

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in doubt about what action to take, you should consult an appropriate independent professional adviser who is authorised under the Financial Services and Markets Act 2000.**

If you have sold or otherwise transferred all your Ordinary Shares, please send this document, but not the accompanying personalised Form of Proxy, at once to the purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee. If you have purchased Ordinary Shares after the date of this document, you should contact Capita Asset Services using the details set out in section 4 of the Chairman's Letter, to request a new Form of Proxy.

J.P. Morgan Cazenove, which is authorised and regulated by the Financial Conduct Authority, is acting for Caledonia and no one else in relation to the Waiver Resolution and will not be responsible to anyone other than Caledonia for providing the protections afforded to clients of J.P. Morgan Cazenove, nor for providing advice in relation to the Waiver Resolution or any other matter referred to herein.

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# CALEDONIA INVESTMENTS PLC

(Registered in England and Wales under No. 235481)

## **Notice of the 2017 Annual General Meeting including proposals for the renewal of the Company's authority to make market purchases of its Ordinary Shares and a waiver of the requirements of Rule 9 of the City Code on Takeovers and Mergers**

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Notice of the Annual General Meeting of Caledonia to be held at the Royal Over-Seas League, Park Place, St James's Street, London SW1A 1LR at 11.30 a.m. on 20 July 2017 is set out at the end of this document.

The enclosed Form of Proxy for use at the Annual General Meeting should be completed and returned as soon as possible and, to be valid, must be deposited so as to be received no later than 11.30 a.m. on 18 July 2017 with the Company's registrar, Capita Asset Services, by one of the following methods: (i) by post to the address provided for such purpose in the Form of Proxy; or (ii) by hand during normal business hours to Capita Asset Services, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU; or (iii) online at [www.signalshares.com](http://www.signalshares.com) using the investor code printed on the Form of Proxy; or (iv) in the case only where Ordinary Shares are held in CREST (as an alternative to methods (i), (ii) and (iii)), via the CREST Proxy Voting Service.

Participants in the ISA and Savings Scheme can direct The Share Centre as to how they wish to vote at the Annual General Meeting by one of the following methods: (i) online at [www.share.com](http://www.share.com); or (ii) by email to [shareholder.rights@share.co.uk](mailto:shareholder.rights@share.co.uk); or (iii) by telephoning 0845 618 5180. Instructions must be received by The Share Centre no later than the close of business on 14 July 2017.

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## Definitions

The following definitions apply throughout this document, unless the context otherwise requires:

|   |   |
|---|---|
| <b>2006 Act</b>                           | means the Companies Act 2006  |
| <b>2016 AGM</b>                           | means the annual general meeting of the Company held on 21 July 2016  |
| <b>Annual General Meeting or AGM</b>      | means the annual general meeting of the Company to be held at the Royal Over-Seas League, Park Place, St James's Street, London SW1A 1LR at 11.30 a.m. on 20 July 2017 and any adjournment(s) thereof           |
| <b>Annual Report</b>                      | means Caledonia's annual report for the year ended 31 March 2017  |
| <b>Articles</b>                           | means the existing articles of association of the Company   |
| <b>Authority to Make Market Purchases</b> | means the authority to make market purchases of Ordinary Shares to be proposed to Ordinary Shareholders in the terms of resolution 17 set out in the notice of AGM at the end of this document                  |
| <b>Board</b>                              | means Caledonia's board of directors  |
| <b>Business Day</b>                       | means any day (other than a Saturday or Sunday or public holiday) on which banks are generally open for business in London  |
| <b>Caledonia or the Company</b>           | means Caledonia Investments plc of 2nd Floor Stratton House, 5 Stratton Street, London W1J 8LA  |
| <b>Caledonia Group Services</b>           | means Caledonia Group Services Limited, a wholly-owned subsidiary of the Company  |
| <b>Capita Asset Services</b>              | means Capita Asset Services, a trading name of Capita Registrars Limited, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU  |
| <b>Cayzer Trust</b>                       | means The Cayzer Trust Company Limited of 2nd Floor Stratton House, 5 Stratton Street, London W1J 8LA   |
| <b>Chairman</b>                           | means Mr R D Kent, the chairman of Caledonia  |
| <b>Chairman's Letter</b>                  | means the letter from the Chairman set out in Part I of this document   |
| <b>Concert Party</b>                      | means that group of Ordinary Shareholders which the Panel has confirmed is deemed to act in concert, details of certain members of the Concert Party being set out in paragraph 3.6 of Part II of this document |
| <b>Concert Party Directors</b>            | means those Directors who are members of the Concert Party, namely The Hon C W Cayzer, Mr J M B Cayzer-Colvin and Mr W P Wyatt  |
| <b>CREST</b>                              | means the relevant system (as defined in the CREST Regulations) in respect of which Euroclear is the Operator (as defined in the CREST Regulations)   |
| <b>CREST Manual</b>                       | means the document entitled 'CREST Manual' issued by Euroclear  |
| <b>CREST Member</b>                       | means a person who has been admitted by Euroclear as a system-member (as defined in the CREST Regulations)  |
| <b>CREST Participant</b>                  | means a person who has been admitted by Euroclear as a system-participant (as defined in the CREST Regulations)   |
| <b>CREST Proxy Voting Service</b>         | means Euroclear's electronic proxy voting service   |
| <b>CREST Regulations</b>                  | means the Uncertificated Securities Regulations 2001 (SI 2001 No 3755)  |
| <b>CREST Sponsor</b>                      | means a CREST Participant admitted to CREST as a sponsor  |
| <b>CREST Sponsored Member</b>             | means a CREST Member admitted to CREST as a sponsored member  |
| <b>Deferred Bonus Plan</b>                | means the Caledonia Investments 2011 Deferred Bonus Plan  |
| <b>Directors</b>                          | means the directors of Caledonia  |
| <b>Employee Share Trust</b>               | means the Caledonia Investments plc Employee Share Trust  |
| <b>Euroclear</b>                          | means Euroclear UK and Ireland Limited  |
| <b>Executive Directors</b>                | means Mr J M B Cayzer-Colvin, Mr S A King and Mr W P Wyatt  |
| <b>Form of Proxy</b>                      | means the form of proxy accompanying this document  |
| <b>Group</b>                              | means Caledonia and its subsidiaries  |
| <b>Independent Shareholders</b>           | means those Ordinary Shareholders who are not members of the Concert Party  |
| <b>ISA</b>                                | means the Caledonia Investments Individual Savings Account  |
| <b>J.P. Morgan Cazenove</b>               | means J.P. Morgan Limited, which conducts its UK investment banking activities as J.P. Morgan Cazenove  |

|                                     |   |
|-------------------------------------|---|
| <b>Latest Practicable Date</b>      | means the close of business on 6 June 2017, being the latest practicable date prior to the publication of this document   |
| <b>Listing Rules</b>                | means the UK Listing Authority Listing Rules as published by the Financial Conduct Authority in its handbook of rules and guidance  |
| <b>Market Abuse Regulation</b>      | means the EU Market Abuse Regulation no. 596/2014   |
| <b>Non-Concert Party Directors</b>  | means Mr H Y H Boël, Mr S J Bridges, Mr C H Gregson, Mr R D Kent, Mr S A King, Mrs S C R Jemmett-Page and Mr D C Stewart  |
| <b>Non-Executive Directors</b>      | means Mr H Y H Boël, Mr S J Bridges, The Hon C W Cayzer, Mr C H Gregson, Mrs S C R Jemmett-Page and Mr D C Stewart  |
| <b>Official List</b>                | means the Official List of the UK Listing Authority   |
| <b>Ordinary Shares</b>              | means ordinary shares of 5p each in Caledonia   |
| <b>Ordinary Shareholders</b>        | means the holders of Ordinary Shares  |
| <b>Panel</b>                        | means the Panel on Takeovers and Mergers  |
| <b>Performance Share Scheme</b>     | means the Caledonia Investments 2011 Performance Share Scheme   |
| <b>Savings Scheme</b>               | means the Caledonia Investments Share Savings Scheme  |
| <b>Takeover Code</b>                | means the City Code on Takeovers and Mergers  |
| <b>The Share Centre</b>             | means The Share Centre Limited, the administrator of the ISA and Savings Scheme   |
| <b>UK Corporate Governance Code</b> | means the UK Corporate Governance Code published by the Financial Reporting Council in September 2014   |
| <b>UK Listing Authority</b>         | means the Financial Conduct Authority acting in its capacity as the competent authority for the purposes of Part VI of the Financial Services and Markets Act 2000  |
| <b>Waiver Resolution</b>            | means the ordinary resolution 18 in the form set out in the notice of AGM at the end of this document approving a waiver of the mandatory offer provisions set out in Rules 9 and 37 of the Takeover Code |

## Part I – Letter from the Chairman



Caledonia Investments plc

*Registered and head office*  
2nd Floor Stratton House  
5 Stratton Street  
London W1J 8LA

6 June 2017

*Directors:*

|                                       |  |
|---------------------------------------|--|
| Roderick D Kent                       | <i>(Chairman)</i>                                  |
| William P Wyatt <sup>1</sup>          | <i>(Chief Executive)</i>                           |
| Stephen A King                        | <i>(Finance Director)</i>                          |
| Jamie M B Cayzer-Colvin <sup>1</sup>  | <i>(Executive Director)</i>                        |
| Harold Y H Boël                       | <i>(Non-Executive Director)</i>                    |
| Stuart J Bridges                      | <i>(Non-Executive Director)</i>                    |
| The Hon Charles W Cayzer <sup>1</sup> | <i>(Non-Executive Director)</i>                    |
| Charles H Gregson                     | <i>(Senior Independent Non-Executive Director)</i> |
| Shonaid C R Jemmett-Page              | <i>(Non-Executive Director)</i>                    |
| David C Stewart                       | <i>(Non-Executive Director)</i>                    |

1. Concert Party Directors.

To Ordinary Shareholders, participants in the ISA and Savings Scheme and, for information only, holders of options under the Performance Share Scheme and awards under the Deferred Bonus Plan.

Dear Shareholder

### **1. Introduction**

The purpose of this letter is to provide you with an explanation of the resolutions to be proposed at the eighty-eighth annual general meeting of the Company, which will be held at the Royal Over-Seas League, Park Place, St James's Street, London SW1A 1LR, at 11.30 a.m. on Thursday 20 July 2017 and to seek your approval of them. The notice of AGM is set out at the end of this document.

