

## Hedge Funds Mount Last-Minute Challenge to UK Ceasars Deal on ESG grounds

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### Hedge Funds Mount Last-Minute Challenge to U.K. Caesars Deal (1)

- Two funds say William Hill investors didn't get full picture
- Caesars takeover of British bookmaker to go before judge

By Thomas Seal

(Bloomberg) -- [Caesars Entertainment Inc's](#) 2.9 billion-pound (\$4 billion) buyout of [William Hill Plc](#) will face eleventh-hour opposition from hedge funds when it goes to a London judge for final approval on Wednesday.

Texas-based [HBK Investments LP](#) and London-based [GWM Asset Management Ltd.](#) wrote to William Hill's board saying shareholders should have another opportunity to vote on the deal, arguing they didn't have enough information when investors were polled on it on Nov. 19. It was approved by 87% of ballots cast.

Las Vegas-based Caesars battled private equity firm [Apollo Capital Management](#) to acquire William Hill, gaining the upper hand by revealing it could terminate its U.S. joint venture with the British bookmaker if another bidder was to win. The JV is William Hill's gateway to the fast-growing American sports betting market, which has seen a wave of trans-Atlantic gambling deals since it was legalized in 2018, increasing the takeover's appeal.

The challengers say William Hill should have given a fuller description about this so-called poison-pill structure. In a public letter, HBK said it had believed Caesars could quickly add any rival's name to a list of "restricted acquirers," which would allow it to dissolve the venture if it lost the bid, but they later discovered Caesar's could only add a maximum of six names and only change one every six months.

HBK owns 100 ordinary shares and said it holds derivatives equal to about 9.5% of William Hill. GWM also holds 100 ordinary shares and derivatives equivalent to a 1% stake in the company.

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GWM managers declined to share their correspondence with William Hill, but agreed with HBK's concern on corporate governance grounds.

"It's not exactly what you should do when you're selling yourself and you want to maximize shareholder value," GWM Managing Partner [Peter Sartogo](#) said in a video call on Tuesday.

William Hill declined to comment and has dismissed HBK's challenge in a stock market [statement](#). Its shares are still trading close to Caesars' offer price of 272 pence. If the takeover is approved, it will de-list from the London Stock Exchange next week. A representative for Caesars didn't immediately respond to an emailed request for comment.

Analysts at Jefferies didn't take a view on the legal proceedings, but said they believed William Hill was worth more than Caesars had offered, adding that rival gambling companies like [Flutter Entertainment Plc](#) and [Entain Plc](#) had seen market valuations rise since September when the takeover offer was accepted.

(Updates with analyst comment in ninth paragraph)

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