

NOTICE RELATING TO

**EUR 8,077,500,000 Class A Mortgage-Backed Floating Rate Notes due 2045
Issue Price 100 per cent.**

**EUR 472,500,000 Class B Mortgage-Backed Floating Rate Notes due 2045
Issue Price 100 per cent.**

**EUR 450,000,000 Class C Mortgage-Backed Floating Rate Notes due 2045
Issue Price 100 per cent.**

**EUR 117,000,000 Class D Mortgage-Backed Floating Rate Notes due 2045
Issue Price 100 per cent.**

issued by

PENATES FUNDING NV/SA

(Institutionele VBS naar Belgisch recht / SIC institutionnelle de droit belge)

acting through its Compartment PENATES-4

(the "Issuer")

1. This notice is dated as of 26 March 2012 and is only intended for information purposes regarding the amendments made to some of the Transaction Documents relating to the Notes (as defined below).
2. The Issuer has issued on 19 December 2011 EUR 8.077.500.000 Class A Mortgage Backed Floating Rate Notes due 2045, EUR 472.500,000 Class B Mortgage Backed Floating Rate Notes due 2045, EUR 450,000,000 Class C Mortgage Backed Floating Rate Notes due 2045, EUR 117,000,000 Class D Mortgage Backed Floating Rate Notes due 2045 (the "Notes"). The Class-A Notes have been admitted to trading on Euronext Brussels on 19 December 2011.
3. Notes issued by the Issuer can only be acquired, held by, and transferred to investors that qualify both as (i) an institutional or professional investor within the meaning of Article 5§3 of the Belgian Law of 20 July 2004 on certain forms of collective management of investment portfolios (*Wet betreffende bepaalde vormen van collectief beheer van beleggingsportefeuilles/Loi relative à certaines formes de gestion collective de portefeuilles d'investissement*), as amended from time to time that are acting for their own account, and (ii)(a) in respect of Class A Notes and Class B Notes a holder of an exempt securities account (referred to as an X-Account) with the Clearing System operated by the National Bank of Belgium or (directly or indirectly) with a participant in such system or (ii)in respect of Class C Notes and Class D Notes, a holder that certifies to the Issuer that it qualifies for an exemption from Belgian withholding tax on interest payments under the Class C Notes and the Class D Notes and shall comply with any procedural formalities necessary for the Issuer to obtain the authorisation to make a payment to which that holder is entitled without a tax deduction. The Issuer will suspend the payment of interest to any holder of securities that is not an eligible holder of these securities as set out above.

4. Capitalised terms not otherwise defined in this notice have the meaning given to them in the Prospectus for admission to trading on Euronext Brussels dated 13 December 2011.
5. The Issuer wishes to announce that, following the rating downgrade of Dexia Bank Belgium SA/NV by Fitch on 31 January 2012 (after having been put on Rating Watch Negative by Fitch on 20 December 2011) , the following amendments have been made to certain transaction documents relating to the Notes:

- (a) Paragraph (i) of subparagraph 4 (*Rating Events*) of Part 5 (*Other provisions*) of the Schedule to the Senior Swap Agreement will be deleted and replaced in its entirety with the following:

"(4) Rating Event

- (i) Fitch ratings downgrade
- (x) In the event (such event, an "***Initial Fitch Rating Event***") that, at any time (a) the short-term unsecured, unsubordinated and unguaranteed debt obligations of Party A and, if applicable, its Credit Support Provider are assigned a rating of less than "F2" by Fitch (or such rating which is otherwise acceptable to the Fitch or such lower rating according to its most recently published hedge counterparty criteria); or (b) the long-term unsecured, unsubordinated and unguaranteed debt obligations of Party A and, if applicable, its Credit Support Provider are assigned a rating of less than "BBB+" (or, in case rated "BBB+" by Fitch, are being put on Rating Watch Negative) by Fitch (or such rating which is otherwise acceptable to Fitch or such lower rating according to its most recently published hedge counterparty criteria)(such ratings, the "Fitch Ratings"); or (c) any such rating is withdrawn by Fitch, then Party A will at its own cost within fourteen (14) calendar days of such reduction or withdrawal of any such rating:
 - (A) post collateral in accordance with the Credit Support Annex into the Swap Collateral Account;

