



## Single Platform Investment Repackaging Entity SA

*(a public limited liability company (société anonyme) incorporated under the laws of Luxembourg with registered office at 51, avenue John F. Kennedy, L-1855 Luxembourg, having a share capital of EUR31,000, and duly registered with the Registre de Commerce et des Sociétés, Luxembourg with number B206430) ("SPIRE")*

### Secured Note Programme

This supplemental base prospectus (the "**Supplement**") is prepared in respect of a base prospectus dated 3 April 2019 (the "**Base Prospectus**") in respect of SPIRE's programme (the "**Programme**") for the issuance of secured notes ("**Notes**"). Terms defined in the Base Prospectus have the same meaning when used in this Supplement. This Supplement is supplemental to, and should be read in conjunction with, the Base Prospectus.

This Supplement constitutes a supplement for the purposes of Article 16 of Directive 2003/71/EC as amended (the "**Prospectus Directive**").

This Supplement has been approved by the Central Bank of Ireland (the "**Central Bank**"), as competent authority under the Prospectus Directive. The Central Bank only approves this Supplement as meeting the requirements imposed under Irish and EU law pursuant to the Prospectus Directive. This Supplement is available on the website of the Irish Stock Exchange plc, trading as Euronext Dublin ([www.ise.ie](http://www.ise.ie)).

SPIRE accepts responsibility for the information contained in this Supplement. To the best of the knowledge and belief of SPIRE (who has taken all reasonable care to ensure that such is the case) the information contained in this Supplement is in accordance with the facts and does not omit anything likely to affect the import of such information.

With effect from the date of this Supplement, the Base Prospectus shall be amended and supplemented in the manner described in this Supplement and each reference in the Base Prospectus to "Base Prospectus" shall be read and construed as a reference to the Base Prospectus as amended and supplemented by this Supplement.

To the extent that there is any inconsistency between (a) any statement in this Supplement or any statement incorporated by reference into the Base Prospectus by this Supplement and (b) any other statement in or incorporated by reference in the Base Prospectus, the statements referred to in (a) shall prevail.

Save as disclosed in this Supplement there has been no significant new factor, material mistake or inaccuracy relating to the information included in the Base Prospectus.

Dated: 2 August 2019

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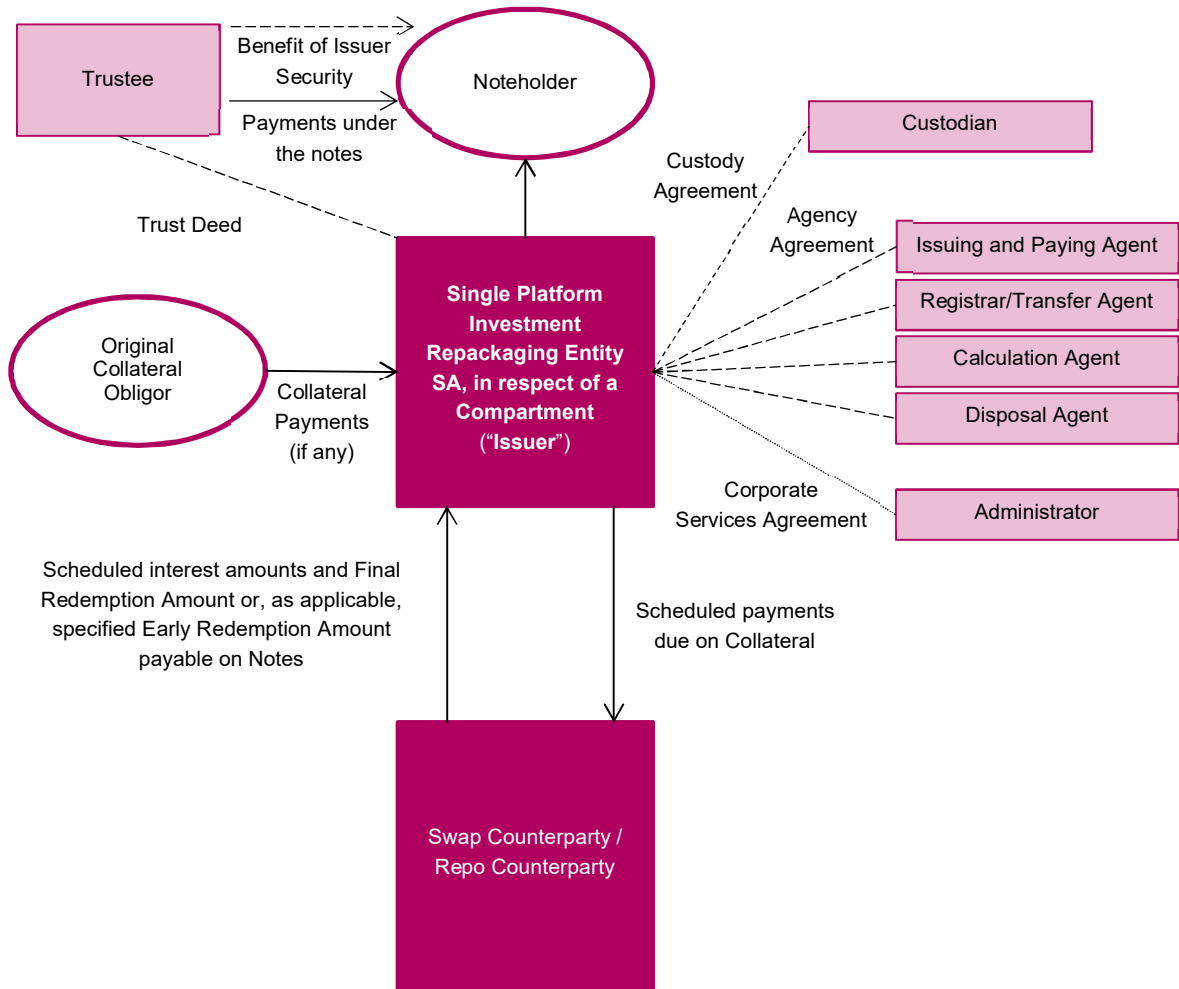
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**OVERVIEW OF THE PROGRAMME**

The section entitled “Overview of the Programme” (pages 8 to 18 inclusive) contained in the Base Prospectus shall be amended by adding the following at the end of the section:

**Transaction Structure Diagram**

The diagram below is intended to provide an overview of the structure of a standard repackaging transaction. Prospective Noteholders should also review the detailed information set out elsewhere in this Base Prospectus and the specific Series Prospectus for a description of the transaction structure and relevant cashflows prior to making any investment decision. In the diagram below dotted lines represent contractual relationships and solid lines represent cashflows.



## RISK FACTORS

The section entitled “Risk Factors” (*pages 19 to 61 inclusive*) contained in the Base Prospectus shall be deleted in its entirety and replaced with the following:

*The Issuer believes that the following factors may affect its ability to fulfil its obligations under the Notes issued under the Programme.*

*Factors which the Issuer believes may be material for the purpose of assessing the market risks associated with Notes issued under the Programme are also described below.*

*The Issuer believes that the factors described below represent the principal risks inherent in investing in Notes issued under the Programme, but the inability of the Issuer to pay interest, principal or other amounts on or in connection with any Notes may occur for other reasons and the Issuer does not represent that the statements below regarding the risks of holding any Notes are exhaustive. Prospective investors should also read the detailed information set out elsewhere in this Base Prospectus (including any documents incorporated by reference herein) and the applicable Accessory Conditions, and reach their own views prior to making any investment decision.*

### 1 Risks relating to SPIRE and the Issuer

#### (a) **Securitisation Act 2004 and Compartments**

SPIRE is a special purpose vehicle incorporated as a public limited liability company (*société anonyme*) under the laws of Luxembourg and has the status of an unregulated securitisation undertaking (*société de titrisation*) within the meaning of the Securitisation Act 2004.

For further information, see the section of this Base Prospectus titled “*Description of SPIRE - Securitisation Act 2004 and Compartments*”.

The rights of Noteholders and other Secured Creditors against SPIRE in respect of a Series are limited to the assets in respect of the corresponding Compartment. However, Noteholders may be exposed to competing claims of other creditors of SPIRE if foreign courts or regulators which have jurisdiction over assets of SPIRE allocated to a Compartment do not recognise the segregation of assets and the compartmentalisation, as provided for in the Securitisation Act 2004. The claims of these other creditors may affect the scope of assets which are available for the claims of Noteholders and those of the other Secured Creditors.

The assets of each Compartment may include the proceeds of the issue of the Notes of the relevant Series and the Collateral. The fees, costs and expenses in relation to the Notes of each Series are allocated to the Compartment relating to the relevant Series in accordance with the Conditions and the Articles.

Noteholders of a Series will have recourse only to the Mortgaged Property relating to the relevant Series.

#### (b) **SPIRE is a special purpose vehicle**

SPIRE is a special purpose vehicle established for the purpose of issuing asset backed securities within the limits of the Securitisation Act 2004. The Issuer has covenanted (amongst other things) that, so long as any Note is outstanding, it will not, except as otherwise provided for or contemplated in the Conditions or any Transaction Document, engage in any business, subject always to the restrictions set out in the Trust Deed and the Conditions.

For further information on the restrictions on the Issuer’s activities, see the section of the Base Prospectus entitled “*Description of SPIRE – Special Purpose Vehicle*”.

As such, the Issuer has, and will have, no assets other than such fees (as agreed) payable to it in connection with the issue of Notes or entry into other Obligations from time to time and any Mortgaged Property and any other assets on which Notes or other Obligations are secured.

(c) **Consequences of winding-up proceedings**

SPIRE is structured to be an insolvency-remote vehicle.

SPIRE shall only contract with parties who agree not to make any application for the commencement of winding-up, or bankruptcy or similar proceedings against SPIRE. Legal proceedings initiated against SPIRE in breach of these provisions shall, in principle, be declared inadmissible by a Luxembourg court.

However, if SPIRE fails for any reason to meet its obligations or liabilities, a creditor who has not (and cannot be deemed to have) accepted non-petition and limited recourse provisions in respect of SPIRE is entitled to make an application for the commencement of insolvency proceedings against SPIRE.

Furthermore, the commencement of such proceedings may, in certain conditions, entitle creditors to terminate contracts with SPIRE and claim damages for any loss suffered as a result of such early termination.

SPIRE is insolvency-remote, not insolvency-proof.

(d) **Evolution of international fiscal policy**

Luxembourg has concluded a number of double taxation treaties with other states. It may be necessary or desirable for SPIRE to seek to rely on such treaties particularly in respect of income and gains of the Issuer. Whilst each double taxation treaty needs to be considered individually taking into account fiscal practices primarily of the country from whom relief is sought, a number of requirements need to be met. These requirements may include ensuring that an entity is resident in Luxembourg, is subject to taxation on income and gains in Luxembourg and is also the beneficial owner of such income and gains. Fiscal policy and practice is constantly evolving and at present the pace of evolution has quickened due to a number of developments which include, but are not limited to, the Organisation for Economic Co-operation and Development (“OECD”) base erosion and profit shifting project. Any fiscal policy change may or may not be accompanied by a formal announcement by any fiscal authority or the OECD. As a result, there can be no certainty that SPIRE will be able to rely on double tax treaties because fiscal practice in relation to the construction of double tax treaties and the operation of the administrative processes surrounding those treaties may be subject to change. For example, fiscal practice could evolve such that SPIRE could be regarded as not being the beneficial owner because the overriding commercial object of SPIRE is to allocate income and gains, less certain expenses and losses, for the benefit of Noteholders, and SPIRE is entitled to a tax deduction in respect of that allocation and, as such, SPIRE would not be able to rely on a double taxation treaty on its own behalf. Also, upon the entry into force of the Multilateral Convention to Implement Tax Treaty Related Measures to Prevent Base Erosion and Profit Shifting (“BEPS”) signed on 7 June 2017, participating jurisdictions may require the principal purpose test to be met in order to benefit from a double taxation treaty. Luxembourg has adopted the Multilateral Convention to Implement Tax Treaty Related Measures to prevent BEPS under the Law of 7 March 2019 and deposited its instrument of ratification with the OECD on 9 April 2019. Such changes may result in the Notes being the subject of an early redemption. See the risk factor titled “*Risks relating to the Notes – Early redemption for Events of Default, tax or other reasons*” below.

**(e) Impact of anti-tax avoidance directive on Luxembourg securitisation companies**

The Council Directive (EU) 2016/1164 of 12 July 2016 laying down rules against tax avoidance practices that directly affect the functioning of the internal market dated 12 July 2016 was transposed into Luxembourg domestic law by the law of 21 December 2018 (“**ATAD I**”) and entered into force on 1 January 2019. ATAD I has been amended by the Council Directive (EU) 2017/952 of 29 May 2017, which still has to be implemented under Luxembourg Law (“**ATAD II**”, and together with ATAD I, “**ATAD**”).

ATAD introduces a new framework that limits the deduction of interest and other deductible payments and charges for Luxembourg companies subject to corporate income tax (such as the Issuer). Whilst (i) ATAD may be subject to future amendment by the relevant Luxembourg authorities and (ii) the impact of ATAD on SPIRE is not yet clear, ATAD may result in corporate income tax being effectively imposed and due on SPIRE to the extent that SPIRE derives income other than interest income or income equivalent to interest from its underlying assets and transactions or, as the case may be, if the Notes issued by SPIRE qualify for tax purposes as hybrid financial instruments. Where ATAD results in denying the tax deductibility of a portion of the interest accrued on the Notes, this could lead to an early redemption of the Notes and any tax payable by the Issuer as a result of ATAD could reduce the Early Redemption Amount payable to Noteholders.

**(f) FATCA and the possibility of U.S. withholding tax on payments****(i) Background**

Pursuant to certain provisions of U.S. law, commonly known as FATCA, a withholding tax is imposed on (i) certain U.S. source payments and (ii) beginning on the date that is two years after the date of publication in the U.S. Federal Register of final regulations defining the term “foreign passthru payment”, payments made by “foreign financial institutions” that are treated as foreign passthru payments. This withholding tax is imposed on such payments made to persons that fail to meet certain certification, reporting, or related requirements. SPIRE is a foreign financial institution for these purposes. A number of jurisdictions (including Luxembourg) have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA (“**IGAs**”), which modify the way in which FATCA applies in their jurisdictions. Certain aspects of the application of FATCA to instruments or agreements such as the Collateral, the Swap Agreement, the Repo Agreement and the Notes, including whether withholding on foreign passthru payments would ever be required pursuant to FATCA or an IGA with respect to payments on instruments or agreements such as the Collateral, the Swap Agreement, the Repo Agreement and/or the Notes, are uncertain and may be subject to change.

