



CALEDONIA
INVESTMENTS

Performance driven

Half year to 30 September 2009



About Caledonia

- Investment trust since 1 April 2003
- Global Growth sector of investment trusts
- Self managed
- Quoted since 1960 (FTSE 250)
- Distinctive style:
 - Significant minority stakes
 - Long term supportive shareholder
 - Usually with board position
 - Focused approach: top 10 holdings represent more than 50% of portfolio
- 33.6% owned by Cayzer Trust Company, 46.3% by wider concert party
- Market capitalization circa £1 billion

Principal objectives

- Outperform FTSE All-Share TR over 5 and 10 years
- Positive total returns over rolling 5 year periods
- Pay a progressive annual dividend

Key differentiators

- Large influential stakes – usually with board seat
- Long term investor – but not a forever investor
- Valued reputation ⇒ strong deal flow
- Added value of constructive active management
- Self-managed/stable management team
- £272m of retained earnings – all distributable

Highlights to 30 September 2009

- 24.8% increase in diluted NAV per share since 31.03.09 vs. FTSE All Share Index (up 32.8%)
- TSR increase
 - +68% over 5 years (29% outperformance)
 - +242% over 10 years (214% outperformance)
- Global Growth ranking (source: AIC)
 - 10th out of 29 trusts (5 years)
 - 2nd out of 23 trusts (10 years)

Note: Diluted NAV per share decrease compared with FTSE All-Share index and TSR increase compared with FTSE All Share TSR index.

Figures for the six month period ending 30 September 2009 throughout this document are unaudited.

Highlights to 30 September 2009 (continued)

- 10.6p per share interim dividend: +2.9% increase
- £63m invested and £26m realised
- No material new investments, only follow-on investments
- Remained ungeared throughout the period
- Cautious stance

