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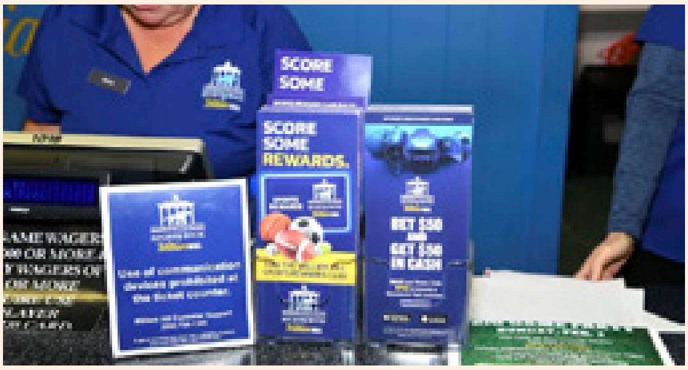
GWM goes vocal on ESG principles in William Hill takeover

UK court clears William Hill's £2.9bn takeover by Caesars

Investors left disappointed after judge dismisses objections

By **Alice Hancock** in London APRIL 20 2021



Caesars has said it plans to offload William Hill's operations outside the US
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William Hill has been given the go-ahead for its £2.9bn takeover by US casino operator Caesars Entertainment in a UK court despite protests from investors.

The UK bookmaker said on Tuesday that the High Court had sanctioned the deal allowing it to complete and delist from the UK stock exchange on April 22.

The court ruling needed to approve the deal was delayed after several letters of protest were submitted to the company's board by hedge funds, which argued that William Hill had failed to disclose "potentially material" information about its US joint venture with Caesars that could have allowed another party to come in with a higher bid for the business.

Caesars said it was able to axe its US joint venture with William Hill should the bookmaker be bought by one of a list of "restricted acquirers" that Caesars could decide. But, according to the hedge funds, William Hill did not disclose until the day of the shareholder vote in November that Caesars could in fact only add six names to the list and that it could substitute just one of those names every six months.

William Hill shares have been trading above the 272p per share offer price since the beginning of April, as hedge funds speculated that the court might rule against the deal given the unusually long period between the hearing at the end of March and the judge's ruling being handed down.

Following the announcement on Tuesday, however, the stock fell back to 272p a share in afternoon trade in London. Caesar's shares were up 3 per cent in pre-market trading in New York.

HBK Capital Management, which has a 10 per cent exposure to William Hill, was among the hedge funds which argued that the board had made it appear that no rival bid for the company would be possible.

In its letter to the board it said "our strongly held belief [is] that shareholders voting on the scheme did so without information which would have allowed them to weigh up its true merits".

GWM Asset Management, another of the hedge funds protesting against the deal, described the outcome as "incredibly disappointing". "We remain firm that the [William Hill] board should have been proactive and ESG friendly in disclosing relevant information and cast a new vote," it said.

In his ruling, Judge Alastair Norris noted that five hedge funds and a sixth private investor had raised objections and the offer "did not delight all shareholders". But, he said that the deal documents contained "sufficient information" for shareholders "to make an informed decision upon the question presented by the scheme".

Caesars' offer for William Hill was accepted in September after a bidding war with private equity group Apollo Global Management.

The deal is one of a series of transactions by US casino companies looking to buy in sports betting expertise from mature European operators in order to tap the fast expanding US sports betting and online gaming market.

Caesars has said it plans to offload William Hill's operations outside the US, with Apollo widely seen as a frontrunner to snap up the business.