



CALEDONIA
INVESTMENTS

Performance driven

Half year to 30 September 2008



About Caledonia

- Investment trust since 1 April 2003
- Global Growth sector of investment trusts
- 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, 46.2% wider concert party
- Market capitalization circa £1.0 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
- Long term investor – but not a forever investor
- Valued reputation ⇒ strong deal flow
- Added value of constructive active management
- Self-managed/stable management team
- £273m of retained earnings – all distributable

Highlights to 30 September 2008

- 11.0% decrease in diluted NAV per share since 31.03.08
 - but 4.1% outperformance vs FTSE All Share Index (down 15.1%)
- TSR increase
 - +110% over 5 years (65% outperformance)
 - +234% over 10 years (191% outperformance)
- Global Growth ranking (source: AIC)
 - 10th out of 31 trusts (1 year)
 - 11th out of 29 trusts (3 years)
 - 2nd out of 26 trusts (5 years)
 - 3rd 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 2008 throughout this document are unaudited.

Highlights to 30 September 2008 (continued)

- 10.3p per share interim dividend: +4.0% increase
- £41m invested and £44m realised
- Re-investment in FTSE put options
- Agreed £100m five year term bank facility
- Remained ungeared throughout the period

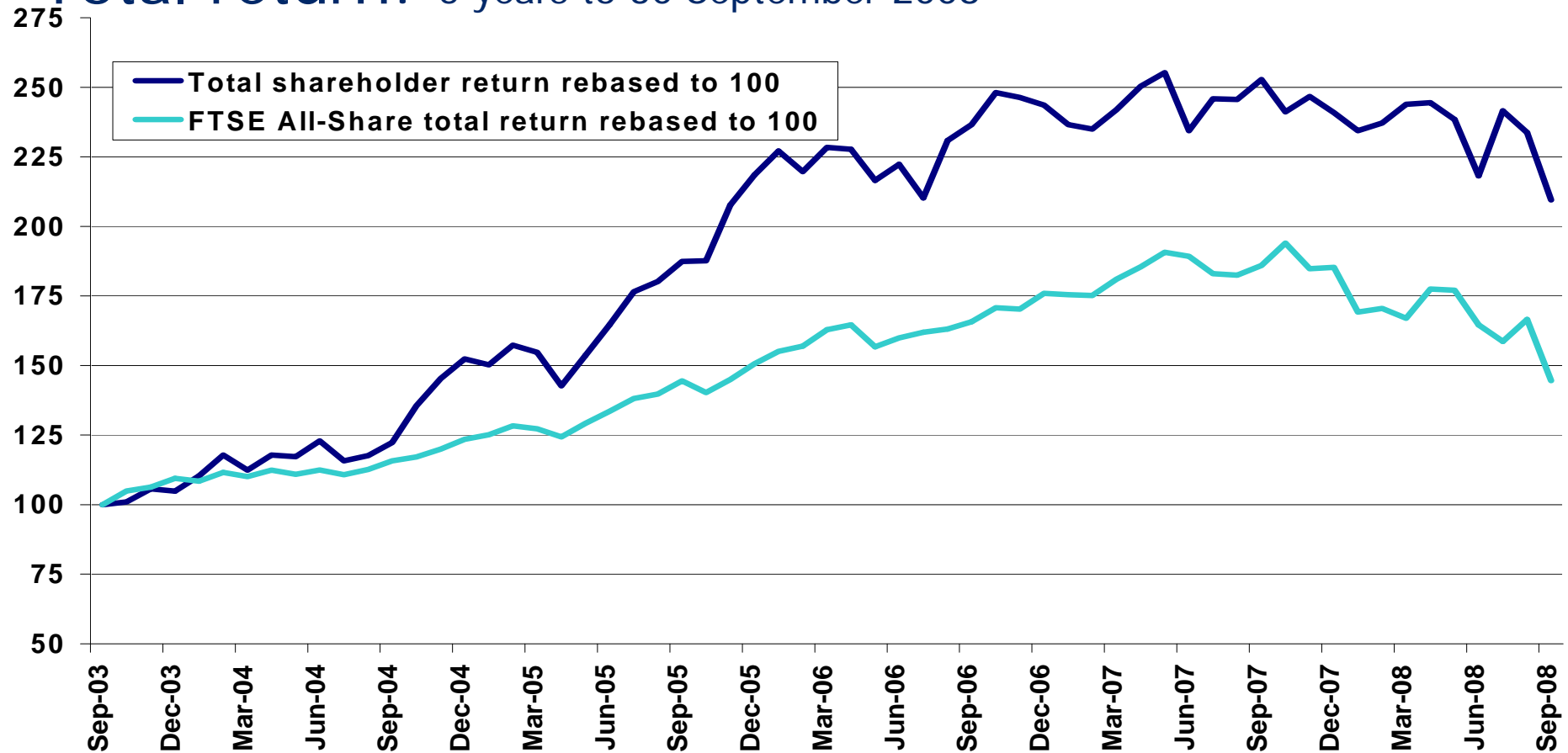
Performance to 30 September 2008

	5 year	10 year
	%	%
Total shareholder return	109.5	234.0
FTSE All-Share total return	44.5	43.3
TSR outperformance	<u>65.0</u>	<u>190.7</u>

Summary of the six months to 30 September 2008

	30.09.08	31.03.08	Change
Diluted NAV per share	1919p	2155p	-11.0%
Interim dividend per ordinary share	10.3p	9.9p	+4.0%
Share price	1740p	2050p	-15.1%
Discount	9.3%	4.9%	Widened
FTSE All-Share Index	2484	2927	-15.1%

