

*JANUARY–
MARCH
2017*

The Manager of Index Enterprise LLC hereby presents the interim financial statement and management report for the period January 1st, 2017 – March 31, 2017.

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 predominantly located in Florida through its wholly owned subsidiaries together with its US joint venturers. The Company’s investment strategy rests primarily on the multi-family residential platform and 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 a residential/living development component.

Ownership structure

The Company has its principal office in Jupiter, Florida and is jointly owned by Vector Holdings, LLC and Fredrik Alama.

I. – Significant events

Multi-family Rental Projects

The Company, through its wholly owned subsidiary Index Apartments LLC, has a portfolio of six (6) multi-family rental apartment projects in Florida which include: Riverwalk Pointe at Mangrove Bay; High Ridge Landing; Little Torch; Sonoma Pointe; Tarpon Harbour and Monterey Pointe. The projects comprise a total of 808 intelligently designed multi-family residential rental apartment units in attractive locations throughout Florida. Index Apartments LLC is developing desirable rental apartment communities with environmentally sustainable features and technology.

- Little Torch and Sonoma Pointe both maintained a lease level in excess of 94%.
- Tarpon Harbour and Monterey Pointe leasing activity is above projections.
- High Ridge Landing construction commenced in November, 2015. Leasing activity began in Q4, 2016, and is exceeding initial projections.

Assisted Living Facilities

The Company, through its wholly owned subsidiary Index Senior Living Group, LLC and joint venturer Watercrest Senior Living Group, LLC (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 primarily in the southeastern United States. The current portfolio consists of three (3) projects: Viera in Brevard County, Florida; Summerlin in Las Vegas, Nevada; and Palm Coast in Palm Coast, Florida.

- Viera has begun leasing activity in Q1, 2017
- Palm Coast has begun construction in Q1, 2017.

Industrial Projects

The Company, through its subsidiary Viking Ventures America LLC, continues to work on the redevelopment of its industrial properties located in New York and Michigan. The Company continues to market the commercial properties for long-term lease. The Company expects to sign a lease with a major US Company in Q2 2017, and begin an extensive renovation of one of their New York properties to accommodate the new tenant.

Commercial Projects

Index Enterprise LLC, 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 15,000 square foot building was demolished and construction is scheduled to be completed on the new mixed use (restaurant and office) building in Q2, 2017.
- 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. The office building is 100% leased.

Mixed Use Projects

- Index Enterprise LLC acquired the Florida Keys Country Club, a 120-acre property located in the Florida Keys through its subsidiary Index Resort Development, LLC. Phase I redevelopment is currently underway and consists of a complete cutting edge redesign of the golf course, club house and tennis courts as well as the construction of a hotel with 90 units, 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 to optimistically view the real estate market in the southeastern US.
- Monterey Pointe and Tarpon Harbour leasing activities are both above projections.
- High Ridge Landing was completed in Q4, 2016 and leasing activities are above projections.

Bjarne Borg
Manager

Consolidated Balance Sheet

March 31, 2017

ASSETS

RENTAL PROPERTY	\$ 150,711,867
ASSETS HELD FOR DEVELOPMENT	15,480,587
CASH AND CASH EQUIVALENTS	549,222
NOTES RECEIVABLE	7,571,649
DEFERRED COSTS, NET	589,436
INVESTMENT IN UNCONSOLIDATED INVESTEE	3,095,650
PRE-ACQUISITION COSTS	1,522,808
PREPAIDS AND OTHER	1,131,513
RESTRICTED CASH	965,582
ACCOUNTS RECEIVABLE, NET OF ALLOWANCE FOR DOUBTFUL ACCOUNTS OF \$ 217,702	463,609
	\$ 182,081,923

LIABILITIES AND MEMBERS' DEFICIT

LONG-TERM DEBT, NET	\$ 104,534,666
LONG-TERM DEBT - RELATED PARTY, NET	90,367,827
ACCOUNTS PAYABLE AND ACCRUED LIABILITIES	5,403,657
FAIR VALUE OF INTEREST RATE SWAPS	395,330
DUE TO RELATED PARTIES	1,197,572
UNEARNED RENT	154,539
TENANT SECURITY DEPOSITS	334,054
COMMITMENTS AND CONTINGENCIES MEMBERS' DEFICIT OF INDEX ENTERPRISE, LLC	(24,766,192)
NONCONTROLLING INTEREST	4,460,470
	\$ 182,081,923

