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

FORM 10-Q

[x] Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the quarterly period ended **September 30, 2016**

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)

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 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 Exchange Act).

☐ Yes ☑ No

Number of outstanding shares of limited liability company interests of the registrant on November 7, 2016 is 348,335.

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PART I – FINANCIAL INFORMATION

Item 1. Consolidated Financial Statements

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

	September 30, 2016	December 31, 2015
	(unaudited)	
Assets		
Current assets:		
Cash and cash equivalents	$ 17,810,643	$ 8,404,092
Current portion of net investment in notes receivable	5,861,053	4,102,738
Current portion of net investment in finance leases	6,644,128	6,630,691
Other current assets	5,414,172	3,285,536
Total current assets	35,729,996	22,423,057
Non-current assets:		
Net investment in notes receivable, less current portion	17,784,946	29,411,423
Net investment in finance leases, less current portion	40,704,917	50,580,803
Leased equipment at cost (less accumulated depreciation of $30,064,511 and $25,438,880, respectively)	52,794,205	65,743,479
Vessels (less accumulated depreciation of $2,683,605)	—	5,720,000
Investment in joint ventures	—	12,233,856
Other non-current assets	3,078,363	2,068,911
Total non-current assets	114,362,431	165,758,472
Total assets	$ 150,092,427	$ 188,181,529
Liabilities and Equity		
Current liabilities:		
Current portion of non-recourse long-term debt	$ 23,114,661	$ 6,205,639
Deferred revenue	146,807	158,988
Due to Manager and affiliates, net	10,378	437,925
Accrued expenses and other current liabilities	1,056,378	1,559,498
Current portion of seller's credit	5,000,000	—
Total current liabilities	29,328,224	8,362,050
Non-current liabilities:		
Non-recourse long-term debt, less current portion	19,742,506	41,233,476
Seller's credits	8,105,219	12,747,733
Other non-current liabilities	150,000	150,000
Total non-current liabilities	27,997,725	54,131,209
Total liabilities	57,325,949	62,493,259
Commitments and contingencies (Note 11)		
Equity:		
Members’ equity:		
Additional members	83,236,383	103,518,658
Manager	(2,270,533)	(2,065,662)
Total members’ equity	80,965,850	101,452,996
Noncontrolling interests	11,800,628	24,235,274
Total equity	92,766,478	125,688,270
Total liabilities and equity	$ 150,092,427	$ 188,181,529

See accompanying notes to consolidated financial statements.

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	2015	2016	2015
Revenue and other income:				
Finance income	$ 2,416,693	$ 3,546,182	$ 8,531,589	$ 10,709,698
Rental income	1,705,906	3,532,157	8,770,221	10,596,472
Time charter revenue	927,186	1,219,751	2,960,443	4,184,849
Loss from investment in joint ventures	(4,173)	(3,668,760)	(1,922,968)	(10,351,311)
Gain on sale of investment in joint venture	—	—	2,012,669	—
Gain on sale of vessels	303,943	—	303,943	—
Other income	117,288	—	117,288	—
Total revenue and other income	5,466,843	4,629,330	20,773,185	15,139,708
Expenses:				
Management fees	117,369	431,142	809,578	1,135,442
Administrative expense reimbursements	225,055	316,839	843,590	1,068,138
General and administrative	521,069	553,965	1,864,053	2,077,060
Interest	792,256	1,020,040	2,516,884	3,100,451
Depreciation	1,063,132	2,180,691	4,803,018	6,543,215
Credit loss, net	—	—	—	4,848,978
Impairment loss	3,105,000	10,440,129	8,323,643	10,440,129
Vessel operating	1,384,102	999,825	3,248,348	3,420,581
Litigation expense	—	—	1,209,000	—
Total expenses	7,207,983	15,942,631	23,618,114	32,633,994
Net loss	(1,741,140)	(11,313,301)	(2,844,929)	(17,494,286)
Less: net (loss) income attributable to noncontrolling interests	(2,821,929)	996,098	(5,656,386)	3,106,286
Net income (loss) attributable to Fund Twelve	$ 1,080,789	$ (12,309,399)	$ 2,811,457	$ (20,600,572)
Net income (loss) attributable to Fund Twelve allocable to:				
Additional members	$ 1,069,981	$ (12,186,305)	$ 2,783,342	$ (20,394,566)
Manager	10,808	(123,094)	28,115	(206,006)
	$ 1,080,789	$ (12,309,399)	$ 2,811,457	$ (20,600,572)
Weighted average number of additional shares of limited liability company interests outstanding	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	$ 3.07	$ (34.98)	$ 7.99	$ (58.55)

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	Total Members' Equity	Noncontrolling Interests	Total Equity
Balance, December 31, 2015	348,335	$ 103,518,658	$ (2,065,662)	$ 101,452,996	$ 24,235,274	$ 125,688,270
Net income	—	890,908	8,999	899,907	1,507,635	2,407,542
Distributions	—	(7,499,945)	(75,757)	(7,575,702)	(4,616,409)	(12,192,111)
Balance, March 31, 2016 (unaudited)	348,335	96,909,621	(2,132,420)	94,777,201	21,126,500	115,903,701
Net income (loss)	—	822,453	8,308	830,761	(4,342,092)	(3,511,331)
Distributions	—	(2,500,064)	(25,253)	(2,525,317)	(1,540,487)	(4,065,804)
Balance, June 30, 2016 (unaudited)	348,335	95,232,010	(2,149,365)	93,082,645	15,243,921	108,326,566
Net income (loss)	—	1,069,981	10,808	1,080,789	(2,821,929)	(1,741,140)
Distributions	—	(13,065,608)	(131,976)	(13,197,584)	(621,364)	(13,818,948)
Balance, September 30, 2016 (unaudited)	348,335	$ 83,236,383	$ (2,270,533)	$ 80,965,850	$ 11,800,628	$ 92,766,478

See accompanying notes to consolidated financial statements.

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

	Nine Months Ended September 30, 2016	Nine Months Ended September 30, 2015
Cash flows from operating activities:		
Net loss	$ (2,844,929)	$ (17,494,286)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Finance income	(5,179,324)	(5,186,090)
Loss from investment in joint ventures	1,922,968	10,351,311
Depreciation	4,803,018	6,543,215
Interest expense from amortization of debt financing costs	116,599	134,268
Net accretion of seller's credits	357,486	335,293
Impairment loss	8,323,643	10,440,129
Credit loss, net	—	4,848,978
Gain on sale of investment in joint venture	(2,012,669)	—
Gain on sale of vessels	(303,943)	—
Changes in operating assets and liabilities:		
Collection on finance leases	14,909,935	12,152,798
Other assets	(3,138,088)	(2,317,153)
Accrued expenses and other current liabilities	(760,693)	(590,825)
Deferred revenue	(12,181)	(18,432)
Due to Manager and affiliates, net	(427,547)	(2,651,661)
Distributions from joint ventures	264,140	85,420
Net cash provided by operating activities	16,018,415	16,632,965
Cash flows from investing activities:		
Proceeds from sale of vessels	6,104,129	—
Proceeds from exercise of purchase options	—	144,521
Investment in joint ventures	(12,957)	(14,170)
Distributions received from joint ventures in excess of profits	5,275	669,568
Proceeds from sale of investment in joint venture	12,067,099	—
Principal received on notes receivable	10,000,000	24,562,480
Net cash provided by investing activities	28,163,546	25,362,399
Cash flows from financing activities:		
Repayment of non-recourse long-term debt	(4,698,547)	(9,570,047)
Investment by noncontrolling interests	—	57,826
Distributions to noncontrolling interests	(6,778,260)	(5,889,899)
Distributions to members	(23,298,603)	(22,964,518)
Net cash used in financing activities	(34,775,410)	(38,366,638)
Net increase in cash and cash equivalents	9,406,551	3,628,726
Cash and cash equivalents, beginning of period	8,404,092	15,410,563
Cash and cash equivalents, end of period	$ 17,810,643	$ 19,039,289
Supplemental disclosure of cash flow information:		
Cash paid for interest	$ 2,066,203	$ 2,650,246
Supplemental disclosure of non-cash investing and financing activities:		
Balance due from equity investee deemed contribution in investment in joint venture	$ —	$ 142,500

See accompanying notes to consolidated financial statements.

