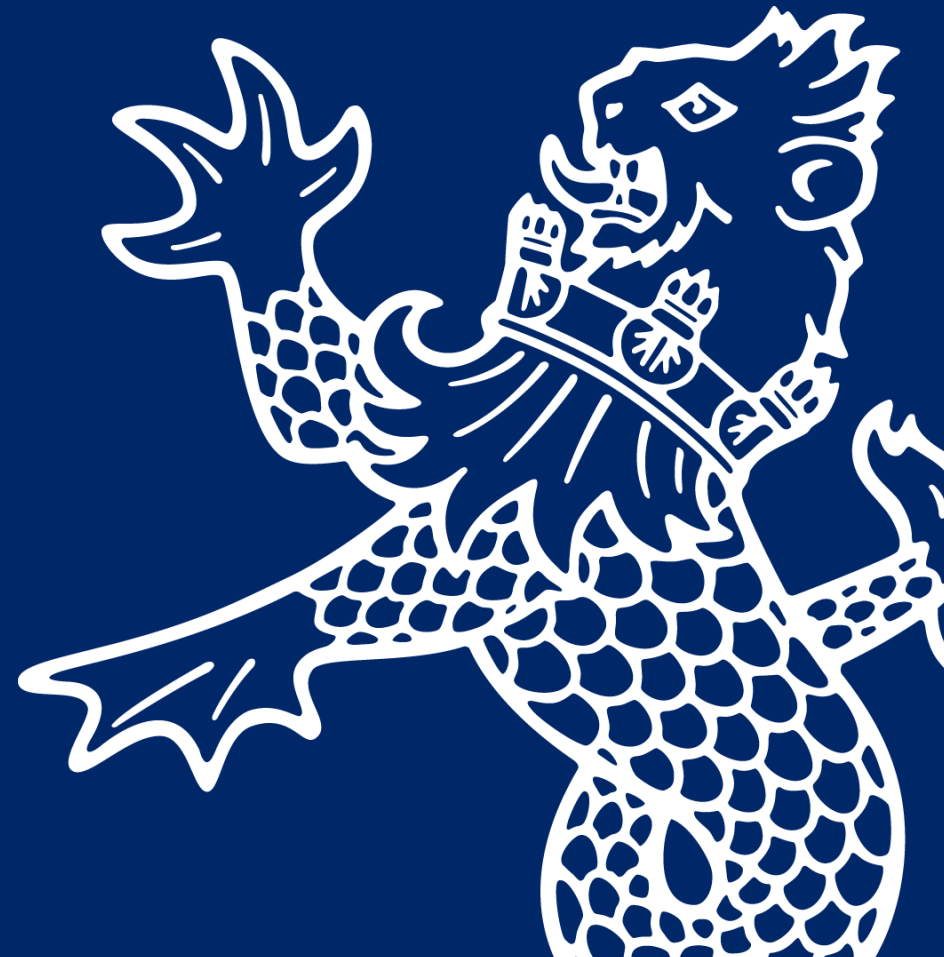




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Presentation of final results  
for the year ending 31 March 2012





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# Introduction and Highlights for the year

Will Wyatt  
Chief Executive

## Highlights year to 31 March 2012

- 8.7% decrease in NAV per share
- 6.6% NAV underperformance vs FTSE All-Share Index (down 2.1%)
- 8.4% NAV TR underperformance vs FTSE All-Share TR Index (up 1.4%)
- Substantial increase in the dividend for the year of 15.6% to 42.9p
- Significant progress on strategic initiatives
- Portfolio transition progressing well, £248m invested and £130m realised
- Income & Growth pool successfully established at £111m with target £200m over next two years
- Rod Kent to succeed James Loudon as Chairman from July 2012

Summary of the year	31 Mar 2012	31 Mar 2011	Change
NAV per share	1977p	2165p	-8.7%
FTSE All-Share Index	3003	3068	-2.1%
Share price	1486p	1725p	-13.9%
Discount	24.8%	20.3%	

## Longer Term Performance

- NAV per share performance
  - 3.9% underperformance over 5 years
  - 42.7% outperformance over 9 years since conversion to IT status
  
- TSR performance
  - 29.9% underperformance over 5 years (NAV TR -20.4%)
  - 53.4% outperformance over 10 years (NAV TR +118.9%)

Notes: TSR performance compared with FTSE All-Share Total Return Index  
NAV performance compared with FTSE All-Share Index

## Dividend

- Final dividend increased by 20% to 31.2p
- Total dividend for year increased by 15.6% to 42.9p
- Signal of Board's confidence in strategy:
  - a) increase the level of income flowing from the portfolio
  - b) pass this on to shareholders
- 45<sup>th</sup> year of increase
- Progressive dividend remains a long term objective

## Investment Activity during the year

	£m	Holding %
• <b>Total investments of £248m</b>		
Income & Growth Pool	111	n/a
Bowers & Wilkins	24	20.0
Hongkong Land / Jardine Matheson	15	0.1
Avanti Communications	9	13.7
Other new quoted investments (Spirax, Greggs, Hill & Smith)	26	n/a
Funds	29	n/a
Other – 9 follow-on investments	34	n/a
	<b>Proceeds</b>	
	<b>£m</b>	
• <b>Total realisations of £129m</b>		
British Empire Securities	40	
Income & Growth Pool	15	
Novae	15	
Nova Springboard	11	
Alok Industries	10	
Other fund redemptions	18	
Other	20	

## Top Ten Investments as at 31 March 2012

Name	Business	£m	%
Close Brothers	Financial services	154.2	13.6
Cobepa	Investment company	85.0	7.5
Bristow Group	Helicopter services	72.9	6.4
British Empire Securities	Investment trust	50.0	4.4
AG Barr	Soft drinks	40.2	3.6
Avanti Communications	Satellite communications	39.9	3.5
London & Stamford Property	Property investment	37.0	3.3
Oval	Insurance broking	32.2	2.8
Satellite Information Services	Broadcasting services	29.8	2.6
Capital Today China	Private equity funds	29.6	2.6
		570.8	50.3
Other investments		613.2	54.1
Other net liabilities		(50.0)	(4.4)
Net assets		1,134.0	100%

