

29 July 2005

P&O SALE OF US PROPERTY

P&O announces that Boston Wharf Company, a wholly owned subsidiary of P&O, has sold the remainder of its property portfolio in Boston for £53 million (US\$92 million) to W2005 BWH Realty L.L.C., an affiliate of Archon Group L.P. Consequently, P&O has now sold all of its property interests in Boston.

P&O will report a profit over book value on the transaction of approximately £8 million (US\$14 million). The proceeds will be used to reduce Group net debt.

The sale forms part of P&O's ongoing strategy of realising value from its property portfolio and focusing capital on its high growth ports business. P&O remains on track to meet its target of £325 million net property sales in 2005.

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Notes to editors:

1. Boston Wharf Company originally owned a freehold interest in over two million square feet of buildings covering approximately 10 acres in Boston's Seaport District. The majority of the buildings were originally constructed as warehouses and many have been refurbished and converted into office space.
2. The transaction announced today is for the remainder of the property portfolio in Boston and includes approximately 1.1 million square feet of commercial buildings. Since the start of 2004 approximately £170 million (US\$300 million) proceeds have been realised from the Boston portfolio resulting in total development profits of approximately £35 million (US\$60 million).

3. For its property business, P&O reported operating profit, excluding separately disclosable items, of £54.0 million (restated in accordance with International Financial Reporting Standards) for the year to 31 December 2004. At 31 December 2004 P&O reported property net operating assets of £539.4 million (restated in accordance with International Financial Reporting Standards). The remaining US property assets now comprise development properties in Denver and Houston.
4. Archon Group, L.P. is an international commercial real estate investment management and mortgage loan company. It currently manages investments totalling more than £12 billion (US\$20 billion) in North America, Asia and Europe and is an affiliate of The Goldman Sachs Group, Inc.

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