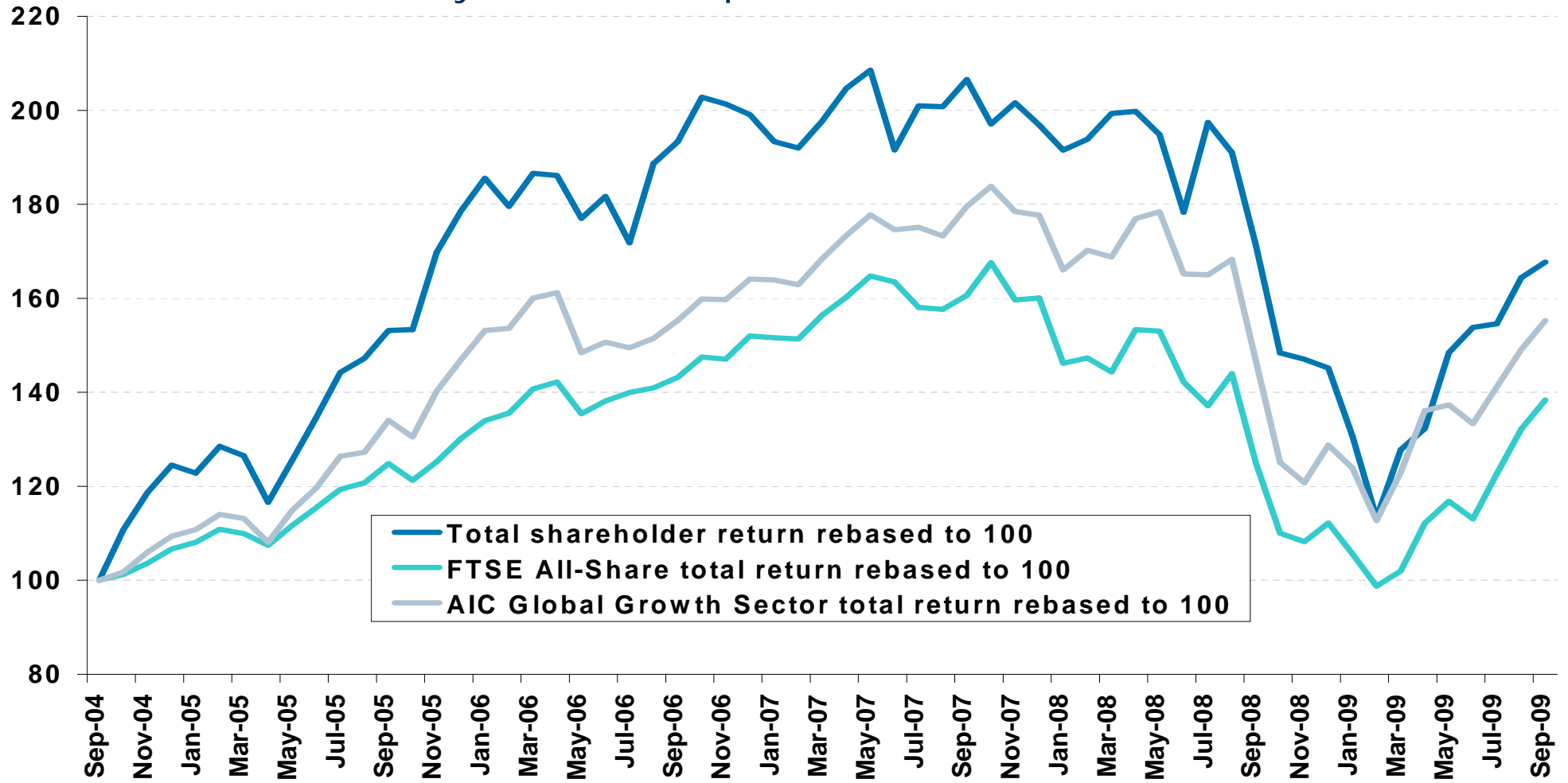
Performance to 30 September 2009

	5 year	10 year
	%	%
Total shareholder return	67.7	242.3
FTSE All-Share total return	38.4	28.5
TSR outperformance	<u>29.3</u>	<u>213.8</u>

Summary of the six months to 30 September 2009

