



8 September 2020

PRESS NOTICE

SYNDICATED LAUNCH OF £8.0 BILLION NOMINAL OF 0⁵/₈% TREASURY GILT 2035: RESULT

The United Kingdom Debt Management Office (DMO) announces that the syndicated launch of £8.0 billion (nominal) of 0⁵/₈% Treasury Gilt 2035 has been priced at £100.789 per £100 nominal, equating to a gross redemption yield of 0.5697%. The transaction will settle, and the first tranche of this gilt will be issued, on 9 September 2020.

Proceeds from today's transaction are expected to amount to approximately £8.0 billion (cash¹) and will take gilt sale proceeds in the financial year to date to £295.5 billion. The DMO is currently planning to raise a minimum of £385.0 billion via gilt sales in the period April-November 2020.

This was the fourth transaction in the DMO's 2020-21 syndication programme. Today's offering, a new current coupon bond maturing in 2035, was priced at a yield spread of 13.0 basis points (bp) above the yield on the reference gilt, 4¹/₂% Treasury Gilt 2034. This represented the tight end of the published price guidance. Whilst the UK domestic market provided the main support for the issue, taking around 82% of the allocation, the issue was sold to a wide diversity of institutional investors.

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

Today we have successfully launched a new gilt in the 15-year maturity area. This was a part of the conventional gilt curve which was previously lacking in current coupon bonds. Once again I am pleased to see another very strong transaction for the DMO and for the gilt market more generally.

The sale attracted extensive and high-quality demand not only from our core investor base but also from a broad group of institutions. A total of 220 orders were placed for this transaction, a record number for any DMO syndication. The size of the transaction, at £8 billion, reflects this

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

high-quality order book. I hope the robust market response to today's sale will serve to enhance the liquidity of the new gilt as we build it up further to establish its status as a new 15-year benchmark gilt.

Once again, we have seen another extremely encouraging indication of the strength and depth of the gilt market. I very much welcome this support from market participants, particularly in the context of a very busy financing programme.

NOTES TO EDITORS

The syndicated offer was managed by five Joint Bookrunners: BofA Merrill Lynch, Citi, J.P. Morgan, 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 28 August 2020.

The order book for the transaction was opened at 8.30am on 8 September 2020 with indicative price guidance for investors at a spread of 13.0bp to 13.5bp above the yield on the reference gilt. At 9.00am the Joint Bookrunners announced that the total value of orders exceeded £45 billion and that the book was expected to close at 9.30am. At 9.15am the Joint Bookrunners announced that orders exceeded £57 billion, that price guidance was being fixed at a yield spread of 13bp above the reference gilt, and that the order book would close at 9.30am.

The book closed at 9.30am with 220 orders totalling £76.2 billion (nominal). At 10.15am the Joint Bookrunners announced that the size of the transaction had been set at £8.0 billion (nominal). The price was set at 12.44pm.

The next gilt syndication is planned for the week commencing 21 September 2020 (subject to market and demand conditions) and will be a re-opening of 0½% Treasury Gilt 2061.

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