of £0 9 million in respect of the sale by CGLP of its investment property portfolio

Fee income for the current 2010/11 financial year will fall significantly as a result of the reduced contribution from CGLP as it winds up If the ING Offer is accepted by REIT shareholders, fee income in the current financial year will not be adversely affected due to the termination fee which RAM will receive Considerable effort is being put into creating potential new asset management opportunities to replace the CGLP and REIT mandates and secure future growth for the asset management business

£3.7m

Estimated Rental Value "ERV"

FINANCING
The Group had no borrowings during the year and does not expect to take on borrowings in the foreseeable future

PRINCIPAL RISKS AND UNCERTAINTIES
The Board considers the principal risks and uncertainties facing the Group to be the following

- the timing and extent of the recovery from economic recession is highly uncertain but may well be weak and there is a risk of a "double dip" recession leading to increased probability of tenant default and more difficult letting conditions, thus adversely affecting the rental income from and the capital value of the Group's directly-owned properties This in turn would reduce the amount of cash available to be returned to shareholders, or delay the realisation period beyond the two to three years currently expected,
- increases in investment yields which would adversely affect the value of the Group's portfolio,
- our co-investment vehicles with bank borrowings may breach loan covenants or have difficulty in arranging additional or alternative financing This in turn would adversely affect the value of the Group's holdings in those vehicles and future management fee income
- lack of investor appetite for managed property funds, the Group's limited ability to co-invest and competition for mandates from other asset management firms may make growth of the Group's asset management business difficult to achieve Competitive pressures on management fees may inhibit the profitability of the asset management business

The Board currently intends to return approximately 100p per share to shareholders in the next few months.

OUTLOOK

The latter months of 2009 saw a strong rally in capital values driven by investor demand, particularly for good quality investment properties This positive demand has continued in the early months of 2010, although values are now stabilising as the perception that capital values are over-discounted recedes The key uncertainties remain, namely the strength of the economic recovery, the possibility of a double-dip recession and the effect on tenant demand The effect of the recession so far on tenant demand, voids and rental values, whilst undoubtedly adverse, has not been as bad as might have been feared at the start of 2009 Generally, conditions for most tenants and therefore property investors are difficult but not disastrous However, economic growth for the next year or two is likely to be anaemic and, with the overshoot on the downside now largely corrected, expectations for capital and rental value growth for the property sector as a whole for the immediate future must be modest

A number of properties are currently under offer for sale with an aggregate sale consideration of £8 7 million If the ING Offer for REIT Plc becomes unconditional in all respects, the Group will receive £3 1 million for its shareholding Accordingly, if these transactions proceed to completion the Board currently intends in the absence of any unforeseen circumstances, to return approximately 100p per share to shareholders in the next few months In accordance with the Board's intention to continue to realise the whole property portfolio over the next two to three years, further asset disposals will be considered later in 2010

Rugby's priority has always been to maximise shareholder returns In the past, this has been achieved by applying our experience and entrepreneurial skills to manage our assets, crystallise value and to identify and exploit gaps in the market for the benefit of all our investors The management team remains firmly focused on capitalising on its expertise, in-depth market knowledge, ability to source and execute transactions and track record to secure future growth for Rugby Asset Management and for our shareholders

Andrew Wilson
Chief Executive

Stephen Jones
Finance Director

30 April 2010

NET ASSETS PER SHARE

	31 January 2010 £m	31 January 2009 £m (restated)
Net assets per statement of financial position	**48 8**	60 0
Market value of property inventories (i)	**38 2**	46 0
Less book value of property inventories	**(35 8)**	(44 1)
Tax payable if property inventories are sold at market value	**(0 7)**	(0 5)
LTIP obligation	**(1 3)**	(1 7)
PRIP obligation (ii)	**(2 6)**	–
Share of underlying net assets of co-investments (iii)	**7 3**	6 5
Less co-investments per statement of financial position	**(5 8)**	(3 7)
Triple net assets	**48 1**	62 5
Number of Ordinary Shares		
At 31 January 2010	**11,390,021**	–
At 31 January 2009 – as previously reported	–	16,854,203
At 31 January 2009 – restated (iv)	–	11,236,135
Triple net assets per share	–	–
At 31 January 2010	**421p**	–
At 31 January 2009 – as previously reported	–	371p
At 31 January 2009 – restated (iv)	–	556p

Triple net assets per share is stated after adjustment for the dilutive effect of share options of minus 1p (2009 nil)

(i) At 31 January 2010, £37 3 million (January 2009 £45 0 million) of properties were valued by CB Richard Ellis and £0 9 million (January 2009 £0 8 million) were valued by the Directors

(ii) At the General Meeting held on 15 June 2009 shareholders approved two executive incentive schemes Under the Property Realisation Incentive Plan ('PRIP') the Executive Directors will receive up to 5% of distributions to shareholders arising from the realisation of the Group's property portfolio and capital returns from co-investments between 1 February 2009 and 31 January 2014 If the Group s properties were sold at market value and co-investments were realised at share of estimated net assets as at 31 January 2010, and the proceeds distributed to shareholders, the future cost to the Group would be approximately £2 6 million Under the Value Creation Plan ("VCP"), employees may receive benefits if certain performance targets relating to the value of the asset management business are achieved by 31 January 2014 The Directors do not consider this to have a measurable effect on triple net assets as at 31 January 2010

(iii) The Group s share of the underlying net assets of co-investments as at 31 January 2010 has been estimated by applying the movement in the IPD Monthly All Property Capital Value index to the closest available independent valuation of each co-investment vehicle's property portfolio The closest valuations for REIT Plc and CGLP were at 31 December 2010 and a growth factor of 1 0% has been applied The closest valuation for O Twelve was at 30 September 2009 and a growth factor of 8 4% has been applied The Group's share of the estimated underlying net assets as at 31 January 2010 are £4 0 million for REIT Plc, £2 8 million for CGLP and £0 5 million for O Twelve

On 15 April 2010, ING UK Real Estate Income Trust Limited announced a recommended offer for the whole of the issued share capital of REIT Plc (the "Offer") which valued REIT plc at just over £40 million Rugby Estates has, in the absence of a higher offer, undertaken to accept the Offer, electing for the cash alternative of 63p per share, which is equivalent to £3 1 million if the Offer becomes unconditional Substituting this value for the estimated value of REIT Plc's net assets as at 31 January 2010 of 80p per share would produce a figure for the Group's NNNAPS of 413p per share

(iv) The number of Ordinary Shares and net assets per share as at 31 January 2009 have been restated to allow for the effects of the 4 for 5 share consolidation on 9 July 2009 and the 5 for 6 share consolidation on 13 January 2010

Analysis of Movement in Triple Net Assets

	2010 £m	2010 p/share	2009 £m	2009 p/share
Change in property values	(1 5)	(9)	(12 8)	(76)
Net rental income	3 2	19	3 4	20
Total portfolio return on directly owned properties	1 7	10	(9 4)	(56)
Administrative costs	(4 3)	(26)	(6 2)	(37)
Fees receivable	3 2	19	4 2	25
Financing income	0 1	-	0 2	2
Change in underlying net asset value of and income from financial assets	0 9	5	(9 3)	(55)
Change in LTIP obligation	0 3	2	(0 5)	(3)
Change in PRIP obligation	(2 6)	(15)	–	–
Tax recoverable crystallised in the year	0 4	3	0 7	4
Change in uncrystallised tax liabilities	(0 2)	(1)	0 8	5
Change in net assets after tax	(0 5)	(3)	(19 5)	(115)
Cash paid to shareholders	(14 6)	(86)	(2 1)	(13)
(Decrease)/increase in net assets before changes in share capital*	(15 1)	(89)	(21 6)	(128)
Effect of share capital consolidations	-	(134)	–	(192)
Shares issued‡	0 6	-	1 3	–
Shares purchased	0 1		(1 3)	
Dilution if share options exercised	-	(1)	–	-
Total change in the year	(14 4)	(135)	(21 6)	(192)
Opening triple net assets (2009 restated)	62 5	556	84 1	748
Closing triple net assets (2009 restated)	48 1	421	62 5	556

* The changes in net assets per share at this line and above are calculated using the number of shares in issue at the start of the year of 16,854,203 (2009 16,852,590) This enables the effect on net assets per share of share issues, share purchases and share capital consolidations to be separately identified

‡ Shares issued include treasury shares used for employee share schemes

PROPERTY PORTFOLIO – 31 JANUARY 2010

	Acquired	Valuation ranges £ million
LONDON		
EC1 St John's Square	2001 Office	1 – 3
E1 Mansell Street	2006 Office	1 – 3
KT6 Surbiton, Hook Road	2006 Industrial	0 – 1
E2 The Oval, Hackney	2007 Industrial	1 – 3
E15 Stratford, Security House, Romford Road	2007 Office	0 – 1
SE26 Orchard Business Centre, Sydenham	2007 Industrial	3 – 5
SOUTH EAST		
Staines, Moor Lane	2005 Industrial	1 – 3
Maidenhead, King Street	2008 Retail/residential	1 – 3
Portsmouth, Gunstore Road	2006 Industrial	1 – 3
Harlow, Printers Way	2007 Industrial	1 – 3
OTHER LOCATIONS		
Rugby, Somers Road	2006 Industrial	3 – 5
Bridgwater, Chilton Trinity	2006 Industrial development	0 – 1
Birmingham, Edgbaston, Highfield Road	2006 Office	1 – 3
Birmingham, Edgbaston, George Road	2005 Office	5 – 8
Bath, Alexander House	2007 Office	1 – 3
Bridgwater, Wylds Road	2007 Industrial	1 – 3
Leeds, Birstall Industrial Portfolio	2007 Industrial	5 – 8
TOTALS – DIRECTLY OWNED PROPERTIES (£m)		**38.2**

DIRECTORS' REPORT

PRINCIPAL ACTIVITIES
The Group carries on the business of property trading, management and investment within the United Kingdom

RESULTS
The results for the year are set out in the Group Income Statement on page 23

The profit for the year, after taxation, amounted to £584,000 (2009 £15,117,000 loss)

RETURN OF CASH TO SHAREHOLDERS
On 11 December 2008, the Company announced its intention to concentrate on the asset management business and to return to shareholders the cash realised from disposal of the Group's directly-owned property portfolio During the year, a total of £14,635,000 was returned to shareholders, equivalent to 86p for each share held at the start of the year In order to ensure sufficient distributable reserves in the Company, application was made to the Court for a reduction of capital and a reduction in the share premium account and this was sanctioned by the Court on 8 July 2009 Further details of the reduction of capital and return of cash to shareholders are in note 21 on page 45

SHARE CONSOLIDATION
In order to maintain comparability of share price following the returns of cash to shareholders, the share capital of the Company was subject to a 4 for 5 consolidation on 9 July 2009 and a 5 for 6 consolidation on 13 January 2010 Further details of changes in share capital are in notes 21 and 22 on pages 45 to 47

BUSINESS REVIEW
Accounts of the Group's progress during the year, key performance indicators, the position of its business at the end of the year and future prospects are set out in the Chairman's Review on pages 2 to 4 and the Operating and Financial Review on pages 5 to 9 Risk factors and environmental, employee and social matters are considered in the Corporate Governance Report on pages 18 to 20

POLITICAL AND CHARITABLE CONTRIBUTIONS
The Group made charitable donations of £500 (2009 £6,060) during the year The principal charitable purposes were medical research £500 (2009 £1,700) and child welfare £nil (2009 £4,050) The Group made no political contributions

PAYMENT POLICY
The Company agrees terms and conditions for its business transactions with its suppliers Payment is then made on these terms, subject to the terms and conditions being met by the supplier At 31 January 2010 there were nil days purchases (2009 nil days) outstanding in respect of the Group's trade creditors

FINANCIAL RISK MANAGEMENT
The Group's policies for managing financial risk are described in note 26 on pages 50 to 52

GOING CONCERN
After making enquiries, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future For this reason they continue to adopt the going concern basis in preparing the accounts

DIRECTORS' LIABILITIES
The Company has granted an indemnity to its Directors against liability in respect of proceedings brought by third parties to the limits set out in legislation The qualifying third party indemnity provision remains in force as at the date that this report was approved

ANNUAL GENERAL MEETING
The Annual General Meeting of the Company will be held at 4, Farm Street, London W1J 5RD on Wednesday 28 June 2010 at 10 30am The Directors will be available to meet shareholders and answer any questions The resolutions which will be proposed are set out in the Notice of Annual General Meeting on pages 55 to 58 Explanatory information regarding the proposed Resolutions is set out on page 54

SUBSTANTIAL SHAREHOLDINGS
At 29 April 2010 the Company has been notified of the following interests (other than those of Directors) in excess of 3% of the issued ordinary share capital of the Company

DIRECTORS' REPORT
CONTINUED

	Ordinary Shares of 15p	
Laxey Partners	3,154,618	27 61%
Aberdeen Asset Management plc	990,000	8 67%
Prudential plc	932,000	8 16%
Thames River Capital LLP	666,666	5 84%
Gartmore Investments Ltd	559,455	4 89%
F&C Asset Management plc	404 444	3 54%
Rugby Estates Plc Retirement Benefits Scheme	402,624	3 53%

The holdings reported have been adjusted for the 4 for 5 share consolidation on 9 July 2009 and the 5 for 6 share consolidation on 13 January 2010

DIRECTORS AND DIRECTORS' INTERESTS

The Directors who served during the year are set out below They had the following interests (all of which were beneficial) in the Ordinary Shares each of the company as at the dates indicated

	29 April 2010 Shares of 15p	31 January 2010 Shares of 15p	31 January 2009 Shares of 20p
David M F Tweeddale-Tye	965,352	965,352	1,443,739
Andrew L Wilson	360,509	360,509	536,440
Stephen D Jones	134,316	134,316	197,151
Andrew Tyne (non-executive)	3,000	3,000	4,500
John A Jackson (non-executive)	96,882	96,882	82,824

The holdings reported at 31 January 2010 and 29 April 2010 have been adjusted for the 4 for 5 share consolidation on 9 July 2009 and the 5 for 6 share consolidation on 13 January 2010

The beneficial interests of Directors in the shares of the Company disclosed above include those of their spouses, minor children, private companies and the shares awarded, conditionally and unconditionally, under the Group's All Employee Share Ownership Plan as shown below

Mr Tweeddale-Tye, Mr Wilson and Mr Jones are trustees and members of Rugby Estates Plc Retirement Benefits Scheme

INTERESTS OF THE DIRECTORS IN THE COMPANY'S SHARE OPTION SCHEMES

Ordinary Shares	D M F Tweeddale-Tye	A L Wilson	S D Jones
At 31 January 2009 – shares of 20p	12,145	12,145	12,145
Changes during the year	–	–	–
At 31 January 2010 – shares of 15p	12,145	12,145	12,145

Scheme Details	Date of grant	Exercise price	Exercise Date Earliest	Exercise Date Latest	Performance Criteria
1994 Approved Executive Scheme	1/11/2001	247p	1/11/2004	1/11/2011	See below