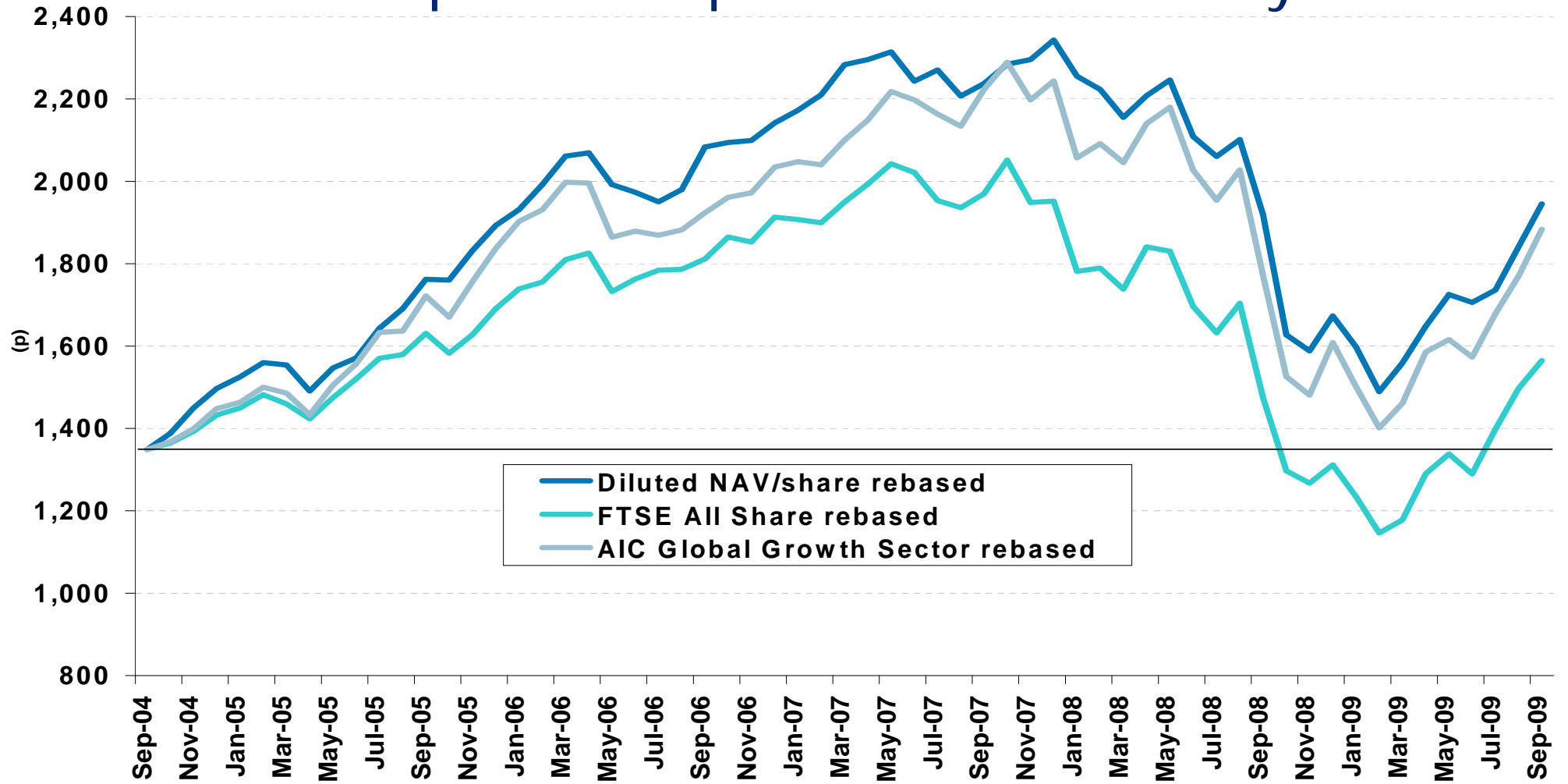
	30.09.09	31.03.09	Change
Diluted NAV per share	1945p	1559p	+24.8%
FTSE All-Share Index	2635	1984	+32.8%
Share price	1667p	1289p	+29.3%
Interim dividend per ordinary share	10.6p	10.3p	+2.9%
Discount	14.3%	17.3%	narrowed

