The Rector, Church-Wardens, and Vestrymen of Trinity Church, in the city of New-York and Subsidiaries

Consolidated Financial Report

December 31, 2012 and 2011

McGladrey

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McGladrey

Independent Auditor's Report

To The Rector, Church-Wardens, and Vestrymen of Trinity Church, in the city of New-York
New York, New York

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of The Rector, Church-Wardens, and Vestrymen of Trinity Church, in the city of New-York and Subsidiaries ("Trinity"), which comprise the consolidated balance sheets as of December 31, 2012 and 2011, and the related consolidated statements of activities and cash flows for the years then ended and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated 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 consolidated financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated 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 entity'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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of The Rector, Church-Wardens, and Vestrymen of Trinity Church, in the city of New-York and Subsidiaries as of December 31, 2012 and 2011, and the changes in their net assets and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

McGladrey LLP

New York, New York
April 26, 2013

Member of the RSM International network of independent accounting, tax and consulting firms.

The Rector, Church-Wardens, and Vestrymen of Trinity Church, in the city of New-York and Subsidiaries

Consolidated Balance Sheets
December 31, 2012 and 2011
(all dollar amounts in thousands)

	2012	2011
ASSETS		
Cash and Cash Equivalents	**$ 23,982**	$ 34,180
Accounts, Rent Agreements and Notes Receivable, net	**14,364**	9,866
Deferred Rent, net	**118,613**	99,400
Tenant Security Deposits	**11,325**	11,172
Investments, at fair value	**175,915**	157,934
Property and Equipment, net	**45,946**	43,451
Deferred Rental Commissions, net	**40,647**	32,657
Investment in Real Estate, net	**339,687**	303,099
Other Assets	**5,005**	4,975
Total assets	**$ 775,484**	$ 696,734
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable and accrued liabilities	**$ 47,615**	$ 36,941
Grants payable	**2,120**	1,717
Tenant security deposits	**11,325**	11,172
Mortgage payable - St. Margaret's House	**7,197**	7,714
Pension and other postretirement benefits payable	**10,562**	8,904
Private placement notes payable	**60,000**	60,000
Revolving credit notes payable	**10,000**	-
Other liabilities	**5,100**	7,542
Total liabilities	**153,919**	133,990
Net Assets:		
Unrestricted:		
Ministry	**29,409**	30,169
Endowment:		
Real Estate	**416,128**	376,237
Investments	**166,877**	148,737
Total unrestricted net assets	**612,414**	555,143
Temporarily restricted - Ministry	**6,920**	5,638
Permanently restricted - Ministry	**2,231**	1,963
Total net assets	**621,565**	562,744
Total liabilities and net assets	**$ 775,484**	$ 696,734

See Notes to Consolidated Financial Statements.

The Rector, Church-Wardens, and Vestrymen of Trinity Church, in the city of New-York and Subsidiaries

Consolidated Statements of Activities
Years Ended December 31, 2012 and 2011
(all dollar amounts in thousands)

	2012	2011
Change in Unrestricted Net Assets:		
Ministry:		
Ministry revenue:		
Fees and preschool tuition	**$ 4,107**	$ 4,258
St. Margaret's House	**5,409**	5,370
Contributions and donations	**781**	894
All other revenue	**2,294**	2,223
Release from restrictions	**325**	250
Total ministry revenue	**12,916**	12,995
Ministry expenses:		
Parish ministries	**10,148**	10,592
St. Margaret's House	**4,793**	4,708
Grants, other gifts and diocesan assessment	**6,399**	5,909
Mission properties	**10,091**	9,812
Depreciation and amortization	**4,017**	3,272
Communications	**4,072**	3,822
Business office, institutional expenditures, and pension and other postretirement benefits	**5,165**	3,980
Total ministry expenses	**44,685**	42,095
Net deficiency from ministry	**(31,769)**	(29,100)
Return from endowment:		
Commercial real estate operations:		
Leasing-related revenue	**180,495**	158,419
Operating expenses	**(82,163)**	(78,442)
Depreciation and amortization	**(26,871)**	(28,317)
Dividend distributions - REIT	**(15)**	(15)
Net support from commercial real estate operations	**71,446**	51,645
Return on investment portfolio	**17,594**	(6,753)
Total return from endowment	**89,040**	44,892
Change in unrestricted net assets	**57,271**	15,792
Change in Temporarily Restricted Net Assets:		
Return on investment portfolio	**998**	(243)
Contributions	**609**	29
Release from restrictions	**(325)**	(250)
Change in temporarily restricted net assets	**1,282**	(464)
Change in Permanently Restricted Net Assets:		
Contributions	**268**	-
Change in permanently restricted net assets	**268**	-
Change in net assets	**58,821**	15,328
Net Assets:		
Beginning	**562,744**	547,416
Ending	**$ 621,565**	$ 562,744

See Notes to Consolidated Financial Statements.

The Rector, Church-Wardens, and Vestrymen of Trinity Church, in the city of New-York and Subsidiaries

Consolidated Statements of Cash Flows
Years Ended December 31, 2012 and 2011
(all dollar amounts in thousands)

