Presale Report

Hertz Vehicle Financing III LLC, Series 2023-3 and Series 2023-4 Rental Car Asset Backed Notes

DBRS Morningstar
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Contents

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Rating Summary (Three-Year & Five-Year Tenors)

Class	Rating*	Rating Action
Series 2023-(3/4) [TBD]% Rental Car Asset Backed Notes, Class A	AAA (sf)	New Rating - Provisional
Series 2023-(3/4) [TBD]% Rental Car Asset Backed Notes, Class B	A (sf)	New Rating - Provisional
Series 2023-(3/4) [TBD]% Rental Car Asset Backed Notes, Class C	BBB (sf)	New Rating - Provisional
Series 2023-(3/4) [TBD]% Rental Car Asset Backed Notes, Class D	BB (sf)	New Rating - Provisional

1. For additional information on the meaning and scope of the financial obligations identified in this credit rating, please see Appendix B

Note: Information comes from sources believed to be reliable; however, DBRS Morningstar cannot guarantee that the information or opinions in this report are complete or accurate. This report is not to be construed as an offering of any securities, and it may not be reproduced without DBRS Morningstar's consent. Various capitalized terms are used throughout this document and can be found in the Preliminary Offering Circular.

Structure Summary (Series 2023-3; Three-Year Tenor)

Class Description[1]	Amount (USD)	Coupon (%)	Frequency	Expected Final Payment Date	Legal Final Payment Date
Class A Notes	168,750,000	[TBD]	Monthly	February 2027	February 2028
Class B Notes	27,500,000	[TBD]	Monthly	February 2027	February 2028
Class C Notes	33,750,000	[TBD]	Monthly	February 2027	February 2028
Class D Notes	20,000,000	[TBD]	Monthly	February 2027	February 2028

1. Class A Notes, Class B Notes, Class C Notes, and Class D Notes (collectively, the Series 2023-3 Notes)

Structure Summary (Series 2023-4; Five-Year Tenor)

Class Description[1]	Amount (USD)	Coupon (%)	Frequency	Expected Final Payment Date	Legal Final Payment Date
Class A Notes	168,750,000	[TBD]	Monthly	March 2029	March 2030
Class B Notes	27,500,000	[TBD]	Monthly	March 2029	March 2030
Class C Notes	33,750,000	[TBD]	Monthly	March 2029	March 2030
Class D Notes	20,000,000	[TBD]	Monthly	March 2029	March 2030

1. Class A Notes, Class B Notes, Class C Notes, and Class D Notes (collectively, the Series 2023-4 Notes)

Executive Summary

DBRS, Inc. (DBRS Morningstar) assigned provisional ratings to Hertz Vehicle Financing III LLC (HVF III), Series 2023-3 and Series 2023-4 Rental Car Asset Backed Notes (the Notes) as listed above. The Series 2023-3 and 2023-4 represent the Hertz Corporation's (Hertz or the Company) 10th and 11th term asset-backed security (ABS) transactions from the HVF III platform and offer both senior and subordinate rated securities.

Two tenors will be issued by HVF III on the Expected Closing Date: Series 2023-3 (three-year) and Series 2023-4 (five-year). Both tenors will consist of four tranches totaling $250 million: Class A (in the amount of $168,750,000), Class B (in the amount of $27,500,000), Class C (in the amount of $33,750,000), and Class D (in the amount of $20,000,000). The Notes may be upsized proportionally depending on investor demand.

This transaction will be structured as a Rule 144A transaction of the Securities Act of 1933. The Notes are structured to include a six-month controlled amortization period following the end of the revolving period. The Expected Final Payment Dates on the Series 2023-3 Notes and the Series 2023-4 Notes are February 2027 and March 2029, respectively. Their related Legal Final Payment Dates are set one year after their Expected Final Payment Dates. Payments of interest on the Class B, Class C, and Class D Notes are subordinate to payment of interest on the Class A Notes. Payments of interest on the Class C and Class D Notes are subordinate to payment of interest on the Class B Notes. Payment of interest on the Class D Notes is subordinate to payment of interest on the Class C Notes. During the Controlled Amortization Period, principal outstanding on the Notes will be repaid in equal installments over a six-month period. During a Rapid Amortization Period, payment of principal will be applied sequentially, first to the Class A Notes until paid in full, second to the Class B Notes until paid in full, third to the Class C Notes until paid in full, and fourth to the Class D Notes. A Rapid Amortization Period occurs on the earlier of (1) the Expected Final Payment Date or (2) the occurrence of any Amortization Event and ends on the earlier of (1) the date on which the Series 2023-3/2023-4 Notes are paid in full or (2) the termination of the Series 2023-3/2023-4 Supplement.

Credit enhancement will be in the form of subordination, liquid enhancement (cash and/or letter of credit (LOC)), and overcollateralization (OC). The required credit enhancement will be based on the composition of the fleet mix in each period, subject to a floor of 11.05% as a percentage of the aggregate asset amount. Required liquid enhancement in the form of cash and/or LOC is expected to be 4.25% of the Notes. The balance of the required credit enhancement will be in the form of OC. The Class A Notes, Class B Notes, and Class C Notes will also benefit from additional subordination enhancement pursuant to their senior rankings in the capital structure.

The Notes are secured by amounts due under the master lease relating to the vehicles owned by HVF III (HVF III Vehicle Collateral), amounts due under manufacturer programs related to the HVF III Vehicle Collateral, other amounts due to the extent they relate to HVF III Vehicle Collateral under the related transaction documents, each series account, each series Demand Note (if any), each series LOC (if any), and all related proceeds.

Rating Rationale

The provisional ratings are based on DBRS Morningstar's review of the following analytical considerations:

- Transaction capital structure, proposed ratings, and form and sufficiency of available credit enhancement.
    - Credit enhancement in the form of subordination, OC, LOCs, and any amounts held in the reserve account support the DBRS Morningstar stress-case liquidation analysis with bankruptcy and liquidation period assumptions that vary by rating category and vehicle type

(program versus non-program) as well as residual value stresses that vary by rating category for non-program vehicles and program vehicles from non-investment-grade-rated manufacturers.

    - Liquid credit enhancement will be provided in the form of a reserve account and/or an LOC sufficient to cover interest on the Notes, consistent with DBRS Morningstar's criteria for this asset class.