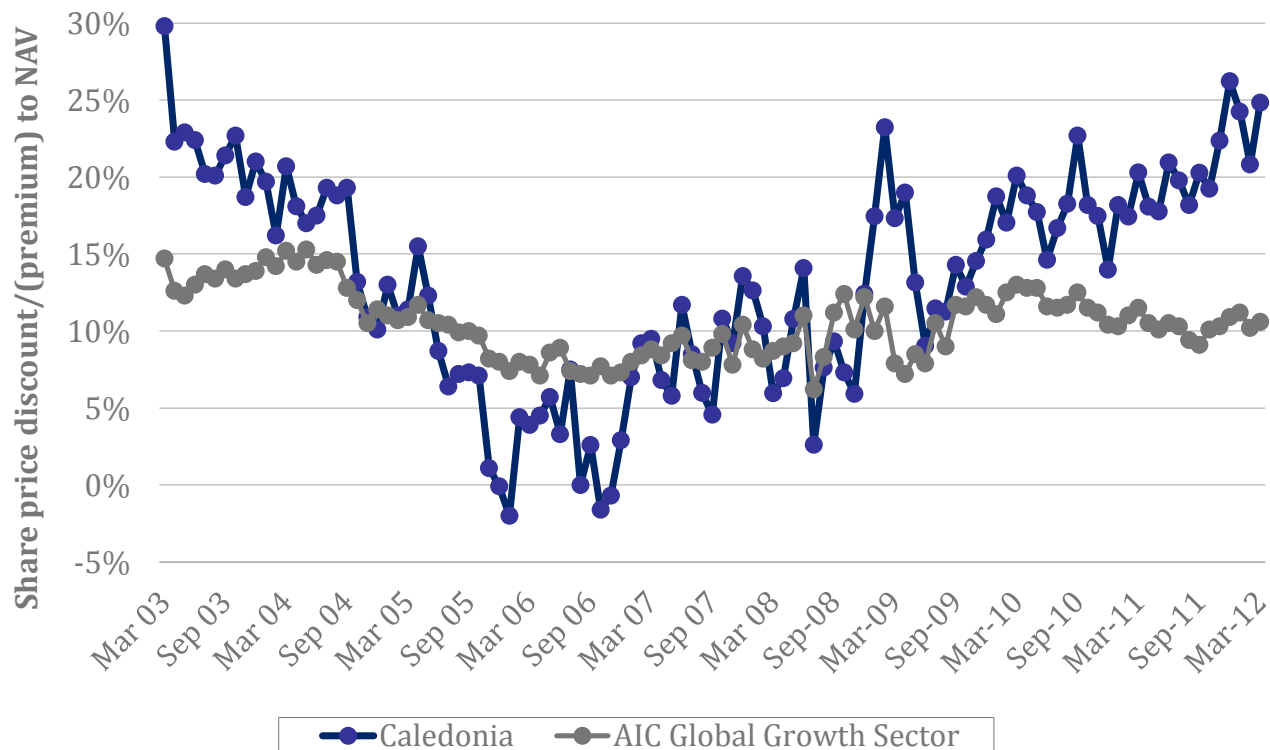
## Significant Contributors to Performance year to 31 March 2012

Investment	Pool	Value 31 Mar 2011 £m	Value 31 Mar 2012 £m	Income in period £m	Total return in period £m	Total TWR in period %
<i>Significant Outperformers</i>						
Capital Today China	Asia	20.7	29.6	-	11.7	+60%
Polar Capital Partners	Quoted	14.5	21.4	0.8	7.7	+56%
Sterling Industries	Unquoted	25.4	29.0	3.3	6.9	+28%
<i>Significant Underperformers</i>						
Avanti Communications	Quoted	55.9	39.9	-	(24.6)	-43%
Melrose Resources	Quoted	29.5	14.4	0.4	(14.6)	-50%
British Empire Securities	Funds	103.3	50.0	2.2	(10.8)	-11%



# Discount

- Range of 20% – 25% during period
- Share buy-backs of £13m in past 12 months (represents a good investment in the existing portfolio)
- Buybacks not the answer to discount management unless a fixed mechanism implemented
- Cayzer Concert Party constraint (max buyback of 2.7% of remaining non-Cayzer Concert Party holding)



## Board Changes

- Rod Kent to succeed James Loudon as Chairman at AGM
- Charles Cayzer will become Chairman of Cayzer Trust Company in December and will become a non-executive








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## Update on Strategy

## Key Strategic Value Drivers

Progress on track

- Reshape portfolio 
  - Increase overall yield and support increase dividend component of Total Return
  - Establish defined pools of capital
  
- Establish Income & Growth Pool 
  - Sustainable growth in both income and capital value
  - Global exposure
  - Provides liquidity
  
- Increase deal flow 
  - New head of unquoted investments recruited from PE sector
  - Raised profile with intermediaries
  
- Reduce number of portfolio investments and increase average size 
  - Focus management time on the investment which can ‘move the dial’
  - Target new investment holding size of £10 million in quoted, £20 million in unquoted
  
- Refine process and strengthen management team 
  - Top slice at appropriate times
  - Increase the flexibility of investment structures in unquoted investments
  - New people

## Reshape Portfolio

- Increase overall yield and support increase dividend component of Total Return

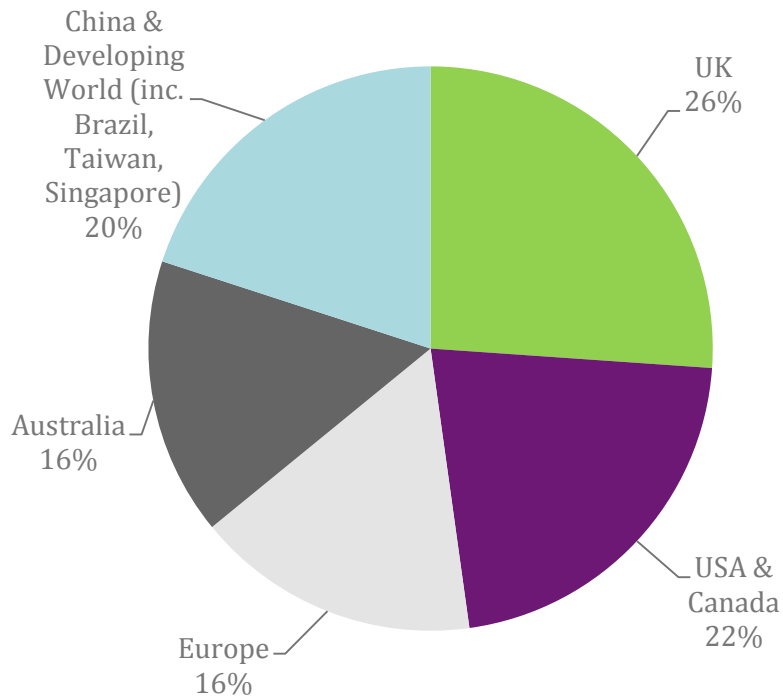
	March 2010 % of portfolio*	March 2012 % of portfolio*	Strategic allocation target
<b>Quoted</b>	38	34	20% – 30%
<b>Unquoted</b>	22	24	20% – 30%
<b>Asia</b>	10	13	15% – 20%
<b>Property</b>	9	8	5% – 10%
<b>Funds</b>	21	12	10% – 15%
<b>Income &amp; Growth</b>	-	9	15% – 20%
<b>Cash/(Debt)</b>	-	(3)	10% – (10)%

