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Debt Management
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PRESS NOTICE

SYNDICATED LAUNCH OF £5.5 BILLION OF 4% TREASURY GILT 2063: RESULT

The United Kingdom Debt Management Office (DMO) announces that the syndicated launch of £5.5 billion (nominal) of 4% Treasury Gilt 2063 has been priced at £97.661 per £100 nominal, equating to a gross redemption yield of 4.1194%. The transaction will settle, and the first tranche of this gilt will be issued, on 17 May 2023.

Today's transaction was the second of seven planned syndications in the DMO's programme for 2023-24. Proceeds from today's sale are expected to amount to approximately £5.4 billion (cash¹) and will take syndication proceeds for the financial year to-date to £9.8 billion.

The UK domestic market provided the main support for the issue, taking around 92% of the allocation.

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

"Today has seen a further demonstration of strong market support for our syndication programme with a very successful launch, in large size, of a new long gilt, which is set to become the next benchmark at the 40-year maturity point.

Again we have also seen a smoothly executed transaction, which reflects well on the Joint Bookrunners and also another strong show of quality participation from our key investor base, with almost 200 individual orders. I remain both impressed with and grateful for the ongoing and constructive commitment from all parties we have seen on this transaction, and in particular those who provided valuable feedback in advance of this morning's launch. I look forward to such support continuing as we progress with the delivery of our financing remit for 2023-24".

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

NOTES TO EDITORS

The syndicated offering was lead managed by five Joint Bookrunners: Goldman Sachs International Bank, HSBC, 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 5 May 2023.

The order book for the transaction was opened at 9.00am on 16 May 2023 with indicative price guidance for investors at a spread of 6.5 to 7.0 basis points (bp) above the yield on the reference gilt (2½% Treasury Gilt 2065). At 9.45am, the Joint Bookrunners announced that the price guidance was fixed at 6.5bp above the yield on the reference gilt (the tight end of the initial price guidance).

The book closed at 10.00am with 197 orders². The nominal size of the transaction was announced as £5.5 billion at 10.45am and the price was set at 1.05pm.

Proceeds from the transaction amount to approximately £5.4 billion and will take long conventional gilt sales for the financial year to date to £9.6 billion.

Total gilt sales for the financial year to date now amount to £35.3 billion, relative to the overall remit target of £237.8 billion.

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

² Total orders were £54.2 billion nominal.