

RIS NOTIFICATION

To: Euronext Dublin
Exchange Buildings, Foster Place
Dublin 2
Ireland

Attention: Regulatory Information Services

21 October 2020

COMPANY ANNOUNCEMENT

In relation to RESIDENTIAL MORTGAGE SECURITIES 31 PLC

**£240,410,000 Class A Notes due September 2065
(ISIN: XS1910119707 Common Code: 191011970)**

**£11,900,000 Class B Notes due September 2065
(ISIN: XS1910120036 Common Code: 191012003)**

**£13,480,000 Class C Notes due September 2065
(ISIN: XS1910120119 Common Code: 191012011)**

**£12,690,000 Class D Notes due September 2065
(ISIN: XS1910120465 Common Code: 191012046)**

**£16,660,000 Class E Notes due September 2065
(ISIN: XS1910120549 Common Code: 191012054)**

**£8,720,000 Class F1 Notes due September 2065
(ISIN: XS1910134250 Common Code: 191013425)**

**£9,520,000 Class F2 Notes due September 2065
(ISIN: XS1910134334 Common Code: 191013433)**

**£3,990,000 Class F3 Notes due September 2065
(ISIN: XS1910134417 Common Code: 191013441)**

**£6,340,000 Class X1 Notes due September 2065
(ISIN: XS1910134763 Common Code: 191013476)**

**£3,180,000 Class X2 Notes due September 2065
(ISIN: XS1910135141 Common Code: 191013514)**

**£9,530,000 Class Z Notes due September 2065
(ISIN: XS1910135497 Common Code: 191013549)**

**Certificates due September 2065
(ISIN: XS1910140497 Common Code: 191014049)**

**issued by RESIDENTIAL MORTGAGE SECURITIES 31 PLC (the "Issuer")
(a company incorporated in England and Wales with registered number 11579375)**

NOTICE IS HEREBY GIVEN to the Noteholders and Certificateholders that there have been discussions between the Issuer, the Trustee and Kensington Mortgage Company Limited (in its capacities as the Legal Title-Holder and Mortgage Administrator) regarding the proposed replacement of the reference rate used to calculate interest on the LIBOR Mortgages in the Mortgage Pool with an alternative reference rate (the “**Rate Replacement Proposal**”).

The interest rates in respect of these LIBOR Mortgages are currently reset quarterly at 3 Month Sterling LIBOR plus a margin. Noteholders and Certificateholders should already be aware that the sustainability of LIBOR has been questioned by the FCA for some time. On 29 April 2020, the FCA published a statement affirming that it remains the central assumption that firms cannot rely on LIBOR of any tenor being published after the end of 2021. The FCA has also made it clear that it generally expects regulated firms to manage the transition from LIBOR to an appropriate alternative in a timely manner.

As a consequence, the Legal Title-Holder is currently assessing the feasibility of replacing the 3 Month Sterling LIBOR component of the interest rate on the LIBOR Mortgages with a new reference rate equal to the Bank of England base rate plus a funding cost adjustment between 0.00% and 1.00%, reset quarterly (the “**Kensington Standard Rate**”). Any eventual replacement of the existing reference rate applied to the Loans is intended to commence from June 2021 onwards and will be subject to:

- (i) the requirements of all laws, statutory instruments, regulations and rules including the rules, directions and principles of any relevant regulatory authority and any relevant legally binding or mandatory regulatory, judicial or industry codes of conduct or guidance (to the extent published in writing), and the decisions of any relevant court or ombudsman whether relating to substantive or procedural matters, applicable to Kensington Mortgage Company Limited (in its capacities as Legal Title-Holder and Mortgage Administrator) from time to time in the United Kingdom, including in connection with the Loans, Mortgages, Collateral Security and the Borrowers, the delivery or receipt of the services under the Mortgage Administration Agreement;
- (ii) the Legal Title-Holder’s general duty to treat customers fairly;
- (iii) the terms of the Mortgage Conditions applied to any impacted Loans in the Mortgage Pool;
- (iv) the Legal Title-Holder’s general obligation under the Mortgage Administration Agreement to perform its obligations in a manner consistent with the standard of a Prudent Mortgage Lender;
- (v) the terms and conditions of the Transaction Documents including any consequential amendments that may be needed to facilitate the Rate Replacement Proposal; and
- (vi) where applicable under the Transaction Documents, receipt of a Rating Agency Confirmation from each Rating Agency confirming that, amongst other things, the implementation of the Rate Replacement Proposal and any consequential amendments to the Transaction Documents will not result in the then current ratings of each Class of Rated Notes being qualified, downgraded or withdrawn.

It is also noted that the interest rate in respect of each of the Floating Rate Notes is calculated with reference to 3 Month Sterling LIBOR. There is currently no intention to amend the Floating Rate of Interest applicable to the Floating Rate Notes prior to the Step-Up Date falling in September 2021. The Issuer (or the Mortgage Administrator and/or Cash/Bond Administrator on its behalf) intends to take steps to replace the reference rate applicable to the Floating Rate Notes in accordance with the Transaction Documents in the event that these Notes are not redeemed on the Step-Up Date in accordance with Note Condition 5(d) (*Optional Redemption in Full of the Notes upon Sale of the Charged Property to the Certificateholders*) and Certificates Condition 4(j) (*Optional Redemption in Full of the Notes upon Sale of the Charged Property to the Certificateholders*).

There can be no certainty as to the outcome of any Rate Replacement Proposal or proposed replacement of the reference rate applicable to the Floating Rate Notes which may be initiated after the Step-up Date. This notice does not constitute an undertaking of the Issuer, the Trustee, the Legal Title-Holder, the Mortgage Administrator or the Cash/Bond Administrator to take any action to replace the reference rate applicable to any Loans in the Mortgage Pool or the Floating Rate Notes.

Noteholders and Certificateholders who have queries in relation to the above matters should contact the Legal Title-Holder at: capitalmarkets@kensingtonmortgages.co.uk, for further information.

Defined terms used in this notice will have the meaning given to them in the prospectus of the Issuer dated 27 November 2018.

21 October 2020

For and on behalf of
Residential Mortgage Securities 31 plc