S&P Global Ratings

Research

Presale:

Sonic Capital LLC (Series 2020-1)

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Preliminary Ratings

Class	Preliminary rating	Balance (mil. $)	Anticipated maturity	Legal maturity (years)
A-1 (VFN)	BBB (sf)	25.00	January 2025	30
A-2-I	BBB (sf)	150.00	January 2027	30
A-2-II	BBB (sf)	700.00	January 2030	30

Note: This presale report is based on information as of Jan. 7, 2020. 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. VFN--Variable funding notes.

Executive Summary

Sonic Capital LLC's series 2020-1 is an $875.00 million corporate securitization of the Sonic Corp. business that may be increased to $925.00 million subject to certain conditions. From the debt issuance, a portion of the proceeds will be used to repay the amount outstanding on the series 2013-1 class A-2 notes, the amount outstanding on the series 2016-1 class A-2 notes, the outstanding balance on the IRB Holding Corp. revolver, and the amount outstanding on Arby's series 2015-1 and 2016-1 class A-1 notes. The remaining proceeds, minus transaction fees and expenses, will be used for general corporate purposes. Assuming a full drawdown on the 2020 class A-1 $25.00 million variable-funding note (VFN), the series 2020-1 note issuance will result in leverage increasing to 5.9x from 4.9x on a total debt/adjusted EBITDA basis. Debt repayment is supported by franchise royalty and license payments, franchise intellectual property, lease rental payments, and fee-owned properties from the 3,583-restaurant location system.

Key credit features of the transaction include:

- A long operating history of over 60 years;
- Sonic's large and expansive franchise base, which has remained steady at 94% as of the third-quarter 2019;
- Stable historical system-wide sales, with a cumulative average growth rate of 2.3% since 2014;
- Sonic's diversified day-part mix and product mix;
- A significant increase in leverage, to 5.9x from 4.9x, which is now in line with other comparable companies;

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- A unique royalty rate structure, whereby the rate increases as stores become more successful and generate more revenue;
- Negative same-store sales for fiscal-year end 2017 and 2018 due to a focus on refranchising efforts with a return to positive same-store sales for 2019;
- Geographic concentration, with the three largest states accounting for 40.9% of the system-wide store count as of Sept. 30, 2019;
- High franchisee concentration, with the top 10 franchisees accounting for over 30% of the total franchised store count; and
- The feature in which the trustee will hold mortgages on the real estate assets in escrow and only record such mortgages upon a breach of certain performance triggers.

See the Key Credit Considerations section for more detail.

Transaction Timeline/Participants

Transaction Timeline

Expected closing date	January 22, 2020.
First payment date	March 20, 2020.
A-1 ARD	January 2025, subject to two one-year extension elections, subject to conditions.
A-2-I ARD	January 2027.
A-2-II ARD	January 2030.
Legal maturity date	January 2050.
Payment frequency	Monthly.
Assets	Franchise royalty and license payments, franchise intellectual property, lease rental payments, and fee-owned properties.

ARD--Anticipated repayment date.

Participants

Master issuer	Sonic Capital LLC.
Co-issuers	Sonic Industries LLC, SRI Real Estate Holding LLC, SRI Real Estate Properties LLC, America's Drive-In Restaurants LLC, and America's Drive-in Brand Properties LLC.
Manager	Sonic Industries Services Inc.
Arranger	Barclays Capital Inc.
Backup manager	FTI Consulting Inc.
Servicer/control party	Midland Loan Services (a division of PNC Bank N.A.).
Trustee	Citibank N.A.
LOC provider	Rabobank.
Sole structuring adviser and joint lead active book-runner	Barclays Capital Inc.

LOC--Letter of credit.