Total return: 5 years to 30 September 2008



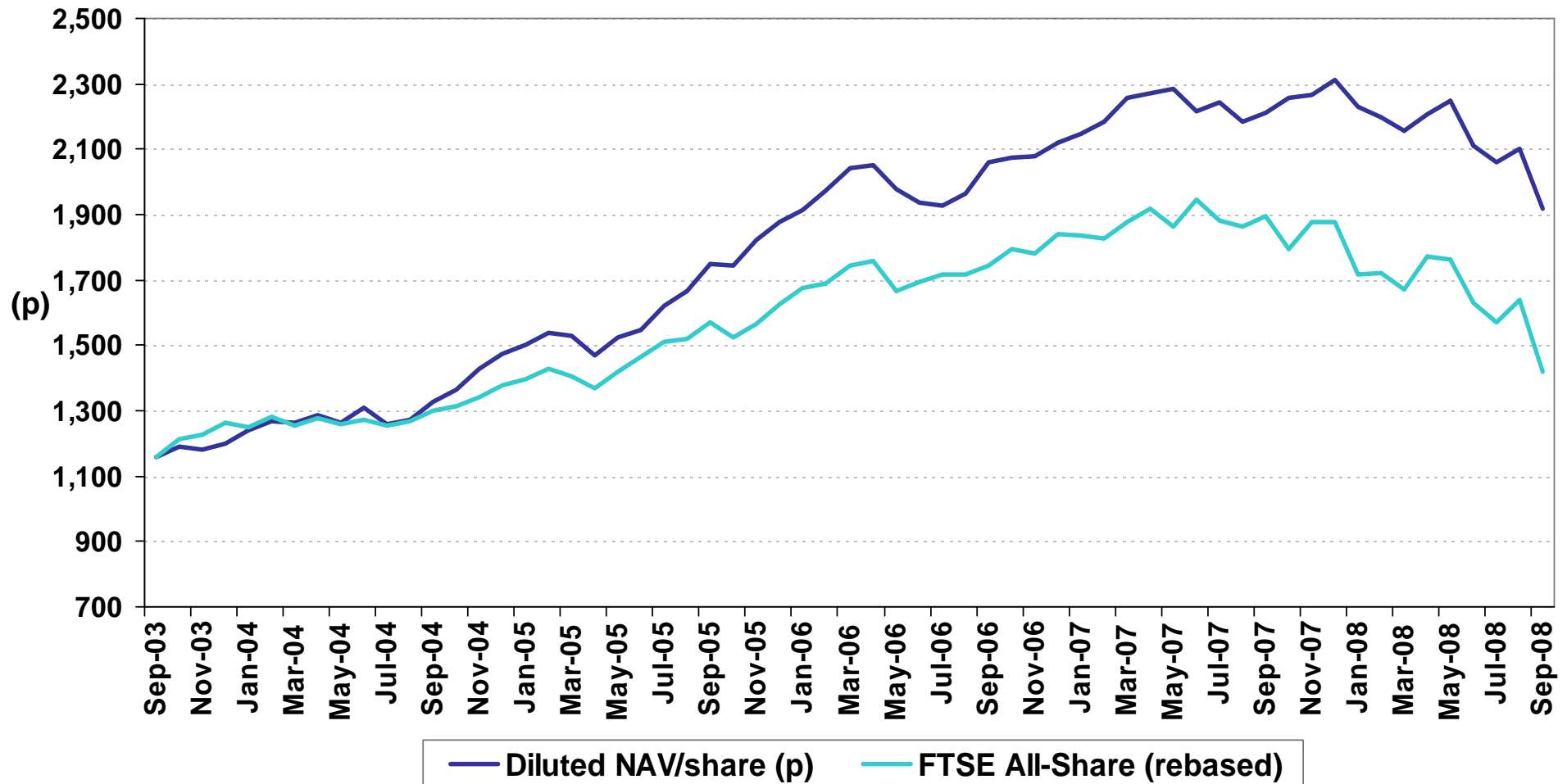
Caledonia TR CAGR

+15.9%