**(ii) Possible impact on payments on Original Collateral or under the Swap Agreement or the Repo Agreement (if any)**

If SPIRE or the Issuer, as appropriate, fails to comply with its obligations under FATCA (including the IGA entered into between Luxembourg and the United States to implement FATCA and any IGA legislation thereunder), it may be subject to FATCA Withholding on all, or a portion of, payments it receives with respect to the Original Collateral, the Swap Agreement or the Repo Agreement (in each case, if any). Any such withholding would, in turn, result in the Issuer having insufficient funds from which to make payments that would otherwise have become due in respect of the Notes, the Swap Agreement or the Repo Agreement with respect to a Series. No other funds will be available to the Issuer or any other Transaction Party to make up any such shortfall and, as a result, the Issuer may not have sufficient funds to satisfy its payment obligations to Noteholders. Additionally, if payments to the Issuer in respect of the Original Collateral are, will become or are deemed on any test

date to be subject to FATCA Withholding, the Notes will be subject to early redemption (see the risk factor titled “*Risks relating to the Notes – Early redemption for Events of Default, tax or other reasons*” below). No assurance can be given that SPIRE or the Issuer, as appropriate, can or will comply with its obligations under FATCA or that SPIRE or the Issuer, as appropriate, will not be subject to FATCA Withholding.

(iii) **Possible redemption of the Notes**

If the Issuer determines that any Noteholder, Couponholder or beneficial owner of Notes has failed to provide sufficient forms, documentation or other information in accordance with Conditions 12(b) (*Provision of Information*) or 12(c) (*U.S. Withholding Notes*) such that any payment received by the Issuer may be subject to a deduction or withholding or the Issuer may suffer a fine or penalty, in each case, pursuant to an Information Reporting Regime, the Notes shall redeem early at their Early Redemption Amount (as further described in the risk factor titled “*Risks relating to the Notes – Early redemption for Events of Default, tax or other reasons*” below).

FATCA is particularly complex and its application to SPIRE or the Issuer (as appropriate), the Notes and the Noteholders is subject to change.

(g) **Information reporting obligations and FATCA Amendments**

Information relating to the Notes, their holders and beneficial owners may be required to be provided to tax authorities in certain circumstances pursuant to domestic or international reporting and transparency regimes (including, without limitation, in relation to FATCA). This may include (but is not limited to) information relating to the value of the Notes, amounts paid or credited with respect to the Notes, details of the holders or beneficial owners of the Notes and information and documents in connection with transactions relating to the Notes. In certain circumstances, the information obtained by a tax authority may be provided to tax authorities in other countries. Some jurisdictions operate a withholding system in place of, or in addition to, such provision of information requirements. Pursuant to the Conditions and subject to certain limitations, a holder or beneficial owner of Notes is required to provide information reasonably requested by the Issuer and/or any agent acting on behalf of the Issuer for purposes of the Issuer’s, SPIRE’s or such agent’s compliance with applicable information reporting regimes. If, for a Series, any Noteholder or beneficial owner fails to provide any information so requested by the Issuer, the Issuer may withhold amounts from Noteholders (including intermediaries through which such Notes are held) or such Series may be the subject of an early redemption.

Additionally, the Issuer is permitted, subject to the fulfilment of certain requirements set out in Condition 12(d) (*FATCA Amendments*), to make any amendments (other than an amendment that would require a “special quorum resolution” as defined in the Trust Deed) to the terms of the Notes, the Swap Agreement, the Repo Agreement and any other Transaction Document (except for the Programme Deed) as may be necessary to enable the Issuer to comply with its obligations under FATCA (including the IGA entered into between Luxembourg and the United States to implement FATCA and any IGA legislation thereunder) or its obligations under any legislation or agreements relating to any applicable Information Reporting Regime and any such amendment will be binding on the Noteholders and the Couponholders.

Neither a Noteholder nor a beneficial owner of Notes will be entitled to any additional amounts if FATCA Withholding or any other withholding or deduction or charge in connection with an Information Reporting Regime is imposed on any payments on or with respect to the Notes. As a result, Noteholders may receive less interest or principal, as applicable, than expected.

Each Noteholder should consult its own tax adviser to obtain a more detailed explanation of FATCA and the other Information Reporting Regimes and to learn how FATCA and the other Information Reporting Regimes might affect such Noteholder in light of its particular circumstances.

(h) **U.S. Withholding Notes**

For background on U.S. Withholding Notes, see the section of this Base Prospectus titled “*Taxation – U.S. Withholding Notes*”.

If there is a deduction or withholding in respect of payments on the Notes for or on account of any U.S. withholding tax, Noteholders will not be entitled to either receive grossed-up amounts to compensate for such withholding tax or be reimbursed for the amount of any shortfall (as further described in the risk factor titled “*Risks relating to the Notes – No gross-up*” below).

The Issuer also may be subject to U.S. withholding tax on all, or a portion of, payments it receives or is deemed to receive with respect to the Collateral, the Swap Agreement or the Repo Agreement (in each case, if any) if investors in U.S. Withholding Notes fail to provide U.S. tax forms and withholding is not applied on payments to such investors. Any such withholding would, in turn, result in the Issuer having insufficient funds from which to make payments that would otherwise have become due in respect of the Notes, the Swap Agreement or the Repo Agreement with respect to a Series. No other funds will be available to the Issuer or any other Transaction Party to make up any such shortfall and, as a result, the Issuer may not have sufficient funds to satisfy its payment obligations to Noteholders. It is possible that the U.S. Internal Revenue Service would seek to collect that tax from assets of other Series or payments made on Notes of other Series. Additionally, if payments to the Issuer in respect of the Original Collateral, the Swap Agreement or the Repo Agreement in respect of a U.S. Withholding Note are subject to U.S. withholding tax, the Notes will be subject to early redemption (see the risk factor titled “*Risks relating to the Notes – Early redemption for Events of Default, tax or other reasons*” below).

(i) **Regulation of the Issuer by any regulatory authority**

Save for registration with the *Registre de Commerce et des Sociétés, Luxembourg*, the Issuer is not required to be licensed, registered or authorised under any current securities, commodities, insurance or banking laws or regulations of its jurisdiction of incorporation. There is no assurance, however, that in the future such regulatory authorities would not take a contrary view regarding the applicability of any such laws or regulations to the Issuer. There is also no assurance that the regulatory authorities in other jurisdictions would not require the Issuer to be licensed or authorised under any securities, commodities, insurance or banking laws or regulations of those jurisdictions. Any requirement to be licensed or authorised could have an adverse effect on the Issuer and could give rise to circumstances that could result in the early redemption of the Notes, which may prove to be adverse to the holders of the Notes.

(j) **No registration as investment company**

SPIRE has not been registered as an investment company under the Investment Company Act. No opinion or no-action position has been requested of the U.S. Securities and Exchange Commission (the “**SEC**”) in respect of such non-registration. If the SEC or a court of competent jurisdiction were to find that SPIRE is required to register as an investment company but, in violation of the Investment Company Act, had failed to do so, possible consequences include, but are not limited to, the SEC applying to enjoin the violation, Noteholders suing SPIRE to recover any damages caused by the violation and any contract to which SPIRE is a party made in violation or whose performance involves a violation of the Investment Company Act being unenforceable unless enforcing such contract would produce a more equitable result. Should SPIRE be subjected to any or all of the foregoing or to any other consequences, SPIRE would be materially and adversely affected.



## 2 Risks relating to the Notes

### (a) Amounts payable to Noteholders on early redemption

The amount payable to a Noteholder on an early redemption will be an amount per Note equal to the Early Redemption Amount, being either: (i) with respect to Notes issued by way of Pricing Terms, the amount specified as such in the applicable Pricing Terms (or the amount determined in accordance with the formula or method for determining such amount specified therein) or (ii) if no such amount is specified in the applicable Pricing Terms, or with respect to Notes issued by way of Final Terms, such Note's pro rata share of (A) the proceeds of liquidation or realisation of the Collateral and any other assets in respect of the relevant Series available to the Issuer plus (B) any early termination payment under the Swap Agreement payable by the Swap Counterparty to the Issuer and/or any early termination payment under the Repo Agreement payable by the Repo Counterparty to the Issuer minus (C) any early termination payment under the Swap Agreement payable by the Issuer to the Swap Counterparty and/or any early termination payment under the Repo Agreement payable by the Issuer to the Repo Counterparty.

The Noteholders will be paid such amounts after payment of any priority claims in accordance with the Conditions. There is no assurance that in such circumstances the proceeds available following payment of any such priority claims will be sufficient to pay in full the amounts that holders of the relevant Notes would expect to receive if the Notes redeemed in accordance with their terms on their Maturity Date or that such holders will receive back the amount they originally invested.

The Noteholders will be exposed to the market value of the Collateral, the Swap Agreement and the Repo Agreement (for a consideration of factors that may impact such values see the risk factor titled "*Risks relating to the Notes – Market value of Notes*" below).

### (b) Limited recourse obligations

The Notes are direct, secured, limited recourse obligations of the Issuer payable solely out of the Mortgaged Property over which security is given by the Issuer in favour of the Trustee on behalf of the Noteholders and other Secured Creditors. Payments due in respect of the Notes will be made solely out of amounts received by or on behalf of the Issuer in respect of the Mortgaged Property. The Issuer will have no other assets or sources of revenue available for payment of any of its obligations under the Notes. No assurance can be made that the proceeds available for and allocated to the repayment of the Notes at any particular time will be sufficient to cover all amounts that would otherwise be due and payable in respect of the Notes. If the proceeds of the Liquidation of the Collateral received by the Disposal Agent or the realisation of the Security received by the Trustee for the benefit of the Noteholders prove insufficient to make payments on the Notes, no other assets will be available for payment of the shortfall, and, following distribution of the proceeds of such Liquidation or realisation, any outstanding claim, debt or liability against the Issuer in relation to the Notes remains unpaid, then such outstanding claim, debt or liability shall be extinguished and no debt shall be owed by the Issuer in respect thereof.

Further, only the Trustee may pursue remedies against the Issuer for any breach by the Issuer of the terms of the Trust Deed, the Notes or the Coupons and no Noteholder or Couponholder shall be entitled to proceed directly against the Issuer unless the Trustee, having become bound to proceed in accordance with the terms of the Trust Deed, fails to do so within a reasonable period and such failure is continuing. In addition, in respect of any failure by the Issuer to make payment of the Final Redemption Amount and/or any interest or Instalment Amount that became due and payable on the Maturity Date, the Trustee may not pursue any remedies against the Issuer for any breach by the Issuer of the terms of the Trust Deed, the Notes or the Coupons until after the Relevant Payment Date, which is the 15th Reference Business Day after the Maturity Date, and the Trustee shall have no liability to any person for any loss which may arise from such delay.

In addition, only the Trustee may enforce the Security over the Mortgaged Property in accordance with, and subject to, the terms of the Trust Deed.

No person other than the Issuer will be obliged to make payments on the Notes.

(c) **Non-petition**

The Noteholders may not, at any time, institute, or join with any other person in bringing, instituting or joining, insolvency, administration, bankruptcy, winding-up or any other similar proceedings (whether court-based or otherwise) in relation to the Issuer, SPIRE or any of its officers, shareholders, members, incorporators, corporate service providers or directors or any of its assets.

(d) **If Notes are represented by a Global Note or a Global Certificate, investors will have to rely on the procedures of Euroclear and/or Clearstream, Luxembourg for transfer, payment and communication with the Issuer**

Notes issued under the Programme may be (but, for the avoidance of doubt, are not required to be) represented by a Global Note or a Global Certificate. Such Global Notes or Global Certificates will be deposited with a common depository for Euroclear and/or Clearstream, Luxembourg. Except in the circumstances described in the relevant Global Note or Global Certificate, investors will not be entitled to receive definitive Notes or Certificates. Euroclear and/or Clearstream, Luxembourg and their respective direct and indirect participants will maintain records of the beneficial interests in the Global Notes or Global Certificates. While the Notes are represented by a Global Note or a Global Certificate, investors will be able to trade their beneficial interests only through Euroclear and/or Clearstream, Luxembourg and their respective participants.

While the Notes are represented by a Global Note or a Global Certificate, the Issuer will discharge its payment obligations under the Notes by making payments to the common depository for Euroclear and/or Clearstream, Luxembourg for distribution to their account holders. A holder of a beneficial interest in a Global Note or a Global Certificate must rely on the procedures of Euroclear and/or Clearstream, Luxembourg to receive payments under the relevant Notes. The Issuer has no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in Global Notes or Global Certificates.

Holders of beneficial interests in a Global Note or a Global Certificate will not have a direct right to vote in respect of the relevant Notes so represented. Instead, such holders will be permitted to act only to the extent that they are enabled by Euroclear and/or Clearstream, Luxembourg and their respective participants to appoint appropriate proxies. Similarly, holders of beneficial interests in a Global Note or a Global Certificate will not have a direct right under such Global Note or Global Certificate to take enforcement action against the Issuer in the event of a default under the relevant Notes but will have to rely upon their rights under the Trust Deed.

(e) **Meetings of Noteholders, electronic consent and written resolutions**

The Trust Deed contains provisions for calling meetings of Noteholders to consider any matter affecting their interests generally and to obtain written resolutions on matters relating to the Notes from Noteholders without calling a meeting. A written resolution signed by or on behalf of the holders of at least 75 per cent. of the aggregate principal amount of the Notes then outstanding shall, for all purposes, be as valid and effective as an Extraordinary Resolution passed at a meeting of Noteholders duly convened and held.

In certain circumstances, where the Notes are held by or on behalf of a clearing system or clearing systems, the Issuer and the Trustee will be entitled to rely upon approval of a resolution proposed by the Issuer or the Trustee (as the case may be) given by way of electronic consents communicated through the electronic communication systems of the relevant clearing system(s) in accordance with

their operating rules and procedures by or on behalf of the holders of at least 75 per cent. of the aggregate principal amount of the Notes then outstanding, and such electronic consents shall, for all purposes, be as valid and effective as an Extraordinary Resolution passed at a meeting of Noteholders duly convened and held.

A written resolution or an electronic consent described above may be effected in connection with any matter affecting the interests of Noteholders, including modifying the maturity date of the Notes or any date for payment of interest thereof, reducing or cancelling the amount of principal or the rate of interest payable in respect of the Notes or directing the Trustee to accelerate the Notes following the occurrence of an Event of Default, that would otherwise be required to be passed at a meeting of Noteholders satisfying a special quorum in accordance with the provisions of the Trust Deed. These provisions permit defined majorities to bind all Noteholders including Noteholders who did not attend and vote at the relevant meeting or in respect of the relevant resolution (or participate in the written resolution or electronic consent, as the case may be) and Noteholders who voted in a manner contrary to the majority (either in a meeting or by written resolution or electronic consent). Consequently, the rights of a holder of less than 25 per cent. of the aggregate principal amount of the Notes then outstanding, or a Noteholder who does not attend and vote at a meeting or participate in respect of a resolution or consent irrespective of its holding, may be varied in a manner that is adverse to its wishes and/or interests.

