



5 February 2019

PRESS NOTICE

SYNDICATED RE-OPENING OF £2.5 BILLION NOMINAL OF 0 $\frac{1}{8}$ % INDEX-LINKED TREASURY GILT 2041: RESULT

The United Kingdom Debt Management Office (DMO) announces that the syndicated re-opening of £2.5 billion (nominal) of 0 $\frac{1}{8}$ % Index-linked Treasury Gilt 2041 has been priced at £149.583 per £100 nominal, equating to a gross real redemption yield of -1.6785%. The transaction will settle, and the second tranche of this gilt will be issued, on 6 February 2019, at which point the gilt will have £5.75 billion (nominal) in issue.

Proceeds from today's transaction are expected to amount to approximately £3.8 billion (cash¹). This was the final of four transactions in the DMO's 2018-19 syndication programme, which has raised £19.2 billion (£10.6 billion of long conventional gilts in two transactions and £8.6 billion (cash) of index-linked gilts in two transactions²).

The offering was priced at a real yield spread of 1.75 basis points (bps) above the real yield on 0 $\frac{5}{8}$ % Index-linked Treasury Gilt 2040, which represented the tight end of the published price guidance. The UK domestic market provided the predominant support for the issue, taking around 86% of the allocation.

Commenting on the result, Sir Robert Stheeman, the Chief Executive of the DMO, said:

Today has seen the successful conclusion of the DMO's index-linked gilt syndication programme for 2018-19. The re-opening of the 2041 maturity index-linked gilt, which was launched in July 2018, was well received with an order book of £19.6 billion. Once again, we saw high-quality demand from our core domestic investor base, which was mobilised very rapidly and efficiently.

¹ Figures in this Press Notice are in cash terms unless indicated otherwise.

² The DMO has increased the size of this syndication relative to the initially planned amount for index-linked gilt syndications in 2018-19, by moving £200 million (cash) from the unallocated issuance amount.

This well-managed transaction provides a fitting conclusion to this year's syndication programme which has raised a total of £19.2 billion through four transactions.

Today's offering, and indeed the programme as a whole, has demonstrated the strength of the support and commitment we receive from a diverse range of gilt market participants. This support is very important to the DMO in enabling us to deliver the government's gilt financing programme on an ongoing basis. It also demonstrates the continued strength and resilience of the gilt market. I look forward to this continuing as we embark on the final operations of our current remit and look ahead to our remit for 2019-20, which will be announced at the Spring Statement on 13 March 2019.

NOTES TO EDITORS

The syndicated offering was managed by four Joint Bookrunners: Barclays, BofA Merrill Lynch, Deutsche Bank and RBC Capital Markets. All other panel member Index-linked Gilt-edged Market Makers were Co-Lead Managers. The composition of the syndicate was announced by the DMO on 25 January 2019.

The order book for the transaction was opened at 9.00am on 5 February 2019 with indicative price guidance for investors at a spread of 1.75bps to 2.00bps above the yield on 0½% Index-linked Treasury Gilt 2040. At 9.30am the Joint Bookrunners announced that the value of orders exceeded £16.75 billion, and that the book was expected to close at 10.00am. At 9.45am the Joint Bookrunners announced that orders exceeded £18 billion, that price guidance was being fixed at a yield spread of 1.75bps above the reference gilt, and that the book would close at 10.00am.

The book closed with 102 orders totalling £19.6 billion (nominal). At 10.53am the Joint Bookrunners announced that the size of the transaction had been set at £2.50 billion (nominal). The price was set at 12.56pm.

Proceeds from the transaction amount to approximately £3.8 billion and will take index-linked gilt sales for the financial year to-date to £19.2 billion. Total gilt sales for the financial year to date now amount to £86.8 billion, relative to the overall remit target of £97.5 billion.

As a result of the transfer of £0.2 billion from the unallocated portion of issuance to the index-linked gilt syndication programme announced today, the size of that programme has been increased to £8.6 billion and the size of the overall syndication programme to £19.1 billion. The size of the remaining unallocated amount was reduced to £1.3 billion as a result of this transfer.

This press notice will be appearing on the DMO's website at: www.dmo.gov.uk