(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 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.

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 operating period ended on April 30, 2014. 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.

(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") for interim financial information and pursuant to the rules and regulations of the Securities and Exchange Commission for Quarterly Reports on Form 10-Q. In the opinion of our Manager, all adjustments, which are of a normal recurring nature, considered necessary for a fair presentation have been included. These consolidated financial statements should be read together with the consolidated financial statements and notes included in our Annual Report on Form 10-K for the year ended December 31, 2015. The results for the interim period are not necessarily indicative of the results for the full year.

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 nine months ended September 30, 2016 and 2015, the predominant cash generated from restricted cash was related to rental 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. Restricted cash is presented within other non-current assets in our consolidated balance sheets. As a result, these changes in restricted cash were classified within net cash provided by operating activities for the nine months ended September 30, 2016 and 2015.

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 on 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 on 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 on 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.

Recently Adopted Accounting Pronouncements

In January 2015, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("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. We adopted ASU 2015-01 on January 1, 2016, which did not have an 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. We adopted ASU 2015-02 on January 1, 2016, which did not have an 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. We retrospectively adopted ASU 2015-03 as of March 31, 2016. Consequently, we reclassified $610,405 of debt issuance costs from other non-current assets to non-recourse long-term debt, less current portion on our consolidated balance sheet at December 31, 2015, which resulted in the following adjustments:

	At December 31, 2015	
	As Reported	**As Adjusted**
Other non-current assets	$ 2,679,316	$ 2,068,911
Non-recourse long-term debt, less current portion	$ 41,843,881	$ 41,233,476

Other Recent Accounting Pronouncements

In May 2014, FASB issued 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 after 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 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.

In June 2016, FASB issued ASU No. 2016-13, *Financial Instruments – Credit Losses* (“ASU 2016-13”), which modifies the measurement of credit losses by eliminating the probable initial recognition threshold set forth in current guidance, and instead reflects an entity’s current estimate of all expected credit losses. The measurement of expected credit losses is based on relevant information about past events, including historical experience, current conditions, and reasonable and supportable forecasts that affect the collectability of the reported amount. An entity will apply the amendments within ASU 2016-13 through a cumulative-effect adjustment to retained earnings as of the beginning of the first reporting period in which the guidance is effective. The adoption of ASU 2016-13 becomes effective for us on January 1, 2020, including interim periods within that reporting period. Early adoption is permitted. We are currently in the process of evaluating the impact of the adoption of ASU 2016-13 on our consolidated financial statements.

In August 2016, FASB issued ASU No. 2016-15, *Statement of Cash Flows: Classification of Certain Cash Receipts and Cash Payments* (“ASU 2016-15”), which provides guidance on how certain cash receipts and cash payments are to be presented and classified in the statement of cash flows. The adoption of ASU 2016-15 becomes effective for us on January 1, 2018, including interim periods within that reporting period. Early adoption is permitted. An entity will apply the amendments within ASU 2016-15 using a retrospective transition method to each period presented. We are currently in the process of evaluating the impact of the adoption of ASU 2016-15 on our consolidated financial statements.

(3) Net Investment in Notes Receivable

As of September 30, 2016 and December 31, 2015, we had no net investment in notes receivable on non-accrual status.

As of September 30, 2016, 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 $21,002,939 and $5,013,933, respectively, of which an aggregate of $6,940,740 was over 90 days past due. As of December 31, 2015, our net investment in note receivable and accrued interest related to TMA totaled $21,002,939 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 tranche of the facility (the “Senior Loan”) in accordance with the secured term loan credit facility agreement. Interest on our tranche of the facility (the “ICON Loan”) is currently being capitalized. While our note receivable has not been paid in accordance with the secured term loan credit facility 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 estimated collateral value as of September 30, 2016, 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 facility.

As of September 30, 2016, our net investment in note receivable and accrued interest related to Lubricating Specialties Company ("LSC") totaled $2,643,060 and $207,287, respectively, of which an aggregate of $101,086 was over 90 days past due. As of December 31, 2015, our net investment in note receivable and accrued interest related to LSC totaled $2,668,887 and $89,010, respectively, of which no amount was past due. Our Manager engaged in discussions with LSC management during which it was advised that the liquidity constraints being experienced by LSC is temporary. In addition, LSC management acknowledged its outstanding debt obligations under the loan and the commencement of default interest accruing on such outstanding debt pursuant to the loan agreement. Based on, among other things, the value of the collateral, our Manager continues to believe that all contractual interest and outstanding principal payments are collectible. As a result, we continue to account for our net investment in note receivable related to LSC on an accrual basis despite a portion of the outstanding balance being over 90 days past due.

Net investment in notes receivable consisted of the following:

	September 30, 2016	December 31, 2015
Principal outstanding	$ 23,582,938	$ 33,582,938
Initial direct costs	81,964	115,533
Deferred fees	(18,903)	(184,310)
Net investment in notes receivable	23,645,999	33,514,161
Less: current portion of net investment in notes receivable	5,861,053	4,102,738
Net investment in notes receivable, less current portion	$ 17,784,946	$ 29,411,423

There was no allowance for credit loss as of September 30, 2016 and December 31, 2015. There were no related activities during the three and nine months ended September 30, 2016.

There was no allowance for credit loss as of September 30, 2015 and no related activities during the three months ended September 30, 2015.

Credit loss allowance activities for the nine months ended September 30, 2015 were as follows:

	Credit Loss Allowance
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 September 30, 2015	$ —

On August 9, 2016, Premier Trailer Leasing, Inc. ("Premier Trailer") satisfied its obligations in connection with a secured term loan scheduled to mature on September 24, 2020 by making a prepayment of $10,327,777, comprised of all outstanding principal, accrued interest and a prepayment fee of $200,000. The prepayment fee was recognized as additional finance income.

(4) Net Investment in Finance Leases

As of September 30, 2016 and December 31, 2015, 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:

		September 30, 2016		December 31, 2015
Minimum rents receivable	$	59,070,878	$	74,462,976
Estimated guaranteed residual values		4,316,144		4,416,194
Initial direct costs		997,802		1,413,439
Unearned income		(17,035,779)		(23,081,115)
Net investment in finance leases		47,349,045		57,211,494
Less: current portion of net investment in finance leases		6,644,128		6,630,691
Net investment in finance leases, less current portion	$	40,704,917	$	50,580,803

Trucks and Trailers

On January 14, 2016, D&T Holdings, LLC ("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. As a result of the prepayment, we recognized finance income of approximately $1,400,000.

