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*Co-Counsel for Debtors and
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**UNITED STATES BANKRUPTCY COURT
DISTRICT OF NEW JERSEY**

In re:

WEWORK INC., *et al.*,

Debtors.¹

Chapter 11

Case No. 23-19865 (JKS)

(Jointly Administered)

¹ A complete list of each of the Debtors in these chapter 11 cases may be obtained on the website of the Debtors' claims and noticing agent at <https://dm.epiq11.com/WeWork>. The location of Debtor WeWork Inc.'s principal place of business is 12 East 49th Street, 3rd Floor, New York, NY 10017; the Debtors' service address in these chapter 11 cases is WeWork Inc. c/o Epiq Corporate Restructuring, LLC 10300 SW Allen Blvd. Beaverton, OR 97005.

**FIRST SUPPLEMENTAL
DECLARATION OF ERIC KAUP IN SUPPORT
OF DEBTORS' APPLICATION FOR ENTRY OF AN
ORDER (I) AUTHORIZING THE EMPLOYMENT AND
RETENTION OF HILCO REAL ESTATE, LLC AS REAL ESTATE
CONSULTANT AND ADVISOR TO THE DEBTORS AND DEBTORS IN
POSSESSION EFFECTIVE AS OF THE PETITION DATE, (II) APPROVING
THE TERMS OF HILCO'S EMPLOYMENT, (III) WAIVING CERTAIN
TIMEKEEPING REQUIREMENTS, AND (IV) GRANTING RELATED RELIEF**

I, Eric Kaup, declare under penalty of perjury and pursuant to 28 U.S.C. § 1746 that the following is true and correct to the best of my knowledge, information, and belief:

1. I am an Executive Vice President and Chief Commercial Officer of Hilco Trading, LLC, the managing member of Hilco Real Estate, LLC ("Hilco"), a real estate consulting and advising firm.

2. I submit this supplemental declaration (this "Supplemental Declaration") on behalf of Hilco in support of the *Debtors' Application for Entry of an Order (I) Authorizing the Employment and Retention of Hilco Real Estate, LLC as Real Estate Consultant and Advisor to the Debtors and Debtors In Possession Effective as of the Petition Date, (II) Approving the Terms of Hilco's Employment, (III) Waiving Certain Timekeeping Requirements, and (IV) Granting Related Relief* [Docket No. 1237] (the "Application") of the above-captioned debtors and debtors in possession (collectively, the "Debtors") filed on January 26, 2024.¹

3. In support of the Application, the Debtors filed the *Declaration of Eric Kaup In Support of Debtors' Application for Entry of an Order (I) Authorizing the Employment and Retention of Hilco Real Estate, LLC as Real Estate Consultant and Advisor to the Debtors and Debtors In Possession Effective as of the Petition Date, (II) Approving the Terms of Hilco's Employment, (III) Waiving Certain Timekeeping Requirements, and (IV) Granting Related Relief*

¹ Capitalized terms used herein but not otherwise defined shall have the meanings set forth in the Application.

(the “Original Declaration”).

4. Except as otherwise stated in this Supplemental Declaration, I have personal knowledge of or have relied upon the knowledge of others employed by Hilco or its affiliates with respect to the matters set forth herein.

Membership Agreements

5. As set forth on Schedule 2 of the Original Declaration, Hilco disclosed that its affiliate, Hilco Valuation Services, LLC (“HVS”), is party to certain agreements with the Debtors pursuant to which HVS uses office space leased by the Debtors. Following review of the Application, the United States Trustee for the District of New Jersey (the “U.S. Trustee”) requested that Hilco provide additional information concerning (a) any affiliate of Hilco who has or had a membership agreement with the Debtors and (b) any additional information concerning any connections listed on Schedule 2 of the Original Declaration.

6. HVS is a party to certain membership agreements entered into prepetition with the Debtors for office space located in Chicago, New York, and Los Angeles at market rate as set forth below. To the best of my knowledge, HVS did not receive special consideration or discounts on its membership agreement as a result of Hilco’s engagement by the Debtors and to date, HVS is current on payments to the Debtors. Hilco does not pay the Debtors nor contribute to HVS for any portion of the rent, fees or other expenses due under the membership agreements.