	2012	2011
Cash Flows From Operating Activities:		
Change in net assets	**$ 58,821**	$ 15,328
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	**30,888**	31,589
Bad debts expense (recovery)	**153**	(831)
Straight-lining of rent, net	**(19,213)**	(1,533)
Dividend distributions - REIT	**15**	15
Net (gain) loss on investments	**(18,367)**	8,414
Changes in operating assets and liabilities:		
Accounts, rent agreements and notes receivable, net	**(4,651)**	(2,625)
Accounts payable and accrued liabilities	**229**	540
Other changes, net	**2,565**	1,950
Net cash provided by operating activities	**50,440**	52,847
Cash Flows From Investing Activities:		
Additions to real estate improvements	**(49,965)**	(28,340)
Additions to deferred rental commissions	**(14,103)**	(10,026)
Purchases of investments	**(13,760)**	(18,503)
Sales of investments	**14,146**	10,364
Additions to property and equipment	**(6,424)**	(4,876)
Net cash used in investing activities	**(70,106)**	(51,381)
Cash Flows From Financing Activities:		
Principal payments on mortgage - St. Margaret's House	**(517)**	(479)
Principal payments on loans	**-**	(99,333)
Proceeds from private placement notes payable	**-**	60,000
Proceeds from revolving credit notes payable	**10,000**	-
Dividend distributions - REIT	**(15)**	(15)
Net cash provided by (used in) financing activities	**9,468**	(39,827)
Net decrease in cash and cash equivalents	**(10,198)**	(38,361)
Cash and Cash Equivalents:		
Beginning	**34,180**	72,541
Ending	**$ 23,982**	$ 34,180
Supplemental Disclosure of Cash Flow Information:		
Interest paid	**$ 2,195**	$ 2,153
Supplemental Disclosures of Noncash Investing Activities:		
Construction costs included in accounts payable and accrued liabilities	**$ 3,320**	$ 2,947
Leasing commissions included in accounts payable and accrued liabilities	**$ 1,521**	$ 3,086
Tenant improvements included in accounts payable and accrued liabilities	**$ 28,061**	$ 16,973

See Notes to Consolidated Financial Statements.

Note 1. Organization

The Rector, Church-Wardens, and Vestrymen of Trinity Church, in the city of New-York ("Trinity"), a parish in the Episcopal Diocese of New York, are dedicated to the promotion of the Gospel and the betterment of human life, according to God's vision, in the parish community, the city of New York, within the Anglican Communion and throughout the world, through the use of spiritual, human and financial resources.

Trinity is a religious corporation formed under a charter from King William of England in 1697 and is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code (the "Code"). Trinity owns, or is the sole member of, or owns a controlling interest in, and operates the following entities:

- St. Margaret's Housing Development Fund Corporation ("St. Margaret's House"): St. Margaret's House is a New York not-for-profit corporation and is exempt from federal income tax under Section 501(c)(3) of the Code. It operates housing and related facilities for low-income elderly and handicapped.

- Trinity Episcopal Center Association, Incorporated ("Trinity Conference Center"): Trinity Conference Center is a Connecticut Non-Stock Corporation located in West Cornwall, CT and is exempt from federal income tax under Section 501(c)(3) of the Code. The Trinity Conference Center ceased conference operations for external parties in November 2012.

- Trinity Concerts, Inc. ("Trinity Concerts"): Trinity Concerts is a New York not-for-profit corporation and is exempt from federal income tax under Section 501(c)(3) of the Code. It was formed to promote music and the performing arts and further the public portion of the music program of Trinity Church.

- John Heuss Corporation ("JHC"): JHC was a New York public charity under Section 501(c)(3) of the Code. All the assets and liabilities of JHC were transferred to Trinity in April 2011, in connection with the dissolution of JHC. The Certificate of Dissolution of JHC was filed by the New York Department of State on July 21, 2011, after the dissolution was approved by the New York Attorney General and the New York Supreme Court in accordance with applicable law.

- Trinity REIT, Inc. (the "REIT"): The REIT is a Delaware corporation that qualifies as a real estate investment trust. Trinity owns 100% of the voting common stock.

Note 2. Summary of Significant Accounting Policies

Principles of Consolidation: The accompanying consolidated financial statements include the accounts of Trinity, St. Margaret's House, Trinity Conference Center, Trinity Concerts, JHC and the REIT (collectively, "Trinity"). All significant intercompany accounts and transactions have been eliminated in consolidation.

Basis of Accounting and Financial Statement Presentation: The consolidated financial statements of Trinity have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Note 2. Summary of Significant Accounting Policies (Continued)

For financial reporting purposes, the net assets and revenues, expenses, gains and losses of Trinity are classified as follows:

- Unrestricted:

  Unrestricted net assets include net assets that are neither permanently restricted nor temporarily restricted by donor-imposed stipulations. Unrestricted net assets are generated from Trinity's ministry, mission, daily operations and income-producing assets. Some unrestricted net assets generated from Trinity's ministry, although not donor-restricted, have been voluntarily designated by the Vestry for use in a specified manner.

  All expenses are recorded as a reduction of unrestricted net assets.

- Temporarily Restricted:

  Temporarily restricted net assets include gifts of cash and other assets received with donor stipulations that limit the use of the assets to a specific purpose or time period. When the purpose restriction is accomplished or the time restriction expires, the temporarily restricted net asset balance is reclassified to unrestricted net assets and reported in the accompanying consolidated statements of activities as net assets released from restrictions.

- Permanently Restricted:

  Permanently restricted net assets include funds that have been designated by the donor to be held and invested in perpetuity. The unspent cumulative income from such investments is classified as temporarily restricted.

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 reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Impact of Super Storm Sandy: As a result of the impact of Super Storm Sandy, Trinity sustained damage to its buildings and property and incurred some loss of income. The related expenses and losses are incorporated in the financial statements and are not significant. Trinity maintains a comprehensive insurance program.

Cash and Cash Equivalents: All short-term investments with maturities of three months or less at the date of purchase are considered to be cash equivalents and Level 1 in the fair value hierarchy explained in Note 6.

Accounts, Rent Agreements and Notes Receivable: Accounts, rent agreements and notes receivable represent outstanding amounts due primarily from tenants and are stated at the amount management expects to collect. Management provides for probable uncollectible amounts through a provision for bad debt expense based on its assessment of the current status of individual receivables due from tenants. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the allowance and a credit to the applicable accounts or notes receivable. Based on the information available, Trinity believes the allowance for doubtful accounts as of December 31, 2012 is adequate. However, actual write-offs may exceed the recorded allowance.

Investments: Trinity records its investments at their estimated fair value as described in Note 6 with the related return from investments included in the accompanying consolidated statements of activities.

Note 2. Summary of Significant Accounting Policies (Continued)

Property and Equipment: Church and educational properties' additions are capitalized at cost and depreciated over the estimated useful lives of the respective assets using the straight-line method. The useful life of the assets range from 3 to 50 years.

Deferred Financing Costs: Trinity capitalizes costs incurred in connection with borrowings and the establishment of credit facilities. These costs are amortized over the term of the related facility.

