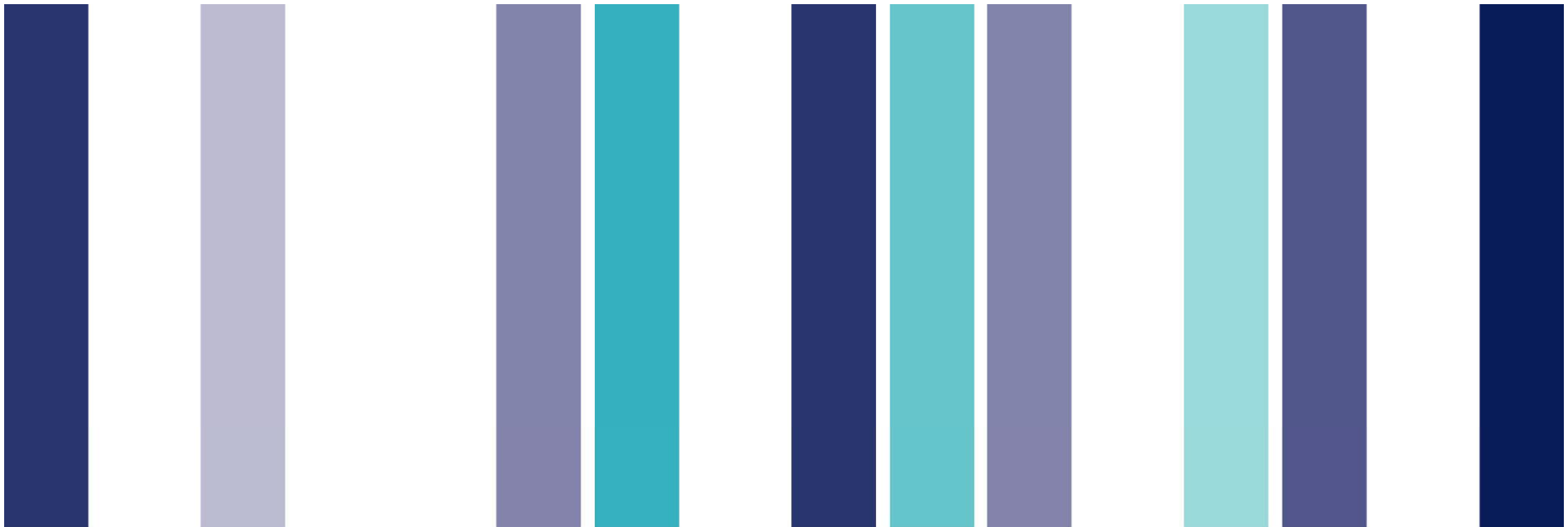




CALEDONIA
INVESTMENTS

Presentation of half year results
for the six months ending 30 September 2010



Caledonia – background and today

Background:

- Quoted since 1960
- Originally holding company for Cayzer shipping interests
- 1987 becomes pure investment company post sale of British & Commonwealth Holdings
- Converted to investment trust status in April 2003

Today:

- FTSE 250 company
- Just over 46% owned by Cayzer family concert party
- Net assets of £1.2bn at 30 September 2010
- Distributable reserves of circa £275m
- 43 years of unbroken dividend increases

Look back review

- Successful core strategy
- Well differentiated niche in market
- Annualised TSR return of 9.8% vs. FTSE of 7.7% over 23 years

Core investment philosophy unchanged

- Significant minority stakes
- Board seat
- Quoted and unquoted companies/funds
- Global reach
- Value orientated style into growth companies
- Long term approach
- Particular emphasis on high quality management

Areas for improvement

- Too many investments
- Many are sub-scale
- Management structure reflects a smaller organisation
- Dividend yield 2.1% - low vs. FTSE All-Share

Initial recommendations

- Reorganise management structure
 - Distinct 'pools' of capital
 - Direct responsibility
 - Clear objectives
- New income 'pool' to underpin sustainable dividend growth
- Fewer but larger investments
- Enhance exposure to Asia

Objectives remain

- To provide an increasing store of wealth for shareholders
- To pay a progressive annual dividend
- Outperform FTSE All-Share TR over 5 and 10 year basis

