Presale Report
Vine 2020-1

DBRS Morningstar
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Contents

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Rating Summary

Class	Amount ($)	Coupon (%)	Rating	Rating Action
A	384,300,000	[TBD]	A (sf)	New Rating – Provisional
B	21,200,000	[TBD] *	BBB (sf)	New Rating – Provisional
C	16,000,000	[TBD] *	BB (sf)	New Rating – Provisional
Total	**421,500,000**			

* Under certain circumstances, the interest from these two bonds may be paid in kind.

Executive Summary

DBRS, Inc. (DBRS Morningstar) assigned provisional ratings to the Vine 2020-1 (Vine 2020-1) transaction as listed above. The Vine 2020-1 transaction represents a securitization of film revenues pursuant to the exploitation of film rights from two film libraries.

The four Village Roadshow entities (Co-Issuers as listed below) will enter into a Base Indenture, Group A Supplement and Series 2020-1 Supplement (Series 2020-1 Supplement) to issue a series of Group A Notes. The Series 2020-1 Notes consist of the three rated notes listed above. The collateral includes certain film percentage interests in the copyrights in the VREG film library (Existing Film Library) and the Virtual Film Library (Aggregate Film Library or AFL). The Co-Issuers are the owners of the Existing Film Library and are, with the issuance of this transaction, acquiring the Virtual Film Library.

The films are from multiple studios, but essentially two co-financiers. VREG's subsidiaries have co-financed and co-produced 101 films through studios and distributors such as Warner Bros. Entertainment Inc. (Warner Bros.), Sony Pictures Entertainment, Inc. (Sony Pictures), Paramount Pictures Corporation (Paramount Pictures), and Regency Entertainment (USA) (Regency). The other film library was produced by Virtual Studios LLC and is distributed by Warner Bros. Vine Investment Advisors LP (Vine) purchased the Virtual Film Library and since Vine owns a majority stake in VREG at this point, VREG will acquire the Virtual Film Library upon the closing of this asset-backed security transaction.

The transaction is backed by the revenues generated by the exploitation of rights pursuant to distribution agreements with primarily Warner Bros. and Sony Pictures. The transaction is a master trust structure from which multiple series of notes may be issued.

The Vine 2020-1 transaction will consist of three fixed-rate notes, namely Classes A, B, and C, totaling $421.5 million. On an expected basis, interest payments will be made sequentially by class, and any principal payments will then be made sequentially by class, with certain triggers requiring both interest and principal payments to be paid sequentially by class. However, all classes of notes provide for scheduled principal payments to be made before the Anticipated Repayment Date (ARD), and a cash sweep begins after four years that requires principal payments to be made first to Classes B and C, on a pro rata basis, and then to Class A.

The transaction will utilize an ARD concept by which time the notes are expected to be paid in full with consideration of a scheduled principal payment schedule. The ARD for the notes is November 2027. If the notes are not paid in full by such date, all available collections will be used to retire any remaining unpaid principal balance and additional accrued interest.

This securitization is the first for Vine; however, VREG is a veteran of the securitization market. VREG USA is the servicer of the transaction while Vine will act as backup servicer.

The portfolio assets consist of a valuation of 108 films by FTI Consulting (FTI), the appraiser who has conducted a valuation of each film library. The leverage factor is initially based on the net present value (NPV) determined to be $513.22 million on June 30, 2020. Credit enhancement in the transaction consists of overcollateralization (OC), subordination, and a reserve account. The initial leverage factor is 82.13%. The subordination in the transaction refers to the Class B Notes and the Class C Notes, which are subordinated to the Class A Notes (collectively, the Notes). The reserve account is sized to account for six months worth of Class A interest or 1.40% of the Class A Notes and is funded at inception and nondeclining.

Transaction Parties and Relevant Dates

Parent Co-Issuers:	VR Funding LLC and VR Films Holdings (BVI) Limited
Co-Issuers:	Village Roadshow Films (BVI) Limited, Village Roadshow Films North America Inc., Village Roadshow Films Global Inc., and Village Roadshow VS Films LLC
Distributors:	Warner Bros. Entertainment Inc. (Warner Bros.), Warner Bros. Pictures Inc., which later merged with and into Warner Bros. Pictures, a division of WB Studio Enterprises Inc. Sony Pictures Entertainment, Inc. (Sony Pictures), Paramount Pictures Corporation (Paramount) and Regency Enterprises (USA), Inc. (Regency)
Servicer:	Village Roadshow Entertainment Group USA Inc.
Backup Servicer:	Vine Investment Advisors LP (Vine)
Trustee:	U.S. Bank National Association
Closing Date:	On or about October 29, 2020
Distribution Date:	15th of each quarter (beginning November 2020)
Quarterly Payment Dates:	February, May, August, and November
Anticipated Repayment Date:	November 2027
Legal Final Maturity Date:	November 2050

Note: Various capitalized terms are used throughout this report. Please refer to the transaction documents for more information and/or definitions of those terms.

Rating Rationale

The ratings are based on a review by DBRS Morningstar of the following analytical considerations:

- Transaction capital structure, proposed ratings, and form and sufficiency of available credit enhancement.
    - Credit enhancement is in the form of OC, subordination, and a fully funded interest reserve account. DBRS Morningstar expects the credit enhancement levels to be sufficient to support the Notes given the projected cash flow assumptions under various stress scenarios.
- The ability of the transaction to withstand stressed cash flow assumptions and repay timely interest on a quarterly basis and principal by the final maturity date.
- The transaction assumptions consider DBRS Morningstar's set of macroeconomic scenarios for select economies related to the Coronavirus Disease (COVID-19), available in its commentary "Global Macroeconomic Scenarios: September Update," published on September 10, 2020. DBRS Morningstar initially published macroeconomic scenarios on April 16, 2020, and they have been regularly updated. The scenarios were last updated on September 10, 2020, and are reflected in DBRS Morningstar's rating analysis. The assumptions consider the moderate macroeconomic scenario outlined in the commentary, with the moderate scenario serving as the primary anchor for current ratings. The moderate scenario remains predicated on a more rapid return of confidence and a steady recovery heading into 2021. Given the nature of the assets supporting this transaction, the impact of the coronavirus pandemic has limited impact on the transaction. DBRS Morningstar does not believe that additional stresses are warranted in the cash flow analysis at this time. The stresses applied and certain characteristics of the underlying distribution agreements provide ample credit protection against current coronavirus crisis.
- The transaction parties' capabilities in the film rights exploitation space.
    - DBRS Morningstar has performed an operational review of VREG and considers the entities to be an acceptable originator and servicer of film rights transactions.
- The operational history of VREG and the strength of the overall company and its management team.
    - Company management has considerable experience in the film industry.
    - VREG is a leading global entertainment, co-financier, and co-producer.
- The assets supporting this transaction are a combination of the existing film library from VREG and the Virtual film library. The transaction benefits from perpetual revenue generated from the exploitation of the films across various media platforms and merchandising.
- The library includes titles with strong franchise value including those related to the very successful Matrix, Ocean's, Joker, and Sherlock Holmes franchises.
- As this is a library transaction, there is no production risk in the portfolios. All films have been released and are through their theatrical windows.
    - Cash flow generated from a new film represents the largest share of the various windows for fully matured films. Since these films have all been released, they are through the theatrical window.
    - Revenues generated after theatrical release are highly correlated with box-office revenues generated while the film is in the theatrical window. As these films are all in contractual arrangements, cash flows are less volatile than in the theatrical window.
    - The distributors are highly rated and exploit the revenues for distribution across various post-theatrical platforms, including TV, video on demand (VOD), and digital media.

  - The predictability of cash flow is tempered by operating challenges due to a paradigm shift in the film space. Older titles may face additional challenges because of an increase in content available for consumption. This is in part due to the proliferation of streaming services, which makes the consumption of new content more accessible to viewers. This accessibility may make these titles less relevant to consumers and poses a challenge to the distribution of older titles.
  - Furthermore, as media technology expands, it is uncertain how VREG and the related distribution companies will fare against competitors in this dynamic environment. Distribution success will depend on the ability of the media companies to effectively adapt and embrace new technological standards.
- The revenues generated by the transaction depend on the successful exploitation of the film titles, which is driven by the distribution of the films across various platforms. The transaction benefits from distribution agreements with subsidiaries of Warner Bros., Sony Pictures, Paramount Pictures, and Regency. Additionally, the studios will make advances for expenses incurred to distribute the films. There is therefore heavy reliance on the distributors to perform.
  - Each of these studios has depth and breadth of experience on the film industry and has strong distribution capabilities.
  - The interests of the distributors are aligned with that of the transaction as they maintain a senior security interest in the films and benefit from the generation of revenues, which provides a strong incentive to perform on their obligations.
  - All distributors (or parents of such subsidiaries) have strong credit profiles. Adverse changes to the credit profile of the distributors could have a negative impact on the transaction because of the heavy reliance on the distributors.
- The library has received an independent valuation by FTI, which has considerable expertise in valuing film libraries. Appraisals will be provided annually and upon certain events, including (1) the occurrence of any Early Amortization Event, (2) the occurrence of any Series Cash Trap Event, (3) the occurrence of any Event of Default, and (4) the occurrence of any Servicer Termination Event. FTI valuation provided a NPV of $513,222,126 for the combined AFL.
- The occurrence of a bankruptcy of a bankruptcy of Warner Bros. or Sony Pictures.
  - Since the film rights represent the major asset of the studio, in a bankruptcy of the studio, the creditors' primary focus would be to ensure that distribution continues unimpeded. Any steps taken by the creditors would be to maximize the cash flow of the film rights. Typically, if the studio is intending to emerge from bankruptcy, the distribution will continue and all resources of the studio will be focused on first distribution for existing films and then production of new films. If the studio is in a liquidating bankruptcy, the creditors' primary focus is to find a new studio that will purchase the bankrupt studio's film and distribution rights (often referred to as library acquisitions). Warner Bros. and Sony Pictures are likely to demonstrate a strong appetite to purchase film distribution rights as it allows the distributor to further leverage its infrastructure without much additional cost.
  - In the event of a transfer of distribution to a new studio, this would create little or no impact to the expected cash flows for the films for two reasons: (1) many of the longer-dated

receivables (TV rights) are contractually locked in and (2) if the film was successful in the box office, the output channels will want rights to the film regardless of the distributor.

- In addition to the issuance of Series 2020-1, the Group A Co-Issuers have incurred subordinated intercompany debt that will survive the rated issuance. The subordinated debt is approximately $550 million as of the Series 2020-1 Closing Date.
  - Although prepayments are possible, these would be fully subordinate to the rated debt.
  - The subordinated debt is nonrecourse to the Vine 2020-1 transaction and can only be paid after all debt issued from the indenture is paid in full.
- Piracy risk is an inherent part of film transactions. Studios have worked to combat and mitigate this risk through the use of technology to help impede the copying process and working with technology firms and platforms to reduce the risk of illegal downloading.
  - VREG has worked closely with Warner Bros. and the Motion Picture Association to pursue action against the actual and potential unauthorized use of its intellectual property as a result of piracy, illegal downloading, and/or the of devices that permit individuals to make and utilize copies of the company's intellectual property without its permission into the marketplace.
- VREG will act as Servicer. The servicing function requires minimal activity beyond administering cash flows, which has been a long-standing part of VREG's day-to-day business, and the company has been co-financing and co-producing films since 1997 with strong servicing capabilities demonstrated to date.
- Vine will act as Backup Servicer for the transaction. The company has extensive experience in the film industry dating back to 2007 and has experience working with various major studios. Furthermore, the servicing infrastructure is easier to replicate and transferrable.
- One investment fund controlled by Vine is the majority shareholder of VREG. VREG is only one investment of that fund's total portfolio; as such, Vine does not solely rely on the performance of the portfolio. Additional series may be issued; however, the transaction has the benefit of group- and series-level early amortization as well as debt service coverage ratio amortization events.
- The historical performance and anticipated future revenue stream of the film library.
  - DBRS Morningstar analyzed the historical performance of the films, library valuation/ultimates, which incorporates anticipated revenues and costs as well as timing thereof for the portfolio of films, and determined that the anticipated cash flows were sufficient to support the tranches of the transaction at the various assigned rating levels.
- The legal structure and presence of legal opinions, which will address the true sale of the assets to the Co-Issuers, the nonconsolidation of the special-purpose vehicle with VREG, that the trust has a valid first-priority security interest in the assets, and the consistency with the DBRS Morningstar *Legal Criteria for U.S. Structured Finance*.

