

Monthly fact sheet

31 July 2006



CALEDONIA
INVESTMENTS

Caledonia is a self-managed investment trust company investing in and actively managing a focused portfolio of significant stakes in companies and situations where we believe there to be good opportunities for building value. We usually take a board position in our investee companies. Our objective is consistently to achieve 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.

Whilst the source of funding for new investments generally comes from our own resources, the policy of the board is to allow the company to enhance returns by incurring third party borrowings when appropriate up to a maximum amount of 20% of net assets.

Review

During the month, we invested a total of £21.6m and realised £4.5m. We invested a further £9.5m in Melrose Resources, the UK listed oil and gas exploration and production company, pursuant to its open offer and placing, increasing our stake to 8.6%. We invested £5.5m in the newly-launched Polar Capital Lotus Fund, which aims to achieve an annual positive absolute return by investing in listed Asian (excluding Japan) equity securities. In addition, we invested a total of £5.2m in a number of quoted investments, taking advantage of share price weakness, and a further £1.4m in private equity funds. Realisations during the month comprised our holding in the Polar Capital European Forager Fund for £4.5m.

On 13 July 2006, we completed our elective special dividend with a payment of £102.9m in respect of the 5.4m shares elected, which were then cancelled. As a result of our investment activity and special dividend payment, we had temporary borrowings of £30.0m at the month end. We expect to repay these borrowings at the beginning of September 2006, out of the anticipated receipt of £131.0m from the realisation of our stake in Kerzner International.

Ten largest holdings

Name	Business	£m	%
Close Brothers	Merchant bank	155.6	13.7
British Empire	Investment trust	128.7	11.4
Kerzner International	Resorts operator	125.2	11.1
Quintain Estates	Property developer	64.4	5.7
Rathbone Brothers	Fund manager	49.8	4.4
Polar Capital funds	Managed funds	48.0	4.2
Melrose Resources	Oil and gas exploration	33.1	2.9
Cobepa	Investment company	30.9	2.7
Edinmore	Property trading	29.0	2.6
Satellite Information Services	Betting information	25.6	2.3
		690.3	61.0
Other investments		499.5	44.2
Net current liabilities		(58.6)	(5.2)
Net assets		1,131.2	100.0

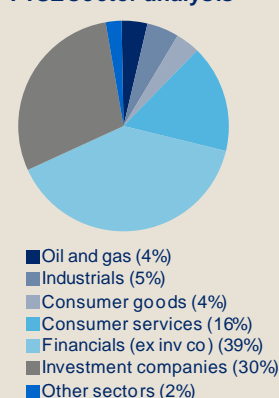
Caledonia Investments plc

All figures as at 31 July 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.

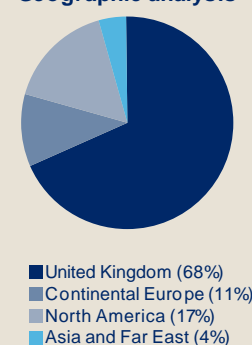
Total return growth



FTSE sector analysis



Geographic analysis



Performance

	Value at 31/07/06	Cumulative change % 5 yr	10 yr
NAV per share (p)	1950		
Share price (p)	1803		
FTSE All-Share	3004		
Share price total return		133.3	265.4
FTSE All-Share Total Return		32.5	119.8
Outperformance		100.8	145.6

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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