Highlights to 30 September 2010

- 3.5% increase in diluted NAV per share since 31 March 2010
- Outperformance of FTSE All-Share Index by 5%

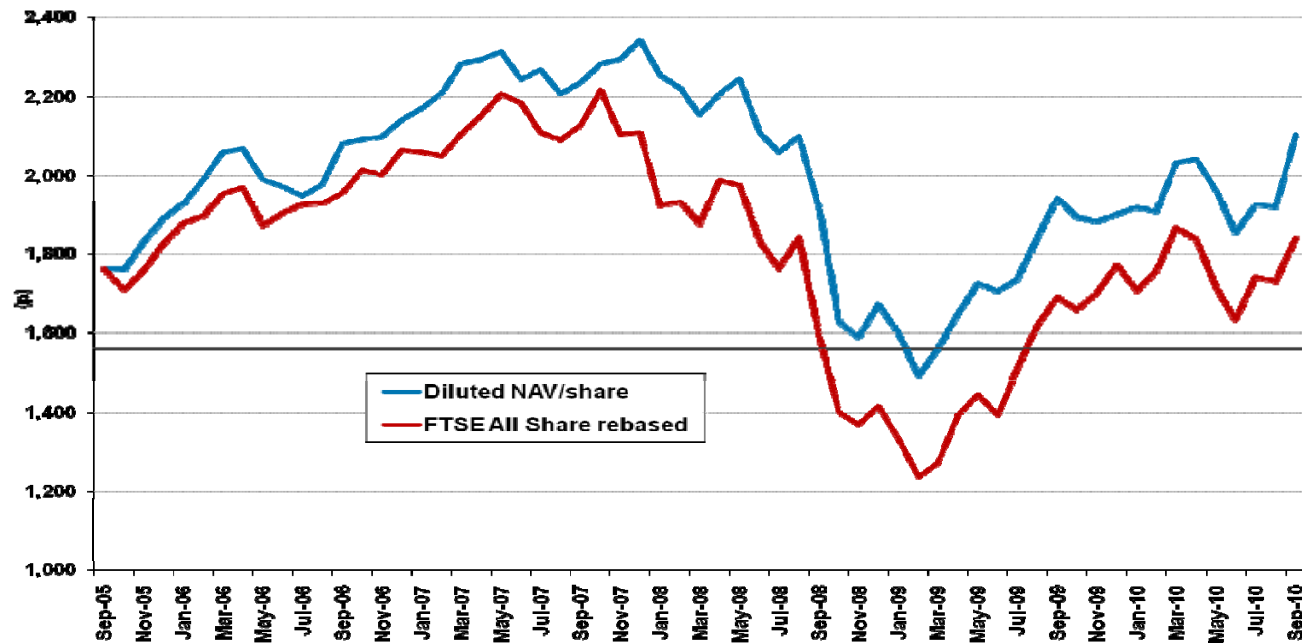
Summary of the six months to 30 September 2010

	30 September 2010	31 March 2010	Change
Diluted NAV per share	2105p	2034p	+3.5%
FTSE All-Share Index	2868	2910	-1.5%
Share price	1627p	1625p	+0.1%
Discount	22.7%	20.1%	widened

Highlights to 30 September 2010 (continued)

- NAV per share increase
 - +130% over 7½ years* (64% outperformance)
 - +20% over 5 years (15% outperformance)

- TSR increase
 - +159% over 10 years (127% outperformance)
 - +9% over 5 years (15% underperformance)

