Toll Road Investors Partnership II, L.P.

(A Virginia limited partnership)

Financial Statements

December 31, 2022 and 2021

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Report of Independent Auditors

To the Management and Board of Directors of Toll Road Investors Partnership II, L.P.

Opinion

We have audited the accompanying financial statements of Toll Road Investors Partnership II, L.P. (the "Company"), which comprise the balance sheets as of December 31, 2022 and 2021, and the related statements of operations, of changes in partners' capital and of cash flows for the years then ended, including the related notes (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2022 and 2021, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (US GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

As discussed in Note 2 to the financial statements, the Company changed the manner in which it accounts for leases in 2022. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for one year after the date the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with US GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with US GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

PricewaterhouseCoopers LLP

Washington, District Of Columbia
March 27, 2023

Toll Road Investors Partnership II, L.P.
(A Virginia limited partnership)
Balance Sheets
December 31, 2022 and 2021

	2022	2021
Assets		
Cash	$ 1,791,079	$ 3,687,512
Prepaid expenses and other assets	1,921,249	1,428,497
Funds held in escrow - Note 2 & 6	205,849,195	217,361,383
Fixed assets (net of accumulated depreciation of $1,899,031 and $1,771,676, respectively)	512,229	615,525
Right of use assets - Note 8	22,680,085	-
Contract asset - Note 3	1,275,774,744	1,274,513,956
Total assets	$ 1,508,528,581	$ 1,497,606,873
Liabilities and Partners' Capital		
Accounts payable and accrued expenses	$ 839,821	$ 1,106,133
VIP program accrual	112,370	68,614
Easement payable	-	9,747,558
Lease liabilities (including current portion of $56,791) - Note 8	32,958,418	-
Accrued interest payable	935,156	935,156
Debt, net (including a current portion of $67,048,700 and $66,036,339, respectively) - Note 6	1,060,077,790	1,056,682,090
Total liabilities	1,094,923,555	1,068,539,551
Commitments and contingencies - Note 9		
Partners' capital - Note 7	413,605,026	429,067,322
Total liabilities and partners' capital	$ 1,508,528,581	$ 1,497,606,873

The accompanying notes are an integral part of these financial statements.

Toll Road Investors Partnership II, L.P.
(A Virginia limited partnership)
Statements of Operations
Years Ended December 31, 2022 and 2021

	2022	2021
Revenue		
Revenue - Notes 2 & 3	$ 68,370,440	$ 70,624,440
Other revenue	879,737	448,445
Total revenue	69,250,177	71,072,885
Operating expense		
Operation and maintenance expense	4,105,708	4,163,664
General and administrative	2,915,414	2,935,945
Electronic toll / credit card processing fees	2,203,109	2,026,331
Real estate property taxes	1,903,159	1,712,147
West End Projects	155,437	1,606,517
Project improvement expense	531,520	1,206,399
Easement fees	1,129,632	1,132,661
State police agreement	714,913	714,813
Insurance expense	763,935	664,508
Engineering services	387,986	306,185
Licenses and fees	201,579	185,534
Depreciation	195,356	185,013
Legal and consulting	451,120	134,456
Total operating expense	15,658,868	16,974,173
Operating income	53,591,309	54,098,712
Other income and expense		
Interest income	2,850,118	37,607
Gain on fixed asset disposals	22,066	-
Interest expense - Note 5	(71,925,789)	(71,635,047)
Total other income and expense	(69,053,605)	(71,597,440)
Net loss	$ (15,462,296)	$ (17,498,728)

The accompanying notes are an integral part of these financial statements.

Toll Road Investors Partnership II, L.P.
(A Virginia limited partnership)
Statements of Changes in Partners' Capital
Years Ended December 31, 2022 and 2021

	General Partner	Limited Partners	Partners' Capital
Balances at December 31, 2020	$ 471,461	$ 446,094,589	$ 446,566,050
Allocation of net loss	(17,499)	(17,481,229)	(17,498,728)
Balances at December 31, 2021	453,962	428,613,360	429,067,322
Allocation of net loss	(15,462)	(15,446,834)	(15,462,296)
Balances at December 31, 2022	$ 438,500	$ 413,166,526	$ 413,605,026

The accompanying notes are an integral part of these financial statements.

