



Interim Financial Statements
Index Enterprise LLC and Subsidiaries

*APRIL –
JUNE
2017*

The Manager of Index Enterprise LLC hereby presents the interim financial statement and management report for the period April 1st, 2017 – June 30, 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 development component, potentially in the residential and/or senior living area.

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 five (5) multi-family rental apartment projects in Florida which include: High Ridge Landing; Little Torch Cottages; Sonoma Pointe; Tarpon Harbour and Monterey Pointe. The projects comprise a total of 702 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.

- Riverwalk Pointe at Mangrove Bay was sold in Q2 2017.
- Little Torch, and Sonoma Pointe both maintained an occupancy rate in excess of 94%.
- Tarpon Harbour and Monterey Pointe reached an occupancy rate of 80%.
- High Ridge Landing leasing activity began in Q4, 2016, and is exceeding initial projections with an occupancy rate of 84%.

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/memory care 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 signed 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. The Company expects the tenant to take possession of their new space in Q4 2017.

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 mixed use (restaurant/office) building. The existing 15,000-square foot building was demolished and construction is scheduled to be completed on the new mixed use (restaurant and office) building in Q4, 2017. Upon completion, the building will be 100% occupied.
- 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

- In 2015, 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 95 units, 15 villas and a marina. The property has additional development potential in the future with possible expansion of the hotel and additional villas and housing.

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.
- Little Torch Cottages and Sonoma Pointe were both sold in Q3 2017.
- Seaward Properties in Marathon and Westshore Pointe in Tampa are expected to begin construction in Q4 2017 or Q1 2018.

Bjarne Borg
Manager

Consolidated Balance Sheet

June 30, 2017

ASSETS

RENTAL PROPERTY	\$ 128,751,170
ASSETS HELD FOR DEVELOPMENT	25,043,654
CASH AND CASH EQUIVALENTS	2,382,401
NOTES RECEIVABLE	2,970,466
DEFERRED COSTS, NET	783,527
INVESTMENT IN UNCONSOLIDATED INVESTEE	3,095,650
PREPAIDS AND OTHER	1,564,195
RESTRICTED CASH	1,344,670
ACCOUNTS RECEIVABLE, NET OF ALLOWANCE FOR DOUBTFUL ACCOUNTS OF \$ 112,877	593,377
	\$ 166,529,110

LIABILITIES AND MEMBERS' DEFICIT

LONG TERM DEBT, NET	\$ 94,677,701
LONG TERM DEBT - RELATED PARTY, NET	85,271,141
ACCOUNTS PAYABLE AND ACCRUED LIABILITIES	6,141,225
FAIR VALUE OF INTEREST RATE SWAPS	441,716
DUE TO RELATED PARTIES	2,421,966
UNEARNED RENT	166,438
TENANT SECURITY DEPOSITS	329,121
COMMITMENTS AND CONTINGENCIES MEMBERS' DEFICIT OF INDEX ENTERPRISE, LLC	(26,132,809)
NONCONTROLLING INTEREST	3,212,611
	\$ 166,529,110

Consolidated Statement of Operations

Six Months ended June 30, 2017

INCOME

Rental	\$ 7,043,259
Tenant expense recovery	983,942
Resort, net	57,569
Total income	8,084,770

OPERATING EXPENSES

Depreciation	2,873,849
Common area maintenance	1,352,850
Management fees	1,199,264
Real estate taxes	1,029,890
Professional fees	507,409
Other operating expenses	3,240,715
Total operating expenses	10,203,977
LOSS FROM OPERATIONS	(2,119,207)

OTHER INCOME/(EXPENSE)

Interest income	348,664
Gain on sale of property	4,513,898
Other income	61,350
Change in fair value of interest rate swap	79,941
Interest expense	(5,274,433)
Total other income/(expense)	(270,580)
NET LOSS	(2,389,787)
NET LOSS ATTRIBUTABLE TO NONCONTROLLING INTEREST	128,915
NET LOSS ATTRIBUTABLE TO INDEX ENTERPRISE, LLC	\$ (2,260,872)

Consolidated Statement of Comprehensive Income

Six Months ended June 30, 2017

NET LOSS ATTRIBUTABLE TO INDEX ENTERPRISE, LLC	\$ 2,260,872
OTHER COMPREHENSIVE INCOME	
CHANGE IN FAIR VALUE OF INTEREST RATE SWAPS	0
COMPREHENSIVE LOSS ATTRIBUTABLE TO INDEX ENTERPRISE, LLC	\$ 2,260,872
NET LOSS ATTRIBUTABLE TO NONCONTROLLING INTEREST	\$ 128,915
OTHER COMPREHENSIVE INCOME	
CHANGE IN FAIR VALUE OF INTEREST RATE SWAPS	0
COMPREHENSIVE LOSS ATTRIBUTABLE TO NONCONTROLLING INTEREST	\$ 128,915
NET LOSS	\$ 2,389,787
TOTAL OTHER COMPREHENSIVE INCOME	
CHANGE IN FAIR VALUE OF INTEREST RATE SWAPS	0
COMPREHENSIVE LOSS	\$ 2,389,787

Consolidated Statement of Changes in Members' Deficit Six Months ended June 30, 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	(1,258,414)	(1,733,195)	(2,991,609)
Net loss	(2,260,872)	(128,915)	(2,389,787)
Members' deficit as of June 30, 2017	\$ (26,132,809)	\$ 3,212,611	\$ (22,920,198)

Consolidated Statement of Cash Flows Six Months ended June 30, 2017

CASH FLOWS FROM OPERATING ACTIVITIES:

Net loss	\$ (2,389,787)
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Adjustments to reconcile net income to net cash used in operating activities:

Gain on sale of property	(4,513,898)
Bad debt expense	28,317
Amortization of deferred costs	147,329
Depreciation	2,873,849
Fair market derivative adjustment	(79,941)

Changes in operating assets and liabilities:

Accounts receivable	(247,581)
Prepays and other	(365,570)
Accounts payable and accrued liabilities	1,599,143
Tenant security deposits	83,704
Unearned rent	30,232
Total adjustments	(444,416)
Net cash used in operating activities	(2,834,203)

Consolidated Statement of Cash Flows (Continued)

Six Months ended June 30, 2017

CASH FLOWS FROM INVESTING ACTIVITIES:

Increase in restricted cash	(692,805)
Pre-acquisition costs	829,865
Investments in rental properties	(2,657,807)
Proceeds from sale of property	26,750,000
Investments in unconsolidated investees	(1,431,104)
Advances related parties, net	2,571,067
Notes receivable, net	4,418,399
Assets held for development	(7,680,278)
Net cash provided by investing activities	22,107,337

CASH FLOWS FROM FINANCING ACTIVITIES:

Member distributions	(1,258,414)
Distributions – noncontrolling interest	(1,733,195)
Long-term debt, net	(9,902,874)
Long-term debt – related parties, net	(6,094,805)
Deferred financing costs	(712,822)
Net cash used in financing activities	(19,702,110)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(428,976)
CASH AND CASH EQUIVALENTS – BEGINNING OF PERIOD	2,811,377
CASH AND CASH EQUIVALENTS – END OF PERIOD	\$ 2,382,401

Supplemental Disclosure of Cash Flow Information:

Interest paid, net of capitalized interest	\$ 1,220,042
Income taxes paid	\$ -

SUPPLEMENTAL DISCLOSURE OF NONCASH FINANCING AND INVESTING ACTIVITIES:

Jupiter, FL, USA, 06-30-2017



Bjarne Borg
Manager