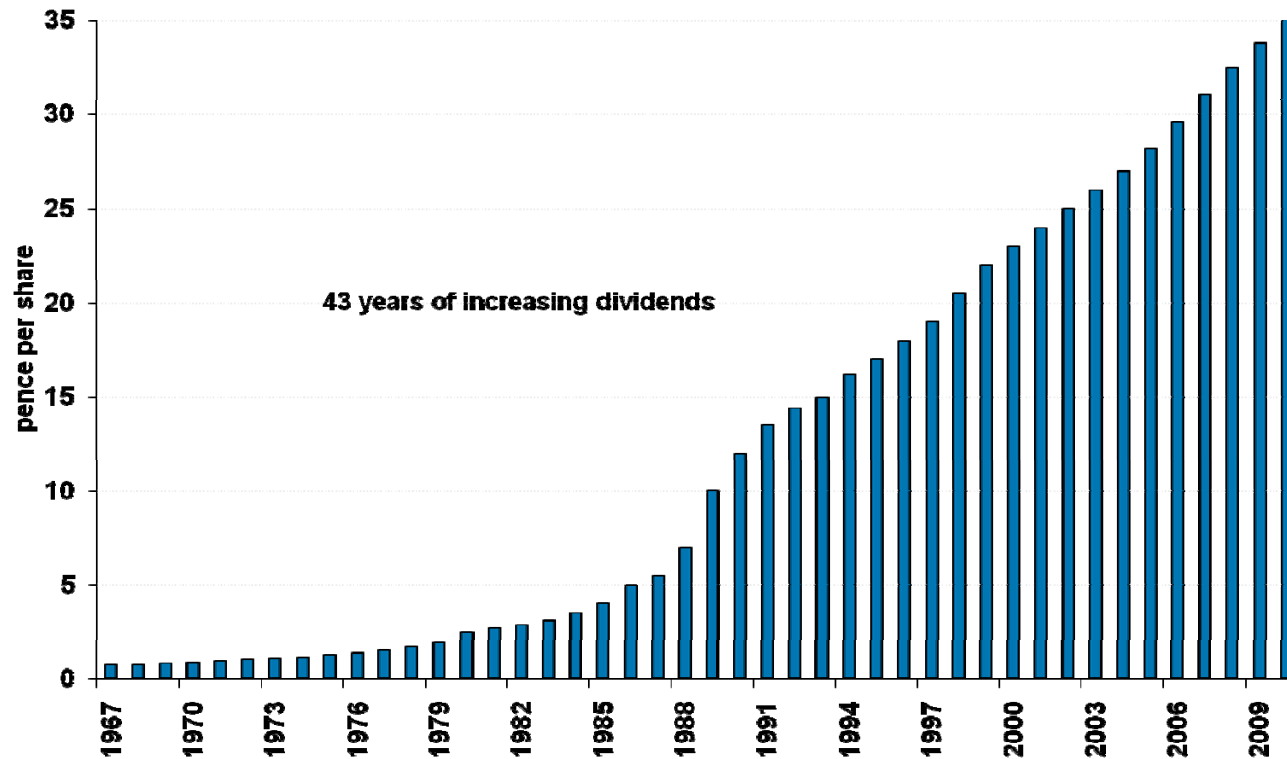


CAGR
Caledonia: +3.6%
FTSE All-Share: +0.9%

Note: TSR performance compared with FTSE All-Share Total Return Index, NAV performance compared with FTSE All-Share Index
* Seven years and six months since conversion to investment trust status

Dividend

- 43 years of rising dividends – 10 year CAGR +4.4% (10 year RPI +2.7%)
- 11.1p per share interim dividend: +4.7% increase

