

01.01.2014 –  
06.30.2014





The manager of Index Enterprise LLC hereby presents the interim financial statement for the period January 1st, 2014 – June 30th, 2014.

The financial report is prepared in US Dollars, USD.

## Administration Report

### OPERATIONS

#### Information regarding operations

Index Enterprise is a limited liability company organized under the laws of the state of Florida. The Company presently owns, develops and invests in properties through its wholly owned subsidiaries together with its US joint venture partners in Florida, New York and Michigan. Although Index Enterprise strategy still rest on the Multifamily Residential Platform, the Company has diversified its Real Estate Portfolio with the acquisition of Commercial Properties (Offices, Restaurant and Industrial Properties) meeting certain specified criteria. The Company is also actively engaged in the acquisition and development of Assisted Living Facilities.

#### Ownership structure

Index Enterprise LLC has its principal office in Jupiter, Florida and is a jointly-owned company of Bjarne Borg (indirectly via Trust) and Fredrik Alamaa.

### I. Significant events

#### Multifamily Rental Projects

Index Enterprise through its wholly owned subsidiary Index Apartments, LLC, has a current portfolio of seven multi-family rental apartment properties in Florida, which includes: the Dakota at Abacoa; the Bridgewater at Lake Osborne; the River Walk Pointe at Mangrove Bay; the High Ridge Landing; Little Torch Cottages; Sonoma Pointe and Marathon Ocean. Those projects comprise a total of 956 intelligently designed multifamily residential rental apartment units in attractive locations throughout Florida. Index Apartments is developing friendly and attractive rental apartment communities with environmentally sustainable features and excellence in construction, employing elegance in design and sustainable technology. Dakota Phase I and Phase II are completed and the Project is leased at 85%. Bridgewater's construction is completed and leased at 60%. Construction is being performed on Riverwalk and Little Torch Projects with 80% and 95% of completion respectively.

#### Assisted Living Facilities

Index Enterprise through its wholly owned subsidiary Index Senior Living Group became partner with Watercrest Senior Living Group (one of the most well respected assisted living developers/operators in the area). The Index-Watercrest partnership is focused on acquiring land and developing Assisted Living Communities in Florida and throughout the southeastern United States. The current portfolio consists of 3 Florida projects: Lake Nona in Orlando (land acquisitions was closed in May 29, 2014); Sebastian in Indian River County, and East Lake in Tarpon Springs, Pinellas County. The objective is to co-develop and own a portfolio of high end assisted living and memory care projects.

#### Industrial Projects

Index Enterprise LLC through its subsidiary Viking Ventures America LLC continues to work on redevelopment of its NY industrial properties which have significant interest from AAA credit tenants. A portion of the Michigan property will be demolished and Index is negotiating a long term lease with large tenant of the remaining part of the Property (900,000 SF).

#### Commercial Projects

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Jupiter Inlet Development LLC (wholly owned by Index Apartments) mixed use reconversion was approved by the Town of Jupiter. Jupiter Inlet is a waterfront property with a restaurant building. The 10,000 sf building will be demolished and rebuilt to include office space on the second floor. Lease agreement is under negotiation for the restaurant. Construction/Redevelopment is expected to commence September 2014 and be fully operative by June 2015.

Jupiter Harbour Office LLC (wholly owned by Index Enterprise) acquired a 12,000 sf office building located in the desirable area by the inlet in Jupiter, Florida. Building is 100% leased.

With these acquisitions, Index Enterprise through its 100% owned affiliated companies controls the whole commercial area of the Jupiter Harbour with redevelopment opportunities.

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

Index Enterprise LLC continues to see opportunities to invest in real estate for residential use in the southeastern US.

Construction Loan for Sonoma Project is expected to close in July, 2014. Sonoma Pointe is a planned 216 unit Class A multifamily rental housing community that is being developed in Orlando Florida. Construction expected to start right after closing. Leasing activity expected to start in Dec/2015

Construction Loan for Sonoma Project is expected to close in August 27th, 2014. Ground breaking scheduled for September 16th, 2014 with twelve (12) months construction period. Leasing activity is expected to start by September, 2015.

Lease-up has increased in Dakota and Bridgewater.

Dakota has secured a 25.4 million permanent loan with PNC.

Construction works have a higher percentage of completion in Little Torch and Riverwalk Projects. Certificate of Occupancy is expected for July, 2014 and September, 2014 respectively.

Index Enterprise through its wholly own subsidiary Index Senior Living Group is evaluating two (2) new ALF Projects in Viera and Wellington, both located in Florida.

Index Enterprise through its wholly own subsidiary Index Senior Living Sebastian will close the Land Acquisition for Sebastian ALF Project in September, 2014. This project consists of 87 units assisted living and memory care facility located in Sebastian, Florida. Construction is expected to commence right after Closing.

Lease-up has increased the industrial properties located in NY. Both properties are being renovated to accommodate new tenants.