The exercise of shares options under the 1994 Approved Executive Scheme is subject to the satisfaction of the criterion that the increase in the adjusted net asset value per ordinary share over a continuous period of three financial years of the Company (commencing no earlier than one year prior to the date of the grant) exceeded the growth in the All Properties Capital Growth Index published by Investment Property Databank Limited over the same period by at least 3 per cent per annum

The mid-market price of each ordinary share at 31 January 2010 was 254p (2009 212 5p) and the range during the year was 200 5p – 264p (2009 175p – 403p)

INTERESTS OF THE DIRECTORS IN THE RUGBY ESTATES PLC ALL EMPLOYEE SHARE OWNERSHIP PLAN (THE "PLAN")

Ordinary Shares			D M F Tweeddale-Tye	A L Wilson	S D Jones
Share awards which became unconditional during the year					
Vesting date		MV(a)			
6 July 2009 – shares of 20p	F	226 5p	606	606	606
23 December 2009 – shares of 12 5p	M	264p	651	651	651
Market value at date of vesting			£3,091	£3,091	£3,091
Outstanding conditional awards – shares of 15p		MV(b)			
Vesting date					
24 July 2010	F	592p	337	337	337
12 December 2010	M	415p	481	481	481
4 July 2011	F	305p	655	655	655
12 December 2011	M	185p	638	638	638
4 November 2012	F	247 5p	624	624	624
23 December 2012	M	176p	1,248	1,248	1,248
At 31 January 2010			**3,983**	**3,983**	**3,983**
At 31 January 2009 – shares of 20p			4,603	4,603	4,603

The awards reported at 31 January 2010 have been adjusted for the 4 for 5 share consolidation on 9 July 2009 and the 5 for 6 share consolidation on 13 January 2010

(F) Free Shares awarded to all employees

(M) Matching Shares awarded on the basis of 2 shares for each Partnership Share purchased by the employee

MV(a) The market value of a share at the date on which the award became unconditional

MV(b) The market value of a share at the date of the award, calculated in accordance with the rules of the Plan

The All Employee Share Ownership Plan was established under Schedule 8 of the Finance Act 2000 and was approved by shareholders at the 2000 Annual General Meeting

All shares held by the Trustees of the Plan belonging, unconditionally or conditionally, to Directors who are members of the Plan, are included within the Directors' interests in shares shown on page 17

Free Shares and Matching Shares become unconditionally vested in the member at the expiry of the three year holding period as shown above, provided the member remains an employee of the Group throughout the holding period Vesting may take place before the end of the holding period if employment ceases by reason of disability, redundancy, retirement, death, change of control of the employer or transfer of employment

DIRECTORS' REPORT
CONTINUED

INTERESTS OF THE DIRECTORS IN THE RUGBY ESTATES PLC LONG TERM INCENTIVE PLAN (THE "LTIP")

Ordinary Shares	D M F Tweeddale-Tye	A L Wilson	S D Jones
Outstanding conditional awards of shares			
Vesting date			
23 May 2010	51,737	51,737	27,567
21 May 2011	89,058	89,058	47,836
At 31 January 2010 – shares of 15p	**140,795**	**140,795**	**75,403**
At 31 January 2009 – shares of 20p	195,744	195,744	105,706
Shares vested during the year – shares of 20p	**51,753**	**51,753**	**28,540**

Shares vested during the year on 16 July 2009, at which date the mid-market price was 245p,

The LTIP Awards are conditional awards of shares to the Executive Directors and other senior employees The numbers of shares awarded are calculated as 100% of basic annual salary at the date of the award divided by the closing share price prior to the date of grant of 647 5p (for awards vesting on 23 May 2010) and 393p (for awards vesting on 21 May 2011)

Vesting of the awards is subject to the following performance conditions

(a) 50% of the shares will be released based upon the Total Shareholder Return ("TSR") of the Company against those companies comprising the FTSE Real Estate index at the date of grant measured over a three year period No shares will be released at or below median performance, 100% will be released at upper quartile performance, with straight line vesting between these two points

(b) 50% of the shares will be released based upon growth in Adjusted Net Assets Per Share ("ANAPS") in excess of the growth in the IPD All Property Capital Growth Index over the three year period commencing with the end of the financial year immediately preceding the date of grant of the LTIP award No shares shall be released if ANAPS growth is at or below the IPD Index, 100% will be released at 5% per annum growth above the IPD Index, with straight line vesting between these two points

ANAPS will be calculated on the same basis as triple net assets per share as set out in the Company's 2004 annual report, adjusted to eliminate the effect of all significant variations in issued share capital The Remuneration Committee will also be entitled to make any other adjustments to the calculation which it considers to be fair and reasonable provided that the primary purpose of the adjustment is not to make the condition less difficult to satisfy

Performance will be measured at the end of each three year period If the performance conditions are not satisfied or only partially satisfied the award or the balance of the award will lapse

The Remuneration Committee was advised by Halliwell Consulting in establishing the LTIP, which was approved by shareholders at the 2004 AGM

INTERESTS OF THE DIRECTORS IN THE RUGBY ESTATES PLC 2009 VALUE CREATION PLAN (THE "VCP")

Directors were awarded units under the VCP on 16 July 2009 as follows

DMF Tweeddale-Tye	20,000
AL Wilson	20,000
SD Jones	10,000

A total of 100,000 units may be awarded under the VCP At 31 January 2010 a total of 70,000 units had been awarded Shortly after 31 January 2014, units will convert to Share Awards, in the form of nil cost options over Ordinary Shares, subject to continuous employment and achievement of the following corporate performance targets

- disposal of the Group's directly-owned property portfolio (save for residual assets not exceeding £2 million), and
- annual fee income from the asset management business greater than £5 million for the year ending 31 January 2014

The value of the Share Awards on conversion of the units will be between 10% and 20% of the amount by which the value of the Company at 31 January 2014 exceeds £5 million If the value of the Company is less than £10 million, no Share Awards will be made If the value of the Company is £10 million, Share Awards will be 10% of the increase in value, increasing on a straight line basis to a maximum 20% of the increase in value at £20 million and above

The value of the Company at 31 January 2014 will be the market capitalisation of the Company at that date less the fair value of co-investments and any residual properties

INTERESTS OF THE DIRECTORS IN THE RUGBY ESTATES PLC 2009 PROPERTY REALISATION INCENTIVE PLAN (THE "PRIP")

Directors were awarded units under the PRIP on 16 July 2009 as follows

DMF Tweeddale-Tye	40,000
AL Wilson	40,000
SD Jones	20,000

No units other than those shown above have been or will be awarded

An award under the PRIP gives a participant the right to receive a pre-determined cash payout from a bonus pool dependent on continuity of employment and the achievement of performance conditions Participants will receive, in aggregate, an amount in cash equivalent to 5% of any distributions made to Shareholders over the five years ending 31 January 2014, excluding the return of cash of 50p per share made in July 2009 The total bonus pool will not exceed 5% of the aggregate gross sale proceeds of the properties owned at 31 January 2009 and capital realisations of co-investments

50% of the bonus pool created will be paid out in respect of distributions made in each relevant financial year The remaining 50% will be deferred and paid out shortly after 31 January 2014, subject to

- disposal of the Group's directly-owned property portfolio (save for residual assets not exceeding £2 million), and
- the aggregate gross sale proceeds from the disposal of properties being at least £41 36 million

The Remuneration Committee retains the discretion to accelerate the release of the deferred sums in exceptional circumstances

AUDITORS

All of the current Directors have taken the steps which they ought to have taken in their duties as Directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information

So far as each Director is aware there is no relevant information of which the Company's auditors are unaware

BDO LLP have expressed their willingness to continue in office and a resolution to appoint them will be put to shareholders at the forthcoming Annual General Meeting

SD

By order of the Board

Stephen Jones
Company Secretary
30 April 2010

CORPORATE GOVERNANCE

Whilst the Combined Code issued by the Financial Reporting Council does not apply to AIM companies, the Directors consider good corporate governance to be important to the success of the Group and accordingly have provided the disclosure below to outline how the governance of the Group is conducted

THE BOARD

During the year, the Board consisted of three Executive Directors and two independent Non-Executive Directors The Board met on six occasions during the year, at which all Directors were present

The Board as a whole meets at least six times each year A formal schedule of matters reserved for the decision of the Board covers key areas of the Group's affairs, including all property or other acquisitions in excess of 5% of the Group's net assets Procedures are in place to enable Directors to obtain independent professional advice, where necessary, at the company's expense

All the Directors have access to the advice and services of the Company Secretary, whose appointment and removal is a matter for the Board as a whole

The Board receives financial and other relevant information on a quarterly basis with additional reports where appropriate

The Board is led by the Executive Chairman responsible primarily for the running of the Board and for strategic development The business is run by the Chief Executive, supported by the Finance Director There is a clear written division of responsibilities between the Executive Chairman and the Chief Executive

The two Non-Executive Directors are considered by the Board to be independent of management Both are able to exercise independent judgement and their views carry significant weight in the Board's decisions The Board considers that, as the Group is neither large nor complex, the present Board composition provides an effective balance of power and authority

NOMINATION COMMITTEE

The Nomination Committee comprises Mr Tweeddale-Tye as Chairman, Mr Tyrie and Mr Jackson The Committee did not meet during the year

The terms of reference of the Nomination Committee are available on the Company's website (www rugbyestates plc uk) and on request from the Company Secretary

AUDIT COMMITTEE

The Audit Committee comprised Mr Jackson as Chairman and Mr Tyrie During the year, the Committee met on two occasions to review with the auditors and the Executive Directors the draft final and interim results key areas of accounting treatment and judgement, risks and control procedures At each meeting the Committee met with the Group's auditors prior to the Chairman or Executive Directors being present

The Board carries out periodic audit review and re-tender exercises every five years, the last such exercise having been undertaken in 2008

The terms of reference of the Audit Committee are available on the Company's website (www rugbyestates plc uk) and on request from the Company Secretary

RISK MANAGEMENT AND INTERNAL CONTROL

The Directors consider the principal risks faced by the Group which may be managed through internal control procedures to be the following

- Conditions in the UK property market generally over the foreseeable future, particularly tenant and investor demand for commercial property These represent uncertainties in the operating environment, successful management of which is achieved through the employment of suitably qualified and experienced personnel
- Financial risks, such as sudden adverse changes in interest rates or availability of debt finance The Group's treasury policies for managing these are set out in note 26 on pages 50 to 52
- Transactional risks, such as entering into commitments without proper Board approval, failure to carry out proper due diligence on acquisitions and similar matters These risks are managed through internal control procedures and through the employment of suitably experienced and qualified personnel
- Judgement risks, such as acquiring a property for redevelopment but ultimately failing to obtain the desired planning consent Such uncertainties reflect business opportunities as well as risks and are at the heart of any successful property business Successful business judgements rely on the expertise, knowledge and talent of the management team
- Reputational risks, which include investor, community, personnel and business relationships With the growth of the asset management business in recent years, the Group s reputation for expertise, professionalism and integrity has become increasingly important for shareholder value Managing such risks, and maximising the opportunities arising therefrom, is achieved by employing suitably experienced, qualified and talented personnel who are motivated to achieve the Group's long-term objectives

The Directors are responsible for maintaining a system of internal control to safeguard shareholders' investment and the Group's assets and for reviewing the effectiveness of that system Any internal control system can only be designed to manage, rather than eliminate, the risk of failure to achieve in part or in whole business objectives and can only provide reasonable (not absolute) assurance against material misstatement or loss The key elements of the process by which the effectiveness of the system of internal control is reviewed are as follows

> The principal risks which the Group faces, or is considered likely to face in the foreseeable future, are formally reviewed at least annually by the Board

> The control mechanisms for each identified risk are formally reviewed on an annual basis

> Any problem arising is analysed to establish whether its effect could have been avoided or mitigated through improved control procedures

> The risk and control aspects of changes in the nature or conduct of the Group's business or significant new projects are considered as they arise

> The Audit Committee considers and determines relevant action in respect of any internal control issues raised by the external auditors or identified by management

The Group has a very small management team operating from a single location The Board meets at least six times each year and reviews and approves all significant transactions Each Executive Director has responsibility for specific aspects of the Group's affairs and Executive Directors meet regularly to discuss day to day operational matters

Accordingly, the Board exercises close control over all the Group's significant transactions and the Executive Directors exercise close control over all operational activities The Board has considered the need for an internal audit function but due to the very small number of staff this is not currently considered to be necessary or practicable

The Directors have reviewed the effectiveness of the system of internal control as it operated during the year ended 31 January 2010 and subsequently up to the date of this report This has involved considering the present needs of the business, the risks it faces and appropriate control measures

The principal risks and uncertainties currently faced by the Group are set out in the Operating and Financial Review on page 8

THE REMUNERATION COMMITTEE

The Remuneration Committee during the year comprised Mr Tyrie as Chairman and Mr Jackson Mr Tweeddale-Tye, the Executive Chairman provides advice to the Committee in relation to the other Executive Directors The Committee acts within agreed terms of reference to make recommendations to the Board on the broad policy framework of the remuneration of Executive Directors and to determine the details of the pay, incentives, benefits and pension rights for individual Executive Directors The Committee met formally on three occasions during the year

The terms of reference of the Remuneration Committee are available on the Company's website (www rugbyestates plc uk) and on request from the Company Secretary

REMUNERATION POLICY

The Company's policy on Directors' remuneration is that the overall remuneration package should be sufficiently competitive to attract, retain and motivate high quality executives capable of achieving the Group's objectives and thereby enhancing long term shareholder value Remuneration packages are designed to reward Directors fairly for their contributions and to reflect the long term interests of shareholders Accordingly, individual packages are structured on the premise that, over the longer term, the performance-related elements of each Director's remuneration should form a significant proportion of the total remuneration package In previous years, longer term performance has been rewarded principally through the LTIP, whilst annual performance-related bonuses have been based principally on the profits realised in each financial year Since December 2008, the Group's strategy has been to concentrate on the asset management business and to return to shareholders the cash realised from the disposal of the Group's directly-owned properties Accordingly, in early 2009 the Remuneration Committee undertook a detailed review of its remuneration policy to ensure that the policy supports the new business strategy and continues to enable the Company to attract, motivate and retain executives of the calibre necessary to deliver the corporate strategy over the next three to four years A new incentive structure to support this strategy was approved by Shareholders at a General Meeting held on 15 June 2009 This consists of

- The Rugby Estates Plc 2009 Property Realisation Incentive Plan (the "PRIP") which gives the Executive Directors the opportunity to earn cash bonuses directly related to distributions to Shareholders generated from the realisation of the Group's property portfolio by 31 January 2014, and
- The Rugby Estates Plc 2009 Value Creation Plan (the "VCP"), the overriding principle of which is to allow Executives to be awarded equity with a value equivalent of up to 20% of the value created for Shareholders driven by the growth in value of the asset management business

CORPORATE GOVERNANCE
CONTINUED

No new awards under the LTIP have been or will be made following the approval of the PRIP and VCP on 15 June 2009

Details of Directors' remuneration for the year are set out in note 6 on page 38

Details of the Group's incentive plans, and the Directors' interests therein, are set out in the Directors' Report on pages 13 to 17