Investment in Real Estate and Deferred Rental Commissions: Commercial real estate is stated at cost. Buildings, additions and improvements are depreciated using the straight-line method over the estimated useful lives, which range from 20 to 33 years. Tenant installations and deferred rental commissions are capitalized at cost as of the lease commencement date and amortized using the straight-line method over the terms of the respective leases or earlier should the respective lease be terminated prior to the end of its contractual term.

Grants Expense and Related Payable: The Trinity Grants Program currently operates to address spiritual, social and economic issues in the Episcopal Church, metropolitan New York and throughout the world. Trinity records grant obligations when approved by the Vestry.

Revenue Recognition and Deferred Rent: Fixed minimum real estate income is recognized on a straight-line basis over the term of the underlying lease. The cumulative excess of rents so recognized over amounts contractually due pursuant to the underlying leases is reported as deferred rent on the accompanying consolidated balance sheets. Additional rents and reimbursements, which are provided in the underlying leases, are recognized as income when earned and when their amounts can be reasonably estimated.

An agreement to terminate a lease may or may not include a payment to Trinity in recognition of future rents. When the agreement with the tenant includes termination income, it is recognized upon execution of the termination or surrender agreement. These amounts are included within leasing-related revenue on the consolidated statement of activities.

All other revenue is recognized on an accrual basis when earned.

Impairment of Long-Lived Assets: Trinity periodically assesses the recoverability of its long-lived assets and believes that there is no impairment at December 31, 2012 and 2011.

Fair Value of Financial Instruments: The following methods and assumptions were used in estimating the fair values of significant financial instruments:

- The fair value of investments is estimated as described in Note 6.
- The carrying amounts for cash and cash equivalents approximate their fair value because the instruments are liquid in nature.
- Accounts and notes receivable, tenant security deposits, accounts payable and accrued expenses, deposits and deferred revenue, grants payable and revolving credit notes payable are generally short-term, and their carrying amounts approximate their fair values.
- The fair value of the St. Margaret's House mortgage loan is estimated as the value of the discounted cash flow required to service the loan. The rate used to discount the cash flow is based upon the current mortgage rate with a similar maturity date as the mortgage loan. The fair value of the mortgage payable at December 31, 2012 and 2011 is $10,871 and $10,506, respectively.

(all dollar amounts in thousands unless otherwise indicated)

Note 2. Summary of Significant Accounting Policies (Continued)

- The fair value of the private placement notes has been determined by discounting the future payments required under the terms of the notes at rates available to Trinity for debt with similar maturities and terms. The estimated fair value of these notes in aggregate at December 31, 2012 and 2011 is $70,528 and $67,700, respectively.

There have been no changes in the methodologies used for estimating fair values of significant financial instruments as of December 31, 2012 and 2011.

Reclassifications: In 2012, as a result of a review of its activities, Trinity made changes to the designations of its unrestricted net assets to better reflect the goals and focus of the organization. Accordingly, certain amounts reported in the 2011 consolidated financial statements have been reclassified to conform to the 2012 financial statement presentation. Assets previously recorded as investments in real estate of $7,686 and $7,347 at December 31, 2012 and 2011, respectively, are now classified as property and equipment and operations with a net deficiency of $2,405 and $3,013 in 2012 and 2011, previously reported as return from endowment are now classified as net deficiency from ministry. The reclassifications had no effect on the total change in net assets for the year ended December 31, 2011.

Evaluation of Subsequent Events: Trinity evaluates events occurring after the date of the financial statements to consider whether or not the impact of such events needs to be reflected and/or disclosed in the financial statements. Such evaluation is performed through the date the financial statements are available for issuance, which was April 26, 2013 for these consolidated financial statements.

Note 3. Net Assets

Net assets, which are substantially endowments, consist of the following:

	2012			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor and other restricted funds for Trinity's ministry:				
Music programming	$ -	$ 3,122	$ -	$ 3,122
Training and education of candidates for priesthood in the Episcopal Church	-	980	1,184	2,164
Other restricted funds	-	2,818	1,047	3,865
	-	6,920	2,231	9,151
Others:				
Ministry	29,409	-	-	29,409
Real estate[(a)]	416,128	-	-	416,128
Investments	166,877	-	-	166,877
	612,414	-	-	612,414
Total net assets	$ 612,414	$ 6,920	$ 2,231	$ 621,565

[(a)] Includes preferred stock in the REIT of $120

(all dollar amounts in thousands unless otherwise indicated)

Note 3. Net Assets (Continued)

	2011			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor and other restricted funds for Trinity's ministry:				
Music programming	$ -	$ 2,892	$ -	$ 2,892
Training and education of candidates for priesthood in the Episcopal Church	-	818	1,184	2,002
Other restricted funds	-	1,928	779	2,707
	-	5,638	1,963	7,601
Others:				
Ministry	30,169	-	-	30,169
Real estate[a]	376,237	-	-	376,237
Investments	148,737	-	-	148,737
	555,143	-	-	555,143
Total net assets	$ 555,143	$ 5,638	$ 1,963	$ 562,744

[a] Includes preferred stock in the REIT of $120

The endowments, which include both donor-restricted and unrestricted funds, support Trinity's legacy and mission in the world. Endowment assets are invested in commercial real estate holdings and in an investment portfolio. Net assets associated with these funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Trinity's continued intention is for the endowment to exist in perpetuity and grow over time. The Vestry is responsible for managing the endowment. The Vestry makes management and investment decisions about individual endowment assets in the context of an overall strategy that takes into consideration both risk and return objectives appropriate to Trinity and compliance with the New York Prudent Management of Institutional Funds Act ("NYPMIFA"). The commercial real estate portion of the endowment, which is unrestricted, is managed by the Real Estate Committee in accordance with the policies and procedures of that committee as approved by the Vestry. The investment portfolio portion of the endowment, which is primarily unrestricted, is managed by the Resources and Investment Committee in accordance with the investment policy approved by the Vestry.

Trinity's spending policy is intended to carry out Trinity's present-day mission in the world by withdrawing endowment funds in a stable and sustainable way in amounts that align with Trinity's long-term goals. Actual spending of funds is determined each year as part of the annual budgeting process.