- Chicago: HVS is currently party to a membership agreement entered into prepetition for office space located at 515 North State Street, Chicago, IL 60654. HVS has utilized office space leased by the Debtors in Chicago since 2016. Most recently HVS was a party to a membership agreement for office space located at 20 West Kinzie Street, Chicago, IL 60654. When this location closed, HVS was reassigned to its current location at 515 North State Street. Approximately, 12 employees use this office space.
- New York: HVS is currently party to a membership agreement entered

into prepetition for office space located at 12 East 49th Street, New York, NY, 10017. HVS has utilized office space at this location since 2017. Approximately, 15 employees use this office space.

- Los Angeles: HVS is currently party to a membership agreement for office space located at 555 West 5th Street, 35th Floor, Los Angeles, CA 90013.² HVS has utilized office space at this location since 2016. This location has, and continues to be, used by only one employee based in Los Angeles. HVS has been notified that this location will be closed and is in discussions to relocate to another office space leased by the Debtors in the Los Angeles area.

7. HVS and Hilco are separate operating companies under Hilco Trading, LLC, the ultimate parent holding company. The operations of, and services provided by, HVS and Hilco are completely separate and distinct from one another. For the avoidance of any doubt, HVS has no involvement in Hilco's proposed engagement in the chapter 11 cases.

Nunc Pro Tunc Relief

8. As part of the Application, Hilco requested to be employed and retained as of November 6, 2023 (the "Petition Date"). Hilco has provided services to the Debtors in advance of approval of the Application out of necessity arising out of the circumstances arising out of these chapter 11 cases. Hilco believes that the circumstances described herein are of a nature warranting retroactive approval.

9. On July 28, 2023, Hilco and WeWork Management LLC, its affiliates, and subsidiaries who are parties to the Leases (as defined in the Engagement Agreement) (collectively, the "Company") entered into the *Real Estate Consulting and Advisory Services Agreement* (the "Original Agreement"). The Original Agreement was heavily negotiated amongst the parties and many provisions, including the fee structure, were highly customized to the Company compared to other Hilco engagements. The term of the Original Agreement was six (6) months, expiring on

² In the ordinary course of business, HVS renewed the membership agreement effective as of January 1, 2024.

January 31, 2024.

10. Hilco commenced landlord negotiations under the Original Agreement in September 2023. In Hilco's view, these initial negotiations revealed certain commercial issues with the structure of the Original Agreement. For example, certain outcomes were not accounted for under the Original Agreement and certain provisions were confusing or inapplicable in practice. These issues were compounded by a near-term bankruptcy filing in the United States by certain of the Company's subsidiaries and affiliates. This brought into question, among other things, the detailed mechanism for ascribing value to a lease termination of a non-Debtor affiliate. The term of the Original Agreement also needed to be re-examined. Accordingly, it became clear to Hilco that the Original Agreement would need to be renegotiated with the Company to address these concerns.

11. The renegotiation of the Original Agreement was extensive and ultimately took longer than Hilco initially anticipated in part because the Company was simultaneously focused on ensuring a soft landing into chapter 11 and stabilizing operations for its over 500 Debtor entities. Hilco continued to provide services to the Company under the Original Agreement on a good-faith basis pending agreement on the amended terms.

12. These arm's-length negotiations ultimately culminated in the execution of the *Amended and Restated Real Estate Consulting and Advisory Services Agreement* on January 23, 2024. The Debtors filed the Application three days later.

13. For the reasons set forth herein, I believe that (a) Hilco used commercially reasonable efforts to get the Application on file as soon as possible and (b) retroactive approval of the Application to the Petition Date is warranted.

Pursuant to 28 U.S.C. § 1746, I declare under penalty of perjury that the foregoing statements are true and correct.

Dated: February 21, 2024

/s/ Eric Kaup

Eric Kaup
Executive Vice President & Chief
Commercial Officer
Hilco Trading, LLC, Managing Member
Hilco Real Estate, LLC