The first part of the AGM (resolutions 1 to 16 inclusive) will address the ordinary business of the AGM. The second part of the AGM (resolutions 17 to 21 inclusive) will seek the necessary shareholder approvals for:

- the Authority to Make Market Purchases;
- a waiver which the Panel has agreed to grant (subject to Independent Shareholders' approval) of any obligation on the Concert Party under Rule 9 of the Takeover Code which might arise if the Company makes purchases of Ordinary Shares pursuant to the Authority to Make Market Purchases;
- the renewal of the Company's authority to allot unissued Ordinary Shares;
- the renewal of the Directors' authority to allot Ordinary Shares, or transfer Ordinary Shares from treasury, on a non-pre-emptive basis; and
- the renewal of the Directors' authority to convene general meetings of the Company, other than annual general meetings, on 14 clear days' notice.

All of the resolutions to be proposed at the AGM (including for the proposals outlined above) are explained in further detail below.

### **2. Ordinary business**

The ordinary business of the AGM comprises resolutions 1 to 16 inclusive.

#### **Resolution 1: Annual Report**

The Directors approved Caledonia's Annual Report on 25 May 2017. Although not a statutory requirement, resolution 1 seeks the approval of the Annual Report by Ordinary Shareholders, who will be given the opportunity to ask questions about the Annual Report at the AGM.

A copy of the Annual Report accompanies this document.

### **Resolutions 2 and 3: Directors' remuneration report**

The Directors' remuneration report comprises three sections:

- an annual statement by the Chairman of the Remuneration Committee, which summarises and explains the major decisions taken and changes made to Directors' remuneration during the year;
- a remuneration policy, which sets out the framework for future remuneration payments to Directors;
- an annual report on Directors' remuneration, which sets out payments made to Directors during the year.

The statement by the Chairman of the Remuneration Committee and the annual report on Directors' remuneration are required to be put to an annual advisory vote of shareholders. The remuneration policy is subject to a binding vote of shareholders and must be approved at least every three years, although an earlier vote will be required if the Remuneration Committee wishes to implement any policy changes or if an advisory vote on an annual report on Directors' remuneration is not passed. The current remuneration policy was approved by shareholders at the annual general meeting of the Company held in July 2014 and therefore a new policy must be presented to shareholders for approval this year.

Resolution 2 therefore seeks approval of the Directors' remuneration report for the year ended 31 March 2017, other than the part containing the remuneration policy, the relevant sections of which are set out on pages 45 and 46 and 56 to 63 of the Annual Report. As required by the 2006 Act, the Company's auditor, KPMG LLP, has audited those parts of the annual report on Directors' remuneration required by the legislation to be audited and its report is set out on pages 70 to 73 of the Annual Report. As stated above, this resolution is advisory in nature and does not affect the remuneration paid to any Director.

Resolution 3 seeks approval of the new remuneration policy, which is set out on pages 47 to 55 of the Annual Report. The principal changes to the policy approved by shareholders in July 2014 are explained in the statement by the Chairman of the Remuneration Committee set out on pages 45 and 46 of the Annual Report. If approved, the new policy will take effect immediately after the AGM. After the passing of this resolution, the Company will only be able to make remuneration payments or payments for loss of office to directors if they are permitted by the new policy or if they are separately approved by shareholders.

### **Resolutions 4 and 5: Dividends**

The Directors have proposed a final dividend of 39.9p per Ordinary Share for the year ended 31 March 2017, payable on 3 August 2017 to Ordinary Shareholders on the register of members as at the close of business on 7 July 2017. Resolution 4 seeks Ordinary Shareholders' approval of this dividend.

As explained in the Annual Report, following the realisation of a number of portfolio holdings, in particular the successful exit from Park Holidays, the Board is proposing the payment of a special dividend of 100.0p per Ordinary Share, in addition to the final dividend and with the same record and payment dates. Resolution 5 seeks Ordinary Shareholders' approval of this special dividend.

### **Resolutions 6 to 14: Re-election of Directors**

In accordance with the provisions of the UK Corporate Governance Code, all of the Directors, other than Rod Kent, are offering themselves for re-election as set out in resolutions 6 to 14. As announced on 25 May 2017, Mr Kent has decided to retire from the Board at the conclusion of the AGM and accordingly is not seeking re-election. David Stewart will succeed Mr Kent as chairman of the Company at that time.

Biographies of the Directors proposed for re-election and details of the specific experience and attributes that they bring to the Board which enable them to contribute effectively to the leadership of the Company, in addition to their general commercial judgment, are set out below.

#### **• Mr W P Wyatt, Chief Executive (resolution 6)**

Will Wyatt joined the Caledonia group in 1997 from Close Brothers Corporate Finance, working first at Sterling Industries before transferring to Caledonia's head office in 1999 as an investment executive. He was appointed a director in 2005 and Chief Executive in 2010 and is also a member of the Nomination Committee. He has held board positions at numerous Caledonia investee companies and is currently a non-executive director of Cobehold and Real Estate Investors. He is also a trustee of the Rank Foundation and a director and committee member of Newmarket Racecourses.

Mr Wyatt brings to the Board corporate finance and investment expertise, broad senior management experience and team leadership skills.

#### **• Mr S A King, Finance Director (resolution 7)**

Stephen King joined Caledonia in 2009 as Finance Director. He was Group Finance Director of De La Rue from 2003 to 2009, prior to which he was Group Finance Director of Midland Electricity and held senior financial positions at Seeboard, Lucas Industries and Lonhro. He is currently a non-executive director and Chairman of the Audit Committees of Bristow Group and TT Electronics and is a Fellow of the Institute of Chartered Accountants in England and Wales.

Mr King brings to the Board extensive financial oversight and risk management experience.

- **Mr J M B Cayzer-Colvin, Executive Director (resolution 8)**

Jamie Cayzer-Colvin joined the Caledonia group in 1995, initially working at its Amber speciality chemicals subsidiary before becoming an investment executive at the Company's head office in 1999. He was appointed a director in 2005 and has held board positions at numerous Caledonia investee companies. He is currently Chairman of The Henderson Smaller Companies Investment Trust and a non-executive director of Polar Capital Holdings. He is also a director of Heritage of London Trust and the Bronze Oak Tree Project.

Mr Cayzer-Colvin brings to the Board broad senior management experience and investment expertise.

- **The Hon C W Cayzer, Non-Executive Director (resolution 9)**

Having gained experience of merchant banking, commercial banking and corporate and project finance with Baring Brothers, Cayzer Irvine and Cayzer Ltd, The Hon Charles Cayzer was appointed an executive director of Caledonia in 1985, becoming non-executive in 2012, and is also a member of the Nomination Committee. In the past, he has held board positions at numerous Caledonia investee companies.

The Hon C W Cayzer brings to the Board broad commercial experience and also extensive knowledge of the commercial property sector.

- **Mr H Y H Boël, Independent Non-Executive Director (resolution 10)**

A Belgian national, Harold Boël was appointed a non-executive director of Caledonia in 2014 and is a member of the Audit and Nomination Committees. A material sciences engineer by training, he has been Chief Executive Officer of Sofina, a quoted Belgian financial holding company, since 2008, prior to which he held a number of operational and managerial roles within Corus, now part of Tata Steel. He is also a non-executive director of bioMérieux, in which Sofina is a shareholder.

Mr Boël brings to the Board industrial and investment experience, particularly in Europe, as well as a deep understanding of the management of family-controlled businesses.

- **Mr S J Bridges, Independent Non-Executive Director (resolution 11)**

Stuart Bridges was appointed a non-executive director of Caledonia in 2013 and is Chairman of the Audit Committee and a member of the Governance and Nomination Committees. A chartered accountant, he was until 31 May 2017 Group Chief Financial Officer of Nex Group (previously ICAP), which he joined in 2015 after some 16 years as Chief Financial Officer of Hiscox. Prior to Hiscox, he held positions in various financial services companies in the UK and US, including Henderson Global Investors. He is a member of the Audit Committee of the Institute of Chartered Accountants in England and Wales and of the Finance Committee of The Royal Institution.

Mr Bridges brings to the Board a wide knowledge of both the insurance and investment markets, as well as financial oversight expertise.

- **Mr C H Gregson, Senior Independent Non-Executive Director (resolution 12)**

Charles Gregson was appointed a non-executive director of Caledonia in 2009 and is Chairman of the Governance and Remuneration Committees and a member of the Nomination Committee. He spent his business career at United Business Media and its predecessor companies in a number of divisional and head office roles and has served on a number of boards in the financial services sector, including St James's Place, Provident Financial, MAI and International Personal Finance, and in the media services sector, including United Business Media and PR Newswire Europe. He is currently non-executive Chairman of Nex Group (previously ICAP) and Non-Standard Finance.

Mr Gregson brings to the Board extensive senior board level experience as well as experience of managing relationships with the media, regulators and the institutional investor community.

- **Mrs S C R Jemmett-Page, Independent Non-Executive Director (resolution 13)**

Shonaid Jemmett-Page was appointed a non-executive director of Caledonia in 2015 and is a member of the Governance, Nomination and Remuneration Committees. She spent the first 20 years of her career at KPMG in London and Tokyo, rising to the position of Partner, Financial Services. In 2001, she moved to Unilever, where she was Senior Vice President, Finance and Information for Asia, based in Singapore, before returning to the UK as Finance Director for Unilever's global non-food business. In 2009, she joined CDC Group as Chief Operating Officer, a position she held until 2012. Since then, she has focused on non-executive appointments and is currently non-executive Chairman of Origo Partners and MS Amlin, and a non-executive director of GKN and Greencoat UK Wind.

Mrs Jemmett-Page brings to the Board extensive financial oversight and international business experience, in particular in the Far East.

- **Mr D C Stewart, Independent Non-Executive Director (resolution 14)**

David Stewart was appointed a non-executive director of Caledonia in 2015 and is a member of the Audit, Nomination and Remuneration Committees. Having begun his career at Swire Pacific in 1981, he joined James Capel in 1986 and then Fidelity Investments in 1995, where he was Head of Emerging Markets and subsequently European President. From 2005 to 2013, he was Chief Executive Officer of Odey Asset Management before assuming a non-executive role until 2014. He is currently Chairman and co-founder of IMM Associates, Chairman of Hermes Investment Management and a non-executive director of Hargreave Hale.

Mr Stewart brings to the Board extensive experience of international business and asset management, both in the UK and in Asia and emerging markets.

Following completion of the Board's annual evaluation process, the Nomination Committee is of the opinion (confirmed by the Chairman) that all of the Directors offering themselves for re-election continue to provide effective contributions to the performance of the Board and to demonstrate commitment to their roles as Directors. Accordingly, the Nomination Committee recommends that all of the Directors proposed for re-election at the AGM should be re-elected.

