

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

FORM 10-Q

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

For the quarterly period ended September 30, 2018

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 Liquidating Trust

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of incorporation or organization)

81-7012783

(I.R.S. Employer Identification No.)

3 Park Avenue, 36th Floor, New York, New York

(Address of principal executive offices)

10016

(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 every Interactive Data File required to be submitted 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 such files). *

Yes

No

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

Large accelerated filer

Non-accelerated filer

Accelerated filer

Smaller reporting company

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

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 beneficial interests of the registrant on November 8, 2018 is 348,335.

* ICON Leasing Fund Twelve Liquidating Trust is the transferee of the assets and liabilities of ICON Leasing Fund Twelve, LLC and files reports under the Commission file number for ICON Leasing Fund Twelve, LLC.

ICON Leasing Fund Twelve Liquidating Trust
Table of Contents

<u>PART I - FINANCIAL INFORMATION</u>	Page
<u>Item 1. Consolidated Financial Statements</u>	1
<u>Consolidated Balance Sheets</u>	1
<u>Consolidated Statements of Operations</u>	2
<u>Consolidated Statements of Changes in Equity</u>	3
<u>Consolidated Statements of Cash Flows</u>	4
<u>Notes to Consolidated Financial Statements</u>	5
<u>Item 2. Managing Trustee's Discussion and Analysis of Financial Condition and Results of Operations</u>	16
<u>Item 3. Quantitative and Qualitative Disclosures About Market Risk</u>	30
<u>Item 4. Controls and Procedures</u>	30
<u>PART II – OTHER INFORMATION</u>	
<u>Item 1. Legal Proceedings</u>	31
<u>Item 1A. Risk Factors</u>	31
<u>Item 2. Unregistered Sales of Equity Securities and Use of Proceeds</u>	31
<u>Item 3. Defaults Upon Senior Securities</u>	31
<u>Item 4. Mine Safety Disclosures</u>	31
<u>Item 5. Other Information</u>	31
<u>Item 6. Exhibits</u>	32
<u>Signatures</u>	33

PART I - FINANCIAL INFORMATION

Item 1. Consolidated Financial Statements

ICON Leasing Fund Twelve Liquidating Trust
(A Delaware Statutory Trust)
Consolidated Balance Sheets

	September 30, 2018 (unaudited)	December 31, 2017
Assets		
Current assets:		
Cash and cash equivalents	\$ 11,630,775	\$ 12,974,467
Current portion of net investment in note receivable	3,750,000	8,791,579
Current portion of net investment in finance leases	—	2,677,965
Other current assets	480,215	72,325
Total current assets	15,860,990	24,516,336
Non-current assets:		
Net investment in note receivable, less current portion	11,810,833	2,908,421
Net investment in finance leases, less current portion	—	30,232,353
Leased equipment at cost (less accumulated depreciation of \$8,055,357)	—	13,000,000
Vessel (less accumulated depreciation of \$41,155)	2,900,000	—
Investment in cost-method investees	2,475,892	—
Restricted cash	1,794,362	2,063,845
Other non-current assets	—	202
Total non-current assets	18,981,087	48,204,821
Total assets	\$ 34,842,077	\$ 72,721,157
Liabilities and Equity		
Current liabilities:		
Current portion of non-recourse long-term debt	\$ 18,223,727	\$ 22,335,800
Due to Managing Trustee and affiliates, net	38,498	107,406
Accrued expenses and other current liabilities	1,108,469	800,879
Total current liabilities	19,370,694	23,244,085
Non-current liabilities:		
Non-recourse long-term debt, less current portion	—	11,146,564
Seller's credits	—	8,738,715
Other non-current liabilities	—	150,000
Total non-current liabilities	—	20,035,279
Total liabilities	19,370,694	43,279,364
Commitments and contingencies (Note 11)		
Equity:		
Beneficial owners' equity:		
Additional beneficial owners	21,961,081	30,414,292
Managing Trustee	(2,889,477)	(2,804,091)
Total beneficial owners' equity	19,071,604	27,610,201
Noncontrolling interests	(3,600,221)	1,831,592
Total equity	15,471,383	29,441,793
Total liabilities and equity	\$ 34,842,077	\$ 72,721,157

See accompanying notes to consolidated financial statements.

[Table of Contents](#)

ICON Leasing Fund Twelve Liquidating Trust
(A Delaware Statutory Trust)
Consolidated Statements of Operations
(unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
Revenue and other income:				
Finance income (loss)	\$ 501,768	\$ 1,127,024	\$ (934,551)	\$ 3,901,482
Rental income	433,333	679,472	1,000,000	4,091,287
Loss from investment in joint ventures and equity-method investees	—	—	(224,108)	(6,071)
Gain on extinguishment of seller's credit and interest payable	—	—	1,476,348	5,131,250
Other income	97,110	—	97,110	—
Total revenue and other income	1,032,211	1,806,496	1,414,799	13,117,948
Expenses:				
Management fees	—	44,029	—	192,112
Administrative expense reimbursements	168,313	210,785	550,447	660,757
General and administrative	319,697	346,235	907,402	1,188,799
Interest	262,383	687,826	1,158,580	2,172,196
Depreciation	41,155	617,394	295,930	2,743,118
Vessel operating	—	143,735	—	348,311
Credit loss	—	10,500,000	—	10,500,000
Impairment loss	2,458,845	2,024,000	9,804,070	19,285,525
Total expenses	3,250,393	14,574,004	12,716,429	37,090,818
Net loss	(2,218,182)	(12,767,508)	(11,301,630)	(23,972,870)
Less: net (loss) income attributable to noncontrolling interests	(576,201)	160,209	(2,763,033)	(2,896,493)
Net loss attributable to Fund Twelve Liquidating Trust	\$ (1,641,981)	\$ (12,927,717)	\$ (8,538,597)	\$ (21,076,377)
Net loss attributable to Fund Twelve Liquidating Trust allocable to:				
Additional beneficial owners	\$ (1,625,561)	\$ (12,798,440)	\$ (8,453,211)	\$ (20,865,613)
Managing Trustee	(16,420)	(129,277)	(85,386)	(210,764)
	\$ (1,641,981)	\$ (12,927,717)	\$ (8,538,597)	\$ (21,076,377)
Weighted average number of additional beneficial interests outstanding	348,335	348,335	348,335	348,335
Net loss attributable to Fund Twelve Liquidating Trust per weighted average additional beneficial interest outstanding	\$ (4.67)	\$ (36.74)	\$ (24.27)	\$ (59.90)

See accompanying notes to consolidated financial statements.

ICON Leasing Fund Twelve Liquidating Trust
(A Delaware Statutory Trust)
Consolidated Statements of Changes in Equity

	Beneficial Owners' Equity				Noncontrolling Interests	Total Equity
	Additional Beneficial Interests	Additional Beneficial Owners	Managing Trustee	Total Beneficial Owners' Equity		
Balance, December 31, 2017	348,335	\$ 30,414,292	\$ (2,804,091)	\$ 27,610,201	\$ 1,831,592	\$ 29,441,793
Net loss (unaudited)	—	(2,576,919)	(26,029)	(2,602,948)	(729,241)	(3,332,189)
Distributions (unaudited)	—	—	—	—	(2,663,916)	(2,663,916)
Balance, March 31, 2018 (unaudited)	348,335	27,837,373	(2,830,120)	25,007,253	(1,561,565)	23,445,688
Net loss (unaudited)	—	(4,250,731)	(42,937)	(4,293,668)	(1,457,591)	(5,751,259)
Balance, June 30, 2018 (unaudited)	348,335	23,586,642	(2,873,057)	20,713,585	(3,019,156)	17,694,429
Net loss (unaudited)	—	(1,625,561)	(16,420)	(1,641,981)	(576,201)	(2,218,182)
Distributions (unaudited)	—	—	—	—	(4,864)	(4,864)
Balance, September 30, 2018 (unaudited)	348,335	\$ 21,961,081	\$ (2,889,477)	\$ 19,071,604	\$ (3,600,221)	\$ 15,471,383

See accompanying notes to consolidated financial statements.

[Table of Contents](#)

ICON Leasing Fund Twelve Liquidating Trust
(A Delaware Statutory Trust)
Consolidated Statements of Cash Flows
(unaudited)

	Nine Months Ended September 30,	
	2018	2017
Cash flows from operating activities:		
Net loss	\$ (11,301,630)	\$ (23,972,870)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Finance loss (income)	2,221,881	(3,235,823)
Loss from investment in joint ventures and equity-method investees	224,108	6,071
Depreciation	295,930	2,743,118
Interest expense from amortization of debt financing costs	236,363	99,544
Net accretion of seller's credits and other	92,816	378,381
Gain on extinguishment of seller's credit and interest payable	(1,476,348)	(5,131,250)
Credit loss	—	10,500,000
Impairment loss	9,804,070	19,285,525
Paid-in-kind interest	(790,000)	—
Changes in operating assets and liabilities:		
Collection of finance leases	23,333,254	14,568,369
Other assets	(407,688)	(486,383)
Accrued expenses and other current liabilities	157,590	(127,887)
Deferred revenue	—	(155,413)
Due to Managing Trustee and affiliates, net	(68,908)	(232,515)
Net cash provided by operating activities	22,321,438	14,238,867
Cash flows from investing activities:		
Investment in note receivable	(3,300,000)	—
Investment in equity-method investees	(2,700,000)	—
Investment in joint venture	—	(6,071)
Principal received on notes receivable	229,167	—
Net cash used in investing activities	(5,770,833)	(6,071)
Cash flows from financing activities:		
Repayment of non-recourse long-term debt	(15,495,000)	(6,688,442)
Distributions to noncontrolling interests	(2,668,780)	(4,181,621)
Distributions to beneficial owners	—	(5,050,727)
Net cash used in financing activities	(18,163,780)	(15,920,790)
Net decrease in cash, cash equivalents and restricted cash	(1,613,175)	(1,687,994)
Cash, cash equivalents and restricted cash, beginning of period	15,038,312	13,726,200
Cash, cash equivalents and restricted cash, end of period ^(a)	\$ 13,425,137	\$ 12,038,206
Supplemental disclosure of cash flow information:		
Cash paid for interest	\$ 229,798	\$ 1,669,833
Supplemental disclosure of non-cash financing activities:		
Satisfaction of seller's credit netted at sale	\$ 7,355,183	\$ —

^(a) The following table presents a reconciliation of cash, cash equivalents and restricted cash to amounts reported within the consolidated balance sheets:

Cash and cash equivalents	\$ 11,630,775	\$ 8,695,593
Restricted cash	1,794,362	3,342,613
Total cash, cash equivalents and restricted cash	\$ 13,425,137	\$ 12,038,206

See accompanying notes to consolidated financial statements.

ICON Leasing Fund Twelve Liquidating Trust
(A Delaware Statutory Trust)
Notes to Consolidated Financial Statements
September 30, 2018
(unaudited)

(1) Organization

ICON Leasing Fund Twelve Liquidating Trust (the "Liquidating Trust"), a Delaware statutory trust, was transferred all of the assets and liabilities of ICON Leasing Fund Twelve, LLC (the "LLC" or "Fund Twelve"), a Delaware limited liability company, as of December 31, 2016. When used in these notes to consolidated financial statements, the terms "we," "us," "our" or similar terms refer to (i) the LLC and its consolidated subsidiaries for all periods prior to the transfer of the assets and liabilities of the LLC to the Liquidating Trust and (ii) the Liquidating Trust and its consolidated subsidiaries as of December 31, 2016 and thereafter. The terms "LLC" and "Liquidating Trust" are interchangeable, as the context so requires, when used in the consolidated financial statements.

Prior to the transfer of the assets and liabilities of the LLC to the Liquidating Trust, the manager of the LLC was ICON Capital, LLC, a Delaware limited liability company (the "Manager"). As of December 31, 2016 and thereafter, our Manager became the managing trustee of the Liquidating Trust (the "Managing Trustee"). The terms "Manager" and "Managing Trustee" are interchangeable, as the context so requires, when used in the consolidated financial statements.

