

Not for release, publication or distribution, in whole or in part, in, into or from Australia, Canada, Japan or the United States of America

Embargoed until 7.00 a.m. (London time) on 30 November 2005

30 November 2005

Recommended Cash Offers
by
Lexicon Partners
for and on behalf of
Endeavour Ports Limited
a company wholly owned by
Industry Funds Management and Challenger Infrastructure Fund
and Challenger Life and 3i Group
for
PD Ports plc

Summary

- The Boards of Directors of Endeavour Ports Limited (the “Offeror”) and PD Ports plc (“PD Ports”) are pleased to announce that they have reached agreement on the terms of a recommended cash offer for the entire issued and to be issued share capital of PD Ports and a recommended cash offer for all the issued PD Ports Convertible Bonds (the “Offers”). The Offers will be made by Lexicon Partners on behalf of the Offeror. The Offeror is a new company which was established to implement the Offers and is wholly owned by IFM, CIF, Challenger Life and 3i Group.
- The PD Ports Share Offer Price, when aggregated with the right to receive the Interim Dividend, will amount to 142 pence per PD Ports Share and represent a premium of approximately:
 - 42.0 per cent. over the price of 100 pence for each PD Ports Share pursuant to the Initial Public Offering of PD Ports Shares in July 2004;
 - 26.2 per cent. over the closing middle market price of 112.5 pence for each PD Ports Share on 18 October 2005, the last business day prior to PD Ports’ announcement that it had received an expression of interest in relation to an approach by a third party which may or may not lead to an offer being made for PD Ports (the “Commencement of the Offer Period”); and
 - 31.6 per cent. over the average closing middle market price of approximately 107.9 pence for each PD Ports Share over the six month period from 19 April 2005 to 18 October 2005, being the last business day prior to the Commencement of the Offer Period.
- The PD Ports Share Offer will be 140.5 pence in cash for each PD Ports Share, valuing the existing issued share capital of PD Ports at approximately £246 million. PD Ports Shareholders will remain entitled to receive the proposed net interim dividend in respect of the six months ended 30 September 2005 of 1.5 pence to be paid on 1 February 2006 to PD Ports Shareholders on the register on 6 January 2006 (the “Interim Dividend”). Acceptance of the PD Ports Share Offer prior to 6 January 2006 will not affect the entitlement of PD Ports Shareholders to the Interim Dividend. The PD Ports Share Offer will also include a Loan Note Alternative.
- The PD Ports Convertible Bond Offer Price will be 147.5 pence in cash for each PD Ports Convertible Bond, valuing the entire issued PD Ports Convertible Bonds at approximately £74 million. In addition, PD Ports Convertible Bondholders will remain entitled to receive interest on PD Ports Convertible Bonds in issue on the interest payment date falling on 31 December 2005 in respect of the interest period ending on such date (the “31 December 2005 Interest Payment”) in accordance with the terms and conditions of issue of the PD Ports Convertible Bonds. The PD Ports Convertible Bond Offer will also include a Loan Note Alternative.
- The PD Ports Share Offer is conditional on the satisfaction of the conditions and further terms set out in Part A of Appendix I to the attached announcement. The PD Ports Convertible Bond Offer is conditional on the PD Ports Share Offer becoming unconditional in all respects.

- The PD Ports Directors, who have been so advised by Hawkpoint, consider that the terms of the Offers are fair and reasonable and unanimously recommend that PD Ports Shareholders accept the PD Ports Share Offer and that PD Ports Convertible Bondholders accept the PD Ports Convertible Bond Offer. In providing its advice, Hawkpoint has taken account of the PD Ports Directors' commercial assessments. The PD Ports Directors have provided irrevocable undertakings to accept the PD Ports Share Offer (or to procure its acceptance) in respect of their own beneficial shareholdings in PD Ports representing, in aggregate, approximately 0.64 per cent. of the existing issued share capital of PD Ports.

Commenting on the Offer, David Harding, Chairman of PD Ports, said:

“The PD Ports Share Offer, when aggregated with the right to receive the Interim Dividend, represents a premium of 42.0 per cent. over the price of 100 pence per PD Ports Share at which the Initial Public Offering of the Company took place in July 2004. It also represents a substantial premium of 26.2 per cent. over the middle market closing price of 112.5p per PD Ports Share immediately before the Board announced an approach on 19 October 2005. We are satisfied that the new owners of PD Ports are serious, long-term investors in a ports business such as PD Ports.”

Graeme Bevans, a director of Endeavour Ports, said:

“The shareholders of Endeavour Ports are delighted to announce the terms of this recommended offer for PD Ports. PD Ports fits well with the shareholders' strategy of targeting infrastructure investments which provide stable cash flows and attractive growth opportunities. We are committed long-term investors and we fully appreciate PD Ports' commercial importance to the northeast of England. We intend to work with the existing management team and to invest in the business to secure its future success.”

Lexicon Partners is acting as financial adviser to Endeavour Ports and Hawkpoint is acting as financial adviser to PD Ports.

This summary should be read in conjunction with, and is subject to, the full text of the attached announcement and the Appendices. The Offers will be subject to the conditions set out in Appendix I and to the full terms and conditions to be set out in the Offer Document and Forms of Acceptance.

ENQUIRIES

Endeavour Ports Graeme Bevans	Tel: +44 20 7360 4900
Lexicon Partners Read Gomm Hichem Zebidi	Tel: +44 20 7653 6000
Smithfield John Kiely	Tel: +44 20 7360 4900
PD Ports Graham Roberts	Tel: +44 16 4287 7200
Hawkpoint Christopher Kemball Chris Robinson Joseph Ayala	Tel: +44 20 7665 4500
Hogarth John Olsen	Tel: +44 20 7357 9477

Terms used in this summary shall have the meaning given to them in Appendix II to the attached announcement. The Offer Document and the Forms of Acceptance will be posted to PD Ports Shareholders and PD Ports Convertible Bondholders and, for information only, to participants in the PD Ports Share Option Plan (other than to persons with addresses in the United States or any other Restricted Jurisdiction), as soon as practicable and, in any event, within twenty-eight days of this announcement unless otherwise agreed with the Panel.

This announcement does not constitute an offer to sell or the solicitation of an offer to subscribe for or buy any security, nor is it a solicitation of any vote or approval in any jurisdiction, nor shall there be any sale,

issuance or transfer of the securities referred to in this announcement in any jurisdiction in contravention of applicable law. The Offers will be made solely by the Offer Document and the Forms of Acceptance accompanying the Offer Document, which will contain the full terms and conditions of the Offers, including details of how the Offers may be accepted.

Lexicon Partners, which is authorised and regulated by the Financial Services Authority in the United Kingdom, is acting exclusively for the Offeror in connection with the Offers and no-one else and will not be responsible to anyone other than the Offeror for providing the protections afforded to clients of Lexicon Partners nor for providing advice in relation to the Offers.

Hawkpoint, which is authorised and regulated by the Financial Services Authority in the United Kingdom, is acting exclusively for PD Ports in connection with the Offers and no-one else and will not be responsible to anyone other than PD Ports for providing the protections afforded to clients of Hawkpoint nor for providing advice in relation to the Offers.

This announcement has been prepared for the purpose of complying with English law and the City Code and the information disclosed may not be the same as that which would have been disclosed if this announcement had been prepared in accordance with the laws of jurisdictions outside the United Kingdom. The release, publication or distribution of this announcement in certain jurisdictions may be restricted by law and therefore persons in any such jurisdictions into which this announcement is released, published or distributed should inform themselves about and observe those restrictions.

Copies of this announcement and any formal documentation relating to the Offers are not being, and must not be, directly or indirectly, mailed or otherwise forwarded, distributed or sent in or into or from the United States or any other Restricted Jurisdiction and persons receiving such documentation (including custodians, nominees and trustees) must not mail or otherwise forward, distribute or send it in or into or from the United States or another Restricted Jurisdiction. The Offers (unless otherwise determined by the Offeror, with the agreement of PD Ports, and permitted by applicable law and regulation), will not be made, directly or indirectly, in or into, or by the use of mails or any means of instrumentality (including, without limitation, telephonically or electronically) of interstate or foreign commerce of, or any facility of a national, state or other securities exchange of the United States or another Restricted Jurisdiction and the Offers will not be capable of acceptance by any such use, means, instrumentality or facilities.

The ability of PD Ports Shareholders and PD Ports Convertible Bondholders who are not resident in the United Kingdom to accept the Offers may be affected by the laws of the relevant jurisdictions in which they are located. Persons who are not resident in the United Kingdom should inform themselves of, and observe, any applicable requirements.