Following changes to the Listing Rules introduced in 2014, where a premium listed company has a controlling shareholder or shareholders (being a person or persons acting in concert who exercise or control 30 per cent. or more of the company's voting rights), the election or re-election of any director determined by its board to be independent must be approved by a majority vote of both (i) all of the shareholders of the company and (ii) the independent shareholders, being those who are not controlling shareholders. If the election or re-election of an independent director is not approved by votes of both all shareholders and the independent shareholders and the company still wishes to propose that director for election or re-election, it must propose a further resolution, to be approved by all shareholders, at a meeting which must be held more than 90 days, but within 120 days, of the first votes. In the interim, the relevant independent director is treated as having been elected or re-elected until the meeting at which the further resolution is proposed. The level of the shareholding of the Concert Party in Caledonia means that these provisions apply to Caledonia's independent directors.

The Board has determined that Harold Boël, Stuart Bridges, Charles Gregson, Shonaid Jemmett-Page and David Stewart are independent and accordingly the resolutions for their re-election (resolutions 10 to 14 inclusive) will be subject to the dual voting procedure described above. Single resolutions will be proposed at the AGM for the re-election of each Director on which all shareholders may vote, but the Company will separately count the number of votes cast in favour by Independent Shareholders to determine whether the second requisite majority has been met. The Company will announce the results of the votes on each basis after the AGM has been held.

The changes to the Listing Rules referred to above also require that, where a premium listed company has a controlling shareholder, a circular to shareholders relating to the election or re-election of an independent director must include details of any existing or previous relationship, transaction or arrangement that the proposed independent director has, or has had, with the listed company, its directors, any controlling shareholder or any associate of a controlling shareholder. It must also include a description of why the listed company considers the proposed independent director will be an effective director, how the listed company has determined that the proposed director is independent and the process followed by the listed company for the selection of the proposed independent director.

Caledonia has received confirmation from each of the above Directors that, other than by virtue of their positions as Directors of Caledonia or as present or past shareholders in the Company, there are no existing or previous relationships, transactions or arrangements as referred to above requiring disclosure, except as listed below:

- Mr Boël is Chief Executive Officer of Sofina SA, a listed Belgian financial holding company, which has a 5.1 per cent. shareholding in Caledonia;
- Mr Bridges was Group Chief Financial Officer of Nex Group plc from 1 September 2015 to 31 May 2017, where Mr Gregson is non-executive Chairman;
- Mrs Jemmett-Page was Caledonia's audit partner at KPMG Audit Plc from November 1995 to March 2001.

The attributes that enable the independent Directors to make an effective contribution to the Board are described in their biographies above. To determine their independence, the Board has taken into account the experience and standing of the individual Directors concerned and the strength of character and judgement demonstrated by them. It has also considered the relationships or circumstances listed above, which in the case of Mr Boël, Mr Bridges and Mr Gregson are included in those identified by the UK Corporate Governance Code as being likely to affect, or which could appear to affect, a director's judgement. As explained on page 37 of the Annual Report, the Board does not consider that any of these relationships or circumstances has any influence on the ability of the Directors concerned to exercise independent judgement in relation to the affairs of Caledonia.

To recruit new independent non-executive directors, the Nomination Committee will normally engage an independent search consultant to find appropriate candidates with the requisite skills, although the Nomination Committee may also consider candidates introduced from other sources. All of the independent Directors proposed for re-election were selected following a search conducted by external consultants, other than Mr Boël, who was known to the Company by virtue of his role at Sofina.

None of the Executive Directors has a contract of service which cannot be terminated within one year. The Non-Executive Directors seeking re-election are appointed under letters of appointment which do not provide any entitlement to compensation in the event of their ceasing to be Directors.

#### **Resolutions 15 and 16: Re-appointment and remuneration of the auditor**

Resolution 15 seeks approval, as recommended by Caledonia's Audit Committee, of the re-appointment of KPMG LLP as auditor to the Company until the conclusion of the next general meeting of the Company at which accounts are laid. Resolution 16 will give authority to the Directors to agree the auditor's remuneration.

### **3. Special business**

The special business to be considered at the AGM comprises resolutions 17 to 21 inclusive.

#### ***Resolution 17: Authority to make market purchases by the Company of its Ordinary Shares***

Authority was granted by Ordinary Shareholders to the Company at the 2016 AGM to purchase up to a maximum of 5,538,100 Ordinary Shares, representing approximately 10 per cent. of the then issued Ordinary Shares. Ordinary Shareholders are being asked by resolution 17, which will be proposed as a special resolution, to grant a new authority (which will replace the existing authority) to Caledonia to purchase up to the same maximum of 5,538,100 Ordinary Shares, which represents approximately 10 per cent. of the issued Ordinary Shares as at the Latest Practicable Date.

If the resolution is passed, it will empower the Company to make market purchases on the London Stock Exchange of up to 5,538,100 Ordinary Shares at a price per Ordinary Share not more than the higher of:

- a. 5 per cent. above the average of the middle market quotations for Ordinary Shares during the five Business Days preceding any such purchase; and
- b. the higher of:
  - i. the price of the last independent trade in Ordinary Shares; and
  - ii. the highest current independent bid relating thereto on the trading venue where the purchase is carried out;

nor less than 5p, being the nominal value of an Ordinary Share.

The Authority to Make Market Purchases will only be utilised if the Board believes that purchases of Ordinary Shares will be in the best interests of Caledonia and Ordinary Shareholders as a whole and will result in an increase in net asset value per Ordinary Share. In considering whether to exercise the Authority to Make Market Purchases, the Board will take into account both the longer term investment opportunities available to Caledonia and any discount at which the Ordinary Shares are trading in the market relative to the net asset value per Ordinary Share.

A purchase of Ordinary Shares by the Company pursuant to the Authority to Make Market Purchases could increase the percentage of voting rights held by the Concert Party. In certain circumstances (described below), such an increase could trigger an obligation on the Concert Party to make a mandatory offer for the whole of the issued share capital of the Company pursuant to the Takeover Code. Accordingly, Independent Shareholders will be asked to renew the waiver of the mandatory offer provisions granted at the 2016 AGM such that purchases of Ordinary Shares by the Company pursuant to the Authority to Make Market Purchases will not trigger a requirement for the Concert Party to make a mandatory offer for the entire issued share capital of the Company. Further details relating to this waiver are set out below.

There are currently outstanding options to subscribe for 712,446 Ordinary Shares under the Performance Share Scheme and awards over 129,266 Ordinary Shares under the Deferred Bonus Plan, in aggregate representing approximately 1.52 per cent. of the issued Ordinary Shares as at the Latest Practicable Date. If the Authority to Make Market Purchases was exercised in full, the Ordinary Shares under option or award would represent approximately 1.69 per cent. of the issued Ordinary Shares. It is, however, the Board's policy, where possible, to source options exercised under the Performance Share Scheme or awards called under the Deferred Bonus Plan using Ordinary Shares held by the Employee Share Trust, thereby avoiding dilution of Ordinary Shareholders' holdings.

The Authority to Make Market Purchases, if granted, will expire at the close of business on 20 October 2018 or, if earlier, at the conclusion of the next annual general meeting of the Company.

Ordinary Shares purchased by the Company pursuant to the Authority to Make Market Purchases may be cancelled, or held in treasury and subsequently cancelled, or sold for cash, or used to satisfy share-based awards issued to employees pursuant to the Performance Share Scheme and the Deferred Bonus Plan. Since the 2016 AGM, the Company has not purchased any Ordinary Shares for cancellation. No Ordinary Shares are currently held in treasury.

#### ***Resolution 18: Waiver of mandatory offer provisions set out in Rule 9 of the Takeover Code***

Resolution 18, the Waiver Resolution, which will be proposed as an ordinary resolution, seeks Independent Shareholders' approval of a waiver of the obligation that could arise on the Concert Party to make a general offer for the entire issued share capital of the Company as a result of purchases by the Company of Ordinary Shares pursuant to the Authority to Make Market Purchases.

The Panel has ruled that a group of Ordinary Shareholders is deemed to form a concert party for the purposes of the Takeover Code. As at the Latest Practicable Date, these shareholders, being Cayzer Trust, the Concert Party Directors, the Employee Share Trust, the directors of Cayzer Trust and other members of the wider Cayzer family, between them were interested in 26,821,683 Ordinary Shares, representing approximately 48.43 per cent. of the shares carrying voting rights of the Company. The Concert Party's highest percentage of shares carrying voting rights held in the 12 months prior to the Latest Practicable Date was approximately 48.48 per cent.

Under Rule 9 of the Takeover Code, where any person who, together with persons acting in concert with him, is interested in shares which in aggregate carry not less than 30 per cent., but does not hold shares carrying more than 50 per cent., of the voting rights of a company and such person, or any persons acting in concert with him, acquires an interest in any other shares in the company which increases the percentage of shares carrying voting rights in which he is interested, such person would normally have to extend a general offer to all shareholders to acquire their shares for cash at not less than the highest price paid by him, or parties acting in concert with him, during the 12 months prior to the announcement of the offer.

The percentage of shares carrying voting rights in which the Concert Party is interested could be increased by the purchase by the Company of Ordinary Shares through the exercise by the Company of the Authority to Make Market Purchases. Pursuant to Rule 37 of the Takeover Code, any increase in the percentage of shares carrying voting rights of the Concert Party resulting from such an exercise would normally be treated as an acquisition of interests in shares by the Concert Party for the purposes of Rule 9 of the Takeover Code. Accordingly, if the effect of such exercise was to increase the percentage of shares in which the Concert Party is interested, this could result in members of the Concert Party being obliged to make a general offer for the entire issued Ordinary Share capital of the Company.

In accordance with Rule 37 and Appendix 1 of the Takeover Code, the Panel has agreed to waive any requirement on the Concert Party to make a general offer to all shareholders of the Company which could arise as a result of an exercise of the Authority to Make Market Purchases, provided that the Independent Shareholders have passed, on a poll, the Waiver Resolution. In no circumstances will the Company make market purchases of Ordinary Shares which would result in the percentage of voting rights in which the Concert Party is interested exceeding 49.9 per cent. Accordingly, Independent Shareholders are being asked to approve the Waiver Resolution which, if so approved, will expire at the close of business on 20 October 2018 or, if earlier, at the conclusion of the next annual general meeting of the Company.

The waiver by the Panel will (subject to the discretion of the Panel) be invalidated if any further purchases of Ordinary Shares are made by any member of the Concert Party in the period between the date of this document and the date of the AGM. The waiver by the Panel will also not apply to the purchase of Ordinary Shares by the Concert Party itself, which would remain subject to the provisions of Rule 9 of the Takeover Code as described above.

