UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K

[x] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended **December 31, 2015**

or

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from ____________ to ____________

Commission file number **000-53189**

ICON Leasing Fund Twelve, LLC
(Exact name of registrant as specified in its charter)

Delaware	**20-5651009**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
3 Park Avenue, 36th Floor **New York, New York**	**10016**
(Address of principal executive offices)	(Zip Code)

(212) 418-4700
(Registrant’s telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act: **None**

Securities registered pursuant to Section 12(g) of the Act: **Shares of Limited Liability Company Interests**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.
Yes ☐ No ☑

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.
Yes ☐ No ☑

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.
Yes ☑ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).
Yes ☑ No ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.
☑

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See the definitions of “large accelerated filer,” “accelerated filer” and “smaller reporting company” in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☐	Accelerated filer ☐
Non-accelerated filer ☑ (Do not check if a smaller reporting company)	Smaller reporting company ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act).
Yes ☐ No ☑

State the aggregate market value of the voting and non-voting common equity held by non-affiliates computed by reference to the price at which the common equity was last sold, or the average bid and asked price of such common equity, as of the last business day of the registrant’s most recently completed second fiscal quarter: **Not applicable. There is no established market for the shares of limited liability company interests of the registrant.**

Number of outstanding shares of limited liability company interests of the registrant on March 28, 2016 is 348,335.

DOCUMENTS INCORPORATED BY REFERENCE

None.

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PART I

Forward-Looking Statements

Certain statements within this Annual Report on Form 10-K may constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 (“PSLRA”). These statements are being made pursuant to the PSLRA, with the intention of obtaining the benefits of the “safe harbor” provisions of the PSLRA, and, other than as required by law, we assume no obligation to update or supplement such statements. Forward-looking statements are those that do not relate solely to historical fact. They include, but are not limited to, any statement that may predict, forecast, indicate or imply future results, performance, achievements or events. You can identify these statements by the use of words such as “may,” “would,” “could,” “anticipate,” “believe,” “estimate,” “expect,” “continue,” “further,” “plan,” “seek,” “intend,” “predict” or “project” and variations of these words or comparable words or phrases of similar meaning. These forward-looking statements reflect our current beliefs and expectations with respect to future events. They are based on assumptions and are subject to risks and uncertainties and other factors outside our control that may cause actual results to differ materially from those projected. We undertake no obligation to update publicly or review any forward-looking statement, whether as a result of new information, future developments or otherwise.

Item 1. Business

Our History

ICON Leasing Fund Twelve, LLC (the “LLC” or “Fund Twelve”) was formed on October 3, 2006 as a Delaware limited liability company. The LLC will continue until December 31, 2026, unless terminated sooner. When used in this Annual Report on Form 10-K, the terms “we,” “us,” “our” or similar terms refer to the LLC and its consolidated subsidiaries.

Our manager is ICON Capital, LLC, a Delaware limited liability company (the “Manager”). Our Manager manages and controls our business affairs, including, but not limited to, our equipment leases and other financing transactions, pursuant to the terms of our limited liability company agreement (the “LLC Agreement”).

Our offering period commenced on May 7, 2007 and ended on April 30, 2009. Our operating period commenced on May 1, 2009 and ended on April 30, 2014. Our liquidation period commenced on May 1, 2014, during which we have sold and will continue to sell our assets and/or let our investments mature in the ordinary course of business. If our Manager believes it would benefit our members to reinvest the proceeds received from investments in additional investments during the liquidation period, our Manager may do so. Our Manager is not paid acquisition fees or management fees for additional investments initiated during the liquidation period, although management fees continue to be paid for investments that were part of our portfolio prior to the commencement of the liquidation period.

We offered shares of limited liability company interests (“Shares”) on a “best efforts” basis with the intention of raising up to $410,800,000 of capital, consisting of 400,000 Shares at a purchase price of $1,000 per Share and an additional 12,000 Shares, which were reserved for issuance pursuant to our distribution reinvestment plan (the “Distribution Reinvestment Plan”). The Distribution Reinvestment Plan allowed investors to purchase additional Shares with distributions received from us and/or certain other funds managed by our Manager at a discounted price of $900 per Share. As of April 30, 2009, 11,393 Shares were issued pursuant to our Distribution Reinvestment Plan.

Our initial closing date was May 25, 2007 (the “Commencement of Operations”), the date on which we raised $1,200,000. Through the end of our offering period on April 30, 2009, we sold 348,826 Shares, representing $347,686,947 of capital contributions and admitted 6,503 additional members. In addition, pursuant to the terms of our offering, we established a cash reserve in the amount of 0.5% of the gross offering proceeds. As of December 31, 2015, the cash reserve was $1,738,435. Through December 31, 2015, we repurchased 491 Shares pursuant to our repurchase plan. Beginning with the Commencement of Operations through April 30, 2009, we paid $26,995,024 of sales commissions to third parties, $5,488,440 of organizational and offering expenses to our Manager and $6,748,756 of dealer-manager fees to CĪON Securities, LLC, formerly known as ICON Securities, LLC, our dealer-manager in the offering and an affiliate of our Manager.

Our Business

We operated as an equipment leasing and finance program in which the capital our members invested was pooled together to make investments, pay fees and establish a small reserve. We primarily acquired equipment subject to lease, purchased equipment and leased it to third-party end users or financed equipment for third parties and, to a lesser degree, acquired ownership rights to items of leased equipment at lease expiration. Some of our equipment leases were acquired for cash and were expected to provide current cash flow, which we refer to as “income” leases. For our other equipment leases, we financed the majority of the purchase price through borrowings from third parties. We refer to these leases as "growth" leases. These growth leases generated little or no current cash flow because substantially all of the rental payments we received from the lessee were used to service the indebtedness associated with acquiring or financing the lease. For these leases, we anticipated that the future value of the leased equipment would exceed our cash portion of the purchase price.

We divide the life of the LLC into three distinct phases:

(1) *Offering Period*: The period during which we offered and sold Shares to investors. We invested most of the net proceeds from the sale of Shares in equipment leases and other financing transactions.

(2) *Operating Period*: After the close of the offering period, we reinvested the cash generated from our investments to the extent that cash was not needed for our expenses, reserves and distributions to members. Effective April 30, 2014, we completed our operating period.

(3) *Liquidation Period*: On May 1, 2014, we commenced our liquidation period, during which we have sold and will continue to sell our assets and/or let our investments mature in the ordinary course of business. If our Manager believes it would benefit our members to reinvest the proceeds received from investments in additional investments during the liquidation period, our Manager may do so.

At December 31, 2015 and 2014, we had total assets of $188,791,934 and $267,429,193, respectively. For the year ended December 31, 2015, we had four lessees that accounted for 66.0% of our total rental and finance income of $27,774,920. Net loss attributable to us for the year ended December 31, 2015 was $21,713,695. For the year ended December 31, 2014, we had two lessees that accounted for 62.1% of our total rental and finance income of $82,137,543. Net income attributable to us for the year ended December 31, 2014 was $59,880,331. For the year ended December 31, 2013, we had four lessees that accounted for 87.4% of our total rental and finance income of $49,596,609. Net loss attributable to us for the year ended December 31, 2013 was $9,377,469.

At December 31, 2015, our portfolio, which we hold either directly or through joint ventures, consisted primarily of the following investments:

Marine Vessels

- Two containership vessels, the Aegean Express and the Arabian Express, each subject to a time charter that expires in March and July 2016, respectively.

- A 51% ownership interest in a 300-man accommodation and work barge, the Swiber Chateau (f/k/a the Swiber Victorious), subject to a 96-month bareboat charter that expires in March 2017.

- A 25% ownership interest in two very large crude carriers (the "VLCCs"), the Eagle Vermont and the Eagle Virginia, each subject to a 10-year bareboat charter that expires in March 2021.

- A 75% ownership interest in two LPG tanker vessels, the EPIC Bali and the EPIC Borneo (f/k/a the SIVA Coral and the SIVA Pearl, respectively) (collectively, the "SIVA Vessels"), each subject to an eight-year bareboat charter that expires in March and April 2022, respectively.

- A 75% ownership interest in an offshore supply vessel, the Crest Olympus, subject to a 10-year bareboat charter that expires in June 2024.

Mining Equipment

- A 60% ownership interest in mining equipment subject to two 48-month leases that expire in February 2018.

- A 55.817% ownership interest in mining equipment subject to a 36-month lease that expires in September 2017.

Trucks and Trailers

- A 60% ownership interest in trucks, trailers and other equipment subject to a 57-month lease that expires in December 2018.

Notes Receivable

- A 25% ownership interest in a term loan to Jurong Aromatics Corporation Pte. Ltd. ("JAC"), secured by a second priority security interest in all equipment, plant and machinery associated with a condensate splitter and aromatics complex, which matures in January 2021.

- A 21% ownership interest in a portion of a subordinated credit facility for JAC from Standard Chartered Bank ("Standard Chartered"), secured by a second priority security interest in all equipment, plant and machinery associated with a condensate splitter and aromatics complex, which matures in January 2021.

- A term loan to Lubricating Specialties Company ("LSC"), secured by a second priority security interest in LSC's liquid storage tanks, blending lines, packaging equipment, accounts receivable and inventory, which matures in August 2018.

- A subordinated term loan to four affiliates of Técnicas Maritimas Avanzadas, S.A. de C.V. (collectively, "TMA"), secured by, among other things, a first priority security interest in and earnings from platform supply vessels, which matures in August 2019.

- A term loan to Premier Trailer Leasing, Inc. ("Premier Trailer"), secured by a second priority security interest in all of Premier Trailer's assets, including, without limitation, its fleet of trailers, and the equity interests of Premier Trailer, which matures in September 2020.

For a discussion of the significant transactions that we engaged in during the years ended December 31, 2015, 2014 and 2013, please refer to "Item 7. Manager's Discussion and Analysis of Financial Condition and Results of Operations."

Segment Information

We engaged in one business segment, the business of purchasing equipment and leasing it to third parties, providing equipment and other financing, acquiring equipment subject to lease and, to a lesser degree, acquiring ownership rights to items of leased equipment at lease expiration.

Competition

The commercial leasing and financing industry is highly competitive and is characterized by competitive factors that vary based upon product and geographic region. When we made our investments we competed, and as we seek to liquidate our portfolio we compete, with a variety of competitors including other equipment leasing and finance funds, hedge funds, private equity funds, captive and independent finance companies, commercial and industrial banks, manufacturers and vendors. Such competitors may have been and/or may be in a position to offer equipment to prospective customers on financial terms that were or are more favorable than those that we could offer or that we can offer in liquidating our portfolio, which may have affected our ability to make our investments and may affect our ability to liquidate our portfolio, in each case, in a manner that would enable us to achieve our investment objectives. For additional information about our competition, please see "Item 1A. Risk Factors."

Employees

We have no direct employees. Our Manager has full and exclusive control over our management and operations.

Available Information

Our Annual Report on Form 10-K, our most recent Quarterly Reports on Form 10-Q and our Current Reports on Form 8-K, and any amendments to those reports, are available free of charge on our Manager's internet website at http://www.iconinvestments.com as soon as reasonably practicable after such reports are electronically filed with or furnished to the Securities and Exchange Commission (the "SEC"). The information contained on our Manager's website is not deemed part of this Annual Report on Form 10-K. Our reports are also available on the SEC's website at http://www.sec.gov.

Financial Information Regarding Geographic Areas

Certain of our investments generate revenue in geographic areas outside of the United States. For additional information, see Note 14 to our consolidated financial statements.

Item 1A. Risk Factors

We are subject to a number of risks. Careful consideration should be given to the following risk factors, in addition to the other information included in this Annual Report. The risks and uncertainties described below are not the only ones we may face. Each of these risk factors could adversely affect our business operating results and/or financial condition, as well as adversely affect the value of an investment in our Shares. In addition to the following disclosures, please refer to the other information contained in this Annual Report, including the consolidated financial statements and the related notes.

General Investment Risks

All or a substantial portion of your distributions may be a return of capital and not a return on capital, which will not necessarily be indicative of our performance.

The portion of total distributions that is a return of capital and the portion that is economic return will depend upon a number of factors that cannot be determined until all of our investments have been sold or otherwise mature. At that time, you will be able to compare the total amount of all distributions you receive to your total capital invested in order to determine your economic return.

The Internal Revenue Service (the "IRS") may have deemed the majority of your distributions to be a return of capital for tax purposes during our early years. Distributions would be deemed to be a return of capital for tax purposes to the extent that we are distributing cash in an amount greater than our taxable income. The fact that the IRS deems distributions to be a return of capital in part and we report an adjusted tax basis to you on Schedule K-1 is not an indication that we are performing greater than or less than expectations and cannot be utilized to forecast what your final return might be.

Your ability to resell your Shares is limited by the absence of a public trading market and substantial transfer restrictions. Therefore, you should be prepared to hold your Shares for the life of the LLC.

A public market does not exist for our Shares and we do not anticipate that a public market will develop for our Shares. Our Shares are not currently and will not be listed on any national securities exchange at any time, and we will take steps to ensure that no public trading market develops for our Shares. In addition, our LLC Agreement imposes significant restrictions on your right to transfer your Shares. We have established these restrictions to comply with federal and state securities laws, as well as to ensure that we will not be considered a publicly traded partnership that is taxed as a corporation for federal income tax purposes. Your ability to sell or otherwise transfer your Shares is extremely limited and will depend on your ability to identify a buyer. Thus, you will probably not be able to sell or otherwise liquidate your Shares in the event of an emergency and, even if you were able to arrange a sale, the price you receive would likely be at a substantial discount to the price you paid for your Shares. As a result, you must view your investment in our Shares as a long-term, illiquid investment.

If you request that we repurchase your Shares, you may receive significantly less than you would receive if you held your Shares for the life of the LLC.

You may request that we repurchase up to all of your Shares. We are under no obligation to do so, however, and will have only limited cash available for this purpose. If we repurchase your Shares, the formula for the repurchase price has been unilaterally set and, depending upon when you request repurchase, the repurchase price may be less than the unreturned amount of your investment. If your Shares are repurchased, the repurchase price may provide you a significantly lower value than the value you would realize by retaining your Shares for the duration of the LLC.

You may not receive distributions every month and, therefore, you should not rely on distributions from your Shares as a source of income.

You should not rely on distributions from your Shares as a source of income. During the liquidation period, which commenced on May 1, 2014, although we expect that lump sums will be distributed from time to time if and when financially significant assets are sold, regularly scheduled distributions will decrease because there will be fewer investments available to generate cash flow.

Your Shares may be diluted.

Some investors, including our Manager and its officers, directors and other affiliates, may have purchased Shares at discounted prices and generally will share in our revenues and distributions based on the number of Shares that they purchased, rather than the discounted subscription price paid by them for their Shares. As a result, investors who paid discounted prices for their investments will receive higher returns on their investments in us as compared to investors who paid the entire $1,000 per Share.

Our assets may be plan assets for ERISA purposes, which could subject our Manager to additional restrictions on its ability to operate our business with respect to all members.

The Employee Retirement Income Security Act of 1974, as amended ("ERISA"), and the Internal Revenue Code of 1986, as amended (the "Code"), may apply what is known as the look-through rule to an investment in our Shares. Under that rule, the assets of an entity in which a qualified plan or IRA has made an equity investment may constitute assets of the qualified plan or IRA. If you are a fiduciary of a qualified plan or IRA, you should consult with your advisors and carefully consider the effect of that treatment if the look-through rule is applied. If the look-through rule were to apply, our Manager may be viewed as an additional fiduciary with respect to the qualified plan or IRA to the extent of any decisions relating to the undivided interest in our assets represented by the Shares held by such qualified plan or IRA. This could result in some restriction on our Manager's willingness to engage in transactions that might otherwise be in the best interest of all members due to the strict rules of ERISA regarding fiduciary actions.

Our Manager established an estimated value per Share of $285.90 as of December 31, 2015. You should not rely on the estimated value per Share as being an accurate measure of the current value of our Shares or an indicator of any future value of our Shares.

Our Manager established an estimated value per Share of $285.90 for our Shares as of December 31, 2015. Our Manager's objective in determining the estimated value per Share was to arrive at a value, based on the most recent information practically available, which it believed was reasonable, including the fair market values for our assets and liabilities as determined by Hilco Enterprise Valuation Services, LLC, a third party independent valuation and consulting firm engaged by our Manager. However, the market for our assets can fluctuate quickly and substantially and values are expected to change in the future and may decrease.

As with any valuation methodology, the methodologies used to determine the estimated value per Share are based upon a number of estimates and assumptions that may prove later to be inaccurate or incomplete. Further, different market participants using different assumptions and estimates could derive different estimated values. The estimated value per Share may also not represent the price that our Shares would trade at on a national securities exchange, the amount realized in a sale, merger or liquidation or the amount you would realize in a private sale of Shares.

The estimated value per Share was calculated as of a specific date and is expected to fluctuate over time in response to future events, including, but not limited to, changes in market interest rates, changes in economic, market and regulatory conditions, the prospects of the asset sectors in general or in particular, or the special purpose vehicles in which the assets may be held, rental and growth rates, returns on competing investments, changes in administrative expenses and other costs, the amount of distributions paid on our Shares, and the factors specified in this "Item 1A. Risk Factors." There is no assurance that the methodologies used to calculate the estimated value per Share would be acceptable to the Financial Industry Regulatory Authority, Inc. or in compliance with ERISA guidelines with respect to their respective reporting requirements.

You have limited voting rights and are required to rely on our Manager to make all of our investment decisions and achieve our investment objectives.

Our Manager will make all of our investment decisions, including determining the investments we made and the dispositions we make. Our success will depend upon the quality of the investment decisions our Manager makes, particularly relating to our investments in equipment and the realization of such investments. You are not permitted to take part in managing, establishing or changing our investment objectives or policies.

The decisions of our Manager may be subject to conflicts of interest.

The decisions of our Manager may be subject to various conflicts of interest arising out of its relationship to us and our affiliates. Our Manager could be confronted with decisions in which it will, directly or indirectly, have an economic incentive to place its interests or the interests of its affiliates above ours. As of December 31, 2015, our Manager manages or is the investment manager for four other public equipment leasing and finance funds. See "Item 13. Certain Relationships and Related Transactions, and Director Independence." These conflicts may include, but are not limited to:

- our Manager may have received more fees for making investments in which we incurred indebtedness to fund these investments than if indebtedness was not incurred;
- our LLC Agreement does not prohibit our Manager or any of our affiliates from competing with us for investments or engaging in other types of business;
- our Manager may have had opportunities to earn fees for referring a prospective investment opportunity to others;

- the lack of separate legal representation for us and our Manager and lack of arm's-length negotiations regarding compensation payable to our Manager;
- our Manager is our tax matters partner and is able to negotiate with the IRS to settle tax disputes that would bind us and you that might not be in your best interest given your individual tax situation; and
- our Manager can make decisions as to when and whether to sell a jointly-owned asset when the co-owner is another business it manages.

The investment committee of our Manager is not independent.

Any conflicts in determining and allocating investments between us and our Manager, or between us and another fund managed by our Manager, were resolved by our Manager's investment committee, which also serves as our investment committee and the investment committee for other funds managed by our Manager and its affiliates. Since all of the members of our Manager's investment committee are officers of our Manager and are not independent, matters determined by such investment committee, including conflicts of interest between us, our Manager and our affiliates involving investment opportunities, may not have been as favorable to us as they would be if independent members were on the committee. Generally, if an investment was appropriate for more than one fund, our Manager's investment committee allocated the investment to a fund (which includes us) after taking into consideration at least the following factors:

- whether the fund had the cash required for the investment;
- whether the amount of debt to be incurred with respect to the investment was acceptable for the fund;
- the effect the investment would have had on the fund's cash flow;
- whether the investment would further diversify, or unduly concentrate, the fund's investments in a particular lessee/borrower, class or type of equipment, location, industry, etc.;
- whether the term of the investment was within the term of the fund; and
- which fund had been seeking investments for the longest period of time.

Notwithstanding the foregoing, our Manager's investment committee may have made exceptions to these general policies when, in our Manager's judgment, other circumstances made application of these policies inequitable or economically undesirable. In addition, our LLC Agreement permits our Manager and our affiliates to engage in equipment acquisitions, financing secured loans and refinancing, leasing and releasing opportunities on their own behalf or on behalf of other funds even if they compete with us.

Our Manager's officers and employees manage other businesses and will not devote their time exclusively to managing us and our business and we may face additional competition for time and capital because neither our Manager nor its affiliates are prohibited from raising money for or managing other entities that pursue the same types of investments that we targeted.

We do not employ our own full-time officers, managers or employees. Instead, our Manager supervises and controls our business affairs. Our Manager's officers and employees are also officers and employees of our Manager's affiliates. In addition to sponsoring and managing us and other public equipment leasing and financing funds, our Manager and its affiliates currently sponsor, manage and/or distribute other investment products, including, but not limited to, a business development company.

As a result, the time and resources that our Manager's and its affiliates' officers and employees devote to us may be diverted and during times of intense activity in other investment products that our Manager and its affiliates manage, sponsor or distribute, such officers and employees may devote less time and resources to our business than would be the case if we had separate officers and employees. In addition, we may have competed with any such investment entities for the same investors and investment opportunities.

Our Manager and its affiliates have received and will continue to receive expense reimbursements and fees from us and those reimbursements and fees were and are likely to exceed the income portion of distributions paid to you during our early years.

Before paying any distributions to you, we have reimbursed and will continue to reimburse our Manager and its affiliates for expenses incurred on our behalf, and paid or pay our Manager and its affiliates fees for acquiring, managing, and realizing our investments. Our Manager is not paid acquisition fees or management fees for additional investments initiated during the liquidation period, although management fees continue to be paid for investments that were part of our portfolio prior to the commencement of the liquidation period. The expense reimbursements and fees of our Manager and its affiliates were established by our Manager in compliance with the North American Securities Administrators Association guidelines for publicly offered, finite-life equipment leasing and finance funds (the "NASAA Guidelines") in effect on May 7, 2007 and are not based on arm's-length negotiations, but are subject to the limitations set forth in our LLC Agreement. Nevertheless, the amount of these expense reimbursements and fees was and is likely to exceed the income portion of distributions paid to you in our early years.

In general, expense reimbursements and fees were or are paid without regard to the amount of our distributions to our additional members, and regardless of the success or profitability of our operations. Some of those fees and expense reimbursements were or will be required to be paid as we acquired our portfolio and incurred or incur expenses, such as accounting and interest expenses, even though we may not yet have begun to receive revenues from all of our investments. This lag between the time when we paid or must pay fees and expenses and the time when we received or receive revenues may result in losses to us during our early years, which our Manager believes is typical for funds such as us.

Furthermore, we borrowed a significant portion of the purchase price of some of our investments. This use of indebtedness permitted us to make more investments than if borrowings were not utilized. As a consequence, we have paid and may continue to pay greater fees to our Manager than if no indebtedness were incurred because management and acquisition fees were or are based upon the gross payments earned or receivable from, or the purchase price (including any indebtedness incurred) of, our investments. Also, our Manager will determine the amount of cash reserves that we will maintain for future expenses or contingencies. The reimbursement of expenses, payment of fees or creation of reserves could adversely affect our ability to pay distributions to our additional members.

Our Manager may have difficulty managing its growth, which may divert its resources and limit its ability to expand its operations successfully.

The amount of assets that our Manager manages has grown substantially since our Manager was formed in 1985. Our Manager and its affiliates intend to continue to sponsor and manage, as applicable, funds similar to and different from us that may be sponsored and managed concurrently with us and they expect to experience further growth in their respective assets under management. Our Manager's future success will depend on the ability of its and its affiliates' officers and key employees to implement and improve their operational, financial and managerial controls, reporting systems and procedures, and manage a growing number of assets and investment funds. However, they may not implement improvements to their managerial information and control systems in an efficient or timely manner and they may discover deficiencies in their existing systems and controls. Thus, our Manager's anticipated growth may place a strain on its administrative and operations infrastructure, which could increase its costs and reduce its efficiency and could negatively impact our operations, business and financial condition.

Operational risks may disrupt our business and result in losses.

We may face operational risk from errors made in the execution, confirmation or settlement of transactions. We may also face operational risk from our transactions not being properly recorded, evaluated or accounted for. We rely heavily on our Manager's financial, accounting, and other software systems. If any of these systems fail to operate properly or become disabled, we could suffer financial loss and a disruption of our business. In addition, we are highly dependent on our Manager's information systems and technology. There can be no assurance that these information systems and technology will be able to accommodate our Manager's growth or that the cost of maintaining such systems will not increase from its current level. A failure to accommodate growth, or an increase in costs related to such information systems, could also negatively affect our liquidity and cash flows, and could negatively affect our profitability. Furthermore, we depend on the headquarters of our Manager, which are located in New York City, for the operation of our business. A disaster or a disruption in the infrastructure that supports our business, including a disruption involving electronic communications or other services used by us or third parties with whom we conduct business, or directly affecting our headquarters, may have an adverse impact on our ability to continue to operate our business without interruption, which could have a material adverse effect on us. Although we have disaster recovery programs in place, there can be no assurance that these will be sufficient to mitigate the harm that may result from such a disaster or disruption. In addition, insurance and other safeguards might only partially reimburse us for any losses. Finally, we rely on third-party service providers for certain aspects of our business, including certain accounting and financial services. Any interruption or deterioration in the performance of these third parties could impair the quality of our operations and could adversely affect our business and result in losses.

We rely on our systems, certain affiliates' employees, and certain third-party vendors and service providers in conducting our operations, and certain failures, including internal or external fraud, operational errors, systems malfunctions, or cybersecurity incidents, could materially adversely affect our operations.

We are exposed to many types of operational risk, including the risk of fraud by certain affiliates' employees and outsiders, clerical and recordkeeping errors, and computer or telecommunications systems malfunctions. If any of our financial, accounting, or other data processing systems fail or have other significant shortcomings, we could be materially adversely affected. We are similarly dependent on the employees of certain of our affiliates. We could be materially adversely affected if one of such employees causes a significant operational break-down or failure, either as a result of human error or where an individual purposefully sabotages or fraudulently manipulates our operations or systems. Third parties with which we do business could also be sources of operational risk to us, including relating to break-downs or failures of such parties' own systems or employees. Any of these occurrences could result in a diminished ability for us to operate one or more of our business, or cause financial loss, potential liability, inability to secure insurance, reputational damage and regulatory intervention, which could materially adversely affect us.

We may also be subject to disruptions of our operating systems arising from events that are wholly or partially beyond our control, which may include, for example, computer viruses or electrical or telecommunications outages, natural or man-made disasters, such as earthquakes, hurricanes, floods or tornados, disease pandemics, or events arising from local or regional politics, including terrorist acts. Such disruptions may give rise to loss or liability to us. In addition, there is the risk that our controls and procedures as well as business continuity and data security systems prove to be inadequate. The computer systems and network systems we use could be vulnerable to unforeseen problems. These problems may arise in both our internally developed systems and the systems of third-party service providers. In addition, our computer systems and network infrastructure present security risks, and could be susceptible to hacking or identity theft. Any such failure could affect our operations and could materially adversely affect our results of operations by requiring us to expend significant resources to correct the defect, as well as by exposing us to litigation or losses not covered by insurance. Although we have business continuity plans and other safeguards in place, our business operations may be adversely affected by significant and widespread disruption to our physical infrastructure or operating systems that support our business.

Information security risks for financial institutions have generally increased in recent years in part because of the proliferation of new technologies, the use of the Internet and telecommunications technologies to conduct financing transactions, and the increased sophistication and activities of organized crime, hackers, terrorists, activists, and other external parties. Our business relies on our digital technologies, computer and email systems, software, and networks to conduct their operations. Although we believe we have robust information security procedures and controls, our technologies, systems and networks may become the target of cyber attacks or information security breaches that could result in the unauthorized release, gathering, monitoring, misuse, loss or destruction of our confidential, proprietary and other information, or otherwise disrupt our business operations, which could materially adversely affect us.

Our internal controls over financial reporting may not be effective, which could have a significant and adverse effect on our business.

Our Manager is required to evaluate our internal controls over financial reporting in order to allow its management to report on our internal controls over financial reporting, as required by Section 404 of the Sarbanes-Oxley Act of 2002, as amended, and the rules and regulations of the SEC thereunder, which we refer to as "Section 404." During the course of testing, our Manager may identify deficiencies that it may not be able to remediate in time to meet the deadline imposed by the Sarbanes-Oxley Act for compliance with the requirements of Section 404. In addition, if we fail to achieve and maintain the adequacy of our internal controls, as such standards are modified, supplemented or amended from time to time, we may not be able to ensure that we can conclude on an ongoing basis that we have effective internal controls over financial reporting in accordance with Section 404. We cannot be certain as to the timing of completion of our evaluation, testing and any remediation actions or the impact of the same on our operations. If we are not able to complete our annual evaluations required by Section 404 in a timely manner or with adequate compliance, we may be subject to sanctions or investigation by regulatory authorities, such as the SEC. As a result, we may be required to incur costs in improving our internal controls system and the hiring of additional personnel. Any such action could negatively affect our results of operations and the achievement of our investment objectives.

We are subject to certain reporting requirements and are required to file certain periodic reports with the SEC.

We are subject to reporting requirements under the Securities Exchange Act of 1934, as amended, including, but not limited to, the filing of current, quarterly and annual reports. Public funds sponsored by our Manager have been and are subject to the same requirements. If we experience delays in the filing of our reports, our investors may not have access to timely information concerning us, our operations, and our financial results.

Your ability to institute a cause of action against our Manager and its affiliates is limited by our LLC Agreement.

Our LLC Agreement provides that neither our Manager nor any of its affiliates will have any liability to us for any loss we suffer arising out of any action or inaction of our Manager or an affiliate if our Manager or its affiliate determined, in good faith, that the course of conduct was in our best interests and did not constitute negligence or misconduct. As a result of these provisions in our LLC Agreement, your right to institute a cause of action against our Manager may be more limited than it would be without these provisions.

Business Risks

Our business could be hurt by economic downturns.

Our business is affected by a number of economic factors, including, but not limited to, the level of economic activity in the markets in which we operate. A decline in economic activity in the United States or internationally could materially affect our financial condition and results of operations. The equipment leasing and financing industry is influenced by factors such as interest rates, inflation, employment rates and other macroeconomic factors over which we have no control. Any decline in economic activity as a result of these factors could result in a decrease in the number of transactions in which we participate and in our profitability.

Uncertainties associated with the equipment leasing and financing industry may have an adverse effect on our business and may adversely affect our ability to give you any economic return from our Shares or a complete return of your capital.

There are a number of uncertainties associated with the equipment leasing and financing industry that may have an adverse effect on our business and may adversely affect our ability to pay distributions to you that will, in total, be equal to a return of all of your capital, or provide for any economic return from our Shares. These include, but are not limited to:

- fluctuations in demand for equipment and fluctuations in interest rates and inflation rates;
- the continuing economic life and value of equipment at the time our investments mature;
- the technological and economic obsolescence of equipment;
- potential defaults by lessees, borrowers or other counterparties;
- supervision and regulation by governmental authorities; and
- increases in our expenses, including taxes and insurance expenses.

The risks and uncertainties associated with the industries of our lessees, borrowers, and other counterparties may indirectly affect our business, operating results and financial condition.

We are indirectly subject to a number of uncertainties associated with the industries of our lessees, borrowers, and other counterparties. We invested in a pool of equipment by, among other things, acquiring equipment subject to lease, purchasing equipment and leasing equipment to third-party end users, financing equipment for third-party end users, acquiring ownership rights to items of leased equipment at lease expiration, and acquiring interests or options to purchase interests in the residual value of equipment. The lessees, borrowers, and other counterparties to these transactions operate in a variety of industries. As such, we are indirectly subject to the various risks and uncertainties that affect our lessees', borrowers', and other counterparties' businesses and operations. If such risks or uncertainties were to affect our lessees, borrowers, or other counterparties, we may indirectly suffer a loss on our investment, lose future revenues or experience adverse consequences to our business, operating results and financial condition.

Because we borrowed money to make our investments, losses as a result of lessee, borrower or other counterparty defaults may be greater than if such borrowings were not incurred.

Although we acquired some of our investments for cash, we borrowed a substantial portion of the purchase price of certain of our investments. While we believe the use of leverage resulted in our ability to make more investments with less risk than if leverage was not utilized, there can be no assurance that the benefits of greater size and diversification of our investment portfolio will offset the heightened risk of loss in an individual investment using leverage. With respect to non-recourse borrowings, if we are unable to pay our debt service obligations because a lessee, borrower or other counterparty defaults, a lender could foreclose on the investment securing the non-recourse indebtedness. This could cause us to lose all or part of our investment or could force us to meet debt service payment obligations so as to protect our investment subject to such indebtedness and prevent it from being subject to repossession.

Guarantees made by the guarantors of some of our lessees, borrowers and other counterparties may be voided under certain circumstances and we may be required to return payments received from such guarantors.

Under federal bankruptcy law and comparable provisions of state fraudulent transfer laws, a guarantee could be voided, or claims in respect of a guarantee could be subordinated to all other debts of that guarantor if, among other things, the guarantor, at the time it incurred the indebtedness evidenced by its guarantee:

- received less than reasonably equivalent value or fair consideration for the incurrence of such guarantee; and
- was insolvent or rendered insolvent by reason of such incurrence; or
- was engaged in a business or transaction for which the guarantor's remaining assets constituted unreasonably small capital; or
- intended to incur, or believed that it would incur, debts beyond its ability to pay such debts as they mature.

In addition, any payment by that guarantor pursuant to its guarantee could be voided and required to be returned to the guarantor, or to a court instituted fund for the benefit of the creditors of the guarantor.

The measures of insolvency for purposes of these fraudulent transfer laws will vary depending upon the law applied in any proceeding to determine whether a fraudulent transfer has occurred. Generally, however, a guarantor would be considered insolvent if:

- the sum of its debts, including contingent liabilities, was greater than the fair saleable value of all of its assets;
- the present fair saleable value of its assets was less than the amount that would be required to pay its probable liability on its existing debts, including contingent liabilities, as they become absolute and mature; or
- it could not pay its debts as they become due.

We cannot assure you as to what standard a court would apply in making these determinations or that a court would agree with our conclusions in this regard. We also cannot make any assurances as to the standards that courts in foreign jurisdictions may use or that courts in foreign jurisdictions will take a position similar to that taken by courts in the United States.

If the value of our investments in certain types of leased equipment declines more rapidly than we anticipate, our financial performance may be adversely affected.

A significant part of the value of some of the equipment that we invested in is expected to be the potential value of the equipment once the lease term expires (with respect to leased equipment). Generally, equipment is expected to decline in value over its useful life. In making these types of investments, we assume a residual value for the equipment at the end of the lease or other investment that, at maturity, is expected to be enough to return the cost of our investment in the equipment and provide a rate of return despite the expected decline in the value of the equipment over the term of the investment. However, the actual residual value of the equipment at maturity and whether that value meets our expectations will depend to a significant extent upon the following factors, many of which are beyond our control:

- our ability to acquire or enter into agreements that preserve or enhance the relative value of the equipment;
- our ability to maximize the value of the equipment at maturity of our investment;
- market conditions prevailing at maturity;
- the cost of new equipment at the time we are remarketing used equipment;
- the extent to which technological or regulatory developments reduce the market for such used equipment;
- the strength of the economy; and
- the condition of the equipment at maturity.

We cannot assure you that our assumptions with respect to value will be accurate or that the equipment will not lose value more rapidly than we anticipate.

If equipment is not properly maintained, its residual value may be less than expected.

If a lessee or other counterparty fails to maintain equipment in accordance with the terms of our financing agreements, we may have to make unanticipated expenditures to repair the equipment in order to protect our investment. In addition, some of the equipment we invested in was used equipment. While we planned to inspect most used equipment prior to making an investment, there is no assurance that an inspection of used equipment prior to purchasing it would have revealed any or all defects and problems with the equipment that may occur after it was acquired by us.

We typically obtain representations from the sellers and lessees of used equipment that:

- the equipment has been maintained in compliance with the terms of applicable agreements;
- neither the seller nor the lessee is in violation of any material terms of such agreements; and
- the equipment is in good operating condition and repair and that, with respect to leases, the lessee has no defenses to the payment of rent for the equipment as a result of the condition of such equipment.

We would have rights against the seller of equipment for any losses arising from a breach of representations made to us and against the lessee for a default under the lease. However, we cannot assure you that these rights would make us whole with respect to our entire investment in the equipment or our expected returns on the equipment, including legal costs, costs of repair and lost revenue from the delay in being able to sell or re-lease the equipment due to undetected problems or issues. These costs and lost revenue could negatively affect our liquidity and cash flows, and could negatively affect our profitability if we are unable to recoup such costs from the seller, the lessee or other third parties.

If a lessee, borrower or other counterparty defaults on its obligations to us, we could incur losses.

We entered into transactions with parties that have senior debt rated below investment grade or no credit rating. We did not require such parties to have a minimum credit rating. Lessees, borrowers, and other counterparties with lower or no credit ratings may default on payments to us more frequently than lessees, borrowers or other counterparties with higher credit ratings. For example, if a lessee does not make lease payments to us or to a lender on our behalf or a borrower does not make loan payments to us when due, or such parties otherwise violate the terms of their contract in another way, we may be forced to terminate our agreements with such parties and attempt to recover the equipment. We may do this at a time when we may not be able to arrange for a new lease or to sell our investment right away, if at all. We would then lose the expected revenues and might not be able to recover the entire amount or any of our original investment. The costs of recovering equipment upon a lessee's, borrower's or other counterparty's default, enforcing the obligations under the contract, and transporting, storing, repairing, and finding a new lessee or purchaser for the equipment may be high and may negatively affect the value of our investment in the equipment. These costs could also negatively affect our liquidity and cash flows, and could negatively affect our profitability.

If a lessee, borrower or other counterparty files for bankruptcy, we may have difficulty enforcing the terms of the contract and may incur losses.

If a lessee, borrower or other counterparty files for protection under applicable bankruptcy laws, the remaining term of the lease, loan or other financing contract could be shortened or the contract could be rejected by the bankruptcy court, which could result in, among other things, any unpaid pre-bankruptcy lease, loan or other contractual payments being cancelled as part of the bankruptcy proceeding. We may also experience difficulties and delays in recovering equipment from a bankrupt lessee or borrower that is involved in a bankruptcy proceeding or has been declared bankrupt by a bankruptcy court. If a contract is rejected in a bankruptcy, we would bear the cost of retrieving and storing the equipment and then have to remarket such equipment. In addition, the bankruptcy court would treat us as an unsecured creditor for any amounts due under the lease, loan or other contract. These costs and lost revenues could also negatively affect our liquidity and cash flows and could negatively affect our profitability.

Investing in equipment in foreign countries may be riskier than domestic investments and may result in losses.

We made investments in equipment outside of the United States. We may have difficulty enforcing our rights under foreign transaction documents. In addition, we may have difficulty repossessing equipment if a foreign party defaults and enforcement of our rights outside the United States could be more expensive. Moreover, foreign jurisdictions may confiscate our equipment. Use of equipment in a foreign country will be subject to that country's tax laws, which may impose unanticipated taxes. While we seek to require lessees, borrowers, and other counterparties to reimburse us for all taxes imposed on the use of the equipment and require them to maintain insurance covering the risks of confiscation of the equipment, we cannot assure you that we will be successful in doing so or that insurance reimbursements will be adequate to allow for recovery of and a return on foreign investments.

In addition, we invested in equipment that may travel to or between locations outside of the United States. Regulations in foreign countries may adversely affect our interest in equipment in those countries. Foreign courts may not recognize judgments obtained in U.S. courts and different accounting or financial reporting practices may make it difficult to judge the financial viability of a lessee, borrower or other counterparty, heightening the risk of default and the loss of our investment in such equipment, which could have a material adverse effect on our results of operations and financial condition.

In addition to business uncertainties, our investments may be affected by political, social, and economic uncertainty affecting a country or region. Many financial markets are not as developed or as efficient as those in the U.S. and, as a result, liquidity may be reduced and price volatility may be higher. The legal and regulatory environment may also be different, particularly with respect to bankruptcy and reorganization. Financial accounting standards and practices may also differ and there may be less publicly available information with respect to such companies. While our Manager considers these factors when making investment decisions, no assurance can be given that we will be able to fully avoid these risks or generate sufficient risk-adjusted returns.

We could incur losses as a result of foreign currency fluctuations.

