



Interim Financial Statements
Index Enterprise LLC and Subsidiaries

*APRIL-
JUNE
2016*

The Manager of Index Enterprise LLC hereby presents the interim financial statement and management report for the period April 1st, 2016 – June 30th, 2016.

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 Alamaa.

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.

- The Bridgewater at Lake Osborne has completed its cycle and was sold on April, 2016. During the project life cycle, Bridgewater property reached stabilization ahead of schedule; maintained stabilized occupancy over 95% and regularly generated cash flow distributions.
- Little Torch and Sonoma Pointe are 100% leased.
- Tarpon Harbour leasing activity is above projections.
- Monterey Pointe construction commenced in October, 2015. Pre-leasing is above projections.
- High Ridge landing construction commenced in November, 2015. Leasing activity is expected to begin Q1, 2017.

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: Lake Nona in Orlando, Florida; Viera in Brevard County, Florida; and Summerlin in Las Vegas, Nevada.

- Lake Nona leasing activity is above projections.
- Viera construction is on track and expected to be completed by Q3, 2016.
- Summerlin land acquisition closed in March, 2016. The project consists of 66 units all memory care facility to be developed in Las Vegas, Nevada.

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.

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 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 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.
- Little Torch and Sonoma Pointe are 100% leased.
- Lake Nona and Tarpon Harbour leasing activities are both above projections.
- High Ridge Landing and Monterey Pointe construction work is on track.

Bjarne Borg
Manager

Consolidated Balance Sheet

June 30, 2016

ASSETS

RENTAL PROPERTY	\$ 120,934,911
ASSETS HELD FOR DEVELOPMENT	43,332,286
CASH AND CASH EQUIVALENTS	7,954,381
RESORT PROPERTY	4,298,538
NOTES RECEIVABLE	4,336,625
DEFERRED COSTS, NET	913,933
RESTRICTED CASH	922,223
PRE ACQUISITION COSTS	364,969
PREPAIDS AND OTHER	1,288,639
ACCOUNTS RECEIVABLE, NET OF ALLOWANCE FOR DOUBTFUL ACCOUNTS OF \$214,038	325,406
DUE FROM RELATED PARTIES	64,007
	\$ 184,735,918

LIABILITIES AND MEMBERS' DEFICIT

LONG-TERM DEBT	\$ 103,508,561
LONG-TERM DEBT – RELATED PARTIES	83,915,639
ACCOUNTS PAYABLE AND ACCRUED LIABILITIES	8,666,693
FAIR VALUE OF INTEREST RATE SWAPS	1,628,005
UNEARNED RENT	156,144
TENANT SECURITY DEPOSITS	478,612
COMMITMENTS AND CONTINGENCIES MEMBERS' DEFICIT OF INDEX ENTERPRISE, LLC	(18,159,622)
NONCONTROLLING INTEREST	4,541,886
	\$ 184,735,918

Consolidated Statement of Operations Six Months ended June 30, 2016

INCOME

Rental	\$ 6,026,317
Tenant expense recovery	396,858
Resort, net	459,908
Assisted living	381,561
Total income	7,264,644

OPERATING EXPENSES

Depreciation	1,779,766
Common area maintenance	979,824
Management fees	2,012,189
Real estate taxes	950,587
Professional fees	655,991
Other operating expenses	3,334,631
Total operating expenses	9,712,988
LOSS FROM OPERATIONS	(2,448,344)

OTHER INCOME (EXPENSE)

Interest expense	(5,148,798)
Interest income	78,382
Other income	2,230,226
Change in fair value of interest rate swaps	(1,628,005)
Gain on sale of rental property	22,969,894
Total other income (expense)	18,501,699
NET INCOME	16,053,355

NET INCOME ATTRIBUTABLE TO NONCONTROLLING INTEREST	(3,366,463)
NET INCOME ATTRIBUTABLE TO INDEX ENTERPRISE, LLC	\$ 12,686,892