The Liquidating Trust is governed by a Liquidating Trust Agreement (the "Trust Agreement") that appointed our Manager as Managing Trustee of the Liquidating Trust. Our Managing Trustee manages and controls our business affairs, including, but not limited to, our equipment leases and other financing transactions. On December 31, 2016, all assets and liabilities of the LLC were transferred to the Liquidating Trust in order to reduce expenses and to maximize potential distributions to beneficial owners of the Liquidating Trust. On December 31, 2016, all shares of limited liability company interests ("Shares") of the LLC were exchanged for an equal number of beneficial interests (the "Interests") in the Liquidating Trust.

We operated as an equipment leasing and finance program in which the capital our beneficial owners 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 operating period commenced on May 1, 2009 and ended on April 30, 2014. Our liquidation period commenced on May 1, 2014, during which we have sold and will continue to sell our assets and/or let our investments mature in the ordinary course of business.

(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 (the "SEC") for Quarterly Reports on Form 10-Q. In the opinion of our Managing Trustee, 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, 2017. The results for the interim period are not necessarily indicative of the results for the full year.

In accordance with U.S. GAAP pertaining to transactions amongst entities under common control, the financial condition and results of operations of the LLC are presented as those of the Liquidating Trust retroactively to the beginning of the earliest period presented.

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

Our Managing Trustee 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 Managing Trustee may physically inspect the collateral or a borrower's facility and

ICON Leasing Fund Twelve Liquidating Trust
(A Delaware Statutory Trust)
Notes to Consolidated Financial Statements
September 30, 2018
(unaudited)

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 Managing Trustee 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 Managing Trustee 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 Managing Trustee 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 Managing Trustee periodically reviews the creditworthiness of companies with payments outstanding less than 90 days and based upon our Managing Trustee'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 Managing Trustee 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.

Investments - Equity Method and Cost Method

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

We have one investment that is accounted for under the cost method that does not have readily determinable fair values. We measure this investment at cost less impairment, if any, plus or minus changes resulting from observable price changes in orderly transactions for the identical or a similar investment of the same issuer. At each reporting period, our Managing Trustee reassesses the appropriateness of this methodology for this investment and performs a qualitative assessment by considering any impairment indicators. If the qualitative assessment indicates that the investment is impaired and its fair value is less than its net carrying value, we will write down the investment to such fair value.

Recently Adopted Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2014-09, *Revenue from Contracts with Customers* ("ASU 2014-09"), requiring revenue to be recognized in an amount

ICON Leasing Fund Twelve Liquidating Trust
(A Delaware Statutory Trust)
Notes to Consolidated Financial Statements
September 30, 2018
(unaudited)

that reflects the consideration expected to be received in exchange for goods and services. We adopted ASU 2014-09 on January 1, 2018. Since substantially all of our revenue is recognized from our leasing and lending contracts, which are not subject to ASU 2014-09, the adoption of ASU 2014-09 did not have an 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. We adopted ASU 2016-01 on January 1, 2018. As a result of the adoption of ASU 2016-01, we are no longer required to make certain disclosures related to the methods and significant assumptions used to estimate fair value for financial instruments measured at amortized cost.

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. We adopted ASU 2016-15 on January 1, 2018, which did not have an effect on our consolidated financial statements. We utilize the cumulative earnings approach under ASU 2016-15 to present distributions received from equity-method investees, which is consistent with our previous policy.

In November 2016, FASB issued ASU No. 2016-18, *Statement of Cash Flows* (“ASU 2016-18”), which provides guidance on the presentation of restricted cash or restricted cash equivalents in the statement of cash flows. As a result of the adoption of ASU 2016-18 on January 1, 2018, we commenced presenting restricted cash with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts presented on our consolidated statements of cash flows. We adopted ASU 2016-18 using the retrospective method. As a result, the effects of adopting ASU 2016-18 on our consolidated statements of cash flows for the nine months ended September 30, 2017 were as follows:

	Nine Months Ended September 30, 2017		
	As Reported	Adoption of ASU 2016-18	As Adjusted
Net cash provided by (used in) operating activities	\$ 14,367,401	\$ (128,534)	\$ 14,238,867
Cash, cash equivalents and restricted cash, beginning of period	10,255,053	3,471,147	13,726,200
Net decrease in cash, cash equivalents and restricted cash	(1,559,460)	(128,534)	(1,687,994)
Cash, cash equivalents and restricted cash, end of period	<u>\$ 8,695,593</u>	<u>\$ 3,342,613</u>	<u>\$ 12,038,206</u>

In January 2017, FASB issued ASU No. 2017-01, *Business Combinations* (“ASU 2017-01”), which clarifies the definition of a business. ASU 2017-01 sets forth requirements to be met for a set to be deemed a business and establishes a practical way to determine when a set is not a business. To be considered a business, a set must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create an output, and removes the evaluation of whether a market participant could replace missing elements. In addition, ASU 2017-01 narrows the definition of outputs and aligns such definition with how outputs are described within the revenue guidance. We adopted ASU 2017-01 on January 1, 2018, which did not have an effect on our consolidated financial statements.

Other Recent Accounting Pronouncements

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. In July 2018, FASB issued ASU No. 2018-11, *Leases* (“ASU 2018-11”), which provides an additional transition method by allowing companies to initially apply the new leases standard at the adoption date and recognize a cumulative-effect adjustment to the opening balance of retained earnings in the period of adoption. In addition, ASU 2018-11 provides lessors a practical expedient to not separate non-lease components from the associated lease component under certain circumstances. The adoption of ASU 2016-02

ICON Leasing Fund Twelve Liquidating Trust
(A Delaware Statutory Trust)
Notes to Consolidated Financial Statements
September 30, 2018
(unaudited)

and ASU 2018-11 becomes effective for us on January 1, 2019. Early adoption is permitted. As we no longer have any lease arrangements and since we are in our liquidation period and not expecting to enter into any new leases in the future, the adoption of ASU 2016-02 and ASU 2018-11 will not have an 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 2018, FASB issued ASU No. 2018-13, *Fair Value Measurement* (“ASU 2018-13”), which modifies the disclosure requirements for fair value measurements. The adoption of ASU 2018-13 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 2018-13 on our consolidated financial statements.

(3) Net Investment in Note Receivable

As of September 30, 2018, we had no net investment in note receivable on non-accrual status and no net investment in note receivable that was past due 90 days or more and still accruing. As of December 31, 2017, we had net investment in note receivable on non-accrual status of \$11,700,000 and no net investment in note receivable that was past due 90 days or more and still accruing. See below for further details regarding our note receivable related to four affiliates of Técnicas Maritimas Avanzadas, S.A. de C.V. (collectively, “TMA”).

Net investment in note receivable consisted of the following:

	September 30, 2018	December 31, 2017
Principal outstanding ⁽¹⁾	\$ 15,560,833	\$ 21,002,939
Credit loss reserve ⁽²⁾	—	(9,302,939)
Net investment in note receivable ⁽³⁾	15,560,833	11,700,000
Less: current portion of net investment in note receivable	3,750,000	8,791,579
Net investment in note receivable, less current portion	\$ 11,810,833	\$ 2,908,421

⁽¹⁾ As of September 30, 2018 and December 31, 2017, total principal outstanding related to our impaired loan was \$15,560,833 and \$21,002,939, respectively.

⁽²⁾ As of December 31, 2017, we had a credit loss reserve of \$15,690,944 related to TMA, of which \$6,388,005 was reserved against the accrued interest receivable included in other current assets and \$9,302,939 was reserved against the current portion of net investment in note receivable.

⁽³⁾ As of September 30, 2018 and December 31, 2017, net investment in note receivable related to our impaired loan was \$15,560,833 and \$11,700,000, respectively.

On July 14, 2014, we, ICON Equipment and Corporate Infrastructure Fund Fourteen, L.P. (“Fund Fourteen”) and ICON ECI Fund Fifteen, L.P. (“Fund Fifteen”), each an entity also managed by our Managing Trustee (collectively, “ICON”), entered into a secured term loan credit facility agreement with TMA to provide a credit facility of up to \$29,000,000 (the “ICON Loan”), of which our commitment of \$21,750,000 was funded on August 27, 2014 (the “TMA Initial Closing Date”). The facility was used by TMA to acquire and refinance two platform supply vessels. At inception, the loan bore interest at the London Interbank Offered Rate (“LIBOR”), subject to a 1% floor, plus a margin of 17%. Upon the acceptance of both vessels by TMA’s sub-charterer on September 19, 2014, the margin was reduced to 13%. On November 24, 2014, ICON entered into an amended and restated senior secured term loan credit facility agreement with TMA pursuant to which an unaffiliated third party (the “Senior Lender”) agreed to provide a senior secured term loan in the amount of up to \$89,000,000 (the “Senior Loan,” and collectively with the ICON Loan, the “TMA Facility”) to acquire two additional vessels. The TMA Facility had a term of five years from the TMA Initial Closing Date. As a result of the amendment, the margin for the ICON Loan increased to 15% and repayment of the ICON Loan became subordinated to the repayment of the Senior Loan. The TMA Facility is secured by, among other things, a first priority security interest in the four vessels and TMA’s right to the collection of hire with respect to earnings from the sub-charterer related to the four vessels. As a condition to the amendment and increased size of the TMA Facility, TMA was required to cause all four platform supply

ICON Leasing Fund Twelve Liquidating Trust
(A Delaware Statutory Trust)
Notes to Consolidated Financial Statements
September 30, 2018
(unaudited)

vessels to be under contract by March 31, 2015. Due to TMA's failure to meet such condition, TMA was in technical default and in payment default while available cash was swept by the Senior Lender and applied to the Senior Loan in accordance with the loan agreement. As a result, the principal balance of the Senior Loan amortized at a faster rate. In January 2016, the remaining two previously unchartered vessels had commenced employment. Our Managing Trustee continued to assess the collectability of the note receivable at each reporting date as TMA's credit quality slowly deteriorated and the fair market value of the collateral continued to decrease. During the three months ended June 30, 2017, our Managing Trustee believed it was prudent to place the note receivable on non-accrual status. In September 2017, our Managing Trustee met with certain restructuring advisors engaged by TMA to discuss a potential restructuring of the company. In light of these developments and a decrease in the fair market value of the collateral, in which we had a second priority security interest, our Managing Trustee determined to record a credit loss of \$10,500,000 during the three months ended September 30, 2017.

On December 26, 2017, ICON, the Senior Lender and TMA entered into a restructuring support and lock-up agreement to commit to a restructuring of TMA's outstanding debt obligations and to provide additional funding to TMA, subject to execution of definitive agreements. As a result of this restructuring (as further described below), our Managing Trustee assessed the collectability of the note receivable as of December 31, 2017 and recorded an additional credit loss of \$5,190,944 for the three months ended December 31, 2017.

On January 5, 2018, ICON, the Senior Lender and TMA executed all definitive agreements including, without limitation, the second amended and restated term loan credit facility agreement in connection with the restructuring of the TMA Facility (the "Second Amendment"). Under the Second Amendment, ICON funded a total of \$8,000,000 in exchange for (i) all amounts payable under the Senior Loan would amortize at a faster rate, at which time ICON would become the senior lender and have a first priority security interest in the four vessels and TMA's right to the earnings generated by the vessels; and (ii) a 12.5% equity interest in two affiliates of TMA. Also as part of the Second Amendment, ICON agreed to reduce its aggregate notes and interest receivables to \$20,000,000 in connection with the overall restructuring plan. As a result of the Second Amendment, on January 5, 2018, we funded our additional commitment of \$6,000,000, which represented our share of the total additional commitment to TMA, and our note and interest receivables due from TMA were reduced to \$15,000,000. As of January 5, 2018, our share of the fair value of the 12.5% equity interest in two affiliates of TMA was estimated to be \$2,700,000, which was based on an independent third-party valuation. Of our \$6,000,000 additional commitment to TMA, we recorded \$2,700,000 as an investment accounted for under the equity method of accounting (see Note 7) and the remaining \$3,300,000 as an additional loan to TMA. As a result of this restructuring, during the three months ended March 31, 2018, we wrote off the allowance for credit loss of \$15,690,944 related to TMA, of which \$6,388,005 was previously reserved against the accrued interest receivable and \$9,302,939 was previously reserved against the current portion of our net investment in note receivable. In addition, we also wrote off the corresponding \$6,388,005 accrued interest receivable. In accordance with the Second Amendment, our restructured loan of \$15,000,000 bears interest at a rate of 12% per year and is scheduled to mature on January 5, 2021. The amended TMA Facility is secured by substantially the same collateral that secured the TMA Facility prior to the restructuring.

