

23 December 2004

## **P&O SELLS LUXURY RESORT "LA MANGA CLUB"**

P&O announces that it has sold its sports and leisure resort La Manga Club to the Spanish leisure and property company MedGroup for €146 million (£102 million).

La Manga Club is an internationally acclaimed 494 hectare (1,220 acre) sport and leisure resort on the Costa Cálida in the province of Murcia in South East Spain. 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.

MedGroup has acquired Inmogolf SA, the holding company of La Manga Club. Proceeds of the sale will be used to reduce group net debt. They are additional to P&O's target of £250 million net property sales in 2004.

Commenting on the sale, P&O Chairman Lord Sterling said: "I am pleased that MedGroup has acquired La Manga Club. La Manga Club is a world class resort and will complement MedGroup's strategy of developing high quality vacation properties in Spain.

"I should like to thank our management team and the staff of La Manga Club whose hard work and enthusiasm have helped make it the success that it is today. I am also grateful to my Board colleague Michael Gradon, who has been Chairman of Inmogolf for the last five years, for his leadership and commitment."

Robert Woods, Chief Executive of P&O, said "La Manga Club has grown strongly over recent years and I am pleased that MedGroup will now take it forward in the next phase of its development. For P&O, this sale is a further significant step in our ongoing strategy of realising value from our property portfolio and focusing on our high growth ports business."

For Jordi Robinat, Executive Chairman of MedGroup, the purchase of La Manga Club represents the 11<sup>th</sup> resort community project for the company. "La Manga Club is a mature project which will allow the company to strengthen its operational capacity. The different components of La Manga Club fit perfectly with the main business areas of MedGroup - the

development of residential, hotel and vacation/tourism real estate products - whilst at the same time positioning MedGroup as the leader in this sector of the Spanish real estate market”.

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**Notes to editors:**

1. P&O announced it was proposing to sell La Manga Club on 11 August 2004. The Company acquired La Manga Club as part of the European Ferries transaction in 1987 and has invested significantly in the resort and infrastructure.
2. For the year ended 31 December 2003, Inmogolf SA contributed an operating profit of approximately €9 million (£6 million). The net assets of the business sold are €129 million (£90 million). The gain on sale, after transaction costs, will be reported in P&O’s group accounts within separately disclosable items for the year ended 31 December 2004.
3. MedGroup (<http://www.medgroup.es>) was founded in January 2000 and is 90% owned by Soros Real Estate Investors CV, a US \$1bn real estate private equity fund advised by Grove International Partners. The group operates in Spain and mainly focuses on the Mediterranean coast. Its three main business areas are residential communities, management of holiday resorts and development of the hotel division.
4. P&O has been advised on the sale by Cushman & Wakefield Healey & Baker.

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