



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

10 September 2019

PRESS NOTICE

SYNDICATED RE-OPENING OF £4.0 BILLION NOMINAL OF 1⁵/₈% TREASURY GILT 2054: RESULT

The United Kingdom Debt Management Office (DMO) announces that the syndicated re-opening of £4.0 billion (nominal) of 1⁵/₈% Treasury Gilt 2054 has been priced at £115.557 per £100 nominal, equating to a gross redemption yield of 1.0905%.

The transaction will settle, and the second tranche of this gilt will be issued, on 11 September 2019, from which date the gilt will have £8.75 billion (nominal) in issue.

Proceeds from today's transaction are expected to amount to approximately £4.6 billion (cash¹). This represents the third transaction of the DMO's 2019-20 syndication programme, which was planned to raise £21.4 billion (£13.4 billion of long conventional gilts in three transactions and £8.0 billion of index-linked gilts in two transactions).

The offering was priced at a yield spread of 0.5 basis points (bps) above the yield on 3³/₄% Treasury Gilt 2052, which represented the tight end of the published price guidance. The UK domestic market provided the predominant support for the issue, taking around 81% of the allocation.

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

Today's syndication has represented another robust transaction for the gilt market, which was smoothly executed against a highly volatile backdrop.

I am pleased to observe that this transaction, which represented the second syndication of 1⁵/₈% 2054, was well-received with strong demand evident from high-quality domestic and overseas-based asset managers. We have seen today another demonstration of the strength and

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

resilience of the gilt market which is very much to the credit of all its participants and which I greatly welcome and appreciate.

The support we receive from our primary dealers and the gilt market investor base is clearly central to enabling us to finance government smoothly and efficiently. I look forward to seeing this support continuing in 2019-20 and beyond.

NOTES TO EDITORS

The syndicated offering was managed by four Joint Bookrunners: Barclays, BofA Merrill Lynch, Lloyds Bank Corporate Markets and Morgan Stanley. All other panel member Gilt-edged Market Makers were Co-Lead Managers. The composition of the syndicate was announced by the DMO on 30 August 2019.

The order book for the transaction was opened at 9.00am on 10 September 2019 with indicative price guidance for investors at a spread of 0.50bps to 0.75bps above the yield on 3¾% Treasury Gilt 2052 (the reference gilt). At 9.30am the Joint Bookrunners announced that the value of orders exceeded £20 billion, and that the book was expected to close at 10.00am. At 9.45am the Joint Bookrunners announced that orders exceeded £24.5 billion, that price guidance was being fixed at a yield spread of 0.5bps above the reference gilt, and that the book would close at 10.00am.

The book closed at 10.00am with 85 orders totalling £25.8 billion (nominal). At 10.45am the Joint Bookrunners announced that the size of the transaction had been set at £4.0 billion (nominal). The price was set at 12.39pm.

Proceeds from the transaction amount to approximately £4.6 billion and will take long conventional gilt sales for the financial year to-date to £20.0 billion and sales via syndication to £13.6 billion. Total gilt sales for the financial year to date now amount to £61.1 billion, relative to the overall remit target of £117.8 billion.

£0.3 billion has been transferred from the unallocated portion of gilt issuance to the long conventional syndication programme, increasing the size of that programme to £13.7 billion. The size of the remaining unallocated amount has accordingly been reduced to £4.3 billion.

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