On June 12, 2018, all of TMA's obligations to the Senior Lender and all amounts payable under the Senior Loan were satisfied in full. As a result, ICON became the agent and senior lender and has a first priority security interest in the four vessels and TMA's right to the earnings generated by the vessels. Interest was accrued as paid-in-kind ("PIK") interest until the Senior Loan was satisfied in full. Upon satisfaction of the Senior Loan, (i) \$790,000 of PIK interest was reclassified to principal; and (ii) the ICON Loan is being amortized at 25% per year and together with interest, is payable quarterly in arrears. On July 5, 2018, we extended the due date of certain payments from TMA for an additional 15 days for a fee of \$22,500. Such payments were thereafter timely received from TMA. On October 4, 2018, we extended the due date of the quarterly interest and principal payments from TMA for an additional 20 days for a fee of \$30,000. The fee was timely received but the quarterly interest and principal payments were not received from TMA until November 9, 2018.

As of September 30, 2018 and December 31, 2017, our net investment in note receivable related to TMA was \$15,560,833 and \$11,700,000, respectively. In addition, as of December 31, 2017, we had an accrued interest receivable related to TMA of \$6,388,005, which had been fully reserved, resulting in a net carrying value of \$0. During the three and nine months ended September 30, 2018, we recognized finance income of \$500,004 and \$1,392,655, respectively, of which no amount was recognized on a cash basis. During the three and nine months ended September 30, 2017, we recognized finance income of \$0 and \$667,672, respectively, of which no amount was recognized on a cash basis.

ICON Leasing Fund Twelve Liquidating Trust
(A Delaware Statutory Trust)
Notes to Consolidated Financial Statements
September 30, 2018
(unaudited)

There was no allowance for credit loss at the beginning or at the end of the three months ended September 30, 2018. There were no related activities during the three months ended September 30, 2018.

Credit loss allowance activities for the three months ended September 30, 2017 were as follows:

Credit Loss Allowance	
Allowance for credit loss as of June 30, 2017	\$ —
Provisions	10,500,000
Write-offs, net of recoveries	—
Allowance for credit loss as of September 30, 2017	<u>\$ 10,500,000</u>

Credit loss allowance activities for the nine months ended September 30, 2018 were as follows:

Credit Loss Allowance	
Allowance for credit loss as of December 31, 2017	\$ 15,690,944
Provisions	—
Write-offs, net of recoveries	(15,690,944)
Allowance for credit loss as of September 30, 2018	<u>\$ —</u>

Credit loss allowance activities for the nine months ended September 30, 2017 were as follows:

Credit Loss Allowance	
Allowance for credit loss as of December 31, 2016	\$ —
Provisions	10,500,000
Write-offs, net of recoveries	—
Allowance for credit loss as of September 30, 2017	<u>\$ 10,500,000</u>

(4) Net Investment in Finance Leases

As of September 30, 2018 and December 31, 2017, 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, 2018	December 31, 2017
Minimum rents receivable	\$ —	\$ 45,640,500
Initial direct costs	—	636,338
Unearned income	—	(13,366,520)
Net investment in finance leases	—	32,910,318
Less: current portion of net investment in finance leases	—	2,677,965
Net investment in finance leases, less current portion	<u>\$ —</u>	<u>\$ 30,232,353</u>

On March 21, 2014, a joint venture owned 75% by us, 12.5% by Fund Fourteen and 12.5% by Fund Fifteen, through two indirect subsidiaries, entered into memoranda of agreement to purchase two LPG tanker vessels, the EPIC Bali and the EPIC Borneo (f/k/a the SIVA Coral and the SIVA Pearl, respectively) (collectively, the “EPIC Vessels”), from Foreguard Shipping I Global Ships Ltd. (f/k/a Siva Global Ships Limited) (“Foreguard Shipping”) for an aggregate purchase price of \$41,600,000. The EPIC Bali and the EPIC Borneo were delivered on March 28, 2014 and April 8, 2014, respectively. The EPIC Vessels were bareboat chartered to an affiliate of Foreguard Shipping for a period of eight years upon the delivery of each respective vessel. The EPIC Vessels were each acquired for approximately \$3,550,000 in cash, \$12,400,000 of financing through a senior secured loan from DVB Group Merchant Bank (Asia) Ltd. (“DVB Asia”) and \$4,750,000 of financing through a subordinated, non-interest-bearing seller’s credit. On February 14, 2018, Foreguard Shipping purchased the EPIC Vessels from the indirect subsidiaries for an aggregate purchase price of \$32,412,488. As a result, the bareboat charters

ICON Leasing Fund Twelve Liquidating Trust
(A Delaware Statutory Trust)
Notes to Consolidated Financial Statements
September 30, 2018
(unaudited)

were terminated. A portion of the proceeds from the sale of the EPIC Vessels was used to satisfy in full the seller's credit to Foreguard Shipping and the related outstanding non-recourse long-term debt obligations to DVB Asia. As a result, we recorded a loss of \$ 3,018,839, which is included in finance income (loss) on our consolidated statements of operations. The loss was primarily due to (i) the seller's credit, which was satisfied in full at its maturity amount of \$9,500,000 rather than its then-present value of \$7,355,183 recorded on our books prior to the sale, and (ii) the write-off of the remaining unamortized indirect costs.

(5) Leased Equipment at Cost

Leased equipment at cost consisted of the following:

	September 30, 2018	December 31, 2017
Offshore oil field services equipment	\$ —	\$ 21,055,357
Leased equipment at cost	—	21,055,357
Less: accumulated depreciation	—	8,055,357
Leased equipment at cost, less accumulated depreciation	\$ —	\$ 13,000,000

Depreciation expense related to leased equipment at cost was \$0 and \$254,775 for the three and nine months ended September 30, 2018, respectively. Depreciation expense was \$617,394 and \$2,743,118 for the three and nine months ended September 30, 2017, respectively.

On June 12, 2014, a joint venture owned 75% by us, 12.5% by Fund Fourteen and 12.5% by Fund Fifteen purchased an offshore supply vessel from Pacific Crest Pte. Ltd. ("Pacific Crest") for \$40,000,000. Simultaneously, the vessel was bareboat chartered to Pacific Crest for ten years. The vessel was acquired for approximately \$12,000,000 in cash, \$26,000,000 of financing through a senior secured loan from DVB Asia and \$2,000,000 of financing through a subordinated, non-interest-bearing seller's credit. Since July 2017, Pacific Crest failed to make its monthly charter payments and our Managing Trustee was advised in July 2017 that Pacific Crest was engaged in discussions with its lenders regarding a potential restructuring of its outstanding debt obligations. As a result, we performed an impairment test on the vessel. For the year ended December 31, 2017, we recorded an aggregate impairment loss of \$19,295,230 based on our impairment tests.

On April 20, 2018, we and DVB Asia entered into an agreement (the "DVB Asia Agreement") under which the parties agreed to (i) cooperate to market and sell the offshore supply vessel, (ii) the application of any future payments that may be received by us from Pacific Crest and/or Pacific Radiance Ltd. ("Pacific Radiance"), the guarantor of Pacific Crest's obligations under the bareboat charter related to the vessel, in settlement of all obligations and liabilities of Pacific Crest and Pacific Radiance under the bareboat charter and the guaranty, respectively, and (iii) the application of the sale proceeds from any future sale of the vessel.

On May 14, 2018, we entered into a settlement agreement with Pacific Crest, Pacific Radiance and DVB Asia under which, among other things, (i) the parties agreed to terminate the bareboat charter and we would release Pacific Crest and Pacific Radiance from all obligations and liabilities under the bareboat charter and the guaranty, respectively, in each case upon our receipt of a \$ 1,000,000 payment from Pacific Crest, a portion of which will be used to make a partial repayment on the outstanding debt to DVB Asia; (ii) the parties agreed to cooperate to market and sell the offshore supply vessel; and (iii) Pacific Crest released us from our obligation to repay the seller's credit and Pacific Crest will continue to maintain the vessel in its current condition until the earlier of the sale of the vessel or December 15, 2018. On May 18, 2018, we received the \$1,000,000 payment from Pacific Crest, of which (a) we are entitled to \$566,667, and (b) the remaining \$433,333 will be applied toward the repayment of the outstanding non-recourse debt to DVB Asia in accordance with the DVB Asia Agreement. As a result, we recognized \$1,000,000 of rental income as part of this arrangement.

On May 16, 2018, Pacific Radiance and its subsidiaries (including Pacific Crest) made applications to the Singapore High Court seeking interim protection against legal proceedings and other claims as they seek to restructure their outstanding debt obligations with stakeholders. On June 11, 2018, the Court granted such protection to Pacific Radiance and its subsidiaries (including Pacific Crest) until December 2018.

ICON Leasing Fund Twelve Liquidating Trust
(A Delaware Statutory Trust)
Notes to Consolidated Financial Statements
September 30, 2018
(unaudited)

On June 4, 2018, we entered into an exclusivity agreement with a potential purchaser of the offshore supply vessel under which we agreed to exclusively negotiate with such potential purchaser for the sale of the vessel to permit the potential purchaser to bid on a bareboat charter that if accepted, would have employed the offshore supply vessel. In exchange for exclusivity, the potential purchaser paid a \$25,000 nonrefundable fee. The exclusivity agreement expired and we were informed by the potential purchaser that it would not proceed with the purchase of the vessel. During the three months ended June 30, 2018, we continued to work with DVB Asia, Pacific Crest and Pacific Radiance to market the vessel for sale and were in negotiations with another potential purchaser. Based on the purchase offers received, our Managing Trustee concluded that there was an indication that the then net carrying value of the vessel may not be recoverable. As a result, our Managing Trustee performed an impairment test on the vessel and concluded that we should record an additional impairment loss of \$7,345,225 during the three months ended June 30, 2018.

As a result of the termination of the bareboat charter, we reclassified the offshore supply vessel from leased equipment at cost to vessel on our consolidated balance sheet as of June 30, 2018 at the then net carrying value of \$5,400,000.

(6) Vessel

Upon termination of the bareboat charter with Pacific Crest (see Note 5), we reclassified the offshore supply vessel from leased equipment at cost to vessel on our consolidated balance sheet as of June 30, 2018. We continue to work with DVB Asia, Pacific Crest and Pacific Radiance to identify sale opportunities and based on recent negotiations with potential purchasers and the most recent purchase offer received, our Managing Trustee concluded that there was an indication that the net carrying value of the vessel may not be recoverable. As a result, our Managing Trustee performed an impairment test and concluded that we should record an additional impairment loss of \$2,458,845 for the three months ended September 30, 2018. We and DVB Asia are motivated to sell the vessel as the vessel is the primary collateral securing our non-recourse long-term debt with DVB Asia. Determining the fair value of the vessel involves significant judgment due to the lack of sales activity in the market that the vessel operates. An additional impairment loss or loss on sale may be recorded in future periods to the extent the fair value of the vessel decreases or the final purchase price for the vessel is below the net carrying value as of September 30, 2018. However, a gain on extinguishment of debt may also be recognized in a future period as a result of applying the sale proceeds to settle the related non-recourse long-term debt. As of September 30, 2018, our principal balance on the non-recourse long-term debt and related interest payable associated with the vessel was \$18,315,800 and \$795,676, respectively, and the net carrying value of the vessel was \$2,900,000.

Depreciation expense related to vessel was \$41,155 for the three and nine months ended September 30, 2018.

(7) Investment in Cost-Method Investees

As part of the restructuring of our note receivable with TMA, ICON acquired a 12.5% equity interest in two affiliates of TMA. In proportion to our share of the ICON Loan, our share of such equity interest in these two entities is 9.375%. Due to our ownership interest and that we were able to exercise significant influence over the operating and financial policies of these two affiliates of TMA, we accounted for our investment in such equity interest under the equity method of accounting.

On June 29, 2018, ICON's appointee to the board of directors of the two affiliates of TMA resigned as a board member and as a result, no longer participates in voting on any matter associated with the business operations of these two entities. As a result, we are no longer deemed to be able to exercise significant influence over the operating and financial policies of these two entities. We recorded our share of loss of \$224,108 from these two equity-method investees through June 29, 2018 and reclassified the amount related to these two affiliates of TMA from investment in equity-method investees to investment in cost-method investees as of June 30, 2018.