Company Description

VREG is a global entertainment company that was established in 1997 and co-financed its first film in 1998. It began its business by retaining international film rights only. In 2014, VREG entered into a studio relationships with Sony Pictures as well as the scope of its business by partaking in domestic rights as well. VREG is a private company domiciled in the British Virgin Islands but is in compliance with all relevant U.S. regulations.

Vine has been VREG's controlling shareholder since 2017. Founded in 2007, Vine is a New York-based private equity firm that currently manages multiple media-focused private equity funds. Vine has been directly involved as principal and manager in multiple film libraries since 2007 and, for the same period, has evaluated or underwritten over 50 separate film transactions across every major studio. Vine has deep sector focus on media and entertainment and has experience auditing counterparties to ensure compliance with deal terms. Vine has an experienced management team with some members having over 10 years of combined experience working for various studios across business development, slate financing, and greenlighting functions. VREG is now a portfolio company of Vine's.

Through these partnerships, VREG has developed a 101-film library that includes many successful and recognizable franchises, including those pertaining to *The Matrix*, *Ocean's* (e.g., Eleven, Twelve, etc.), *The Joker*, and *Sherlock Holmes*, among others. Each of these franchise films has demonstrated long-term value generation over its cycles. To date, the studio has produced 34 number one U.S. box-office openings and generated over $18 billion in worldwide box-office receipts.

VREG's ongoing business model focuses on lower-risk global home entertainment, subscription platforms, pay-per-view, pay TV, and free/broadcast TV phases of the film lifecycle, thus generating stable cash flows and a less volatile risk profile. VREG seeks to create new content based on its existing film library (i.e., a TV series based on an existing library title or a streaming film remake or sequel based an existing library title), which will boost the profiles of titles in the library.

Distribution

Distribution is a critical component of a film library. Distributors market and distribute the films but, with limited exceptions, VREG has no right to direct or influence the exploitation of the AFL. While distributors are contractually obligated to exploit the films, the Co-Issuers depend primarily on the ability of the distributors to exploit the AFL. The distributors have in the past and may in the future develop their own distribution platforms or streaming services.

Each studio in the counterparty list has granted the relevant distributor the exclusive right in perpetuity to distribute the films in specific territories or regions. This is generally done through licensing agreements entered into by the studio and the distributor.

Distribution of the films is pursuant to distribution agreements with (1) Warner Bros. Productions Limited and WAV Distribution LLC, which are subsidiaries of Warner Bros. (105 films); (2) Columbia Pictures Industries, Inc., Columbia Pictures Corporation Limited, and Monarchy Enterprises S.A.R.L., which are subsidiaries of Sony Pictures (seven films); (3) Paramount Pictures, a subsidiary of ViacomCBS Inc. (two films; and (4) Regency (one film).

The exploitation of film rights historically in this transaction includes home entertainment (31% of historical gross receipts), pay TV, and broadcast TV distribution channels (collectively, approximately 46% of historical gross receipts). As such, VREG has limited exposure to higher-risk distribution windows, such as theatrical. VREG enjoys long-term contracts with major networks and streaming platforms. The adoption of digital delivery, robust broadband capabilities, broadcast TV, and the growth in the number of streaming platforms has kept consumer demand robust.

Distribution Agreements

The ultimate value of the library depends upon the exploitation of films by the distributor; therefore, there is an inherent dependency on the distributing studios to extract value from the library. The primary distribution agreements provide for perpetual exploitation arrangements between VREG and each of the distributors identified above are domestic and/or foreign distribution agreements. The interest of the distributors are aligned with those of VREG, and thus the financing, as they hold participation interests in the films that they distribute. The participation in revenues is evident in the grant of security interest in the revenues generated from the exploitation of titles (in foreign and domestic territories) pursuant to Output Distribution Agreements and intercreditor agreements between relevant parties. The participation is affected by the grant of a security interest in the titles to the distributors. Under the terms of the agreements, the distributors are required to fund the costs of distribution of the films across the relevant geographies and recover such amounts as through cash receipts.

Warner Distribution Agreements – Warner Bros. is expected to be the exclusive distributor for the 105 Warner films (Village and Virtual films). Warner Bros. receives a distribution fee for the duties involved in distributing and exploiting these films.

Sony (Columbia) Distribution Agreements – Since December 18, 2014, CPII, an affiliate of Sony Pictures, has been the exclusive distributor for seven Sony Films in the Existing Film Library in which the Village Roadshow Entities have acquired a global interest from Sony Pictures (the Sony Global Films).

There are also three films with Paramount and Regency, all of which were released in 2001.

As is typical of co-finance agreements, Warner Bros. and VREG share their right to receive net revenues after allocation of expenses. This percentage is determined by the pro rata share of the production budget co-financed with the studio and other third party co-financiers, if any. VREG's percentage interest in the Aggregate Film Library ranges from 13% to 50% for a weighted average (WA) of 43%.

Portfolio Composition

The portfolio consists of VREG's library of 108 films. The library includes a wide array of films that include those that are event driven (high awareness and global demand), franchise pictures (films and sequels which evoke heavy demand in the home and TV markets), and star driven (globally recognized high-profile actors). Revenues derived from film libraries tend to be highly predictable as the uncertainty of box-office performance is not a factor. Furthermore, future cash flow has proven to be highly predictable after box-office release.

The pool is quite seasoned with more than 73% of the portfolio running in subsequent performance windows and approximately 26% in the first cycle. The Virtual portfolio is older than the Village film portfolio. The Village portfolio represents approximately 92.3% of the total NPV for the pool.