We invested in equipment where payments to us are not made in U.S. dollars. In these cases, we may have entered into a contract to protect these payments from fluctuations in the currency exchange rate. These contracts, known as hedge contracts, would allow us to receive a fixed number of U.S. dollars for any fixed, periodic payments due under the transactional documents even if the exchange rate between the U.S. dollar and the currency of the transaction changes over time. If the payments to us were disrupted due to default by the lessee, borrower or other counterparty, we would try to continue to meet our obligations under the hedge contract by acquiring the foreign currency equivalent of the missed payments, which may be available at unfavorable exchange rates. If a transaction is denominated in a major foreign currency such as the pound sterling, which historically has had a stable relationship with the U.S. dollar, we may have considered hedging to be unnecessary to protect the value of the payments to us, but our assumptions concerning currency stability may turn out to be incorrect. Our investment returns could be reduced in the event of unfavorable currency fluctuation when payments to us are not made in U.S. dollars.

Furthermore, when we acquired an interest in foreign equipment, we may not have been able to hedge our foreign currency exposure with respect to the value of such equipment because the terms and conditions of such hedge contracts might not have been in our best interests. Even with transactions requiring payments in U.S. dollars, the equipment may be sold at maturity for an amount that cannot be pre-determined to a buyer paying in a foreign currency. This could positively or negatively affect our income from such a transaction when the proceeds are converted into U.S. dollars.

Sellers of leased equipment could use their knowledge of the lease terms for gain at our expense.

We may have acquired equipment subject to lease from leasing companies that have an ongoing relationship with the lessees. A seller could use its knowledge of the terms of the lease, particularly the end of lease options and date the lease ends, to compete with us. In particular, a seller may approach a lessee with an offer to substitute similar equipment at lease end for lower rental amounts. This may adversely affect our opportunity to maximize the residual value of the equipment and potentially negatively affect our profitability.

Investment in joint ventures may subject us to risks relating to our co-investors that could adversely impact the financial results of such joint ventures.

We have invested in joint ventures with other businesses our Manager and its affiliates manage, as well as with unrelated third parties. Investing in joint ventures involves additional risks not present when making investments in equipment that are wholly owned by us. These risks include the possibility that our co-investors might become bankrupt or otherwise fail to meet financial commitments, thereby obligating us to pay all of the debt associated with the joint venture, as each party to a joint venture may be required to guarantee all of the joint venture's obligations. Alternatively, the co-investors may have economic or business interests or goals that are inconsistent with our investment objectives and want to manage the joint venture in ways that do not maximize our return. Among other things, actions by a co-investor might subject investments that are owned by the joint venture to liabilities greater than those contemplated by the joint venture agreement. Also, when none of the co-investors control a joint venture, there might be a stalemate on decisions, including when to sell the equipment or the prices or terms of a loan or lease. Finally, while we typically have the right to buy out the other co-investor's interest in the equipment in the event of a sale, we may not have the resources available to do so. These risks could negatively affect our profitability and could result in legal and other costs, which would negatively affect our liquidity and cash flows.

We may not be able to obtain insurance for certain risks and would have to bear the cost of losses from non-insurable risks.

Equipment may be damaged or lost. Fire, weather, accidents, theft or other events can cause damage or loss of equipment. While our transaction documents generally require lessees and borrowers to have comprehensive insurance and assume the risk of loss, some losses, such as from acts of war, terrorism or earthquakes, may be either uninsurable or not economically feasible to insure. Furthermore, not all possible liability claims or contingencies affecting equipment can be anticipated or insured against, and, if insured, the insurance proceeds may not be sufficient to cover a loss. If such a disaster occurs to the equipment, we could suffer a total loss of any investment in the affected equipment. By investing in some types of equipment, we may have been exposed to environmental tort liability. Although we use our best efforts to minimize the possibility and exposure of such liability including by means of attempting to obtain insurance, we cannot assure you that our assets will be protected against any such claims. These risks could negatively affect our profitability and could result in legal and other costs, which would negatively affect our liquidity and cash flows.

We could suffer losses from failure to maintain our equipment registration and from unexpected regulatory compliance costs.

Many types of transportation assets are subject to registration requirements by U.S. governmental agencies, as well as foreign governments if such equipment is to be used outside of the United States. Failing to register the equipment, or losing such registration, could result in substantial penalties, forced liquidation of the equipment and/or the inability to operate and lease the equipment. Governmental agencies may also require changes or improvements to equipment and we may have to spend our own funds to comply if the lessee, borrower or other counterparty is not required to do so under the transaction documents. These changes could force the equipment to be removed from service for a period of time. The terms of the transaction documents may provide for payment reductions if the equipment must remain out of service for an extended period of time or is removed from service. We may then have reduced income from our investment for this equipment. If we do not have the funds to make a required change, we might be required to sell the affected equipment. If so, we could suffer a loss on our investment, lose future revenues and experience adverse tax consequences.

If any of our investments become subject to usury laws, we could have reduced revenues or possibly a loss on such investments.

In addition to credit risks, we may be subject to other risks in equipment financing transactions in which we are deemed to be a lender. For example, equipment leases have sometimes been held by U.S. courts to be loan transactions subject to state usury laws, which limit the interest rate that can be charged. Uncertainties in the application of some laws may result in inadvertent violations that could result in reduced investment returns or, possibly, losses on our investments in the affected transactions. Although part of our business strategy is to enter into or acquire leases that are structured so that they avoid being deemed loans and would therefore not be subject to usury laws, we cannot assure you that we will be successful in doing so. In addition, as part of our business strategy, we also made secured loans, which are also subject to usury laws and, while we attempted to structure these to avoid being deemed in violation of usury laws, we cannot assure you that we were successful in doing so. Loans at usurious interest rates are subject to a reduction in the amount of interest due under such loans and, if an equipment lease or secured loan is held to be a loan with a usurious rate of interest, the amount of the lease or loan payment could be reduced, which would adversely affect our revenue.

State laws determine what rates of interest are deemed usurious, when the applicable rate of interest is determined, and how it is calculated. In addition, some U.S. courts have also held that certain lease and loan features, such as equity interests, constitute additional interest. Although we generally seek assurances and/or opinions to the effect that our transactions do not violate applicable usury laws, a finding that our transactions violate usury laws could result in the interest obligation to us being declared void and we could be liable for damages and penalties under applicable law. We cannot assure you as to what standard a court would apply in making these determinations or that a court would agree with our conclusions in this regard. We also cannot make any assurances as to the standards that courts in foreign jurisdictions may use or that courts in foreign jurisdictions will take a position similar to that taken by courts in the United States.

We competed with a variety of financing sources for our investments, which may affect our ability to achieve our investment objectives.

The commercial leasing and financing industry is highly competitive and is characterized by competitive factors that vary based upon product and geographic region. Our competitors are varied and include other equipment leasing and finance funds, hedge funds, private equity funds, captive and independent finance companies, commercial and industrial banks, manufacturers and vendors. Competition from both traditional competitors and new market entrants remains intense due to the recognition of the potential to achieve attractive returns by participating in the commercial leasing and finance industry. When we made our investments, we competed primarily on the basis of pricing, terms and structure. To the extent that our ability to make favorable investments was adversely affected by any combination of those factors, we could fail to achieve our investment objectives.

Some of our competitors are substantially larger and have considerably greater financial, technical and marketing resources than either we or our Manager and its affiliates have. In addition, our competitors may have been and/or may be in a position to offer equipment to prospective customers on other terms that were or are more favorable than those that we could offer or that we will be able to offer as we liquidate our portfolio, which may have affected our ability to make investments and may affect our ability to liquidate our portfolio, in each case, in a manner that would enable us to achieve our investment objectives.

General Tax Risks

If the IRS classifies us as a corporation rather than a partnership, your distributions would be reduced under current tax law.

We did not and will not apply for an IRS ruling that we will be classified as a partnership for federal income tax purposes. Although counsel rendered an opinion to us at the time of our offering that we will be taxed as a partnership and not as a corporation, that opinion is not binding on the IRS and the IRS has not ruled on any federal income tax issue relating to us. If the IRS successfully contends that we should be treated as a corporation for federal income tax purposes rather than as a partnership, then:

- our realized losses would not be passed through to you;
- our income would be taxed at tax rates applicable to corporations, thereby reducing our cash available to distribute to you; and
- your distributions would be taxed as dividend income to the extent of current and accumulated earnings and profits.

In addition, we could be taxed as a corporation if we are treated as a publicly traded partnership by the IRS. To minimize this possibility, our LLC Agreement places significant restrictions on your ability to transfer our Shares.

We could lose cost recovery or depreciation deductions if the IRS treats our leases as sales or financings.

We expect that, for federal income tax purposes, we will be treated as the owner and lessor of the equipment that we lease. However, the IRS may challenge the leases and instead assert that they are sales or financings. If the IRS determines that we are not the owner of our leased equipment, we would not be entitled to cost recovery, depreciation or amortization deductions, and our leasing income might be deemed to be portfolio income instead of passive activity income. The denial of such cost recovery or amortization deductions could cause your tax liabilities to increase.

Our investments in secured loans will not give rise to depreciation or cost recovery deductions and may not be offset against our passive activity losses.

We expect that, for federal income tax purposes, we will not be treated as the owner and lessor of the equipment that we invested in through our lending activities. Based on our expected level of activity with respect to these types of financings, we expect that the IRS will treat us as being in the trade or business of lending. Generally, trade or business income can be considered passive activity income. However, because we expect that the source of funds we lent to others was the capital contributed by our members and the funds generated from our operations (rather than money we borrow from others), you may not be able to offset your share of our passive activity losses from our leasing activities with your share of our interest income from our lending activities. Instead, your share of our interest income from our lending activities would be taxed as portfolio income.

You may incur tax liability in excess of the distributions you receive in a particular year.

In any particular year, your tax liability from owning our Shares may exceed the distributions you receive from us. While we expect that your net taxable income from owning our Shares for most years will be less than your distributions in those years, to the extent any of our debt is repaid with income or proceeds from equipment sales, taxable income could exceed the amount of distributions you receive in those years. Additionally, a sale of our investments may result in taxes in a given year that are greater than the amount of cash from the sale, resulting in a tax liability in excess of distributions. Further, due to the operation of the various loss disallowance rules, in a given tax year you may have taxable income when, on a net basis, we have a loss, or you may recognize a greater amount of taxable income than your share of our net income because, due to a loss disallowance, income from some of our activities cannot be offset by losses from some of our other activities.

You may be subject to greater income tax obligations than originally anticipated due to special depreciation rules.

We may have acquired equipment subject to lease that the Code requires us to depreciate over a longer period than the standard depreciation period. Similarly, some of the equipment that we purchased may not have been eligible for accelerated depreciation under the Modified Accelerated Cost Recovery System, which was established by the Tax Reform Act of 1986 to set forth the guidelines for accelerated depreciation under the Code. Further, if we acquired equipment that the Code deems to be tax-exempt use property and the leases did not satisfy certain requirements, losses attributable to such equipment are suspended and may be deducted only against income we receive from such equipment or when we dispose of such equipment. Depending on the equipment that we acquired and its eligibility for accelerated depreciation under the Code, we may have fewer depreciation deductions to offset gross lease revenue, thereby increasing our taxable income.

There are limitations on your ability to deduct our losses.

Your ability to deduct your share of our losses is limited to the amounts that you have at risk from owning our Shares. This is generally the amount of your investment, plus any profit allocations and minus any loss allocation and distributions. This determination is further limited by a tax rule that applies the at-risk rules on an activity-by-activity basis, further limiting losses from a specific activity to the amount at risk in that activity. Based on the tax rules, we expect that we will have multiple activities for purposes of the at-risk rules. Specifically, our lending activities must be analyzed separately from our leasing activities, and our leasing activities must be further divided into separate year-by-year groups according to the tax year the equipment is placed in service. As such, you cannot aggregate income and loss from our separate activities for purposes of determining your ability to deduct your share of our losses under the at-risk rules.

Additionally, your ability to deduct losses attributable to passive activities is restricted. Some of our operations will constitute passive activities and you can only use our losses from such activities to offset passive activity income in calculating tax liability. Furthermore, passive activity losses may not be used to offset portfolio income. As stated above, we expect our lending activities to generate portfolio income from the interest we receive, even though we expect the income to be attributable to a lending trade or business. However, we expect any gains or losses we recognize from those lending activities to be associated with a trade or business and generally allowable as either passive activity income or loss, as applicable.

The IRS may allocate more taxable income or less loss to you than our LLC Agreement provides.

The IRS might successfully challenge our allocations of taxable income or losses. If so, the IRS would require reallocation of our taxable income and loss, resulting in an allocation of more taxable income or less loss to you than our LLC Agreement allocates.

If you are or invest through a tax-exempt entity or organization, you will have unrelated business taxable income from this investment.

Tax-exempt entities and organizations are subject to income tax on unrelated business taxable income ("UBTI"). Such entities and organizations are required to file federal income tax returns if they have UBTI from all sources in excess of $1,000 per year. Our leasing income will constitute UBTI. Furthermore, tax-exempt organizations in the form of charitable remainder trusts will be subject to an excise tax equal to 100% of their UBTI.

To the extent that we borrowed money in order to finance our lending activities, a portion of our income from such activities will be treated as attributable to debt-financed property and, to the extent so attributable, will constitute UBTI. The debt-financed UBTI rules are broad and there is much uncertainty in determining when, and the extent to which, property should be considered debt-financed. Thus, the IRS might assert that a portion of the assets we acquired as part of our lending activities is debt-financed property generating UBTI, especially with regard to any indebtedness we incurred to fund working capital at a time when we held loans we have acquired or made to others. If the IRS were to successfully assert that debt we believed should have been attributed to our leasing activities should instead be attributed to our lending activities, the amount of our income that constitutes UBTI would be increased.

This investment may cause you to pay additional taxes.

You may be required to pay alternative minimum tax in connection with owning our Shares since you will be allocated a proportionate share of our tax preference items. Our Manager's operation of our business affairs may lead to other adjustments that could also increase your alternative minimum tax. In addition, the IRS could take the position that all or a portion of our lending activities are not a trade or business, but rather an investment activity. If all or a portion of our lending activities are not considered to be a trade or business, then a portion of our management fees could be considered investment expenses rather than trade or business expenses. To the extent that a portion of our fees are considered investment expenses, that portion of such fees would not be deductible for alternative minimum tax purposes and would be subject to a limitation for regular tax purposes. Alternative minimum tax is treated in the same manner as the regular income tax for purposes of making estimated tax payments.

You may incur state and foreign tax liabilities and have an obligation to file state or foreign tax returns.

You may be required to file tax returns and pay foreign, state or local taxes, such as income, franchise or personal property taxes, as a result of an investment in our Shares, depending upon the laws of the jurisdictions in which the equipment that we own is located.

Any adjustment to our tax return as a result of an audit by the IRS may result in adjustment to your tax return.

If we adjust our tax return as a result of an IRS audit, such adjustment may result in an examination of other items in your returns unrelated to us, or an examination of your tax returns for prior years. You could incur substantial legal and accounting costs in contesting any challenge by the IRS, regardless of the outcome. Further, because you will be treated for federal income tax purposes as a partner in a partnership by investing in our Shares, an audit of our tax return could potentially lead to an audit of your individual tax return. Finally, under certain circumstances, the IRS may automatically adjust your personal return without the opportunity for a hearing if it adjusts our tax return.

Some of the distributions paid with respect to our Shares will be a return of capital, in whole or in part, which will complicate your tax reporting and could cause unexpected tax consequences at liquidation.

As we depreciate our investments in leased equipment over the term of our existence and/or borrowers repay the loans we made to them, it is very likely that a portion of each distribution paid by us will be considered a return of capital, rather than income. Therefore, the dollar amount of each distribution should not be considered as necessarily being all income to you. As your capital in our Shares is reduced for tax purposes over the life of your investment, you will not receive a lump sum distribution upon liquidation that equals the purchase price you paid for our Shares, such as you might expect if you had purchased a bond. Also, payments made upon our liquidation will be taxable to the extent that such payments are not a return of capital.

As you receive distributions throughout the life of your investment, you will not know at the time of the distribution what portion of the distribution represents a return of capital and what portion represents income. The Schedule K-1 statement you have received and will continue to receive from us each year will specify the amounts of capital and income you received throughout the prior year.

Item 1B. Unresolved Staff Comments

Not applicable.

Item 2. Properties

We neither own nor lease office space or any other real property in our business at the present time.

Item 3. Legal Proceedings

In the ordinary course of conducting our business, we may be subject to certain claims, suits, and complaints filed against us. See "Item 7. Manager's Discussion and Analysis of Financial Condition and Results of Operations - Commitments and Contingencies and Off-Balance Sheet Transactions" located elsewhere in this Annual Report on Form 10-K for a complete discussion of the Equipment Acquisition Resources, Inc. ("EAR") matter. Notwithstanding our Manager's belief that the EAR trustee's claims against us are unsupported by the facts, an adverse ruling or settlement may have a material impact on our consolidated financial position or results of operations. We are not aware of any other material legal proceedings that are currently pending against us or against any of our assets.

Item 4. Mine Safety Disclosures

Not applicable.

PART II

Item 5. Market for Registrant's Securities, Related Security Holder Matters and Issuer Purchases of Equity Securities

Overview

Title of Class	Number of Members as of March 28, 2016
Manager (as a member)	1
Additional members	8,602

We, at our Manager's discretion, paid monthly distributions to each of our additional members beginning the first month after each such member was admitted through the end of our operating period, which was on April 30, 2014. During our liquidation period, we have paid and will continue to pay distributions in accordance with the terms of our LLC Agreement. We expect that distributions paid during the liquidation period will vary, depending on the timing of the sale of our assets and/or the maturity of our investments, and our receipt of rental, finance and other income from our investments. We paid distributions to additional members totaling $37,944,866, $25,257,603 and $25,953,936 for the years ended December 31, 2015, 2014 and 2013, respectively. Additionally, we paid our Manager distributions of $383,282, $255,127 and $262,158 for the years ended December 31, 2015, 2014 and 2013, respectively.

Our Shares are not publicly traded and there is no established public trading market for our Shares. Given that it is unlikely that any such market will develop, our Shares are generally considered illiquid. Even if an additional member is able to sell our Shares, the price received may be less than our estimated value ("Value") per Share indicated below.

Our estimated Value per Share as of December 31, 2015 (the "Valuation Date") has been determined to be $285.90 per Share. The estimated Value per Share is based upon the estimated fair market value of our assets less the estimated fair market value of our liabilities as of the Valuation Date, divided by the total number of our Shares outstanding as of the Valuation Date. To the extent an investment is owned by a joint venture, we only include our share of assets and liabilities based on our ownership percentage in such joint venture. [*] The information used to generate the estimated Value per Share, including, but not limited to, market information, investment and asset-level data and other information provided by third parties, was the most recent information practically available as of the Valuation Date. This estimated Value per Share is provided to assist (i) plan fiduciaries in fulfilling their annual valuation obligations as required by ERISA, and (ii) broker-dealers that participated in our offering of Shares in meeting their customer account statement reporting obligations as required by the Financial Industry Regulatory Authority, Inc. ("FINRA").

The estimated Value per Share was calculated by our Manager primarily based on the fair market values provided by Hilco Enterprise Valuation Services, LLC ("Hilco"), a third-party independent valuation and consulting firm engaged by our Manager to provide material assistance related to the valuation of certain of our assets and liabilities, as further described below. The engagement of Hilco was approved by our Manager. Hilco is one of the world's largest and most diversified business asset appraisers and valuation advisors, providing valuation opinions across virtually every business asset category.

Process and Methodology

Our Manager established the estimated Value per Share as of the Valuation Date primarily based on the fair market values of our assets and liabilities provided by Hilco. In arriving at its fair market value, Hilco utilized valuation methodologies that both our Manager and Hilco believe are standard and acceptable in the equipment financing industry for the types of assets and liabilities held by us. The valuation was performed in accordance with standard industry practice and the provisions of NASD Rule 2340 and FINRA Rule 2310. The valuation was also performed in accordance with the provisions of the guidelines established by the Uniform Standards of Professional Appraisal Practice. The fair market value provided by Hilco is in accordance with Accounting Standards Codification 820. For investments that were subsequently sold or settled after the Valuation Date but before the filing of this report, fair market values may be estimated to approximate the sale proceeds or the settlement amounts.

[*] An investment or a long-term debt obligation described in this Item 5 may not be consolidated and presented on our consolidated balance sheet as of December 31, 2015, but rather included as part of investment in joint ventures on our consolidated balance sheet as of December 31, 2015.

A summary of the methodology used by Hilco, as well as the assumptions and limitations of their work for us and of our determination of estimated Value, are presented below.

Discounted Cash Flow

The discounted cash flow ("DCF") method was used to estimate Value using the concept of the time value of money. All projected future cash flows accruing to an asset or liability were estimated and discounted to give their present values. The sum of all projected future cash flows, both incoming and outgoing, comprises the net present value, which was recognized as the value or price of the cash flows.

Valuation of Notes Receivable

The estimated fair market value of our notes receivable at the Valuation Date was derived by applying the DCF method to the projected cash flows accruing to each asset using a discount rate reflecting the risks associated with each such asset and the time value of money. The discounted projected cash flows included all unpaid principal, interest, and fee payments for the scheduled term period of the asset. An analysis of the borrower was conducted to determine viability of payment and total debt coverage, as well as to ascertain the borrower's risk level, with such considerations reflected in the implied discount rate used in discounting the cash flows.

The discount rates used ranged from 10.2% to 25.0%.

Valuation of Operating Leases

The estimated fair market value of our operating leases at the Valuation Date was derived by applying the DCF method to projected cash flows that included all lease payments, fees and residual value assumptions for purchase at the end of the lease term. For leases that do not carry a debt component, the projected cash flows were discounted at the Valuation Date using discount rates reflecting the risks associated with each asset and the time value of money. For leases that carry a debt component, the projected cash flows were discounted at the Valuation Date both: (i) in their entirety independently from any debt payment, and (ii) as the true economic cash flow derived from subtracting out all interest and principal payments related to the debt from the total lease payment, to truly highlight cash flow available to us. This latter value was then added to the fair market value of the debt as of the Valuation Date to determine the fair market value of the asset. For two of our vessels currently under short-term charter, the estimated fair market values were based on another independent third-party's valuation using a sales approach.

The discount rates used ranged from 5.0% to 22.5%.

Valuation of Finance Leases

The estimated fair market value of our finance leases at the Valuation Date was derived by applying the DCF method to projected cash flows that included all lease payments, fees and residual value assumptions for purchase at the end of the lease term. For leases that do not carry a debt component, the projected cash flows were discounted at the Valuation Date using discount rates reflecting the risks associated with each asset and the time value of money. For leases that carry a debt component, the projected cash flows were discounted at the Valuation Date both: (i) in their entirety independently from any debt payment, and (ii) as the true economic cash flow derived from subtracting out all interest and principal payments related to the debt from the total lease payment, to truly highlight cash flow available to us. This latter value was then added to the fair market value of the debt as of the Valuation Date to determine the fair market value of the asset. For one of our finance leases, which was settled after the Valuation Date, the estimated fair market value was estimated to approximate the settlement amount.

The discount rates used ranged from 8.5% to 25.0%.

Valuation of Long-term Obligations

The estimated fair market value at the Valuation Date of our long-term obligations associated with both our operating and finance leases as described above was derived by applying the DCF method to the projected cash flows accruing to each obligation, using discount rates reflecting the risks associated with each such obligation and the time value of money. The discounted projected cash flows included all unpaid principal, interest, and fee payments for the scheduled term period of the obligation. An analysis of the borrower was conducted to determine viability of payment, total debt coverage as well as to ascertain the borrower's risk level, with such considerations reflected in the implied discount rate used in discounting the cash flows.

The discount rates used ranged from 6.0% to 14.5%.

Cash, Other Assets and Other Liabilities

Cash, other assets and other liabilities (collectively, "Other Net Assets") include our share of items of tangible or monetary value as of the Valuation Date. The fair market values of Other Net Assets as of the Valuation Date were estimated to approximate their carrying values because of their nature or short-term maturities. Excluded from Other Net Assets are our shares of deferred financing costs and deferred revenue, which our Manager estimated as having a minimal fair value as of the Valuation Date.

Assumptions and Limitations

As with any valuation methodology, the methodologies used to determine our estimated Value per Share are based upon a number of estimates and assumptions that may prove later to be inaccurate or incomplete. Further, different market participants using different assumptions and estimates could derive different estimated values. Our estimated Value per Share may also not represent the price that our Shares would trade at on a national securities exchange, the amount realized in a sale, merger or liquidation, or the amount an additional member would realize in a private sale of our Shares.

The estimated Value per Share calculated by our Manager is based on economic, market and other conditions and the information available to us and Hilco as of the Valuation Date. The estimated Value per Share is expected to fluctuate over time in response to future events, including, but not limited to, changes in market interest rates, changes in economic, market and regulatory conditions, the prospects of the asset sectors in general or in particular, or the special purpose vehicles in which the assets may be held, rental and growth rates, returns on competing investments, changes in administrative expenses and other costs, the amount of distributions paid on our Shares and the factors specified in "Item 1A. Risk Factors" included elsewhere in this Annual Report on Form 10-K. The estimated Value per Share may also change as a result of changes in the circumstances of the risks associated with each investment.

There is no assurance that the methodologies used to calculate the estimated Value per Share would be acceptable to FINRA or in compliance with guidelines promulgated under ERISA with respect to their respective reporting requirements.

Our Manager is ultimately and solely responsible for the establishment of our estimated Value per Share. In arriving at its determination of the estimated Value per Share, our Manager considered all information provided in light of its own familiarity with our assets and liabilities and the estimated fair market values recommended by Hilco.

We currently expect that our next estimated Value per Share will be based upon our assets and liabilities as of December 31, 2016 and such value will be included in our Annual Report on Form 10-K for the year ending December 31, 2016. We intend to publish an updated estimated Value per Share annually in our subsequent Annual Reports on Form 10-K.

Item 6. Selected Financial Data

The selected financial data should be read in conjunction with "Item 7. Manager's Discussion and Analysis of Financial Condition and Results of Operations" and "Item 8. Consolidated Financial Statements and Supplementary Data" contained elsewhere in this Annual Report on Form 10-K.

	Years Ended December 31,				
	2015	2014	2013	2012	2011
Total revenue and other income	$ 21,125,866	$ 91,260,207	$ 55,789,444	$ 67,532,393	$ 75,781,907
Net (loss) income attributable to Fund Twelve	$ (21,713,695)	$ 59,880,331	$ (9,377,469)	$ (28,009,680)	$ 2,953,773
Net (loss) income attributable to Fund Twelve allocable to additional members	$ (21,496,558)	$ 59,281,528	$ (9,283,695)	$ (27,729,583)	$ 2,924,235
Net (loss) income attributable to Fund Twelve allocable to Manager	$ (217,137)	$ 598,803	$ (93,774)	$ (280,097)	$ 29,538
Weighted average number of additional shares of limited liability company interests outstanding	348,335	348,335	348,361	348,544	348,650
Net (loss) income attributable to Fund Twelve per weighted average additional share of limited liability company interests outstanding	$ (61.71)	$ 170.19	$ (26.65)	$ (79.56)	$ 8.39
Distributions to additional members	$ 37,944,866	$ 25,257,603	$ 25,953,936	$ 33,634,797	$ 33,644,883
Distributions per weighted average additional share of limited liability company interests outstanding	$ 108.93	$ 72.51	$ 74.50	$ 96.50	$ 96.50
Distributions to Manager	$ 383,282	$ 255,127	$ 262,158	$ 339,749	$ 339,752

	Years Ended December 31,				
	2015	2014	2013	2012	2011
Total assets	$ 188,791,934	$ 267,429,193	$ 244,226,508	$ 365,787,022	$ 482,661,127
Non-recourse long-term debt and seller's credit	$ 60,797,253	$ 71,491,784	$ 102,922,419	$ 180,276,813	$ 224,502,156
Members' equity	$ 101,452,996	$ 161,494,839	$ 126,497,651	$ 158,539,531	$ 218,571,273

Item 7. Manager's Discussion and Analysis of Financial Condition and Results of Operations

Our Manager's Discussion and Analysis of Financial Condition and Results of Operations relates to our consolidated financial statements and should be read in conjunction with our consolidated financial statements and notes thereto appearing elsewhere in this Annual Report on Form 10-K. Statements made in this section may be considered forward-looking. These statements are not guarantees of future performance and are based on current expectations and assumptions that are subject to risks and uncertainties. Actual results could differ materially because of these risks and assumptions, including, among other things, factors discussed in "Part I. Forward-Looking Statements" and "Item 1A. Risk Factors" located elsewhere in this Annual Report on Form 10-K.

Overview

We operated as an equipment leasing and finance program in which the capital our members invested was pooled together to make investments, pay fees and establish a small reserve. We primarily acquired equipment subject to lease, purchased equipment and leased it to third-party end users or financed equipment for third parties and, to a lesser degree, acquired ownership rights to items of leased equipment at lease expiration. Some of our equipment leases were acquired for cash and were expected to provide current cash flow, which we refer to as "income" leases. For our other equipment leases, we financed the majority of the purchase price through borrowings from third parties. We refer to these leases as "growth" leases. These growth leases generated little or no current cash flow because substantially all of the rental payments we received from the lessee were used to service the indebtedness associated with acquiring or financing the lease. For these leases, we anticipated that the future value of the leased equipment would exceed our cash portion of the purchase price.

Our Manager manages and controls our business affairs, including, but not limited to, our equipment leases and other financing transactions, under the terms of our LLC Agreement.

Our offering period ended on April 30, 2009 and our operating period commenced on May 1, 2009. During our offering period, we raised total equity of $347,686,947. Our operating period ended on April 30, 2014 and our liquidation period commenced on May 1, 2014. During our liquidation period, we have sold and will continue to sell our assets and/or let our investments mature in the ordinary course of business. If our Manager believes it would benefit our members to reinvest the proceeds received from investments in additional investments during the liquidation period, our Manager may do so. Our Manager is not paid acquisition fees or management fees for additional investments initiated during the liquidation period, although management fees continue to be paid for investments that were part of our portfolio prior to the commencement of the liquidation period.

Current Business Environment

Recent trends indicate that domestic and global equipment financing volume is correlated to overall business investments in equipment, which are typically impacted by general economic conditions. As the economy slows or builds momentum, the demand for productive equipment generally slows or builds and equipment financing volume generally decreases or increases, depending on a number of factors. These factors include the availability of liquidity to provide equipment financing and/or provide it on terms satisfactory to borrowers, lessees, and other counterparties, as well as the desire to upgrade equipment and/or expand operations during times of growth, but also in times of recession in order to, among other things, seize the opportunity to obtain competitive advantage over distressed competitors and/or increase business as the economy recovers.

Our Manager believes the U.S. economy's recovery is likely to slow down in 2016, primarily due to a weakness in foreign growth and the strong dollar causing net exports to deteriorate and a reduction of domestic demand. The price decline of energy and other commodities has had a negative impact on the operating results of not only energy and mining companies but also other manufacturing companies with exposure to such end markets. As a result of these and other factors, we have recorded credit losses and/or impairment charges on certain of our investments (see "Significant Transactions" below). Our Manager believes that these factors may continue to have an impact on the performance of some of our portfolio companies and related assets.

Significant Transactions

We engaged in the following significant transactions during the years ended December 31, 2015, 2014 and 2013:

Telecommunications Equipment

From July 15, 2010 through March 31, 2011, we purchased telecommunications equipment for $5,025,434 and simultaneously leased the equipment to Broadview Networks Holdings, Inc. and Broadview Networks Inc. (collectively, "Broadview"). The base term of the four leases was for a period of 36 months, which commenced between August 1, 2010 and April 1, 2011. On August 22, 2012, Broadview commenced a voluntary Chapter 11 proceeding in the Bankruptcy Court in the Southern District of New York. On November 14, 2012, Broadview completed a prepackaged restructuring, emerged from bankruptcy and affirmed all of our leases. During 2013, upon the expiration of three leases, Broadview purchased telecommunications equipment subject to the leases from us for an aggregate purchase price of $460,725. On March 31, 2014, upon the expiration of the fourth lease, Broadview purchased telecommunications equipment subject to the lease from us for $293,090. No gain or loss was recorded as a result of these sales.

Coal Drag Line

On July 9, 2012, Patriot Coal Corporation ("Patriot Coal") and substantially all of its subsidiaries, including Magnum Coal Company, LLC ("Magnum"), commenced a voluntary Chapter 11 proceeding in the Bankruptcy Court in the Southern District of New York. On March 11, 2013, we amended our lease with Magnum to expire on August 1, 2015. The terms of the amendment resulted in the reclassification of the lease from an operating lease to a finance lease. On May 12, 2015, Patriot Coal commenced a voluntary Chapter 11 proceeding in the Bankruptcy Court for the Eastern District of Virginia. On July 24, 2015, Patriot Coal notified us that it was terminating the lease prior to its expiration date and that it would not be making the balloon payment of $4,866,000 due at the end of the lease term. After extensive negotiations, we agreed with Patriot Coal to extend the term of the lease by one month with an additional lease payment of $150,000 and to reduce the balloon payment to $700,000, subject to the bankruptcy court's approval. As a result, the finance lease was placed on non-accrual status and a credit loss of $4,151,594 was recorded during the three months ended June 30, 2015. After obtaining the bankruptcy court's approval, our bankruptcy claim against Patriot Coal was strengthened from an unsecured to an administrative claim. In August 2015, title to the leased equipment was transferred to Patriot Coal upon our receipt of the additional lease payment and the reduced balloon payment. For the years ended December 31, 2015, 2014 and 2013, we recognized finance income of $159,694 (of which $150,000 was recognized on a cash basis), $46,057 and $53,332, respectively. No gain or loss was recognized as a result of the sale of leased equipment.

Marine Vessels and Equipment

During 2009, we purchased three barges, the Leighton Mynx, the Leighton Stealth and the Leighton Eclipse, and a pipelay barge, the Leighton Faulkner (collectively, the "Leighton Vessels"), and simultaneously leased the Leighton Vessels to an affiliate of Leighton Offshore Pte. Ltd. ("Leighton") for a period of 96 months that were scheduled to expire between June 2017 and January 2018.

On May 16, 2013, Leighton provided notice to us that it was exercising its purchase options on the Leighton Vessels. On August 23, 2013, Leighton, in accordance with the terms of a bareboat charter scheduled to expire on June 25, 2017, exercised its option to purchase the Leighton Mynx from us for $25,832,445, including payment of swap-related expenses of $254,719. In addition, Leighton paid all break costs and legal fees incurred by us with respect to the sale of the Leighton Mynx. As a result of the termination of the lease and the sale of the vessel, we recognized additional finance income of $562,411. A portion of the proceeds from the sale of the Leighton Mynx were used to repay Leighton's seller's credits of $7,335,000 related to our original purchase of the barge as well as to satisfy third-party non-recourse debts related to the barge by making a payment of $13,290,982. As part of the repayment, the interest rate swaps related to the debts were terminated and a loss on derivative financial instruments of $210,779 was recognized. On April 3, 2014, Leighton, in accordance with the terms of three bareboat charters scheduled to expire between 2017 and 2018, exercised its options and purchased the three remaining Leighton Vessels from us for an aggregate price of $155,220,900, including payment of swap-related expenses of $720,900. As a result of the termination of the leases and the sale of the three remaining Leighton Vessels, we recognized additional finance income of $57,248,440. A portion of the aggregate purchase price due from the exercise of the purchase options was used to satisfy the Leighton seller's credits of $47,421,000 related to our original purchase of the three Leighton Vessels as well as to satisfy our non-recourse debt obligations with Standard Chartered of $38,425,536.

On June 25, 2009, we purchased marine diving equipment from Swiber Engineering Ltd. ("Swiber") for $10,000,000. Simultaneously, we entered into a 60-month lease with Swiber, which commenced on July 1, 2009. Subsequent to the expiration of the lease, on November 14, 2014, we sold the diving equipment to a subsidiary of Swiber Holdings Limited ("Swiber Holdings") for $4,000,000 net, after deducting the $2,000,000 seller's credit owed to Swiber.

On March 29, 2011, we and ICON Equipment and Corporate Infrastructure Fund Fourteen, L.P. ("Fund Fourteen"), an entity also managed by our Manager, entered into a joint venture owned 25% by us and 75% by Fund Fourteen for the purpose of acquiring two aframax tankers and two VLCCs. Our contribution to the joint venture was $12,166,393. The aframax tankers were each acquired for $13,000,000 and simultaneously bareboat chartered to AET Inc. Limited ("AET") for a period of three years. The VLCCs were each acquired for $72,000,000 and simultaneously bareboat chartered to AET for a period of 10 years. On April 14, 2014 and May 21, 2014, upon expiration of the leases with AET, the joint venture sold the aframax tankers, the Eagle Otome and the Eagle Subaru, to third-party purchasers for an aggregate price of $14,821,890. As a result, the joint venture recognized an aggregate gain on sale of assets of $2,229,932. Our share of such gain was $557,483, which is included within income from investment in joint ventures on our consolidated statement of comprehensive (loss) income.

On May 22, 2013, we entered into a termination agreement with AET whereby AET returned the aframax tanker, the Eagle Centaurus, to us prior to the scheduled charter termination date of November 13, 2013. AET paid an early termination fee of $1,400,000 and the balance of the charter hire through the end of the original charter term of $1,487,375. On June 5, 2013, the Eagle Centaurus was sold to a third party for $6,688,955. We recognized a net gain of $197,087 from the transactions, comprised of a gain on lease termination of $2,887,375 and a loss on sale of assets of $2,690,288. Simultaneously with the sale, we used the proceeds from the sale of the Eagle Centaurus to satisfy the remaining third-party debt obligations of $9,728,740 that were related to the Eagle Centaurus and the Eagle Auriga. As part of the repayment, the interest rate swaps related to the debt were terminated and a loss on derivative financial instruments of $128,630 was recognized.

On July 2, 2013, Lily Shipping Ltd. ("Lily Shipping"), in accordance with the terms of a bareboat charter scheduled to expire on October 29, 2014, exercised its option to purchase the product tanker, the Ocean Princess, from us for $5,790,000. In addition, we collected the charter hire of $553,500 for the period July 1, 2013 through November 1, 2013. As a result of the termination of the lease and the sale of the product tanker, we recognized additional finance income of $115,786, comprised of a gain on lease termination of $553,500 and a loss on sale of assets of $437,714. A portion of the proceeds from the sale of the vessel were used to repay Lily Shipping a seller's credit of $4,300,000 related to our original purchase of the vessel.

On August 6, 2013, we entered into a termination agreement with AET whereby AET returned the aframax tanker, the Eagle Auriga, to us prior to the scheduled charter termination date of November 14, 2013. AET paid an early termination fee of $1,400,000 and the balance of the charter hire through the end of the original charter term of $1,505,625. On August 15, 2013, the Eagle Auriga was sold to a third party for $5,578,716. We recognized a net gain of $157,385 from the transactions, comprised of a gain on lease termination of $2,905,625 and a loss on sale of assets of $2,748,240.

On October 17, 2013, two joint ventures owned 64.3% by us and 35.7% by ICON Income Fund Ten Liquidating Trust, an entity in which our Manager acted as Managing Trustee, entered into two termination agreements with AET whereby AET returned two aframax tankers, the Eagle Carina and the Eagle Corona, to us prior to the scheduled charter termination date of November 14, 2013 and paid early termination fees of $2,800,000. On November 7, 2013, the Eagle Carina and the Eagle

Corona were sold to third parties for $12,568,944. The joint ventures recognized total net gains of $1,777,046 from the transactions, comprised of gains on lease terminations of $3,034,010 and losses on sale of assets of $1,256,964.

During the year ended December 31, 2013, several potential counterparties with whom our Manager was discussing re-leasing opportunities for the Eagle Carina, the Eagle Corona, the Eagle Auriga and the Eagle Centaurus (collectively, the "Eagle Vessels") terminated negotiations, which was an indicator that the Eagle Vessels' carrying value may be further impaired. Consequently, we performed impairment testing on the Eagle Vessels based on the contractual cash flows for the remaining term of the lease and the estimated residual value of each vessel. As a result, we recognized an aggregate impairment loss of $1,770,529 for the year ended December 31, 2013. Projected future scrap rates were a critical component of these analyses.