- Credit enhancement in the transaction is dynamic, depending on the composition of the vehicles in the fleet and certain market value tests.
    - The enhancement in the transaction depends on whether the vehicles are program or non-program, whether the manufacturer is investment grade or below investment grade, and if a vehicle is a medium-duty truck.
    - For non-program vehicles, the enhancement levels may increase as a result of two market value tests: (1) a marked-to-market (MTM) test that compares the market value of the vehicles with the net book value (NBV) of these vehicles and (2) a disposition proceeds test that compares the actual disposition proceeds of vehicles sold with the NBV of those vehicles.
    - If the credit enhancement required in the transaction increases and HVF III is unable to meet the increased enhancement levels, then an Amortization Event may occur that will result in a Rapid Amortization of the Notes.
    - The required credit enhancement is subject to a floor of 11.05% of the assets.
- Amortization Events include, but are not limited to, default in the payment of amounts due after five consecutive business days, default in the payments of amounts due by the expected final payment date, deficiency of amounts available in the liquidity reserve account, payment default under the master lease, the required asset amount exceeding the aggregate asset amount, servicer default, and administrator default.
- The ability of the transaction to withstand stressed cash flow assumptions and repay investors according to the terms of the documents. The ratings address the timely payment of interest to the Class A, Class B, Class C, and Class D noteholders at their respective note rates as well as ultimate payment of principal on the notes, in each case by the legal final payment date.
- The intention of each party to the master lease to treat the lease as a single indivisible lease.
- The transaction allows vehicles, for which the Collateral Agent has not yet been noted on the Certificates of Title as lienholder, to remain as eligible assets for up to 45 days for new vehicles and 60 days for used vehicles (Lien Holidays). All vehicles benefit from a negative pledge.
- Inclusion of medium-duty trucks that are subject to a limit of 5% and a required credit enhancement of 35%.
- The transaction assumptions consider DBRS Morningstar's baseline macroeconomic scenarios for rated sovereign economies, available in its commentary *Baseline Macroeconomic Scenarios for Rated Sovereigns: June 2023 Update*, published on June 30, 2023. These baseline macroeconomic scenarios replace DBRS Morningstar's moderate and adverse Coronavirus Disease (COVID-19) pandemic scenarios, which were first published in April 2020.
- The transaction parties' capabilities to effectively manage rental car operations and dispose of the fleet to the extent necessary.

    - DBRS Morningstar has performed an operational review of Hertz and considers the entity to be a capable rental fleet operator and manager.
    - Lord Securities Corporation is the backup administrator for this transaction, and defi AUTO, LLC is the backup disposition agent.
- The legal structure and its consistency with DBRS Morningstar's *Legal Criteria for U.S. Structured Finance* methodology, the provision of legal opinions that address the treatment of the operating lease as a true lease, the non-consolidation of the special-purpose vehicles with Hertz and its affiliates, and that the trust has a valid first-priority security interest in the assets.

Transaction Parties and Relevant Dates

Issuer and Lessor:	Hertz Vehicle Financing III LLC
Lessees:	The Hertz Corporation and DTG Operations, Inc.
Administrator, Servicer, Guarantor, and Collateral Servicer:	The Hertz Corporation
Nominee	Hertz Vehicles LLC
Collateral Agent, Vehicle-Only Collateral Agent, Trustee, Paying Agent, and Securities Intermediary:	The Bank of New York Mellon Trust Company, N.A.,
Backup Administrator:	Lord Securities Corporation
Backup Disposition Agent:	defi AUTO, LLC
Other	Hertz General Interest LLC
Payment Date:	25th day of the month, or if not a business day, the next succeeding business day
First Payment Date:	September 25, 2023
Expected Closing Date:	August 22, 2023
Expected Final Payment Date	Series 2023-3 Notes (February 2027) Series 2023-4 Notes (March 2029)
Legal Final Payment Date:	Series 2023-3 Notes (February 2028) Series 2023-4 Notes (March 2030)

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

Company History

The Hertz Corporation, the operating entity of Hertz Global Holdings, Inc., based in Estero, Florida, engages in the automobile and leasing business. The Company's Hertz, Dollar, and Thrifty brands are recognized globally with Company-operated and franchisee locations in the U.S., Africa, Asia, Australia, Canada, the Caribbean, Europe, Latin America, the Middle East, and New Zealand.

Hertz's operations can be categorized into two key business segments:

- U.S. RAC: Vehicle rentals, as well as sales of value-added products and services, through a network of Company-operated and franchisee car rental locations in the U.S.
- International RAC: Vehicle rental and leasing, as well as sales of value-added products and services, through a network of Company-operated and franchisee car rental locations, the majority of which are in Europe.

Historically, the Hertz brand has had a strong presence in the premium and corporate travel segment. The well-established Hertz Gold Plus Rewards program, which provides add-on services to customers, allows program members to bypass the rental counter and proceed directly to their vehicle upon arrival at the Hertz facility. Members can earn and redeem points for free rentals. The Hertz Ultimate Choice program allows customers the option to choose the vehicle they drive within a particular range of cars or to upgrade their vehicle from the Premium Upgrade zone for a fee.

The Dollar and Thrifty brands are present primarily in the value-oriented leisure-travel segment. The Dollar brand operates mainly in the on-airport rental market and operates primarily through Company-owned stores in the U.S. and Canada. The Thrifty brand is known among budget-conscious leisure travelers and operates mainly in the on-airport market as well. Hertz's Firefly brand has a presence in the deep-value segment, primarily in the international market. Each brand operates with differentiated positioning, service, and pricing, but they share back-office functions whenever possible.

The Company operates in both the on-airport and off-airport markets, both in the U.S. and internationally. Compared with on-airport facilities, off-airport locations are generally smaller with fewer employees and provide customers with a more convenient network of locations while diversifying revenue sources for Hertz. The off-airport business has historically represented a smaller portion of Company revenues than the on-airport business.

Hertz customers can generally be categorized into business and leisure customers, with each customer type having different characteristics. Historically, business customers have rented vehicles on terms that are negotiated with their employers, and Hertz has negotiated arrangements with many businesses, governments, and other organizations, including Fortune 500 companies. The Company has also operated in the Transportation Network Companies segment, which provides vehicles for ride-hailing services.

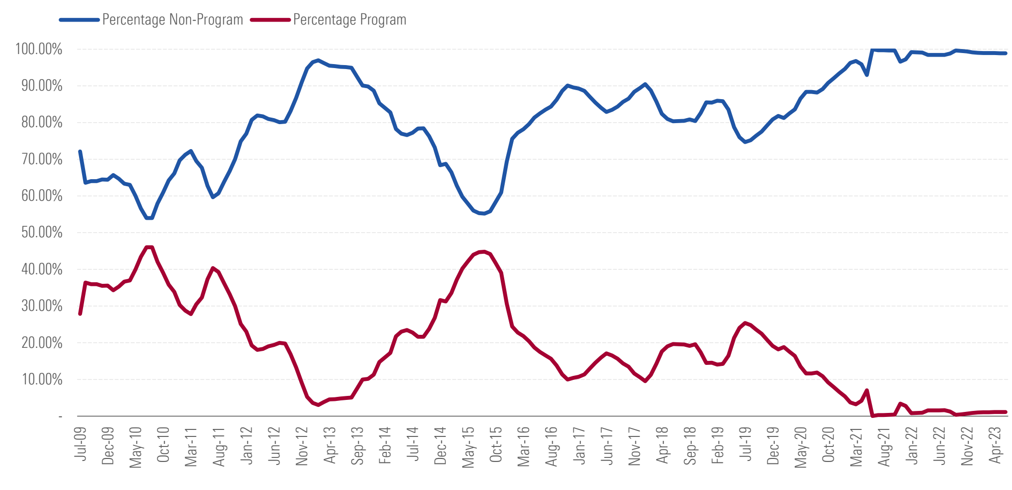
Leisure customers are individuals and families booking for vacation travel rentals and other general personal needs. Historically, leisure rentals have generally been longer and generated more revenue per transaction than business rentals. Leisure rentals have included tour operators that include car rentals as part of a package along with airplane tickets and hotel accommodations. Hertz's car rental business is subject to seasonal variations in customer demand, with the summer vacation period representing the peak season. The general seasonal variation in demand, along with more localized changes in demand at each location, causes fleet size to vary during the course of the year.

