



**CALEDONIA**  
INVESTMENTS

Performance driven

Half year to 30.09.07

November 2007



# About Caledonia

- Investment trust since 1 April 2003
- Global Growth sector of investment trusts
- Quoted since 1960 (FTSE 250)
- Distinctive style:
  - Significant minority stakes
  - Long term supportive shareholder
  - Normally with board position
  - Focused approach: top 10 holdings represent more than 50% of portfolio
- 33.4% owned by Cayzer Trust Company, 46.2% wider concert party
- Market capitalization circa £1.2 billion

# Objectives

- Outperform FTSE All-Share TR over 5 and 10 years
- Positive absolute returns over 5 and 10 years
- Pay a progressive dividend

# Key differentiators

- Large influential stakes
- Long term investor – but not a forever investor
- Valued reputation ⇔ strong deal flow
- Added value of constructive active management
- Self-managed/stable management team
- £273m of retained earnings – all distributable

## Highlights to 30 September 2007

- NAV per share: -2.0% since 31.03.07 (vs FTSE All Share Index +1.0%)
- TSR\*: + 289% over 5 years (172% outperformance)  
+ 357% over 10 years (276% outperformance)
- Global Growth ranking (source: Lipper)
  - 24<sup>th</sup> out of 31 trusts (1 year)
  - 6<sup>th</sup> out of 30 trusts (3 years)
  - 2<sup>nd</sup> out of 28 trusts (5 years)
  - 1<sup>st</sup> out of 21 trusts (10 years)

\*TSR increase compared with the FTSE All-Share Total Return Index

N.B. Figures for the six month period ending 30 September 2007 throughout this document are unaudited

## Highlights to 30 September 2007 (continued)

- 9.9p per share interim dividend: +4.2% increase
- £113m invested and £40m realised
- Share price discount narrowed to 4.6%
- £8m of FTSE 250 put options purchased (downside protection on approximately £85m of our portfolio)

