



**Interim Financial Statements**  
Index Enterprise LLC and Subsidiaries

# January–June 2015



Monterey Pointe, Orlando, FL

The Manager of Index Enterprise LLC hereby presents the interim financial statement for the period April 1st, 2015 – June 30th, 2015.

The financial report is prepared in US Dollars, USD.

## Administration 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 assisted 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

##### **Multifamily 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: the Dakota at Abacoa; the Bridgewater at Lake Osborne; River Walk 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 have a stabilized occupancy percentage between 95%–100%.
- Riverwalk Pointe leasing activity is performing according to plan.
- Sonoma Pointe construction started in September, 2014. Leasing activity is underway and according to plan.
- Tarpon Harbour construction started in April, 2015 with expected first move-ins Q1 2016.
- High Ridge Landing Construction Loan is under negotiation and is expected to close by Q3, 2015.
- Monterey Pointe construction Loan is under negotiation is expected to close by Q3 or Q4, 2015.

##### **Condo Projects**

Index Enterprise through its wholly owned subsidiary Index Riva, LLC and joint venturer Premier Developer V, LLC acquired two acres of property with extensive frontage on the Middle River of 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 Q2, 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 assisted 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 Project construction is 90% completed. Leasing activity is expected to commence by Q3, 2015.
- Viera land acquisition closed in June, 2015 and construction loan closed in July and construction has started.

##### **Industrial Projects**

The Company through its subsidiary Viking Ventures America, LLC 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 leases with an AAA credit rated tenants in those facilities. This part of the portfolio will be broken out in a separate structure.

##### **Commercial Projects**

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

- Jupiter Inlet Development, LLC (wholly owned by Index Apartments, LLC) is a waterfront property with a restaurant building. The 10,000 sf building will be demolished for redevelopment opportunities.
- 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 through their subsidiary Index Resort Development, LLC. Phase I of the redevelopment plan for this 120 acre property located in the Florida Keys consists of a complete cutting edge redesign of the golf course and tennis courts, the construction of a hotel, cottages and a marina.

#### II. – Significant events after the end of the financial period.

- Index Enterprise LLC continues source residential real estate investment and continues to optimistically view the real estate market in the southeastern US.
- Dakota, Bridgewater and Little Torch Projects maintain a stabilized occupancy percentage between 95%–100%.
- Construction on Sonoma Pointe and Lake Nona is ahead of schedule.
- Leasing activity increased in the Riverwalk Pointe Project.
- Sonoma Pointe and Lake Nona have started pre-leasing activities.
- Viera construction loan closed in July, 2015.
- Riva Project continues pre-selling luxury condominium units.

#### Sincerely

Bjarne Borg  
Manager

## Consolidated Balance sheet

### June 30, 2015

#### ASSETS

RENTAL PROPERTY	\$ 95,730,444
ASSETS HELD FOR DEVELOPMENT	55,480,613
RESORT PROPERTY	4,930,248
CASH AND CASH EQUIVALENTS	1,943,758
DUE FROM RELATED PARTIES	1,435,329
DEFERRED COSTS, NET	992,011
RESTRICTED CASH	781,308
PREPAIDS AND OTHER	492,799
PRE-ACQUISITION COSTS	284,458
ACCOUNTS RECEIVABLE, NET OF ALLOWANCE FOR DOUBTFUL ACCOUNTS OF \$192,375	126,532
INVESTMENT IN UNCONSOLIDATED INVESTEE	18,394
	<b>\$ 162,215,894</b>

#### LIABILITIES AND MEMBERS' DEFICIT

LONG-TERM DEBT – RELATED PARTIES	\$ 84,501,540
LONG-TERM DEBT	84,409,596
ACCOUNTS PAYABLE AND ACCRUED LIABILITIES	9,926,897
FAIR VALUE OF INTEREST RATE SWAPS	676,528
TENANT SECURITY DEPOSITS	229,988
UNEARNED RENT	172,737
MEMBERS' DEFICIT OF INDEX ENTERPRISE, LLC	(21,688,822)
NONCONTROLLING INTEREST	3,987,430
	<b>\$ 162,215,894</b>

## Consolidated Statement of Operations Six Months ended June 30, 2015

### INCOME

Rental income	\$ 4,204,628
Tenant expense recovery	441,764
Resort income, net	447,777
<b>Total income</b>	<b>5,094,169</b>

### OPERATING EXPENSES

Depreciation	2,039,486
Common area maintenance	1,484,852
Management fees	1,215,601
Real estate taxes	1,085,308
Professional fees	341,369
Other operating expenses	1,633,859
<b>Total operating expenses</b>	<b>7,800,475</b>
<b>LOSS FROM OPERATIONS</b>	<b>(2,706,306)</b>

### OTHER INCOME (EXPENSE)

Interest expense	(3,827,582)
Equity in loss of unconsolidated investee	(705,738)
Interest income	15,412
Other income	138,442
<b>Total other income (expense)</b>	<b>(4,379,466)</b>
<b>NET LOSS</b>	<b>(7,085,772)</b>