In connection with our annual impairment review for the year ended December 31, 2013, our Manager concluded that the carrying values of two containership vessels, the Aegean Express and the Arabian Express, were not recoverable and determined that an impairment existed as of December 31, 2013. That determination was based on a forecast of undiscounted contractual cash flows for the remaining terms of the leases and non-contractual cash flows based on a weighted average probability of alternate opportunities of re-leasing or disposing of the two containership vessels. Projected future scrap rates were a critical component of those analyses as well as negotiated rates related to re-leasing the two vessels. Based on our Manager's review, the net book values of the Aegean Express and the Arabian Express exceeded the estimated undiscounted cash flows and exceeded the fair values and, as a result, we recognized an aggregate impairment loss of $13,020,226 for the year ended December 31, 2013.

On April 1, 2014, the Aegean Express and the Arabian Express were returned to us in accordance with the terms of the charters. Upon redelivery, the bareboat charters were terminated and we assumed the underlying time charters for the vessels. As we assumed operational responsibility of the vessels, we simultaneously contracted with Fleet Ship Management Inc. ("Fleet Ship") to manage the vessels on our behalf. Accordingly, these vessels have been reclassified to Vessels on our consolidated balance sheets. The time charters for the Aegean Express and the Arabian Express are scheduled to expire on March 30, 2016 and July 13, 2016, respectively.

During the year ended December 31, 2015, based on (i) the upcoming time charter expirations with no expectation that such charters would be renewed or timely replaced with new longer-term charter agreements and (ii) current low time charter rates in the market, our Manager performed impairment analyses and concluded that the carrying values of the Aegean Express and the Arabian Express were not recoverable and that impairment existed. Our Manager estimated the fair market values of the vessels based on third-party valuations using a sales comparison approach. Based upon our Manager's assessment, the net book values of the Aegean Express and the Arabian Express exceeded their estimated undiscounted cash flows and their fair values and, as a result, we recognized an aggregate impairment loss of $11,149,619 for the year ended December 31, 2015.

On March 21, 2014, a joint venture owned 75% by us, 12.5% by Fund Fourteen and 12.5% by ICON ECI Fund Fifteen, L.P. ("Fund Fifteen"), an entity also managed by our Manager, through two indirect subsidiaries, entered into memoranda of agreement to purchase the SIVA Vessels from Siva Global Ships Limited ("Siva Global") for an aggregate purchase price of $41,600,000. The EPIC Bali and the EPIC Borneo were delivered on March 28, 2014 and April 8, 2014, respectively. The SIVA Vessels were bareboat chartered to an affiliate of Siva Global for a period of eight years upon the delivery of each respective vessel. The SIVA Vessels were each acquired for approximately $3,550,000 in cash, $12,400,000 of financing through a senior secured loan from DVB Group Merchant Bank (Asia) Ltd. ("DVB") and $4,750,000 of financing through a subordinated, non-interest-bearing seller's credit.

On June 12, 2014, a joint venture owned 75% by us, 12.5% by Fund Fourteen and 12.5% by Fund Fifteen purchased an offshore supply vessel from Pacific Crest Pte. Ltd. ("Pacific Crest") for $40,000,000. Simultaneously, the vessel was bareboat chartered to Pacific Crest for ten years. The vessel was acquired for approximately $12,000,000 in cash, $26,000,000 of financing through a senior secured loan from DVB and $2,000,000 of financing through a subordinated, non-interest-bearing seller's credit.

Manufacturing Equipment

On May 16, 2011, we entered into an agreement to sell auto parts manufacturing equipment subject to lease with Sealynx Automotive Transieres SAS ("Sealynx") for €3,000,000. The purchase price was scheduled to be paid in three installments and bore interest at 5.5% per year. We would retain title to the equipment until the final payment was received, which was due on June 1, 2013. On April 25, 2012, Sealynx filed for Redressement Judiciaire, a proceeding under French law similar to a Chapter

11 reorganization under the U.S. Bankruptcy Code. On July 8, 2013, Sealynx satisfied the terms of its finance lease by making a final payment of €1,189,636 (US $1,527,680) to us, at which time, we transferred title to the equipment subject to the finance lease to Sealynx.

During 2008, ICON EAR, LLC ("ICON EAR"), a joint venture owned 55% by us and 45% by ICON Leasing Fund Eleven, LLC ("Fund Eleven"), an entity also managed by our Manager, purchased and simultaneously leased semiconductor manufacturing equipment to EAR for $15,729,500, of which our share was $8,651,225. The lease term commenced on July 1, 2008 and was scheduled to expire on June 30, 2013. As additional security for the lease, ICON EAR received mortgages on certain parcels of real property located in Jackson Hole, Wyoming.

In October 2009, certain facts came to light that led our Manager to believe that EAR was perpetrating a fraud against EAR's lenders, including ICON EAR. On October 23, 2009, EAR filed a petition for reorganization under Chapter 11 of the U.S. Bankruptcy Code.

On June 7, 2010, ICON EAR received judgments in the New York State Supreme Court against two principals of EAR who had guaranteed EAR's lease obligations. ICON EAR has had the New York State Supreme Court judgments recognized in Illinois, where the principals live, but does not currently anticipate being able to collect on such judgments.

On October 21, 2011, the Chapter 11 bankruptcy trustee for EAR filed an adversary complaint against ICON EAR seeking the recovery of the lease payments that the trustee alleged were fraudulently transferred from EAR to ICON EAR. The complaint also sought the recovery of payments made by EAR to ICON EAR during the 90-day period preceding EAR's bankruptcy filing, alleging that those payments constituted a preference under the U.S. Bankruptcy Code. Additionally, the complaint sought the imposition of a constructive trust over certain real property and the proceeds from the sale that ICON EAR received as security in connection with its investment. Our Manager filed an answer to the complaint that included certain affirmative defenses. Since that time, substantial discovery was completed. Our Manager still believes these claims are unsupported by the facts, but given the risks, costs and uncertainty surrounding litigation in bankruptcy, our Manager would engage in prudent settlement discussions to resolve this matter expeditiously. At this time, we are unable to predict the outcome of this action or loss therefrom, if any; however, an adverse ruling or settlement may have a material impact on our consolidated financial position or results of operations.

Subsequent to the filing of the bankruptcy petition, EAR disclaimed any right to its equipment and such equipment became the subject of an Illinois State Court proceeding. The equipment was subsequently sold as part of the Illinois State Court proceeding. On March 6, 2012, one of the creditors in the Illinois State Court proceeding won a summary judgment motion filed against ICON EAR, thereby dismissing ICON EAR's claims to the proceeds resulting from the sale of the EAR equipment. ICON EAR appealed this decision. On September 16, 2013, the lower court's ruling was affirmed by the Illinois Appellate Court. On October 21, 2013, ICON EAR filed a Petition for Leave to Appeal with the Supreme Court of Illinois appealing the decision of the Illinois Appellate Court, which petition was denied on January 29, 2014. During the year ended December 31, 2014, ICON EAR sold its only remaining asset consisting of the real property for $207,937. No material gain or loss was recorded as a result of this sale. Prior to the sale, ICON EAR recognized an impairment charge of $70,412 based on the then estimated fair value less cost to sell the real property.

On January 4, 2012, MW Universal, Inc. ("MWU") and certain of its subsidiaries satisfied their obligations relating to two of the three lease schedules. On August 20, 2012, we sold the automotive manufacturing equipment subject to lease with LC Manufacturing, LLC, a wholly owned subsidiary of MWU ("LC Manufacturing"), and terminated warrants issued to us for aggregate proceeds of $8,300,000. As a result, based on our 93.67% ownership interest in ICON MW, LLC ("ICON MW"), our joint venture with Fund Eleven, we received proceeds in the amount of $7,774,610 and recognized a loss on the sale of $88,786. In addition, our Manager evaluated the collectability of the personal guaranty of a previous owner of LC Manufacturing and, based on the findings, ICON MW recorded a credit loss of $5,411,484, of which our portion was $5,068,937. In February 2013, ICON MW commenced an action against the guarantor. On October 5, 2015, ICON MW received summary judgment against the guarantor on the issue of liability. A hearing to determine damages is scheduled for May 2016.

On October 7, 2013, a joint venture owned 45% by us and 55% by Fund Eleven, upon the expiration of the lease with Pliant Corporation ("Pliant"), sold the plastic processing and printing equipment to Pliant for $7,000,000. Our share of the gain on sale of assets was $1,078,335.

Mining Equipment

On September 12, 2013, a joint venture owned by us, Fund Eleven and ICON ECI Fund Sixteen ("Fund Sixteen"), an entity also managed by our Manager, purchased mining equipment for $15,106,570. The equipment was subject to a 24-month lease with Murray Energy Corporation and certain of its affiliates (collectively, "Murray"). On December 1, 2013 and February 1, 2014, Fund Sixteen contributed capital of $933,678 and $1,725,517, respectively, to the joint venture, inclusive of acquisition fees. Subsequent to Fund Sixteen's second capital contribution, the joint venture was owned 13.2% by us, 67% by Fund Eleven and 19.8% by Fund Sixteen. As a result, we received corresponding returns of capital. The lease was scheduled to expire on September 30, 2015, but was extended for one month with an additional lease payment of $635,512. On October 29, 2015, Murray purchased the equipment pursuant to the terms of the lease for $2,991,400. As a result, a gain on sale of assets of $448,710 was recognized by the joint venture, of which our share was $59,230. Pursuant to a remarketing agreement with a third party, the joint venture paid an aggregate remarketing fee of $766,466 as part of the transaction.

On March 4, 2014, a joint venture owned 60% by us, 15% by Fund Fourteen, 15% by Fund Fifteen and 10% by Fund Sixteen purchased mining equipment from an affiliate of Blackhawk Mining, LLC ("Blackhawk"). Simultaneously, the mining equipment was leased to Blackhawk and its affiliates for four years. The aggregate purchase price for the mining equipment of $25,359,446 was funded by $17,859,446 in cash and $7,500,000 of non-recourse long-term debt with People's Capital and Leasing Corp. ("People's Capital"). The loan bears interest at a rate of 6.5% per year and matures on February 1, 2018. On October 27, 2015, the joint venture amended the lease with Blackhawk to waive Blackhawk's breach of a financial covenant during the nine months ended September 30, 2015 in consideration for a partial prepayment of $3,502,514, which included an amendment fee of $75,000. In addition, corresponding amendments were made to certain payment and repurchase provisions of the lease to account for the partial prepayment. On December 8, 2015, the joint venture further amended the lease with Blackhawk to add and revise certain financial covenants. The joint venture received an additional amendment fee of $75,000.

On September 18, 2014, a joint venture owned 55.817% by us and 44.183% by Hardwood Partners, LLC ("Hardwood") purchased mining equipment for $6,789,928. The equipment is subject to a 36-month lease with Murray, which expires on September 30, 2017.

Trucks and Trailers

On March 28, 2014, a joint venture owned 60% by us, 27.5% by Fund Fifteen and 12.5% by Fund Sixteen purchased trucks, trailers and other equipment from subsidiaries of D&T Holdings, LLC ("D&T") for $12,200,000. Simultaneously, the trucks, trailers and other equipment were leased to D&T and its subsidiaries for 57 months. On September 15, 2014, the lease agreement with D&T was amended to allow D&T to increase its capital expenditure limit. In consideration for agreeing to such increase, lease payments of $1,480,000 that were scheduled to be paid in 2018 were paid by October 31, 2014. In addition, the joint venture received an amendment fee of $100,000, which was to be recognized as finance income throughout the remaining lease term.

Gas Compressors

On July 15, 2011, a joint venture owned 49.54% by us, 40.53% by Fund Fourteen and 9.93% by Hardwood amended the master lease agreement with Atlas Pipeline Mid-Continent, LLC ("APMC"), an affiliate of Atlas Pipeline Partners, L.P., requiring APMC to purchase eight gas compressors it leased from the joint venture upon lease termination. The joint venture received an amendment fee of $500,000 and the leases were reclassified from operating leases to finance leases. On September 14, 2011, the joint venture financed future receivables related to the leases by entering into a non-recourse loan agreement with Wells Fargo Equipment Finance, Inc. ("Wells Fargo") in the amount of $10,628,119. Wells Fargo received a first priority security interest in the gas compressors, among other collateral. The loan bore interest at 4.08% per year and was scheduled to mature on September 1, 2013. On May 30, 2013, the joint venture, in accordance with the terms of the lease, sold the eight gas compressors to APMC for $7,500,000. As a result, we recognized a gain on sale of $384,433. Simultaneously with the sale, the joint venture prepaid and satisfied its non-recourse debt obligation with Wells Fargo for $7,500,000. As a result, we recognized a loss on extinguishment of debt of $85,970, which is included in interest expense on the consolidated statements of comprehensive (loss) income.

Notes Receivable

On June 29, 2009, we and Fund Fourteen entered into a joint venture for the purpose of making secured term loans in the aggregate amount of $20,000,000 to INOVA Rentals Corporation (f/k/a ARAM Rentals Corporation) and INOVA Seismic Rentals Inc. (f/k/a ARAM Seismic Rental Inc.) (collectively, the "INOVA Borrowers"), which were scheduled to mature on August 1, 2014. In 2011, we exchanged our 52.09% ownership interest in the joint venture for our proportionate share of the notes receivable owned by the joint venture, which was subsequently deconsolidated and then terminated. The loans bore interest at 15% per year and were secured by a first priority security interest in all analog seismic system equipment owned by the INOVA Borrowers, among other collateral. On January 31, 2014, the INOVA Borrowers satisfied their obligation in connection with these loans by making a prepayment of $1,671,858. No material gain or loss was recorded as a result of this transaction.

On June 30, 2010, we made two secured term loans in the aggregate amount of $9,600,000, one to Ocean Navigation 5 Co. Ltd. and one to Ocean Navigation 6 Co. Ltd. (collectively, "Ocean Navigation"), as part of a $96,000,000 term loan facility. The loans were funded between July 2010 and September 2010 and proceeds from the facility were used by Ocean Navigation to purchase two aframax tanker vessels, the Shah Deniz and the Absheron, which were valued in the aggregate at $115,700,000 on the date the transaction occurred. The loans bore interest at 15.25% per year and were for a period of six years maturing between July and September 2016. The loans were secured by a second priority security interest in the vessels. On April 15, 2014, we sold all our interest in the loans with Ocean Navigation to Garanti Bank International, N.V. for $9,600,000. As a result, we wrote off the remaining initial direct costs associated with the notes receivable of $455,420 as a charge against finance income.

On September 1, 2010, we made a secured term loan to EMS Enterprise Holdings, LLC, EMS Holdings II, LLC, EMS Engineered Materials Solutions, LLC, EMS CUP, LLC and EMS EUROPE, LLC (collectively, "EMS") in the amount of $3,200,000. The loan bore interest at 13% per year and was scheduled to mature on September 1, 2014. The loan was secured by a first priority security interest in metal cladding and production equipment. On September 3, 2013, EMS satisfied their obligation in connection with the loan by making a prepayment of $1,423,462, comprised of all outstanding principal, accrued and unpaid interest, and prepayment fees of $72,500. As a result, we recognized additional finance income of $72,423.

On February 29, 2012, we made a secured term loan in the amount of $2,000,000 to VAS Aero Services, LLC ("VAS") as part of a $42,755,000 term loan facility. The loan bore interest at variable rates ranging between 12% and 14.5% per year and matured on October 6, 2014. The loan was secured by a second priority security interest in all of VAS's assets. During the year ended December 31, 2014, VAS experienced financial hardship resulting in its failure to make the final monthly payment under the loan as well as the balloon payment due on the maturity date. Our Manager engaged in discussions with VAS, VAS's owners, the senior creditor and other second lien creditors in order to put in place a viable restructuring or refinancing plan. In December 2014, this specific plan to restructure or refinance fell through. While discussions on other options were still ongoing, our Manager determined that we should record a credit loss reserve based on an estimated liquidation value of VAS's inventory and accounts receivable. As a result, the loan was placed on non-accrual status and a credit loss reserve of $631,986 was recorded during the year ended December 31, 2014 based on our pro-rata share of the liquidation value of the collateral. The value of the collateral was based on a third-party appraisal using a sales comparison approach. As of December 31, 2014, the net carrying value of the loan was $966,359. In March 2015, the 90-day standstill period provided for in the loan agreement ended without a viable restructuring or refinancing plan agreed upon. In addition, the senior lender continued to charge VAS forbearance fees. Although discussions among the parties were still ongoing, these factors resulted in our Manager making a determination to record an additional credit loss reserve of $362,665 during the three months ended March 31, 2015 to reflect a potential forced liquidation of the collateral. The forced liquidation value of the collateral was primarily based on a third-party appraisal using a sales comparison approach. On July 23, 2015, we sold all of our interest in the loan to GB Loan, LLC ("GB") for $268,975. As a result, we recorded an additional credit loss of $334,719 during the three months ended June 30, 2015 prior to the sale. No gain or loss was recognized as a result of the sale. In addition, we wrote off the credit loss reserve and corresponding balance of the loan of $1,329,370 during the year ended December 31, 2015. No finance income was recognized since the date the loan was considered impaired. Accordingly, no finance income was recognized for the year ended December 31, 2015. Finance income recognized on the loan prior to recording the credit loss reserve was $197,741 and $256,209 for the years ended December 31, 2014 and 2013, respectively.

On July 24, 2012, we made a secured term loan in the amount of $500,000 to affiliates of Frontier Oilfield Services, Inc. (collectively, "Frontier") as part of a $5,000,000 term loan facility. The loan bore interest at 14% per year and was for a period of 66 months. The loan was secured by, among other things, a first priority security interest in Frontier's saltwater disposal wells and related equipment and a second priority security interest in Frontier's other assets, including real estate, machinery and accounts receivable, which were valued at approximately $38,925,000 on the date the transaction occurred. On October 11, 2013, Frontier made a partial prepayment of $86,524, which included a prepayment fee of $8,924 that was recognized as additional finance income. On December 30, 2014, we sold all of our interest in the loan to Frontier Expansion and Development, LLC for $375,000. As a result, we recognized a loss and wrote off the remaining initial direct costs associated with the notes receivable totaling $62,365 as a charge against finance income.

On September 10, 2012, we made a secured term loan in the amount of $4,080,000 to Superior Tube Company, Inc. and Tubes Holdco Limited (collectively, "Superior") as part of a $17,000,000 term loan facility. The loan bore interest at 12% per year and was for a period of 60 months. The loan was secured by, among other things, a first priority security interest in Superior's assets, including tube manufacturing and related equipment and a mortgage on real property, and a second priority security interest in Superior's accounts receivable and inventory. On January 30, 2015, Superior satisfied its obligations in connection with the loan by making a prepayment of $4,191,328, comprised of all outstanding principal, accrued interest and a prepayment fee of $122,038. As a result, we recognized additional finance income of $50,550.

On November 28, 2012, we made a secured term loan in the amount of $4,050,000 to SAExploration, Inc., SAExploration Seismic Services (US), LLC and NES, LLC (collectively, "SAE") as part of an $80,000,000 term loan facility. The loan bore interest at 13.5% per year and was for a period of 48 months. The loan was secured by, among other things, a first priority security interest in all existing and thereafter acquired assets, including seismic testing equipment, of SAE and its parent company, SAExploration Holdings, Inc. ("SAE Holdings"), and a pledge of all the equity interests in SAE and SAE Holdings. In addition, we acquired warrants, exercisable until December 5, 2022, to purchase 0.051% of the outstanding common stock of SAE Holdings. On October 31, 2013, we entered into an amendment to the loan agreement with SAE to amend certain provisions and covenant ratios. As a result of the amendment, we received an amendment fee of $30,687. On July 2, 2014, SAE satisfied its obligation in connection with the loan by making a prepayment of $4,591,523, comprised of all outstanding principal, accrued interest and prepayment fees of $449,389. The prepayment fees were recognized as additional finance income. On July 21, 2014, we exercised the warrants and received net cash proceeds of $14,208, which resulted in a loss of $43,126 that was recorded in loss on derivative financial instruments.

On February 12, 2013, we made a secured term loan in the amount of $2,700,000 to NTS Communications, Inc. and certain of its affiliates (collectively, "NTS") as part of a $6,000,000 facility. On March 28, 2013, NTS borrowed $765,000 and on June 27, 2013, NTS drew down the remaining $1,935,000 from the facility. The loan bore interest at 12.75% per year and was scheduled to mature on July 1, 2017. The loan was secured by a first priority security interest in all equipment and assets of NTS. On June 6, 2014, NTS satisfied their obligations in connection with the loan by making a prepayment of $2,701,212, comprised of all outstanding principal, accrued interest and a prepayment fee of $102,600. The prepayment fee was recognized as additional finance income.

On April 5, 2013, we made a secured term loan in the amount of $3,870,000 to LSC as part of an $18,000,000 facility. The loan bears interest at 13.5% per year and matures on August 1, 2018. The loan is secured by, among other things, a second priority security interest in LSC's liquid storage tanks, blending lines, packaging equipment, accounts receivable and inventory, which were valued in the aggregate at approximately $52,030,000 on the date the transaction occurred. On December 11, 2013, LSC made a partial prepayment of $1,354,500, which included a prepayment fee of $64,500 that was recognized as additional finance income.

On December 22, 2011, a joint venture owned 25% by us and 75% by Fund Fourteen made a $20,124,000 subordinated term loan to JAC as part of a $171,050,000 term loan facility. The loan initially bore interest at rates ranging between 12.5% and 15% per year and matures in January 2021. The loan is secured by a second priority security interest in all of JAC's assets, which include, among other things, all equipment, plant and machinery associated with a condensate splitter and aromatics complex.

On May 15, 2013, a joint venture owned 21% by us, 39% by Fund Eleven and 40% by Fund Fifteen purchased a portion of a $208,038,290 subordinated credit facility for JAC from Standard Chartered for $28,462,500. The subordinated credit facility initially bore interest at rates ranging between 12.5% and 15% per year and matures in January 2021. The subordinated credit facility is secured by a second priority security interest in all of JAC's assets, which include, among other things, all equipment, plant and machinery associated with a condensate splitter and aromatics complex. Our initial contribution to the joint venture was $6,456,034.

As of March 31, 2015, JAC was in technical default of the loan and facility as a result of its failure to provide certain financial data to the joint ventures. In addition, JAC realized lower than expected operating results caused in part by a temporary shutdown of its manufacturing facility due to technical constraints that have since been resolved. As a result, JAC failed to make the expected payments that were due to the joint ventures during the three months ended March 31, 2015. Although these delayed payments did not trigger a payment default under the loan and facility agreements, the interest rate payable by JAC under the loan and facility increased from 12.5% to 15.5%. During the three months ended June 30, 2015, an expected tolling arrangement did not commence and JAC's stakeholders were unable to agree upon a restructuring plan. As a result, the manufacturing facility had not yet resumed operations and JAC continued to experience liquidity constraints. Accordingly, our Manager determined that there was doubt regarding the joint ventures' ultimate collectability of the loan and facility. Our Manager visited JAC's facility and engaged in discussions with JAC's other stakeholders to agree upon a restructuring plan. Based upon such discussions, which included a potential conversion of a portion of the loan and facility to equity and/or a restructuring of the loan and facility, our Manager believed that the joint ventures may potentially not be able to recover approximately $13,500,000 to $47,300,000 of the outstanding balance due from JAC under the loan and facility as of June 30, 2015. During the three months ended June 30, 2015, the joint ventures recognized a total credit loss of $33,264,710, which our Manager believed was the most likely outcome based upon the negotiations at the time. Our share of the total credit loss for the three months ended June 30, 2015 was $7,834,118. During the three months ended June 30, 2015, the joint ventures placed the loan and facility on non-accrual status and no finance income was recognized.

During the three months ended September 30, 2015, JAC continued to be non-operational and therefore not able to service interest payments under the loan and facility. Discussions between the senior lenders and certain other stakeholders of JAC ended as the senior lenders did not agree to amendments to their credit facilities as part of the broader restructuring that was being contemplated. As a result, JAC entered receivership on September 28, 2015. At September 30, 2015, our Manager reassessed the collectability of the loan and facility by considering the following factors: (i) what a potential buyer may be willing to pay to acquire JAC based on a comparable enterprise value derived from EBITDA multiples and (ii) the average trading price of unsecured distressed debt in comparable industries. Our Manager also considered the proposed plan of converting a portion of the loan and facility to equity and/or restructuring the loan and facility in the event that JAC's stakeholders recommenced discussions. Based upon such reassessment, our Manager believed that the joint ventures may potentially not be able to recover approximately $41,200,000 to $51,000,000 of the outstanding balance due from JAC under the loan and facility prior to recording the initial total credit loss. During the three months ended September 30, 2015, the joint ventures recognized a total credit loss of $16,856,310, which our Manager believed was the most likely outcome derived from its reassessment. Our share of the total credit loss for the three months ended September 30, 2015 was $3,856,928. In January 2016, our Manager engaged in further discussions with JAC's other subordinated lenders and the Receiver regarding a near term plan for JAC's manufacturing facility. Based upon such discussions, our Manager anticipates that a one-year tolling arrangement with JAC's suppliers will be implemented during the first half of 2016 to allow JAC's facility to recommence operations. Although our Manager believes that the marketability of JAC's facility should improve if and when the facility recommences operations, our Manager does not anticipate that JAC will make any payments to the joint ventures while operating under the expected tolling arrangement. Our Manager updated the collectability analysis under the loan and facility as of December 31, 2015 and determined that comparable enterprise values derived from EBITDA multiples and trading prices of unsecured distressed debt in comparable industries each decreased. In addition, our Manager considered that, as of December 31, 2015, (i) a tolling arrangement with JAC's suppliers did not commence as originally anticipated; (ii) no further discussions occurred between JAC, the joint ventures, the senior lenders and certain other stakeholders of JAC regarding a restructuring plan and (iii) JAC's manufacturing facility continues to be non-operational. Based upon these factors, our Manager believes that the joint ventures' ultimate collectability of the loan and facility may result in less of a recovery from its prior estimate. As a result, our Manager determined to record an additional total credit loss of $10,137,863, which our Manager believes is the most likely outcome derived from its reassessment as of December 31, 2015. Our share of the total credit loss for the three months ended December 31, 2015 was $2,319,835. An additional credit loss may be recorded in future periods based upon future developments of the receivership process or if the joint ventures' ultimate collectability of the loan and facility results in less of a recovery from their current estimate. Our Manager has also assessed impairment under the equity method of accounting for our investment in the joint ventures and concluded that they are not impaired. For the years ended December 31, 2015, 2014 and 2013, the joint ventures recognized finance income of $2,136,688, $7,356,011 and $5,202,278, respectively, prior to the loan and the facility being placed on non-accrual status. As of December 31, 2015 and 2014, the total net investment in notes receivable held by the joint ventures was $10,137,863 and $67,340,800, respectively, and our total investment in the joint ventures was $2,324,885 and $15,838,805, respectively.

On September 16, 2013, we made a secured term loan in the amount of $11,000,000 to Cenveo Corporation ("Cenveo"). The loan bore interest at the London Interbank Offered Rate ("LIBOR"), subject to a 1% floor, plus 11.0% per year, and was for a period of 60 months. The loan was secured by a first priority security interest in specific equipment used to produce, print, fold, and package printed commercial envelopes, which was valued at approximately $29,123,000 on the date the transaction occurred. On October 31, 2013, we borrowed $7,150,000 of non-recourse long-term debt from NXT Capital, LLC ("NXT") secured by our interest in the loan to and collateral from Cenveo. The non-recourse long-term debt was scheduled to mature on October 1, 2018 and bore interest at LIBOR plus 6.5% per year. On July 7, 2014, Cenveo made a partial prepayment of $1,111,912 in connection with the loan, which included a net prepayment fee of $11,912. Simultaneously, we partially paid down our non-recourse long-term debt with NXT by making a payment of $702,915. On September 30, 2015, Cenveo satisfied its obligations in connection with the loan by making a prepayment of $6,936,875, comprised of all outstanding principal, accrued interest and a prepayment fee of $132,000. The prepayment fee was recognized as additional finance income. As a result of the prepayment by Cenveo, we satisfied our non-recourse long-term debt obligations with NXT by making a prepayment of $4,223,432.

On November 26, 2013, we, Fund Fifteen and a third-party creditor made a superpriority, secured term loan in the amount of $30,000,000 to Green Field Energy Services, Inc. and its affiliates (collectively, “Green Field”), of which our share was $7,500,000. The loan bore interest at LIBOR plus 10% per year and was scheduled to mature on August 26, 2014. The loan was secured by a superpriority security interest in all of Green Field’s assets. On March 18, 2014, Green Field satisfied its obligation in connection with the loan by making a prepayment of $7,458,047, comprised of all outstanding principal and accrued interest. No material gain or loss was recorded as a result of this transaction.

On June 17, 2014, we and Fund Fourteen entered into a secured term loan credit facility agreement with SeaChange Projects LLC (“SeaChange”) to provide a credit facility of up to $7,000,000, of which our commitment was $6,300,000. On June 20, 2014 and August 20, 2014, we funded $4,050,000 and $2,250,000, respectively. The facility was used to partially finance SeaChange’s acquisition and conversion of a containership vessel to meet certain time charter specifications of the Military Sealift Command of the Department of the United States Navy. The facility bore interest at 13.25% per year and was scheduled to mature on February 15, 2018. The facility was secured by, among other things, a first priority security interest in and earnings from the vessel and the equity interests of SeaChange. Due to SeaChange’s inability to meet certain requirements of the Department of the United States Navy, which resulted in the cancellation of the time charter, SeaChange was required to repay all outstanding principal and accrued interest under the facility in accordance with the loan agreement. On September 24, 2014, SeaChange satisfied its obligation by making a prepayment of $6,475,894, comprised of all outstanding principal and accrued interest.

On July 14, 2014, we, Fund Fourteen and Fund Fifteen (collectively, “ICON”) entered into a secured term loan credit facility agreement with TMA to provide a credit facility of up to $29,000,000 (the “ICON Loan”), of which our commitment of $21,750,000 was funded on August 27, 2014 (the “TMA Initial Closing Date”). The facility was used by TMA to acquire and refinance two platform supply vessels. At inception, the loan bore interest at LIBOR, subject to a 1% floor, plus a margin of 17%. Upon the acceptance of both vessels by TMA’s sub-charterer on September 19, 2014, the margin was reduced to 13%. On November 24, 2014, ICON entered into an amended and restated senior secured term loan credit facility agreement with TMA pursuant to which an unaffiliated third party agreed to provide a senior secured term loan in the amount of up to $89,000,000 (the “Senior Loan”, and collectively with the ICON Loan, the “TMA Facility”) to acquire two additional vessels. The TMA Facility has a term of five years from the TMA Initial Closing Date. As a result of the amendment, the margin for the ICON Loan increased to 15% and repayment of the ICON Loan became subordinated to the repayment of the Senior Loan. The TMA Facility is secured by, among other things, a first priority security interest in the four vessels and TMA’s right to the collection of hire with respect to earnings from the sub-charterer related to the four vessels. The amendment qualified as a new loan under U.S. generally accepted accounting principles (“U.S. GAAP”) and therefore, we wrote off the initial direct costs and deferred revenue associated with the ICON Loan of $674,014 as a charge against finance income. As a condition to the amendment and increased size of the TMA Facility, TMA was required to have all four platform supply vessels under contract by March 31, 2015. Due to TMA’s failure to meet such condition, TMA has been in technical default and in payment default while available cash has been swept and applied to the Senior Loan in accordance with the loan agreement. Interest on the ICON Loan is currently being capitalized. While our note receivable has not been paid in accordance with the loan agreement, our collateral position has been strengthened as the principal balance of the Senior Loan was paid down at a faster rate. In January 2016, the remaining two previously unchartered vessels had commenced employment. As a result, our Manager is currently engaged in discussions with the senior lender and TMA to amend the TMA Facility and expects that payments to us will recommence in the near future. Based on, among other things, TMA’s payment history and the collateral value as of December 31, 2015, our Manager continues to believe that all contractual interest and outstanding principal payments under the ICON Loan are collectible. As a result, we continue to account for our net investment in note receivable related to TMA on an accrual basis despite a portion of the outstanding balance being over 90 days past due.

On September 24, 2014, we, Fund Fourteen, Fund Fifteen and Fund Sixteen entered into a secured term loan credit facility agreement with Premier Trailer to provide a credit facility of up to $20,000,000, of which our commitment of $10,000,000 was funded on such date. The loan bears interest at LIBOR, subject to a 1% floor, plus 9% per year, and is for a period of six years. The loan is secured by a second priority security interest in all of Premier Trailer’s assets, including, without limitation, its fleet of trailers, and the equity interests of Premier Trailer. Premier Trailer’s assets, including its fleet of trailers, were valued at approximately $64,088,000 (only a portion of which secures our loan) on the date the transaction occurred.

On November 13, 2014, we and Fund Fourteen made secured term loans in the aggregate amount of $15,000,000 to NARL Marketing Inc. and certain of its affiliates (collectively, “NARL”) as a part of a $30,000,000 senior secured term loan credit facility, of which our commitment was $12,000,000. The loan bore interest at 10.75% per year and was for a period of three years. The loan was secured by a first priority security interest in all of NARL’s existing and thereafter acquired assets including, but not limited to, its retail and wholesale fuel equipment, including pumps and storage tanks, and a mortgage on certain real properties. On May 7, 2015, NARL made a partial prepayment on the loan of $827,333 pursuant to the excess cash sweep provision of the loan agreement. On July 15, 2015, NARL made a voluntary partial prepayment on the loan of $6,296,859, which included a prepayment fee of $270,000. The prepayment fee was recognized as additional finance income. On August 6, 2015, NARL satisfied its obligations in full by making a prepayment of $4,319,854 pursuant to the excess cash sweep provision of the loan agreement, comprised of all outstanding principal and unpaid interest.

Acquisition Fees

In connection with the transactions that we entered into during the years ended December 31, 2015, 2014 and 2013, we paid acquisition fees to our Manager of $0, $3,884,570 and $1,975,062, respectively.

Subsequent Event

On January 15, 2016, D&T satisfied its remaining lease obligations by making a prepayment of $8,000,000. In addition, D&T exercised its option to repurchase all assets under the lease for $1, upon which title was transferred.

Recent Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2014-09, *Revenue from Contracts with Customers* ("ASU 2014-09"), requiring revenue to be recognized in an amount that reflects the consideration expected to be received in exchange for goods and services. This new revenue standard may be applied retrospectively to each prior period presented, or retrospectively with the cumulative effect recognized as of the date of adoption. In August 2015, FASB issued ASU No. 2015-14, *Revenue from Contracts with Customers – Deferral of the Effective Date* ("ASU 2015-14"), which defers implementation of ASU 2014-09 by one year. Under such deferral, the adoption of ASU 2014-09 becomes effective for us on January 1, 2018, including interim periods within that reporting period. Early adoption is permitted, but not before our original effective date of January 1, 2017. We are currently in the process of evaluating the impact of the adoption of ASU 2014-09 on our consolidated financial statements.

In August 2014, FASB issued ASU No. 2014-15, *Presentation of Financial Statements – Going Concern: Disclosure of Uncertainties about an Entity's Ability to Continue as a Going Concern* ("ASU 2014-15"), which provides guidance about management's responsibility to evaluate whether there is substantial doubt about an entity's ability to continue as a going concern and to provide related footnote disclosures. The adoption of ASU 2014-15 becomes effective for us on our fiscal year ending December 31, 2016, and all subsequent annual and interim periods. Early adoption is permitted. The adoption of ASU 2014-15 is not expected to have a material effect on our consolidated financial statements.

In January 2015, FASB issued ASU No. 2015-01, *Income Statement – Extraordinary and Unusual Items: Simplifying Income Statement Presentation by Eliminating the Concept of Extraordinary Items* ("ASU 2015-01"), which simplifies income statement presentation by eliminating the concept of extraordinary items. The adoption of ASU 2015-01 becomes effective for us on January 1, 2016, including interim periods within that reporting period. Early adoption is permitted. The adoption of ASU 2015-01 is not expected to have a material effect on our consolidated financial statements.

In February 2015, FASB issued ASU No. 2015-02, *Consolidation – Amendments to the Consolidation Analysis* ("ASU 2015-02"), which modifies the evaluation of whether limited partnerships and similar legal entities are variable interest entities or voting interest entities, eliminates the presumption that a general partner should consolidate a limited partnership, and affects the consolidation analysis by reducing the frequency of application of related party guidance and excluding certain fees in the primary beneficiary determination. The adoption of ASU 2015-02 becomes effective for us on January 1, 2016, including interim periods within that reporting period. Early adoption is permitted. The adoption of ASU 2015-02 is not expected to have a material effect on our consolidated financial statements.

In April 2015, FASB issued ASU No. 2015-03, *Interest – Imputation of Interest: Simplifying the Presentation of Debt Issuance Costs* ("ASU 2015-03"), which requires debt issuance costs related to a recognized debt liability to be presented in the balance sheet as a direct deduction from the carrying amount of such debt liability, consistent with debt discounts. ASU 2015-03 will be applied on a retrospective basis. The adoption of ASU 2015-03 becomes effective for us on January 1, 2016, including interim periods within that reporting period. Early adoption is permitted. The adoption of ASU 2015-03 is not expected to have a material effect on our consolidated financial statements. Upon adoption of ASU 2015-03, debt issuance costs associated with non-recourse long-term debt will be reclassified in our consolidated balance sheets from other non-current assets to non-recourse long-term debt, less current portion.

In January 2016, FASB issued ASU No. 2016-01, *Financial Instruments - Overall: Recognition and Measurement of Financial Assets and Financial Liabilities* ("ASU 2016-01"), which provides guidance related to accounting for equity investments, financial liabilities under the fair value option, and the presentation and disclosure requirements for financial instruments. In addition, FASB clarified guidance related to the valuation allowance assessment when recognizing deferred tax assets resulting from unrealized losses on available-for-sale debt securities. The adoption of ASU 2016-01 becomes effective for us on January 1, 2018, including interim periods within that reporting period. We are currently in the process of evaluating the impact of the adoption of ASU 2016-01 on our consolidated financial statements.

In February 2016, FASB issued ASU No. 2016-02, *Leases* ("ASU 2016-02"), which requires lessees to recognize assets and liabilities for leases with lease terms greater than twelve months on the balance sheet and disclose key information about leasing arrangements. ASU 2016-02 implements changes to lessor accounting focused on conforming with certain changes made to lessee accounting and the recently released revenue recognition guidance. The adoption of ASU 2016-02 becomes effective for us on January 1, 2019. Early adoption is permitted. We are currently in the process of evaluating the impact of the adoption of ASU 2016-02 on our consolidated financial statements.

In March 2016, FASB issued ASU No. 2016-07, *Investments – Equity Method and Joint Ventures: Simplifying the Transition to the Equity Method of Accounting* ("ASU 2016-07"), which eliminates the retroactive adjustments to an investment upon it qualifying for the equity method of accounting as a result of an increase in the level of ownership interest or degree of influence by the investor. ASU 2016-07 requires that the equity method investor add the cost of acquiring the additional interest in the investee to the current basis of the investor's previously held interest and adopt the equity method of accounting as of the date the investment qualifies for equity method accounting. The adoption of ASU 2016-07 becomes effective for us on January 1, 2017, including interim periods within that reporting period. Early adoption is permitted. The adoption of ASU 2016-07 is not expected to have a material effect on our consolidated financial statements.

We do not believe any other recently issued, but not yet effective, accounting pronouncements, if currently adopted, would have a material effect on our consolidated financial statements.

Critical Accounting Policies

An understanding of our critical accounting policies is necessary to understand our financial results. The preparation of financial statements in conformity with U.S. GAAP requires our Manager to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities as of the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Significant estimates primarily include the determination of credit loss reserves, impairment losses, estimated useful lives and residual values. Actual results could differ from those estimates. We applied our critical accounting policies and estimation methods consistently in all periods presented. We consider the following accounting policies to be critical to our business:

- Lease classification and revenue recognition;
- Asset impairments;
- Depreciation;
- Notes receivable and revenue recognition;
- Credit quality of notes receivable and finance leases and credit loss reserve; and
- Derivative financial instruments.

Lease Classification and Revenue Recognition

Each equipment lease we enter into is classified as either a finance lease or an operating lease, based upon the terms of each lease. The estimated residual value is a critical component of and can directly influence the determination as to whether a lease is classified as an operating or a finance lease.

Our Manager has an investment committee that approves each new equipment lease and other financing transaction. As part of its process, the investment committee determines the estimated residual value, if any, to be used once the investment has been approved. The factors considered in determining the residual value include, but are not limited to, the creditworthiness of the potential lessee, the type of equipment considered, how the equipment is integrated into the potential lessee's business, the length of the lease and the industry in which the potential lessee operates. Residual values are reviewed for impairment in accordance with our impairment review policy.