Hertz continues to have a highly experienced and centralized team that manages its fleet. The Company reviews its depreciation rates for non-program vehicles quarterly and may make periodic adjustments to depreciation rates in response to changing market conditions more frequently. The Company places a strong emphasis on vehicle maintenance since quick and proper repairs are critical to fleet utilization.

Hertz and DTG Operations, Inc. operate maintenance facilities, and their technicians are authorized to perform both warranty and recall repairs. Before each rental, all fluids, lights, and tires are checked on each vehicle. Vehicles are automatically flagged as unavailable for rent via Hertz's vehicle management system prior to each scheduled service interval, and service is performed and repairs are made as required.

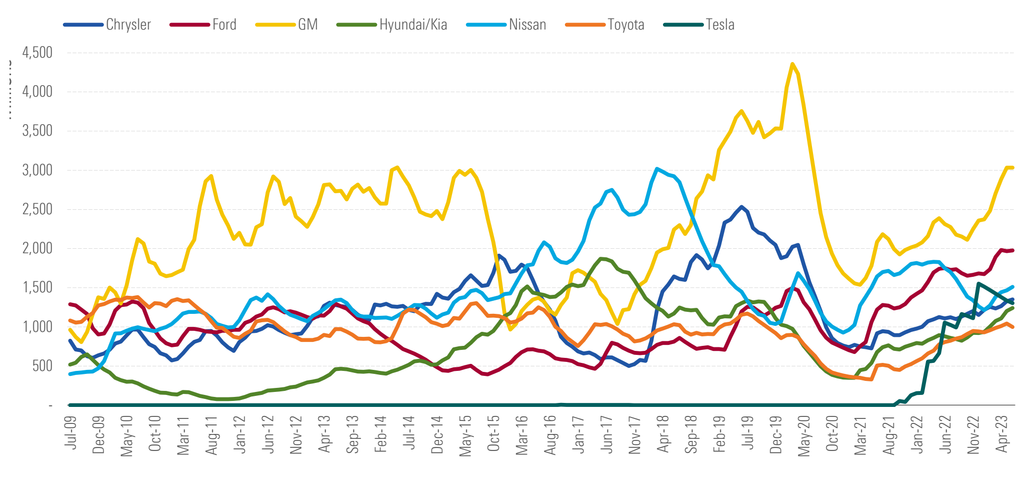
Historical Fleet Characteristics

Exhibit 1 Program and Non-Program Historical Percentages



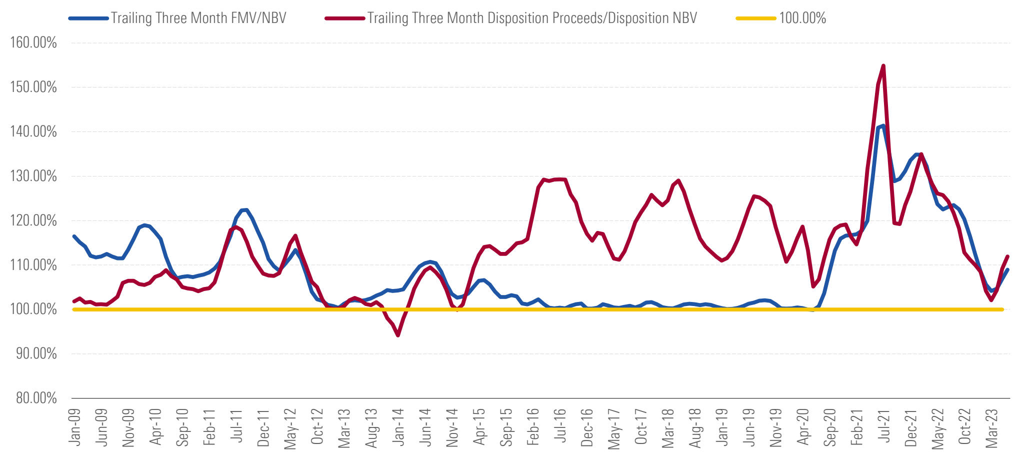
Source: Hertz.

Exhibit 2 Top Six Original Equipment Manufacturers by Total NBV



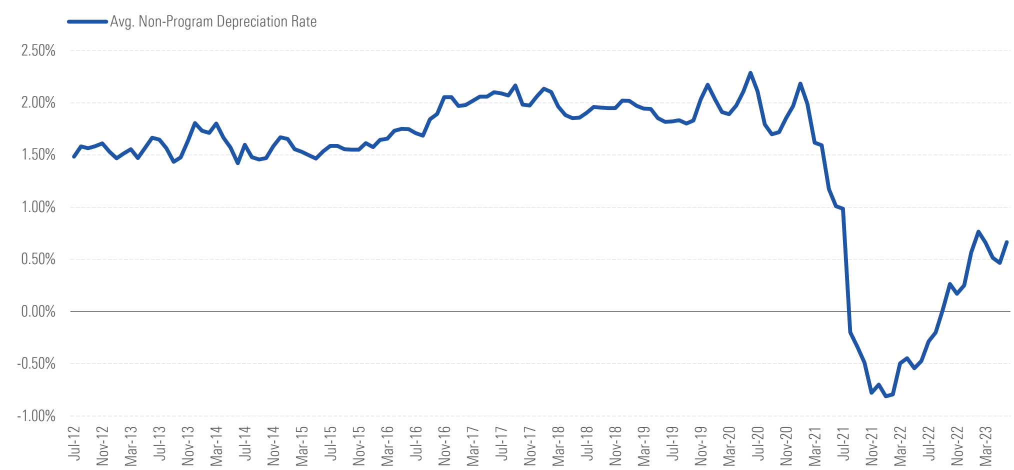
Source: Hertz.

Exhibit 3 HVF III - Historical Fair Market Value (FMV) and Disposition Proceeds



Source: Hertz.