(8) Non-Recourse Long-Term Debt

As of September 30, 2018 and December 31, 2017, we had the following non-recourse long-term debt:

ICON Leasing Fund Twelve Liquidating Trust
(A Delaware Statutory Trust)
Notes to Consolidated Financial Statements
September 30, 2018
(unaudited)

Counterparty	September 30, 2018	December 31, 2017	Maturity	Rate
DVB Group Merchant Bank (Asia) Ltd.	\$ 18,315,800	\$ 33,810,800	2021-2022	5.04%-6.1225%
Total principal outstanding on non-recourse long-term debt	18,315,800	33,810,800		
Less: debt issuance costs	92,073	328,436		
Total non-recourse long-term debt	18,223,727	33,482,364		
Less: current portion of non-recourse long-term debt	18,223,727	22,335,800		
Total non-recourse long-term debt, less current portion	\$ —	\$ 11,146,564		

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 lessee was 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, 2018 and December 31, 2017, the total carrying value of assets subject to non-recourse long-term debt was \$2,900,000 and \$45,910,318, respectively.

On March 21, 2014, a joint venture owned 75% by us, 12.5% by Fund Fourteen and 12.5% by Fund Fifteen financed the acquisition of the EPIC Vessels by entering into a non-recourse loan agreement with DVB Asia in the amount of \$24,800,000. The loan bore interest at a rate of 6.1225% per year and was scheduled to mature on March 25, 2022. On February 14, 2018, a portion of the proceeds from the sale of the EPIC Vessels was used to satisfy in full the related outstanding non-recourse long-term debt obligations to DVB Asia of \$14,553,215.

On June 9, 2014, a joint venture owned 75% by us, 12.5% by Fund Fourteen and 12.5% by Fund Fifteen financed the acquisition of an offshore supply vessel from Pacific Crest by entering into a non-recourse loan agreement with DVB Asia in the amount of \$26,000,000. The senior secured loan bears interest at a rate of 5.04% per year and matures on June 24, 2021. On December 21, 2017, we were notified of an event of default as a result of payment defaults and non-compliance with certain financial covenants. The lender has reserved, but not exercised, its rights under the loan agreement. As a result of such default, we classified the entire outstanding net balance of the debt of \$18,223,727 under current liabilities as of September 30, 2018. We are currently working with DVB Asia, Pacific Crest and Pacific Radiance to market and sell the vessel (see Note 6).

At September 30, 2018, our non-recourse long-term debt was related to the loan from DVB Asia, in which we are not in compliance, as disclosed above.

For the three months ended September 30, 2018 and 2017, we recognized interest expense of \$11,219 and \$32,699, respectively, related to the amortization of debt financing costs. For the nine months ended September 30, 2018 and 2017, we recognized interest expense of \$236,363 and \$99,544, respectively, related to the amortization of debt financing costs.

(9) Transactions with Related Parties

We did not pay distributions to our Managing Trustee for the three or nine months ended September 30, 2018. We paid distributions to our Managing Trustee of \$0 and \$50,507 for the three and nine months ended September 30, 2017, respectively. Our Managing Trustee's interest in our net loss for the three months ended September 30, 2018 and 2017 was \$16,420 and \$129,277, respectively. Our Managing Trustee's interest in our net loss for the nine months ended September 30, 2018 and 2017 was \$85,386 and \$210,764, respectively.

ICON Leasing Fund Twelve Liquidating Trust
(A Delaware Statutory Trust)
Notes to Consolidated Financial Statements
September 30, 2018
(unaudited)

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

Entity	Capacity	Description	Three Months Ended September 30,		Nine Months Ended September 30,	
			2018	2017	2018	2017
ICON Capital, LLC	Managing Trustee	Management fees ⁽¹⁾	\$ —	\$ 44,029	\$ —	\$ 192,112
ICON Capital, LLC	Managing Trustee	Administrative expense reimbursements ⁽¹⁾	168,313	210,785	550,447	660,757
			<u>\$ 168,313</u>	<u>\$ 254,814</u>	<u>\$ 550,447</u>	<u>\$ 852,869</u>

⁽¹⁾ Amount charged directly to operations.

At September 30, 2018, we had a net payable due to our Managing Trustee and affiliates of \$38,498 related to administrative expense reimbursements. At December 31, 2017, we had a net payable due to our Managing Trustee and affiliates of \$107,406 related to administrative expense reimbursements.

(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 vessel, 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 asset measured at fair value on a nonrecurring basis, which is presented as of the date the impairment loss was recorded, while the carrying value of the asset is presented as of September 30, 2018.

	Carrying Value at September 30, 2018	Fair Value at Impairment Date			Impairment Loss for the Nine Months Ended September 30, 2018
		Level 1	Level 2	Level 3	
Vessel	\$ 2,900,000	\$ —	\$ —	\$ 2,900,000 ⁽¹⁾	\$ 9,804,070

⁽¹⁾ There were non-recurring fair value measurements in relation to the impairment loss recorded as of June 30, 2018 and September 30, 2018 related to the offshore supply vessel currently being maintained by Pacific Crest. As of June 30, 2018 and September 30, 2018, the fair value was \$5,400,000 and \$2,900,000, respectively.

Since July 2017, Pacific Crest failed to make its monthly charter payments. During the three months ended June 30, 2018, we entered into an exclusivity agreement with a potential purchaser of the offshore supply vessel under which we agreed to exclusively negotiate with such potential purchaser for the sale of the vessel to permit the potential purchaser to bid on a bareboat charter that if accepted, would have employed the offshore supply vessel. The exclusivity agreement expired without proceeding with a sale of the vessel. During the three months ended June 30, 2018, we continued to work with DVB Asia, Pacific Crest and Pacific Radiance to market the vessel for sale and were in negotiations with another potential purchaser. Based on the purchase offers received, our Managing Trustee concluded that there was an indication that the then net carrying value of the vessel may not be recoverable. As a result, our Managing Trustee performed an impairment test on the vessel and concluded that we should record an additional impairment loss of \$7,345,225 during the three months ended June 30, 2018. We continue to work with DVB Asia, Pacific Crest and Pacific Radiance to identify sale

ICON Leasing Fund Twelve Liquidating Trust
(A Delaware Statutory Trust)
Notes to Consolidated Financial Statements
September 30, 2018
(unaudited)

opportunities and based on recent negotiations with potential purchasers and the most recent purchase offer received, our Managing Trustee concluded that there was an indication that the net carrying value of the vessel may not be recoverable. As a result, our Managing Trustee performed an impairment test and concluded that we should record an additional impairment loss of \$2,458,845 for the three months ended September 30, 2018. We and DVB Asia are motivated to sell the vessel as the vessel is the primary collateral securing our non-recourse long-term debt with DVB Asia. Determining the fair value of the vessel involves significant judgment due to the lack of sales activity in the market that the vessel operates. An additional impairment loss or loss on sale may be recorded in future periods to the extent the fair value of the vessel decreases or the final purchase price for the vessel is below the net carrying value as of September 30, 2018. As of June 30, 2018 and September 30, 2018, the estimated fair market value of the offshore supply vessel was derived from the income approach and/or the market approach using the most recent and relevant information that was available at the time of assessment. The estimated fair market value was 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 a fixed-rate note receivable and fixed-rate non-recourse long-term debt, for which fair value is required to be disclosed, were valued using inputs that are generally unobservable and supported by little or no market data and are therefore classified within Level 3. 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.

	September 30, 2018	
	Carrying Value	Fair Value (Level 3)
Principal outstanding on fixed-rate note receivable	\$ 15,560,833	\$ 15,405,224
Principal outstanding on fixed-rate non-recourse long-term debt	\$ 18,315,800	\$ 3,986,191

(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 Managing Trustee 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 as a whole. In addition, at times we may seek to enforce our rights under a personal guaranty in order to collect amounts from the guarantor that are owed to us by a defaulting borrower or lessee. Gain contingencies may arise from enforcement of such guaranty, but are not recognized until realizable. We are currently seeking to recover a judgment issued in our favor against a guarantor covering amounts owed to us related to a lease with MWU Universal, Inc. and certain of its subsidiaries (collectively, "MWU").

In connection with certain debt obligations, we are required to maintain restricted cash accounts with certain banks. At September 30, 2018, we had restricted cash of \$1,794,362.

Item 2. Managing Trustee'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, 2017. This discussion should also be read in conjunction with the disclosures below regarding "Forward-Looking Statements."

As used in this Quarterly Report on Form 10-Q, references to "we," "us," "our" or similar terms include ICON Leasing Fund Twelve Liquidating Trust 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 beneficial owners 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 Managing Trustee manages and controls our business affairs, including, but not limited to, our equipment leases and other financing transactions, under the terms of our Trust 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.

The Liquidating Trust is governed by the Trust Agreement that appointed our Manager as Managing Trustee of the Liquidating Trust. On December 31, 2016, all assets and liabilities of the LLC were transferred to the Liquidating Trust in order to reduce expenses and to maximize potential distributions to beneficial owners of the Liquidating Trust. On December 31, 2016, all Shares of the LLC were exchanged for an equal number of Interests in the Liquidating Trust.

The financial position and results of operations of the LLC are presented as those of the Liquidating Trust retroactively to the beginning of the earliest period presented.

Recent Significant Transactions

We engaged in the following significant transactions since December 31, 2017:

Note Receivable

On January 5, 2018, ICON, the Senior Lender and TMA executed all definitive agreements in connection with the restructuring of TMA's outstanding debt obligations including, without limitation, the Second Amendment. Under the Second Amendment, ICON funded a total of \$8,000,000 in exchange for (i) all amounts payable under the Senior Loan would amortize at a faster rate, at which time ICON would become the senior lender and have a first priority security interest in the four vessels and TMA's right to the earnings generated by the vessels; and (ii) a 12.5% equity interest in two affiliates of TMA. Also as part of the Second Amendment, ICON agreed to reduce its aggregate notes and interest receivables to \$20,000,000 in connection with the overall restructuring plan. As a result of the Second Amendment, on January 5, 2018, we funded our additional commitment of \$6,000,000, which represented our share of the total additional commitment to TMA, and our note and interest receivables due from TMA were reduced to \$15,000,000. As of January 5, 2018, our share of the fair value of the 12.5% equity interest in two affiliates of TMA was estimated to be \$2,700,000, which was based on an independent third-party valuation. Of our \$6,000,000 additional commitment to TMA, we recorded \$2,700,000 as an investment accounted for under the equity method of accounting and the remaining \$3,300,000 as an additional loan to TMA. As a result of this restructuring, during the three months ended March 31, 2018, we wrote off the allowance for credit loss of \$15,690,944 related to TMA, of which \$6,388,005 was previously reserved against the accrued interest receivable and \$9,302,939 was previously reserved against the current portion of our net investment in note receivable. In addition, we also wrote off the corresponding \$6,388,005 accrued interest receivable. In accordance with the Second Amendment, our restructured loan of \$15,000,000 bears interest at a rate of 12% per year and is scheduled to mature on January 5, 2021. The amended TMA Facility is secured by substantially the same collateral that secured the TMA Facility prior to the restructuring.

On June 12, 2018, all of TMA's obligations to the Senior Lender and all amounts payable under the Senior Loan were satisfied in full. As a result, ICON became the agent and senior lender and has a first priority security interest in the four vessels and TMA's right to the earnings generated by the vessels. Interest was accrued as PIK interest until the Senior Loan was satisfied in full. Upon satisfaction of the Senior Loan, (i) \$790,000 of PIK interest was reclassified to principal; and (ii) the ICON Loan is being amortized at 25% per year and together with interest, is payable quarterly in arrears. On July 5, 2018, we extended the due date of certain payments from TMA for an additional 15 days for a fee of \$22,500. Such payments were thereafter timely received from TMA. On October 4, 2018, we extended the due date of the quarterly interest and principal payments from TMA for an additional 20 days for a fee of \$30,000. The fee was timely received but the quarterly interest and principal payments were not received from TMA until November 9, 2018.

As of September 30, 2018 and December 31, 2017, our net investment in note receivable related to TMA was \$15,560,833 and \$11,700,000, respectively. In addition, as of December 31, 2017, we had an accrued interest receivable related to TMA of \$6,388,005, which had been fully reserved, resulting in a net carrying value of \$0. During the three and nine months ended September 30, 2018, we recognized finance income of \$500,004 and \$1,392,655, respectively, of which no amount was recognized on a cash basis. During the three and nine months ended September 30, 2017, we recognized finance income of \$0 and \$667,672, respectively, of which no amount was recognized on a cash basis.