Rating Rationale

The 'BBB (sf)' preliminary rating assigned to Sonic Capital LLC's $875.00 million senior secured notes series 2020-1 reflect our assessment of:

- Brand strength: The strength of the Sonic brand, the likelihood for the brand to survive through a Sonic Corp. bankruptcy, and the brand's resulting capacity to continue generating sufficient cash flows from business operations, provided that adequate servicing remains in place.
- Replaceable manager: The manager's responsibilities are generally limited to sales and general and administrative (SG&A) functions, which we believe increases the likelihood of successful replacement following a termination of the current manager. Additionally, the transaction has a

backup manager--FTI Consulting Inc. (established at the transaction's closing)--who has reviewed the business' cost structure relative to the sizing of the management fee, and believes it is adequate should they need to step in.

- Legal isolation of the assets: Substantially all of the business' cash-generating assets will no longer be owned by the manager at the transaction's closing. They have been sold through a "true sale" to the securitization issuer and guarantors, which are bankruptcy-remote entities. This should decrease the likelihood that Sonic's existing creditors could disrupt cash flow to the securitization following a manager bankruptcy. Legal opinions related to true sale and nonconsolidation have been or will be provided before this transaction's closing.
- Asset performance not fully correlated with manager performance: A system of franchised restaurants will likely continue to generate cash flow following the manager's bankruptcy because individual franchisees generally operate independently from the manager (aside from SG&A functions, which we believe can be transferred to a backup manager).
- Cash flow coverage: Given the brand's strength, the replaceable nature of the manager, and the legal isolation of the assets from the manager, we have projected long-term cash flows for the business. Our analysis incorporates cash flow haircuts reflecting our view of how the business' assets could weaken in adverse economic conditions. Under these conditions, our analysis shows the cash flows generated by the business are sufficient to meet all debt service obligations of the rated notes.
- Liquidity: A reserve account funded with three months of interest expenses and/or a letter of credit.

Key Credit Metrics And Peer Comparisons

Table 1

Key Metrics and Peer Comparisons

Brands	Series	Credit rating(i)	Store count (no.)	AUV (mil. $)	Franchised (%)(ii)	Int'l (%)(iii)	Op. history(iv)	Concept type	Leverage(v)	Min. base-case DSCR(vi)	Min. downside DSCR(vi)
Sonic	2020-1	BBB (sf)	3,583	1.3	94	0	Over 30 years	QSR	5.9	1.7	1.6
Jersey Mike's(ii)	2019-1	BBB (sf)	1,615	0.8	99	0.3	Over 30 years	QSR	6.4	2.2	1.7
Planet Fitness	2019-1	BBB (sf)	1,899	2.1	96	2.7	27 years	Fitness	6.5	1.7	1.3
Domino's	2019-1	BBB+ (sf)	16,528	0.9	98	64	Over 30 years	QSR	5.9	1.8	1.4
SERVPRO	2019-1	BBB- (sf)	1,719	1.5	100	0	Over 30 years	R/R	7.1	1.7	1.3
Wendy's	2019-1	BBB (sf)	6,710	1.6	95	8	Over 30 years	QSR	6.6	1.7	1.4
Driven Brands	2019-2	BBB- (sf)	2,702	1.3	86	15	Over 30 years	Auto services	6.8	1.5	1.3
Jack in the Box	2019-1	BBB (sf)	2,240	1.5	94	0	Over 30 years	QSR	4.9	1.9	1.6
Applebee's/IHOP	2019-1	BBB (sf)	3,652	2.2	98	7	Over 30 years	CDR	6	1.7	1.4
Dunkin' Brands	2019-1	BBB (sf)	20,912	0.8	100	43	Over 30 years	QSR	6.2	1.6	1.4
Taco Bell	2018-1	BBB (sf)	6,505	1.6	91	6	Over 30 years	QSR	5.3	1.6	1.5

Table 1

Key Metrics and Peer Comparisons (cont.)

