

Monthly fact sheet

31 May 2006



CALEDONIA
INVESTMENTS

Caledonia is a self-managed investment trust company investing in and actively managing a focused portfolio of significant stakes in companies and situations where we believe there to be good opportunities for building value. We usually take a board position in our investee companies. Our objective is consistently to achieve a long term shareholder return in excess of the FTSE All-Share Total Return whilst maintaining a progressive annual dividend.

Whilst the source of funding for new investments generally comes from our own resources, the policy of the board is to allow the company to enhance returns by incurring third party borrowings when appropriate up to a maximum amount of 20% of net assets.

Review

During the month, we invested a total of £88.2m and realised £23.7m. We invested £22.0m, through backing a management buyout, for a 60% stake in Jersey-based Ermitage, one of the oldest and largest fund of hedge fund management groups in Europe. Ermitage was previously owned by Liberty Group of South Africa. In addition, we invested £5.0m in The Strategic Partners Fund, a fund of hedge funds managed by Ermitage. We also backed the management buyout of Celerant Consulting, an unlisted management consultancy with clients around the world, from Novell with a £15.9m investment for a 49% stake. We invested £12.0m for a 19.6% holding in Eredene Capital, an AIM-listed investment company whose strategy is to invest in real estate in India. We invested £12.0m to support Nova Capital (a specialist manager for private equity portfolios in which we hold a 33.3% stake) in its recommended offer to acquire Springboard, an AIM-listed private equity investment company. We invested £15.0m to support the newly-launched Polar Capital Discovery and Latin American funds and £6.3m in a number of follow-on and fund investments. The principal realisation during the month was a £23.0m distribution paid by Sterling Industries, following the sale of its hydraulic valves business in October 2005.

As a result of the above transactions, our liquidity decreased to £101m at the month end. As noted previously, Kerzner International has agreed a cash offer of \$81 per share, subject to shareholder approval, valuing Caledonia's 8.0% stake at \$236.7m. During the month, we completed our hedge against currency movements on the expected sale proceeds by entering into forward currency contracts to sell \$236.7m at the expected completion date at an average exchange rate of approximately \$1.81.

The month of May has seen significant turbulence in equity markets across the world. The FTSE All-Share index declined by 5.1% during the month, whereas the more defensive nature of our portfolio resulted in a fall of 3.7% in NAV per share.

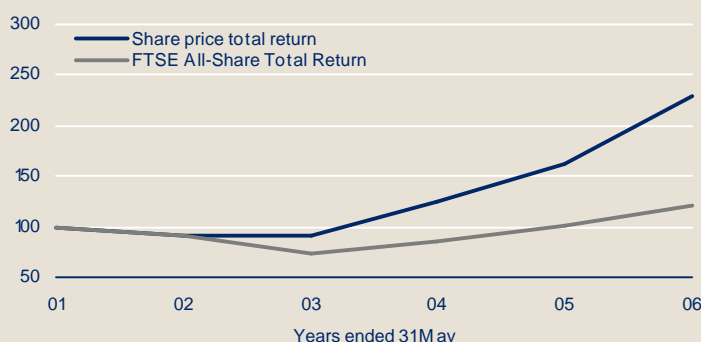
Ten largest holdings

Name	Business	£m	%
Close Brothers	Merchant bank	175.0	13.9
British Empire	Investment trust	133.2	10.5
Kerzner International	Resorts operator	123.8	9.8
Quintain Estates	Property developer	53.1	4.2
Rathbone Brothers	Fund manager	52.5	4.2
Polar Capital funds	Managed funds	51.2	4.0
Cobepa	Investment company	29.6	2.3
Edinmore	Property trading	28.5	2.3
Bristow Group	Helicopter services	25.9	2.1
Oval Financial	Insurance services	23.8	1.9
		696.6	55.2
Other investments		481.6	38.1
Net current assets		85.0	6.7
Net assets		1,263.2	100.0

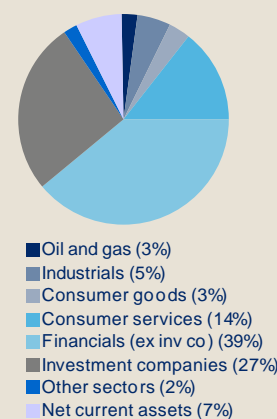
Caledonia Investments plc

All figures as at 31 May 2006. 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.

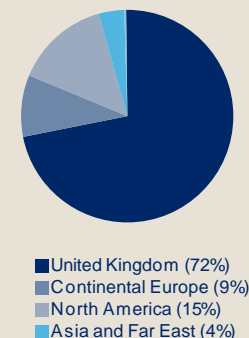
Total return growth



FTSE sector analysis



Geographic analysis



Performance

	Value	Cumulative change %	
	31/05/06	5 yr	10 yr
NAV per share (p)	1992		
Share price (p)	1878		
FTSE All-Share	2917		
Share price total return		129.6	256.1
FTSE All-Share Total Return		21.7	108.5
Outperformance		107.9	147.6

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 plan, ISA, PEP/ISA qualifying
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