Trinity has interpreted NYPMIFA as allowing Trinity to appropriate for expenditure or accumulate so much of a donor-restricted endowment fund as Trinity determines is prudent for the uses, benefits, purposes and duration for which the endowment is established, subject to the intent of the donor as expressed in the gift instrument. Unless stated otherwise in the gift instrument, the assets in an endowment fund shall be donor-restricted until appropriated for expenditure by the Vestry. The historic dollar value of permanent donor endowments is classified as permanently restricted and the remaining donor-restricted portion of the endowment fund is classified as temporarily restricted net assets until those amounts are appropriated for expenditure in a manner consistent with the standard of prudence prescribed by NYPMIFA.

(all dollar amounts in thousands unless otherwise indicated)

Note 3. Net Assets (Continued)

The following tables summarize the changes in donor and other restricted endowment net assets during the year:

	2012		
	Temporarily Restricted	**Permanently Restricted**	**Total**
Balance, beginning of year	**$ 5,638**	**$ 1,963**	**$ 7,601**
Contributions	**609**	**268**	**877**
Net investment return	**998**	**-**	**998**
Appropriations of endowment assets for expenditures	**(325)**	**-**	**(325)**
Balance, end of year	**$ 6,920**	**$ 2,231**	**$ 9,151**

	2011		
	Temporarily Restricted	Permanently Restricted	Total
Balance, beginning of year	$ 6,102	$ 1,963	$ 8,065
Contributions	29	-	29
Net investment return	(243)	-	(243)
Appropriations of endowment assets for expenditures	(250)	-	(250)
Balance, end of year	$ 5,638	$ 1,963	$ 7,601

The 2012 and 2011 appropriations of endowment assets for expenditures consist of $148 and $138 for music programming, $98 and $104 for training and education of candidates for priesthood, and $79 and $8 for other restricted purposes, respectively.

The following table summarizes the changes in unrestricted net assets during the year:

	2012			
		Endowment		
	Ministry	**Real Estate**	**Investments**	**Total**
Balance, beginning of year	**$ 30,169**	**$ 376,237**	**$ 148,737**	**$ 555,143**
Change in net assets	**(31,769)**	**71,446**	**17,594**	**57,271**
Appropriated to Ministry from endowment and other transfers	**31,009**	**(31,555)**	**546**	**-**
Balance, end of year	**$ 29,409**	**$ 416,128**	**$ 166,877**	**$ 612,414**

	2011			
		Endowment		
	Ministry	Real Estate	Investments	Total
Balance, beginning of year	$ 27,085	$ 356,584	$ 155,682	$ 539,351
Change in net assets	(29,100)	51,645	(6,753)	15,792
Appropriated to Ministry from endowment and other transfers	32,184	(31,992)	(192)	-
Balance, end of year	$ 30,169	$ 376,237	$ 148,737	$ 555,143

Notes to Consolidated Financial Statements (all dollar amounts in thousands unless otherwise indicated)

Note 4. Trinity REIT, Inc.

The REIT issued 120 shares of $0.01 par value, cumulative, nonvoting preferred stock that is callable at the discretion of the REIT. On the consolidated balance sheets, both par value and additional paid-in capital are included in unrestricted net assets. Holders of the preferred stock are entitled to receive dividends semiannually at a per annum rate equal to 12.5% of the liquidation preference, which is $1 per share. The REIT issued dividend distributions of $15 for preferred stock in 2012 and 2011 and $11,620 for common stock in 2012 and $1,000 in 2011. As of December 31, 2012 and 2011, there were no dividends in arrears on the preferred stock.

The REIT elected to be taxed as a real estate investment trust under Section 856 of the Code. A real estate investment trust generally will not be subject to federal income taxation on that portion of its income that qualifies as real estate investment trust taxable income, to the extent that it distributes at least 90% of its taxable income to its shareholders and complies with certain other requirements. The REIT fully distributes all of the real estate investment trust taxable income to its shareholders.

Note 5. Accounts, Rent Agreements and Notes Receivable

Accounts, rent agreements and notes receivable consist of the following:

	2012	2011
Tenant receivables	**$ 9,738**	$ 6,795
Rent agreements receivable	**1,984**	2,202
Notes receivable	**335**	420
Other receivables	**3,358**	1,919
	15,415	11,336
Less allowance for doubtful accounts	**(1,051)**	(1,470)
Accounts, rent agreements and notes receivable, net	**$ 14,364**	$ 9,866

(all dollar amounts in thousands unless otherwise indicated)

Note 6. Investments and Fair Value Measurements

Investments, at fair value, are as follows:

	2012		
	Domestic	**Global**	**Total**
Equities and Equity Mutual Funds	**$ 13,548**	**$ 54,788**	**$ 68,336**
Energy Funds	**-**	**10,361**	**10,361**
Commodity Fund	**-**	**6,349**	**6,349**
Private Equity Funds:			
Oil and gas	**10,862**	**-**	**10,862**
Distressed	**7,277**	**519**	**7,796**
Venture capital	**5,698**	**-**	**5,698**
Commodities	**-**	**265**	**265**
Hedge Funds:			
Multi-strategy	**4,016**	**54,525**	**58,541**
Distressed	**-**	**6,507**	**6,507**
Purchase Option	**1,200**	**-**	**1,200**
Total investments	**$ 42,601**	**$ 133,314**	**$ 175,915**

	2011		
	Domestic	Global	Total
Equities and Equity Mutual Funds	$ 11,735	$ 50,233	$ 61,968
Energy Funds	-	10,610	10,610
Commodity Fund	-	6,222	6,222
Private Equity Funds:			
Oil and gas	9,776	-	9,776
Distressed	6,624	-	6,624
Venture capital	4,784	-	4,784
Commodities	-	47	47
Hedge Funds:			
Multi-strategy	3,984	45,218	49,202
Distressed	-	7,601	7,601
Purchase Option	1,100	-	1,100
Total investments	$ 38,003	$ 119,931	$ 157,934

Note 6. Investments and Fair Value Measurements (Continued)

Trinity invests in a range of asset classes from marketable investments to nonmarketable alternative investments. The marketable investments, including mutual funds and managed funds, primarily hold international and domestic equities and commodities. The nonmarketable alternative investments, including hedge funds, private equity funds and venture capital funds, invest primarily in equities, fixed and floating rate securities, derivatives, energy and energy-related assets and early-stage enterprises.