## Consolidated Balance sheet

### June 30, 2014

<b>ASSETS</b>	<b>\$</b>
INVESTMENTS IN AND ADVANCES TO UNCONSOLIDATED INVESTEES	\$ 30,808,609
ASSETS HELD FOR DEVELOPMENT	5,929,639
RENTAL PROPERTY	6,087,822
CASH AND CASH EQUIVALENTS	3,906,226
RESTRICTED CASH	1,562,283
LOANS TO MEMBERS	1,000,000
DUE FROM AFFILIATES	133,836
OTHER ASSETS	9,842
	<b>49,438,257</b>
	<b>\$</b>
	<b>LIABILITIES AND MEMBERS' DEFICIT</b>
	<b>\$</b>
LONG-TERM DEBT AND ACCRUED INTEREST- RELATED PARTIES	\$ 54,941,357
LONG-TERM DEBT - UNRELATED PARTIES	1,741,110
ACCOUNTS PAYABLE AND ACCRUED LIABILITIES	1,064,182
COMMITMENTS AND CONTINGENCIES	
MEMBERS' DEFICIT OF INDEX ENTERPRISE, LLC	( 7,772,543)
NONCONTROLLING INTEREST	(535,849)
	<b>49,438,257</b>

## Consolidated Statement of Operations Six Months Ended June 30, 2014

<b>INCOME</b>	<b>\$</b>
Rental income	179,045
<b>OPERATING EXPENSES</b>	
Utilities	713,438
Professional fees	215,434
Real estate taxes	14,521
General and administrative	104,631
Depreciation	47,314
<b>Total operating expenses</b>	<b>1,095,338</b>
<b>LOSS FROM OPERATIONS</b>	<b>(916,293)</b>
<b>OTHER INCOME (EXPENSE)</b>	
Interest expense	( 2,123,321)
Deficit in earnings of unconsolidated investees	(599,842 )
Interest income	313
<b>Total other income (expense)</b>	<b>(2,722,850)</b>
<b>NET LOSS</b>	<b>(3,639,143)</b>
NET LOSS ATTRIBUTABLE TO NONCONTROLLING INTEREST	(276,021)
<b>NET LOSS ATTRIBUTABLE TO INDEX ENTERPRISE, LLC</b>	<b>(3,363,122)</b>

## Consolidated Statement Of Changes In Members' Deficit Six Months Ended June 30, 2014

	Members' deficit Index Enterprise, LLC	Noncontrolling Interest	Total
<b>Cash flows from operating activities</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Members' Deficit as of December 31, 2013	( 4,409,421)	( 259,828)	( 4,669,249)
<b>Net loss</b>	<b>( 3,363,122)</b>	<b>-276,021</b>	<b>( 3,639,143)</b>
Members' Deficit as of March 31, 2014	( 7,772,543)	( 535,849)	( 8,308,392)

## Consolidated Statement of Cash Flows

### Six months ended June 30, 2014

#### CASH FLOWS FROM OPERATING ACTIVITIES \$

Net loss	(3,639,143)
Adjustments to reconcile net loss to net cash provided by operating activities:	
Depreciation	47,314
Deficit in earnings of unconsolidated investees - net	599,842
Unpaid accrued interest expensed on long term debt - related parties	2,019,556
Changes in operating assets and liabilities:	
Other assets	(1,022)
Accounts payable and accrued liabilities	36,013
Total adjustments	2,701,703
<b>Net cash provided by operating activities</b>	<b>(937,440)</b>

#### CASH FLOWS FROM INVESTING ACTIVITIES \$

Restricted cash	(108,549)
Investments in assets held for development	(352,390)
Investments in and advances to unconsolidated investees	(7,374,773)
Purchases of real property	(3,522,463)
Advances to affiliates	(69,860)
<b>Net cash used in investing activities</b>	<b>(11,428,035)</b>

#### CASH FLOWS FROM FINANCING ACTIVITIES \$

Proceeds/Repayments long-term debt, net - related parties g-term debt, net - unrelated parties	9,686,545
Proceeds/Repayments loan	1,741,110
<b>Net cash provided by financing activities</b>	<b>11,427,655</b>
NET DECREASE IN CASH AND CASH EQUIVALENTS	-937,82
CASH AND CASH EQUIVALENTS - BEGINNING	4,844,046
<b>CASH AND CASH EQUIVALENTS - END</b>	<b>3,906,226</b>

#### Supplemental Disclosure of Cash Flow Information \$

Interest paid	-
Income taxes paid	-

#### Supplemental Disclosure of Noncash Financing and Investing Activities \$

Unpaid interest expense capitalized as assets held for development	-
Unpaid real estate taxes capitalized as assets held for development	-

Stockholm 08.29.2014

A handwritten signature in black ink, consisting of several overlapping loops and a long horizontal stroke extending to the right.

**Bjarne Borg**  
Manager