

Monthly fact sheet

31 December 2007



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

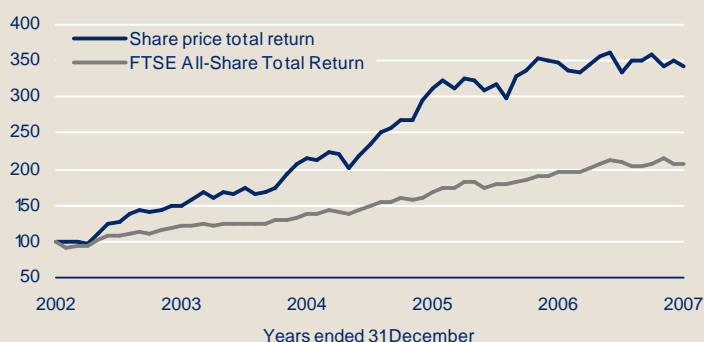
During the month, we invested a total of £13.6m and realised £16.3m. We invested £5.1m in a \$52m (£25.3m) equity placing by Serica Energy, the AIM listed international oil and gas exploration and production company, increasing our stake to 11.5%. We invested £5.0m in the newly launched Polar Capital Healthcare Opportunities fund, a long-only fund investing globally in the healthcare sector. We also invested £1.7m in a number of follow-on investments and £1.8m in fund drawdowns. We realised £6.1m on the redemption of our investment in the Polar Capital Asia ex-Japan fund and £6.0m on the sale of our holding in the BIA Pacific fund. In addition, we received £4.0m in fund distributions £0.2m from other realisations.

During the month we agreed to sell, with an expected completion in early 2008, our stake in Marketform, an insurance business; as a result we increased the carrying value of our interest by £4.5m. We also increased the value of our holding in Oval, an insurance broking business, by £17.0m as a result of a recent third party share transaction.

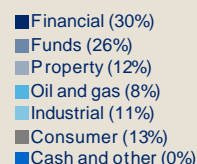
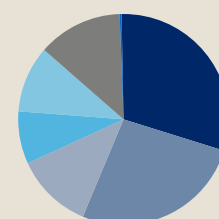
During the month, we bought 50,000 of our own shares, to be held in treasury, at a price of 1950p per share.

At the end of the month, net liquidity totalled £27.9m. Other net assets included a £5.7m accrual for the interim dividend of 9.9p per share, declared on 27 November 2007. The dividend will be paid on 8 January 2008 to shareholders registered on 7 December 2007.

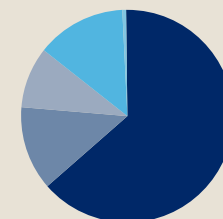
Total return growth



Business analysis



Geographic analysis



Ten largest holdings

| Name | Business | £m | % |
|---------------------------|-----------------------------|---------|-------|
| Close Brothers | Merchant banking | 170.4 | 12.6 |
| British Empire Securities | Investment trust | 128.7 | 9.5 |
| Quintain Estates | Property investor/developer | 64.8 | 4.8 |
| Bristow Group | Helicopter services | 58.1 | 4.3 |
| Oval | Insurance broking | 56.8 | 4.2 |
| Rathbone Brothers | Fund management | 47.9 | 3.5 |
| Cobepa | Investment company | 43.9 | 3.3 |
| Polar Capital funds | Hedge and long only funds | 41.9 | 3.1 |
| Alok Industries | Textiles manufacturer | 34.1 | 2.5 |
| Incisive Media | Business publisher | 32.1 | 2.4 |
| | | 678.7 | 50.2 |
| Other investments | | 668.8 | 49.5 |
| Cash and other net assets | | 3.9 | 0.3 |
| Net assets | | 1,351.4 | 100.0 |

Caledonia Investments plc

All figures as at 31 December 2007. 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.

Performance

| | Value at 31/12/07 | Cumulative change % 5 yr | 10 yr |
|-------------------------------|-------------------|--------------------------|-------|
| NAV per share – undiluted (p) | 2343 | | |
| NAV per share – diluted (p) | 2314 | | |
| Share price (p) | 2025 | | |
| FTSE All-Share | 3287 | | |
| Share price total return | | 242.5 | 293.5 |
| FTSE All-Share Total Return | | 106.5 | 82.4 |
| Outperformance | | 136.0 | 211.1 |

NAVs per share are calculated on a cum-income basis.
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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