\* Note that the percentages are of total assets (i.e. net assets with borrowings added back) and do not therefore total 100%

- A measured reshaping of the portfolio continuing over the next two years
- No deviation from principle objective of capital growth

## Establish Income & Growth Pool

- Managed by Stephen Mitchell (ex-JPM/Flemings)
- Pool NAV now £111m (up from £12m – March 2011)
- 47 company global reach portfolio
- Mega Cap (>£10bn) represents 50% of portfolio
- Current run rate yield 5.2%
  - Annual (historic) portfolio dividend growth rate 4.2% over 10 years
- Performance: +6.0% outperformance of FTSE All-Share TR Index
- Portfolio Beta circa 0.9; Tracking error circa 4.5%
- 90% liquidity within 2 days



## Increase Deal Flow - a healthy increase to visibility of opportunities

- Duncan Johnson recruited from RJD Partners, a PE firm, to head unquoted pool
- Raised profile of Caledonia with intermediaries
- Over 200 opportunities seen during the year in unquoted sector
- One significant scale new unquoted investment (Bowers & Wilkins)
- Exclusivity over one further investment
- Encouraging pipeline
- Mandarin speaking investment support – enhancing visibility and exposure to Asia opportunities, in particular fund of fund investment
- Increasing awareness of the true value of our capital in a debt restricted market

## Reduce Number of Investments and Increase Average Size

- Maximise management resource
- Dispose of smaller investments
- 8 significant divestments since March 2010, NAV £212m

BES	£73m	Partial reduction
Eddington & Polar funds	£43m	
Rathbones	£30m	
Amber (Industrial)	£18m	
Novae	£17m	
Penta Geronimo	£16m	
Alok	£12m	Partial reduction
Varun	£3m	Partial reduction

- Management of 3 smaller investments handed to Nova Capital, a specialist in secondary investments (Caledonia owns 31.8% of Nova Capital)
- A further 7 full and partial divestments currently active – circa £116m of NAV



## Refine Investment / Divestment Process

- New management structure based on pools of capital
- Resourced to market capital and filter deal flow within each pool
- Deal structures, e.g. Bowers & Wilkins
- Pools have added focus, responsibility and ‘competition’ for capital
- Investment size limits have helped to focus research on suitable targets



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## Financial Review

Stephen King  
Finance Director

## Summary of Comprehensive Income

	2012 £m	2011 £m	Change £m
Investment and other income	33.3	33.2	0.1
(Losses)/gains on investments	(119.0)	71.7	(190.7)
<b>Gross (loss)/revenue</b>	<b>(85.7)</b>	<b>104.9</b>	<b>(190.6)</b>
Management expenses	(12.4)	(10.2)	(2.2)
Other (including investment provisions)	(4.9)	(10.6)	5.7
<b>Total comprehensive (loss)/income</b>	<b>(93.2)</b>	<b>84.1</b>	<b>(177.3)</b>

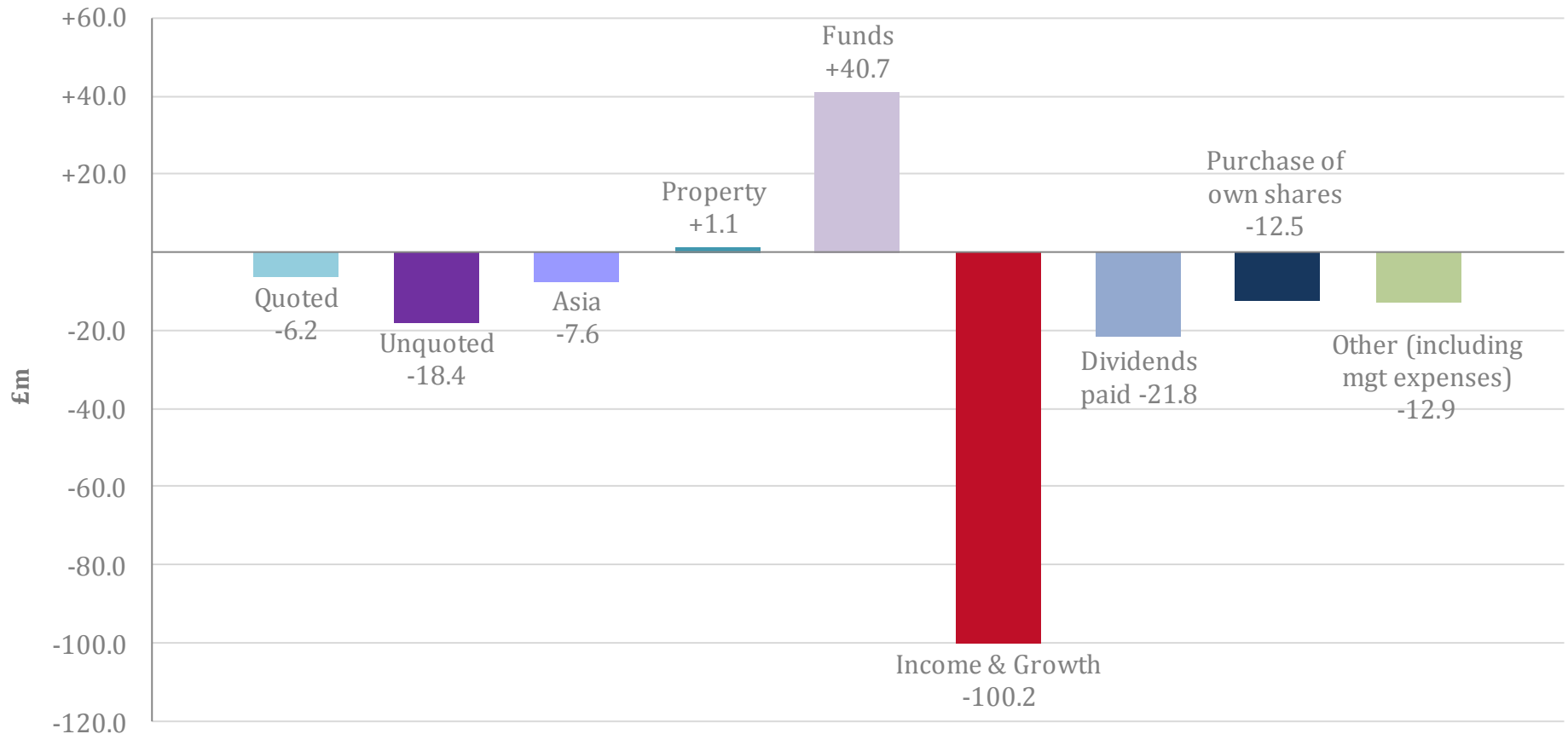
- 2011 investment income included exceptional Amber Industrial dividend on sale of division (£8.3m)
- Underlying increase in investment income (excluding Amber sale dividend) 33%
- Ongoing charges ratio (TER) 1.02%
- 2011 management expenses included a credit for lapsed 2008 deferred bonus awards; underlying expenses flat