Toll Road Investors Partnership II, L.P.
(A Virginia limited partnership)
Statements of Cash Flows
Years Ended December 31, 2022 and 2021

	2022	2021
Cash flows from operating activities		
Net loss	$ (15,462,296)	$ (17,498,728)
Adjustments to reconcile net loss to net cash provided by operating activities		
Depreciation	195,356	185,013
Gain on disposal of fixed assets	(22,066)	-
Accretion of bond discount	66,605,965	66,559,195
Bond interest paid	(49,603,849)	(27,125,394)
Amortization of prepaid bond insurance and deferred bond issue costs	2,826,076	2,582,102
Changes in operating assets and liabilities		
Accrued interest receivable	(663,390)	(1,073)
Prepaid expenses and other assets	170,636	(718,315)
Right of use assets	584,126	-
Contract asset	(1,260,788)	(10,695,909)
Accounts payable and accrued expenses	(222,556)	751,484
Lease liabilities	(53,351)	-
Net cash provided by operating activities	3,093,863	14,038,375
Cash flows from investing activities		
Proceeds from disposal of fixed assets	33,500	-
Purchases of fixed assets	(103,494)	(262,208)
Net cash used in investing activities	(69,994)	(262,208)
Cash flows from financing activities		
Scheduled principal payments on zero-coupon bond redemptions	(16,432,490)	(9,042,926)
Net cash used in financing activities	(16,432,490)	(9,042,926)
Net (decrease) increase in cash	(13,408,621)	4,733,241
Cash and restricted cash		
Beginning of year	221,048,895	216,315,654
End of year	$ 207,640,274	$ 221,048,895
Supplemental cash flow information		
Cash paid for interest	$ 52,097,599	$ 29,619,144

The accompanying notes are an integral part of these financial statements.

1. Organization and Business

General
Toll Road Investors Partnership II, L.P. (the “Partnership”) is a Virginia limited partnership that owns and operates a limited access toll road (the “Dulles Greenway” or the “Project”), under a Certificate of Authority (“COA”) issued by the Virginia State Corporation Commission (the “SCC”) and a Comprehensive Agreement (“CA”) with the Virginia Department of Transportation, pursuant to the Virginia Highway Corporation Act of 1988 (as amended, the “Act”) collectively the “Contract”. The Project is located within a 250-foot wide right-of-way extending approximately 14 miles from the terminus of the existing Dulles Toll Road to Leesburg, Virginia. The road opened for operations on September 29, 1995. Upon termination of the Certificate of Authority in February 2056, the authority and duties of the Partnership will cease, and the highway assets and improvements will be dedicated to the Commonwealth of Virginia (the “Commonwealth”) in accordance with the Act.

Management Structure
Under the terms of the Amended and Restated Agreement of Limited Partnership (the “Amended Partnership Agreement”) executed on April 29, 1999, Shenandoah Greenway Corporation (“Shenandoah” or the “General Partner”) has the authority and discretion to manage the operations and affairs of the Partnership for the benefit of all partners.

Regulatory Environment
Construction and operation of the Project requires compliance with the Act, and various federal, state, and local government statutes, regulations, and other requirements. Management believes that the Partnership is in compliance with the Act and all applicable federal, state, and local government statutes, regulations, and requirements.

The Act grants the SCC various powers and duties with respect to the Project including the approval of the toll rates which may be charged and collected for use of the roadway. The Act provides that such toll rates are to be set at a level which is reasonable to the user in relation to the benefit obtained, which will not materially discourage use of the roadway by the public and which will provide the Project’s investors no more than a reasonable return as determined by the SCC.

The Partnership filed on December 20, 2019 with the SCC an application seeking approval for toll increases which would apply from January 2021 to 2025. Effective April 26, 2021, the SCC approved $0.25 increase to the maximum two-axle off-peak tolls. The approved posted tolls were implemented by the Partnership on May 5, 2021. The SCC also approved at that time another $0.25 increase on the maximum off-peak tolls for two-axle vehicles which was effective January 1, 2022.

The Act prohibits the Commonwealth of Virginia from incurring obligations related to any financing of the Project. In addition, the Act establishes that the assumption of operation of the Project would not obligate the Commonwealth of Virginia to pay any obligation of the Project, whether secured or otherwise, from sources other than toll revenue.

2. Summary of Significant Accounting Policies

Basis of Accounting
The Partnership prepares its financial statements on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Revenue Recognition
The Partnership recognizes revenue in accordance with Topics 606 *Revenue from Contracts with Customers* and 853, *Service Concession Arrangements*. The Contract represents a service concession arrangement, which is an agreement entered into with a public sector entity that controls both (I) the ability to modify or approve the services and prices provided by the operating company and (ii) the beneficial entitlement to, or residual interest in, the infrastructure at the end of the term of the agreement.

