S&P Global Ratings

Research

Presale:

Planet Fitness Master Issuer LLC (Series 2019-1)

November 13, 2019

(*Editor's Note:* *Due to a technical error, there were inaccuracies in the original version of this presale report published earlier today. A corrected version follows.*)

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Preliminary Ratings

Class	Preliminary rating	Balance (mil. $)	Anticipated maturity	Legal maturity (years)
A-2	BBB (sf)	550.00	December 2029	30

Note: This presale report is based on information as of Nov. 12, 2019. The ratings shown are preliminary. Subsequent information may result in the assignment of final ratings that differ from the preliminary ratings. Accordingly, the preliminary ratings should not be construed as evidence of final ratings. This report does not constitute a recommendation to buy, hold, or sell securities.

Executive Summary

Planet Fitness Master Issuer LLC's series 2019-1 issuance is a $550.00 million corporate securitization of Planet Fitness Holdings LLC's (Planet's) business. The company will use excess proceeds, after an estimated $12 million in transaction fees and expenses, for general corporate purposes, which may include returning capital to shareholders. The series 2019-1 note issuance will result in an increase in Planet's leverage to 6.5x from 4.5x on a total debt/adjusted EBITDA basis (or to 6.8x assuming a drawdown on the outstanding series 2018-1 class A-1 variable funding note issue).

Debt repayment is supported mainly by:

- Domestic franchise royalty and Canadian license payments;
- U.S. corporate-owned store royalties and profits;
- Profits from Planet's equipment distributor's sale of equipment to franchisees in the U.S.; and
- Other collections relating to the franchised stores, including commission income, Web-join fees, payment processor rebates, and initial and renewal franchise and area development agreement (ADA) fees.

Key credit features of the transaction include:

- The transaction's structure, which segregates substantially all of Planet's existing and future revenue-generating assets into the securitization issuer's asset-owning entities and minimizes the likelihood of cash flow disruption in the event of the bankruptcy filing of the manager, Planet;

- Planet's highly franchised business model (96% franchised), of which we believe its core streamlined selling, general, and administration functions could be transitioned to a replacement manager in the event of Planet's bankruptcy;
- The backup manager's ability to maintain cash flow continuity in the event of a manager bankruptcy;
- The 30-year legal final maturity, which allows sufficient time for the assets to generate enough cash flow to support the expected 6.50x total debt/adjusted EBITDA post-issuance leverage level;
- Planet's growing brand recognition, supported by its $44.8 million annual national advertising fund, which is funded by franchisees in the U.S. and Canada (using 2% royalties) as well as corporate stores;
- Planet's system size, which allows economies of scale in equipment purchases and network benefits for its Black Card members;
- Planet's 27 years of operating history (including 16 years as a franchised brand); and
- A modest cash flow cushion observed in cash flow stress scenarios.

(See the Key Credit Considerations section for more detail.)

Transaction Timeline/Participants

Transaction Timeline

Expected closing date	Dec. 3, 2019.
First interest payment date	March 5, 2020.
Class A-2 ARD	Dec. 5, 2029.
Legal maturity date	Dec. 5, 2049.
Note payment frequency	Quarterly, beginning in March 2020.

ARD--Anticipated repayment date.

Participants

Sole structuring adviser	Guggenheim Securities LLC.
Guarantors	Planet Fitness SPV Guarantor LLC, Planet Fitness Franchising LLC, Planet Fitness Assetco LLC, and Planet Fitness Equipment Distributor LLC.
Trustee	Citibank N.A.
Servicer	Midland Loan Services (a division of PNC Bank N.A.).
Manager	Planet Fitness Holdings LLC.
Backup manager	FTI Consulting Inc.

Rating Rationale

The preliminary ratings assigned to Planet Fitness Master Issuer LLC's $550.00 million senior secured notes series 2019-1 reflect our assessment of:

Strengths

We consider the following to be transaction strengths:

- The highly franchised nature of Planet's business (96% of stores), which can generate stable royalty cash flows.
- A growing system, with over 1,000 additional stores committed under signed ADAs as of Sept. 30, 2019.
- Strong unit economics, with an average four-wall EBITDA margin, post-royalties, of approximately 40% for company-owned stores.
- Strong historic performance metrics, with 51 consecutive periods of positive same-store sales growth, and total systemwide sales reflecting a cumulative average growth rate of 18% since 2014.
- Rapid growth in store count and a relatively stable average unit volume (AUV) that has led to steady increases in royalty payments.
- Low dependency on the manager to develop new promotions and fitness programs.
- A simple operating model focused on providing the basics (cardio and strength) to customers at a low price point and avoiding the latest fitness fads.
- A nationally recognized brand.
- A simple supply chain primarily supporting the franchisee's required replacement of cardio equipment every five years and strength equipment every seven.
- Simple and efficient collection of recurring revenue, with the majority of membership dues transferred directly from members' bank accounts via electronic fund transfer.
- The securitization structure, with Midland Loan Services (the servicer) acting as the control party, and the servicer's obligation to make interest and collateral protection advances to the extent deemed recoverable.
- A moderate level of principal amortization before the anticipated repayment date if leverage is above 5.0x.
- Performance tests, such as rapid amortization and cash trap tests.

