



GRAND DUCHY OF LUXEMBOURG

EUR 1.25bn 2.875% 10-year (Mar-34) Benchmark

PRESS RELEASE - Wednesday, 21st February 2024

Transaction Terms

Issuer	Grand Duchy of Luxembourg
Rating	Aaa / AAA / AAA (all stable)
ISIN	LU2773894873
Size	EUR 1.25 Bn
Pricing Date	21 February 2024
Settlement Date	1 March 2024
Maturity Date	1 March 2034
Coupon	2.875%
Spread to Mid-Swaps	+16bps
Re-offer Yield	2.906%
Re-offer Price	99.734%
Spread vs Bunds	+51.4bps

Lead Managers Barclays, BCEE, BGL BNP Paribas, BIL and HSBC

Transaction Summary

- On Wednesday, 21 February 2024, the Grand Duchy of Luxembourg – rated Aaa/AAA/AAA (all stable) – returned to the Euro debt capital markets for the first time in 2024 with a new €1.25 billion 10-year benchmark. The transaction was priced with a final spread of +51.4 bps over the 2.200% reference Bund due February 2034, equivalent to a final yield of 2.906% and reoffer price of 99.734%.
- Strategically, the new 10-year bond fills a natural gap in the Luxembourg government bond (“LGB”) curve, providing a new liquid, current coupon 10-year reference. This benchmark also serves to increase the weighted average maturity of LGB debt (from 7.11-years to 7.79 years).
- Once again, the Grand Duchy of Luxembourg has been able to leverage its excellent macroeconomic fundamentals and fiscal discipline to succeed in the international capital markets. Luxembourg’s 25.7% (2024) Debt/GDP ratio remains significantly below the Euro area average, notwithstanding the uncertainties surrounding global geopolitics.
- The transaction generated a strong reception from investors across both core and peripheral jurisdictions with over 170 orders in the final orderbook. Final demand surpassed €10.7bn, which represents the largest single-tranche orderbook for the Grand Duchy of Luxembourg since the 10-year syndication in March 2021, at the height of QE. The composition of demand reaffirms Luxembourg’s status as a safe haven asset and its appeal amongst high quality accounts.
- The high-quality and well-diversified orderbook enabled the issuer to tighten the spread +4bps from initial guidance to reoffer, pricing with very limited new issue premium.
- Joint lead managers for the transaction were Barclays, BCEE, BGL BNP Paribas, BIL and HSBC.



Pricing and Execution

- The formal mandate of the new Grand Duchy of Luxembourg benchmark transaction was announced on Tuesday 20th of February 2024 at 13:38 CET.
- On Wednesday 21st February 2024, following constructive feedback overnight, books officially opened at 09:04 CET with initial spread guidance released at mid-swaps +20 bp area.
- With the high-quality orderbook accelerating in excess of €7.9bn (including €475mn JLM interest), the first update was released at 10:40 CET revising guidance to mid-swaps +18 bp area.
- The momentum in the bookbuilding process continued and at 11:24 CET, the high-quality demand enabled the spread to be set at mid-swaps +16 bp. It was announced concurrently that books would close at 11:45 CET.
- At 12:37 CET, the transaction was officially launched with the size set at €1.25bn. Books closed in excess of €10.7bn (incl. €475m JLM interest) which represents the largest single-tranche orderbook for the Grand Duchy of Luxembourg since 2021.
- The transaction was officially priced at 15.11 CET with a coupon of 2.875% and a spread of +51.4 bps over the reference Bund, equivalent to a reoffer yield of 2.906%.

Distribution Summary

- Luxembourg gathered investor demand from a wide range of domestic and international accounts with over 170 orders. In terms of distribution, the 10-year transaction received strong interest from Bank Treasuries, Asset Managers and Central Banks/Official Institutions.
- Geographically, the transaction was well diversified with Benelux (30%), France (16%), Germany and Austria (15% combined) taking over half of the allocation.

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