



United Kingdom  
Debt Management  
Office

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**AUCTION OF £1,600,000,000**

**1 $\frac{1}{8}$ % INDEX-LINKED  
TREASURY GILT 2035**

**(ISIN CODE GB00BT7HZZ68)**

**ON A UNIFORM PRICE BASIS ON 2 APRIL 2025**

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**PROSPECTUS**

AUCTION OF £1,600,000,000

# 1<sup>1</sup>/<sub>8</sub>% INDEX-LINKED TREASURY GILT 2035

ON A UNIFORM PRICE BASIS ON 2 APRIL 2025  
INTEREST PAYABLE HALF-YEARLY ON 22 MARCH AND 22 SEPTEMBER

**PAYABLE IN FULL WITH APPLICATION**

With a bid by an Index-linked Gilt-edged Market Maker:      The striking price (in accordance with paragraph 17)

Application has been made to the Financial Conduct Authority for the Gilt to be admitted to the Official List on 3 April 2025. Application has also been made to the London Stock Exchange for the Gilt to be admitted to trading on the London Stock Exchange's main market.

## Auction of the Gilt

1. THE UNITED KINGDOM DEBT MANAGEMENT OFFICE (the "DMO") invites bids for the above Gilt.

## General

2. This prospectus is issued under the arrangements described in the Information Memorandum relating to the Issue, Stripping and Reconstitution of British Government Stock published by the DMO dated 28 March 2024 (the "Information Memorandum"). The terms of the Information Memorandum apply to the above Gilt and to the auction described in this prospectus except where expressly varied.

## Maturity

3. The Gilt will be repayable on 22 September 2035. The value of the principal on redemption will be related, subject to the terms of this prospectus, to the movement during the life of the Gilt of the Index. The "Index" means the United Kingdom General Index of Retail Prices (RPI), or if the existing Index ceases to be published, any replacement Index existing at that date which in the opinion of the Chancellor of the Exchequer after consultation with a body that the Chancellor of the Exchequer considers to be independent and to have recognised expertise in the construction of price indices (the "Consultant Body"), continues the function of being an officially recognised index measuring changes in the level of UK retail prices. The selection of the replacement Index by the Chancellor of the Exchequer (together with such consequential changes to the calculation of the Index Ratio (as defined below) as the Chancellor of the Exchequer may, after consultation with the Consultant Body, consider to be just and equitable having regard to the interests of His Majesty's Treasury (as issuer of the Gilt) and of holders of the Gilt) shall be conclusive and binding on all holders of the Gilt. If a replacement Index is selected in accordance with this paragraph, the Index figure used for the purposes of paragraph 6 will be determined by reference to the replacement Index with effect from the first month for which the existing Index figure is no longer published.

4. The redemption payment per £100 nominal shall be calculated as follows:

$$\text{Redemption Payment} = 100 \times \text{Index Ratio}_{22 \text{ September } 2035}$$

The redemption payment per £100 nominal will be announced by His Majesty's Treasury's designated debt manager (currently the DMO) not later than the business day immediately preceding the first date on which, in accordance with then current market practice, the Gilt is traded (in unstripped form) without the benefit of

the interest payment due on the redemption date, and expressed as a percentage in pounds sterling to six places of decimals rounded to the nearest figure.

### Indexation

5. For the purposes of this prospectus, an Index Ratio will be applied to calculate the interest payments and the redemption payment. The Index Ratio for a given date is defined as the ratio of the Reference Index applicable to that date (“Ref Index<sub>Date</sub>”) divided by the Reference Index applicable to the first issue date of the Gilt (“Ref Index<sub>29 January 2025</sub>”), rounded to the nearest 5th decimal place.

$$\text{Index Ratio}_{\text{Date}} = \left[ \frac{\text{Ref Index}_{\text{Date}}}{\text{Ref Index}_{29 \text{ January } 2025}} \right], \text{ rounded to the nearest 5th decimal place.}$$

6. The Reference Index for the first calendar day of any calendar month shall be the Index figure for the calendar month falling three calendar months earlier. The Reference Index for any other day in the month shall be calculated by linear interpolation between the Reference Index applicable to the first calendar day of the month in which the day falls and the Reference Index applicable to the first calendar day of the month immediately following. Interpolated values for Ref Index<sub>Date</sub> should be rounded to the nearest 5th decimal place.