(f) **Modification, waivers and substitution**

The Trustee may, without the consent of the Noteholders or the Couponholders, (i) agree to any modification to the Conditions, the Trust Deed or any other Transaction Document that is, in the opinion of the Trustee, of a formal, minor or technical nature or is made to correct a manifest error, (ii) agree to any modification to (except as set out in the Trust Deed), and any waiver or authorisation of, any breach or proposed breach by the Issuer of the Conditions, the Trust Deed or any other Transaction Document that is, in each case, in the opinion of the Trustee, not materially prejudicial to the interests of the Noteholders, (iii) determine that an Event of Default, Potential Event of Default or Enforcement Event shall not be treated as such, provided that, in the Trustee's opinion, the interests of the Noteholders will not be materially prejudiced thereby or (iv) agree to the substitution of another entity as the principal debtor under any Notes in place of the Issuer.

An Affected Dealer or an Expelled Dealer can request that the Issuer effect a substitution of itself in respect of a Series without the consent of the Noteholders or the Couponholders. For the purposes of this paragraph, a Dealer shall be an "**Affected Dealer**" if:

- (i) such Dealer or one of its Affiliates that acts on the Programme is reasonably likely to (a) suffer reputational damage through continued participation in the Programme or (b) bear additional costs or regulatory compliance burdens or breach any agreement or applicable law or regulation, in each case as a result of the actions taken by one or more of the other Programme Dealers, the Programme Calculation Agents, the Programme Disposal Agents, the Programme Repo Counterparties or the Programme Swap Counterparties (but in each case excluding actions of an entity that is an Affiliate of the affected Programme Dealer), SPIRE or an Issuer;
- (ii) such Dealer determines it to be advisable or recommended, in order to avoid any negative consequences when one or more of the other Programme Dealers is expelled from the Programme and does not effect a substitution of the Issuer or novation of the Swap Agreement or the Repo Agreement, in each case in respect of each Series for which such expelled Programme Dealer acts as the Dealer, to effect such a substitution or novation in respect of each Series for which it acts as the Dealer; or

- (iii) any change in applicable law or regulation would have, or be reasonably likely to have, a material adverse effect on the operation of the limited recourse and/or non-petition provisions applicable to any Series,

and a Dealer will become an “**Expelled Dealer**” if a notice, signed by certain non-affiliated Programme Dealers has been given to SPIRE stating that such Programme Dealer is an Expelled Dealer.

Any such substitution must satisfy certain conditions, including without limitation that (i) the substituted company is a special purpose vehicle incorporated as a public limited liability company (*société anonyme*) under the laws of Luxembourg and has the status of an unregulated securitisation undertaking (*société de titrisation*) within the meaning of the Securitisation Act 2004, (ii) the Notes must continue to be admitted to trading, (iii) the identity of the Trustee remains the same, (iv) the identity of the Agents and the Custodian remain the same or certain other pre-approved agents are appointed, (v) the terms of the Notes and the Transaction Documents must not be amended except to reflect the change in identity of the Issuer, (vi) the type and amount of the Original Collateral remains the same, (vii) Rating Agency Affirmation has been received at the time of the substitution from each Rating Agency (if any) then rating the outstanding Notes at the request of the Issuer and (viii) the applicable Transaction Parties’ “know your customer” requirements have been satisfied. Notwithstanding these conditions, Noteholders in respect of any Series where the Issuer is substituted may nevertheless suffer losses arising out of the substitution process and shall be exposed to the creditworthiness of the substituted company. As the substituted company will also be a special purpose vehicle under the Securitisation Act 2004, claims against that substituted company by the Secured Creditors (including the Noteholders) in respect of such Series will be limited to the net proceeds of the Mortgaged Property for that particular Series which has been included in the relevant compartment of that substituted company.

(g) **Trustee indemnity and remuneration**

In certain circumstances, the Noteholders may be dependent on the Trustee to take certain actions in respect of a Series, in particular if the Security in respect of such Series becomes enforceable under the Conditions. Prior to taking such action, the Trustee may require to be indemnified and/or secured and or pre-funded to its satisfaction. If the Trustee is not indemnified and/or secured and/or pre-funded to its satisfaction it may decide not to take such action and such inaction will not constitute a breach by it of its obligations under the Trust Deed. Consequently, the Noteholders would have to either arrange for such indemnity and/or security and/or pre-funding or accept the consequences of such inaction by the Trustee. Noteholders should be prepared to bear the costs associated with any such indemnity and/or security and/or pre-funding and/or the consequences of any such inaction by the Trustee. Such inaction by the Trustee will not entitle Noteholders to take action directly against the Issuer or the Trustee to pursue remedies for any breach by the Issuer of the Trust Deed, the Notes or the Coupons (although the events giving rise to the need for the Trustee to take action might also permit the Noteholders to exercise certain rights directly under the Conditions).

So long as any Note is outstanding, the Issuer shall pay the Trustee remuneration for its services. Such remuneration may reduce the amount payable to Noteholders.

(h) **Noteholders required to take action in certain circumstances**

In certain circumstances the Noteholders may need to take collective action in order to exercise rights granted to them in the Conditions. In particular, for a Series:

- (i) in the case of an Event of Default in respect of the Notes, there will be no early redemption of the Notes unless the Trustee exercises its discretion to declare an early redemption or is

directed to declare an early redemption by an Extraordinary Resolution of the holders of the Notes (provided, in each case, the Trustee is indemnified and/or secured and/or pre-funded to its satisfaction);

- (ii) in the case of a Swap Counterparty Bankruptcy Event or a Repo Counterparty Bankruptcy Event, there will be no early redemption of the Notes unless the Issuer is directed to declare an early redemption by an Extraordinary Resolution of the holders of the Notes;
- (iii) in the case of a Swap Agreement Event or a Repo Agreement Event, there will be no early redemption of the Notes unless the Trustee (and consequently the Issuer) is directed by an Extraordinary Resolution of the holders of the Notes to terminate the Swap Agreement or the Repo Agreement;
- (iv) in the case of an Enforcement Event, there will be no enforcement of the Security unless the Trustee exercises its discretion to enforce the Security or is (i) requested to enforce the Security in writing by holders of at least 20 per cent. of the aggregate principal amount of the Notes then outstanding, (ii) directed to enforce the Security by an Extraordinary Resolution of the holders of the Notes or (iii) directed to enforce the Security in writing by the Swap Counterparty or the Repo Counterparty (whichever shall be the first to so request or direct) (provided, in each case, the Trustee is indemnified and/or secured and/or pre-funded to its satisfaction); and
- (v) in the case of a Calculation Agent Bankruptcy Event or a Disposal Agent Bankruptcy Event, the Issuer may need to be directed by an Extraordinary Resolution of the holders of the Notes to appoint a substitute Calculation Agent (to enable certain calculations to be made in respect of the Notes) or Disposal Agent (to enable liquidation of the Collateral), as the case may be.

(i) **Priority of claims**

Following a Liquidation and on an enforcement of the Security, the rights of the Noteholders to be paid amounts due under the Notes will be subordinated to (i) amounts owing to the Swap Counterparty and the Repo Counterparty representing the return of its excess collateral transferred under the Credit Support Annex or the Repo Agreement (as applicable) and/or manufactured distributions thereon, (ii) the Issuer's share of the payment or satisfaction of all taxes owing by SPIRE, (iii) the fees, costs, charges, expenses and liabilities incurred by the Trustee (including costs incurred in the enforcement of the Security, any taxes to be paid and the Trustee's remuneration), (iv) certain amounts owing to the Custodian, amounts owing to the Issuing and Paying Agent in respect of reimbursement for sums paid by them in advance of receipt by them of the funds to make such payment, and the fees, costs, charges, expenses and liabilities due and payable to the Agents and the Custodian, (v) the fees of the Disposal Agent, (vi) amounts owing to the Swap Counterparty under the Swap Agreement and amounts owing to the Repo Counterparty under the Repo Agreement and (vii) any other claims as specified in the Conditions, as may be amended by the Trust Deed relating to the relevant Series, that rank in priority to the Notes.

(j) **No gross-up**

If any withholding tax or deduction for tax is imposed on payments on or in respect of the Notes (as a result of any Information Reporting Regime or otherwise), the Noteholders will not be entitled to either receive grossed-up amounts to compensate for such withholding tax or be reimbursed for the amount of any shortfall. In certain circumstances, the imposition of such taxes or deductions for tax will result in the Notes being redeemed early at their Early Redemption Amount (as further described in the risk factor titled "*Risks relating to the Notes – Early redemption for Events of Default, tax or other reasons*" below).

**(k) Early redemption for Events of Default, tax or other reasons**

The Notes may be redeemed on a date other than on the Maturity Date pursuant to “*Master Conditions - Condition 8 (Redemption and Purchase)*” upon the occurrence of:

- (i) the Original Collateral being called for redemption or repayment prior to its scheduled maturity date (other than a scheduled amortisation of the Original Collateral);
- (ii) certain other events with respect to the Original Collateral or any other obligation for the payment or repayment of borrowed money of the Original Collateral Obligor (which includes such obligation becoming payable prior to its scheduled maturity date, certain failures to make payments in respect of such obligation, a repudiation or moratorium in respect of such obligation, an amendment to the terms of such obligation either agreed between the Original Collateral Obligor or a Governmental Authority and a sufficient number of holders of such obligation to bind all holders of such obligation, an amendment to the terms of such obligation imposed by a Governmental Authority, the conversion of such obligation into another instrument and certain bankruptcy events in respect of the Original Collateral Obligor);
- (iii) certain tax events with respect to the Notes or the Original Collateral;
- (iv) the termination of the Swap Agreement or the Repo Agreement;
- (v) the bankruptcy of the Swap Counterparty or the Repo Counterparty;
- (vi) a change in law following which it becomes unlawful for the Issuer to perform its obligations;
- (vii) certain disruption events with respect to a relevant Original Collateral Reference Rate;
- (viii) certain disruption events with respect to a relevant Reference Rate; or
- (ix) an Event of Default with respect to the Notes.

The Issuer shall:

- (A) direct the redemption of the Notes with respect to paragraphs (i), (iii), (iv) and (vi) above;
- (B) direct the redemption of the Notes with respect to paragraphs (ii), (vii) and (viii) above following receipt of a notice from the Calculation Agent determining that an Original Collateral Default, an Original Collateral Disruption Event or a Reference Rate Default Event has occurred; and
- (C) direct the redemption of the Notes with respect to paragraph (v) above following a direction to do so from the Noteholders acting by Extraordinary Resolution.

The Trustee may, and shall, following a direction to do so from the Noteholders acting by Extraordinary Resolution, direct the redemption of the Notes with respect to paragraph (ix) above, subject in each case to the Trustee having been indemnified and/or secured and/or pre-funded to its satisfaction.

The Noteholders may also, acting by Extraordinary Resolution and upon the occurrence of an event following which the Issuer is able to terminate the Swap Agreement or Repo Agreement, direct the Trustee (who will give a corresponding direction to the Issuer) to so terminate the Swap Agreement or the Repo Agreement, which will result in the redemption of the Notes.

Neither the Issuer nor any Transaction Party shall have any duty to monitor, enquire or satisfy itself as to whether any of the events specified in paragraphs (i) to (viii) above has occurred.

In such circumstances, the Disposal Agent may be required to liquidate the Collateral and/or the Trustee may enforce the Security following the occurrence of an Enforcement Event (as the case

may be) and any Swap Agreement or Repo Agreement may terminate in accordance with its terms (for the impact of an early redemption on the amounts payable to Noteholders, see the risk factor titled “*Risks relating to the Notes – Amounts payable to a Noteholder on early redemption*” above).

(l) **Determinations of Swap Agreement Termination Payments**

Upon early termination of the Swap Agreement (if any), an early termination payment based on the losses or costs or, as the case may be, gains of the determining party in entering into a replacement transaction or its economic equivalent (or otherwise determined in accordance with the terms of such Swap Agreement) will be payable by the Issuer to the Swap Counterparty, or (as the case may be) by the Swap Counterparty to the Issuer under the Swap Agreement. Such payment will generally be determined by the Swap Counterparty save where it is in default. If the Swap Counterparty is in default, the Issuer will need to appoint a substitute calculation agent under the Swap Agreement for the purposes of making such determination on the Issuer’s behalf. The determination of any such losses or costs or, as the case may be, gains will be dependent on a number of factors, including, without limitation, (i) the creditworthiness and liquidity of the assets underlying the swap payments, (ii) market perception, interest rates, yields and foreign exchange rates, (iii) the time remaining to the scheduled termination date of the Swap Transactions under the Swap Agreement and (iv) where a Credit Support Annex has been entered into as part of the Swap Agreement, the value of any collateral received by the Issuer, or collateral posted by the Issuer, thereunder. The determination of a termination payment and the factors which are taken into account in making that determination, may significantly impact amounts payable to Noteholders. For the purposes of determining such a termination payment, the relevant party is required to act in good faith and to use commercially reasonable procedures to produce a commercially reasonable result.

If, for whatever reason, the Issuer or the Swap Counterparty disputes the determination of a termination payment, any payment of redemption proceeds to Noteholders will be delayed until such dispute is resolved.

(m) **Determinations of Repo Agreement Termination Payments and deliveries**

Upon early termination of the Repo Agreement (if any), an early termination payment, based on the market value of the initial collateral sold under the Repo Agreement, the market value of any margin posted by the Issuer to the Repo Counterparty or *vice versa* under the Repo Agreement and the repurchase price payable for equivalent collateral, will be payable by the Issuer to the Repo Counterparty or (as the case may be) by the Repo Counterparty to the Issuer. Such payment will generally be determined by the Repo Counterparty save where it is in default. If the Repo Counterparty is in default, the Issuer will need to appoint a calculation agent for the purposes of making such determination on the Issuer’s behalf. The market value of the margin transferred under the Repo Agreement will be dependent on a number of factors including, without limitation, (i) the creditworthiness of the issuers and obligors of such margin, (ii) market perception, interest rates, yields and foreign exchange rates, (iii) the time remaining to the scheduled maturity of the margin and (iv) the liquidity of the margin. The determination of a termination payment and the factors which are taken into account in making that determination, may significantly impact amounts payable to Noteholders. For the purposes of determining such a termination payment, the relevant party is generally required to act in good faith.

(n) **Market value of Notes**

The market value of the Notes will be affected by a number of factors, including, but not limited to (i) the value and volatility of the Original Collateral and the creditworthiness of the issuers and obligors of any Original Collateral, (ii) the value and volatility of any index, securities, commodities or other obligations to which payments on the Notes may be linked, directly or indirectly, and the creditworthiness of the issuers or obligors in respect of any securities or other obligations to which

payments on the Notes may be linked, directly or indirectly, (iii) market perception, interest rates, yields and foreign exchange rates, (iv) the time remaining to the Maturity Date and (v) the nature and liquidity of the Swap Agreement, the Repo Agreement or any other derivative or repurchase transaction entered into by the Issuer or embedded in the Notes or the Original Collateral. Any price at which Notes may be sold prior to the Maturity Date may be at a discount, which could be substantial, to the value at which the Notes were acquired on the Issue Date.