NON-EXECUTIVE DIRECTORS
The remuneration of the Non-Executive Directors takes the form solely of fees which are determined by the Board within the limits stipulated in the Articles of Association The Non-Executive Directors are not involved in any discussions or decision about their own remuneration

Letters of appointment provide for termination on 3 months notice by either party

SERVICE CONTRACTS
The Company's policy is for all Executive Directors to have contracts of employment with provision for termination on 12 months notice

There are no predetermined special provisions for Executive or Non-Executive Directors regarding compensation for loss of office or any other payments in respect of early termination If the situation arises, the Remuneration Committee considers the individual circumstances and determines any compensation payments accordingly

All Directors are required to submit themselves for re-election every three years At the 2010 AGM Mr Jackson and Mr Wilson will retire and offer themselves for re-election Biographical details of all Directors are given on page 60

PERSONNEL
Maintenance of shareholder value depends critically on the recruitment, personal development and retention of suitably experienced, qualified and talented people The number of employees, including Executive Directors during the year was 13 All of these employees are based at the Group's office at 4 Farm Street London W1 Seven of the 13 employees are professionally qualified Chartered Surveyors or Chartered Accountants All employees are encouraged to obtain relevant qualifications and to enhance their relevant skills, and appropriate assistance with this is given by the Company All employees are eligible for free life assurance cover and medical insurance Company pension contributions are negotiated as part of an individual s overall remuneration package, however, the Company will as a minimum match any employee's own pension contributions up to 5% of basic salary All employees are eligible for awards of Shares under the All Employee Share Ownership Plan ("AESOP") Certain senior employees below Board level also receive awards under the Long Term Incentive Plan ("LTIP") and the Value Creation Plan ('VCP") Further details of the AESOP, LTIP and VCP are given on pages 47 to 48 These share schemes, which include vesting periods of three years or more, play a valuable role in staff retention and in aligning individual rewards with the success of the Group

CORPORATE RESPONSIBILITY
The Board has reviewed the Group s policies and procedures for managing risks arising from social, environmental, health and safety and ethical matters

Each area of the Group s activities is the responsibility of a specific Executive Director

Other than for buildings which are let to a single tenant on full repairing and insuring leases the Group appoints specialist facilities management firms whose responsibilities include compliance with all relevant health, safety and environmental requirements Prior to acquisition of any property appropriate surveys and reports are obtained, as part of the due diligence process, to identify potential environmental and health and safety issues, which are then dealt with post acquisition Regular meetings are held with the facilities managers at which health and safety and environmental matters for each property are reviewed No reportable incidents arose during the year

Given the nature of the Group's present business, its successful history and the small number of employees, the Directors do not consider the Group currently to face significant risks in respect of social or ethical matters Any such risks are identified and dealt with by the Group s internal control procedures as described above

SHAREHOLDER RELATIONS
Communications with Shareholders are given a high priority and the Company undertakes regular dialogue with shareholders and fund managers The Executive Directors are the Company's main spokesmen with Shareholders, fund managers, analysts and the press, and give regular feedback to the Non-Executive Directors on meetings with and presentations made to major shareholders and other interested parties

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations

Company law requires the Directors to prepare financial statements for each financial year Under that law the Directors have elected to prepare the Group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the profit or loss of the Group for that period The Directors are also required to prepare financial statements in accordance with the rules of the London Stock Exchange for companies trading securities on the Alternative Investment Market

In preparing these financial statements, the Directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- state whether they have been prepared in accordance with IFRSs as adopted by the European Union, subject to any material departures disclosed and explained in the financial statements,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the requirements of the Companies Act 2006 They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

WEBSITE PUBLICATION

The Directors are responsible for ensuring the annual report and the financial statements are made available on a website Financial statements are published on the Company's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions The maintenance and integrity of the Company's website is the responsibility of the Directors The Directors' responsibility also extends to the ongoing integrity of the financial statements contained therein

D M F Tweeddale-Tye S D Jones
Directors

30 April 2010

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF RUGBY ESTATES PLC

We have audited the financial statements of Rugby Estates Plc for the year ended 31 January 2010 which comprise the Group Statement of Financial Position and Company Statement of Financial Position, the Group Statement of Comprehensive Income, the Group and Company Statements of Cash Flow, the Group and Company Statements of Changes in Equity and the related notes The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the Parent Company financial statements, as applied in accordance with the provisions of the Companies Act 2006

This report is made solely to the Company's members, as a body, in accordance with sections 495 and 496 of the Companies Act 2006 Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work for this report, or for the opinions we have formed

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS
As explained more fully in the Statement of Directors' Responsibilities, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) Those standards require us to comply with the Auditing Practices Board s (APB's) Ethical Standards for Auditors

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS
An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error This includes an assessment of whether the accounting policies are appropriate to the Group's and the Parent Company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the Directors, and the overall presentation of the financial statements

OPINION ON FINANCIAL STATEMENTS
In our opinion

- the financial statements give a true and fair view of the state of the Group's and the Parent Company's affairs as at 31 January 2010 and of the Group's profit for the year then ended,
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union,
- the Parent Company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006, and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006

OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006
In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION
We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us, or
- the Parent Company financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of Directors' remuneration specified by law are not made or
- we have not received all the information and explanations we require for our audit

BDO LLP

Richard Levy (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
London
United Kingdom
30 April 2010

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127)

GROUP STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 JANUARY 2010

	Notes	2010 £'000	2009 £'000
Sales of properties		6,855	2,400
Rental income		3,553	3,852
Fees receivable		3,250	4 213
Revenue		13,658	10,465
Direct costs of			
Sales of properties		(5,966)	(1,487)
Net realisable value adjustment to inventory		(2,885)	(11,178)
Rental income		(355)	(415)
Fees receivable		(19)	(24)
Direct costs		(9,225)	(13,104)
Income from investments	4	–	163
Administrative expenses			
– ongoing		(4,330)	(6,170)
– unrealised impairment losses on financial assets		–	(7,320)
		(4,330)	(13,490)
Finance costs	7	(5)	(829)
Finance revenue	8	86	991
Profit/(loss) before taxation		184	(15,804)
Income tax credit	9	400	687
Profit/(loss) for the year attributable to equity holders of the parent		584	(15,117)
Other comprehensive income			
Fair value gains and losses on financial assets		2,125	(1,725)
Other comprehensive income/(expense) for the year (net of tax)		2,125	(1,725)
Total comprehensive income/(expense) for the year attributable to equity holders of the parent		2,709	(16,842)
Basic and diluted earnings/(loss) per share (2009 restated)	12	5 2p	(134 5)p

GROUP STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 JANUARY 2010

Group	Share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Retained earnings £'000	Unrealised gains and losses £'000	LTIP reserves £'000	Own shares held for treasury £'000	Own shares held for AESOP* £'000	Total share-holders equity £'000
At 1 February 2008	3,427	39,370	1,504	32,681	1,725	1,405	(709)	(234)	79,169
Total comprehensive expense for the year	–	–	–	(15,117)	(1,725)	–	–	–	(16,842)
Dividend distribution	–	–	–	(2,111)	–	–	–	–	(2,111)
Treasury shares purchased	–	–	–	–	–	–	(1,324)	–	(1,324)
AESOP* shares purchased	–	–	–	–	–	–	–	(45)	(45)
AESOP* shares charged to income statement	–	–	–	–	–	–	–	57	57
LTIP** charged to income statement	–	–	–	–	–	1,061	–	–	1,061
LTIP** grant vested	–	–	–	(541)	–	(783)	1,324	–	–
At 1 February 2009	**3,427**	**39,370**	**1,504**	**14,912**	**–**	**1,683**	**(709)**	**(222)**	**59,965**
Total comprehensive income for the year	–	–	–	584	2,125	–	–	–	2,709
AESOP* shares purchased	–	–	–	–	–	–	–	(77)	(77)
AESOP* shares charged to income statement	–	–	–	–	–	–	–	166	166
Treasury shares transferred to AESOP*	–	–	–	–	–	–	17	(17)	–
LTIP** charged to income statement	–	–	–	–	–	673	–	–	673
LTIP** grant vested	–	–	–	289	–	(1,032)	692	–	(51)
Reduction of capital	(1,713)	–	–	1,713	–	–	–	–	–
Reduction of share premium	–	(19,635)	–	19,635	–	–	–	–	–
Return of cash 22 July 2009	–	–	–	(8,465)	–	–	–	–	(8,465)
Return of cash 22 January 2010	–	–	–	(6,170)	–	–	–	–	(6,170)
Capital redemption	–	–	2,898	(2,898)	–	–	–	–	–
At 31 January 2010	**1,714**	**19,735**	**4,402**	**19,600**	**2,125**	**1,324**	**–**	**(150)**	**48,750**

AESOP – the Group's All Employee Share Ownership Plan
LTIP – the Group's Long Term Incentive Plan

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 JANUARY 2010

Company	Share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Retained earnings £'000	Unrealised gains and losses £'000	LTIP reserves £'000	Own shares held for treasury £'000	Own shares held for AESOP* £'000	Total share-holders equity £'000
At 1 February 2008	3,427	39,370	1,504	14,707	–	1,405	(709)	(234)	59,470
Total comprehensive expense for the year	–	–	–	(6,452)	–	–	–	–	(6,452)
Dividend distribution	–	–	–	(2,111)	–	–	–	–	(2,111)
Treasury shares purchased	–	–	–	–	–	–	(1,324)	–	(1,324)
AESOP* shares purchased	–	–	–	–	–	–	–	(45)	(45)
AESOP* shares charged to income statement	–	–	–	–	–	–	–	57	57
LTIP** charged to income statement	–	–	–	–	–	1,061	–	–	1,061
LTIP** grant vested	–	–	–	(541)	–	(783)	1,324	–	–
At 1 February 2009	**3,427**	**39,370**	**1,504**	**5,603**	**–**	**1,683**	**(709)**	**(222)**	**50,656**
Total comprehensive income for the year	–	–	–	4,924	–	–	–	–	4,924
AESOP* shares purchased	–	–	–	–	–	–	–	(77)	(77)
AESOP* shares charged to income statement	–	–	–	–	–	–	–	166	166
Treasury shares transferred to AESOP*	–	–	–	–	–	–	17	(17)	–
LTIP** charged to income statement	–	–	–	–	–	673	–	–	673
LTIP** grant vested	–	–	–	289	–	(1,032)	692	–	(51)
Reduction of capital	(1,713)	–	–	1,713	–	–	–	–	–
Reduction of share premium	–	(19,635)	–	19,635	–	–	–	–	–
Return of cash 22 July 2009	–	–	–	(8,465)	–	–	–	–	(8,465)
Return of cash 22 January 2010	–	–	–	(6,170)	–	–	–	–	(6,170)
Capital redemption	–	–	2,898	(2,898)	–	–	–	–	–
At 31 January 2010	**1,714**	**19,735**	**4,402**	**14,631**	**–**	**1,324**	**–**	**(150)**	**41,656**

* AESOP – the Group s All Employee Share Ownership Plan
** LTIP – the Group s Long Term Incentive Plan

GROUP STATEMENT OF FINANCIAL POSITION
AS AT 31 JANUARY 2010
COMPANY NUMBER 2548935

	Notes	2010 £'000	2009 £'000
Non-current assets			
Investment in associates	14	2	51
Financial assets	14	5,806	3,682
Total co-investments		5,808	3,733
Property, plant, equipment and motor vehicles	15	315	363
Receivables	18	–	1,194
Total non-current assets		6,123	5,290
Current assets			
Property inventories	17	35,845	44,108
Trade and other receivables	18	2,119	1,366
Current tax assets		1,539	1,114
Cash and short term deposits	25	5,910	10,862
Total current assets		45,413	57,450
Total assets		51,536	62,740
Current liabilities			
Trade and other payables	20	2,774	2,757
Total current liabilities		2,774	2,757
Non-current liabilities			
Deferred taxation	19	12	18
Total non-current liabilities		12	18
Total liabilities		2,786	2,775
Net assets		48,750	59,965
Equity			
Called up share capital	22	1,714	3,427
Own shares – held for treasury		–	(709)
– held for AESOP		(150)	(222)
Share premium account	24	19,735	39,370
Capital redemption reserve	24	4,402	1,504
Unrealised gains and losses	24	2,125	–
Retained earnings	24	19,600	14,912
LTIP reserve	24	1,324	1,683
Shareholders' equity		48,750	59,965

The financial statements on pages 23 to 53 were approved and authorised for issue on 30 April 2010 by the Board of Directors and were signed on its behalf by

D M F Tweeddale-Tye
Director

S D Jones
Director

COMPANY STATEMENT OF FINANCIAL POSITION

AS AT 31 JANUARY 2010
COMPANY NUMBER 2548935

	Notes	2010 £'000	2009 £'000
Non-current assets			
Investment in associates	14	2	2
Investment in subsidiary undertakings	16	2	2
Property, plant, equipment and motor vehicles	15	315	363
Total non-current assets		319	367
Current assets			
Trade and other receivables	18	43,963	49,068
Current tax assets		1,071	988
Cash and short term deposits	25	2,280	7,380
Total current assets		47,314	57,436
Total assets		47,633	57,803
Current liabilities			
Trade and other payables	20	5,965	7,129
Total current liabilities		5,965	7,129
Non-current liabilities			
Financial liabilities – deferred taxation	19	12	18
Total non-current liabilities		12	18
Total liabilities		5,977	7,147
Net assets		41,656	50,656
Equity			
Called up share capital	22	1,714	3,427
Own shares – held for treasury		–	(709)
– held for AESOP		(150)	(222)
Share premium account	24	19,735	39,370
Capital redemption reserve	24	4,402	1,504
Retained earnings	24	14,631	5,603
LTIP reserve	24	1,324	1,683
Shareholders' equity		41,656	50,656

The financial statements on pages 23 to 53 were approved and authorised for issue on 30 April 2010 by the Board of Directors and were signed on its behalf by

SD

D M F Tweeddale-Tye
Director

S D Jones
Director

GROUP STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 JANUARY 2010

	Notes	2010 £'000	2009 £'000
Cash flows from operating activities before changes in working capital		**1,007**	(7,612)
Decrease in property inventories		**8,263**	9,998
Decrease in receivables		**386**	16,842
Increase/(decrease) in payables		**17**	(3,491)
Cash generated from operations		**9,673**	15,737
Income from investments		**36**	179
Finance costs		**(5)**	(835)
Finance revenue		**105**	1,013
Tax paid		**(30)**	(1,734)
Cash flows from operating activities		**9,779**	14,360
Cash flows from investing activities			
Dividends received from associates		**49**	–
Purchase of property, plant, equipment		**(17)**	(37)
Sale of property, plant, equipment and motor vehicles		**-**	38
Cash flows from investing activities		**32**	1
Cash flows from financing activities			
Borrowings repaid		**-**	(15,148)
LTIP grant vested		**(51)**	-
Purchase of own shares for treasury		**-**	(1,324)
Purchase of own shares by AESOP		**(77)**	(45)
Return of capital to shareholders		**(14,635)**	(2,111)
Cash flows from financing activities		**(14,763)**	(18,628)
Net decrease in cash and cash equivalents		**(4,952)**	(4,267)
Cash and cash equivalents at start of period	25	**10,862**	15,129
Cash and cash equivalents at end of period	25	**5,910**	10,862