Consolidated Statement of Operations

Three Months ended March 31, 2017

INCOME

Rental	\$ 3,308,711
Tenant expense recovery	297,685
Resort, net	348,891
Total income	3,955,287

OPERATING EXPENSES

Depreciation	958,166
Common area maintenance	795,198
Management fees	707,459
Real estate taxes	511,821
Professional fees	189,220
Other operating expenses	1,532,838
Total operating expenses	4,694,702
LOSS FROM OPERATIONS	(739,415)

OTHER INCOME/(EXPENSE)

Interest income	142,195
Other income	59,260
Change in fair value of interest rate swap	126,327
Interest expense	(2,050,881)
Total other income/(expense)	(1,723,099)
NET LOSS	2,462,514

NET LOSS ATTRIBUTABLE TO NONCONTROLLING INTEREST	(309,845)
NET LOSS ATTRIBUTABLE TO INDEX ENTERPRISE, LLC	\$ 2,152,669

Consolidated Statement of Comprehensive Income

Three Months ended March 31, 2017

NET LOSS ATTRIBUTABLE TO INDEX ENTERPRISE, LLC	\$ 2,152,669
OTHER COMPREHENSIVE INCOME	
Change in fair value of interest rate swaps	0
COMPREHENSIVE LOSS ATTRIBUTABLE TO INDEX ENTERPRISE, LLC	\$ 2,152,669
NET LOSS ATTRIBUTABLE TO NONCONTROLLING INTEREST	\$ 309,845
OTHER COMPREHENSIVE INCOME	
Change in fair value of interest rate swaps	0
COMPREHENSIVE LOSS ATTRIBUTABLE TO NONCONTROLLING INTEREST	\$ 309,845
NET LOSS	\$ 2,462,514
TOTAL OTHER COMPREHENSIVE INCOME	
Change in fair value of interest rate swaps	0
COMPREHENSIVE LOSS	\$ 2,462,514

Consolidated Statement of Changes in Members' Deficit Three Months ended March 31, 2017

	Members' deficit - Index Enterprise, LCC	Non-controlling Interest	Total
Members' deficit as of December 31, 2016	\$ (22,613,523)	\$ 5,074,721	\$ (17,538,802)
Capital contributions - cash	-	-	-
Capital contributions - noncash	-	-	-
Distributions	-	(304,406)	(304,406)
Net loss	(2,152,669)	(309,845)	(2,462,514)
Members' deficit as of March 31, 2017	\$ (24,766,192)	\$ 4,460,470	\$ (20,305,722)

Consolidated Statement of Cash Flows Three Months ended March 31, 2017

CASH FLOWS FROM OPERATING ACTIVITIES:

Net loss	\$ (2,462,514)
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Adjustments to reconcile net income to net cash used in operating activities:

Bad debt expense	770
Amortization of deferred costs	46,658
Depreciation	958,166
Fair market derivative adjustment	(126,327)

Changes in operating assets and liabilities:

Accounts receivable	(90,266)
Prepays and other	67,112
Accounts payable and accrued liabilities	861,575
Tenant security deposits	88,637
Unearned rent	18,333
Total adjustments	1,824,658
Net cash used in operating activities	(637,856)

Consolidated Statement of Cash Flows (Continued)

Three Months ended March 31, 2017

CASH FLOWS FROM INVESTING ACTIVITIES:

Increase in restricted cash	(313,717)
Pre-acquisition costs	(692,943)
Investments in rental properties	(466,719)
Investments in unconsolidated investees	(1,431,104)
Advances related parties, net	1,346,673
Notes receivable, net	(182,784)
Assets held for development	1,882,789
Net cash provided by investing activities	142,195

CASH FLOWS FROM FINANCING ACTIVITIES:

Distributions - noncontrolling interest	(304,406)
Long-term debt, net	(45,909)
Long-term debt - related parties, net	(998,119)
Deferred financing costs	(418,060)
Net cash used in financing activities	(1,766,494)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(2,262,155)
CASH AND CASH EQUIVALENTS - BEGINNING OF PERIOD	2,811,377
CASH AND CASH EQUIVALENTS - END OF PERIOD	\$ 549,222

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:

Interest paid, net of capitalized interest	\$ 553,648
Income taxes paid	\$ -

SUPPLEMENTAL DISCLOSURE OF NONCASH FINANCING AND INVESTING ACTIVITIES:

Jupiter, FL, USA, 2017-05-30



Bjarne Borg
Manager

