



United Kingdom  
Debt Management  
Office

Eastcheap Court  
11 Philpot Lane  
London  
EC3M 8UD

T 020 7862 6500  
F 020 7862 6509

[www.dmo.gov.uk](http://www.dmo.gov.uk)

26 July 2016

## PRESS NOTICE

### SYNDICATED RE-OPENING OF £2.5 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 £2.5 billion (nominal) of 0 $\frac{1}{8}$ % Index-linked Treasury Gilt 2065 has been priced at £201.335 per £100 nominal, equating to a gross real redemption yield of -1.3245%. The transaction will settle, and the second tranche of this gilt will be issued, on 27 July 2016, at which date the gilt will have £5.25 billion (nominal) in issue. Proceeds from today's transaction are expected to be approximately £5.1 billion (cash<sup>1</sup>) and will take total syndication proceeds in the current financial year to £14.7 billion.

The offering was priced at a yield spread of 0.75 basis points (bps)<sup>2</sup> above 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 93% of the allocation.

This was the third transaction of the DMO's 2016-17 syndication programme, which was planned to raise a minimum of £26.0 billion (£16.5 billion of index-linked gilts in four transactions and £9.5 billion of long conventional gilts in two transactions).

Commenting on the result, Jo Whelan, the Deputy Chief Executive of the DMO, said:

*I am very pleased with today's successful re-opening of our 50-year ultra-long index-linked gilt which sees its amount outstanding rise to £5.25 billion and was achieved at a record low real yield at a syndication. The result reflects the continuing strength of the gilt market and demand for UK government securities.*

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

<sup>2</sup> 0.0075% = 0.75bps.

*The response of our core investor base to the sale was very strong, resulting in a rapid book building process and high quality book. This positive demand picture lay behind our decision to issue £2.5 billion nominal today, raising £5.1 billion in cash. As provided for in our remit, we accommodated this by transferring £1 billion (cash) from the previously unallocated portion of our remit.*

*I look forward to seeing the support we have had from the market today continue across the rest of our gilt sales programme and the successful delivery of our remit.*

### **The syndication programme and the unallocated supplementary amount**

Given the strength and quality of demand at this transaction, the DMO has decided to allocate £1.0 billion of the unallocated supplementary issuance amount to the index-linked gilt syndication programme in 2016-17 (increasing the size of that programme to £17.5 billion and the minimum size of the overall syndication programme to £27.0 billion). The size of the remaining unallocated supplementary amount has accordingly been reduced to £5.6 billion.

### **NOTES TO EDITORS**

The syndicated offer was managed by four Joint Bookrunners: Goldman Sachs International, HSBC, RBS and Santander GBM. 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 15 July 2016.

The order book managed by the Joint Bookrunners was opened at 9.00am on 26 July 2016 with indicative price guidance for investors at a spread of 0.75bps to 1.00bps above the yield on 0½% Index-linked Treasury Gilt 2062. At 9.30am the Joint Bookrunners announced that the value of orders in the book was in excess £7.5 billion, and that the book was expected to close at 10.00am. At 9.45am the Joint Bookrunners announced that orders were in excess of £8.7 billion and that price guidance was being fixed at 0.75bps over the reference gilt and that the book would close at 10.00am.

The book closed with 79 orders totaling £10.1 billion (nominal). At 10.26am the Joint Bookrunners announced that the size of the transaction had been set at £2.5 billion (nominal). The price was set at 1.09pm.

Proceeds from the transaction are expected to be approximately £5.1 billion and will take index-linked gilt sales for the financial year to-date to £15.1 billion. Total gilt sales for the financial year are now £51.6 billion, relative to the remit target of £131.5 billion.

0½% Index-linked Treasury Gilt 2065 was launched via a £2.75 billion (nominal) syndication on 23 February 2016.

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