## Summary Balance Sheet

	2012 £m	2011 £m	Change £m
<b>Investments and other non-current assets</b>	<b>1,181.5</b>	<b>1,184.0</b>	<b>(2.5)</b>
Trade and other receivables	8.0	3.6	4.4
Net (debt) / cash	(36.6)	101.2	(137.8)
Other liabilities	(18.9)	(30.1)	11.2
<b>Net current assets less debt</b>	<b>(47.5)</b>	<b>74.7</b>	<b>(122.2)</b>
<b>Net assets</b>	<b>1,134.0</b>	<b>1,258.7</b>	<b>(124.7)</b>
Net asset value per share	1977p	2165p	(188p)

- Portfolio transition continues - reinvestment of 2011 net cash and realignment of investment pools of capital

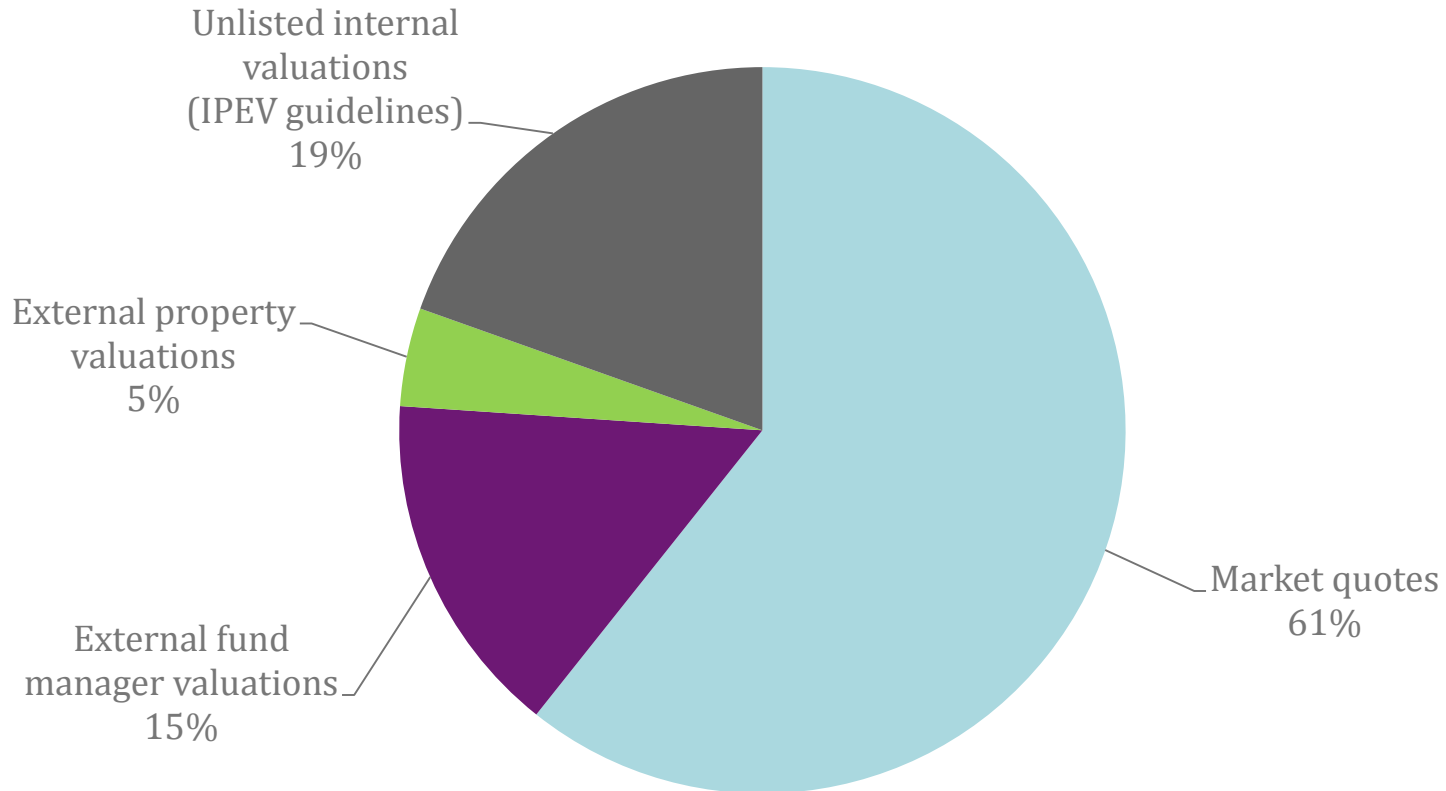
## Net Cash Movements by Pool - £'m



## Cash / Facilities

- £36.6m of net debt at 31 March 2012 (£101.2m of net cash at 31 March 2011)
- £100m five year committed facilities: expiry July 2013
  - Revolver £100m
  - Margin: 80-85bp over LIBOR
- Overdraft facility £10m

