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PRESS NOTICE

SYNDICATED LAUNCH OF £3.0 BILLION NOMINAL OF 0¹/₈% INDEX-LINKED TREASURY GILT 2048: RESULT

The United Kingdom Debt Management Office (DMO) announces that the syndicated launch of £3.0 billion (nominal) of 0¹/₈% Index-linked Treasury Gilt 2048 has been priced at £165.868 per £100 nominal, equating to a gross real redemption yield of -1.541%. The transaction will settle, and the first tranche of this gilt will be issued, on 8 November 2017.

Proceeds from today's transaction are expected to amount to approximately £5.0 billion (cash¹). Proceeds from the 2017-18 syndication programme to date are £19.9 billion.

The offering was priced at a yield spread of 1.0 basis point (bp) above the yield on 0³/₄% Index-linked Treasury Gilt 2047, which represented the tight end of the published price guidance. The UK domestic market provided the predominant support for the issue, taking around 96% of the allocation.

This represented the fourth transaction of the DMO's 2017-18 syndication programme, which was planned to raise a minimum of £22.8 billion (£10.3 billion of long conventional gilts in two transactions and £12.5 billion of index-linked gilts in three transactions). The final planned syndication in the 2017-18 programme, for an index-linked gilt, is scheduled to take place in January-March 2018.

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

Today has seen the highly successful and well-executed launch of our new 2048 maturity index-linked gilt, providing further testimony to the effective functioning of the gilt market. We received record interest from investors comprising 144 separate orders, and we also saw the largest book of any syndication in cash terms. I think this demonstrates the strength of demand for this important asset class.

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

I greatly welcome the support we have seen today from all market participants. I look forward to this continuing across the whole of our gilt sales programme for the rest of this financial year, including at the index-linked syndication planned for the fourth quarter of 2017-18.

The syndication programme and the unallocated issuance amount

Given the strength and quality of demand at this transaction, the DMO was able to increase the size of the syndication from the initially planned amount. Accordingly the DMO has moved £0.9 billion (cash) from the unallocated issuance amount to the index-linked syndication programme, in 2017-18 (increasing the minimum size of that programme to £13.4 billion and the minimum size of the overall syndication programme to £23.7 billion). The size of the remaining unallocated amount has accordingly been reduced to £0.8 billion.

NOTES TO EDITORS

The syndicated offer was managed by four Joint Bookrunners: BNP Paribas, Goldman Sachs International, Morgan Stanley 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 27 October 2017.

The order book for the transaction was opened at 9.00am on 7 November 2017 with indicative price guidance for investors at a spread of 1.0bp to 1.5bps above the yield on 0³/₄% Index-linked Treasury Gilt 2047. At 9.30am the Joint Bookrunners announced that the value of orders exceeded £20 billion, and that the book was expected to close at 10.00am. At 9.45am the Joint Bookrunners announced that orders exceeded £23 billion, that price guidance was being fixed at a yield spread of 1.0bp above the reference gilt, and that the book would close at 10.00am.

The book closed with a record 144 orders totalling £23.7 billion (nominal) - also a record for an index-linked syndication. At 10.16am the Joint Bookrunners announced that the size of the transaction had been set at £3.0 billion (nominal). The price was set at 12.48pm.

Proceeds from the transaction amount to approximately £5.0 billion and will take index-linked gilt sales for the financial year to-date to £17.6 billion. Total gilt sales for the financial year to date are now £76.2 billion, relative to the overall remit target of £114.2 billion.

0¹/₈% Index-linked Treasury Gilt 2048 will have the ISIN Code GB00BZ13DV40. The reference RPI for the first issue date of the new gilt is 274.79333.

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