Exhibit 4 HVF III - Non-Program Effective Depreciation History

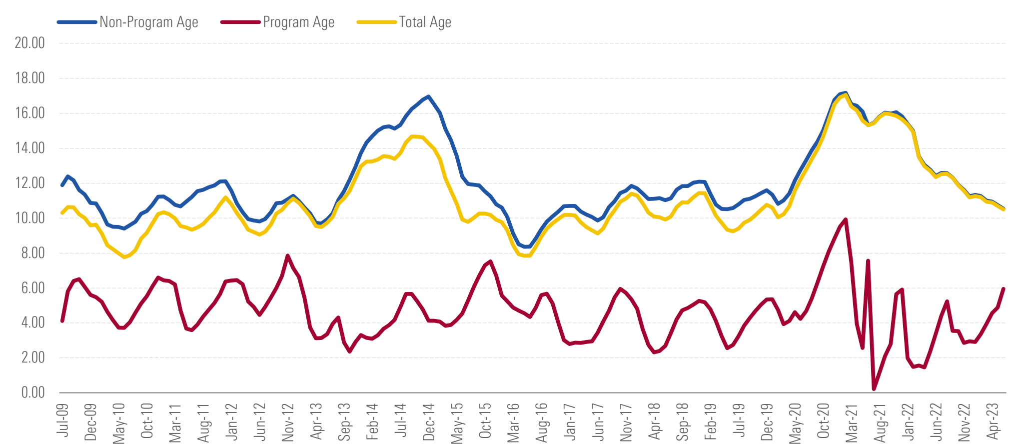


Source: Hertz.

Exhibit 5 HVF III - Program Effective Depreciation History

Source: Hertz.

Exhibit 6 HVF III - Historical Fleet Age

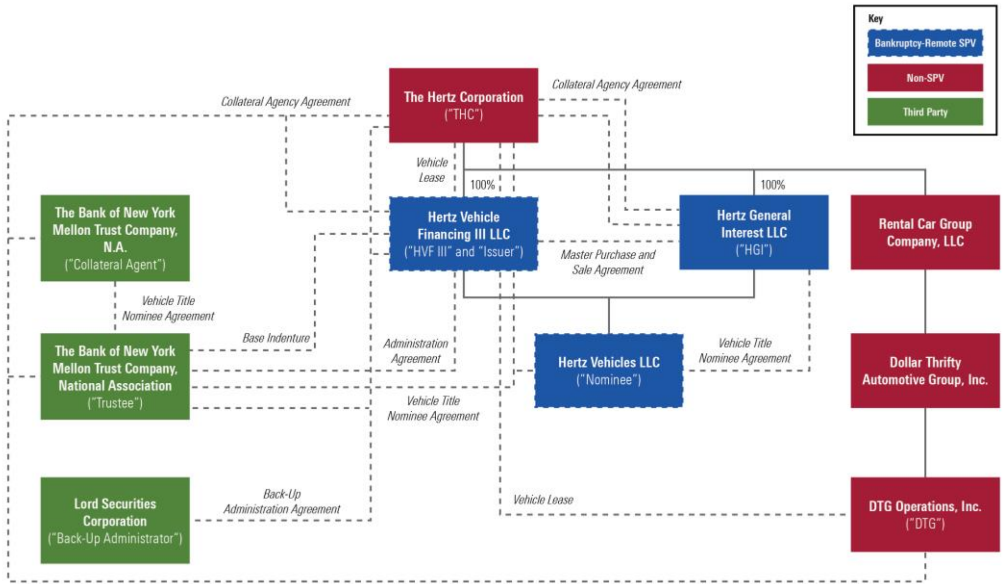


Source: Hertz.

Transaction Structure

Structural Diagram

Exhibit 7 Structural Diagram



Source: DBRS Morningstar.

The Series 2023-3/4 Notes

The Series 2023-3 and Series 2023-4 notes issued out of HVF III will be secured by amounts due under the HVF III master lease agreement and the related collateral. HVF III leases the vehicles to Hertz and DTG Operations, Inc., both as lessees under the master lease agreement for use in their daily rental operations. Hertz and DTG Operations, Inc. will make monthly lease payments to cover vehicle depreciation, interest payments, and other carrying costs and expenses. HVF III will use the issuance proceeds of the Notes to fund the vehicle purchases under the Master Purchase and Sale Agreement. Vehicles may be purchased subject to repurchase agreements or guaranteed depreciation agreements with eligible manufacturers (program vehicles) or without any repurchase or residual value guarantee obligation (non-program vehicles).

The extent of use of the vehicles does not directly affect the amount paid under the master lease, as the lessees are responsible for making monthly lease payments on the vehicles regardless of the actual usage of those vehicles. Hertz and Dollar Thrifty receive their revenue from vehicle rentals by customers.

Lien Holiday

This transaction allows vehicles, for which the Collateral Agent has not yet been noted on the Certificates of Title as lienholder, to remain as eligible assets for up to 45 days on new vehicles and up to 60 days on used vehicles (Lien Holidays). Applications for certificates of title showing the lien of the collateral agent will be made upon purchase/delivery of vehicles, the vehicles will be titled either in the name of HVF III or the Nominee, and the vehicles shall be free and clear of any liens except that of the Collateral Agent.

Lien Holiday means, with respect to any vehicle, either (1) in the case of new vehicles, the period of 45 days after payment has been made for such vehicle or (2) in the case of used vehicles 60 days after payment has been made.

During the Lien Holiday, an HVF III Vehicle is only eligible if:

1. No certificate of title has ever been issued with respect to such HVF III Vehicle and no application therefor has been submitted to the appropriate state authorities for such titling and retitling and no documentation reflects ownership of such HVF III Vehicle by any other entity; or
2. If a certificate of title has been issued in the name of any Person other than HVF III or the Nominee (but no application for such certificate of title has been submitted to the appropriate state authorities for titling or retitling), such certificate of title has been assigned in writing or endorsed to HVF III or the Nominee on behalf of HVF III.

The transaction limits the amount of non-liened vehicles within the Lien Holiday to 10% of the fleet.

MTM and Disposition Tests

The FMV of non-program vehicles will be measured against their respective NBVs on a monthly basis. If the three-month average falls below 100% (subject to the lowest percentage recorded in the trailing 12 months), then the advance rate on non-program vehicles will be adjusted by the amount of the deficiency. FMVs will be obtained from the National Automobile Dealers Association or Black Book. In the event that they are not available, the FMVs will be based on the Administrator's best estimate.

In addition, a disposition test will be measured on a monthly basis. The test will measure the disposition proceeds of non-program vehicles relative to their NBVs at the time of sale. If the three-month average falls below 100% (subject to the lowest percentage recorded in the trailing 12 months), then the advance rate on non-program vehicles will be adjusted by the amount of the deficiency. The test is only measured if the number of vehicles sold in a given month is above a certain threshold. The threshold changes, depending on the size of the fleet.

Credit Enhancement

Credit enhancement for the transaction consists of OC, subordination, and a liquid enhancement that may be in the form of a reserve account or LOC.

The aggregate asset amount consists of vehicles and the proceeds thereof, including receivables owing by manufacturers in respect of such vehicles and receivables owing by Hertz and certain of its affiliates. The required credit enhancement is dynamically calculated monthly based on the composition of the asset pool. The required credit enhancement rate is expressed as a percentage of the assets, and differentiated by vehicle versus receivables, vehicle type, and manufacturer credit rating. The required credit enhancement may also increase by excess concentrations and by the results of the MTM testing and disposition proceeds testing. The minimum credit enhancement required is 11.05%.