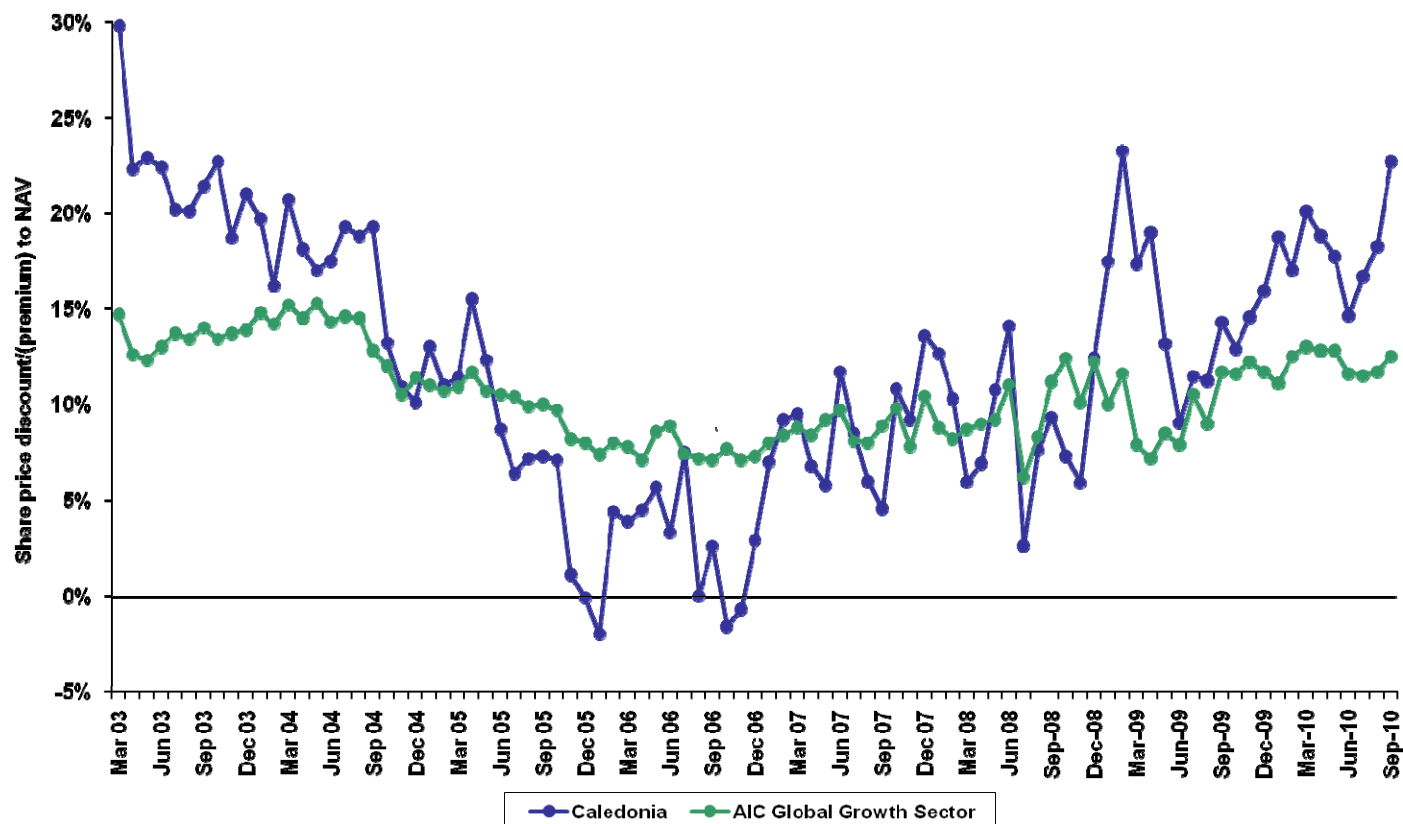


Cash / facilities

- Net cash position maintained – net cash of £19m at 30 Sep 10 (£8m at 31 Mar 10)
- Continued cautious stance in fragile markets
- Increasing liquidity during second half
- £100m five year revolving facilities – expiry July 2013

Share Price discount/(premium) to NAV per share

- Mindful of impact of widening discount on shareholder value
- Limited scope to impact through share buy backs
- Long term NAV performance will remain our focus



Performance attribution for the period ending 30 September 2010

	6 month change (%)	Since conversion(%)
Net asset value per share performance	+3.5%	+129.6%
FTSE All-Share Index	-1.5%	+65.2%
Outperformance / (Underperformance)	+5.0%	+64.4%
Relative performance due to sector exposure*	+5.2%	+5.7%
Relative performance due to stock selection	+0.2%	+64.9%
Management expenses as a % of NAV	-0.4%	-7.4%
Other	0.0%	+1.2%
Outperformance / (Underperformance)	+5.0%	+64.4%