## NAV Valuation Methodologies as at 31 March 2012



## Change in Net Asset Value year to 31 March 2012







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## Conclusion and Outlook

Will Wyatt  
Chief Executive

## Conclusion and Outlook

- Implementing new strategy
- Clear evidence of progress
  
- Markets will continue to be volatile whilst Eurozone problems persist
- Underlying portfolio companies financial health remains robust



## Appendices

	Page
Key Themes for Each Pool	27
Strategy – Pools of Capital	28
Portfolio by Pool and Geography	29
Portfolio by Sector	30
Pools – Significant Investments	31-35
Income & Growth Pool	36
NAV Summary by Pool	37
NAV Total Return	38
Share Price Total Return	39

## Key Themes for each Pool

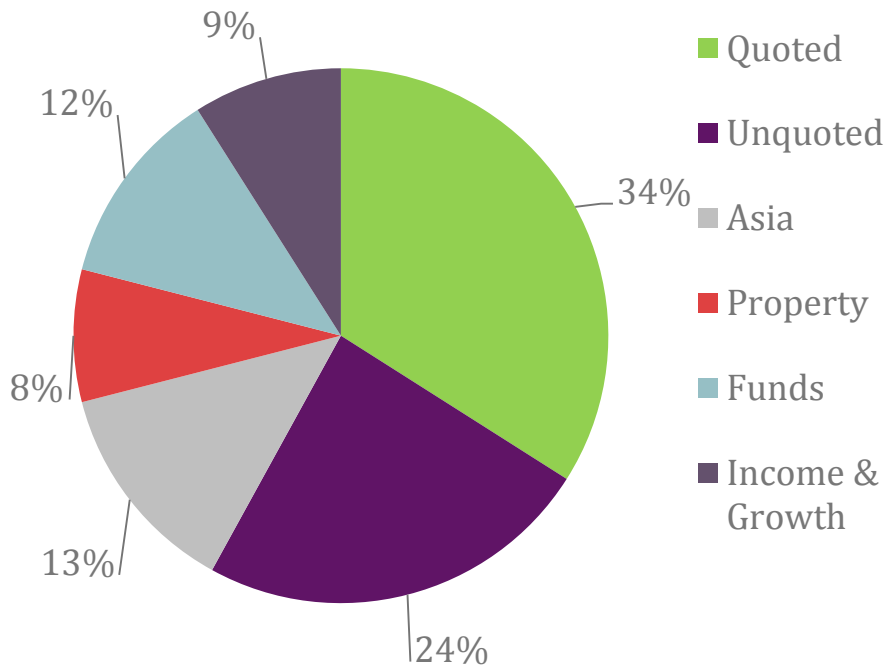
- Quoted - Concentrated portfolio of 10-15 companies, partnership approach, long hold periods
- Unquoted - 8-10 companies, MBOs, growth/development capital, structured equity, co-investment
- Asia
  - India – selective direct portfolio of 3-5 companies with local partners, funds and private equity
  - China/SE Asia – via funds, private equity, holding companies
- Property - Principally via quoted companies, some direct/internal management team, UK only
- Funds - Private equity, long only, hedge funds, to access geographies/parts of market we want exposure to not covered by other pools (Europe & USA) and top class managers
- Income & Growth - 4.5-5.0% target yield, 40-45 core mid to large cap holdings, growth in business and dividends, diversified across geography and sector, store of liquidity

## Strategy - pools of capital

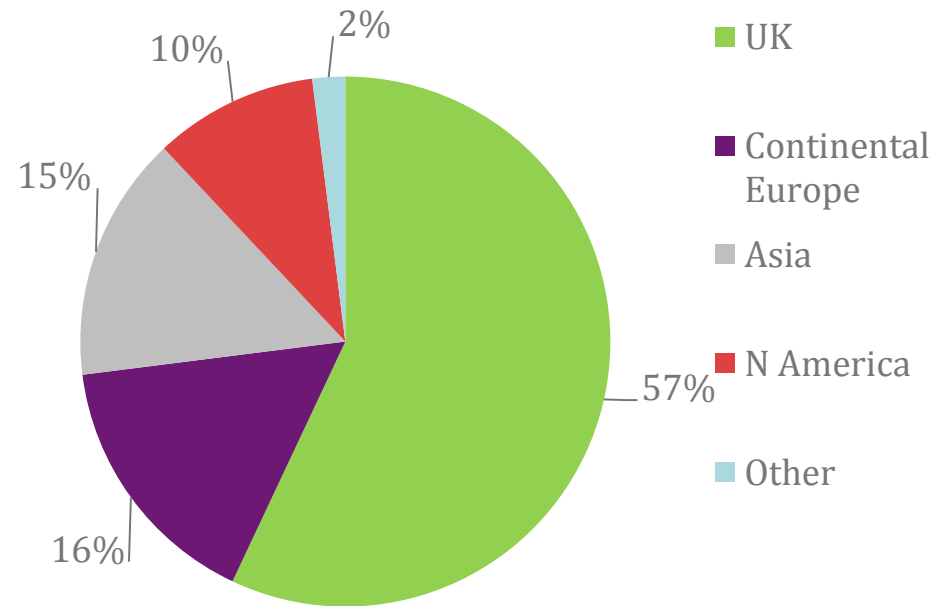
Pool	31 Mar 2011 £m	31 Mar 2011 %	31 Mar 2012 £m	31 Mar 2012 %	Possible future disposition
Quoted	427.0	34%	402.7	35%	20-30%
Unquoted	281.2	22%	280.4	25%	20-30%
Asia	159.0	13%	147.7	13%	15-20%
Property	105.3	8%	96.7	8%	5-10%
Funds	198.6	16%	145.9	13%	10-15%
Income & Growth	12.1	1%	110.6	10%	15-20%
Cash/borrowings	101.2	8%	(36.6)	(3)%	10-(10)%
Other	(25.7)	(2)%	(13.4)	(1)%	
<b>Net Assets</b>	<b>1,258.7</b>	<b>100%</b>	<b>1,134.0</b>	<b>100%</b>	

