



9 February 2021

PRESS NOTICE

SYNDICATED LAUNCH OF £2.25 BILLION NOMINAL OF 0¹/₈% INDEX-LINKED TREASURY GILT 2051: RESULT

The United Kingdom Debt Management Office (DMO) announces that the syndicated launch of £2.25 billion (nominal) of 0¹/₈% Index-linked Treasury Gilt 2051 has been priced at £189.697 per £100 nominal, equating to a gross real redemption yield of -2.0234%. The transaction will settle, and the first tranche of this gilt will be issued, on 10 February 2021.

Proceeds from today's transaction are expected to amount to approximately £4.3 billion (cash¹) and will take index-linked gilt sales in the financial year to-date to £31.4 billion, and total gilt sales to £451.1 billion. The DMO is planning to raise £485.5 billion via gilt sales in 2020-21.

This was the seventh and final transaction in the DMO's 2020-21 syndication programme, which has raised £52.3 billion. The new gilt was priced at a yield spread of 2.75 basis points (bp) above the yield on the reference gilt, 0¹/₂% Index-linked Treasury Gilt 2050. This represented the tight end of the published price guidance. The UK domestic market provided the main support for the issue, taking around 92% of the allocation.

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

Today we have concluded our syndication programme for 2020-21 with a very successful launch of a new 30-year maturity index-linked gilt. This is the DMO's first index-linked gilt syndication since November 2019. In this context today's supply event represents an important milestone for the index-linked market and for its investor base.

The transaction was well received by the market and smoothly executed, with the new gilt attracting strong interest from real money accounts which constitute our core domestic investor base. It is a

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

welcome demonstration of the capacity and depth of the index-linked gilt market and the valuable support we receive from its participants.

Today's sale has contributed to the DMO's syndication programme raising a record amount of £52.3 billion this financial year which has played a very important part in delivering our largest ever gilt financing programme.

As we move toward the conclusion of this year's historically high programme and very busy issuance calendar, I would like to record my appreciation for the contribution and support we have received from all gilt market participants in helping us to deliver the £451.1 billion of gilt sales in the financial year to date. I look forward to a continuation of this as we move forward into the 2021-22 financial year.

NOTES TO EDITORS

The syndicated offer was managed by four Joint Bookrunners: BofA Securities, Citi, Santander and UBS Investment Bank. All other wholesale Index-linked Gilt-edged Market Makers were Co-Lead Managers. The composition of the syndicate was announced by the DMO on 29 January 2021.

The order book for the transaction was opened at 9.00am on 9 February 2021 with indicative price guidance for investors at a spread of 2.75bp to 3.25bp above the yield on the reference gilt (0½% Index-linked Treasury Gilt 2050). At 9.30am the Joint Bookrunners announced that the total value of orders exceeded £16.5 billion and that the book was expected to close at 10.00am. At 9.45am the Joint Bookrunners announced that orders exceeded £19.5 billion, that price guidance was being fixed at a yield spread of 2.75bp above the reference gilt, and that the order book would close at 10.00am.

The book closed at 10.00am with 111 orders totalling £20.9 billion (nominal). At 10.17am the Joint Bookrunners announced that the size of the transaction had been set at £2.25 billion (nominal). The price was set at 12.55pm.

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