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PRESS NOTICE

SYNDICATED LAUNCH OF £12.0 BILLION NOMINAL OF 0³/₈% TREASURY GILT 2030: RESULT

The United Kingdom Debt Management Office (DMO) announces that the syndicated launch of £12.0 billion (nominal) of 0³/₈% Treasury Gilt 2030 has been priced at £100.216 per £100 nominal, equating to a gross redemption yield of 0.3539%. The transaction will settle, and the first tranche of this gilt will be issued, on 13 May 2020.

Proceeds from today's transaction are expected to amount to approximately £12.0 billion (cash¹) and will take gilt proceeds in the financial year to date to £84.6 billion. The DMO is currently planning to raise £225.0 billion in gilt sales in the period April-July 2020.

This was the first transaction in the DMO's 2020-21 syndication programme. A new conventional gilt maturing on 22 October 2061 is scheduled to be launched via syndication on Tuesday 19 May 2020, subject to market and demand conditions.

Today's offering was priced at a yield spread of 8.5 basis points (bps) above the yield on 4³/₄% Treasury Gilt 2030, which represented the tight end of the published price guidance. There was strong and widespread participation by investors, primarily pension funds and asset managers along with bank treasuries and central banks. Around a quarter of the allocation was taken by overseas investors.

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

I am delighted with today's syndication. It has been a historic transaction for the DMO and the gilt market in many respects. It is the first time we have launched a 10-year gilt by syndication and we have been able to do this in record size. The new bond will have £12 billion in issue when it starts trading, meaning that, although only newly launched, this bond should already enjoy a good level of liquidity, and we plan to build it up further via our auction programme.

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

The market reaction to the sale was also unprecedented and extremely positive. Today's syndication attracted a record number of orders for a book which was more than double the size of the largest in any previous syndication. The 10-year maturity gilt on offer also attracted a wide range of investors into our syndication programme. This support allowed us to achieve a record size.

Once again, today's result demonstrates the strength and efficient functioning of the gilt market and the commitment of its participants, which I greatly value. The DMO is currently looking to raise £225 billion in the period April-July 2020 to assist in meeting the government's response to the period of economic disruption caused by Covid-19. With today's transaction, we have already achieved almost £85 billion towards that total. The market support we have seen today gives me great confidence that we are well placed to deliver these sales.

NOTES TO EDITORS

The syndicated offer was managed by six Joint Bookrunners: BofA Merrill Lynch, BNP Paribas, Citi, HSBC, Lloyds Bank Corporate Markets and RBC CM. All other wholesale Gilt-edged Market Makers and TD Securities were Co-Lead Managers. The composition of the syndicate was announced by the DMO on 1 May 2020.

The order book for the transaction was opened at 8.30am on 12 May 2020 with indicative price guidance for investors at a spread of 8.5bps to 9.5bps above the yield on 4¾% Treasury Gilt 2030 (the reference gilt). At 9.00am the Joint Bookrunners announced that the total value of orders exceeded £50 billion and that the book was expected to close at 9.30am. At 9.15am the Joint Bookrunners announced that orders exceeded £65 billion, that price guidance was being fixed at a yield spread of 8.5bps above the reference gilt, and that the order book would close at 9.30am.

The book closed at 9.30am with 171 orders totalling £82.6 billion (nominal). At 10.32am the Joint Bookrunners announced that the size of the transaction had been set at £12.0 billion (nominal). The price was set at 1.21pm.

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