

NORTEL NETWORKS PROPERTIES LIMITED
(formerly Nortel Properties Limited)
DIRECTORS' REPORT AND ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 1999



NORTEL NETWORKS PROPERTIES LIMITED
(formerly Nortel Properties Limited)

REPORT OF THE DIRECTORS

FOR THE YEAR ENDED 31 DECEMBER 1999

The directors submit their annual report and accounts for the year ended 31 December, 1999.

PRINCIPAL ACTIVITY AND RESULTS

The Company has not traded during the year ended 31 December 1999. There has been no income or expenditure and therefore no change in the Company's position has arisen. Any expenses have been met by the Company's parent company, Nortel plc.

DIRECTORS

The following served as directors of the Company during the year:-

D J E Roberts
T G Hungle
I J Morgan

DIRECTORS' INTERESTS

The directors held no declarable interests in any Group company at 31 December 1999.

AUDITORS

Pursuant to Section 250 of the Companies Act 1985, a special resolution not to appoint auditors was passed on 18 March 1997.

BY ORDER OF THE BOARD

Registered Office:

Maidenhead Office Park
Westacott Way
Maidenhead
Berkshire
SL6 3QH

D J E Roberts

D J E Roberts
Secretary

12 October 2000

NORTEL NETWORKS PROPERTIES LIMITED
(formerly Nortel Properties Limited)

BALANCE SHEET at 31 December 1999

	Note	1999 £'000	1998 £'000
CURRENT ASSETS			
Debtors - Amounts owed by fellow subsidiary undertakings		30,898	30,898
		<hr/>	<hr/>
NET ASSETS		30,898	30,898
		<hr/>	<hr/>
CAPITAL AND RESERVES			
Called up share capital	2	-	-
Profit and loss account		30,898	30,898
		<hr/>	<hr/>
TOTAL CAPITAL EMPLOYED		30,898	30,898
		<hr/>	<hr/>

This Company was dormant (within the meaning of Section 250 of the Companies Act 1985) throughout the accounting reference period ended 31 December 1999.

These financial statements were approved by the Board of Directors on 12 October 2000.

Signed on behalf of the Board of Directors



D J E Roberts
 Director

The accompanying notes are an integral part of this balance sheet.

NORTEL NETWORKS PROPERTIES LIMITED
(formerly Nortel Properties Limited)

NOTES TO THE ACCOUNTS
for the year ended 31 December 1999

1. ACCOUNTING POLICIES

The financial statements have been prepared in accordance with applicable accounting standards. The particular accounting policy, which has been applied consistently, is set out below.

Basis of Accounting:

The financial statements have been prepared in accordance with the historical cost basis of accounting.

2. CALLED UP SHARE CAPITAL

The authorised share capital consists of 100 Ordinary shares of £1 each, which are allotted and fully paid.

3. ULTIMATE HOLDING COMPANY

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 Limited, a company registered in Canada. The parent undertaking of the smallest such group is Nortel Networks plc, a company registered in England. Copies of the group financial statements of Nortel Networks Limited are available from 8200 Dixie Road, Suite 100, Brampton, Ontario, L6T 5P6, Canada. Copies of the group financial statements of Nortel Networks plc are available from Companies House, Crown Way, Maindy, Cardiff, CF4 3UZ.