

Barclays in ten-day race to repay Telegraph newspaper loans

The former owners of The Daily Telegraph face a formal ten-day deadline to repay more than £1bn to Lloyds Banking Group or face seeing the liquidation of a key holding company.

Sky News has learnt that the Barclay family has agreed to repay £1.16bn to Britain's biggest high street lender by 1 December, with a crucial court hearing in the British Virgin Islands set to be held three days later if they fail to do so.

City sources said the Barclays had now agreed not to contest the 4 December liquidation if they do not repay the loans by 1 December.

The ten-day race to repay its long-standing debts underlines the uncertainty which continues to stalk two of the country's most influential newspaper titles.

The Barclays have struck a deal with RedBird IMI, an Abu Dhabi-backed vehicle, to secure the funding they need to repay the Lloyds borrowings.

Under the agreement between them, RedBird IMI, which is headed by former CNN president Jeff Zucker, would then convert its loans to equity and take ownership of the Telegraph and Spectator magazine.

However, the transaction remains subject to the completion of due diligence by Mr Zucker's team, with £600m of the loan repayment secured against the media assets.

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A liquidation of the Penultimate Investments Holding Limited would effectively remove the Barclay family from a role in the Telegraph's future, and leave Lloyds free to pursue an unencumbered auction of the newspapers.

Bidders for the titles include the billionaire hedge fund tycoon Sir Paul Marshall and Daily Mail proprietor Lord Rothermere, with initial offers due on 28 November.

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However, a number of suitors are now questioning whether to invest further time and money in submitting offers given developments in recent days.

[Sky News revealed on Monday that Ed Richards](#), the former boss of media regulator Ofcom, is acting as a lobbyist for RedBird IMI.

Flint Global, the business Mr Richards co-founded, has been hired because of Mr Richards' track record of involvement in public interest intervention notices (PIINs) – government probes carried out by the media and competition watchdogs which can lead to deals being blocked.

In recent weeks, calls to block majority foreign ownership of the Telegraph have gathered pace as MPs and peers – predominantly from the Conservative Party – have raised concerns about Gulf funding of the newspapers.

A court hearing to liquidate PIHL in order to smooth a sale of The Daily Telegraph was adjourned on Monday following the Barclays' last-gasp offer to repay in full more than £1.1bn to Lloyds Banking Group.

RedBird IMI said on Monday that it would convert the £600m of loans to the family into equity "at an early opportunity".

"Under the terms of this agreement, RedBird IMI has an option to convert the loan secured against the Telegraph and Spectator into equity, and intends to exercise this option at an early opportunity," it said.

"Any transfer of ownership will of course be subject to regulatory review, and we will continue to cooperate fully with the government and the regulator."

The Barclays have made a series of increased offers in recent months to head off an auction, raising its proposal last month

to £1bn.

Lloyds had repeatedly told the family and its advisers that they should either repay the debt in full or participate in the auction alongside other bidders.

Talks orchestrated by Goldman Sachs, the investment bank, have now kicked off with prospective buyers, who also include the London-listed media group National World.

Until June, the newspapers were chaired by Aidan Barclay – the nephew of Sir Frederick Barclay, the octogenarian who along with his late twin 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.

The family's debt to Lloyds also includes some funding tied to Very Group, the Barclay-owned online shopping business.

The Telegraph and Spectator disposals are 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.

In July, Telegraph Media Group (TMG) published full-year results showing pre-tax profits had risen by a third to about £39m in 2022.

"RedBird IMI are entirely committed to maintaining the existing editorial team of the Telegraph and Spectator publications and believe that editorial independence for these titles is essential to protecting their reputation and credibility," it said in Monday's statement.

“We are excited by the opportunity to support the titles’ existing management to expand the reach of the titles in the UK, the US and other English-speaking countries.”

Lloyds, RedBird IMI and a spokesman for the Barclays declined to comment.