(5) Leased Equipment at Cost

Leased equipment at cost consisted of the following:

		September 30, 2016		December 31, 2015
Offshore oil field services equipment	$	76,000,642	$	84,324,285
Mining equipment		6,858,074		6,858,074
Leased equipment at cost		82,858,716		91,182,359
Less: accumulated depreciation		30,064,511		25,438,880
Leased equipment at cost, less accumulated depreciation	$	52,794,205	$	65,743,479

Depreciation expense was $1,063,132 and $4,625,631 for the three and nine months ended September 30, 2016, respectively. Depreciation expense was $1,751,842 and $5,256,667 for the three and nine months ended September 30, 2015, respectively.

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 (f/k/a the Swiber Victorious). Simultaneously with the purchase, the barge was chartered to Swiber Offshore Marine Pte. Ltd., an affiliate of Swiber ("Swiber Offshore"), for 96 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 $5,000,000 subordinated, non-recourse and unsecured payable from Swiber. The payable bears interest at 3.5% per year and is recorded within seller's credits on our consolidated balance sheets. If a default occurs under the charter, the joint venture will not be required to pay to Swiber principal and interest outstanding under the payable. Swiber Holdings Ltd. ("Swiber Holdings"), the parent company of Swiber and Swiber Offshore (together with Swiber and Swiber Offshore, the "Swiber Group"), guarantees the payment and performance obligations of Swiber Offshore and its affiliates under all transaction documents.

During the three months ended June 30, 2016, we obtained a third-party appraisal indicating that the fair market value of the vessel as of June 27, 2016 was $17,875,000, which was below the net carrying value. As a result, we performed an impairment test on the vessel. Based on such test, we recorded an impairment loss of $5,218,643 during the three months ended June 30, 2016. Pursuant to the joint venture's operating agreement, in the event that, among other things, (i) there is a default by Swiber Offshore under the charter, or (ii) the fair market value of the vessel is less than $21,000,000, all of Swiber's interests in the distributions, net cash flow, net profits and net proceeds resulting from the joint venture will be subordinate to our rights in such distributions, net cash flow, net profits and net proceeds until such time that we have received in distribution the return of the full amount of our contribution to the joint venture and a return at a monthly compounded rate equal to 15.51% per year. As the then current fair market value of the vessel was less than $21,000,000, our Manager concluded that, commencing June 27, 2016, Swiber's rights to the distributions, net cash flow, net profits and net proceeds are subordinated and Swiber should incur first loss resulting from the joint venture until we achieve our return described above. Accordingly, the impairment loss recorded as of June 30, 2016 of $5,218,643 was allocated entirely to Swiber, the non-controlling interest holder. As a result, the impairment had no impact on the net income attributable to us for the six months ended June 30, 2016. Swiber Offshore has also failed to make its monthly charter payments to the joint venture since July 2016.

On July 27, 2016, Swiber Holdings filed a petition in Singapore to wind up and liquidate the company. On July 29, 2016, Swiber Holdings withdrew its petition for winding up and liquidation and submitted an application for court-supervised judicial management. We are currently in the process of evaluating our rights and remedies under all relevant Singapore judicial management and insolvency laws.

In November 2016, we obtained an updated third-party appraisal indicating that the fair market value of the vessel decreased to $14,770,000, which was below the net carrying value. As a result, we recorded an additional impairment loss of $3,105,000 during the three months ended September 30, 2016, which was allocated entirely to Swiber. The impairment loss had no impact on the net income attributable to us for the three or nine months ended September 30, 2016.

(6) Vessels/Assets Held for Sale

As of December 31, 2015, our total investment in vessels was $5,720,000. As of June 30, 2016, the Cebu Trader (f/k/a the Arabian Express) and the Aegean Express met the criteria to be classified as assets held for sale resulting in a reclassification from vessels to assets held for sale on our consolidated balance sheets. No further depreciation was recorded on the vessels upon such reclassification. In September 2016, the Cebu Trader and the Aegean Express were sold to unaffiliated third parties for $3,200,000 and $3,000,000, respectively. As a result, we recorded an aggregate gain on sale of $303,943 during the three months ended September 30, 2016. Depreciation expense was $0 and $177,387 for the three and nine months ended September 30, 2016, respectively. Depreciation expense was $428,849 and $1,286,548 for the three and nine months ended September 30, 2015, respectively. For the three and nine months ended September 30, 2016, pre-tax loss associated with the vessels was $155,631 and $167,052, respectively. For the three and nine months ended September 30, 2015, pre-tax loss associated with the vessels was $10,649,053 and $10,965,220, respectively.

(7) Investment in Joint Ventures

On December 22, 2011, ICON Mauritius MI, LLC ("ICON Mauritius MI"), a joint venture owned 25% by us and 75% by ICON Equipment and Corporate Infrastructure Fund Fourteen, L.P. ("Fund Fourteen"), an entity also managed by our Manager, 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. As a result of JAC's failure to make an expected payment that was due to the joint venture during the three months ended March 31, 2015, the interest rate payable by JAC under the loan increased from 12.5% to 15.5%. 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, ICON Mauritius MI II, LLC ("ICON Mauritius MI II"), a joint venture owned 21% by us, 39% by ICON Leasing Fund Eleven, LLC ("Fund Eleven") and 40% by ICON ECI Fund Fifteen, L.P., each an entity also managed by our Manager, purchased a portion of a $208,038,290 subordinated credit facility for JAC from Standard Chartered Bank 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. As a result of JAC's failure to make an expected payment that was due to the joint venture during the three months ended March 31, 2015, the interest rate payable by JAC under the facility increased from 12.5% to 15.5%. 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.

During 2015, JAC experienced liquidity constraints as a result of a general economic slow-down in China and India, which led to lower demand from such countries, as well as the price decline of energy and other commodities. As a result, JAC's manufacturing facility ceased operations and JAC was not able to service interest payments under the loan and facility. In addition, an expected tolling arrangement with JAC's suppliers that would have allowed JAC's manufacturing facility to resume operations did not commence in 2015 as originally anticipated. Discussions among the senior lenders and certain other stakeholders of JAC regarding a restructuring plan 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.

As a result of these factors, during the three months ended June 30, 2015, our Manager determined that there was doubt regarding the joint ventures' ultimate collectability of the loan and facility and commenced recording credit losses. During the three months ended June 30, 2015, the joint ventures recorded a total credit loss of $33,264,710, of which our share was $7,834,118. Commencing with the three months ended June 30, 2015 and on a quarterly basis thereafter, our Manager had reassessed the collectability of the loan and facility by considering the following factors, among others (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. During the year ended December 31, 2015, the joint ventures recorded an aggregate credit loss of $60,258,883 related to JAC based on our Manager's quarterly collectability analyses, of which our share was $14,010,881. Our Manager also assessed impairment under the equity method of accounting for our investment in the joint ventures and concluded that there was no impairment.

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 anticipated that a one-year tolling arrangement with JAC's suppliers would be implemented to allow JAC's facility to recommence operations. In July 2016, the tolling arrangement was finally implemented and the manufacturing facility resumed operations. Although our Manager believes that the marketability of JAC's facility should improve now that it has recommenced operations, our Manager does not anticipate that JAC will make any payments to the joint ventures while operating under the tolling arrangement. As part of the tolling arrangement and the receivership process, JAC incurred additional senior debt, which could be up to $55,000,000, to fund its operations as well as any receivership-related costs. As a result, our Manager determined that the joint ventures' ultimate collectability of the loan and facility was further in doubt. As of June 30, 2016, our Manager updated its quarterly assessment by considering (i) a comparable enterprise value derived from EBITDA multiples; (ii) the average trading price of unsecured distressed debt in comparable industries and (iii) the additional senior debt incurred by JAC, which has priority over the joint ventures' loan and facility. Based upon this reassessment, our Manager determined that the joint ventures should fully reserve the outstanding balance of the loan and facility due from JAC as of June 30, 2016. As a result, the joint ventures recorded an additional total credit loss of $10,137,863 for the three months ended June 30, 2016, of which our share was $2,319,835. Our Manager continues to closely monitor the operations of JAC and the receivership process through regular communications with certain other stakeholders. The joint ventures did not recognize finance income for the three and nine months ended September 30, 2016. For the three and nine months ended September 30, 2015, the joint ventures recognized finance income of $0 and $2,314,051, respectively, prior to the loan and facility being considered impaired. As of September 30, 2016 and December 31, 2015, the total net investment in notes receivable held by the joint ventures was $0 and $10,137,863, respectively, and our total investment in the joint ventures was $0 and $2,324,885, respectively.