The chart below details the asset categories and associated required credit enhancement rates to establish overall credit enhancement supporting the Class D Notes. The Class A, Class B, and Class C Notes will additionally benefit from subordination of more junior classes.

Exhibit 8

Asset Bucket	Description	Required C/E (% of Assets)
Eligible IG Program Vehicle Amount	Program vehicles from a manufacturer with DRBS Morningstar Rating or DBRS Morningstar Equivalent Rating of at least BBB (low).	9.00
Eligible IG Program Receivable Amount	Eligible manufacturer receivables with a DBRS Morningstar Rating or DBRS Morningstar Equivalent Rating of at least BBB (low).	9.00
Eligible Non-IG Program Vehicle Amount	Program vehicles from a manufacturer with DRBS Morningstar Rating or DBRS Morningstar Equivalent Rating below BBB (low).	11.00
Eligible High Non-IG Program Receivable Amount	Eligible manufacturer receivables with a DBRS Morningstar Rating or DBRS Morningstar Equivalent Rating less than BBB (low) and at least BB (low).	11.00
Eligible Low Non-IG Program Receivable Amount	Eligible manufacturer receivables with a DBRS Morningstar Rating or DBRS Morningstar Equivalent Rating less than BB (low).	100.00
Eligible IG Non-Program Vehicle Amount	Non-program vehicles from a manufacturer with DRBS Morningstar Rating or DBRS Morningstar Equivalent Rating of at least BBB (low).	13.25
Eligible Non-IG Non-Program Vehicle Amount	Non-program vehicles from a manufacturer with DRBS Morningstar Rating or DBRS Morningstar Equivalent Rating below BBB (low).	17.45
Remainder AAA Amount	Additional assets that are ineligible.	100.0
Cash Amount	Amount of cash on deposit.	0.00
Medium-Duty Trucks	Vehicles that are box trucks.	35.00
Expected Blended Rate at Closing		**13.29**

Incentive rebates are included in manufacturer receivable amounts. Eligibility of manufacturer receivable amounts are based on the credit rating of the related manufacturer. For manufacturers with a DBRS Morningstar Rating or DBRS Morningstar Equivalent Rating of at least A (low), such receivables will remain eligible for up to 150 calendar days after vehicle disposition. For manufacturers with a DBRS Morningstar Rating or DBRS Morningstar Equivalent Rating below A (low) but above BBB (low), such receivables will remain eligible for up to 120 calendar days after vehicle disposition. For manufacturers with a DBRS Morningstar Rating or DBRS Morningstar Equivalent Rating below BBB (low) but at least BB (low), such receivables will remain eligible for up to 90 calendar days after vehicle disposition, subject to a limit of 7.5%. Incentive rebates are subject to additional eligibility criteria explained in a later section.

OC

After the required credit enhancement is determined, a portion will be in the form of liquid enhancement and the balance will be in the form of OC.

Reserve Account/LOC

Liquidity can be in the form of either a cash reserve account or an LOC. The amount of liquidity required is expected to be the product of 4.25% and the Notes outstanding.

Subordination

The Class A, Class B, and Class C Notes will benefit from additional credit enhancement in the form of subordination. During a Rapid Amortization Period, payment of principal will be applied sequentially, first to the Class A Notes until paid in full, second to the Class B Notes until fully repaid, third to the Class C Notes until fully repaid, and fourth to the Class D Notes.

Borrowing Base

The borrowing base will comprise assets that have been pledged to secure the Notes outstanding. It will consist of:

1. The aggregate NBV of all Eligible Vehicles as of such date; plus
2. The aggregate amount of all Manufacturer Receivables as of such date; plus
3. If such date is during the period from and including a Determination Date to but excluding the next Payment Date, accrued and unpaid Rent (excluding certain Monthly Variable Rent) payable on the next Payment Date with respect to all Eligible Vehicles; plus
4. All cash and cash equivalents held in an account at or for the benefit of HVF III; minus
5. Any Ineligible Asset Amount on such date.

The borrowing base is tested regularly to ensure that it is equal to or greater than the amount required to support the Notes outstanding. The threshold is based on the Notes outstanding and the required credit enhancement based on the asset mix at the time. It is also adjusted by excess concentrations and any failures on the MTM and disposition tests.

Ineligible Asset Amounts include amounts due from a defaulted Manufacturer, amounts due from a Manufacturer that are more than 60 days past due, and Ineligible Incentive Receivables.

Incentive Rebate Receivables are amounts to be paid (although such payment may be contingent upon achieving certain fleet purchase volumes and mix requirements) by a Manufacturer as an incentive or rebate relating to the purchase of a new vehicle that is not netted from the purchase price paid for such vehicle at the time of purchase.

Ineligible Incentive Receivables are (1) due from Manufacturers that net amounts owed under a Manufacturer Program against amounts owed to the Issuer pursuant to a Manufacturer Program; (2) unpaid at the earlier of (A) 60 days past the due date or (B) 180 days past the purchase date of the vehicle from such Manufacturer; (3) due from a Manufacturer that disputes its obligation to pay any incentives or rebates; or (4) due from a Manufacturer that has a right to and seeks to recover previously paid Incentive Receivables.

The advance rate will be adjusted to exclude amounts relating to any Manufacturer, medium-duty truck, and non-liened vehicles that are in excess of the product of the Limit (as shown below) and the aggregate asset amount.

Exhibit 9 Concentration Limits

Manufacturer	**Limit (%)**
Audi	12.50
BMW	12.50
Chrysler	55.00
Fiat	12.50
Ford	55.00
GM	55.00
Honda	55.00
Hyundai	55.00
Jaguar	12.50
Kia	55.00
Land Rover	12.50
Lexus	12.50
Mazda	35.00
Mercedes	12.50
Nissan	55.00
Subaru	12.50
Toyota	55.00
Tesla	25.00
Volkswagen	55.00
Volvo	35.00
Hyundai & Kia combined	55.00
Chrysler & Fiat combined	55.00
Volkswagen & Audi combined	55.00
Any Other Original Equipment Manufacturer	12.00
Medium-Duty Trucks	5.00
Non-Liened Vehicles	10.00

Minimum Depreciation Rates

Vehicles in the fleet will be depreciated on a monthly basis. In the case of program vehicles, they will be depreciated according to the rates determined in their related manufacturer repurchase agreement. The depreciation rates applied on non-program vehicles will be adjusted on a periodic basis and are subject to the minimum depreciation rates in the table below. The minimum depreciation rate is reduced if certain FMV thresholds are met. However, the minimum depreciation rate on an individual vehicle is not permitted to step down unless the FMV threshold on such vehicle is also met. Depreciation rates on medium-duty trucks will be depreciated in accordance with a different schedule.

Exhibit 10

FMV (%)	Minimum Depreciation Rate (%)
< 105	1.67
105 — 110	1.00
> 110	0.50

Medium-Duty Trucks

Due to the rise in demand for delivery vehicles since the pandemic, Hertz has expanded its fleet to include medium-duty trucks (box trucks) to cater to delivery service providers and retail customers who would require such vehicles for residential moves.