Exhibit 1 Weighted-Average Age of Each Film Library

	WA Age (years)
Village Roadshow	9.45
Virtual	13.65
Total	**9.77**

Exhibit 2 Distribution by Cycle

	NPV ($)	% NPV
First Cycle	138,445,648	26.98
Subsequent Cycle	374,776,478	73.02
Total	**513,222,126**	**100.00**

Following a film's run through the theatrical window, the films are exploited through other channels including home entertainment (e.g., digital sales), TV and digital on demand (e.g., streaming, VOD), and licensing and merchandising. Each distributor has entered into agreements with various media outlets and merchandising companies for various rights related to exploiting the films. The sources of exploitation for each film portfolio are as follows:

Exhibit 3 Historical Revenue Source as of June 30, 2020 (%)

	AFL Portfolio
Theatrical	35.7
Home Video	33.3
Pay TV	14.9
Free TV	14.7
Other	1.3

Films in a library are assigned industry standard ratings determined primarily based on box-office receipts. The highest-rated films range from "AA" (best) to "C" (weakest) by the Studio/Distributor. For example, "A"-rated films are titles that are in the greatest demand in second and subsequent cycles. Generally, they are successful worldwide theatrical releases with high box-office receipts (possibly over $200 million) and often include well-known talent who may have won an Academy Award for the film. On the other hand, "C"-rated films are titles with weaker demand in second and subsequent cycle exploitation for various reasons, including genre or weak theatrical performance. The films in each library and their ratings are as follows:

Exhibit 4 Film Ranking Classification (# of Films)

	AFL Portfolio
AA	20
A	12
B	28
C	48

The library includes a wide array of films that include those that are event driven (high awareness and global demand), franchise pictures (films and sequels which evoke heavy demand in the home and TV markets), and star driven (globally recognized high-profile actors). The large franchise films have contributed a steady revenue stream flow for the library.

Exhibit 5 Top Franchises ($ by Gross Box Office)

	Combined Portfolio
The Matrix Franchise	1,633,850,999
The Ocean's Franchise	1,423,986,976
Joker	1,073,641,277
Sherlock Holmes Franchise	1,067,972,576

Portfolio Valuation

FTI provided an initial valuation report to VREG that had a collateral value of $913,816,229 as of June 30, 2020. After assuming the stresses above and the VREG share of net cash flows, the NPV for the transaction is $513,222,126.

The projection of cash flows produced a net cash or to-go cash basis. The projection was developed based on independent forecasts that incorporate VREG's economic interest in each film comprising the library from the period beginning on but excluding June 30, 2020 through and including June 30, 2035. The projection was developed via (1) historical performance, (2) ultimates, (3) industry data, and (4) view of the industry landscape.

An ultimate is a statement detailing the revenues, costs, and related profit associated with a film's initial distribution cycle (the First Cycle). The First Cycle represents the initial exploitation of a film in domestic and international theatrical, home entertainment, Free and Pay TV, and other ancillary markets. The First Cycle typically spans a 10-year period following initial domestic theatrical release during which a film moves through successive windows in each market (see Distribution Channels above). An ultimate reflects all realized and anticipated Gross Receipts generated from each market and all related expenses, including production, distribution, overhead, and third-party participation costs during the film's First Cycle. Thus, as a film ages, the portion comprising realized Gross Receipts and expenses increases over time and the unrealized share (known as cash-to-go) decreases.

FTI provided a valuation of the library on a film-by-film basis. Some of the factors used in determining the library's value included (1) a review of ultimates provided by VREG and related cash receipts, (2) cash-to-go spread over the remaining first cycle of the film, (3) expenses, and (4) a timing model for both revenues and expenses. Cash-to-go is the forecast of remaining unrealized share of cash to be generated over the remainder of the First Cycle. FTI valued the portfolio at $913,816,229, assuming a static library of films with no additions. FTI provides cash flow projections to VREG on a quarterly basis.

Transaction Structure

Required Minimum Interest Reserve Amount is sized as a percentage of the Class A Notes. Under certain circumstances, if a Sequential Interest Amortization Event (SIAE) were to occur, the Class B and C Notes interest may be paid in kind (PIK). An initial deposit of $5,360,985will be made on the Closing Date. The amount will be equal to six months' interest (excluding Series 2020-1 Quarterly Post-ARD Additional Interest) on the outstanding principal amount of the Series 2020-1 Class A Notes.

A SIAE is a Series 2020-1 Early Amortization Event. An SIAE event (Quarterly Series 2020-1 DSCR on any Quarterly Calculation Date is less than 1.00 times (x)) will cause Class B and C interest to PIK (refer to item (4), (5), (12), and (16) in the Series 2020-1 Available Amounts waterfall below).

- Post-ARD Additional Interest: In the event that any Notes have not been repaid in full on or prior to the related ARD, additional interest will accrue at a per-annum rate equal to 5.00%.
    - Failure to pay any Series 2020-1 Quarterly Post-ARD Additional Interest will not be an Event of Default.

Interest Reserve Letter of Credit (IRLOC) may be included in this transaction if issued by an Eligible LOC Provider. The IRLOC will reduce the Required Minimum Interest Reserve Amount on a dollar-for-dollar basis. An Eligible LOC Provider is any bank that is rated by S&P or Moody's and has a short-term credit rating of at least A-2 by S&P (if rated by S&P) and P-2 by Moody's (if rated by Moody's) and a long-term credit rating of at least BBB by S&P (if rated by S&P) and Baa2 by Moody's (if rated by Moody's).

Prior to the ARD, principal of each Class of Offered Notes will be paid according to the Series 2020-1 Scheduled Principal Payment (SPP) beginning in November 2020. The SPP is equal to the excess, if any, of (1) the outstanding principal balance of such Class of Offered Notes on such date, over (2) the Adjusted Scheduled Principal Balance (ASPB). The ASPB is equal to (1) the Series 2020-1 Scheduled Principal Amount for such Class and such Quarterly Payment Date as set forth in the Series 2020-1 Expected Payment Schedule, multiplied by (2) the Scheduled Payment Adjustment Factor.

Series 2020-1 Expected Payment Schedule – Are expected to be the projected Retained Collections to be allocated to the Offered Notes on each Quarterly Payment Date through the ARD (Series 2020-1 Projected Cash Flow) and the projected principal amount of each Class of the Offered Notes expected to be outstanding as of each Quarterly Payment Date through the ARD (Series 2020-1 Projected Principal Amount).