Brands	Series	Credit rating(i)	Store count (no.)	AUV (mil. $)	Franchised (%)(ii)	Int'l (%)(iii)	Op. history(iv)	Concept type	Leverage(v)	Min. base-case DSCR(vi)	Min. downside DSCR(vi)
Focus Brands	2018-1	BBB (sf)	6,191	0.3-1.7	98	22	1934-2000(vii)	QSR, CDR, coffee, etc.	5.8	1.6	1.5
Hardee's/Carl's Jr.	2018-1	BBB (sf)	3,873	1.2	96	22	Over 30 years	QSR	6.1	1.9	1.6
Jimmy John's	2017-1	BBB (sf)	2,690	0.8	98	0	Over 30 years	QSR	5.2	1.8	1.7
Cajun Global	2017-1	BBB- (sf)	1,588	0.7	85	32	Over 30 years	QSR	5.2	1.8	1.4
Five Guys	2017-1	BBB- (sf)	1,437	1.2	69	5	Over 30 years	QSR	6.7	1.6	1.5
TGIF	2017-1	BB+ (sf)	903	2.7	94	48	Over 30 years	CDR	5.6	1.6	1.3
Arby's	2015-1	BBB- (sf)	3,335	1	72	1	Over 30 years	QSR	5.3	1.6	1.2

(i)S&P Global Ratings' credit rating--Rating is for the senior-most securitization note issued. (ii)Preliminary. (iii)International. % of total store count. (iv)Operating history (from founding). (v)Leverage (total debt/adj. EBITDA). As reported. (vi)As of each series' closing date unless otherwise noted. (vii)Ranging between 1934-2000. Jersey Mike's--Jersey Mike's Funding LLC. 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). Taco Bell--Taco Bell Funding LLC. Focus Brands--Focus Brands Funding LLC (Carvel, Cinnabon, Auntie Anne's, and others). Hardee's/Carl's Jr.--Hardee's Funding LLC/Carl's Jr. Funding LLC. Sonic--Sonic Capital 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. CDR--Casual dining restaurant. VFN--Variable funding note. R/R--Remediation/reconstruction.

Industry Outlook

The restaurant industry is highly competitive in price and product offerings. Many operators focus on altering the menu mix and new products toward value offerings to drive guest traffic. The sector's performance has been mixed at best because of tepid economic conditions, with meaningful weakness at certain restaurant operators. Quick-service restaurants overall have been performing well, while casual dining restaurants continue to face challenges. The ability to take share will drive revenue and profit growth, as there is limited domestic growth expected. The U.S. economy is forecast to grow at 2.3% in 2019 and 1.7% in 2020. We expect that slowing economic growth will continue to limit guest traffic gains. Additionally, we believe that cost inflation will not be passed fully along to customers, adding strain to operating margins. In particular, labor inflation may affect store profits. However, the impact may not be meaningful for highly franchised models.

Summary Of The Business

Sonic Corp., which is headquartered in Oklahoma City and has been in operation for over 60 years, is the world's fourth-largest quick-service restaurant in the hamburger sandwich segment. It operates and franchises the largest chain of drive-in restaurants in the U.S., with 3,583 locations across 46 states (see charts 1 and 2). Sonic differentiates itself from its competitors by using a drive-in format featuring 1950s style décor, where customers remain in their cars and the food is delivered to them. The locations are open throughout the day and offer a diverse menu with a strong day-part mix, including hamburgers, hot dogs, breakfast items, frozen desserts, and beverages, all of which can be customized.

Sonic was purchased by Mavericks Inc. (formerly known as Inspire Brands Inc., formerly known as ARG Holding Corp.) in December 2018. Mavericks originally operated only the Arby's brand but has acquired three major brands since 2018: Buffalo Wild Wings in 2018, Sonic in 2018, and Jimmy John's in 2019. Mavericks is currently the fourth-largest restaurant company in the U.S. with sales in excess of $14 billion and over 11,000 units. Mavericks intends to operate the four brands separately.