Marine Vessels

On February 14, 2018, Foreguard Shipping purchased the EPIC Vessels from two indirect subsidiaries of a joint venture owned 75% by us for an aggregate purchase price of \$32,412,488. As a result, the bareboat charters were terminated. A portion of the proceeds from the sale of the EPIC Vessels was used to satisfy in full the seller's credit to Foreguard Shipping and the related outstanding non-recourse long-term debt obligations to DVB Asia. As a result, we recorded a loss of \$3,018,839, which is included in finance income (loss) on our consolidated statements of operations. The loss was primarily due to (i) the seller's credit, which was satisfied in full at its maturity amount of \$9,500,000 rather than its then-present value of \$7,355,183 recorded on our books prior to the sale, and (ii) the write-off of the remaining unamortized indirect costs.

On April 20, 2018, we and DVB Asia entered into the DVB Asia Agreement under which the parties agreed to (i) cooperate to market and sell the offshore supply vessel, (ii) the application of any future payments that may be received by us from Pacific Crest and/or Pacific Radiance in settlement of all obligations and liabilities of Pacific Crest and Pacific Radiance under the bareboat charter and the guaranty, respectively, and (iii) the application of the sale proceeds from any future sale of the vessel.

On May 14, 2018, we entered into a settlement agreement with Pacific Crest, Pacific Radiance and DVB Asia under which, among other things, (i) the parties agreed to terminate the bareboat charter and we would release Pacific Crest and Pacific Radiance from all obligations and liabilities under the bareboat charter and the guaranty, respectively, in each case upon our receipt of a \$1,000,000 payment from Pacific Crest, a portion of which will be used to make a partial repayment on the outstanding debt to DVB Asia; (ii) the parties agreed to cooperate to market and sell the offshore supply vessel; and (iii) Pacific Crest released us from our obligation to repay the seller's credit and Pacific Crest will continue to maintain the vessel in its current condition until the earlier of the sale of the vessel or December 15, 2018. On May 18, 2018, we received the \$1,000,000 payment from Pacific Crest, of which (a) we are entitled to \$566,667, and (b) the remaining \$433,333 will be applied toward the repayment of the outstanding non-recourse debt to DVB Asia in accordance with the DVB Asia Agreement. As a result, we recognized \$1,000,000 of rental income as part of this arrangement.

On May 16, 2018, Pacific Radiance and its subsidiaries (including Pacific Crest) made applications to the Singapore High Court seeking interim protection against legal proceedings and other claims as they seek to restructure their outstanding debt obligations with stakeholders. On June 11, 2018, the Court granted such protection to Pacific Radiance and its subsidiaries (including Pacific Crest) until December 2018.

On June 4, 2018, we entered into an exclusivity agreement with a potential purchaser of the offshore supply vessel under which we agreed to exclusively negotiate with such potential purchaser for the sale of the vessel to permit the potential purchaser to bid on a bareboat charter that if accepted, would have employed the offshore supply vessel. In exchange for exclusivity, the potential purchaser paid a \$25,000 nonrefundable fee. The exclusivity agreement expired and we were informed by the potential purchaser that it would not proceed with the purchase of the vessel. During the three months ended June 30, 2018, we continued to work with DVB Asia, Pacific Crest and Pacific Radiance to market the vessel for sale and were in negotiations with another potential purchaser. Based on the purchase offers received, our Managing Trustee concluded that there was an indication that the then net carrying value of the vessel may not be recoverable. As a result, our Managing Trustee performed an impairment test on the vessel and concluded that we should record an additional impairment loss of \$7,345,225 during the three months ended June 30, 2018. As a result of the termination of the bareboat charter, we reclassified the offshore supply vessel from leased equipment at cost to vessel on our consolidated balance sheet as of June 30, 2018 at the then net carrying value of \$5,400,000.

We continue to work with DVB Asia, Pacific Crest and Pacific Radiance to identify sale opportunities and based on recent negotiations with potential purchasers and the most recent purchase offer received, our Managing Trustee concluded that there was an indication that the net carrying value of the vessel may not be recoverable. As a result, our Managing Trustee performed an impairment test and concluded that we should record an additional impairment loss of \$2,458,845 for the three months ended September 30, 2018. We and DVB Asia are motivated to sell the vessel as the vessel is the primary collateral securing our non-recourse long-term debt with DVB Asia. Determining the fair value of the vessel involves significant judgment due to the lack of sales activity in the market that the vessel operates. An additional impairment loss or loss on sale may be recorded in future periods to the extent the fair value of the vessel decreases or the final purchase price for the vessel is below the net carrying value as of September 30, 2018. However, a gain on extinguishment of debt may also be recognized in a future period as a result of applying the sale proceeds to settle the related non-recourse long-term debt. As of September 30, 2018, our principal balance on the non-recourse long-term debt and related interest payable associated with the vessel was \$18,315,800 and \$795,676, respectively, and the net carrying value of the vessel was \$2,900,000.

Recently Adopted Accounting Pronouncements

In May 2014, FASB issued ASU 2014-09, *Revenue from Contracts with Customers*, which we adopted on January 1, 2018. The adoption of ASU 2014-09 did not have an 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 we adopted on January 1, 2018. As a result of the adoption of ASU 2016-01, we are no longer required to make certain disclosures related to the methods and significant assumptions used to estimate fair value for financial instruments measured at amortized cost.

In August 2016, FASB issued ASU 2016-15, *Statement of Cash Flows: Classification of Certain Cash Receipts and Cash Payments*, which we adopted on January 1, 2018. The adoption of ASU 2016-15 did not have an effect on our consolidated financial statements.

In November 2016, FASB issued ASU 2016-18, *Statement of Cash Flows*, which we adopted on January 1, 2018. As a result of the adoption of ASU 2016-18, we commenced presenting restricted cash with cash and cash equivalents when

[Table of Contents](#)

reconciling the beginning-of-period and end-of-period total amounts presented on our consolidated statements of cash flows. We adopted ASU 2016-18 using the retrospective method. As a result, the effects of adopting ASU 2016-18 on our consolidated statements of cash flows for the nine months ended September 30, 2017 were to decrease cash provided by operating activities for the nine months ended September 30, 2017 by \$128,534 and increase cash, cash equivalents and restricted cash at September 30, 2017 by \$3,342,613.

In January 2017, FASB issued ASU 2017-01, *Business Combinations*, which we adopted on January 1, 2018. The adoption of ASU 2017-01 did not have an effect on our consolidated financial statements.

Other Recent Accounting Pronouncements

In February 2016 and July 2018, FASB issued ASU 2016-02, *Leases*, and ASU 2018-11, *Leases*, respectively, which will become effective for us on January 1, 2019. As we no longer have any lease arrangements and since we are in our liquidation period and not expecting to enter into any new leases in the future, the adoption of ASU 2016-02 and ASU 2018-11 will not have an 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 2018, FASB issued ASU 2018-13, *Fair Value Measurement*, 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 2018-13 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, 2018 (the “2018 Quarter”) and 2017 (the “2017 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, 2018		December 31, 2017	
	Net Carrying Value	Percentage of Total Net Carrying Value	Net Carrying Value	Percentage of Total Net Carrying Value
Platform supply vessels	\$ 15,560,833	100%	\$ 11,700,000	26%
Tanker vessels	—	—	32,910,318	74%
	<u>\$ 15,560,833</u>	<u>100%</u>	<u>\$ 44,610,318</u>	<u>100%</u>

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

[Table of Contents](#)

During the 2018 Quarter and the 2017 Quarter, certain customers generated significant portions (defined as 10% or more) of our total finance income (loss) as follows:

Customer	Asset Type	Percentage of Total Finance Income (Loss)	
		2018 Quarter	2017 Quarter
Técnicas Marítimas Avanzadas, S.A. de C.V.	Platform supply vessels	100%	—
Foreguard Shipping I Global Ships Ltd.	Tanker vessels	—	63%
Blackhawk Mining, LLC	Mining equipment	—	37%
		100%	100%

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 (loss) in our consolidated statements of operations.

Non-performing Assets within Financing Transactions

TMA was in technical default due to its failure to cause all four platform supply vessels to be under contract by March 31, 2015 and was in payment default while available cash was swept by the Senior Lender and applied to the Senior Loan in accordance with the secured term loan credit facility agreement. As a result, the principal balance of the Senior Loan amortized at a faster rate. During the three months ended June 30, 2017, our Managing Trustee believed it was prudent to place the note receivable on non-accrual status. In September 2017, our Managing Trustee met with certain restructuring advisors engaged by TMA to discuss a potential restructuring of the company. In light of these developments and a decrease in the fair market value of the collateral, in which we had a second priority security interest, our Managing Trustee determined to record credit losses commencing with the 2017 Quarter. As of December 31, 2017, our net investment in note receivable related to TMA was \$21,002,939, net of a credit loss reserve of \$9,302,939. In addition, as of December 31, 2017, we had an accrued interest receivable related to TMA of \$6,388,005, which had been fully reserved, resulting in a net carrying value of \$0. On January 5, 2018, ICON, the Senior Lender and TMA entered into the Second Amendment. Under the Second Amendment, ICON funded a total of \$8,000,000 in exchange for (i) all amounts payable under the Senior Loan would amortize at a faster rate, at which time ICON would become the senior lender and have a first priority security interest in the four vessels and TMA's right to the earnings generated by the vessels; and (ii) a 12.5% equity interest in two affiliates of TMA. Also as part of the Second Amendment, ICON agreed to reduce its aggregate notes and interest receivables to \$20,000,000 in connection with the overall restructuring plan. As a result of the Second Amendment, on January 5, 2018, we funded our additional commitment of \$6,000,000, which represented our share of the total additional commitment to TMA, and our note and interest receivables due from TMA were reduced to \$15,000,000. On June 12, 2018, all of TMA's obligations to the Senior Lender and all amounts payable under the Senior Loan were satisfied in full. As a result, ICON became the agent and senior lender and has a first priority security interest in the four vessels and TMA's right to the earnings generated by the vessels. Interest was accrued as PIK interest until the Senior Loan was satisfied in full. Upon satisfaction of the Senior Loan, (i) \$790,000 of PIK interest was reclassified to principal; and (ii) the ICON Loan is being amortized at 25% per year and together with interest, is payable quarterly in arrears. On July 5, 2018, we extended the due date of certain payments from TMA for an additional 15 days for a fee of \$22,500. Such payments were thereafter timely received from TMA. On October 4, 2018, we extended the due date of the quarterly interest and principal payments from TMA for an additional 20 days for a fee of \$30,000. The fee was timely received but the quarterly interest and principal payments were not received from TMA until November 9, 2018. During the 2018 Quarter and the 2017 Quarter, we recognized finance income of \$500,004 and \$0, respectively, of which no amount was recognized on a cash basis.

Operating Lease Transactions

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

Asset Type	September 30, 2018		December 31, 2017	
	Net Carrying Value	Percentage of Total Net Carrying Value	Net Carrying Value	Percentage of Total Net Carrying Value
Offshore oil field services equipment	\$ 2,900,000	100%	\$ 13,000,000	100%
	\$ 2,900,000	100%	\$ 13,000,000	100%

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

[Table of Contents](#)

During the 2017 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	
		2018 Quarter	2017 Quarter
Pacific Crest Pte. Ltd.	Offshore oil field services equipment	100%	20%
Murray Energy Corporation	Mining equipment	—	80%
		100%	100%

Impaired Leased Assets within Operating Lease Transactions

Swiber Offshore Marine Pte. Ltd. (“Swiber Offshore”) failed to make its monthly charter payments to our joint venture from July 2016 through the expiration of the charter in March 2017. On July 29, 2016, Swiber Holdings Ltd. (“Swiber Holdings”) submitted an application for court-supervised judicial management in Singapore. On November 28, 2016, Swiber Offshore filed an application for voluntary winding up and liquidation in Singapore. As a result of (i) Swiber Offshore’s and Swiber Holdings’ default on their respective obligations under the charter and the guaranty, respectively, (ii) Swiber Offshore and Swiber Holdings being subject to voluntary winding up and judicial management proceedings, respectively, (iii) a decrease in the fair market value of the Swiber Chateau and (iv) the barge being classified as asset held for sale as of December 31, 2016, we recorded an aggregate impairment loss of \$15,493,643 during 2016, of which only \$8,706,972 was allocated to Swiber Engineering Ltd. (“Swiber”) as the balance of its noncontrolling interest in the joint venture had been reduced to zero. The joint venture ceased income recognition since July 2016 as collectability of remaining charter payments was in doubt. During 2017, we repossessed the Swiber Chateau. Based on a negotiated purchase price for the sale of the Swiber Chateau to a potential third-party purchaser, we further wrote down the barge by \$900,000 during the three months ended March 31, 2017 to its estimated fair value less cost to sell. Subsequently, this proposed sale transaction fell through. During the three months ended June 30, 2017, we resumed marketing the Swiber Chateau for sale. Based on such negotiations, our Managing Trustee determined to record an additional impairment loss of \$1,700,000 during the three months ended June 30, 2017. Subsequently, this proposed sale transaction also fell through. During the 2017 Quarter, our Managing Trustee resumed marketing the Swiber Chateau for sale and entered into a memorandum of agreement to sell the barge. As a result, we recorded an additional impairment loss of \$2,024,000 during the 2017 Quarter based on the estimated fair value less cost to sell. On December 29, 2017, we sold the Swiber Chateau to a third-party purchaser for \$3,175,000. As a result, we recognized a gain on sale of \$59,730. During the 2017 Quarter, we did not recognize any rental income.