Information as to the results of operations of ICON Mauritius MI is summarized as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	2015	2016	2015
Revenue	$ —	$ —	$ —	$ 1,161,471
Net loss	$ (3,172)	$ (7,927,875)	$ (4,798,217)	$ (22,874,585)
Our share of net loss	$ (2,225)	$ (1,981,969)	$ (1,202,053)	$ (5,807,829)

As of September 30, 2016 and December 31, 2015, our investment in ICON Mauritius MI was $0 and $1,194,918, respectively.

Information as to the results of operations of ICON Mauritius MI II is summarized as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	2015	2016	2015
Revenue	$ —	$ —	$ —	$ 1,152,580
Net income (loss)	$ 10,988	$ (8,928,735)	$ (5,388,209)	$ (25,129,246)
Our share of net loss	$ (1,948)	$ (1,875,034)	$ (1,135,788)	$ (5,404,009)

As of September 30, 2016 and December 31, 2015, our investment in ICON Mauritius MI II was $0 and $1,129,967, respectively.

On June 8, 2016, an unaffiliated third party purchased 100% of the limited liability company interests of ICON AET Holdings, LLC ("ICON AET"), a joint venture owned 25% by us and 75% by Fund Fourteen, for net sales proceeds of $48,798,058. As a result, we recorded a gain on sale of investment joint venture of $2,012,669.

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	2015	2016	2015
Revenue	$ —	$ 4,717,667	$ 8,282,126	$ 14,153,000
Net income	$ —	$ 652,859	$ 1,679,328	$ 3,140,929
Our share of net income	$ —	$ 159,840	$ 414,206	$ 775,107

(8) Non-Recourse Long-Term Debt

As of September 30, 2016 and December 31, 2015, we had the following non-recourse long-term debt:

Counterparty	September 30, 2016	December 31, 2015	Maturity	Rate
DVB Group Merchant Bank (Asia) Ltd.	$ 40,515,000	$ 43,770,000	2021-2022	5.04% and 6.1225%
People's Capital and Leasing Corp.	2,835,973	4,279,520	2018	6.50%
Total principal outstanding on non-recourse long-term debt	43,350,973	48,049,520		
Less: debt issuance costs	493,806	610,405		
Total non-recourse long-term debt	42,857,167	47,439,115		
Less: current portion of non-recourse long-term debt	23,114,661	6,205,639		
Total non-recourse long-term debt, less current portion	$ 19,742,506	$ 41,233,476		

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, 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 September 30, 2016 and December 31, 2015, the total carrying value of assets subject to non-recourse long-term debt was $81,896,820 and $87,131,546, respectively.

On October 20, 2016, we were notified of an event of default on the senior debt associated with two tanker vessels currently on charter to an affiliate of Siva Global Ships Limited ("Siva") as a result of a change of control of the bareboat charter guarantor, also an affiliate of Siva. The lender has reserved, but not exercised, its rights under the loan agreement. As a result of such default, we classified the entire outstanding balance of the debt of $19,015,000 to current liabilities as of September 30, 2016.

(9) Transactions with Related Parties

We paid distributions to our Manager of $131,976 and $52,627 for the three months ended September 30, 2016 and 2015, respectively. We paid distributions to our Manager of $232,986 and $229,646 for the nine months ended September 30, 2016 and 2015, respectively. Additionally, our Manager's interest in the net income (loss) attributable to us was $10,808 and $(123,094) for the three months ended September 30, 2016 and 2015, respectively. Our Manager's interest in the net income (loss) attributable to us was $28,115 and $(206,006) for the nine months ended September 30, 2016 and 2015, respectively.

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

			Three Months Ended September 30,		Nine Months Ended September 30,	
Entity	Capacity	Description	2016	2015	2016	2015
ICON Capital, LLC	Manager	Management fees (1)	$ 117,369	$ 431,142	$ 809,578	$ 1,135,442
ICON Capital, LLC	Manager	Administrative expense reimbursements(1)	225,055	316,839	843,590	1,068,138
			$ 342,424	$ 747,981	$ 1,653,168	$ 2,203,580

(1) Amount charged directly to operations.

At September 30, 2016 and December 31, 2015, we had a net payable due to our Manager and affiliates of $10,378 and $437,925, respectively, primarily related to administrative expense reimbursements.

In June 2016, we sold our interests in a certain joint venture to an unaffiliated third party. In connection with the sale, the third party required that an affiliate of our Manager provides bookkeeping and administrative services related to such asset for a fee.

(10) 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. Our non-financial assets, such as leased equipment at cost and 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 table summarizes the valuation of our material non-financial assets measured at fair value on a nonrecurring basis, which is presented as of the date the impairment was recorded, while the carrying value of the asset is presented as of September 30, 2016:

	Carrying Value at September 30, 2016	Fair Value at Impairment Date			Impairment loss for the Nine Months Ended September 30, 2016
		Level 1	Level 2	Level 3	
Leased equipment at cost	$ 14,770,000	$ —	$ —	$ 14,770,000 (1)	$ 8,323,643

(1) There were nonrecurring fair value measurements in relation to the impairment loss as of June 30, 2016 and September 30, 2016 related to the Swiber Chateau. As of June 30, 2016 and September 30, 2016, the fair value was $17,875,000 and $14,770,000, respectively.

During the three months ended June 30, 2016 and September 30, 2016, we identified impairment indicators and measured our leased equipment at cost related to the Swiber Chateau for impairment purposes. The estimated fair value of such leased equipment at cost at June 30, 2016 was based on an independent third-party valuation using a combination of the cost and sales comparison approach. The estimated fair value of such leased equipment at cost at September 30, 2016 was based on an updated independent third-party valuation using a cost approach. The estimated fair values related to the Swiber Chateau 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 are 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 our fixed-rate notes receivable was derived using discount rates ranging between 17.73% and 25.00% as of September 30, 2016. The fair value of the principal outstanding on our fixed-rate non-recourse long-term debt and seller's credits was derived using discount rates ranging between 1.37% and 6.72% as of September 30, 2016.

	September 30, 2016	
	Carrying Value	Fair Value (Level 3)
Principal outstanding on fixed-rate notes receivable	$ 23,582,938	$ 27,154,712
Principal outstanding on fixed-rate non-recourse long-term debt	$ 43,350,973	$ 44,598,359
Seller's credits	$ 13,105,219	$ 13,823,602

(11) 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 may or may not have a material adverse effect on our consolidated financial condition or results of operations taken as a whole.

In connection with certain debt obligations, we are required to maintain restricted cash accounts with certain banks. At September 30, 2016, we had restricted cash of $3,078,161, which is presented within other non-current assets in our consolidated balance sheets.