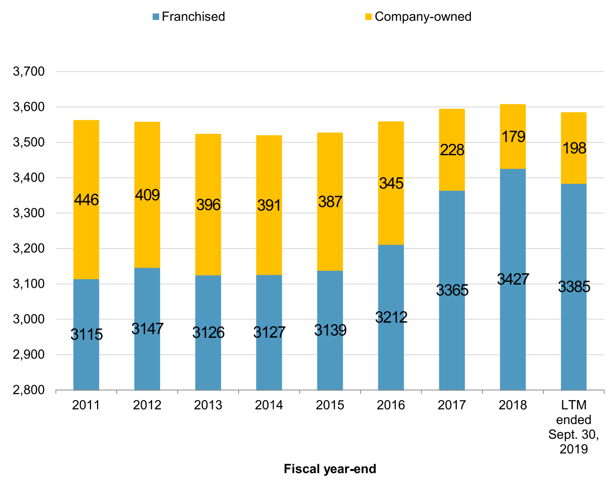
Cash flows from Sonic's restaurant business are derived from two principal sources: royalty-related revenues, including fees from franchisees and sales from company-owned drive-ins; and rental income from the company's real estate, which includes retained collections from company-owned drive-in master lease payments and post-securitization franchise drive-in lease payments (see chart 3).

As of September 2019, approximately 94% of Sonic's stores were franchised--an amount that has remained relatively constant since 2017--and the remaining 6% are company-owned. Sonic works with 314 franchisees, the top 10 of which operate 33% of the company's 3,583 stores, with each operating 118 stores on average (see chart 4). Every franchised Sonic drive-in operates under a franchise agreement that requires payments to Sonic consisting of an initial franchise fee and a royalty fee based on a graduated percentage of gross revenues (see chart 5). New franchised stores are expected to open under the current standard license agreement.

While the number of Sonic units has declined slightly since the company's 2018 issuance, Sonic continues to exhibit steady growth in average unit volume (AUV), rebounding from negative same-store sales and AUV during the recession. However, for fiscal year-end 2017 and 2018, Sonic reported a decrease in system-wide sales, AUV, EBITDA, and securitized net cash flows, as well as negative same-store sales. The decline is mainly related to Sonic's refranchising initiative. The strategy to sell more than 100 drive-ins to franchisees resulted in sales and operation interruption, as well as increased spending on capital expenditures, overhead, and SG&A. Though the initiative was officially completed in 2017, it had an impact on Sonic's fiscal 2018 performance as well.

Chart 1

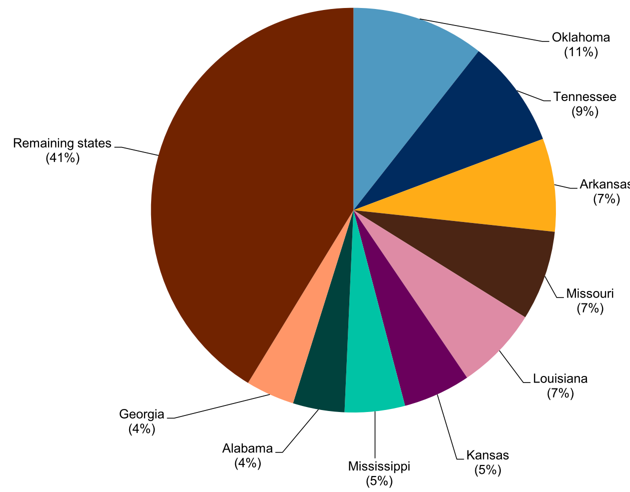
Total Store Count



Source: Sonic Corp. LTM--Last 12 months.

Chart 2

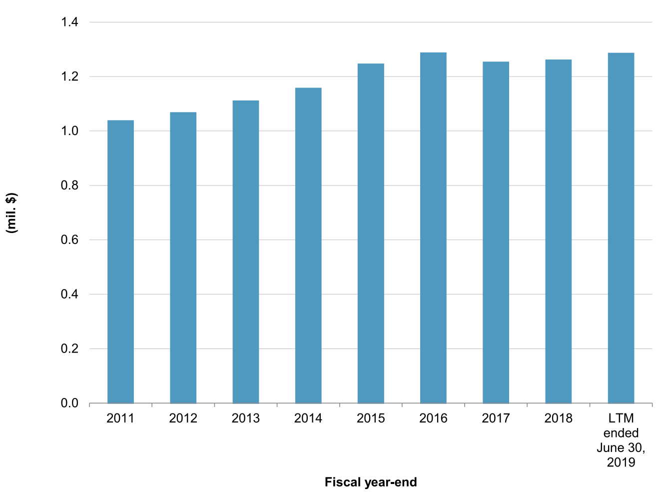
State Concentrations
Top 10 states by total stores



Source: Sonic Corp. As of Sept. 30, 2019.