Reconciliation of cash flows from operating activities	2010 £'000	2009 £'000
Profit/(loss) before taxation	**184**	(15,804)
Income from investments	**-**	(163)
Finance costs	**5**	829
Finance revenue	**(86)**	(991)
Share based payment charge – LTIP	**673**	1,061
Share based payment charge – AESOP	**166**	57
Depreciation	**65**	72
Loss on disposal of property, plant, equipment and motor vehicles	**-**	7
Unrealised impairment losses on financial assets	**-**	7,320
Cash flows from operating activities before changes in working capital	**1,007**	(7,612)

COMPANY STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 JANUARY 2010

	Notes	2010 £'000	2009 £'000
Cash flows from operating activities before changes in working capital		561	(20,982)
Decrease in receivables		5,086	18,859
Increase in payables		3,948	3,667
Cash generated from operations		9,595	1,544
Finance costs		(1)	(24)
Finance revenue		37	459
Tax paid		–	(633)
Cash flows from operating activities		9,631	1,346
Cash flows from investing activities			
Dividends received from associates		49	–
Purchase of property, plant, equipment and motor vehicles		(17)	(37)
Sale of property, plant, equipment and motor vehicles		–	38
Cash flows from investing activities		32	1
Cash flows from financing activities			
LTIP grant vested		(51)	–
Purchase of own shares for treasury		–	(1,324)
Purchase of own shares by AESOP		(77)	(45)
Return of capital to shareholders		(14,635)	(2,111)
Cash flows from financing activities		(14,763)	(3,480)
Net decrease in cash and cash equivalents		(5,100)	(2,133)
Cash and cash equivalents at beginning of period	25	7,380	9,513
Cash and cash equivalents at end of period	25	2,280	7,380

Reconciliation of cash flows from operating activities	2010 £'000	2009 £'000
Profit/(loss) before taxation	4,786	(6,380)
Finance costs	1	24
Finance revenue	(18)	(443)
Share based payment charge – LTIP	673	1,061
Share based payment charge – AESOP	166	57
Depreciation	65	72
Loss on disposal of property, plant, equipment and motor vehicles	–	7
Intra-Group dividends	(5,112)	(15,380)
Cash flows from operating activities before changes in working capital	561	(20,982)

NOTES TO THE FINANCIAL STATEMENTS
AT 31 JANUARY 2010

01 AUTHORISATION OF FINANCIAL STATEMENTS AND STATEMENT OF COMPLIANCE WITH IFRS

The financial statements of Rugby Estates Plc and its subsidiaries (the "Group") for the year ended 31 January 2010 were authorised for issue by the Board of Directors on 30 April 2010 and the statement of financial position was signed on the Board's behalf by D M F Tweeddale-Tye and S D Jones Rugby Estates Plc is a public limited company incorporated and domiciled in England and Wales The Company's Ordinary Shares are traded on the Alternative Investment Market

The Group's financial statements have been prepared in accordance with International Finance Reporting Standards (IFRSs) as adopted by the European Union as they apply to the financial statements of the Group for the year ended 31 January 2010 and applied in accordance with the Companies Act 2006

The Group's financial statements are also consistent with International Financial Reporting Standards as issued by the IASB The principal accounting policies adopted by the Group are set out in note 2

02 ACCOUNTING POLICIES

Basis of Preparation
The financial statements are prepared using historical cost, except that investments and derivative financial instruments are stated at fair value

The Group's financial statements are presented in Sterling and all values are rounded to the nearest thousand pounds (£ 000) except when otherwise indicated

No income statement is presented by the Company as permitted by Section 408 of the Companies Act 2006

Key Sources of Estimation Uncertainty
The preparation of the financial statements requires management to make judgements, estimates and assumptions that may affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses Revision to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period

The key sources of estimation uncertainty that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year are the following

Share Based Payments
The estimation of share based payment costs, which requires the selection of an appropriate valuation model, consideration as to the inputs necessary for the valuation model chosen and the estimation of the number of awards that will ultimately vest, inputs for which arise from judgements relating to the probability of meeting non-market performance conditions and the continuing participation of employees

The assumptions and models used are disclosed in note 23

Investment in Property
The fair value of investments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business on the statement of financial position For investments where there is no active market, fair value is determined as the Group's proportionate share of the fair value of the underlying net assets, subject to adjustment if, in the opinion of the Directors, market conditions and limited liquidity are expected to adversely affect the amount ultimately realisable from the investment

The fair value of the underlying net assets in certain investments is influenced as they hold investment property accounted for under IAS 40 The fair value of the investment property is largely based on estimates using property appraisal techniques and other valuation methods as outlined below Such estimates are inherently subjective and actual values can only be determined in a sales transaction

The appraisers determine the fair value by applying the methodology and guidelines as set out in the Appraisal and Valuation Standards issued by the Royal Institution of Chartered Surveyors in the United Kingdom in accordance with IAS 40 This approach is based on discounting the future net income receivable from property to arrive at the net present value of the future income stream Future net income comprises the rent secured under existing leases, less any known or expected non-recoverable costs and the current market rent attributable to future vacancy years The consideration basis for this calculation excludes the effects of any taxes The discount factors used to fair value are consistent with those used to value similar properties, with comparable leases in each of the respective markets

All investment property held by co-investment vehicles is valued at least once a year by independent appraisers

Basis of Consolidation
The Group accounts consolidate the financial statements of Rugby Estates Plc and its subsidiary undertakings drawn up to 31 January 2010

Acquired companies have been included in the consolidated financial statements using the purchase method of accounting when the transaction can be identified as a business combination When determining if an acquisition qualifies as a business or not, management consider if the transaction includes the acquisition of supporting infrastructure, employees, service provider agreements and major input and output processes, as well as lease agreements To date management have determined that these criteria have not been met and so no business combinations have been recorded

When the transaction has not been identified as being a business combination, the transaction has been accounted for as an acquisition of individual assets and liabilities where the initial purchase consideration is allocated to the separable assets and liabilities acquired

The cost of investment in a subsidiary is eliminated against the Group's share in the net assets at the date of the acquisition All intercompany receivables, payables, income and expenses are eliminated Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases

Cash and Cash Equivalents
Cash and short term deposits in the statements of financial position and cash flow statements comprises cash at banks and in hand, short term deposits and institutional cash funds with an original maturity of three months or less and UK Government securities maturing within an equivalent period

Property, Plant, Equipment and Motor Vehicles
Property, plant, equipment and motor vehicles is stated at cost less accumulated depreciation and accumulated impairment losses Such cost includes costs directly attributable to making the assets capable of operating as intended

Depreciation is provided on property, plant, equipment and motor vehicles at rates calculated to write off the cost or valuation, less estimated residual value based on prices prevailing at the date of acquisition, of each asset over its expected useful life as follows

- office equipment – over 3 years, on a reducing balance basis,
- leasehold improvements – over the shorter term of the lease and 10 years, on a straight line basis and
- furniture and fixtures – over the shorter of the term of the lease and 10 years, on a straight line basis

The carrying values of property, plant, equipment and motor vehicles are reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable, and are written down immediately to their recoverable amount Useful lives and residual values are reviewed annually and where adjustments are required these are made prospectively

An item of property, plant, equipment and motor vehicles is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset Any gain or loss arising on the derecognition of the asset is included in the income statement in the period of derecognition

Associates
The Group's investment in associates is accounted for under the equity method of accounting An associate is an entity in which the Group has significant influence and which is neither a subsidiary nor a joint venture

Under the equity method, the investment in the associate is carried in the statement of financial position at cost plus post-acquisition changes in the Group's share of net assets of the associate After application of the equity method, the Group determines whether it is necessary to recognise any impairment loss with respect to the Group's net investment in the associate The income statement reflects the share of the results of operations of the associate Where there has been a change recognised directly in the equity of the associate, the Group recognises its share in the statement of comprehensive income The associates' accounting policies conform to those used by the Group for like transactions and events in similar circumstances

Financial Assets
Financial assets in the scope of IAS 39 are recognised when the Group becomes party to the contracts that give rise to them and are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or as available-for-sale financial assets, as appropriate When financial assets are recognised initially, they are measured at fair value plus, in the case of investments not at fair value through profit and loss, directly attributable transaction costs The Group determines the classification of its financial assets at initial recognition and, where allowed and appropriate, re-evaluates the designation at each financial year-end

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

02 ACCOUNTING POLICIES (CONTINUED)

Financial Assets (continued)
The Group's investments in co-investment vehicles, other than associates, are designated as available-for-sale financial assets Available-for-sale financial assets are those non-derivative financial assets that are designated as available-for-sale or are not classified as financial assets at fair value through profit and loss, held to maturity investments or loans and receivables After initial recognition available-for-sale financial assets are measured at fair value with gains or losses being recognised as a separate component of equity until the investment is derecognised or until the investment is determined to be impaired at which time the cumulative loss previously reported in equity is included in the income statement Reversals of fair value losses are not recognised in the income statement until they arise on disposal of the available-for-sale financial asset

The fair value of investments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business on the statement of financial position date For investments where there is no active market, fair value is determined as the Group's proportionate share of the fair value of the underlying net assets, with an appropriate discount for market conditions and liquidity

The Company's Investments in Subsidiaries, Joint Ventures and Associates
In its separate financial statements the Company recognises its investments in subsidiaries, jointly controlled entities and associates at cost Income is recognised from these investments only in respect of distributions received from post-acquisition profits Distributions received in excess of post-acquisition profits are deducted from the cost of the investment

Property Inventories
Trading and development properties and work in progress are included in stock at the lower of cost and net realisable value Cost includes all fees relating to the purchase of the property and improvement expenses Net realisable value is based on estimated selling price less future costs expected to be incurred to disposal Property acquisitions are accounted for when legally binding contracts which are irrevocable and effectively unconditional are exchanged The Group classifies the property portfolio as inventory because the assets are held for trading purposes

The carrying value of the property inventories are intended to be realised over the next two to three years This has been taken into account in assessing net realisable value

Shares held for Treasury and Employee Share Schemes
Rugby Estates Plc shares held by the Company are classified in equity as treasury or share scheme shares and are recognised at cost Consideration received for the sale of such shares is also recognised in equity, with any difference between the proceeds from sale and the original cost being taken to retained earnings No gain or loss is recognised in the income statement on the purchase, sale, issue or cancellation of equity shares

Revenue Recognition
Revenue is recognised to the extent that is probable that economic benefits will flow to the Group and the revenue can be reliably measured Revenue is measured at the fair value of the consideration received, excluding discounts, rebates, VAT and other sales taxes or duties The following criteria must be met before revenue is recognised

Sale of Properties
Revenue from the sale of properties is recognised when the significant risks and rewards of ownership of the properties have passed to the buyer, usually when legally binding contracts which are irrevocable and effectively unconditional are exchanged and where completion has taken place prior to the date on which the accounts are approved

Asset Management Fees
Revenue from the provision of asset management services is recognised when fees are earned by the Group in accordance with the terms of the relevant agreements

Investment Income
Revenue from dividends and distributions is recognised when the Group's right to receive payment is established

Rental Income
Rental income arising from operating leases on properties owned by the Group is accounted for on a straight line basis over the period commencing on the later of the start of the lease or acquisition of the property by the Group, and ending on the earlier of the lease and the next break point, unless it is reasonably certain that the break option will not be exercised Rental income revenue excludes service charges and other costs directly recoverable from tenants Direct costs of rental income comprise head rents payable, irrecoverable service charge costs and other property outgoings

Share Based Payments
The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted and is recognised as an expense over the vesting period, which ends on the date on which the relevant employees become fully entitled to the award Fair value of shares subject to conditions linked to the price of the shares of the Company (market conditions) is determined using an appropriate pricing model In valuing equity-settled transactions subject to market conditions, no account is taken of any other vesting conditions No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vesting irrespective of whether or not the market condition is satisfied, provided that all other performance conditions are satisfied At each statement of financial position date before vesting, the cumulative expense is calculated, representing the extent to which the vesting period has expired and management's best estimate of the achievement or otherwise of non-market conditions, and consequently of the number of equity instruments that will ultimately vest The movement in cumulative expense since the previous statement of financial position date is recognised in the income statement, with a corresponding entry in equity

Taxation
Current Taxation
Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities The tax rates and tax laws used to compute the amount of current taxation and deferred taxation are those that are enacted or substantively enacted by the statement of financial position date

Deferred Tax
Deferred income tax is provided using the liability method on temporary differences at the statement of financial position date between the tax bases of assets and liabilities and their carrying amounts for financial purposes

Deferred tax liabilities are recognised for all taxable temporary differences, except

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss, and

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interest in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax credits and unused tax losses can be utilised except

- where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss, and

- in respect of deductible temporary difference associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised

The carrying amount of deferred income tax assets is reviewed at each statement of financial position date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised Unrecognised deferred income tax assets are reassessed at each statement of financial position date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the statement of financial position date

Tax relating to items recognised directly in equity is recognised in equity and not the income statement

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

02 ACCOUNTING POLICIES (CONTINUED)

Leases
Finance leases, which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability Finance charges are charged directly against income

Operating lease payments are recognised as an expense in the income statement on a straight-line basis over the lease term

New Standards and Interpretations
A number of new and amended standards become effective for periods beginning on or after 1 January 2009 The principal changes that are relevant to the Group are

IAS 1 (revised 2007) – Presentation of Financial Statements
The revised standard has introduced a number of terminology changes (including revised titles for the primary statements) and has resulted in a number of changes in presentation and disclosure There has been no effect on the reported results or previous financial position of the Group

IFRS 8 – Operating Segments
IFRS 8 is a disclosure standard only, there has been no effect on the reported results or previous financial position of the Group

The following standards became effective in the current year but have not had a material impact on the financial statements

Amendment to IAS 23 Borrowing Costs
Amendments to IAS 32 and IAS 1 Puttable Financial Instruments and Obligations Arising on Liquidation
Amendments to IFRS 1 and IAS 27 Cost of an Investment in a subsidiary, jointly-controlled entity or associate
Amendment to IFRS 7 Improving Disclosures about Financial Instruments
Amendment to IFRS 2 Share-based Payment Vesting Conditions and Cancellations

International Financial Reporting Interpretations Committee (IFRIC)
Amendments to IFRIC 9 and IAS 39 Embedded Derivatives
IFRIC 13 Customer Loyalty Programmes
IFRIC 16 Hedges of a Net Investment in a Foreign Operation

New Standards and Interpretations Not Applied
IASB and IFRIC have issued the following standards and interpretations with an effective date after the date of these financial statements

