

What's next for Lion Group after months of negotiations for lease restructure

Across Asia, restructuring seems to be the flavor of the moment. As airlines plan for the post-COVID era, the lessors are committing in hopes of a return in the future. Lion Group, which includes [Malindo Air](#), [Lion Air](#), [Batik Air](#), Wings Air and [Thai Lion Air](#), reached an agreement with some of its lessors [earlier in the year](#) to restructure leases after months of negotiations.

Airlines lease aircraft from leasing companies for two main reasons; to operate aircraft without the financial burden of buying them; and, to provide temporary increase in capacity.

Prior to the pandemic, Lion Group was noted to have had ambitious expansion plans, putting in orders for hundreds of jets and offering significant sale-and-leaseback opportunities for lessors.

There are allegedly more than 40 lenders exposed to the group, which currently has upwards of 200 aircraft. This is more than the combined number of aircraft involved in the restructuring of [Thai Airways](#), [Malaysia Airlines](#) and [Philippine Airlines](#).

It is not yet clear exactly how many lessors have arrived at agreements, but four with exposure to Lion have apparently done so, with up to a dozen involved altogether.

The discussions have been ongoing since approximately April last year, when the future of the industry was still extremely unclear. The agreements were reached as the future of the industry has more clarity.

The group proposed a four-part plan involving partial repayment of rentals over a period of 18 months, instead of a by-the-hour deal. It proposed repaying lease rentals deferred from March 2020 with proceeds from its long-delayed initial public offering (IPO), which has been in the pipeline since 2004 and has to happen before 2027. If not, the group may plan to amortize the arrears and repay them over the lease terms of the aircraft.