Weaknesses

We consider the following to be transaction weaknesses:

- Limited performance history for Planet through multiple downturns at its current scale, given its rapid growth over the past decade. Though Planet demonstrated stable performance through the great recession, it was a significantly smaller system at the time.
- Limited visibility into the long-term value of the Planet brand from a consumer perspective in

the event of a manager bankruptcy, given the limited historical precedent for a large-scale chain of low-cost fitness clubs.

- The highly competitive industry in which Planet operates, with relatively low barriers to entry other than high capital requirements for equipment.
- The transaction's reliance on Planet's systems and management team to manage the assets.
- The sizeable portion of the securitization's gross collections derived from equipment margins and company-owned store EBITDA (approximately 20% and 17%, respectively), which may be more volatile than franchise royalties.
- The high franchisee concentration, with the top 10 franchisees accounting for approximately 46% of stores.

Mitigants

We consider the following to be the transaction mitigants:

- Planet differentiates itself from competitors by promoting an all-inclusive, non-intimidating brand and offering memberships priced significantly below the industry median. This allows it to pursue a sizable consumer base that has not traditionally been attracted to other fitness clubs.
- Planet's scale and brand strength provide economies of scale in equipment purchases, advantageous access to prime real estate, and network benefits to its Black Card members.
- The transaction documents allow the servicer to appoint a successor manager to replace Planet as manager if certain events occur, with the back-up manager acting as manager in the interim.
- The company is well-diversified geographically and is beginning to pursue opportunities for international growth.
- The cash flow runs supporting our preliminary ratings assumed 25% and 45% declines for royalties and all other cash flows, respectively; these are our standard assumptions for businesses in the fitness and leisure sectors.
- Under our stress scenario, the notes would receive timely interest and ultimate principal payments by maturity.

Key Credit Metrics And Peer Comparisons

Table 1

Key Credit Metrics And Peer Comparisons

Brands	Series	S&P Global Ratings' credit rating	Store count (no.)	AUV (mil. $)	Franchised (%)(ii)	Interna-tional (%)(iii)	Operating history (from founding)	Concept type	Leverage (total debt/adj. EBITDA)(iv)	Min. base-case DSCR(v)	Min. downside DSCR(v)
Planet Fitness(i)	2019-1	BBB (sf)	1,899	2.1	96	2.7	27 years	Fitness	6.5	1.7	1.3
Domino's(i)	2019-1	BBB+ (sf)	16,528	0.9	98	64.0	Over 30 years	QSR	5.9	1.8	1.4

Table 1

Key Credit Metrics And Peer Comparisons (cont.)

Brands	Series	S&P Global Ratings' credit rating	Store count (no.)	AUV (mil. $)	Franchised (%)(ii)	Interna-tional (%)(iii)	Operating history (from founding)	Concept type	Leverage (total debt/adj. EBITDA)(iv)	Min. base-case DSCR(v)	Min. downside DSCR(v)
SERVPRO	2019-1	BBB- (sf)	1,719	1.5	100	0.0	Over 30 years	Remediation/reconstruction	7.1	1.7	1.3
Wendy's	2019-1	BBB (sf)	6,710	1.6	95	8.0	Over 30 years	QSR	6.6	1.7	1.4
Driven Brands	2019-2	BBB- (sf)	2,702	1.3	86	15.0	Over 30 years	Automotive services	6.8	1.5	1.3
Jack in the Box	2019-1	BBB (sf)	2,240	1.5	94	0.0	Over 30 years	QSR	4.9	1.9	1.6
Applebee's/IHOP	2019-1	BBB (sf)	3,652	2.2	98	7.0	Over 30 years	Casual Dining	6.0	1.7	1.4
Dunkin' Brands	2019-1	BBB (sf)	20,912	0.8	100	43.0	Over 30 years	QSR	6.2	1.6	1.4
Taco Bell	2018-1	BBB (sf)	6,505	1.6	91	6.0	Over 30 years	QSR	5.3	1.6	1.5
Focus Brands	2018-1	BBB (sf)	6,191	0.3-1.7	98	22.0	Range between 1934 and 2000	QSR, casual dining, coffee, etc.	5.8	1.6	1.5
Hardee's/Carl's Jr.	2018-1	BBB (sf)	3,873	1.2	96	22.0	Over 30 years	QSR	6.1	1.9	1.6
Sonic	2018-1	BBB (sf)	3,587	1.3	94	0.0	Over 30 years	QSR	4.8	2.0	2.5
Jimmy John's	2017-1	BBB (sf)	2,690	0.8	98	0.0	Over 30 years	QSR	5.2	1.8	1.7
Cajun Global	2017-1	BBB- (sf)	1,588	0.7	85	32.0	Over 30 years	QSR	5.2	1.8	1.4
Five Guys	2017-1	BBB- (sf)	1,437	1.2	69	5.0	Over 30 years	QSR	6.7	1.6	1.5
TGIF	2017-1	BB+(sf)	903	2.7	94	48.0	Over 30 years	Casual dining	5.6	1.6	1.3
Arby's	2015-1	BBB-(sf)	3,335	1.0	72	1.0	Over 30 years	QSR	5.3	1.6	1.2