Note: Analysis of outperformance contains estimates

* u/w Oil & Gas +2.0%, o/w Financials +1.6%

Principal investments in the six months to 30 September 2010

■ Investments of £49m

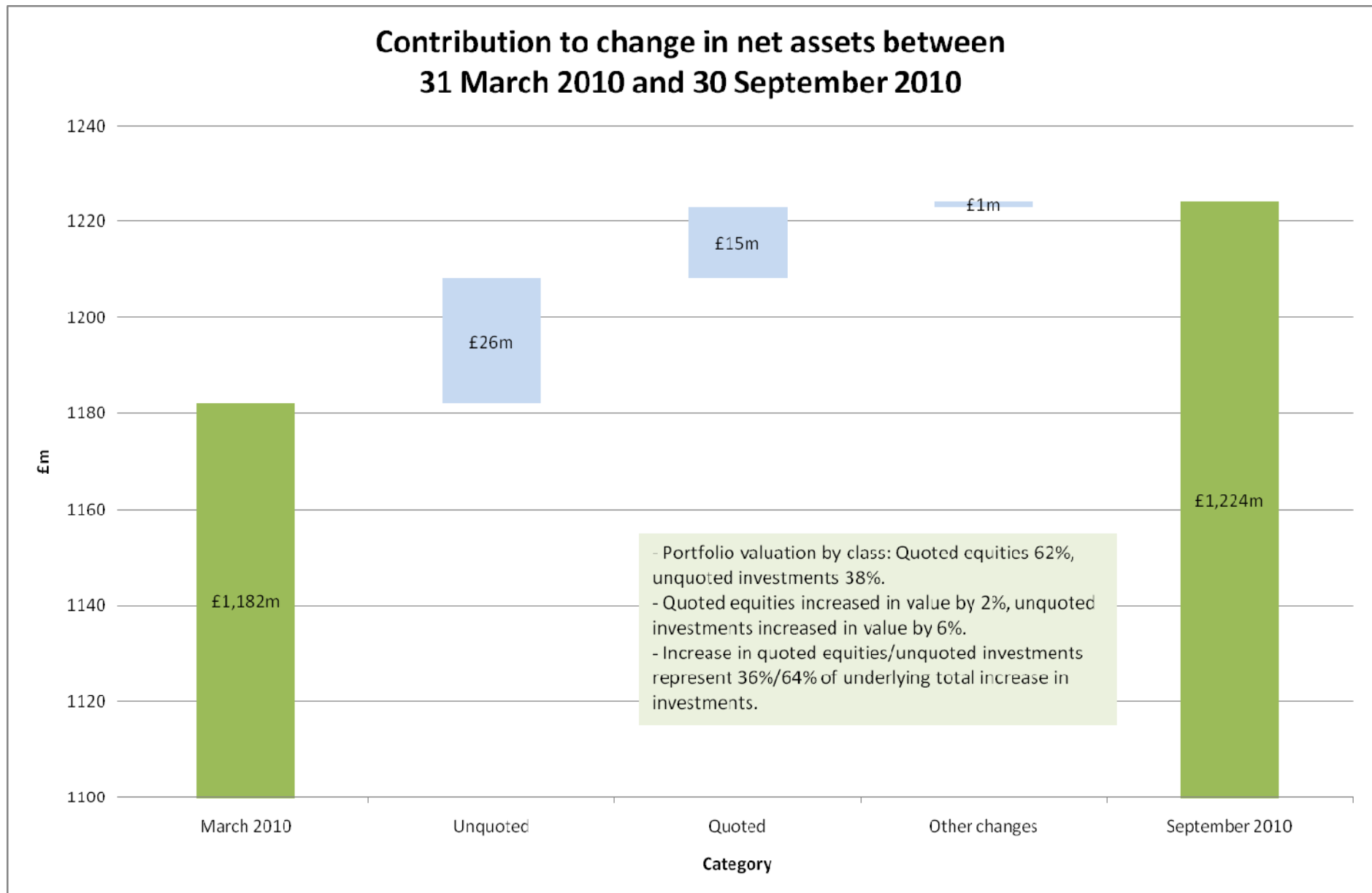
	Holding	£m
New investments		
De La Rue (high-security printing)	1.4%	10.0
IAP Gateway to India (new Indian listed equities fund)	93.8%	9.8
Perlus Microcap (US micro-cap fund)		4.7
Wedbush (US securities and banking)	0.6%	0.9
Follow on investments		
Edinmore Investments (property investment vehicle)	100.0%	6.9
Avanti Communications (partial reinvestment of loan repayment)	14.5%	5.0
Dewan Housing Finance (participation in preferential allotment)	9.6%	3.3
Other investments		8.3
Total investments		48.9