	Mandatory effective date
International Accounting Standards (IAS/IFRSs)	
Amendment to IAS 32 Classification of Rights Issues	1 February 2010*
Amendment to IAS 39 Financial Instruments Recognition and Measurement	1 July 2009*
Amendment to IFRS 1 First-time Adoption of International Financial Reporting Standards	1 July 2010
Amendments to IAS 27 Consolidated and Separate Financial Statements	1 July 2009*
Amendments to IFRS 1 Additional Exemptions for First-time Adopters	1 January 2010
Amendments to IFRS 2 Group Cash-settled Share-based Payment Transactions	1 January 2010
IFRS 9 Financial Instruments	1 January 2013
Revised IAS 24 Related Party Disclosures	1 January 2011
Revised IFRS 1 First-time Adoption of International Financial Reporting Standards	1 January 2010*
Revised IFRS 3 Business Combinations	1 July 2009*
International Financial Reporting Interpretations Committee (IFRIC)	
Amendments to IFRIC 14 and IAS 19 – Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	1 January 2011
IFRIC 15 Agreements for the Construction of Real Estate	1 January 2010*
IFRIC 17 Distributions of Non-cash Assets to Owners	1 November 2009*
IFRIC 18 Transfer of Assets from Customers	1 November 2009*
IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments	1 April 2010

Endorsed by the EU

The Directors do not anticipate that the adoption of these standards and interpretations will have a material impact on the Group's financial statements in the period of initial application

03 SEGMENTAL ANALYSIS

The Group operates in two principal business segments Rugby Capital deals with the Group's property trading and development activities including the Group's directly-owned portfolio and collaborative ventures substantially involving the Group's equity Rugby Asset Management deals with the Group's co-investment and asset management activities The Group does not operate outside the United Kingdom

Year ended 31 January 2010	Rugby Capital £'000	Rugby Asset Management £'000	Unallocated items £'000	2010 £'000
Income Statement				
Sale of properties	6,855	–	–	**6,855**
Rental income	3,553	–	–	**3,553**
Fees receivable	–	3,250	–	**3,250**
Revenue	10,408	3,250	–	**13,658**
Profit on sales of properties	889	–	–	**889**
Net realisable value adjustment to inventory	(2,885)	–	–	**(2,885)**
Net rental income	3,198	–	–	**3,198**
Net fees receivable	–	3,231	–	**3,231**
Administrative expenses	–	–	(4,330)	**(4,330)**
Finance costs	–	–	(5)	**(5)**
Finance revenue	–	–	86	**86**
Profit/(loss) before taxation	1,202	3,231	(4,249)	**184**

Year ended 31 January 2010	Rugby Capital £'000	Rugby Asset Management £'000	Unallocated items £'000	2010 £'000
Statement of Financial Position				
Investment in associates	–	2	–	**2**
Financial assets	–	5,806	–	**5,806**
Property, plant and equipment	–	–	315	**315**
Property inventories	35,845	–	–	**35,845**
Receivables – current	1,759	260	100	**2,119**
Current tax assets	–	–	1,539	**1,539**
Cash and short term deposits	–	–	5,910	**5,910**
Current liabilities	(1,735)	(10)	(1,029)	**(2,774)**
Non-current liabilities			(12)	**(12)**
Net assets	35,869	6 058	6,823	**48,750**
Other Segment information				
Additions to property, plant and equipment			17	**17**
Depreciation			65	**65**

All non-current assets are UK based

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03 SEGMENTAL ANALYSIS (CONTINUED)

Year ended 31 January 2009	Rugby Capital £'000	Rugby Asset Management £'000	Unallocated items £'000	2009 £'000
Income Statement				
Sale of properties	2,400	–	–	**2,400**
Rental income	3,852	–	–	**3,852**
Fees receivable	–	4 213	–	**4,213**
Revenue	6,252	4,213	–	**10,465**
Profit on sales of properties	913	–	–	**913**
Net realisable value adjustment to inventory	(11,178)	–	–	**(11,178)**
Net rental income	3,437	–	–	**3,437**
Income from investments	–	163	–	**163**
Net fees receivable	–	4,189	–	**4,189**
Administrative expenses	–	–	(6,170)	**(6,170)**
Finance costs	(824)	(5)	–	**(829)**
Finance revenue	–	47	944	**991**
Unrealised impairment losses on financial assets	–	(7,320)	–	**(7,320)**
(Loss) before taxation	(7,652)	(2,926)	(5,226)	**(15,804)**

Year ended 31 January 2009	Rugby Capital £'000	Rugby Asset Management £'000	Unallocated items £'000	2009 £'000
Statement of Financial Position				
Investment in associates	–	51	–	**51**
Financial assets	–	3,682	–	**3,682**
Property, plant and equipment	–	–	363	**363**
Receivables – non current	1,194	–	–	**1,194**
Property inventories	44,108	–	–	**44,108**
Receivables – current	657	559	150	**1,366**
Current tax assets	–	–	1,114	**1,114**
Cash and short term deposits	–	–	10,862	**10,862**
Current liabilities	(2,236)	(10)	(511)	**(2,757)**
Non-current liabilities	–	–	(18)	**(18)**
Net assets	43,723	4,282	11,960	**59,965**
Other Segment information				
Additions to property, plant and equipment			37	**37**
Depreciation			72	**72**

All non-current assets are UK based

04 PROFIT BEFORE TAXATION

Operating profit/(loss) is stated after charging				2010 £'000	2009 £'000
Auditor's remuneration	– audit services	– BDO LLP	– Group	58	60
			– Subsidiaries	20	20
		– Ernst & Young LLP	– Group	–	40
	– non-audit services	– BDO LLP		11	10
		– Ernst & Young LLP		–	6
Depreciation of owned fixed assets				65	72
Operating lease rentals	– land and buildings	– occupied by the Group		252	264
		– held as trading stock		8	8
	– office equipment			10	6
Cost of inventories recognised as an expense – including provision to bring inventories to net realisable value £2,885,000 (2009 £11,178,000)				8,852	12,665

Fees for non-audit services provided by BDO LLP relate to general tax and accounting advice given during the year

Operating lease rentals of £252,000 (2009 £252,000) are in respect of the Group's office premises at 4 Farm Street, London W1 under a lease which expires in 2016

05 STAFF COSTS (GROUP AND COMPANY)

	2010 £'000	2009 £'000
Wages and salaries (including Directors)	1,927	2,870
Social security costs	241	328
Share based payments	839	1,118
Other pension costs	52	135
	3,059	4,451

The average monthly number of employees during the year was as follows	2010 No	2009 No
Executive Directors	3	5
Management	6	8
Administration	4	7
	13	20

The maximum numbers of shares which the Company may be required to issue or purchase to satisfy obligations under employee share schemes are as follows	2010 No	2009 No
1994 Approved Executive Option Scheme	48,580	48,580
Long Term Incentive Plan ("LTIP")	627,274	867,472
All Employee Share Ownership Plan ("AESOP")	–	–
2009 Value Creation Plan ("VCP")	*	–

*There is no maximum number of shares which may ultimately be issued under the VCP, further details of which are set out in note 23

NOTES TO THE FINANCIAL STATEMENTS
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06 DIRECTORS' REMUNERATION

	2010 £'000	2009 £'000
Directors' emoluments (excluding pension contributions)	**1,153**	2,008
Aggregate value of contributions made to money purchase pension schemes	**–**	67
Emoluments paid to the highest paid Director (excluding pension contributions)	**423**	429
Pension contributions in respect of highest paid Director	**–**	–
Number of Directors accruing benefits under money purchase pension schemes	**3**	5

The remuneration of each Director for the year is analysed as follows

	D M F Tweedale-Tye £'000	A L Wilson £'000	S D Jones £'000	N A Taylor £'000	A J F Wildman £'000	A Tyne* £'000	J Jackson* £'000	Total 2010 £'000	Total 2009 £'000
Basic salary & fees	292	292	169	–	–	30	30	**813**	1,291
PRIP payment	62	62	31	–	–	–	–	**155**	–
Benefits in kind – non cash	18	17	18	–	–	–	–	**53**	75
Pension contribution	–	–	–	–	–	–	–	**–**	67
Salary paid in lieu of pension	51	51	30	–	–	–	–	**132**	155
Total 2010	423	422	248	–	–	30	30	**1,153**	–
Total 2009	429	426	236	241	196	30	30	–	1,588

* Non-Executive Directors

PRIP payment is in respect of the Property Realisation Incentive Plan, details of which are set out on page 17. The amounts shown represent the amounts paid in February 2010 representing 50% of the potential payment arising from cash returned to shareholders during the year. The remaining 50% will, subject to satisfaction of performance conditions, become payable in 2014, or earlier in certain circumstances and has been provided for in full (note 20).

Non-cash benefits in kind comprise private health and death in service life insurance.

The Group's remuneration policy is set out in the Corporate Governance report on pages 19 and 20.

In addition to the emoluments set out above, N A Taylor and A J F Wildman received £267,000 and £220,000 respectively as redundancy payments in 2009.

Amounts charged in the year for the cost of key management personnel were:

	2010 £'000	2009 £'000
Short term employee benefits	**1,153**	1,461
Post employment benefits	**–**	67
Other long term benefits	**155**	–
Termination benefits	**–**	487
Share based payments	**556**	898
	1,864	2,913

Key management personnel are considered to be the Directors.

Other long term benefits comprise the conditional, deferred amounts due under the PRIP.

07 FINANCE COSTS

	2010 £'000	2009 £ 000
Interest payable on bank loans and overdrafts	–	688
Other interest payable and similar charges	5	36
Finance arrangement costs	–	105
Total interest expense for financial liabilities not at fair value through profit or loss	5	829

All interest payable has been charged to the income statement No interest has been capitalised in the current or any prior period

08 FINANCE INCOME

	2010 £'000	2009 £'000
Bank interest	17	839
Other interest receivable	69	152
Total interest income for financial liabilities not at fair value through profit or loss	86	991

09 TAXATION

	2010 £'000	2009 £'000
The taxation credit is made up as follows		
Based on profit/(loss) for the period		
UK corporation tax	(68)	(1,096)
Adjustments in respect of previous years	(326)	(18)
	(394)	(1,114)
Deferred tax – origination and reversal of temporary differences	(6)	427
	(400)	(687)

Factors affecting the current tax (credit)/charge
The tax (credit)/charge for the year differs from the standard rate of corporation tax in the UK (28%) The differences are explained below

	2010 £'000	2009 £ 000
Profit/(loss) before tax	184	(15 804)
Profit/(loss) multiplied by standard rate of corporation tax in the UK of 28% (2009 28%)	52	(4,425)
Effect of		
Expenses not deductible for current tax purposes	255	2,379
Utilisation of tax losses	(287)	1,418
Other timing differences	35	327
Vesting and exercise of share based payments	(129)	(368)
Adjustments in respect of previous years	(326)	(18)
Tax credit for the year	(400)	(687)

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

10 DEFERRED TAXATION

	2010 £'000	2009 £'000
Balance at 1 February	**(18)**	409
Credit/(charge) to income statement	**6**	(427)
Deferred tax (liability) at 31 January (note 19)	**(12)**	(18)

The deferred tax asset related to temporary difference in connection with the Group's employee share schemes Deferred tax has been calculated at the rate of 28%

Losses carried forward on which deferred taxation has not been provided amount to £2,966,000 (2009 £5,064,000) Deferred tax has not been provided on losses carried forward as these are not expected to be reversed in the foreseeable future

The temporary differences associated with investments in available for sale financial assets, for which a deferred tax asset has not been recognised, aggregate to £2,470,000 (2009 £3,643,000) The deferred tax asset has not been recognised as the temporary difference is unlikely to be reversed in the foreseeable future

11 CASH PAYMENTS TO SHAREHOLDERS

	Payment date	Per share (pence)	Amount absorbed £'000
Year ended 31 January 2010 (note 21)	22 July 2009	50 00p	**8,465**
	22 January 2010	45 00p	**6,170**
			14,635
Year ended 31 January 2009 (dividend)	29 June 2008	8 70p	1,469
	27 November 2008	3 80p	642
			2,111

12 EARNINGS/(LOSS) PER ORDINARY SHARE

		2010	2009
Earnings/(loss) profit/(loss) after taxation		**£584,000**	(£15,117,000)
Weighted average number of shares in issue	– basic and diluted (2009 restated)	**11,320,496**	11,236,298
Earnings/(loss) earnings per share	– basic and diluted (2009 restated)	**5 2p**	(134 5)p

The weighted average number of shares in issue for 2009 has been adjusted for the 4 for 5 share consolidation on 9 July 2009 and the 5 for 6 share consolidation on 13 January 2010

13 PROFIT/(LOSS) ATTRIBUTABLE TO MEMBERS OF THE PARENT COMPANY

The profit after taxation dealt with in the accounts of the Parent Company was £4,924,000 (2009 Loss £6,452,000)

14 CO-INVESTMENTS

The Group's co-investments represent investments in undertakings for which the Group is also the principal property adviser, through Rugby Asset Management Limited, the Group's dedicated asset management division The Group has investments in, and is property adviser to, London Industrial Partnership Limited, ING Covent Garden Limited Partnership, O Twelve Estates Limited and Rugby Estates Investment Trust Plc

	Group		Company	
	2010 £'000	2009 £'000	2010 £'000	2009 £'000
Investment in associates				
London Industrial Partnership Limited (11 8% interest)				
At 1 February 2009	51	51	2	2
Dividend received	(49)	–	–	–
At 31 January 2010	2	51	2	2
Available for sale financial assets				
ING Covent Garden Limited Partnership (6 5% interest)				
At 1 February 2009	2,000	6,725	–	–
Fair value adjustment	768	(1,725)	–	–
Impairment charge	–	(3,000)	–	–
At 31 January 2010	2,768	2,000	–	–
O Twelve Estates Limited (5 5% interest)				
At 1 February 2009	335	2,946	–	–
Fair value adjustment	183	–	–	–
Impairment charge	–	(2,611)	–	–
At 31 January 2010	518	335	–	–
Rugby Estates Investment Trust Plc (8 5% interest)				
At 1 February 2009	1,347	3,056	–	–
Fair value adjustment	1,173	–	–	–
Impairment charge	–	(1,709)	–	–
At 31 January 2010	2,520	1,347	–	–
Total financial assets at 31 January 2010	5,806	3,682	–	–
Total co-investments	5,808	3,733	2	2

The Group's investments in ING Covent Garden Limited Partnership, O Twelve Estates Limited and Rugby Estates Investment Trust Plc are classified as "available-for-sale financial assets" in accordance with IAS 39

London Industrial Partnership Limited ("LIP")

The Company holds an 11 76% interest in the share capital of LIP, a Company incorporated in England and Wales The Company is able to appoint one third of the Directors of LIP, accordingly LIP is treated as an associate LIP was formed in 2003 to acquire industrial properties in the London area During the previous financial year LIP sold its only investment property and LIP commenced winding-up in 2008 The Directors consider the fair value of the investment in LIP to be the same as the carrying amount of the Group's investment The share of results and net assets is based on management accounts as at 31 January 2010

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

14 CO-INVESTMENTS (CONTINUED)

ING Covent Garden Limited Partnership ("CGLP")
At 31 January 2010, the Group held a 6 46% interest (2009 6 46% interest) in CGLP, a Limited Partnership established in Guernsey, which invests in property in the Covent Garden area of central London The Group invested £5,000,000 in CGLP at its formation in 2002