Chart 3

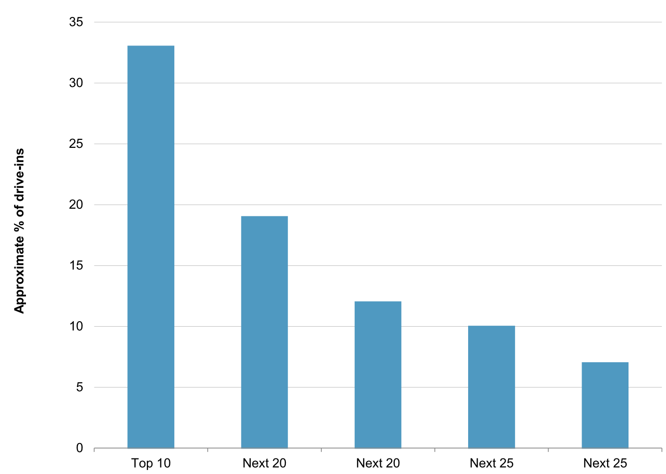
System-Wide Average Sales Per Drive-In



Source: Sonic Corp. LTM--Last 12 months.

Chart 4

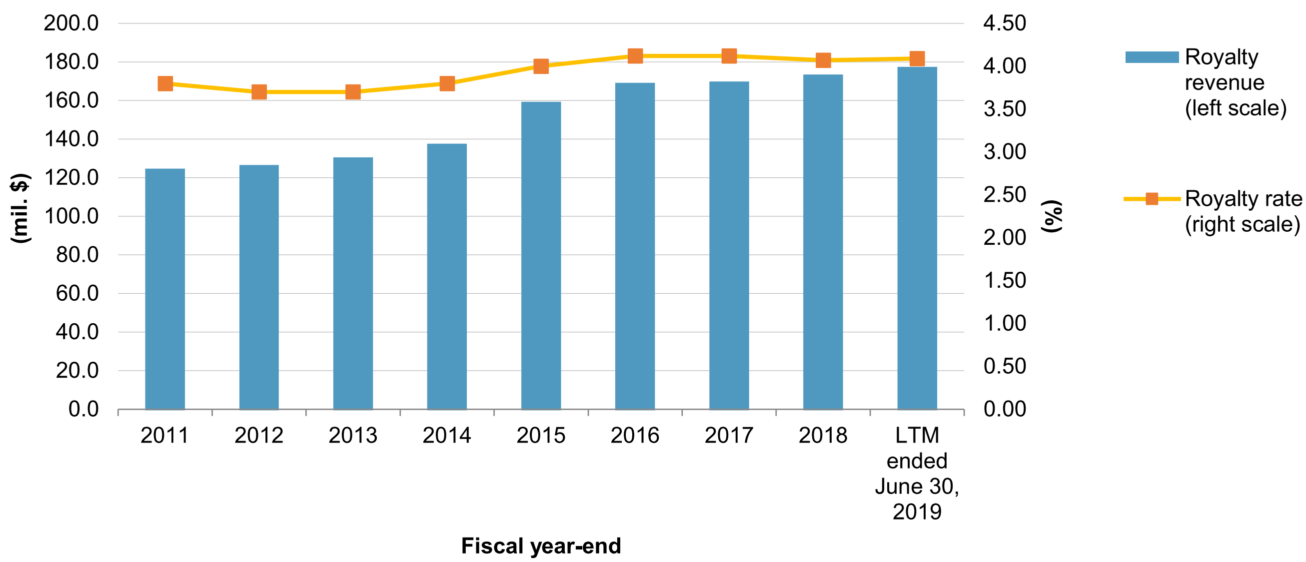
Top Franchisees



Source: Sonic Corp. For LTM through June 30, 2019. LTM--Last 12 months.

