



Interim Financial Statements
Index Enterprise LLC and Subsidiaries

January– December 2015



Sonoma, Florida

The Manager of Index Enterprise LLC hereby presents the interim financial statement for the period October 1st, 2015 – December 31st, 2015.

The financial report is prepared in US Dollars, USD.

Management Report

OPERATIONS

Index Enterprise, LLC (the “Company”) is a limited liability company organized under the laws of the State of Florida. The Company holds a diversified Real Estate Portfolio and presently owns, develops and invests in properties through its wholly owned subsidiaries together with its US joint venturers mainly in Florida. The Company’s investment strategy rests primarily on the multi-family residential platform but is also actively engaged in the acquisition for development of senior living facilities throughout the southeastern United States as well as the acquisition of commercial properties with some kind of residential/living development component.

OWNERSHIP STRUCTURE

The Company has its principal office in Jupiter, Florida and is a jointly owned company of Vector Holdings, LLC and Fredrik Alamaa.

I. – Significant events

Multi-family Rental Projects

The Company through its wholly owned subsidiary Index Apartments, LLC has a current portfolio of eight (8) multi-family rental apartment properties in Florida which include: Dakota at Abacoa; Bridgewater at Lake Osborne; Riverwalk Pointe at Mangrove Bay; High Ridge Landing; Little Torch; Sonoma Pointe; Marathon Ocean and Monterey Pointe. Those projects comprise a total of 1106 intelligently designed multi-family residential rental apartment units in attractive locations throughout Florida. Index Apartments is developing desirable rental apartment communities with environmentally sustainable features and sustainable technology.

- Dakota, Bridgewater and Little Torch Projects keep a stabilized occupancy.
- Riverwalk Pointe and Sonoma Pointe leasing percentage have increased.
- Tarpon Harbour construction started in April, 2015. Leasing activity is expected to start in Q1, 2016.
- Monterey Pointe leasing activity is expected to start in Q1, 2017.
- High Ridge Landing construction loan closed on October, 2015. Construction is ongoing and expected to be substantially completed by Q1, 2017.

Condo Projects

Index Enterprise, through its wholly owned subsidiary Index Riva, LLC and joint venturer Premier Developer V, acquired two acres of property with extensive frontage on the Middle River in Fort Lauderdale, Florida. The property is under development with 100 luxury condominium units for sale. Substantial completion and closing on individual units is projected by Q3, 2017.

Assisted Living Facilities

The Company, through its wholly owned subsidiary Index Senior Living Group and joint venturer Watercrest Senior Living Group (a respected assisted living developer/operator based in Florida), is focused on acquiring and developing assisted living and memory care facilities throughout the southeastern United States.

The objective of the joint venture is to develop and own a portfolio of high-end senior living facilities in the southeastern United States. The current portfolio consists of two (2) Florida projects: Lake Nona in Orlando and Viera in Brevard County.

- Lake Nona construction is completed. Leasing activity is above projections.
- Viera construction is on track and expected to be completed by Q3, 2016.

Industrial Projects

The Company, through its subsidiary Viking Ventures America, continues to work on redevelopment of its industrial properties located in New York and Michigan. The Company has been marketing the commercial properties for long-term lease. A portion of the Michigan property will be demolished for salvage value and the real estate owning entity is presently negotiating a long-term tenants for the remaining area.

Commercial Projects

Index Enterprise, through its wholly owned affiliated companies, controls the entire commercial area known as Jupiter Harbour.

- Jupiter Inlet Development, LLC is a waterfront property with a restaurant building. The 10,000 square foot building will be demolished for redevelopment opportunities. A lease agreement has been executed.
- Jupiter Harbour Office, LLC (wholly owned by Index Enterprise, LLC) acquired a 12,000 square foot office building located in the desirable area by the inlet in Jupiter, Florida. Building is 100% leased.