Total return: 5 years to 30 September 2009



TR CAGR: Caledonia = +10.9% FTSE All-Share = +6.7% AIC Global Growth Sector = +9.2%

Diluted NAV per share performance over 5 years

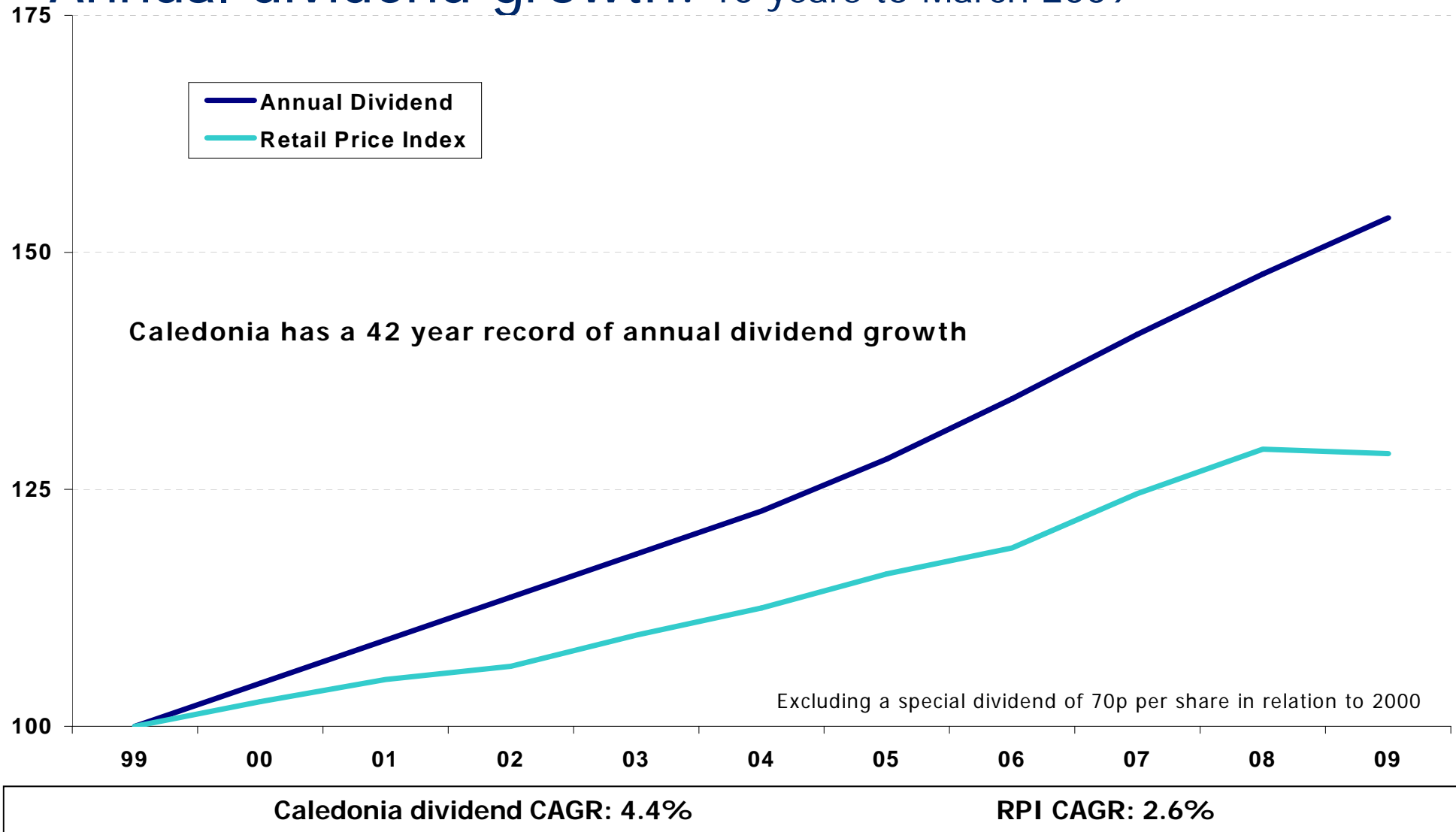


Caledonia = +44.2%

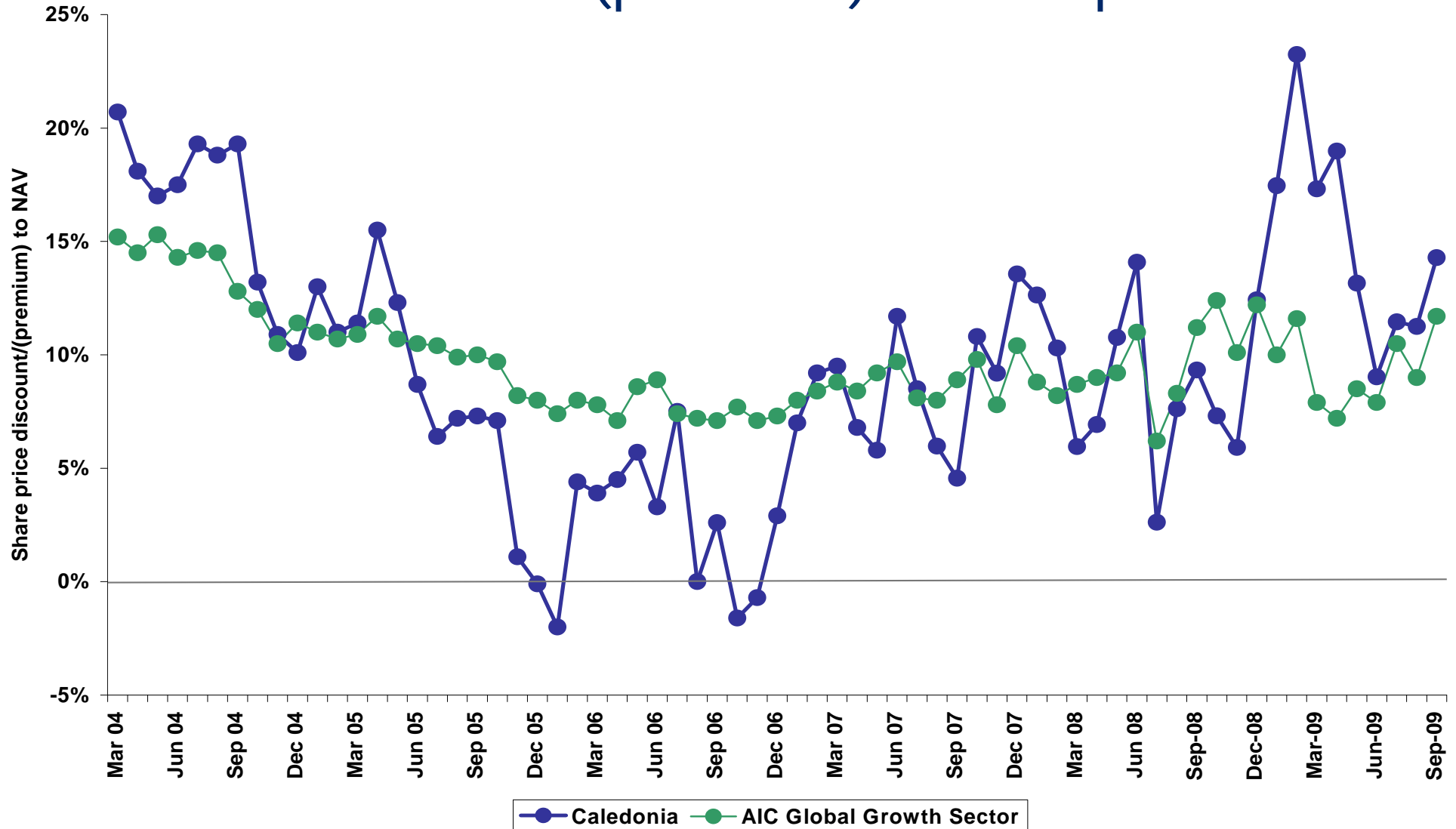
FTSE All-Share = +16.0%

AIC Global Growth Sector = +39.6%

Annual dividend growth: 10 years to March 2009



Share Price discount/(premium) to NAV per share



Performance attribution for the period ending 30 September 2009

	6 month change (%)	Since conversion (%)
Net asset value per share performance	+24.8%	+112.1%
FTSE All-Share Index	+32.8%	+51.8%
Outperformance / (Underperformance)	-8.0%	+60.3%
Relative performance due to sector exposure	+4.4%	+5.1%
Relative performance due to stock selection	-9.8%	+58.9%
Relative performance due to FTSE put options	-2.0%	+0.7%
Management expenses as a % of NAV	-0.6%	-6.6%
Other*	-	+2.2%
Outperformance / (Underperformance)	-8.0%	+60.3%

* FY04: Special advisory costs -0.4%, FY05: Elective Special Dividend +2.3%, FY06: nil, FY07: Elective Special Dividend +0.3%, FY08: nil, FY09: nil, 1H10: nil

