

Barclays enlist First Abu Dhabi Bank to back £1bn Telegraph bid

One of the biggest lenders in the Middle East has been enlisted to aid the Barclay family's effort to regain control of The Daily Telegraph.

Sky News has learnt that First Abu Dhabi Bank has provided the former newspaper proprietors with financing to support their offer.

The disclosure comes days after lawyers acting for the family told a court hearing in the British Virgin Islands that it had secured backing from "a well-respected member of the UAE ruling family".

Earlier this month, Sky News revealed that Sheikh Mansour bin Zayed Al Nahyan – the ultimate owner of a controlling stake in Manchester City Football Club – was among the figures said to be in talks with the Barclays about providing funding for them to repay more than £1bn owed to Lloyds Banking Group.

The terms of the First Abu Dhabi Bank comfort letter were unclear on Friday, although rival bidders for the Telegraph titles are likely to raise questions about its potential involvement in the future ownership or capital structure of one of Britain's most influential media groups.

First Abu Dhabi Bank is the UAE's biggest lender, and has big international ambitions, having closely examined a potential bid for Standard Chartered, the FTSE-100 emerging markets-focused bank, earlier this year.

It could not be reached for comment on Friday, while a spokesman for the Barclay family declined to comment.

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The BVI court hearing, which Lloyds had hoped to pave the way for the liquidation of Penultimate Investments Holding Company (PIHC), a Barclay family holding company, was effectively adjourned.

Lloyds has already kicked off an auction of the newspapers and The Spectator magazine, with Goldman Sachs retained to oversee talks with bidders.

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A liquidation of PIHC would have enabled Lloyds to sell the Barclays' debt without the family's consent, although there is no suggestion that the bank is keen to pursue such a route.

Rival bidders for the Telegraph include the hedge fund billionaire Sir Paul Marshall, the former Daily Telegraph editor Sir William Lewis and Lord Rothermere, the Daily Mail proprietor.

Until June, the newspapers were chaired by Aidan Barclay – the nephew of Sir Frederick Barclay, the octogenarian who along with late brother Sir David engineered the takeover of the Telegraph 19 years ago.

Lloyds had been locked in talks with the Barclays for years about refinancing loans made to them by HBOS prior to that bank's rescue during the 2008 banking crisis.

In recent weeks, key details have emerged of other bidders' efforts to wrest control of the broadsheet titles, with Sir Paul enlisting backing from fellow hedge fund billionaire Ken Griffin and advice from the former Daily Mail and General Trust chief executive Paul Zwillenberg.

National World, the listed vehicle run by former Mirror newspaper chief David Montgomery, has hired advisers to work on a bid, while the former Daily Telegraph editor Sir William Lewis has also been canvassing potential backers.

Axel Springer, which publishes the German newspaper Die Welt, has also registered its interest in participating in the auction.

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A sale for the originally mooted valuation of £600m or more would trigger a substantial writeback for Lloyds, which wrote down the value of its loans to the Barclays several years ago.

The debt the family owes to Lloyds is also believed to include some funding tied to Very Group, the Barclay-owned online shopping business.

The sale is being overseen by a new crop of directors led by Mike McTighe, the boardroom veteran who chairs Openreach and IG Group, the financial trading firm.

Mr McTighe has been appointed chairman of Press Acquisitions and May Corporation, the respective parent companies of TMG and The Spectator (1828), which publish the media titles.