Hertz typically acquires Ford E-350 trucks to satisfy this market. The trucks are fitted with one of two box sizes: 12' and 16'. The vehicle chassis is purchased and the Company upfits the truck with the cargo box separately. In the transaction, medium-duty trucks will have separate required credit enhancement (35%), depreciation rates, and will be limited to 5% of the vehicle fleet.

Proposed depreciation rates are based on the age of the medium-duty truck. They were set slightly higher than Black Book's expected depreciation.

Exhibit 11

Year	Minimum Depreciation Rate (Monthly) (%)	Total Annual Depreciation (%)	Cumulative Depreciation (%)	Black Book's Estimated Depreciation (%)
1	2.75	33.0	33.0	32.8 — 33.3
2	1.42	17.0	50.0	42.6 — 43.2
3	0.58	7.0	57.0	51.6 — 52.4
4	0.58	7.0	64.0	60.1 — 61.0
5	0.58	7.0	71.0	67.8 — 68.9
6	0.58	7.0	78.0	74.2 — 75.2
7	0.58	7.0	85.0	79.9 — 81.1

In addition, the NBV of medium-duty trucks will be measured against the FMV from Black Book in each period to ensure they are depreciated appropriately.

Capitalized Costs for Vehicles

Capitalized Cost for non-program HVF III vehicles is:

1. The lesser of the Net Purchase Price (cash paid less related Incentive Receivables) or Manufacturer's Suggested Retail Price (MSRP) for new vehicles,
2. The Net Purchase Price (cash paid less related Incentive Rebate Receivables) for used vehicles, and
3. The market value of vehicles where the lease begins more than 36 days after the vehicle was delivered.

Capitalized Cost for program HVF III vehicles is determined under the related manufacturer program agreement.

Cash Flow Analysis

DBRS Morningstar performed a liquidation analysis to determine whether the proposed credit enhancement is sufficient to warrant the requested ratings based on DBRS Morningstar stressed cash flow assumptions.

The fleet liquidation scenario applied in arriving at the provisional ratings assigned represents a conservative stress when compared with Hertz's historical and planned fleet characteristics, including depreciation trends, used car vehicle values, fleet utilization, and the historical agility of the car rental industry in responding to times of economic stress. The significant barrier to entry in the global car rental market has resulted in a small number of global players (three capture 90% of the demand) that have historically been efficient in managing reductions in demand by significantly reducing their fleets in a relatively quick period, including in the wake of the 2001 post-9/11 recession and the Great Recession of 2007–09.

In the coronavirus pandemic, rental car companies including Hertz addressed the severe and unprecedented decline in leisure and business travel through a number of cost-saving initiatives while still providing service to the remaining customers that were in need of the service. In Hertz's case, through the Chapter 11 reorganization plan a number of efficiencies were addressed:

- A fleet reduction of approximately 47% from the end of 2019 to Q1 2021,
- Reduction of $5.0 billion in corporate debt,
- Cost structure reductions of approximately $340 million,
- Moving its fleet off airport to address demand shift,
- Establishing additional vehicle disposition strategies to maximize disposal proceeds, and
- Generating revenue from new delivery channels brought on by the increase in online shopping.

Since the reorganization, the Hertz fleet has seen increased utilization given the broad-based rebound in both domestic and international travel across business and leisure channels.

Stresses in the transaction consider:

1. Minimum hold periods for investment-grade program vehicles,
2. Bankruptcy and liquidation periods for below investment-grade program vehicles and non-program vehicles,
3. Residual value losses on disposition for below investment-grade program vehicles and non-program vehicles,
4. Transaction costs and expenses, including interest costs and reconditioning costs, which would be incurred during the liquidation period and are based on conservative estimates resulting from a review of historical experience, and
5. Adjustments to the liquidation periods and residual value losses assumed on medium-duty trucks.

Medium-Duty Truck Considerations

Medium-duty trucks can represent up to 5% of the fleet and are subject to required credit enhancement of 35%. Historical performance from the Company is limited and third-party data was reviewed instead for the purposes of the cash flow analysis. Separate depreciation rates, liquidation periods, and residual value losses were considered for medium-duty trucks. Assumed depreciation rates in our liquidation analysis were derived from our review of depreciation projections provided by Black Book. Since medium-duty trucks are more specialized vehicles, assumed liquidation periods were extended by a factor of 1.5 times for each rating category. In addition, historical residual value loss information of similar vehicle types was reviewed to assess whether existing residual value losses contemplated in DBRS Morningstar's criteria were appropriate. As a result, residual value losses assumed for certain rating categories were adjusted upward. In its analysis of medium-duty trucks, DBRS Morningstar considered the limit of 5% and the increased credit enhancement required for such vehicles.

The tables below summarize the various DBRS Morningstar assumptions used during the fleet liquidation analysis.

Exhibit 12 Base Liquidation Periods (Months)

	Assumed Stay Period	IG Program	NIG Program	IG Non-Program	NIG Non-Program	Medium-Duty Trucks
Class A	2.0	7.0	7.0	7.0	7.0	10.5
Class B	2.0	4.0	4.0	4.0	4.0	6.0
Class C	2.0	3.0	3.0	3.0	3.0	4.5
Class D	2.0	2.5	2.5	2.5	2.5	3.75

Exhibit 13 Market Value Decline Stresses

	IG Program	NIG Program (%)	IG Non-Program (%)	NIG Non-Program (%)	Medium-Duty Trucks (%)
Class A	N/A	34.00	23.00	34.00	36.00
Class B	N/A	20.00	15.00	20.00	22.50
Class C	N/A	15.00	11.00	15.00	15.00
Class D	N/A	6.00	5.00	6.00	6.00

The primary vehicle categories used to evaluate the sufficiency of the proposed credit enhancement are summarized below.

Exhibit 14 Fleet Mix as of June 30, 2023

Enhancement Category	% Fleet	C/E as a % of Assets
Investment-Grade Program Vehicles	1.16	9.00
Non-Investment-Grade Program Vehicles	0.00	11.00
Investment-Grade Non-Program Vehicles	96.62	13.25
Non-Investment-Grade Non-Program Vehicles	2.22	17.45
Blended C/E as a % of Total Assets	100.00	13.29

It should be noted that the 13.29% credit enhancement figure shown above is the amount of credit enhancement for the most junior rated class, in this case, the Class D Notes. Credit enhancement for the more senior classes is achieved through subordination, as illustrated in the table below, which summarizes the proposed capital structures for the Series 2023-3 and Series 2023-4 Notes.

