

Report of the Directors and
Financial Statements
for the Year Ended 31 December 2007
for
Nortel Networks Properties Limited



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for the Year Ended 31 December 2007

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Company Information
for the Year Ended 31 December 2007

DIRECTORS: H Birt (resigned 31 March 2007)
S Rolston (appointed 1 April 2007)
D S Gill

SECRETARY: D S Gill

REGISTERED OFFICE: Maidenhead Office Park
Westacott Way
Maidenhead
BERKSHIRE
SL6 3QH

REGISTERED NUMBER: 710790 (England and Wales)

Report of the Directors
for the Year Ended 31 December 2007

The directors present their report with the financial statements of the Company for the year ended 31 December 2007

PRINCIPAL ACTIVITY

The Company has not traded during the year ended 31 December 2007

REVIEW OF BUSINESS AND FUTURE DEVELOPMENTS

The results for the year and financial position of the Company are as shown in the annexed financial statements. The Company has not traded during the year ended 31 December 2007 and is not expected to trade in the foreseeable future. All administrative expenses have been met by the Company's parent company, Nortel Networks UK Limited.

DIVIDENDS

No dividend is proposed for the year ending 31 December 2007 (2006 Nil)

DIRECTORS

The directors during the year under review were

H Birt	(resigned 31 March 2007)
S Rolston	(appointed 1 April 2007)
D S Gill	

The directors holding office at 31 December 2007 did not hold any beneficial interest in the issued share capital of the company and did not hold any declarable interests in any group company at 1 January 2007 or 31 December 2007.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

United Kingdom company law requires the directors to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the company as at the end of the financial period and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable accounting standards have been followed, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

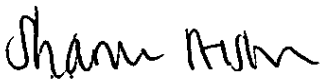
The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for the system of internal control, safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Report of the Directors
for the Year Ended 31 December 2007 (continued)

AUDITORS

For the year ended 31 December 2007 the company was entitled to exemption under section 249aa(1) of the Companies Act 1985

ON BEHALF OF THE BOARD:



Sharon Rolston - DIRECTOR

Date 21/04/08

Balance Sheet
31 December 2007

		<u>2007</u>		<u>2006</u>	
	Notes	£	£	£	£
CURRENT ASSETS:					
Debtors	3	<u>100</u>		<u>100</u>	
NET CURRENT ASSETS:		<u>100</u>		<u>100</u>	
TOTAL ASSETS LESS CURRENT LIABILITIES, BEING NET ASSETS:			<u>100</u>		<u>100</u>
CAPITAL AND RESERVES:					
Called up share capital	4		100		100
Profit and loss account			<u>-</u>		<u>-</u>
EQUITY SHAREHOLDERS' FUNDS			<u>100</u>		<u>100</u>

For the year ended 31 December 2007 the company was entitled to exemption under section 249aa(1) of the Companies Act 1985

No members have required the company to obtain an audit of its accounts for the year in question in accordance with Section 249b(2)

The directors acknowledge their responsibility for (i) ensuring the company keeps accounting records which comply with section 221 and (ii) preparing accounts which give a true and fair view of the state of affairs of the company as at the end of its financial year, and of its profit and loss for the financial year in accordance with section 226, and which otherwise comply with the requirements of the Companies Act relating to accounts, so far as applicable to the company

ON BEHALF OF THE BOARD:



Sharon Rolston - DIRECTOR

Approved by the Board on 21/04/08

Notes to the Financial Statements
for the Year Ended 31 December 2007

1 ACCOUNTING POLICIES

The particular policies adopted by the Directors are described below. These have been applied consistently throughout the current and preceding period.

Accounting convention

The financial statements have been prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards.

Presentation of financial information

In accordance with FRS 1 (Revised 1996), a Cash Flow Statement has not been included in the financial statements. The Company's ultimate parent undertaking includes a cash flow statement within its consolidated financial statements and these are publicly available (note 7).

2 OPERATING PROFIT

There are no audit fees for 2007 (2006: nil).

In 2006 and 2005, all directors were also directors of the other Group companies. The amount of their remuneration allocated in respect of services to the Company was £nil (2006: £nil). There were no other employees of the company in 2007 (2006: none).

3 DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2007 £	2006 £
Amounts owed by group undertakings	<u>100</u>	<u>100</u>

4 CALLED UP SHARE CAPITAL

		2007 £	2006 £
Authorised equity	Nominal value		
100 Ordinary	£1	<u>100</u>	<u>100</u>
Allotted, issued and fully paid equity	Nominal value		
100 Ordinary	£1	<u>100</u>	<u>100</u>

Notes to the Financial Statements
for the Year Ended 31 December 2007

5 RECONCILIATION OF MOVEMENTS IN EQUITY SHAREHOLDERS' FUNDS

	2007	2006
	£	£
As at 1 January	100	100
Dividend declared	-	-
Closing shareholders' funds	<u>100</u>	<u>100</u>

6 ULTIMATE PARENT COMPANY AND CONTROLLING PARTY

The Company's ultimate parent company and the parent undertaking of the largest group which includes the Company and for which group accounts are prepared is Nortel Networks Corporation, a company registered in Canada. The parent undertaking of the smallest such group is Nortel Networks UK Limited, a company registered in England. Copies of the group financial statements of Nortel Networks Corporation are available from Nortel Networks, One Brunswick Square, Atrium Suite 100, Saint John, New Brunswick, E2L 4VL, Canada. Copies of the group financial statements of Nortel Networks UK Limited are available from Companies House, Crown Way, Maindy, Cardiff, CF4 3UZ.

7 RELATED PARTY TRANSACTIONS

In accordance with Financial Reporting Standard No 8 "Related Party Disclosures", transactions with other group undertakings within, and investee related parties of, Nortel Networks Corporation have not been disclosed in these financial statements.