

31 January 2005

P&O REALISES £55M FROM PLYMOUTH DEVELOPMENT

P&O announces that it has realised £55 million from the sale of its Drake Circus shopping centre development. The development has been acquired by Morgan Stanley Real Estate Fund supported by debt finance.

Drake Circus is a 600,000 sq ft shopping centre development in the heart of Plymouth. It is currently under construction and is scheduled to open in autumn 2006. P&O Developments will continue to manage the development and receive a share of the returns above certain agreed levels.

The cash proceeds from the transaction have been received and will be used to reduce group net debt. P&O will record a gain on the transaction of approximately £5 million in its 2005 results.

P&O recently announced its target for net property sales in 2005 of £250 million. Today's announcement will contribute £55 million towards this. In addition, P&O announced a property sale in Germany on 24 January which will contribute approximately £66 million.

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Notes to editors:

1. Drake Circus is a major development which will consist of some 450,000 sq ft of retail floor space over two levels with 1,270 parking spaces. The tenants will include Marks and Spencer, Boots and Zara.
2. For the 6 months to 30 June 2004, P&O's property division reported £37.7 million operating profit (£1.6 million from the UK) and at 30 June 2004 reported £755.4 million of net operating assets (£170.5 million in the UK). In addition to the Drake Circus development, the principal UK developments are at Kings Cross (Regent Quarter) and Waterloo in London.

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