(i)Preliminary. (ii)% of total store count. (iii)As reported. (iv)As of each series' closing date unless otherwise noted. Planet Fitness—Planet Fitness Master Issuer LLC. Domino's--Domino's Pizza Master Issuer LLC. ServPro--ServPro Master Issuer LLC. Wendy's--Wendy's Funding LLC. Driven Brands--Driven Brands Funding LLC (Maaco, Meineke, and others). Jack in the Box Funding LLC (Jack in the Box). Applebee's/IHOP--Applebee's Funding LLC/IHOP Funding LLC (Dine Brands Global). Dunkin' Brands--DB Master Finance LLC (AUV represents domestic for both brands, leverage assumes no VFN). Driven Brands--Driven Brands Funding LLC (Maaco, Meineke, and others). Taco Bell--Taco Bell Funding LLC. Focus Brands--Focus Brands Funding LLC (Carvel, Cinnabon, Auntie Anne's, and others). Applebee's/IHOP--Applebee's Funding LLC/IHOP Funding LLC (Dine Brands Dine Brands Global). Planet Fitness—Planet Fitness Master Issuer LLC . Hardee's/Carl's Jr.--Hardee's Funding LLC/Carl's Jr. Funding LLC. Driven Brands--Driven Brands Funding LLC (Maaco, Meineke, and others). Domino's--Domino's Pizza Master Issuer LLC. Sonic--Sonic Capital LLC. Wendy's--Wendy's Funding LLC. Jimmy John's--Jimmy John's Funding LLC. Cajun Global--Cajun Global LLC (Church's Chicken).Five Guys--Five Guys Funding LLC. TGIF--TGIF Funding LLC. Arby's—Arby's Funding LLC. AUV--Average unit volume. DSCR--Debt service coverage ratio. QSR--Quick-service restaurants. VFN--Variable funding note.

Industry Outlook

Discretionary spending in the global leisure sector will likely improve modestly in 2019 compared to 2018--the base-case rating outlook for the sector remains stable, with nearly 80% of rating outlooks on issuers currently stable. The base-case forecast for modestly improving leverage in 2019 reflects modest revenue and EBITDA growth, but for many issuers, the forecast does not include opportunistic acquisitions and other unexpected leveraging events.

The U.S. fitness sector is highly competitive in price and product offerings because the industry is highly fragmented and has low barriers to entry compared to other leisure sectors. High competition levels also typically result in high annual customer attrition rates. Our current base-case economic forecast for U.S. consumer spending growth will likely support same-store revenue growth for rated fitness issuers, although we expect low-cost fitness club operators to generate superior same-store revenue growth relative to mid- and high-tier segments. In addition, revenue is expected to grow as fitness club operators continue to increase club count, expanding their geographic footprint and capturing new members. Overall U.S. fitness sector growth will likely reflect the continued expansion of low-cost, no-frills fitness operators, as well as expectations for growth in the luxury segment. The industry's mid-tier segment has been squeezed over the past several years as new low-cost operators and boutique studio offerings provide alternative ways for consumers to exercise.

Summary Of The Business

Planet is one of the largest and fastest-growing franchisors and operators of fitness centers in the U.S. by number of members and locations. Its 1,899 locations--each typically about 20,000 sq. ft. in size--span all 50 states, the District of Columbia, Puerto Rico, Canada, the Dominican Republic, Panama, and Mexico, as of Sept. 30, 2019. Of these locations, 1,817 are franchised stores and 82 are corporate-owned stores. The system had 14.1 million members as of that time.

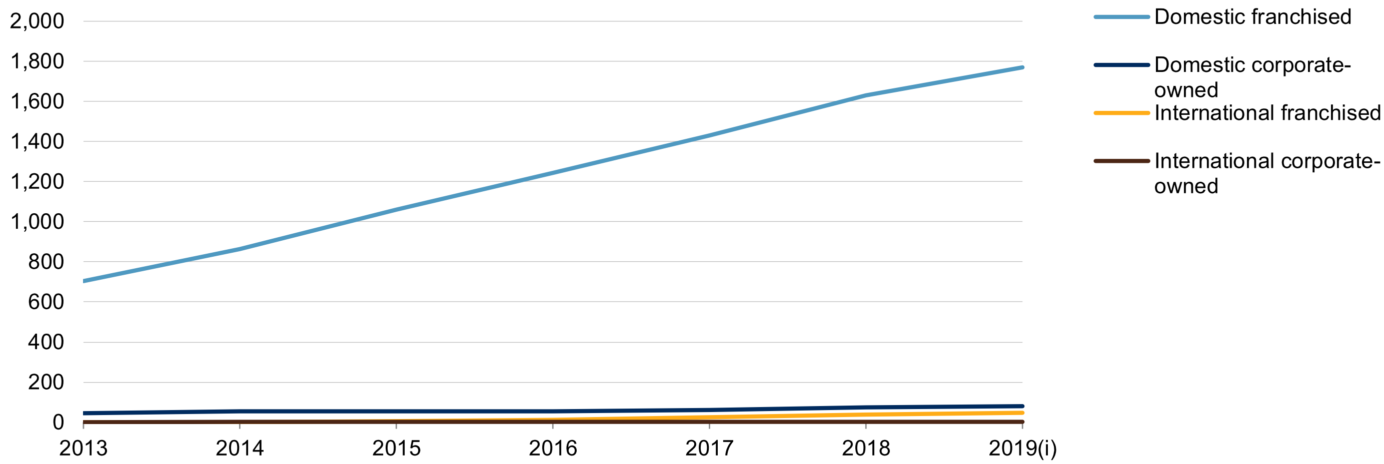
In 2018, Planet's corporate-owned stores had a segment EBITDA margin of 40.9% and had AUVs of approximately $2.0 million. Its average four-wall EBITDA margin (an assessment of store-level profitability, which includes local and national advertising expenses) was approximately 46% (or approximately 39% after deducting the current 7% royalty rate). The royalty rate includes the 1.59% royalty, as a result of the elimination of certain rebates and commissions that were previously paid to the company by all stores and deducted as an expense in arriving at four-wall EBITDA.