The Loan Notes to be issued in connection with the Offers have not been, nor will they be, registered under the Securities Act or under the securities laws of any state, territory, district or other jurisdiction of the United States and the Loan Notes have not been, nor will they be, registered under or offered in compliance with applicable securities laws of any state, province, territory or jurisdiction of any other Restricted Jurisdiction. Accordingly, the Loan Notes are not being, and may not be offered, sold, resold or delivered, directly or indirectly, in or into the United States or any other Restricted Jurisdiction or to, or for the account or benefit of, any US person or any person in any other Restricted Jurisdiction.

In accordance with normal UK market practice, the Offeror, IFM, CIF, Challenger Life and 3i Group or their nominees or brokers (acting as agents) may from time to time make certain purchases of, or arrangements to purchase, PD Ports Shares outside the United States, other than pursuant to the PD Ports Share Offer, before or during the period in which the PD Ports Share Offer remains open for acceptance. These purchases may occur either in the open market at prevailing prices or in private transactions at negotiated prices. Any information about such purchases will be disclosed as required in the UK.

This announcement, including information included or incorporated by reference in this announcement, contains “forward-looking statements” concerning Endeavour Ports and PD Ports. Generally, the words “will”, “may”, “should”, “continue”, “believes”, “expects”, “intends”, “anticipates” or similar expressions identify forward-looking statements. These forward-looking statements involve risks and uncertainties that could cause actual results to differ materially from those expressed in the forward-looking statements. Many of these risks and uncertainties relate to factors that are beyond the companies’ ability to control or estimate precisely, such as future market conditions and the behaviour of other market participants. Although the maker of any such statement believes that the expectations reflected in such forward-looking statements are reasonable, there can be no assurance that such expectations will prove to have been correct. Any person considering these forward-looking statements is cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this announcement.

Embargoed until 7.00 a.m. (London time) on 30 November 2005

30 November 2005

Recommended Cash Offers
by
Lexicon Partners
for and on behalf of
Endeavour Ports Limited
a company wholly owned by
Industry Funds Management and Challenger Infrastructure Fund
and Challenger Life and 3i Group
for
PD Ports plc

1. Introduction

The Boards of Directors of Endeavour Ports Limited (the “Offeror”) and PD Ports plc (“PD Ports”) are pleased to announce that they have reached agreement on the terms of a recommended cash offer for the entire issued and to be issued share capital of PD Ports and a recommended cash offer for all the issued PD Ports Convertible Bonds (the “Offers”). The Offers will be made by Lexicon Partners on behalf of the Offeror. The Offeror is a new company which was established to implement the Offers and is wholly owned by IFM, CIF, Challenger Life and 3i Group. For more details on IFM, CIF, Challenger Life and 3i Group, please refer to paragraph 8 of this announcement.

2. The PD Ports Share Offer

Under the PD Ports Share Offer, which will be made on and subject to the terms and conditions set out in Part A of Appendix I and to the full terms and conditions to be set out in the Offer Document, PD Ports Shareholders will receive:

for each PD Ports Share 140.5 pence in cash

The PD Ports Share Offer values the entire existing issued share capital of PD Ports at approximately £246 million.

PD Ports Shareholders will remain entitled to receive the proposed net interim dividend in respect of the six months ended 30 September 2005 of 1.5 pence per PD Ports Share to be paid on 1 February 2006 to PD Ports Shareholders on the register on 6 January 2006 (the “Interim Dividend”). Acceptance of the PD Ports Share Offer prior to 6 January 2006 will not affect the entitlement of PD Ports Shareholders to the Interim Dividend.

The PD Ports Share Offer Price, when aggregated with the right to receive the Interim Dividend, represents a premium of approximately:

- 42.0 per cent. over the price of 100 pence for each PD Ports Share pursuant to the Initial Public Offering of PD Ports Shares in July 2004;
- 26.2 per cent. over the closing middle market price of 112.5 pence for each PD Ports Share on 18 October 2005, the last business day prior to PD Ports’ announcement that it had received an expression of interest in relation to an approach by a third party which may or may not lead to an offer being made for PD Ports (the “Commencement of the Offer Period”); and
- 31.6 per cent. over the average closing middle market price of approximately 107.9 pence for each PD Ports Share over the six month period from 19 April 2005 to 18 October 2005, being the last business day prior to the Commencement of the Offer Period.

The PD Ports Shares will be acquired by the Offeror fully paid and free from all liens, charges, equitable interests, encumbrances and other third party rights of any kind whatsoever, and together with all rights now or from the date of this announcement attaching to the PD Ports Shares including the right to receive and retain all accrued but unpaid dividends attached to the PD Ports Shares other than the right to receive and retain the Interim Dividend.

The PD Ports Share Offer, in addition to being conditional upon the Offeror receiving acceptances of the PD Ports Share Offer in respect of, and/or otherwise acquiring, PD Ports Shares representing not less than 90 per cent. of the PD Ports Shares to which the PD Ports Share Offer relates (or such lesser percentage as the Offeror may, subject to the City Code, decide) is also conditional upon the Offeror receiving acceptances of the PD Ports Convertible Bond Offer in respect of, and/or otherwise acquiring, PD Ports Convertible Bonds representing not less than 90 per cent. of the PD Ports Convertible Bonds to which the PD Ports Convertible Bond Offer relates (or such lesser percentage as the Offeror may, subject to the City Code, decide). Accordingly, the levels of acceptances received by the Offeror from PD Ports Convertible Bondholders under the PD Ports Convertible Bond Offer could, if such acceptances represent less than 90 per cent. of the PD Ports Convertible Bonds to which the PD Ports Convertible Bond Offer relates (or such lesser percentage as the Offeror may, subject to the City Code, decide) result in the PD Ports Share Offer not being declared unconditional even if the Offeror receives acceptances of the PD Ports Share Offer in respect of, or otherwise acquires, 90 per cent. of the PD Ports Shares to which the PD Ports Share Offer relates.

The bases and sources of certain financial information contained in this announcement are set out in Appendix III.

3. The PD Ports Convertible Bond Offer

The Offeror also announces the terms of a cash offer, to be made on its behalf by Lexicon Partners, for all of the PD Ports Convertible Bonds in issue and not redeemed, converted or cancelled prior to the latest date for acceptance of the PD Ports Convertible Bond Offer.

Under the PD Ports Convertible Bond Offer, which will be made on and subject to the terms and conditions set out in Part B of Appendix I and to the full terms and conditions to be set out in the Offer Document, PD Ports Convertible Bondholders will receive:

for each PD Ports Convertible Bond 147.5 pence in cash

The PD Ports Convertible Bond Offer values all of the issued PD Ports Convertible Bonds at approximately £74 million.

In addition, PD Ports Convertible Bondholders will remain entitled to receive and retain interest on PD Ports Convertible Bonds in issue on the interest payment date falling on 31 December 2005 in respect of the interest period ending on such date (the "31 December 2005 Interest Payment") in accordance with the terms and conditions of issue of the PD Ports Convertible Bonds. Acceptance of the PD Ports Convertible Bond Offer prior to 31 December 2005 will not affect the entitlement of a PD Ports Convertible Bondholder to the 31 December 2005 Interest Payment.

The PD Ports Convertible Bonds will be acquired by the Offeror fully paid and free from all liens, charges, equitable interests, encumbrances and other third party rights of any kind whatsoever, and together with all rights now or from the date of this announcement attaching to the PD Ports Convertible Bonds including the right to receive and retain all accrued but unpaid interest on the PD Ports Convertible Bonds, other than the right to receive and retain the 31 December 2005 Interest Payment.

The PD Ports Share Offer extends to any PD Ports Shares issued or unconditionally allotted upon any conversion of PD Ports Convertible Bonds whilst the PD Ports Share Offer is open for acceptances (or any earlier date as the Offeror may, subject to the City Code, decide) and, accordingly, PD Ports Convertible Bondholders who validly convert their PD Ports Convertible Bonds into PD Ports Shares during such period will be eligible to accept the PD Ports Share Offer, subject to the terms and conditions set out in Part A of Appendix I and to the full terms and conditions to be set out in the Offer Document.