Prospective purchasers should be aware that not all market participants would determine prices in respect of the Notes in the same manner, and the variation between such prices may be substantial. Accordingly, any prices provided by a Programme Dealer may not be representative of prices that may be provided by other market participants. For this reason, any price provided or quoted by a Programme Dealer should not be viewed or relied upon by prospective purchasers as establishing, or constituting advice by that Programme Dealer concerning, a mark-to-market value of the Notes. The price (if any) provided by a Programme Dealer is at the absolute discretion of that Programme Dealer and may be determined by reference to such factors as it sees fit. Any such price may take into account fees, commissions or arrangements entered into by that Programme Dealer with a third party in respect of the Notes and that Programme Dealer shall have no obligation to any Noteholder to disclose such arrangements. Any price given would be prepared as of a particular date and time and would not therefore reflect subsequent changes in market values or any other factors relevant to the determination of the price.

(o) **Valuations and calculations derived from models**

Valuations or calculations in respect of Notes and certain asset classes of instruments comprising Collateral relating to Notes have typically been based on quoted market prices or market inputs. However, since 2007 actively traded markets for a number of such asset classes and obligors have either ceased to exist or have reduced significantly. The lack or limited availability of such market prices or inputs has significantly impaired the ability to make accurate valuations or calculations in respect of the Notes and such underlying instruments. No assurance can be given that similar impairment may not occur in the future.

In a number of asset classes, a significant reliance has historically been placed on valuations derived from models that use inputs that are not observable in the markets and/or that are based on historical data and trends. Such models often rely on certain assumptions about the values or behaviour of such unobservable inputs or about the behaviour of the markets generally or interpolate future outcomes from historical data. In a number of cases, the extent of the market volatility and disruption has resulted in the assumptions being incorrect to a significant degree or in extreme departures from historical trends. Where reliance is placed on historical data, in certain instances such data may only be available for relatively short time periods (for example, data with respect to prices in relatively new markets) and such data may not be as statistically representative as data for longer periods.

Prospective investors should be aware of the risks inherent in any valuation or calculation relating to the Notes (including any instrument comprising Collateral relating to the Notes) that is determined by reference to a model and that certain assumptions will be made in operating the model which may prove to be incorrect and give rise to significantly different outcomes to those predicted by the model.

(p) **Credit ratings**

Notes may or may not be rated. The applicable Accessory Conditions for any Notes will specify if such rating is a condition to issue of such Notes. The rating(s) for a Series will be on the basis of the assessment of each relevant Rating Agency of the ratings of the Original Collateral, the rating of the Swap Counterparty and the Swap Guarantor, the rating of the Repo Counterparty and the



terms of the Notes. A security rating is not a recommendation to buy, sell or hold any Notes, inasmuch as such rating does not comment as to market price or suitability for a particular purchaser. There is no assurance that a rating will remain for any given period of time or that a rating will not be lowered or withdrawn entirely by a Rating Agency if, in its judgment, circumstances in the future so warrant. If a rating initially assigned to any Notes is subsequently lowered for any reason, no person or entity is obliged to provide any additional support or credit enhancement with respect to such Notes or to make any change to the terms of the Notes or any Transaction Document and the market value of such Notes is likely to be adversely affected.

Prospective investors should ensure they understand what any rating associated with the Notes (whether of the Notes themselves, of any Original Collateral Obligor (or any guarantor or credit support provider in respect thereof), of the Swap Counterparty and the Swap Guarantor, of the Repo Counterparty or of any other party or entity involved in or related to the Notes) means and what it addresses and what it does not address.

The assignment of a rating to the Notes should not be treated by a prospective investor as meaning that such investor does not need to make its own investigations into, and determinations of, the risks and merits of an investment in the Notes.

Prospective investors who place too much reliance on ratings, or who do not understand what the rating addresses, may be subject to losses as a result.

During its holding of a Note, a Noteholder should take such steps as it considers necessary to evaluate the ongoing risks and merits of a continued investment in such Note. Such steps should not rely solely on ratings. In particular, prospective investors should not rely solely on downgrades of ratings as indicators of deteriorating credit. Market indicators (such as rising credit default spreads and yield spreads with respect to the relevant entity) often indicate significant credit issues prior to any downgrade. During the global financial crisis, rating agencies were the subject of criticism from a number of global governmental bodies that they did not downgrade entities on a sufficiently quick basis.

(q) **Specified Denominations may involve integral multiples**

Notes may have Specified Denominations of a certain amount plus one or more integral multiples of a smaller amount (the “**Integral Multiples**”) in excess thereof, in which case (i) for so long as the relevant clearing systems so permit, the Notes will be tradable only in the minimum authorised denomination of the Specified Denomination and the Integral Multiples and (ii) it is possible that the Notes may be traded in amounts in excess of the Specified Denomination that are not integral multiples of the Specified Denomination. A Noteholder who, as a result of trading such amounts as contemplated in (ii) above, holds an amount which is less than the Specified Denomination in its account with the relevant clearing system at the relevant time may need to purchase a principal amount of Notes such that its holding amounts to at least the Specified Denomination in order to be able to (A) transfer its Notes (subject in all cases to the rules and procedures of the relevant clearing system) or (B) receive a definitive Note in respect of such holding (should definitive Notes be printed).

(r) **Application of negative interest rates**

Negative interest rates may apply from time to time in certain circumstances to any cash funds held by the Custodian on behalf of the Issuer which (i) have been transferred by the Swap Counterparty to the cash account in the name of the Issuer opened in London in the books of the Custodian for that Series in respect of the Credit Support Annex (the “**CSA Cash Account**”) to cover its credit risk in accordance with the Credit Support Annex or (ii) have been transferred by the Repo Counterparty to the cash account in the name of the Issuer opened in London in the books of the Custodian for

that Series in respect of the Repo Agreement (the “**Repo Cash Account**”) to cover its credit risk in accordance with the Repo Agreement.

In respect of (i), to the extent that such negative interest rates were to apply, the Swap Counterparty will pay an additional amount to the Issuer under the Credit Support Annex. The application of any negative interest rates will ultimately be borne by the Swap Counterparty unless the Swap Agreement is terminated as a result of an event of default thereunder by either the Issuer or the Swap Counterparty or as a result of a Swap Counterparty Bankruptcy Event, in which case the reduction in funds held by the Custodian could increase the amount to be claimed by the Issuer from (and therefore the credit risk to) the Swap Counterparty under the Swap Agreement.

In respect of (ii), to the extent that such negative interest rates were to apply, the Repo Counterparty will pay an additional amount to the Issuer under the Repo Agreement. The application of any negative interest rates will ultimately be borne by the Repo Counterparty unless the Repo Agreement is terminated as a result of an event of default thereunder by either the Issuer or the Repo Counterparty or as a result of a Repo Counterparty Bankruptcy Event, in which case the reduction in funds held by the Custodian could increase the amount to be claimed by the Issuer from (and therefore the credit risk to) the Repo Counterparty under the Repo Agreement.

(s) **Risks associated with Notes paying a fixed rate of interest**

In respect of any Notes for which the coupon is fixed (including Fixed Rate Notes), subsequent changes in market interest rates may adversely affect the value of the Notes. A decrease in market interest rates will have a positive impact on the value of the Notes, as the rate of interest payable on the Notes will remain unchanged. Conversely, an increase in market interest rates will have an adverse impact on the value of the Notes.

(t) **Risks associated with Notes paying a floating rate of interest**

In respect of any Notes for which the coupon payable by the Issuer is determined in part by reference to a benchmark (including Floating Rate Notes):

- (i) the interest rate payable pursuant to the Notes will vary in accordance with the level of the benchmark;
- (ii) during the term of the Notes, the benchmark may be lower than it was as at the Issue Date; and
- (iii) the benchmark may be negative, which means that the interest rate payable may be less than the margin stated to be payable pursuant to the Notes and could be zero.

See the risk factor titled “*Risks relating to the Notes – Benchmarks and the risk of a Reference Rate Event*” below for a description of the risks relating to the occurrence of a Reference Rate Event in respect of certain benchmarks.

(u) **Resolution of financial institutions**

(i) **Background**

Following the global financial crisis, in 2011 the Financial Stability Board (the “**FSB**”) produced a document setting out key attributes of effective resolution regimes for financial institutions. Resolution is the process by which the authorities can intervene to manage the failure of a firm in an orderly fashion. The objective of an effective resolution regime for financial institutions is to allow authorities to resolve financial institutions in an orderly manner without taxpayer exposure to loss from solvency support, while maintaining continuity of their vital economic functions.

The FSB's proposals have been implemented in the laws of, among others, the European Union and the United States.

In the European Union, on 12 June 2014, the Bank Recovery and Resolution Directive ("**BRRD**") was published in the Official Journal of the European Union. The stated aim of the BRRD is to provide supervisory authorities with common tools and powers to address banking crises pre-emptively in order to safeguard financial stability and minimise taxpayers' exposure to losses.

The powers granted to supervisory authorities under the BRRD include (but are not limited to) (A) the introduction of a bail-in power, which gives the resolution authorities the power to convert certain liabilities into ordinary shares or other instruments of the surviving entity (if any), (B) powers to suspend enforcement or termination rights that might be invoked as a result of the exercise of the resolution powers and (C) powers to effect a close out of derivative transactions and determine the value of such transactions.

In the United States, the United States resolution regime for financial institutions has been significantly enhanced since the financial crisis. The Orderly Liquidation Authority (the "**OLA**"), introduced in 2010 as part of Dodd-Frank, provides the authorities with a robust framework for facilitating the resolution of most financial institutions that have the potential to cause severe systemic disruption and/or expose taxpayers to loss in the event of their failure. The regime as set out in the OLA and the Federal Deposit Insurance Act lays out a framework through which the Federal Deposit Insurance Corporation, through an administrative process, can exercise a broad range of resolution powers to deal with a failing systemically important bank or bank holding company, while protecting financial stability.

(ii) **Potential impact on the Notes**

The taking of any actions by the relevant resolution authorities under any regime may adversely affect the Noteholders. Whilst SPIRE itself is unlikely to be within scope of any implementing legislation, if the obligor in respect of any Collateral (including the Original Collateral Obligor), the Swap Counterparty or the Repo Counterparty is within the scope of any implementing legislation:

- (i) any applicable bail-in power might be exercised in respect of the Collateral, the Swap Agreement or the Repo Agreement (as the case may be) to convert any claim of the Issuer as against such person;
- (ii) any applicable suspension power might prevent the Issuer from exercising any termination rights under the Swap Agreement or the Repo Agreement; or
- (iii) any applicable close out power might be exercised to enforce a termination of the Swap Agreement or the Repo Agreement and to value the transactions in respect of such agreements (which value may be different to the value that would have been determined by the Issuer, the Swap Counterparty or the Repo Counterparty (as the case may be)).

The operation of resolution regimes and their application to cross-border financial institutions is complex and the resolution of any Collateral Obligor, the Swap Counterparty or the Repo Counterparty is likely to adversely affect the Notes in multiple and unpredictable ways. Following an exercise of any powers by a resolution authority, the Issuer may have insufficient assets or sums to meet its obligations under the Notes or any Transaction Document for that Series, the Notes may be the subject of an early redemption and any payment of redemption proceeds to Noteholders may be delayed. Each Noteholder should

take such advice as it deems necessary to ensure that it understands the impact that a resolution regime may have on its investment in the Notes.

(iii) **Qualified financial contracts**

In September 2017, the Board of Governors of the Federal Reserve System (the “**Board of Governors**”) adopted a final rule (the “**Final Rule**”) imposing restrictions on the ability of a party to call a default under, or to restrict transfers of, certain qualified financial contracts (“**QFCs**”) entered into by any top-tier bank holding company identified by the Board of Governors as a global systemically important banking organisation (each a “**GSIB**”), the subsidiaries of any U.S. GSIB (with certain exceptions) or the U.S. operations of any foreign GSIB (with certain exceptions) (collectively, subject to certain exceptions, “**Covered Entities**”). The Federal Deposit Insurance Corporation and the Office of the Comptroller of the Currency have adopted parallel rules which are substantively the same as the Final Rule. A QFC includes, among other things, over-the-counter derivatives, repurchase agreements, contracts for the purchase or sale of securities and any credit enhancement in respect of the foregoing contracts (including a guarantee as well as a charge, pledge, mortgage or other similar credit support arrangement). In respect of each Series, the Swap Counterparty, the Repo Counterparty, the Dealer and the Vendor may be Covered Entities to which the Final Rule applies and the Swap Agreement, the Repo Agreement, the Dealer Agreement, the Collateral Sale Agreement and the Trust Deed (as non-U.S. law governed contracts) are likely to constitute QFCs.

While the relevant U.S. federal banking laws and regulations (the “**U.S. Special Resolution Regimes**”) provide for such restrictions on default rights and transfers, if the relevant contract is not governed by the laws of the United States or a state of the United States, a court outside the United States may decline to enforce such provisions even if a Covered Entity is in a proceeding under a U.S. Special Resolution Regime. To address this, the Final Rule requires a Covered Entity to ensure that each QFC it enters into (a “**Covered QFC**”) includes provisions that (i) restrict default rights against such Covered Entity to the same extent as provided under the U.S. Special Resolution Regimes and (ii) restrict the exercise of any cross-default rights against such Covered Entity based on any affiliate’s entry into bankruptcy or similar proceedings. In respect of each Series, each Transaction Document which constitutes a Covered QFC will include provisions which reflect these requirements and, as a result, the Issuer may face a delay in being able to enforce its rights against such a Transaction Party or be restricted from terminating such a Transaction Document.

(v) **Limited liquidity of the Notes**

Although application may be made to admit the Notes to the Official List and admit them to trading on the Regulated Market, there is currently no secondary market for the Notes. There can be no assurance that a secondary market for any of the Notes will develop, or, if a secondary market does develop, that it will provide the holders of the Notes with liquidity or that it will continue for the life of the Notes. Consequently, any investor in the Notes must be prepared to hold such Notes for an indefinite period of time or until redemption of the Notes or to sell the Notes at significant discounts to their fair market value or to the amount originally invested. If a Programme Dealer begins making a market for the Notes, it is under no obligation to continue to do so and may stop making such a market at any time.

As disclosed in the section of this Base Prospectus titled “*Secondary Market, Swap Counterparty Replacement and Swap Close-Out Quotations*”, Noteholders may request one or more Programme Dealers (irrespective of whether such Programme Dealer acted as the Dealer for the relevant Tranche(s) of Notes) to provide a quotation for the cost of buying all or a part of such Noteholder’s

holding of Notes of a Series. There is no guarantee that a secondary market quotation will be provided. Please see the section of this Base Prospectus titled “*Secondary Market, Swap Counterparty Replacement and Swap Close-Out Quotations*” for a summary of the conditions to any such quotation being provided; in particular, a Programme Dealer which has not acted as the Dealer for the relevant Tranche(s) of Notes will only provide a quotation in respect of a Series if “Standard Terms” has been specified as “Applicable” in the applicable Accessory Conditions and subject to certain conditions.

