



Auctions in covered bonds in DKK and EUR

3 December 2018

DLR will hold auctions in variable-rate callable bonds and short-term ARM bullet bonds denominated in DKK and EUR. Basis for the auctions will be covered bonds (SDOs) issued by DLR to refinance mortgage loans at 1 January 2019. The bonds are rated AAA by S&P Global Ratings.

The auctions will make use of Bloomberg's auction system (AUPD). In order to participate in the auctions, securities dealers must have access to this system, and have settings provided by DLR.

Auction terms – variable-rate bonds

On 5 December 2018, DLR will hold auctions in 10 year floating-rate, callable bonds linked to CIBOR 6M and EURIBOR 3M, respectively, to refinance maturing CIBOR 6M and EURIBOR 3M bonds with an (original) term-to-maturity of 10 years.

Until 31 December 2018, the CIBOR 6M bonds on offer (ISIN DK0006347190) will have a coupon rate of 0.00 %.

Until 31 December 2018, the EURIBOR 3M bonds on offer (ISIN DK0006347273) will have a coupon rate of 0.00 %.

The amounts to be sold on the 5 December 2018 auctions are set in Appendix 1.

Auction style – variable rate bonds

The bonds will be offered at the price of 100.20. Auction participants must bid on the interest rate spread that will be added to the reference rate at the sequential interest rate fixing.

Please notice that when submitting the bid on the interest rate spread, Bloomberg's auction system will automatically convert this bid to a price in the "Price" column. This price must however be disregarded as settlement and allocation of the auction will be effected at the price of 100.20.

Bids on the interest rate spread can submitted with 2 decimals.

The auctions will take place according to the Dutch auction principle and the auction type "hidden call". The Dutch auction principle implies that all bids above the cut-off spread will get a full allocation at the cut-off spread. For bids at the cut-off spread a pro rata allocation might occur. There will be no allocation for bids under the cut-off spread.

The interest rate spread will apply as from 1 January 2019 and until maturity of the bonds.

Auction terms – ARM bullet bonds

Also, on 5 December 2018 DLR will hold auctions in a residual quantity of ARM bullet bonds to refinance loans as per 1 January 2019. The amounts offered are set in Appendix 1.

Auction style – ARM bullet bond

The auctions will equally take place according to the Dutch auction principle and the auction type "hidden call". The Dutch auction principle implies that all bids above the cut-off price will get a full allocation at the cut-off price. For bids at the cut-off price a pro rata allocation might occur. There will be no allocation for bids under the cut-off price.

Bids in the 1 year bonds on offer can be submitted with 3 decimals.

General terms

The settlement date of all bonds offered is 2 January 2019. Similar to earlier auctions DLR will offer a reverse facility to allow investors to have the bonds at their disposal as early as 2 days after the auction.

Securities dealers registered on Nasdaq Copenhagen can participate in the auctions.

Other terms

- DLR has no obligations to sell the full amount announced at the auctions.
- On the auction day, DLR will not make trades in the ISINs concerned before the time of allocation/fixing
- Similar to earlier auctions DLR reserves the right to bid on own auctions. Possible bids on own auctions will be carried out through external dealers at the latest 10 minutes before the auctions close
- DLR can select to postpone a planned bond sale
- DLR can select to change the planned auction period

Any postponement of a planned sale or change of the planned auction period will be communicated to the market through a company announcement.

Questions relating to the auctions can be addressed to Treasurer Erik Bladt on (+45) 33 42 07 37.

Appendix 1

Amounts on offer at the December refinancing auctions

Date	Bond series	ISIN	Amount (million)		LCR **)
5 Dec 2018	CIBOR6M B 2029 RF	DK000634719-0	373	DKK	NON
5 Dec 2018	EURIBOR3M E B 2029 RF	DK000634727-3	27	EUR	NON
5 Dec 2018	1 pct. Jan B 2020 IT(1)*	DK000634670-5	135	DKK	2A
5 Dec 2018	1 pct. Jan E B 2020 IT(1)*	DK000634697-8	4	EUR	NON

*) Conditions regarding the interest rate trigger and “failed refinancing” trigger are set in Appendix 2

**) Post-auction LCR status

Appendix 2

Special terms relating to Sec. 6 in the Danish Act on Mortgage Credit Loans and Mortgage Credit Bonds, etc.

Two of the bonds up for refinancing at 1 January 2019 can be extended pursuant to Sec. 6 in the Danish Act on Mortgage Credit Loans and Mortgage Credit Bonds, etc.

The concerned bonds are the following:

ISIN	Name	Currency	Interest rate trigger (IT) / Failed refinancing trigger (RF)	Interest rate trigger
DK000634344-7	1 % Jan B 2019 IT(1)	DKK	IT, RF	4.52%
DK000634379-3	1 % Jan B 2019 E IT(1)	EUR	IT, RF	4.68%

Maturity extension in case of an insufficient number of buyers

If, contrary to expectations, it appears that in connection with the planned refinancing sales there is an insufficient number of buyers for all the new bonds required, DLR will attempt to undertake further sales activities. This will be communicated to the market through a company announcement.

If, contrary to expectations, DLR will not be able to sell the total amount of new bonds required, DLR can until 1 banking day prior to the ordinary maturity date of the bonds decide to extend the maturity of the bonds, in full or in part, by 12 months at a time from the ordinary maturity date. An extension of maturity will be communicated to the market through a company announcement immediately hereafter.

Maturity extension in case of interest rate increase (release of interest rate trigger)

If DLR does not have a legitimate expectation that the auction sale can be effected without the yield-to-maturity for the refinancing becoming more than 5 percentage points higher than the yield-to-maturity fixed at the last refinancing, DLR will cancel the planned sale. This will be communicated to the market through a company announcement.

The interest rate trigger for the four bonds concerned appears from the table above.

As soon as DLR do have a legitimate expectation that a possible new auction can be effected without release of the interest rate trigger, a new sales schedule will be announced through a company announcement. DLR can try to sell the new bonds until 1 banking day prior to the ordinary maturity date of the bonds.

If, contrary to expectations, DLR is not able to sell the new bonds without releasing the interest rate trigger, DLR can decide to extend the maturity of the bonds, in full or in part, by 12 month from the ordinary maturity date, with reference to the yield-to-maturity for the refinancing becoming more than 5 percentage points higher than the yield-to-maturity fixed at the last refinancing.

A decision of maturity extension will be taken at the latest one (1) banking day prior to the ordinary maturity date of the bonds and will be made public through a company announcement and on www.dlr.dk/investor.