

THIS NOTICE IS IMPORTANT AND REQUIRES THE IMMEDIATE ATTENTION OF NOTEHOLDERS AND CERTIFICATEHOLDERS. PLEASE LET THIS NOTICE SERVE AS OFFICIAL AUTHORISATION (LETTER OF AUTHORITY) TO RELEASE SECURITY HOLDINGS IDENTITY INFORMATION UNDER EU DIRECTIVE 2007/36/EC AND THE RELATED COMMISSION IMPLEMENTING REGULATION (EU) 2018/1212 OF 03 SEPTEMBER 2018. IF NOTEHOLDERS AND/OR CERTIFICATEHOLDERS ARE IN ANY DOUBT AS TO THE ACTION THEY SHOULD TAKE, THEY SHOULD SEEK THEIR OWN FINANCIAL AND LEGAL ADVICE, INCLUDING AS TO ANY TAX CONSEQUENCES, IMMEDIATELY FROM THEIR STOCKBROKER, SOLICITOR, ACCOUNTANT OR OTHER INDEPENDENT FINANCIAL OR LEGAL ADVISER.

Stratton Mortgage Funding 2021-3 plc

(incorporated with limited liability under the laws of England and Wales with registered number 13305719)
(the "**Issuer**" or the "**Transaction**" as the context requires)

NOTICE

to the holders of the

£209,200,000 Class A Notes due December 2043 (Common Code: 234855867) (ISIN: XS2348558672)

£17,050,000 Class B Notes due December 2043 (Common Code: 234855883) (ISIN: XS2348558839)

£11,150,000 Class C Notes due December 2043 (Common Code: 234855913) (ISIN: XS2348559134)

£5,250,000 Class D Notes due December 2043 (Common Code: 234855921) (ISIN: XS2348559217)

£5,250,000 Class E Notes due December 2043 (Common Code: 234855948) (ISIN: XS2348559480)

£5,250,000 Class F Notes due December 2043 (Common Code: 234855956) (ISIN: XS2348559563)

£4,600,000 Class X1 Notes due December 2043 (Common Code: 234856006) (ISIN: XS2348560066)

£1,350,000 Class X2 Notes due December 2043 (Common Code: 234856014) (ISIN: XS2348560140)

£9,190,000 Class Z1 Notes due December 2043 (Common Code: 234855972) (ISIN: XS2348559720)

£4,860,000 Class Z2 Notes due December 2043 (Common Code: 234855999) (ISIN: XS2348559993)

and

Residual Certificates due December 2043 (Common Code: 234859366) (ISIN: XS2348593661)

Capitalised terms used but not otherwise defined in this notice shall have the meanings set out in the prospectus issued by the Issuer on 11 June 2021 in respect to the Transaction.

In this notice:

"Legal Title Holders" means Stratton 2018 Legal Title Holder and Oncilla Legal Title Holder.

"Regulatory Synthetic LIBOR" means the three-month "synthetic" LIBOR that has been published (among other tenors) on and from 1 January 2022 pursuant to the Critical Benchmarks (References and Administrators' Liability) Act 2021, on the basis of the publicly quoted three-month ICE Term SONIA reference rate plus a spread adjustment of 0.1193% per annum which in order to ensure a degree of parity between three-month LIBOR and the reconstituted synthetic LIBOR.

"3 Month Term SONIA" means the risk-free interest rate for sterling over the relevant forward-looking tenor (as implied by overnight index swap contracts that reference SONIA) administered and published by Refinitiv Benchmark Services (UK) Limited on each London business day at 11:50am London time.

The Issuer refers to the 1,933 Loans comprising the Portfolio. The interest rate payable by the relevant Borrowers of 393 of those Loans is currently calculated by reference to Regulatory Synthetic LIBOR plus the margin applicable to that Loan (the "**LIBOR Mortgage Loans**").