The current conversion price in respect of the PD Ports Convertible Bonds is based on a price of 115p per PD Ports Share. If and when the PD Ports Share Offer becomes wholly unconditional and PD Ports gives the PD Ports Convertible Bondholders notice of that fact, then, for a period of 42 days after the notice from PD Ports is deemed to be received by the PD Ports Convertible Bondholders, PD Ports Convertible

Bondholders would be able to exercise their rights to convert their PD Ports Convertible Bonds into PD Ports Shares at the enhanced conversion price provided for in the terms and conditions of the PD Ports Convertible Bonds. If such notice were to be given prior to 31 December 2005, the enhanced conversion price applicable to the PD Ports Convertible Bonds would be 95.3p.

On the basis of the assumption in the previous paragraph, the PD Ports Convertible Bond Offer Price is equal to the same amount as would be received by a PD Ports Convertible Bondholder who, within the period referred to above but following the record date for the Interim Dividend, validly converts his PD Ports Convertible Bonds into PD Ports Shares at the enhanced conversion price applicable to the PD Ports Convertible Bonds and, whilst the PD Ports Share Offer remains open for acceptances, accepts the PD Ports Share Offer in respect of such PD Ports Shares. In addition, PD Ports Convertible Bondholders will remain entitled to receive interest on PD Ports Convertible Bonds in issue on the interest payment date falling on 31 December 2005 in respect of the interest period ending on such date in accordance with the terms and conditions of issue of the PD Ports Convertible Bonds.

4. Recommendation of the Offers

The PD Ports Directors, who have been so advised by Hawkpoint, consider that the terms of the PD Ports Share Offer and the PD Ports Convertible Bond Offer are fair and reasonable and unanimously recommend that PD Ports Shareholders accept the PD Ports Share Offer and that PD Ports Convertible Bondholders accept the PD Ports Convertible Bond Offer. In providing its advice, Hawkpoint has taken account of the PD Ports Directors' commercial assessments.

The PD Ports Directors have provided irrevocable undertakings to accept the PD Ports Share Offer (or to procure its acceptance) in respect of their own beneficial shareholdings in PD Ports, comprising, in aggregate, 1,115,000 PD Ports Shares, representing approximately 0.64 per cent. of the existing issued share capital of PD Ports.

5. The Loan Note Alternative

As an alternative to some or all of the cash consideration, which would otherwise be receivable under the Offers, PD Ports Shareholders and PD Ports Convertible Bondholders who validly accept the Offers (other than PD Ports Shareholders and PD Ports Convertible Bondholders in the United States or any other Restricted Jurisdiction) will be able to elect to receive Loan Notes to be issued by the Offeror on the following basis:

for every £1 of cash consideration £1 nominal value of Loan Notes

The Loan Notes, which will be governed by English law, will be obligations of the Offeror, secured by way of a charge over cash placed on deposit by the Offeror. The Loan Notes will bear interest (from the date of issue to the relevant holder of Loan Notes) payable every six months in arrears on 30 June and 31 December at a rate of 0.5 per cent. below LIBOR for six month sterling deposits determined on the first business day of each interest period. The first interest payment date will be 30 June 2006 in respect of the period from the date of issue of the Loan Notes up to and excluding that date. The Loan Notes will be redeemable at par (together with any accrued but unpaid interest) for cash at the option of the holders, in part or in whole, on interest payment dates, commencing on 31 December 2006. The Loan Notes will be redeemable at par (together with any accrued but unpaid interest) for cash at the option of the Offeror, in part or in whole, on each interest payment date, commencing on 30 June 2007 if the aggregate nominal amount of all Loan Notes outstanding at that date is less than £250,000. Any Loan Notes outstanding on 30 June 2010 will be redeemed at par (together with any accrued but unpaid interest) on that date. The Loan Notes will not be transferable, and no application will be made for them to be listed on, or dealt on, any stock exchange or other trading facility.

The Loan Notes will be issued in integral multiples of £1 and the balance of any entitlement that is not a whole multiple of £1 will be disregarded and not issued.

Unless the Offeror decides otherwise, no Loan Notes will be issued by the Offeror unless, on or before the date on which the Offers become or are declared unconditional in all respects, the aggregate nominal value of all Loan Notes to be issued as a result of valid elections for the Loan Note Alternative exceeds £1 million. If such aggregate is less than £1 million, any such election shall, unless the Offeror decides otherwise, be void and, provided the acceptance of the PD Ports Share Offer or PD Ports Convertible Bond Offer is otherwise valid, the relevant PD Ports Shareholders or PD Ports Convertible Bondholders will be deemed to have accepted the relevant Offer for cash.

The right of a PD Ports Shareholder or PD Ports Convertible Bondholder who validly accepts the relevant Offer and elects for the Loan Note Alternative to be issued Loan Notes is non-renounceable and shall not otherwise be transferable, except in limited circumstances to be specified in the Offer Document.

The Loan Notes to be issued in connection with the Offers have not been, nor will they be, registered under the Securities Act or under the securities laws of any state, territory, district or other jurisdiction of the United States and the Loan Notes have not been, nor will they be, registered under or offered in compliance with applicable securities laws of any state, province, territory or jurisdiction of any other Restricted Jurisdiction. Accordingly, the Loan Note Alternative is not being made available to PD Ports Shareholders or PD Ports Convertible Bondholders in the United States or any other Restricted Jurisdiction and the Loan Notes are not being, and may not be offered, sold, resold or delivered, directly or indirectly, in or into the United States or any other Restricted Jurisdiction or to, or for the account or benefit of, any US person or any person in any other Restricted Jurisdiction.

The Loan Note Alternative will be conditional on the Offers becoming or being declared unconditional in all respects. The Loan Note Alternative will remain open for acceptance until the Offers close provided that, on the first date on which the Offers become or are declared unconditional in all respects, valid elections for the Loan Note Alternative have been received such that the aggregate value of all Loan Notes to be issued as a result of such valid elections would exceed £1 million. Full details of the Loan Note Alternative will be contained in the Offer Document.

6. Background to and reasons for the Offers

The shareholders in the Offeror are specialists in, *inter alia*, private equity and infrastructure investments. In the infrastructure sector, they seek investment opportunities which provide stable cash flows and appropriate growth opportunities.

The Offeror believes that the acquisition of PD Ports meets these objectives. The Offeror intends to support management and its strategy for the business and believe that the benefits of private ownership will enhance the long-term value of PD Ports, while providing ongoing stability to the business.

7. Intentions for PD Ports

The Offeror intends to work closely with management on implementing its strategy for the business.

Three key areas of strategic focus are:

- investment in the ports business;
- enhancement and realisation of value from PD Ports' existing land and property portfolio; and
- focus on retention and development of existing customer contracts.

8. Information on the Offeror, IFM, Challenger Infrastructure Fund, Challenger Life and 3i Group

The Offeror

The Offeror is a recently incorporated private limited company incorporated in the UK and a wholly-owned subsidiary of Holdco, also a recently incorporated private limited company incorporated in the UK. The Offeror Group was formed for the purpose of making the Offers and neither the Offeror nor Holdco has traded since their respective incorporations nor have they entered into any obligations other than in connection with the Offers. The shares in Holdco are held in the following approximate proportions:

IFM	50.0%
CIF	18.4%
Challenger Life	16.1%
3i Group	15.5%

IFM

IFMNL operates a number of pooled superannuations trusts (including IFM), designed for Australian superannuation funds seeking a targeted, diversified and cost effective investment in the infrastructure and private equity sectors.

IFM has been investing in infrastructure equity since inception in 1995, building a highly diversified portfolio over the ensuing ten years. The focus of IFM's infrastructure funds is on traditional and mainstream infrastructure in the toll roads, airports and renewable energy and distribution sectors.

As at 31 October 2005, the value of IFMNL's infrastructure funds was in excess of A\$2.47 billion.

IFMNL holds interests in two UK infrastructure investments: Wales and West Utilities, the gas distribution business for the region, and Arqiva, a UK broadcasting company which owns approximately 50% of the UK's major transmission towers.

Challenger Financial Services Group

Challenger Financial Services Group is an Australian domiciled publicly listed financial services company. It has a market capitalisation of around A\$2 billion and forms part of the S&P/ASX100.

Challenger Financial Services Group was formed by a merger between Challenger International Limited and CPH Investment Corp in mid 2003. Today, Challenger Financial Services Group has three core business lines serving the needs of financial intermediaries and their clients: Challenger Wholesale Finance; Challenger Wealth Management and Challenger Life.

Challenger Life

Challenger Life invests over A\$3 billion of proprietary investment funds in a wide range of property, infrastructure and fixed interest assets, financed through a combination of debt, fixed rate, fixed term annuitant obligations and equity, providing retirement income stream products to Australian retirees.