Supplemental Principal Payments – In addition to SPPs, the occurrence of any Supplemental Principal Payment Event will require the Co-Issuers to make any applicable Supplemental Principal Payment. A series of Group A Notes may provide for up to 5% of its Series Collateral Value to be retained as a cash reserve in a Series Supplemental Cash Reserve (SSCR) rather than applied to make SPPs on the Series 2020-1 notes, prior to the Series 2020-1 Cash Sweep Date and for so long as no Series 2020-1 Early Amortization Event or Series 2020-1 Cash Trap Event has occurred and is continuing, all SPPs shall be retained in the Series 2020-1 Supplemental Cash Reserve Account as the SSCR for the Offered Notes, until the amount is equal to 5% of its Series Collateral Value (as calculated as though all required Series 2020-1 Scheduled Principal Payments and Supplemental Principal Payments have been made), before any such amounts are applied to make prepayments of principal on the Offered Notes.

Supplemental Principal Payment Events consist of Permitted Asset Dispositions, in which one or more Portfolio Assets is sold by a Co-Issuer, and Collateral Value Reduction Events, which occur in the event that an Appraisal obtained for the Portfolio Assets results in an Appraisal Value that is less than the sum of the Series Collateral Values of all outstanding series of Group A Notes.

Upon the obtainment of an Appraisal, provided the Appraisal Value is at least equal to the sum of the Series Collateral Values for all outstanding series of Group A Notes, all SPPs attributable to CVREs that remain unpaid (including those retained as a SSCR) shall no longer be required to be paid.

Waterfall – All amounts paid by Distributors to the Co-Issuers in respect of the Portfolio Assets will be deposited into the applicable Film Receipts Account and will be subject to the Intercreditor Arrangements. The Servicer shall cause the Co-Issuers' share of such amounts to be deposited into the Group A Concentration Account as Retained Collections.

There are four waterfalls in the Group A trust. They consist of (A) the Series 2020-1 Available Amounts, (B) Series 2020-1 Special Priority of Payments , (C) the Group A Residual Priority of Payments, and (D) the Indenture Residual Priority of Payments. Those waterfalls in that order:

A. The Series 2020-1 Available Amounts

Series 2020-1 Available Amounts and the Series 2020-1 Interest Reserve Account, if any, will be applied the following order of priority:

1. To reimburse (x) the Servicer and then (y) the Backup Servicer for any unreimbursed Servicer Advances;
2. To the Operating Expense Reserve Account, in respect of Series 2020-1 Operating Expenses due and payable on or before the next Quarterly Payment Date that are required to be funded to such account (taking into account any amounts already on deposit therein), as determined by the Servicer in good faith, in an aggregate amount not to exceed the Capped Operating Expenses Amount for such Quarterly Payment Date;
3. To pay accrued and unpaid interest on the Series 2020-1 Class A Notes, and to the extent the Series 2020-1 Available Amounts are insufficient to pay such amounts in full, the Trustee shall

withdraw amounts from the Series 2020-1 Interest Reserve Account up to an amount sufficient to pay any remaining shortfall;

4. So long as no SIAE is in effect on such Quarterly Payment Date, to pay accrued and unpaid interest on the Series 2020-1 Class B Notes;
5. So long as no SIAE is in effect on such Quarterly Payment Date, to pay accrued and unpaid interest on the Series 2020-1 Class C Notes;
6. To pay any unpaid reimbursement and other obligations to each issuer of any Interest Reserve Letters of Credit, on a pro rata basis based on amounts owed;
7. To the Series 2020-1 Interest Reserve Account, an amount equal to the Required Minimum Interest Reserve Amount on such Quarterly Payment Date;
8. To pay Series 2020-1 Scheduled Principal Payments on the Series 2020-1 Class A Notes;
9. On any Quarterly Payment Date prior to the Series 2020-1 Cash Sweep Date on which Supplemental Principal Payments are payable in respect of the Series 2020-1 Notes, for so long as no Series 2020-1 Early Amortization Event or Series 2020-1 Cash Trap Event has occurred and is continuing, to the Series 2020-1 Supplemental Cash Reserve Account, in an amount up to, but not exceeding, the Series 2020-1 Supplemental Cash Reserve for such Quarterly Payment Date;
10. To pay Supplemental Principal Payments on the Series 2020-1 Class A Notes, together with any associated Series 2020-1 Make-Whole Prepayment Premium;
11. For so long as a Series 2020-1 Early Amortization Event has occurred and is continuing, to make principal payments on the Series 2020-1 Class A Notes, together with any associated Series 2020-1 Make-Whole Prepayment Premium, until the Series 2020-1 Class A Notes have been paid in full;
12. If a SIAE is in effect on such Quarterly Payment Date, to pay accrued and unpaid interest on the Series 2020-1 Class B Notes;
13. To pay Series 2020-1 Scheduled Principal Payments on the Series 2020-1 Class B Notes;
14. To pay Supplemental Principal Payments on the Series 2020-1 Class B Notes, together with any associated Series 2020-1 Make-Whole Prepayment Premium;
15. For so long as a Series 2020-1 Early Amortization Event has occurred and is continuing, to make principal payments on the Series 2020-1 Class B Notes, together with any associated Series 2020-1 Make-Whole Prepayment Premium, until the Series 2020-1 Class B Notes have been paid in full;
16. If a SIAE is in effect on such Quarterly Payment Date, to pay accrued and unpaid interest on the Series 2020-1 Class C Notes
17. To pay Series 2020-1 Scheduled Principal Payments on the Series 2020-1 Class C Notes;
18. To pay Supplemental Principal Payments on the Series 2020-1 Class C Notes, together with any associated Series 2020-1 Make-Whole Prepayment Premium;
19. For so long as a Series 2020-1 Early Amortization Event has occurred and is continuing, to make principal payments on the Series 2020-1 Class C Notes, together with any associated Series 2020-1 Make-Whole Prepayment Premium, until the Series 2020-1 Class C Notes have been paid in full;
20. During the Initial Cash Trap Period and for so long as a Series 2020-1 Cash Trap Event has occurred and is continuing, to the Series 2020-1 Cash Trap Reserve Account, all remaining Series 2020-1 Available Amounts