(w) **Exchange rate risks and exchange controls may result in investors receiving less interest or principal than expected**

The Issuer will pay principal and interest on the Notes in the currency specified in the applicable Accessory Conditions (the “**Notes Currency**”). This presents certain risks relating to currency conversions if an investor’s financial activities are denominated principally in a currency or currency unit (the “**Investor’s Currency**”) other than the Notes Currency. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Notes Currency or revaluation of the Investor’s Currency) and the risk that authorities with jurisdiction over the Investor’s Currency may impose or modify exchange controls. An appreciation in the value of the Investor’s Currency relative to the Notes Currency would decrease (i) the Investor’s Currency equivalent yield on the Notes, (ii) the Investor’s Currency equivalent value of the principal payable on the Notes and (iii) the Investor’s Currency equivalent market value of the Notes.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal.

(x) **Purchases by Ineligible Investors**

An Ineligible Investor should be aware of the potential consequences of it purchasing Notes. The rights of the Issuer are specified in “*Master Conditions – Condition 25(a) (Rights of the Issuer)*” and include the right to compel a Noteholder that is an Ineligible Investor to transfer the relevant Notes to the Issuer. The price that will be paid by the Issuer in such a scenario may be less than par. In particular, if the specified denomination of the Collateral is such that it could not be delivered to the Noteholder in integral multiples, when selling such Collateral, the Issuer shall round down the Collateral to be sold, such that the Noteholder will receive less than it would have been entitled to on the maturity date of the relevant Notes.

(y) **Benchmarks and the risk of a Reference Rate Event**

Reference rates and indices, including interest rate benchmarks such as the London Interbank Offered Rate (“**LIBOR**”), which are used to determine the amounts payable under financial instruments or the value of such financial instruments (“**Benchmarks**”) have, in recent years, been the subject of political and regulatory scrutiny as to how they are created and operated. This has resulted in regulatory reform (including, in the European Union, through implementation of the “Benchmark Regulation” (Regulation (EU) 2016/1011), which came into force on 1 January 2018) and changes to existing Benchmarks, with further changes expected.

(i) **Determining the occurrence of a Reference Rate Event**

If a Series references a Benchmark, there is a risk that a Reference Rate Event may occur in respect of such Benchmark. A Reference Rate Event is expected to occur if (A) the Benchmark has ceased or will cease to be provided permanently or indefinitely, (B) the administrator of the Benchmark ceases to have the necessary authorisations and as a result it is not permitted under applicable law for one or more persons to perform their obligations under the Notes and/or any hedge transactions entered into by the Swap Counterparty and

the Repo Counterparty, (C) the Benchmark is, with respect to over-the-counter derivatives transactions which reference such Benchmark, the subject of any market-wide development pursuant to which such Benchmark is replaced with a risk-free rate (or near risk-free rate) or (D) the supervisor of the administrator of the Benchmark, or another official body with applicable responsibility, makes an official statement, with effect from a date after 31 December 2021, that such Benchmark is no longer representative. It is uncertain as to if or when a Reference Rate Event may occur in respect of a Benchmark. Whether a Reference Rate Event has occurred will be determined by the Calculation Agent.

Investors should be aware that a change (whether material or not) to the definition, methodology or formula for a Benchmark, or other means of calculating such Benchmark will not, in itself, constitute a Reference Rate Event unless, with respect to Notes issued by way of Pricing Terms only, otherwise specified in the applicable Pricing Terms. Each Noteholder will bear the risks arising from any such change and will not be entitled to any form of compensation as a result of any such change.

(ii) **Consequences of the occurrence of a Reference Rate Event**

If the Calculation Agent determines that a Reference Rate Event has occurred in respect of a relevant Benchmark, it will attempt to (A) identify an alternative Benchmark, (B) calculate an adjustment spread that will be applied to the alternative Benchmark (an “**Adjustment Spread**”) and (C) determine such other amendments which it considers are necessary or appropriate in order to account for the effect of the replacement of the Benchmark with an alternative Benchmark (as adjusted by the Adjustment Spread) and/or to preserve as closely as practicable the economic equivalence of the Notes before and after the replacement of the Benchmark with an alternative Benchmark (as adjusted by the Adjustment Spread).

Investors should be aware that (I) the application of any alternative Benchmark (notwithstanding the inclusion of any Adjustment Spread), together with any consequential amendments, could result in a lower amount being payable to Noteholders than would otherwise have been the case, (II) any such Benchmark (as adjusted by any Adjustment Spread) and any consequential amendments shall apply without requiring the consent of the Noteholders or the Couponholders and (III) if no alternative Benchmark can be identified or Adjustment Spread calculated by the Calculation Agent, the Notes will be the subject of an early redemption. There is no guarantee that an alternative Benchmark will be identified or that an Adjustment Spread will be calculated by the Calculation Agent.

(iii) **Determination of alternative Benchmark and any Adjustment Spread**

When identifying alternative Benchmarks, the Calculation Agent may only have regard to (A) any alternative specified in the applicable Accessory Conditions or (B) Benchmarks that are recognised or acknowledged as being industry standard replacements for over-the-counter derivative transactions. If both an alternative Benchmark is specified in the applicable Accessory Conditions and an industry standard replacement Benchmark exists, the alternative Benchmark specified in the applicable Accessory Conditions will take precedence.

The Adjustment Spread shall (I) take account of any transfer of economic value that would otherwise arise as a result of replacing the relevant Benchmark, including any transfer of economic value from the Issuer to the Swap Counterparty and/or the Repo Counterparty (or *vice versa*) as a result of any changes made to the Swap Agreement and the Repo Agreement as a consequence of such replacement and (II) reflect any losses, expenses and costs that have been or that will be incurred by the Swap Counterparty and/or the Repo Counterparty as a result of entering into, maintaining and/or unwinding any transactions to hedge the Swap Counterparty’s obligations under the Swap Transactions under the Swap

Agreement and/or the Repo Counterparty's obligations under the Repo Transactions under the Repo Agreement (as applicable), which actions arose from the replacement under the Notes of the Reference Rate with the Replacement Reference Rate. The spread may be positive, negative or zero or determined pursuant to a formula or methodology.

(iv) **Interim measures**

If, following a Reference Rate Event but prior to the Cut-off Date, the relevant Benchmark is required for any determination in respect of the Notes and:

- (A) the Benchmark is still available, and it is still permitted under applicable law or regulation for the Notes to reference the Benchmark, the level of the Benchmark shall be determined pursuant to the terms that would apply to the determination of the Benchmark as if no Reference Rate Event had occurred; or
- (B) the Benchmark is no longer available or it is no longer permitted under applicable law or regulation for the Notes to reference the Benchmark, the level of the Benchmark shall be determined by reference to the level on the last day on which the rate was published or can be used in accordance with applicable law or regulation, meaning that during this period determinations in respect of the Notes would be made by reference to a static rate that could depart significantly from prevailing market rates.

(z) **The discontinuance of LIBOR**

On 27 July 2017, the Chief Executive of the UK Financial Conduct Authority (the "FCA"), which regulates LIBOR, announced that the FCA will no longer persuade or compel banks to submit rates for the calculation of LIBOR after 2021. On 12 July 2018, the Chief Executive of the FCA reiterated the need for firms to transition away from LIBOR before the end of 2021. Consequently, it is possible that the panels which contribute to the determination of LIBOR will shrink such that the FCA no longer considers the relevant rate capable of being representative.

To the extent that any Notes, Swap Agreement, Repo Agreement or Collateral relating to the Notes of a Series reference LIBOR, there is a significant risk that, following such a reduction in contributors after 2021, LIBOR will cease to be an appropriate Benchmark to reference in such financial products. For example, LIBOR may provide a lower rate when compared to similar market conditions in effect prior to 2021, LIBOR may become more volatile and there may also be a risk that the Notes would be frustrated due to the inability to determine the amount payable in respect of the Notes.

Recent correspondence from regulatory and advisory bodies suggest that, in respect of LIBOR, the FCA may make an announcement that it considers that LIBOR is no longer capable of being representative and, if such an announcement is made, fallbacks should apply in financial products which reference LIBOR. Consequently, such a regulatory announcement may constitute a Reference Rate Event (see the risk factor titled "*Risks relating to the Notes – Benchmarks and the risk of a Reference Rate Event*" above for a description of the risks relating to the occurrence of a Reference Rate Event).

(aa) **Impact of increased regulation**

The global financial crisis led to a materially increased involvement of governmental and regulatory authorities in the financial sector and in the operation of financial institutions. In particular, governmental and regulatory authorities in a number of jurisdictions (including the United States of America and the European Union) have imposed stricter laws and regulations around certain financial activities and/or have indicated that they intend to impose such controls in the future. Such regulatory changes and the method of their implementation may have a significant impact on the

operation of the financial markets. It is uncertain how a changed regulatory environment will affect the Issuer, the treatment of instruments such as the Notes and, for any Series, the Swap Counterparty, the Repo Counterparty and the other Transaction Parties. Consequences may include the occurrence of a Regulatory Requirement Event (as described in the risk factor titled “*Risks relating to the Notes – Modifications following a Regulatory Requirement Event*” below), or termination of the Swap Agreement or Repo Agreement following the occurrence of certain regulatory events (as described in the sections of this Base Prospectus titled “*The Swap Agreement – Termination Events*” and “*The Repo Agreement – Events of Default*”).

**(bb) Modifications following a Regulatory Requirement Event**

The Issuer shall amend the Conditions and the terms of any Transaction Document without the consent of the Noteholders or the Couponholders if the Calculation Agent determines that such amendments are required in order to cause (i) the transactions contemplated by the Conditions and the Transaction Documents to be compliant with all Relevant Regulatory Laws, (ii) the Issuer and each Transaction Party to be compliant with all Relevant Regulatory Laws or (iii) the Issuer and each Transaction Party to be able to continue to transact future business (as issuer of Notes or as a transaction party to the Issuer pursuant to the Programme) in compliance with all Relevant Regulatory Laws. Such amendments may only be made without the consent of the Noteholders and the Couponholders if certain criteria set out in the Conditions are satisfied, including that such modifications will not (A) amend the dates of maturity or redemption of the Notes, any Instalment Date or any date for payment of interest or Interest Amounts on the Notes, (B) reduce or cancel the principal amount of, or any Instalment Amount of, or any premium payable on redemption of, the Notes, (C) reduce the rate or rates of interest in respect of the Notes or vary the method or basis of calculating the rate or rates or amount of interest or the basis for calculating any Interest Amount in respect of the Notes, (D) vary any method of, or basis for, calculating the Final Redemption Amount or the Early Redemption Amount, (E) exchange or substitute the Original Collateral or (F) have a material adverse effect on the validity, legality or enforceability of the Security or on the priority and ranking of the Security.

Amendments made as a result of a Regulatory Requirement Event may not be beneficial to the Issuer or the Noteholders and could put the Issuer (and, indirectly, the Noteholders) in a position that is less advantageous than the position it had immediately prior to effecting such amendments.

### **3 Risks relating to the assets**

**(a) Collateral**

The Collateral relating to any Notes will be subject to credit, liquidity and interest rate risks. In the event of an insolvency of an issuer or obligor in respect of any Collateral, various insolvency and related laws applicable to such issuer or obligor may (directly or indirectly) limit the amount the Issuer or the Trustee may recover in respect of such Collateral. The obligor of any Collateral may also be subject to a resolution regime (see the risk factor titled “*Risks relating to the Notes – Resolution of financial institutions*” above).

Depending on the type of the Collateral, there might only be limited liquidity for such assets and generally, but especially in times of financial distress, the Collateral may either not be saleable at all or may only be saleable at significant discounts to its fair market value or to the amount originally invested.

If the Issuer has entered into a Repo Agreement or a Credit Support Annex as part of its Swap Agreement, by virtue of the collateral requirements applicable to any such arrangements, the Collateral held by it from time to time may comprise assets other than, or in addition to, the Original Collateral, or may comprise less Collateral than the amount held by it on the Issue Date of the first



Tranche of the Series (as may be adjusted on each subsequent Issue Date), as assets will be required to be delivered by the Issuer to the Swap Counterparty or Repo Counterparty (as applicable) which have an aggregate value (after the application of any relevant haircut) at least equal to the exposure that the Swap Counterparty has to the Issuer under the Swap Agreement or the Repo Counterparty under the Repo Agreement. If the Issuer holds other or additional assets, the types of assets that may comprise Collateral may be diverse and may be less liquid and more volatile than the Original Collateral.

If:

- (i) pursuant to the terms of the Credit Support Annex, cash is posted to the Issuer (which will be credited to the CSA Cash Account), interest (if any) will accrue in accordance with the Custodian's deposit terms and conditions. Such interest rate may be positive (in which case interest will be credited to the CSA Cash Account) or negative (in which case the Swap Counterparty will pay an additional amount to the Issuer under the Credit Support Annex); or
- (ii) pursuant to the terms of the Repo Agreement, cash is posted to the Issuer (which will be credited to the Repo Cash Account), interest (if any) will accrue in accordance with the Custodian's deposit terms and conditions. Such interest rate may be positive (in which case interest will be credited to the Repo Cash Account) or negative (in which case the Repo Counterparty will pay an additional amount to the Issuer under the Repo Agreement).

See the risk factor titled "*Risks relating to the Notes – Application of negative interest rates*" above.

If Notes redeem other than on the Maturity Date, the Collateral relating thereto will be Liquidated. No assurance can be given as to the amount of proceeds of any Liquidation of such Collateral at that time since the market value of such Collateral will be affected by a number of factors including but not limited to (i) the creditworthiness of the issuers and obligors of the Collateral, (ii) market perception, interest rates, yields and foreign exchange rates, (iii) the time remaining to the scheduled maturity of the Collateral and (iv) the liquidity of the Collateral. Accordingly, the price at which such Collateral is sold or liquidated may be at a discount, which could be substantial, to the market value of the Collateral on the Issue Date of the first Tranche of the Series (or any subsequent Issue Date (as applicable)) and the proceeds of any such sale or liquidation when taken together with the proceeds of termination of any related Swap Agreement and Repo Agreement and any other assets available to the Issuer that relate to the relevant Series may not be sufficient to repay the full amount of principal of and interest on the relevant Notes that the holders of such Notes would expect to receive if the Notes were redeemed in accordance with their terms on their Maturity Date.

(b) **Original Collateral subordination**

The Original Collateral relating to any Notes may (but is not required to) comprise direct, unconditional, unsecured and subordinated obligations of the Original Collateral Obligor. In the event of any dissolution, liquidation or winding up of the Original Collateral Obligor, in bankruptcy or otherwise, the payment of principal and interest on any such subordinated Original Collateral will be subordinated to the prior payment in full of all the Original Collateral Obligor's present and future unsubordinated creditors. As a result of the subordinated nature of such Original Collateral, the value attributed thereto by dealers in the market is likely to be substantially less than the value attributed to unsubordinated debt obligations of the Original Collateral Obligor. In particular, the value of such Original Collateral will be affected if the Original Collateral Obligor is or is likely to be dissolved, liquidated or wound up (which may occur in conjunction with an Original Collateral Default) and could be zero. The value of the Original Collateral is an integral component of the Early Redemption Amount that will be payable on the Notes were they to be redeemed early and will directly impact the return of the Noteholders upon early redemption.