Mixed Use Projects

- Index Enterprise acquired the Florida Keys Country Club, a 120-acre property located in the Florida Keys through their subsidiary Index Resort Development, LLC. Phase I redevelopment is currently underway and consists of a complete cutting edge redesign of the golf course and tennis courts, the construction of a 90 units hotel, 15 cottages and a marina.

II. – SIGNIFICANT EVENTS AFTER THE END OF THE FINANCIAL PERIOD.

- Index Enterprise LLC continues to source residential real estate developments and continues to optimistically view the real estate market in the southeastern US.
- The Dakota at Abacoa sale closed on Feb 18, 2016. During the project life cycle, Dakota reached stabilization ahead of schedule; maintained stabilized occupancy over 95% and regularly generated cash flow distributions.
- Bridgewater, Little Torch and Riverwalk Pointe Projects maintain a stabilized occupancy above 95%.
- Sonoma Pointe and Lake Nona leasing activities are both above projections.
- High Ridge Landing and Monterey Pointe construction work is on track.
- Riva Project continues pre-selling luxury condominium units.

Bjarne Borg, *Manager*

Consolidated Balance sheet December 31, 2015

ASSETS

RENTAL PROPERTY	\$ 137,773,374
ASSETS HELD FOR DEVELOPMENT	42,571,560
CASH AND CASH EQUIVALENTS	2,389,700
RESTRICTED CASH	668,894
DUE FROM RELATED PARTIES	1,424,948
DEFERRED COSTS, NET	875,828
PREPAIDS AND OTHER	578,325
ACCOUNTS RECEIVABLE, NET OF ALLOWANCE FOR DOUBTFUL ACCOUNTS OF \$214,038	272,036
RESORT PROPERTY	3,785,602
	\$ 190,340,267

LIABILITIES AND MEMBERS' DEFICIT

LONG-TERM DEBT – RELATED PARTIES	\$ 92,817,543
LONG-TERM DEBT	109,537,454
ACCOUNTS PAYABLE AND ACCRUED LIABILITIES	7,657,717
FAIR VALUE OF INTEREST RATE SWAPS	815,271
TENANT SECURITY DEPOSITS	247,422
CONVERTIBLE DEBT	1,000,000
UNEARNED RENT	257,335
COMMITMENTS AND CONTINGENCIES	
MEMBERS' DEFICIT OF INDEX ENTERPRISE, LLC	(27,503,305)
NONCONTROLLING INTEREST	5,510,830
	\$ 190,340,267

Consolidated Statement of Operations

Year ended December 31, 2015

INCOME

Rental income	\$ 9,868,940
Tenant expense recovery	807,007
Resort income, net	674,280
Other	149,444
Total income	11,499,671

OPERATING EXPENSES

Management fees	2,709,207
Depreciation	4,825,090
Common area maintenance	2,879,312
Real estate taxes	1,896,078
Professional fees	690,819
Other operating expenses	3,990,128
Total operating expenses	16,990,634
LOSS FROM OPERATIONS	(5,490,963)

OTHER INCOME (EXPENSE)

Interest expense	(8,474,683)
Impairment loss	(1,241,284)
Equity in loss of unconsolidated investees	(724,132)
Interest income	27,399
Other income	87,582
Gain on sale of land	2,149,442
Gain on proceeds from casualty insurance claim, net	684,933
Total other income (expense)	(7,490,743)
NET LOSS	(12,981,706)

NET LOSS ATTRIBUTABLE TO NONCONTROLLING INTEREST	(1,027,829)
NET LOSS ATTRIBUTABLE TO INDEX ENTERPRISE, LLC	\$ (11,953,877)