Consolidated Statement of Comprehensive Income Six Months ended June 30, 2016

NET INCOME ATTRIBUTABLE TO INDEX ENTERPRISE, LLC	\$ 12,686,892
OTHER COMPREHENSIVE INCOME	
Change in fair value of interest rate swaps	672,598
COMPREHENSIVE INCOME ATTRIBUTABLE TO INDEX ENTERPRISE, LLC	\$ 13,359,490
NET INCOME ATTRIBUTABLE TO NONCONTROLLING INTEREST	\$ 3,366,463
OTHER COMPREHENSIVE INCOME	
Change in fair value of interest rate swaps	142,673
COMPREHENSIVE INCOME ATTRIBUTABLE TO NONCONTROLLING INTEREST	\$ 3,509,136
NET INCOME	\$ 16,053,355
TOTAL OTHER COMPREHENSIVE INCOME	
Change in fair value of interest rate swaps	815,271
COMPREHENSIVE INCOME	\$ 16,868,626

Consolidated Statement of Changes in Members' Deficit Six Months ended June 30, 2016

	Members' deficit - Index Enterprise, LCC	Accumulated other comprehensive loss	Non-controlling Interest	Total
Members' deficit as of December 31, 2015	\$ (25,622,484)	\$ (672,598)	\$ 5,523,571	\$ (20,771,511)
Capital contributions - cash	-	-	101,398	101,398
Capital contributions - noncash	-	-	1,011,250	1,011,250
Distributions	(5,224,030)	-	(5,603,469)	(10,827,499)
Net income	12,686,892	-	3,366,463	16,053,355
Other comprehensive income	-	672,598	142,673	815,271
Members' deficit as of June 30, 2016	\$ (18,159,622)	\$ -	\$ 4,541,886	\$ (13,617,736)

Consolidated Statement of Cash Flows Six Months ended June 30, 2016

CASH FLOWS FROM OPERATING ACTIVITIES:

Net income	\$ 16,053,355
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Adjustments to reconcile net income to net cash used in operating activities:

Bad debt expense	8,291
Amortization of deferred costs	178,410
Depreciation	1,779,766
Gain on sale of rental property	(22,969,894)
Change in fair value of put derivative	1,628,005
Accrued interest on long-term debt - related parties	1,099,955

Changes in operating assets and liabilities:

Accounts receivable	(61,661)
Prepays and other	(610,314)
Accounts payable and accrued liabilities	1,119,793
Tenant security deposits	231,190
Unearned rent	(101,191)
Total adjustments	(17,697,650)
Net cash used in operating activities	(1,644,295)

Consolidated Statement of Cash Flows (Continued)

Six Months ended June 30, 2016

CASH FLOWS FROM INVESTING ACTIVITIES:

Increase in restricted cash	(353,329)
Investments in rental and resort properties	(28,544,198)
Investments in assets held for development	250,524
Proceeds from sale of rental property	66,000,000
Proceeds from put derivative	1,170,000
Pre acquisition costs	(364,969)
Net repayments from related parties	1,004,106
Repayments of convertible debt	(1,000,000)
Notes receivable, net	(4,336,625)
Net cash provided by investing activities	33,825,509

CASH FLOWS FROM FINANCING ACTIVITIES:

Distributions – noncontrolling interest	(5,603,469)
Distributions – controlling interest	(5,224,030)
Contributions – noncontrolling interest	101,398
Repayments of long-term debt – related parties, net	(9,645,024)
Repayments of long-term-debt, net	(6,028,893)
Deferred financing costs	(216,515)
Net cash used in financing activities	(26,616,533)
NET DECREASE IN CASH AND CASH EQUIVALENTS	5,564,681
CASH AND CASH EQUIVALENTS – BEGINNING OF YEAR	2,389,700
CASH AND CASH EQUIVALENTS – END OF YEAR	\$ 7,954,381

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:

Interest paid, net of capitalized interest	\$ 3,547,223
Income taxes paid	\$ -

SUPPLEMENTAL DISCLOSURE OF NONCASH FINANCING AND INVESTING ACTIVITIES:

Change in fair value of interest rate swaps recorded in other comprehensive income	\$ 815,271
Developer fees included in assets held for development recorded as capital contributions	\$ 1,011,250
Net book value of assets sold, principally rental property	\$ 41,951,212

Jupiter, FL, USA, August 30, 2016



Bjarne Borg
Manager

