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Debt Management
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PRESS NOTICE

SYNDICATED RE-OPENING OF £8.5 BILLION OF 4³/₈% TREASURY GILT 2040: RESULT

The United Kingdom Debt Management Office (DMO) announces that the syndicated re-opening of £8.5 billion (nominal) of 4³/₈% Treasury Gilt 2040 has been priced at £93.376 per £100 nominal, equating to a redemption yield of 5.0075%. The transaction will settle, and this tranche of the gilt will be issued, on 22 January 2025.

Today's transaction was the sixth of eight syndications planned in the DMO's programme for 2024-25. Proceeds from today's sale are expected to amount to approximately £7.9 billion (cash¹) and will take syndication proceeds for the financial year to date to £41.5 billion, relative to the revised remit target of £53.8 billion².

The UK domestic market provided the main support for the issue, taking around 68% of the allocation.

Commenting on the result, Jessica Pulay, Chief Executive Officer of the DMO, said:

"Today's re-opening of 4³/₈% Treasury Gilt 2040 represents our first syndicated transaction of the calendar year 2025 and has been very well-received by the market.

I am delighted with the successful outcome of this offering, which provides a clear demonstration of the excellent support we have continued to receive from our investor base over the course of this 2024-25 financial year.

This transaction saw a very high-quality investor order book; furthermore the level of investor demand was very broad-based. Both the quality and breadth of investor demand have enabled a sizeable re-opening of 4³/₈% Treasury Gilt 2040, which supports the bond achieving benchmark status within a relatively short timeframe.

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

² See Notes to Editors.

With today's transaction we have now concluded the long-dated conventional gilt syndication programme for this financial year. The market support we have seen today is highly valued and very encouraging for the delivery of our financing plans in the period ahead.

I am grateful to the Joint Lead Manager group for ensuring a successful execution of this transaction, to our Co-Lead Managers for their assistance, and to all those gilt market participants whose continued support is so crucial in helping us to deliver smoothly the government's financing programme."

NOTES TO EDITORS

The syndicated offering was lead managed by five Joint Bookrunners: Deutsche Bank, J.P. Morgan, Morgan Stanley, Nomura and RBC CM. All other wholesale Gilt-edged Market Makers were appointed Co-Lead Managers. The composition of the syndicate was announced by the DMO on 10 January 2025.

The order book for the transaction was opened at 9.00am on 21 January 2025 with indicative price guidance for investors at a spread of 4.0 to 4.25 basis points (bp) above the yield on the reference gilt (4¼% Treasury Gilt 2039). At 9.45am, the Joint Bookrunners announced that the price guidance was fixed at 4.0bp 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 279 allocated orders³. The nominal size of the syndication was announced as £8.5 billion at 10.34am and the price was set at 11.59am.

Proceeds from today's transaction amount to approximately £7.9 billion (cash) and will take long conventional gilt sales for the financial year to date to £55.4 billion. Total gilt sales for the financial year to date amount to £229.7 billion, relative to the overall remit target of £296.9 billion.

Transfer from the unallocated portion of gilt issuance to the long conventional gilt syndication programme

£3.4 billion (cash) is being transferred from the unallocated portion of gilt issuance to the long conventional gilt syndication programme, reducing the residual balance in the unallocated portion of gilt issuance to £2.6bn⁴.

The next syndication in the 2024-25 programme is scheduled to be the sale of a new conventional gilt maturing in the 10-year area in February 2025, subject to demand and market conditions.

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

³ Total orders were £119.3 billion nominal.

⁴ As noted in paragraph 16 of the DMO financing remit 2024-25 published on 6 March 2024 (<https://www.dmo.gov.uk/media/ljkab3e5/sa060324.pdf>), 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) of the total size of the respective planned syndication programme at the time of the final syndicated offering of each type.