The Concert Party has no intention of increasing or materially decreasing its interest in Caledonia, although this interest may subsequently increase to not more than 49.9 per cent. as a result of the exercise by the Company of the Authority to Make Market Purchases. The Concert Party remains fully supportive of Caledonia's management and has no intention of making any changes to the continued employment of the employees and management of the Company and its subsidiaries, nor does it intend to redeploy any of its fixed assets or change the existing trading facilities for the Ordinary Shares. The strategic direction of the Company is not expected to be altered by the Waiver Resolution and so there should be no repercussions on employment, pension scheme arrangements, or the location of the Company's place of business.

In considering whether to seek a waiver of the mandatory offer provisions set out in Rule 9 of the Takeover Code, the Non-Concert Party Directors have taken into account: (i) their belief that market purchases of Ordinary Shares as envisaged by resolution 17, details of which are set out above, will be in the best interests of Caledonia and Ordinary Shareholders as a whole; and (ii) the potential increase in the aggregate Concert Party holding, subject to the limit of this increase to a maximum of 49.9 per cent. from its current 48.43 per cent. interest in shares carrying voting rights in the Company.

Further details in relation to the Waiver Resolution are set out in Part II of this document.

#### **Resolution 19: Authority to allot unissued Ordinary Shares**

Resolution 19, which will be proposed as an ordinary resolution, seeks to renew the authority granted at the 2016 AGM to allot unissued Ordinary Shares. Whilst they do not have any present intention of exercising any such authority, the Directors believe that it would be in the Company's interests to retain the maximum flexibility permitted by guidance issued by the Investment Association and, accordingly, are seeking authority to allot Ordinary Shares up to a nominal amount of £1,846,033, representing approximately two-thirds of the issued Ordinary Shares as at the Latest Practicable Date. Of this amount, Ordinary Shares with a nominal value of £923,016, representing approximately one-third of the issued Ordinary Shares as at the Latest Practicable Date, would only be available for allotment in connection with pre-emptive rights issues as set out in the resolution.

The authority, if granted, will last until the next annual general meeting of the Company or, if earlier, the close of business on 20 October 2018.

#### **Resolution 20: Authority to allot Ordinary Shares on a non pre-emptive basis**

Resolution 20, which will be proposed as a special resolution, seeks to renew the Directors' authority to allot Ordinary Shares for cash in connection with a rights issue or other than pro rata to existing Ordinary Shareholders. In the case of an issue of Ordinary Shares other than pro rata to existing Ordinary Shareholders, the authority will be limited to a nominal amount of £138,452, which represents approximately 5 per cent. of the issued Ordinary Shares as at the Latest Practicable Date. If granted, the authority will last until the next annual general meeting of the Company or, if earlier, the close of business on 20 October 2018. This authority to allot shares on a non pre-emptive basis will also apply to the transfer of Ordinary Shares held in treasury, if any.

The Board will comply with the provision of the Statement of Principles of the Pre-Emption Group that no more than 7.5 per cent. of the issued Ordinary Share capital should be allotted for cash, or transferred from treasury, on a non pre-emptive basis during any rolling three-year period.

#### **Resolution 21: Notice of general meetings**

Resolution 21, which will be proposed as a special resolution, seeks to renew the shareholder approval granted at the 2016 AGM to enable the Company to continue to convene general meetings, other than annual general meetings, on 14 clear days' notice.

An amendment to the 2006 Act, which came into force in 2009, increased the notice period for general meetings to 21 days. A listed company may, however, continue to call general meetings on 14 clear days' notice, provided that: (i) the company offers the facility for members to vote by electronic means accessible to all members who hold shares that carry rights to vote at general meetings; and (ii) members have passed a special resolution approving shorter notice at the immediately preceding annual general meeting or at a general meeting held since the annual general meeting.

The Board believes that it will be beneficial to preserve the current ability to convene general meetings, other than annual general meetings, on 14 clear days' notice and, accordingly, is seeking to renew the requisite shareholder approval at the AGM. This shorter notice period will not however be used as a matter of course, but only when merited by the business of the meeting and after taking into consideration the provision of the UK Corporate Governance Code that notices of general meetings and related papers should be sent to shareholders at least 14 working days before the meeting. If granted, the approval will last until the next annual general meeting of the Company and it is the Board's intention to renew the authority at each subsequent annual general meeting.

#### **4. Action to be taken**

You will find set out at the end of this document the notice convening the AGM, at which the resolutions referred to above will be proposed. Further information relating to the Waiver Resolution is set out in Part II of this document.

You are requested to complete the Form of Proxy accompanying this document and return it to Caledonia's registrar, Capita Asset Services, as soon as possible. To be valid, the Form of Proxy must be deposited with Capita Asset Services, so as to be received no later than 11.30 a.m. on 18 July 2017, by one of the following methods: (i) by post to the address provided for such purpose in the Form of Proxy; or (ii) by hand during normal business hours to Capita Asset Services, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU; or (iii) online at [www.signalshares.com](http://www.signalshares.com) using the investor code printed on the Form of Proxy; or (iv) in the case only where Ordinary Shares are held in CREST (as an alternative to methods (i), (ii) and (iii)), via the CREST Proxy Voting Service. The return of the Form of Proxy will not preclude you from attending the AGM and voting in person should you wish to do so.

If you are a CREST Member and wish to appoint a proxy or proxies through the CREST Proxy Voting Service for the AGM and any adjournment(s) thereof, you may do so by using the procedures described in the CREST Manual. Appointing a proxy or proxies through the CREST Proxy Voting Service is more fully explained in the notice convening the AGM set out at the end of this document.

Participants in the ISA and the Savings Scheme can direct The Share Centre as to how they wish to vote at the AGM by one of the following methods: (i) online at [www.share.com](http://www.share.com); or (ii) by email to [shareholder.rights@share.co.uk](mailto:shareholder.rights@share.co.uk); or (iii) by telephoning 0845 618 5180. Instructions must be received by The Share Centre no later than the close of business on 14 July 2017.

**Please note that only Independent Shareholders are entitled to vote on the Waiver Resolution and that the vote on the Waiver Resolution will be by way of a poll. Accordingly, it is very important that the Form of Proxy is duly completed by Ordinary Shareholders and returned or submitted by one of the methods described above or, in the case of participants in the ISA or the Savings Scheme, that voting directions are given to The Share Centre by one of the methods described above.**

#### ***Further information***

Your attention is drawn to the further information set out in Parts II and III of this document and to the Annual Report. A copy of the Annual Report accompanies this document.

#### **5. Recommendations**

##### *Resolutions other than the Waiver Resolution*

**The Board believes that the proposals described above regarding the resolutions to be proposed at the AGM (other than the Waiver Resolution which was considered by the Non-Concert Party Directors whose recommendation is set out below) to be in the best interests of the Company and Ordinary Shareholders as a whole. Accordingly, the Board recommends Ordinary Shareholders to vote in favour of such resolutions at the AGM, as the Directors and certain of their close family members and connected persons intend to do in respect of their own beneficial holdings of Ordinary Shares, which amount to approximately 2.85 per cent. of the issued Ordinary Shares.**

##### *The Waiver Resolution*

**The Non-Concert Party Directors, who have been so advised by J.P. Morgan Cazenove, consider the waiver of the obligations that could arise on the Concert Party to make an offer under Rule 9 of the Takeover Code on the exercise of the Authority to Make Market Purchases to be fair and reasonable and in the best interests of the Independent Shareholders. In providing its advice to the Non-Concert Party Directors, J.P. Morgan Cazenove has taken into account the Non-Concert Party Directors' commercial assessments. Accordingly, the Non-Concert Party Directors unanimously recommend that Independent Shareholders vote in favour of the Waiver Resolution to be proposed at the AGM, as the Non-Concert Party Directors and certain of their close family members and connected persons intend to do in respect of their own beneficial holdings of Ordinary Shares, which amount to approximately 0.10 per cent. of the issued Ordinary Shares.**

In accordance with the provisions of the Takeover Code, the Concert Party is considered to be interested in the outcome of the Waiver Resolution and, accordingly, none of its members will vote on this resolution.

Yours faithfully

Rod Kent  
Chairman

## Part II – Additional information relating to the Waiver Resolution

### 1. Responsibility

- 1.1. The Directors take responsibility for the information contained in this document other than:
  - 1.1.1. the recommendation and associated opinion attributed to the Non-Concert Party Directors set out in section 5 of the Chairman's Letter;
  - 1.1.2. the statements in section 3 of the Chairman's Letter relating to the intentions of the Concert Party and to the Company's strategic direction and its repercussions; and
  - 1.1.3. the information relating to Cayzer Trust and the Concert Party contained in this Part II of this document.

To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case), the information for which they take responsibility is in accordance with the facts and does not omit anything likely to affect the import of such information.

- 1.2. The Concert Party Directors take responsibility for:
  - 1.2.1. the statements in section 3 of the Chairman's Letter relating to the intentions of the Concert Party and to the Company's strategic direction and its repercussions; and
  - 1.2.2. the information relating to Cayzer Trust and the Concert Party contained in this Part II of this document.

To the best of the knowledge and belief of the Concert Party Directors (who have taken all reasonable care to ensure that such is the case), the information for which they take responsibility is in accordance with the facts and does not omit anything likely to affect the import of such information.

- 1.3. The Non-Concert Party Directors take responsibility for the recommendation and associated opinion attributed to them in section 5 of the Chairman's Letter. To the best of the knowledge and belief of the Non-Concert Party Directors (who have taken all reasonable care to ensure that such is the case), the information contained for which they take responsibility is in accordance with the facts and does not omit anything likely to affect the import of such information.