During 2008, ICON EAR, LLC ("ICON EAR"), a joint venture owned 55% by us and 45% by Fund Eleven, 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. Given the risks, costs and uncertainty surrounding litigation in bankruptcy, our Manager engaged in mediation with the trustee to resolve this matter, which resulted in a tentative settlement in May 2016 subject to bankruptcy court approval. On July 5, 2016, the U.S. Bankruptcy Court approved the settlement. The settlement released all claims against ICON EAR, Fund Eleven and us for an aggregate settlement payment of $3,100,000. As a result, we recorded our proportionate share of the litigation settlement expense of $1,209,000 during the three months ended March 31, 2016. The settlement amount was paid on July 15, 2016.

Item 2. Manager's Discussion and Analysis of Financial Condition and Results of Operations

The following is a discussion of our current financial position and results of operations. This discussion should be read together with our unaudited consolidated financial statements and related notes included elsewhere in this Quarterly Report on Form 10-Q and our audited consolidated financial statements and related notes included in our Annual Report on Form 10-K for the year ended December 31, 2015. This discussion should also be read in conjunction with the disclosures below regarding "Forward-Looking Statements" and the "Risk Factors" set forth in Item 1A of Part II of this Quarterly Report on Form 10-Q.

As used in this Quarterly Report on Form 10-Q, references to "we," "us," "our" or similar terms include ICON Leasing Fund Twelve, LLC and its consolidated subsidiaries.

Forward-Looking Statements

Certain statements within this Quarterly Report on Form 10-Q 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 of 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.

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.

Recent Significant Transactions

We engaged in the following significant transactions since December 31, 2015:

Trucks and Trailers

On January 14, 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. As a result of the prepayment, we recognized finance income of approximately $1,400,000.

Marine Vessels

On March 24, 2009, we and Swiber entered into a joint venture owned 51% by us and 49% by Swiber for the purpose of purchasing the Swiber Chateau. During the three months ended June 30, 2016, we obtained a third-party appraisal indicating that the fair market value of the vessel as of June 27, 2016 was $17,875,000, which was below the net carrying value. As a result, we performed an impairment test on the vessel. Based on such test, we recorded an impairment loss of $5,218,643 during the three months ended June 30, 2016. Pursuant to the joint venture's operating agreement, in the event that, among other things, (i) there is a default by Swiber Offshore under the charter, or (ii) the fair market value of the vessel is less than $21,000,000, all of Swiber's interests in the distributions, net cash flow, net profits and net proceeds resulting from the joint venture will be subordinate to our rights in such distributions, net cash flow, net profits and net proceeds until such time that we have received in distribution the return of the full amount of our contribution to the joint venture and a return at a monthly compounded rate equal to 15.51% per year. As the then current fair market value of the vessel was less than $21,000,000, our Manager concluded that, commencing June 27, 2016, Swiber's rights to the distributions, net cash flow, net profits and net proceeds are subordinated and Swiber should incur first loss resulting from the joint venture until we achieve our return described above. Accordingly, the impairment loss recorded as of June 30, 2016 of $5,218,643 was allocated entirely to Swiber, the non-controlling interest holder. As a result, the impairment had no impact on the net income attributable to us for the six months ended June 30, 2016. Swiber Offshore has also failed to make its monthly charter payments to the joint venture since July 2016.

On July 27, 2016, Swiber Holdings filed a petition in Singapore to wind up and liquidate the company. On July 29, 2016, Swiber Holdings withdrew its petition for winding up and liquidation and submitted an application for court-supervised judicial management. We are currently in the process of evaluating our rights and remedies under all relevant Singapore judicial management and insolvency laws.

In November 2016, we obtained an updated third-party appraisal indicating that the fair market value of the vessel decreased to $14,770,000, which was below the net carrying value. As a result, we recorded an additional impairment loss of $3,105,000 during the three months ended September 30, 2016, which was allocated entirely to Swiber. The impairment loss had no impact on the net income attributable to us for the three or nine months ended September 30, 2016.

On June 8, 2016, an unaffiliated third party purchased 100% of the limited liability company interests of ICON AET, a joint venture owned 25% by us, for net sales proceeds of $48,798,058. As a result, we recorded a gain on sale of investment in joint venture of $2,012,669.

Vessels

In September 2016, the Cebu Trader and the Aegean Express were sold to unaffiliated third parties for $3,200,000 and $3,000,000, respectively. As a result, we recorded an aggregate gain on sale of $303,943 during the three months ended September 30, 2016.

Notes Receivable

In connection with our investment in joint ventures related to JAC, 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 anticipated that a one-year tolling arrangement with JAC's suppliers would be implemented to allow JAC's facility to recommence operations. In July 2016, the tolling arrangement was finally implemented and the manufacturing facility resumed operations. Although our Manager believes that the marketability of JAC's facility should improve now that it has recommenced operations, our Manager does not anticipate that JAC will make any payments to the joint ventures while operating under the tolling arrangement. As part of the tolling arrangement and the receivership process, JAC incurred additional senior debt, which could be up to $55,000,000, to fund its operations as well as any receivership-related costs. As a result, our Manager determined that the joint ventures' ultimate collectability of the loan and facility was further in doubt. As of June 30, 2016, our Manager updated its quarterly assessment by considering (i) a comparable enterprise value derived from EBITDA multiples; (ii) the average trading price of unsecured distressed debt in comparable industries and (iii) the additional senior debt incurred by JAC, which has priority over the joint ventures' loan and facility. Based upon this reassessment, our Manager determined that the joint ventures should fully reserve the outstanding balance of the loan and facility due from JAC as of June 30, 2016. As a result, the joint ventures recorded an additional total credit loss of $10,137,863 for the three months ended June 30, 2016, of which our share was $2,319,835. Our Manager continues to closely monitor the operations of JAC and the receivership process through regular communications with certain other stakeholders. The joint ventures did not recognize finance income for the three and nine months ended September 30, 2016. For the three and nine months ended September 30, 2015, the joint ventures recognized finance income of $0 and $2,314,051, respectively, prior to the loan and facility being considered impaired. As of September 30, 2016 and December 31, 2015, the total net investment in notes receivable held by the joint ventures was $0 and $10,137,863, respectively, and our total investment in the joint ventures was $0 and $2,324,885, respectively.

On August 9, 2016, Premier Trailer satisfied its obligations in connection with a secured term loan scheduled to mature on September 24, 2020 by making a prepayment of $10,327,777, comprised of all outstanding principal, accrued interest and a prepayment fee of $200,000. The prepayment fee was recognized as additional finance income.

Recently Adopted Accounting Pronouncements

In January 2015, FASB issued ASU 2015-01, *Income Statement – Extraordinary and Unusual Items: Simplifying Income Statement Presentation by Eliminating the Concept of Extraordinary Items*, which we adopted on January 1, 2016. The adoption of ASU 2015-01 did not have an effect on our consolidated financial statements.

In February 2015, FASB issued ASU 2015-02, *Consolidation – Amendments to the Consolidation Analysis*, which we adopted on January 1, 2016. The adoption of ASU 2015-02 did not have an effect on our consolidated financial statements.

In April 2015, FASB issued ASU 2015-03, *Interest – Imputation of Interest: Simplifying the Presentation of Debt Issuance Costs*, which we retrospectively adopted as of March 31, 2016. Consequently, we reclassified $610,405 of debt issuance costs from other non-current assets to non-recourse long-term debt, less current portion on our consolidated balance sheet at December 31, 2015.