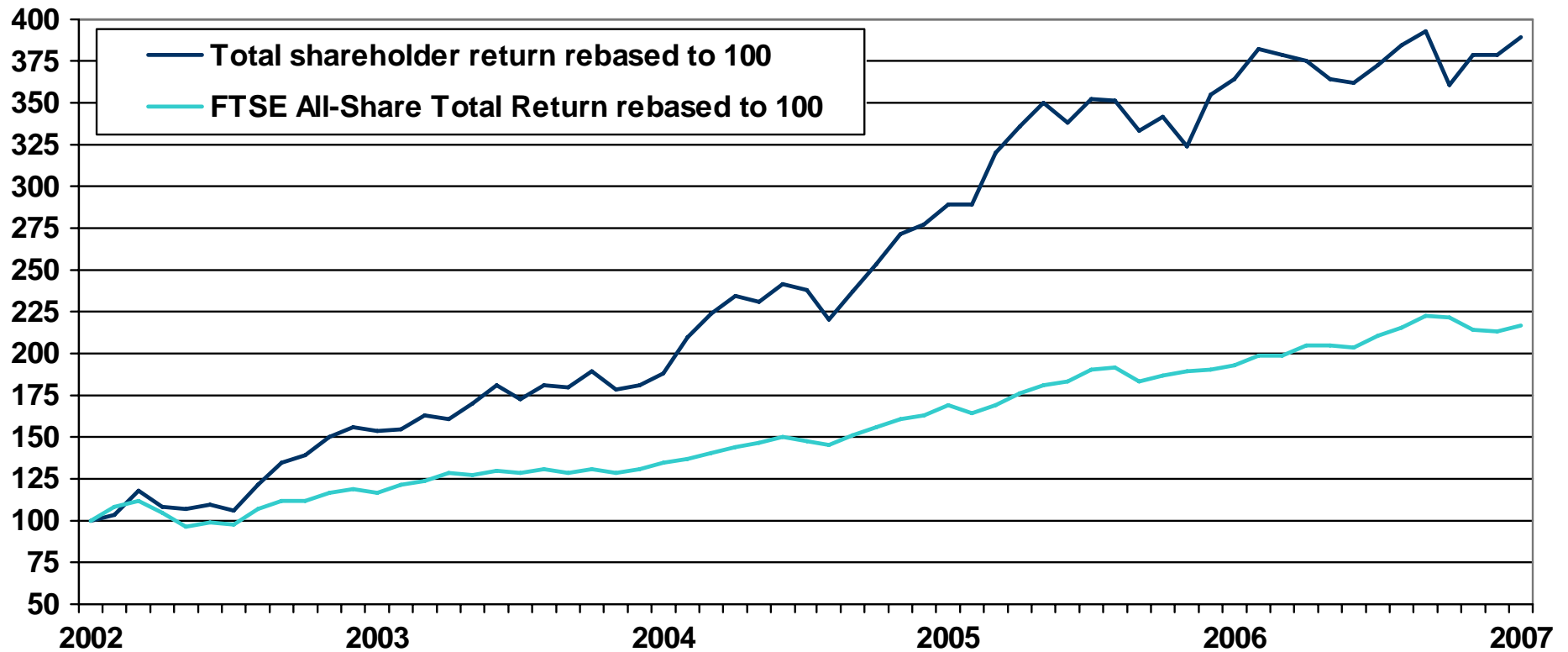
## Performance to 30 September 2007

	5 year %	10 year %
Total shareholder return	289.1	357.0
FTSE All-Share total return	117.0	80.6
TSR outperformance	<u>172.1</u>	<u>276.4</u>

## Summary of the six months to 30 September 2007

	30.09.07	31.03.07	Change
Net asset value per ordinary share (undiluted)	2237p	2283p	-2.0%
Net asset value per ordinary share (diluted)	2212p	2258p	-2.0%
Share price	2135p	2066p	+3.3%
FTSE All-Share Index	3317	3283	+1.0%
Discount to NAV	4.6%	9.5%	Narrowed
Interim dividend per ordinary share	9.9p	9.5p	+4.2%