Challenger Infrastructure Fund

Challenger Infrastructure Fund is an Australian publicly listed fund that offers investors the opportunity to invest in a range of global infrastructure assets. The fund holds interests in a number of UK investments: Inexus, the North of England Gas Distribution Network, Wales & West Utilities, and Arqiva.

Challenger Infrastructure Fund seeks to invest in assets that deliver long-term predictable cash flows and capital growth, without significant bias towards any one infrastructure or utility sub-sector.

Challenger Infrastructure Fund is a stapled entity comprising two registered managed investment schemes, CIF Investment Trust 1 and CIF Investment Trust 2.

Challenger Infrastructure Fund has raised total funds of A\$840m in two instalments; the second instalment of A\$420m is due in August 2006.

Challenger Life has committed approximately A\$420m to the fund.

3i Group

3i Group is a world leader in private equity and venture capital and invests across Europe, the United States and Asia. It was established in 1945, listing on the London Stock Exchange in 1994. 3i Group is a constituent of the FTSE 100 index, with a market capitalisation of approximately £4.7 billion.

3i Group manages over £6.2 billion of assets (as at 30 September 2005) comprising its own balance sheet of around £4.4 billion and private equity limited partnerships of £1.8 billion, invested alongside 3i Group.

The investment in PD Ports would be made using the 3i Investors' existing financial resources.

9. Information on PD Ports

The PD Ports Group owns and operates Teesport on the North East coast of England, the second largest port in the UK by tonnage, and also owns and/or operates in ports on the rivers Humber, Trent and Ouse, and the Isle of Wight.

In addition to the port and property related businesses, the PD Ports Group operates comprehensive supply chain solutions through its logistics operation and a Mercedes Benz commercial vehicle franchise through PD Truck and Van.

PD Ports floated on AIM in July 2004 and subsequently listed on the London Stock Exchange in December of the same year.

In the six months ended 30 September 2005, PD Ports reported unaudited consolidated revenues of £86.1 million and operating profits of £18.1 million. Unaudited consolidated net assets were £166.7 million and net debt was £276.4 million as at 30 September 2005.

10. Directors, Management and Employees

The Offeror has given the PD Ports Board assurances that the existing employment rights, including accrued pension rights, of the employees of PD Ports will be fully safeguarded upon the completion of the Offers. The non-executive directors of PD Ports intend to resign from the PD Ports Board when the PD Ports Share Offer becomes or is declared wholly unconditional.

The Offeror has agreed with Messrs Graham Roberts and Paul Daffern, respectively Chief Executive and Finance Director of PD Ports, that they will continue in their current positions on their existing terms and conditions of employment. This is intended to facilitate an appropriate transfer of their responsibilities within twelve months of the completion of the Offers except that Graham Roberts will become Executive Chairman of PD Ports on completion of the Offers.

11. PD Ports Share Option Plan

The PD Ports Share Offer extends to any PD Ports Shares issued or unconditionally allotted upon exercise of options issued under the PD Ports Share Option Plan whilst the PD Ports Share Offer is open for acceptances (or any earlier date as the Offeror may, subject to the City Code, decide). Appropriate proposals will be made to holders of options under the PD Ports Share Option Plan in due course.

12. Financing

The cash consideration payable to PD Ports Shareholders and PD Ports Convertible Bondholders under the terms of the Offers will be provided from a combination of funding made available to the Offeror Group from IFM, CIF, Challenger Life and the 3i Investors and third party debt financing.

Investors' Funding

IFM will finance its share of the Investor's funding of the Offeror Group from its existing and available funds under management.

CIF will finance its share of the Investor's funding of the Offeror Group from its existing financial resources.

Challenger Life will finance its share of the Investor's funding of the Offeror Group from its existing financial resources.

The 3i Investors will finance their shares of the Investor's funding of the Offeror Group from their existing financial resources.

Debt

Up to £75 million of the cash consideration payable to PD Ports Shareholders and PD Ports Convertible Bondholders will be provided by The Royal Bank of Scotland plc under the terms of the RBS Facility Agreement.

Further information on the financing of the Offers will be set out in the Offer Document.

13. Inducement fee

PD Ports and the Offeror have entered into an agreement under which PD Ports has agreed to pay the Offeror an inducement fee of £3.2 million (inclusive of VAT) in the event that (i) any member of the PD Ports Board, or the PD Ports Board, withdraws, qualifies or modifies its recommendation of the PD Ports Share Offer in a material manner adverse to Endeavour Ports, or makes its recommendation subject to material conditions or qualifications or the PD Ports Board recommends another competing offer, (ii) the PD Ports Share Offer lapses or is withdrawn and before it lapses or is withdrawn, an independent competing offer is announced and that independent competing offer or another independent competing offer subsequently becomes or is declared wholly unconditional or is otherwise completed or implemented, or (iii) PD Ports or any of its subsidiary undertakings does or omits to do anything material which results in the conditions of the PD Ports Share Offer being breached and as a result the PD Ports Share Offer is withdrawn, save in certain circumstances.

14. Overseas shareholders and bondholders

The availability of the Offers to persons who are not resident in the United Kingdom may be affected by the laws of their relevant jurisdiction. Persons not resident in the United Kingdom should inform themselves of, and observe, any applicable legal or regulatory requirements of their jurisdiction. Further details in relation to overseas shareholders and bondholders will be contained in the Offer Document.

15. Compulsory acquisition procedure

Following the PD Ports Share Offer becoming or being declared unconditional in all respects, the Offeror intends to procure that PD Ports will apply for cancellation, respectively, of the trading in PD Ports Shares and PD Ports Convertible Bonds on the London Stock Exchange's market for listed securities and the listing of PD Ports Shares and PD Ports Convertible Bonds from the Official List of the UK Listing Authority. Delisting would significantly reduce the liquidity and marketability of any PD Ports Shares or PD Ports Convertible Bonds not assented to the Offers.

If the Offeror receives acceptances of the PD Ports Share Offer in respect of, and/or otherwise acquires, 90 per cent. or more of the PD Ports Shares to which the PD Ports Share Offer relates, the Offeror intends to exercise its rights pursuant to the provisions of Sections 428 to 430F of the Companies Act to acquire the remaining PD Ports Shares to which the PD Ports Share Offer relates.

If the Offeror receives acceptances of the PD Ports Convertible Bond Offer in respect of, and/or otherwise acquires, 90 per cent. or more of the PD Ports Convertible Bonds to which the PD Ports Convertible Bond Offer relates, the Offeror intends to exercise its rights pursuant to the provisions of Sections 428 to 430F of the Companies Act to acquire the remaining PD Ports Convertible Bonds to which the PD Ports Convertible Bond Offer relates.

16. Dealing disclosure requirements

Under the provisions of Rule 8.3 of the City Code, if any person is, or becomes, "interested" (directly or indirectly) in 1% or more of any class of "relevant securities" of PD Ports, all "dealings" in any "relevant securities" of that company (including by means of an option in respect of, or a derivative referenced to, any such "relevant securities") must be publicly disclosed by no later than 3.30 p.m. (London time) on the London business day following the date of the relevant transaction. This requirement will continue until the date on which the Offers become, or are declared, unconditional as to acceptances, lapse or are otherwise withdrawn or on which the "offer period" otherwise ends. If two or more persons act together pursuant to an agreement or understanding, whether formal or informal, to acquire an "interest" in "relevant securities" of PD Ports, they will be deemed to be a single person for the purpose of Rule 8.3.

Under the provisions of Rule 8.1 of the City Code, all "dealings" in "relevant securities" of PD Ports by the Offeror or PD Ports, or by any of their respective "associates", must be disclosed by no later than 12.00 noon (London time) on the London business day following the date of the relevant transaction.

A disclosure table, giving details of the companies in whose "relevant securities" "dealings" should be disclosed, and the number of such securities in issue, can be found on the Panel's website at www.thetakeoverpanel.org.uk.

"Interests in securities" arise, in summary, when a person has long economic exposure, whether conditional or absolute, to changes in the price of securities. In particular, a person will be treated as having an "interest" by virtue of the ownership or control of securities, or by virtue of any option in respect of, or derivative referenced to, securities.

Terms in quotation marks are defined in the City Code, which can also be found on the Panel's website. If you are in any doubt as to whether or not you are required to disclose a "dealing" under Rule 8, you should consult the Panel.