The stores themselves showcase the purple-and-yellow branding, along with unlimited free fitness instruction for small groups. Franchisees are mandated to replace their cardio equipment every five years and their strength equipment every seven years. The gyms utilize the "Judgement-Free Zone" approach to engage with potential first-time or casual gym users. Planet charges a low-cost $10-per-month fee for its basic package, which we consider a differentiating attribute among the fitness industry. Its $22.99 per-month "Black Card" fee provides members access to premium perks, including the ability to use any other Planet gym and the use of massage beds and tanning booths. These fees are primarily collected via Automated Clearing House direct debit, reducing the exposure to subjective chargebacks or claims/fees.

Geographically, domestic locations are most concentrated in California, Texas, and Florida, (representing 7.1%, 7.1%, and 6.4% of total domestic store count and 9.0%, 7.4%, and 6.0% of total domestic annualized royalties, respectively).

Chart 1

Historical Store Count
As of FYE Dec. 31



(i)As of Sept. 30, 2019. FYE--Fiscal year-end. Source: Planet Fitness Holdings LLC.

Chart 2

Domestic Locations By State

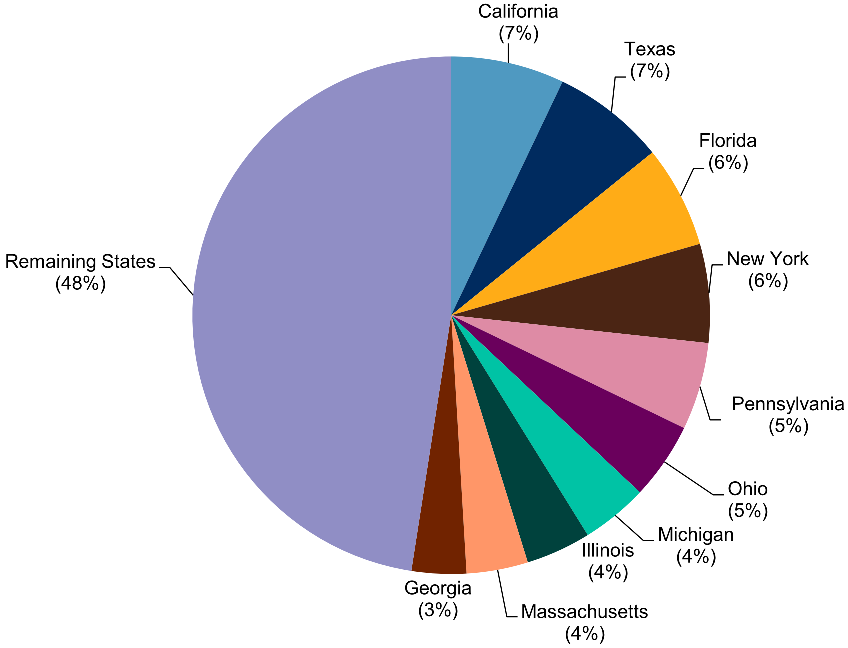
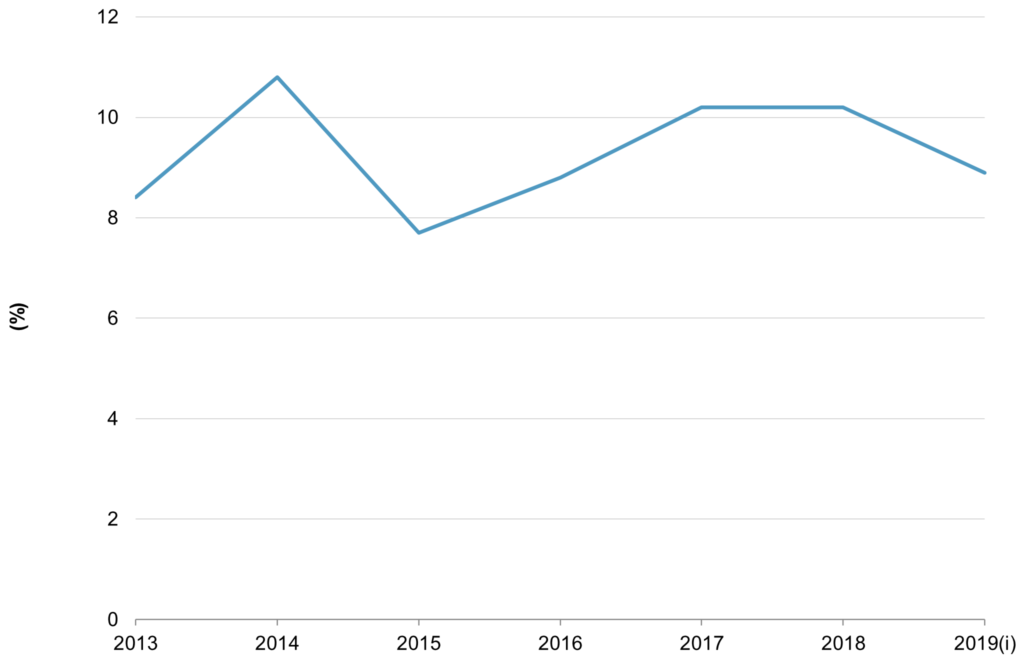