The Partnership has two performance obligations in the Contract: (1) construction of the Dulles Greenway and certain other related assets, which was fully satisfied as of 2008 and (2) the stand ready obligation to operate and maintain the Dulles Greenway over the remaining Certificate of Authority period, which currently ends in 2056. The performance obligation to operate and maintain the Dulles Greenway is the only remaining performance obligation in the contract and is accounted for under the series guidance as the performance obligation is satisfied over time and each time increment is distinct.

The Partnership is entitled to collect tolls in return for providing the services and, therefore, all of the consideration received is considered variable. As required by Topic 606, the Partnership uses significant judgments in estimating the total amount of tolls it expects to receive through to the end of the contract in 2056, which includes historical results and assumptions on traffic volume, toll pricing, changes in user behaviors, competition, inflation, population growth, and various economic factors. The Partnership estimates total consideration (i.e., transaction price) using an expected value method, however, as permitted by Topic 606, due to the duration of the estimation period and wide range of potential outcomes based on the assumptions discussed above, the Partnership constrains the estimate to the point at which it is not probable that there will be a significant likelihood of revenue reversal in the future. Changes in future economic trends and any other factors that impact user behavior could result in a material change in the forecasted amounts and a change in the estimated variable consideration (i.e., transaction price). The Partnership accounts for the VIP Miles program (discussed further below) as reduction to revenue in the estimate of the transaction price. The transaction price has been allocated to each performance obligation based on the relative standalone selling price base as determined from an expected cost-plus margin analysis, which included an estimate of total costs that would be incurred by the Partnership to satisfy its obligations under the Contract. All of the transaction price allocated to the construction performance obligation has been recognized as revenue as the performance obligation is fully satisfied. The Partnership recognizes consideration allocated to the operating and maintenance performance obligation ratably over the period, using a time-based measure of progress. The Partnership updates its estimates of future toll collections and the amounts of the toll collections that should be constrained throughout the Contract period annually. Any changes made as a result to the estimated transaction price and allocated to satisfied performance obligations related to prior years are reflected in the current period. Changes to the estimated transaction price allocated to unsatisfied performance obligations will be recognized in earnings during future periods.

For the years ended December 31, 2022 and 2021, the Company's actual toll receipts exceeded its forecasted amounts for the year. As a result, the Partnership reflected the amount associated with completed construction and operations and routine maintenance performance obligations of $1.2 million and $2.2 million for 2022 and $2.0 million and $3.7 million for 2021, respectively. No additional changes have been made to the Company's estimated transaction price through the period ended December 31, 2022. See footnote 3 for additional information.

Contract Asset
The Partnership maintains a contract asset which primarily represents revenue recognized in advance of toll collections. See Note 3 for additional information.

Cash
The Partnership maintains its bank accounts with an institution that is federally insured. At times, the account balances may exceed insured limits.

Funds Held in Escrow
Certain funds are required to be held in escrow pursuant to the bond indenture discussed in Note 5. These funds may be invested in short-term interest-bearing deposits, commercial paper, and money market funds. These funds represent restricted cash and are presented separately from cash on the balance sheet.

Fair Value Measurements
Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. As such, fair value is a market-based measurement that should be determined based on assumptions that market participants would use in pricing an asset or liability. The following three-tier fair value hierarchy prioritizes the inputs used in the valuation techniques to measure fair value:

Level 1 Observable inputs that reflect quoted market prices, (unadjusted) for identical assets and liabilities in active markets:

Level 2 Observable inputs, other than quoted market prices, that are either directly or indirectly observable in the marketplace for identical or similar assets and liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets and liabilities: and

Level 3 Unobservable inputs that are supported by little or no market activity that is significant to the fair value of assets or liabilities.

Valuation techniques used to measure fair value must maximize the use of observable inputs and minimize the use of unobservable inputs. The Partnership uses prices and inputs that are current as of the measurement date, including during periods of market volatility. Therefore, classification of inputs within the hierarchy may change from period to period depending upon the ability to observe those prices and inputs. The Partnership's assessment of the significance of a particular input to the fair value measurement requires judgment and may affect the valuation of fair value for certain assets and liabilities and their placement within the fair value hierarchy. The Partnership measures the fair value of its Funds Held in Escrow, which approximates the related carrying value, using quoted market prices for identical assets (level one).

Fixed Assets
Furniture and fixtures, office equipment and vehicles are carried at historical cost and depreciated over estimated useful lives of three to five years. Depreciation expense on fixed assets was $195,356 and $185,013 in 2022 and 2021, respectively.

