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P&O PROPERTY SALES

P&O announces completion of the following property sales in the US and UK.

In the US, P&O has completed the sale of its entire property portfolio in Denver to Shea Homes Limited Partnership. The portfolio had a book value of approximately US\$120 million (£67 million) and as a result of this sale, P&O has largely exited its property interests in the US.

In the UK, P&O has completed a transaction with Morgan Stanley Real Estate Fund realising £61 million in cash from a sell-down of its interest in the Elizabeth House development site at Waterloo in London.

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P&O is a leading developer and operator of container ports around the world. This business accounts for most of the company's net operating assets and virtually all of its operating profits. P&O is also a major ferry operator in the UK and has property interests principally in the UK and Europe. For more information, visit www.pogroup.com

Notes to editors

1. For the 6 months to 30 June 2005, P&O's property division reported £7.8 million operating profit and at 30 June 2005 reported £277.0 million of net operating assets.
2. The Denver, US portfolio comprises 320 acres of wholly owned land, a 50% interest in 760 acres of land, 3 wholly owned buildings (total 154,000 sq. ft) and 6 partially owned buildings (total 941,000 sq ft). Most of the assets were part of the Denver Technology Center and Meridian business parks. P&O expects to report a profit over book value of approximately US\$15 million (£8 million) from the transaction in the 2006 financial year. The sale proceeds have been received and will be used to reduce group net debt.

3. Shea Homes Limited Partnership is part of the private Shea family group of companies. It is one of the largest private house builders in the US with interests in California, Arizona and Colorado.
4. The Elizabeth House development currently comprises over 240,000 sq. ft. of office space and approximately 20,000 sq. ft. of retail space adjoining London's Waterloo Station. The site benefits from planning consent for over 600,000 sq. ft. of office space and 20,000 sq. ft. of retail space. An architectural competition for redevelopment of the site concluded in January and Allies & Morrison have been selected to draw up detailed plans for the site. P&O Estates, the property investment, development and management division of P&O will continue to hold a 10% equity interest in the development and will be retained as development and property manager of the site. The sale proceeds have been received and are approximately equal to the 31 December 2005 book value of the interest sold. As a result of the sale, P&O Estates' capital employed, excluding London Gateway, has reduced to well below £50 million. It is expected that the majority of the capital released by this sale will be recycled within P&O Estates' UK operations, in accordance with P&O's overall property strategy set out in August 2005.
5. On 26 January, P&O announced it was recommending a takeover bid that had been made by DP World

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