# Portfolio by Pool and Geography as at 31 March 2012

### Pool Distribution

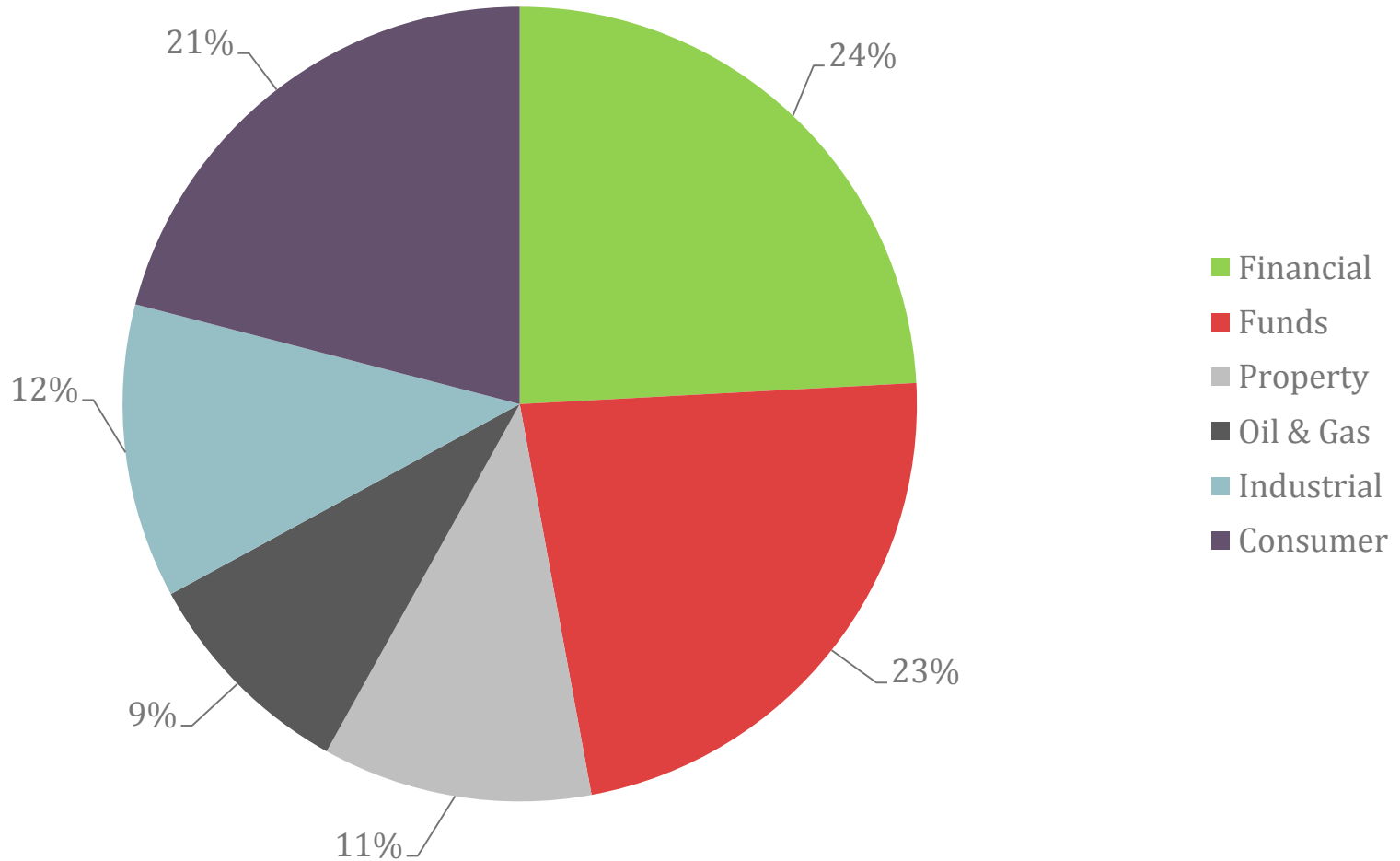


### Geographical Distribution



Region is based on the country of listing, country of domicile for unquoted investments and underlying regional analysis for funds.

## Portfolio Distribution by Sector as at 31 March 2012



## Quoted Pool

Significant investments	Value 31 Mar 11 £m	Net cash investment and income £m	Net return £m	Value 31 Mar 12 £m	Total TWR %
Close Brothers	165.9	(7.9)	(3.8)	154.2	-2%
Bristow Group	72.0	(0.8)	1.7	72.9	+2%
Avanti Communication	55.9	8.6	(24.6)	39.9	-43%
AG Barr	42.0	(0.9)	(0.9)	40.2	-2%
Melrose Resources	29.5	(0.4)	(14.7)	14.4	-50%
Other	61.7	9.3	10.1	81.1	
<b>Total</b>	<b>427.0</b>	<b>7.9</b>	<b>(32.2)</b>	<b>402.7</b>	<b>-8%</b>



## Unquoted Pool

Significant investments	Value 31 Mar 11 £m	Net cash investment and income £m	Net return £m	Value 31 Mar 12 £m	Total TWR %
Cobepa	85.1	(2.5)	2.4	85.0	+3%
Oval	41.6	(1.3)	(8.1)	32.2	-19%
Satellite Information Services	38.5	(2.7)	(6.0)	29.8	-16%
Sterling Industries	25.4	(3.3)	6.9	29.0	+29%
Celerant Group	23.9	-	(4.9)	19.0	-29%
Other	66.7	28.0	(9.3)	85.4	
<b>Total</b>	<b>281.2</b>	<b>18.2</b>	<b>(19.0)</b>	<b>280.4</b>	<b>-7%</b>

## Asia Pool

Significant investments	Value 31 Mar 11 £m	Net cash investment and income £m	Net return £m	Value 31 Mar 12 £m	Total TWR %
Dewan Housing Finance	37.6	(0.5)	(7.7)	29.4	-20%
Alok Industries	28.8	(10.4)	(3.8)	14.6	-17%
First Blue Home Finance	21.0	(0.5)	(6.6)	13.9	-31%
Capital Today China	20.7	(2.8)	11.7	29.6	+60%
Eredene Capital	10.6	6.5	(2.4)	14.7	-26%
Other	40.3	15.0	(9.8)	45.5	
<b>Total</b>	<b>159.0</b>	<b>7.3</b>	<b>(18.6)</b>	<b>147.7</b>	<b>-11%</b>