The residual value assumes, among other things, that the asset is utilized normally in an open, unrestricted and stable market. Short-term fluctuations in the marketplace are disregarded and it is assumed that there is no necessity either to dispose of a significant number of the assets, if held in quantity, simultaneously or to dispose of the asset quickly. The residual value is calculated using information from various external sources, such as trade publications, auction data, equipment dealers, wholesalers and industry experts, as well as inspection of the physical asset and other economic indicators.

For finance leases, we capitalize, at lease inception, the total minimum lease payments receivable from the lessee, the estimated unguaranteed residual value of the equipment at lease termination and the initial direct costs related to the lease, less unearned income. Unearned income represents the difference between the sum of the minimum lease payments receivable, plus the estimated unguaranteed residual value, minus the cost of the leased equipment. Unearned income is recognized as finance income over the term of the lease using the effective interest rate method.

For operating leases, rental income is recognized on a straight-line basis over the lease term. Billed operating lease receivables are included in accounts receivable until collected or written off. We record a reserve if we deem any receivable not collectible. The difference between the timing of the cash received and the income recognized on a straight-line basis is recognized as either deferred revenue or other assets, as appropriate. Initial direct costs are capitalized as a component of the cost of the equipment and depreciated over the lease term.

For time charters, the vessels are stated at cost. Expenditures subsequent to the acquisition of such vessels for conversions and major improvements are capitalized when such expenditures appreciably extend the life, increase the earning capacity or improve the efficiency or safety of such vessels. We recognize revenue ratably over the period of such charters. Vessel operating expenses, repairs and maintenance are charged to expense as incurred and are included in vessel operating expenses in our consolidated statements of comprehensive (loss) income.

Asset Impairments

The significant assets in our portfolio are periodically reviewed, no less frequently than annually or when indicators of impairment exist, to determine whether events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. An impairment loss will be recognized only if the carrying value of a long-lived asset is not recoverable and exceeds its fair market value. If there is an indication of impairment, we will estimate the future cash flows (undiscounted and without interest charges) expected from the use of the asset and its eventual disposition. Future cash flows are the future cash inflows expected to be generated by an asset less the future outflows expected to be necessary to obtain those inflows. If an impairment is determined to exist, the impairment loss will be measured as the amount by which the carrying value of a long-lived asset exceeds its fair value and recorded in the consolidated statements of comprehensive (loss) income in the period the determination is made.

The events or changes in circumstances that generally indicate that an asset may be impaired are (i) the estimated fair value of the underlying asset is less than its carrying value or (ii) the lessee is experiencing financial difficulties and it does not appear likely that the estimated proceeds from the disposition of the asset will be sufficient to satisfy the residual position in the asset and, if applicable, the remaining obligation to the non-recourse lender. Generally in the latter situation, the residual position relates to equipment subject to third-party non-recourse debt where the lessee remits its rental payments directly to the lender and we do not recover our residual position until the non-recourse debt is repaid in full. The preparation of the undiscounted cash flows requires the use of assumptions and estimates, including the level of future rents, the residual value expected to be realized upon disposition of the asset, estimated downtime between re-leasing events and the amount of re-leasing costs. Our Manager's review for impairment includes a consideration of the existence of impairment indicators including third-party appraisals, published values for similar assets, recent transactions for similar assets, adverse changes in market conditions for specific asset types and the occurrence of significant adverse changes in general industry and market conditions that could affect the fair value of the asset.

Depreciation

We record depreciation expense on equipment when the lease is classified as an operating lease or vessel. In order to calculate depreciation, we first determine the depreciable base, which is the equipment cost less the estimated residual value at lease termination. Depreciation expense is recorded on a straight-line basis over the lease term.

Notes Receivable and Revenue Recognition

Notes receivable are reported in our consolidated balance sheets at the outstanding principal balance, plus costs incurred to originate the loans, net of any unamortized premiums or discounts on purchased loans. We use the effective interest rate method to recognize finance income, which produces a constant periodic rate of return on the investment. Unearned income, discounts and premiums are amortized to finance income in our consolidated statements of comprehensive (loss) income using the effective interest rate method. Interest receivable related to the unpaid principal is recorded separately from the outstanding balance in our consolidated balance sheets. Upon the prepayment of a note receivable, any prepayment penalties and unamortized loan origination, closing and commitment fees are recorded as part of finance income in our consolidated statements of comprehensive (loss) income. Our notes receivable may contain a paid-in-kind ("PIK") interest provision. Any PIK interest, if deemed collectible, will be added to the principal balance of the note receivable and is recorded as income.

Credit Quality of Notes Receivable and Finance Leases and Credit Loss Reserve

Our Manager monitors the ongoing credit quality of our financing receivables by (i) reviewing and analyzing a borrower's financial performance on a regular basis, including review of financial statements received on a monthly, quarterly or annual basis as prescribed in the loan or lease agreement, (ii) tracking the relevant credit metrics of each financing receivable and a borrower's compliance with financial and non-financial covenants, (iii) monitoring a borrower's payment history and public credit rating, if available, and (iv) assessing our exposure based on the current investment mix. As part of the monitoring process, our Manager may physically inspect the collateral or a borrower's facility and meet with a borrower's management to better understand such borrower's financial performance and its future plans on an as-needed basis.

As our financing receivables, generally notes receivable and finance leases, are limited in number, our Manager is able to estimate the credit loss reserve based on a detailed analysis of each financing receivable as opposed to using portfolio-based metrics. Our Manager does not use a system of assigning internal risk ratings to each of our financing receivables. Rather, each financing receivable is analyzed quarterly and categorized as either performing or non-performing based on certain factors including, but not limited to, financial results, satisfying scheduled payments and compliance with financial covenants. A financing receivable is usually categorized as non-performing only when a borrower experiences financial difficulties and has failed to make scheduled payments. Our Manager then analyzes whether the financing receivable should be placed on a non-accrual status, a credit loss reserve should be established or the financing receivable should be restructured. As part of the assessment, updated collateral value is usually considered and such collateral value can be based on a third party industry expert appraisal or, depending on the type of collateral and accessibility to relevant published guides or market sales data, internally derived fair value. Material events would be specifically disclosed in the discussion of each financing receivable held.

Financing receivables are generally placed in a non-accrual status when payments are more than 90 days past due. Additionally, our Manager periodically reviews the creditworthiness of companies with payments outstanding less than 90 days and based upon our Manager's judgment, these accounts may be placed in a non-accrual status.

In accordance with the cost recovery method, payments received on non-accrual financing receivables are applied to principal if there is doubt regarding the ultimate collectability of principal. If collection of the principal of non-accrual financing receivables is not in doubt, interest income is recognized on a cash basis. Financing receivables in non-accrual status may not be restored to accrual status until all delinquent payments have been received, and we believe recovery of the remaining unpaid receivable is probable.

When our Manager deems it is probable that we will not be able to collect all contractual principal and interest on a non-performing financing receivable, we perform an analysis to determine if a credit loss reserve is necessary. This analysis considers the estimated cash flows from the financing receivable, and/or the collateral value of the asset underlying the financing receivable when financing receivable repayment is collateral dependent. If it is determined that the impaired value of the non-performing financing receivable is less than the net carrying value, we will recognize a credit loss reserve or adjust the existing credit loss reserve with a corresponding charge to earnings. We then charge off a financing receivable in the period that it is deemed uncollectible by reducing the credit loss reserve and the balance of the financing receivable.

Derivative Financial Instruments

We may enter into derivative transactions for purposes of hedging specific financial exposures, including movements in foreign currency exchange rates and changes in interest rates on our non-recourse long-term debt. We enter into these instruments only for hedging underlying exposures. We do not hold or issue derivative financial instruments for purposes other than hedging, except for warrants, which are not hedges. Certain derivatives may not meet the established criteria to be designated as qualifying accounting hedges, even though we believe that these are effective economic hedges.

We recognize all derivative financial instruments as either assets or liabilities on the consolidated balance sheets and measure those instruments at fair value. Changes in the fair value of such instruments are recognized immediately in earnings unless certain criteria are met. These criteria demonstrate that the derivative is expected to be highly effective at offsetting changes in the fair value or expected cash flows of the underlying exposure at both the inception of the hedging relationship and on an ongoing basis and include an evaluation of the counterparty risk and the impact, if any, on the effectiveness of the derivative. If these criteria are met, which we must document and assess at inception and on an ongoing basis, we recognize the changes in fair value of such instruments in accumulated other comprehensive income (loss) ("AOCI"), a component of equity on the consolidated balance sheets. Changes in the fair value of the ineffective portion of all derivatives are recognized immediately in earnings.

Results of Operations for the Years Ended December 31, 2015 ("2015") and 2014 ("2014")

The following percentages are only as of a stated period and are not expected to be comparable in future periods. Further, these percentages are only representative of the percentage of the carrying value of such assets, finance income or rental income as of each stated period, and as such are not indicative of the concentration of any asset type or customer by the amount of equity invested or our investment portfolio as a whole.

Financing Transactions

The following tables set forth the types of assets securing the financing transactions in our portfolio:

	December 31,			
	2015		2014	
Asset Type	Net Carrying Value	Percentage of Total Net Carrying Value	Net Carrying Value	Percentage of Total Net Carrying Value
Tanker vessels	$ 36,760,303	41%	$ 37,998,931	29%
Platform supply vessels	21,002,939	23%	21,589,043	16%
Mining equipment	13,935,435	15%	22,184,672	17%
Trailers	9,842,336	11%	9,809,033	7%
Transportation	6,515,755	7%	8,360,217	6%
Lubricant manufacturing equipment	2,668,887	3%	2,703,292	2%
Energy equipment	-	-	11,473,409	9%
Printing equipment	-	-	8,086,659	6%
Coal drag line	-	-	5,741,902	4%
Tube manufacturing equipment	-	-	4,092,215	3%
Aircraft engines	-	-	966,359	1%
	$ 90,725,655	100%	$ 133,005,732	100%

The net carrying value of our financing transactions includes the balance of our net investment in notes receivable and our net investment in finance leases as of each reporting date.

During 2015 and 2014, certain customers generated significant portions (defined as 10% or more) of our total finance income as follows:

		Percentage of Total Finance Income	
Customer	Asset Type	2015	2014
Técnicas Maritimas Avanzadas, S.A. de C.V.	Platform supply vessels	24%	1%
Siva Global Ships Limited	Tanker vessels	22%	3%
Blackhawk Mining, LLC	Mining equipment	17%	3%
D&T Holdings, LLC	Transportation	11%	2%
Leighton Holdings Limited	Offshore oil field services equipment	-	85%
		74%	94%

Interest income and prepayment fees from our net investment in notes receivable and finance income from our net investment in finance leases are included in finance income in our consolidated statements of comprehensive (loss) income.

Non-performing Assets within Financing Transactions

As of December 31, 2014, the net carrying value of our impaired loan related to VAS was $966,359. The loan was considered impaired during the three months ended December 31, 2014. During 2015, we recorded an additional credit loss of $697,384 prior to the sale of our interest in the loan to GB for $268,975 on July 23, 2015. No gain or loss was recognized as a result of the sale. No finance income was recognized since the date the loan was considered impaired. Accordingly, no finance income was recognized in 2015. Finance income recognized on the loan prior to recording the credit loss was $197,741 in 2014 (see "Significant Transactions" above).

On May 12, 2015, Patriot Coal commenced a voluntary Chapter 11 proceeding in the Bankruptcy Court for the Eastern District of Virginia. On July 24, 2015, Patriot Coal notified us that it was terminating the lease and that it would not be making the balloon payment of $4,866,000 due at the end of the lease term. After extensive negotiations, we agreed with Patriot Coal to extend the term of the lease by one month with an additional lease payment of $150,000 and to reduce the balloon payment to $700,000, subject to the bankruptcy court's approval. As a result, the finance lease was placed on non-accrual status and a credit loss of $4,151,594 was recorded during 2015. In August 2015, title to the leased equipment was transferred to Patriot Coal upon our receipt of the additional lease payment and the reduced balloon payment. During 2015 and 2014, we recognized finance income of $159,694 (of which $150,000 was recognized on a cash basis) and $46,057, respectively. No gain or loss was recognized during 2015 as a result of the sale of leased equipment (see "Significant Transactions" above).

Operating Lease Transactions

The following tables set forth the types of equipment subject to operating leases in our portfolio:

	December 31,					
	2015			2014		
Asset Type		Net Carrying Value	Percentage of Total Net Carrying Value		Net Carrying Value	Percentage of Total Net Carrying Value
Offshore oil field services equipment	$	60,964,665	85%	$	66,356,257	73%
Vessels		5,720,000	8%		18,266,677	20%
Mining equipment		4,778,814	7%		6,395,518	7%
	$	71,463,479	100%	$	91,018,452	100%

The net carrying value of our operating lease transactions represents the balance of our leased equipment at cost and our vessels as of each reporting date.

Impaired Assets within Operating Lease Transactions

During 2015, we recognized an aggregate impairment loss of $11,149,619 on our vessels related to the Aegean Express and the Arabian Express based on impairment analyses performed by our Manager, which concluded that the carrying values of the Aegean Express and the Arabian Express were not recoverable and that impairment existed. As of December 31, 2015 and 2014, the net carrying value of such vessels was $5,720,000 and $18,266,677, respectively. During 2015 and 2014, we recognized time charter revenue of $5,361,706 and $4,132,289, respectively (see "Significant Transactions" above).

During 2015 and 2014, certain customers generated significant portions (defined as 10% or more) of our total rental income as follows:

		Percentage of Total Rental Income	
Customer	Asset Type	2015	2014
Swiber Holdings Limited	Offshore oil field services equipment	52%	65%
Pacific Crest Pte. Ltd.	Offshore oil field services equipment	33%	19%
Murray Energy Corporation	Mining equipment	15%	4%
Vroon Group B.V.	Marine - container vessels	-	12%
		100%	100%

Revenue and other income for 2015 and 2014 is summarized as follows:

	Years Ended December 31, 2015	Years Ended December 31, 2014	Change
Finance income	$ 13,646,291	$ 68,225,836	$ (54,579,545)
Rental income	14,128,629	13,911,707	216,922
Time charter revenue	5,361,706	4,132,289	1,229,417
(Loss) income from investment in joint ventures	(12,010,760)	3,271,192	(15,281,952)
Loss on lease termination	-	(18,800)	18,800
Gain on sale of assets, net	-	1,737,983	(1,737,983)
Total revenue and other income	$ 21,125,866	$ 91,260,207	$ (70,134,341)

Total revenue and other income for 2015 decreased $70,134,341, or 76.9%, as compared to 2014. The decrease was primarily attributable to (i) a decrease in finance income related to the gain on exercise of purchase options associated with three of the Leighton Vessels by Leighton during 2014 with no comparable gain in 2015, (ii) our share of the loss from investment in joint ventures related to JAC due to the credit loss reserve recorded during 2015 (see "Significant Transactions" above) and (iii) a gain recognized in 2014 from the sale of marine diving equipment with no comparable gain in 2015. These decreases were partially offset by an increase in time charter revenue related to the Aegean Express and the Arabian Express as we commenced operating such vessels in April 2014.

Expenses for 2015 and 2014 are summarized as follows:

	Years Ended December 31, 2015	Years Ended December 31, 2014	Change
Management fees	$ 1,404,272	$ 1,918,023	$ (513,751)
Administrative expense reimbursements	1,744,189	4,785,387	(3,041,198)
General and administrative	2,692,895	3,066,828	(373,933)
Interest	4,009,417	5,289,185	(1,279,768)
Depreciation	8,405,354	7,127,975	1,277,379
Credit loss, net	4,848,978	634,803	4,214,175
Impairment loss	11,149,619	70,412	11,079,207
Vessel operating	4,402,857	4,334,167	68,690
Loss on derivative financial instruments	-	372,316	(372,316)
Total expenses	$ 38,657,581	$ 27,599,096	$ 11,058,485

Total expenses for 2015 increased $11,058,485, or 40.1%, as compared to 2014. The increase was primarily attributable to (i) impairment losses recorded related to the Aegean Express and the Arabian Express during 2015, (ii) the credit loss recorded related to Patriot Coal during 2015 and (iii) an increase in depreciation expense due to entering into two new operating leases during 2014. These increases were partially offset by a decrease in administrative expense reimbursements primarily due to costs incurred on our behalf by our Manager in connection with a proposed sale of our assets during our liquidation period in 2014 and lower costs incurred in 2015 as compared to 2014 as a result of the decrease in size of our investment portfolio during our liquidation period. These increases were also partially offset by decreases in (a) interest expense primarily as a result of the repayment of our non-recourse long-term debt associated with three of the Leighton Vessels that were sold in 2014, (b) general and administrative expenses primarily due to higher legal fees incurred during 2014 related to EAR and other various matters as compared to 2015 and (c) management fees primarily due to the sale of three of the Leighton Vessels in 2014 and prepayments on our financing receivables, which included the sale of our interest in the loans with Ocean Navigation and the prepayment by SAE during 2014.

Net Income Attributable to Noncontrolling Interests

Net income attributable to noncontrolling interests increased $401,200, from $3,780,780 in 2014 to $4,181,980 in 2015. The increase was primarily due to additional consolidated joint ventures that we entered into during 2014.

Other Comprehensive Income

Other comprehensive income decreased $629,587, from $629,587 in 2014 to $0 in 2015. The decrease was primarily due to (i) the termination or maturity of all our designated interest rate swaps in April 2014, which resulted in the reclassification from AOCI to interest expense and loss on derivative financial instruments during 2014 and (ii) the change in fair value of our designated interest rate swaps during 2014.

Net (Loss) Income Attributable to Fund Twelve

As a result of the foregoing factors, net (loss) income attributable to us for 2015 and 2014 was $(21,713,695) and $59,880,331, respectively. Net (loss) income attributable to us per weighted average additional Share outstanding for 2015 and 2014 was $(61.71) and $170.19, respectively.

Results of Operations for the Years Ended December 31, 2014 (“2014”) and 2013 (“2013”)

The following percentages are only as of a stated period and are not expected to be comparable in future periods. Further, these percentages are only representative of the percentage of the carrying value of such assets, finance income or rental income as of each stated period, and as such are not indicative of the concentration of any asset type or customer by the amount of equity invested or our investment portfolio as a whole.

Financing Transactions

The following tables set forth the types of assets securing the financing transactions in our portfolio:

	December 31,			
	2014		2013	
Asset Type	Net Carrying Value	Percentage of Total Net Carrying Value	Net Carrying Value	Percentage of Total Net Carrying Value
Tanker vessels	$ 37,998,931	29%	$ -	-
Mining equipment	22,184,672	17%	-	-
Platform supply vessels	21,589,043	16%	-	-
Energy equipment	11,473,409	9%	-	-
Trailers	9,809,033	7%	-	-
Transportation	8,360,217	6%	-	-
Printing equipment	8,086,659	6%	10,961,912	7%
Coal drag line	5,741,902	4%	7,495,844	5%
Tube manufacturing equipment	4,092,215	3%	4,152,432	3%
Lubricant manufacturing equipment	2,703,292	2%	2,737,695	2%
Aircraft engines	966,359	1%	1,687,232	1%
Offshore oil field services equipment	-	-	93,951,371	63%
Marine - crude oil tanker	-	-	10,102,586	7%
On-shore oil field services equipment	-	-	8,017,099	6%
Seismic imaging equipment	-	-	4,128,632	3%
Telecommunications equipment	-	-	3,168,851	2%
Analog seismic system equipment	-	-	1,878,037	1%
	$ 133,005,732	100%	$ 148,281,691	100%

The net carrying value of our financing transactions includes the balance of our net investment in notes receivable and our net investment in finance leases as of each reporting date.

During 2014 and 2013, one customer generated a significant portion (defined as 10% or more) of our total finance income as follows:

		Percentage of Total Finance Income	
Customer	Asset Type	2014	2013
Leighton Holdings Limited	Offshore oil field services equipment	85%	63%

Interest income and prepayment fees from our net investment in notes receivable and finance income from our net investment in finance leases are included in finance income in our consolidated statements of comprehensive (loss) income.

Non-performing Assets within Financing Transactions

As of December 31, 2014, the net carrying value of our impaired loan related to VAS was $966,359. No finance income was recognized since the date the loan was impaired during 2014. We recognized $197,741 and $256,209 of finance income related to VAS during 2014 and 2013, respectively, prior to the loan being impaired. As of December 31, 2013, the net carrying value of the loan related to VAS was $1,687,232 (see "Significant Transactions" above).

Operating Lease Transactions

The following tables set forth the types of equipment subject to operating leases in our portfolio:

	December 31,					
	2014			2013		
Asset Type		Net Carrying Value	Percentage of Total Net Carrying Value		Net Carrying Value	Percentage of Total Net Carrying Value
Offshore oil field services equipment	$	66,356,257	73%	$	35,135,234	64%
Vessels		18,266,677	20%		-	-
Mining equipment		6,395,518	7%		-	-
Marine - container vessels		-	-		20,071,331	36%
	$	91,018,452	100%	$	55,206,565	100%

The net carrying value of our operating lease transactions represents the balance of our leased equipment at cost and our vessels as of each reporting date.

The Aegean Express and the Arabian Express were reclassified from leased equipment at cost to vessels on our consolidated balance sheets upon termination of the bareboat charters in April 2014. The net carrying value of the Aegean Express and the Arabian Express represent the balance of our vessels as of December 31, 2014. In addition, these vessels generated all of our time charter revenue for 2014 presented on our consolidated statements of comprehensive (loss) income.

Impaired Assets within Operating Lease Transactions

During 2013, we recognized an impairment charge of $14,790,755 on the leased equipment at cost, of which $13,020,226 was related to the Aegean Express and the Arabian Express. As of December 31, 2014 and 2013, the net carrying value of such vessels was $18,266,677 and $20,071,331, respectively. As of December 31, 2014 and 2013, these vessels were classified as vessels and leased equipment at cost, respectively, on our consolidated balance sheets. Time charter revenue/rental income of $5,816,081 and $6,735,168 was recognized with respect to these vessels during 2014 and 2013, respectively (see "Significant Transactions" above).

During 2014 and 2013, certain customers generated significant portions (defined as 10% or more) of our total rental income as follows:

		Percentage of Total Rental Income	
Customer	Asset Type	2014	2013
Swiber Holdings Limited	Offshore oil field services equipment	65%	28%
Pacific Crest Pte. Ltd.	Offshore oil field services equipment	19%	-
Vroon Group B.V.	Marine - container vessels	12%	21%
AET Inc. Limited	Marine - crude oil tanker	-	51%
		96%	100%

Revenue and other income for 2014 and 2013 is summarized as follows:

	Years Ended December 31, 2014	Years Ended December 31, 2013	Change
Finance income	$ 68,225,836	$ 16,811,076	$ 51,414,760
Rental income	13,911,707	32,785,533	(18,873,826)
Time charter revenue	4,132,289	-	4,132,289
Income from investment in joint ventures	3,271,192	4,061,317	(790,125)
(Loss) gain on lease termination	(18,800)	8,827,010	(8,845,810)
Gain (loss) on sale of assets, net	1,737,983	(6,695,492)	8,433,475
Total revenue and other income	$ 91,260,207	$ 55,789,444	$ 35,470,763

Total revenue and other income for 2014 increased $35,470,763, or 63.6%, as compared to 2013. The increase in finance income was primarily related to three of the Leighton Vessels, of which $57,248,440 was recognized as finance income, related to the gain on the exercise of a purchase option for such Leighton Vessels during 2014. This gain was offset by a reduction of $7,643,794 in finance income earned from the leases related to the Leighton Vessels in 2014 compared to 2013. The increase in time charter revenue was related to the Aegean Express and the Arabian Express as we commenced operating such vessels in April 2014. The increase was partially offset by a decrease in rental income, which was primarily due to the termination or expiration of the leases related to the Eagle Vessels during 2013. In 2013, we had a net gain of $2,131,518 on the lease termination and subsequent sale of the Eagle Vessels, comprised of a gain on lease termination of $8,827,010 and a net loss on sale of the vessels of $6,695,492, as compared to a smaller gain on sale of assets of $1,737,983 primarily from the sale of marine diving equipment in 2014.

Expenses for 2014 and 2013 are summarized as follows:

	Years Ended December 31, 2014	Years Ended December 31, 2013	Change
Management fees	$ 1,918,023	$ 3,247,710	$ (1,329,687)
Administrative expense reimbursements	4,785,387	2,284,264	2,501,123
General and administrative	3,066,828	3,169,333	(102,505)
Interest	5,289,185	8,677,154	(3,387,969)
Depreciation	7,127,975	29,824,603	(22,696,628)
Credit loss, net	634,803	-	634,803
Impairment loss	70,412	14,790,755	(14,720,343)
Vessel operating	4,334,167	-	4,334,167
Loss on disposition of assets of foreign investment	-	1,447,361	(1,447,361)
Loss on derivative financial instruments	372,316	188,534	183,782
Total expenses	$ 27,599,096	$ 63,629,714	$ (36,030,618)

Total expenses for 2014 decreased $36,030,618, or 56.6%, as compared to 2013. The decrease in depreciation was primarily due to the sale of the Eagle Vessels during 2013. The decrease in impairment loss was due to the recognition of impairment losses in connection with the Eagle Vessels, the Aegean Express and the Arabian Express of $14,790,755 during 2013, compared to an impairment loss of $70,412 recognized on real property held by ICON EAR during 2014. The decrease in interest was primarily due to the repayment of our non-recourse long-term debt associated with the sale of multiple vessels and certain equipment during or subsequent to 2013, partially offset by three additional borrowings of non-recourse long-term debt during 2014. In addition, we incurred a loss on disposition of assets of foreign investment as a result of the reclassification of the accumulated loss on currency translation adjustment out of AOCI due to the sale of a foreign investment during 2013, with no comparable loss incurred in 2014. These decreases were partially offset by vessel operating expenses incurred during 2014 related to the Aegean Express and the Arabian Express as we commenced operating such vessels in April 2014 and an increase in administrative expense reimbursements, primarily due to increased costs incurred on our behalf by our Manager in connection with a proposed sale of our assets during our liquidation period in 2014. Our Manager may continue to incur additional professional fees and costs on our behalf as it continues to pursue the sale of our assets in one or more strategic transactions.

Net Income Attributable to Noncontrolling Interests

Net income attributable to noncontrolling interests increased $2,243,581, from $1,537,199 in 2013 to $3,780,780 in 2014. The increase was primarily due to additional consolidated joint ventures that we entered into during 2014.

Other Comprehensive Income

Other comprehensive income decreased $3,005,965, from $3,635,552 in 2013 to $629,587 in 2014. The decrease was primarily due to the termination or expiration of derivative financial instruments related to the debt associated with three of the Leighton Vessels, the Aegean Express and the Arabian Express subsequent to 2013. In addition, we reclassified the accumulated loss on currency translation adjustment out of AOCI to a loss on disposition of assets of foreign investment due to the sale of a foreign investment during 2013, with no comparable reclassification in 2014.

Net Income (Loss) Attributable to Fund Twelve

As a result of the foregoing factors, net income (loss) attributable to us for 2014 and 2013 was $59,880,331 and $(9,377,469), respectively. Net income (loss) attributable to us per weighted average additional Share outstanding for 2014 and 2013 was $170.19 and $(26.65), respectively.

Financial Condition

This section discusses the major balance sheet variances at December 31, 2015 compared to December 31, 2014.

Total Assets

Total assets decreased $78,637,259, from $267,429,193 at December 31, 2014 to $188,791,934 at December 31, 2015. The decrease was primarily the result of the use of existing cash and cash generated from our investments to (a) pay distributions to our members and noncontrolling interests, (b) repay our non-recourse long-term debt and (c) repay liabilities due to our Manager for expenses incurred in connection with a proposed sale of our assets during our liquidation period in 2014. The decrease was also due to (i) our share of losses from our investment in joint ventures as a result of the total credit loss recorded by the joint ventures, (ii) the impairment loss recognized on the Aegean Express and the Arabian Express, (iii) depreciation on our leased equipment at cost and vessels, and (iv) the credit loss recorded on our finance lease with Patriot Coal.

Current Assets

Current assets decreased $12,232,532, from $34,655,589 at December 31, 2014 to $22,423,057 at December 31, 2015. The decrease was primarily due to (i) distributions paid to our members and noncontrolling interests, (ii) scheduled repayments on our non-recourse long-term debt during 2015 and (iii) the credit loss recorded on our finance lease with Patriot Coal, which was included in current portion of net investment in finance leases as of December 31, 2014. These decreases were partially offset by cash generated from operations and several prepayments on our long-term financing receivables.

Total Liabilities

Total liabilities decreased $13,445,593, from $76,549,257 at December 31, 2014 to $63,103,664 at December 31, 2015. The decrease was primarily due to the repayment of our non-recourse long-term debt and the repayment of liabilities due to our Manager for expenses incurred in connection with a proposed sale of our assets during our liquidation period in 2014. Our Manager may continue to incur additional professional fees and costs on our behalf as it continues to pursue the sale of our assets in one or more strategic transactions.

Current Liabilities

Current liabilities decreased $3,878,188, from $12,240,238 at December 31, 2014 to $8,362,050 at December 31, 2015. The decrease was primarily due to the repayment of liabilities due to our Manager for expenses incurred in connection with a proposed sale of our assets during our liquidation period in 2014 and the satisfaction of our non-recourse debt related to Cenveo.

Equity

Equity decreased $65,191,666, from $190,879,936 at December 31, 2014 to $125,688,270 at December 31, 2015. The decrease was primarily due to distributions to our members and noncontrolling interests during 2015 and our net loss during 2015.

Liquidity and Capital Resources

Summary

At December 31, 2015 and 2014, we had cash and cash equivalents of $8,404,092 and $15,410,563, respectively. Pursuant to the terms of our offering, we established a cash reserve in the amount of 0.5% of the gross offering proceeds. As of December 31, 2015, the cash reserve was $1,738,435. During our operating period, our main source of cash was typically from operating activities and our main use of cash was in investing and financing activities. During our liquidation period, which commenced on May 1, 2014, we expect our main sources of cash will be from the collection of income and principal on our notes receivable and finance leases and proceeds from the sale of assets held directly by us or indirectly by our joint ventures and our main use of cash will be for distributions to our members and noncontrolling interests. Our liquidity will vary in the future, increasing to the extent cash flows from investments and proceeds from the sale of our investments exceed expenses and decreasing as we meet our debt obligations, pay distributions to our members and noncontrolling interests and to the extent that expenses exceed cash flows from operations and proceeds from the sale of our investments.

We anticipate being able to meet our liquidity requirements into the foreseeable future through the expected results of our operating activities, as well as cash received from our investments at maturity. However, our ability to generate cash in the future is subject to general economic, financial, competitive, regulatory and other factors that affect us and our lessees' and borrowers' businesses that are beyond our control. See "Item 1A. Risk Factors."

Cash Flows

The following table sets forth summary cash flow data:

	Years Ended December 31,		
	2015	2014	2013
Net cash provided by (used in):			
Operating activities	$ 26,170,007	$ 26,783,311	$ 31,200,193
Investing activities	25,629,739	34,192,057	16,677,549
Financing activities	(58,806,217)	(59,550,112)	(64,873,321)
Effects of exchange rates on cash and cash equivalents	-	-	110
Net (decrease) increase in cash and cash equivalents	$ (7,006,471)	$ 1,425,256	$ (16,995,469)

Note: See the Consolidated Statements of Cash Flows included in "Item 8. Consolidated Financial Statements and Supplementary Data" of this Annual Report on Form 10-K for additional information.

Operating Activities

Cash provided by operating activities decreased $613,304, from $26,783,311 in 2014 to $26,170,007 in 2015. The decrease was primarily due to a decrease in the collection of finance income as a result of the termination or expiration of certain finance leases as well as the timing of payments of certain of our liabilities. This decrease was partially offset by higher operating cash flows in 2015 generated by two new operating leases we entered into in 2014.

Investing Activities

Cash provided by investing activities decreased $8,562,318, from $34,192,057 in 2014 to $25,629,739 in 2015. The decrease was primarily due to (i) proceeds received from the exercise of purchase options related to three of the Leighton Vessels during 2014, (ii) less principal received on notes receivable primarily due to several prepayments during 2014 and (iii) lower distributions from our investment in joint ventures during 2015. These decreases were partially offset by no new investments made during 2015.

Financing Activities

Cash used in financing activities decreased $743,895, from $59,550,112 in 2014 to $58,806,217 in 2015. The decrease was primarily due to (a) a larger repayment on our non-recourse long-term debt during 2014 as a result of the sale of three of the Leighton Vessels, (b) no payments of debt financing costs and (c) no repayments of seller's credit during 2015, partially offset by (i) less investments made by noncontrolling interests, (ii) less proceeds received from our non-recourse long-term debt and (iii) higher distributions paid to our members and noncontrolling interests.

Financings and Borrowings

Non-Recourse Long-Term Debt

We had non-recourse long-term debt obligations at December 31, 2015 and 2014 of $48,049,520 and $59,195,786, respectively. All of our non-recourse long-term debt obligations consist of notes payable in which the lender has a security interest in the underlying assets. If the borrower were to default on the underlying loan or lease, resulting in our default on the non-recourse long-term debt, the assets could be foreclosed upon and the proceeds would be remitted to the lender in extinguishment of that debt. As of December 31, 2015 and 2014, the total carrying value of assets subject to non-recourse long-term debt was $87,131,546 and $107,226,456, respectively.

As a result of the partial prepayment by Cenveo, on July 7, 2014, we partially paid down our non-recourse long-term debt with NXT that was secured by our interest in the loan to and collateral from Cenveo by making a prepayment of $702,915. On September 30, 2015, as a result of the prepayment by Cenveo, we satisfied our non-recourse long-term debt obligations with NXT by making a prepayment of $4,223,432.

At December 31, 2015, we were in compliance with all covenants related to our non-recourse long-term debt.

Revolving Line of Credit, Recourse

We entered into an agreement with California Bank & Trust ("CB&T") for a revolving line of credit through March 31, 2015 of up to $10,000,000 (the "Facility"), which was secured by all of our assets not subject to a first priority lien. Amounts available under the Facility were subject to a borrowing base that was determined, subject to certain limitations, by the present value of future receivables under certain loans and lease agreements in which we had a beneficial interest.

The interest rate for general advances under the Facility was CB&T's prime rate. We could have elected to designate up to five advances on the outstanding principal balance of the Facility to bear interest at LIBOR plus 2.5% per year. In all instances, borrowings under the Facility were subject to an interest rate floor of 4.0% per year. In addition, we were obligated to pay an annualized 0.50% fee on unused commitments under the Facility. On February 28, 2014 and March 31, 2014, we drew down $3,000,000 and $7,000,000, respectively, under the Facility. On November 6, 2014, we repaid the $10,000,000.

On December 22, 2014, the Facility with CB&T was terminated. There were no obligations outstanding as of the date of termination.

Distributions

We, at our Manager's discretion, paid monthly distributions to each of our additional members beginning with the first month after each such member's admission through the end of our operating period, which was April 30, 2014. We paid distributions to our additional members of $37,944,866, $25,257,603 and $25,953,936 for the years ended December 31, 2015, 2014 and 2013, respectively. We paid distributions to our Manager of $383,282, $255,127 and $262,158 for the years ended December 31, 2015, 2014 and 2013, respectively. We paid distributions to our noncontrolling interests of $9,390,629, $7,079,452 and $7,182,576 for the years ended December 31, 2015, 2014 and 2013, respectively. During our liquidation period, we have paid and will continue to pay distributions in accordance with the terms of our LLC Agreement. We expect that distributions paid during the liquidation period will vary, depending on the timing of the sale of our assets and/or the maturity of our investments, and our receipt of rental, finance and other income from our investments.

Commitments and Contingencies and Off-Balance Sheet Transactions

Commitments and Contingencies

At the time we acquire or divest of our interest in an equipment lease or other financing transaction, we may, under very limited circumstances, agree to indemnify the seller or buyer for specific contingent liabilities. Our Manager believes that any liability of ours that may arise as a result of any such indemnification obligations will not have a material adverse effect on our consolidated financial condition or results of operations taken as a whole.

At December 31, 2015, we had non-recourse long-term debt and seller's credit. Each lender has a security interest in the majority of the assets collateralizing each non-recourse debt instrument and an assignment of the rental payments under the lease associated with the assets. In such cases, the lender is being paid directly by the lessee. In other cases, we receive the rental payments and pay the lender. If the lessee defaults on the lease, the assets could be foreclosed upon and the proceeds would be remitted to the lender in extinguishment of the non-recourse debt. At December 31, 2015, our outstanding non-recourse long-term indebtedness and seller's credit totaled $60,797,253.

Principal and interest maturities of our debt, seller's credit and related interest consisted of the following at December 31, 2015:

	Payments Due by Period				
	Total	1 Year	2 - 3 Years	4 - 5 Years	Thereafter
Non-recourse debt	$ 48,049,520	$ 6,205,639	$ 11,528,881	$ 9,400,000	$ 20,915,000
Seller's credit	16,500,000	-	5,000,000	-	11,500,000
Non-recourse debt interest*	10,625,237	2,598,169	4,088,507	2,952,356	986,205
	$ 75,174,757	$ 8,803,808	$ 20,617,388	$ 12,352,356	$ 33,401,205

*Based on fixed or variable rates in effect at December 31, 2015.

In connection with certain debt obligations, we are required to maintain restricted cash accounts with certain banks. At December 31, 2015, we had restricted cash of $2,068,709, which is presented within other non-current assets in our consolidated balance sheets.

During 2008, a joint venture, ICON EAR, owned 55% by us and 45% by Fund Eleven, purchased and simultaneously leased semiconductor manufacturing equipment to EAR for $15,729,500. On October 23, 2009, EAR filed a petition for reorganization under Chapter 11 of the U.S. Bankruptcy Code. On October 21, 2011, the Chapter 11 bankruptcy trustee for EAR filed an adversary complaint against ICON EAR seeking the recovery of the lease payments that the trustee alleged were fraudulently transferred from EAR to ICON EAR. The complaint also sought the recovery of payments made by EAR to ICON EAR during the 90-day period preceding EAR's bankruptcy filing, alleging that those payments constituted a preference under the U.S. Bankruptcy Code. Additionally, the complaint sought the imposition of a constructive trust over certain real property and the proceeds from the sale that ICON EAR received as security in connection with its investment. Our Manager filed an answer to the complaint that included certain affirmative defenses. Since that time, substantial discovery was completed. Our Manager still believes these claims are unsupported by the facts, but given the risks, costs and uncertainty surrounding litigation in bankruptcy, our Manager would engage in prudent settlement discussions to resolve this matter expeditiously. At this time, we are unable to predict the outcome of this action or loss therefrom, if any; however, an adverse ruling or settlement may have a material impact on our consolidated financial position or results of operations.

Subsequent to the filing of the bankruptcy petition, EAR disclaimed any right to its equipment and such equipment became the subject of an Illinois State Court proceeding. The equipment was subsequently sold as part of the Illinois State Court proceeding. On March 6, 2012, one of the creditors in the Illinois State Court proceeding won a summary judgment motion filed against ICON EAR, thereby dismissing ICON EAR's claims to the proceeds resulting from the sale of the EAR equipment. ICON EAR appealed this decision. On September 16, 2013, the lower court's ruling was affirmed by the Illinois Appellate Court. On October 21, 2013, ICON EAR filed a Petition for Leave to Appeal with the Supreme Court of Illinois appealing the decision of the Illinois Appellate Court, which petition was denied on January 29, 2014. On December 24, 2014, ICON EAR sold the real property for $207,937.

Off-Balance Sheet Transactions

None.

Inflation and Interest Rates

The potential effects of inflation on us are difficult to predict. If the general economy experiences significant rates of inflation, however, it could affect us in a number of ways. We do not currently have or expect to have rent escalation clauses tied to inflation in our leases and most of our notes receivable contain fixed interest rates. The anticipated residual values to be realized upon the sale or re-lease of equipment upon lease termination (and thus the overall cash flow from our leases) may increase with inflation as the cost of similar new and used equipment increases.

If interest rates increase or decrease significantly, our leases and notes receivable already in place would generally not be affected.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

We, like most other companies, are exposed to certain market risks, which include changes in interest rates and the demand for equipment owned by us. We believe that our exposure to other market risks, including foreign currency exchange rate risk, commodity risk and equity price risk, are insignificant at this time to both our financial position and our results of operations.