Chart 3

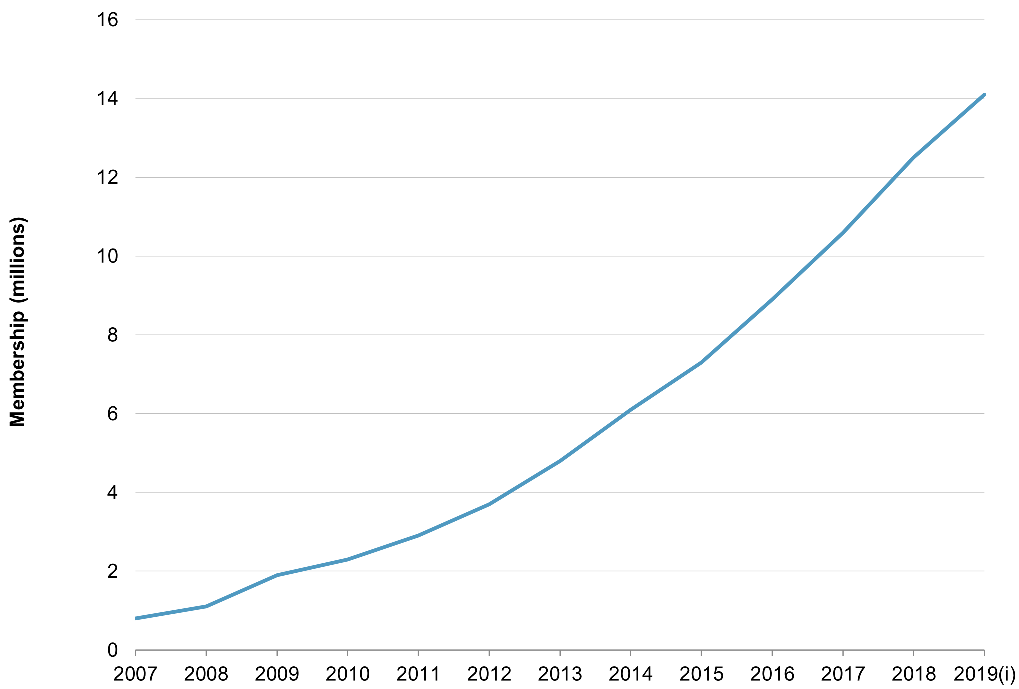
Historical Systemwide Same-Store Sales Growth
Fiscal Year-End



(i)For nine months ended Sept. 30, 2019. Source: Planet Fitness Holdings LLC.

Chart 4

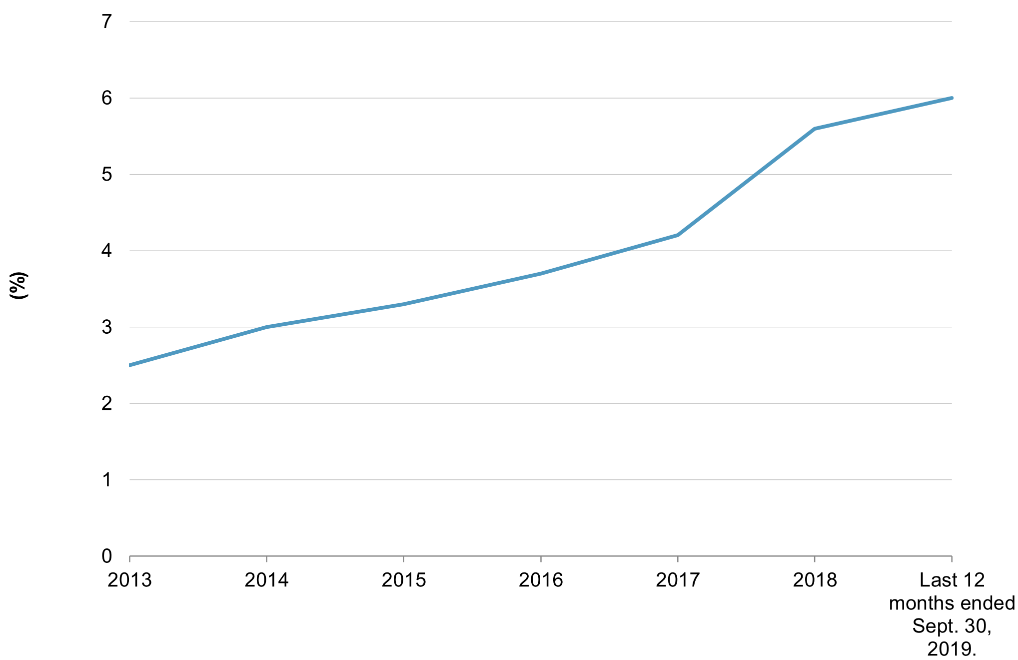
System Membership Count



(i)As of Sept. 30, 2019. Source: Planet Fitness Holdings LLC.

Chart 5

Average Royalty Rate
For domestic franchisee-owned stores



Source: Planet Fitness Holdings LLC.