Since July 2017, Pacific Crest failed to make its monthly charter payments and our Managing Trustee was advised in July 2017 that Pacific Crest was engaged in discussions with its lenders regarding a potential restructuring of its outstanding debt obligations. As a result, we performed an impairment test on the vessel during the three months ended June 30, 2017. Based on such test, we recorded an impairment loss of \$14,661,525 during the three months ended June 30, 2017. Commencing July 1, 2017, we ceased recognizing rental income on the lease. As part of our annual assessment of asset impairment, our Managing Trustee obtained third-party valuations related to the offshore supply vessel. Based on such valuations, our Managing Trustee concluded that an impairment existed and as a result, we recorded an additional impairment loss of \$4,633,705 during the three months ended December 31, 2017.

On April 20, 2018, we and DVB Asia entered into the DVB Asia Agreement under which the parties agreed to (i) cooperate to market and sell the offshore supply vessel, (ii) the application of any future payments that may be received by us from Pacific Crest and/or Pacific Radiance in settlement of all obligations and liabilities of Pacific Crest and Pacific Radiance under the bareboat charter and the guaranty, respectively, and (iii) the application of the sale proceeds from any future sale of the vessel. On May 14, 2018, we entered into a settlement agreement with Pacific Crest, Pacific Radiance and DVB Asia under which, among other things, (i) the parties agreed to terminate the bareboat charter and we would release Pacific Crest and Pacific Radiance from all obligations and liabilities under the bareboat charter and the guaranty, respectively, in each case upon our receipt of a \$1,000,000 payment from Pacific Crest, a portion of which will be used to make a partial repayment on the outstanding debt to DVB Asia; (ii) the parties agreed to cooperate to market and sell the offshore supply vessel; and (iii) Pacific Crest released us from our obligation to repay the seller’s credit and Pacific Crest will continue to maintain the vessel in its current condition until the earlier of the sale of the vessel or December 15, 2018. On May 18, 2018, we received the \$1,000,000 payment from Pacific Crest, of which (a) we are entitled to \$566,667 and (b) the remaining \$433,333 will be applied toward the repayment of the outstanding non-recourse debt to DVB Asia in accordance with the DVB Asia Agreement.

[Table of Contents](#)

On May 16, 2018, Pacific Radiance and its subsidiaries (including Pacific Crest) made applications to the Singapore High Court seeking interim protection against legal proceedings and other claims as they seek to restructure their outstanding debt obligations with stakeholders. On June 11, 2018, the Court granted such protection to Pacific Radiance and its subsidiaries (including Pacific Crest) until December 2018.

On June 4, 2018, we entered into an exclusivity agreement with a potential purchaser of the offshore supply vessel under which we agreed to exclusively negotiate with such potential purchaser for the sale of the vessel to permit the potential purchaser to bid on a bareboat charter that if accepted, would have employed the offshore supply vessel. In exchange for exclusivity, the potential purchaser paid a \$25,000 nonrefundable fee. The exclusivity agreement expired and we were informed by the potential purchaser that it would not proceed with the purchase of the vessel. During the three months ended June 30, 2018, we continued to work with DVB Asia, Pacific Crest and Pacific Radiance to market the vessel for sale and were in negotiations with another potential purchaser. Based on the purchase offers received, our Managing Trustee concluded that there was an indication that the then net carrying value of the vessel may not be recoverable. As a result, our Managing Trustee performed an impairment test on the vessel and concluded that we should record an additional impairment loss of \$7,345,225 during the three months ended June 30, 2018. As a result of the termination of the bareboat charter, we reclassified the offshore supply vessel from leased equipment at cost to vessel on our consolidated balance sheet as of June 30, 2018 at the then net carrying value of \$5,400,000.

We continue to work with DVB Asia, Pacific Crest and Pacific Radiance to identify sale opportunities and based on recent negotiations with potential purchasers and the most recent purchase offer received, our Managing Trustee concluded that there was an indication that the net carrying value of the vessel may not be recoverable. As a result, our Managing Trustee performed an impairment test and concluded that we should record an additional impairment loss of \$2,458,845 for the 2018 Quarter. We and DVB Asia are motivated to sell the vessel as the vessel is the primary collateral securing our non-recourse long-term debt with DVB Asia. Determining the fair value of the vessel involves significant judgment due to the lack of sales activity in the market that the vessel operates. An additional impairment loss or loss on sale may be recorded in future periods to the extent the fair value of the vessel decreases or the final purchase price for the vessel is below the net carrying value as of September 30, 2018. However, a gain on extinguishment of debt may also be recognized in a future period as a result of applying the sale proceeds to settle the related non-recourse long-term debt. As of September 30, 2018, our principal balance on the non-recourse long-term debt and related interest payable associated with the vessel was \$18,315,800 and \$795,676, respectively, and the net carrying value of the vessel was \$2,900,000. During the 2018 Quarter and the 2017 Quarter, we recognized rental income of \$433,333 and \$137,958, respectively.

Revenue and other income for the 2018 Quarter and the 2017 Quarter is summarized as follows:

	Three Months Ended September 30,		Change
	2018	2017	
Finance income	\$ 501,768	\$ 1,127,024	\$ (625,256)
Rental income	433,333	679,472	(246,139)
Other income	97,110	—	97,110
Total revenue and other income	\$ 1,032,211	\$ 1,806,496	\$ (774,285)

Total revenue and other income for the 2018 Quarter decreased \$774,285, or 42.9%, as compared to the 2017 Quarter. The decrease was due to (i) less finance income recognized during the 2018 Quarter primarily due to the sale of certain investments during and subsequent to the 2017 Quarter, partially offset by interest income recognized on our note receivable related to TMA during the 2018 Quarter subsequent to the restructuring of the TMA Facility in January 2018 as compared to being placed on non-accrual status during the 2017 Quarter and (ii) less rental income recognized during the 2018 Quarter due to no rental income recognized on our lease with Murray Energy Corporation (“Murray”) due to the expiration of such lease during the 2017 Quarter and less rental income recognized on our lease with Pacific Crest as we were not accruing rental income since July 2017 as collectability of remaining charter payments was in doubt, and the rental income recognized during the 2018 Quarter represents a settlement amount we received to release Pacific Crest and Pacific Radiance from all their obligations and liabilities under the bareboat charter and the guaranty, respectively. These decreases were partially offset by other income recognized during the 2018 Quarter primarily due to a restitution payment received from a former lessee.

[Table of Contents](#)

Expenses for the 2018 Quarter and the 2017 Quarter are summarized as follows:

	Three Months Ended September 30,		Change
	2018	2017	
Management fees	\$ —	\$ 44,029	\$ (44,029)
Administrative expense reimbursements	168,313	210,785	(42,472)
General and administrative	319,697	346,235	(26,538)
Interest	262,383	687,826	(425,443)
Depreciation	41,155	617,394	(576,239)
Vessel operating	—	143,735	(143,735)
Credit loss	—	10,500,000	(10,500,000)
Impairment loss	2,458,845	2,024,000	434,845
Total expenses	\$ 3,250,393	\$ 14,574,004	\$ (11,323,611)

Total expenses for the 2018 Quarter decreased \$11,323,611, or 77.7%, as compared to the 2017 Quarter. The decrease was primarily attributable to (i) the credit loss recorded during the 2017 Quarter related to TMA with no comparable credit loss recorded during the 2018 Quarter, (ii) a decrease in depreciation recorded during the 2018 Quarter as a result of (a) the sale of assets previously on lease to Murray subsequent to the 2017 Quarter and (b) a lower depreciable base related to the vessel previously on charter to Pacific Crest subsequent to the impairment losses recorded during 2017, (iii) a decrease in interest expense primarily due to the satisfaction in full of the outstanding non-recourse long-term debt related to the EPIC Vessels upon the sale of such vessels during 2018 and (iv) no vessel operating expenses recorded during the 2018 Quarter due to the sale of the Swiber Chateau in December 2017. The decrease was partially offset by an increase in the impairment loss recorded on the vessel previously on charter to Pacific Crest during the 2018 Quarter as compared to the impairment loss recorded on the Swiber Chateau during the 2017 Quarter.

Net (Loss) Income Attributable to Noncontrolling Interests

Net (loss) income attributable to noncontrolling interests changed by \$736,410, from net income of \$160,209 in the 2017 Quarter to a net loss of \$576,201 in the 2018 Quarter. The change was primarily due to (i) the allocation of the impairment loss associated with the vessel previously on charter to Pacific Crest to the noncontrolling interest holders during the 2018 Quarter, (ii) additional finance income recognized in the 2017 Quarter from the prepayment of the finance lease by Blackhawk Mining, LLC and its affiliates (collectively, "Blackhawk") and (iii) no income allocation to noncontrolling interests during the 2018 Quarter from our consolidated joint venture related to the EPIC Vessels due to the sale of such vessels subsequent to the 2017 Quarter.

Net Loss Attributable to Fund Twelve Liquidating Trust

As a result of the foregoing factors, net loss attributable to us for the 2018 Quarter and the 2017 Quarter was \$1,641,981 and \$12,927,717, respectively. Net loss attributable to us per weighted average additional Interest outstanding for the 2018 Quarter and the 2017 Quarter was \$4.67 and \$36.74, respectively.

Results of Operations for the Nine Months Ended September 30, 2018 (the "2018 Period") and 2017 (the "2017 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 2018 Period and the 2017 Period, certain customers generated significant portions (defined as 10% or more) of our total finance income (loss) as follows:

[Table of Contents](#)

Customer	Asset Type	Percentage of Total Finance Income (Loss)	
		2018 Period	2017 Period
Foreguard Shipping I Global Ships Ltd.	Tanker vessels	(248)% *	55%
Técnicas Maritimas Avanzadas, S.A. de C.V.	Platform supply vessels	148%	17%
Blackhawk Mining, LLC	Mining equipment	—	28%
		100%	100%

* As a result of the sale of the EPIC Vessels, we recorded a loss primarily due to (i) the seller's credit, which was satisfied in full at its maturity amount of \$9,500,000 rather than its then-present value of \$7,355,183 recorded on our books prior to the sale, and (ii) the write-off of the remaining unamortized indirect costs.

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 (loss) in our consolidated statements of operations.