Our exposure to market risk relates primarily to our fixed-rate notes receivable, fixed-rate non-recourse long-term debt and seller's credit. As of December 31, 2015, the principal balance on our fixed-rate notes receivable was $33,582,938. As of December 31, 2015, the principal balance on our fixed-rate non-recourse long-term debt was $48,049,520. As of December 31, 2015, the principal balance on our seller's credit was $12,747,733.

For certain of our financial instruments, fair values are not readily available since there are no active trading markets. Accordingly, we derive or estimate fair values using various valuation techniques, such as computing the present value of estimated future cash flows using discount rates commensurate with the risks involved. However, the determination of cash flows may be subjective and based on estimates. Changes in assumptions or estimates can have a material effect on these estimated fair values. The following fair values were determined using the discount rates that we believe our outstanding fixed-rate notes receivable, fixed-rate non-recourse long-term debt and seller's credit would warrant as of December 31, 2015 and are indicative of the interest rate environment as of December 31, 2015, and do not take into consideration the effects of subsequent interest rate fluctuations. Accordingly, we estimate that the fair value of the principal balance on our fixed-rate notes receivable, fixed-rate non-recourse long-term debt and seller's credit was $32,995,104, $47,117,900 and $13,254,281, respectively, as of December 31, 2015.

We currently have four outstanding notes payable, which constitute our non-recourse long-term debt obligations. All of our notes pay interest at a fixed rate. Our Manager has evaluated the impact of the condition of the credit markets on our future results of operations and cash flows and we do not expect any adverse impact should credit conditions in general remain the same or deteriorate further.

We manage our exposure to equipment and residual risk by monitoring the markets in which our equipment is located and maximizing remarketing proceeds through the re-lease or sale of equipment.

Item 8. Consolidated Financial Statements and Supplementary Data

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Members
ICON Leasing Fund Twelve, LLC

We have audited the accompanying consolidated balance sheets of ICON Leasing Fund Twelve, LLC (the “Company”) as of December 31, 2015 and 2014, and the related consolidated statements of comprehensive (loss) income, changes in equity and cash flows for each of the three years in the period ended December 31, 2015. Our audits also included the financial statement schedule listed in the Index at Item 15(a)(2). These financial statements and schedule are the responsibility of the Company’s management. Our responsibility is to express an opinion on these financial statements and schedule based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. We were not engaged to perform an audit of the Company’s internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of ICON Leasing Fund Twelve, LLC at December 31, 2015 and 2014, and the consolidated results of its operations and its cash flows for each of the three years in the period ended December 31, 2015, in conformity with U.S. generally accepted accounting principles. Also, in our opinion, the related financial statement schedule, when considered in relation to the basic financial statements taken as a whole, presents fairly in all material respects the information set forth therein.

/s/ ERNST & YOUNG LLP

New York, New York
March 29, 2016

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ICON Leasing Fund Twelve, LLC
(A Delaware Limited Liability Company)
Consolidated Balance Sheets

	December 31, 2015	December 31, 2014
Assets		
Current assets:		
Cash and cash equivalents	$ 8,404,092	$ 15,410,563
Current portion of net investment in notes receivable	4,102,738	6,482,004
Current portion of net investment in finance leases	6,630,691	12,142,423
Other current assets	3,285,536	620,599
Total current assets	22,423,057	34,655,589
Non-current assets:		
Net investment in notes receivable, less current portion	29,411,423	52,238,006
Net investment in finance leases, less current portion	50,580,803	62,143,299
Leased equipment at cost (less accumulated depreciation of $25,438,880 and $18,430,584, respectively)	65,743,479	72,751,775
Vessels (less accumulated depreciation of $2,683,605 and $1,286,547, respectively)	5,720,000	18,266,677
Investment in joint ventures	12,233,856	25,235,827
Other non-current assets	2,679,316	2,138,020
Total non-current assets	166,368,877	232,773,604
Total assets	$ 188,791,934	$ 267,429,193
Liabilities and Equity		
Current liabilities:		
Current portion of non-recourse long-term debt	$ 6,205,639	$ 7,332,765
Deferred revenue	158,988	167,813
Due to Manager and affiliates, net	437,925	2,798,414
Accrued expenses and other current liabilities	1,559,498	1,941,246
Total current liabilities	8,362,050	12,240,238
Non-current liabilities:		
Non-recourse long-term debt, less current portion	41,843,881	51,863,021
Seller's credits	12,747,733	12,295,998
Other non-current liabilities	150,000	150,000
Total non-current liabilities	54,741,614	64,309,019
Total liabilities	63,103,664	76,549,257
Commitments and contingencies (Note 15)		
Equity:		
Members' equity:		
Additional members	103,518,658	162,960,082
Manager	(2,065,662)	(1,465,243)
Total members' equity	101,452,996	161,494,839
Noncontrolling interests	24,235,274	29,385,097
Total equity	125,688,270	190,879,936
Total liabilities and equity	$ 188,791,934	$ 267,429,193

See accompanying notes to consolidated financial statements.

ICON Leasing Fund Twelve, LLC
(A Delaware Limited Liability Company)
Consolidated Statements of Comprehensive (Loss) Income

	Years Ended December 31,		
	2015	2014	2013
Revenue and other income:			
Finance income	$ 13,646,291	$ 68,225,836	$ 16,811,076
Rental income	14,128,629	13,911,707	32,785,533
Time charter revenue	5,361,706	4,132,289	-
(Loss) income from investment in joint ventures	(12,010,760)	3,271,192	4,061,317
(Loss) gain on lease termination	-	(18,800)	8,827,010
Gain (loss) on sale of assets, net	-	1,737,983	(6,695,492)
Total revenue and other income	21,125,866	91,260,207	55,789,444
Expenses:			
Management fees	1,404,272	1,918,023	3,247,710
Administrative expense reimbursements	1,744,189	4,785,387	2,284,264
General and administrative	2,692,895	3,066,828	3,169,333
Interest	4,009,417	5,289,185	8,677,154
Depreciation	8,405,354	7,127,975	29,824,603
Credit loss, net	4,848,978	634,803	-
Impairment loss	11,149,619	70,412	14,790,755
Vessel operating	4,402,857	4,334,167	-
Loss on disposition of assets of foreign investment	-	-	1,447,361
Loss on derivative financial instruments	-	372,316	188,534
Total expenses	38,657,581	27,599,096	63,629,714
Net (loss) income	(17,531,715)	63,661,111	(7,840,270)
Less: net income attributable to noncontrolling interests	4,181,980	3,780,780	1,537,199
Net (loss) income attributable to Fund Twelve	(21,713,695)	59,880,331	(9,377,469)
Other comprehensive income:			
Change in fair value of derivative financial instruments	-	282,919	2,180,188
Reclassification adjustment for losses on derivative financial instruments due to early termination	-	346,668	-
Currency translation adjustment during the year	-	-	8,003
Currency translation adjustment reclassified to net income	-	-	1,447,361
Total other comprehensive income	-	629,587	3,635,552
Comprehensive (loss) income	(17,531,715)	64,290,698	(4,204,718)
Less: comprehensive income attributable to noncontrolling interests	4,181,980	3,780,780	1,589,252
Comprehensive (loss) income attributable to Fund Twelve	$ (21,713,695)	$ 60,509,918	$ (5,793,970)
Net (loss) income attributable to Fund Twelve allocable to:			
Additional members	$ (21,496,558)	$ 59,281,528	$ (9,283,695)
Manager	(217,137)	598,803	(93,774)
	$ (21,713,695)	$ 59,880,331	$ (9,377,469)
Weighted average number of additional shares of limited liability company interests outstanding	348,335	348,335	348,361
Net (loss) income attributable to Fund Twelve per weighted average additional share of limited liability company interests outstanding	$ (61.71)	$ 170.19	$ (26.65)

See accompanying notes to consolidated financial statements.

ICON Leasing Fund Twelve, LLC
(A Delaware Limited Liability Company)
Consolidated Statements of Changes in Equity

	Members' Equity						
	Additional Shares of Limited Liability Company Interests	Additional Members	Manager	Accumulated Other Comprehensive Loss	Total Members' Equity	Noncontrolling Interests	Total Equity
Balance, December 31, 2012	348,429	$ 164,205,604	$ (1,452,987)	$ (4,213,086)	$ 158,539,531	$ 17,788,978	$ 176,328,509
Net (loss) income	-	(9,283,695)	(93,774)	-	(9,377,469)	1,537,199	(7,840,270)
Change in fair value of derivative financial instruments	-	-	-	2,128,135	2,128,135	52,053	2,180,188
Disposition of asset of foreign investment	-	-	-	1,447,361	1,447,361	-	1,447,361
Currency translation adjustments	-	-	-	8,003	8,003	-	8,003
Distributions	-	(25,953,936)	(262,158)	-	(26,216,094)	(7,182,576)	(33,398,670)
Shares of limited liability company interests repurchased	(94)	(31,816)	-	-	(31,816)	-	(31,816)
Balance, December 31, 2013	348,335	128,936,157	(1,808,919)	(629,587)	126,497,651	12,195,654	138,693,305
Net income	-	59,281,528	598,803	-	59,880,331	3,780,780	63,661,111
Change in fair value of derivative financial instruments	-	-	-	282,919	282,919	-	282,919
Reclassification adjustment for losses on derivative financial instrucments due to early termination	-	-	-	346,668	346,668	-	346,668
Distributions	-	(25,257,603)	(255,127)	-	(25,512,730)	(7,079,452)	(32,592,182)
Investment by noncontrolling interests	-	-	-	-	-	20,488,115	20,488,115
Balance, December 31, 2014	348,335	162,960,082	(1,465,243)	-	161,494,839	29,385,097	190,879,936
Net (loss) income	-	(21,496,558)	(217,137)	-	(21,713,695)	4,181,980	(17,531,715)
Distributions	-	(37,944,866)	(383,282)	-	(38,328,148)	(9,390,629)	(47,718,777)
Investment by noncontrolling interests	-	-	-	-	-	58,826	58,826
Balance, December 31, 2015	348,335	$ 103,518,658	$ (2,065,662)	$ -	$ 101,452,996	$ 24,235,274	$ 125,688,270

See accompanying notes to consolidated financial statements.

ICON Leasing Fund Twelve, LLC
(A Delaware Limited Liability Company)
Consolidated Statements of Cash Flows

	Years Ended December 31, 2015	2014	2013
Cash flows from operating activities:			
Net (loss) income	$ (17,531,715)	$ 63,661,111	$ (7,840,270)
Adjustments to reconcile net (loss) income to net cash provided by operating activities:			
Finance income	(6,745,536)	(62,511,037)	(11,934,182)
Rental income paid directly to lenders by lessees	-	(1,088,550)	(21,243,166)
Loss (income) from investment in joint ventures	12,010,760	(3,271,192)	(4,061,317)
Depreciation	8,405,354	7,127,975	29,824,603
Interest expense on non-recourse financing paid directly to lenders by lessees	-	63,644	1,577,271
Interest expense from amortization of debt financing costs	176,435	617,069	691,194
Net accretion of seller's credits and other	451,735	833,335	2,301,984
Impairment loss	11,149,619	70,412	14,790,755
Credit loss, net	4,848,978	634,803	-
Net loss (gain) on lease termination	-	18,800	(8,827,010)
Net (gain) loss on sale of assets	-	(1,737,983)	6,695,492
Loss on derivative financial instruments	-	562,577	188,534
Loss on disposition of assets of foreign investment	-	-	1,447,361
Changes in operating assets and liabilities:			
Collection of finance leases	19,469,634	20,832,230	27,353,307
Other assets	(3,382,668)	(1,207,414)	2,307,702
Accrued expenses and other current liabilities	(381,748)	683,478	(1,612,354)
Deferred revenue	(8,825)	(487,393)	(1,767,545)
Interest rate swaps	-	(693,647)	-
Due to Manager and affiliates, net	(2,502,989)	2,424,051	95,733
Distributions from joint ventures	210,973	251,042	1,212,101
Net cash provided by operating activities	26,170,007	26,783,311	31,200,193
Cash flows from investing activities:			
Purchase of equipment	-	(65,584,650)	-
Proceeds from exercise of purchase options	-	110,964,516	21,001,670
Proceeds from sale of leased assets	144,521	207,937	22,664,141
Restricted cash	-	603,546	-
Investment in joint ventures	(17,826)	(31,275)	(11,593,286)
Distributions received from joint ventures in excess of profits	940,564	2,647,526	3,897,420
Investment in notes receivable, net	-	(50,207,586)	(25,703,358)
Principal received on notes receivable	24,562,480	35,592,043	6,410,962
Net cash provided by investing activities	25,629,739	34,192,057	16,677,549
Cash flows from financing activities:			
Proceeds from non-recourse long-term debt	-	7,500,000	7,150,000
Repayment of non-recourse long-term debt	(11,146,266)	(53,450,452)	(37,111,835)
Proceeds from revolving line of credit, recourse	-	10,000,000	10,500,000
Repayment of revolving line of credit, recourse	-	(10,000,000)	(10,500,000)
Repurchase of shares of limited liability company interests	-	-	(31,816)
Payment of debt financing costs	-	(400,000)	-
Repayment of seller's credit	-	(210,000)	(1,481,000)
Investment by noncontrolling interests	58,826	19,602,522	-
Distributions to noncontrolling interests	(9,390,629)	(7,079,452)	(7,182,576)
Distributions to members	(38,328,148)	(25,512,730)	(26,216,094)
Net cash used in financing activities	(58,806,217)	(59,550,112)	(64,873,321)
Effects of exchange rates on cash and cash equivalents	-	-	110
Net (decrease) increase in cash and cash equivalents	(7,006,471)	1,425,256	(16,995,469)
Cash and cash equivalents, beginning of year	15,410,563	13,985,307	30,980,776
Cash and cash equivalents, end of year	$ 8,404,092	$ 15,410,563	$ 13,985,307

See accompanying notes to consolidated financial statements.

ICON Leasing Fund Twelve, LLC
(A Delaware Limited Liability Company)
Consolidated Statements of Cash Flows

	Years Ended December 31,		
	2015	2014	2013
Supplemental disclosure of cash flow information:			
Cash paid for interest	$ 3,400,764	$ 5,373,488	$ 5,350,859
Supplemental disclosure of non-cash investing and financing activities:			
Principal and interest on non-recourse long-term debt paid directly to lenders by lessees	$ -	$ 1,088,550	$ 32,258,668
Reclassification of net assets from leased equipment at cost to net investment in finance lease	$ -	$ -	$ 9,376,510
Principal on non-recourse long-term debt paid directly to lenders by buyers of equipment	$ -	$ -	$ 4,481,600
Vessels purchased with non-recourse long-term debt paid directly to seller	$ -	$ 50,800,000	$ -
Vessels purchased with subordinated non-recourse financing provided by seller	$ -	$ 6,986,691	$ -
Satisfaction of seller's credit netted at sale	$ -	$ 42,863,178	$ 10,204,522
Reclassification of leased equipment to Vessels	$ -	$ 19,190,776	$ -
Debt financing costs netted at funding	$ -	$ 520,800	$ -
Investment by noncontrolling interests	$ -	$ 885,593	$ -
Equipment purchased with remarketing liability	$ -	$ 68,147	$ -
Interest reserve net against principal repayment of note receivable	$ -	$ 206,250	$ -
Termination fee paid directly to lender by lessee to settle debt obligation	$ -	$ -	$ 2,800,000
Balance due from equity investee deemed contribution in investment in joint venture	$ 142,500	$ -	$ -

See accompanying notes to consolidated financial statements.

ICON Leasing Fund Twelve, LLC
(A Delaware Limited Liability Company)
Notes to Consolidated Financial Statements
December 31, 2015

(1) Organization

ICON Leasing Fund Twelve, LLC (the "LLC") was formed on October 3, 2006 as a Delaware limited liability company. When used in these notes to consolidated financial statements, the terms "we," "us," "our" or similar terms refer to the LLC and its consolidated subsidiaries.

We engaged in one business segment, the business of purchasing equipment and leasing it to third parties, providing equipment and other financing, acquiring equipment subject to lease and, to a lesser degree, acquiring ownership rights to items of leased equipment at lease expiration.

Our principal investment objective is to obtain the maximum economic return from our investments for the benefit of our members. To achieve this objective, we: (i) acquired a diversified portfolio by making investments in leases, notes receivable and other financing transactions; (ii) paid monthly distributions, at our Manager's (as defined below) discretion, to our members commencing the month after each member's admission to the LLC; (iii) reinvested substantially all undistributed cash from operations and cash from sales of equipment and other financing transactions during the operating period; and (iv) will dispose of our remaining investments and distribute the excess cash from such dispositions to our members during the liquidation period.

Our Manager is ICON Capital, LLC, a Delaware limited liability company (the "Manager"). Our Manager manages and controls our business affairs, including, but not limited to, our equipment leases and other financing transactions, pursuant to the terms of our limited liability company agreement (the "LLC Agreement"). Additionally, our Manager has a 1% interest in our profits, losses, distributions and liquidation proceeds.

Our offering period commenced on May 7, 2007 and ended on April 30, 2009. We offered shares of limited liability company interests (the "Shares") with the intention of raising up to $410,800,000 of capital, consisting of 400,000 Shares at a purchase price of $1,000 per Share and an additional 12,000 Shares, which were reserved for issuance pursuant to our distribution reinvestment plan. The distribution reinvestment plan allowed investors to purchase additional Shares with distributions received from us and/or certain other funds managed by our Manager at a discounted share price of $900. We had our initial closing on May 25, 2007, the date on which we raised $1,200,000 and admitted investors that purchased Shares. Through April 30, 2009, we sold 348,826 Shares, including 11,393 Shares issued in connection with our distribution reinvestment plan, representing $347,686,947 of capital contributions. Through December 31, 2015, 491 Shares have been repurchased pursuant to our repurchase plan.

Our operating period commenced on May 1, 2009 and ended on April 30, 2014. Effective May 1, 2014, we commenced our liquidation period. During our liquidation period, we have sold and will continue to sell our assets and/or let out investments mature in the ordinary course of business. If our Manager believes it would benefit our members to reinvest the proceeds received from investments in additional investments during the liquidation period, our Manager may do so. Our Manager is not paid acquisition fees or management fees for additional investments initiated during the liquidation period, although management fees continue to be paid for investments that were part of our portfolio prior to the commencement of the liquidation period.

Members' capital accounts are increased for their initial capital contribution plus their proportionate share of earnings and decreased by their proportionate share of losses and distributions. Profits, losses, distributions and liquidation proceeds are allocated 99% to the additional members and 1% to our Manager until each additional member has (a) received distributions and liquidation proceeds sufficient to reduce its adjusted capital account to zero and (b) received, in addition, other distributions and allocations that would provide an 8% per year cumulative return, compounded daily, on its outstanding adjusted capital account. After such time, distributions will be allocated 90% to the additional members and 10% to our Manager.

(2) Summary of Significant Accounting Policies

Basis of Presentation and Consolidation

Our accompanying consolidated financial statements have been prepared in accordance with U.S. generally accepted accounting principles ("U.S. GAAP"). In the opinion of our Manager, all adjustments, which are of a normal recurring nature, considered necessary for a fair presentation have been included.

The consolidated financial statements include our accounts and the accounts of our majority-owned subsidiaries and other controlled entities. All intercompany accounts and transactions have been eliminated in consolidation. In joint ventures where we have a controlling financial interest, the financial condition and results of operations of the joint venture are consolidated. Noncontrolling interest represents the minority owner's proportionate share of its equity in the joint venture. The noncontrolling interest is adjusted for the minority owner's share of the earnings, losses, investments and distributions of the joint venture.

We account for our noncontrolling interests in joint ventures where we have influence over financial and operational matters, generally 50% or less ownership interest, under the equity method of accounting. In such cases, our original investments are recorded at cost and adjusted for our share of earnings, losses, and distributions. We account for investments in joint ventures where we have virtually no influence over financial and operational matters using the cost method of accounting. In such cases, our original investments are recorded at cost and any distributions received are recorded as revenue. All of our investments in joint ventures are subject to our impairment review policy.

We report noncontrolling interests as a separate component of consolidated equity and net (loss) income attributable to noncontrolling interest is included in consolidated net (loss) income. The attribution of net (loss) income and comprehensive (loss) income between controlling and noncontrolling interests is disclosed on the accompanying consolidated statements of comprehensive (loss) income.

Net (loss) income attributable to us per weighted average additional Share outstanding is based upon the weighted average number of additional Shares outstanding during the year.

Cash and Cash Equivalents

Cash and cash equivalents include cash in banks and highly liquid investments with original maturity dates of three months or less.

Our cash and cash equivalents are held principally at three financial institutions and at times may exceed insured limits. We have placed these funds in high quality institutions in order to minimize risk relating to exceeding insured limits.

Restricted Cash

Cash that is restricted from use in operations is generally classified as restricted cash. Classification of changes in restricted cash within the consolidated statements of cash flows depends on the predominant source of the related cash flows. For the year ended December 31, 2015, the predominant cash inflows into restricted cash were related to interest income receipts associated with our leasing operations. The use of this cash was restricted pursuant to a provision in the non-recourse long-term debt agreement. For the year ended December 31, 2014, the predominant cash inflows into restricted cash were related to cash contributions restricted for the purpose of maintaining certain minimum cash reserves pursuant to a provision in the non-recourse long-term debt agreement. Restricted cash is presented within other non-current assets in our consolidated balance sheets. As a result, changes in restricted cash were classified within net cash provided by operating activities and investing activities for the years ended December 31, 2015 and 2014, respectively.

Debt Financing Costs

Expenses associated with the incurrence of debt are capitalized and amortized to interest expense over the term of the debt instrument using the effective interest rate method. These costs are included in other current and other non-current assets.

Leased Equipment at Cost

Investments in leased equipment are stated at cost less accumulated depreciation. Leased equipment is depreciated on a straight-line basis over the lease term, which ranges from 2 to 9 years, to the asset's residual value.

Our Manager has an investment committee that approves each new equipment lease and other financing transaction. As part of its process, the investment committee determines the estimated residual value, if any, to be used once the investment has been approved. The factors considered in determining the estimated residual value include, but are not limited to, the creditworthiness of the potential lessee, the type of equipment considered, how the equipment is integrated into the potential lessee's business, the length of the lease and the industry in which the potential lessee operates. Residual values are reviewed for impairment in accordance with our impairment review policy.

The residual value assumes, among other things, that the asset is utilized normally in an open, unrestricted and stable market. Short-term fluctuations in the marketplace are disregarded and it is assumed that there is no necessity either to dispose of a significant number of the assets, if held in quantity, simultaneously or to dispose of the asset quickly. The residual value is calculated using information from various external sources, such as trade publications, auction data, equipment dealers, wholesalers and industry experts, as well as inspection of the physical asset and other economic indicators.

Depreciation

We record depreciation expense on equipment when the lease is classified as an operating lease or vessel. In order to calculate depreciation, we first determine the depreciable base, which is the equipment cost less the estimated residual value at lease termination. Depreciation expense is recorded on a straight-line basis over the lease term.

Asset Impairments

The significant assets in our portfolio are periodically reviewed, no less frequently than annually or when indicators of impairment exist, to determine whether events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. An impairment loss will be recognized only if the carrying value of a long-lived asset is not recoverable and exceeds its fair market value. If there is an indication of impairment, we will estimate the future cash flows (undiscounted and without interest charges) expected from the use of the asset and its eventual disposition. Future cash flows are the future cash inflows expected to be generated by an asset less the future outflows expected to be necessary to obtain those inflows. If an impairment is determined to exist, the impairment loss will be measured as the amount by which the carrying value of a long-lived asset exceeds its fair value and recorded in our consolidated statements of comprehensive (loss) income in the period the determination is made.

The events or changes in circumstances that generally indicate that an asset may be impaired are (i) the estimated fair value of the underlying asset is less than its carrying value or (ii) the lessee is experiencing financial difficulties and it does not appear likely that the estimated proceeds from the disposition of the asset will be sufficient to satisfy the residual position in the asset and, if applicable, the remaining obligation to the non-recourse lender. Generally in the latter situation, the residual position relates to equipment subject to third-party non-recourse debt where the lessee remits its rental payments directly to the lender and we do not recover our residual position until the non-recourse debt is repaid in full. The preparation of the undiscounted cash flows requires the use of assumptions and estimates, including the level of future rents, the residual value expected to be realized upon disposition of the asset, estimated downtime between re-leasing events and the amount of re-leasing costs. Our Manager's review for impairment includes a consideration of the existence of impairment indicators including third-party appraisals, published values for similar assets, recent transactions for similar assets, adverse changes in market conditions for specific asset types and the occurrence of significant adverse changes in general industry and market conditions that could affect the fair value of the asset.

Lease Classification and Revenue Recognition

Each equipment lease we enter into is classified as either a finance lease or an operating lease, based upon the terms of each lease. The estimated residual value is a critical component and can directly influence the determination of whether a lease is classified as an operating or a finance lease.

For finance leases, we capitalize, at lease inception, the total minimum lease payments receivable from the lessee, the estimated unguaranteed residual value of the equipment at lease termination and the initial direct costs related to the lease, less unearned income. Unearned income represents the difference between the sum of the minimum lease payments receivable, plus the estimated unguaranteed residual value, minus the cost of the leased equipment. Unearned income is recognized as finance income over the term of the lease using the effective interest rate method.

For operating leases, rental income is recognized on a straight-line basis over the lease term. Billed operating lease receivables are included in accounts receivable until collected or written off. We record a reserve if we deem any receivables not collectible. The difference between the timing of the cash received and the income recognized on a straight-line basis is recognized as either deferred revenue or other assets, as appropriate. Initial direct costs are capitalized as a component of the cost of the equipment and depreciated over the lease term.

Operating Vessels

For time charters, the vessels are stated at cost less accumulated depreciation. Expenditures subsequent to the acquisition of such vessels for conversions and major improvements are capitalized when such expenditures appreciably extend the life, increase the earning capacity or improve the efficiency or safety of such vessels. We recognize revenue ratably over the period of such charters. Vessel operating expenses, repairs and maintenance are charged to expense as incurred and are included in vessel operating expenses in our consolidated statements of comprehensive (loss) income.

Notes Receivable and Revenue Recognition

Notes receivable are reported in our consolidated balance sheets at the outstanding principal balance, plus costs incurred to originate the loans, net of any unamortized premiums or discounts on purchased loans. We use the effective interest rate method to recognize finance income, which produces a constant periodic rate of return on the investment. Unearned income, discounts and premiums are amortized to finance income in our consolidated statements of comprehensive (loss) income using the effective interest rate method. Interest receivable related to the unpaid principal is recorded separately from the outstanding balance in our consolidated balance sheets. Upon the prepayment of a note receivable, any prepayment penalties and unamortized loan origination, closing and commitment fees are recorded as part of finance income in our consolidated statements of comprehensive (loss) income. Our notes receivable may contain a paid-in-kind (“PIK”) interest provision. Any PIK interest, if deemed collectible, will be added to the principal balance of the note receivable and is recorded as finance income.

Credit Quality of Notes Receivable and Finance Leases and Credit Loss Reserve

Our Manager monitors the ongoing credit quality of our financing receivables by (i) reviewing and analyzing a borrower’s financial performance on a regular basis, including review of financial statements received on a monthly, quarterly or annual basis as prescribed in the loan or lease agreement, (ii) tracking the relevant credit metrics of each financing receivable and a borrower’s compliance with financial and non-financial covenants, (iii) monitoring a borrower’s payment history and public credit rating, if available, and (iv) assessing our exposure based on the current investment mix. As part of the monitoring process, our Manager may physically inspect the collateral or a borrower’s facility and meet with a borrower’s management to better understand such borrower’s financial performance and its future plans on an as-needed basis.

As our financing receivables, generally notes receivable and finance leases, are limited in number, our Manager is able to estimate the credit loss reserve based on a detailed analysis of each financing receivable as opposed to using portfolio-based metrics. Our Manager does not use a system of assigning internal risk ratings to each of our financing receivables. Rather, each financing receivable is analyzed quarterly and categorized as either performing or non-performing based on certain factors including, but not limited to, financial results, satisfying scheduled payments and compliance with financial covenants. A financing receivable is usually categorized as non-performing only when a borrower experiences financial difficulties and has failed to make scheduled payments. Our Manager then analyzes whether the financing receivable should be placed on a non-accrual status, a credit loss reserve should be established or the financing receivable should be restructured. As part of the assessment, updated collateral value is usually considered and such collateral value can be based on a third party industry expert appraisal or, depending on the type of collateral and accessibility to relevant published guides or market sales data, internally derived fair value. Material events would be specifically disclosed in the discussion of each financing receivable held.

Financing receivables are generally placed in a non-accrual status when payments are more than 90 days past due. Additionally, our Manager periodically reviews the creditworthiness of companies with payments outstanding less than 90 days and based upon our Manager’s judgment, these accounts may be placed in a non-accrual status.

In accordance with the cost recovery method, payments received on non-accrual financing receivables are applied to principal if there is doubt regarding the ultimate collectability of principal. If collection of the principal of non-accrual financing receivables is not in doubt, interest income is recognized on a cash basis. Financing receivables in non-accrual status may not be restored to accrual status until all delinquent payments have been received, and we believe recovery of the remaining unpaid receivable is probable.

When our Manager deems it is probable that we will not be able to collect all contractual principal and interest on a non-performing financing receivable, we perform an analysis to determine if a credit loss reserve is necessary. This analysis considers the estimated cash flows from the financing receivable, and/or the collateral value of the asset underlying the financing receivable when financing receivable repayment is collateral dependent. If it is determined that the impaired value of the non-performing financing receivable is less than the net carrying value, we will recognize a credit loss reserve or adjust the existing credit loss reserve with a corresponding charge to earnings. We then charge off a financing receivable in the period that it is deemed uncollectible by reducing the credit loss reserve and the balance of the financing receivable.

Initial Direct Costs

We capitalize initial direct costs, including acquisition fees, associated with the origination and funding of leased assets and other financing transactions. We paid acquisition fees through the end of our operating period to our Manager of 3% of the purchase price of the investment made by or on our behalf, including, but not limited to, the cash paid, indebtedness incurred or assumed, and the excess of the collateral value of the long-lived asset over the amount of the investment, if any. The costs of each transaction are amortized over the transaction term using the straight-line method for operating leases and the effective interest rate method for finance leases and notes receivable in our consolidated statements of comprehensive (loss) income. Costs related to leases or other financing transactions that are not consummated are expensed.

Foreign Currency Translation

Assets and liabilities having non-U.S. dollar functional currencies are translated at month-end exchange rates. Contributed capital accounts are translated at the historical rate of exchange when the capital was contributed or distributed. Revenues, expenses and cash flow items are translated at the average exchange rate for the period. Resulting translation adjustments are recorded as a separate component of accumulated other comprehensive income (loss) (“AOCI”) in our consolidated balance sheets.

Warrants

Warrants held by us are not registered for public sale and are revalued on a quarterly basis. The revaluation of warrants is calculated using the Black-Scholes-Merton option pricing model. The assumptions utilized in the Black-Scholes-Merton option pricing model include share price, strike price, expiration date, risk-free rate and the volatility percentage. The change in the fair value of warrants is recognized as a component of loss (gain) on derivative financial instruments in the consolidated statements of comprehensive (loss) income.

Derivative Financial Instruments

We may enter into derivative transactions for purposes of hedging specific financial exposures, including movements in foreign currency exchange rates and changes in interest rates on our non-recourse long-term debt. We enter into these instruments only for hedging underlying exposures. We do not hold or issue derivative financial instruments for purposes other than hedging, except for warrants, which are not hedges. Certain derivatives may not meet the established criteria to be designated as qualifying accounting hedges, even though we believe that these are effective economic hedges.

We recognize all derivative financial instruments as either assets or liabilities on the consolidated balance sheets and measure those instruments at fair value. Changes in the fair value of such instruments are recognized immediately in earnings unless certain criteria are met. These criteria demonstrate that the derivative is expected to be highly effective at offsetting changes in the fair value or expected cash flows of the underlying exposure at both the inception of the hedging relationship and on an ongoing basis and include an evaluation of the counterparty risk and the impact, if any, on the effectiveness of the derivative. If these criteria are met, which we must document and assess at inception and on an ongoing basis, we recognize the changes in fair value of such instruments in AOCI, a component of equity on the consolidated balance sheets. Changes in the fair value of the ineffective portion of all derivatives are recognized immediately in earnings.

Income Taxes

We are taxed as a partnership for federal and state income tax purposes. Therefore, no provision for federal and state income taxes has been recorded since the liability for such taxes is the responsibility of each of the individual members rather than our business as a whole. We are potentially subject to New York City unincorporated business tax ("UBT"), which is imposed on the taxable income of any active trade or business carried on in New York City. The UBT is imposed for each taxable year at a rate of approximately 4% of taxable income that is allocable to New York City. Our federal, state and local income tax returns for tax years for which the applicable statutes of limitations have not expired are subject to examination by the applicable taxing authorities. All penalties and interest associated with income taxes are included in general and administrative expense on the consolidated statements of comprehensive (loss) income. Conclusions regarding tax positions are subject to review and may be adjusted at a later date based on factors including, but not limited to, on-going analyses of tax laws, regulations and interpretations thereof. We did not have any material liabilities recorded related to uncertain tax positions nor did we have any unrecognized tax benefits as of the periods presented herein.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires our Manager to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities as of the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Significant estimates primarily include the determination of credit loss reserves, impairment losses, estimated useful lives and residual values. Actual results could differ from those estimates.

Recent Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2014-09*, Revenue from Contracts with Customers* ("ASU 2014-09"), requiring revenue to be recognized in an amount that reflects the consideration expected to be received in exchange for goods and services. This new revenue standard may be applied retrospectively to each prior period presented, or retrospectively with the cumulative effect recognized as of the date of adoption. In August 2015, FASB issued ASU No. 2015-14, *Revenue from Contracts with Customers – Deferral of the Effective Date* ("ASU 2015-14"), which defers implementation of ASU 2014-09 by one year. Under such deferral, the adoption of ASU 2014-09 becomes effective for us on January 1, 2018, including interim periods within that reporting period. Early adoption is permitted, but not before our original effective date of January 1, 2017. We are currently in the process of evaluating the impact of the adoption of ASU 2014-09 on our consolidated financial statements.

In August 2014, FASB issued ASU No. 2014-15, *Presentation of Financial Statements – Going Concern: Disclosure of Uncertainties about an Entity's Ability to Continue as a Going Concern* ("ASU 2014-15"), which provides guidance about management's responsibility to evaluate whether there is substantial doubt about an entity's ability to continue as a going concern and to provide related footnote disclosures. The adoption of ASU 2014-15 becomes effective for us on our fiscal year ending December 31, 2016, and all subsequent annual and interim periods. Early adoption is permitted. The adoption of ASU 2014-15 is not expected to have a material effect on our consolidated financial statements.

In January 2015, FASB issued ASU No. 2015-01, *Income Statement – Extraordinary and Unusual Items: Simplifying Income Statement Presentation by Eliminating the Concept of Extraordinary Items* ("ASU 2015-01"), which simplifies income statement presentation by eliminating the concept of extraordinary items. The adoption of ASU 2015-01 becomes effective for us on January 1, 2016, including interim periods within that reporting period. Early adoption is permitted. The adoption of ASU 2015-01 is not expected to have a material effect on our consolidated financial statements.

In February 2015, FASB issued ASU No. 2015-02, *Consolidation – Amendments to the Consolidation Analysis* ("ASU 2015-02"), which modifies the evaluation of whether limited partnerships and similar legal entities are variable interest entities or voting interest entities, eliminates the presumption that a general partner should consolidate a limited partnership, and affects the consolidation analysis by reducing the frequency of application of related party guidance and excluding certain fees in the primary beneficiary determination. The adoption of ASU 2015-02 becomes effective for us on January 1, 2016, including interim periods within that reporting period. Early adoption is permitted. The adoption of ASU 2015-02 is not expected to have a material effect on our consolidated financial statements.

In April 2015, FASB issued ASU No. 2015-03, *Interest – Imputation of Interest: Simplifying the Presentation of Debt Issuance Costs* (“ASU 2015-03”), which requires debt issuance costs related to a recognized debt liability to be presented in the balance sheet as a direct deduction from the carrying amount of such debt liability, consistent with debt discounts. ASU 2015-03 will be applied on a retrospective basis. The adoption of ASU 2015-03 becomes effective for us on January 1, 2016, including interim periods within that reporting period. Early adoption is permitted. The adoption of ASU 2015-03 is not expected to have a material effect on our consolidated financial statements. Upon adoption of ASU 2015-03, debt issuance costs associated with non-recourse long-term debt will be reclassified in our consolidated balance sheets from other non-current assets to non-recourse long-term debt, less current portion.

In January 2016, FASB issued ASU No. 2016-01, *Financial Instruments – Overall: Recognition and Measurement of Financial Assets and Financial Liabilities* (“ASU 2016-01”), which provides guidance related to accounting for equity investments, financial liabilities under the fair value option, and the presentation and disclosure requirements for financial instruments. In addition, FASB clarified guidance related to the valuation allowance assessment when recognizing deferred tax assets resulting from unrealized losses on available-for-sale debt securities. The adoption of ASU 2016-01 becomes effective for us on January 1, 2018, including interim periods within that reporting period. We are currently in the process of evaluating the impact of the adoption of ASU 2016-01 on our consolidated financial statements.

In February 2016, FASB issued ASU No. 2016-02, *Leases* (“ASU 2016-02”), which requires lessees to recognize assets and liabilities for leases with lease terms greater than twelve months on the balance sheet and disclose key information about leasing arrangements. ASU 2016-02 implements changes to lessor accounting focused on conforming with certain changes made to lessee accounting and the recently released revenue recognition guidance. The adoption of ASU 2016-02 becomes effective for us on January 1, 2019. Early adoption is permitted. We are currently in the process of evaluating the impact of the adoption of ASU 2016-02 on our consolidated financial statements.

In March 2016, FASB issued ASU No. 2016-07, *Investments – Equity Method and Joint Ventures: Simplifying the Transition to the Equity Method of Accounting* (“ASU 2016-07”), which eliminates the retroactive adjustments to an investment upon it qualifying for the equity method of accounting as a result of an increase in the level of ownership interest or degree of influence by the investor. ASU 2016-07 requires that the equity method investor add the cost of acquiring the additional interest in the investee to the current basis of the investor’s previously held interest and adopt the equity method of accounting as of the date the investment qualifies for equity method accounting. The adoption of ASU 2016-07 becomes effective for us on January 1, 2017, including interim periods within that reporting period. Early adoption is permitted. The adoption of ASU 2016-07 is not expected to have a material effect on our consolidated financial statements.

(3) Net Investment in Notes Receivable

As of December 31, 2015 and 2014, we had net investment in notes receivable on non-accrual status of $0 and $966,359, respectively.

As of December 31, 2015, our net investment in note receivable and accrued interest related to four affiliates of Técnicas Maritimas Avanzadas, S.A. de C.V. (collectively, “TMA”) totaled $21,002,938 and $2,767,269, respectively, of which an aggregate of $3,137,479 was over 90 days past due. TMA is in technical default due to its failure to cause all four platform supply vessels to be under contract by March 31, 2015 and in payment default while available cash has been swept by the senior lender and applied to the Senior Loan (as defined elsewhere in this Note 3) in accordance with the loan agreement. Interest on the ICON Loan (as defined elsewhere in this Note 3) is currently being capitalized. While our note receivable has not been paid in accordance with the loan agreement, our collateral position has been strengthened as the principal balance of the Senior Loan was paid down at a faster rate. Based on, among other things, TMA’s payment history and the collateral value as of December 31, 2015, our Manager continues to believe that all contractual interest and outstanding principal payments under the ICON Loan are collectible. As a result, we continue to account for our net investment in note receivable related to TMA on an accrual basis despite a portion of the outstanding balance being over 90 days past due. In January 2016, the remaining two previously unchartered vessels had commenced employment. As a result, our Manager is currently engaged in discussions with the senior lender and TMA to amend the TMA Facility (as defined elsewhere in this Note 3) and expects that payments to us will recommence in the near future. As of December 31, 2014, there was no net investment in notes receivable that was past due 90 days or more and still accruing.

Net investment in notes receivable consisted of the following:

	December 31,	
	2015	2014
Principal outstanding (1)	$ 33,582,938	$ 59,474,788
Initial direct costs	115,533	522,261
Deferred fees	(184,310)	(645,053)
Credit loss reserve (2)	-	(631,986)
Net investment in notes receivable (3)	33,514,161	58,720,010
Less: current portion of net investment in notes receivable	4,102,738	6,482,004
Net investment in notes receivable, less current portion	$ 29,411,423	$ 52,238,006

(1) As of December 31, 2015, we had no impaired loans. As of December 31, 2014, total principal outstanding related to our impaired loan of $1,598,345 was related to VAS (defined below).