21. To the Operating Expense Reserve Account, in respect of Series 2020-1 Operating Expenses due and payable on or before the next Quarterly Payment Date that are required to be funded to such account (taking into account any amounts already on deposit in such account and after giving effect to priority (ii) above), without regard to the Capped Operating Expenses Amount for such Quarterly Payment Date;
22. To pay accrued and unpaid (A) Series 2020-1 Quarterly Post-ARD Additional Interest on the Series 2020-1 Class A Notes if any, then (B) Series 2020-1 Quarterly Post-ARD Additional Interest on the Series 2020-1 Class B Notes, if any, then (C) Series 2020-1 Quarterly Post-ARD Additional Interest on the Series 2020-1 Class C Notes, if any;
23. To pay accrued and unpaid interest on any Servicer Advances;
24. To make Optional Prepayments of principal in respect of the Offered Notes, together with the simultaneous payment of any associated Series 2020-1 Make-Whole Prepayment Premium, in an amount not to exceed the aggregate amount specified in the related Optional Prepayment Notice, and applied in sequential priority, first to the Series 2020-1 Class A Notes until the Series 2020-1 Class A Notes have been paid in full, then to the Series 2020-1 Class B Notes until the Series 2020-1 Class B Notes have been paid in full and then to the Series 2020-1 Class C Notes until the Series 2020-1 Class C Notes have been paid in full;
25. From and after the Series 2020-1 Cash Sweep Date, to make principal payments on the Series 2020-1 Class B Notes and the Series 2020-1 Class C Notes, on a pro rata basis based on the outstanding principal amount of such classes of Offered Notes, until the Series 2020-1 Class B Notes and the Series 2020-1 Class C Notes have been paid in full;
26. From and after the Series 2020-1 Cash Sweep Date, to make principal payments on the Series 2020-1 Class A Notes until the Series 2020-1 Class A Notes have been paid in full; and
27. For application in accordance with the Group A Residual Priority of Payments, all remaining Series 2020-1 Available Amounts.

B. Series 2020-1 Special Priority of Payments

Each Optional Prepayment Date that is not a Quarterly Payment Date, the Trustee will, based solely on the information contained in the related Payment Date Report, withdraw the Series 2020-1 Available Amounts from the Series 2020-1 Accounts and apply such amounts in the following order of priority:

1. To reimburse (x) the Servicer and then (y) the Backup Servicer for any unreimbursed Servicer Advances;
2. To pay accrued and unpaid interest on the Series 2020-1 Class A Notes until such amounts have been paid in full;
3. To pay any unpaid reimbursement and other obligations to each issuer of any Interest Reserve Letters of Credit, on a pro rata basis based on amounts owed;
4. If a SIAE is in effect, to pay principal of the Series 2020-1 Class A Notes, together with any associated Series 2020-1 Make-Whole Prepayment Premium, until such amounts have been paid in full;
5. To pay accrued and unpaid interest on the Series 2020-1 Class B Notes until such amounts have been paid in full;

6. If a SIAE is in effect, to pay principal of the Series 2020-1 Class B Notes, together with any associated Series 2020-1 Make-Whole Prepayment Premium, until such amounts have been paid in full;
7. To pay accrued and unpaid interest on the Series 2020-1 Class C Notes until such amounts have been paid in full;
8. To pay principal of the Series 2020-1 Class A Notes, together with any associated Series 2020-1 Make-Whole Prepayment Premium, until such amounts have been paid in full;
9. To pay principal of the Series 2020-1 Class B Notes, together with any associated Series 2020-1 Make-Whole Prepayment Premium, until such amounts have been paid in full;
10. To pay principal of the Series 2020-1 Class C Notes, together with any associated Series 2020-1 Make-Whole Prepayment Premium, until such amounts have been paid in full;
11. To the Operating Expense Reserve Account, in respect of Series 2020-1 Operating Expenses due and payable on or before the next Quarterly Payment Date that are required to be funded to such account, without regard to any Capped Operating Expenses Amount;
12. To pay accrued and unpaid (A) Series 2020-1 Quarterly Post-ARD Additional Interest on the Series 2020-1 Class A Notes if any, then (B) Series 2020-1 Quarterly Post-ARD Additional Interest on the Series 2020-1 Class B Notes, if any, then (C) Series 2020-1 Quarterly Post-ARD Additional Interest on the Series 2020-1 Class C Notes, if any;
13. To pay accrued and unpaid interest on any Servicer Advances; and
14. For application in accordance with the Group A Residual Priority of Payments, all remaining Series 2020-1 Available Amounts.

C. Group A Residual Priority of Payments

On each Residual Payment Date, the Trustee will apply, among other items, all residual amounts remaining from each series of Group A Notes after giving effect to the applicable Series Priority of Payments:

1. To the Senior Expense Reserve Account, an amount sufficient to cause the amounts therein to be equal to the aggregate unpaid Quarterly Senior Expense Reserve Amount;
2. To the Operating Expense Reserve Account, an amount sufficient to cause the amounts therein to be equal to the aggregate unpaid Quarterly Operating Expense Reserve Amount;
3. During an Appraisal Event Holding Period, any remaining amounts to the Group A Appraisal Reserve Account;
4. As Shared Group Collections, to each series of Group A Notes that is experiencing a Shortfall, on a pro rata basis based on the amount of each such Shortfall and in accordance with the priorities that would otherwise apply with respect to such Shortfall amounts under the applicable Series Priority of Payments, until such Shortfalls have been reduced to zero;
5. To the Group A Film Reserve Account, an amount sufficient to cause the amounts therein to be equal to the Group A Film Reserve Amount; and
6. For application in accordance with the Indenture Residual Priority of Payments, all remaining amounts.

D. The Indenture Residual Priority of Payments

On each Residual Payment Date, the Trustee will apply, among other items, all residual amounts remaining from the Group A Notes after application of the Group A Residual Priority of Payments in the following priority:

1. To pay any unpaid fees, expenses or other liabilities that are due and payable by any Co-Issuer or Other Group Subsidiary as of such Residual Payment Date;
2. As Shared Indenture Collections, to each Group of Indenture Notes that is experiencing a Group Shortfall, on a pro rata basis based on the amount of each such Group Shortfall and in accordance with the priorities that would otherwise apply to such Group Shortfall amounts under the applicable priority of payments for such Group and its series, until such Group Shortfalls have been reduced to zero; and
3. All remaining amounts will be released from the Lien of the Indenture and deposited into one or more Securitization Equity Accounts.

