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## PRESS NOTICE

### **SYNDICATED LAUNCH OF £1.1 BILLION OF 0<sup>1</sup>/<sub>8</sub>% INDEX-LINKED TREASURY GILT 2073: RESULT**

The United Kingdom Debt Management Office (DMO) announces that the syndicated launch of £1.1 billion (nominal) of 0<sup>1</sup>/<sub>8</sub>% Index-linked Treasury Gilt 2073 has been priced at £355.948 per £100 nominal, equating to a gross real redemption yield of -2.3883%. The transaction will settle, and the new index-linked gilt will be issued, on 24 November 2021.

Proceeds from today's transaction are expected to amount to approximately £3.9 billion (cash<sup>1</sup>) and will take gilt sales via the six syndications held in the financial year to date to £39.0 billion. Total gilt sales in 2021-22 amount to £170.4 billion, of which index-linked gilt sales account for £23.3 billion. The DMO is planning to raise £194.8 billion via gilt sales in 2021-22.

The UK domestic market provided the main support for the issue, taking around 94% of the allocation.

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

*"Today we have seen the very successful launch of our new index-linked gilt - which is now also the UK's longest maturity gilt. The new index-linked gilt has a 2073 maturity date and represents the first extension to our real yield curve since the launch of the 2068 index-linked gilt in September 2013. The new bond, which raised just over £3.9 billion cash for the £1.1 billion nominal issued, was warmly received by the market."*

*Due to the long maturity (and long duration) of the bond, the issuance event represented a significant amount of risk for the market to absorb but I am delighted that the transaction was very smoothly executed against what has been a volatile market backdrop over recent weeks. I believe that today's supply has been a welcome event for the market, and particularly*

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<sup>1</sup> Figures in this press notice are in cash terms unless indicated otherwise.

*appreciated by those institutions amongst our core investor base seeking to hedge 50-year and longer liabilities.*

*I am grateful to the Joint Lead Manager group for helping to deliver successfully this important 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 offer was managed by four Joint Bookrunners: Goldman Sachs International, NatWest Markets, Nomura and UBS Investment Bank. 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 12 November 2021.

The order book for the transaction was opened at 9.00am on 23 November 2021 with indicative price guidance for investors at a spread of 3.0 to 3.5 basis points (bp) below the yield on the reference gilt (0½% Index-linked Treasury Gilt 2068). At 9.45am, the Joint Bookrunners announced that the price guidance was fixed at 3.5bp below the yield on the reference gilt (the tight end of the initial price guidance).

The book closed at 10.00am with 211 orders.<sup>2</sup> The nominal size of the transaction was announced as £1.1 billion nominal at 10.24am and the price was set at 12.38pm.

Today's operation raised £3.9 billion cash, leaving £3.0 billion to be raised in the remainder of the financial year to reach the overall remit target for index-linked gilt sales of £26.3 billion.

One planned syndication remains in the 2021-22 programme, of a long conventional gilt in Q4 2021-22. Further details will be announced in the Q4 2021-22 gilt operations calendar to be published by the DMO at 7.30am on Tuesday 30 November 2021.

This press notice will be appearing on the DMO's website at: [www.dmo.gov.uk](http://www.dmo.gov.uk)

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<sup>2</sup> Total orders were £17.7 billion (nominal).