Under its initial constitution, it was intended that CGLP would dispose of its properties and commence winding up in 2009 In December 2009 the entire investment property portfolio was sold CGLP retains one development property which is expected to be sold within the next 12 months and the cash realised distributed to investors The Group's share of the underlying net assets of CGLP, according to its audited accounts at 31 December 2009, was £2,768,000, which the Directors consider to be the fair value of the Group's investment in CGLP at 31 January 2010

During the year, the Group received fee income of £1,169,616 (2009 £535,000) from CGLP, a related party At 31 January 2010, the Group had amounts receivable of £1,245,732 (2009 £1,220,000) including £1,241,500 (2009 £1,194,000) relating to deferred consideration receivable in April 2010 The Group received distributions of £655,397 in February 2010

O Twelve Estates Limited ("O Twelve")
At 31 January 2010, the Group held a 5 46% interest in O Twelve, an AIM quoted closed-ended investment company registered in Guernsey O Twelve was formed in 2006 to establish a substantial property investment portfolio in the Thames Gateway and the adjacent areas of East London, Essex, south Hertfordshire and north Kent The Group holds 6,694,502 shares in O Twelve, for which the mid-market price at 31 January 2010 was 7 75 pence per share

During the year, the Group received fee income of £1,102,945 (2009 £2,721,000) from O Twelve, a related party At 31 January 2010 the Group had amounts receivable of £66,667 (2009 £299,000)

Rugby Asset Management Limited, as property advisor to O Twelve, received a management fee at a rate of 1 0% per annum of the gross property asset value of O Twelve's portfolio This fee was reduced to 0 6% per annum from 1 April 2009 Rugby Asset Management Limited has agreed to restrict the fee collected in cash to £800,000 per annum from 1 July 2009 while O Twelve's current financing arrangements continue

Rugby Estates Investment Trust ("REIT Plc")
At 31 January 2010, the Group held an 8 47% interest in REIT Plc, a public limited company established to take advantage of the real estate investment trust regime in the UK REIT Plc raised £50 million of new equity and its shares commenced trading on the London Stock Exchange on 15 May 2007 The Group subscribed for 4,990,200 shares in REIT Plc at its formation, for which the mid market price at 31 January 2010 was 50 5 pence per share

During the year, the Group received fee income of £796,771 (2009 £957 000) from REIT Plc, a related party At 31 January 2010 the Group had amounts receivable of £169,900 (2009 £299,000)

Rugby Asset Management Limited, as property advisor to REIT Plc, receives a management fee at the rate of 1% per annum of the gross property asset value of REIT's portfolio An annual performance fee may also be receivable conditional upon certain performance benchmarks being met

Rugby Asset Management Limited also provides administration and secretarial services to REIT Plc, for which it receives a fee at the rate of 0 1% per annum of its net asset value, together with an amount equal to 0 1% per annum of its long term borrowings, subject to a minimum annual fee of £100,000

On 15 April 2010, ING UK Real Estate Income Trust Limited announced a recommended offer for the whole of the issued share capital of REIT Plc at 63p per share, which Rugby Estates has, in the absence of a higher offer, undertaken to accept If this offer becomes unconditional in all respects, the Group will receive £3,144,000 for its shareholding, RAM's management agreements with REIT Plc will cease and RAM will receive a termination payment of £600,000

15 PROPERTY, PLANT, EQUIPMENT AND MOTOR VEHICLES

Group and Company	Leasehold improvements £'000	Furniture, fixtures and equipment £'000	Motor vehicles £'000	Total £'000
Cost				
At 1 February 2008	520	294	61	875
Additions	5	32	–	37
Disposals	(278)	(13)	(61)	(352)
At 31 January 2009 and 1 February 2009	247	313	–	560
Additions	15	2	–	17
Disposals	–	(3)	–	(3)
At 31 January 2010	**262**	**312**	**–**	**574**
Depreciation				
A 1 February 2008	322	97	13	432
Provided during the year	25	41	6	72
Disposals	(278)	(10)	(19)	(307)
At 31 January 2009 and 1 February 2009	69	128	–	197
Provided during the year	27	38	–	65
Disposals	–	(3)	–	(3)
At 31 January 2010	**96**	**163**	**–**	**259**
Net book value at 31 January 2010	**166**	**149**	**–**	**315**
Net book value at 31 January 2009	178	185	–	363
Net book value at 31 January 2008	198	197	48	443

16 INVESTMENTS IN SUBSIDIARY UNDERTAKINGS

Company	2010 £	2009 £
Cost		
At 1 February	**2,072**	2,067
Additions	**1**	5
At 31 January	**2,073**	2,072

Details of the investments in the principal subsidiary undertakings held by the Company at 31 January 2010 are as follows

Name of Company	Nature of Activities
Rugby Asset Management Limited	Asset Management
M4 Estates Limited	Property development and trading
Clerkenwell Estates Limited	Property trading
REGP Limited	Holding company
Rugby CGLP Limited	Holding company
Madiworth Limited	Holding company
Darowell Properties Limited	Property trading
Portenstar Limited	Property trading
Portenway Limited	Property trading
Arianwell Limited	Property development
Demrabell Limited	Property trading
Menadorm Limited	Property trading
Cherabrook Limited	Property development
Delseen Limited	Property development and trading
Sprint 1179 Limited	Property trading
Demramoor Limited	Property trading
WC2 Properties Limited	Property trading
Chessmar Limited	Property trading

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16 INVESTMENTS IN SUBSIDIARY UNDERTAKINGS (CONTINUED)

The Company owns 100% of the voting rights and issued Ordinary Shares of all of the above subsidiary undertakings

Name of Company	Nature of Activities
ICP Properties Limited (wholly owned by M4 Estates Limited)	Property development
Rugby BVI (Holdings) Limited (wholly owned by Rugby CGLP Limited)	Holding company
Rugby BVI (LP) Limited (wholly owned by Rugby BVI (Holdings) Limited)	Property investment
Ovalbrick (wholly owned by Madworth Limited)	Property investment

Rugby BVI (Holdings) Limited and Rugby BVI (LP) Limited are incorporated in the British Virgin Islands and are managed in Guernsey All other companies noted above are incorporated and operate in the UK

The Directors consider that all companies within the Group are not individual operating businesses, except for Rugby Asset Management Limited, Rugby BVI (Holdings) Limited and Rugby BVI (LP) Limited

17 PROPERTY INVENTORIES

Group	2010 £'000	2009 £'000
Properties held for trading and development work in progress	35,845	44,108

Properties held for trading and development work in progress are shown at the lower of cost and net realisable value

The aggregate value of these properties on an open market basis as at 31 January 2010 was

	Market value 2010 £'000	Book value 2010 £'000	Market value 2009 £ 000	Book value 2009 £ 000
Valued by CB Richard Ellis Limited ("CBRE")	**37,368**	**34,988**	45,004	43,169
Valued by the Directors	**871**	**857**	953	939
	38,239	35,845	45,957	44,108

Net realisable values of properties held for trading and development work in progress as at 31 January 2010 were estimated by the Directors, taking into account the valuations by CBRE, and the intended realisation period of two to three years

Market value represents the figure that would appear in a hypothetical contract of sale between a willing buyer and a willing seller Market value is estimated without regard to costs of sale In assessing net realisable value, sale costs of 1 5% of market value have been assumed

18 TRADE AND OTHER RECEIVABLES

	Group		Company	
	2010 £'000	2009 £ 000	2010 £'000	2009 £'000
Amounts due from subsidiary undertakings	**–**	–	**43,788**	48,835
Trade debtors	**1,568**	723	**6**	–
Other debtors	**289**	337	**95**	112
Prepayments and accrued income	**262**	306	**74**	121
	2,119	1,366	**43,963**	49,068

	Group		Company	
	2010	2009	2010	2009
Trade Debtors	£ 000	£ 000	£'000	£ 000
Up to 30 days	**34**	278	**–**	–
31 to 60 days	**32**	150	**6**	–
61 to 90 days	**2**	–	**–**	–
Over 90 days	**18**	13	**–**	–
Total overdue	**86**	441	**6**	–
Amounts not yet due	**1,482**	282	**–**	–
Closing balance	**1,568**	723	**6**	–

19 DEFERRED TAX

	2010	2009
	£'000	£ 000
Deferred tax liabilities		
Accelerated Capital allowances	**(12)**	(18)
At 31 January	**(12)**	(18)

20 TRADE AND OTHER PAYABLES

	Group		Company	
	2010	2009	2010	2009
	£'000	£'000	£'000	£ 000
Amounts due to subsidiary undertakings	**–**	–	**4,257**	5,776
Trade creditors	**85**	26	**–**	–
Social security payroll and other taxes	**332**	392	**332**	392
Other creditors	**583**	621	**505**	492
Accruals and deferred income	**1,774**	1,718	**871**	469
	2,774	2,757	**5,965**	7,129

21 REDUCTION OF CAPITAL AND RETURN OF CASH TO SHAREHOLDERS

Payment of 50p per share on 22 July 2009

On 28 May 2009 the Company published a circular to shareholders convening a General Meeting to enable a return of capital to shareholders of 50p per share The necessary resolutions were passed at the General Meeting on 15 June 2009 In order to ensure sufficient distributable reserves in the Company, application was made to the Court for a reduction of capital and a reduction of the share premium account and this was sanctioned by the Court on 8 July 2009

In connection with this the following actions took place with respect to the Company's share capital

On 15 June 2009 one ordinary share was issued for £2 21 cash, thus increasing the number of Ordinary Shares of 20p in issue to 17,137,490

On 9 July 2009

- i the 17 137,490 Ordinary Shares of 20p each were subdivided into 17,137,490 Ordinary Shares of 10p, 12,050,837 B shares of 10p each and 4,186,653 C shares of 10p each Shareholders had elected whether to take B shares or C shares,
- ii the B shares were redeemed by the Company for 50p per share, to be paid to shareholders on 22 July 2009, and cancelled,
- iii a dividend was declared of 50p per C share, to be paid to shareholders on 22 July 2009, and the C shares were cancelled No dividend was paid on 211,542 C shares held in Treasury, and
- iv the 17,137,490 Ordinary Shares of 10p were consolidated on a four for five basis into 13,709,992 Ordinary Shares of 12 5p each, of which 169,233 were held in Treasury

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21 REDUCTION OF CAPITAL AND RETURN OF CASH TO SHAREHOLDERS (CONTINUED)

Payment of 45p per share on 22 January 2010

On 11 December 2009 the Company published a circular to shareholders convening a General Meeting to enable a return of capital to shareholders of 45p per share The necessary resolutions were passed at the General Meeting on 12 January 2010

In connection with this the following actions took place with respect to the Company's share capital

On 13 January 2010

i the 13,709,992 Ordinary Shares of 12 5p each were subdivided into 6,439,059 B shares of 45p each and 7,270,933 C shares of 0 0001p each Shareholders had elected whether to take B shares or C shares,

ii the B shares were redeemed by the Company for 45p per share, to be paid to shareholders on 22 January 2010, and cancelled,

iii a dividend was declared of 45p per C share, to be paid to shareholders on 22 January 2010, and the C shares were cancelled, and

iv the 13,709,992 Ordinary Shares of 12 5p were consolidated on a five for six basis into 11,424,993 Ordinary Shares of 15p each

22 AUTHORISED AND ISSUED SHARE CAPITAL

	2010 £'000	2009 £ 000
Authorised		
25,500,000 Ordinary Shares of 20p each	–	5 100

The Companies Act 2006 abolished the requirement for a company to have an authorised share capital Following adoption of new Articles for the Company at the General Meeting held on 12 January 2010 the Company no longer has an authorised share capital

		2010 £'000	2009 £'000
Allotted, called up and fully paid			
At 1 February 2009	**Ordinary Shares of 20p each**	–	3,427
At 31 January 2010	**Ordinary Shares of 15p each**	1,714	–

		2010 No	2009 No
Number of Ordinary Shares in issue			
At 31 January 2009 (shares of 20p)		**17,137,489**	17 137,489
Issued in period		**1**	–
Share capital consolidation	9 July 2009 (into shares of 12 5p)	**(3,427,498)**	–
	13 January 2010 (into shares of 15p)	**(2,284,999)**	–
At 31 January 2010 (shares of 15p)		**11,424,993**	17,137,489
Treasury shares		–	(249 869)
Shares held by AESOP* – unawarded		**(1,113)**	(4,112)
Shares held by AESOP* – conditionally awarded but not yet earned by employees		**(33,859)**	(29,305)
Number of Ordinary Shares for calculating basic earnings per share and net assets per share			
at period end		**11,390,021**	16,854,203
(restated)		–	(11,236,135)
weighted average during the period		**11,320,496**	16,854,448
(restated)		–	(11,236,298)

AESOP – the Group s All Employee Share Ownership Plan

At the Annual General Meeting held on 24 June 2009 the Company's authority to purchase Ordinary Shares was renewed This authority will expire at the next Annual General Meeting to be held on 28 June 2010, at which a resolution proposing a renewal of such authority will be put before the members Purchases may be made if the Directors are satisfied that such a purchase would be in the best interests of shareholders Shares purchased may be held as treasury shares or cancelled

On 16 July 2009, AESOP purchased 25,000 Ordinary Shares, representing 0 18% of the issued share capital at 230p per share

On 23 December 2009, AESOP purchased 1,821 Ordinary Shares, representing 0 01% of the issued share capital, at 264p per share

During the year, the treasury shares held at 1 February 2009 were used on the vesting of awards granted under the Long Term Incentive Plan and by AESOP

At the mid-market price of 254p per share (2009 212 5p) at 31 January 2010, the value of the treasury shares held was £nil (2009 £531,000)

23 SHARE BASED PAYMENTS

Share option schemes
Options over Ordinary Shares were as follows

Approved executive scheme	2010 No	2009 No
At 31 January 2009 – shares of 20p	**48,580**	72,870
Lapsed during the year	–	(24,290)
At 31 January 2010 – shares of 15p	**48,580**	48,580

Scheme details	Date of grant	Exercise price	Exercise date earliest	Exercise date latest	Performance criteria
1994 Approved Executive Scheme	1 November 2001	247p	1 November 2004	1 November 2011	See below

The exercise of share options under the executive scheme is subject to satisfaction of the criterion that the increase in the adjusted net asset value per ordinary share over a continuous period of three financial years of the Company (commencing no earlier than one year prior to the date of the grant) exceeds the growth in the All Properties Capital Growth Index published by Investment Property Databank Limited over the same period by at least 3% per annum

The mid-market price of each ordinary share at 31 January 2010 was 254p (2009 212 5p) and the range during the year was 200 5p to 266p (2009 212 5p to 413p)

All Employee Share Ownership Plan ("AESOP")
The Company's AESOP enables all employees to acquire shares in the Company in a tax efficient manner 'Free' shares may be awarded up to a maximum value of £3,000 per employee per annum If Partnership shares are offered, eligible employees are entitled to save up to £125 per month for a 12-month accumulation period, and then to purchase shares in the Company at the lower of the price at the beginning and the end of the accumulation period At the end of the accumulation period, Matching' shares may be awarded up to a maximum of 2 shares for each Partnership share purchased Free shares and Matching shares become unconditionally vested in the employee at the expiry of a three year holding period The cost to the Company of these awards is charged directly to the income statement over the three year holding period