Leases
The Partnership accounts for leases in accordance with Topic 842, *Leases*. The Partnership

determines if an arrangement is or contains a lease at contract inception and recognizes a right-of-use (ROU) asset and a lease liability at the lease commencement date.

Topic 842 requires a lessee to discount its unpaid lease payments using the interest rate implicit in the lease or, if that rate cannot be readily determined, its incremental borrowing rate. The Partnership elected the private company practical expedient to use the risk-free rate for a period comparable to the lease term instead of an incremental borrowing rate.

The lease term for all the Partnership's leases includes the noncancellable period of the lease plus any additional periods covered by either a Partnership option to extend (or not to terminate) the lease that the Partnership is reasonably certain to exercise, or an option to extend (or not to terminate) the lease that is controlled by the lessor. The Partnership has elected the practical expedients (i) not to recognize ROU assets and lease liabilities for short-term leases that have a lease term of 12 months or less and (ii) to account for lease and non-lease components as a single lease component.

The lease liability is initially measured at the present value of the unpaid lease payments, including fixed payments and variable payments that depend on an index or rate, at the lease commencement date. The lease liability is subsequently measured at amortized cost using the effective-interest method. The ROU asset is initially measured as the initial amount of the lease liability, adjusted for lease payments at or before the lease commencement date and any initial direct costs or lease incentives received. Lease expense for lease payments is recognized on a straight-line basis over the lease term. Refer to Note 7 for additional information about the Partnership's leases.

Debt
Debt is initially recognized at par value, net of debt issuance costs and prepaid bond insurance costs incurred. Deferred bond issuance costs represent costs incurred to refinance the Partnership's long-term debt. All debt issuance costs, and prepaid bond insurance costs are recorded as a direct deduction from the carrying value of the debt and amortized to interest expense over the term of the debt by applying an effective interest rate method.

Income Taxes
The Partnership is not directly subject to federal and state income taxes as its taxable income or loss is recognized in the income tax returns of the Partners. Therefore, no provision for income taxes has been made in the accompanying financial statements.

Recently Adopted Accounting Standards
In February 2016, the FASB issued ASU 2016-02, *Leases* that increases transparency and comparability among organizations by requiring the recognition of assets and liabilities for leases on the balance sheet by lessees and the disclosure of key information about leasing arrangements. The Partnership adopted ASU 2016-02 effective January 1, 2022, using a modified retrospective transition approach. As a result, the Partnership was not required to adjust its comparative period financial information for effects of the standard or make the new required lease disclosures for periods before the date of adoption. The Partnership has elected to adopt the package of transition practical expedients and, therefore, has not reassessed (i) whether existing or expired contracts contain a lease, (ii) lease classification for existing or expired leases, or (iii) the accounting for initial direct costs that were previously capitalized. The Partnership did not elect the practical expedient to use hindsight for leases existing at the adoption date.

Adoption of ASC 842, as of January 1, 2022, resulted in the initial recognition of operating lease right of use assets of $23,264,887 and operating lease liabilities of $33,012,445 (of which $674,337 was current), and a decrease in deferred rent liabilities of $9,747,558. The standard did not materially impact the Partnership's consolidated net income and had no impact on cash flows.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses, together with amounts disclosed in the related notes to the financial statements. Management believes that its estimates and assumptions are appropriate; however, future actual results could differ from those estimates.

The Partnership's application of Topic 606, as discussed above, results in management estimating the majority of the Partnership's revenues as variable consideration. These estimates are subject to high estimation uncertainty and reflect management's best estimate of likely future anticipated toll receipts less estimated outflows including amounts paid to the users of the road through the end of the concession period constrained as outlined in Note 2 (Revenue Recognition).

3. Contract Asset

Contract assets represent the cumulative revenue recognized to date, in accordance with Topic 606, in excess of amounts received from toll collections. Contract assets will be recovered as the Partnership collects tolls in excess of revenue recognized in future periods through the end of the Certificate of Authority in 2056. The following table presents a reconciliation of the beginning and ending contract asset balance for the years ending December 31, 2022 and 2021, respectively.

Balance at December 31, 2020	$ 1,263,818,048
Gross toll received in 2021 (a)	(59,957,071)
VIP miles program payments in 2021 (Note 4)	28,335
COVID-19 Relief Reimbursement Program (b)	204
Revenue recognized in 2021	70,624,440
Balance at December 31, 2021	1,274,513,956
Gross toll received in 2022 (a)	(67,306,023)
VIP miles program payments in 2022 (Note 4)	196,371
COVID-19 Relief Reimbursement Program (b)	-
Revenue recognized in 2022	68,370,440
Ending contract asset balance (December 31, 2022)	$ 1,275,774,744

a. Amounts received from user fees and tolls collected from the toll booths and toll plaza collection systems for the privilege of traveling on the Dulles Greenway pursuant to the Contract.

b. The COVID-19 Relief Reimbursement Program was implemented in recognition of the work being done by the healthcare professionals and first responders to ensure the community's safety during the COVID-19 pandemic, TRIP II reimburses these individual's tolls incurred.