7. The formula used to calculate Ref Index Date can be expressed as follows:

$$\text{Ref Index}_{\text{Date}} = \text{Ref Index}_{\text{M}} + \left( \frac{\text{T} - 1}{\text{D}} \right) [\text{Ref Index}_{\text{M}+1} - \text{Ref Index}_{\text{M}}]$$

where:

D = The number of days in the calendar month in which the given date falls.

T = The calendar day corresponding to the given date.

Ref Index<sub>M</sub> = Reference Index for the first day of the calendar month in which the given date falls.

Ref Index<sub>M+1</sub> = Reference Index for the first day of the calendar month immediately following the given date.

### Interest

8. Interest is payable half-yearly on 22 March and 22 September (each date a “Dividend Date”) and will be indexed by reference to the Index Ratio on the relevant Dividend Date. For the Gilt the semi-annual interest payments per £100 nominal shall be calculated as the product of the stated coupon per £100 nominal and the relevant value of the Index Ratio:

$$\text{Interest Payment}_{\text{Dividend Date}} = \frac{c}{2} \times \text{Index Ratio}_{\text{Dividend Date}}$$

where: c = Stated annual coupon per £100 nominal.

Interest payments will be rounded to the nearest 6th decimal place per £100 nominal.

9. The rate of interest for each interest payment will be announced by His Majesty’s Treasury’s designated debt manager (currently the DMO) not later than the business day immediately preceding the first date on which, in accordance with then current market practice, the Gilt is traded (in unstripped form) without the benefit of the interest payment, and expressed as a percentage in pounds sterling to six places of decimals rounded to the nearest figure.

10. The actual amount payable for this further issue of the Gilt per £100 nominal will be the real clean price multiplied by the Index Ratio for 3 April 2025, the settlement date of this auction, plus £0.198780727165, the Index adjusted accrued interest per £100 nominal from 29 January 2025, the first issue date of the Gilt, to 3 April 2025. The Index Ratio for 3 April 2025 is 1.00249. The Gilt being auctioned will, therefore, rank for the full amount of the non-standard first interest payment due on 22 September 2025 at the rate, per £100 nominal of the Gilt, of  $(1 + (52/181)) \times £0.5625$  multiplied by the Index Ratio applicable to 22 September 2025 and expressed in pounds sterling to six places of decimals and rounded to the nearest figure. Subsequent interest payments will be calculated in accordance with paragraph 8.

### **Revisions to the Index**

11. If the Index is revised to a new base after the Gilt is issued, it will be necessary, for the purposes of paragraphs 3 to 10, to calculate and use notional Index figures in substitution for the Index figures used to determine the Reference Index figure applicable to the date on which repayment takes place and/or an interest payment falls due. These notional Index figures will be calculated by multiplying the appropriate actual Index figures by the Index figure on the old base for the month on which the revised Index is based and dividing the product by the new base figure for the same month. The un-rounded notional Index figures will then be used to calculate the relevant Reference Index figure as described in paragraphs 6 and 7 above. This procedure will be used for each occasion on which a revision is made during the life of the Gilt. The calculation of the notional Index figures by His Majesty's Treasury's designated debt manager (currently the DMO) shall be conclusive and binding on all holders of the Gilt.

12. If the Index is not published for any month for which it is relevant for the purposes of this prospectus, His Majesty's Treasury's designated debt manager (currently the DMO) will nominate a substitute Index figure which shall be an Index figure applicable to the month of payment published as a substitute figure by the Office for National Statistics or any replacement body, and such substitute Index figure shall be used for all purposes for which the actual Index figure would have been relevant. If the Office for National Statistics or any replacement body does not publish such a figure, His Majesty's Treasury's designated debt manager (currently the DMO) shall nominate in good faith a substitute Index figure which shall be used for all purposes for which the actual Index figure would have been relevant. The nomination of the substitute Index figure and the calculation by His Majesty's Treasury's designated debt manager (currently the DMO) of the amounts of principal and/or interest payable on the basis of a substitute Index figure shall be conclusive and binding on all holders of the Gilt. No subsequent adjustment to such amounts will be made in the event of subsequent publication of the Index figure which would have been applicable to the month of payment.