Other Recent Accounting Pronouncements

In May 2014, FASB issued ASU 2014-09, *Revenue from Contracts with Customers*. In August 2015, FASB issued ASU 2015-14, *Revenue from Contracts with Customers – Deferral of the Effective Date*, which defers implementation of ASU 2014-09 by one year. ASU 2014-09 will become effective for us on January 1, 2018. 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 2014-15, *Presentation of Financial Statements – Going Concern: Disclosure of Uncertainties about an Entity's Ability to Continue as a Going Concern*, which will become effective for us on our fiscal year ending after December 31, 2016. The adoption of ASU 2014-15 is not expected to have a material effect on our consolidated financial statements.

In January 2016, FASB issued ASU 2016-01, *Financial Instruments – Overall: Recognition and Measurement of Financial Assets and Financial Liabilities*, which will become effective for us on January 1, 2018. 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 2016-02, *Leases*, which will become effective for us on January 1, 2019. 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 2016-07, *Investments – Equity Method and Joint Ventures: Simplifying the Transition to the Equity Method of Accounting*, which will become effective for us on January 1, 2017. The adoption of ASU 2016-07 is not expected to have a material effect on our consolidated financial statements.

In June 2016, FASB issued ASU 2016-13, *Financial Instruments – Credit Losses*, which will become effective for us on January 1, 2020. We are currently in the process of evaluating the impact of the adoption of ASU 2016-13 on our consolidated financial statements.

In August 2016, FASB issued ASU 2016-15, *Statement of Cash Flows: Classification of Certain Cash Receipts and Cash Payments*, which will become effective for us on January 1, 2018. We are currently in the process of evaluating the impact of the adoption of ASU 2016-15 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.

Results of Operations for the Three Months Ended September 30, 2016 (the "2016 Quarter") and 2015 (the "2015 Quarter")

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:

Asset Type	September 30, 2016 Net Carrying Value	September 30, 2016 Percentage of Total Net Carrying Value	December 31, 2015 Net Carrying Value	December 31, 2015 Percentage of Total Net Carrying Value
Tanker vessels	$ 35,752,572	50%	$ 36,760,303	41%
Platform supply vessels	21,002,939	30%	21,002,939	23%
Mining equipment	11,596,475	16%	13,935,435	15%
Lubricant manufacturing equipment	2,643,058	4%	2,668,887	3%
Trailers	—	—	9,842,336	11%
Transportation	—	—	6,515,755	7%
	$ 70,995,044	100%	$ 90,725,655	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 the 2016 Quarter and the 2015 Quarter, certain customers generated significant portions (defined as 10% or more) of our total finance income as follows:

Customer	Asset Type	Percentage of Total Finance Income 2016 Quarter	Percentage of Total Finance Income 2015 Quarter
Técnicas Maritimas Avanzadas, S.A. de C.V.	Platform supply vessels	29%	23%
Siva Global Ships Limited	Tanker vessels	29%	21%
Premier Trailer Leasing, Inc.	Trailers	18%	7%
Blackhawk Mining, LLC	Mining equipment	16%	12%
D&T Holdings, LLC	Transportation	—	10%
		92%	73%

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 operations.

Operating Lease Transactions

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

Asset Type	September 30, 2016 Net Carrying Value	September 30, 2016 Percentage of Total Net Carrying Value	December 31, 2015 Net Carrying Value	December 31, 2015 Percentage of Total Net Carrying Value
Offshore oil field services equipment	$ 49,317,774	93%	$ 60,964,665	85%
Mining equipment	3,476,431	7%	4,778,814	7%
Vessels	—	—	5,720,000	8%
	$ 52,794,205	100%	$ 71,463,479	100%

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

During the 2016 Quarter and the 2015 Quarter, certain customers generated significant portions (defined as 10% or more) of our total rental income as follows:

Customer	Asset Type	Percentage of Total Rental Income	
		2016 Quarter	2015 Quarter
Pacific Crest Pte. Ltd.	Offshore oil field services equipment	68%	33%
Murray Energy Corporation	Mining equipment	32%	15%
Swiber Holdings Limited	Offshore oil field services equipment	—	52%
		100%	100%

Impaired Leased Asset within Operating Lease Transactions

In November 2016, we obtained an updated third-party appraisal indicating that the fair market value of the Swiber Chateau was $14,770,000, which was below the net carrying value. As a result, we recorded an additional impairment loss of $3,105,000 during the 2016 Quarter, which was allocated entirely to Swiber. The impairment loss had no impact on the net income attributable to us for the 2016 Quarter. As of September 30, 2016 and December 31, 2015, the net carrying value of the vessel was $14,770,000 and $24,528,856, respectively. During the 2016 Quarter and the 2015 Quarter, we recognized rental income of $0 and $1,826,250, respectively (see "Recent Significant Transactions" above).

Revenue and other income for the 2016 Quarter and the 2015 Quarter is summarized as follows:

	Three Months Ended September 30,		
	2016	2015	Change
Finance income	$ 2,416,693	$ 3,546,182	$ (1,129,489)
Rental income	1,705,906	3,532,157	(1,826,251)
Time charter revenue	927,186	1,219,751	(292,565)
Loss from investment in joint ventures	(4,173)	(3,668,760)	3,664,587
Gain on sale of vessels	303,943	—	303,943
Other income	117,288	—	117,288
Total revenue and other income	$ 5,466,843	$ 4,629,330	$ 837,513

Total revenue and other income for the 2016 Quarter increased $837,513, or 18.1%, as compared to the 2015 Quarter. The increase was primarily due to a decrease in loss from investment in joint ventures due to no credit loss recorded during the 2016 Quarter as compared to the credit loss recorded during the 2015 Quarter by our joint ventures related to JAC and a gain on sale of vessels as a result of the sale of the Aegean Express and the Cebu Trader during the 2016 Quarter. The increase was partially offset by decreases in (i) rental income due to no income recognition related to Swiber Offshore as collectability of monthly charter payments has been in doubt since July 2016, (ii) finance income primarily due to several prepayments by our borrowers and lessees during or subsequent to the 2015 Quarter and (iii) time charter revenue due to lower charter rates during the 2016 Quarter as compared to the 2015 Quarter.

Expenses for the 2016 Quarter and the 2015 Quarter are summarized as follows:

	Three Months Ended September 30,		
	2016	2015	Change
Management fees	$ 117,369	$ 431,142	$ (313,773)
Administrative expense reimbursements	225,055	316,839	(91,784)
General and administrative	521,069	553,965	(32,896)
Interest	792,256	1,020,040	(227,784)
Depreciation	1,063,132	2,180,691	(1,117,559)
Impairment loss	3,105,000	10,440,129	(7,335,129)
Vessel operating	1,384,102	999,825	384,277
Total expenses	$ 7,207,983	$ 15,942,631	$ (8,734,648)

Total expenses for the 2016 Quarter decreased $8,734,648, or 54.8%, as compared to the 2015 Quarter. The decrease was primarily due to the impairment loss related to the Swiber Chateau that was allocated entirely to Swiber during the 2016 Quarter as compared to the impairment loss recorded during the 2015 Quarter related to the Aegean Express and the Cebu Trader, which also resulted in a decrease in depreciation due to a lower depreciable base.

Net (Loss) Income Attributable to Noncontrolling Interests

Net (loss) income attributable to noncontrolling interests changed by $3,818,027, from net income of $996,098 in the 2015 Quarter to a net loss of $2,821,929 in the 2016 Quarter. The change was primarily due to no income being recognized related to Swiber during the 2016 Quarter.