(c) **Suspension of payments under the Notes, the Swap Agreement and the Repo Agreement during the Original Collateral Default Suspension Period**

The payment obligations of the Issuer under the Notes will be suspended for up to 10 Reference Business Days pursuant to the provisions of “*Master Conditions - Condition 8(n) (Suspension of Payments and Calculations)*” if the Calculation Agent determines that facts exist which may amount to an Original Collateral Default following the expiration of any applicable grace period. During the Original Collateral Default Suspension Period (i) the Issuer shall make no payments on account of principal and/or interest under the Notes, (ii) neither the Issuer nor the Swap Counterparty shall make any payments or deliveries under the Swap Agreement and (iii) neither the Issuer nor the Repo Counterparty shall make any payments or deliveries under the Repo Agreement.

If an Original Collateral Default (i) occurs during the Original Collateral Default Suspension Period then no further payments will be made under the Notes in respect of principal and/or interest and the Notes will be redeemed at the Early Redemption Amount or (ii) has not occurred on the final Reference Business Day of the Original Collateral Default Suspension Period, any principal and/or interest amount which would otherwise have been payable will be payable on the second Reference Business Day following the earlier of (A) the final Reference Business Day of such Original Collateral Default Suspension Period or (B) the date on which the Calculation Agent determines that the events which may have resulted in the Original Collateral Default have been remedied or no longer exist.

Noteholders will not be entitled to receive any further payments as a result of such suspension and the corresponding delay in payment of any principal and/or interest amount (including, without limitation, any default interest).

(d) **Likelihood of Original Collateral Default**

The likelihood of an Original Collateral Default occurring will generally fluctuate with, among other things, the financial condition and other characteristics of the Original Collateral Obligor, general economic conditions, the condition of certain financial markets, political events, developments or trends in any particular industry and changes in prevailing interest rates. Prospective investors should review the Original Collateral Obligor and conduct their own investigation and analysis with respect to the creditworthiness of the Original Collateral Obligor and the likelihood of the occurrence of an Original Collateral Default.

(e) **No claim against any Original Collateral Obligor**

The Notes will not represent a claim against the Original Collateral Obligor and, in the event of any loss, a Noteholder will not have recourse under the Notes to the Original Collateral Obligor.

(f) **Consequence of Original Collateral Disruption Event**

If an Original Collateral Disruption Event occurs (being, in summary, the adjustment or replacement of any index, benchmark or price source by reference to which any amount payable under the Original Collateral is determined), the Calculation Agent may deliver a notice to the Issuer requiring it to (i) amend the terms of the Notes or (ii) redeem the Notes.

The purpose of any such amendments (the “**Original Collateral Disruption Event Amendments**”) must be to account for any Original Collateral Disruption Event Losses/Gains incurred by the Swap Counterparty and/or the Repo Counterparty, which will typically be determined by reference to any difference between the cash flows under the Original Collateral and any transactions in place to hedge the Swap Counterparty’s obligations under the Swap Transactions under the Swap Agreement and/or the Repo Counterparty’s obligations under the Repo Transactions under the Repo Agreement (as applicable) which have resulted following the occurrence of an Original

Collateral Disruption Event. If there are no such hedge transactions, the Original Collateral Disruption Event Losses/Gains will include any change to the amounts scheduled to be paid by the Original Collateral Obligor pursuant to the terms of the Original Collateral following the occurrence of an Original Collateral Disruption Event.

The Original Collateral Disruption Event Amendments may result in any interest amount and/or principal amount payable pursuant to the Notes being increased or decreased. Consequently, amendments made as a result of an Original Collateral Disruption Event may not be beneficial to the Noteholders.

#### **4 Risks relating to the Transaction Parties**

##### **(a) Risks relating to the Swap Counterparty, the Swap Guarantor and the Swap Agreement and/or the Repo Counterparty and the Repo Agreement**

###### **(i) The Swap Counterparty, Swap Guarantor and the Repo Counterparty**

The ability of the Issuer to meet its obligations under the Notes may depend on the receipt by it of payments under the Swap Agreement and/or the Repo Counterparty. Consequently, the Issuer is exposed not only to the occurrence of an Original Collateral Default and the volatility in the market value of the Collateral, but also to the ability of the Swap Counterparty and/or the Swap Guarantor to perform their obligations under the Swap Agreement and/or the Repo Counterparty to perform its obligations under the Repo Agreement. Default by the Swap Counterparty, the Swap Guarantor and/or the Repo Counterparty may result in the termination of the Swap Agreement and/or the Repo Agreement and, in such circumstance, any amount due to the Issuer upon such termination may not be paid in full.

If on the termination of the Swap Agreement or the Repo Agreement an amount is payable by the Swap Counterparty or the Repo Counterparty to the Issuer (for the avoidance of doubt, taking into account any collateral posted between the parties pursuant to the terms of any Credit Support Annex or Repo Agreement), then the Issuer shall have an unsecured claim against the Swap Counterparty and/or the Repo Counterparty for such amount.

The receipt by the Issuer of payments and/or deliveries under the Swap Agreement and/or the Repo Agreement is also dependent on the timely payment and/or delivery by the Issuer of its obligations under the Swap Agreement and/or the Repo Agreement. Consequently, the ability of the Issuer to make timely payment and/or delivery of its obligations under the Swap Agreement and/or the Repo Agreement (and not simply the Notes) depends on receipt by it of the scheduled payments under and/or deliveries of the Original Collateral (in the case of the Swap Agreement and any collateral it has purchased under a Repo Transaction (in the case of the Repo Agreement)).

The Swap Counterparty and/or the Repo Counterparty may also be subject to a resolution regime (see the risk factor titled "*Risks relating to the Notes – Resolution of financial institutions*" above).

###### **(ii) Termination of the Swap Agreement or the Repo Agreement**

In the circumstances specified in any Swap Agreement and/or the Repo Agreement entered into by the Issuer in connection with the Notes, the Issuer or the Swap Counterparty and/or the Repo Counterparty may terminate all outstanding Swap Transactions under the Swap Agreement and/or the Repo Transactions under the Repo Agreement in full, as described in the sections of this Base Prospectus titled "*The Swap Agreement*" and "*The Repo Agreement*". Any termination of the Swap Transactions under a Swap Agreement or Repo Transactions under a Repo Agreement will result in a redemption in full of the Notes of the

relevant Series at their Early Redemption Amount. Upon any such redemption, the amount paid to Noteholders to redeem such Notes may be significantly less than the Noteholder's original investment in such Notes and may be zero.

(iii) **Transfer by the Swap Counterparty or the Repo Counterparty**

In respect of a Series, the Swap Counterparty and/or the Repo Counterparty will require the prior written consent of the Issuer and the Trustee (and, if such Series is rated, the affirmation from each Rating Agency then rating the Notes of the Series) in order to transfer its interests and obligations in or under the Swap Agreement or Repo Agreement (as applicable), except where:

- (A) such transfer is pursuant to a consolidation or amalgamation with, or merger with or into, or reorganisation, incorporation, reincorporation, reconstitution, or reformation into or transfer of all or substantially all its assets to, another entity;
- (B) such transfer is of all or any part of its interest in (i) in relation to a Swap Agreement, any Early Termination Amount payable to it by the Issuer as a defaulting party, or (ii) in relation to a Repo Agreement, any sum payable to it by the Issuer following application of set-off in accordance with the provisions of paragraph 10 of the Repo Agreement;
- (C) it is an Affected Dealer or an Expelled Dealer or is an Affiliate of an Affected Dealer or an Expelled Dealer and is making such a transfer to any Programme Swap Counterparty or Programme Repo Counterparty, provided that holders of 100 per cent. of the aggregate principal amount of the Notes of the relevant Series then outstanding have provided their prior written consent; or
- (D) such transfer is to any Affiliate of the Swap Counterparty and/or the Repo Counterparty (provided that, if such Series is rated, such transferee, or any credit support provider thereto, has a rating not less than that of (i) in relation to a Swap Agreement, the relevant transferring Swap Counterparty or (if higher) the rating of any credit support provider thereto and (ii) in relation to a Repo Agreement, the relevant transferring Repo Counterparty, in each case at the time of transfer).

For the purposes of paragraph (iii) above, to determine whether the Swap Counterparty and/or the Repo Counterparty is an "**Affected Dealer**" or an "**Expelled Dealer**", the definitions of "**Affected Dealer**" and "**Expelled Dealer**", respectively, in the risk factor titled "*Risks relating to the Notes – Modification, waivers and substitution*" above shall apply, save that references to "such Dealer" and "a Dealer" shall be construed as references to "such Swap Counterparty" and "a Swap Counterparty", or "such Repo Counterparty" (as applicable), respectively.

Following any such transfer, the Noteholders will be exposed to the credit risk of the transferee Swap Counterparty or Repo Counterparty (as applicable). Prior to giving consent to a proposed transfer, the Noteholders should consider the risks outlined in the risk factor titled "*Risks relating to the Swap Counterparty, the Swap Guarantor and the Swap Agreement and/or the Repo Counterparty and the Repo Agreement – Credit risk of Swap Counterparty and/or the Repo Counterparty*" above in relation to the proposed transferee.

(iv) **Swap Counterparty Replacement**

As disclosed in the section of this Base Prospectus titled "*Secondary Market, Swap Counterparty Replacement and Swap Close-Out Quotations*", if the Swap Agreement in respect of a Series is terminated because an event of default has occurred with respect to

the Swap Counterparty, a replacement swap agreement may be entered into as an alternative to the Notes being subject to an early redemption. Noteholders should be aware that this function is only applicable in respect of a Series if “Standard Terms” and “Replacement Swap Counterparty Mechanics” have been specified as “Applicable” in the applicable Accessory Conditions. Furthermore, there is no guarantee that a replacement swap agreement will be entered into. Please see the section of this Base Prospectus titled “*Secondary Market, Swap Counterparty Replacement and Swap Close-Out Quotations*” for a summary of the conditions to any such agreement being entered into. Noteholders should also be aware that (i) the proposed replacement swap counterparty may be prohibited or restricted from doing so pursuant to bankruptcy, insolvency or liquidation laws and (ii) the terms of the replacement swap agreement, in particular the terms of any collateral arrangements relating to such swap agreement, may not be the same as those for the original Swap Agreement.

(v) **Credit Support Annex**

If specified in the applicable Accessory Conditions, the Issuer will also enter into a Credit Support Annex with the Swap Counterparty in respect of the Notes. Please see the section of this Base Prospectus titled “*The Swap Agreement*” for a summary of the provisions of the Credit Support Annex.

Any collateral transferred from the Issuer to the Swap Counterparty under the Credit Support Annex (“**Issuer CSA Posted Collateral**”) will be delivered on a title transfer basis and will be taken from the Collateral, and will therefore reduce the overall pool of Collateral securing the Issuer’s obligations under the Notes. If “Delivery Cap” is specified as “Applicable” in the applicable Accessory Conditions, the Issuer’s obligation to transfer collateral will effectively be limited to the Collateral that the Issuer has in respect of the Series. If “Delivery Cap” is specified as “Not Applicable” in the applicable Accessory Conditions, such limitation shall not apply and, accordingly, there is a possibility that the Collateral available to the Issuer for transfer might not be sufficient to enable the Issuer to satisfy its delivery obligations under the Credit Support Annex. This would be in a case where the exposure of the Swap Counterparty to the Issuer under the Swap Agreement exceeds the aggregate value (for purposes of the Credit Support Annex and taking into account any applicable haircuts) of the Collateral held by the Issuer and the Issuer CSA Posted Collateral at that time. Any failure of the Issuer to make deliveries required under the Credit Support Annex in full would comprise an event of default under the Swap Agreement if not remedied within the time period therein and would entitle the Swap Counterparty to terminate the Swap Agreement. Such termination would result in an early redemption of the relevant Series.

Swap Counterparty CSA Posted Collateral may be subject to volatility in their prices and subject to credit and liquidity risks. No investigations, searches or other enquiries will be made by or on behalf of the Issuer in respect of the Swap Counterparty CSA Posted Collateral and no representations or warranties, express or implied, are or will be given by the Issuer or any other person to Noteholders in relation to any Swap Counterparty CSA Posted Collateral.

Due to fluctuations in the value of the Swap Agreement and of the value of any Swap Counterparty CSA Posted Collateral or Issuer CSA Posted Collateral and to the thresholds and minimum transfer amounts in the Credit Support Annex:

- (A) the value of the Swap Counterparty CSA Posted Collateral at any time may not be sufficient to cover the amount that would otherwise be payable by the Swap Counterparty on termination of the Swap Agreement; and

- (B) the value of the Issuer CSA Posted Collateral at any time could exceed the amount that the Issuer would otherwise owe to the Swap Counterparty on termination of the Swap Agreement.

Following a termination of the Swap Agreement, in respect of both paragraphs (i) and (ii) above, a net amount would be payable from the Swap Counterparty to the Issuer. If the Swap Counterparty were insolvent, such amount would rank as an unsecured claim against the Swap Counterparty and there may be insufficient Collateral securing the Issuer's obligations under the Notes. By way of example of paragraph (ii) above, if the termination amount under the Swap Agreement would be U.S.\$10,000,000 payable by the Issuer to the Swap Counterparty, but the Issuer had transferred Issuer CSA Posted Collateral to the Swap Counterparty worth U.S.\$12,000,000, then on a termination the Swap Counterparty would owe the net sum of U.S.\$2,000,000 to the Issuer and the Issuer would be an unsecured creditor of the Swap Counterparty for that amount.

If it is determined that the Swap Counterparty must transfer additional collateral to the Issuer, there may be a period prior to the transfer of such collateral in which the value of the Swap Counterparty CSA Posted Collateral transferred to the Issuer under the Credit Support Annex is less than the amount that would be payable by the Swap Counterparty to the Issuer if the Swap Agreement were to terminate. In such circumstances, which are similar to those specified in paragraph (i) above, there may be insufficient Collateral securing the Issuer's obligations under the Notes.

The Issuer is exposed to movements in the value of the Swap Agreement, the Issuer CSA Posted Collateral or the Swap Counterparty CSA Posted Collateral (as the case may be), and to the creditworthiness of the Swap Counterparty and any obligor of Swap Counterparty CSA Posted Collateral.

Investing in the Notes will not make an investor the owner of any cash or securities comprising the Swap Counterparty CSA Posted Collateral. Any amounts payable on the Notes will be made in cash and the holders of the Notes will have no right to receive delivery of any securities comprising the Swap Counterparty CSA Posted Collateral.

Investors should also note that the Credit Support Annex contains provisions that enable a party to deliver a notice that items that then comprise eligible collateral under the Credit Support Annex will cease to be eligible. Such notice can be delivered if a party to the Credit Support Annex determines that the relevant items either have ceased to satisfy, or as of a specified date will cease to satisfy, collateral eligibility requirements under laws applicable to the recipient of such collateral requiring the collection of variation margin. Any non-eligible credit support will be given a zero value. If the Swap Counterparty delivers such a notice to the Issuer, the Issuer is unlikely to have any other Collateral available to it to provide to the Swap Counterparty as eligible collateral under the Credit Support Annex and, as a result, such legal ineligibility would be likely to lead to an event of default under the Swap Agreement if not remedied within the time period therein and would entitle the Swap Counterparty to terminate the Swap Agreement. Such termination would result in an early redemption of the relevant Series.