Exhibit 15 Hertz Vehicle Financing III LLC, Series 2023-3 and 2023-4 Rental Car Asset Backed Notes (Three-Year and Five-Year Tenors)

Tranche	Size (USD)	% Total Notes	% Car NBV	LTV % Car NBV	LTV % Total Assets	C/E % Total Assets	Rating
Class A	168,750,000	67.50	60.77	60.77	58.53	41.47	AAA (sf)
Class B	27,500,000	11.00	9.90	70.67	68.06	31.94	A (sf)
Class C	33,750,000	13.50	12.15	82.82	79.77	20.23	BBB (sf)
Class D	20,000,000	8.00	7.20	90.02	86.71	13.29	BB (sf)
Total Notes	250,000,000	100.00	90.02				
OC	27,705,670	11.08	9.98				
Total Car NBV	277,705,670	111.08	100.00				
Required Liquidity	10,625,000	4.25	3.83				
Total Enhancement	**38,330,670**	**15.33**	**13.80**				
Total Capitalization	**288,330,670**						

Based on its analysis, DBRS Morningstar has concluded that there is adequate enhancement to assign a AAA (sf) rating to Class A, A (sf) rating to Class B, BBB (sf) to Class C, and BB (sf) to Class D for the Series 2023-3 and Series 2023-4 Rental Car Asset Backed Notes issued by Hertz Vehicle Financing III LLC.

Priority of Payments

Interest

Interest will accrue on the Notes at their respective note rate for each class and will be payable on each distribution date. On each Payment Date, the Trustee will apply amounts in the interest collection account as follows:

A. Administrator fees, subject to the cap;
B. Trustee fees, subject to the cap;
C. Operating expenses, subject to the cap;
D. Class A interest;
E. Class B interest;
F. Class C interest;
G. Class D interest;
H. Class E interest, if Class E Notes are issued;
I. During the revolving period, to the Class A/B/C/D Reserve Account if there are any deficiencies;
J. Excess Administrator fees;
K. Excess Trustee fees;
L. Excess operating expenses;
M. During the Rapid Amortization Period, any excess deposited into the principal collection account to pay the Notes in full; and
N. Any remaining amounts to the principal collection account.

Principal

On a daily basis, HVF III shall direct the Trustee to apply amounts on deposit in the principal collections account as follows to pay:

A. Any Senior Interest Waterfall Shortfall Amount;
B. During the revolving period, to the Class A/B/C/D Reserve Account if there are any deficiencies;
C. If such date is a Redemption Date with respect to any class, to pay the noteholders of such class, pro rata, the principal amount of such class and the make-whole premium with respect to such class;
D. If such Payment Date is during the Controlled Amortization Period, then in sequential order, pro rata with respect to each class, the Controlled Distribution Amount;
E. During a Rapid Amortization Period, the principal amount of Notes outstanding, sequentially in order of seniority;
F. Any principal amounts required to be paid to other Series of Notes, and then, at HVF III's option, to pay the principal amount of other Series of Notes that may be paid under the Base Indenture, in each case to the extent that no Potential Amortization Event with respect to the Notes would occur as a result; and
G. Any remaining amounts released to, or at the direction of HVF III.

Amortization Events Under the Series Supplement

If any one of the following events shall occur:

A. All principal and interest on the Notes is not paid in full on or before the Expected Final Payment Date;
B. The Issuer defaults in the payment of any interest or other amount payable when due, and such default continues for five consecutive business days;
C. A Class A/B/C/D Liquidity Enhancement Deficiency exists for at least five consecutive business days;
D. Any Aggregate Asset Amount Deficiency exists and continues to exist for a period of five consecutive Business Days;
E. The Collection Account, any Collateral Account in which Collections are on deposit as of such date or any Series 2023-3/4 Accounts (other than the Class A/B/C/D Reserve Account and the Class A/B/C/D L/C Cash Collateral Account) shall be subject to any injunction, estoppel or other stay or a Lien (other than any Lien described in clause (iii) of the definition of the Series Permitted Lien) and 30 consecutive days elapse without such Lien having been released or discharged.
F. (i) the Class A/B/C/D Reserve Account is subject to an injunction, estoppel or other stay or a Lien (other than any Lien described in clause (iii) of the definition of Series Permitted Liens) or (ii) other than as a result of a Series Permitted Lien, the Trustee fails to have a valid and perfected first priority security interest in the Class A/B/C/D Reserve Account Collateral (or HVF III or any Affiliate thereof so asserts in writing), in each case, for a period of 30 days and during such period the Class A/B/C/D Adjusted Liquid Enhancement Amount, excluding therefrom the Class A/B/C/D Available Reserve Account Amount, would be less than the Class A/B/C/D Required Liquid Enhancement Amount;

G. After the funding of the Class A/B/C/D L/C Cash Collateral Account, (i) the Class A/B/C/D L/C Cash Collateral Account is subject to an injunction, estoppel or other stay or a Lien (other than any Lien described in clause (iii) of the definition of Series Permitted Liens) or (ii) other than as a result of a Series Permitted Lien, the Trustee fails to have a valid and perfected first priority security interest in the Class A/B/C/D L/C Cash Collateral Account Collateral (or HVF III or any Affiliate thereof so asserts in writing), in each case, for a period of 30 days and during such period the Class A/B/C/D Adjusted Liquid Enhancement Amount, excluding therefrom the Class A/B/C/D Available L/C Cash Collateral Account Amount, would be less than the Class A/B/C/D Required Liquid Enhancement Amount;

H. Other than as a result of a Series Permitted Lien, the Trustee shall for any reason cease to have a valid and perfected first priority security interest in the Series Collateral (other than the Class A/B/C/D Reserve Account Collateral, the Class A/B/C/D L/C Cash Collateral Account Collateral or any Class A/B/C/D LOC) or HVF III or any Affiliate thereof so asserts in writing, and in any such case such cessation shall continue for 30 consecutive days or such assertion shall not have been rescinded within 30 consecutive days;

I. There shall have been filed against HVF III a notice of (i) a U.S. federal tax lien from the Internal Revenue Service, (ii) a Lien from the Pension Benefit Guaranty Corporation under the Code or Section 303(k) of ERISA for failure to make a required installment or other payment to a plan to which such section applies, or (iii) any other Lien (other than a Series 2023-3/4 Permitted Lien) that could reasonably be expected to attach to the assets of HVF III and, in each case, 30 consecutive days elapse without such notice having been effectively withdrawn or such Lien been released or discharged;

J. Any Administrator Default shall have occurred;

K. Any of the Series 2023-3/4 Related Documents or any material portion thereof shall cease, for any reason, to be in full force and effect, enforceable in accordance with its terms (other than in accordance with the terms thereof or as otherwise expressly permitted in the Series Related Documents) or Hertz, any Lessee or HVF III shall so assert any of the foregoing in writing and such written assertion shall not have been rescinded within 10 consecutive Business Days following the date of such written assertion, in each case, other than any such cessation (i) resulting from the application of the Bankruptcy Code (other than as a result of an Event of Bankruptcy with respect to HVF III, any Lessee, or Hertz in any capacity), or (ii) as a result of any waiver, supplement, modification, amendment, or other action not prohibited by the Series Related Documents;

L. HVF III fails to comply with any of its other agreements or covenants in any Series Related Document and the failure to so comply materially and adversely affects the interests of the Series Noteholders and continues to materially and adversely affect the interests of the Series Noteholders for a period of 30 consecutive days after the earlier of (i) the date on which an Authorized Officer of HVF III obtains actual knowledge thereof or (ii) the date on which written notice of such failure, requiring the same to be remedied, shall have been given to HVF III by the Trustee or to HVF III and the Trustee by the Majority Series Controlling Class; or

M. Any representation made by HVF III in any Series Related Document is false and such false representation materially and adversely affects the interests of the Series Noteholders and the event or condition that caused such representation to be false is not cured for a period of 30 consecutive days after the earlier of (i) the date on which an Authorized Officer of HVF III obtains actual knowledge thereof or (ii) the date that written notice thereof is given to HVF III by the Trustee or to HVF III and the Trustee by the Majority Series Controlling Class.