4. Electronic Toll Processing Fees

The Partnership incurs processing fees for Automatic Vehicle Identification ("AVI") electronic toll collection transactions. These fees are assessed by the Virginia Department of Transportation ("VDOT") as follows:

Effective Date	Percentage of Revenue Processed	Fee per Transaction
July 1, 2020 to June 30, 2021	1.900 %	$ 0.0649
July 1, 2021 to June 30, 2022	1.900 %	$ 0.0649
July 1, 2022 to June 30, 2023	1.879 %	$ 0.0638

5. VIP Miles Program

The Partnership maintains a VIP Miles Program (the "Program"), which enables members of the Program to receive a cash back bonus for using the Dulles Greenway during a twelve-month period. The amount of the cash back bonus received by a participant of the Program is based upon the number of trips taken on the Greenway. Cash back bonuses range from 5% to 15% of tolls paid provided that the minimum number of trips has been met and are presented as a reduction to Toll revenues. The following is a summary of net revenues reflecting the impact of the VIP program rebates for the years ended December 31, 2022 and 2021:

	2022	2021
Tolls received	$ 67,306,023	$ 59,957,071
Less : VIP miles program	(196,371)	(28,335)
Tolls received, net	$ 67,109,652	$ 59,928,736

The Partnership has estimated the amounts of payments to be made to users of the road under the Program and included the amount in its estimate of ultimate transaction price and included as a reduction to the Partnership's Contract Asset. As a result, future Program payments will increase the Partnership's Contract Asset (Note 3).

6. Long-Term Debt and Financing Arrangements

Long-term debt at December 31, 2022 and 2021 consisted of the following:

	2022	2021
7.125% Series 1999A Senior Current Interest Bonds, original $35,000,000 face amount, due 2035	$ 34,972,193	$ 34,969,908
Series 1999B Senior Zero Coupon Bonds, $820,900,000 face amount, due 2035	493,021,198	505,892,133
Series 2005A Senior Callable Zero Coupon Bonds, $24,454,880 face amount, due 2045	-	-
Series 2005B Senior Callable Zero Coupon Bonds, original $453,800,000 face amount, due 2043	126,867,606	138,441,072
Series 2005C Senior Zero Coupon Bonds, original $1,614,300,000 face amount, due 2036-2056	466,184,261	441,172,522
Total debt	1,121,045,258	1,120,475,635
Less: Unamortized deferred bond issue costs	(60,967,468)	(63,793,545)
Total debt, net	1,060,077,790	1,056,682,090
Less: Current portion	(67,048,700)	(66,036,339)
Long-term debt	$ 993,029,090	$ 990,645,751

The Partnership funded the construction and development of the Dulles Greenway through equity contributions and from amounts loaned to the Partnership pursuant to certain financing agreements.

The 1999 and 2005 Senior Bonds were issued pursuant to a Master Indenture of Trust dated April 1, 1999, as supplemented by the First Supplemental Indenture of Trust, ("First Supplemental"), the Second Supplemental Indenture of Trust, the Third Supplemental Indenture of Trust, the Fourth Supplemental Indenture of Trust, ("Fourth Supplemental"), the Fifth Supplemental Indenture of Trust, the Sixth Supplemental Indenture of Trust, the Seventh Supplemental Indenture of Trust ("Seventh Supplemental"), the Eighth Supplemental Indenture of Trust, the Ninth Supplemental Indenture of Trust, and the Tenth Supplemental Indenture of Trust collectively the "Indenture". The Indenture requires the Partnership to maintain and operate the Dulles Greenway in compliance with the Partnership's comprehensive agreement with VDOT and the Act, as amended. The Indenture also requires the Partnership to use its best efforts to charge toll rates, subject to SCC approval, sufficient to meet certain minimum coverage ratios, as defined in the Indenture. If the Partnership does not meet the coverage ratios in any fiscal year, the Partnership will not be permitted to make distributions to the partners. The Partnership must also make the Additional Coverage Ratio for 36 consecutive months to make a distribution to the partners. As of December 31, 2022 and 2021 the Partnership was not in compliance with the Minimum Coverage Ratio or the Additional Coverage Ratio. Therefore, as required by the Indenture, distributions are prohibited until December 31, 2025, at the earliest.