Collateral

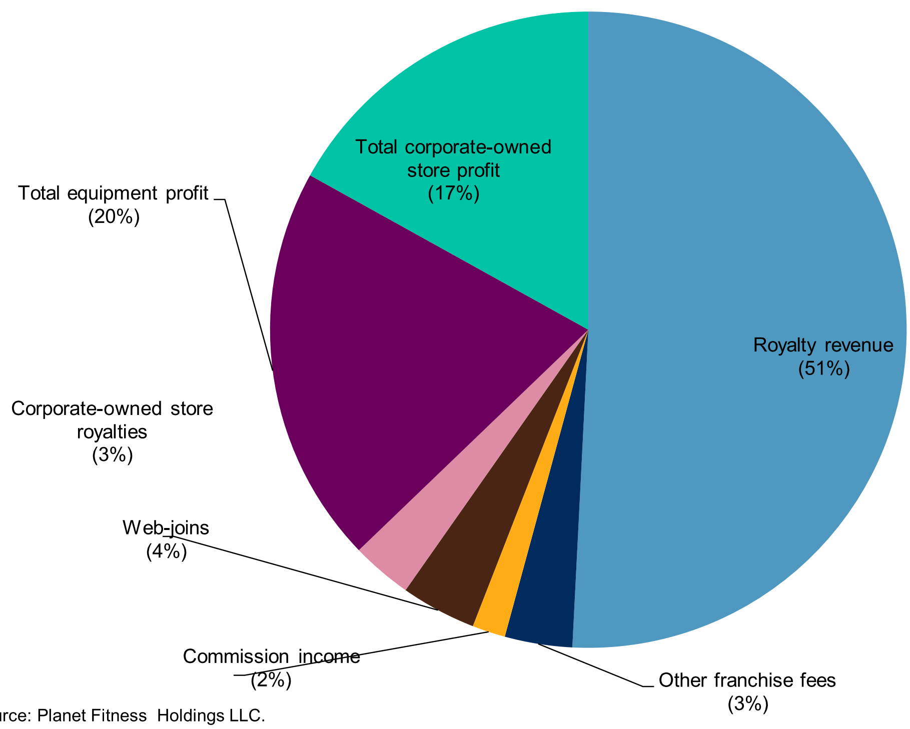
The notes will be secured by a security interest in substantially all of the assets of the issuer and guarantors, and will include:

- Domestic franchise and development agreements, existing and new;
- Company-owned gyms;
- Planet's U.S. and registered Canadian intellectual property (IP) and IP license agreements;
- Securitized leases;
- Contributed material contracts and new contracts;
- Transaction accounts;
- Any interest reserve letter of credit; and
- Equity interest in the securitization entities.

Chart 6 illustrates the relative initial contributions of the various cash flow streams to the transaction.

Chart 6

Securitized Cash Flow Source
Twelve months ended Oct. 13, 2019



Source: Planet Fitness Holdings LLC.

See the Cash Flow Assumptions table (table 4) below for more details on each category of securitization collections.

Key Credit Considerations

Table 2

Key Credit Considerations

Moderately long operating history	The first Planet location opened in 1992, and Planet began franchising in 2003. Since its founding, the brand has built a loyal customer base. Although the Planet system was much smaller at the time of the most recent economic downturn, it continued to grow and demonstrate positive same-store sales, which are positive indicators. Economic resilience and brand loyalty support the likelihood that the brand could maintain value and that cash flows could continue even in the event that Planet is replaced as the manager.
High franchised percentage	As of Sept. 30, 2019, franchisees operated 96% of Planet's 1,899 systemwide stores. We believe a high percentage of franchised stores provides the transaction with better cash flow stability and independence from the manager than transactions with lower percentages of franchised stores.
System size	Planet's 1,899 systemwide stores as of Sept. 30, 2019, provide network benefits to its Black Card members and allows for substantial economies of scale in equipment purchasing.
Strong unit economics	Strong unit economics, with average corporate-owned store four-wall EBITDA estimated to be around 47% (or 40% after deducting the 7% royalty), as of Sept. 30, 2019.

Table 2

Key Credit Considerations (cont.)

Low operating risk	Individual Planet locations require minimal staffing, and have minimal operational requirements beyond facility and equipment maintenance.
Large domestic geographic concentrations	Geographic concentration in the three largest states accounts for more than 20% of the company's U.S. store count.
Stable performance metrics	As of Sept. 30, 2019, Planet has sustained 51 consecutive quarters of systemwide same-stores sales growth, and reported $2.8 billion in total systemwide sales as of fiscal year-end 2018.

Planet--Planet Fitness Holdings LLC.

Credit Rating Methodology

Table 3 details our specific conclusions for each of the five analytical steps in our ratings process.

Table 3

Credit Rating Step

Step	Result	Comment
Step 1		
Eligibility analysis	Pass	We believe that a system of franchised fitness clubs can continue to generate cash flows following the bankruptcy of the franchisor (manager) because individual franchisees generally operate independently from the manager (notwithstanding their reliance on centralized general and administrative functions, which are transferable to a back-up manager). We believe that if a brand has sufficient customer loyalty, royalty revenues can continue to be available to service securitization debt, assuming the assets have been isolated via a true sale to a bankruptcy-remote special-purpose entity. Given that we do not believe all cash flows from the system will be at risk following the bankruptcy of the manager, the following analysis quantifies the impact of the correlated cash flow decline from the Planet system and compares that to ongoing required interest and principal payments to the rated debt.
Step 2		
Business volatility score (BVS)	3(i)	Planet's business risk profile (BRP) is currently fair, which maps to a BVS of '4'(i). We adjusted that BVS by one notch to '3' to reflect the system's stability over the past 20 years.
Cash flow assumptions	See table 4 below	
Min. base DSCR	1.75x	Principal and interest are fully paid in this scenario.
Anchor	bbb-	Determined per table 1 of our corporate securitization criteria, "Global Methodology And Assumptions For Corporate Securitizations," published June 22, 2017.
Min. downside run DSCR	1.32x	Principal and interest are fully paid in this scenario.
Step 3		
Resiliency score	Satisfactory	Determined per table 3 of the Corporate Securitization criteria.
Resiliency adjusted anchor	bbb	Determined per table 4 of the Corporate Securitization criteria.