Then, in the case of:

i. Any event described in (a) through (d), an "Amortization Event" with respect to the Series Notes will immediately occur without any notice or other action on the part of the Trustee or any Series Noteholder, and
ii. Any event described in (e) through (m), so long as such event is continuing, either the Trustee may, by written notice to HVF III, or the Majority Series Controlling Class may, by written notice to HVF III and the Trustee, declare that an "Amortization Event" with respect to the Series Notes has occurred as of the date of the notice.

Series Rapid Amortization Period

The period beginning on the earlier to occur of (1) the close of business on the Business Day immediately preceding the Expected Final Payment Date or (2) the close of business on the Business Day immediately preceding the day on which an Amortization Event is deemed to have occurred with respect to the Series Notes, and ending upon the earlier to occur of the date on which (A) the Series Notes are paid in full and (B) the termination of this Series Supplement.

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

This report is based on information as of August 11, 2023. Subsequent information may result in material changes to the rating assigned herein and/or the contents of this report.

Appendix A—Environmental, Social, and Governance (ESG) Considerations

Environmental, Social, and Governance (ESG) Checklist

ESG Factor		ESG Credit Consideration Applicable to the Credit Analysis:	Y/N	Extent of the Effect on the ESG Factor on the Credit Analysis: Relevant (R) or Significant (S)*
Environmental		**Overall:**	**N**	**N**
	Emissions, Effluents, and Waste	Do the costs or risks result in a higher default risk or lower recoveries for the securitized assets?	N	N
	Carbon and GHG Costs	Do the costs or risks related to GHG emissions result in higher default risk or lower recoveries of the securitized assets?	N	N
		Are there potential benefits of GHG-efficient assets on affordability, financeability, or future values (recoveries)?	N	N
		Carbon and GHG Costs:	**N**	**N**
	Climate and Weather Risks	Are the securitized assets in regions exposed to climate change and adverse weather events affecting expected default rates, future valuations, and/or recoveries?	N	N
Social		**Overall:**	**N**	**N**
	Social Impact of Products and Services	Do the securitized assets have an extraordinarily positive or negative social impact on the borrowers and society, and do these characteristics of these assets result in different default rates and/or recovery expectations?	N	N
		Does the business model or the underlying borrower(s) have an extraordinarily positive or negative effect on their stakeholders and society, and does this result in different default rates and/or recovery expectations?	N	N
		Considering changes in consumer behavior or secular social trends: does this affect the default and/or loss expectations for the securitized assets?	N	N
		Social Impact of Products and Services:	**N**	**N**
	Human Capital and Human Rights	Are the originator, servicer, or underlying borrower(s) exposed to staffing risks and could this have a financial or operational effect on the structured finance issuer?	N	N
		Is there unmitigated compliance risk due to mis-selling, lending practices, or work-out procedures that could result in higher default risk and/or lower recovery expectations for the securitized assets?	N	N
		Human Capital and Human Rights:	**N**	**N**
	Product Governance	Does the originator's, servicer's, or underlying borrower(s)' failure to deliver quality products and services cause damage that may result in higher default risk and/or lower recovery expectations for the securitized assets?	N	N
	Data Privacy and Security	Does the originator's, servicer's, or underlying borrower(s)' misuse or negligence in maintaining private client or stakeholder data result in the risk of financial penalties or losses to the issuer?	N	N
Governance		**Overall:**	**N**	**N**
	Corporate / Transaction Governance	Does the transaction structure affect the assessment of the credit risk posed to investors due to a lack of appropriate independence of the issuer from the originator and/or other transaction parties?	N	N
		Considering the alignment of interest between the transaction parties and noteholders: does this affect the assessment of credit risk posed to investors because the alignment of interest is inferior or superior to comparable transactions in the sector?	N	N
		Does the lack of appropriately defined mechanisms in the structure on how to deal with future events affect the assessment of credit risk posed to investors?	N	N
		Considering how the transaction structure provides for timely and appropriate performance and asset reporting: does this affect the assessment of credit risk posed to investors because it is inferior or superior to comparable transactions in the sector?	N	N
		Consolidated ESG Criteria Output:	**N**	**N**

* A **Relevant Effect** means that the impact of the applicable ESG risk factor has not changed the rating or rating trend on the issuer.
A **Significant Effect** means that the impact of the applicable ESG risk factor has changed the rating or trend on the issuer.

Environmental

There were no environmental factors that had a relevant or significant effect on the credit analysis. For more details about which environmental factors could have an effect on the credit analysis, please refer to the checklist above.

Social

There were no social factors that had a relevant or significant effect on the credit analysis. For more details about which social factors could have an effect on the credit, please refer to the checklist above.

Governance

There were no governance factors that had a relevant or significant effect on the credit analysis. For more details about which governance factors could have an effect on the credit analysis, please refer to the checklist above.

The above ESG discussion relates to credit risk factors that could impact the issuer's credit profile and, therefore, the ratings of the notes. They are separate from ESG sustainability factors, which are generally outside the scope of this analysis. A description of how DBRS Morningstar considers ESG factors within the DBRS Morningstar analytical framework can be found in the *DBRS Morningstar Criteria: Approach to Environmental, Social, and Governance Risk Factors in Credit Ratings* at https://www.dbrsmorningstar.com/research/416784.

Appendix B—Scope and Meaning of Financial Obligations

DBRS Morningstar's credit ratings on the Series 2023-3 Class A, Class B, Class C, and Class D Notes and the Series 2023-4 Class A, Class B, Class C, and Class D Notes addresses the credit risk associated with the identified financial obligations in accordance with the relevant transaction documents. For Information on the associated financial obligations, please refer to the corresponding press release published for this credit rating action.

DBRS Morningstar's credit ratings do not address non-payment risk associated with contractual payment obligations contemplated in the applicable transaction document(s) that are not financial obligations. The associated contractual payment obligation that is not a financial obligation is the interest on any unpaid Monthly Interest Amount at the respective Interest Rate for any Payment Date for each of the rated notes.

DBRS Morningstar's long-term credit ratings provide opinions on risk of default. DBRS Morningstar considers risk of default to be the risk that an issuer will fail to satisfy the financial obligations in accordance with the terms under which a long-term obligation has been issued. The DBRS Morningstar short-term debt rating scale provides an opinion on the risk that an issuer will not meet its short-term financial obligations in a timely manner.

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