If however any remedial action or solution of paragraph (B), (C) or (D) below is satisfied at any time:

- (B) subject to subparagraph 9(B), transfer and assign its rights and obligations under the Senior Swap Agreement and the Transaction dated 19 December 2011 hereof between Party A and Party B to a Fitch Eligible Replacement; or
- (C) obtain a Fitch Eligible Replacement to unconditionally guarantee the obligations of Party A under this Agreement; or
- (D) find any other solution or take such other suitable action that will not, in and of itself and at that time, negatively impact the rating of the Class A Notes then outstanding,

Party A will not be required to post any collateral in respect of such Initial Fitch Rating Event and Party B shall return any collateral posted in accordance with the Credit Support Annex.

If Party A fails to post collateral or to take any other remedial measure or to find a solution in accordance with this subparagraph and such failure continues for ten (10) Business Days, such failure will not be or give rise to an Event of Default, but will constitute an Additional Termination Event with respect to Party A, with Party A as the sole Affected Party.

- (y) In the event (such event, a “*Subsequent Fitch Rating Event*”) that, at any time (a) the short-term unsecured, unsubordinated and unguaranteed debt obligations of Party A and, if applicable, its Credit Support Provider are assigned a rating of less than “F3” by Fitch (or such rating which is otherwise acceptable to Fitch or such lower rating according to its most recently published hedge counterparty criteria); or (b) the long-term unsecured, unsubordinated and unguaranteed debt obligations of Party A and if applicable, its Credit Support Provider are assigned a rating of less than “BBB-” by Fitch (or, in case rated “BBB-” by Fitch, are being put on Rating Watch Negative)(or such rating which is otherwise acceptable to Fitch or such lower rating according to its most recently published hedge counterparty criteria); or (c) any such rating is withdrawn by Fitch, then Party A will, at its own cost, within fourteen (14) calendar days of such reduction or withdrawal of any such rating:
 - (A) post collateral in accordance with the Credit Support Annex into the Swap Collateral Account (or, if at the time such Subsequent Fitch Rating Event occurs, Party A has posted collateral under the Credit Support Annex in accordance with subparagraph (x) above, following an Initial Fitch Rating Event, as the case may be, post additional collateral in accordance with the Credit Support Annex); and
 - (B) within thirty (30) calendar days of such reduction or withdrawal of any such rating use commercially reasonable efforts to:
 - (1) obtain a Fitch Eligible Replacement to guarantee the obligations of Party A under this Agreement; or
 - (2) subject to subparagraph 9(B), transfer and assign its rights and obligations under the Senior Swap Agreement and the Transaction dated 19 December 2011 hereof between Party A and Party B to a Fitch Eligible Replacement; or
 - (3) find any other solution or take such other suitable action that will not, in and of itself and at this time, negatively impact the rating of the Class A Notes then outstanding.

If any remedial action or solution of subparagraph (B) above is satisfied at any time, Party A will not be required to post any additional collateral in respect of such Subsequent Fitch Rating Event or, for the avoidance of doubt, in respect of any Initial Fitch Rating Event, and Party B shall return any collateral posted in accordance with the Credit Support Annex (unless, for the avoidance of doubt, such collateral needs to remain posted in accordance with the rating criteria of Moody's or DBRS).

If Party A fails to post collateral or to take any other remedial measure or find a solution in accordance with this subparagraph and such failure continues for ten Business Days, such failure will not be or give rise to an Event of Default but will constitute an Additional Termination Event with respect to Party A, with Party A as the sole Affected Party.

