Toll Road Investors Partnership II, L.P.

(A Virginia limited partnership)

Financial Statements

December 31, 2020 and 2019

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(A Virginia limited partnership)
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Report of Independent Auditors

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

We have audited the accompanying financial statements of Toll Road Investors Partnership II, L.P., which comprise the balance sheets as of December 31, 2020 and 2019, and the related statements of operations, of changes in partners' capital (deficit) and of cash flows for the years then ended.

Management's Responsibility 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; this includes 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.

Auditors' Responsibility

Our responsibility is to express an opinion on the financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation and fair presentation of the financial statements 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, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Toll Road Investors Partnership II, L.P. as of December 31, 2020 and 2019, 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.

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Emphasis of Matter

As discussed in Note 2 to the financial statements, the Company changed the manner in which it accounts for revenue in 2019. Our opinion is not modified with respect to this matter.

PricewaterhouseCoopers LLP

Arlington, VA
March 26, 2021

Toll Road Investors Partnership II, L.P.
(A Virginia limited partnership)
Balance Sheets
December 31, 2020 and 2019

	2020	2019
Assets		
Cash	$ 4,975,026	$ 3,796,230
Prepaid expenses and other assets	709,108	1,098,991
Funds held in escrow - Note 2 & 6	211,340,628	211,558,752
Fixed assets (net of accumulated depreciation of $1,721,596 and $1,743,650, respectively)	538,331	329,154
Contract asset - Note 4	1,263,818,048	1,289,077,864
Total assets	$ 1,481,381,141	$ 1,505,860,991
Liabilities and Partners' Capital (Deficit)		
Accounts payable and accrued expenses	$ 813,999	$ 1,576,011
VIP program accrual	141,927	342,612
Easement payable	9,214,897	8,682,236
Accrued interest payable	935,156	935,156
Debt, net (including a current portion of $36,168,320 and $28,000,000, respectively) - Note 6	1,023,709,112	984,341,703
Total liabilities	1,034,815,091	995,877,718
Commitments and contingencies - Note 8		
Partners' capital (deficit) - Note 7	446,566,050	509,983,273
Total liabilities and partners' capital (deficit)	$ 1,481,381,141	$ 1,505,860,991

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, 2020 and 2019

	2020	2019
Revenue		
Revenue - Notes 2 & 3	$ 26,315,088	$ 65,927,350
Other revenue	416,705	428,307
Total revenue	26,731,793	66,355,657
Operating expense		
DTR Connector Project Costs	3,903,155	11,509,582
Operation and maintenance expense	3,839,980	4,345,380
Real estate property taxes	3,647,857	4,235,551
General and administrative	2,382,919	2,144,183
West End Projects	1,846,443	205,699
Electronic toll / credit card processing fees	1,773,405	3,080,153
Easement fees	1,132,661	1,132,661
State police agreement	674,225	1,005,201
Engineering services	505,072	345,008
Insurance expense	475,149	403,106
Project improvement expense	331,815	871,962
Licenses and fees	257,803	254,495
Legal and consulting	130,553	108,363
Depreciation	127,403	170,657
Total operating expense	21,028,440	29,812,001
Operating income	5,703,353	36,543,656
Other income and expense		
Interest income	724,583	3,806,740
Gain (loss) on fixed asset disposals	16,000	(58,424)
Interest expense - Note 6	(69,861,159)	(67,655,224)
Total other income and expense	(69,120,576)	(63,906,908)
Net loss	$ (63,417,223)	$ (27,363,252)

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 (Deficit)
Years Ended December 31, 2020 and 2019

	General Partner	Limited Partners	Partners' (Deficit) Captial
Balances at December 31, 2018	$ (476,380)	$ (500,798,499)	$ (501,274,879)
Cumulative effect of accounting change	1,038,621	1,037,582,783	1,038,621,404
Allocation of net loss	(27,363)	(27,335,889)	(27,363,252)
Balances at December 31, 2019	534,878	509,448,395	509,983,273
Allocation of net loss	(63,417)	(63,353,806)	(63,417,223)
Balances at December 31, 2020	$ 471,461	$ 446,094,589	$ 446,566,050

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, 2020 and 2019

	2020	2019
Cash flows from operating activities		
Net loss	$ (63,417,223)	$ (27,363,252)
Adjustments to reconcile net loss to net cash provided by operating activities		
Depreciation	127,403	170,657
(Gain) loss on disposal of fixed assets	(16,000)	58,424
Accretion of bond discount	64,716,249	62,582,827
Bond interest paid	(18,426,130)	(34,668,520)
Amortization of prepaid bond insurance and deferred bond issue costs	2,651,159	2,578,647
Changes in operating assets and liabilities		
Accrued interest receivable	261,324	96,555
Prepaid expenses and other assets	128,560	(364,360)
Contract asset	25,259,815	23,381,727
Accounts payable and accrued expenses	(430,035)	1,345,690
Net cash provided by operating activities	10,855,122	27,818,395
Cash flows from investing activities		
Proceeds from the disposal of fixed assets	-	11,000
Purchases of fixed assets	(320,580)	(35,424)
Net cash used in investing activities	(320,580)	(24,424)
Cash flows from financing activities		
Scheduled principal payments on zero-coupon bond redemptions	(9,573,870)	(16,231,480)
Net cash used in financing activities	(9,573,870)	(16,231,480)
Net increase in cash	960,672	11,562,491
Cash and restricted cash		
Beginning of year	215,354,982	203,792,491
End of year	$ 216,315,654	$ 215,354,982
Supplemental cash flow information		
Cash paid for interest	$ 20,919,880	$ 37,162,270

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.