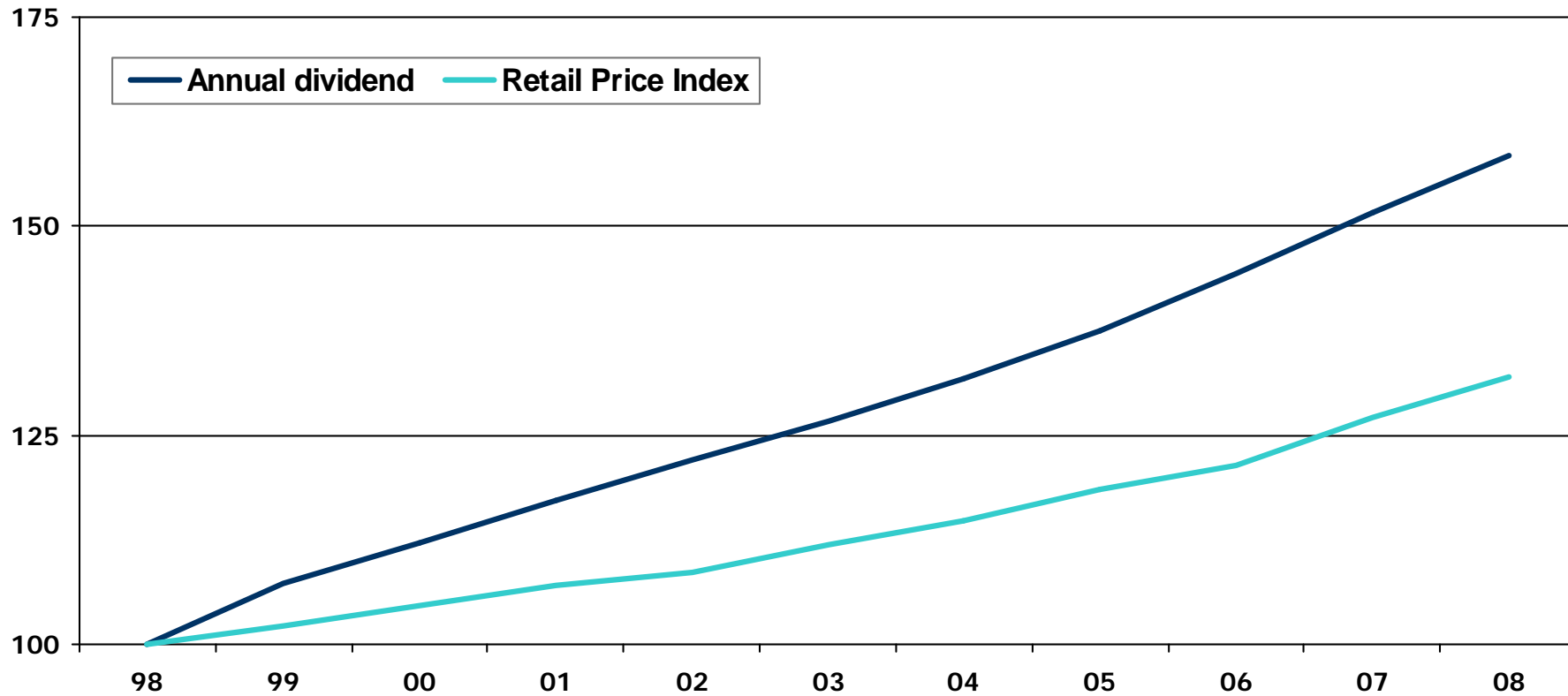
FTSE All-Share TR CAGR

+7.6%

Diluted NAV per share performance over 5 years



Annual dividend growth: 10 