Table 3

Credit Rating Step (cont.)

Step	Result	Comment
Step 4		
Modifier analysis	No adjustment	This structure is not an outlier from a leverage perspective relative to Planet's peer group. The anticipated repayment date and the transaction structure are all comparable to similarly rated deals.
Step 5		
Comparable rating analysis	No adjustment	Planet's overall profile, including its system size, AUV, royalty rates, franchised percentage, and recent performance is similar to that of its peer group, so we do not believe any upward or downward notching is necessary. Given that we did not make any adjustments in steps four or five, our preliminary rating is 'BBB (sf)'.

(i)The mappings from BRP to BVS are: excellent=1; strong=2; satisfactory=3; fair=4; weak=5; and vulnerable=6. DSCR--Debt service coverage ratio. AUV--Average unit volume.

Table 4 shows our cash flow assumptions.

Table 4

Cash Flow Assumptions

	Cumulative decline (%)		
Asset cash flow category	Base case	Downside case	Description
Royalty revenue and fees	0	25	Franchise and company-owned store royalties, which constitute a majority of the overall projected cash flow, are a function of store count, AUV, and royalty rates.
All other securitization collections	0	45	All other securitization collections, including corporate-owned store profit, equipment profit, initial and renewal franchise and ADA fees, commission income, and other franchise fees.

AUV--Average unit volume. ADA--Area development agreements

Sensitivity Analysis

Sensitivity run 1: management fee stress

Using the base-case assumptions in table 4, we determined that the management fee could be increased by as much as 235% (translating to an approximately 43.57% reduction in net securitized cash flow relative to the base case) without any impact on the transaction's ability to pay timely interest and full principal payments by its legal final maturity. In our opinion, the additional management fee stresses reflect what could occur if Planet experienced a bankruptcy. While the management fee is currently outlined in the transaction documents, we believe that it may be possible that such fees are renegotiated in a potential bankruptcy scenario.

Sensitivity run 2: event-driven stress

Starting with the base-case scenario assumptions, we determined the maximum haircut to cash flow that would allow timely interest and full principal payments by the transaction's legal final maturity date. This haircut to cash flow after fees is approximately 50%. We examined several event risks associated with cash flow losses, including royalty losses from the top three geographic locations by store count (Texas, California, and Florida) and the top 10 domestic franchisees. Under these scenarios, our analysis showed that the transaction could pay timely interest and full principal by its legal final maturity.

Structural Protection Summary

The structural features and credit enhancements (see table 5) are generally consistent with those of other recently rated corporate securitizations.

Table 5

Structural Features

Test	Planet Fitness Master Issuer LLC (Series 2019-1)
Rapid amortization DSCR trigger (P&I)	1.2x
Cash flow sweep DSCR trigger (P&I)	1.75x (50% trap) and 1.5x (100% trap)
ARD horizon(i)	10 years
Scheduled amortization through ARD (%)	1
Manager termination DSCR trigger (IO)	1.2x
Event-of-default DSCR trigger (IO)	1.1x
Management fee	The management fee, which includes both fixed and variable components, is a function of retained collections. According to the transaction documents, the fixed component is assumed to be $15 million annually, and the variable component is assumed to be (1) $20,000 for each U.S. franchised store and retained U.S. corporate store; (2) $20,000 for each international franchise store with respect to which the franchise agreement is held by the franchisor or another securitization entity; or (3) $40,000 for each corporate-owned store held by Planet Fitness Assetco LLC or another securitization entity. The management fee is also subject to a 2% annual increase of the fixed component if the increased amount does not exceed 35% of retained collections in the preceding four quarterly collection periods.

(i)Failure to pay the notes in full by their applicable ARDs constitutes a rapid amortization event, but not an event of default. Given a rapid amortization event, pro rata rapid amortization will begin for all classes. DSCR--Debt service coverage ratio. P&I--Principal and interest. ARD--Anticipated repayment date. IO--Interest only.

Payment Priority

The series 2019-1 class A-2 notes, and the notes currently outstanding that were previously issued by Planet Fitness Master Issuer LLC (including the outstanding class A-1, A-2-I, and A-2-II from the series 2018-1) will pay interest and principal quarterly from semimonthly distributions in the priority shown below (see table 6).

Currently, the transaction includes no senior subordinated or subordinated notes; however, the transaction may issue these notes if certain conditions are met.

