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P&O TO SELL LUXURY RESORT - LA MANGA CLUB

P&O announces that it is proposing to sell La Manga Club, one of the world's finest sport and leisure resorts.

La Manga Club is an internationally acclaimed 494 hectare (1,220 acre) sport and leisure resort on the Costa Calida in the province of Murcia in South East Spain. The resort has hosted many premier sporting events including five Spanish Open golf championships, and tennis' the Davis Cup and Fed Cup. Facilities include two luxury hotels, three championship golf courses, a 28 court tennis centre, state-of-the-art golf and tennis teaching academies, an eight pitch professional football centre, swimming pools, a leading edge spa, 22 restaurants and bars, numerous shops and a casino. The resort benefits from a management contract with Hyatt International, which manages the hotels and food and beverage outlets.

A significant residential community of 1,675 luxury villas and apartments has been developed to date within La Manga Club. Also included in the sale is a further 34 hectares (84 acres) of land that can be developed for residential and commercial use.

The sale process, which is likely to take a few months, is expected to start in September and is in line with P&O's on-going strategy of focusing investment on its core businesses.

Lord Sterling, Chairman of P&O, said: "P&O has strongly supported La Manga Club for some 17 years. However, it is the pride and dedication of its management and employees that has made the Club the unique resort it is today. I am sure that a new owner will wish to build on these achievements and take the Club on to its next stage of success."

Further information: Victoria Moth, Corporate Communications Manager
Tel: +44 (0)20 7321 4593

Notes to editors:

1. P&O acquired La Manga Club as part of the European Ferries transaction in 1987 and has invested significantly in the resort and infrastructure. Over the past five years €55million has been spent on constructing new hotels and upgrading sports facilities.
2. Inmogolf SA, which is a wholly owned subsidiary of P&O, is the holding company of La Manga Club.
3. La Manga Club Facilities

HOTELS AND DINING The resort provides a high quality range of accommodation including the luxury 5 star 189 bedroom Hyatt Regency, the 4 star deluxe 271 bedroom apart-hotel at Las Lomas Village and Spa and the 5 star 28 apartment Peninsular Club (a private members' vacation club). There are 24 food and beverage outlets including 2 banqueting facilities. These offer a wide choice from fine dining restaurants with private rooms to family restaurants, bars and a delicatessen. The hotels and food and beverage facilities are managed by Hyatt International.

GOLF The golf complex includes 3 championship courses, an 18-hole pitch and putt course, a floodlit driving range, practice area, clubhouse with pro-shop and golf academy. The distinctive North and South courses which have played host to several international PGA and Spanish championships including 5 Spanish Opens have undergone complete rebuilding and significant redesign over the last five years and provide an enjoyable challenge to professional and amateur alike.

TENNIS The Tennis Centre comprises 28 courts (20 championship red clay, 4 green set and 4 astroturf) including a centre court with seating for 1,400 spectators and a pro-shop. The Tennis Centre has hosted many major competitions, including the Davis Cup, the Fed Cup and numerous ATP tournaments and is the official winter training base of Britain's Lawn Tennis Association (LTA).

SPA The Spa La Manga Club was opened in Spring 2004. It is one of the most luxurious and extensive in Europe, comprising saunas, steam rooms, a jacuzzi, a relaxation area, a dedicated fitness studio, 13 treatment rooms, a spa shop, a superbly equipped gymnasium and a 6-lane, 25m lap swimming pool with separate children's pool.

FOOTBALL AND CRICKET The professional Football Centre opened in 1998 and is generally considered to be one of the best football training resorts in Europe. The facility offers eight international standard pitches. It has been used by more than 175 professional teams including England, Norway, Spain, Real Madrid, Barcelona and Chelsea and is the winter training base for Norwegian football. The Centre also contains 2 recently constructed all-weather cricket pitches. In November 2003 the resort hosted the La Manga Club Festival of Cricket.

LEISURE Other leisure facilities include swimming pools and facilities for other sports such as lawn bowls, squash and paddle tennis as well as a children's club which regularly caters for over 100 children per day.

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