The investments held by Trinity include commitments to some limited partnerships for additional capital funding from Trinity. Funding of partnership commitments will occur over time with notice from the partnership's general partners. At December 31, 2012, Trinity's outstanding commitments to these limited partnerships approximated $12,682.

Trinity values its financial assets and liabilities based on 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. In order to increase consistency and comparability in fair value measurements, a fair value hierarchy that prioritizes observable and unobservable inputs is used to measure fair value into three broad levels, which are described below:

Level 1: Quoted prices (unadjusted) in active markets that are accessible at the measurement date for identical assets or liabilities. The fair value hierarchy gives the highest priority to Level 1 inputs.

Level 2: Observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities, quoted prices in inactive markets, or model-derived valuations in which all significant inputs are observable or can be derived principally from or corroborated with observable market data.

Level 3: Unobservable inputs are used when little or no market data is available. The fair value hierarchy gives the lowest priority to Level 3 inputs.

In determining fair value, Trinity utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible as well as considering counterparty credit risk in its assessment of fair value.

All transfers between fair value hierarchy levels are recognized by Trinity at the end of each year. There was one transfer in 2012 and none in 2011.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, an investment’s level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. Trinity’s assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the investment.

A description of the valuation techniques applied to Trinity’s major categories of assets measured at fair value on a recurring basis is provided in the following paragraphs.

Securities traded on a national securities exchange (or reported on the Nasdaq global market) are stated at the last reported sales price on the day of valuation. To the extent these securities are actively traded and valuation adjustments are not applied, they are categorized as Level 1 in the fair value hierarchy.

(all dollar amounts in thousands unless otherwise indicated)

Note 6. Investments and Fair Value Measurements (Continued)

Investments in alternative investment funds are valued at fair value based on the applicable percentage ownership of the net assets of each of the investment funds as of the measurement date. In determining fair value, Trinity utilizes, as a practical expedient, the net asset value (or equivalent) provided by the fund managers ("NAV of Funds"). The underlying investment funds value securities and other financial instruments at fair value. The estimated fair values of certain investments of the underlying investment funds, which may include private placements and other securities for which prices are not readily available, are determined by the general partner or sponsor of the respective investment fund and may not reflect amounts that could be realized upon immediate sale, nor amounts that ultimately may be realized. Accordingly, the estimated fair values may differ significantly from the values that would have been used had a ready market existed for these investments.

Trinity categorizes its investments in alternative investment funds as a Level 2 fair value measurement if Trinity has the ability to redeem its investment on the reporting date or in the near term, which is defined as 90 days or less from the reporting date. All other investment funds, including private equity funds, are categorized as Level 3.

The fair value of Trinity's purchase option is based on the appraised value of the shares of capital stock of the corporation allocable to the apartment from which the purchase option derives its value, and is classified as a Level 3 instrument.

Trinity's estimates of fair value for Levels 2 and 3 may differ significantly from the values that would have been used had a ready market for the investments existed. The financial statements of the alternative investment funds are audited annually by independent auditing firms.

Investments carried at fair value at December 31, 2012 and 2011 are classified in the following tables in one of the three levels described earlier.

	2012			
	Level 1	Level 2	Level 3	Total
Equities and Equity Mutual Funds	$ 35,468	$ 32,868	$ -	$ 68,336
Energy Funds	2,767	7,594	-	10,361
Commodity Fund	-	6,349	-	6,349
Private Equity Funds:				
Oil and gas	-	-	10,862	10,862
Distressed	-	-	7,796	7,796
Venture capital	-	-	5,698	5,698
Commodities	-	-	265	265
Hedge Funds:				
Multi-strategy	-	49,204	9,337	58,541
Distressed	-	-	6,507	6,507
Purchase Option	-	-	1,200	1,200
Total	$ 38,235	$ 96,015	$ 41,665	$ 175,915

(all dollar amounts in thousands unless otherwise indicated)

Note 6. Investments and Fair Value Measurements (Continued)

	2011			
	Level 1	Level 2	Level 3	Total
Equities and Equity Mutual Funds	$ 33,508	$ 28,460	$ -	$ 61,968
Energy Funds	3,107	7,503	-	10,610
Commodity Fund	-	6,222	-	6,222
Private Equity Funds:				
Oil and gas	-	-	9,776	9,776
Distressed	-	-	6,624	6,624
Venture capital	-	-	4,784	4,784
Commodities	-	-	47	47
Hedge Funds:				
Multi-strategy	-	37,068	12,134	49,202
Distressed	-	-	7,601	7,601
Purchase Option	-	-	1,100	1,100
Total	$ 36,615	$ 79,253	$ 42,066	$ 157,934

Substantially all Level 3 investments were valued using the NAV of Funds (practical expedient) as described above. There were no unobservable quantitative inputs used in the valuation of Trinity's Level 3 investments as of December 31, 2012, except for the purchase option valued at $1,200.

The following table summarizes the investment strategies and liquidity provisions of the alternative investment funds valued at net asset value as provided by the fund managers as of December 31, 2012:

	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Equities and Equity Mutual Funds	$ 32,868	$ -	Daily, Bi-Weekly and Monthly (a)	8 or 30 days (a)
Energy Funds	7,594	-	Monthly	Monthly
Commodity Fund	6,349	-	Daily	None
Private Equity Funds:				
Oil and gas	10,862	5,079	Illiquid	N/A
Distressed	7,796	3,344	Illiquid	N/A
Venture capital	5,698	2,558	Illiquid	N/A
Commodities	265	1,701	Illiquid	N/A
Hedge Funds:				
Multi-strategy	58,541	-	Varies (b)	30 to 90 days
Distressed	6,507	-	Quarterly	Annually
Total	$ 136,480	$ 12,682		

(a) Redemption frequency is permitted as follows: $11.7 million daily and $10.5 million bi-weekly and $10.7 million monthly. Redemption notice periods are as follows: $10.5 million, 8 days notice and $22.4 million, 30 days notice.