17. General

The Offer Document and the Forms of Acceptance will be posted to PD Ports Shareholders and PD Ports Convertible Bondholders and, for information only, to participants in the PD Ports Share Option Plan (other than to persons with addresses in the United States or any other Restricted Jurisdiction), as soon as practicable and, in any event, within twenty-eight days of the date of this announcement unless agreed otherwise with the Panel.

Save as disclosed in paragraph 5 above, neither the Offeror nor, so far as the Offeror is aware, any person acting in concert with the Offeror, owns or controls any PD Ports Shares or PD Ports Convertible Bonds or any other securities convertible or exchangeable into PD Ports Shares or any rights to subscribe for or purchase the same, or holds any options (including traded options) in respect of, or has any option to acquire, any PD Ports Shares or PD Ports Convertible Bonds or has entered into any derivatives referenced to PD Ports Shares or PD Ports Convertible Bonds ("Relevant PD Ports Securities") which remain outstanding, nor does any such person have any arrangement in relation to Relevant PD Ports

Securities. For these purposes, “arrangement” includes any indemnity or option arrangement, any agreement or understanding, formal or informal, of whatever nature, relating to Relevant PD Ports Securities which may be an inducement to deal or refrain from dealing in such securities. In the interests of secrecy prior to this announcement, the Offeror has not made any enquiries in this respect of certain parties who may be deemed by the Panel to be acting in concert with it for the purposes of the Offers. Enquiries of such parties will be made as soon as practicable following the date of this announcement and any material disclosure in respect of such parties will be included in the Offer Document.

As at 29 November 2005, PD Ports had 175,000,000 ordinary shares of 10 pence in issue.

ENQUIRIES

Endeavour Ports
Graeme Bevans

Tel: +44 20 7360 4900

Lexicon Partners
Read Gomm
Hichem Zebidi

Tel: +44 20 7653 6000

Smithfield
John Kiely

Tel: +44 20 7360 4900

PD Ports
Graham Roberts

Tel: +44 16 4287 7200

Hawkpoint
Christopher Kemball
Chris Robinson
Joseph Ayala

Tel: +44 20 7665 4500

Hogarth
John Olsen

Tel: +44 20 7357 9477

Terms used in this announcement shall have the meaning given to them in Appendix II to this announcement. The Offer Document and the Forms of Acceptance will be posted to PD Ports Shareholders and PD Ports Convertible Bondholders and, for information only, to participants in the PD Ports Share Option Plan (other than to persons with addresses in the United States or any other Restricted Jurisdiction), as soon as practicable and, in any event, within twenty-eight days of this announcement unless otherwise agreed with the Panel.

This announcement does not constitute an offer to sell or the solicitation of an offer to subscribe for or buy any security, nor is it a solicitation of any vote or approval in any jurisdiction, nor shall there be any sale, issuance or transfer of the securities referred to in this announcement in any jurisdiction in contravention of applicable law. The Offers will be made solely by the Offer Document and the Forms of Acceptance accompanying the Offer Document, which will contain the full terms and conditions of the Offer, including details of how the Offers may be accepted.

Lexicon Partners, which is authorised and regulated by the Financial Services Authority, is acting exclusively for the Offeror in connection with the Offers and no-one else and will not be responsible to anyone other than the Offeror for providing the protections afforded to clients of Lexicon Partners nor for providing advice in relation to the Offers.

Hawkpoint, which is authorised and regulated by the Financial Services Authority, is acting exclusively for PD Ports in connection with the Offers and no-one else and will not be responsible to anyone other than PD Ports for providing the protections afforded to clients of Hawkpoint nor for providing advice in relation to the Offers.

This announcement has been prepared for the purpose of complying with English law and the City Code and the information disclosed may not be the same as that which would have been disclosed if this announcement had been prepared in accordance with the laws of jurisdictions outside the United Kingdom. The release, publication or distribution of this announcement in certain jurisdictions may be restricted by law and therefore persons in any such jurisdictions into which this announcement is released, published or distributed should inform themselves about and observe those restrictions.

Copies of this announcement and any formal documentation relating to the Offers are not being, and must not be, directly or indirectly, mailed or otherwise forwarded, distributed or sent in or into or from the United

States or any other Restricted Jurisdiction and persons receiving such documents (including custodians, nominees and trustees) must not mail or otherwise forward, distribute or send it in or into or from the United States or another Restricted Jurisdiction. The Offers (unless otherwise determined by the Offeror, with the agreement of PD Ports, and permitted by applicable law and regulation), will not be made, directly or indirectly, in or into, or by the use of mails or any means of instrumentality (including, without limitation, telephonically or electronically) of interstate or foreign commerce of, or any facility of a national, state or other securities exchange of the United States or another Restricted Jurisdiction and the Offers will not be capable of acceptance by any such use, means, instrumentality or facilities.

The ability of PD Ports Shareholders and PD Ports Convertible Bondholders who are not resident in the United Kingdom to accept the Offers may be affected by the laws of the relevant jurisdictions in which they are located. Persons who are not resident in the United Kingdom should inform themselves of, and observe, any applicable requirements.

The Loan Notes to be issued in connection with the Offers have not been, nor will they be, registered under the Securities Act or under the securities laws of any state, territory, district or other jurisdiction of the United States and the Loan Notes have not been, nor will they be, registered under or offered in compliance with applicable securities laws of any state, province, territory or jurisdiction of any other Restricted Jurisdiction. Accordingly, the Loan Notes are not being, and may not be offered, sold, resold or delivered, directly or indirectly, in or into the United States or any Restricted Jurisdiction or to, or for the account or benefit of, any US person or any person in any other Restricted Jurisdiction.

In accordance with normal UK market practice, the Offeror, IFM, CIF, Challenger Life and 3i Group or their nominees or brokers (acting as agents) may from time to time make certain purchases of, or arrangements to purchase, PD Ports Shares outside the United States, other than pursuant to the PD Ports Share Offer, before or during the period in which the PD Ports Share Offer remains open for acceptance. These purchases may occur either in the open market at prevailing prices or in private transactions at negotiated prices. Any information about such purchases will be disclosed as required in the UK.

This announcement, including information included or incorporated by reference in this document, contains “forward-looking statements” concerning Endeavour Ports and PD Ports. Generally, the words “will”, “may”, “should”, “continue”, “believes”, “expects”, “intends”, “anticipates” or similar expressions identify forward-looking statements. These forward-looking statements involve risks and uncertainties that could cause actual results to differ materially from those expressed in the forward-looking statements. Many of these risks and uncertainties relate to factors that are beyond the companies’ ability to control or estimate precisely, such as future market conditions and the behaviour of other market participants. Although the maker of any such statement believes that the expectations reflected in such forward-looking statements are reasonable, there can be no assurance that such expectations will prove to have been correct. Any person considering these forward-looking statements are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this document.

APPENDIX I

PART A CONDITIONS AND FURTHER TERMS OF THE PD PORTS SHARE OFFER

The PD Ports Share Offer, which will be made by Lexicon Partners on behalf of the Offeror, will comply with the City Code and will be governed by English law and be subject to the jurisdiction of the English courts. In addition, the PD Ports Share Offer will be subject to the terms and conditions to be set out in the Offer Document.

The PD Ports Share Offer will be subject to the following conditions:

- 1** valid acceptances of the PD Ports Share Offer being received (and not, where permitted, withdrawn) by no later than 1.00 p.m. (London time) on the first closing date of the PD Ports Share Offer (or such later time(s) and/or date(s) as the Offeror may, subject to the rules of the City Code or with the consent of the Panel, decide) in respect of not less than 90 per cent. (or such lesser percentage as the Offeror may decide) of the PD Ports Shares to which the PD Ports Share Offer relates, provided that this condition will not be satisfied unless the Offeror and/or any member of the Offeror Group shall have acquired or agreed to acquire (whether pursuant to the PD Ports Share Offer or otherwise) PD Ports Shares carrying in aggregate more than 50 per cent. of the voting rights normally exercisable at a general meeting of PD Ports. For the purposes of this condition:
 - 1.1 PD Ports Shares which have been unconditionally allotted but not issued shall be deemed to carry the voting rights which they will carry upon issue; and
 - 1.2 the expression “PD Ports Shares to which the PD Ports Share Offer relates” shall be construed in accordance with Sections 428 to 430F (inclusive) of the Companies Act; and
 - 1.3 valid acceptances shall be deemed to have been received in respect of PD Ports Shares which are treated for the purposes of Section 429(8) of the Companies Act as having been acquired or contracted to be acquired by the Offeror by virtue of acceptances of the PD Ports Share Offer;
- 2** valid acceptances being received (and not, where permitted, withdrawn) by 1.00 p.m. (London time) on the first closing date of the PD Ports Share Offer (or such later time(s) and/or date(s) as the Offeror may, subject to the rules of the City Code or with the consent of the Panel, decide) in respect of not less than 90 per cent. in value of the PD Ports Convertible Bonds to which the PD Ports Convertible Bond Offer relates (or such lesser percentage as the Offeror may decide). For the purposes of this condition:
 - 2.1 the expression “PD Ports Convertible Bonds to which the PD Ports Convertible Bond Offer relates” shall be construed in accordance with Sections 428 to 430F (inclusive) of the Companies Act; and
 - 2.2 valid acceptances shall be deemed to have been received in respect of PD Ports Convertible Bonds which are treated for the purposes of Section 429(8) of the Companies Act as having been acquired or contracted to be acquired by the Offeror by virtue of acceptances of the PD Ports Convertible Bond Offer.
- 3** no central bank, government or governmental, quasi-governmental, supranational, statutory, regulatory or investigative body, trade agency, court, professional association, or any other such body or person in any jurisdiction (each a “Third Party”) having given written notice of a decision to take, institute or threaten any action, proceeding, suit, investigation, enquiry or reference, or having required any action to be taken, or otherwise having done anything, or having enacted, made or proposed any statute, regulation, decision or order which would:
 - 3.1 make the Offers, their implementation or the acquisition or proposed acquisition of any PD Ports Shares or PD Ports Convertible Bonds by the Offeror or any member of the Wider Offeror Group void, unenforceable or illegal, or restrict, prohibit or delay, in each case, to a material extent or otherwise materially interfere with the implementation of, or impose material additional conditions or obligations with respect to, or otherwise materially challenge or require material amendment of, the Offers or the acquisition of any PD Ports Shares or PD Ports Convertible Bonds by the Offeror;
 - 3.2 result in a material delay in the ability of the Offeror, or render the Offeror unable, to acquire some or all of the PD Ports Shares or PD Ports Convertible Bonds, or require a divestiture by the Offeror or any member of the Wider Offeror Group of any PD Ports Shares or PD Ports Convertible Bonds;

- 3.3 require, prevent or materially delay the divestiture, or materially alter the terms envisaged for any proposed divestiture, by the Offeror or any member of the Wider Offeror Group or by any member of the Wider PD Ports Group of all or any material part of their respective businesses, assets or properties, or impose any material limitation on their ability to conduct their respective businesses (or any of them) or to own their respective assets or properties or any part of them, to an extent in any such case which is material in the context of the Offers;
- 3.4 impose any limitation on, or result in a material delay in, the ability of the Offeror or any member of the Wider Offeror Group to acquire or to hold or to exercise effectively, directly or indirectly, all rights of ownership of shares, loans or other securities (or the equivalent) in PD Ports or the ability of any member of the Wider PD Ports Group or the Offeror to hold or exercise effectively any rights of ownership of shares, loans or other securities in or, in any respect which is material in the context of the Wider PD Ports Group taken as a whole, to exercise management control over any member of the Wider PD Ports Group;
- 3.5 save pursuant to the Offers or to Part XIII A of the Companies Act, require any member of the Wider Offeror Group or of the Wider PD Ports Group to acquire or offer to acquire any shares or other securities (or the equivalent) in any member of the Wider PD Ports Group owned by any third party to an extent which is material in the context of the wider PD Ports Group taken as a whole;
- 3.6 result in any member of the Wider PD Ports Group ceasing to be able to carry on business under any name which it presently does so, the consequences of which would be material in the context of the Wider PD Ports Group taken as a whole;
- 3.7 impose any limitation that is material in the context of the business of the Wider PD Ports Group taken as a whole on the ability of any member of the Wider Offeror Group or the Wider PD Ports Group to integrate or co-ordinate the business of any member of the Wider PD Ports Group, or any part of it, with that of any member(s) of the Wider Offeror Group and/or any other member of the Wider PD Ports Group;
- 3.8 otherwise adversely affect the business, assets, liabilities, or profits or prospects of any member of the Wider Offeror Group or of the Wider PD Ports Group, to an extent in any such case which is material in the context of the Wider PD Ports Group taken as a whole,

and all applicable waiting and other time periods during which any such Third Party could take, institute or threaten any such action, proceeding, suit, investigation, enquiry or reference or otherwise so intervene having expired, lapsed or been terminated;

- 4 all necessary material notifications and filings having been made in connection with the Offers and all statutory and regulatory obligations in connection with the Offers in any jurisdiction having been complied with and all material authorisations, orders, recognitions, grants, consents, clearances, confirmations, certificates, licences, permissions and approvals (“Authorisations”) deemed reasonably necessary or appropriate by the Offeror in any jurisdiction for, or in respect of, the Offers and the acquisition or the proposed acquisition of the PD Ports Shares or PD Ports Convertible Bonds by the Offeror or any member of the Wider Offeror Group having been obtained in terms reasonably satisfactory to the Offeror from all appropriate Third Parties, all or any applicable waiting and other time periods having expired, lapsed or been terminated (as appropriate) in each case where the absence of such authorisation would have a material adverse effect on the PD Ports Group taken as a whole and all such Authorisations (together with all material Authorisations deemed reasonably necessary or appropriate to carry on the business of any member of the Wider PD Ports Group) remaining in full force and effect at the time at which the Offers become otherwise unconditional and there being no notice of any intention to revoke, suspend, restrict, amend or not to renew any such Authorisations;
- 5 save as disclosed in writing to the Offeror or its advisers by or on behalf of PD Ports prior to the date of this announcement or save as publicly announced by PD Ports prior to the date of this announcement, there being no provision of any arrangement, agreement, lease, licence, permit or other instrument to which any member of the Wider PD Ports Group is a party or by or to which any such member or any of its assets is or may be bound or be subject, which as a consequence of the Offers or the acquisition or the proposed acquisition by any member of the Offeror Group of any shares or other securities (or the equivalent) in PD Ports or because of a change in the control or management of any member of the Wider PD Ports Group or otherwise, would result in:

- 5.1 any monies borrowed by, or any other indebtedness, actual or contingent, of, any member of the Wider PD Ports Group being or becoming repayable, or being capable of being declared repayable immediately or prior to their or its stated maturity, or the ability of any such member to borrow monies or incur any indebtedness being withdrawn or inhibited;
- 5.2 the creation or enforcement of any mortgage, charge or other security interest, over the whole or any part of the business, property or assets of any member of the Wider PD Ports Group or any such mortgage, charge or other security interest (whenever arising or having arisen) becoming enforceable;
- 5.3 any such arrangement, agreement, lease, licence, permit or other instrument being terminated or adversely modified or adversely affected or any onerous obligation or liability arising or any adverse action being taken thereunder;
- 5.4 (other than in the ordinary course of business) any assets or interests of any member of the Wider PD Ports Group being or falling to be disposed of or charged or any right arising under which any such asset or interest could be required to be disposed of or charged;
- 5.5 any such member of the Wider PD Ports Group ceasing to be able to carry on business under any name under which it presently does so;
- 5.6 the value or financial or trading position, profits or prospects of PD Ports or any member of the Wider PD Ports Group being prejudiced or adversely affected; or
- 5.7 the creation of any liability (actual or contingent) by any member of the Wider PD Ports Group; in each case, to an extent which is material in the context of the Wider PD Ports Group taken as a whole.
- 6 save as disclosed in the Annual Report, publicly announced through a Regulatory Information Service prior to the date of this announcement or disclosed in writing to the Offeror or its advisers by or on behalf of PD Ports prior to the date of this announcement, no member of the Wider PD Ports Group having since 31 March 2005:
 - 6.1 issued or agreed to issue or authorised or announced its intention to authorise the issue of additional shares of any class, or securities convertible into, or exchangeable for, or rights, warrants or options to subscribe for or acquire, any such shares or convertible securities (save as between PD Ports and wholly-owned subsidiaries of PD Ports and save for the issue of PD Ports Shares to employees on the exercise of options granted (prior to the date of announcement) under, or the grant (prior to the date of announcement) of options under, the PD Ports Share Option Plan);
 - 6.2 recommended, declared, paid or made any bonus issue, dividend or other distribution whether payable in cash or otherwise other than dividends (or other distributions whether payable in cash or otherwise) lawfully paid or made to another member of the PD Ports Group;
 - 6.3 implemented, effected, authorised, proposed or announced its intention to implement, effect or authorise any merger, demerger, reconstruction, amalgamation, scheme, commitment or acquisition or disposal of assets or shares (or the equivalent thereof) in any undertaking or undertakings (save as between PD Ports and wholly owned subsidiaries of PD Ports) that are material in the context of the PD Ports Group taken as a whole;
 - 6.4 (save as between PD Ports and wholly owned subsidiaries of PD Ports and other than in the ordinary course of business) disposed of, or transferred, mortgaged or created any security interest over any asset or any right, title or interest in any asset that is material in the context of the PD Ports Group taken as a whole or authorised or announced any intention to do so;
 - 6.5 issued, authorised or announced an intention to authorise the issue of any debentures or (save for intra-PD Ports Group transactions or transactions under existing credit arrangements) incurred any indebtedness or contingent liability which is material in the context of the PD Ports Group as a whole;
 - 6.6 entered into or varied or authorised or announced its intention to enter into or vary any contract, arrangement, agreement, transaction or commitment (whether in respect of capital expenditure or otherwise) which is of a long term, unusual or onerous nature or magnitude or which involves or is reasonably likely to involve an obligation of such a nature or magnitude which is, in any such case, or which is or is likely to be restrictive on the business of any member of the Wider PD Ports Group, which is, in any such case, material in the context of the Wider PD Ports Group taken as a whole;