Chart 5

Franchise Royalty Rate



Source: Sonic Corp. LTM--Last 12 months.

Collateral

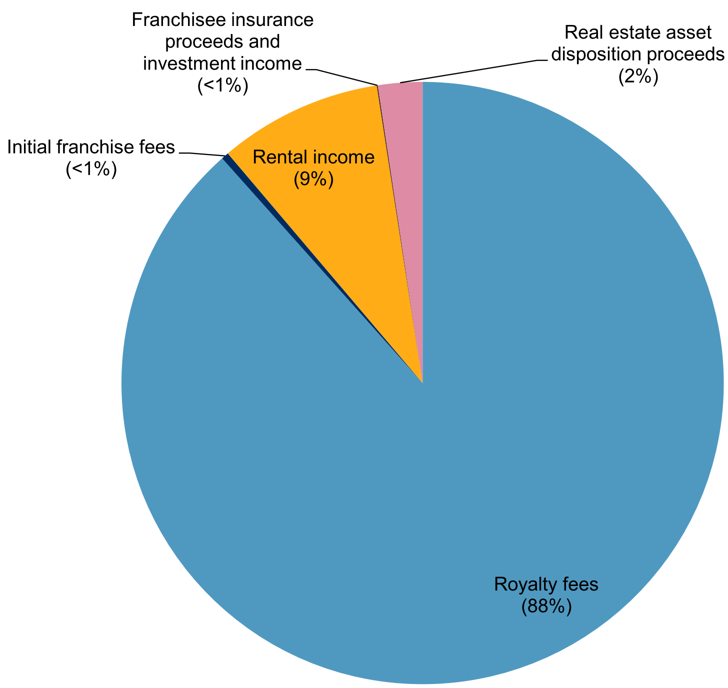
The notes will be secured by a security interest in substantially all of the assets of the master issuer and guarantors and will include:

- Contributed and new franchise and development agreements and the related franchisee payments;
- Securitization intellectual property (IP) and IP license agreements;
- Contributed and new owned real property and franchisee lease payments, after the mortgages have been recorded;
- Transaction accounts;
- Any interest reserve letter of credit; and
- Membership interests in the securitization entities.

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

Chart 6

Retained Collections



Source: Sonic Corp.

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 Consideration

Credit consideration	Discussion
Unique royalty rate structure	Each franchised Sonic drive-in operates under a franchise agreement that requires payments to Sonic consisting of an initial franchise fee and a royalty fee based on a graduated percentage of gross revenues. New franchised stores are expected to open under the current standard license agreement.
Large domestic geographic concentrations	Geographic concentration in the three largest states accounts for approximately 41% of the company's U.S. store count.
Long operating history	The first Sonic restaurant opened in Shawnee, Okla., in 1953. Since then, the Sonic brand has survived multiple economic downturns and has built a loyal customer base. This supports the likelihood that brand loyalty, and thus sales, will continue even in the event that Sonic Industries Services Inc. is replaced as the manager.

Table 2

Key Credit Consideration (cont.)

Credit consideration	Discussion
High franchised percentage, but concentrated in top 10 franchisees	As of Sept. 30, 2019, 94% of Sonic's system-wide stores are operated by franchisees. In 2017, the company completed its refranchising strategy, in which drive-ins were sold to franchisees in order to further strengthen the franchisee base and promote new drive-in growth. We believe a high franchised percentage provides the transaction with better cash flow stability and a less volatile cash flow, giving more independence from the manager than transactions with lower percentages of franchised stores. However, Sonic's top 10 franchisees operate over a third of the total store count, resulting in concentration risk within the franchise system.

Credit Rating Methodology

The following table details our specific conclusions for each of the five analytical steps in our ratings process for Sonic Capital LLC's series 2020-1.