(b) Redemption frequency is permitted as follows: $8.6 million monthly; $22.8 million quarterly; $9.0 million semi-annually; $18.1 million annually.

(all dollar amounts in thousands unless otherwise indicated)

Note 6. Investments and Fair Value Measurements (Continued)

As of December 31, 2012, the expected remaining life of each of the Private Equity Funds is as follows:

	1 to 5 Years	6 to 10 Years	11 to 15 Years	Total
Private Equity Funds:				
Oil and gas	$ 9,506	$ 1,356	$ -	$ 10,862
Distressed	519	7,277	-	7,796
Venture capital	-	4,442	1,256	5,698
Commodities	-	265	-	265
Total	$ 10,025	$ 13,340	$ 1,256	$ 24,621

Changes in assets measured at fair value using Level 3 inputs for the years ended December 31, 2012 and 2011 are as follows:

	2012					
	Balance January 1, 2012	**Net Realized and Unrealized Gains (Losses)**	**Purchases and Other Adjustments**	**Sales and Other Adjustments**	**Transfer from Level 3 to Level 2[(a)]**	**Balance December 31, 2012**
Private Equity Funds:						
Oil and gas	**$ 9,776**	**$ 1,136**	**$ 1,429**	**$ (1,479)**	**$ -**	**$ 10,862**
Distressed	**6,624**	**962**	**928**	**(718)**	**-**	**7,796**
Venture capital	**4,784**	**385**	**950**	**(421)**	**-**	**5,698**
Commodities	**47**	**(34)**	**252**	**-**	**-**	**265**
Hedge Funds:						
Multi-strategy	**12,134**	**1,102**	**-**	**(49)**	**(3,850)**	**9,337**
Distressed	**7,601**	**868**	**-**	**(1,962)**	**-**	**6,507**
Purchase Option	**1,100**	**100**	**-**	**-**	**-**	**1,200**
Total	**$ 42,066**	**$ 4,519**	**$ 3,559**	**$ (4,629)**	**$ (3,850)**	**$ 41,665**

[(a)]Transfer from Level 3 to Level 2 due to expiration of lock-up.

(all dollar amounts in thousands unless otherwise indicated)

Note 6. Investments and Fair Value Measurements (Continued)

	2011					
	Balance January 1, 2011	Net Realized and Unrealized Gains (Losses)	Purchases and Other Adjustments	Sales and Other Adjustments	Transfer from Level 3 to Level 2	Balance December 31, 2011
Private Equity Funds:						
Oil and gas	$ 9,787	$ 877	$ 1,316	$ (2,204)	$ -	$ 9,776
Distressed	7,261	322	60	(1,019)	-	6,624
Venture capital	2,701	1,112	1,113	(142)	-	4,784
Commodities	-	-	47	-	-	47
Hedge Funds:						
Multi-strategy	10,704	(523)	2,000	(47)	-	12,134
Distressed	7,651	22	-	(72)	-	7,601
Purchase Option	1,100	-	-	-	-	1,100
Total	$ 39,204	$ 1,810	$ 4,536	$ (3,484)	$ -	$ 42,066

The change in unrealized appreciation (depreciation) attributable to Level 3 investments still in position as of December 31, 2012 and 2011 was $2,216 and $(516), respectively.

The components of return on the investment portfolio as reported in the consolidated statements of activities consist of the following:

	2012	2011
Net realized/unrealized gains (losses)	**$ 18,367**	$ (8,414)
Interest and dividends	**1,701**	2,767
Investment management fees, expenses and other	**(1,476)**	(1,349)
Return on investment portfolio	**$ 18,592**	$ (6,996)

Note 7. Purchase Option

Trinity entered into a purchase option giving it the right to acquire all of the rights, title and interest in the capital stock of a certain corporation that are allocable to a certain apartment in New York City, as well as the lessee's rights under the proprietary lease for such apartment. A purchase option is a derivative instrument that entitles the holder to buy the stock of a company through a specified term at a specified price. A purchase option is subject to equity price risk and its value will fluctuate with the price of the underlying security ("intrinsic value"). Upon expiration, the options have no value unless the price of the common stock is greater than the exercise price.

Note 8. Investment in Real Estate and Deferred Rental Commissions

Trinity owns and manages approximately 5.5 million rentable square feet of commercial properties, primarily office facilities. Trinity has three properties that are ground leased to third parties and four development sites. Trinity's properties are predominantly located in lower Manhattan within the area known as Hudson Square, in the City of New York.

(all dollar amounts in thousands unless otherwise indicated)

Note 8. Investment in Real Estate and Deferred Rental Commissions (Continued)

Tenants are principally in the advertising, entertainment, publishing and news media, professional services, financial services, government, education, and information technology industries. Investments in real estate consist of the following:

	2012	2011
Land	**$ 11,487**	$ 11,487
Buildings and improvements	**370,512**	368,421
Tenant installation costs	**123,890**	162,774
	505,889	542,682
Less accumulated depreciation and amortization	**166,202**	239,583
Investment in real estate, net	**$ 339,687**	$ 303,099

Depreciation and amortization expense for the assets noted above amounted to $21,815 and $21,268 in 2012 and 2011, respectively. During 2012, Trinity wrote off $95,196 principally of fully amortized tenant installation costs. This had no effect on investment in real estate, net.

Trinity has commitments from existing tenants under non-cancellable leases for future minimum rental income related to its commercial property and ground leases subsequent to December 31, 2012 as follows:

Year ending December 31,	Amount
2013	$ 167,399
2014	177,555
2015	165,201
2016	155,207
2017	136,203
Thereafter	1,409,220
Total	$ 2,210,785

Future minimum rental income excludes amounts to be received for real estate tax, Consumer Price Index escalations and additional rents related to ground leases, which are all contingent upon future economic events.