years to March 2008



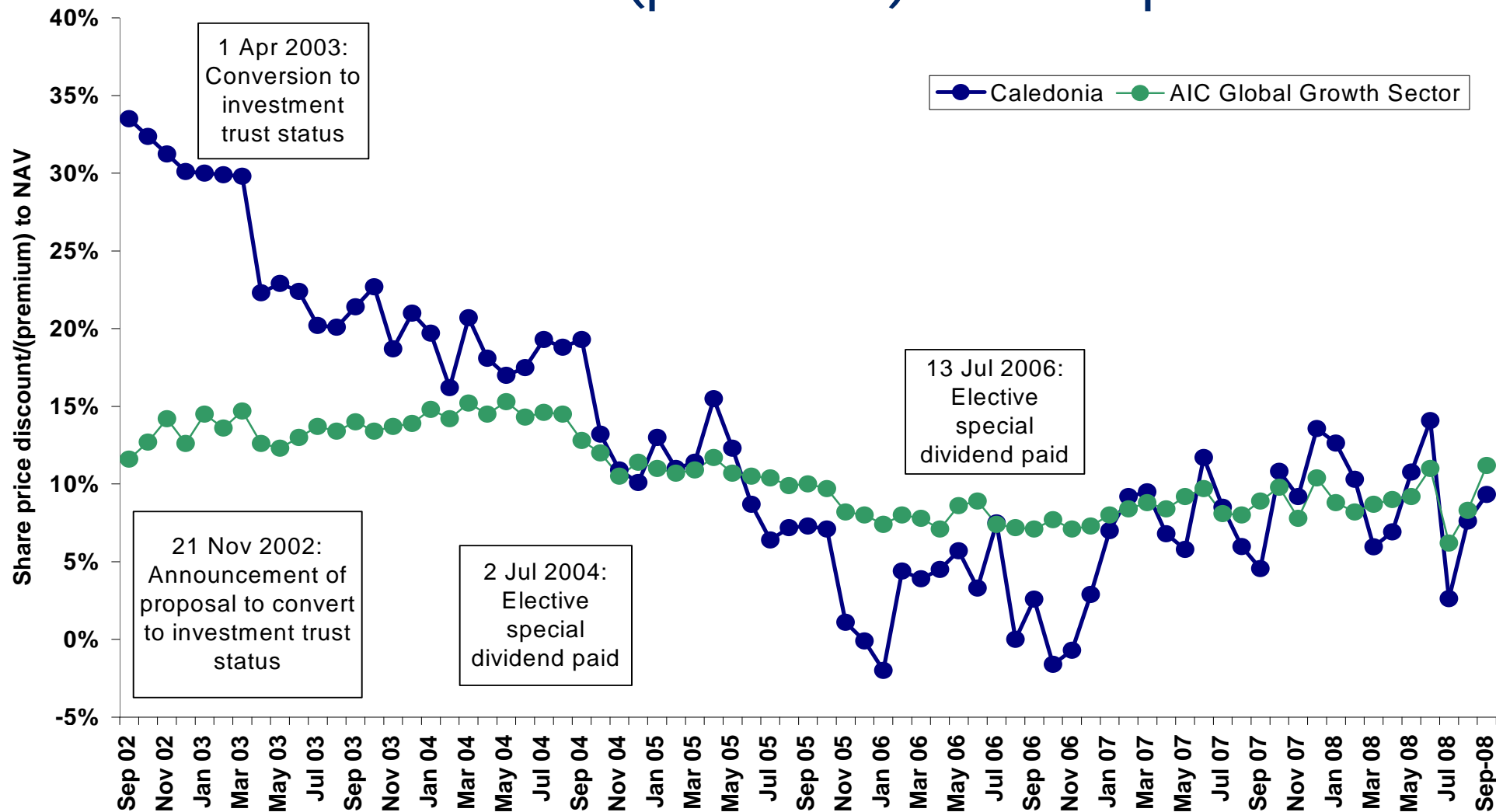
Excluding a special dividend of 70p per share in relation to 2000