NET LOSS ATTRIBUTABLE TO NONCONTROLLING INTEREST	(831,915)
<b>NET LOSS ATTRIBUTABLE TO INDEX ENTERPRISE, LLC</b>	<b>\$ (6,253,857)</b>

## Consolidated Statement of Comprehensive Loss Six Months ended June 30, 2015

<b>NET LOSS ATTRIBUTABLE TO INDEX ENTERPRISE, LLC</b>	<b>\$ (6,253,857)</b>
<b>OTHER COMPREHENSIVE LOSS</b>	
Change in fair value of interest rate swaps	(41,639)
<b>COMPREHENSIVE LOSS ATTRIBUTABLE TO INDEX ENTERPRISE, LLC</b>	<b>\$ (6,295,496)</b>
<b>NET LOSS ATTRIBUTABLE TO NONCONTROLLING INTEREST</b>	<b>\$ (831,915)</b>
<b>OTHER COMPREHENSIVE LOSS</b>	
Change in fair value of interest rate swaps	(8,833)
<b>COMPREHENSIVE LOSS ATTRIBUTABLE TO NONCONTROLLING INTEREST</b>	<b>\$ (840,748)</b>
<b>NET LOSS</b>	<b>\$ (7,085,772)</b>
<b>TOTAL OTHER COMPREHENSIVE LOSS</b>	
Change in fair value of interest rate swaps	(50,472)
<b>COMPREHENSIVE LOSS</b>	<b>\$ (7,136,244)</b>

## Consolidated Statement of Changes in Members' Deficit Six Months ended June 30, 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	–	–	1,909,532	1,909,532
Capital contributions – noncash	–	–	460,000	460,000
Distributions	–	–	(105,820)	( 105,820)
Net loss	(6,253,857)	–	(831,915)	( 7,085,772)
Other comprehensive loss	–	(41,639)	(8,833)	(50,472)
<b>Members' deficit as of June 30, 2015</b>	<b>\$ (21,130,687)</b>	<b>\$ (558,135)</b>	<b>\$ 3,987,430</b>	<b>\$ (17,701,392)</b>

## Consolidated Statement of Cash Flows

### Six Months ended June 30, 2015

#### CASH FLOWS FROM OPERATING ACTIVITIES:

Net loss	\$ (7,085,772)
Adjustments to reconcile net loss to net cash provided by operating activities:	
Depreciation	2,039,486
Amortization of loan costs	195,473
Bad debt expense	151,527
Equity in loss of unconsolidated investee	705,738
Accrued interest on long-term debt – related parties	2,170,917
Changes in operating assets and liabilities:	
Accounts receivable	(140,232)
Prepays and other	(230,696)
Accounts payable and accrued liabilities	3,197,138
Tenant security deposits	76,409
Unearned rent	30,469
<b>Total adjustments</b>	<b>8,196,229</b>
<b>Net cash provided by operating activities</b>	<b>1,110,457</b>

#### CASH FLOWS FROM INVESTING ACTIVITIES:

Decrease in restricted cash	1,422,191
Cash paid for acquired business	(5,310,000)
Investments in assets held for development	(30,221,677)
Investments in rental and resort properties	(555,920)
Pre-acquisition costs	(47,194)
Advances to related parties	(254,452)
Repayments from related parties	1,000,000
Transfer of cash upon sale of subsidiary to a related party	(2,851,738)
<b>Net cash used in investing activities</b>	<b>(36,818,790)</b>

#### CASH FLOWS FROM FINANCING ACTIVITIES:

Capital contributions – noncontrolling interest	1,909,532
Distributions – noncontrolling interest	(105,820)
Proceeds from long-term debt – related parties	13,416,272
Repayments of long-term debt – related parties	(780,800)
Proceeds from long-term debt	20,813,203
Repayments of long-term debt	(2,195,715)
Deferred financing costs	(488,030)
<b>Net cash provided by financing activities</b>	<b>32,568,642</b>

NET DECREASE IN CASH AND CASH EQUIVALENTS	(3,139,691)
CASH AND CASH EQUIVALENTS – BEGINNING OF PERIOD	5,083,449
<b>CASH AND CASH EQUIVALENTS – END OF PERIOD</b>	<b>\$ 1,943,758</b>

## Consolidated Statement of Cash Flows (Continued)

### Six Months ended June 30, 2015

#### Supplemental Disclosure of Cash Flow Information:

Interest paid, net of capitalized interest	\$ 1,699,800
Income taxes paid	\$ -

#### Supplemental Disclosure of Noncash Financing and Investing Activities:

Unpaid interest capitalized as assets held for development	\$ 165,137
Change in fair value of interest rate swaps recorded in other comprehensive loss	\$ 50,472
Transfer of related party debt pursuant to sale of subsidiary to a related party	\$ 4,300,444
Transfer of restricted cash pursuant to sale of subsidiary to a related party	\$ 1,448,706
Fair value of assets of acquired business, principally resort property	\$ 5,310,000
Developer fees included in assets held for development recorded as capital contributions	\$ 460,000
Amortization of loan costs capitalized to assets held for development	\$ 45,387



**Stockholm, August 28, 2015**

A handwritten signature in black ink, appearing to be 'B. Borg', written in a cursive style.

**Bjarne Borg**  
Manager