Deferred rental commissions consist of the following:

	2012	2011
Deferred rental commissions	**$ 56,865**	$ 79,546
Less accumulated amortization	**16,218**	46,889
Deferred rental commissions, net	**$ 40,647**	$ 32,657

(all dollar amounts in thousands unless otherwise indicated)

Note 8. Investment in Real Estate and Deferred Rental Commissions (Continued)

Amortization expense for the assets noted above amounted to $4,548 and $7,049 in 2012 and 2011, respectively. During 2012, Trinity wrote off $35,219 of fully amortized deferred rental commissions. This had no effect on deferred rental commissions, net.

Note 9. Property and Equipment

Property and equipment consist of the following:

	2012	2011
Church and educational properties	**$ 36,814**	$ 34,048
Clergy housing	**11,182**	11,182
Programmatic real estate properties	**33,806**	33,673
Furniture, fixtures and equipment	**10,429**	17,121
	92,231	96,024
Less accumulated depreciation and amortization	**46,285**	52,573
Property and equipment, net	**$ 45,946**	$ 43,451

Depreciation and amortization expense for the assets noted above amounted to $4,525 and $3,272 in 2012 and 2011, respectively. During 2012, Trinity wrote off $10,813 of fully depreciated and amortized property and equipment. This had no effect on property and equipment, net.

Note 10. Tenant Security Deposits

Tenant security deposits include cash deposits held in interest-bearing trust accounts at financial institutions on behalf of tenants to secure obligations under terms of the leases. In addition, in lieu of cash deposits certain tenants have elected to provide irrevocable letters of credit naming Trinity as beneficiary. These letters of credit also act as security pursuant to obligations under the terms of the lease agreements and total $45,402 and $35,513 at December 31, 2012 and 2011, respectively.

Note 11. Mortgage Payable - St. Margaret's House

St. Margaret's House is indebted to the U.S. Department of Housing and Urban Development ("HUD") under a loan agreement dated December 1979, which is secured by the property financed with the proceeds of the loan. The loan bears interest at 7.625% per annum and is payable in monthly installments through December 2021. Interest expense was $567 and $605 for the years ended December 31, 2012 and 2011, respectively. Principal amounts maturing in each of the five years subsequent to December 31, 2012 and thereafter are as follows: $557 in 2013, $601 in 2014, $649 in 2015, $700 in 2016, $755 in 2017 and $3,935 thereafter.

Note 12. Employee Benefits and Other Postretirement Plans

Trinity sponsors two defined contribution pension plans covering all eligible employees other than clergy. Contributions are based on 5% of each covered employee's salary in 2012 and 2011 and totaled $764 and $763, respectively.

(all dollar amounts in thousands unless otherwise indicated)

Note 12. Employee Benefits and Other Postretirement Plans (Continued)

Trinity sponsors two thrift plans as supplemental plans for the above two defined contribution plans, which cover certain employees and clergy. Contributions by employees are matched at the discretion of the Vestry. Trinity contributed $649 and $648 in 2012 and 2011, respectively, which represent up to 5% of each covered employee's salary in each year.

In addition, Trinity provides pension benefits for certain employees covered under a former defined benefit plan. The benefits under the current plan represent the difference between benefits payable under the current 403(b) plan and their former defined benefit plan. The accumulated pension benefits payable for that plan was $433 and $229 as of December 31, 2012 and 2011, respectively.

Trinity provides certain postretirement health and life insurance benefits for retired employees and certain dependents, as these employees become eligible. The plan was amended in 2000, effective January 1, 2001, such that these benefits are not available to new employees and their dependents. In addition, benefits were modified for current employees and retirees. These amendments resulted in a deferred cost reduction of $1,035 in 2000 that is primarily being amortized over periods ranging from 8 to 11 years.

The following is a summary of the funded status, change in funded status and amounts recognized in the consolidated financial statements for pension benefits and postretirement health and life insurance benefits:

	Pension Benefits		Postretirement Health and Life Insurance Benefits	
	2012	2011	**2012**	2011
Change in benefit obligation:				
Benefit obligation, beginning of year	**$ 561**	$ 765	**$ 8,343**	$ 7,419
Service cost	**-**	-	**161**	125
Interest cost	**23**	35	**350**	354
Benefits paid	**-**	-	**(332)**	(335)
Actuarial loss (gain)	**169**	(239)	**1,287**	780
Benefit obligation, end of year	**753**	561	**9,809**	8,343
Change in plan assets:				
Employer contributions	**-**	-	**332**	335
Benefits paid	**-**	-	**(332)**	(335)
	-	-	**-**	-
Funded status, end of year, and amounts recognized as liability in consolidated balance sheets	**$ (753)**	$ (561)	**$ (9,809)**	$ (8,343)

(all dollar amounts in thousands unless otherwise indicated)

Note 12. Employee Benefits and Other Postretirement Plans (Continued)

Net periodic benefit cost for the plans includes the following components:

	Pension Benefits		Postretirement Health and Life Insurance Benefits	
	2012	2011	**2012**	2011
Service cost	**$ -**	$ -	**$ 161**	$ 125
Interest cost	**23**	35	**350**	354
Amortization of prior service credit	**-**	3	**-**	-
Recognized net actuarial (gain) loss	**(67)**	(23)	**25**	-
Net benefit periodic cost	**$ (44)**	$ 15	**$ 536**	$ 479

Other changes in benefit obligations recognized in changes in unrestricted net assets for the years ended December 31, 2012 and 2011 consist of the following:

	Pension Benefits		Postretirement Health and Life Insurance Benefits	
	2012	2011	**2012**	2011
Net unrecognized gain (loss) and prior service credit (cost), beginning of year	**$ 370**	$ 151	**$ (995)**	$ (215)
Actuarial (loss) gain	**(169)**	239	**(1,287)**	(780)
Amortization of prior service credit	**-**	3	**-**	-
Recognized net actuarial (gain) loss	**(67)**	(23)	**25**	-
Net unrecognized gain (loss) and prior service credit (cost), end of year	**$ 134**	$ 370	**$ (2,257)**	$ (995)

Amounts to be recognized in benefit costs in 2013 consist of the following:

	Pension Benefits	Postretirement Health and Life Insurance Benefits
Net (gain) loss	$ (15)	$ 137
Prior service cost	28	-
Service cost	1	-

(all dollar amounts in thousands unless otherwise indicated)

Note 12. Employee Benefits and Other Postretirement Plans (Continued)

The following table provides the weighted-average assumptions as of the measurement date:

	Pension Benefits		Postretirement Health and Life Insurance Benefits	
	2012	2011	**2012**	2011
Discount rate	**3.75%**	4.25%	**3.75%**	4.25%
Rate of compensation increase	**3.50%**	3.50%	**0.00%**	0.00%
Expected return on plan assets	**6.25%**	6.75%	**N/A**	N/A

The Medical Trend Assumption was changed effective December 31, 2012 to an initial rate of 7.5% per year grading down to 4.5% per year in 2018 and thereafter.