- 6.7 entered into or varied to a material extent or authorised, proposed or announced its intention to enter into or vary to a material extent the terms of, or make any offer (which remains open for acceptance) to enter into or vary to a material extent the terms of, any service agreement with any director or, save for salary increases, bonuses or variations of terms in the ordinary course, senior executive of PD Ports;
 - 6.8 purchased, redeemed or repaid or announced a proposal to purchase, redeem or repay any of its own shares or other securities (or the equivalent) or reduced or made any other change to any part of its share capital, save for any shares allotted upon the exercise of options granted (prior to the date of announcement) under the PD Ports Share Option Plan or as between PD Ports and wholly-owned subsidiaries of PD Ports;
 - 6.9 waived, compromised or settled any claim which is material in the context of the PD Ports Group taken as a whole;
 - 6.10 terminated or varied the terms of any agreement or arrangement between any member of the PD Ports Group and any other person in a manner which would or might reasonably be expected to have a material adverse effect on the financial position or prospects of the PD Ports Group taken as a whole;
 - 6.11 (save as disclosed on publicly available registers) made any alteration to its memorandum or articles of association;
 - 6.12 made or agreed or consented to any change to the terms of the trust deeds constituting the pension schemes established for its directors and/or employees and/or their dependants or to the benefits which accrue, or to the pensions which are payable, thereunder, or to the basis on which qualification for or accrual or entitlement to such benefits or pensions are calculated or determined or to the basis upon which the liabilities (including pensions) of such pension schemes are funded or made, or agreed or consented to any change to the trustees involving the appointment of a trust corporation, which is, in any case, material in the context of the Wider PD Ports Group taken as a whole;
 - 6.13 been unable, or admitted in writing that it is unable, to pay its debts or having stopped or suspended (or threatened to stop or suspend) payment of its debts generally or ceased or threatened to cease carrying on all or a substantial part of any business which is material in the context of the PD Ports Group taken as a whole;
 - 6.14 (other than in respect of a member which is dormant and was solvent at the relevant time) taken any corporate action or had any action or proceedings or other steps instituted against it for its winding-up (voluntary or otherwise), dissolution or reorganisation or for the appointment of a receiver, administrator, administrative receiver, trustee or similar officer of all or any material part of its assets or revenues or any analogous proceedings in any jurisdiction or appointed any analogous person in any jurisdiction; or
 - 6.15 entered into any agreement, arrangement or commitment or passed any resolution or made any proposal or announcement with respect to, or to effect, any of the transactions, matters or events referred to in this condition 6;
- 7** since 31 March 2005, save as disclosed in the Annual Report, or save as disclosed in writing to any member of the Offeror Group or its advisers by or on behalf of PD Ports or except as publicly announced by PD Ports (by the delivery of an announcement to a Regulatory Information Service), in each case prior to the date of this announcement, there having been:
- 7.1 no adverse change in the business, assets, financial or trading position or profits or prospects of any member of the Wider PD Ports Group which is material in the context of the Wider PD Ports Group taken as a whole; or
 - 7.2 no litigation, arbitration proceedings, prosecution or other legal proceedings having been announced or instituted by or against or remaining outstanding against or in respect of any member of the Wider PD Ports Group and no enquiry or investigation by or complaint or reference to any Third Party against or in respect of any member of the Wider PD Ports Group having been threatened, announced or instituted or remaining outstanding, against or in respect of any member of the Wider PD Ports Group and which in any such case would reasonably be expected to have a material adverse effect on the Wider PD Ports Group taken as a whole;

- 8 save as publicly announced by the delivery of an announcement to a Regulatory Information Service prior to the date of this announcement or as otherwise disclosed in the Annual Report or disclosed in writing to the Offeror or its advisers by or on behalf of PD Ports prior to the date of this announcement, the Offeror not having discovered:
- 8.1 that the financial, business or other information concerning the Wider PD Ports Group publicly announced or disclosed at any time by or on behalf of any member of the Wider PD Ports Group is misleading, contains a misrepresentation of fact or omits to state a fact necessary to make the information contained therein not misleading to an extent that is material in the context of the Offers and which is, in any case, material in the context of the Wider PD Ports Group; or
- 8.2 that any member of the Wider PD Ports Group is subject to any liability, contingent or otherwise, which would or would reasonably be expected to affect any member of the Wider PD Ports Group to any extent, and which is material in the context of the Wider PD Ports Group taken as a whole; and
- 9 save as disclosed in writing to the Offeror or its advisers by or on behalf of PD Ports prior to the date of this announcement, in relation to any release, emission, discharge, disposal or other fact or circumstance which causes or might reasonably be expected to cause pollution of the environment or harm to human health, no past or present member of the Wider PD Ports Group having, in any manner or to an extent which is material in the context of the Wider PD Ports Group taken as a whole (i) committed any violation of any laws, statutes, ordinances or regulations of any Third Party and/or (ii) incurred any liability (whether actual or contingent) with respect thereto.

Subject to the requirements of the Panel, the Offeror reserves the right to waive, in whole or in part, all or any of the conditions set out in paragraphs 2 to 9 of this Part A of Appendix I.

If the Offeror is required by the Panel to make an offer for PD Ports Shares under the provisions of Rule 9 of the City Code, the Offeror may make such alterations to any of the above conditions, including condition 1 above, as are necessary to comply with the provisions of that Rule.

The PD Ports Share Offer will lapse unless all of the conditions set out above have been fulfilled or, where permitted, waived or, where appropriate, have been determined by the Offeror to be or remain satisfied, by midnight on the 21st day after the later of the first closing date of the PD Ports Share Offer and the date on which condition 1 of this Part A of Appendix I is fulfilled (or in each case such later date as the Offeror may, with the consent of the Panel, decide). The Offeror shall be under no obligation to waive (if capable of waiver), to determine to be or remain satisfied or to treat as fulfilled any of conditions 2 to 9 (inclusive) by a date earlier than the latest date specified above for the fulfilment of that condition.

The PD Ports Share Offer will lapse (unless otherwise agreed by the Panel) if, before the later of 1:00 p.m. (London time) on the first closing date of the PD Ports Share Offer and the date when the PD Ports Share Offer becomes or is declared unconditional as to acceptances, the PD Ports Share Offer or any part of it is referred to the Competition Commission.

If the PD Ports Share Offer so lapses, the PD Ports Share Offer will cease to be capable of further acceptance and accepting PD Ports Shareholders and the Offeror shall cease to be bound by any PD Ports Share Offer Form of Acceptance submitted before the time when the PD Ports Share Offer lapses.

PART B

CONDITIONS AND FURTHER TERMS OF THE PD PORTS CONVERTIBLE BOND OFFER

The PD Ports Convertible Bond Offer, which will be made by Lexicon Partners on behalf of the Offeror, will comply with the City Code and will be governed by English law and be subject to the jurisdiction of the English courts. In addition, the PD Ports Convertible Bond Offer will be subject to the full terms and conditions to be set out in the Offer Document.

The PD Ports Convertible Bond Offer will be conditional on the PD Ports Share Offer becoming or being declared unconditional in all respects and will lapse immediately if the PD Ports Share Offer lapses or is withdrawn.