## Total return: 5 year to 30 September 2007



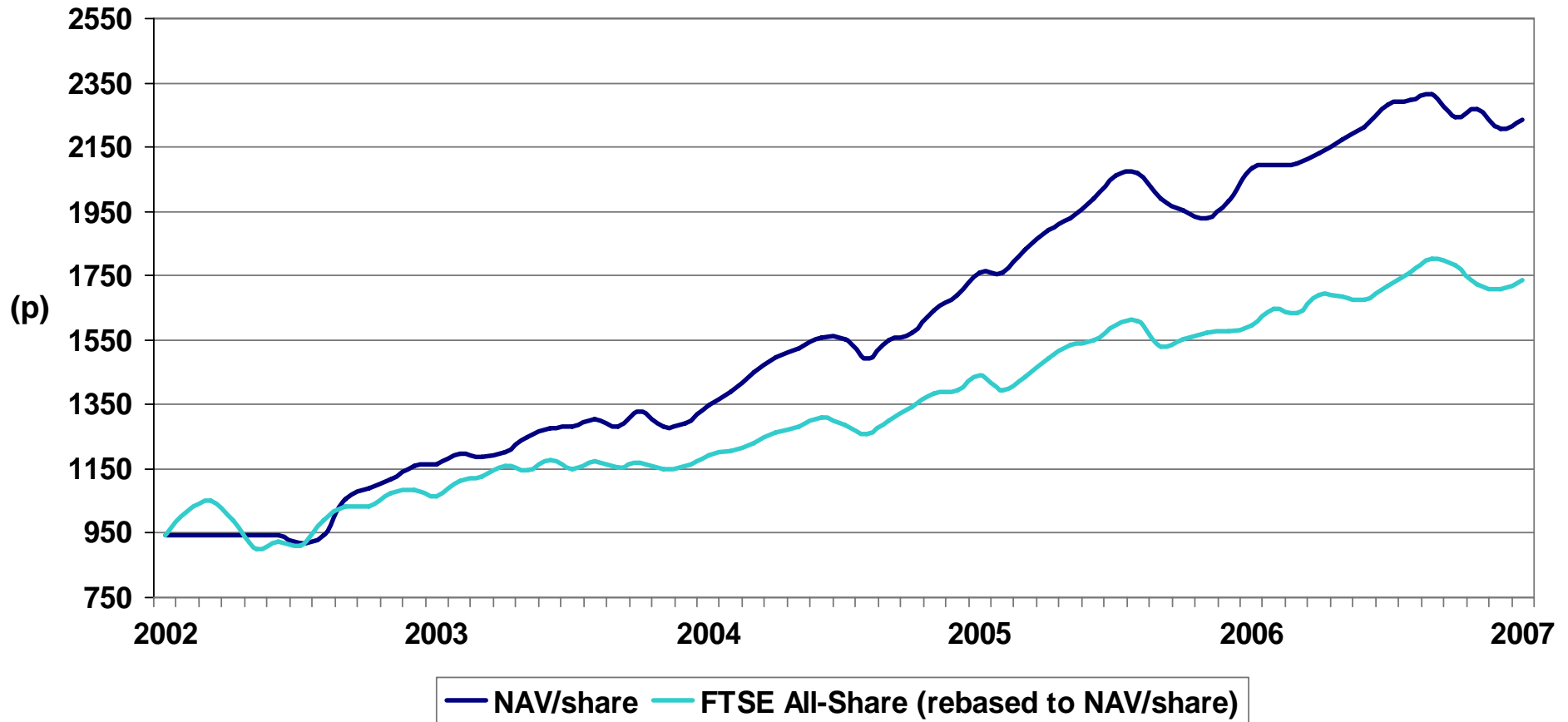
**Caledonia TR CAGR**

**+31.2%**

**FTSE All-Share TR CAGR**

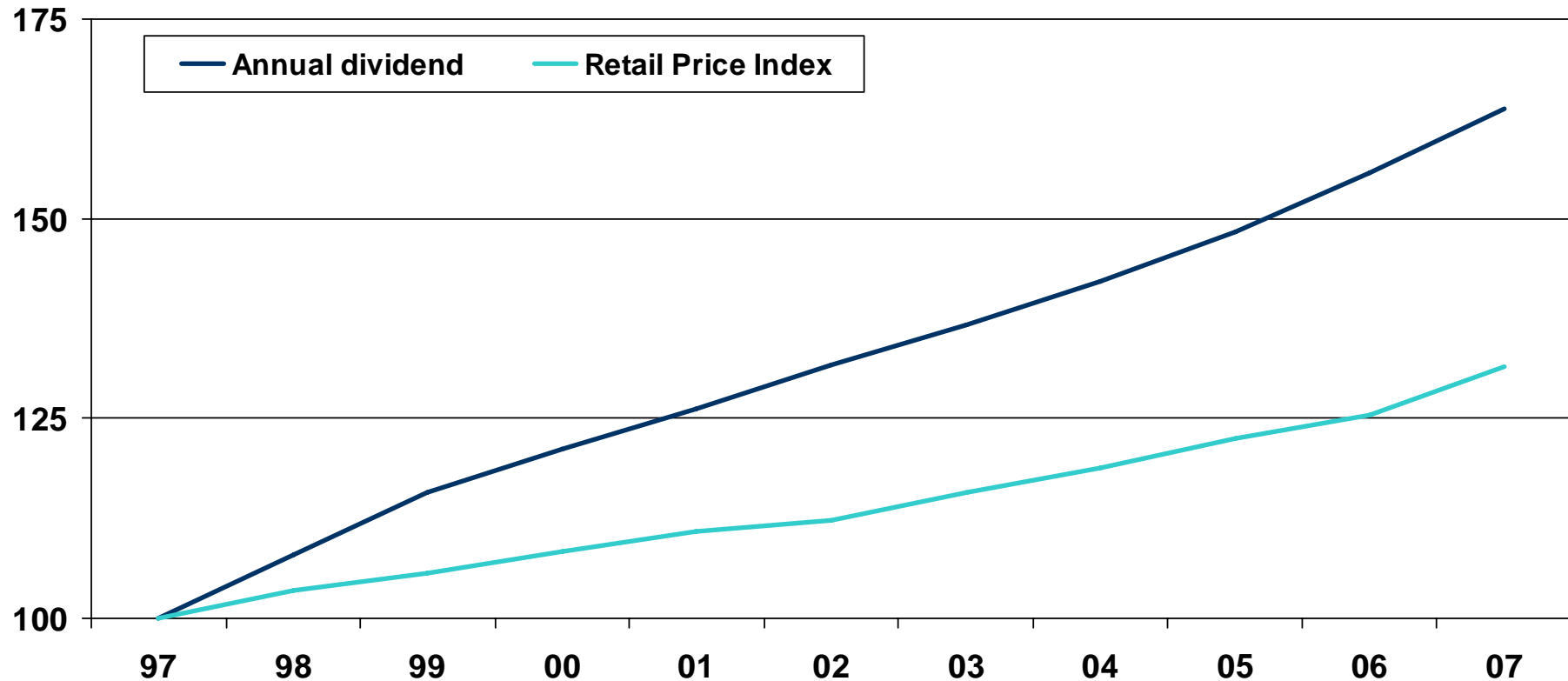
**+16.8%**

# NAV\* performance since conversion



\* Undiluted

# Annual dividend growth



Excluding special dividends of 30p and 70p per share in relation to 1997 and 2000 respectively

**Caledonia dividend CAGR** **4.5%**

**RPI** **2.3%**

**Caledonia has a 40 year record of annual dividend growth**

## Performance attribution for the 6 months to 30.09.07 and since conversion on 1<sup>st</sup> April 2003.

	6 month change (%)	Since conversion (%)
Caledonia net asset performance	-2.0%	+144.5%
FTSE All-Share Index	+1.0%	+91.1%
<b>Outperformance/ (Underperformance)</b>	<b>-3.0%</b>	<b>+53.4%</b>
Outperformance due to sector exposure	-3.4%	+9.3%
Outperformance due to stock selection	+0.8%	+46.5%
Overhead costs as a % of NAV	-0.4%	-4.6%
Other (e.g. share buy-backs)	-	+2.2%
<b>Outperformance</b>	<b>-3.0%</b>	<b>+53.4%</b>

Note: Analysis of outperformance contains estimates

# Investments

for the six months to 30 September 2007

## i) New investments

	Percentage held	£m	£m
Retif (unquoted)	15.4%	12.9	
Subsidiary*	100%	8.0	
Vietnamese portfolio (unquoted)		3.1	
Celonat		3.0	
			27.0
	<b>C/fwd</b>		<b>27.0</b>

\* Subsidiary company used to purchase FTSE 250 put options

† Caledonia also holds warrants to subscribe for shares representing up to 49.9% of equity