Note: Analysis of outperformance contains estimates

Principal investments in the six months to 30 September 2009

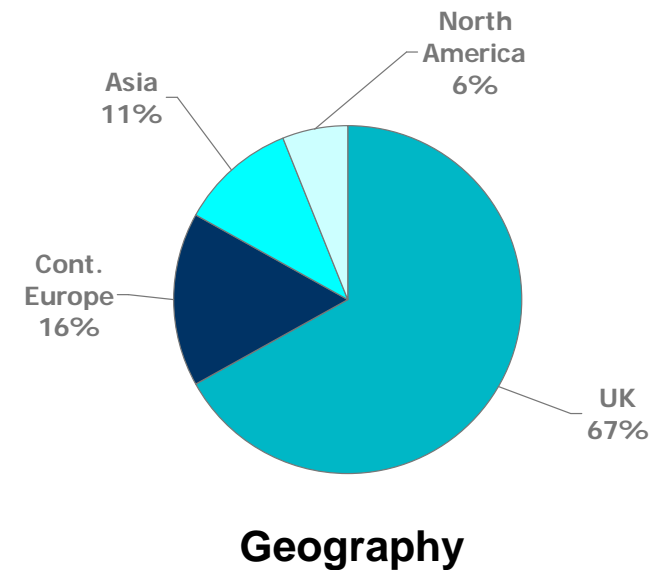
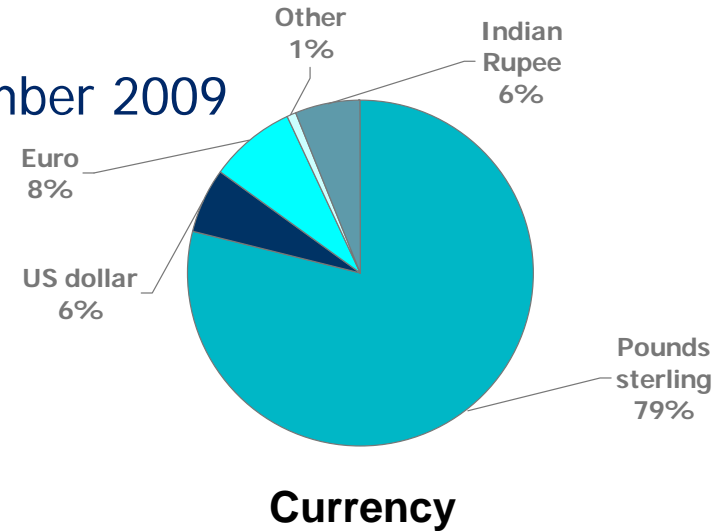
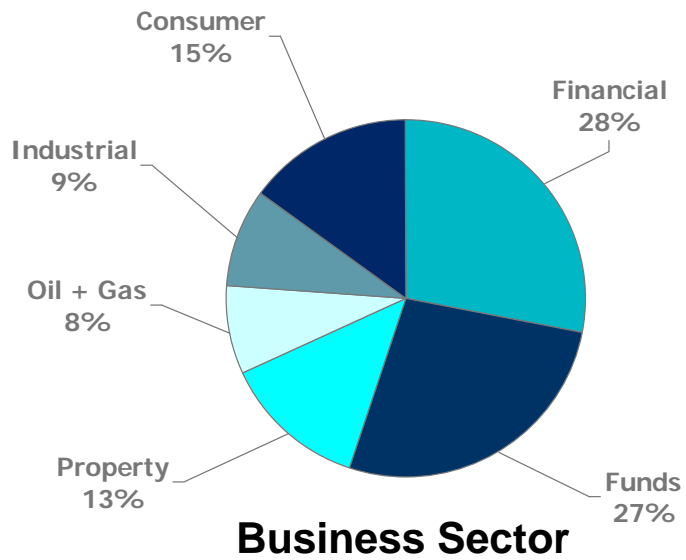
- Investments of £63m and realisations of £26m

Follow on investments	Holding	£m
London & Stamford	6.3%	12.6
Alok Industries	14.9%	9.5
Oval	23.7%	7.5
Cobepa	10.0%	7.0
Avanti	22.6%	6.1
Begbies Traynor	15.7%	3.9
Other investments		16.6
Total investments		63.2

Principal realisations in the six months to 30 September 2009

	Proceeds £m	Realised gain £m
FTSE options (closed-out)	10.8	2.9
Polar Capital fund (redemption)	6.8	1.8
Other realisations	8.6	3.8
Total realisations	26.2	8.5

Net asset distribution at 30 September 2009



Movement in retained earnings six months to 30 September 2009

	£m	£m
Opening balance		281.5
Investment income	10.9	
Interest receivable	0.3	
	<u> </u>	292.7
Dividends: ordinary	<u>(13.6)</u>	
		279.1
Management expenses		(6.1)
Other (net)		(0.7)
Closing balance (all distributable)		<u>272.3</u>

Cash / facilities

- £5m liquidity at 30 September 2009
- £100m five year committed facilities: expiry July 2013
 - Revolver
 - Margin: 80-85bp over LIBOR
 - Available but undrawn

Key styles for outperformance

- Identifying value creating and committed management teams
- Investing at lower prices than others
- Focus on few key investments (top 10 >50%)
- Value enhancement of Board representation (26 of top 30 investments)
- Self managed (TER <1%)

And finally...

Past performance is not necessarily a guide to future returns. The value of shares can fall as well as rise. This presentation is not to be regarded as an invitation or advice to invest in the shares of Caledonia Investments plc.