Effective from January 1, 2013 to January 1, 2020, the Act provides for annual toll increases at the greater of growth in CPI plus one percent, real GDP growth, or 2.8%, with additional increases if necessary, to offset more rapid growth in property taxes.

On February 5, 2019, the Partnership filed an application with the SCC to request a toll increase of 2.91%. There was no excess growth in 2018 property taxes and so no additional amount was added to the toll increase for recovery. The approved posted tolls were implemented effective April 10, 2019 as $4.75 during nonpeak times and $5.80 during peak times.

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. The application is pending SCC approval at this time. There were no toll increase applications filed in which changes to toll rates would have been effective in 2020.

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
Effective January 1, 2019, 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 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.

Contract Asset
In connection with the adoption of Topic 606, the Partnership recorded a contract asset which primarily represents revenue recognized in advance of toll collections. See Note 4 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 6. 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 \$127,403 and \$170,657 in 2020 and 2019, respectively.

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.

New Standards Issued Not Yet Implemented
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 amendment was originally effective for annual reporting periods beginning on or after December 15, 2020, with early adoption permitted. However, in June 2020, the FASB issued ASU 2020-05 which provides a one-year deferral of the effective date for private companies. As a result, the standard is now required to be adopted for reporting periods beginning on or after December 15, 2021 The Partnership is in the process of assessing the impact of the potential adoption of ASU 2016-02 on its financial position, results of operations, cash flows and financial statement disclosures.

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 adoption 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).

Change in Estimate
Since March 2020, the Partnership has experienced a decline in traffic volumes compared to prior comparable periods due to meeting and gathering restrictions associated with the response to COVID-19. As a result, the Partnership evaluated and revised certain assumptions it uses to estimate the variable consideration in the near term and included in its determination of the transaction price expected to be recognized over the concession period of the Contract., The Partnership has lowered the total transaction price it expects to recognize as revenue over the life of its concession, which ends in 2056, by 1.52%, of which $38.6 million was recorded in the year ended December 31, 2020 as a reduction of revenue recognized on completed construction and operations and routine maintenance performance obligations of $14.3 million and $24.3 million, respectively.

3. Transition to ASC 606

The Partnership adopted ASC Topic 606 on a modified retrospective basis on January 1, 2019 by applying the guidance to its only revenue contract, the Contract. As a result of the adoption, the Partnership recorded a cumulative effect adjustment to increase member's capital by $1.038 million as of January 1, 2019 as well as the following cumulative effect adjustments:

- An increase to contract assets, net of $1.312 million
- A decrease to the Certificate of Authority Assets, net of $274 million

4. 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, 2020 and 2019, respectively.

Beginning contract asset balance (January 1, 2019)	$ 1,312,459,591
Gross toll received in 2019 (a)	(89,898,184)
VIP miles program payments in 2019 (Note 5)	589,107
Revenue recognized in 2019	65,927,350
Balance at December 31, 2019	$ 1,289,077,864
Gross toll received in 2020 (a)	(51,731,132)
VIP miles program payments in 2020 (Note 5)	113,184
COVID-19 Relief Reimbursement Program (b)	43,044
ASC 606 assessment adjustment to prior periods	(38,612,348)
Revenue recognized in 2020	64,927,436
Ending contract asset balance (December 31, 2020)	$ 1,263,818,048

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 on 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, 2018 to June 30, 2019	2.043 %	$ 0.0639
July 1, 2019 to June 30, 2020	1.940	0.0642
July 1, 2020 to June 30, 2021	1.900	0.0649

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, 2020 and 2019:

	2020	2019
Tolls received	$ 51,731,132	$ 89,898,184
Less:		
VIP miles program	(113,184)	(589,107)
Tolls received, net	$ 51,617,948	$ 89,309,077

Upon adoption of ASC 606, 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 4).