(vi) **SFTR (Article 15) title transfer collateral arrangements risk disclosure**

In respect of each Series, the Issuer may enter into one or more "title transfer collateral arrangements" (as defined in Article 2(1) of Directive 2002/47/EC) (each such arrangement, a "**Title Transfer Arrangement**") with a counterparty (as the "**Title Transfer Counterparty**"), as specified in the Accessory Conditions in respect of the relevant Series. The Credit Support Annex and the Repo Agreement will both constitute Title Transfer Arrangements.

Under Article 15 of Regulation (EU) 2015/2365 of the European Parliament and of the Council of 25 November 2015 on transparency of securities financing transactions and of reuse and amending Regulation (EU) No 648/2012 (as amended from time to time) (“**SFTR**”), the transferee of securities under any Title Transfer Arrangement is required to inform the transferor of such securities of the general risks and consequences that may be involved in entering into a Title Transfer Arrangement. Such risks are detailed below and are also relevant for Noteholders even though they will not be directly party to any Title Transfer Arrangement, particularly in circumstances where the Issuer is a transferor of securities under a Title Transfer Arrangement.

In the section below, the person that transfers securities under a Title Transfer Arrangement is referred to as the “**Transferor**”, the person to whom such securities are transferred is referred to as the “**Transferee**” and the securities so transferred are referred to as the “**Securities Collateral**”

(A) **Loss of proprietary rights in Securities Collateral**

The rights, including any proprietary rights, that a Transferor has in Securities Collateral transferred to a Transferee will be replaced (subject to any security granted by the Transferee) by an unsecured contractual claim for delivery of equivalent Securities Collateral, subject to the terms of the Title Transfer Arrangement. If the Transferee becomes insolvent or defaults under the Title Transfer Arrangement, the Transferor’s claim for delivery of equivalent Securities Collateral will not be secured and will be subject to the terms of the Title Transfer Arrangement and applicable law. Consequently, the Transferor may not receive such equivalent Securities Collateral (although the Transferor’s exposure may be reduced to the extent that its liabilities to the Transferee under such Title Transfer Arrangement can be netted or set-off against the obligation of the Transferee to deliver equivalent Securities Collateral to the Transferor).

Where the Issuer is the Transferor, upon transfer of the Securities Collateral, such securities will cease to form part of the Mortgaged Property so Noteholders will no longer have the benefit of security over such securities. If the Title Transfer Counterparty (as Transferee) becomes insolvent or otherwise defaults, the Mortgaged Property will not include equivalent Securities Collateral which the Issuer might otherwise have been expecting to receive. In these circumstances, Noteholders should be aware that the net proceeds of realisation of the Mortgaged Property may be insufficient to cover amounts that would otherwise be due under the Notes and consequently the Noteholders are exposed to the credit risk of the Title Transfer Counterparty (as Transferee).

The Title Transfer Counterparty will not have any proprietary rights in the Securities Collateral transferred to the Issuer. If the Issuer defaults under the Title Transfer Arrangement, the Title Transfer Counterparty’s claim for delivery of equivalent Securities Collateral will, as a result of the applicable payment waterfall, be subordinated to prior ranking claims of certain other Secured Creditors in respect of the Mortgaged Property. Consequently, the Transferor may not receive the equivalent Securities Collateral (although the Transferor’s exposure may be reduced to the extent that its liabilities to the Transferee under such Title Transfer Arrangement can be netted or set-off against an obligation on the Transferee to deliver equivalent Securities Collateral to the Transferor).

**(B) Stay of proceedings following resolution process**

See the risk factor titled “*Risks relating to the Notes – Resolution of financial institutions*” above for information on the consequences of a resolution process being instituted against the Title Transfer Counterparty.

**(C) Loss of voting rights in respect of Securities Collateral**

The Transferor in respect of any Securities Collateral will not be entitled to exercise, or direct the Transferee to exercise any voting, consent or similar rights attached to the Securities Collateral.

Noteholders should be aware that where the Transferor is the Issuer, the Noteholders will not have any right under the Notes to direct the Issuer to exercise any voting, consent or similar rights attached to the Securities Collateral.

**(D) No information provided in respect of Securities Collateral**

The Transferee will have title to any Securities Collateral and may or may not continue to hold such Securities Collateral and as such it will have no obligation to inform the Transferor of any corporate events or actions in relation to any Securities Collateral.

Where the Issuer is the Transferor, this means that no assurance can be given to Noteholders that they will be informed of events affecting any Securities Collateral.

**(b) The Custodian****(i) Custodian risk**

Collateral in the form of cash or securities will be held in an account of the Custodian in the name of the Issuer (provided that, in limited circumstances, the Custodian may register or record securities in a name other than the Issuer).

The ability of the Issuer to meet its obligations with respect to the Notes will be dependent upon receipt by the Issuer of payments from the Custodian under the Custody Agreement for the Notes (if the Collateral is so held). Consequently, the Noteholders are relying not only on the creditworthiness of the Collateral, but also on the creditworthiness of the Custodian in respect of the performance of its obligations under the Custody Agreement for such Notes subject to any relevant provisions or arrangements intended to provide that Collateral in the form of securities is not beneficially owned by the Custodian and therefore would not be available to its creditors on any insolvency of the Custodian.

Any cash deposited with the Custodian by the Issuer and any cash received by the Custodian for the account of the Issuer in relation to a Series will be held by the Custodian as banker and not as trustee. Accordingly, such cash will not be held as client money and will represent only an unsecured claim against the Custodian’s assets.

**(ii) Sub-custodians, depositaries and clearing systems****(A) Credit risk**

Under the Custody Agreement, the Issuer authorises the Custodian to hold the Collateral in the Custodian’s account or accounts with any other sub-custodian, any securities depository or at such other account keeper or clearing system as the Custodian deems to be appropriate for the type of instruments which comprise the Collateral.



Where the Collateral is held with a sub-custodian, securities depository or clearing system, the ability of the Issuer to meet its obligations with respect to the Notes will be dependent upon receipt by the Issuer of payments from the Custodian under the Custody Agreement for the Notes (if the Collateral is so held) and, in turn, the Custodian will be dependent (in whole or in part) upon receipt of payments from such sub-custodian, securities depository or clearing system. Consequently, the Noteholders are relying not only on the creditworthiness of the Collateral and the Custodian in respect of the performance of its obligations under the Custody Agreement for such Notes, but also on the creditworthiness of any duly appointed sub-custodian, securities depository or clearing system holding the Collateral subject to any relevant provisions or arrangements intended to provide that custody assets held by sub-custodians would not be available to its creditors on any insolvency of the sub-custodian.

In particular, the Custodian is authorised to hold Collateral in the form of securities with sub-custodians in omnibus accounts. Where securities are held in an omnibus account, this may result in such securities not being as well protected as if the securities were held in a segregated account. If there are insufficient securities to meet the claims of all persons holding securities in that account, the Issuer may not recover some or all of its securities, which would adversely affect the ability of the Issuer to meet its obligations with respect to the Notes.

**(B) Lien/Right of set-off**

Pursuant to their terms of engagement, sub-custodians, security depositories or clearing systems may have liens or rights of set-off with respect to the Collateral held with them in relation to any of their fees and/or expenses. If, for whatever reason, the Custodian fails to pay such fees and/or expenses, the relevant sub-custodian, security depository or clearing system may exercise such lien or right of set-off, which may result in the Issuer failing to receive any payments due to it in respect of the Collateral, and thereby adversely affecting the ability of the Issuer to meet its obligations with respect to the Notes.

Therefore, the ability of the Issuer to meet its obligations with respect to the Notes will not only be dependent upon receipt by the Issuer of payments from the Custodian under the Custody Agreement for the Notes (if the Collateral is so held) but will also be dependent on any sub-custodian, security depository or clearing system not exercising any lien or right of set-off in respect of any Collateral that it holds. Consequently, the Noteholders are relying not only on the creditworthiness of the Collateral, but also on the creditworthiness of the Custodian in paying when due any fees or expenses of such sub-custodian, security depository or clearing system.

**(c) The Paying Agents**

Any payments made to Noteholders in accordance with the Conditions will be made by the Issuing and Paying Agent and/or the Paying Agents on behalf of the Issuer. Pursuant to the Agency Agreement, the Issuer is required to transfer to the Issuing and Paying Agent such amount as may be due under the Notes on or before each date on which such payment in respect of the Notes becomes due.

If the Issuing and Paying Agent and/or the Paying Agents, while holding funds for payment to Noteholders in respect of the Notes, is declared insolvent, the Noteholders may not receive all (or any part) of any amounts due to them in respect of the Notes from the Issuing and Paying Agent and/or the Paying Agents. The Issuer will still be liable to Noteholders in respect of such unpaid

amounts but the Issuer may have insufficient assets to make such payments (or any part thereof) and Noteholders may not receive all, or any part, of any amounts due to them. Consequently, the Noteholders are relying not only on the creditworthiness of the Collateral, but also on the creditworthiness of the Issuing and Paying Agent and the Paying Agents in respect of the performance of their obligations under the Agency Agreement to make or facilitate payments to Noteholders.

(d) **The Disposal Agent**

(i) **Liquidation**

Where the Notes are to be redeemed as a result of a redemption being triggered prior to the Maturity Date or where the Issuer fails to pay any amount owing on the Maturity Date, the Disposal Agent is generally required to sell or otherwise liquidate the Collateral. The Disposal Agent is permitted to sell all or any part of the Collateral at any time or at different times during the relevant period or in stages in respect of smaller portions, and will not have any liability for doing so if a higher price could have been obtained had such sale taken place at a different time during such specified period and/or had or had not been effected in stages in respect of smaller portions.

Subject to the following paragraph, if the Collateral has not been Liquidated in full by the expiry of the Liquidation Period (as extended by any Disposal Agent Bankruptcy Event), the Disposal Agent shall sell the Collateral not then Liquidated, irrespective of the price obtainable and regardless of such price being close to or equal to zero.

The Disposal Agent may elect not to liquidate the Collateral in certain circumstances including, without limitation, on the grounds of illegality. Provided that the Disposal Agent has used reasonable care in the performance of its duties, it shall not be liable for such an election.

If SPIRE is subject to a SPIRE Bankruptcy Event, the Collateral shall be realised by the Trustee enforcing the Security and not by the Disposal Agent pursuant to a Liquidation.

(ii) **Replacement Disposal Agent**

Upon the occurrence of a Disposal Agent Bankruptcy Event, the Disposal Agent's appointment will be automatically terminated and the Issuer will be required to appoint a replacement institution to take its place. Such replacement will be chosen either (i) by the Noteholders acting by Extraordinary Resolution, or (ii) by the Issuer with the consent of the Swap Counterparty (provided no Event of Default (as defined in the Swap Agreement for the Series) has occurred with respect to the Swap Counterparty in accordance with the terms of the Swap Agreement for the Series), the Repo Counterparty (provided no Event of Default (as defined in the Repo Agreement for the Series) has occurred with respect to the Repo Counterparty in accordance with the terms of the Repo Agreement for the Series) and the Trustee. Arranging for, and appointing, any such replacement may delay any required liquidation of the Collateral and related payments on the Notes and there is no guarantee that a replacement will be found. Any delay or failure to appoint such a replacement may have adverse consequences for the Noteholders.

(iii) **Resignation following loss of licence**

If, for whatever reason, the Disposal Agent ceases to have any licence that it considers necessary to perform its role, it may resign its appointment at any time without giving any reason by giving the Issuer at least 60 days' notice to that effect. The Issuer will be required to appoint a replacement institution to take its place. Arranging for, and appointing, any such

replacement may delay any required liquidation of the Collateral and related payments on the Notes.

(e) **The Calculation Agent**

(i) **Replacement Calculation Agent**

Upon the occurrence of a Calculation Agent Bankruptcy Event, the Calculation Agent's appointment will be automatically terminated and the Issuer will be required to appoint a replacement institution to take its place. Such replacement will be chosen either (i) by the Noteholders acting by Extraordinary Resolution, or (ii) by the Issuer with the consent of the Swap Counterparty (provided no Event of Default (as defined in the Swap Agreement for the Series) has occurred with respect to the Swap Counterparty in accordance with the terms of the Swap Agreement for the Series), the Repo Counterparty (provided no Event of Default (as defined in the Repo Agreement for the Series) has occurred with respect to the Repo Counterparty in accordance with the terms of the Repo Agreement for the Series) and the Trustee. Arranging for, and appointing, any such replacement, may delay certain calculations and/or determinations and related payments on the Notes and there is no guarantee that any replacement will be found. Any delay or failure to appoint such a replacement may have adverse consequences for the Noteholders.

(ii) **Limited liability of Calculation Agent**

All calculations and determinations by the Calculation Agent shall (in the absence of manifest error) be final, conclusive and binding upon all Noteholders, Couponholders, Transaction Parties and all other parties.

In making any calculation or determination, giving any notice or exercising any discretion, in each case under the Conditions or any Transaction Document, the Calculation Agent does not assume any responsibility or liability to anyone other than the Issuer for whom it acts as agent. In particular, the Calculation Agent assumes no responsibility to Noteholders, Couponholders, the Trustee or any other persons in respect of its role as Calculation Agent and, without limitation, shall not be liable for any loss (whether a loss of profit, loss of opportunity or consequential loss), cost, expense or any other damage suffered by any such person.

The Calculation Agent shall not be liable to the Issuer for any errors in calculations or determinations made by it in respect of the Notes, or any failure to make, or delay in making, any calculations or determinations (irrespective of whether such error, failure or delay affects any other calculations or determinations made in respect of the Notes) in the manner required of it by the Conditions save that the Calculation Agent shall be liable to the Issuer (but not to any other person or persons, including Noteholders, Couponholders and the Trustee) where such error, failure or delay arose out of its negligence, fraud or wilful default, as described in more detail in the Conditions.

Where the Calculation Agent (acting in a commercially reasonable manner) determines that, as a result of market disruption, force majeure, systems failure or any other event of an analogous nature, it is unable to make a calculation or determination in the manner required by the Conditions or any Transaction Document, then the Calculation Agent shall not be liable for failure to make such calculation or determination in the required manner.

Where the Calculation Agent (acting in a commercially reasonable manner) determines that (i) it has not received the necessary information from any person or other source that is expected to deliver or provide the same pursuant to the Conditions or any Transaction Document which means that it is unable to make a determination required of it in accordance

with the Conditions or the provisions of a Transaction Document and/or (ii) one or more provisions (including any mathematical terms and formulae) contained in the Conditions or any Transaction Document appear to the Calculation Agent (taking into account the context of the transaction as a whole and its background understanding) to be erroneous on the basis that it is impossible to make such calculation or that such provisions produce a result that, in the opinion of the Calculation Agent, is economically nonsensical, the Calculation Agent shall be permitted to make its determination on the basis of the provisions of the Conditions or such Transaction Document but may make such amendments thereto as, in its opinion, are necessary to cater for relevant circumstances falling under (i) and/or (ii) above, provided always that in so doing the Calculation Agent acts in good faith and in a commercially reasonable manner.