Long Term Incentive Plan ("LTIP")
Under the LTIP, Executive Directors and other senior employees may be granted conditional awards over shares worth up to 100% of basic salary per annum The vesting conditions of the LTIP awards are set out in the Directors' Report on pages 13 to 17 Following the introduction of the Property Realisation Incentive Plan and the Value Creation Plan in 2009, no new awards have been or will be made under the LTIP after 21 May 2008

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

23 SHARE BASED PAYMENTS (CONTINUED)

Value Creation Plan ("VCP")
A total 100,000 units may be awarded under the VCP At 31 January 2010 a total of 70,000 units had been awarded Shortly after 31 January 2014, units will convert to Share Awards, in the form of nil cost options over Ordinary Shares, subject to continuous employment and achievement of the following corporate performance targets

- disposal of the Group's directly-owned property portfolio (save for residual assets not exceeding £2 million), and
- annual fee income from the asset management business greater than £5 million for the year ending 31 January 2014

The value of the Share Awards on conversion of the units will be between 10% and 20% of the amount by which the value of the Company at 31 January 2014 exceeds £5 million If the value of the Company is less than £10 million, no Share Awards will be made If the value of the Company is £10 million, Share Awards will be 10% of the increase in value, increasing on a straight line basis to a maximum 20% of the increase in value at £20 million and above

Fair Value of Share Based Payments
In 2010 and 2009, share based payments were awarded under the above schemes, and fair values calculated as follows

	2010 Grant Date	**2010 Fair value of award**	2009 Grant Date	2009 Fair value of award
LTIP (TSR)	**–**	–	21 May 2008	189p
LTIP (ANAPS)	**–**	–	21 May 2008	373p
AESOP Free shares	**4 November 2009**	**247 5p**	4 July 2008	305p
AESOP Matching shares	**23 December 2009**	**261p**	12 December 2008	185p
VCP	**16 July 2009**	*		

*Awards under the VCP comprise units which may convert into shares at a future date It is not possible to calculate with any reliability the number of shares which may vest nor the fair value per share at the date of award The fair value of the VCP as a whole at the date of grant is £20,856

For the AESOP shares and the 50% of the LTIP subject to Adjusted Net Assets Per Share ("ANAPS") the fair value is equal to the market value on the date of the award For the 50% of the LTIP subject to Total Shareholder Return ('TSR") and the VCP the Company uses the Monte Carlo valuation model to estimate fair values of share based payments granted during the year Inputs to the model are summarised in the table below

	2010	2009
Share price at grant (pence)	**245**	393
Exercise price (pence)	**–**	–
Expected share price volatility	**17 10%**	11 64%
Average expected life (years)	**4 6**	–
Risk free rate of interest	**2 67%**	4 88%
Expected dividend yield	**1 28%**	3 45%

Expected volatility was determined by calculating the historical volatility of the Company s shares from the date of flotation to the date of grant Risk free rate is the yield to maturity on the date of grant of a UK Gilt Strip, with term to maturity equal to the expected life of the conditional share award

LTIP	**Awards**	**2010 Weighted average award value (pence)**	Awards	2009 Weighted average award value (pence)
Outstanding at the beginning of the year	**867,472**	**488**	801,508	462
Awards granted during the year	**–**	**–**	400 250	393
Awards vested and exercised during the year	**(202,717)**	**425**	(334,286)	314
Awards lapsed during the year	**(37,481)**	**425**	–	–
Outstanding at the end of the year	**627,274**	**342**	867 472	488

The LTIP awards outstanding at 31 January 2010 had a weighted average remaining contractual life of 12 months

The Group and Company recognised total expenses of £839,000 (2009 £1,118,000) in relation to equity-settled share-based payment transactions during the year, which included a charge of £166,000 (2009 £57,000) in relation to AESOP share awards and £3,000 in relation to the VCP

24 EQUITY

The following describes the nature and purpose of each reserve within shareholders' equity

Reserve	Description and purpose
Share capital	Amount subscribed for share capital at nominal value
Share premium	Amount subscribed for share capital in excess of nominal value, less any costs directly attributable to the issue of new shares
Capital redemption	The nominal value of shares purchased by the Group for cancellation
Retained earnings	Cumulative net gains and losses recognised in the consolidated income statement
Unrealised gains and losses	Cumulative fair value changes on available-for-sale investments (see note 14)
LTIP	Cumulative charges to the income statement arising from the Group's long term investments
Own shares held for treasury	Value of shares available for use by the Group's Long Term Incentive Plan
Own shares held for AESOP	Value of shares held for the Group's All Employee Share Ownership Plan

25 NOTES TO THE STATEMENT OF CASH FLOWS

Group analysis of net cash	At 1 February 2009 £'000	Cash flow £'000	Non-cash items £ 000	At 31 January 2010 £'000
Cash	2,556	63	-	2,619
Short term deposits	1,787	505	-	2,292
UK Government securities	6,519	(5,520)	-	999
	10,862	(4,952)	-	5,910

Company analysis of net cash	At 1 February 2009 £'000	Cash flow £'000	Non-cash items £'000	At 31 January 2010 £'000
Cash	1,190	(1,140)	-	50
Short term deposits	1,669	561	-	2,230
UK Government securities	4 521	(4 521)	-	-
	7,380	(5,100)	-	2,280

Included within cash and cash equivalents for both the Group and the Company are £483,000 (2009 £482,000) being held on a restricted account as security against unforeseen liabilities as a result of a corporate transaction in 2005, and £1,748,000 (2009 £nil) being held on a restricted account to protect creditors' interests in accordance with a Court Order in connection with the reduction of capital in July 2009 (note 21) Amounts are released from the restricted account as the specific liabilities are discharged

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

26 TREASURY POLICIES AND FINANCIAL INSTRUMENTS

Treasury Policies
The objective of the Group's treasury policies is to manage the Group's financial risk, secure cost effective funding for the Group's operations and to minimise the adverse effects of fluctuations in the financial markets on the value of the Group's financial assets and liabilities, on reported profitability and on the cash flows of the Group

The Group finances its activities with a combination of bank loans, cash and short term deposits Other financial assets and liabilities, such as trade debtors and trade creditors, arise directly from the Group's operating activities The Group may also enter in derivative transactions, principally interest rate caps and swaps, to manage the interest rate risk arising from the Group's operations and its sources of finance The Group does not trade in financial instruments The main risks associated with the Group's financial assets and liabilities are set out below, together with the policies currently applied by the Board for their management Derivative instruments may be used to change the economic characteristics of financial instruments in accordance with the Group's treasury policies

The Group had no borrowings and no derivative financial instruments at 31 January 2010 The Directors do not expect the Group to take on any material borrowings or enter into any derivative transactions in the foreseeable future

Capital Management
The primary objectives of the Group's capital management are

- to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders, and
- to enable the Group to respond quickly to changes in market conditions and to take advantage of opportunities

Capital comprises adjusted equity plus net borrowings The Group monitors capital using a gearing ratio, which is net borrowings divided by adjusted equity Net borrowings comprises total borrowings less cash and cash equivalents Adjusted equity comprises shareholder's equity, excluding LTIP reserve, plus the surplus of market value over book value of property inventories less the tax which would be payable if property inventories were sold at market value

The Group's policy is that the gearing ratio should not exceed 150% at any time, and should not exceed 120% for a period in excess of one year To maintain or adjust the capital structure the Group may acquire or dispose of assets, adjust the dividend payment to shareholders, return capital to shareholders or issue new shares

	2010 £'000	2009 £'000
Cash balances	**5,910**	10,862
Shareholders' equity	**48,750**	59,965
LTIP reserve	**(1,324)**	(1,683)
Market value of property inventories	**38,239**	45,957
Book value of property inventories	**(35,845)**	(44,108)
Tax payable if property inventories were sold at market value	**(670)**	(518)
Adjusted equity	**49,150**	59,613
Gearing ratio	**0%**	0%

Rugby Asset Management Limited is regulated by the Financial Services Authority and therefore has certain capital adequacy requirements These requirements, which were complied with during the period, do not have any material implications for the Group's capital management

Interest Rate Risk
The Group has no borrowings and does not expect to take on borrowings in the foreseeable future Interest earned on cash balances is not material to the Group's operations or results Accordingly, the Group has no material direct exposure to interest rate risk The Group has indirect exposure to the extent that Co-investment vehicles may have borrowings, but these are not within the Group's control

Market Risk
The Group is exposed to market risk relating to changes in the market value of its property inventory and co-investments All material investments and property acquisitions and disposals are subject to Board approval

Credit Risk
The risk of financial loss due to counterparty's failure to honour its obligations arises principally in connection with property leases, the investment of surplus cash and transactions where the Group sells properties with an element of deferred consideration

Credit risk has increased substantially during 2008 and 2009 as a result of the economic recession in the UK and the banking crisis Although the worst of the banking crisis appears to be past, potential tenant default continues to be a material risk for 2010, notwithstanding indications of economic recovery Tenant rent payments are monitored regularly and appropriate action is taken to recover monies owed or if necessary to terminate the lease Deferred consideration terms are only agreed with counterparties approved by the Board or where some additional security is available Funds may be invested and derivative transactions contracted only with banks and financial institutions with a high credit rating The maximum exposure to credit risk at the reporting date is the book value of cash and receivables

Liquidity Risk
The Group has no borrowings and does not expect to take on borrowings in the foreseeable future The Group retains sufficient cash for foreseeable requirements before returning cash to shareholders Accordingly, the Group has no material exposure to liquidity risk

Price Risk
The Group's exposure to changing market prices in the value of financial instruments may have an impact on the carrying value of financial instruments and would arise principally as a result of entering into swap or similar transactions to fix interest rates on the Group's borrowings The Group has no borrowings or derivative financial instruments and does not expect to have any in the foreseeable future Accordingly, the Group has no current exposure to price risk

As the Group's assets and liabilities are all denominated in Pounds Sterling there is currently no exposure to currency risk

The Company's policies for managing financial risk are identical to those of the Group

The disclosures below exclude short term debtors and creditors

The interest rate profile of financial assets was as follows

	Group		Company	
	2010 £'000	2009 £'000	**2010 £'000**	2009 £'000
Receivables – fixed rate	**1,242**	1,194	**–**	–
Cash and short term deposits – floating rate	**5,910**	10,862	**2,280**	7,380
Co-investments	**5,806**	3,682	**–**	–
Trade and other receivables	**615**	1,060	**43,889**	48,947
Financial assets	**13,573**	16,798	**46,169**	56,327
Non-financial assets	**37,963**	45,942	**1,464**	1,476
Total assets	**51,536**	62,740	**47,633**	57,803

Floating rate financial assets comprise cash and short term deposits at call and money market rates for up to 3 months, institutional cash funds and UK Government securities maturing within an equivalent period

The interest rate profile of financial liabilities was as follows

	Group		Company	
	2010 £'000	2009 £'000	**2010 £'000**	2009 £'000
Trade and other payables	**2,258**	2,064	**5,609**	6,725
Financial liabilities	**2,258**	2,064	**5,609**	6,725
Non-financial liabilities	**528**	711	**368**	422
Total liabilities	**2,786**	2,775	**5,977**	7,147

Unless otherwise stated, all financial assets and liabilities are interest free

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

26 TREASURY POLICIES AND FINANCIAL INSTRUMENTS (CONTINUED)

The maturity profile of financial liabilities was as follows

	Group		Company	
	2010	2009	**2010**	2009
	£'000	£'000	**£'000**	£'000
In one year or less	**2,258**	2,064	**5,609**	6,725
In more than one year but not more than two	**–**	–	**–**	–
	2,258	2,064	**5,609**	6,725

All amounts due to and from subsidiary undertakings are interest free and payable on demand The Company has made provisions for impairment of amounts due from subsidiary undertakings of £17,689,000 (2009 £20,116,000) The only movement in the year is the credit to the income statement of £2,427,000 (2009 charge £17,843,000) The provision is based upon the movement in value of the underlying property inventories and available for sale financial assets of the subsidiaries

Financial instruments measured at fair value

	Fair value measurements at 31 January 2010 using	
	Level 1	**Level 2**
	£'000	**£'000**
Financial asset		
Available for sale financial assets	3,038	2,768

Level 1 – Fair value measured using quoted prices (unadjusted) in active markets

Level 2 – Fair value measured using the Group's share of underlying net assets according to published audited accounts

Comparison of Book Values and Fair Values
There is no material difference between the book value and the fair value of the Group's financial assets and liabilities

Categories of Financial Assets and Financial Liabilities
All financial assets are classified as loans and receivables except for available-for-sale financial assets (note 14) All financial liabilities are classified as other financial liabilities

27 PENSION COMMITMENTS

The Company participates in a defined contribution pension scheme The assets of the scheme are held separately from those of the Company in independently administered funds

28 OTHER FINANCIAL COMMITMENTS

Operating Lease Agreements Where the Group is Lessor

The Group holds properties as trading stock, as disclosed in note 17, which are let to third parties The non-cancellable leases have remaining terms of variable length

Future minimum rentals receivable under non-cancellable operating leases are as follows

	Group		Company	
	2010 £'000	2009 £'000	2010 £'000	2009 £'000
Not later than one year	3,117	3,691	171	82
After one year but not more than five years	7,518	9,621	258	122
After five years	8,710	14,135	53	-
	19,345	27,447	482	204

Operating Lease Agreements Where the Group is Lessee

The Group has entered into commercial leases on certain properties which include a number of long leasehold interests and items of office equipment

Future minimum rentals payable under non-cancellable leases are as follows

	Group		Company	
	2010 £'000	2009 £'000	2010 £'000	2009 £'000
Not later than one year	236	233	228	225
After one year but not more than five years	1,203	1,115	1,168	1,080
After five years	1,625	1,919	294	579
	3,064	3,267	1,690	1,884

29 RELATED PARTY TRANSACTIONS

ING Covent Garden Limited Partnership, London Industrial Partnership Limited, O Twelve Estates Limited and Rugby Estates Investment Trust Plc are related parties of the Group and the Company The disclosures required are given in note 14

The key management of the Group and Company are considered to be the Board of Directors Details of management remuneration are set out in note 6

ANNUAL GENERAL MEETING

The Annual General Meeting of the Company will be held at 4 Farm Street, London W1J 5RD on 28 June 2010 at 10 30 am The Directors will be available to meet shareholders and answer any questions Explanatory information regarding the proposed resolutions is set out below

If you would like to vote on the resolutions but cannot come to the AGM, you can appoint a proxy to exercise all or any of your rights to attend, vote and speak at the AGM by using one of the methods set out in the notes to the notice of AGM Appointing a proxy will not prevent you from attending and voting in person at the AGM

If you have a question you wish to ask at the AGM please either write to the Company Secretary at Rugby Estates Plc, 4 Farm Street, London W1J 5RD or e-mail Steve Jones@rugbyestates plc uk The Chairman will deal with the issues most frequently raised at the meeting

ORDINARY BUSINESS (RESOLUTIONS 1 - 5)

Resolution 1 – To Receive the Annual Report and Accounts

The Chairman will present the Directors' Report and Accounts together with the Auditors' Report on the Accounts for the period ended 31 January 2010 to the meeting