Net Income (Loss) Attributable to Fund Twelve

As a result of the foregoing factors, net income (loss) attributable to us for the 2016 Quarter and the 2015 Quarter was $1,080,789 and $(12,309,399), respectively. Net income (loss) attributable to us per weighted average additional share of limited liability company interests (“Share”) outstanding for the 2016 Quarter and the 2015 Quarter was $3.07 and $(34.98), respectively.

Results of Operations for the Nine Months Ended September 30, 2016 (the “2016 Period”) and 2015 (the “2015 Period”)

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 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

During the 2016 Period and the 2015 Period, 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	2016 Period	2015 Period
Técnicas Maritimas Avanzadas, S.A. de C.V.	Platform supply vessels	26%	24%
Siva Global Ships Limited	Tanker vessels	26%	21%
D&T Holdings, LLC	Transportation	17%	11%
Blackhawk Mining, LLC	Mining equipment	16%	16%
Premier Trailer Leasing, Inc.	Trailers	11%	7%
NARL Marketing Inc.	Energy equipment	—	11%
		96%	90%

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 operations.

Non-performing Assets within Financing Transactions

During the year ended December 31, 2014, VAS experienced financial hardship resulting in its failure to make the final monthly payment under the secured term loan as well as the balloon payment due on the October 6, 2014 maturity date. Accordingly, the loan was placed on non-accrual status and a credit loss was recorded. In March 2015, the 90-day standstill period provided for in the VAS 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 for $268,975. As a result, we recorded an additional credit loss of $334,719 and wrote off the credit loss reserve and corresponding balance of the loan of $1,329,370 during the 2015 Period. No finance income was recognized since the date the loan was considered impaired during the three months ended December 31, 2014. Accordingly, no finance income was recognized for the 2015 Period.

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 August 1, 2015 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 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. No gain or loss was recognized during the 2015 Period as a result of the sale of leased equipment. For the 2015 Period, we recognized finance income of $159,694.

Operating Lease Transactions

During the 2016 Period and the 2015 Period, 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	2016 Period	2015 Period
Swiber Holdings Limited	Offshore oil field services equipment	42%	52%
Pacific Crest Pte. Ltd.	Offshore oil field services equipment	40%	33%
Murray Energy Corporation	Mining equipment	18%	15%
		100%	100%

Impaired Leased Assets within Operating Lease Transactions

During 2016, we obtained third-party appraisals and estimated the fair market values of the Swiber Chateau as of June 30, 2016 and September 30, 2016 to be $17,875,000 and $14,770,000, respectively, which were below the net carrying values. As a result, we recorded an aggregate impairment loss of $8,323,643 during the 2016 Period, which was allocated entirely to Swiber. The impairment loss had no impact on the net income attributable to us for the 2016 Period. As of September 30, 2016 and December 31, 2015, the net carrying value of the vessel was $14,770,000 and $24,528,856, respectively. During the 2016 Period and the 2015 Period, we recognized rental income of $3,652,500 and $5,478,750, respectively (see "Recent Significant Transactions" above).

During the 2015 Period, we recognized an aggregate impairment loss of $10,440,129 on our vessels related to the Aegean Express and the Cebu Trader. As of September 30, 2015, our Manager performed an impairment analysis and concluded that the carrying value of the Aegean Express and the Cebu Trader was not recoverable and that an impairment existed. As of December 31, 2015, the net carrying value of such vessels was $5,720,000. In September 2016, the vessels were sold to unaffiliated third parties for an aggregate purchase price of $6,200,000, which resulted in an aggregate gain on sale of $303,943 during the 2016 Quarter. During the 2016 Period and the 2015 Period, we recognized time charter revenue of $2,960,443 and $4,184,849, respectively (see "Recent Significant Transactions" above).

Revenue and other income for the 2016 Period and the 2015 Period is summarized as follows:

	Nine Months Ended September 30,		
	2016	2015	Change
Finance income	$ 8,531,589	$ 10,709,698	$ (2,178,109)
Rental income	8,770,221	10,596,472	(1,826,251)
Time charter revenue	2,960,443	4,184,849	(1,224,406)
Loss from investment in joint ventures	(1,922,968)	(10,351,311)	8,428,343
Gain on sale of investment in joint venture	2,012,669	—	2,012,669
Gain on sale of vessels	303,943	—	303,943
Other income	117,288	—	117,288
Total revenue and other income	$ 20,773,185	$ 15,139,708	$ 5,633,477

Total revenue and other income for the 2016 Period increased $5,633,477, or 37.2%, as compared to the 2015 Period. The increase was primarily due to (i) a decrease in loss from investment in joint ventures due to a lower credit loss recorded by the joint ventures related to JAC during the 2016 Period as compared to the 2015 Period, (ii) a gain on sale of investment in joint venture as a result of the sale of our interests in ICON AET during the 2016 Period and (iii) a gain on sale of vessels as a result of the sale of the Aegean Express and the Cebu Trader during the 2016 Period. The increase was partially offset by decreases in (i) finance income primarily due to several prepayments by our borrowers and lessees during the 2015 Period, (ii) rental income due to no income recognition related to Swiber Offshore as collectability of monthly charter payments has been in doubt since July 2016 and (iii) time charter revenue due to lower charter rates during the 2016 Period as compared to the 2015 Period.

Expenses for the 2016 Period and the 2015 Period are summarized as follows:

	Nine Months Ended September 30, 2016	Nine Months Ended September 30, 2015	Change
Management fees	$ 809,578	$ 1,135,442	$ (325,864)
Administrative expense reimbursements	843,590	1,068,138	(224,548)
General and administrative	1,864,053	2,077,060	(213,007)
Interest	2,516,884	3,100,451	(583,567)
Depreciation	4,803,018	6,543,215	(1,740,197)
Credit loss, net	—	4,848,978	(4,848,978)
Impairment loss	8,323,643	10,440,129	(2,116,486)
Vessel operating	3,248,348	3,420,581	(172,233)
Litigation expense	1,209,000	—	1,209,000
Total expenses	$ 23,618,114	$ 32,633,994	$ (9,015,880)

Total expenses for the 2016 Period decreased $9,015,880, or 27.6%, as compared to the 2015 Period. The decrease was primarily due to decreases in (i) the credit loss related to Patriot Coal that was recorded during the 2015 Period, of which there was no corresponding loss recorded during the 2016 Period, (ii) impairment loss due to the impairment loss recorded in the 2016 Period related to the Swiber Chateau that was allocated entirely to Swiber as compared to the impairment loss recorded during the 2015 Period related to the Aegean Express and the Cebu Trader, (iii) depreciation on the Aegean Express and the Cebu Trader after impairment losses were recorded during 2015, which resulted in a lower depreciable base and (iv) interest expense as a result of scheduled repayments on our non-recourse long-term debt, and satisfying our non-recourse long-term debt related to Cenveo Corporation ("Cenveo") resulting from its prepayment during the 2015 Period. These decreases were partially offset by our share of the litigation settlement payment related to ICON EAR that was recorded in the 2016 Period.

Net (Loss) Income Attributable to Noncontrolling Interests

Net (loss) income attributable to noncontrolling interests changed by $8,762,672, from net income of $3,106,286 in the 2015 Period to a net loss of $5,656,386 in the 2016 Period. The change was primarily due to the allocation of the entire impairment loss related to the Swiber Chateau to Swiber during the 2016 Period.

