

Monthly fact sheet

31 December 2006



CALEDONIA
INVESTMENTS

Caledonia is one of the UK's largest investment trusts and is self-managed. We aim to be a core investment for those seeking a store of increasing value, by investing for the longer term in a range of assets.

Our ability to identify opportunities through our extensive network, invest in significant stakes and involve ourselves with the managements of investee companies underpins our investment approach, through which we seek to deliver both a long term shareholder return in excess of the FTSE All-Share Total Return and a positive total return over rolling five year periods, whilst maintaining a progressive annual dividend.

Review

During the month, we invested a total of £21.8m and realised £32.3m. We invested a further £12.9m in Varun Shipping, the Indian listed shipping company serving private sector customers in the LPG, crude oil, petroleum products and chemicals sectors. This additional investment increased our holding to 11.1%. We invested £3.4m for a 9.8% stake in Real Estate Investors, an AIM listed property investor, with interests in commercial and industrial properties in the UK. We also invested a total of £5.6m in private equity funds and other follow-on situations. During October and November we had invested a further £19.8m in Incisive Media, the UK listed business publisher, before it was taken private in a management buy-out backed by Apax Partners as announced in September. This increased our original 10.6% shareholding temporarily to 20.6%. We opted in full for the share alternative offered to shareholders as a result of which we retain an ongoing stake of approximately 13% in the new unquoted business and received back cash of £24.5m. We realised our 31.6% stake in Cameron Taylor, the private UK civil and structural engineering consultancy, for £4.9m. We also realised £2.9m from fund distributions, including a further £1.6m distribution from the Aberforth LP fund. During the month, Kingdom Holdings, the Chinese linen yarn manufacturer, was listed on the Hong Kong Stock Exchange, valuing our 10.7% stake at £7.8m, a two and a half times multiple of our investment cost in September 2005.

At the end of the month, we held net liquidity of £108.4m. Net current assets also included a £5.5m accrual for the interim dividend of 9.5p per share, declared on 21 November 2006. The dividend will be paid on 9 January 2007 to shareholders registered on 8 December 2006.

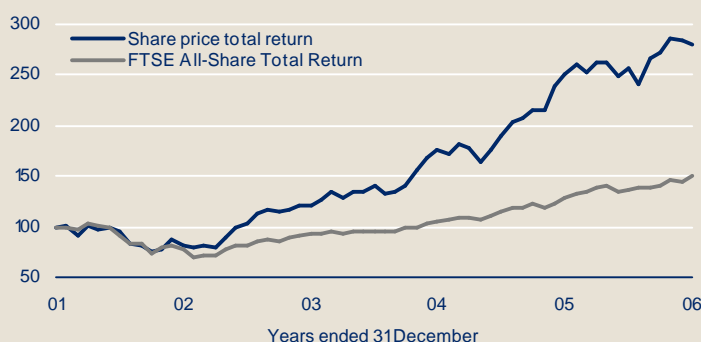
Ten largest holdings

Name	Business	£m	%
Close Brothers	Merchant bank	183.0	14.7
British Empire	Investment trust	134.0	10.8
Quintain Estates	Property developer	80.7	6.5
Rathbone Brothers	Fund manager	54.5	4.4
Polar Capital funds	Managed funds	43.1	3.4
Bristow Group	Helicopter services	38.6	3.1
Melrose Resources	Oil and gas exploration	36.4	2.9
Cobepa	Investment company	29.7	2.4
Oval	Insurance broking	25.6	2.1
Satellite Information Services	Betting information	25.6	2.1
		651.2	52.4
Other investments		504.1	40.6
Net current assets		86.8	7.0
Net assets		1,242.1	100.0

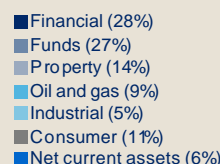
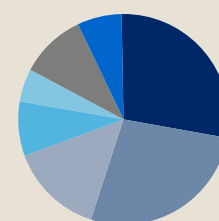
Caledonia Investments plc

All figures as at 31 December 2006. All sources Caledonia Investments plc unless otherwise stated. The price of shares and the income from them may go down as well as up. Past performance is no indication of future performance. Under no circumstances should this information be considered as an offer, or solicitation, to deal in investments.

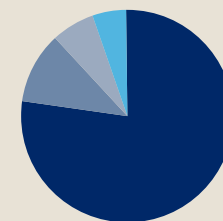
Total return growth



Business analysis



Geographic analysis



Performance

	Value at 31/12/06	Cumulative change % 5 yr	10 yr
NAV per share – undiluted (p)	2142		
NAV per share – diluted (p)	2119		
Share price (p)	2080		
FTSE All-Share	3221		
Share price total return		180.3	299.9
FTSE All-Share Total Return		50.2	114.0
Outperformance		130.1	185.9

NAV per share is stated after accruing for the interim dividend of 9.5p.
Source: Caledonia Investments plc and FTSE/Datastream.

Investor information

Sector Global Growth
Fund type Investment Trust
Listing London Stock Exchange (SEDOL 0163992, TIDM CLDN)
New Zealand Exchange (code CDN)
Investing Direct, savings plan, ISA, PEP/ISA qualifying
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