



Established 1837

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with limited liability
Company number Z73



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Securities & Exchange Commission
Division of Corporate Finance
Room 3094 (309), 450 Fifth Street
Washington
D.C. 20549
USA

31 January 2005



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Dear Sirs

P&O REALISES £55m FROM PLYMOUTH DEVELOPMENT

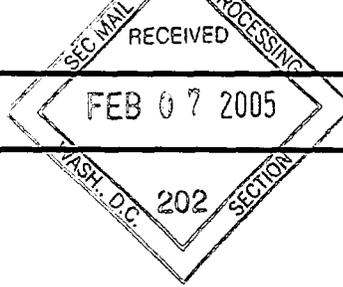
I enclose a copy of a press release sent to the London Stock Exchange in accordance with our 12g3-2(h) exemption from the Securities Exchange Act of 1934 in connection with our ADR program.

Yours faithfully

Sylvia Freeman
Company Secretariat

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31 January 2005

P&O REALISES £55M FROM PLYMOUTH DEVELOPMENT

P&O announces that it has realised £55 million from the sale of its Drake Circus shopping centre development. The development has been acquired by Morgan Stanley Real Estate Fund supported by debt finance.

Drake Circus is a 600,000 sq ft shopping centre development in the heart of Plymouth. It is currently under construction and is scheduled to open in autumn 2006. P&O Developments will continue to manage the development and receive a share of the returns above certain agreed levels.

The cash proceeds from the transaction have been received and will be used to reduce group net debt. P&O will record a gain on the transaction of approximately £5 million in its 2005 results.

P&O recently announced its target for net property sales in 2005 of £250 million. Today's announcement will contribute £55 million towards this. In addition, P&O announced a property sale in Germany on 24 January which will contribute approximately £66 million.

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