Principal realisations in the six months to 30 September 2010

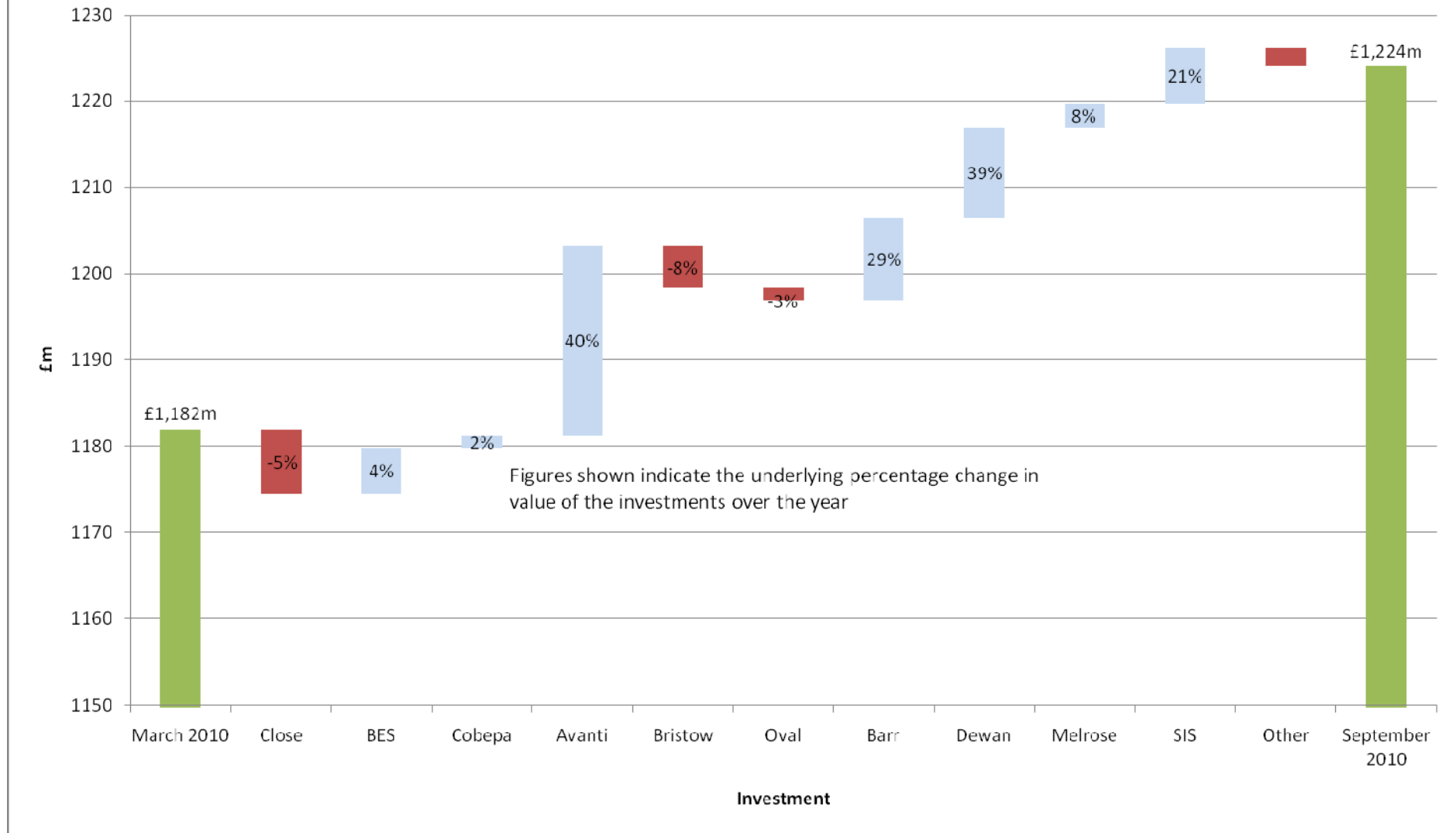
- Realisations of £60m

	Proceeds £m	Realised gain £m
Realisations		
Rathbones (part sale of holding)	20.4	12.5
Polar Capital funds (redemptions)	13.6	1.1
Avanti Communications (repayment of loan)*	11.2	-
Other realisations	15.2	2.9
Total realisations	60.4	16.5

