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## PRESS NOTICE

### SYNDICATED RE-OPENING OF £2.0 BILLION NOMINAL OF 0 $\frac{1}{8}$ % INDEX-LINKED TREASURY GILT 2065: RESULT

The United Kingdom Debt Management Office (DMO) announces that the syndicated re-opening of £2.0 billion (nominal) of 0 $\frac{1}{8}$ % Index-linked Treasury Gilt 2065 has been priced at £219.833 per £100 nominal, equating to a gross real redemption yield of -1.5235%. The transaction will settle, and the third tranche of this gilt will be issued, on 22 February 2017, at which date the gilt will have £7.25 billion (nominal) in issue. Proceeds from today's transaction are expected to amount to approximately £4.5 billion (cash<sup>1</sup>).

The offering was priced at a yield spread of 0.25 basis points (bps)<sup>2</sup> below the yield on 0 $\frac{3}{8}$ % Index-linked Treasury Gilt 2062, which represented the tight end of the published price guidance. The UK domestic market provided the predominant support for the issue, taking around 90% of the allocation.

This was the seventh and final transaction of the DMO's 2016-17 syndication programme, which raised a total of £33.0 billion (£18.4 billion of index-linked gilts in four transactions and £14.6 billion of long conventional gilts in three transactions).

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

*Today has seen a very well-received re-opening of our 2065 maturity index-linked gilt, which we have now built up to a size of £7.25 billion. Moreover, this bond was issued at a record low real yield surpassing that achieved at any previous DMO syndication. The result represents a very successful conclusion to our syndication programme in 2016-17 which has raised £33 billion.*

*I was again impressed by the continuing strength of demand from our core investor base and the capacity and smooth functioning of the gilt market seen today; this supports the delivery of our syndication programme and our financing remit more generally.*

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<sup>1</sup> Figures in this Press Notice are in cash terms unless indicated otherwise.

<sup>2</sup> 0.25bps = 0.0025%

*Once again we saw a rapid book building process and high quality order book. This robust demand picture lay behind our decision to issue £2.0 billion nominal today, raising £4.5 billion in cash. As provided for in our remit, we accommodated this by transferring £600 million (cash) from the previously unallocated portion of our remit.*

*I very much welcome the support we have seen from market participants today and look forward to it continuing across the remainder of our gilt sales programme this financial year and in the future.*

### **Syndication programme and the unallocated supplementary amount**

Given the strength and quality of demand at this transaction, the DMO has decided to allocate £0.6 billion of the unallocated supplementary issuance amount to the index-linked gilt syndication programme in 2016-17 (increasing the size of that programme to £18.4 billion and the final size of the overall syndication programme to £33.0 billion). The size of the remaining unallocated supplementary amount has accordingly been reduced to £0.7 billion.

### **NOTES TO EDITORS**

The syndicated offer was managed by four Joint Bookrunners: Barclays, Lloyds Bank, NatWest Markets and UBS Investment Bank. 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 10 February 2017.

The order book managed by the Joint Bookrunners was opened at 10.00am on 21 February 2017 with indicative price guidance for investors at a spread of 0.0bps to -0.25bps relative to the yield on 0<sup>3</sup>/<sub>8</sub>% Index-linked Treasury Gilt 2062. At 10.30am the Joint Bookrunners announced that the value of orders in the book exceeded £9.25 billion, and that the book was expected to close at 11.00am. At 10.45am the Joint Bookrunners announced that orders exceeded £11.5 billion, that price guidance was being fixed at a yield spread of 0.25bps below the reference gilt, and that the book would close at 11.00am.

The book closed with 94 orders totaling £11.9 billion (nominal). At 11.30am the Joint Bookrunners announced that the size of the transaction had been set at £2.0 billion (nominal). The price was set at 2.06pm.

Proceeds from the transaction are expected to be approximately £4.5 billion and will take index-linked gilt sales for the financial year to-date to £34.9 billion. Total gilt sales for the financial year are now £134.0 billion, relative to the remit target of £146.5 billion.

0<sup>1</sup>/<sub>8</sub>% Index-linked Treasury Gilt 2065 was launched by a £2.75 billion (nominal) syndication on 23 February 2016 and was re-opened by a £2.50 billion (nominal) syndication on 26 July 2016.

This press notice will be appearing on the DMO's website at: [www.dmo.gov.uk](http://www.dmo.gov.uk)