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PRESS NOTICE

SYNDICATED LAUNCH OF £2.25 BILLION NOMINAL OF 0 $\frac{1}{8}$ % INDEX-LINKED TREASURY GILT 2056: RESULT

The United Kingdom Debt Management Office (DMO) announces that the syndicated launch of £2.25 billion (nominal) of 0 $\frac{1}{8}$ % Index-linked Treasury Gilt 2056 has been priced at £186.909 per £100 nominal, equating to a gross real redemption yield of -1.466%. The transaction will settle, and the first tranche of this gilt will be issued, on 30 November 2016. Proceeds from today's transaction are expected to be approximately £4.2 billion (cash¹) and will take total syndication proceeds in the current financial year to £24.2 billion.

The offering was priced at a spread of 2bps over 0 $\frac{1}{8}$ % 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 98% of the total allocation.

This was the fifth transaction of the DMO's 2016-17 syndication programme that, following the Remit revision at Autumn Statement 2016, is planned to raise a minimum of £32.1 billion (£17.8 billion of index-linked gilts in four transactions and £14.3 billion of long conventional gilts in three transactions).

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

I am pleased that we have been able today to launch successfully a new 40-year index-linked gilt at a record low real yield at one of our syndications. The bond provides much sought after duration, an up-to-date coupon and a new maturity point in an area of strong interest from our core domestic investor base. The book-building process was quick and smoothly delivered and we saw a pleasing level of participation from a wide variety of investors.

As ever, the support we have seen today from the gilt investor base is much appreciated. The DMO looks forward to continuing to work with all market participants to ensure the effective delivery of our financing remit this financial year and beyond.

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

The syndication programme and the unallocated supplementary amount

There is no change to the minimum size of the index-linked syndication programme following this transaction, which remains at £17.8 billion. There is also no change to the size of the unallocated supplementary amount, which remains at £1.6 billion.

NOTES TO EDITORS

The syndicated offer was managed by four Joint Bookrunners: BofA Merrill Lynch, Deutsche Bank, Morgan Stanley and Scotiabank. 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 18 November 2016.

The order book managed by the Joint Bookrunners opened at 9.00am on 29 November 2016 with indicative price guidance for investors at a spread of 2.00 - 2.75bps above the yield on 0½% Index-linked Treasury Gilt 2058. At 9.30am the Joint Bookrunners announced that the value of orders in the book was in excess of £9 billion, and that the book was expected to close at 10.00am. At 9.45am, the Joint Bookrunners announced that orders were in excess of £10.5 billion and that the price guidance was being fixed at +2.00bps to the reference gilt, and that the book would close at 10.00am.

The book closed with 104 orders totaling £11.7 billion (nominal). At 10.50am the Joint Bookrunners announced that the size of the transaction had been set at £2.25 billion (nominal).

Proceeds from the transaction are expected to be approximately £4.2 billion and will take index-linked gilt sales for the financial year to-date to £26.4 billion. Total gilt sales for the financial year to-date are now £97.9 billion, relative to the revised remit target of £146.5 billion.

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