If the PD Ports Convertible Bond Offer lapses, it will cease to be capable of further acceptance and persons that have accepted the PD Ports Convertible Bond Offer and the Offeror will cease to be bound by acceptances delivered on or before the date on which the PD Ports Convertible Bond Offer so lapses.

APPENDIX II

Definitions

The following definitions apply throughout this announcement, unless the context requires otherwise.

“31 December 2005 Interest Payment”	has the meaning given to it in paragraph 3 of this announcement
“A\$”	Australian dollar
“Annual Report”	the annual report and accounts of PD Ports for the year ended 31 March 2005
“associated undertaking”, “subsidiary undertaking” and “undertaking”	have the meanings given to them by the Companies Act, but for these purposes ignoring paragraph 20(1b) of Schedule 4A of the Companies Act
“Australia”	the Commonwealth of Australia, its territories and possessions
“Authorisations”	has the meaning given to it in paragraph 4 of Appendix I
“Canada”	Canada, its provinces and territories and all areas subject to its jurisdiction
“Challenger Life”	Challenger Life No. 2 Limited
“CIF”	CIF Investment Trust 2
“City Code”	the City Code on Takeovers and Mergers
“Commencement of the Offer Period”	has the meaning given to it in paragraph 2 of this announcement
“Companies Act”	the Companies Act 1985 (as amended)
“Forms of Acceptance”	the PD Ports Convertible Bond Offer Form of Acceptance and the PD Ports Share Offer Form of Acceptance
“Hawkpoint”	Hawkpoint Partners Limited
“Holdco”	Endeavour Ports Holdings Limited, the parent company of the Offeror, wholly owned by IFM, CIF, Challenger Life and 3i Group
“IFM”	IFM (International Infrastructure) Wholesale Trust
“IFMNL”	Industry Funds Management (Nominees) Limited
“Interim Dividend”	has the meaning given to it in paragraph 2 of this announcement
“Investors”	IFM, CIF, Challenger Life and the 3i Investors
“Japan”	Japan, its cities and prefectures, territories and possessions
“Lexicon Partners”	Lexicon Partners Limited

“Loan Note Alternative”	the alternative available under the Offers under which PD Ports Shareholders and PD Ports Convertible Bondholders (other than certain overseas shareholders or bondholders) who validly accept the PD Ports Share Offer or the PD Ports Convertible Bond Offer may elect to receive Loan Notes instead of all or part of the cash consideration to which they would otherwise be entitled under the relevant Offer
“Loan Notes”	the cash collateralised loan notes to be issued by the Offeror pursuant to the Loan Note Alternative
“London Stock Exchange”	London Stock Exchange plc
“Offer Document”	the document to be despatched on behalf of the Offeror containing the terms and conditions of the Offers and/or, where appropriate, any other document(s), including, without limitation, any Form of Acceptance, containing terms and conditions of the Offers constituting the full terms and conditions of the Offers or by which the Offers are expressed to be made
“Offeror” or “Endeavour Ports”	Endeavour Ports Limited, a wholly owned subsidiary of Holdco, incorporated in the UK
“Offeror Group”	Holdco, Endeavour Ports and any other subsidiary or subsidiary undertaking of Holdco
“Offers”	the PD Ports Share Offer and the PD Ports Convertible Bond Offer
“PD Ports” or “Company”	PD Ports plc
“PD Ports Board” or “PD Ports Directors”	the board of directors of PD Ports
“PD Ports Convertible Bondholders”	holders of PD Ports Convertible Bonds
“PD Ports Convertible Bond Offer”	the recommended cash offer to be made by Lexicon Partners on behalf of the Offeror, to acquire the PD Ports Convertible Bonds on the terms and subject to the conditions to be set out in the Offer Document and the PD Ports Convertible Bond Offer Form of Acceptance including, where the context so requires, any subsequent revision, variation, extension or renewal of such offer
“PD Ports Convertible Bond Offer Form of Acceptance”	the form of acceptance, election and authority relating to the PD Ports Convertible Bond Offer which will accompany the Offer Document
“PD Ports Convertible Bond Offer Price”	147.5 pence per PD Ports Convertible Bond
“PD Ports Convertible Bonds”	the issued and outstanding 6 per cent. convertible bonds due 2009 of PD Ports which are convertible into PD Ports Shares in accordance with their terms of issue
“PD Ports Group”	PD Ports and its subsidiaries and subsidiary undertakings

“PD Ports Shareholders”	holders of PD Ports Shares
“PD Ports Share Offer”	the recommended cash offer to be made by Lexicon Partners on behalf of the Offeror, to acquire the PD Ports Shares on the terms and subject to the conditions to be set out in the Offer Document and the PD Ports Share Offer Form of Acceptance including, where the context so requires, any subsequent revision, variation, extension or renewal of such offer
“PD Ports Share Offer Form of Acceptance”	the form of acceptance, election and authority relating to the PD Ports Share Offer which will accompany the Offer Document
“PD Ports Share Offer Price”	140.5 pence per PD Ports Share
“PD Ports Share Option Plan”	the PD Ports Share Option Plan adopted on 3 July 2004
“PD Ports Shares”	the existing unconditionally allotted or issued and fully paid (or credited as fully paid) ordinary shares of 10 pence each in the capital of PD Ports and any further such shares which may be issued or unconditionally allotted (including pursuant to the exercise of conversion rights attaching to the PD Ports Convertible Bonds or the exercise of options granted prior to the date hereof under the PD Ports Share Option Plans) prior to the date of which the PD Ports Share Offer closes or, subject to the provisions of the City Code, by such earlier date as the Offeror may decide
“Panel”	the Panel on Takeovers and Mergers
“Pounds sterling” or “£”	UK pounds sterling (and references to “pence” shall be construed accordingly)
“RBS”	The Royal Bank of Scotland plc
“RBS Facility Agreement”	the agreement dated 29 November 2005 between Endeavour Ports and RBS under which the new facility to satisfy up to £75 million of the cash consideration under the Offers will be provided by RBS
“Regulatory Information Service”	any of the services set out in Appendix 3 to the Listing Rules made by the Financial Services Authority under Part VI of the Financial Services and Markets Act 2000 (as amended)
“Restricted Jurisdictions”	any of the United States, Australia, Canada or Japan or any jurisdiction where extension or acceptance of the Offers would violate the law of that jurisdiction
“Securities Act”	the US Securities Act of 1933, as amended
“substantial interest”	a direct or indirect interest in 20 per cent. or more of the voting equity capital of an undertaking
“3i Group”	3i Group plc

“3i Investors”	3i Group plc and 3i Primary Infrastructure 2005-06 LP
“Third Party”	has the meaning given to it in condition 3 of Appendix I
“UK” or “United Kingdom”	the United Kingdom of Great Britain and Northern Ireland
“US” or “United States”	the United States of America, its territories and possessions, any state of the United States and the District of Columbia
“Wider Offeror Group”	the Offeror Group, the shareholders of Holdco and any holding company or holding companies of such shareholders, their subsidiaries, subsidiary undertakings, associated undertakings and any other undertaking in which such shareholder, any holding company or holding companies of such shareholders and/or such subsidiaries or undertakings (aggregating their interest) have a substantial interest
“Wider PD Ports Group”	PD Ports and its subsidiary undertakings, associated undertakings and any undertakings in which PD Ports and/or such undertakings (aggregating their interest) have a substantial interest

APPENDIX III SOURCES AND BASES

Unless otherwise stated, the financial information relating to PD Ports has been extracted or derived, without material adjustment, from the interim results for PD Ports for the six months ended 30 September 2005.

The PD Ports Share Offer values the entire issued share capital of PD Ports at approximately £246 million, based on the PD Ports Share Offer Price of 140.5 pence in cash per PD Ports Share and 175 million PD Ports Shares being in issue (as sourced from the PD Ports' Rule 2.10 announcement of 19 October 2005).

The market prices of PD Ports Shares have been derived from the Daily Official List of the London Stock Exchange.

The PD Ports Convertible Bond Offer values the existing issued PD Ports Convertible Bonds at approximately £74 million, based on the PD Ports Convertible Bond Offer Price of 147.5 pence in cash per PD Ports Convertible Bond and 50 million PD Ports Convertible Bonds being in issue (as sourced from PD Ports' Rule 2.10 announcement of 19 October 2005).

The market prices of PD Ports Convertible Bonds have been derived from the Daily Official List of the London Stock Exchange.