## Property Pool

Significant investments	Value 31 Mar 11 £m	Net cash investment and income £m	Net return £m	Value 31 Mar 12 £m	Total TWR %
London & Stamford	39.4	(0.1)	(2.3)	37.0	-6%
Quintain Estates	24.4	-	(3.1)	21.3	-13%
Edinmore Investments	12.3	(5.0)	0.2	7.5	+2%
Buckingham Gate	10.5	-	2.2	12.7	+21%
Real Estate Investors	7.0	3.4	(0.9)	9.5	-10%
Other	11.7	0.6	(3.6)	8.7	
<b>Total</b>	<b>105.3</b>	<b>(1.1)</b>	<b>(7.5)</b>	<b>96.7</b>	<b>-7%</b>

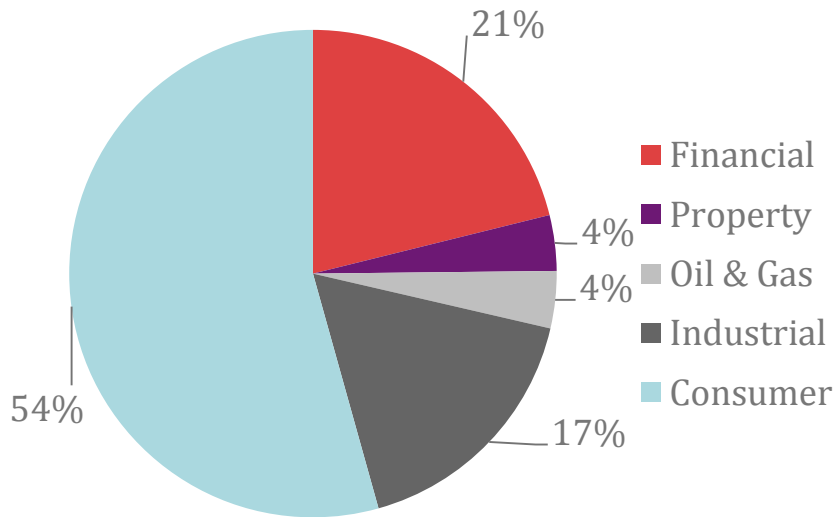
## Funds Pool

Significant investments	Value 31 Mar 11 £m	Net cash investment and income £m	Net return £m	Value 31 Mar 12 £m	Total TWR %
British Empire Securities	103.3	(42.4)	(10.9)	50.0	-11%
Nova Springboard	24.2	(10.6)	(1.4)	12.2	-8%
Pragma funds	13.4	3.7	(1.5)	15.6	-9%
Perlus Microcap	10.3	8.1	1.1	19.5	+7%
Greenhill Capital funds	9.0	0.6	(0.3)	9.3	-3%
Other	38.4	(0.1)	1.0	39.3	
<b>Total</b>	<b>198.6</b>	<b>(40.7)</b>	<b>(12.0)</b>	<b>145.9</b>	<b>-6%</b>

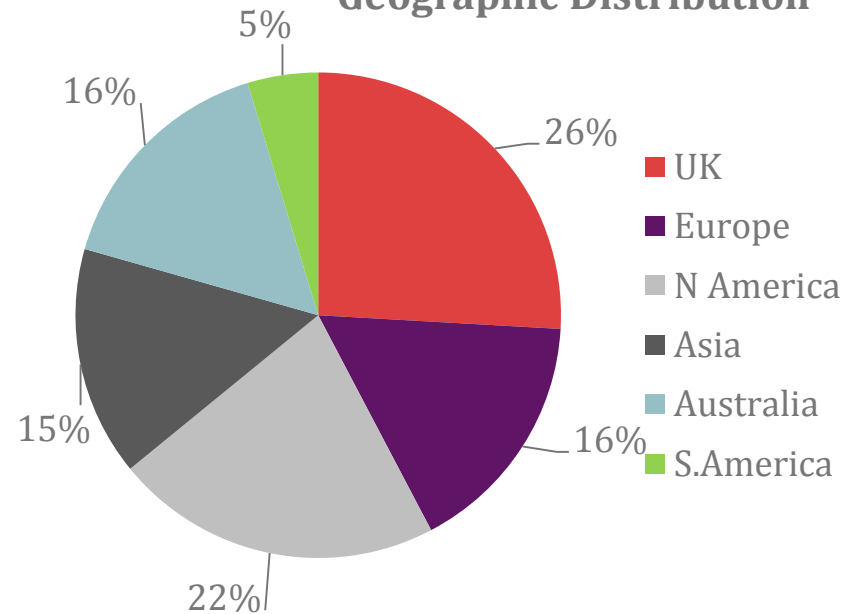
# Income and Growth Pool as at 31 March 2012

Top five holdings	Country	Value 31 Mar 12 £m	Dividend yield %
Pfizer Inc	US	3.4	4.0%
Glaxo Smithkline	UK	3.1	5.2%
Philip Morris International	US	3.1	3.9%
Starwood Properties	US	3.0	8.9%
Television Broadcasts	Hong Kong	3.0	4.5%