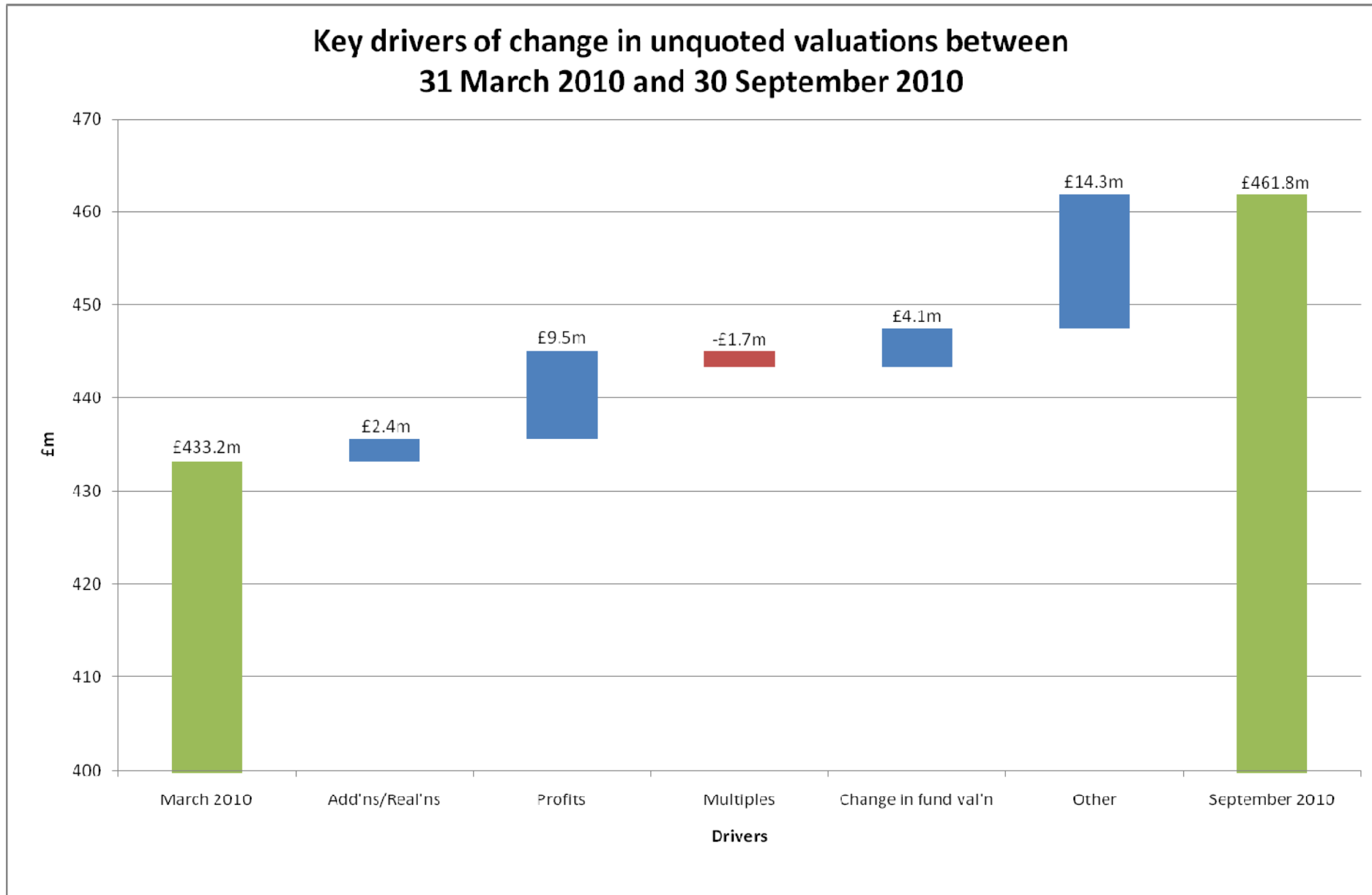
* Proceeds include £4.2m of interest plus £0.5m early redemption fee



Top ten investments: Contribution to change in net assets between 31 March 2010 and 30 September 2010



Key drivers of change in unquoted valuations between 31 March 2010 and 30 September 2010



Net asset distribution at 30 September 2010

Currency	%
Pounds sterling	76
US dollar	8
Euro	8
Indian rupee	7
Other	1

Business Sector	%
Funds	28
Financial	23
Consumer	17
Industrial	12
Property	10
Oil & Gas	9
Cash & Other	1

Geography	%
UK	64
Europe	15
Asia	14
N.America	7