Non-performing Assets within Financing Transactions

TMA was in technical default due to its failure to cause all four platform supply vessels to be under contract by March 31, 2015 and was in payment default while available cash was swept by the Senior Lender and applied to the Senior Loan in accordance with the secured term loan credit facility agreement. As a result, the principal balance of the Senior Loan amortized at a faster rate. During the three months ended June 30, 2017, our Managing Trustee believed it was prudent to place the note receivable on non-accrual status. In September 2017, our Managing Trustee met with certain restructuring advisors engaged by TMA to discuss a potential restructuring of the company. In light of these developments and a decrease in the fair market value of the collateral, in which we had a second priority security interest, our Managing Trustee determined to record credit losses commencing with the 2017 Quarter. As of December 31, 2017, our net investment in note receivable related to TMA was \$21,002,939, net of a credit loss reserve of \$9,302,939. In addition, as of December 31, 2017, we had an accrued interest receivable related to TMA of \$6,388,005, which had been fully reserved, resulting in a net carrying value of \$0. On January 5, 2018, ICON, the Senior Lender and TMA entered into the Second Amendment. Under the Second Amendment, ICON funded a total of \$8,000,000 in exchange for (i) all amounts payable under the Senior Loan would amortize at a faster rate, at which time ICON would become the senior lender and have a first priority security interest in the four vessels and TMA's right to the earnings generated by the vessels; and (ii) a 12.5% equity interest in two affiliates of TMA. Also as part of the Second Amendment, ICON agreed to reduce its aggregate notes and interest receivables to \$20,000,000 in connection with the overall restructuring plan. As a result of the Second Amendment, on January 5, 2018, we funded our additional commitment of \$6,000,000, which represented our share of the total additional commitment to TMA, and our note and interest receivables due from TMA were reduced to \$15,000,000. On June 12, 2018, all of TMA's obligations to the Senior Lender and all amounts payable under the Senior Loan were satisfied in full. As a result, ICON became the agent and senior lender and has a first priority security interest in the four vessels and TMA's right to the earnings generated by the vessels. Interest was accrued as PIK interest until the Senior Loan was satisfied in full. Upon satisfaction of the Senior Loan, (i) \$790,000 of PIK interest was reclassified to principal; and (ii) the ICON Loan is being amortized at 25% per year and together with interest, is payable quarterly in arrears. On July 5, 2018, we extended the due date of certain payments from TMA for an additional 15 days for a fee of \$22,500. Such payments were thereafter timely received from TMA. On October 4, 2018, we extended the due date of the quarterly interest and principal payments from TMA for an additional 20 days for a fee of \$30,000. The fee was timely received but the quarterly interest and principal payments were not received from TMA until November 9, 2018. During the 2018 Period and the 2017 Period, we recognized finance income of \$1,392,655 and \$667,672, respectively, of which no amount was recognized on a cash basis.

Operating Lease Transactions

During the 2018 Period and the 2017 Period, 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	
		2018 Period	2017 Period
Pacific Crest Pte. Ltd.	Offshore oil field services equipment	100%	60%
Murray Energy Corporation	Mining equipment	—	40%
		100%	100%

Impaired Leased Assets within Operating Lease Transactions

Swiber Offshore failed to make its monthly charter payments to our joint venture from July 2016 through the expiration of the charter in March 2017. On July 29, 2016, Swiber Holdings submitted an application for court-supervised judicial management in Singapore. On November 28, 2016, Swiber Offshore filed an application for voluntary winding up and liquidation in Singapore. As a result of (i) Swiber Offshore's and Swiber Holdings' default on their respective obligations under the charter and the guaranty, respectively, (ii) Swiber Offshore and Swiber Holdings being subject to voluntary winding up and judicial management proceedings, respectively, (iii) a decrease in the fair market value of the Swiber Chateau and (iv) the barge being classified as asset held for sale as of December 31, 2016, we recorded an aggregate impairment loss of \$15,493,643 during 2016, of which only \$8,706,972 was allocated to Swiber as the balance of its noncontrolling interest in the joint venture had been reduced to zero. The joint venture ceased income recognition since July 2016 as collectability of remaining charter payments was in doubt. During 2017, we repossessed the Swiber Chateau. During the 2017 Period, our Managing Trustee recorded an additional impairment loss of \$4,624,000 based on negotiated purchase prices with potential third-party purchasers, including the proposed purchase price set forth in the memorandum of agreement that we entered into in November 2017 to sell the barge. On December 29, 2017, we sold the Swiber Chateau to a third-party purchaser for \$3,175,000. As a result, we recognized a gain on sale of \$59,730. During the 2017 Period, we did not recognize any rental income.

Since July 2017, Pacific Crest failed to make its monthly charter payments and our Managing Trustee was advised in July 2017 that Pacific Crest was engaged in discussions with its lenders regarding a potential restructuring of its outstanding debt obligations. As a result, we performed an impairment test on the vessel during the 2017 Period. Based on such test, we recorded an impairment loss of \$14,661,525 during the 2017 Period. Commencing July 1, 2017, we ceased recognizing rental income on the lease. As part of our annual assessment of asset impairment, our Managing Trustee obtained third-party valuations related to the offshore supply vessel. Based on such valuations, our Managing Trustee concluded that an impairment existed and as a result, we recorded an additional impairment loss of \$4,633,705 during the three months ended December 31, 2017.

On April 20, 2018, we and DVB Asia entered into the DVB Asia Agreement under which the parties agreed to (i) cooperate to market and sell the offshore supply vessel, (ii) the application of any future payments that may be received by us from Pacific Crest and/or Pacific Radiance in settlement of all obligations and liabilities of Pacific Crest and Pacific Radiance under the bareboat charter and the guaranty, respectively, and (iii) the application of the sale proceeds from any future sale of the vessel. On May 14, 2018, we entered into a settlement agreement with Pacific Crest, Pacific Radiance and DVB Asia under which, among other things, (i) the parties agreed to terminate the bareboat charter and we would release Pacific Crest and Pacific Radiance from all obligations and liabilities under the bareboat charter and the guaranty, respectively, in each case upon our receipt of a \$1,000,000 payment from Pacific Crest, a portion of which will be used to make a partial repayment on the outstanding debt to DVB Asia; (ii) the parties agreed to cooperate to market and sell the offshore supply vessel; and (iii) Pacific Crest released us from our obligation to repay the seller's credit and Pacific Crest will continue to maintain the vessel in its current condition until the earlier of the sale of the vessel or December 15, 2018. On May 18, 2018, we received the \$1,000,000 payment from Pacific Crest, of which (a) we are entitled to \$566,667 and (b) the remaining \$433,333 will be applied toward the repayment of the outstanding non-recourse debt to DVB Asia in accordance with the DVB Asia Agreement.

On May 16, 2018, Pacific Radiance and its subsidiaries (including Pacific Crest) made applications to the Singapore High Court seeking interim protection against legal proceedings and other claims as they seek to restructure their outstanding debt obligations with stakeholders. On June 11, 2018, the Court granted such protection to Pacific Radiance and its subsidiaries (including Pacific Crest) until December 2018.

On June 4, 2018, we entered into an exclusivity agreement with a potential purchaser of the offshore supply vessel under which we agreed to exclusively negotiate with such potential purchaser for the sale of the vessel to permit the potential purchaser to bid on a bareboat charter that if accepted, would have employed the offshore supply vessel. In exchange for exclusivity, the potential purchaser paid a \$25,000 nonrefundable fee. The exclusivity agreement expired and we were informed by the potential purchaser that it would not proceed with the purchase of the vessel. During the three months ended June 30, 2018, we continued to work with DVB Asia, Pacific Crest and Pacific Radiance to market the vessel for sale and were in negotiations with another potential purchaser. Based on the purchase offers received, our Managing Trustee concluded that there was an indication that the then net carrying value of the vessel may not be recoverable. As a result, our Managing Trustee performed an impairment test on the vessel and concluded that we should record an additional impairment loss of \$7,345,225 during the three months ended June 30, 2018. As a result of the termination of the bareboat charter, we reclassified the offshore supply vessel from leased equipment at cost to vessel on our consolidated balance sheet as of June 30, 2018 at the then net carrying value of \$5,400,000.

[Table of Contents](#)

We continue to work with DVB Asia, Pacific Crest and Pacific Radiance to identify sale opportunities and based on recent negotiations with potential purchasers and the most recent purchase offer received, our Managing Trustee concluded that there was an indication that the net carrying value of the vessel may not be recoverable. As a result, our Managing Trustee performed an impairment test and concluded that we should record an additional impairment loss of \$2,458,845 for the 2018 Quarter. We and DVB Asia are motivated to sell the vessel as the vessel is the primary collateral securing our non-recourse long-term debt with DVB Asia. Determining the fair value of the vessel involves significant judgment due to the lack of sales activity in the market that the vessel operates. An additional impairment loss or loss on sale may be recorded in future periods to the extent the fair value of the vessel decreases or the final purchase price for the vessel is below the net carrying value as of September 30, 2018. However, a gain on extinguishment of debt may also be recognized in a future period as a result of applying the sale proceeds to settle the related non-recourse long-term debt. As of September 30, 2018, our principal balance on the non-recourse long-term debt and related interest payable associated with the vessel was \$18,315,800 and \$795,676, respectively, and the net carrying value of the vessel was \$2,900,000. During the 2018 Period and the 2017 Period, we recognized rental income of \$1,000,000 and \$2,466,746, respectively.

Revenue and other income for the 2018 Period and the 2017 Period is summarized as follows:

	Nine Months Ended September 30,		Change
	2018	2017	
Finance (loss) income	\$ (934,551)	\$ 3,901,482	\$ (4,836,033)
Rental income	1,000,000	4,091,287	(3,091,287)
Loss from investment in joint ventures and equity-method investees	(224,108)	(6,071)	(218,037)
Gain on extinguishment of seller's credit and interest payable	1,476,348	5,131,250	(3,654,902)
Other income	97,110	—	97,110
Total revenue and other income	\$ 1,414,799	\$ 13,117,948	\$ (11,703,149)

Total revenue and other income for the 2018 Period decreased \$11,703,149, or 89.2%, as compared to the 2017 Period. The decrease was primarily attributable to (i) the loss recognized from the sale of the EPIC Vessels during the 2018 Period that was included in finance (loss) income as opposed to finance income recognized from the EPIC Vessels during the 2017 Period, (ii) a gain on extinguishment of seller's credit of \$1,476,348 recognized in the 2018 Period related to the vessel previously on charter to Pacific Crest as compared to a similar gain of \$5,313,250 recognized in the 2017 Period related to the Swiber Chateau, (iii) a decrease in rental income due to (a) less rental income recognized on our lease with Pacific Crest as we ceased accruing rental income since July 2017 when we deemed that the collectability of remaining charter payments was in doubt, and the rental income recognized during the 2018 Period represents a settlement amount we received to release Pacific Crest and Pacific Radiance from their respective obligations under the bareboat charter and the guaranty, respectively, and (b) no rental income recognized on our lease with Murray due to the expiration of such lease subsequent to the 2017 Period and (iv) our share of the loss from two affiliates of TMA in which we acquired an equity interest and accounted for under the equity method of accounting during the six months ended June 30, 2018. The decrease was partially offset by other income recognized during the 2018 Period primarily due to a restitution payment received from a former lessee.

Expenses for the 2018 Period and the 2017 Period are summarized as follows:

	Nine Months Ended September 30,		Change
	2018	2017	
Management fees	\$ —	\$ 192,112	\$ (192,112)
Administrative expense reimbursements	550,447	660,757	(110,310)
General and administrative	907,402	1,188,799	(281,397)
Interest	1,158,580	2,172,196	(1,013,616)
Depreciation	295,930	2,743,118	(2,447,188)
Vessel operating	—	348,311	(348,311)
Credit loss	—	10,500,000	(10,500,000)
Impairment loss	9,804,070	19,285,525	(9,481,455)
Total expenses	\$ 12,716,429	\$ 37,090,818	\$ (24,374,389)

Total expenses for the 2018 Period decreased \$24,374,389, or 65.7%, as compared to the 2017 Period. The decrease was primarily due to (i) the credit loss recorded during the 2017 Period related to TMA with no comparable credit loss

[Table of Contents](#)

recorded during the 2018 Period, (ii) a higher impairment loss recorded on the vessel previously on charter to Pacific Crest during the 2017 Period as compared to the 2018 Period and the impairment loss recorded on the Swiber Chateau during the 2017 Period, (iii) a decrease in depreciation recorded during the 2018 Period as a result of (a) a lower depreciable base related to the vessel previously on charter to Pacific Crest subsequent to the impairment losses recorded during 2017 and (b) the sale of assets previously on lease to Murray subsequent to the 2017 Period, (iv) a decrease in interest expense primarily due to the satisfaction in full of the outstanding non-recourse long-term debt related to the EPIC Vessels upon the sale of such vessels during 2018, (v) no vessel operating expenses incurred during the 2018 Period due to the sale of the Swiber Chateau in December 2017, (vi) a decrease in general and administrative expense primarily due to (a) the remarketing fee paid by us upon the sale of equipment previously on lease to Murray that we recorded during the 2017 Period with no comparable remarketing fee paid in the 2018 Period and (b) the reimbursement of insurance premiums from a lessee during the 2018 Period and (vii) no management fees incurred during the 2018 Period due to our Managing Trustee waiving all future management fees effective December 1, 2017.