### 2. The Board

The names of the Directors and the positions they hold are as follows:

|                                  |   |
|----------------------------------|---|
| R D Kent                         | Chairman                                  |
| W P Wyatt <sup>1</sup>           | Chief Executive                           |
| S A King                         | Finance Director                          |
| J M B Cayzer-Colvin <sup>1</sup> | Executive Director                        |
| H Y H Boël                       | Non-Executive Director                    |
| S J Bridges                      | Non-Executive Director                    |
| The Hon C W Cayzer <sup>1</sup>  | Non-Executive Director                    |
| C H Gregson                      | Senior Independent Non-Executive Director |
| S C R Jemmett-Page               | Non-Executive Director                    |
| D C Stewart                      | Non-Executive Director                    |

1. Concert Party Directors.

### 3. Interests in Ordinary Shares

#### *Significant interests in the Company*

3.1. As at the Latest Practicable Date, and so far as is known to the Company, the following persons were either directly or indirectly interested in 3 per cent. or more of the issued Ordinary Shares of the Company:

| Name         | Number of Ordinary Shares | Percentage of issued Ordinary Shares |
|--------------|---------------------------|--------------------------------------|
| Cayzer Trust | 19,401,815                | 35.03                                |
| Sofina SA    | 2,847,344                 | 5.14                                 |

#### *Directors*

3.2. As at the Latest Practicable Date, the interests of the Directors in the issued share capital of the Company and (so far as the relevant Director is aware, having made due and careful enquiry) persons whose interests in Ordinary Shares each Director is taken to be interested in pursuant to Part 22 of the 2006 Act (as have been notified or are required to be notified to the Company pursuant to article 19 of the Market Abuse Regulation) were as follows:

| Name                             | Number of Ordinary Shares |                     |
|----------------------------------|---------------------------|---------------------|
|                                  | Beneficial                | Non-beneficial      |
| R D Kent                         | 10,000                    | –                   |
| W P Wyatt <sup>1</sup>           | 1,107,785 <sup>2</sup>    | 28,418 <sup>2</sup> |
| S A King                         | 32,299                    | –                   |
| J M B Cayzer-Colvin <sup>1</sup> | 374,320 <sup>3</sup>      | 65,953 <sup>3</sup> |
| H Y H Boël                       | –                         | –                   |
| S J Bridges                      | 5,309                     | –                   |
| The Hon C W Cayzer <sup>1</sup>  | 40,092 <sup>4</sup>       | 12,500 <sup>4</sup> |
| C H Gregson                      | 1,610                     | –                   |
| S C R Jemmett-Page               | 1,000                     | –                   |
| D C Stewart                      | 4,072                     | –                   |

1. Concert Party Directors.

2. Mr Wyatt's beneficial interests included 972,066 Ordinary Shares owned by The Dunchurch Lodge Stud Company, a company controlled by Mr Wyatt and certain of his connected persons. His non-beneficial interests included 4,200 Ordinary Shares in which The Hon C W Cayzer had a beneficial interest and 12,500, 24,218 and 4,200 Ordinary Shares in which The Hon C W Cayzer, Mr D V Gibbs, a director of Cayzer Trust, and Mr Cayzer-Colvin respectively had non-beneficial interests.

3. Mr Cayzer-Colvin's beneficial interests included 255,634 Ordinary Shares in which Mr Gibbs and The Hon Mrs E Gilmour, another director of Cayzer Trust, had non-beneficial interests. His non-beneficial interests included 53,200 and 4,200 Ordinary Shares in which The Hon Mrs E Gilmour and The Hon C W Cayzer respectively had beneficial interests and 61,753 and 4,200 Ordinary Shares in which Mr Gibbs and Mr Wyatt respectively had non-beneficial interests.

4. The Hon C W Cayzer's beneficial interests included 4,200 Ordinary Shares in which Mr Wyatt and Mr Cayzer-Colvin had non-beneficial interests. His non-beneficial interests included 12,500 Ordinary Shares in which Mr Wyatt and Mr Gibbs also respectively held non-beneficial interests.

5. The common interests referred to in notes 2 to 4 above arise because the Ordinary Shares referred to are held in family trusts of which the relevant persons (or persons connected with them) are either beneficiaries or trustees.

Each Executive Director, as a potential beneficiary, is deemed to have an interest in any Ordinary Shares held by the Employee Share Trust, which acquires and holds Ordinary Shares for subsequent transfer to employees exercising options under the Performance Share Scheme and calling for awards vested under the Deferred Bonus Plan. As at the Latest Practicable Date, the Employee Share Trust held 462,274 Ordinary Shares.

Save as described in this paragraph 3.2 and paragraphs 3.3 and 3.4 below, the Directors have no interests in, rights to subscribe for, or short positions in, Ordinary Shares.

- 3.3. As at the Latest Practicable Date, the interests of the Directors, members of their immediate families and related trusts and, so far as the Directors are aware, the interests of persons connected with them (within the meaning of sections 252 and 253 of the 2006 Act) in options granted under the Performance Share Scheme were as follows:

| Name                             | Grant date | Number of options | Exercise price (p) | Exercisable from date | Expiry date |
|----------------------------------|------------|-------------------|--------------------|-----------------------|-------------|
| W P Wyatt <sup>1</sup>           | 12.06.13   | 17,137            | nil                | 12.06.18              | 12.06.23    |
|                                  | 27.11.14   | 27,598            | nil                | 27.11.17              | 27.11.24    |
|                                  | 26.06.15   | 26,260            | nil                | 26.06.18              | 26.06.25    |
|                                  | 26.05.16   | 26,401            | nil                | 26.05.19              | 26.05.26    |
|                                  |            | 97,396            |                    |                       |             |
| S A King                         | 12.06.13   | 12,160            | nil                | 12.06.18              | 12.06.23    |
|                                  | 27.11.14   | 19,582            | nil                | 27.11.17              | 27.11.24    |
|                                  | 26.06.15   | 18,633            | nil                | 26.06.18              | 26.06.25    |
|                                  | 26.05.16   | 18,921            | nil                | 26.05.19              | 26.05.26    |
|                                  |            | 69,296            |                    |                       |             |
| J M B Cayzer-Colvin <sup>1</sup> | 12.06.13   | 10,282            | nil                | 12.06.18              | 12.06.23    |
|                                  | 27.11.14   | 16,558            | nil                | 27.11.17              | 27.11.24    |
|                                  | 26.06.15   | 15,756            | nil                | 26.06.18              | 26.06.25    |
|                                  | 26.05.16   | 15,999            | nil                | 26.05.19              | 26.05.26    |
|                                  |            | 58,595            |                    |                       |             |

1. Concert Party Directors.

- 3.4. As at the Latest Practicable Date, the interests of the Directors, members of their immediate families and related trusts and, so far as the Directors are aware, the interests of persons connected with them (within the meaning of sections 252 and 253 of the 2006 Act) in awards over Ordinary Shares under the Deferred Bonus Plan were as follows:

| Name                             | Type       | Award date | Number of shares awarded | Market price at award (p) | Vesting date |
|----------------------------------|------------|------------|--------------------------|---------------------------|--------------|
| W P Wyatt <sup>1</sup>           | Compulsory | 26.06.15   | 10,400                   | 2435                      | 01.04.18     |
|                                  | Matching   | 26.06.15   | 10,400                   | 2435                      | 01.04.18     |
|                                  |            |            | 20,800                   |                           |              |
| S A King                         | Compulsory | 26.06.15   | 7,379                    | 2435                      | 01.04.18     |
|                                  | Matching   | 26.06.15   | 7,379                    | 2435                      | 01.04.18     |
|                                  |            |            | 14,758                   |                           |              |
| J M B Cayzer-Colvin <sup>1</sup> | Compulsory | 26.06.15   | 6,240                    | 2435                      | 01.04.18     |
|                                  | Matching   | 26.06.15   | 6,240                    | 2435                      | 01.04.18     |
|                                  |            |            | 12,480                   |                           |              |

1. Concert Party Directors.

- 3.5. No Director is or has been interested in any transactions which are or were unusual in their nature or conditions, or significant to the business of the Group, during the current or immediately preceding financial year or were effected by any member of the Group during an earlier year and remain in any respect outstanding or unperformed.

*The Concert Party*

- 3.6. The members of the Concert Party and their respective beneficial and non-beneficial interests in Ordinary Shares as at the Latest Practicable Date were as follows:

| Name  | Number of Ordinary Shares (beneficial and non-beneficial) | Percentage of issued Ordinary Shares |
|---|---|--------------------------------------|
| W P Wyatt   | 1,119,503 <sup>1</sup>                                    | 2.02                                 |
| J M B Cayzer-Colvin   | 382,873 <sup>1</sup>                                      | 0.69                                 |
| The Hon C W Cayzer  | 52,592 <sup>1</sup>                                       | 0.10                                 |
| Cayzer Trust <sup>2</sup>   | 19,401,815  | 35.03                                |
| Employee Share Trust  | 462,274   | 0.83                                 |
| <i>Concert Party individual beneficial holdings of 100,000 or more Ordinary Shares (other than shown above)</i> |   |                                      |
| The Hon Mrs E Gilmour   | 702,323 <sup>1</sup>                                      | 1.27                                 |
| Mrs R Leslie  | 596,869   | 1.08                                 |
| Trustees of B G S Cayzer's 1963 Settlement  | 558,450   | 1.01                                 |
| Mrs A Hunter  | 526,870   | 0.95                                 |
| Mrs A Ponsonby  | 434,290   | 0.78                                 |
| Major M G Wyatt   | 209,000   | 0.38                                 |
| Trustees of the B G S Cayzer Accumulation and Maintenance Trust   | 205,000   | 0.37                                 |
| Mrs A Gaggero   | 190,073   | 0.34                                 |
| Ortac Investment Company Limited  | 173,810   | 0.31                                 |
| The Hon Mrs R Debarge   | 120,000   | 0.22                                 |
| Mrs M Tetley  | 108,780   | 0.20                                 |
| Mr C G P Wyatt  | 106,000   | 0.19                                 |
| <i>Other Concert Party holdings below 100,000 Ordinary Shares</i>   |   |                                      |
| 118 beneficial holdings   | 1,471,161   | 2.66                                 |
|   | <b>26,821,683</b>   | <b>48.43</b>                         |

1. 12,500 Ordinary Shares in which both The Hon C W Cayzer and Mr W P Wyatt had a non-beneficial interest have been included under the interests of The Hon C W Cayzer only.

4,200 Ordinary Shares in which The Hon C W Cayzer had a beneficial interest and Mr J M B Cayzer-Colvin and Mr Wyatt had non-beneficial interests have been included under the interests of The Hon C W Cayzer only.

255,634 Ordinary Shares in which Mr Cayzer-Colvin had a beneficial interest and The Hon Mrs E Gilmour had a non-beneficial interest have been included under the interests of Mr Cayzer-Colvin only.

53,200 Ordinary Shares in which The Hon Mrs E Gilmour had a beneficial interest and Mr Cayzer-Colvin had a non-beneficial interest have been included under the interests of The Hon Mrs E Gilmour only.

2. The directors of Cayzer Trust are set out in paragraph 3.10 below.

The Hon C W Cayzer, Mr J M B Cayzer-Colvin and Mr W P Wyatt are all directors of Caledonia. The Hon C W Cayzer was an executive director of Caledonia from 1985 to 2012, since when he has been a non-executive director. Mr Cayzer-Colvin and Mr Wyatt have been executive directors of Caledonia since 2005 and Mr Wyatt was appointed Chief Executive of Caledonia in 2010. The biography of each can be found on pages 6 and 7 of this document.

