

# Monthly fact sheet

31 May 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 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 £88.2m and realised £23.7m. We invested £22.0m, through backing a management buyout, for a 60% stake in Jersey-based Ermitage, one of the oldest and largest fund of hedge fund management groups in Europe. Ermitage was previously owned by Liberty Group of South Africa. In addition, we invested £5.0m in The Strategic Partners Fund, a fund of hedge funds managed by Ermitage. We also backed the management buyout of Celerant Consulting, an unlisted management consultancy with clients around the world, from Novell with a £15.9m investment for a 49% stake. We invested £12.0m for a 19.6% holding in Eredene Capital, an AIM-listed investment company whose strategy is to invest in real estate in India. We invested £12.0m to support Nova Capital (a specialist manager for private equity portfolios in which we hold a 33.3% stake) in its recommended offer to acquire Springboard, an AIM-listed private equity investment company. We invested £15.0m to support the newly-launched Polar Capital Discovery and Latin American funds and £6.3m in a number of follow-on and fund investments. The principal realisation during the month was a £23.0m distribution paid by Sterling Industries, following the sale of its hydraulic valves business in October 2005.

As a result of the above transactions, our liquidity decreased to £101m at the month end. As noted previously, Kerzner International has agreed a cash offer of \$81 per share, subject to shareholder approval, valuing Caledonia's 8.0% stake at \$236.7m. During the month, we completed our hedge against currency movements on the expected sale proceeds by entering into forward currency contracts to sell \$236.7m at the expected completion date at an average exchange rate of approximately \$1.81.

The month of May has seen significant turbulence in equity markets across the world. The FTSE All-Share index declined by 5.1% during the month, whereas the more defensive nature of our portfolio resulted in a fall of 3.7% in NAV per share.

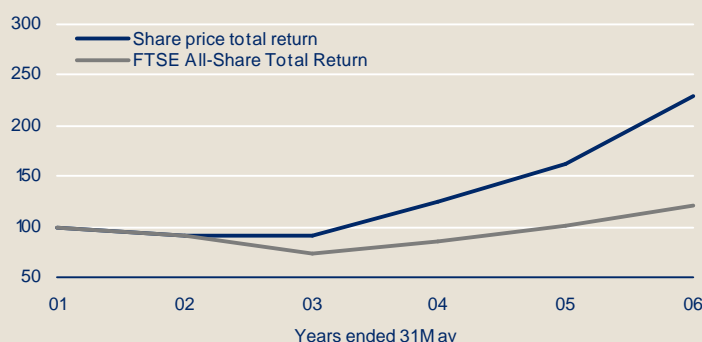
## Ten largest holdings

| Name                  | Business            | £m      | %     |
|-----------------------|---------------------|---------|-------|
| Close Brothers        | Merchant bank       | 175.0   | 13.9  |
| British Empire        | Investment trust    | 133.2   | 10.5  |
| Kerzner International | Resorts operator    | 123.8   | 9.8   |
| Quintain Estates      | Property developer  | 53.1    | 4.2   |
| Rathbone Brothers     | Fund manager        | 52.5    | 4.2   |
| Polar Capital funds   | Managed funds       | 51.2    | 4.0   |
| Cobepa                | Investment company  | 29.6    | 2.3   |
| Edinmore              | Property trading    | 28.5    | 2.3   |
| Bristow Group         | Helicopter services | 25.9    | 2.1   |
| Oval Financial        | Insurance services  | 23.8    | 1.9   |
|                       |                     | 696.6   | 55.2  |
| Other investments     |                     | 481.6   | 38.1  |
| Net current assets    |                     | 85.0    | 6.7   |
| Net assets            |                     | 1,263.2 | 100.0 |

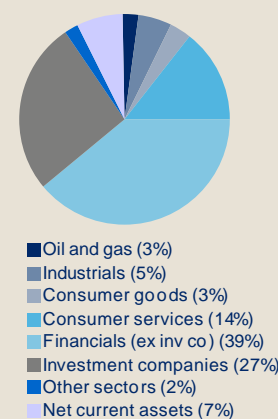
## Caledonia Investments plc

All figures as at 31 May 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.

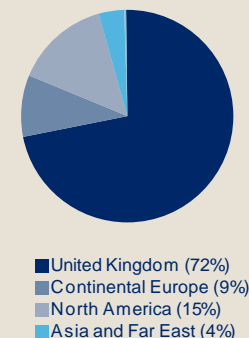
## Total return growth



## FTSE sector analysis



## Geographic analysis



## Performance

|                             | Value    | Cumulative change % |       |
|-----------------------------|----------|---------------------|-------|
|                             | 31/05/06 | 5 yr                | 10 yr |
| NAV per share (p)           | 1992     |                     |       |
| Share price (p)             | 1878     |                     |       |
| FTSE All-Share              | 2917     |                     |       |
| Share price total return    |          | 129.6               | 256.1 |
| FTSE All-Share Total Return |          | 21.7                | 108.5 |
| Outperformance              |          | 107.9               | 147.6 |

Source: Caledonia Investments plc and FTSE/Datastream.

## Investor information

|                   |  |
|-------------------|--|
| Sector            | Global Growth  |
| Fund type         | Investment Trust   |
| Listing           | London Stock Exchange (SEDOL 0163992, TIDM CLDN)<br>New Zealand Exchange (code CDN)  |
| Investing Contact | Direct, savings plan, ISA, PEP/ISA qualifying<br>Cayzer House, 30 Buckingham Gate, London SW1E 6NN<br>tel 020 7802 8080, fax 020 7802 8090<br>email enquiries@caledonia.com, web www.caledonia.com |