Net Income (Loss) Attributable to Fund Twelve

As a result of the foregoing factors, net income (loss) attributable to us for the 2016 Period and the 2015 Period was $2,811,457 and $(20,600,572), respectively. Net income (loss) attributable to us per weighted average additional Share outstanding for the 2016 Period and the 2015 Period was $7.99 and $(58.55), respectively.

Financial Condition

This section discusses the major balance sheet variances at September 30, 2016 compared to December 31, 2015.

Total Assets

Total assets decreased $38,089,102, from $188,181,529 at December 31, 2015 to $150,092,427 at September 30, 2016. The decrease was primarily due to (i) the use of cash to pay distributions to our members and noncontrolling interests, (ii) the use of cash to repay our non-recourse long-term debt and (iii) the impairment loss related to the Swiber Chateau during the 2016 Period. These decreases were partially offset by gains recognized from the sale of certain of our investments and income generated from our investments during the 2016 Period.

Current Assets

Current assets increased $13,306,939, from $22,423,057 at December 31, 2015 to $35,729,996 at September 30, 2016. The increase was primarily a result of proceeds received from the prepayment by Premier Trailer and from the sale of certain non-current investments during the 2016 Period.

Total Liabilities

Total liabilities decreased $5,167,310, from $62,493,259 at December 31, 2015 to $57,325,949 at September 30, 2016. The decrease was primarily due to the repayment of our non-recourse long-term debt and the payment of certain accrued liabilities during the 2016 Period.

Current Liabilities

Current liabilities increased $20,966,174, from $8,362,050 at December 31, 2015 to $29,328,224 at September 30, 2016. The increase was primarily due to the event of default on the senior debt related to Siva, which resulted in the reclassification of the outstanding balance to current liabilities, and the seller's credit that is due to Swiber in March 2017.

Equity

Equity decreased $32,921,792, from $125,688,270 at December 31, 2015 to $92,766,478 at September 30, 2016. The decrease was primarily due to distributions to our members and noncontrolling interests during the 2016 Period, partially offset by our net income during the 2016 Period.

Liquidity and Capital Resources

Summary

At September 30, 2016 and December 31, 2015, we had cash and cash equivalents of $17,810,643 and $8,404,092, 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 September 30, 2016, the cash reserve was $1,738,435. 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 operations, 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.

Cash Flows

Operating Activities

Cash provided by operating activities decreased $614,550, from $16,632,965 in the 2015 Period to $16,018,415 in the 2016 Period. The decrease was primarily due to less cash receipts from operations in the 2016 Period as compared to the 2015 Period, partially offset by less cash being used to settle the amount due to our Manager during the 2016 Period as a result of a reduction in expenses paid on our behalf by our Manager since 2014 and an increase in the collection on finance leases as a result of the prepayment by D&T.

Investing Activities

Cash provided by investing activities increased $2,801,147, from $25,362,399 in the 2015 Period to $28,163,546 in the 2016 Period. The increase was primarily due to proceeds received from the sale of our interests in ICON AET and from the sale of the Aegean Express and the Cebu Trader during the 2016 Period, partially offset by a decrease in principal received on notes receivable due to several prepayments during the 2015 Period.

Financing Activities

Cash used in financing activities decreased $3,591,228, from $38,366,638 in the 2015 Period to $34,775,410 in the 2016 Period. The decrease was primarily due to the prepayment on our non-recourse long-term debt associated with Cenveo during the 2015 Period as a result of the prepayment of a secured term loan by Cenveo, partially offset by an increase in distributions to our members and noncontrolling interests during the 2016 Period as compared to the 2015 Period.

Non-Recourse Long-Term Debt

We had non-recourse long-term debt obligations at September 30, 2016 and December 31, 2015 of $42,857,167 and $47,439,115, 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 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 September 30, 2016 and December 31, 2015, the total carrying value of assets subject to non-recourse long-term debt was $81,896,820 and $87,131,546, respectively.

At September 30, 2016, we were in compliance with the covenants related to our non-recourse long-term debt.

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 of $232,986, $23,065,617 and $6,778,260 to our Manager, additional members and noncontrolling interests, respectively, during the 2016 Period. During our liquidation period, we have paid and will continue to pay distributions in accordance with the terms our LLC Agreement. We expect that distributions paid during our 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 may or may not have a material adverse effect on our consolidated financial condition or results of operations taken as a whole.

In connection with certain debt obligations, we are required to maintain restricted cash accounts with certain banks. At September 30, 2016, we had restricted cash of $3,078,161, which is presented within other non-current assets in our consolidated balance sheets.

During 2008, ICON EAR 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. Given the risks, costs and uncertainty surrounding litigation in bankruptcy, our Manager engaged in mediation with the trustee to resolve this matter, which resulted in a tentative settlement in May 2016 subject to bankruptcy court approval. On July 5, 2016, the U.S. Bankruptcy Court approved the settlement. The settlement released all claims against ICON EAR, Fund Eleven and us for an aggregate settlement payment of $3,100,000. As a result, we recorded our proportionate share of the litigation settlement expense of $1,209,000 during the three months ended March 31, 2016. The settlement amount was paid on July 15, 2016.

Off-Balance Sheet Transactions

None.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

There are no material changes to the disclosures related to this item since the filing of our Annual Report on Form 10-K for the year ended December 31, 2015.

Item 4. Controls and Procedures

Evaluation of disclosure controls and procedures

In connection with the preparation of this Quarterly Report on Form 10-Q for the three months ended September 30, 2016, 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.

Evaluation of internal control over financial reporting

There have been no changes in our internal control over financial reporting during the three months ended September 30, 2016 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings

In the ordinary course of conducting our business, we may be subject to certain claims, suits, and complaints filed against us. See "Commitments and Contingencies and Off-Balance Sheet Transactions" above for a complete discussion of the EAR matter. We are not aware of any material legal proceedings that are currently pending against us or against any of our assets.

Item 1A. Risk Factors

There have been no material changes from the risk factors disclosed in "Item 1A. Risk Factors" of our Annual Report on Form 10-K for the year ended December 31, 2015.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

We did not sell or repurchase any Shares during the three months ended September 30, 2016.

Item 3. Defaults Upon Senior Securities

Not applicable.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

Not applicable.

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Item 6. 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	XBRL Taxonomy Extension Presentation Linkbase Document.

SIGNATURES

Pursuant to the requirements 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)

November 10, 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)

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 Quarterly Report on Form 10-Q 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: November 10, 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 Quarterly Report on Form 10-Q 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-5(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: November 10, 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 Quarterly Report on Form 10-Q 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: November 10, 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 Quarterly Report of ICON Leasing Fund Twelve, LLC (the “LLC”) on Form 10-Q for the quarter ended September 30, 2016, as filed with the Securities and Exchange Commission on the date hereof (the “Quarterly Report”), certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Quarterly 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 Quarterly Report fairly presents, in all material respects, the financial condition and results of operations of the LLC.

Date: November 10, 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 Quarterly Report of ICON Leasing Fund Twelve, LLC (the "LLC") on Form 10-Q for the quarter ended September 30, 2016, as filed with the Securities and Exchange Commission on the date hereof (the "Quarterly Report"), certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Quarterly 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 Quarterly Report fairly presents, in all material respects, the financial condition and results of operations of the LLC.

Date: November 10, 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 Quarterly Report of ICON Leasing Fund Twelve, LLC (the “LLC”) on Form 10-Q for the quarter ended September 30, 2016, as filed with the Securities and Exchange Commission on the date hereof (the “Quarterly Report”), certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Quarterly 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 Quarterly Report fairly presents, in all material respects, the financial condition and results of operations of the LLC.

Date: November 10, 2016

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