The Hon C W Cayzer, Mr Cayzer-Colvin and Mr Wyatt are also all members of the Cayzer family, descendants of Sir Charles William Cayzer 1st Bt., who in 1878 founded the Clan Line shipping company which, following its merger with the Union-Castle Line to form the British & Commonwealth Shipping Company, became one of the largest merchant fleets in the world. The Concert Party comprises the directors of Cayzer Trust, other current members of the Cayzer family and their related trusts and companies and the Employee Share Trust.

- 3.7. Concert Party members have dealt in Ordinary Shares during the 12 month period ended on the Latest Practicable Date (excluding intra-Concert Party dealings) as follows:

| Name   | Date     | Transaction | Number of Ordinary Shares | Price (p) |
|--|----------|-------------|---------------------------|-----------|
| Employee Share Trust                         | 05.07.16 | Sale        | 833                       | nil       |
| Employee Share Trust                         | 05.07.16 | Purchase    | 833                       | 2251.5    |
| Employee Share Trust                         | 12.07.16 | Sale        | 41,874                    | nil       |
| Employee Share Trust                         | 12.07.16 | Purchase    | 25,726                    | 2385      |
| Employee Share Trust                         | 13.07.16 | Sale        | 6,956                     | nil       |
| Employee Share Trust                         | 13.07.16 | Purchase    | 6,956                     | 2394      |
| Employee Share Trust                         | 14.07.16 | Sale        | 1,060                     | nil       |
| Employee Share Trust                         | 14.07.16 | Purchase    | 500                       | 2328      |
| Employee Share Trust                         | 15.07.16 | Sale        | 16,653                    | nil       |
| Employee Share Trust                         | 15.07.16 | Purchase    | 16,653                    | 2291      |
| Employee Share Trust                         | 19.07.16 | Sale        | 10,119                    | nil       |
| Employee Share Trust                         | 19.07.16 | Purchase    | 4,773                     | 2269.5    |
| Employee Share Trust                         | 01.08.16 | Sale        | 5,133                     | nil       |
| Employee Share Trust                         | 01.08.16 | Purchase    | 2,422                     | 2429      |
| Employee Share Trust                         | 30.08.16 | Sale        | 6,483                     | nil       |
| Employee Share Trust                         | 30.08.16 | Sale        | 4,564                     | 1446      |
| Employee Share Trust                         | 30.08.16 | Purchase    | 11,047                    | 2400      |
| The Trustees of the Iris McKellar Will Trust | 30.11.16 | Sale        | 334                       | 2501.7    |
| O Debarge                                    | 19.01.17 | Purchase    | 1                         | 2599      |
| Employee Share Trust                         | 23.01.17 | Sale        | 3,575                     | nil       |
| Employee Share Trust                         | 23.01.17 | Purchase    | 3,575                     | 2722.5    |
| The Trustees of the Iris McKellar Will Trust | 31.01.17 | Sale        | 300                       | 2725      |
| Mrs M Tetley                                 | 07.02.17 | Sale        | 279                       | 2766.8    |
| Cayzer Trust                                 | 07.02.17 | Purchase    | 279                       | 2781.1    |
| Cayzer Trust                                 | 10.03.17 | Purchase    | 30,000                    | 2823.3    |
| R E Gibbons                                  | 30.03.17 | Sale        | 443                       | 2756.1    |
| A J Bailey                                   | 30.03.17 | Purchase    | 443                       | 2757      |
| The Trustees of the Iris McKellar Will Trust | 09.05.17 | Sale        | 223                       | 2749.6    |
| Employee Share Trust                         | 31.05.17 | Sale        | 3,562                     | 1446      |
| Employee Share Trust                         | 31.05.17 | Sale        | 31,491                    | nil       |
| Employee Share Trust                         | 31.05.17 | Purchase    | 21,949                    | 2870      |
| Employee Share Trust                         | 02.06.17 | Sale        | 5,490                     | nil       |
| Employee Share Trust                         | 02.06.17 | Purchase    | 5,490                     | 2991      |
| Employee Share Trust                         | 05.06.17 | Sale        | 47,788                    | nil       |
| Employee Share Trust                         | 05.06.17 | Purchase    | 35,949                    | 2985      |
| Employee Share Trust                         | 06.06.17 | Sale        | 1,236                     | 1446      |
| Employee Share Trust                         | 06.06.17 | Sale        | 32,278                    | nil       |
| Employee Share Trust                         | 06.06.17 | Purchase    | 33,514                    | 2910      |

- 3.8. Cayzer Trust is an investment holding company controlled by the Cayzer family. As at 31 March 2016, being the date to which Cayzer Trust's latest audited accounts have been prepared, Cayzer Trust had net assets of £288.7m, which comprised fixed assets (inclusive of long term investments recorded at historic cost) of £271.2m and net current assets of £17.7m. The fair value of the long term investments was approximately £492.5m, of which approximately £449.5m was attributable to Cayzer Trust's holding of Ordinary Shares. A copy of the audited accounts of Cayzer Trust as at 31 March 2016 is available for inspection as noted in Part III of this document.
- 3.9. As at the Latest Practicable Date, Cayzer Trust's issued share capital comprised 126,301,085 ordinary 1p shares. Each ordinary share carries one vote.

- 3.10. As at the Latest Practicable Date, the interests in the issued share capital of Cayzer Trust of the directors of Cayzer Trust and (so far as the relevant Cayzer Trust director is aware, having made due and careful enquiry) persons whose interests in Cayzer Trust shares each such director is taken to be interested in pursuant to Part 22 of the 2006 Act were as follows:

| Name                  | Number of Cayzer Trust shares |                         | Percentage of voting share capital held beneficially |
|-----------------------|-------------------------------|-------------------------|--|
|                       | Beneficial                    | Non-beneficial          |  |
| The Hon C W Cayzer    | 3,796,519 <sup>1</sup>        | 1,370,823 <sup>1</sup>  | 3.01   |
| J M B Cayzer-Colvin   | 16,733,353 <sup>1</sup>       | 266,541 <sup>1</sup>    | 13.25  |
| J P L Davis           | –                             | –                       | –  |
| D V Gibbs             | 29,054 <sup>1</sup>           | 40,905,242 <sup>1</sup> | 0.02   |
| The Hon Mrs E Gilmour | 6,542,647 <sup>1</sup>        | 11,958,795 <sup>1</sup> | 5.18   |
| Mrs R N Leslie        | 16,747,997                    | 1,982,337               | 13.26  |
| Major M G Wyatt       | 1,088,900                     | 300,000 <sup>1</sup>    | 0.86   |
| W P Wyatt             | 21,942,065 <sup>1,2</sup>     | 2,190,426 <sup>1</sup>  | 17.37  |

1. Included interests held by other directors arising through co-trusteeships.

2. The beneficial interests of Mr W P Wyatt included 17,609,202 Cayzer Trust shares owned by The Dunchurch Lodge Stud Company, a company controlled by Mr Wyatt and certain of his connected persons.

- 3.11. The Company has no interests in, rights to subscribe for, or short positions in, the issued share capital of Cayzer Trust. Save as disclosed in the table above, the Directors have no interests in, rights to subscribe for, or short positions in, the shares of Cayzer Trust.
- 3.12. Excluding intra-Concert Party dealings, during the disclosure period there were no dealings in the issued share capital of Cayzer Trust by the Directors.
- 3.13. As at the Latest Practicable Date, J.P. Morgan Cazenove held no Ordinary Shares in the Company.

*General*

- 3.14. Save as disclosed in this paragraph 3 of Part II of this document and except for intra-Concert Party dealings:

3.14.1. none of the persons described in paragraph 3.14.2 below: (i) was interested, directly or indirectly, in any relevant securities; (ii) had any rights to subscribe for, or any short positions in, any relevant securities; or (iii) had entered into any agreements to sell any relevant securities, or any delivery obligations, or rights to require another person to purchase or take delivery of, any relevant securities;

3.14.2. the following persons are those persons referred to in paragraph 3.14.1 above: (i) each Director and the members of his or her immediate family and related trusts and, so far as each Director is aware, persons connected with him or her (within the meaning of sections 252 and 253 of the 2006 Act); (ii) any person acting in concert with the Company; and (iii) each member of the Concert Party and any persons acting in concert with members of the Concert Party;

3.14.3. no member of the Concert Party, nor any person acting in concert with members of the Concert Party, has dealt in any relevant securities during the 12 month period ended on the Latest Practicable Date;

3.14.4. neither the Company, nor its Directors, nor any person acting in concert with the Company, has borrowed or lent any relevant securities, nor has any member of the Concert Party, nor any person acting in concert with any of them, borrowed or lent any relevant securities.

- 3.15. In paragraph 3.14 above and this paragraph 3.15:

3.15.1. 'derivative' includes any financial product whose value, in whole or in part, is determined directly or indirectly by reference to the price of an underlying security; and

3.15.2. 'relevant securities' means the Ordinary Shares, options (including traded option contracts) in respect of, and derivatives referenced to, the Ordinary Shares, and any other securities of the Company carrying conversion or subscription rights into Ordinary Shares.

#### 4. Middle market quotations

Set out below are the closing middle market quotations for Ordinary Shares, as derived from the Official List, for the first dealing day of each of the six months immediately preceding the date of this document and for the Latest Practicable Date:

| Date            | Price per Ordinary Share (p) |
|-----------------|------------------------------|
| 3 January 2017  | 2576xd                       |
| 1 February 2017 | 2750                         |
| 1 March 2017    | 2825                         |
| 3 April 2017    | 2750                         |
| 2 May 2017      | 2774                         |
| 1 June 2017     | 2944                         |
| 6 June 2017     | 2901                         |

#### 5. Directors

##### *Executive Directors*

5.1. Executive Directors have service contracts with Caledonia Group Services as follows:

| Name                | Date of contract | Job title          | Annual salary to 31.03.17 (£) | Current annual salary (£) | Notice period | Unexpired term    |
|---------------------|------------------|--------------------|-------------------------------|---------------------------|---------------|-------------------|
| W P Wyatt           | 02.06.05         | Chief Executive    | 511,550                       | 524,500                   | 12 months     | Rolling 12 months |
| S A King            | 19.11.09         | Finance Director   | 366,610                       | 376,000                   | 12 months     | Rolling 12 months |
| J M B Cayzer-Colvin | 19.04.05         | Executive Director | 310,000                       | 317,750                   | 12 months     | Rolling 12 months |

5.2. Pursuant to each Executive Director's service contract:

5.2.1. Caledonia Group Services may, at its discretion, terminate the relevant service contract without notice and make a payment in lieu of notice; and

5.2.2. (other than in the case of Mr King) Caledonia Group Services is required to pay a liquidated sum to the Executive Director if the relevant service contract is terminated within one year of a change of control of the Company.

