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PRESS NOTICE

SYNDICATED LAUNCH OF £4.0 BILLION OF 1¼% INDEX-LINKED TREASURY GILT 2054: RESULT

The United Kingdom Debt Management Office (DMO) announces that the syndicated launch of £4.0 billion (nominal) of 1¼% Index-linked Treasury Gilt 2054 has been priced at £100.395 per £100 nominal, equating to a gross real redemption yield of 1.2345%. The transaction will settle, and the initial tranche of this gilt will be issued, on 14 March 2024.

Today's sale was the seventh and final transaction in the DMO's syndication programme for 2023-24. Proceeds today are expected to amount to approximately £4.0 billion (cash¹) and will take the outturn of syndication proceeds for the financial year to £34.3 billion.

The UK domestic market provided the main support for the issue, taking around 93% of the allocation.

Commenting on the result, Jessica Pulay, Co-Head of Policy and Markets at the DMO, said:

"Today's launch of a new 2054 maturity index-linked gilt has very successfully concluded our syndication programme for 2023-24, which has raised £34.3 billion in total.

I greatly welcome the support received for today's new 30-year maturity index-linked gilt. The transaction achieved a very high-quality reception from our core investor base, as illustrated by a record-sized investor order book for this asset class. This support has allowed us to launch this new bond in a size of £4.0 billion (nominal), which is larger than originally envisaged.

This represents a strong starting point for what will become our 30-year index-linked benchmark which, alongside its 30-year conventional counterpart that we launched in January 2024, is expected to play an important part in our programme to deliver the upcoming remit for 2024-25.

¹ Figures in this press notice are in cash terms unless indicated otherwise.

I would also note our gratitude for the effective and orderly way in which the transaction has been managed by our Joint Lead Manager group and also for the assistance we again received from the Co-Lead Managers.

The market reception in evidence today is much appreciated and is very encouraging for the delivery of our next financing remit for 2024-25.”

NOTES TO EDITORS

The syndicated offering was lead managed by four Joint Bookrunners: BofA Securities, Goldman Sachs International, Nomura and RBC CM. All other wholesale Index-linked Gilt-edged Market Makers were appointed Co-Lead Managers. The composition of the syndicate was announced by the DMO on 1 March 2024.

The order book for the transaction was opened at 9.00am on 13 March 2024 with indicative price guidance for investors at a spread of 1.5 to 2.0 basis points (bp) above the yield on the reference gilt (1¼% Index-linked Treasury Gilt 2055). At 9.45am, the Joint Bookrunners announced that the price guidance was fixed at 1.5bp above the yield on the reference gilt (the tight end of the initial price guidance) and that the book will close at 10.00am.

The book closed with 158 orders². The nominal size of the syndication was announced as £4.0 billion at 10.28am and the price was set at 12.01pm.

Proceeds from today's transaction amount to approximately £4.0 billion and will take total index-linked gilt sales for 2023-24 to £29.7 billion. Total gilt sales for the financial year to date amount to £233.4 billion, relative to the overall remit target of £237.3 billion.

Transfer from the unallocated portion of gilt issuance to the index-linked gilt syndication programme

The residual amount of £837 million (cash) is being transferred from the unallocated portion of gilt issuance to the index-linked gilt syndication programme, reducing the residual balance in the unallocated portion of gilt issuance to zero.

Exercise of paragraph 15 of the DMO's 2023-24 financing remit

In addition, and in recognition of the amount and quality of investor orders received today, and in accordance with paragraph 15 of the DMO's 2023-24 financing remit announcement³ the DMO is also increasing the size of today's syndication by an additional £204 million (cash).

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

² Total orders amounted to £56.4 billion (nominal).

³ Paragraph 15 of the DMO's 2023-24 financing remit announcement states that: “In order to maintain the operational viability of syndicated offerings at the end of each programme, the overall size of the syndication programmes (conventional, and/or index-linked) may be increased by up to 10% (in cash terms) at the time of the final syndicated offering of each type.”