

Monthly fact sheet

31 October 2008



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 £5.6m and realised £12.6m. We subscribed for a further £5.2m of loan finance in Oval, a private UK provider of insurance and financial services, to enable it to make further acquisitions. We also invested £0.4m in fund drawdowns and other follow-on situations. In addition to receiving £6.8m in loan repayments from our hedging subsidiary, as noted below, we received an initial £3.3m from the winding-up of Ermitage's Strategic Partners Fund and £2.5m from fund distributions and other realisations.

During the month, our subsidiary, Union-Castle, sold FTSE 250 put options and put spreads originally costing £4.0m for total proceeds of £13.1m. Of these, £4.3m was reinvested in FTSE 100 put options and £6.8m used to repay loans from Caledonia.

From 1 October 2008 until 24 November 2008, being the close period prior to the announcement of our half-year results planned for 25 November 2008, we have given a mandate to our broker, JPMorgan Cazenove, to purchase the company's shares on our behalf, within certain parameters. During the month, 10,000 shares were purchased into treasury under this mandate at a cost of £0.1m, representing an average price of 1447p per share.

At the end of the month, net liquidity totalled £26.8m.

In view of the recent volatility of equity markets and the fact that we revalue unquoted investments on an individual basis less frequently than our quoted portfolio, as an interim measure, we have included in the calculation of our net assets an overall valuation adjustment in respect of our unquoted portfolio as described in note 1 to the table below.

Ten largest holdings

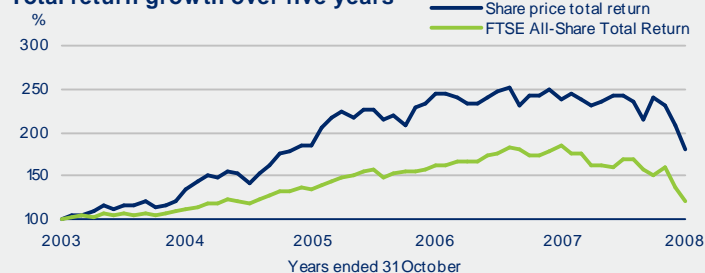
Name	Business	£m	%
Close Brothers	Merchant banking	105.1	11.1
British Empire Securities	Investment trust	93.3	9.9
Oval	Insurance broking	61.7	6.5
Cobepa	Investment company	45.4	4.8
Bristow Group	Helicopter services	36.3	3.8
Rathbone Brothers	Fund management	36.2	3.8
Eddington Capital funds	Funds of hedge funds	35.2	3.7
Polar Capital funds	Hedge and long-only funds	32.6	3.5
Union-Castle	FTSE put options fund	27.3	2.9
Satellite Information Services	Betting information	25.1	2.7
		498.2	52.7
Other investments		475.4	50.4
Valuation adjustment ¹		(45.3)	(4.8)
Cash and other net assets		16.4	1.7
Net assets		944.7	100.0

1. The valuation adjustment comprises the 12.1% decline in the FTSE All-Share index since 30 September 2008, being the date of our last formal review, applied to the valuation of unquoted investments in aggregate, for which market prices are not readily available.

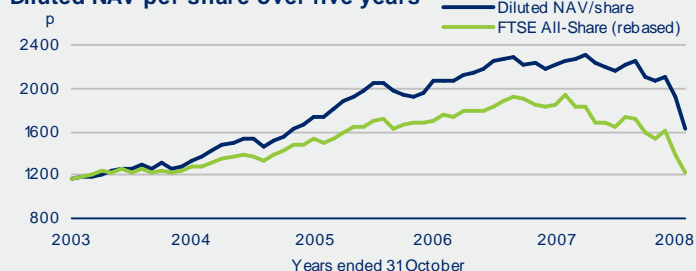
Caledonia Investments plc

All figures as at 31 October 2008. 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.

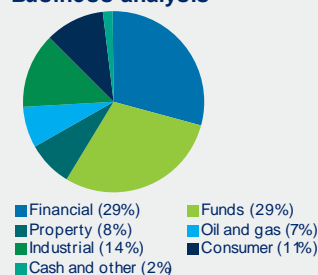
Total return growth over five years



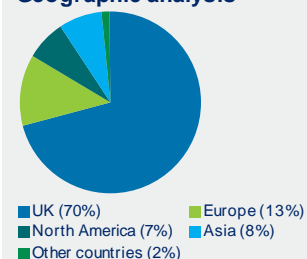
Diluted NAV per share over five years



Business analysis



Geographic analysis



Performance

	Value at 31/10/08	Cumulative change % 5 yr	10 yr
Diluted NAV per share (p)	1627	36.8	n/a
Share price (p)	1508	63.6	124.7
FTSE All-Share	2184	2.7	(12.8)
Share price total return		79.8	215.6
FTSE All-Share Total Return		21.3	18.0
Outperformance		58.5	197.6

NAV per share is 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 scheme, ISA, PEP/ISA qualifying
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