(2) As of December 31, 2014, the credit loss reserve of $631,986 was related to VAS.

(3) As of December 31, 2014, net investment in notes receivable related to our impaired loan was $966,359.

On February 29, 2012, we made a secured term loan in the amount of $2,000,000 to VAS Aero Services, LLC (“VAS”) as part of a $42,755,000 term loan facility. The loan bore interest at variable rates ranging between 12% and 14.5% per year and matured on October 6, 2014. The loan was secured by a second priority security interest in all of VAS’s assets. During the year ended December 31, 2014, VAS experienced financial hardship resulting in its failure to make the final monthly payment under the loan as well as the balloon payment due on the maturity date. Our Manager engaged in discussions with VAS, VAS’s owners, the senior creditor and other second lien creditors in order to put in place a viable restructuring or refinancing plan. In December 2014, this specific plan to restructure or refinance fell through. While discussions on other options were still ongoing, our Manager determined that we should record a credit loss reserve based on an estimated liquidation value of VAS’s inventory and accounts receivable. As a result, the loan was placed on non-accrual status and a credit loss reserve of $631,986 was recorded during the year ended December 31, 2014 based on our pro-rata share of the liquidation value of the collateral. The value of the collateral was based on a third-party appraisal using a sales comparison approach. As of December 31, 2014, the net carrying value of the loan was $966,359. In March 2015, the 90-day standstill period provided for in the loan agreement ended without a viable restructuring or refinancing plan agreed upon. In addition, the senior lender continued to charge VAS forbearance fees. Although discussions among the parties were still ongoing, these factors resulted in our Manager making a determination to record an additional credit loss reserve of $362,665 during the three months ended March 31, 2015 to reflect a potential forced liquidation of the collateral. The forced liquidation value of the collateral was primarily based on a third-party appraisal using a sales comparison approach. On July 23, 2015, we sold all of our interest in the loan to GB Loan, LLC (“GB”) for $268,975. As a result, we recorded an additional credit loss of $334,719 during the three months ended June 30, 2015 prior to the sale. No gain or loss was recognized as a result of the sale. In addition, we wrote off the credit loss reserve and corresponding balance of the loan of $1,329,370 during the year ended December 31, 2015. No finance income was recognized since the date the loan was considered impaired. Accordingly, no finance income was recognized for the year ended December 31, 2015. Finance income recognized on the loan prior to recording the credit loss reserve was $197,741 and $256,209 for the years ended December 31, 2014 and 2013, respectively.

On September 10, 2012, we made a secured term loan in the amount of $4,080,000 to Superior Tube Company, Inc. and Tubes Holdco Limited (collectively, “Superior”) as part of a $17,000,000 term loan facility. The loan bore interest at 12% per year and was for a period of 60 months. The loan was secured by, among other things, a first priority security interest in Superior’s assets, including tube manufacturing and related equipment and a mortgage on real property, and a second priority security interest in Superior’s accounts receivable and inventory. On January 30, 2015, Superior satisfied its obligations in connection with the loan by making a prepayment of $4,191,328, comprised of all outstanding principal, accrued interest and a prepayment fee of $122,038. As a result, we recognized additional finance income of $50,550.

On April 5, 2013, we made a secured term loan in the amount of $3,870,000 to Lubricating Specialties Company (“LSC”) as part of an $18,000,000 facility. The loan bears interest at 13.5% per year and matures on August 1, 2018. The loan is secured by, among other things, a second priority security interest in LSC’s liquid storage tanks, blending lines, packaging equipment, accounts receivable and inventory. On December 11, 2013, LSC made a partial prepayment of $1,354,500, which included a prepayment fee of $64,500 that was recognized as additional finance income.

On September 16, 2013, we made a secured term loan in the amount of $11,000,000 to Cenveo Corporation ("Cenveo"). The loan bore interest at the London Interbank Offered Rate ("LIBOR"), subject to a 1% floor, plus 11.0% per year, and was for a period of 60 months. The loan was secured by a first priority security interest in specific equipment used to produce, print, fold, and package printed commercial envelopes. On July 7, 2014, Cenveo made a partial prepayment of $1,111,912 in connection with the loan, which included a net prepayment fee of $11,912. On September 30, 2015, Cenveo satisfied its obligations in connection with the loan by making a prepayment of $6,936,875, comprised of all outstanding principal, accrued interest and a prepayment fee of $132,000. The prepayment fee was recognized as additional finance income.

On July 14, 2014, we, ICON Equipment and Corporate Infrastructure Fund Fourteen, L.P. ("Fund Fourteen") and ICON ECI Fund Fifteen, L.P. ("Fund Fifteen"), each an entity also managed by our Manager (collectively, "ICON"), entered into a secured term loan credit facility agreement with TMA to provide a credit facility of up to $29,000,000 (the "ICON Loan"), of which our commitment of $21,750,000 was funded on August 27, 2014 (the "TMA Initial Closing Date"). The facility was used by TMA to acquire and refinance two platform supply vessels. At inception, the loan bore interest at LIBOR, subject to a 1% floor, plus a margin of 17%. Upon the acceptance of both vessels by TMA's sub-charterer on September 19, 2014, the margin was reduced to 13%. On November 24, 2014, ICON entered into an amended and restated senior secured term loan credit facility agreement with TMA pursuant to which an unaffiliated third party agreed to provide a senior secured term loan in the amount of up to $89,000,000 (the "Senior Loan", and collectively with the ICON Loan, the "TMA Facility") to acquire two additional vessels. The TMA Facility has a term of five years from the TMA Initial Closing Date. As a result of the amendment, the margin for the ICON Loan increased to 15% and repayment of the ICON Loan became subordinated to the repayment of the Senior Loan. The TMA Facility is secured by, among other things, a first priority security interest in the four vessels and TMA's right to the collection of hire with respect to earnings from the sub-charterer related to the four vessels. The amendment qualified as a new loan under U.S. GAAP and therefore, we wrote off the initial direct costs and deferred revenue associated with the ICON Loan of $674,014 as a charge against finance income. As a condition to the amendment and increased size of the TMA Facility, TMA was required to have all four platform supply vessels under contract by March 31, 2015. Due to TMA's failure to meet such condition, TMA has been in technical default and in payment default while available cash has been swept and applied to the Senior Loan in accordance with the loan agreement. Interest on the ICON Loan is currently being capitalized. While our note receivable has not been paid in accordance with the loan agreement, our collateral position has been strengthened as the principal balance of the Senior Loan was paid down at a faster rate. In January 2016, the remaining two previously unchartered vessels had commenced employment. As a result, our Manager is currently engaged in discussions with the senior lender and TMA to amend the TMA Facility and expects that payments to us will recommence in the near future. Based on, among other things, TMA's payment history and the collateral value as of December 31, 2015, our Manager continues to believe that all contractual interest and outstanding principal payments under the ICON Loan are collectible. As a result, we continue to account for our net investment in note receivable related to TMA on an accrual basis despite a portion of the outstanding balance being over 90 days past due.

On September 24, 2014, we, Fund Fourteen, Fund Fifteen and ICON ECI Fund Sixteen ("Fund Sixteen"), an entity also managed by our Manager, entered into a secured term loan credit facility agreement with Premier Trailer Leasing, Inc. ("Premier Trailer") to provide a credit facility of up to $20,000,000, of which our commitment of $10,000,000 was funded on such date. The loan bears interest at LIBOR, subject to a 1% floor, plus 9% per year, and is for a period of six years. The loan is secured by a second priority security interest in all of Premier Trailer's assets, including, without limitation, its fleet of trailers, and the equity interests of Premier Trailer.

On November 13, 2014, we and Fund Fourteen made secured term loans in the aggregate amount of $15,000,000 to NARL Marketing Inc. and certain of its affiliates (collectively, "NARL") as a part of a $30,000,000 senior secured term loan credit facility, of which our commitment was $12,000,000. The loan bore interest at 10.75% per year and was for a period of three years. The loan was secured by a first priority security interest in all of NARL's existing and thereafter acquired assets including, but not limited to, its retail and wholesale fuel equipment, including pumps and storage tanks, and a mortgage on certain real properties. On May 7, 2015, NARL made a partial prepayment on the loan of $827,333 pursuant to the excess cash sweep provision of the loan agreement. On July 15, 2015, NARL made a voluntary partial prepayment on the loan of $6,296,859, which included a prepayment fee of $270,000. The prepayment fee was recognized as additional finance income.

On August 6, 2015, NARL satisfied its obligations in full by making a prepayment of $4,319,854 pursuant to the excess cash sweep provision of the loan agreement, comprised of all outstanding principal and unpaid interest.

Credit loss allowance activities for the years ended December 31, 2015, 2014 and 2013 were as follows:

Credit Loss Allowance		
Allowance for credit loss as of December 31, 2012	$	-
Provisions		-
Write-offs, net of recoveries		-
Allowance for credit loss as of December 31, 2013	$	-
Provisions		631,986
Write-offs, net of recoveries		-
Allowance for credit loss as of December 31, 2014	$	631,986
Provisions		697,384
Write-offs, net of recoveries		(1,329,370)
Allowance for credit loss as of December 31, 2015	$	-

(4) Net Investment in Finance Leases

As of December 31, 2015 and 2014, we had no net investment in finance leases on non-accrual status and no net investment in finance leases that was past due 90 days or more and still accruing.

Net investment in finance leases consisted of the following:

	December 31,			
	2015		2014	
Minimum rents receivable	$	74,462,976	$	95,179,750
Estimated unguaranteed residual values		4,416,194		7,988,228
Initial direct costs		1,413,439		1,878,164
Unearned income		(23,081,115)		(30,760,420)
Net investment in finance leases		57,211,494		74,285,722
Less: current portion of net investment in finance leases		6,630,691		12,142,423
Net investment in finance leases, less current portion	$	50,580,803	$	62,143,299

Marine Vessels

During 2009, we purchased three barges, the Leighton Mynx, the Leighton Stealth and the Leighton Eclipse, and a pipelay barge, the Leighton Faulkner (collectively, the "Leighton Vessels"), and simultaneously leased the Leighton Vessels to an affiliate of Leighton Offshore Pte. Ltd. ("Leighton") for a period of 96 months that was scheduled to expire between June 2017 and January 2018.

On May 16, 2013, Leighton provided notice to us that it was exercising its purchase options on the Leighton Vessels. On August 23, 2013, Leighton, in accordance with the terms of a bareboat charter scheduled to expire on June 25, 2017, exercised its option to purchase the Leighton Mynx from us for $25,832,445, including payment of swap-related expenses of $254,719. In addition, Leighton paid all break costs and legal fees incurred by us with respect to the sale of the Leighton Mynx. As a result of the termination of the lease and the sale of the vessel, we recognized additional finance income of $562,411. A portion of the proceeds from the sale of the Leighton Mynx were used to repay Leighton's seller's credits of $7,335,000 related to our original purchase of the barge as well as to satisfy third-party non-recourse debts related to the barge by making a payment of

$13,290,982. As part of the repayment, the interest rate swaps related to the debts were terminated and a loss on derivative financial instruments of $210,779 was recognized. On April 3, 2014, Leighton, in accordance with the terms of three bareboat charters scheduled to expire between 2017 and 2018, exercised its options and purchased the three remaining Leighton Vessels from us for an aggregate price of $155,220,900, including payment of swap-related expenses of $720,900. As a result of the termination of the leases and the sale of the three remaining Leighton Vessels, we recognized additional finance income of $57,248,440. A portion of the aggregate purchase price due from the exercise of the purchase options was used to satisfy the Leighton seller's credits of $47,421,000 related to our original purchase of the three Leighton Vessels as well as to satisfy our non-recourse debt obligations with Standard Chartered Bank ("Standard Chartered") of $38,425,536.

On March 21, 2014, a joint venture owned 75% by us, 12.5% by Fund Fourteen and 12.5% by Fund Fifteen, through two indirect subsidiaries, entered into memoranda of agreement to purchase two LPG tanker vessels, the EPIC Bali and the EPIC Borneo (f/k/a the SIVA Coral and the SIVA Pearl, respectively) (collectively, the "SIVA Vessels"), from Siva Global Ships Limited ("Siva Global") for an aggregate purchase price of $41,600,000. The EPIC Bali and the EPIC Borneo were delivered on March 28, 2014 and April 8, 2014, respectively. The SIVA Vessels were bareboat chartered to an affiliate of Siva Global for a period of eight years upon the delivery of each respective vessel. The SIVA Vessels were each acquired for approximately $3,550,000 in cash, $12,400,000 of financing through a senior secured loan from DVB Group Merchant Bank (Asia) Ltd. ("DVB") and $4,750,000 of financing through a subordinated, non-interest-bearing seller's credit.

Coal Drag Line

On July 9, 2012, Patriot Coal Corporation ("Patriot Coal") and substantially all of its subsidiaries, including Magnum Coal Company, LLC ("Magnum"), commenced a voluntary Chapter 11 proceeding in the Bankruptcy Court in the Southern District of New York. On March 11, 2013, we amended our lease with Magnum to expire on August 1, 2015. The terms of the amendment resulted in the reclassification of the lease from an operating lease to a finance lease. On May 12, 2015, Patriot Coal commenced a voluntary Chapter 11 proceeding in the Bankruptcy Court for the Eastern District of Virginia. On July 24, 2015, Patriot Coal notified us that it was terminating the lease prior to its expiration date and that it would not be making the balloon payment of $4,866,000 due at the end of the lease term. After extensive negotiations, we agreed with Patriot Coal to extend the term of the lease by one month with an additional lease payment of $150,000 and to reduce the balloon payment to $700,000, subject to the bankruptcy court's approval. As a result, the finance lease was placed on non-accrual status and a credit loss of $4,151,594 was recorded during the three months ended June 30, 2015. After obtaining the bankruptcy court's approval, our bankruptcy claim against Patriot Coal was strengthened from an unsecured to an administrative claim. In August 2015, title to the leased equipment was transferred to Patriot Coal upon our receipt of the additional lease payment and the reduced balloon payment. For the years ended December 31, 2015, 2014 and 2013, we recognized finance income of $159,694 (of which $150,000 was recognized on a cash basis), $46,057 and $53,332, respectively. No gain or loss was recognized as a result of the sale of leased equipment.

Mining Equipment

On March 4, 2014, a joint venture owned 60% by us, 15% by Fund Fourteen, 15% by Fund Fifteen and 10% by Fund Sixteen purchased mining equipment from an affiliate of Blackhawk Mining, LLC ("Blackhawk"). Simultaneously, the mining equipment was leased to Blackhawk and its affiliates for four years. The aggregate purchase price for the mining equipment of $25,359,446 was funded by $17,859,446 in cash and $7,500,000 of non-recourse long-term debt. On October 27, 2015, the joint venture amended the lease with Blackhawk to waive Blackhawk's breach of a financial covenant during the nine months ended September 30, 2015 in consideration for a partial prepayment of $3,502,514, which included an amendment fee of $75,000. In addition, corresponding amendments were made to certain payment and repurchase provisions of the lease to account for the partial prepayment. On December 8, 2015, the joint venture further amended the lease with Blackhawk to add and revise certain financial covenants. The joint venture received an additional amendment fee of $75,000.

Trucks and Trailers

On March 28, 2014, a joint venture owned 60% by us, 27.5% by Fund Fifteen and 12.5% by Fund Sixteen purchased trucks, trailers and other equipment from subsidiaries of D&T Holdings, LLC ("D&T") for $12,200,000. Simultaneously, the trucks, trailers and other equipment were leased to D&T and its subsidiaries for 57 months. On September 15, 2014, the lease agreement with D&T was amended to allow D&T to increase its capital expenditure limit. In consideration for agreeing to such increase, lease payments of $1,480,000 that were scheduled to be paid in 2018 were paid by October 31, 2014. In addition, the joint venture received an amendment fee of $100,000, which was to be recognized as finance income throughout the remaining lease term. On January 15, 2016, D&T satisfied its remaining lease obligations by making a prepayment of $8,000,000. In addition, D&T exercised its option to repurchase all assets under the lease for $1, upon which title was transferred.

Non-cancelable minimum annual amounts due on investment in finance leases over the next five years and thereafter were as follows at December 31, 2015:

Years Ending December 31,		
2016	$	12,151,413
2017		13,374,444
2018		8,230,569
2019		4,270,500
2020		4,282,200
Thereafter		32,153,850
	$	74,462,976

(5) Leased Equipment at Cost

Leased equipment at cost consisted of the following:

	December 31,			
	2015		2014	
Offshore oil field services equipment	$	84,324,285	$	84,324,285
Mining equipment		6,858,074		6,858,074
Leased equipment at cost		91,182,359		91,182,359
Less: accumulated depreciation		25,438,880		18,430,584
Leased equipment at cost, less accumulated depreciation	$	65,743,479	$	72,751,775

Depreciation expense was $7,008,296, $5,841,428 and $29,824,603 for the years ended December 31, 2015, 2014 and 2013, respectively.

Marine Vessels and Equipment

On March 24, 2009, we and Swiber Engineering Ltd. ("Swiber") entered into a joint venture owned 51% by us and 49% by Swiber for the purpose of purchasing a 300-man accommodation and work barge, the Swiber Chateau. Simultaneously with the purchase, the barge was chartered to Swiber for ninety-six months. The Swiber Chateau was purchased for $42,500,000, which was funded by (i) a $19,125,000 equity investment from us, (ii) an $18,375,000 contribution-in-kind by Swiber and (iii) a subordinated, non-recourse and unsecured $5,000,000 payable. The payable bears interest at 3.5% per year, is only required to be repaid after we achieve our minimum targeted return and is recorded within other non-current liabilities on our consolidated balance sheets.

On May 22, 2013, we entered into a termination agreement with AET Inc. Limited ("AET") whereby AET returned the aframax tanker, the Eagle Centaurus, to us prior to the scheduled charter termination date of November 13, 2013. AET paid an early termination fee of $1,400,000 and the balance of the charter hire through the end of the original charter term of $1,487,375. On June 5, 2013, the Eagle Centaurus was sold to a third party for $6,688,955. We recognized a net gain of $197,087 from the transactions, comprised of a gain on lease termination of $2,887,375 and a loss on sale of assets of $2,690,288.

On August 6, 2013, we entered into a termination agreement with AET whereby AET returned the aframax tanker, the Eagle Auriga, to us prior to the scheduled charter termination date of November 14, 2013. AET paid an early termination fee of $1,400,000 and the balance of the charter hire through the end of the original charter term of $1,505,625. On August 15, 2013, the Eagle Auriga was sold to a third party for $5,578,716. We recognized a net gain of $157,385 from the transactions, comprised of a gain on lease termination of $2,905,625 and a loss on sale of assets of $2,748,240.

On October 17, 2013, two joint ventures owned 64.3% by us and 35.7% by ICON Income Fund Ten Liquidating Trust, an entity in which our Manager acted as Managing Trustee, entered into two termination agreements with AET whereby AET returned two aframax tankers, the Eagle Carina and the Eagle Corona, to us prior to the scheduled charter termination date of November 14, 2013 and paid early termination fees of $2,800,000. On November 7, 2013, the Eagle Carina and the Eagle Corona were sold to third parties for $12,568,944. The joint ventures recognized total net gains of $1,777,046 from the transactions, comprised of gains on lease terminations of $3,034,010 and losses on sale of assets of $1,256,964.

During the year ended December 31, 2013, several potential counterparties with whom our Manager was discussing re-leasing opportunities for the Eagle Carina, the Eagle Corona, the Eagle Auriga and the Eagle Centaurus (collectively, the “Eagle Vessels”) terminated negotiations, which was an indicator that the Eagle Vessels’ carrying value may be further impaired. Consequently, we performed impairment testing on the Eagle Vessels based on the contractual cash flows for the remaining term of the lease and the estimated residual value of each vessel. As a result, we recognized an aggregate impairment loss of $1,770,529 for the year ended December 31, 2013. Projected future scrap rates were a critical component of these analyses.

On June 12, 2014, a joint venture owned 75% by us, 12.5% by Fund Fourteen and 12.5% by Fund Fifteen purchased an offshore supply vessel from Pacific Crest Pte. Ltd. (“Pacific Crest”) for $40,000,000. Simultaneously, the vessel was bareboat chartered to Pacific Crest for ten years. The vessel was acquired for approximately $12,000,000 in cash, $26,000,000 of financing through a senior secured loan from DVB and $2,000,000 of financing through a subordinated, non-interest-bearing seller’s credit.

Mining Equipment

On September 18, 2014, a joint venture owned 55.817% by us and 44.183% by Hardwood Partners, LLC (“Hardwood”) purchased mining equipment for $6,789,928. The equipment is subject to a 36-month lease with Murray Energy Corporation and certain of its affiliates (collectively, “Murray”), which expires on September 30, 2017.

Aggregate annual minimum future rentals receivable from our non-cancelable leases related to our leased equipment at cost and vessels over the next five years and thereafter consisted of the following at December 31, 2015:

Years Ending December 31,		
2016	$	14,152,554
2017		7,918,291
2018		4,679,250
2019		4,641,000
2020		4,653,750
Thereafter		15,899,250
	$	51,944,095

(6) Vessels

On April 1, 2014, the Aegean Express and the Arabian Express were returned to us in accordance with the terms of the charters. Upon redelivery, the bareboat charters were terminated and we assumed the underlying time charters for the vessels. As we assumed operational responsibility of the vessels, we simultaneously contracted with Fleet Ship Management Inc. (“Fleet Ship”) to manage the vessels on our behalf. Accordingly, these vessels have been reclassified to Vessels on our consolidated balance sheets. The time charters for the Aegean Express and the Arabian Express are scheduled to expire on March 30, 2016 and July 13, 2016, respectively.

Depreciation expense was $1,397,058 and $1,286,547 for the years ended December 31, 2015 and 2014, respectively.

In connection with our annual impairment review for the year ended December 31, 2013, our Manager concluded that the carrying values of the Aegean Express and the Arabian Express were not recoverable and determined that an impairment existed. That determination was based on a forecast of undiscounted contractual cash flows for the remaining terms of the leases and non-contractual cash flows based on a weighted average probability of alternate opportunities of re-leasing or disposing of the two containership vessels. Projected future scrap rates were a critical component of those analyses as well as negotiated rates related to re-leasing the two vessels. Based on our Manager's review, the net book values of the Aegean Express and the Arabian Express exceeded the estimated undiscounted cash flows and exceeded the fair values and, as a result, we recognized an aggregate impairment loss of $13,020,226 for the year ended December 31, 2013.

During the year ended December 31, 2015, based on (i) the upcoming time charter expirations with no expectation that such charters would be renewed or timely replaced with new longer-term charter agreements and (ii) current low time charter rates in the market, our Manager performed impairment analyses and concluded that the carrying values of the Aegean Express and the Arabian Express were not recoverable and that impairment existed. Our Manager estimated the fair market values of the vessels based on third-party valuations using a sales comparison approach. Based upon our Manager's assessment, the net book values of the Aegean Express and the Arabian Express exceeded their estimated undiscounted cash flows and their fair values and, as a result, we recognized an aggregate impairment loss of $11,149,619 for the year ended December 31, 2015.

(7) Investment in Joint Ventures

On March 29, 2011, ICON AET Holdings, LLC ("ICON AET Holdings"), a joint venture owned 25% by us and 75% by Fund Fourteen, acquired two aframax tankers and two very large crude carriers (the "VLCCs"). Our contribution to the joint venture was $12,166,393. The aframax tankers were each acquired for $13,000,000 and simultaneously bareboat chartered to AET for a period of three years. The VLCCs were each acquired for $72,000,000 and simultaneously bareboat chartered to AET for a period of 10 years. On April 14, 2014 and May 21, 2014, upon expiration of the leases with AET, the joint venture sold the aframax tankers, the Eagle Otome and the Eagle Subaru, to third-party purchasers for an aggregate price of $14,821,890. As a result, the joint venture recognized an aggregate gain on sale of assets of $2,229,932. Our share of such gain was $557,483, which is included within income from investment in joint ventures on our consolidated statements of comprehensive (loss) income.

Information as to the financial position of ICON AET Holdings is summarized as follows:

	Years Ended December 31,	
	2015	2014
Total assets	$ 108,259,773	$ 121,801,052
Current liabilities	$ 15,859,472	$ 26,714,977
Non-current liabilities	$ 53,067,952	$ 61,617,780

Information as to the results of operations of ICON AET Holdings is summarized below:

	Years Ended December 31,		
	2015	2014	2013
Revenue	$ 19,802,349	$ 23,274,344	$ 25,673,722
Net income	$ 5,393,057	$ 6,180,849	$ 6,935,415
Our share of net income	$ 1,348,264	$ 1,545,212	$ 1,733,854

On December 22, 2011, a joint venture owned 25% by us and 75% by Fund Fourteen made a $20,124,000 subordinated term loan to Jurong Aromatics Corporation Pte. Ltd. ("JAC") as part of a $171,050,000 term loan facility. The loan initially bore interest at rates ranging between 12.5% and 15% per year and matures in January 2021. The loan is secured by a second priority security interest in all of JAC's assets, which include, among other things, all equipment, plant and machinery associated with a condensate splitter and aromatics complex.

On May 15, 2013, a joint venture owned 21% by us, 39% by ICON Leasing Fund Eleven, LLC ("Fund Eleven"), an entity also managed by our Manager, and 40% by Fund Fifteen purchased a portion of a $208,038,290 subordinated credit facility for JAC from Standard Chartered for $28,462,500. The subordinated credit facility initially bore interest at rates ranging between 12.5% and 15% per year and matures in January 2021. The subordinated credit facility is secured by a second priority security interest in all of JAC's assets, which include, among other things, all equipment, plant and machinery associated with a condensate splitter and aromatics complex. Our initial contribution to the joint venture was $6,456,034.

As of March 31, 2015, JAC was in technical default of the loan and facility as a result of its failure to provide certain financial data to the joint ventures. In addition, JAC realized lower than expected operating results caused in part by a temporary shutdown of its manufacturing facility due to technical constraints that have since been resolved. As a result, JAC failed to make the expected payments that were due to the joint ventures during the three months ended March 31, 2015. Although these delayed payments did not trigger a payment default under the loan and facility agreements, the interest rate payable by JAC under the loan and facility increased from 12.5% to 15.5%.

During the three months ended June 30, 2015, an expected tolling arrangement did not commence and JAC's stakeholders were unable to agree upon a restructuring plan. As a result, the manufacturing facility had not yet resumed operations and JAC continued to experience liquidity constraints. Accordingly, our Manager determined that there was doubt regarding the joint ventures' ultimate collectability of the loan and facility. Our Manager visited JAC's facility and engaged in discussions with JAC's other stakeholders to agree upon a restructuring plan. Based upon such discussions, which included a potential conversion of a portion of the loan and facility to equity and/or a restructuring of the loan and facility, our Manager believed that the joint ventures may potentially not be able to recover approximately $13,500,000 to $47,300,000 of the outstanding balance due from JAC under the loan and facility as of June 30, 2015. During the three months ended June 30, 2015, the joint ventures recognized a total credit loss of $33,264,710, which our Manager believed was the most likely outcome based upon the negotiations at the time. Our share of the total credit loss for the three months ended June 30, 2015 was $7,834,118. During the three months ended June 30, 2015, the joint ventures placed the loan and facility on non-accrual status and no finance income was recognized.

During the three months ended September 30, 2015, JAC continued to be non-operational and therefore not able to service interest payments under the loan and facility. Discussions between the senior lenders and certain other stakeholders of JAC ended as the senior lenders did not agree to amendments to their credit facilities as part of the broader restructuring that was being contemplated. As a result, JAC entered receivership on September 28, 2015. At September 30, 2015, our Manager reassessed the collectability of the loan and facility by considering the following factors: (i) what a potential buyer may be willing to pay to acquire JAC based on a comparable enterprise value derived from EBITDA multiples and (ii) the average trading price of unsecured distressed debt in comparable industries. Our Manager also considered the proposed plan of converting a portion of the loan and facility to equity and/or restructuring the loan and facility in the event that JAC's stakeholders recommenced discussions. Based upon such reassessment, our Manager believed that the joint ventures may potentially not be able to recover approximately $41,200,000 to $51,000,000 of the outstanding balance due from JAC under the loan and facility prior to recording the initial total credit loss. During the three months ended September 30, 2015, the joint ventures recognized a total credit loss of $16,856,310, which our Manager believed was the most likely outcome derived from its reassessment. Our share of the total credit loss for the three months ended September 30, 2015 was $3,856,928. In January 2016, our Manager engaged in further discussions with JAC's other subordinated lenders and the Receiver regarding a near term plan for JAC's manufacturing facility. Based upon such discussions, our Manager anticipates that a one-year tolling arrangement with JAC's suppliers will be implemented during the first half of 2016 to allow JAC's facility to recommence operations. Although our Manager believes that the marketability of JAC's facility should improve if and when the facility recommences operations, our Manager does not anticipate that JAC will make any payments to the joint ventures while operating under the expected tolling arrangement. Our Manager updated the collectability analysis under the loan and facility as of December 31, 2015 and determined that comparable enterprise values derived from EBITDA multiples and trading prices of unsecured distressed debt in comparable industries each decreased. In addition, our Manager considered that, as of December 31, 2015, (i) a tolling arrangement with JAC's suppliers did not commence as originally anticipated; (ii) no further discussions occurred between JAC, the joint ventures, the senior lenders and certain other stakeholders of JAC regarding a restructuring plan and (iii) JAC's manufacturing facility continues to be non-operational. Based upon these factors, our Manager believes that the joint ventures' ultimate collectability of the loan and facility may result in less of a recovery from its prior estimate. As a result, our Manager determined to record an additional total credit loss of $10,137,863, which our Manager believes is the most likely outcome derived from its reassessment as of December 31, 2015. Our share of the total credit loss for the three months ended December 31, 2015 was $2,319,835. An additional credit loss may be recorded in future periods based upon future developments of the receivership process or if the joint ventures' ultimate collectability of the loan and facility results in less of a recovery from their current estimate. Our Manager has also assessed impairment under the equity method of accounting for our investment in the joint ventures and concluded that they are not impaired. For the years ended December 31, 2015, 2014 and 2013, the joint ventures recognized finance income of $2,136,688, $7,356,011 and $5,202,278, respectively, prior to the loan and the facility being placed on non-accrual status. As of December 31, 2015 and 2014, the total net investment in notes receivable held by the joint ventures was $10,137,863 and $67,340,800, respectively, and our total investment in the joint ventures was $2,324,885 and $15,838,805, respectively.

On September 12, 2013, a joint venture owned by us, Fund Eleven and Fund Sixteen purchased mining equipment for $15,106,570. The equipment was subject to a 24-month lease with Murray. On December 1, 2013 and February 1, 2014, Fund Sixteen contributed capital of $933,678 and $1,725,517, respectively, to the joint venture, inclusive of acquisition fees. Subsequent to Fund Sixteen's second capital contribution, the joint venture was owned 13.2% us, 67% by Fund Eleven and 19.8% by Fund Sixteen. As a result, we received corresponding returns of capital. The lease was scheduled to expire on September 30, 2015, but was extended for one month with an additional lease payment of $635,512. On October 29, 2015, Murray purchased the equipment pursuant to the terms of the lease for $2,991,400. As a result, a gain on sale of assets of $448,710 was recognized by the joint venture, of which our share was $59,230. Pursuant to a remarketing agreement with a third party, the joint venture paid an aggregate remarketing fee of $766,466 as part of the transaction.

On October 7, 2013, ICON Pliant, LLC ("ICON Pliant"), a joint venture owned 45% by us and 55% by Fund Eleven, upon the expiration of the lease with Pliant Corporation ("Pliant"), sold the plastic processing and printing equipment to Pliant for $7,000,000. Our share of the gain on sale of assets was $1,078,335.

Information as to the results of operations of ICON Pliant, LLC is summarized as follows:

	Years Ended December 31,		
	2015	2014	2013
Revenue	$ -	$ -	$ 4,625,994
Net income	$ -	$ -	$ 2,444,639
Our share of net income	$ -	$ -	$ 1,100,088

(8) Non-Recourse Long-Term Debt

As of December 31, 2015 and 2014, we had the following non-recourse long-term debt:

	December 31,			
Counterparty	2015	2014	Maturity	Rate
DVB Group Merchant Bank (Asia) Ltd.	$ 43,770,000	$ 48,250,000	2021-2022	5.04%-6.1225%
People's Capital and Leasing Corp.	4,279,520	5,916,785	2018	6.50%
NXT Capital, LLC (1)	-	5,029,001	2018	7.50%
Total non-recourse long-term debt	48,049,520	59,195,786		
Less: current portion of non-recourse long-term debt	6,205,639	7,332,765		
Total non-recourse long-term debt, less current portion	$ 41,843,881	$ 51,863,021		

(1) On September 30, 2015, we satisfied our non-recourse long-term debt obligations to NXT (defined below) as a result of the prepayment by Cenveo.

All of our non-recourse long-term debt obligations consist of notes payable in which the lender has a security interest in the underlying assets. If the borrower were to default on the underlying lease or loan, resulting in our default on the non-recourse long-term debt, the assets could be foreclosed upon and the proceeds would be remitted to the lender in extinguishment of that debt. As of December 31, 2015 and 2014, the total carrying value of assets subject to non-recourse long term debt was $87,131,546 and $107,226,456, respectively.

On April 3, 2014, a portion of the proceeds from the sale of the remaining three Leighton Vessels were used to satisfy our related non-recourse debt obligations with Standard Chartered of $38,425,536.

On October 31, 2013, we borrowed $7,150,000 of non-recourse long-term debt from NXT Capital, LLC ("NXT") secured by our interest in the secured term loan to and collateral from Cenveo. The loan was scheduled to mature on October 1, 2018 and bore interest at LIBOR, subject to a 1% floor, plus 6.5% per year. As a result of the partial prepayment by Cenveo, on July 7, 2014 we partially paid down our non-recourse long-term debt with NXT by making a payment of $702,915. On September 30, 2015, as a result of the prepayment by Cenveo, we satisfied our non-recourse long-term debt obligations with NXT by making a prepayment of $4,223,432.

On March 4, 2014, a joint venture owned 60% by us, 15% by Fund Fourteen, 15% by Fund Fifteen and 10% by Fund Sixteen financed the acquisition of certain mining equipment that is on lease to Blackhawk and its affiliates by entering into a non-recourse loan agreement with People's Capital and Leasing Corp. ("People's Capital") in the amount of $7,500,000. People's Capital received a first priority security interest in such mining equipment. The loan bears interest at a rate of 6.5% per year and matures on February 1, 2018.

A joint venture owned 75% by us, 12.5% by Fund Fourteen and 12.5% by Fund Fifteen financed the acquisition of the SIVA Vessels by entering into a non-recourse loan agreement with DVB in the amount of $24,800,000. The loan bears interest at a rate of 6.1225% per year and matures on March 25, 2022.

On May 12, 2014, we satisfied our non-recourse debt obligations related to the Aegean Express and the Arabian Express by making a payment in the aggregate amount of $5,988,638 to BNP Paribas.

A joint venture owned 75% by us, 12.5% by Fund Fourteen and 12.5% by Fund Fifteen financed the acquisition of an offshore supply vessel from Pacific Crest by entering into a non-recourse loan agreement with DVB in the amount of $26,000,000. The senior secured loan bears interest at a rate of 5.04% per year and matures on June 24, 2021.

As of December 31, 2015 and 2014, we had capitalized net debt financing costs of $610,405 and $786,841, respectively. For the years ended December 31, 2015, 2014 and 2013, we recognized additional interest expense of $176,435, $617,069 and $691,194, respectively, related to the amortization of debt financing costs.

As of December 31, 2015 and 2014, we had non-recourse long-term debt obligations of $48,049,520 and $59,195,786, respectively, with maturity dates ranging from February 1, 2018 to March 25, 2022, and interest rates ranging from 5.04% to 7.50% per year.

The aggregate maturities of non-recourse long-term debt over the next five years and thereafter were as follows at December 31, 2015:

Years Ending December 31,		
2016	$	6,205,639
2017		6,477,928
2018		5,050,953
2019		4,700,000
2020		4,700,000
Thereafter		20,915,000
	$	48,049,520

At December 31, 2015, we were in compliance with all covenants related to our non-recourse long-term debt.

(9) Revolving Line of Credit, Recourse

We entered into an agreement with California Bank & Trust ("CB&T") for a revolving line of credit through March 31, 2015 of up to $10,000,000 (the "Facility"), which was secured by all of our assets not subject to a first priority lien. Amounts available under the Facility were subject to a borrowing base that was determined, subject to certain limitations, by the present value of future receivables under certain loans and lease agreements in which we had a beneficial interest.

The interest rate for general advances under the Facility was CB&T's prime rate. We could have elected to designate up to five advances on the outstanding principal balance of the Facility to bear interest at LIBOR plus 2.5% per year. In all instances, borrowings under the Facility were subject to an interest rate floor of 4.0% per year. In addition, we were obligated to pay an annualized 0.50% fee on unused commitments under the Facility. On February 28, 2014 and March 31, 2014, we drew down $3,000,000 and $7,000,000, respectively, under the Facility. On November 6, 2014, we repaid the $10,000,000.

On December 22, 2014, the Facility with CB&T was terminated. There were no obligations outstanding as of the date of the termination.

(10) Transactions with Related Parties

We pay or paid our Manager (i) management fees ranging from 1% to 7% based on a percentage of the rentals and other contractual payments recognized either directly by us or through our joint ventures and (ii) acquisition fees, through the end of the operating period, of 3% of the purchase price (including indebtedness incurred or assumed therewith) of, or the value of the long-lived assets secured by or subject to, each of our investments. Our Manager is not paid acquisition fees or management fees for additional investments initiated during the liquidation period, although management fees continue to be paid for investments that were part of our portfolio prior to the commencement of the liquidation period. In addition, our Manager is reimbursed for administrative expenses incurred in connection with our operations. Our Manager also has a 1% interest in our profits, losses, distributions and liquidation proceeds.

Our Manager performs certain services relating to the management of our equipment leasing and other financing activities. Such services include, but are not limited to, the collection of lease payments from the lessees of the equipment or loan payments from borrowers, re-leasing services in connection with equipment that is off-lease, inspections of the equipment, liaising with and general supervision of lessees and borrowers to ensure that the equipment is being properly operated and maintained, monitoring performance by the lessees of their obligations under the leases and the payment of operating expenses.

Administrative expense reimbursements are costs incurred by our Manager or its affiliates on our behalf that are necessary to our operations. These costs include our Manager's and its affiliates' legal, accounting, investor relations and operations personnel costs, as well as professional fees and other costs that are charged to us based upon the percentage of time such personnel dedicate to us. Excluded are salaries and related costs, office rent, travel expenses and other administrative costs incurred by individuals with a controlling interest in our Manager.

We paid distributions to our Manager of $383,282, $255,127 and $262,158 for the years ended December 31, 2015, 2014 and 2013, respectively. Our Manager's interest in our net (loss) income for the years ended December 31, 2015, 2014 and 2013 was $(217,137), $598,803 and $(93,774), respectively.

Fees and other expenses incurred by us to our Manager or its affiliates were as follows:

			Years Ended December 31,		
Entity	Capacity	Description	2015	2014	2013
ICON Capital, LLC	Manager	Acquisition fees (1)	$ -	$ 3,884,570	$ 1,975,062
ICON Capital, LLC	Manager	Management fees (2)	1,404,272	1,918,023	3,247,710
ICON Capital, LLC	Manager	Administrative expense reimbursements (2)	1,744,189	4,785,387	2,284,264
			$ 3,148,461	$ 10,587,980	$ 7,507,036

(1) Amount capitalized and amortized to operations.

(2) Amount charged directly to operations.

At December 31, 2015 and 2014, we had a net payable due to our Manager and affiliates of $437,925 and $2,798,414, respectively, primarily related to administrative expense reimbursements. During the year ended December 31, 2015, we settled our related party receivable of $142,500 due from a joint venture owned 25% by us and 75% by Fund Fourteen by converting it into an additional contribution to the joint venture. Our and Fund Fourteen's proportionate ownership in the joint venture did not change as a result of this conversion. The administrative expense reimbursements incurred during the year ended December 31, 2014 included approximately $2,100,000 of professional fees and other costs incurred in connection with our Manager's proposed sale of our assets during our liquidation period. Our Manager may continue to incur additional professional fees and costs on our behalf as it continues to pursue the sale of our assets in one or more strategic transactions.