# Investments-continued

for the six months to 30 September 2007

## ii) Follow on investments

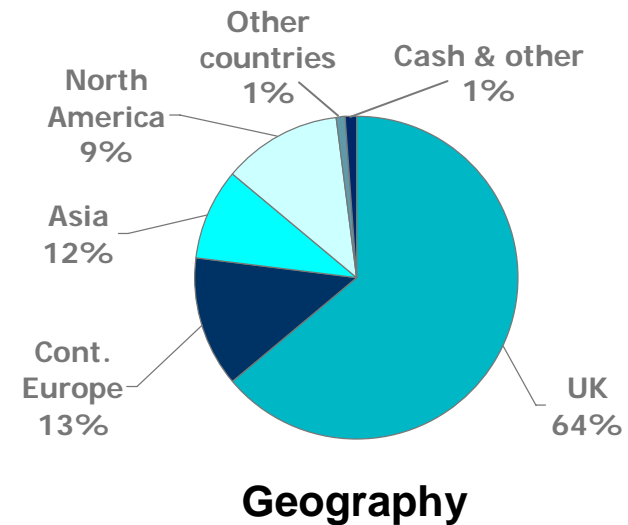
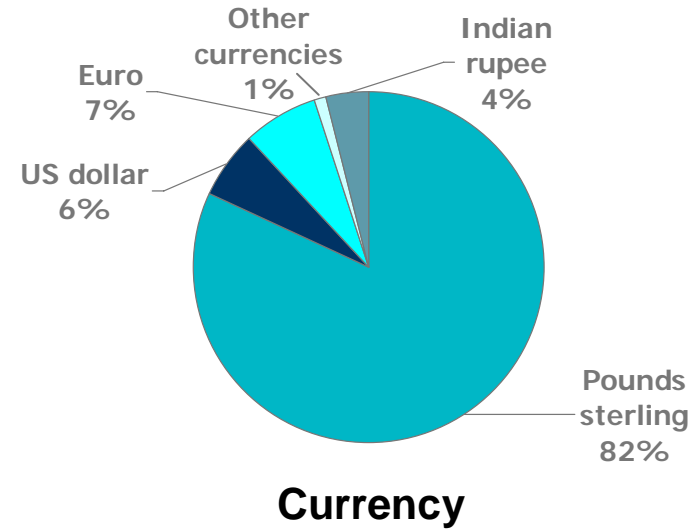
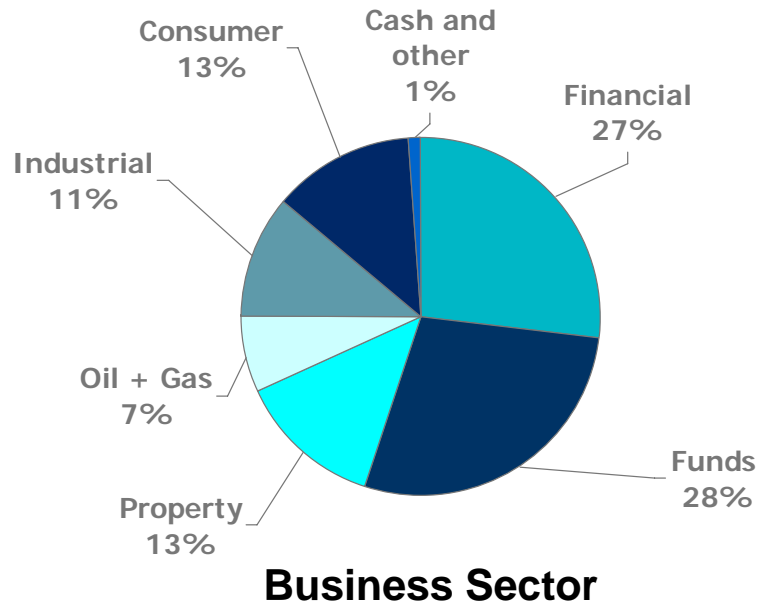
	Aggregate held	£m	£m
Quintain Estates & Development	9.6%	24.7	
Incisive Media		15.5	
Eddington Capital Fund		10.0	
Avanti Communications – debt financing	19.9%	7.0	
Polar Capital Funds		5.0	
Pragma		3.5	
Other investments		20.4	
		<hr/>	86.1
New investments (b/fwd)			27.0
<b>Total</b>			<hr/> <hr/> <b>113.1</b>

# Divestments

for the six months to 30 September 2007

	£m	Realised gain £m
Polar Capital Funds	11.1	0.2
CF AVI Global Fund	9.3	2.3
Pragma Fund	5.7	4.1
Savills	2.9	2.5
Other realisations	11.0	4.5
<b>Total</b>	<b>40.0</b>	<b>13.6</b>

# Net asset distribution at 30 September 2007



## Company Cashflow six months to 30 September 2007

	£m
Opening cash and cash equivalents (01.04.07)	108.6
Acquisitions	(112.6)
Disposals	40.9
Ordinary dividends	(12.5)
Dividends and net interest received	17.0
Overheads and other costs	(6.5)
Other	1.2
Closing cash and cash equivalents (30.09.07)	36.1

# Caledonia Investments plc [CLDN]

- Key advantages
  - Distinctive business model
    - Long term approach
    - Favoured access to opportunities
    - Added value of active management
    - Stable management team
  - Dividend
    - £273m of retained earnings – all distributable
    - 40 year record of annual increases

## And finally...

Past performance is not necessarily a guide to future returns. The value of shares can fall as well as rise. This presentation is not to be regarded as an invitation or advice to invest in the shares of Caledonia Investments plc.