On April 29, 1999, the Partnership refinanced its original debt and issued an aggregate of $35.0 million of 7.125% Senior Current Interest Bonds, Series 1999A, due 2035 (the 1999A Bonds") and an aggregate original principal amount of $297,782,516 of Senior Zero-Coupon Bonds, Series 1999B, due each February 15 from 2003 through 2035 (the "1999B Bonds") and together with the 1999A Bonds, the ("1999 Senior Bonds").

Interest accrues on the 1999A Bonds at a rate of 7.125% per annum. Interest is payable semiannually on each February 15 and August 15. The 1999A Bonds are subject to early redemption at the option of the Partnership, in whole or in part at any time, at a redemption price equal to the sum of (it) the principal amount of the 1999A Bonds to be redeemed, (ii) interest accrued thereon to the redemption date, and (iii) the make-whole premium, if any, determined in accordance with the First Supplemental.

Interest accrues on the 1999B Bonds and compounds semi-annually on each February 15 and August 15, with an interest rate of 7.3%, such interest to be paid only at maturity or redemption. Scheduled maturities of the 1999B Bonds are $49.5 million in 2023, $51.6 million in 2024, $53.9 million in 2025, $55.6 million in 2026, $57.3million in 2027 and $476.2 million maturing in years 2028 through 2036. The 1999B Bonds are subject to early redemption at the option of the Partnership, in whole or in part at any time, at a redemption price equal to the sum of (i) an amount equal to the accreted value of the 1999B Bonds to be redeemed (calculated through the redemption date in accordance with the First Supplemental) plus (ii) the make-whole premium with respect to such accreted value, if any, determined in accordance with the First Supplemental.

Original issue discounts on the 1999A and 1999B Bonds are being amortized over the life of the bonds to maintain an effective rate of 7.125% and 7.3% respectively. Adjustments to the face value of the bonds and the related original issue discount are made if and when scheduled mandatory payments are made. Accretion of these discounts totaling $34,531,351 and $35,263,422 was added to the amount of 1999 Senior Bonds principal balance outstanding and included in interest expense at December 31, 2022 and 2021, respectively. The remaining unamortized discount on the 1999A and 1999B bonds was $27,807 and $251,078,802, respectively, as of December 31, 2022.

The 1999 Senior Bonds are insured by two financial guaranty insurance policies (collectively, the "MBIA Policy") issued by MBIA Insurance Corporation ("MBIA"). The MBIA Policy covers the payment of scheduled principal and interest payments on the 1999 Senior Bonds. The MBIA Policy does not cover any make-whole premium as defined by the Indenture or optional redemption payments. The 1999 Senior Bonds are further collateralized by all of the assets of the Partnership.

On March 2, 2005, the Partnership issued an aggregate original principal amount of $162,438,434 of Senior Callable Zero Coupon Insured Dulles Greenway Project Revenue Bonds, Series 2005A, due 2045 (the "2005A Bonds"), $53,761,686 of Senior Callable Zero Coupon Insured Dulles Greenway Project Revenue Bonds, Series 2005B, due 2043 (the "2005B Bonds") and $174,402,930 of Senior Zero Coupon Insured Dulles Greenway Project Revenue Bonds, Series 2005C, due each February 15 from 2036 through 2056 (the "2005C Bonds") collectively the "2005 Senior Bonds".

Interest accrues on the 2005A Bonds and compounds semi-annually on each February 15 and August 15 at rates that will produce yields to maturity of approximately 5.425%, such interest to be paid only at maturity or prior redemption. For any year from 2006 through 2021 in which the Partnership has sufficient cash available in the early redemption fund, the 2005A Bonds are subject to mandatory early redemption, in part, by the Partnership on February 15 in each year, beginning February 15, 2006 and ending February 15, 2021, in accordance with and as described in the Fourth Supplemental. The remaining 2005A Bonds were redeemed in full in accordance with the early redemption schedule pursuant to the Fourth Supplemental on February 15, 2021.

Interest accrues on the 2005B Bonds and compounds semi-annually on each February 15 and August 15 at a rate to produce a 5.7% yield to maturity, such interest to be paid only at maturity or prior redemption. For any year from 2022 through 2035 in which the Partnership has sufficient cash available in the early redemption fund, the 2005B Bonds are subject to mandatory early redemption, in part, by the Partnership on February 15 in each year, beginning February 15, 2022 and ending February 15, 2035, as described in the Fourth Supplemental. On February 15, 2022, the Partnership redeemed $18,636,339 of the 2005B bonds.