Table 6

Payment Priority(i)

Priority	Payment
1	Solely, with respect to indemnification, asset disposition, and insurance/condemnation payment amounts: to the trustee and then the servicer for unreimbursed advances; to the manager for any unreimbursed advances; to pay the class A-1 notes in full if a class A-1 note amortization event is continuing; if a rapid amortization event has occurred and is continuing, pro rata; to pay the class A-1 notes' principal, pro rata; to pay down all senior notes other than the class A-1 notes; then if not during a class A-1 amortization event, reduce commitments under all class A-1 notes pro rata based on commitment amounts; then prepay in full the outstanding principal amount of all subordinated notes.
2	To the trustee, then the servicer, and then the manager for unreimbursed advances and then to the servicer for servicer fees, liquidation fees, and workout fees.
3	The successor manager transition expenses, if any.
4	Management fee.
5	Pro rata, the capped securitization operating expense amount and, if no event of default is continuing, the post-default capped trustee expenses amount.
6	Interest payments on the senior notes, pro rata, by amounts due within each series; the class A-1 note commitment fee amounts; and hedge payments, if any, excluding any termination payable to a hedge counterparty, if any.
7	The capped class A-1 note administrative expense amount.
8	Senior subordinated notes accrued quarterly interest amount to the senior subordinated notes.
9	The senior note interest reserve account deficit amount and then the senior subordinated note interest reserve account deficit amount, if any.
10	The senior notes accrued scheduled principal payment amount, the senior notes quarterly scheduled principal deficiency amount, if any, and amounts due under the variable funding note purchase agreement related to cash-collateralization of letters of credit.
11	The supplemental management fee, if any.
12	As long as no rapid amortization has occurred, if the class A-1 note amortization event is continuing, to the class A-1 notes' principal.
13	If no rapid amortization has occurred and during a cash trapping period, deposit the cash trapping amount.
14	If a rapid amortization event has occurred, all remaining amounts to pay down the class A notes and then all remaining amounts to pay down the senior subordinated notes.
15	If no rapid amortization event has occurred, the senior subordinated notes' accrued quarterly scheduled principal amount and then the senior subordinated notes' quarterly scheduled principal payment deficiency amount, if any.
16	Securitization operating expenses.
17	The excess class A-1 notes administrative expenses amounts, pro rata.
18	The class A-1 notes' other amounts.
19	Subordinated notes' accrued quarterly interest amount.
20	Subordinated notes accrued quarterly scheduled principal amount and subordinated notes quarterly scheduled principal deficiency amount.
21	Outstanding principal amount of the subordinated notes.
22	Senior notes accrued quarterly post-ARD contingent interest amount.
23	Senior subordinated notes accrued quarterly post-ARD contingent interest amount.
24	Subordinated notes accrued quarterly post-ARD contingent interest amount.
25	Hedge termination payments and other unpaid hedge payments.
26	Any unpaid premiums and make-whole prepayment premiums on the senior notes.

Table 6

Payment Priority(i) (cont.)

Priority	Payment
27	Any unpaid premiums and make-whole prepayment premiums on the senior subordinated notes.
28	Any unpaid premiums and make-whole prepayment premiums on the subordinated notes.
29	Other payments to any series of notes.
30	Any remaining funds to or at the direction of the master issuer.

(i)Ratings do not address the likelihood of receiving post-ARD interest. ARD--Anticipated repayment date.

Surveillance

We will maintain active surveillance on the rated notes until the notes mature or are retired. The purpose of surveillance is to assess whether the notes are performing within the initial parameters and assumptions applied to each rating category. The transaction terms require the issuer to supply periodic reports and notices to S&P Global Ratings for maintaining continuous surveillance on the rated notes.

We view Planet's performance as an important part of analyzing and monitoring the performance and risks associated with the transaction. While company performance will likely have an effect on the transaction, we believe other factors, such as cash flow, debt reduction, and legal framework, also contribute to the overall analytical opinion.

Related Criteria

- Criteria | Structured Finance | Legal: U.S. Structured Finance Asset Isolation And Special-Purpose Entity Criteria, May 15, 2019
- Criteria | Structured Finance | ABS: Global Methodology And Assumptions For Corporate Securitizations, June 22, 2017
- General Criteria: Principles For Rating Debt Issues Based On Imputed Promises, Dec. 19, 2014
- Criteria - Structured Finance - General: Criteria Methodology Applied To Fees, Expenses, And Indemnifications, July 12, 2012
- General Criteria: Global Investment Criteria For Temporary Investments In Transaction Accounts, May 31, 2012

Related Research

- Credit FAQ: The Key Ingredients For Whole Business Securitization Ratings, Feb. 22, 2019
- Restaurant Securitizations Are Structured To Survive A Big Bite, Sept. 7, 2017
- Why Social Media Should Be A #trendingtopic In Corporate Securitization Analysis, June 9, 2017
- Global Structured Finance Scenario And Sensitivity Analysis 2016: The Effects Of The Top Five Macroeconomic Factors, Dec. 16, 2016

In addition to the criteria specific to this type of security (listed above), the following criteria articles, which are generally applicable to all ratings, may have affected this rating action: "Counterparty Risk Framework: Methodology And Assumptions," March 8, 2019; "Post-Default Ratings Methodology: When Does Standard & Poor's Raise A Rating From 'D' Or 'SD'?," March 23, 2015; "Global Framework For Assessing Operational Risk In Structured Finance Transactions," Oct. 9, 2014; "Methodology: Timeliness of Payments: Grace Periods, Guarantees, And Use of 'D' And 'SD' Ratings," Oct. 24, 2013; "Criteria For Assigning 'CCC+', 'CCC', 'CCC-', And 'CC' Ratings," Oct. 1, 2012; "Methodology: Credit Stability Criteria," May 3, 2010; and "Use of CreditWatch And Outlooks," Sept. 14, 2009.