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Debt Management
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PRESS NOTICE

SYNDICATED RE-OPENING OF £5.5 BILLION OF 1½% TREASURY GILT 2073: RESULT

The United Kingdom Debt Management Office (DMO) announces that the syndicated re-opening of £5.5 billion (nominal) of 1½% Treasury Gilt 2073 has been priced at £57.626 per £100 nominal, equating to a gross redemption yield of 2.6358%. The transaction will settle, and the second tranche of this gilt will be issued, on 22 June 2022.

Proceeds from today's transaction are expected to amount to approximately £3.2 billion (cash¹) and will take syndication proceeds this financial year to £7.7 billion. This represents the second transaction of the DMO's 2022-23 syndication programme, which is planned to raise £21.5 billion (£13.0 billion via issuance of long conventional gilts in three transactions and £8.5 billion via issuance of index-linked gilts in two transactions).

The UK domestic market provided the main support for the issue, taking around 91% of the allocation.

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

"I am very pleased with today's first re-opening of our new 50-year conventional benchmark, which we originally launched in February, extending the gilt yield curve for the first time since May 2018. The transaction, which brings the 2073 gilt to just under £10 billion (nominal) in issue, was again well received by the market. It attracted another high quality order book largely from our core investor base, looking to hedge very long-dated liabilities.

The success of today's sale was particularly welcome given the ongoing high levels of volatility in the gilt and other fixed income markets and the inherently high duration risk of this ultra-long bond. Notwithstanding the uncertain and challenging market backdrop, the transaction was smoothly and swiftly executed.

Today's offering is a testament to the ongoing high level of commitment we see from gilt market participants to our financing programme, including the five banks who joint lead

¹ Figures in this press notice are in cash terms unless indicated otherwise.

managed this transaction and the other primary dealers who supported it. The ongoing support we receive from the financial community is very much appreciated.”

NOTES TO EDITORS

The syndicated offer was managed by five Joint Bookrunners: Lloyds Bank Corporate Markets, Morgan Stanley, NatWest Markets, RBC CM and Santander. All other wholesale Gilt-edged Market Makers were appointed Co-Lead Managers. The composition of the syndicate was announced by the DMO on 10 June 2022.

The order book for the transaction was opened at 8.30am on 21 June 2022 with indicative price guidance for investors at a spread of 3.5 to 3.25 basis points (bp) below the yield on the reference gilt (1½% Treasury Gilt 2071). At 9.15am, the Joint Bookrunners announced that the price guidance was fixed at 3.5bp below the yield on the reference gilt (the tight end of the initial price guidance).

The book closed at 9.30am with 129 orders². The nominal size of the transaction was announced as £5.5 billion at 10.22am and the price was set at 12.40pm.

Proceeds from the transaction amount to approximately £3.2 billion and will take long conventional gilt sales for the financial year to date to £7.1 billion. Total gilt sales for the financial year to date now amount to £28.9 billion, relative to the overall remit target of £131.5 billion.

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

² Total orders were £43.5 billion nominal.