The Issuer notifies the Noteholders and Certificateholders that the Financial Conduct Authority published its notice (the "**IBA Notice**") to ICE Benchmark Administration ("**IBA**") to compel the IBA to continue the

publication of Regulatory Synthetic LIBOR until the end of March 2024, but not beyond that date. The Financial Conduct Authority confirms in the IBA Notice that parties to contracts referencing Regulatory Synthetic LIBOR are to be transitioned to reference appropriate alternative rates by the end of March 2024. The Legal Title Holders of the LIBOR Mortgage Loans have now started a project to transition the LIBOR Mortgage Loans to reference 3 Month Term SONIA as the alternative benchmark to meet this deadline. The alternative rate plus credit spread adjustment of 0.1193% plus the margin applicable to that LIBOR Mortgage Loan will derive the interest rate payable by the Borrower of that LIBOR Mortgage Loan.

The terms and conditions of the LIBOR Mortgage Loans have been reviewed by TLT LLP ("**TLT**"), a law firm retained by the Legal Title Holders of the LIBOR Mortgage Loans, to confirm and advise how the interest rate setting terms are drafted and whether consent from Borrowers is required to make the necessary changes to reference the alternative benchmark of 3 Month Term SONIA. Following delivery of TLT's report, the Legal Title Holders have confirmed that the applicable terms and conditions for the LIBOR Mortgage Loans contain a unilateral ability, on the part of the Legal Title Holders, to amend, vary or modify the terms and conditions relating to the interest rate calculation and setting.

In light of the IBA Notice, the Issuer notifies the Noteholders and Certificateholders that the Servicer, on behalf of the Legal Title Holders, has taken the following action ahead of the end of March deadline:

The approach

1. The Servicer, on behalf of the Legal Title Holders of the LIBOR Mortgage Loans, has been contacting all Borrowers of LIBOR Mortgage Loans comprising the Portfolio to confirm that their LIBOR Mortgage Loans will be transitioned to reference 3 Month Term SONIA (the "**Replacement Benchmark**") as a replacement to Regulatory Synthetic LIBOR and seeking consent to make the required amendments to their terms and conditions.
2. As set out above, there is a unilateral right in the applicable terms and conditions for the Legal Title Holders to change the reference benchmark applicable to setting the interest rate for the LIBOR Mortgage Loans. However, following legal advice received by the Legal Title Holders, the Servicer, on behalf of the Legal Title Holders, has sought active consent from the Borrowers of the LIBOR Mortgage Loans, to ensure (i) that it is treating customers fairly across the LIBOR Mortgage Loans; (ii) compliance with the overarching regulatory expectation of early engagement with Borrowers and the Servicer and Legal Title Holders' consumer duty; and (iii) to mitigate the risk of later challenge.
3. In order to effect the transition to the Replacement Benchmark, the Servicer, on behalf of the Legal Title Holders, has taken following the steps set out below.

	Loans	Indicative timeframe
First Step	An initial letter was sent requesting each relevant Borrower consents to the necessary amendments to their respective terms and conditions of their LIBOR Mortgage Loans.	The initial letters to all relevant Borrowers were sent by out on 22 November 2023.
Second step	A final letter, informing the Borrowers of the switch and providing an indicative monthly payment.	Final letters were distributed on or around 12 February 2024.

The steps described have been designed to: (i) effect an efficient transition process; (ii) comply with both the Servicer and the Legal Title Holders' regulatory requirements; and (iii) mitigate the risk of litigation being brought in respect of the transition process (particularly by claims management companies who are known to be looking for opportunities arising from the LIBOR/Regulatory Synthetic LIBOR transition).

4. In addition to the letters referred to above, the Legal Title Holders has made an FAQ sheet available, explaining why the transition needs to take place, explaining what the Replacement Benchmark is and why it has been chosen.

5. Whether or not a Borrower actively consents, the terms and conditions applicable to their interest rate calculation took effect from the last reset date before the end of March 2024 and all LIBOR Mortgage Loans will be calculated by reference to the Replacement Benchmark by no later than 1 January 2024 (being the last reset date).

Project costs

The Servicer, the Legal Title Holders and their respective legal counsel will be invoicing the Issuer for the costs incurred in relation to the project of transitioning the LIBOR Mortgage Loans to the Replacement Benchmark.

The Issuer

Stratton Mortgage Funding 2021-3 plc

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Attention: The Directors

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This Notice is given by:

Stratton Mortgage Funding 2021-3 plc

Dated 14 March 2024