Caledonia dividend CAGR **4.7%**

RPI CAGR **2.8%**

Caledonia has a 41 year record of annual dividend growth

Share Price discount/(premium) to NAV per share



Performance attribution for the 6 months to 30.09.08 and since conversion on 1st April 2003

	6 month change (%)	Since conversion (%)
Net asset value per share performance	-11.0%	+109.3%
FTSE All-Share Index	-15.1%	+43.1%
Outperformance / (Underperformance)	+4.1%	+66.2%
Outperformance due to sector exposure	-3.0%	+7.4%
Outperformance due to stock selection	+7.6%	+62.2%
Management expenses as a % of NAV	-0.5%	-5.6%
Other*	-	+2.2%
Outperformance / (Underperformance)	+4.1%	+66.2%

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

Note: Analysis of outperformance contains estimates

Investments in the six months to 30 September 2008

	Aggregate held	£m
Bristow Group	6.6%	6.7
Novera Energy	5.7%	4.9
Cobepa	10.0%	3.1
CBPE LP Funds	n.a.	2.6
Close Brothers	13.5%	2.1
Tribal Group	11.8%	2.0
Other investments	n.a.	19.5
Total		40.9

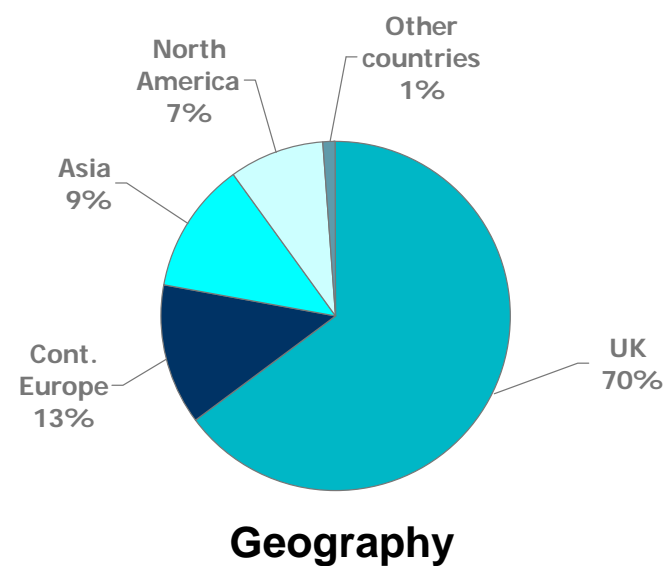
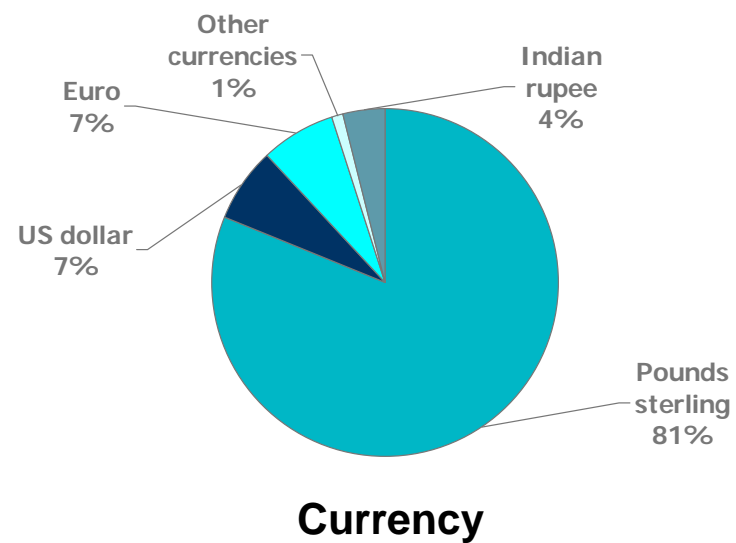
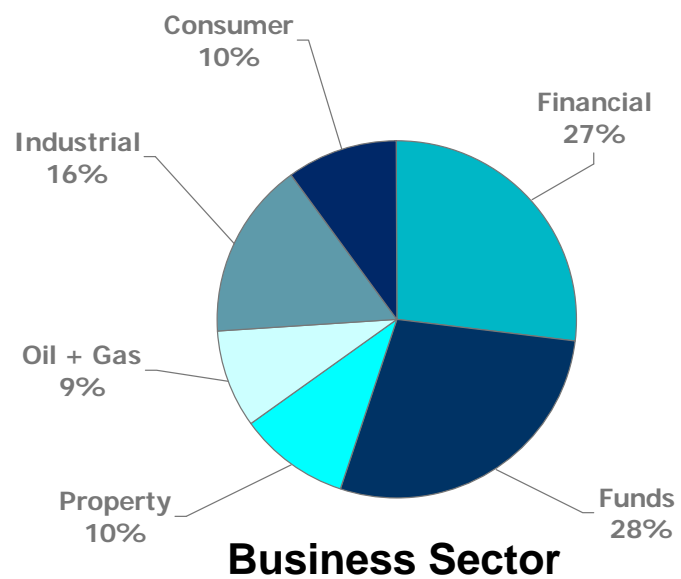
Note: All the above are follow-on investments

Realisations in the six months to 30 September 2008

	£m	Realised gain £m
TGE Marine – part sale of equity/loan repayment	27.7	11.0
Union-Castle – loan repayment	2.6	-
CLR Developments – sale of equity	2.0	2.0
Other realisations	11.2	3.9
Total	43.5	16.9

Note: The investments and realisations tables do not include the reorganisation of £38.1m of investments in Eddington Capital funds, a cash neutral event, resulting in a realised gain of £12.8m.

Net asset distribution at 30 September 2008



Company Cashflow six months to 30 September 2008

	£m	£m
Opening cash and cash equivalents (01.04.08)		23.5
Acquisitions	(39.5)	
Disposals	44.0	
Ordinary dividends (final dividend re 2007/8)	(13.0)	
Dividends and net interest received	14.1	
Overheads and other costs	(7.8)	
Other	(4.2)	
	<hr/>	(6.4)
Closing cash and cash equivalents (30.09.08)		<hr/> 17.1 <hr/>

Caledonia Investments plc [CLDN]

- Key advantages
 - Distinctive business model
 - Long term approach
 - Favoured access to opportunities
 - Added value of active management
 - Stable management team
 - £100m 5 year committed bank facilities
 - Dividend
 - £273m of retained earnings – all distributable
 - 41 year record of annual increases

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.