Structure and Other

Series Cash Sweep Dates – The Quarterly Payment Date occurring in November 2024. Any series that will require residual amounts that may otherwise be applied pursuant to the Group A Residual Priority of Payments. A Film Asset Collection Ratio Event (FACRE) constitutes a Series Cash Trap Event with respect to the Offered Notes. A FACRE occurs when the Film Asset Collection Ratio (FACR = divide (1) the cumulative amount of all DSCR Collections allocated to the Offered Notes, by (2) the Adjusted Cumulative Cash Flow (ACCF = equal to (1) the Series 2020-1 Projected Cash Flow for the Quarterly Collection Period immediately preceding such Quarterly Payment Date, multiplied by (2) the Projection Adjustment Factor)) on any Quarterly Calculation Date is less than or equal to the Cash Trap Trigger Threshold (0.90x).

Cash Trap Event

The transaction will, during the Cash Trap Period, incorporate the use of cash trap mechanisms, based on the film asset collection ratio, that will require residual amounts to be trapped in a designated account.

If the Film Asset Collection Ratio on any quarterly calculation date is less than or equal to the Cash Trap Trigger Threshold, which is equal to 0.90x on the first eight calculation dates after closing and thereafter. This is calculated by dividing the cumulative amount of all Retained Collections allocated to the Offered Notes through and including the Quarterly Collection Period ending immediately prior to such Quarterly Calculation Date by the Adjusted Cumulative Cash Flow for the Quarterly Payment Date. This event may be cured.

Groupwide Events apply to all Group A Notes. They include: Event of Default, Servicer Termination Event, Appraisal Event or any one of certain Early Amortization Events.

Event of Default include any one of the following events:

A. The Co-Issuers (i) default in the payment of interest on the senior-most class of any series of Group A Notes (excluding any penalty interest, default interest, additional interest payable after the ARD of such notes or any similar conditional additional interest) when the same becomes due and payable or (ii) fail to allocate and apply Collections in accordance with the Priority of Payments and the Transaction Documents (including any Series Priority of Payments, but excluding principal payments addressed in clause (B) below), and in the case of clause (i) or (ii) such default or failure continues for two or more Business Days, or in the case of any default or failure that is due to an administrative error or omission by the Trustee or any paying agent, such default or failure continues for three Business Days after the Trustee receives written notice or has actual knowledge of such administrative error or omission;

B. The Co-Issuers (i) default in the payment of principal or any other amounts owing in respect of any Group A Notes on the legal final maturity date for such Group A Notes or (ii) fail to make any other principal payments of any Group A Notes from funds available for such purpose in accordance with the Priority of Payments and the Transaction Documents (including any Series Priority of Payments);
C. Any Co-Issuer fails to comply in any material respect with any of its other covenants in the Indenture or any other Transaction Document to which it is a party and such failure continues unremedied for a period of 30 or more days (or the cure period set forth in the Indenture or such other Transaction Document, if such period is shorter than 30 days) after the earlier of (x) the date on which any Co-Issuer or the Servicer obtains knowledge thereof or (y) the date on which written notice of such failure, requiring the same to be remedied, is given to such Co-Issuer by the Trustee, the Backup Servicer, or any holder of Group A Notes;
D. Any representation or warranty made by any Co-Issuer in the Indenture or any other Transaction Document is false in any material respect when made and such misrepresentation is not cured within 30 days (or the cure period set forth in the Indenture or such other Transaction Document, if such period is shorter than 30 days) after the earlier of (x) the date on which any Co-Issuer or the Servicer obtains knowledge thereof or (y) the date on which written notice of such misrepresentation, requiring the same to be remedied, is given to such Co-Issuer by the Trustee, the Backup Servicer, or any holder of Group A Notes;
E. The occurrence of an Event of Bankruptcy with respect to any Co-Issuer and, in the case of an involuntary Event of Bankruptcy, an action or proceeding shall be commenced against it which shall remain unstayed, undismissed or undischarged for a period of at least 45 days after such Co-Issuer's actual knowledge of such action or proceeding;
F. Any Co-Issuer becomes required to register as an "investment company" under the Investment Company Act of 1940;
G. Any of the Transaction Documents or any material portion thereof ceases to be in full force and effect, enforceable in accordance with its terms against any VR Company bound thereby (other than in accordance with the express termination provisions thereof) or any VR Company so asserts in writing;
H. Any Co-Issuer fails to comply in any material respect with its Charter Documents (subject to a five Business Day grace period);
I. The assignment by any Co-Issuer of its rights under any Transaction Document (other than in accordance with its terms);

J. Any Co-Issuer fails to have good title or a valid and enforceable license, as applicable, with respect to any material portion of its Portfolio Assets, free and clear of all liens, security interests or other encumbrances (subject to Permitted Liens);

K. (x) The Trustee ceases to have for any reason a valid and perfected first priority security interest in the Group A Collateral or any additional collateral pledged pursuant to any series supplement (subject to Permitted Liens) in which perfection can be achieved under the UCC or other applicable Requirements of Law in the United States to the extent required by the Transaction Documents or any VR Company so asserts in writing or (y) any Co-Issuer's right, title or interest in, to or under any Portfolio Assets or Group A Collateral is diminished or impaired in any material respect, including as a result of any waiver, amendment, termination or other modification of any Studio Agreement, Magnum Agreement, Intercreditor Arrangement or Intercompany Arrangement, except, in each case, to the extent consented to by the Co-Issuers in accordance with the Indenture;

L. A final judgment or order for the payment of money is rendered against any Co-Issuer and such judgment or order is in an amount that, when aggregated with the amount of other unsatisfied final judgments or orders against any Co-Issuer exceeds $1,000,000 (to the extent not covered by independent third-party insurance as to which the insurer is rated at least "A" by A.M. Best Company, has been notified of the potential claim and does not dispute coverage);

M. Any license, consent, authorization, registration, or approval necessary to enable any Co-Issuer to comply with any of its obligations under the Transaction Documents is revoked, withdrawn or withheld, or is modified or amended in a manner which is materially adverse to the interests of the holders of the Group A Notes, in each case, that is not remedied within 30 days after the earlier of (x) the date on which any Co-Issuer or the Servicer obtains knowledge thereof or (y) the date on which written notice of such event, requiring the same to be remedied, is given to such Co-Issuer by the Trustee, the Backup Servicer, or any holder of Group A Notes;