(11) Derivative Financial Instruments

We may enter into derivative financial instruments for purposes of hedging specific financial exposures, including movements in foreign currency exchange rates and changes in interest rates on our non-recourse long-term debt. We enter into these instruments only for hedging underlying exposures. We do not hold or issue derivative financial instruments for purposes other than hedging, except for warrants, which are not hedges. Certain derivatives may not meet the established criteria to be designated as qualifying accounting hedges, even though we believe that these are effective economic hedges.

We recognize all derivative financial instruments as either assets or liabilities on our consolidated balance sheets and measure those instruments at fair value. Changes in the fair value of such instruments are recognized immediately in earnings unless certain criteria are met. These criteria demonstrate that the derivative is expected to be highly effective at offsetting changes in the fair value or expected cash flows of the underlying exposure at both the inception of the hedging relationship and on an ongoing basis and include an evaluation of the counterparty risk and the impact, if any, on the effectiveness of the derivative. If these criteria are met, which we must document and assess at inception and on an ongoing basis, we recognize the changes in fair value of such instruments in AOCI, a component of equity on our consolidated balance sheets. Changes in the fair value of the ineffective portion of all derivatives are recognized immediately in earnings.

U.S. GAAP and relevant International Swaps and Derivatives Association, Inc. agreements permit a reporting entity that is a party to a master netting agreement to offset fair value amounts recognized for derivative instruments that have been offset under the same master netting agreement. We elected to present the fair value of derivative contracts on a gross basis on our consolidated balance sheets.

Interest Rate Risk

Our objectives in using interest rate derivatives are to add stability to interest expense and to manage our exposure to interest rate movements on our variable non-recourse debt. Our strategy to accomplish these objectives is to match the projected future cash flows with the underlying debt service. Each interest rate swap involves the receipt of floating-rate interest payments from the counterparty in exchange for us making fixed-rate interest payments over the life of the agreement without exchange of the underlying notional amount.

Counterparty Risk

We manage exposure to possible defaults on derivative financial instruments by monitoring the concentration of risk that we have with any individual bank and through the use of minimum credit quality standards for all counterparties. We do not require collateral or other security in relation to derivative financial instruments. Since it is our policy to enter into derivative contracts only with banks of internationally acknowledged standing and the fair value of our derivatives is in a liability position, we consider the counterparty risk to be remote.

As of December 31, 2015 and 2014, we no longer hold any derivative financial instruments.

Non-designated Derivatives

On April 1, 2014, our only remaining interest rate swap with Standard Chartered that was not designated and not qualifying as a cash flow hedge was terminated prior to its maturity date. The lessee to the transaction associated with this interest rate swap was responsible for all costs related to such termination. Additionally, we held warrants for purposes other than hedging. On July 21, 2014, we exercised all of such warrants for cash consideration. All changes in the fair value of the interest rate swap and the warrants were recorded directly in earnings, which was included in gain or loss on derivative financial instruments.

Our derivative financial instruments not designated as hedging instruments generated a loss on derivative financial instruments on our consolidated statements of comprehensive (loss) income for the years ended December 31, 2015, 2014, and 2013 of $0, $13,699 and $187,692, respectively. The loss recorded for the year ended December 31, 2014 was comprised of a gain of $32,618 relating to interest rate swap contracts and a loss of $46,317 relating to warrants. The loss recorded for the year ended December 31, 2013 was comprised of losses of $180,323 relating to interest rate swap contracts and $7,369 relating to warrants. These amounts were recorded as a component of loss on derivative financial instruments on our consolidated statements of comprehensive (loss) income.

Designated Derivatives

On April 1, 2014, our two interest rate swaps with Standard Chartered that were designated and qualifying as cash flow hedges were terminated prior to their maturity date. The lessee to the transaction associated with the interest rate swaps was responsible for all costs related to such termination. On April 24, 2014, our two interest rate swaps with BNP Paribas that were designated and qualifying as cash flow hedges matured. As a result, $346,668 was reclassified from AOCI to interest expense and loss on derivative financial instruments during the year ended December 31, 2014.

For these derivatives, we recorded the gain or loss from the effective portion of changes in the fair value of derivatives designated and qualifying as cash flow hedges in AOCI and such gain or loss was subsequently reclassified into earnings in the period that the hedged forecasted transaction affects earnings and within the same line item on the consolidated statements of comprehensive (loss) income as the impact of the hedged transaction. During the years ended December 31, 2015, 2014 and 2013, we recorded $0, $3,431 and $21,684, respectively, of hedge ineffectiveness in earnings, which is included in loss on derivative financial instruments.

The table below presents the effect of our derivative financial instruments designated as cash flow hedging instruments on the consolidated statements of comprehensive (loss) income for the years ended December 31, 2014 and 2013:

Years Ended December 31,	Derivatives Designated as Hedging Instruments	Amount of Loss Recognized in AOCI on Derivatives (Effective Portion)	Location of Loss Reclassified from AOCI into Income (Effective Portion)*	Amount of Loss Reclassified from AOCI into Income (Effective Portion)*	Location of Loss Recognized in Income on Derivatives (Ineffective Portion and Amounts Excluded from Effectiveness Testing)	Amount of Loss Recognized in Income on Derivatives (Ineffective Portion and Amounts Excluded from Effectiveness Testing)
2014	Interest rate swaps	$ (23,878)	Interest expense	$ (653,465)	Loss on derivative financial instruments	$ (3,431)
2013	Interest rate swaps	$ (141,021)	Interest expense	$ (2,321,209)	Loss on derivative financial instruments	$ (21,684)

*For the year ended December 31, 2014, a loss in the amount of approximately $361,000 was reclassified into earnings as a loss on derivative financial instruments as a result of the discontinuance of two cash flow hedges because it was probable that the original forecasted transactions would not occur by the end of the originally specified time period or within the additional period of time. These two cash flow hedges were related to the Leighton Eclipse and the Leighton Stealth, which were sold during 2014.

(12) Fair Value Measurements

Assets and liabilities carried at fair value are classified and disclosed in one of the following three categories:

- Level 1: Quoted market prices available in active markets for identical assets or liabilities as of the reporting date.
- Level 2: Pricing inputs other than quoted prices in active markets included in Level 1, which are either directly or indirectly observable as of the reporting date.
- Level 3: Pricing inputs that are generally unobservable and are supported by little or no market data.

Assets Measured at Fair Value on a Nonrecurring Basis

We are required, on a nonrecurring basis, to adjust the carrying value or provide valuation allowances for certain assets using fair value measurements. The valuation of our financial assets, such as notes receivable or finance leases, is included below only when fair value has been measured and recorded based on the fair value of the underlying collateral. Our non-financial assets, such as leased equipment at cost or vessels, are measured at fair value when there is an indicator of impairment and recorded at fair value only when an impairment charge is recognized. To determine the fair value when impairment indicators exist, we utilize different valuation approaches based on transaction-specific facts and circumstances to determine fair value, including, but not limited to, discounted cash flow models and the use of comparable transactions.

The following tables summarize the valuation of our material financial and non-financial assets measured at fair value on a nonrecurring basis, which is presented as of the date the credit loss or impairment was recorded, while the carrying value of the assets is presented as of December 31, 2015 and 2014.

	Carrying Value at December 31, 2015	Fair Value at Impairment Date Level 1	Fair Value at Impairment Date Level 2	Fair Value at Impairment Date Level 3	Credit Loss for the Year Ended December 31, 2015
Net investment in note receivable	$ -	$ -	$ -	$ 268,975(1)	$ 697,384

(1) There were nonrecurring fair value measurements in relation to impairments recognized as of March 31, 2015 and June 30, 2015 related to VAS. As of March 31, 2015 and June 30, 2015, the fair value was $603,694 and $268,975, respectively.

	Carrying Value at December 31, 2014	Fair Value at Impairment Date Level 1	Fair Value at Impairment Date Level 2	Fair Value at Impairment Date Level 3	Credit Loss for the Year Ended December 31, 2014
Net investment in note receivable	$ 966,359	$ -	$ -	$ 966,359	$ 634,803

Our collateral dependent note receivable related to VAS was valued using inputs that are generally unobservable and are supported by little or no market data and was classified within Level 3. For the credit loss of $362,665 recorded during the three months ended March 31, 2015, the collateral dependent note receivable related to VAS was valued based primarily on the liquidation value of the collateral provided by an independent third-party appraiser. In July 2015, we sold all of our interest in the note receivable to a third party (see Note 3). For the credit loss of $334,719 recorded during the three months ended June 30, 2015, our note receivable related to VAS was valued based upon the agreed sales price of our interest in the note receivable with a third party.

Our collateral dependent note receivable was valued using inputs that are generally unobservable and are supported by little or no market data and were classified within Level 3. For the credit loss recorded during the year ended December 31, 2014, our collateral dependent note receivable was valued based on the liquidation value of the collateral provided by an independent third-party appraiser.

	Carrying Value at December 31, 2015	Fair Value at Impairment Date Level 1	Fair Value at Impairment Date Level 2	Fair Value at Impairment Date Level 3	Impairment loss for the Year Ended December 31, 2015
Vessels	$ 5,720,000	$ -	$ -	$ 5,720,000 (1)	$ 11,149,619

(1) There were nonrecurring fair value measurements in relation to impairments recognized as of September 30, 2015 and December 31, 2015 related to the Aegean Express and the Arabian Express. As of September 30, 2015 and December 31, 2015, the fair value was $6,540,000 and $5,720,000, respectively.

During the year ended December 31, 2015, we identified impairment indicators and measured our vessels for impairment purposes. The estimated fair values of our vessels were based on third-party valuations using a sales comparison approach. The estimated fair market values were based on inputs that are generally unobservable and are supported by little or no market data and were classified within Level 3.

Assets and Liabilities for which Fair Value is Disclosed

Certain of our financial assets and liabilities, which include fixed-rate notes receivable, fixed-rate non-recourse long-term debt and seller's credits, for which fair value is required to be disclosed, were valued using inputs that are generally unobservable and supported by little or no market data and are therefore classified within Level 3. Under U.S. GAAP, we use projected cash flows for fair value measurements of these financial assets and liabilities. Fair value information with respect to certain of our other assets and liabilities is not separately provided since (i) U.S. GAAP does not require fair value disclosures of lease arrangements and (ii) the carrying value of financial assets and liabilities, other than lease-related investments, approximates fair value due to their short-term maturities.

The estimated fair value of our fixed-rate notes receivable was based on the discounted value of future cash flows related to the loans at inception, adjusted for changes in certain variables, including, but not limited to, credit quality, industry, financial markets and other recent comparables. The estimated fair value of our fixed-rate non-recourse long-term debt and seller's credits was based on the discounted value of future cash flows related to the debt and seller's credits based on a discount rate derived from the margin at inception, adjusted for material changes in risk, plus the applicable fixed rate based on the current interest rate curve. The fair value of the principal outstanding on fixed-rate notes receivable was derived using discount rates ranging between 10.2% and 25% as of December 31, 2015. The fair value of the principal outstanding on fixed-rate non-recourse long-term debt and the seller's credits was derived using discount rates ranging between 1.21% and 5.5% as of December 31, 2015.

	December 31, 2015 Carrying Value	December 31, 2015 Fair Value (Level 3)
Principal outstanding on fixed-rate notes receivable	$ 33,582,938	$ 32,995,104
Principal outstanding on fixed-rate non-recourse long-term debt	$ 48,049,520	$ 47,117,900
Seller's credits	$ 12,747,733	$ 13,254,281

(13) Concentrations of Risk

In the normal course of business, we are exposed to two significant types of economic risk: credit and market. Credit risk is the risk of a lessee, borrower or other counterparty's inability or unwillingness to make contractually required payments. Concentrations of credit risk with respect to lessees, borrowers or other counterparties are dispersed across different industry segments within the United States and throughout the world.

Market risk reflects the change in the value of debt instruments, derivatives and credit facilities due to changes in interest rate spreads or other market factors. We believe that the carrying value of our investments is reasonable, taking into consideration these risks, along with estimated collateral values, payment history and other relevant information.

At times, our cash and cash equivalents may exceed insured limits. We have placed these funds in high quality institutions in order to minimize the risk of loss relating to exceeding insured limits.

For the years ended December 31, 2015, 2014 and 2013, we had four, two and four lessees that accounted for 66.0%, 62.1% and 87.4% of rental and finance income, respectively. No other lessees or borrowers accounted for more than 10% of rental and finance income.

As of December 31, 2015, we had three lessees and one borrower that accounted for 62.9% of total assets. As of December 31, 2014, we had three lessees that accounted for 39.0% of total assets.

As of December 31, 2015 and 2014, we had two and three lenders that accounted for 69.4% and 77.3% of total liabilities, respectively.

(14) Geographic Information

Geographic information for revenue, long-lived assets and other assets deemed relatively illiquid, based on the country of origin, was as follows:

	Year Ended December 31, 2015				
	North America	Europe	Asia	Vessels(a)	Total
Revenue:					
Finance income	$ 7,290,273	$ -	$ -	$ 6,356,018	$ 13,646,291
Rental income	$ 2,166,054	$ -	$ -	$ 11,962,575	$ 14,128,629
Time charter revenue	$ -	$ -	$ -	$ 5,361,706	$ 5,361,706
Income (loss) from investment in joint ventures	$ 186,222	$ -	$ (13,531,747)	$ 1,334,765	$ (12,010,760)

	December 31, 2015				
	North America	Europe	Asia	Vessels(a)	Total
Long-lived assets:					
Net investment in notes receivable	$ 12,511,222	$ -	$ -	$ 21,002,939	$ 33,514,161
Net investment in finance leases	$ 20,451,191	$ -	$ -	$ 36,760,303	$ 57,211,494
Leased equipment at cost, net	$ 4,778,814	$ -	$ -	$ 60,964,665	$ 65,743,479
Vessels	$ -	$ -	$ -	$ 5,720,000	$ 5,720,000
Investment in joint ventures	$ 5,010	$ -	$ 2,324,885	$ 9,903,961	$ 12,233,856

	Year Ended December 31, 2014				
	North America	Europe	Asia	Vessels (a)	Total
Revenue:					
Finance income	$ 7,138,033	$ (81,686)	$ -	$ 61,169,489	$ 68,225,836
Rental income	$ 631,225	$ -	$ -	$ 13,280,482	$ 13,911,707
Time charter revenue	$ -	$ -	$ -	$ 4,132,289	$ 4,132,289
Income from investment in joint ventures	$ 147,331	$ -	$ 1,594,177	$ 1,529,684	$ 3,271,192

	December 31, 2014				
	North America	Europe	Asia	Vessels (a)	Total
Long-lived assets:					
Net investment in notes receivable	$ 37,130,967	$ -	$ -	$ 21,589,043	$ 58,720,010
Net investment in finance leases	$ 36,286,791	$ -	$ -	$ 37,998,931	$ 74,285,722
Leased equipment at cost, net	$ 6,395,518	$ -	$ -	$ 66,356,257	$ 72,751,775
Vessels	$ -	$ -	$ -	$ 18,266,677	$ 18,266,677
Investment in joint ventures	$ 945,574	$ -	$ 15,838,805	$ 8,451,448	$ 25,235,827

	Year Ended December 31, 2013				
	North America	Europe	Asia	Vessels(a)	Total
Revenue:					
Finance income	$ 4,536,002	$ 1,305,760	$ -	$ 10,969,314	$ 16,811,076
Rental income	$ 79,539	$ -	$ -	$ 32,705,994	$ 32,785,533
Income from investment in joint ventures	$ 1,212,102	$ -	$ 1,148,327	$ 1,700,888	$ 4,061,317

(a) Vessels are generally free to trade worldwide

(15) Commitments and Contingencies

At the time we acquire or divest of our interest in an equipment lease or other financing transaction, we may, under very limited circumstances, agree to indemnify the seller or buyer for specific contingent liabilities. Our Manager believes that any liability of ours that may arise as a result of any such indemnification obligations will not have a material adverse effect on our consolidated financial condition or results of operations as a whole.

In connection with certain debt obligations, we are required to maintain restricted cash accounts with certain banks. At December 31, 2015, we had restricted cash of $2,068,709, which is presented within other non-current assets in our consolidated balance sheets.

During 2008, ICON EAR, LLC ("ICON EAR") purchased and simultaneously leased semiconductor manufacturing equipment to Equipment Acquisition Resources, Inc. ("EAR") for $15,729,500. On October 23, 2009, EAR filed a petition for reorganization under Chapter 11 of the U.S. Bankruptcy Code. On October 21, 2011, the Chapter 11 bankruptcy trustee for EAR filed an adversary complaint against ICON EAR seeking the recovery of the lease payments that the trustee alleged were fraudulently transferred from EAR to ICON EAR. The complaint also sought the recovery of payments made by EAR to ICON EAR during the 90-day period preceding EAR's bankruptcy filing, alleging that those payments constituted a preference under the U.S. Bankruptcy Code. Additionally, the complaint sought the imposition of a constructive trust over certain real property and the proceeds from the sale that ICON EAR received as security in connection with its investment. Our Manager filed an answer to the complaint that included certain affirmative defenses. Since that time, substantial discovery was completed. Our Manager still believes these claims are unsupported by the facts, but given the risks, costs and uncertainty surrounding litigation in bankruptcy, our Manager would engage in prudent settlement discussions to resolve this matter expeditiously. At this time, we are unable to predict the outcome of this action or loss therefrom, if any; however, an adverse ruling or settlement may have a material impact on our consolidated financial position or results of operations.

ICON Leasing Fund Twelve, LLC
(A Delaware Limited Liability Company)
Notes to Consolidated Financial Statements
December 31, 2015

Subsequent to the filing of the bankruptcy petition, EAR disclaimed any right to its equipment and such equipment became the subject of an Illinois State Court proceeding. The equipment was subsequently sold as part of the Illinois State Court proceeding. On March 6, 2012, one of the creditors in the Illinois State Court proceeding won a summary judgment motion filed against ICON EAR, thereby dismissing ICON EAR's claims to the proceeds resulting from the sale of the EAR equipment. ICON EAR appealed this decision. On September 16, 2013, the lower court's ruling was affirmed by the Illinois Appellate Court. On October 21, 2013, ICON EAR filed a Petition for Leave to Appeal with the Supreme Court of Illinois appealing the decision of the Illinois Appellate Court, which petition was denied on January 29, 2014. On December 24, 2014, ICON EAR sold the real property for $207,937.

(16) Selected Quarterly Financial Data (unaudited)

The following table is a summary of selected financial data by quarter:

	Quarters Ended in 2015				Year Ended December 31,
	March 31,	June 30,	September 30,	December 31,	2015
Total revenue and other income	$ 9,165,760	$ 1,344,618	$ 4,629,330	$ 5,986,158	$ 21,125,866
Net income (loss)	$ 2,344,104	$ (8,525,089)	$ (11,313,301)	$ (37,429)	$ (17,531,715)
Net income (loss) attributable to Fund Twelve allocable to additional members	$ 1,299,852	$ (9,508,113)	$ (12,186,305)	$ (1,101,992)	$ (21,496,558)
Weighted average number of additional shares of limited liability company interests outstanding	348,335	348,335	348,335	348,335	348,335
Net income (loss) attributable to Fund Twelve per weighted average additional share of limited liability company interests outstanding	$ 3.73	$ (27.30)	$ (34.98)	$ (3.16)	$ (61.71)

	Quarters Ended in 2014				Year Ended December 31,
	March 31,	June 30,	September 30,	December 31,	2014
Total revenue and other income	$ 8,146,719	$ 63,719,444	$ 9,320,515	$ 10,073,529	$ 91,260,207
Net income	$ 2,785,139	$ 57,442,872	$ 3,014,691	$ 418,409	$ 63,661,111
Net income (loss) attributable to Fund Twelve allocable to additional members	$ 2,142,378	$ 55,877,413	$ 1,951,786	$ (690,049)	$ 59,281,528
Weighted average number of additional shares of limited liability company interests outstanding	348,335	348,335	348,335	348,335	348,335
Net income (loss) attributable to Fund Twelve per weighted average additional share of limited liability company interests outstanding	$ 6.15	$ 160.41	$ 5.60	$ (1.97)	$ 170.19

ICON Leasing Fund Twelve, LLC
(A Delaware Limited Liability Company)
Notes to Consolidated Financial Statements
December 31, 2015

	Quarters Ended in 2013				Year Ended December 31,
	March 31,	June 30,	September 30,	December 31,	2013
Total revenue and other income	$ 15,025,747	$ 15,612,707	$ 12,616,930	$ 12,534,060	$ 55,789,444
Net (loss) income	$ (885,987)	$ 1,063,309	$ 69,366	$ (8,086,958)	$ (7,840,270)
Net (loss) income attributable to Fund Twelve allocable to additional members	$ (1,025,892)	$ 747,425	$ (12,293)	$ (8,992,935)	$ (9,283,695)
Weighted average number of additional shares of limited liability company interests outstanding	348,429	348,346	348,335	348,335	348,361
Net (loss) income attributable to Fund Twelve per weighted average additional share of limited liability company interests outstanding	$ (2.94)	$ 2.15	$ (0.04)	$ (25.82)	$ (26.65)

(17) Income Tax Reconciliation (unaudited)

At December 31, 2015 and 2014, the members' equity included in the consolidated financial statements totaled $101,452,996 and $161,494,839, respectively. The members' capital for federal income tax purposes at December 31, 2015 and 2014 totaled $130,633,158 and $167,988,989, respectively. The difference arises primarily from differences in the impairment recognized related to the Aegean Express and the Arabian Express, the credit loss recorded for VAS, depreciation and amortization, noncontrolling interest, state income tax, and taxable income from investment in joint ventures between financial reporting purposes and federal income tax purposes.

The following table reconciles net (loss) income attributable to us for financial statement reporting purposes to the net income (loss) attributable to us for federal income tax purposes:

	Years Ended December 31,		
	2015	2014	2013
Net (loss) income attributable to Fund Twelve per consolidated financial statements	$ (21,713,695)	$ 59,880,331	$ (9,377,469)
Finance income	-	(416,067)	16,654,653
Rental income	-	29,348,962	13,420,676
Depreciation and amortization	(1,703,737)	(4,711,485)	(3,262,016)
(Loss) gain on disposal of assets	-	(42,052,420)	8,980,035
Taxable income from joint ventures	12,779,724	752,724	(111,547,214)
Fixed asset impairment	-	-	13,020,226
Interest expense	-	(756,102)	781,695
Taxable income attributable to noncontrolling interests	2,006,642	3,429,854	13,314,909
Loss on debt extinguishment	-	(857,724)	(1,457,702)
Impairment	11,149,619	-	-
Bad debt	(634,803)	-	-
State income tax	(200,554)	-	-
Other	(702,388)	3,546,573	(146,460)
Net income (loss) attributable to Fund Twelve for federal income tax purposes	$ 980,808	$ 48,164,646	$ (59,618,667)

Schedule II - Valuation and Qualifying Accounts

Description	Balance at Beginning of Year	Additions Charged to Costs and Expenses	Deduction	Balance at End of Year
Allowance from asset accounts:				
Year Ended December 31, 2015				
Credit loss reserve	$ 631,986	$ 4,848,978	$ (5,480,964)	$ -
Year Ended December 31, 2014				
Credit loss reserve	$ -	$ 631,986	$ -	$ 631,986
Year Ended December 31, 2013				
Credit loss reserve	$ -	$ -	$ -	$ -

Item 9. Changes in and Disagreements With Accountants on Accounting and Financial Disclosure

None.

Item 9A. Controls and Procedures

Evaluation of disclosure controls and procedures

In connection with the preparation of this Annual Report on Form 10-K for the year ended December 31, 2015, our Manager carried out an evaluation, under the supervision and with the participation of the management of our Manager, including its Co-Chief Executive Officers and the Principal Financial and Accounting Officer, of the effectiveness of the design and operation of our Manager's disclosure controls and procedures as of the end of the period covered by this report pursuant to the Securities Exchange Act of 1934, as amended. Based on the foregoing evaluation, the Co-Chief Executive Officers and the Principal Financial and Accounting Officer concluded that our Manager's disclosure controls and procedures were effective.

In designing and evaluating our Manager's disclosure controls and procedures, our Manager recognized that disclosure controls and procedures, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the disclosure controls and procedures are met. Our Manager's disclosure controls and procedures have been designed to meet reasonable assurance standards. Disclosure controls and procedures cannot detect or prevent all error and fraud. Some inherent limitations in disclosure controls and procedures include costs of implementation, faulty decision-making, simple error and mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of the controls. The design of any system of controls is based, in part, upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all anticipated and unanticipated future conditions. Over time, controls may become inadequate because of changes in conditions, or the degree of compliance with established policies or procedures.

Our Manager's Co-Chief Executive Officers and Principal Financial and Accounting Officer have determined that no weakness in disclosure controls and procedures had any material effect on the accuracy and completeness of our financial reporting and disclosure included in this Annual Report on Form 10-K.

Evaluation of internal control over financial reporting

Our Manager is responsible for establishing and maintaining adequate internal control over financial reporting. Internal control over financial reporting is defined in Rules 13a-15(f) and 15d-15(f) under the Securities Exchange Act of 1934, as amended, as a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles and includes those policies and procedures that (1) pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Projections of any evaluation of effectiveness to future periods are subject to the risks that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Our Manager assessed the effectiveness of its internal control over financial reporting as of December 31, 2015. In making this assessment, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in "Internal Control — Integrated Framework" as issued in 2013.

Based on its assessment, our Manager believes that, as of December 31, 2015, its internal control over financial reporting is effective.

Changes in internal control over financial reporting

There were no changes in our Manager's internal control over financial reporting during the quarter ended December 31, 2015 that materially affected, or are reasonably likely to materially affect, its internal control over financial reporting.

Item 9B. Other Information

Not applicable.

PART III

Item 10. Directors, Executive Officers of the Registrant's Manager and Corporate Governance

Our Manager, ICON Capital, LLC, a Delaware limited liability company ("ICON Capital"), was formed in 1985. Our Manager's principal office is located at 3 Park Avenue, 36th Floor, New York, New York 10016, and its telephone number is (212) 418-4700.

In addition to the primary services related to our disposing of investments, our Manager provides services relating to the day-to-day management of our investments. These services include collecting payments due from lessees, borrowers, and other counterparties; remarketing equipment that is off-lease; inspecting equipment; serving as a liaison with lessees, borrowers, and other counterparties; supervising equipment maintenance; and monitoring performance by lessees, borrowers, and other counterparties of their obligations, including payment of contractual payments and all operating expenses.

Name	Age	Title
Michael A. Reisner.................	45	Co-Chairman, Co-Chief Executive Officer, Co-President and Director
Mark Gatto..............................	43	Co-Chairman, Co-Chief Executive Officer, Co-President and Director
Christine H. Yap......................	45	Managing Director and Principal Financial and Accounting Officer
Harry Giovani..........................	41	Managing Director and Chief Credit Officer

Michael A. Reisner, Co-Chairman, Co-CEO, Co-President and Director, joined ICON Capital in 2001. Prior to purchasing the company in 2008, Mr. Reisner held various positions in the firm, including Executive Vice President and Chief Financial Officer, General Counsel and Executive Vice President of Acquisitions. Before his tenure with ICON Capital, Mr. Reisner was an attorney from 1996 to 2001 with Brodsky Altman & McMahon, LLP in New York, concentrating on commercial transactions. Mr. Reisner received a J.D. from New York Law School and a B.A. from the University of Vermont.

Mark Gatto, Co-Chairman, Co-CEO, Co-President and Director, originally joined ICON Capital in 1999. Prior to purchasing the company in 2008, Mr. Gatto held various positions in the firm, including Executive Vice President and Chief Acquisitions Officer, Executive Vice President - Business Development and Associate General Counsel. Before his tenure with ICON Capital, he was an attorney with Cella & Goldstein in New Jersey, concentrating on commercial transactions and general litigation matters. Additionally, he was Director of Player Licensing for the Topps Company and in 2003, he co-founded a specialty business consulting firm in New York City, where he served as managing partner before re-joining ICON Capital in 2005. Mr. Gatto received an M.B.A. from the W. Paul Stillman School of Business at Seton Hall University, a J.D. from Seton Hall University School of Law, and a B.S. from Montclair State University.

Christine H. Yap, Managing Director and Principal Financial and Accounting Officer joined ICON Capital in May 2013. Prior to joining ICON Capital, Ms. Yap was previously a Vice President and Fund Controller at W.P. Carey Inc. from October 2011 to December 2012. Prior to W.P. Carey, from June 1997 to October 2011, Ms. Yap was employed by PricewaterhouseCoopers LLP, rising to the level of Director. Ms. Yap received a B.S. in Accounting from Meredith College and an M.S. in Accounting from the University of Rhode Island and is a certified public accountant.

Harry Giovani, Managing Director and Chief Credit Officer, joined ICON Capital in 2008. Most recently, from March 2007 to January 2008, he was Vice President for FirstLight Financial Corporation, responsible for underwriting and syndicating middle market leveraged loan transactions. Previously, he spent three years at GE Commercial Finance, initially as an Assistant Vice President in the Intermediary Group, where he was responsible for executing middle market transactions in a number of industries including manufacturing, steel, paper, pharmaceutical, technology, chemicals and automotive, and later as a Vice President in the Industrial Project Finance Group, where he originated highly structured project finance transactions. He started his career at Citigroup's Citicorp Securities and CitiCapital divisions, where he spent six years in a variety of roles of increasing responsibility including underwriting, origination and strategic marketing / business development. Mr. Giovani graduated from Cornell University in 1996 with a B.S. in Finance.

Code of Ethics

Our Manager, on our behalf, has adopted a code of ethics for its Co-Chief Executive Officers and Principal Financial and Accounting Officer. The Code of Ethics is available free of charge by requesting it in writing from our Manager. Our Manager's address is 3 Park Avenue, 36 th Floor, New York, New York 10016.

Item 11. Executive Compensation

We have no directors or officers. Our Manager and its affiliates were paid or we accrued the following compensation and reimbursement for costs and expenses:

Entity	Capacity	Description	Years Ended December 31, 2015	2014	2013
ICON Capital, LLC	Manager	Acquisition fees (1)	$ -	$ 3,884,570	$ 1,975,062
ICON Capital, LLC	Manager	Management fees (2)	1,404,272	1,918,023	3,247,710
ICON Capital, LLC	Manager	Administrative expense reimbursements (2)	1,744,189	4,785,387	2,284,264
			$ 3,148,461	$ 10,587,980	$ 7,507,036

(1) Amount capitalized and amortized to operations.

(2) Amount charged directly to operations.

Our Manager also has a 1% interest in our profits, losses, distributions and liquidation proceeds. We paid distributions to our Manager of $383,282, $255,127 and $262,158 for the years ended December 31, 2015, 2014 and 2013, respectively. Our Manager's interest in our net (loss) income was $(217,137), $598,803 and $(93,774) for the years ended December 31, 2015, 2014 and 2013, respectively.

Item 12. Security Ownership of Certain Beneficial Owners and the Manager and Related Security Holder Matters

(a) We do not have any securities authorized for issuance under any equity compensation plan. No person of record owns, or is known by us to own, beneficially more than 5% of any class of our securities.

(b) As of March 28, 2016, no directors or officers of our Manager own any of our equity securities.

(c) Neither we nor our Manager are aware of any arrangements with respect to our securities, the operation of which may at a subsequent date result in a change of control of us.

Item 13. Certain Relationships and Related Transactions, and Director Independence

See "Item 11. Executive Compensation" for a discussion of our related party transactions. See Notes 7 and 10 to our consolidated financial statements for a discussion of our investments in joint ventures and transactions with related parties, respectively.

Because we are not listed on any national securities exchange or inter-dealer quotation system, we have elected to use the Nasdaq Stock Market's definition of "independent director" in evaluating whether any of our Manager's directors are independent. Under this definition, the board of directors of our Manager has determined that our Manager does not have any independent directors, nor are we required to have any.

Item 14. Principal Accounting Fees and Services

During the years ended December 31, 2015 and 2014, our auditors provided audit services relating to our Annual Report on Form 10-K and our Quarterly Reports on Form 10-Q. Additionally, our auditors provided other services in the form of tax compliance work. The following table presents the fees for both audit and non-audit services rendered by Ernst & Young LLP:

	Years Ended December 31, 2015	2014
Audit fees	$ 454,964	$ 536,969
Tax fees	277,095	264,584
	$ 732,059	$ 801,553

PART IV

Item 15. Exhibits, Financial Statement Schedules

(a) 1. Financial Statements

See index to consolidated financial statements included as Item 8 to this Annual Report on Form 10-K hereof.

2. Financial Statement Schedules

Financial Statement Schedule II – Valuation and Qualifying Accounts is filed with this Annual Report on Form 10-K. Schedules not listed above have been omitted because they are not applicable or the information required to be set forth therein is included in the financial statements or notes thereto.

3. Exhibits:

3.1 Certificate of Formation of Registrant (Incorporated by reference to Exhibit 3.1 to Registrant's Registration Statement on Form S-1 filed with the SEC on November 13, 2006 (File No. 333-138661)).

4.1 Limited Liability Company Agreement of Registrant (Incorporated by reference to Exhibit A to Registrant's Prospectus filed with the SEC on May 8, 2007 (File No. 333-138661)).

10.1 Commercial Loan Agreement, by and between California Bank & Trust and ICON Leasing Fund Twelve, LLC, dated as of May 10, 2011 (Incorporated by reference to Exhibit 10.7 to Registrant's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2011, filed May 16, 2011).

10.2 Loan Modification Agreement, dated as of March 31, 2013, by and between California Bank & Trust and ICON Leasing Fund Twelve, LLC (Incorporated by reference to Exhibit 10.2 to Registrant's Annual Report on Form 10-K for the year ended December 31, 2012, filed March 22, 2013).

31.1 Rule 13a-14(a)/15d-14(a) Certification of Co-Chief Executive Officer.

31.2 Rule 13a-14(a)/15d-14(a) Certification of Co-Chief Executive Officer.

31.3 Rule 13a-14(a)/15d-14(a) Certification of Principal Financial and Accounting Officer.

32.1 Certification of Co-Chief Executive Officer pursuant to 18 U.S.C. §1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

32.2 Certification of Co-Chief Executive Officer pursuant to 18 U.S.C. §1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

32.3 Certification of Principal Financial and Accounting Officer pursuant to 18 U.S.C. §1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

101.INS XBRL Instance Document.

101.SCH XBRL Taxonomy Extension Schema Document.

101.CAL XBRL Taxonomy Extension Calculation Linkbase Document.

101.DEF XBRL Taxonomy Extension Definition Linkbase Document.

101.LAB XBRL Taxonomy Extension Labels Linkbase Document.

101. PRE XRBL Taxonomy Extension Presentation Linkbase Document.

ICON Mauritius MI, LLC
(A Marshall Islands Limited Liability Company)

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Members
ICON Mauritius MI, LLC

We have audited the accompanying consolidated balance sheet of ICON Mauritius MI, LLC (the “Company”) as of December 31, 2015, and the related consolidated statements of operations, changes in members’ equity and cash flows for the year ended December 31, 2015. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. We were not engaged to perform an audit of the Company's internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of ICON Mauritius MI, LLC at December 31, 2015, and the consolidated results of its operations and its cash flows for the year ended December 31, 2015, in conformity with U.S. generally accepted accounting principles.

/s/ ERNST & YOUNG LLP

New York, New York
March 29, 2016

ICON Mauritius MI, LLC
(A Marshall Islands Limited Liability Company)
Consolidated Balance Sheets

	December 31,	
	2015	2014
		(unaudited)
Assets		
Cash	$ 17,224	$ 18,589
Net investment in note receivable	4,772,088	31,976,805
Other assets, net	14,830	646,232
Total assets	$ 4,804,142	$ 32,641,626
Liabilities and Members' Equity		
Liabilities:		
Accrued expenses and other liabilities	$ -	$ 224,141
Total liabilities	-	224,141
Members' equity	4,804,142	32,417,485
Total liabilities and members' equity	$ 4,804,142	$ 32,641,626

See accompanying notes to consolidated financial statements.

ICON Mauritius MI, LLC
(A Marshall Islands Limited Liability Company)
Consolidated Statements of Operations

	Years Ended December 31,		
	2015	2014	2013
		(unaudited)	(unaudited)
Revenue:			
Finance income	$ 984,108	$ 3,355,697	$ 2,963,813
Total revenue	984,108	3,355,697	2,963,813
Expenses:			
General and administrative	9,623	42,507	41,329
Credit loss, net	28,621,458	-	-
Total expenses	28,631,081	42,507	41,329
Net (loss) income	$ (27,646,973)	$ 3,313,190	$ 2,922,484

See accompanying notes to consolidated financial statements.

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ICON Mauritius MI, LLC
(A Marshall Islands Limited Liability Company)
Consolidated Statements of Changes in Members' Equity

		Members' Equity
Balance, December 31, 2012 (unaudited)	$	26,367,038
Net income (unaudited)		2,922,484
Balance, December 31, 2013 (unaudited)		29,289,522
Net income (unaudited)		3,313,190
Equity investment from members (unaudited)		28,374
Distributions to members (unaudited)		(213,601)
Balance, December 31, 2014 (unaudited)		32,417,485
Net loss		(27,646,973)
Equity investment from members		33,630
Balance, December 31, 2015	$	4,804,142

See accompanying notes to consolidated financial statements.

ICON Mauritius MI, LLC
(A Marshall Islands Limited Liability Company)
Consolidated Statements of Cash Flows

	Years Ended December 31,		
	2015	2014	2013
		(unaudited)	(unaudited)
Cash flows from operating activities:			
Net (loss) income	$ (27,646,973)	$ 3,313,190	$ 2,922,484
Adjustments to reconcile net (loss) income to net cash (used in) provided by operating activities:			
Finance income	352,686	584,154	515,935
Paid-in-kind interest	(1,769,428)	(4,960,012)	(3,262,774)
Credit loss, net	28,621,458	-	-
Changes in operating assets and liabilities:			
Other assets, net	631,403	1,020,162	(216,975)
Accrued expenses and other current liabilities	(224,141)	215,499	(11,406)
Net cash (used in) provided by operating activities	(34,995)	172,993	(52,736)
Cash flows from financing activities:			
Additional equity investment from members	33,630	28,374	-
Distributions to members	-	(213,601)	-
Net cash provided by (used in) financing activities	33,630	(185,227)	-
Net decrease in cash	(1,365)	(12,234)	(52,736)
Cash, beginning of year	18,589	30,823	83,558
Cash, end of year	$ 17,224	$ 18,589	$ 30,822

See accompanying notes to consolidated financial statements.

ICON Mauritius MI, LLC
(A Marshall Islands Limited Liability Company)
Notes to Consolidated Financial Statements
December 31, 2015

(1) Organization

ICON Mauritius MI, LLC (the "LLC") was formed on December 22, 2011 as a Marshall Islands limited liability company. When used in these notes to consolidated financial statements, the term "LLC" refers to the LLC and its consolidated subsidiary. The LLC was formed for the sole purpose of, through its wholly-owned subsidiary ICON Mauritius I ("Mauritius I"), making a $20,124,000 subordinated term loan to Jurong Aromatics Corporation Pte. Ltd. ("JAC"), a Singapore entity, as part of a $171,050,000 term loan facility.

The LLC was formed as a joint venture between two affiliated entities, ICON Equipment and Corporate Infrastructure Fund Fourteen, L.P. ("Fund Fourteen") and ICON Leasing Fund Twelve, LLC ("Fund Twelve" and, collectively, the "Members"). Fund Fourteen and Fund Twelve have ownership interests of 75% and 25%, respectively, in the LLC profits, losses and distributions. The LLC is engaged in one business segment, the business of acting as a lender and syndicate for loan transactions.

ICON Capital, LLC, a Delaware limited liability company, is Fund Fourteen's investment manager and Fund Twelve's manager (the "Manager"). The Manager manages and controls the LLC's business affairs, including, but not limited to, the financing transactions into which the LLC enters.

(2) Summary of Significant Accounting Policies

Basis of Presentation

The accompanying consolidated financial statements of the LLC have been prepared in accordance with U.S. Generally Accepted Accounting Principles ("U.S. GAAP"). In the opinion of the Manager, all adjustments, which are of a normal recurring nature, considered necessary for a fair presentation have been included.