## Sector Distribution



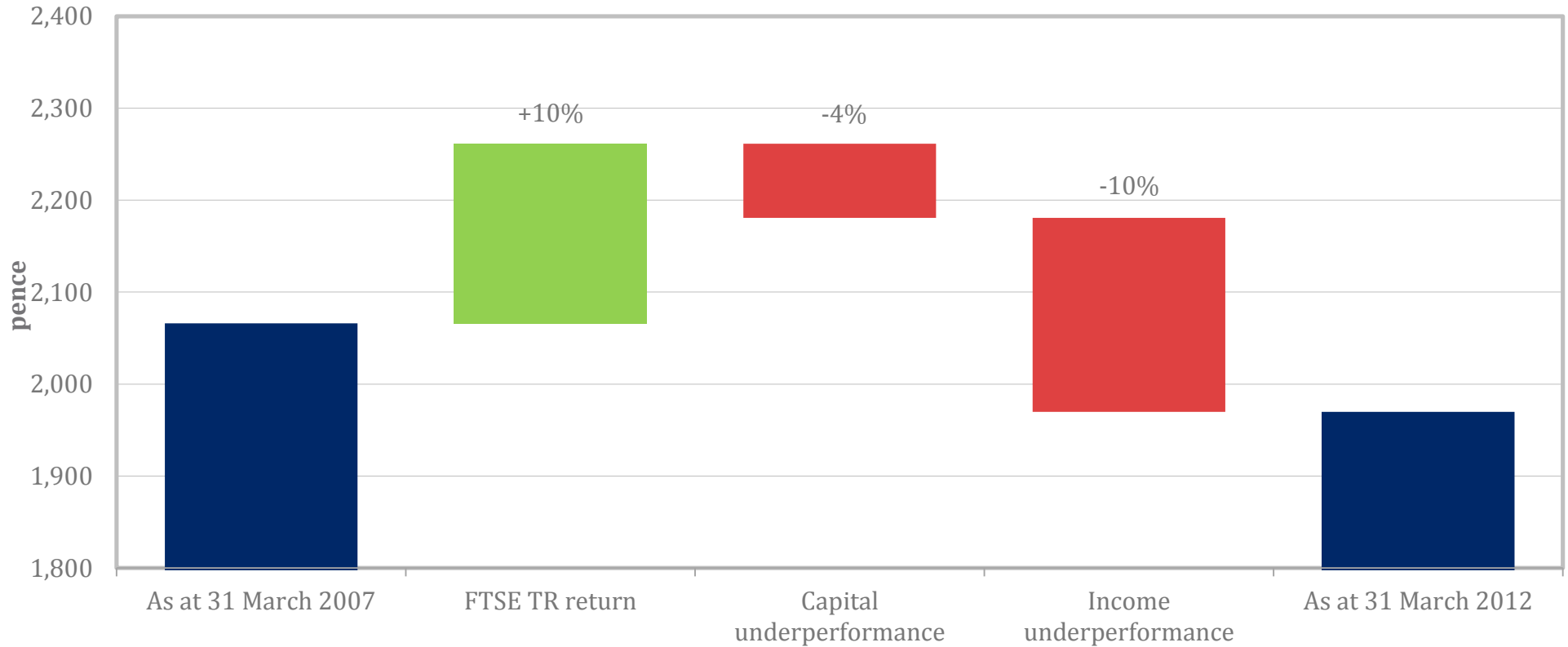
## Geographic Distribution



## NAV Summary by Pool year to 31 March 2012

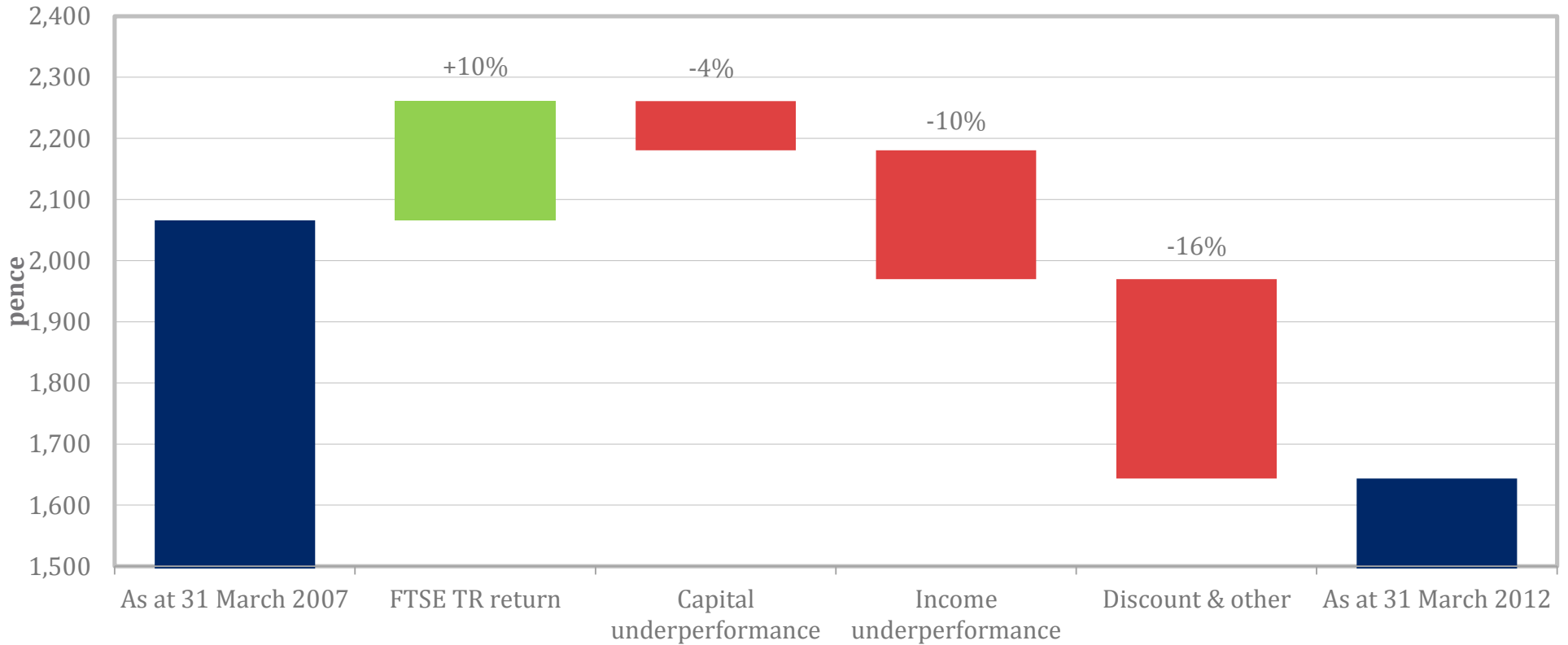
	Value 31 Mar 11 £m	Value 31 Mar 12 £m	Capital TWR	Sector benchmark	Relative performance	Benchmark
Quoted	427.0	402.7	-10.0%	-2.1%	-7.9%	FTSE All-Share
Unquoted	281.2	280.4	-10.4%	-2.1%	-8.3%	FTSE All-Share
Asia	159.0	147.7	-12.6%	-21.4%	+8.8%	BSE Sensex (£)
Property	105.3	96.7	-9.1%	-8.5%	+0.6%	FTSE REIT
Funds	198.6	145.9	-7.9%	-3.3%	-4.6%	FTSE Equity Instrument
Income & Growth	12.1	110.6	+3.6%	-2.9%	+6.5%	75% World/25% FTSE
<b>Total Investments</b>	<b>1,183.2</b>	<b>1,184.0</b>	<b>-9.4%</b>			
Cash	101.2	(36.6)				
Other	(25.7)	(13.4)				
<b>Total Assets</b>	<b>1,258.7</b>	<b>1,134.0</b>				

# NAV Total Return 5 years to 31 March 2012



- Income element most significant contributor to TR underperformance

# Share Price Total Return 5 years to 31 March 2012



- Income element most significant contributor to TR underperformance



## Contact Details

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