Table 3

Credit Rating Step

Step	Result	Discussion
Step one		
Eligibility analysis	Pass	Our hypothesis is that a system of franchised restaurants will continue to generate cash flow following a bankruptcy of the manager, as individual franchisees generally operate somewhat independently from the manager (aside from G&A functions, which we believe can be transferred to a back-up), and as long as the brand has sufficient customer loyalty, royalty revenue will 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 we do not believe substantially all cash flow from the system will be at risk following the bankruptcy of the manager, our subsequent analysis quantifies the impact of the correlated cash flow decline from the Sonic system, and compares that to ongoing required interest and principal payments to the rated debt.
Step two		
Business volatility score (BVS)	4	Mavericks' business risk profile (BRP) was recently changed to satisfactory (3) from fair (4) to reflect the acquisition of Jimmy John's. Before the acquisition, we historically used a one-notch downgrade to reflect the BVS of Sonic under Mavericks. As mentioned during the upgrade of Mavericks (IRB Holding Corp. (Inspire)), the BVS of the brands under Mavericks will not necessarily be upgraded as well, given that individual brands may not benefit from the Jimmy John's acquisition. It is our view that Sonic will not materially benefit from Mavericks' acquisition of Jimmy John's. As such, we maintain the current BVS score of (5) by applying a two-notch downgrade to Mavericks' BVS score of (3). From there, we apply a one-category positive adjustment because Sonic's cash flows are revenue-based and the system has demonstrated stability over more than 20 years.
Cash flow assumptions		See table 4 below.
Minimum base DSCR	1.73x	Principal and interest are fully paid in this scenario.
Anchor	'bb+'	Determined by table 1 of the Corporate Securitization criteria.
Minimum downside DSCR	1.59x	Principal and interest are fully paid in this scenario. To make it comparable to the other WBS transactions, this ratio was adjusted as if payments were remitted quarterly.

Table 3

Credit Rating Step (cont.)

Step	Result	Discussion
Step three		
Resilience score	Satisfactory	Determined by table 3 of the Corporate Securitization criteria.
Resilience-adjusted anchor	'bbb'	Determined by table 4 of the Corporate Securitization criteria.
Step four		
Modifier analysis	No adjustments	This structure is not highly leveraged and therefore an adjustment was not considered.
Step five		
Comparable rating analysis	No adjustments	The details of Sonic's 2020-1 issuance are in line with other corporate securitizations in the 'bbb' comparison group.

(i)The mappings from BRP to BVS are: excellent=1; strong=2; satisfactory=3; fair=4; weak=5; and vulnerable=6. SG&A--Sales and general and administrative. DSCR--Debt service coverage ratio. WBS--Whole business securitization.

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	0.00	15.00	Royalties received from franchised and company-owned restaurants, which constitute a majority of the overall projected cash flow, are a function of store count, AUV, and royalty rates.
Rental operations cash flow	0.00	30.00	Rental income from some franchised and company-operated real estate, which provides additional cash flow.

AUV--Average unit volume.

Sensitivity Analysis

Sensitivity run 1: management fee stress

Using the base-case assumptions in table 4 above, we determined that the management fee could be increased by as much as 310% (translating to an approximately 45% 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 the legal final maturity. In our opinion, additional management fee stresses could occur if Sonic experienced a bankruptcy. While the management fee is currently outlined in the transaction documents, we believe that it may be possible that such fees might be 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 55%. We examined several event risks associated with cash flow losses, including royalty losses from the top three geographies by store count (Texas, Oklahoma, and Tennessee) and from the top 10 franchisees. Under these scenarios, our analysis showed that the transaction could pay timely interest and full principal by legal final maturity.