Interest accrues on the 2005C Bonds and compounds semi-annually on each February 15 and August 15 at rates ranging from 5.55% to 5.65%, such interest to be paid only at maturity or prior redemption.

Original issue discounts on the 2005A, 2005B and 2005C Bonds are being amortized over the life of the issues at 5.425%, 5.7% and 5.568%, respectively. Adjustments to the face value of the bonds and the related original issue discount are made if and when scheduled mandatory payments are made. Accretion of these discounts totaling $32,074,612 and $31,295,773 was added to the face amount the 2005 Senior Bonds outstanding and included in interest expense at December 31, 2022 and 2021, respectively. The remaining unamortized discount on the 2005B, and 2005C bonds was $266,274,234 and $1,148,115,739, respectively, as of December 31, 2022.

The regularly scheduled payment of principal (either at the stated maturity or by an advancement of maturity pursuant to a mandatory sinking fund payment) and interest when due on the 2005 Senior Bonds are insured by separate financial guaranty insurance policies issued by MBIA (collectively, the “2005 MBIA Policy”). The 2005 MBIA Policy does not cover redemption payments under the Fourth Supplemental other than mandatory sinking fund payments. The 2005 MBIA policy does not cover any make-whole premium as defined by the Fourth Supplemental or optional redemption payments. Further, each series of the 2005 Senior Bonds is collateralized ratably with the other 2005 Senior Bonds and other senior secured indebtedness of the Partnership by substantially all the Partnership’s property and by a pledge of all Partnership interests.

Bond issue costs of $8,812,323 and $11,750,386 related to the 1999 Senior Bonds and 2005 Senior Bonds were incurred and capitalized as deferred bond issue costs, respectively. Prepaid bond insurance costs of $28,953,000 and $57,090,885 related to the 1999 Senior Bonds and 2005 Senior Bonds were incurred and capitalized as prepaid bond insurance costs, respectively, and included in total bond issuance costs as represented in the table of long-term debt above.

Amortization of deferred bond issue costs on the 1999 Senior Bonds and 2005 Senior Bonds totaled $564,256 and $524,348 for the years ended December 31, 2022 and 2021, respectively. Amortization of prepaid bond insurance on the 1999 Senior Bonds and 2005 Senior Bonds totaled $2,261,820 and $2,057,754 for the years ended December 31, 2022 and 2021, respectively. Total accumulated amortization of bond issue and prepaid bond insurance costs are $9,560,883 and

$36,078,242, and $8,966,627 and $33,816,422 for the years ended December 31, 2022 and 2021, respectively.

Interest expense incurred for all debt, including accretion of bond discount, was $71,925,789 and $71,635,047 for the years ending 2022 and 2021, respectively. No interest expense was capitalized in 2022 or 2021.

The funds held in escrow with the Trustee pursuant to the requirements of the Indenture, as detailed below, totaled $205,849,195 and $217,361,383 at December 31, 2022 and 2021, respectively.

	2022	**2021**
Revenue fund	$ 635,102	$ 524,822
Operating reserve fund	7,516,250	6,158,365
Improvement fund	776,437	633,393
Senior debt service fund	50,746,875	47,066,904
Senior debt service reserve fund	39,700,000	39,700,000
Early redemption fund	1,445,919	48
Early redemption reserve fund	104,879,632	121,284,895
Special improvement fund	148,980	1,992,956
	$ 205,849,195	$ 217,361,383

Concurrently with the closing of the 2005 Senior Bonds, the Partnership exercised an existing right under the Indenture to release $45.0 million in cash that was previously held in escrow by substituting a surety bond (the "Surety Bond") in an equal amount ensuring that the released cash will be available as and when needed. The Surety Bond was issued by MBIA.

7. Partners' Capital

Under the Amended and Restated Agreement of Limited Partnership of Toll Road Investors Partnership II, L.P., income and losses are allocated among the Partners according to their Percentage Interest in the Partnership. Cash distributions would be made in accordance with each Partner's interest, subject to a settlement agreement, dated February 14, 2005, by and among the partners. The General Partner may declare distributions when permitted by the Indenture (Note 5).

8. Leases

Information as of and for the year ended December 31, 2022:

The Partnership is party to an operating lease with the Metropolitan Washington Airports Authority (MWAA) for easements over Washington Dulles International Airport property necessary for the Partnership to construct, operate and maintain the Project. The term of the MWAA easement extends through 2056. The Partnership will make fixed payments due under the agreement on an annual basis through the end of the contract in 2056. Additional payments may be made under the agreement should the Project exceed certain specified traffic volumes.

