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Debt Management
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PRESS NOTICE

SYNDICATED LAUNCH OF £8.0 BILLION OF 4³/₈% TREASURY GILT 2040: RESULT

The United Kingdom Debt Management Office (DMO) announces that the syndicated launch of £8.0 billion (nominal) of 4³/₈% Treasury Gilt 2040 has been priced at £100.351 per £100 nominal, equating to a gross redemption yield of 4.3438%. The transaction will settle, and the initial tranche of this gilt will be issued, on 4 September 2024.

Today's transaction was the fourth of seven syndications planned in the DMO's programme for 2024-25. Proceeds from today's sale are expected to amount to approximately £8.0 billion (cash¹) and will take syndication proceeds for the financial year to date to £29.6 billion, relative to the remit target of £37.0 billion.

The UK domestic market provided the main support for the issue, taking around 73% of the allocation.

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

"I am delighted with today's highly successful syndicated launch of our new 2040 maturity gilt. The bond, which will be built up as the new 15-year benchmark over time, received a very strong reception from the market.

It was particularly encouraging to witness such a broad range of high-quality investors participating in today's offering. This allowed us to launch the transaction in a size of £8 billion, larger than originally envisaged, providing a robust foundation for the new gilt going forward.

I am also very pleased with the efficient and orderly manner in which our Joint Lead Manager group handled the introduction of this new gilt, and I was also grateful for the associated support from the Co-Lead Managers.

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

The market support that we have seen today is greatly valued and highly welcome as we progress with delivering our financing remit for 2024-25. We look forward to this continuing over the course of this financial year and beyond.”

NOTES TO EDITORS

The syndicated offering was lead managed by five Joint Bookrunners: BofA Securities, Goldman Sachs International Bank, HSBC, Lloyds Bank Corporate Markets and Santander. All other wholesale Gilt-edged Market Makers were appointed Co-Lead Managers. The composition of the syndicate was announced by the DMO on 23 August 2024.

The order book for the transaction was opened at 9.00am on 3 September 2024 with indicative price guidance for investors at a spread of 4.0 to 4.5 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 262 allocated orders². The nominal size of the syndication was announced as £8.0 billion at 10.46am and the price was set at 12.17pm.

Proceeds from today’s transaction amount to approximately £8.0 billion and will take long conventional gilt sales for the financial year to date to £31.1 billion.

Total gilt sales for the financial year to date amount to £123.4 billion, relative to the overall remit target of £277.7 billion.

The next syndication in the DMO’s 2024-25 programme is scheduled to be the sale of a new or existing index-linked gilt in the second half of November 2024, subject to demand and market conditions.

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

² Total orders were £110.7 billion nominal.