(f) **Impact of FATCA Withholding on the Trustee, each Agent and the Custodian**

The application of FATCA Withholding (as defined in “*Master Conditions - Condition 1 (Definitions and Interpretation)*”) to interest or other amounts payable under or in respect of the Notes is not clear (see the risk factor titled “*Risks relating to SPIRE and the Issuer – FATCA and the possibility of withholding tax on payments*” above). If FATCA Withholding was applied to interest or other payments payable under or in respect of the Notes, none of the Issuer, the Trustee, any Agent, the Custodian or any other person would, pursuant to the Conditions, be required to pay additional amounts as a result of such FATCA Withholding. In such circumstances, Noteholders might receive less than otherwise expected.

(g) **Conflicts of interest**

The Transaction Parties and their affiliates may act in a number of capacities in connection with the Notes and the Mortgaged Property in respect of a Series and need not take into account the specific interests of any individual Noteholder. Such a party may also enter into business dealings relating to the Notes or the Collateral or any asset to which the Notes or Collateral are exposed, including the acquisition of the Notes, from which such party may derive revenues and profits in addition to any fees stated in the various documents, without any duty to account therefor, or act in a way that is adverse to the interests of the Noteholders generally.

In addition, where the Swap Counterparty, the Swap Guarantor or the Repo Counterparty is entitled to exercise its discretion or to undertake a decision in such capacity under or in respect of the Swap Agreement or Repo Agreement, the terms and conditions or otherwise in respect of the Notes then such party will be under no obligation or duty to the Noteholders or any other person and is likely to attempt to maximise the beneficial outcome for itself and will not be liable to account to the Noteholders or any other person for any profit or other benefit to them or any of their respective affiliates that may result directly or indirectly from any such action.

For further information, see the section of this Base Prospectus titled “*Conflicts of Interest*”.

(h) **Systemic risk**

Financial institutions and other significant participants in the financial markets that deal with each other are interrelated as a result of trading, investment, clearing, counterparty and other relationships. This risk is sometimes referred to as “systemic risk”. Financial institutions such as the Programme Dealers, the Programme Trustee, the Programme Swap Counterparties, the Programme Repo Counterparties, the Programme Custodian, the Programme Calculation Agent, the Programme Disposal Agent, the Programme Issuing and Paying Agent, the Programme Paying Agent, the Programme Registrar and the Programme Transfer Agent (or any affiliate of any of them) and any obligors of the Collateral (or any guarantor or credit support provider in respect thereof) that are financial institutions or are significant participants in the financial markets are likely routinely

## RISK FACTORS

to execute a high volume of transactions with various types of counterparties, including brokers and dealers, commercial banks, investment banks, insurers, mutual and hedge funds, and institutional clients. To the extent they do so, they are and will continue to be exposed to the risk of loss if counterparties fail or are otherwise unable to meet their obligations. In addition, a default by a financial institution or other significant participant in the financial markets, or concerns about the ability of a financial institution or other significant participant in the financial markets to meet its obligations, could lead to further significant systemic liquidity problems and other problems that could exacerbate the global financial crisis and, as such, have a material adverse impact on other entities.

**CONFLICTS OF INTEREST**

The following new section shall be added to the Base Prospectus after the “Risk Factors” section (*pages 19 to 61 inclusive*):

**1 General**

For the purposes of this section, references to “Collateral” shall also include Original Collateral to the extent that such Original Collateral has been transferred to the Swap Counterparty under the Swap Agreement by virtue of the Credit Support Annex thereto.

The Dealer and any of its affiliates (each a “**Relevant Party**”) may act in a number of capacities in connection with the Notes. A Relevant Party shall have only the duties and responsibilities expressly agreed to by such entity in the relevant capacity and shall not, by virtue of its or any affiliate acting in any other capacity, be deemed to have other duties or responsibilities or be deemed to hold a standard of care other than as may be expressly provided with respect to the relevant capacity. A Relevant Party may enter into business dealings relating to the Notes or the Collateral or any asset to which the Notes or Collateral are exposed, including the acquisition of the Notes, from which such Relevant Party may derive revenues and profits in addition to any fees stated in the various documents, without any duty to account therefor.

A Relevant Party may, from time to time, be in possession of certain information (confidential or otherwise) and/or opinions with regard to the issuer or obligor of any Collateral or another Relevant Party which information and/or opinions might, if known by a Noteholder, affect decisions made by it with respect to its investment in the Notes. Notwithstanding this, no Relevant Party shall have any duty or obligation to notify the Noteholders or the Issuer or any other Transaction Parties (including any directors, officers or employees thereof) of such information and/or opinions.

A Relevant Party may deal in any obligation of the issuer or obligor of any Collateral and may accept deposits from, make loans or otherwise extend credit to, and generally engage in any kind of commercial or investment banking or other business transactions with, the issuer or obligor of any Collateral and may act with respect to such transactions in the same manner as if the Swap Agreement and the Notes did not exist and without regard to whether any such action might have an adverse effect on the issuer or obligor of any Collateral, the Issuer, the Swap Counterparty or the Noteholders.

A Relevant Party may, at any time, be active and significant participants in or act as market maker in relation to a wide range of markets for currencies, instruments relating to currencies, securities and derivatives. Activities undertaken by a Relevant Party may be on such a scale as to affect, temporarily or on a long-term basis, the price of such currencies, instruments relating to currencies, securities and derivatives or securities and derivatives based on, or relating to the Notes or any Collateral. Notwithstanding this, no Relevant Party shall have any duty or obligation to take into account the interests of any party in relation to any Notes when effecting transactions in such markets.

One or more Relevant Parties or any Transaction Party may:

- (i) have placed or underwritten, or acted as a financial arranger, structuring agent or adviser in connection with the original issuance of, or may act as a broker or dealer with respect to the Collateral;
- (ii) act as trustee, paying agent and in other capacities in connection with certain of the Collateral or other classes of securities issued by an issuer of, or obligor with respect to, the Collateral or an affiliate thereof;
- (iii) be a counterparty to issuers of, or obligors with respect to, certain of the Collateral under a swap or other derivative agreements or repurchase agreement;

## CONFLICTS OF INTEREST

- (iv) lend to certain of the issuers of, or obligors with respect to, the Collateral or their respective affiliates or receive guarantees from such issuers, obligors or their respective affiliates;
- (v) provide other investment banking, asset management, commercial banking, financing or financial advisory services to the issuers of, or obligors with respect to, the Collateral or their respective affiliates; or
- (vi) have an equity interest, which may be a substantial equity interest, in certain issuers of, or obligors with respect to, the Collateral or their respective affiliates.

The Dealer may have acquired, or during the terms of the Notes may acquire, confidential information or enter into transactions with respect to any Collateral and it shall not be under any duty to disclose such confidential information to any Noteholder, the Issuer, the Trustee or any of the other Transaction Parties.

When acting as a trustee, paying agent or in other service capacities with respect to the Collateral, the Transaction Parties may be entitled to fees and expenses senior in priority to payments on such Collateral. When acting as a trustee for other classes of securities issued by the issuer of any Collateral or an affiliate thereof, a Transaction Party will owe fiduciary duties to the holders of such other classes of securities, which classes of securities may have differing interests from the holders of the class of securities of which the relevant Collateral is a part, and may take actions that are adverse to the holders (including, where applicable, the Issuer) of the class of securities of which the relevant Collateral is a part. As a counterparty under swaps and other derivative agreements or repurchase agreements, a Transaction Party may take actions adverse to the interests of the Issuer, including, but not limited to, demanding collateralisation of its exposure under such agreements (if provided for thereunder) or terminating such swaps or agreements in accordance with the terms thereof. In making and administering loans and other obligations, a Transaction Party may take actions including, but not limited to, restructuring a loan, foreclosing on or exercising other remedies with respect to a loan, requiring additional collateral or other credit enhancement, charging significant fees and interest, placing the issuers of, or obligors with respect to, any Collateral in bankruptcy or demanding payment on a loan guarantee or under other credit enhancement. The Issuer's acquisition, holding and sale of the Collateral may enhance the profitability or value of investments made by a Transaction Party in the issuers thereof or obligors in respect thereof. As a result of all such transactions or arrangements between a Transaction Party and issuers of, and obligors with respect to, the Collateral or their respective affiliates, a Transaction Party may have interests that are contrary to the interests of the Issuer and the Noteholders.

## 2 The Trustee

In connection with the exercise of its functions, the Trustee shall have regard to the interests of the Noteholders as a class and, in particular, but without prejudice to the generality of the foregoing, shall not have regard to the consequences of such exercise for individual Noteholders and the Trustee shall not be entitled to require, nor shall any Noteholder be entitled to claim from the Issuer or the Trustee, any indemnification or payment in respect of any tax arising in consequence of any such exercise upon individual Noteholders. In acting as Trustee under the Trust Deed, the Trustee shall not, in respect of Notes of any Series, assume any duty or responsibility to any of the Swap Counterparty, the Swap Guarantor, the Repo Counterparty, the Custodian, the Issuing and Paying Agent, any of the Paying Agents or any other Secured Creditor or any other Transaction Party (other than to pay any such party any moneys received and payable to it and to act in accordance with the Conditions and the Trust Deed and other than in respect of any obligations it may have to Secured Creditors in respect of any enforcement of the Security) and shall have regard solely to the interests of the Noteholders and (save where expressly provided otherwise in the Transaction Documents to which the Trustee is a party) shall not be obliged to act on any directions of any Secured Creditor or Transaction Party if this would, in the Trustee's opinion, be contrary to the interests of the Noteholders.

### **3 The Swap Counterparty, the Swap Guarantor and the Repo Counterparty**

Prospective investors should be aware that where the Swap Counterparty, the Swap Guarantor or the Repo Counterparty is entitled to exercise its discretion or to undertake a decision in such capacity under or in respect of the Swap Agreement or Repo Agreement (including any right to terminate the Swap Agreement or Repo Agreement), in respect of the terms and conditions or otherwise in respect of the Notes then, unless specified to the contrary therein, the Swap Counterparty, the Swap Guarantor or the Repo Counterparty will be under no obligation to, and will not assume any fiduciary duty or responsibility for, the Noteholders or any other person. In exercising their discretion or undertaking any decision, prospective investors should expect and understand that the Swap Counterparty, the Swap Guarantor and the Repo Counterparty are likely to attempt to maximise the beneficial outcome for itself (that is maximise any payments due to them and minimise any payments due from them) and will not be liable to account to the Noteholders or any other person for any profit or other benefit to them or any of their respective affiliates that may result directly or indirectly from any such selection.



## DESCRIPTION OF SPIRE

The section entitled “Description of SPIRE” (*pages 180 to 183 inclusive*) contained in the Base Prospectus shall be amended by adding the following:

### **Securitisation Act 2004 and Compartments**

SPIRE is a special purpose vehicle incorporated as a public limited liability company (*société anonyme*) under the laws of Luxembourg and has the status of an unregulated securitisation undertaking (*société de titrisation*) within the meaning of the Securitisation Act 2004. The Board will establish a Compartment in relation to each Series. Each Compartment is a separate and distinct part of SPIRE's estate (*patrimoine*) which may be distinguished by the nature of acquired risks or assets, the Conditions of the Notes issued in relation to the Compartment, and the reference currency or other distinguishing characteristics.

If the net assets of a Compartment are liquidated, the net proceeds of liquidation shall be applied in the order set out in the Conditions.

The rights of Noteholders and other Secured Creditors against SPIRE in respect of a Series are limited to the assets of the corresponding Compartment.

The assets of a Compartment are, in principle, available only to satisfy the rights of the Noteholders of Notes issued in relation to that Compartment and the rights of creditors whose claims have arisen at the occasion of the creation, the operation or the liquidation of that Compartment (including the other Secured Creditors). No other party shall have a claim against the net proceeds of a liquidation of the net assets of that Compartment, including after the opening of insolvency proceedings against SPIRE, except to the extent required by any applicable law.

A creditor of SPIRE may have claims against SPIRE in respect of more than one Series, in which case the claims in respect of each individual Series will be limited to the net proceeds of the Mortgaged Property relating to that particular Series only. Assets held in different Compartments of SPIRE are deemed to be assets of separate entities for the purpose of creditors.

To give effect to the provisions of the Securitisation Act 2004 under which the net proceeds of the Mortgaged Property of a Compartment are available only for the Secured Creditors for the Series relating to that Compartment, the Issuer is (subject as provided for in the Trust Deed) permitted only to contract with parties on a “limited recourse” basis such that claims against the Issuer in relation to each Series would be restricted to the net proceeds of the Mortgaged Property of the Compartment for the relevant Series.

Fees, expenses and other liabilities incurred on behalf of SPIRE but which do not relate specifically to any Compartment will be payable out of the assets of SPIRE's general estate, not out of the assets allocated to Compartments. The Board shall establish and maintain separate accounting records for each of the Compartments of SPIRE for the purposes of ascertaining the rights of holders of debt securities issued in respect of each Compartment, and such accounting records shall be conclusive evidence of such rights in the absence of manifest error.

### **Special Purpose Vehicle**

SPIRE's sole business is the raising of money by issuing Notes or entering into certain other obligations within the limits of the Securitisation Act 2004, in each case for the purposes of purchasing assets and entering into related derivatives and other contracts. The Issuer has covenanted (amongst other things) not, so long as any Note is outstanding, without the prior written consent of the Trustee or the sanction of an Extraordinary Resolution, and except as provided for or contemplated in the Conditions or any Transaction Document and within the limits of the Securitisation Act 2004, to engage in any business other

than the issuance or entry into of Obligations, the entry into of related agreements and transactions, the acquisition and holding of related assets and the performing of acts incidental thereto or necessary in connection therewith, and provided that:

- (i) such Obligations are secured on assets of the Issuer other than any fees paid to the Issuer (for its own account) in connection with the Notes or other Obligations and any assets securing any other Obligations (other than Equivalent Obligations) of the Issuer;
- (ii) such Obligations and any related agreements contain limited recourse and non-petition provisions;
- (iii) the terms of such Obligations comply with all applicable laws; and
- (iv) the terms of such Obligations and any underlying assets relating to such Obligations comply with (a) paragraph 2 (Additional Restrictions) of the Product Criteria and (b) the Collateral Criteria.

In addition, the Issuer will be subject to certain other restrictions including that it will (amongst other things) not, without the prior written consent of the Trustee or the sanction of an Extraordinary Resolution, have any subsidiaries or employees, purchase, own, lease or otherwise acquire any real property, consolidate or merge with any other person or convey or transfer its properties or assets substantially as an entirety to any person (other than as contemplated by the Conditions) or issue any shares or declare any distributions or dividends thereon (other than such shares as are in issue at the date hereof and such shares as may be issued in accordance with the Securitisation Act 2004, and any distributions or dividends thereon).