



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)

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## PRESS NOTICE

### **SYNDICATED RE-OPENING OF £2.5 BILLION NOMINAL OF 0<sup>1</sup>/<sub>8</sub>% INDEX-LINKED TREASURY GILT 2056: RESULT**

The United Kingdom Debt Management Office (DMO) announces that the syndicated re-opening of £2.5 billion (nominal) of 0<sup>1</sup>/<sub>8</sub>% Index-linked Treasury Gilt 2056 has been priced at £177.716 per £100 nominal, equating to a gross real redemption yield of -1.361%. The transaction will settle, and the second tranche of this gilt will be issued, on 12 July 2017, at which date the gilt will have £4.75 billion (nominal) in issue.

Proceeds from today's transaction are expected to amount to approximately £4.5 billion (cash<sup>1</sup>). Proceeds from the 2017-18 syndication programme to-date are £9.6 billion.

The offering was priced at a yield spread of 2.0 basis points (bps) above the yield on 0<sup>1</sup>/<sub>8</sub>% Index-linked Treasury Gilt 2058, which represented the tight end of the published price guidance. The UK domestic market provided the predominant support for the issue, taking around 89% of the allocation.

This was the second transaction of the DMO's 2017-18 syndication programme, which was planned to raise a minimum of £21.5 billion (£9.5 billion of long conventional gilts in two transactions and £12.0 billion of index-linked gilts in three transactions).

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

*I am very pleased with today's successful launch of our index-linked syndication programme in 2017-18. Once again we have seen a very strong demonstration of support from our core domestic investor base. In nominal terms the order book was the second largest at the 30 index-linked syndications we have held since 2009, and in cash terms it represented the largest.*

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

*Moreover, this demand was mobilised in a smooth and efficient way - further testimony to the efficiency and capacity of the gilt market and its participants, on which we rely for the successful delivery of our financing remits.*

*As a consequence, today we have been able to more than double the size of the 2056 maturity index-linked gilt. The bond was originally launched in November 2016 and now has £4.75 billion in issue.*

*I greatly welcome the support we have seen today from all market participants. I look forward to it continuing across the whole of our gilt sales programme this financial year.*

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

Given the strength and quality of demand at this transaction, the DMO has decided to move £0.5 billion (cash) from the unallocated issuance amount to the index-linked syndication programme in 2017-18 (increasing the minimum size of that programme to £12.5 billion and the minimum size of the overall syndication programme to £22.0 billion). The size of the remaining unallocated amount has accordingly been reduced to £5.5 billion.

### **NOTES TO EDITORS**

The syndicated offer was managed by four Joint Bookrunners: Citibank Global Markets, Goldman Sachs International, J.P. Morgan and Nomura. 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 30 June 2017.

The order book managed by the Joint Bookrunners was opened at 8.30am on 11 July 2017 with indicative price guidance for investors at a spread of 2.0bps to 2.25bps above the yield on 0½% Index-linked Treasury Gilt 2058. At 9.00am the Joint Bookrunners announced that the value of orders in the book exceeded £13 billion, and that the book was expected to close at 9.30am. At 9.15am the Joint Bookrunners announced that orders exceeded £14 billion, that price guidance was being fixed at a yield spread of 2.0bps above the reference gilt, and that the book would close at 9.30am.

The book closed with 99 orders totalling £14.9 billion (nominal). At 9.54 am the Joint Bookrunners announced that the size of the transaction had been set at £2.5 billion (nominal). The price was set at 11.43am.

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 £8.6 billion. Total gilt sales for the financial year are now £38.1 billion, relative to the remit target of £114.2 billion.

0½% Index-linked Treasury Gilt 2056 was launched by a £2.25 billion (nominal) syndication on 29 November 2016.

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