



11 February 2020

PRESS NOTICE

SYNDICATED RE-OPENING OF £2.5 BILLION NOMINAL OF 1½% TREASURY GILT 2071: RESULT

The United Kingdom Debt Management Office (DMO) announces that the syndicated re-opening of £2.5 billion (nominal) of 1½% Treasury Gilt 2071 has been priced at £128.494 per £100 nominal, equating to a gross redemption yield of 0.9295%. The transaction will settle, and the third tranche of this gilt will be issued, on 12 February 2020, following which the gilt will have £13.8 billion (nominal) in issue.

Proceeds from today's transaction are expected to amount to approximately £3.2 billion (cash¹). This was the final of five planned transactions in the DMO's 2019-20 syndication programme. Following today's sale, syndication proceeds in 2019-20 will amount to £20.4 billion, of which long conventional gilt sales comprise £12.6 billion.

The offering was priced at a yield spread of 2.25 basis points (bps) below the yield on 3½% Treasury Gilt 2068, which represented the tight end of the published price guidance. The UK domestic market provided the predominant support for the issue, taking around 87% of the allocation.

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

Today saw a successful re-opening of our longest-dated and highest duration conventional gilt, which was initially launched in May 2018 and now has £13.8 billion in issue. The issue has been absorbed smoothly by the market which testifies to the resilience of the market, given the amount of duration involved. Today's transaction concludes the syndication programme for 2019-20, which has raised a total of £20.4 billion.

Today's transaction reflects an important advantage of syndication as an issuance method. Syndications afford us as an issuer the flexibility to tailor each transaction to demand conditions

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

on the day, as expressed by the market. Consequently we have aimed to adapt the supply to the appropriate transaction size for the market to absorb in order to allow for solid and sustainable aftermarket performance.

This transaction illustrates that syndication is a useful mechanism for meeting end investor demand for the ultra-long end of the yield curve, taking into account the high duration of these instruments, across a range of global macro-economic environments.

Overall, today's transaction reflects well on the resilience and orderly functioning of the gilt market and the depth of experience of its participants, whose support and commitment we very much value.

NOTES TO EDITORS

The syndicated offer was managed by four Joint Bookrunners: Barclays, Goldman Sachs international, J.P. Morgan and RBC CM. All other panel member Gilt-edged Market Makers were Co-Lead Managers. The composition of the syndicate was announced by the DMO on 31 January 2020.

The order book for the transaction was opened at 9.00am on 11 February 2020 with indicative price guidance for investors at a spread of 2.25bps to 2.00bps below the yield on 3½% Treasury Gilt 2068 (the reference gilt). At 9.30am the Joint Bookrunners announced that the total value of orders exceeded £20 billion. At 9.45am the Joint Bookrunners announced that orders exceeded £22 billion, that price guidance was being fixed at a yield spread of 2.25bps below the reference gilt, and that the order book was expected to close at 10.00am.

The book closed at 10.00am with 111 orders totalling £25.3 billion (nominal). At 11.00am the Joint Bookrunners announced that the size of the transaction had been set at £2.5 billion (nominal). The price was set at 1.11pm.

Proceeds from the transaction amount to approximately £3.2 billion and will take long conventional gilt sales for the financial year to date to £33.0 billion. Total gilt sales for the financial year to date now amount to £115.0 billion, relative to the overall remit target of £136.8 billion.

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