Any such payment in lieu of notice or liquidated sum may not exceed one year's total emoluments for the relevant Executive Director.

5.3. Caledonia Group Services operates a discretionary annual bonus scheme for each Executive Director. The amount of bonus payable, which is limited to 100 per cent. of basic salary, depends on the level of the outperformance of Caledonia's diluted net asset value per Ordinary Share on a total return basis over the Retail Prices Index and on the attainment of individual performance objectives. In the case of Mr Cayzer-Colvin, part of the annual bonus is also determined by reference to the performance and objectives of the pool of capital for which he is responsible. The payment of any such bonus is subject to the overriding discretion of the Remuneration Committee.

5.4. Under the Company's current Directors' remuneration policy, any bonus that amounts to more than 50 per cent. of the basic salary of an Executive Director for the financial year to which the bonus relates is compulsorily deferred into Ordinary Shares under the Deferred Bonus Plan. The Ordinary Share awards resulting from compulsory deferral are eligible for matching, on a one for one basis. Each Executive Director is entitled to convert voluntarily up to half of any remaining cash bonus to an entitlement to Ordinary Shares under the Deferred Bonus Plan. The Ordinary Shares so converted voluntarily are also eligible for matching, on a one for one basis. The vesting of matching Ordinary Share awards in respect of both compulsory and voluntary bonus deferral is subject to the satisfaction of certain performance conditions over three-year periods.

At the AGM, shareholder approval of a new Directors' remuneration policy will be sought, under which any bonus that amounts to more than 50 per cent. of the basic salary of an Executive Director for the financial year to which the bonus relates will continue to be compulsorily deferred into Ordinary Shares, however there will be no provision for voluntary bonus deferral or any matching share awards.

5.5. Under their service contracts, Mr Wyatt, Mr King and Mr Cayzer-Colvin, are entitled to have a fixed percentage of basic salary paid into personal pension arrangements or alternatively may receive this as a cash supplement. The percentage of basic salary is 22.5 per cent. for Mr Wyatt and 17.5 per cent. for Mr King and Mr Cayzer-Colvin. Where a Director elects to receive a cash supplement in lieu of pension contribution, the supplement is reduced by such amount as is necessary to make the payment cost neutral to the Company taking into account its National Insurance contributions.

- 5.6. Each Executive Director receives additional benefits, which include items such as a cash allowance in lieu of a company car, private health care and life insurance. Certain Executive Directors may also hold external non-executive directorships unrelated to the Company's business, in relation to which it may be agreed that those Executive Directors may retain the fees arising therefrom. Mr King retains fees from a non-executive directorship of TT Electronics plc and Mr Cayzer-Colvin retains fees from a non-executive directorship of The Henderson Smaller Companies Investment Trust plc.
- 5.7. Save as disclosed above, there are no entitlements to commissions, profit sharing arrangements or any other specific compensation payments under any Executive Director's service contract.

*Chairman and Non-Executive Directors*

- 5.8. The Chairman and the Non-Executive Directors do not have service contracts, but are appointed under letters of appointment that provide for termination without notice or compensation. Appointments are for a fixed period of three years, unless the Chairman or the relevant Non-Executive Director is not re-elected by Ordinary Shareholders at the next annual general meeting at which he or she stands for re-election. Other than Mr Boël, who has waived his entitlement to all fees arising from his appointment, the Chairman and the Non-Executive Directors receive fees, which include fees payable in relation to memberships of Board committees, as follows.

| Name               | Fee (£) |
|--------------------|---------|
| R D Kent           | 184,500 |
| H Y H Boël         | –       |
| S J Bridges        | 45,500  |
| The Hon C W Cayzer | 39,900  |
| C H Gregson        | 49,900  |
| S C R Jemmett-Page | 41,500  |
| D C Stewart        | 43,800  |

- 5.9. Neither the Chairman nor any Non-Executive Director, other than The Hon C W Cayzer, is eligible to participate in any incentive or pension arrangements. The Hon C W Cayzer receives a pension under the Caledonia Pension Scheme, a defined benefit scheme, which also provides for dependants' pensions. The Hon C W Cayzer also retains fees from a non-executive directorship of General Practice Investment Corporation Limited, a company within the Caledonia investment portfolio.

*General*

- 5.10. Save as disclosed above, there are no service contracts in force between any Director or proposed director of the Company and any member of the Group, and no such contract has been entered into or amended in the last six months preceding the date of this document.
- 5.11. Each of the Directors has the benefit, under article 211 of the Articles, of an indemnity, to the extent permitted by the 2006 Act, against any liability incurred by him for negligence, default, breach of duty or breach of trust in relation to the affairs of the Company.

**6. Material contracts**

- 6.1. The Group has no material contracts dated within a two-year period prior to the date of this document.
- 6.2. Cayzer Trust has no material contracts dated within a two-year period prior to the date of this document.

**7. Current ratings**

Dun & Bradstreet Inc ('D&B') publishes failure scores on companies within its database, which predict the likelihood that an organisation will obtain legal relief from its creditors or cease operations over the next 12 month period. The D&B failure score is a relative measure of risk within a range of 1 to 100, whereby a failure score of 1 represents organisations that have the highest probability of failure, and 100 the lowest, within their country. As at the Latest Practicable Date, Caledonia and Cayzer Trust had D&B failure scores of 100 and 98 respectively.

**8. General**

- 8.1. J.P. Morgan Cazenove has given and has not withdrawn its written consent to the issue of this document with the inclusion herein of the references to its name in the form and context in which it appears.
- 8.2. There has been no material or significant change in the financial or trading position of the Company since 31 March 2017, being the date to which the latest audited accounts have been prepared.
- 8.3. No agreement, arrangement or understanding exists whereby beneficial ownership of any Ordinary Shares acquired by the Company pursuant to the Authority to Make Market Purchases will be transferred to any other person.
- 8.4. No agreement, arrangement or understanding (including any compensation arrangement) exists between the Concert Party or any person acting in concert with it and any of the Directors or recent directors, shareholders or recent shareholders of the Company having any connection with or dependence on, or which is conditional on, the implementation of the Authority to Make Market Purchases.

## Part III – Documents available for inspection

Copies of the following documents will be available for inspection at the offices of Freshfields Bruckhaus Deringer LLP, 65 Fleet Street, London EC4Y 1HS, and at the registered office of the Company during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted) up to and including 20 July 2017 and at the AGM to be held on that day, and also on the Company's website at [www.caledonia.com](http://www.caledonia.com):

1. the Annual Report, which can be found at:  
[http://www.caledonia.com/docs/Caledonia\\_AR2017.pdf](http://www.caledonia.com/docs/Caledonia_AR2017.pdf);
2. the audited accounts of the Company for the financial year ended 31 March 2016, which can be found at:  
[http://www.caledonia.com/docs/Caledonia\\_AR2016.pdf](http://www.caledonia.com/docs/Caledonia_AR2016.pdf);
3. the audited accounts of Cayzer Trust for the financial year ended 31 March 2016, which can be found at:  
[http://www.caledonia.com/docs/CayzerTrust\\_AR2016.pdf](http://www.caledonia.com/docs/CayzerTrust_AR2016.pdf);
4. the audited accounts of Cayzer Trust for the financial year ended 31 March 2015, which can be found at:  
[http://www.caledonia.com/docs/CayzerTrust\\_AR2015.pdf](http://www.caledonia.com/docs/CayzerTrust_AR2015.pdf);
5. details of the other Concert Party holdings of Ordinary Shares referred to above in paragraph 3.6 of Part II of this document, which can be found at:  
<http://www.caledonia.com/docs/ConcertPartyHoldings.pdf>;
6. the consent letter referred to above in paragraph 8.1 of Part II of this document, which can be found at:  
[http://www.caledonia.com/docs/JPMC\\_ConsentLetter.pdf](http://www.caledonia.com/docs/JPMC_ConsentLetter.pdf);
7. the memorandum of association of the Company and the Articles, which can be found at:  
[http://www.caledonia.com/docs/Caledonia\\_Articles.pdf](http://www.caledonia.com/docs/Caledonia_Articles.pdf);
8. the service contract of each Executive Director and the letter of appointment of the Chairman and of each Non-Executive Director, referred to above in paragraph 5 of Part II of this document, which can be found at:  
<http://www.caledonia.com/docs/DirectorsContracts.pdf>;
9. the memorandum and articles of association of Cayzer Trust, which can be found at:  
[http://www.caledonia.com/docs/CayzerTrust\\_Articles.pdf](http://www.caledonia.com/docs/CayzerTrust_Articles.pdf); and
10. this document, which can be found at:  
[http://www.caledonia.com/docs/Circular\\_AGM2017.pdf](http://www.caledonia.com/docs/Circular_AGM2017.pdf).

The documents available for inspection listed under items 1 to 4 above are incorporated by reference into this document. A copy of the Annual Report accompanies this document. Hard copies of the audited accounts of the Company for the financial year ended 31 March 2016 and of those of Cayzer Trust for its financial years ended 31 March 2016 and 2015 will not be sent to Ordinary Shareholders, persons with information rights or other persons to whom this document is being sent unless requested. Hard copies of all of the documents incorporated by reference into this document are available free of charge on request in writing or by telephone from the Company Secretary at Caledonia Investments plc, 2nd Floor Stratton House, 5 Stratton Street, London W1J 8LA (tel: +44 20 7802 8080).

## Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the eighty-eighth annual general meeting of Caledonia Investments plc will be held at the Royal Over-Seas League, Park Place, St James's Street, London SW1A 1LR at 11.30 a.m. on 20 July 2017 for the purposes of considering and, if thought fit, passing the following resolutions, which, in the case of resolutions 17, 20 and 21 will be proposed as special resolutions and, in the case of all of the other resolutions, will be proposed as ordinary resolutions:

1. THAT the annual report and accounts for the year ended 31 March 2017, including the auditor's report to the members, be received and adopted.
2. THAT the directors' remuneration report, other than that part containing the directors' remuneration policy, as set out in the annual report and accounts for the year ended 31 March 2017, be approved.
3. THAT the directors' remuneration policy, as set out in the annual report and accounts for the year ended 31 March 2017, be approved.
4. THAT a final dividend of 39.9p per ordinary share for the year ended 31 March 2017 be approved and declared.
5. THAT a special dividend of 100.0p per ordinary share for the year ended 31 March 2017 be approved and declared.
6. THAT Mr W P Wyatt be re-elected a director of the company.
7. THAT Mr S A King be re-elected a director of the company.
8. THAT Mr J M B Cayzer-Colvin be re-elected a director of the company.
9. THAT The Hon C W Cayzer be re-elected a director of the company.
10. THAT Mr H Y H Boël be re-elected a director of the company.
11. THAT Mr S J Bridges be re-elected a director of the company.
12. THAT Mr C H Gregson be re-elected a director of the company.
13. THAT Mrs S C R Jemmett-Page be re-elected a director of the company.
14. THAT Mr D C Stewart be re-elected a director of the company.
15. THAT KPMG LLP be re-appointed as the company's auditor until the conclusion of the next general meeting of the company at which the accounts of the company are laid.
16. THAT the directors be authorised to agree the auditor's remuneration.
17. THAT, in place of all existing authorities to make market purchases of its ordinary shares, the company be and is hereby unconditionally and generally authorised for the purpose of section 701 of the Companies Act 2006 ('2006 Act') at any time or times to make a market purchase or market purchases (within the meaning of section 693 of the 2006 Act) of any of its own ordinary shares of 5p each provided that:
  - a. the maximum number of ordinary shares hereby authorised to be so acquired is 5,538,100;
  - b. the minimum price, exclusive of expenses, which may be paid for such shares is 5p each;
  - c. the maximum price, exclusive of expenses, which may be paid for a share contracted to be purchased on any day, is an amount not more than the higher of:
    - i. 5 per cent. above the average of the middle market quotations for the ordinary shares of the company as taken from the London Stock Exchange Daily Official List for the five business days immediately preceding the day on which such share is contracted to be purchased; and
    - ii. the higher of:
      - aa. the price of the last independent trade in ordinary shares of the company; and
      - bb. the highest current independent bid relating thereto on the trading venue where the purchase is carried out;
  - d. the authority hereby conferred shall expire on 20 October 2018 or, if earlier, at the conclusion of the next annual general meeting of the company; and
  - e. the company may make a contract to purchase its own shares under the authority hereby conferred prior to the expiry of such authority and may make a purchase of its own shares in pursuance of any such contract.
18. THAT the waiver granted by the Panel on Takeovers and Mergers of the obligation that would otherwise arise on the members of the Concert Party (as defined in the circular to shareholders dated 6 June 2017 accompanying this notice ('Circular')) to make a general offer to the shareholders of the company pursuant to Rule 9 of the City Code on Takeovers and Mergers ('Takeover Code') as a result of the exercise by the company of the authority to purchase its own ordinary shares as described in the Circular, be and is hereby approved, subject to the maximum percentage of voting rights in which the Concert Party is interested arising on the exercise by the company of the authority to purchase its own ordinary shares not exceeding 49.9 per cent. of the issued ordinary share capital in the company carrying voting rights.

In order to comply with the Takeover Code, resolution 18 will be taken on a poll and each of the members of the Concert Party has undertaken not to vote on the resolution.

19. THAT the directors be authorised to allot relevant securities (as defined in the 2006 Act):

- a. up to a nominal amount of £923,016; and
- b. comprising equity securities (as defined in the 2006 Act) up to a nominal amount of £1,846,033 (including within such limit any shares issued under (a) above) in connection with an offer by way of a rights issue:
  - i. to ordinary shareholders in proportion (as nearly as may be practicable) to their existing holdings; and
  - ii. to people who are holders of other equity securities if this is required by the rights of those securities or, if the directors consider it necessary, as permitted by the rights of those securities,

and so that the directors may impose any limits or restrictions and make any arrangements which they consider necessary or appropriate to deal with treasury shares, fractional entitlements, record dates, legal, regulatory or practical problems in, or under the laws of, any territory or any other matter,

such authorities to apply until the conclusion of next year's annual general meeting or, if earlier, until the close of business on 20 October 2018, but, in each case, so that the company may make offers and enter into agreements during the relevant period which would, or might, require relevant securities to be allotted after the authority ends and the directors may allot relevant securities under any such offer or agreement as if the authority had not ended.

20. THAT, if resolution 19 is passed, the directors be given power to allot equity securities (as defined in the 2006 Act) for cash under the authority given by that resolution and/or where the allotment constitutes an allotment of equity securities by virtue of section 560 of the 2006 Act, free of the restriction in section 561 of the 2006 Act, such power to be limited:

- a. to the allotment of equity securities in connection with an offer of equity securities (but in the case of the authority granted under resolution 19(b), by way of a rights issue only):
  - i. to ordinary shareholders in proportion (as nearly as may be practicable) to their existing holdings; and
  - ii. to people who are holders of other equity securities, if this is required by the rights of those securities or, if the directors consider it necessary, as permitted by the rights of those securities,

and so that the directors may impose any limits or restrictions and make any arrangements which they consider necessary or appropriate to deal with treasury shares, fractional entitlements, record dates, legal, regulatory or practical problems in, or under the laws of, any territory or any other matter; and

- b. in the case of the authority granted under resolution 19(a), to the allotment (otherwise than under (a) above) of equity securities up to a nominal amount of £138,452,

such power to apply until the conclusion of next year's annual general meeting or, if earlier, until the close of business on 20 October 2018, but during this period the company may make offers, and enter into agreements, which would, or might, require equity securities to be allotted after the power ends and the directors may allot equity securities under any such offer or agreement as if the power had not ended.

21. THAT the directors be authorised to convene general meetings, other than annual general meetings, on not less than 14 clear days' notice, such authority to expire on the date of the next annual general meeting of the company.

By order of the board

Graeme Denison  
Company Secretary  
6 June 2017

Caledonia Investments plc  
Registered in England and Wales under No. 235481

Registered and head office:  
2nd Floor Stratton House  
5 Stratton Street  
London W1J 8LA

## Notes

1. A member is entitled to appoint a proxy to exercise all or any of his or her rights to attend, speak and vote on his or her behalf at the annual general meeting. A member may appoint more than one proxy in relation to the meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that member. A proxy need not be a member of the company.
2. To be valid, a form of proxy must be deposited so as to be received no later than 11.30 a.m. on 18 July 2017, with the company's registrar, Capita Asset Services, by one of the following methods: (i) by post to the address provided for such purpose in the form of proxy; or (ii) by hand during normal business hours to Capita Asset Services, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU; or (iii) online at [www.signalshares.com](http://www.signalshares.com) using the investor code printed on the form of proxy; or (iv) in the case only where ordinary shares are held in CREST (as an alternative to methods (i), (ii) and (iii)), via the CREST Proxy Voting Service (as defined in the Circular). A form of proxy accompanies this document. The return of a completed form of proxy does not preclude a member from attending and voting at the meeting in person.
3. Pursuant to regulation 41 of the Uncertificated Securities Regulations 2001, the company specifies that only those members holding ordinary shares who are entered on the register of members as at the close of business on 18 July 2017 or, in the event that the meeting is adjourned, on the register 48 hours before the time of any adjourned meeting(s), shall be entitled to attend and/or vote in respect of the number of ordinary shares registered in their names at that time. Changes to the entries on the register of members after the close of business on 18 July 2017 or, in the event that the meeting is adjourned, on the register of members 48 hours before the time of any adjourned meeting(s), shall be disregarded in determining the rights of any person to attend or vote at the meeting(s), notwithstanding any provisions in any enactment, the articles of association of the company or other instrument to the contrary.
4. CREST members who wish to appoint a proxy or proxies through the CREST Proxy Voting Service may do so for the annual general meeting and any adjournment(s) of the meeting by using the procedures described in the CREST Manual (as defined in the Circular). CREST personal members or other CREST sponsored members, and those CREST members who have appointed (a) voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

In order for a proxy appointment or instruction made using the CREST Proxy Voting Service to be valid, the appropriate CREST message ('CREST Proxy Instruction') must be properly authenticated in accordance with Euroclear UK and Ireland Limited ('Euroclear') specifications and must contain the information required for such instructions, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by Capita Asset Services (ID RA10) by the latest time(s) for receipt of proxy appointments specified in the notice of meeting. For this purpose, the time(s) of receipt will be taken to be the time(s) (as determined by the timestamp applied to the message by the CREST Applications Host) from which Capita Asset Services is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After such time(s), any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

CREST members and, where applicable, their CREST sponsors or voting service provider(s) should note that Euroclear does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if

the CREST member is a CREST personal member or sponsored member or has appointed (a) voting service provider(s), to procure that their CREST sponsor or voting service provider(s) take(s) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service provider(s) are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

The company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

5. Any person to whom this notice is sent who is a person nominated under section 146 of the 2006 Act to enjoy information rights ('Nominated Person') may, under an agreement between him or her and the member by whom he or she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the annual general meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he or she may, under any such agreement, have a right to give instructions to the member as to the exercise of voting rights.
6. The statement of the rights of members in relation to the appointment of proxies in paragraphs 1 to 4 above does not apply to Nominated Persons. The rights described in these paragraphs can only be exercised by members of the company.
7. Any member which is a corporation may appoint one or more corporate representatives who may exercise on its behalf all of its powers as a member provided that each corporate representative is appointed to exercise the rights attached to a different share or shares held by that member.
8. Any member attending the meeting has the right to ask questions relating to the business of the meeting. The company must cause any such question to be answered unless: (a) to do so would interfere unduly with the preparation of the meeting or involve the disclosure of confidential information; (b) the answer has already been given on a website in the form of an answer to a question; or (c) it would be undesirable to do so in the interests of the company or the good order of the meeting.
9. As at 6 June 2017, being the latest practicable date prior to the publication of this document, the company's issued share capital included 55,381,017 ordinary shares with voting rights. No ordinary shares were held in treasury and therefore, as at 6 June 2017, there was a total of 55,381,017 ordinary shares with voting rights in issue.
10. A copy of this notice and any other information required by section 311A of the 2006 Act can be found at the company's website, [www.caledonia.com](http://www.caledonia.com). Members may not use any electronic address (within the meaning of section 333(4) of the 2006 Act) provided in this notice of meeting (or the Circular or any related document) to communicate with the company for any purposes other than those expressly stated.
11. It is possible that, pursuant to members' requests made in accordance with section 527 of the 2006 Act, the company will be required to publish on a website a statement in accordance with section 528 of the 2006 Act setting out any matter that the members concerned propose to raise at the meeting relating to the audit of the company's latest audited accounts. The company cannot require the members concerned to pay its expenses in complying with those sections. The company must forward any such statement to its auditor by the time it makes the statement available on the website. The business which may be dealt with at the meeting includes any such statement.