6. Long-Term Debt and Financing Arrangements

Long-term debt at December 31, 2020 and 2019 consisted of the following:

	2020	2019
7.125% Series 1999A Senior Current Interest Bonds, original $35,000,000 face amount, due 2035	$ 34,967,622	$ 34,965,336
Series 1999B Senior Zero Coupon Bonds, $820,900,000 face amount, due 2035	500,030,997	478,716,246
Series 2005A Senior Callable Zero Coupon Bonds, $24,454,880 face amount, due 2045	6,708,436	20,861,646
Series 2005B Senior Callable Zero Coupon Bonds, original $453,800,000 face amount, due 2043	130,874,910	123,722,228
Series 2005C Senior Zero Coupon Bonds, original $1,614,300,000 face amount, due 2036-2056	417,502,794	395,103,053
Total debt	1,090,084,759	1,053,368,509
Less: Unamortized Bond Issue Costs	(66,375,647)	(69,026,806)
Total debt, net	1,023,709,112	984,341,703
Less: Current portion	(36,168,320)	(28,000,000)
Long-term debt	$ 987,540,792	$ 956,341,703

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, 2020, and 2019 the Partnership was not in compliance with the Minimum Coverage Ratio. The Partnership was in compliance with the Additional Coverage Ratio as of December 31, 2019, but not as of December 2020, therefore, as required by the Indenture, distributions are prohibited until December 31, 2023 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 semi-annually 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 (i) 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 $29.4 million in 2021, $47.4 million in 2022, $49.5 million in 2023, $51.6 million in 2024, $53.9 million in 2025 and $589.1 million maturing in years 2026 through 2035. 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 $34,717,036 and $33,423,636 was added to the amount of 1999 Senior Bonds principal balance outstanding and included in interest expense at December 31, 2020 and 2019, respectively. The remaining unamortized discount on the 1999A and 1999B bonds was $32,378 and $320,869,004, respectively, as of December 31, 2020.

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.

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.

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 $29,999,214 and $29,159,191 was added to the face amount the 2005 Senior Bonds outstanding and included in interest expense at December 31, 2020 and 2019, respectively. The remaining unamortized discount on the 2005A, 2005B, and 2005C bonds was $17,746,444, $322,925,090, and $1,196,797,206, respectively, as of December 31, 2020.

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.

Amortization of deferred bond issue costs on the 1999 Senior Bonds and 2005 Senior Bonds totaled $534,840 and $519,396 for the years ended December 31, 2020 and 2019, respectively. Amortization of prepaid bond insurance on the 1999 Senior Bonds and 2005 Senior Bonds totaled $2,116,319and $2,059,251 for the years ended December 31, 2020 and 2019, respectively.

Interest expense incurred for all debt, including accretion of bond discount, was $69,861,159 and $67,655,224 for the years ending 2020 and 2019, respectively. No interest expense was capitalized in 2020 or 2019.

The funds held in escrow with the Trustee pursuant to the requirements of the Indenture, as detailed below, totaled $211,340,628 and $211,558,752 at December 31, 2020 and 2019, respectively.

	2020	**2019**
Revenue fund	$ 397,289	$ 768,826
Operating reserve fund	7,269,275	7,522,023
Improvement fund	750,175	1,400,000
Senior debt service fund	30,646,875	14,646,875
Senior debt service reserve fund	39,700,000	39,700,000
Early redemption fund	6,061,764	14,600,000
Early redemption reserve fund	121,284,895	121,284,890
Special improvement fund	5,230,355	11,636,138
	$ 211,340,628	$ 211,558,752

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 (Deficit)

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 6).

8. Commitments and Contingent Liabilities

The Partnership is party to an agreement 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 Partnership incurred expenses of $1,132,661 in both 2020 and 2019 related to the easements. Future minimum annual cash payments due under the agreement are $600,000 for 2021-2036, and $2,000,000 thereafter through 2056. Additional payments may be due 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.

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 leased office space on Catalina Court in Sterling, Virginia. A Lease Extension and Modification Agreement was made March 9, 2017 through April 30, 2018. Another lease extension was made for May 1, 2018 through April 30, 2019 with an option to extend until April 30, 2020 and then to June 30,2020. The Partnership executed a 64-month lease for offices on Broderick Drive beginning June 1, 2020. The monthly rent for the first year is $6,421, however, the rent shall be abated 50% for the first full 8 calendar months after the Commencement Date. Future minimum lease payments under this lease are $75,072 in 2021, $80,435 in 2022, $82,647 in 2023, $84,920 in 2024 and $65,196 in 2025. Total rental expense, including operating expenses, was $78,125 and $114,308 for the years ended December 31, 2020 and 2019, respectively.

9. 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% and 8% of employees' salaries for 2020 and 2019, respectively, and the contribution vests immediately. The Partnership incurred $58,821 and $117,882 in expenses related to the Plan for the years ended December 31, 2020 and 2019, respectively.

10. Subsequent Events

On February 5, 2021, the Partnership executed a contract with Shirley Contracting for the design and construction of the Leesburg Bypass Improvement Project, which is expected to be substantially completed by December 31, 2021. The total estimated project costs for the Partnership are estimated to be $2.24M.

On February 15, 2021, the Partnership redeemed $6,768,320 of the 2005A 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, 2020.

The Partnership evaluated for disclosure any subsequent events through March 26, 2021, 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.