As used herein:

"Fitch Eligible Replacement" means an entity which has the Fitch Required Ratings. An entity shall have the **"Fitch Required Ratings"** where an entity has its short-term, unsecured and unsubordinated debt obligations assigned a rating not lower than "F2" by Fitch and its long-term, unsecured and unsubordinated debt obligations assigned a rating not lower than "BBB+" by Fitch (and, in case rated "BBB+", not being put on Rating Watch Negative)(or such lower ratings which are otherwise acceptable to Fitch or according to its most recently published hedge counterparty criteria).

- (b) In the Pledge Agreement, Clause 6.4. (*Rating and Issuer Account*) has been amended to read as follows:

"Rating and Issuer Accounts

The Issuer undertakes to the Security Agent that the Issuer Accounts shall at all times be maintained with a bank (i) whose unsecured, unsubordinated and unguaranteed short term debt obligations are rated not less than P1 by Moody's and F2 by Fitch and (ii) whose unsecured, unsubordinated and unguaranteed long term debt obligations are rated not less than BBB+ by Fitch (and, if rated BBB+, such rating is not put on Rating Watch Negative by Fitch) and A by DBRS (or assigned a credit view equivalent to a rating of not less than A by DBRS), or such other ratings (or, if applicable, credit views) which are otherwise acceptable to the Rating Agencies under (i) or (ii) or according to their most recent published counterparty criteria (the **Minimum Ratings**), which for the time being shall be the Account Bank, and shall not be changed without the prior written consent of the Administrator and the Security Agent, such consent not being unreasonably withheld or delayed. If (i) the Minimum Ratings are no longer satisfied in relation to the Account Bank or (ii) the Account Bank ceases to be authorised to conduct a banking business in Belgium, the Account Bank (thereby assisted by the Issuer) will (x) within 30 calendar days as from the moment referred to in (i) or (ii) above

transfer all the Issuer Accounts (other than the Share Capital Account, which can remain at DBB unless DBB ceases to be authorised to conduct business as a credit institution in Belgium) to another bank or banks approved in writing by the Security Agent, which have the Minimum Ratings and which are credit institutions authorised to conduct business in Belgium or (y) find any other solution or take any other suitable action that will not, in and of itself and at this time, negatively impact the rating of the Class A Notes then outstanding.”

- (c) In the Master Definitions Agreement the definition of "Minimum Rating" was amended to be read as follows:

“Minimum Ratings means in respect of any entity, (i) the short-term, unsecured, unsubordinated and unguaranteed debt obligations of such entity are rated not less than P1 by Moody’s and F2 by Fitch and (ii) the long term, unsecured, unsubordinated and unguaranteed debt obligations of such entity are not rated less than BBB+ by Fitch (or, if rated BBB+, such rating is not being put on Rating Watch Negative) and A by DBRS (or assigned a credit view equivalent of a rating of less than A) , or, in respect of Fitch and DBRS, such other ratings (or, in case of DBRS, credit view) which are otherwise acceptable to Fitch or DBRS or according to their most recent published counterparty criteria;”

- (d) In the Mortgage Loan Sale Agreement, clause 6.1 (a) and (b) have been deleted and replaced in its entirety with the following:

“6.1 In case, and for as long as the Class A Notes are outstanding,

- (a) the credit rating of the Seller’s short term, unsecured, unsubordinated and unguaranteed debt obligations falls below a rating of F2 by Fitch (or such rating which is otherwise acceptable to Fitch or according to its most recently published criteria) or such rating is withdrawn; or
- (b) the credit rating of the Seller’s long term, unsecured, unsubordinated and unguaranteed debt obligations falls below a rating of BBB+ by Fitch (or, if rated BBB+, such credit rating is put on Rating Watch Negative by Fitch) (or such rating which is otherwise acceptable to Fitch or according to its most recently published criteria) or such rating is withdrawn; or”

6. Copies of the transaction documents relating to the Notes, as well as the amendment agreements relating to the above mentioned amendments, are available for inspection at the specified offices of the Domiciliary Agent.
7. The Issuer accepts responsibility for the information included in this notice.
8. This notice shall be governed by and construed in accordance with Belgian law.

For further details, please contact:

Domiciliary Agent – (*Penates-4*)

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