### **FOTRA exemptions**

13. 1½% Index-linked Treasury Gilt 2035 was first issued on 29 January 2025 and, consequently, the Gilt and the interest payable on it will benefit from the exemptions from United Kingdom taxation in favour of non-resident holders described in paragraph 129 of the Information Memorandum.

### **Gross payment of interest**

14. Interest will be paid without deduction of income tax. However, holders of the Gilt may elect to have UK income tax deducted from interest payments on application to the Registrar, Computershare Investor Services PLC.

### **Methods of application**

15. Bids may be made on either a competitive or a non-competitive basis as set out below and in accordance with paragraphs 73 to 105 of the Information Memorandum.

### **Bids by IG GEMMs**

16. Competitive bids may only be made by those Gilt-edged Market Makers who have been formally recognised as Index-linked Gilt-edged Market Makers ("IG GEMMs") by the DMO and in accordance with paragraphs 77 to 79 of the Information Memorandum. Each IG GEMM may also make one non-competitive bid in accordance with paragraphs 83 to 90 of the Information Memorandum.

### **Settlement of competitive and non-competitive bids – IG GEMMs**

17. For those competitive and non-competitive bids from IG GEMMs which are accepted, settlement must be effected in accordance with paragraphs 79 and 87 of the Information Memorandum. For these purposes, the latest time and date for CHAPS payments to be sent to the Bank of England is **1.30 PM ON THURSDAY, 3 APRIL 2025**.

### **Approved Group**

18. For this auction applications may not be made by members of the Approved Group.

### **Times for receipt of applications**

19. Bids by IG GEMMs may be made by means of the Bloomberg Bond Auction System to the DMO not earlier than **9.00 AM ON WEDNESDAY, 2 APRIL 2025** and not later than **10.00 AM ON WEDNESDAY, 2 APRIL 2025**.

### **Non-competitive bids**

20. For this auction no non-competitive bids may be made by any person other than an IG GEMM.

### **Allocation of the Gilt**

21. The DMO reserves the right to reject any or part of any competitive or non-competitive bid. Subject to this, competitive bids will be ranked in descending order of price and the Gilt will be sold to applicants whose competitive bids are at or above the lowest price at which the DMO decides that any competitive bid should be accepted (the "striking price"). Applicants whose competitive bids are accepted will purchase the Gilt at the striking price (plus accrued interest as set out in paragraph 10). Competitive bids which are accepted and which are made at prices above the striking price will be satisfied in full. Competitive bids which are accepted and which are made at the striking price may be satisfied in part only. No sale will be made of an amount less than £1,000 nominal of the Gilt. Non-competitive bids which are accepted will be accepted in full at the non-competitive sale price (plus accrued interest). The non-competitive sale price will be equal to the striking price.

### **Bids irrevocable**

22. Bids will not be revocable between 10.00 am on Wednesday, 2 April 2025 and 10.00 am on Monday, 7 April 2025.

### **Post Auction Option Facility**

23. The provisions relating to the Post Auction Option Facility contained in the Information Memorandum will apply. The option take-up window will be open from **12.30 PM ON WEDNESDAY, 2 APRIL 2025** to **1.00 PM ON WEDNESDAY, 2 APRIL 2025**.

### **Additional information**

24. On 11 March 2020, His Majesty's Government ("HMG") and the UK Statistics Authority ("UKSA") launched a consultation in relation to the Index: "A Consultation on the Reform to Retail Prices Index Methodology". On 25 November 2020, HMG and UKSA published their joint response to the consultation. Certain aspects of the proposed reform to the Retail Prices Index, the consultation, and the joint response were the subject of judicial review proceedings which were dismissed in a judgment given on 1 September 2022. Permission to appeal the judgment was refused by the High Court and no permission to appeal was sought from the Court of Appeal. Accordingly, this judgment is now final. Investors may wish to inform themselves about these matters by referring to publicly available sources.



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26 March 2025