# WeWork's Chapter 11 Bankruptcy Plan Approved, Cutting $4 Billion in Debt



A US Bankruptcy Court has officially approved WeWork’s Chapter 11 bankruptcy restructuring plan, enabling the company to eliminate $4 billion in debt and transfer ownership to its senior lenders, which includes real estate technology firm Yardi Systems. This decision was made by US Bankruptcy Judge John K. Sherwood, who confirmed the company’s plans to renegotiate and reduce future leasing costs with its landlords.

WeWork, a shared office space provider, has experienced significant turmoil since its peak valuation of $47 billion. The company's aggressive expansion and leasing strategy, spearheaded by co-founder Adam Neumann, eventually led to a failed initial public offering (IPO) in 2019. Neumann exited the firm the same year amid concerns from investors and board members over corporate governance and financial sustainability.

The confirmed restructuring plan allows WeWork to reduce its future rent obligations by approximately $8 billion and exit leases for about 160 of its 450 locations. The newly restructured company is expected to be valued between $665 million and $865 million upon exiting bankruptcy. Senior creditors will receive between 3 to 5 cents on the dollar under the new plan, while lower-ranking bondholders will receive approximately 4 cents on the dollar. Other unsecured creditors are anticipated to get 1 cent on the dollar.

WeWork CEO David Tolley highlighted the company’s focus on achieving sustainable, profitable growth following the restructuring. Despite the tumultuous period and high-profile departure of Neumann, WeWork aims to emerge from bankruptcy next month, claiming strong demand and improved member satisfaction in recent operations.