Resolutions 2 and 3

Resolutions 2 and 3 deal with reappointment of certain of the Directors Biographies of each of the Directors seeking reappointment can be found on the inside back cover of the Annual Report

Resolutions 4 and 5 – Re-appointment of Auditors

Resolution 4 relates to the reappointment of BDO LLP as the Company's auditors to hold office until the next AGM of the Company and Resolution 5 authorises the Directors to set their remuneration

SPECIAL BUSINESS (RESOLUTIONS 6 – 8)

Resolution 6 – Authority to Allot Shares

At the last AGM of the Company held on 24 June 2009, the Directors were given authority to allot Ordinary Shares in the capital of the Company up to a maximum nominal amount of £1,125,000 representing approximately 33 per cent of the Company's then issued ordinary share capital

Your Board considers it appropriate that a further similar authority be granted to allot Ordinary Shares in the capital of the Company up to a maximum nominal amount of £565,000 representing approximately 33 per cent of the Company's issued ordinary share capital as at 29 April 2010 (the latest practicable date before publication of this document) during the period up to the conclusion of the next AGM in 2011 or, if earlier, the date which is 15 months after this year's AGM

In addition, the Association of British Insurers (ABI) has said that it will now consider as routine a resolution to authorise the allotment of a further one-third of share capital for use in connection with a rights issue Your Board considers it appropriate to seek this additional allotment authority at this year's AGM in order to take advantage of the flexibility it offers However, the Board has no present intention of exercising either authority

As at the date of this document the Company does not hold any Ordinary Shares in the capital of the Company in treasury

As the Companies Act 2006 (the "2006 Act") is now fully in force, this resolution refers to Section 551 of the 2006 Act, rather than to section 80 of the Companies Act 1985

Resolution 7 – Disapplication of Statutory Pre-emption Rights

Resolution 7 will empower the Directors to allot Ordinary Shares in the capital of the Company for cash on a non-pre-emptive basis

1 In connection with a rights issue or other pro-rata offer to existing shareholders

2 (Otherwise than in connection with a rights issue or other pro rata offer) up to a maximum nominal value of £85,000, representing approximately 5 per cent of the issued ordinary share capital of the Company as at 29 April 2010 (the latest practicable date before publication of this letter)

As noted above, the 2006 Act is now fully in force and so this resolution refers to section 570 of that Act

Resolution 8 – Authority to Purchase Own Shares

Resolution 8 gives the Company authority to buy back its own Ordinary Shares in the market as permitted by the 2006 Act The authority limits the number of shares that could be purchased to a maximum of 1,700,000 (representing approximately 14 9 per cent of the Company's issued ordinary share capital as at 29 April 2010 (the latest practicable date before publication of this document) and sets minimum and maximum prices This authority will expire at the conclusion of the next AGM in 2011

The Directors have no present intention of exercising the authority to purchase the Company's Ordinary Shares but will keep the matter under review, taking into account the financial resources of the Company, the Company s share price and future funding opportunities The authority will be exercised only if the Directors believe that to do so would result in an increase in earnings per share and would be in the interests of shareholders generally

Consideration will be given to holding any shares purchased in treasury The Company currently holds no shares in treasury

The Company has 48,580 outstanding options to subscribe for shares as at the date of this document

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the annual general meeting of Rugby Estates Plc (the "Company") will be held at 4 Farm Street, London W1J 5RD on Monday 28 June 2010 at 10 30 am to transact the following business Resolutions 1 to 6 inclusive will be proposed as ordinary resolutions Resolutions 7 and 8 will be proposed as special resolutions

1 To receive and adopt the Director's Report and Accounts together with the Auditors Report on the Accounts for the period ended 31 January 2010

2 To re-elect Andrew Wilson as a Director of the Company

3 To re-elect John Jackson as a Director of the Company

4 To re-appoint BDO LLP as Auditors of the Company

5 To authorise the Directors to determine the Auditors' remuneration

6 That the Directors be and they are hereby generally and unconditionally authorised in accordance with section 551 of the Companies Act 2006 (the "2006 Act") in substitution for all existing authorities

6 1 to exercise all the powers of the Company to allot shares and to make offers or agreements to allot shares in the Company or grant rights to subscribe for or to convert any security into shares in the Company (together 'Relevant Securities") up to an aggregate nominal amount of £565,000, and

6 2 to exercise all the powers of the Company to allot equity securities (within the meaning of section 560 of the 2006 Act) up to an additional aggregate nominal amount of £565,000 provided that this authority may only be used in connection with a rights issue in favour of holders of ordinary shares and other persons entitled to participate therein where the equity securities respectively attributable to the interests of all those persons at such record dates as the Directors may determine are proportionate (as nearly as may be) to the respective numbers of equity securities held or deemed to be held by them or are otherwise allotted in accordance with the rights attaching to such equity securities subject to such exclusions or other arrangements as the Directors may consider necessary or expedient to deal with fractional entitlements or legal difficulties under the laws of any territory or the requirements of a regulatory body or stock exchange or by virtue of shares being represented by depositary receipts or any other matter whatsoever,

provided that the authorities in 6 1 and 6 2 shall expire at the conclusion of the next annual general meeting of the Company after the passing of this resolution or if earlier on the date which is 15 months after the date of the Annual General Meeting, except that the Company may before such expiry make an offer or agreement which would or might require Relevant Securities or equity securities as the case may be to be allotted after such expiry and the Directors may allot Relevant Securities or equity securities in pursuance of any such offer or agreement as if the authority in question had not expired

7 That the Directors be and are empowered, in accordance with section 570 of the 2006 Act, to allot equity securities (as defined in section 560(1) of the 2006 Act) for cash pursuant to the authority conferred by resolution number 6 or by way of a sale of treasury shares as if section 561(1) of the 2006 Act did not apply to any such allotment, provided that this power shall be limited to

7 1 the allotment of equity securities in connection with a rights issue or other pro rata offer (but, in the case of the authority granted conferred by paragraph 6 2, by way of a rights issue only) in favour of holders of ordinary shares and other persons entitled to participate therein where the equity securities respectively attributable to the interests of all those persons at such record dates as the Directors may determine are proportionate (as nearly as may be) to the respective numbers of equity securities held or deemed to be held by them or are otherwise allotted in accordance with the rights attaching to such equity securities subject in each case to such exclusions or other arrangements as the Directors may consider necessary or expedient to deal with fractional entitlements or legal difficulties under the laws of any territory or the requirements of a regulatory body or stock exchange or by virtue of shares being represented by depositary receipts or any other matter whatsoever, and

7 2 the allotment (otherwise than pursuant to paragraph 7 1 above) of equity securities up to an aggregate nominal amount of £85,000,

and shall expire upon the expiry of the general authority conferred by resolution 6 above, except that the Company may make an offer or agreement before this power expires which would or might require equity securities to be allotted and/or shares held by the Company in treasury to be sold or transferred after such expiry and the Directors may allot equity securities and/or sell or transfer shares held by the Company in treasury in pursuance of such offer or agreement as if the power conferred by this resolution had not expired

NOTICE OF ANNUAL GENERAL MEETING
CONTINUED

8 That the Company be and is hereby generally and unconditionally authorised, in accordance with section 701 of the 2006 Act, to make market purchases (within the meaning of section 693(4) of the 2006 Act) of Ordinary Shares of 15 pence each in the capital of the Company ("Ordinary Shares") on such terms and in such manner as the Directors may from time to time determine provided that

8 1 the maximum number of Ordinary Shares authorised to be purchased is 1,700,000 (representing approximately 14 9% of the Company's issued share capital at the date of notice covering the Annual General Meeting at which this Resolution is to be proposed) or such lesser number representing 14 9% of the Company's issued share capital at the date of the Annual General Meeting,

8 2 the minimum price which may be paid for an Ordinary Share is 15 pence (exclusive of expenses payable by the Company),

8 3 the maximum price which may be paid for an Ordinary Share (exclusive of expenses payable by the Company) cannot be more than the higher of

8 3 1 105 per cent of the average market value of an Ordinary Share for the five business days prior to the day on which the Ordinary Share is contracted to be purchased, and

8 3 2 the value of an Ordinary Share calculated on the basis of the higher of

(a) the last independent trade of, or

(b) the highest current independent bid for,

any number of Ordinary Shares on the trading venue where the market purchase by the Company will be carried out, and

8 4 the authority conferred shall expire at the conclusion of the next Annual General Meeting of the Company except that the Company may before such expiry make a contract to purchase its own shares which will or may be completed or executed wholly or partly after such expiry

30 April 2010

Registered office
4 Farm Street
London
W1J 5RD

By order of the Board

SD

Stephen Jones
Secretary

NOTES TO NOTICE OF ANNUAL GENERAL MEETING

1 A member entitled to attend and vote at the meeting is entitled to appoint another person(s) (who need not be a member of the Company) to exercise all or any of his rights to attend, speak and vote at the meeting A member can appoint more than one proxy in relation to the meeting, provided that each proxy is appointed to exercise the rights attaching to different shares held by the member

2 Your proxy could be the Chairman, another Director of the Company or another person who has agreed to attend to represent you Your proxy will vote as you instruct and must attend the meeting for your vote to be counted Details of how to appoint the Chairman or another person as your proxy using the proxy form are set out in the notes to the proxy form Appointing a proxy does not preclude you from attending the meeting and voting in person If you attend the meeting in person, your proxy appointment will automatically be terminated

3 An appointment of proxy is provided with this notice and instructions for use are shown on the form In order to be valid, a completed appointment of proxy must be returned to the Company by one of the following methods

3 1 in hard copy form by post, by courier or by hand to the Company's Registrar at the address shown on the form of proxy, or

3 2 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 must be received by the Company by 10 30am on Friday 25 June 2010

Please note that any electronic communication sent to us/our registrars in respect of the appointment of a proxy that is found to contain a computer virus will not be accepted

4 To change your proxy instructions you may return a new proxy appointment using the methods set out above Where you have appointed a proxy using the hard copy proxy form and would like to change the instructions using another hard copy proxy form please contact Equiniti Limited at Aspect House Spencer Road, Lancing West Sussex BN99 6ZL The deadline for receipt of proxy appointments (see above) also applies in relation to amended instructions Any attempt to terminate or amend a proxy appointment received after the relevant deadline will be disregarded Where two or more valid separate appointments of proxy are received in respect of the same share in respect of the same meeting, the one which is last sent shall be treated as replacing and revoking the other or others

5 CREST

5 1 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

5 2 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 Euroclear UK & Ireland s specifications and must contain the information required for such instructions, as described in the CREST Manual The message, regardless of whether it constitutes the appointment of a proxy or 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 RA19) by the latest time(s) for receipt of proxy appointments specified in the notice of meeting 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

5 3 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

5 4 CREST members and where applicable their CREST sponsors or voting service providers should note that Euroclear UK & Ireland 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

6 Only those shareholders registered in the Register of Members of the Company as at 10 30am on Friday 25 June 2010 (or if the meeting is adjourned, on the date which is two days before the time of the adjourned meeting) shall be entitled to attend and vote at the meeting or adjourned meeting in respect of the number of shares registered in their respective names at that time Changes to the Register of Members after that time will be disregarded in determining the rights of any person to attend or vote at the meeting or adjourned meeting

7 Any corporation which is a member can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a member provided that they do not do so in relation to the same shares

8 You may not use any electronic address provided either in this Notice of Annual General Meeting or any related documents (including the form of proxy) to communicate with the Company for any purposes other than those expressly stated

9 Members satisfying the thresholds in section 527 of the Companies Act 2006 can require the Company to publish a statement on its website setting out any matter relating to

9 1 the audit of the Company's accounts (including the auditor's report and the conduct of the audit) that are to be laid before the meeting or

9 2 any circumstances connected with an auditor of the Company ceasing to hold office since the last Annual General Meeting that the members propose to raise at the meeting

The Company cannot require the members requesting the publication to pay its expenses Any statement placed on the website must also be sent to the Company's auditors no later than the time it makes its statement available on the website The business which may be dealt with at the meeting includes any statement that the Company has been required to publish on its website

NOTICE OF ANNUAL GENERAL MEETING
CONTINUED

NOTES (CONTINUED)

10 Any member attending the meeting has the right to ask questions The Company must cause to be answered any such question relating to the business being dealt with at the meeting but no such answer need be given if

10 1 to do so would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information

10 2 the answer has already been given on a website in the form of an answer to a question or

10 3 it is undesirable in the interests of the Company or the good order of the meeting that the question be answered

11 A copy of this notice can be found at http //www rugbyestates plc uk

12 Under section 338 of the Companies Act 2006, members meeting the threshold requirements in that section have the right to require the Company to give, to members of the Company entitled to receive notice of the meeting notice of a resolution which may properly be moved and is intended to be moved at the meeting

A resolution may properly be moved or a matter may properly be included in the business unless

12 1 it would if passed be ineffective (whether by reason of inconsistency with any enactment or the Company s constitution or otherwise),

12 2 it is defamatory of any person, or

12 3 it is frivolous or vexatious

Such a request may be in hard copy form or electronic form, must identify the resolution of which notice is to be given, must be authenticated by the person or persons making it, and must be received by the Company not later than Friday 14 May being the date six clear weeks before the annual general meeting

13 The following documents are available for inspection at the registered office of the Company during normal business hours on each weekday (public holidays excluded) and at the place of the annual general meeting for 15 minutes prior to and during the meeting

13 1 copies of the Executive Directors service contracts with the Company and

13 2 copies of letters of appointment of Non-Executive Directors

14 The Company s issued share capital is 11,424,993 Ordinary Shares of 15p each The total voting rights which members are entitled to exercise at the annual general meeting are 11 424,993

ADVISERS

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Fairfax IS Plc
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Valuers
CB Richard Ellis Ltd
Kingsley House
Wimpole Street
London W1M ORE

Auditors
BDO LLP
55 Baker Street
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Principal Bankers
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London EC3P 38H

Principal Bankers
Royal Bank of Scotland
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Nabarro LLP
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Narrow Quay House
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Calls to this number are charged at 8p per minute from a BT landline Other providers' costs may vary

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DIRECTORS

David M F Tweeddale-Tye BSc, FRICS
Executive Chairman
Aged 57
Formerly with Norwich Union and Rugby Securities
Founded the Group in 1990

Andrew L Wilson BSc, FRICS
Chief Executive
Aged 55
Formerly with Richard Ellis, Royal Insurance and Rugby Securities
A founder Director of Rugby Estates Plc and a non-executive director of UK Commercial Property Trust Ltd

John A Jackson BSc, ARCS, FCA
Non-Executive Director
Aged 60
Appointed to the Board in 2005 Formerly finance director and executive deputy chairman of Hillsdown Holdings PLC
Founder chairman of Big Bear Group Ltd and a non-executive director of a number of private companies

Andrew Tyne MP
Non-Executive Director
Aged 53
Appointed to the Board in 2002
Member of Parliament for Chichester
An economist formerly with HM Treasury and European Bank for Reconstruction and Development

Stephen D Jones BSc, MSc, FCA
Finance Director
Aged 55
Formerly with BTR, Wiggins Group and Rugby Securities
A founder Director

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