Cash

The LLC's cash is held principally at one financial institution and at times may exceed insured limits. The LLC has placed these funds in a high quality institution in order to minimize risk relating to exceeding insured limits.

Note Receivable and Revenue Recognition

The note receivable is reported in the LLC's consolidated balance sheets at the outstanding principal balance, plus costs incurred to originate the loan, net of any unamortized premium or discount on purchased loan. The LLC uses the effective interest rate method to recognize finance income, which produces a constant periodic rate of return on the investment. Unearned income, discounts and premiums are amortized to finance income on the LLC's consolidated statements of operations using the effective interest rate method. Interest receivable related to the unpaid principal is recorded separately from the outstanding balance on the LLC's consolidated balance sheets. The LLC's notes receivable contains a paid-in-kind ("PIK") interest provision. Any PIK interest, if deemed collectible, will be added to the principal balance of the notes receivable and is recorded as finance income. Upon the prepayment of a note receivable, any prepayment penalties and unamortized loan origination, closing and commitment fees are recorded as part of finance income in the LLC's consolidated statements of operations.

Credit Quality of Note Receivable and Credit Loss Reserve

The Manager monitors the ongoing credit quality of the LLC's financing receivable by (i) reviewing and analyzing a borrower's financial performance on a regular basis, including review of financial statements received on a semi-annual basis as prescribed in the loan agreement, (ii) tracking the relevant credit metrics of the financing receivable and the borrower's compliance with financial and non-financial covenants, and (iii) monitoring the borrower's payment history and public credit rating, if available. As part of the monitoring process, the Manager may physically inspect the collateral or the borrower's facility and meet with the borrower's management to better understand the borrower's financial performance and its future plans on an as-needed basis.

As the LLC has only one note receivable, the Manager is able to estimate the credit loss reserve based on a detailed analysis of the note receivable as opposed to using portfolio-based metrics. The Manager does not use a system of assigning internal risk ratings to the note receivable. Rather, the note receivable is analyzed quarterly and categorized as either performing or non-performing based on certain factors including, but not limited to, financial results, satisfying scheduled payments and compliance with financial covenants. A note receivable is usually categorized as non-performing only when a borrower experiences financial difficulties and has failed to make scheduled payments. The Manager then analyzes whether the note receivable should be placed on a non-accrual status, a credit loss reserve should be established or the note receivable should be restructured. As part of the assessment, updated collateral value is usually considered and such collateral value can be based on a third party industry expert appraisal or, depending on the type of collateral and accessibility to relevant published guides or market sales data, internally derived fair value. Material events would be specifically disclosed in the discussion of the note receivable held.

A note receivable is generally placed in a non-accrual status when payments are more than 90 days past due. Additionally, the Manager periodically reviews the creditworthiness of a company with payments outstanding less than 90 days and based upon the Manager's judgment, the account may be placed in a non-accrual status.

In accordance with the cost recovery method, payments received on non-accrual notes receivable are applied to principal if there is doubt regarding the ultimate collectability of principal. If collection of the principal of non-accrual notes receivable is not in doubt, interest income is recognized on a cash basis. A note receivable in non-accrual status may not be restored to accrual status until all delinquent payments have been received, and the LLC believes recovery of the remaining unpaid receivable is probable.

When the Manager deems it is probable that the LLC will not be able to collect all contractual principal and interest on a non-performing note receivable, the LLC performs an analysis to determine if a credit loss reserve is necessary. This analysis considers the estimated cash flows from the note receivable, and/or the collateral value of the asset underlying the note receivable when note receivable repayment is collateral dependent. If it is determined that the impaired value of the non-performing note receivable is less than the net carrying value, the LLC will recognize a credit loss reserve or adjust the existing credit loss reserve with a corresponding charge to earnings. The LLC then charges off a note receivable in the period that it is deemed uncollectible by reducing the credit loss reserve and the balance of the note receivable.

Initial Direct Costs

The LLC capitalizes initial direct costs, including acquisition fees, associated with the origination and funding of the financing transaction. The LLC paid an acquisition fee to the Manager equal to 2.5% and 3% of the proportionate share of the purchase price for Fund Fourteen's and Fund Twelve's investments, respectively. These costs are amortized over the term of the note receivable using the effective interest rate method in the LLC's consolidated statement of operations.

Income Taxes

The LLC is a partnership in the Marshall Islands and has no income tax reporting requirement, although our wholly-owned subsidiary has income tax reporting requirements in Mauritius at an effective tax rate of 3% of taxable income. These taxes are included in general and administrative expenses in the LLC's consolidated statement of operations.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires the Manager to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities as of the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Significant estimates primarily include the determination of credit losses. Actual results could differ from those estimates.

Recent Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2014-09*, Revenue from Contracts with Customers* ("ASU 2014-09"), requiring revenue to be recognized in an amount that reflects the consideration expected to be received in exchange for goods and services. This new revenue standard may be applied retrospectively to each prior period presented, or retrospectively with the cumulative effect recognized as of the date of adoption. In August 2015, FASB issued ASU No. 2015-14, *Revenue from Contracts with Customers – Deferral of the Effective Date* ("ASU 2015-14"), which defers implementation of ASU 2014-09 by one year. Under such deferral, the adoption of ASU 2014-09 becomes effective for the LLC on January 1, 2019, including interim periods within that reporting period. Early adoption is permitted, but not before January 1, 2017.The LLC is currently in the process of evaluating the impact of the adoption of ASU 2014-09 on its consolidated financial statements.

In August 2014, FASB issued ASU No. 2014-15, *Presentation of Financial Statements – Going Concern: Disclosure of Uncertainties about an Entity's Ability to Continue as a Going Concern* ("ASU 2014-15"), which provides guidance about management's responsibility to evaluate whether there is substantial doubt about an entity's ability to continue as a going concern and to provide related footnote disclosures. The adoption of ASU 2014-15 becomes effective for the LLC for the fiscal year ending December 31, 2016, and all subsequent annual and interim periods. Early adoption is permitted. The adoption of ASU 2014-15 is not expected to have a material effect on the LLC's consolidated financial statements.

In January 2015, FASB issued ASU No. 2015-01, *Income Statement – Extraordinary and Unusual Items: Simplifying Income Statement Presentation by Eliminating the Concept of Extraordinary Items* ("ASU 2015-01"), which simplifies income statement presentation by eliminating the concept of extraordinary items. The adoption of ASU 2015-01 becomes effective for the LLC on January 1, 2016, including interim periods within that reporting period. Early adoption is permitted. The adoption of ASU 2015-01 is not expected to have a material effect on the LLC's consolidated financial statements.

In January 2016, FASB issued ASU No. 2016-01, *Financial Instruments – Overall: Recognition and Measurement of Financial Assets and Financial Liabilities* ("ASU 2016-01"), which provides guidance related to accounting for equity investments, financial liabilities under the fair value option, and the presentation and disclosure requirements for financial instruments. The adoption of ASU 2016-01 becomes effective for the LLC on January 1, 2019. The LLC is currently in the process of evaluating the impact of the adoption of ASU 2016-01 on its consolidated financial statements.

(3) Net Investment in Note Receivable

Net Investment in note receivable consisted of the following:

	December 31,	
	2015	2014
		(unaudited)
Principal outstanding	$ 31,788,011	$ 30,018,583
Initial direct costs	2,319,746	2,497,108
Deferred fees	(714,211)	(538,886)
Credit loss reserve	(28,621,458)	-
Net investment in notes receivable	$ 4,772,088	$ 31,976,805

On December 22, 2011, the LLC made a $20,124,000 subordinated term loan to JAC as part of a $171,050,000 term loan facility. The loan initially bore interest at rates ranging between 12.5% and 15% per year and matures in January 2021. The loan is secured by a second priority security interest in all of JAC's assets, which include, among other things, all equipment, plant and machinery associated with a condensate splitter and aromatics complex.

As of March 31, 2015, JAC was in technical default of the loan as a result of its failure to provide certain financial data to the LLC. In addition, JAC realized lower than expected operating results caused in part by a temporary shutdown of its manufacturing facility due to technical constraints that have since been resolved. As a result, JAC failed to make the expected payment that was due to the LLC during the three months ended March 31, 2015. Although this delayed payment did not trigger a payment default under the loan agreement, the interest rate payable by JAC under the loan increased from 12.5% to 15.5%.

During the three months ended June 30, 2015, an expected tolling arrangement did not commence and JAC's stakeholders were unable to agree upon a restructuring plan. As a result, the manufacturing facility had not yet resumed operations and JAC continued to experience liquidity constraints. Accordingly, the Manager determined that there was doubt regarding the LLC's ultimate collectability of the loan. The Manager visited JAC's facility and engaged in discussions with JAC's other stakeholders to agree upon a restructuring plan. Based upon such discussions, which included a potential conversion of a portion of the loan to equity and/or a restructuring of the loan, the Manager believed that the LLC may potentially not be able to recover approximately $6,400,000 to $22,300,000 of the outstanding balance due from JAC as of June 30, 2015. During the three months ended June 30, 2015, the LLC recognized a credit loss of $15,921,795, which the Manager believed was the most likely outcome based upon the negotiations at the time. During the three months ended June 30, 2015, the LLC placed the loan on non-accrual status and no finance income was recognized.

During the three months ended September 30, 2015, JAC continued to be non-operational and therefore not able to service interest payments under the loan. Discussions between the senior lenders and certain other stakeholders of JAC ended as the senior lenders did not agree to amendments to their credit facilities as part of the broader restructuring that was being contemplated. As a result, JAC entered receivership on September 28, 2015. At September 30, 2015, the Manager reassessed the collectability of the loan by considering the following factors: (i) what a potential buyer may be willing to pay to acquire JAC based on a comparable enterprise value derived from EBITDA multiples and (ii) the average trading price of unsecured distressed debt in comparable industries. The Manager also considered the proposed plan of converting a portion of the loan to equity and/or restructuring the loan in the event that JAC's stakeholders recommenced discussions. Based upon such reassessment, the Manager believed that the LLC may potentially not be able to recover approximately $19,400,000 to $24,000,000 of the outstanding balance due from JAC prior to recording the initial credit loss. During the three months ended September 30, 2015, the LLC recognized an additional credit loss of $7,927,576, which the Manager believed was the most likely outcome derived from its reassessment. In January 2016, the Manager engaged in further discussions with JAC's other subordinated lenders and the Receiver regarding a near term plan for JAC's manufacturing facility. Based upon such discussions, the Manager anticipates that a one-year tolling arrangement with JAC's suppliers will be implemented during the first half of 2016 to allow JAC's facility to recommence operations. Although the Manager believes that the marketability of JAC's facility should improve if and when the facility recommences operations, the Manager does not anticipate that JAC will make any payments to the LLC while operating under the expected tolling arrangement. The Manager updated the collectability analysis under the loan as of December 31, 2015 and determined that comparable enterprise values derived from EBITDA multiples and trading prices of unsecured distressed debt in comparable industries each decreased. In addition, the Manager considered that, as of December 31, 2015, (i) a tolling arrangement with JAC's suppliers did not commence as originally anticipated; (ii) no further discussions occurred between JAC, the LLC, the senior lenders and certain other stakeholders of JAC regarding a restructuring plan and (iii) JAC's manufacturing facility continues to be non-operational. Based upon these factors, the Manager believes that the LLC's ultimate collectability of the loan may result in less of a recovery from its prior estimate. As a result, the Manager determined to record an additional credit loss of $4,772,087, which the Manager believes is the most likely outcome derived from its reassessment as of December 31, 2015. An additional credit loss may be recorded in future periods based upon future developments of the receivership process or if the LLC's ultimate collectability of the loan results in less of a recovery from its current estimate. For the years ended December 31, 2015, 2014 and 2013, the LLC recognized finance income of $984,108, $3,355,697 and $2,963,813, respectively, prior to the loan being placed on non-accrual status. As of December 31, 2015 and 2014, the total net investment in notes receivable held by the LLC was $4,772,088 and $31,976,805, respectively.

Credit loss allowance activities for the years ended December 31, 2015, 2014 and 2013 were as follows:

	Credit Loss Allowance	
Allowance for credit loss as of December 31, 2012 (unaudited)	$	-
Provisions		-
Write-offs, net of recoveries		-
Allowance for credit loss as of December 31, 2013 (unaudited)	$	-
Provisions (unaudited)		-
Write-offs, net of recoveries (unaudited)		-
Allowance for credit loss as of December 31, 2014 (unaudited)	$	-
Provisions		28,621,458
Write-offs, net of recoveries		-
Allowance for credit loss as of December 31, 2015	$	28,621,458

(4) Transactions with Related Parties

In the normal course of operations, the Members will pay certain operating and general and administrative expenses on the LLC's behalf in proportion to their membership interests. The financial condition and results of the LLC's operations, as reported, are not necessarily indicative of the results that would have been reported had the LLC operated completely independently.

(5) Fair Value Measurements

Assets and liabilities carried at fair value are classified and disclosed in one of the following three categories:

- Level 1: Quoted market price available in active markets for identical assets or liabilities as of the reporting date.
- Level 2: Pricing inputs other than quoted prices in active markets included in Level 1, which are either directly or indirectly observable as of the reporting date.
- Level 3: Pricing inputs that are generally unobservable and are supported by little or no market data.

Assets for which Fair Value is Disclosed

The LLC's financial asset, represented by the fixed-rate note receivable, for which fair value is required to be disclosed, was valued using inputs that are generally unobservable and supported by little or no market data and are therefore classified within Level 3. Under U.S. GAAP, the LLC uses projected cash flows for fair value measurements of this financial asset. Fair value information with respect to certain of the LLC's other assets is not separately provided since their carrying value approximates fair value due to their short-term maturities.

The estimated fair value of the LLC's fixed-rate note receivable was based on the discounted value of future cash flows related to the loan at inception, adjusted for changes in certain variables, including, but not limited to, credit quality, industry, financial markets and other recent comparables. The fair value of the principal outstanding on the LLC's fixed-rate note receivable was derived using a discount rate of 12.31% as of December 31, 2015.

As of December 31, 2015, the fair value of the LLC's fixed-rate note receivable was $3,175,700.

(6) Concentration of Risk

In the normal course of business, the LLC is exposed to two significant types of economic risk: credit and market. Credit risk is the risk of a borrower or other counterparty's inability or unwillingness to make contractually required payments. Market risk reflects the change in the value of credit facilities due to changes in interest rate spreads or other market factors.

At times, the LLC's cash may exceed insured limits. The LLC has placed these funds in a high quality institution in order to minimize the risk of loss relating to exceeding insured limits.

For the years ended December 31, 2015, 2014 and 2013, the LLC had one borrower that accounted for 100% of finance income.

As of December 31, 2015 and 2014, a note receivable to one borrower accounted for 99.3% and 98.0%, respectively, of the LLC's total assets.

ICON Mauritius MI II, LLC
(A Marshall Islands Limited Liability Company)

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Members
ICON Mauritius MI II, LLC

We have audited the accompanying consolidated balance sheet of ICON Mauritius MI II, LLC (the "Company") as of December 31, 2015, and the related consolidated statements of operations, changes in members' equity and cash flows for the year ended December 31, 2015. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. We were not engaged to perform an audit of the Company's internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of ICON Mauritius MI II, LLC at December 31, 2015, and the consolidated results of its operations and its cash flows for the period year ended December 31, 2015, in conformity with U.S. generally accepted accounting principles.

/s/ ERNST & YOUNG LLP

New York, New York
March 29, 2016

ICON Mauritius MI II, LLC
(A Marshall Islands Limited Liability Company)
Consolidated Balance Sheets

	December 31, 2015		December 31, 2014
			(unaudited)
Assets			
Cash	$ 295		$ 295
Net investment in note receivable	5,365,775		35,363,995
Other assets, net	14,771		726,876
Total assets	$ 5,380,841		$ 36,091,166
Liabilities and Members' Equity			
Liabilities:			
Accrued expenses and other liabilities	$ -		$ 260,168
Total liabilities	-		260,168
Members' equity	5,380,841		35,830,998
Total liabilities and members' equity	$ 5,380,841		$ 36,091,166

See accompanying notes to consolidated financial statements.

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ICON Mauritius MI II, LLC
(A Marshall Islands Limited Liability Company)
Consolidated Statements of Operations

	Years Ended December 31, 2015	Years Ended December 31, 2014	Period from April 1, 2013 (Incorporation) through December 31, 2013
		(unaudited)	(unaudited)
Revenue:			
Finance income	$ 1,152,580	$ 4,000,314	$ 2,238,465
Total revenue	1,152,580	4,000,314	2,238,465
Expenses:			
General and administrative	10,176	46,064	33,793
Credit loss, net	31,637,426	-	-
Total expenses	31,647,602	46,064	33,793
Net (loss) income	$ (30,495,022)	$ 3,954,250	$ 2,204,672

See accompanying notes to consolidated financial statements.

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ICON Mauritius MI II, LLC
(A Marshall Islands Limited Liability Company)
Consolidated Statements of Changes in Members' Equity

		Members' Equity
Balance, Period from April 1, 2013 (Incorporation) through December 31, 2013 (unaudited)	$	-
Net income (unaudited)		2,204,672
Equity investment from members (unaudited)		29,866,747
Balance, December 31, 2013 (unaudited)		32,071,419
Net income (unaudited)		3,954,250
Equity investment from members (unaudited)		45,579
Distributions to members (unaudited)		(240,250)
Balance, December 31, 2014 (unaudited)		35,830,998
Net loss		(30,495,022)
Equity investment from members		44,865
Balance, December 31, 2015	$	5,380,841

See accompanying notes to consolidated financial statements.

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ICON Mauritius MI II, LLC
(A Marshall Islands Limited Liability Company)
Consolidated Statements of Cash Flows

	Years Ended December 31, 2015	Years Ended December 31, 2014	Period from April 1, 2013 (Incorporation) through December 31, 2013
		(unaudited)	(unaudited)
Cash flows from operating activities:			
Net (loss) income	$ (30,495,022)	$ 3,954,250	$ 2,204,672
Adjustments to reconcile net (loss) income to net cash (used in) provided by operating activities:			
Finance income	113,591	468,874	102,763
Paid-in-kind interest	(1,993,047)	(5,589,670)	(493,870)
Credit loss, net	31,637,426	-	-
Changes in operating assets and liabilities:			
Other assets, net	712,105	1,120,482	(1,847,358)
Accrued expenses and other current liabilities	(19,918)	240,735	19,433
Net cash (used in) provided by operating activities	(44,865)	194,671	(14,360)
Cash flows from investing activities:			
Investment in note receivable	-	-	(29,852,092)
Net cash used in investing activities	-	-	(29,852,092)
Cash flows from financing activities:			
Additional equity investment from members	44,865	45,579	29,866,747
Distributions to members	-	(240,250)	-
Net cash provided by (used in) financing activities	44,865	(194,671)	29,866,747
Net increase in cash	-	-	295
Cash, beginning of year	295	295	-
Cash, end of year	$ 295	$ 295	$ 295

See accompanying notes to consolidated financial statements.

ICON Mauritius MI II, LLC
(A Marshall Islands Limited Liability Company)
Notes to Consolidated Financial Statements
December 31, 2015

(1) Organization

ICON Mauritius MI II, LLC (the "LLC") was formed on April 1, 2013 as a Marshall Islands limited liability company. When used in these notes to consolidated financial statements, the term "LLC" refers to the LLC and its consolidated subsidiary. The LLC was formed for the sole purpose of, through its wholly-owned subsidiary ICON Mauritius II ("Mauritius II"), purchasing from Standard Chartered Bank ("Standard Chartered") a portion of a $208,038,290 subordinated credit facility for Jurong Aromatics Corporation Pte. Ltd. ("JAC"), a Singapore entity, for $28,462,500.

The LLC was formed as a joint venture amongst three affiliated entities, ICON ECI Fund Fifteen, L.P. ("Fund Fifteen"), ICON Leasing Fund Eleven, LLC ("Fund Eleven"), and ICON Leasing Fund Twelve, LLC ("Fund Twelve") (collectively, the "Members"). Fund Fifteen, Fund Eleven, and Fund Twelve have ownership percentages of 40%, 39% and 21%, respectively, in the LLC's profits, losses and distributions. The LLC is engaged in one business segment, the business of acting as a lender and syndicate for loan transactions.

ICON Capital, LLC, a Delaware limited liability company, is Fund Fifteen's investment manager, Fund Eleven's manager and Fund Twelve's manager (the "Manager"). The Manager manages and controls the LLC's business affairs, including, but not limited to, the financing transactions into which the LLC enters.

(2) Summary of Significant Accounting Policies

Basis of Presentation

The accompanying consolidated financial statements of the LLC have been prepared in accordance with U.S. Generally Accepted Accounting Principles ("U.S. GAAP"). In the opinion of the Manager, all adjustments, which are of a normal recurring nature, considered necessary for a fair presentation have been included.

Cash

The LLC's cash is held principally at one financial institution and at times may exceed insured limits. The LLC has placed these funds in a high quality institution in order to minimize risk relating to exceeding insured limits.

Notes Receivable and Revenue Recognition

The note receivable is reported in the LLC's consolidated balance sheets at the outstanding principal balance, plus costs incurred to originate the loan, net of any unamortized premium or discount on purchased loan. The LLC uses the effective interest rate method to recognize finance income, which produces a constant periodic rate of return on the investment. Unearned income, discounts and premiums are amortized to finance income on the LLC's consolidated statements of operations using the effective interest rate method. Interest receivable related to the unpaid principal is recorded separately from the outstanding balance on the LLC's consolidated balance sheets. The LLC's notes receivable contains a paid-in-kind ("PIK") interest provision. Any PIK interest, if deemed collectible, will be added to the principal balance of the note receivable and is recorded as finance income. Upon the prepayment of a note receivable, any prepayment penalties and unamortized loan origination, closing and commitment fees are recorded as part of finance income in the LLC's consolidated statements of operations.

Credit Quality of Notes Receivable and Finance Leases and Credit Loss Reserve

The Manager monitors the ongoing credit quality of the LLC's financing receivable by (i) reviewing and analyzing the borrower's financial performance on a regular basis, including review of financial statements received on a semi-annual basis as prescribed in the loan agreement, (ii) tracking the relevant credit metrics of the financing receivable and the borrower's compliance with financial and non-financial covenants, and (iii) monitoring the borrower's payment history and public credit rating, if available. As part of the monitoring process, the Manager may physically inspect the collateral or the borrower's facility and meet with the borrower's management to better understand the borrower's financial performance and its future plans on an as-needed basis.

As the LLC's has only one note receivable, the Manager is able to estimate the credit loss reserve based on a detailed analysis of the note receivable as opposed to using portfolio-based metrics. The Manager does not use a system of assigning internal risk ratings to the note receivable. Rather, the note receivable is analyzed quarterly and categorized as either performing or non-performing based on certain factors including, but not limited to, financial results, satisfying scheduled payments and compliance with financial covenants. A note receivable is usually categorized as non-performing only when a borrower experiences financial difficulties and has failed to make scheduled payments. The Manager then analyzes whether the note receivable should be placed on a non-accrual status, a credit loss reserve should be established or the note receivable should be restructured. As part of the assessment, updated collateral value is usually considered and such collateral value can be based on a third party industry expert appraisal or, depending on the type of collateral and accessibility to relevant published guides or market sales data, internally derived fair value. Material events would be specifically disclosed in the discussion of the note receivable held.

A note receivable is generally placed in a non-accrual status when payments are more than 90 days past due. Additionally, the Manager periodically reviews the creditworthiness of companies with payments outstanding less than 90 days and based upon the Manager's judgment, these accounts may be placed in a non-accrual status.

In accordance with the cost recovery method, payments received on a non-accrual note receivable are applied to principal if there is doubt regarding the ultimate collectability of principal. If collection of the principal of a non-accrual note receivable is not in doubt, interest income is recognized on a cash basis. A note receivable in non-accrual status may not be restored to accrual status until all delinquent payments have been received, and the LLC believes recovery of the remaining unpaid receivable is probable.

When the Manager deems it is probable that the LLC will not be able to collect all contractual principal and interest on a non-performing financing receivable, the LLC performs an analysis to determine if a credit loss reserve is necessary. This analysis considers the estimated cash flows from the note receivable, and/or the collateral value of the asset underlying the note receivable when note receivable repayment is collateral dependent. If it is determined that the impaired value of the non-performing note receivable is less than the net carrying value, the LLC will recognize a credit loss reserve or adjust the existing credit loss reserve with a corresponding charge to earnings. The LLC then charges off a note receivable in the period that it is deemed uncollectible by reducing the credit loss reserve and the balance of the note receivable.

Initial Direct Costs

The LLC capitalizes initial direct costs, including acquisition fees, associated with the origination and funding of the financing transaction. The LLC paid an acquisition fee to the Manager equal to 2.5%, 3% and 3% of the proportionate share of the purchase price for Fund Fifteen's, Fund Eleven's and Fund Twelve's investments, respectively. These costs are amortized over the term of the note receivable using the effective interest rate method in the LLC's consolidated statement of operations.

Income Taxes

The LLC is a partnership in the Marshall Islands and has no income tax reporting requirement, although our wholly-owned subsidiary has income tax reporting requirements in Mauritius at an effective tax rate of 3% of taxable income. These taxes are included in general and administrative expenses in the LLC's consolidated statement of operations.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires the Manager to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities as of the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Significant estimates primarily include the determination of credit losses. Actual results could differ from those estimates.

Recent Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2014-09, *Revenue from Contracts with Customers* ("ASU 2014-09"), requiring revenue to be recognized in an amount that reflects the consideration expected to be received in exchange for goods and services. This new revenue standard may be applied retrospectively to each prior period presented, or retrospectively with the cumulative effect recognized as of the date of adoption. In August 2015, FASB issued ASU No. 2015-14, *Revenue from Contracts with Customers – Deferral of the Effective Date* ("ASU 2015-14"), which defers implementation of ASU 2014-09 by one year. Under such deferral, the adoption of ASU 2014-09 becomes effective for the LLC on January 1, 2019, including interim periods within that reporting period. Early adoption is permitted, but not before January 1, 2017. The LLC is currently in the process of evaluating the impact of the adoption of ASU 2014-09 on its consolidated financial statements.

In August 2014, FASB issued ASU No. 2014-15, *Presentation of Financial Statements – Going Concern: Disclosure of Uncertainties about an Entity's Ability to Continue as a Going Concern* ("ASU 2014-15"), which provides guidance about management's responsibility to evaluate whether there is substantial doubt about an entity's ability to continue as a going concern and to provide related footnote disclosures. The adoption of ASU 2014-15 becomes effective for the LLC for the fiscal year ending December 31, 2016, and all subsequent annual and interim periods. Early adoption is permitted. The adoption of ASU 2014-15 is not expected to have a material effect on the LLC's consolidated financial statements.

In January 2015, FASB issued ASU No. 2015-01, *Income Statement – Extraordinary and Unusual Items: Simplifying Income Statement Presentation by Eliminating the Concept of Extraordinary Items* ("ASU 2015-01"), which simplifies income statement presentation by eliminating the concept of extraordinary items. The adoption of ASU 2015-01 becomes effective for the LLC on January 1, 2016, including interim periods within that reporting period. Early adoption is permitted. The adoption of ASU 2015-01 is not expected to have a material effect on the LLC's consolidated financial statements.

In January 2016, FASB issued ASU No. 2016-01, *Financial Instruments – Overall: Recognition and Measurement of Financial Assets and Financial Liabilities* ("ASU 2016-01"), which provides guidance related to accounting for equity investments, financial liabilities under the fair value option, and the presentation and disclosure requirements for financial instruments. The adoption of ASU 2016-01 becomes effective for the LLC on January 1, 2019. The LLC is currently in the process of evaluating the impact of the adoption of ASU 2016-01 on its consolidated financial statements.

(3) Net Investment in Note Receivable

Net investment in note receivable consisted of the following:

	December 31,	
	2015	2014
		(unaudited)
Principal outstanding	$ 35,757,612	$ 33,764,565
Initial direct costs	1,485,839	1,599,430
Deferred fees	(240,250)	-
Credit loss reserve	(31,637,426)	-
Net investment in notes receivable	$ 5,365,775	$ 35,363,995

On May 15, 2013, the LLC purchased a portion of a $208,038,290 subordinated credit facility for JAC from Standard Chartered for $28,462,500. The subordinated credit facility initially bore interest at rates ranging between 12.5% and 15% per year and matures in January 2021. The subordinated credit facility is secured by a second priority security interest in all of JAC's assets, which include, among other things, all equipment, plant and machinery associated with a condensate splitter and aromatics complex.

As of March 31, 2015, JAC was in technical default of the facility as a result of its failure to provide certain financial data to LLC. In addition, JAC realized lower than expected operating results caused in part by a temporary shutdown of its manufacturing facility due to technical constraints that have since been resolved. As a result, JAC failed to make the expected payment that was due to the LLC during the three months ended March 31, 2015. Although this delayed payment did not trigger a payment default under the facility agreement, the interest rate payable by JAC under the facility increased from 12.5% to 15.5%.

During the three months ended June 30, 2015, an expected tolling arrangement did not commence and JAC's stakeholders were unable to agree upon a restructuring plan. As a result, the manufacturing facility had not yet resumed operations and JAC continued to experience liquidity constraints. Accordingly, the Manager determined that there was doubt regarding the LLC's ultimate collectability of the facility. The Manager visited JAC's facility and engaged in discussions with JAC's other stakeholders to agree upon a restructuring plan. Based upon such discussions, which included a potential conversion of a portion of the facility to equity and/or a restructuring of the facility, the Manager believed that the LLC may potentially not be able to recover approximately $7,200,000 to $25,000,000 of the outstanding balance due from JAC as of June 30, 2015. During the three months ended June 30, 2015, the LLC recognized a credit loss of $17,342,915, which the Manager believed was the most likely outcome based upon the negotiations at the time. During the three months ended June 30, 2015, the LLC placed the facility on non-accrual status and no finance income was recognized.

During the three months ended September 30, 2015, JAC continued to be non-operational and therefore not able to service interest payments under the facility. Discussions between the senior lenders and certain other stakeholders of JAC ended as the senior lenders did not agree to amendments to their credit facilities as part of the broader restructuring that was being contemplated. As a result, JAC entered receivership on September 28, 2015. At September 30, 2015, the Manager reassessed the collectability of the facility by considering the following factors: (i) what a potential buyer may be willing to pay to acquire JAC based on a comparable enterprise value derived from EBITDA multiples and (ii) the average trading price of unsecured distressed debt in comparable industries. The Manager also considered the proposed plan of converting a portion of the facility to equity and/or restructuring the facility in the event that JAC's stakeholders recommenced discussions. Based upon such reassessment, the Manager believed that the LLC may potentially not be able to recover approximately $21,800,000 to $27,000,000 of the outstanding balance due from JAC prior to recording the initial credit loss. During the three months ended September 30, 2015, the LLC recognized a credit loss of $8,928,735, which the Manager believed was the most likely outcome derived from its reassessment. In January 2016, the Manager engaged in further discussions with JAC's other subordinated lenders and the Receiver regarding a near term plan for JAC's manufacturing facility. Based upon such discussions, the Manager anticipates that a one-year tolling arrangement with JAC's suppliers will be implemented during the first half of 2016 to allow JAC's facility to recommence operations. Although the Manager believes that the marketability of JAC's facility should improve if and when the facility recommences operations, the Manager does not anticipate that JAC will make any payments to the LLC while operating under the expected tolling arrangement. The Manager updated the collectability analysis under the facility as of December 31, 2015 and determined that comparable enterprise values derived from EBITDA multiples and trading prices of unsecured distressed debt in comparable industries each decreased. In addition, the Manager considered that, as of December 31, 2015, (i) a tolling arrangement with JAC's suppliers did not commence as originally anticipated; (ii) no further discussions occurred between JAC, the LLC, the senior lenders and certain other stakeholders of JAC regarding a restructuring plan and (iii) JAC's manufacturing facility continues to be non-operational. Based upon these factors, the Manager believes that the LLC's ultimate collectability of the facility may result in less of a recovery from its prior estimate. As a result, the Manager determined to record an additional total credit loss of $5,365,776, which the Manager believes is the most likely outcome derived from its reassessment as of December 31, 2015. An additional credit loss may be recorded in future periods based upon future developments of the receivership process or if the LLC's ultimate collectability of the facility results in less of a recovery from its current estimate. For the years ended December 31, 2015, 2014 and 2013 the LLC recognized finance income of $1,152,580, $4,003,314 and $2,238,465, respectively, prior to the facility being placed on non-accrual status. As of December 31, 2015 and 2014, the total net investment in notes receivable held by the LLC was $5,365,775 and $35,363,995, respectively.

Credit loss allowance activities for the Period from April 1, 2013 (Incorporation) to December 31, 2013 and the years ended December 31, 2015 and 2014 were as follows:

	Credit Loss Allowance	
Allowance for credit loss as of the Period from April 1, 2013 (Incorporation) (unaudited)	$	-
Provisions (unaudited)		-
Write-offs, net of recoveries (unaudited)		-
Allowance for credit loss as of December 31, 2013 (unaudited)	$	-
Provisions		-
Write-offs, net of recoveries		-
Allowance for credit loss as of December 31, 2014 (unaudited)	$	-
Provisions		31,637,426
Write-offs, net of recoveries		-
Allowance for credit loss as of December 31, 2015	$	31,637,426

(4) Fair Value Measurements

Assets and liabilities carried at fair value are classified and disclosed in one of the following three categories:

- Level 1: Quoted market price available in active markets for identical assets or liabilities as of the reporting date.
- Level 2: Pricing inputs other than quoted prices in active markets included in Level 1, which are either directly or indirectly observable as of the reporting date.
- Level 3: Pricing inputs that are generally unobservable and are supported by little or no market data.

Assets for which Fair Value is Disclosed

The LLC's financial assets represented by the fixed-rate notes receivable, for which fair value is required to be disclosed, was valued using inputs that are generally unobservable and supported by little or no market data and are therefore classified within Level 3. Under U.S. GAAP, the LLC uses projected cash flows for fair value measurements of this financial asset. Fair value information with respect to certain of the LLC's other assets is not separately provided since their carrying value approximates fair value due to their short-term maturities.

The estimated fair value of the LLC's fixed-rate notes receivable was based on the discounted value of future cash flows related to the facility at inception, adjusted for changes in certain variables, including, but not limited to, credit quality, industry, financial markets and other recent comparables. The fair value of the principal outstanding on the LLC's fixed-rate note receivable was derived using a discount rate of 12.31% as of December 31, 2015.

As of December 31, 2015, the fair value on the LLC's fixed-rate note receivable was $3,570,800.

(5) Concentration of Risk

In the normal course of business, the LLC is exposed to two significant types of economic risk: credit and market. Credit risk is the risk of a borrower or other counterparty's inability or unwillingness to make contractually required payments. Market risk reflects the change in the value of credit facilities due to changes in interest rate spreads or other market factors.

At times, the LLC's cash may exceed insured limits. The LLC has placed these funds in a high quality institution in order to minimize the risk of loss relating to exceeding insured limits.

For the years ended December 31, 2015, 2014 and 2013, the LLC had one borrower that accounted for 100% of finance income.

As of December 31, 2015 and 2014, a note receivable to one borrower accounted for 99.7% and 98.0%, respectively, of the LLC's total assets.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

ICON Leasing Fund Twelve, LLC
(Registrant)

By: ICON Capital, LLC
(Manager of the Registrant)

March 29, 2016

By: /s/ Michael A. Reisner
Michael A. Reisner
Co-Chief Executive Officer and Co-President
(Co-Principal Executive Officer)

By: /s/ Mark Gatto
Mark Gatto
Co-Chief Executive Officer and Co-President
(Co-Principal Executive Officer)

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

ICON Leasing Fund Twelve, LLC
(Registrant)

By: ICON Capital, LLC
(Manager of the Registrant)

March 29, 2016

By: /s/ Michael A. Reisner
Michael A. Reisner
Co-Chief Executive Officer, Co-President and Director
(Co-Principal Executive Officer)

By: /s/ Mark Gatto
Mark Gatto
Co-Chief Executive Officer, Co-President and Director
(Co-Principal Executive Officer)

By: /s/ Christine H. Yap
Christine H. Yap
Managing Director
(Principal Financial and Accounting Officer)

Exhibit 31.1

CERTIFICATION OF CO-CHIEF EXECUTIVE OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Michael A. Reisner, certify that:

1. I have reviewed this Annual Report on Form 10-K of ICON Leasing Fund Twelve, LLC;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. I am responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    a. designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under my supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to me by others within those entities, particularly during the period in which this report is being prepared;

    b. designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under my supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c. evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report my conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d. disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

5. I have disclosed, based on my most recent evaluation of internal control over financial reporting, to the registrant's auditors and the board of directors of ICON Capital, LLC (or persons performing the equivalent functions):

    a. all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b. any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 29, 2016

/s/ Michael A. Reisner
Michael A. Reisner
Co-Chief Executive Officer and Co-President
ICON Capital, LLC

Exhibit 31.2

CERTIFICATION OF CO-CHIEF EXECUTIVE OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Mark Gatto, certify that:

1. I have reviewed this Annual Report on Form 10-K of ICON Leasing Fund Twelve, LLC;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. I am responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a. designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under my supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to me by others within those entities, particularly during the period in which this report is being prepared;

   b. designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under my supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c. evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report my conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d. disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

5. I have disclosed, based on my most recent evaluation of internal control over financial reporting, to the registrant's auditors and the board of directors of ICON Capital, LLC (or persons performing the equivalent functions):

   a. all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b. any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 29, 2016

/s/ Mark Gatto
Mark Gatto
Co-Chief Executive Officer and Co-President
ICON Capital, LLC

Exhibit 31.3

CERTIFICATION OF PRINCIPAL FINANCIAL AND ACCOUNTING OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Christine H. Yap, certify that:

1. I have reviewed this Annual Report on Form 10-K of ICON Leasing Fund Twelve, LLC;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. I am responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    a. designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under my supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to me by others within those entities, particularly during the period in which this report is being prepared;

    b. designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under my supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c. evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report my conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d. disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. I have disclosed, based on my most recent evaluation of internal control over financial reporting, to the registrant's auditors and the board of directors of ICON Capital, LLC (or persons performing the equivalent functions):

    a. all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b. any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 29, 2016

/s/ Christine H. Yap
Christine H. Yap
Managing Director
(Principal Financial and Accounting Officer)
ICON Capital, LLC

Exhibit 32.1

**CERTIFICATION OF CO-CHIEF EXECUTIVE OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

I, Michael A. Reisner, Co-Chief Executive Officer and Co-President of ICON Capital, LLC, the Manager of the Registrant, in connection with the Annual Report of ICON Leasing Fund Twelve, LLC (the "LLC") on Form 10-K for the year ended December 31, 2015, as filed with the Securities and Exchange Commission on the date hereof (the "Annual Report"), certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Annual Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

2. The information contained in the Annual Report fairly presents, in all material respects, the financial condition and results of operations of the LLC.

Date: March 29, 2016

/s/ Michael A. Reisner
Michael A. Reisner
Co-Chief Executive Officer and Co-President
ICON Capital, LLC

Exhibit 32.2

CERTIFICATION OF CO-CHIEF EXECUTIVE OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

I, Mark Gatto, Co-Chief Executive Officer and Co-President of ICON Capital, LLC, the Manager of the Registrant, in connection with the Annual Report of ICON Leasing Fund Twelve, LLC (the “LLC”) on Form 10-K for the year ended December 31, 2015, as filed with the Securities and Exchange Commission on the date hereof (the “Annual Report”), certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Annual Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

2. The information contained in the Annual Report fairly presents, in all material respects, the financial condition and results of operations of the LLC.

Date: March 29, 2016

/s/ Mark Gatto
Mark Gatto
Co-Chief Executive Officer and Co-President
ICON Capital, LLC

Exhibit 32.3

CERTIFICATION OF PRINCIPAL FINANCIAL AND ACCOUNTING OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

I, Christine H. Yap, Principal Financial and Accounting Officer of ICON Capital, LLC, the Manager of the Registrant, in connection with the Annual Report of ICON Leasing Fund Twelve, LLC (the “LLC”) on Form 10-K for the year ended December 31, 2015, as filed with the Securities and Exchange Commission on the date hereof (the “Annual Report”), certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Annual Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

2. The information contained in the Annual Report fairly presents, in all material respects, the financial condition and results of operations of the LLC.

Date: March 29, 2016

/s/ Christine H. Yap
Christine H. Yap
Managing Director
(Principal Financial and Accounting Officer)
ICON Capital, LLC