Consolidated Statement of Comprehensive Loss Year ended December 31, 2015

NET LOSS ATTRIBUTABLE TO INDEX ENTERPRISE, LLC	\$ (11,953,877)
OTHER COMPREHENSIVE LOSS	
Change in fair value of interest rate swaps	(156,102)
COMPREHENSIVE LOSS ATTRIBUTABLE TO INDEX ENTERPRISE, LLC	\$ (12,109,979)
NET LOSS ATTRIBUTABLE TO NONCONTROLLING INTEREST	\$ (1,027,829)
OTHER COMPREHENSIVE LOSS	
Change in fair value of interest rate swaps	(33,113)
COMPREHENSIVE LOSS ATTRIBUTABLE TO NONCONTROLLING INTEREST	\$ (1,060,942)
NET LOSS	\$ (12,981,706)
TOTAL OTHER COMPREHENSIVE LOSS	
Change in fair value of interest rate swaps	(189,215)
COMPREHENSIVE LOSS	\$ (13,170,921)

Consolidated Statement of Changes in Members' Deficit Year ended December 31, 2015

	Members' deficit Index Enterprise, LLC	Accumulated other comprehensive loss	Non controlling Interest	Total
Members' deficit as of December 31, 2014	\$ (14,876,830)	\$ (516,496)	\$ 2,564,466	\$ (12,828,860)
Capital contributions – cash	–	–	2,450,675	2,450,675
Capital contributions – noncash	–	–	1,879,345	1,879,345
Distributions	–	–	(322,714)	(322,714)
Net loss	(11,953,877)	–	(1,027,829)	(12,981,706)
Other comprehensive loss	–	(156,102)	(33,113)	(189,215)
Members' deficit as of December 31, 2015	\$ (26,830,707)	\$ (672,598)	\$ 5,510,830	\$ (21,992,475)

Consolidated Statement of Cash Flows

Year ended December 31, 2015

CASH FLOWS FROM OPERATING ACTIVITIES:

Net loss	\$ (12,981,706)
<i>Adjustments to reconcile net loss to net cash used in operating activities:</i>	
Bad debt expense	111,653
Amortization of deferred costs	224,219
Depreciation	4,825,090
Equity in loss of unconsolidated investee	724,332
Gain on sale of land	(2,149,442)
Gain on casualty insurance claim	(684,935)
Impairment loss on rental property	1,241,284
Loss on abandonment of project	104,478
Accrued interest on long-term debt – related parties	3,460,835
<i>Changes in operating assets and liabilities:</i>	
Accounts receivable	(245,862)
Prepays and other	(316,222)
Accounts payable and accrued liabilities	927,957
Tenant security deposits	47,903
Unearned rent	161,007
Total adjustments	8,432,297
Net cash used in operating activities	(4,549,409)

CASH FLOWS FROM INVESTING ACTIVITIES:

Cash paid for business acquired	(5,310,000)
Restricted cash	1,534,605
Return of investments in and advances to unconsolidated investees	179,000
Investments in rental properties	(7,034,139)
Investments in assets held for development	(55,395,386)
Proceeds from sale of land	2,725,000
Proceeds from casualty insurance claim	776,058
Pre acquisition costs	(46,214)
Advances of member loans	(244,071)
Collections from related parties	1,000,000
Transfer of cash upon sale of subsidiary to a related party	(2,851,738)
Net cash used in investing activities	(64,666,885)

Consolidated Statement of Cash Flows (Continued)

Year ended December 31, 2015

CASH FLOWS FROM FINANCING ACTIVITIES:

Capital contributions – noncontrolling interest	2,450,675
Distributions – noncontrolling interest	(322,714)
Proceeds from long term debt – related parties	23,178,971
Repayments of long term debt – related parties	(3,079,166)
Proceeds from long-term debt	51,251,698
Repayments of long-term debt	(6,506,352)
Deferred financing costs	(450,567)
Net cash provided by financing activities	66,522,545
NET DECREASE IN CASH AND CASH EQUIVALENTS	(2,693,749)
CASH AND CASH EQUIVALENTS BEGINNING OF YEAR	5,083,449
CASH AND CASH EQUIVALENTS END OF YEAR	\$ 2,389,700

Supplemental Disclosure of Cash Flow Information:

Interest paid, net of capitalized interest	\$ 5,335,517
Income taxes paid	\$ -

Stockholm, February 29, 2016



Bjarne Borg
Manager