Structural Protection Summary

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

Table 5

Structural Features

Test	Sonic Capital LLC (Series 2020-1)
Rapid amortization DSCR trigger (P&I)	1.2x
Cash trapping DSCR trigger (P&I)	1.5x; less than $2.75 billion in system-wide sales
Holding company leverage ratio nonamortization test (total debt/EBITDA)	5.0x (no scheduled amortization if the holding company leverage ratio is less than or equal to this level)
ARD horizon(i)	Class A-1: five years, with two one-year automatic renewals; class A-2-I: seven years; class A-2-II: 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 has fixed and variable components. According to the transaction documents, the fixed component is assumed to be $10.85 million. The variable component is a function of retained collections, specifically, $13,000 for every $100,000 of retained collections. The management fee is subject to annual 2% increases up to a cap of 35% of the retained collections.

(i)The failure to pay any tranche of the series 2020-1 class A-2 notes in full by the applicable series 2020-1 ARD will not be an event of default. Instead, if any tranche of the series 2020-1 class A-2 notes is not repaid in full on or prior to the applicable series 2020-1 ARD, a rapid amortization event will occur and the master issuer will be required to repay the outstanding principal amount of all classes and tranches of notes, including the series 2020-1 class A-2 notes, on the payment date that is such series 2020-1 ARD and each payment date thereafter in accordance with priority (xv) of the priority of payments, except as such rapid amortization event may be cured as described in the second proviso to the definition of "rapid amortization event" set forth herein. DSCR--Debt service coverage ratio. P&I--Principal and interest. ARD--Anticipated repayment date. IO--Interest only.

Payment Priority

The transaction currently includes four class A notes that will pay interest and principal monthly 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

Priority	Payment
1	Servicing advances, manager advances, servicing fees, liquidation fees, and workout fees.
2	Successor manager transition expenses.
3	Interim management fee.
4	Pro rata, capped securitization operating expenses and, if an event of default has occurred and is continuing, post-default capped trustee expenses.
5	Interest payments on the senior notes and hedge payments, if any.
6	Commitment fees on the class A-1 senior notes.
7	Capped class A-1 senior note administrative expenses amount.
8	Interest on the senior subordinated notes, if any.
9	Senior note interest reserve account deficit amount into the senior note interest reserve account.
10	Senior subordinated note interest reserve account deficit amount into the senior subordinated note interest reserve account.
11	The senior notes' accrued scheduled principal payments amount and the senior notes' scheduled principal payments deficiency amount.
12	Supplemental management fee, if any.
13	So long as no rapid amortization period is continuing, if the class A-1 senior note amortization event is continuing, the class A-1 notes' principal.
14	If no rapid amortization has occurred, the cash trapping amount, if any.
15	If a rapid amortization has occurred, all remaining amounts to the senior notes.
16	The senior subordinated notes' accrued scheduled principal payments amount, and the senior subordinated notes' scheduled principal payments deficiency amount, if any.
17	If a rapid amortization has occurred, all remaining amounts to the senior subordinated notes, if any.
18	Any excess securitization operating expenses.
19	The excess class A-1 senior note administrative expenses amounts.
20	Other class A-1 senior note amounts.
21	Interest on the subordinated notes, if any.
22	The subordinated notes' accrued scheduled principal payments amount, if any.
23	If a rapid amortization has occurred, all remaining amounts to the subordinated notes, if any.
24	After the anticipated repayment date, to pay the senior notes accrued monthly post-ARD contingent interest amount.
25	After the anticipated repayment date, the senior subordinated notes' accrued monthly post-ARD contingent interest amount.
26	After the anticipated repayment date, the subordinated notes accrued monthly post-ARD contingent interest amount.
27	Hedge termination payments and other unpaid hedge payments, if any.
28	Environmental remediation expenses amounts, if any.
29	Any unpaid premiums and make-whole prepayment premiums on the senior notes.
30	Any unpaid premiums or make-whole prepayment premiums on the senior subordinated notes.
31	Any unpaid premiums or make-whole prepayment premiums on the subordinated notes.

Table 6

Payment Priority (cont.)

Priority	Payment
32	Any remaining funds to the master issuer and SRI Real Estate Holdco.

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 Sonic'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

- Global Structured Finance Scenario And Sensitivity Analysis: Understanding The Effects Of Macroeconomic Factors On Credit Quality, July 2, 2014

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.