



Established 1837

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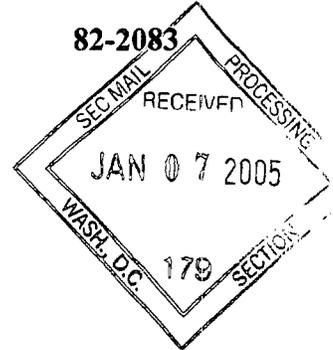


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Registered by Royal Charter
Limited liability
Company number 273

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SUPPL



Dear Sirs

P&O US PROPERTY SALE

I enclose a copy of a press release sent to the London Stock Exchange in accordance with our 12g3-2(h) exemption from the Securities Exchange Act of 1934 in connection with our ADR program.

Yours faithfully

Sylvia Freeman
Company Secretariat



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21 December 2004

P&O US PROPERTY SALE

P&O announces that the Boston Wharf Company, a wholly owned subsidiary of P&O, has sold 14 buildings comprising 995,000 square feet of offices and covered garage parking for US\$97 million (£51 million). The buildings are multi-tenanted and were part of the Boston Wharf portfolio located in the thriving Seaport District, close to Boston's financial centre.

The property has been purchased by Berkeley Investments Inc., a US based real estate investment firm, in partnership with a German private investor. No significant profit or loss was made on the sale. The proceeds have been received and will be used to reduce group net debt.

P&O remains on track to meet its target of £250 million net property sales in 2004.

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Notes to editors:

1. Boston Wharf Company originally comprised 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. The portfolio included a diverse range of office buildings, parking garages and surface parking as well as some unimproved commercial properties. Boston Wharf is located on the south side of the Fort Point Channel close to the Boston finance district and Logan Airport.

2. On 30 June 2004 the Boston Wharf Company sold 12 buildings comprising 380,000 square feet of office space for US\$92 million (£51 million) to HDGM Holdings, LLC, a US based real estate investment firm. Following the sale announced today, approximately 1 million square feet of property remains.
3. For the 6 months to 30 June 2004, P&O's property division reported £37.7 million operating profit (£31.1 million from the US) and at 30 June 2004 reported £755.4 million of net operating assets (£263.8 million in the US). The US properties comprise Boston Wharf as well as development properties and land banks in Atlanta, Denver and Houston.

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