The Partnership also executed a 64-month operating lease for offices on Broderick Drive beginning June 1, 2020 and expiring in September 2025.

Operating leases costs for the year ending December 31, 2022 was $1,211,392 which are included in the general and administrative and easement fees on the statement of operations. Variable lease costs during the period were immaterial.

The Partnership's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

As of December 31, 2022, the weighted-average remaining lease term and discount rate is 32.9 years and 1.9%, respectively.

Cash paid for amounts included in the measurement of lease liabilities		**2022**
Operating cash flows for operating leases	$	680,617

Maturities of operating lease liabilities as of December 31, 2022 are as follows:

2023	$	682,834
2024		685,112
2025		658,039
2026		600,000
2027		600,000
2028 and thereafter		44,696,317
Total undiscounted lease payments	$	47,922,302
Less: imputed interest		(14,963,884)
Total lease liabilities	$	32,958,418

Topic 842 requires companies to explicitly disclose supplemental noncash information related to the establishment of the right of use asset and lease liability. The noncash impact of the adoption of Topic 842 resulted in an increase to the right of use asset of $23,264,887 and an increase to the lease liability of $33,012,445.

The Partnership adopted Topic 842 summarized in Note 2 effective January 1, 2022 using a modified retrospective transition approach. Therefore, the Partnership's comparative period financial information as of and for the year ended December 31, 2021 continues to be presented under the previous leasing guidance, Topic 840.

Information as of and for the year ended December 31, 2021:

The Partnership incurred expenses of $1,132,661 in 2021 related to the operating lease for the MWAA easements. Future minimum annual cash payments due under the agreement as of December 31, 2021 were $600,000 for 2022-2036, and $2,000,000 thereafter through 2056. Additional payments may be made under the agreement should the Project exceed certain specified traffic volumes. The minimum annual payments are recorded to expense using the straight-line method based upon the total minimum payments to be made over the term of the agreement.

Total rental expense, including operating expenses, for the Broderick Drive offices was $76,456 for the year ended December 31, 2021. The monthly rent for the first year was $6,421, however, the rent was abated 50% for the first full 8 calendar months after the Commencement Date. Future minimum lease payments under this lease as of December 31, 2021 were $80,435 in 2022, $82,647 in 2023, $84,920 in 2024, and $65,196 in 2025.

9. Commitments and Contingent Liabilities

The Partnership remains obligated under the Comprehensive Agreement to widen the Route 659 overpass at Exit 4 and make certain ancillary ramp improvements when it is economically feasible to do so, and traffic levels support the expansion. Based on projected levels of traffic the project is not currently scheduled for construction and the amount and timing of the Partnership's obligation is uncertain.

The Partnership has an agreement with an adjacent landowner to construct a 4-lane bridge over the Dulles Greenway when development of a secondary road on either side of the Greenway is completed and construction of the bridge is necessary to connect the road. Because there has been no development activity to date by the property owner the project is not currently scheduled for construction and the amount and timing of the Partnership's obligation is uncertain.

The Partnership has an agreement for camera violation enforcement system with a local vendor. The agreement includes monthly base account fee once all the cameras are installed and the system is accepted after testing which is currently estimated to be February or March 2023. Future base account fees under this agreement will be $100,000 to $110,000 in 2023 depending on acceptance date, and $46,000 to $56,000 thereafter through the remaining term of agreement.

10. Employee Benefit Plan

The Partnership has a fully funded, defined contribution Simplified Employee Pension Plan (the "Plan") for its employees. Under the Plan, the Partnership contributes 4% of employees' salaries for 2021, and the contribution vests immediately. The Plan was terminated effective December 31, 2021 and replaced with a 401(k) retirement savings plan (the "401(k)") on January 1, 2022 with the same Partnership contribution of 4% of eligible employees' compensation. The Partnership incurred $67,486 and $68,304 in expenses related to the 401(k) and the Plan for the years ended December 31, 2022 and 2021, respectively

11. Subsequent Events

On February 15, 2023, the Partnership redeemed $17,548,700 of the 2005B Bonds in accordance with the mandatory early redemption clause contained in the Fourth Supplemental. This amount is included in the current portion of long-term debt on the balance sheet as of December 31, 2022.

The Partnership evaluated for disclosure any subsequent events through March 27, 2023, the date the financial statements were available for issue, and determined there were no material subsequent events in addition to the ones disclosed in the financial statements.