The healthcare cost trend rate assumption has a significant effect on the amounts reported. For the year ended December 31, 2012, the effect of a 1% increase (decrease) in the assumed healthcare trend cost rates on the aggregate of the service and interest cost components of net periodic postretirement healthcare benefit cost and the accumulated postretirement benefit obligation for healthcare benefits is as follows:

	1% Increase	1% Decrease
Interest and service cost	$ 91	$ (72)
Accumulated postretirement benefit obligation	1,576	(1,260)

Benefit payments, which reflect expected future service, as appropriate, are expected to be paid as follows:

Year ending December 31,	Pension Benefits	Postretirement Health and Life Insurance Benefits
2013	$ 21	$ 431
2014	50	449
2015	388	476
2016	-	500
2017	-	515
Thereafter	222	2,654
Total	$ 681	$ 5,025

Trinity expects to contribute $21 to its pension plan and $431 to its postretirement health and life insurance benefit plan in 2013.

The clergy employees of Trinity are covered under a multi-employer defined benefit pension plan sponsored by the National Episcopal Church. Contributions are based upon a percentage of salaries and housing allowances and totaled $321 and $321 in 2012 and 2011, respectively.

(all dollar amounts in thousands unless otherwise indicated)

Note 13. Notes and Loans

On January 28, 2011, the REIT closed on two $25 million unsecured committed revolving credit facilities. The facilities can be drawn and paid down at any time until January 28, 2016, when they mature and any amounts outstanding will be payable. The facilities have variable interest rates of LIBOR plus 140 basis points. There was $10 million outstanding at December 31, 2012 at an all-in rate of 1.65%.

On January 28, 2011, the REIT also closed on two $100 million uncommitted private placement shelf facilities. These facilities will expire on January 28, 2014.

On February 3, 2011, the REIT issued a total of $60 million in unsecured private placement notes under the shelf facilities in three series of $20 million each. The first series of notes was priced at 3.59% and has a final maturity in 2019. The second series was priced at 4.68% and has a final maturity in 2023. The third series was priced at 4.91% and has a final maturity in 2025. The proceeds were used to pay off existing debt.

At December 31, 2012, the scheduled principal payments on the private placement notes payable are as follows:

Year ending December 31,	Amount
2013	$ 1,000
2014	2,000
2015	2,500
2016	3,000
2017	4,000
Thereafter	47,500
Total	$ 60,000

The revolving credit facilities and the private placement notes include various covenants which, among other matters, require Trinity to maintain a specified debt service coverage ratio and various types of debt to asset ratios. Trinity is in compliance with these covenants at December 31, 2012 and 2011.

Note 14. Commitments and Contingencies

On March 28, 2011, Trinity and the REIT entered into agreements to purchase electricity from Direct Energy commencing in October 2011 and ending in September 2016. The pricing is based upon a fixed rate and floating New York Installed Capacity ("ICAP") rate. The Direct Energy contracts took effect when the previous contracts with Hudson Energy expired in September 2011.

Trinity and the REIT enter into multi-year contracts to cover the cleaning, maintenance and security for their commercial real estate buildings and the mission properties. In addition, there are numerous contracts outstanding at any point in time for lease and tenant related work and upkeep on the mission properties. These contracts are funded predominantly through normal operating cash flow and supplemental borrowing as needed.

Trinity, as an owner of real estate, is subject to various environmental laws of the federal and local governments. Compliance by Trinity with existing laws has not had a material adverse effect on Trinity's consolidated financial position and change in net assets, and management does not believe it will have such an impact in the future. However, Trinity cannot predict the impact of new or changed laws or regulations on its properties.

Note 14. Commitments and Contingencies (Continued)

Trinity is not aware of any pending or threatened litigation other than routine litigation arising out of the normal course of business which is expected to be covered by liability insurance. None of such litigation is expected to have a material adverse effect on its consolidated financial position or changes in net assets or cash flows.

Note 15. Risks and Concentrations

Concentration of Credit Risk: Financial instruments, which potentially subject Trinity to concentrations of credit risk, consist of cash and cash equivalents and tenant security deposits.

Trinity places its cash and cash equivalents and tenant security deposits with creditworthy, high-quality financial institutions which, at times, may exceed federally insured limits. Trinity has not experienced any losses in these accounts and management believes that this risk is not significant.

Market Risk of Investment Portfolio: Market risk represents the potential loss that can be caused by a change in the market value of the financial instrument. Trinity's exposure to market risk is determined by a number of factors, including interest rates and market volatility. Trinity attempts to minimize exposure to such risks by diversifying its portfolio and engaging an investment advisor.

Real Estate-Related Concentration: Trinity's real estate portfolio is predominantly located in lower Manhattan within the area known as Hudson Square. Leasing-related revenue is derived principally through rental payments as provided for under the terms of the respective noncancellable operating leases. During 2012 and 2011, one tenant accounted for just over 10% of Trinity's leasing-related revenue.

Trinity has commitments under its long term leases with tenants to provide certain lease incentives such as tenant work allowances and build out of tenant spaces for which Trinity would be reimbursed. During 2012, Trinity funded improvements for one tenant from which it will receive reimbursement. At December 31, 2012, amounts due from this tenant represented approximately 21% of accounts, rent agreements and notes receivable, net.

Note 16. Income Taxes

Trinity had taken no uncertain tax positions that would require adjustments to the accompanying consolidated financial statements. Trinity is no longer subject to income tax examinations by U.S. federal, state or local tax authorities for the years before 2009.