Net Loss Attributable to Noncontrolling Interests

Net loss attributable to noncontrolling interests decreased \$133,460, from \$2,896,493 in the 2017 Period to \$2,763,033 in the 2018 Period. The decrease was primarily due to a decrease in impairment loss recorded on the vessel previously on charter to Pacific Crest, which resulted in less loss being allocated to the noncontrolling interest holders during the 2018 Period as compared to the 2017 Period. The decrease was partially offset by (i) the loss on sale of the EPIC Vessels recorded during the 2018 Period, of which the noncontrolling interest holders were allocated their proportionate share and (ii) no income allocation to noncontrolling interests during the 2018 Period from our joint venture related to Blackhawk as a result of the prepayment by the lessee in July 2017.

Net Loss Attributable to Fund Twelve Liquidating Trust

As a result of the foregoing factors, net loss attributable to us for the 2018 Period and the 2017 Period was \$8,538,597 and \$21,076,377, respectively. Net loss attributable to us per weighted average additional Interest outstanding for the 2018 Period and the 2017 Period was \$24.27 and \$59.90, respectively.

Financial Condition

This section discusses the major balance sheet variances at September 30, 2018 compared to December 31, 2017.

Total Assets

Total assets decreased \$37,879,080, from \$72,721,157 at December 31, 2017 to \$34,842,077 at September 30, 2018. The decrease was primarily due to the sale of the EPIC Vessels during the 2018 Period, in which a loss was recognized from the sale and a portion of the net sale proceeds was used to satisfy in full the related seller's credit and the related non-recourse long-term debt, as well as the impairment loss recorded during the 2018 Period.

Current Assets

Current assets decreased \$8,655,346, from \$24,516,336 at December 31, 2017 to \$15,860,990 at September 30, 2018. The decrease was primarily a result of the restructuring of the TMA Facility, which reduced the current portion of our note receivable during the 2018 Period.

Total Liabilities

Total liabilities decreased \$23,908,670, from \$43,279,364 at December 31, 2017 to \$19,370,694 at September 30, 2018. The decrease was primarily due to the repayment of the outstanding non-recourse long-term debt and seller's credit upon the sale of the EPIC Vessels during the 2018 Period and the extinguishment of the seller's credit due to Pacific Crest as a result of the settlement agreement we entered into with Pacific Crest, Pacific Radiance and DVB Asia during the 2018 Period.

Current Liabilities

Current liabilities decreased \$3,873,391, from \$23,244,085 at December 31, 2017 to \$19,370,694 at September 30, 2018. The decrease was primarily due to the repayment of the outstanding non-recourse long-term debt upon the sale of the EPIC Vessels during the 2018 Period.

[Table of Contents](#)

Equity

Equity decreased \$13,970,410, from \$29,441,793 at December 31, 2017 to \$15,471,383 at September 30, 2018. The decrease was due to our net loss and distributions paid to our noncontrolling interests during the 2018 Period.

Liquidity and Capital Resources

Summary

At September 30, 2018 and December 31, 2017, we had cash and cash equivalents of \$11,630,775 and \$12,974,467, 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, 2018, the cash reserve was \$1,738,435. During our remaining liquidation period, we expect our main sources of cash will be from the collection of income and principal on our note receivable and proceeds from the sale of our investments. We expect our main use of cash will be for distributions to our beneficial owners and non-controlling 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 beneficial owners and noncontrolling interests and to the extent that expenses exceed cash flows from operations and proceeds from the sale of our investments.

We anticipate being able to meet our liquidity requirements into the foreseeable future through the expected results of our operating activities, as well as cash received from our investments at maturity or upon a sale. However, our equipment financing business has encountered significant challenges over the past several years. Specifically, we continue to suffer from an unprecedented and prolonged weakness in global shipping and offshore markets. 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 increased \$8,082,571, from \$14,238,867 in the 2017 Period to \$22,321,438 in the 2018 Period. The increase was primarily due to an increase in the collection of finance income as a result of the sale of the EPIC Vessels during the 2018 Period and the timing of cash receipts and cash payments from period-to-period. The increase was partially offset by a decrease in the collection of rental income due to the sale of assets previously on lease to Murray and no payments received from Pacific Crest since July 2017, of which the lease was ultimately terminated in May 2018.

Investing Activities

Cash used in investing activities increased \$5,764,762, from \$6,071 in the 2017 Period to \$5,770,833 in the 2018 Period. The increase was due to the restructuring of the TMA Facility during the 2018 Period, in which we funded an additional \$6,000,000 to TMA in exchange for, among other things, a 9.375% equity interest in two affiliates of TMA. The increase was partially offset by principal received on our notes receivable during the 2018 Period.

Financing Activities

Cash used in financing activities increased \$2,242,990, from \$15,920,790 in the 2017 Period to \$18,163,780 in the 2018 Period. The increase was primarily due to an increase in the repayment of our non-recourse long-term debt as a result of the sale of the EPIC Vessels during the 2018 Period. This increase was partially offset by no distributions paid to our beneficial owners and less distributions paid to noncontrolling interests during the 2018 Period.

Financings and Borrowings

Non-Recourse Long-Term Debt

We had non-recourse long-term debt obligations at September 30, 2018 and December 31, 2017 of \$18,223,727 and \$33,482,364, 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 lessee was 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, 2018 and December 31, 2017, the total carrying value of assets subject to non-recourse long-term debt was \$2,900,000 and \$45,910,318, respectively.

[Table of Contents](#)

On March 21, 2014, a joint venture owned 75% by us, 12.5% by Fund Fourteen and 12.5% by Fund Fifteen financed the acquisition of the EPIC Vessels by entering into a non-recourse loan agreement with DVB Asia in the amount of \$24,800,000. The loan bore interest at a rate of 6.1225% per year and was scheduled to mature on March 25, 2022. On February 14, 2018, a portion of the proceeds from the sale of the EPIC Vessels was used to satisfy in full the related outstanding non-recourse long-term debt obligations to DVB Asia of \$14,553,215.

On June 9, 2014, a joint venture owned 75% by us, 12.5% by Fund Fourteen and 12.5% by Fund Fifteen financed the acquisition of an offshore supply vessel from Pacific Crest by entering into a non-recourse loan agreement with DVB Asia in the amount of \$26,000,000. The senior secured loan bears interest at a rate of 5.04% per year and matures on June 24, 2021. On December 21, 2017, we were notified of an event of default as a result of payment defaults and non-compliance with certain financial covenants. The lender has reserved, but not exercised, its rights under the loan agreement. As a result of such default, we classified the entire outstanding net balance of the debt of \$18,223,727 under current liabilities as of September 30, 2018. We are currently working with DVB Asia, Pacific Crest and Pacific Radiance to market and sell the vessel.

At September 30, 2018, our non-recourse long-term debt was related to the loan from DVB Asia, in which we are not in compliance as disclosed above.

Distributions

We, at our Managing Trustee's discretion, paid monthly distributions to each of our beneficial owners beginning with the first month after each such beneficial owner's admission to the LLC through the end of our operating period, which was April 30, 2014. 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. We paid distributions of \$2,668,780 to our noncontrolling interests during the 2018 Period.

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 Managing Trustee believes that any liability of ours that may arise as a result of any such indemnification obligation may or may not have a material adverse effect on our consolidated financial condition or results of operations as a whole. In addition, at times we may seek to enforce our rights under a personal guaranty in order to collect amounts from the guarantor that are owed to us by a defaulting borrower or lessee. Gain contingencies may arise from enforcement of such guaranty, but are not recognized until realizable. We are currently seeking to recover a judgment issued in our favor against a guarantor covering amounts owed to us related to a lease with MWU.

In connection with certain debt obligations, we are required to maintain restricted cash accounts with certain banks. At September 30, 2018, we had restricted cash of \$1,794,362 on our consolidated balance sheets.

Off-Balance Sheet Transactions

None.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Smaller reporting companies are not required to provide the information required by this item.

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, 2018, our Managing Trustee carried out an evaluation, under the supervision and with the participation of the management of our Managing Trustee, including its Co-Chief Executive Officers and the Principal Financial and Accounting Officer, of the effectiveness of the design and operation of our Managing Trustee'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 Managing Trustee's disclosure controls and procedures were effective.

In designing and evaluating our Managing Trustee's disclosure controls and procedures, our Managing Trustee 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 Managing Trustee'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, 2018 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. In our Managing Trustee's opinion, the outcome of such matters, if any, will not have a material impact on our consolidated financial position or results of operations. 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

Smaller reporting companies are not required to provide the information required by this item.

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

We did not sell or repurchase any Interests during the three months ended September 30, 2018.

Item 3. Defaults Upon Senior Securities

Not applicable.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

Not applicable.

[Table of Contents](#)

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 \(Incorporated by reference to Exhibit 10.2 to Registrant's Annual Report on Form 10-K for the year ended December 31, 2012, filed March 22, 2013\).](#)
- 10.3 [Plan of Liquidation and Dissolution, dated as of December 31, 2016, by and between ICON Leasing Fund Twelve, LLC and ICON Capital, LLC \(Incorporated by reference to Exhibit 10.1 to Registrant's Current Report on Form 8-K filed with the SEC on January 5, 2017\).](#)
- 10.4 [Liquidating Trust Agreement, dated as of December 23, 2016, by and among ICON Leasing Fund Twelve, LLC, ICON Capital, LLC and NRAI Services, LLC \(Incorporated by reference to Exhibit 10.2 to Registrant's Current Report on Form 8-K filed with the SEC on January 5, 2017\).](#)
- 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 Liquidating Trust
(Registrant)

By: ICON Capital, LLC
(Managing Trustee of the Registrant)

November 9, 2018

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 Liquidating Trust (the "Liquidating Trust");
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 Liquidating Trust 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 Liquidating Trust 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 Liquidating Trust, 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 Liquidating Trust'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 Liquidating Trust's internal control over financial reporting that occurred during the Liquidating Trust's most recent fiscal quarter (the Liquidating Trust's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Liquidating Trust'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 Liquidating Trust'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 Liquidating Trust'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 Liquidating Trust's internal control over financial reporting.

Date: November 9, 2018

/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 Liquidating Trust (the "Liquidating Trust");
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 Liquidating Trust 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 Liquidating Trust 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 Liquidating Trust, 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 Liquidating Trust'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 Liquidating Trust's internal control over financial reporting that occurred during the Liquidating Trust's most recent fiscal quarter (the Liquidating Trust's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Liquidating Trust'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 Liquidating Trust'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 Liquidating Trust'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 Liquidating Trust's internal control over financial reporting.

Date: November 9, 2018

/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 Liquidating Trust (the "Liquidating Trust");
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 Liquidating Trust 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 Liquidating Trust 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 Liquidating Trust, 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 Liquidating Trust'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 Liquidating Trust's internal control over financial reporting that occurred during the Liquidating Trust's most recent fiscal quarter (the Liquidating Trust's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Liquidating Trust'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 Liquidating Trust'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 Liquidating Trust'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 Liquidating Trust's internal control over financial reporting.

Date: November 9, 2018

/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 Managing Trustee of the Registrant, in connection with the Quarterly Report of ICON Leasing Fund Twelve Liquidating Trust (the "Liquidating Trust") on Form 10-Q for the quarter ended September 30, 2018, 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 Liquidating Trust.

Date: November 9, 2018

/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 Managing Trustee of the Registrant, in connection with the Quarterly Report of ICON Leasing Fund Twelve Liquidating Trust (the "Liquidating Trust") on Form 10-Q for the quarter ended September 30, 2018, 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 Liquidating Trust.

Date: November 9, 2018

/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 Managing Trustee of the Registrant, in connection with the Quarterly Report of ICON Leasing Fund Twelve Liquidating Trust (the "Liquidating Trust") on Form 10-Q for the quarter ended September 30, 2018, 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 Liquidating Trust.

Date: November 9, 2018

/s/ Christine H. Yap

Christine H. Yap

Managing Director

(Principal Financial and Accounting Officer)

ICON Capital, LLC