N. (x) Any Studio Company defaults on the payment of any amounts in excess of $250,000 in the aggregate due and payable with respect to the Portfolio Assets under any Studio Agreement or Intercreditor Arrangement and such default continues for two or more Business Days, (y) any Primary Distribution Agreement or any material portion thereof ceases to be in full force and effect, or any Distributor shall cease to have any obligation to make payments to the Co-Issuers in respect of the Film Library under any Primary Distribution Agreement or any material portion thereof, or in each case, any Distributor or VR Company asserts as much in writing, or (z) any Village Roadshow Entity party to the Omnibus Agreement or any Supplemental Group A Collateral Document breaches in any material respect or fails to comply in any material respect with any of its representations, warranties, agreements or covenants set forth therein;

O. Any event specified as an Event of Default in any series supplement for any outstanding series of Group A Notes.

Servicer Termination Events include:

A. Failure by the Servicer to deposit, or cause to be deposited, or to remit, or cause to be remitted, any payment required under the Servicing Agreement (including, without limitation, any deposit from any Group A Account to any series-specific account required pursuant to the Transaction Documents) and such failure continues unremedied for a period of two Business Days; provided, that any such failure shall not give rise to a Servicer Termination Event if (i) it is the result of a Force Majeure Event and could not have been prevented by the reasonable diligence of the Servicer, (ii) it is remedied within five Business Days, (iii) the Servicer has used reasonable efforts to deposit or remit such payment notwithstanding such Force Majeure Event, and (iv) the Servicer has provided written notice of such Force Majeure Event to the Co-Issuers, the holders of the Group A Notes, the Trustee, and the Backup Servicer within one Business Day after the occurrence thereof, together with a description of the Servicer's efforts to deposit or remit such payments;

B. Failure by the Servicer to deliver any certificate, notice or report as and when required by the Transaction Documents and such failure continues unremedied for a period of two Business Days, provided, that any such failure shall not give rise to a Servicer Termination Event if (i) it is the result of a Force Majeure Event and could not have been prevented by the reasonable diligence of the Servicer, (ii) the Servicer has used reasonable efforts to avoid such failure notwithstanding such Force Majeure Event, and (iii) the Servicer provided written notice of such Force Majeure Event to the Co-Issuers, the Trustee, and the Backup Servicer, together with a description of the Servicer's efforts to avoid such failure;

C. Failure by the Servicer to observe or perform any other covenant or agreement (other than those described in clauses (a) or (b) above) contained in the Transaction Documents and such failure continues unremedied for a period of 30 or more days (if the failure is capable of being remedied) after the earlier to occur of (i) the date on which the Servicer had actual knowledge of such failure, and (ii) the date on which written notice thereof requiring the same to be remedied shall have been given to the Servicer by any Co-Issuer, the Trustee, the Backup Servicer or any holder of the Group A Notes; provided, that any such failure shall not give rise to a Servicer Termination Event if (i) it is the result of a Force Majeure Event and could not have been prevented by the reasonable diligence of the Servicer, (ii) it is remedied within 60 days, (iii) the Servicer has used reasonable efforts to avoid such failure notwithstanding such Force Majeure Event, and (iv) the Servicer provided written notice of such Force Majeure Event to the Co-Issuers, the Trustee, and the Backup Servicer, together with a description of the Servicer's efforts to avoid such failure;

D. Any representation or warranty of the Servicer made in the Servicing Agreement or in any certificate, report, financial statement, or other writing delivered in connection therewith shall prove to be incorrect in any material respect when made and such misrepresentation continues unremedied for a period of 30 or more days after the earlier to occur of (i) the date on which the Servicer had actual knowledge of such misrepresentation, and (ii) the date on which written notice thereof requiring the same to be remedied shall have been given to the Servicer by any Co-Issuer, the Trustee, the Backup Servicer, or any holder of the Group A Notes; provided, that any such misrepresentation shall not give rise to a Servicer Termination Event if (i) it is the result of a Force Majeure Event and could not have been prevented by the reasonable diligence of the Servicer, (ii) it is remedied within 60 days, (iii) the Servicer has used reasonable efforts to avoid such misrepresentation notwithstanding such Force Majeure Event, and (iv) the Servicer provided written notice of such Force Majeure Event to the Co-Issuers, the Trustee, and the Backup Servicer, together with a description of the Servicer's efforts to avoid such misrepresentation;

E. The occurrence of an Event of Bankruptcy with respect to the Servicer; or any final, non-appealable order is entered against the Servicer decreeing the dissolution of the Servicer that is in effect for more than 10 Business Days;

F. A final non-appealable judgment or order for the payment of money is rendered against the Servicer and such judgment or order is in an amount that, when aggregated with the amount of other unsatisfied final judgments or orders against the Servicer exceeds $30.0 million; provided, that any such judgment or order shall not give rise to a Servicer Termination Event if and for so long as (i) (A) the amount of such judgment or order is covered by a valid and binding policy of insurance or contract of indemnity in favor of the Servicer, to the extent such policy or indemnity covers payment thereof and (B) such insurer or indemnitor has been notified, and has not disputed the claim made for payment, of the amount of such judgment or order, or (ii) such judgment or order is satisfied within 30 days after becoming a final non-appealable judgment or order; or

G. The Servicing Agreement or a material portion thereof ceases to be in full force and effect or enforceable in accordance with its terms (other than in accordance with the express termination provisions thereof) or the Servicer or the Backup Servicer asserts as much in writing.

Appraisal are conducted at least annually. Appraisal Events are more event driven and include: (1) the occurrence of any Early Amortization Event, (2) the occurrence of any Series Cash Trap Event, (3) the occurrence of any Event of Default, and (4) the occurrence of any Servicer Termination Event.

Groupwide Early Amortization Events include:

- An Event of Default; and
- A Film Reserve Covenant Breach (if the amount on deposit in the Group A Film Reserve Account is at any time less than the Group A Film Reserve Amount).

Series 2020-1 Early Amortization Events include:

1. A Groupwide Early Amortization Event;
2. Failure to pay the outstanding principal amount of any Class of Offered Notes by the related ADR;
3. A DSCR Early Amortization Event (Annual Series 2020-1 DSCR from and after August 2021 is less than 1.20x); and
4. A SIAE (Quarterly Series 2020-1 DSCR from and after August 2021 is less than 1.00x).

Note:
All figures are in U.S. dollars unless otherwise noted.

This report is based on information as of October 9, 2020. Subsequent information may result in material changes to the rating assigned herein and/or the contents of this report.

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