



Interim Financial Statements
Index Enterprise LLC and Subsidiaries

*JULY-
SEPTEMBER
2016*

The Manager of Index Enterprise LLC hereby presents the interim financial statement and management report for the period July 1st, 2016 – September 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.

- Little Torch and Sonoma Pointe both maintained a lease level in excess of 93%.
- 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 in Q4, 2016.

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 Q4, 2016.

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 was demolished and construction commenced on the new mixed use (restaurant and office) building in Q4, 2016.
- 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.
- Lake Nona and Tarpon Harbour leasing activities are both above projections.
- High Ridge Landing and Monterey Pointe construction was completed in Q4, 2016 and leasing activities are above projections.

Bjarne Borg
Manager

Consolidated Balance Sheet

September 30, 2016

ASSETS

RENTAL PROPERTY	\$ 147,174,772
ASSETS HELD FOR DEVELOPMENT	28,954,406
CASH AND CASH EQUIVALENTS	3,037,772
RESORT PROPERTY	4,129,360
NOTES RECEIVABLE	4,576,245
DEFERRED COSTS, NET	1,089,001
RESTRICTED CASH	960,722
PRE ACQUISITION COSTS	549,662
PREPAIDS AND OTHER	1,523,967
ACCOUNTS RECEIVABLE, NET OF ALLOWANCE FOR DOUBTFUL ACCOUNTS OF \$ 202,844	335,943
DUE FROM RELATED PARTIES	2,014,001
	\$ 194,345,851

LIABILITIES AND MEMBERS' DEFICIT

LONG-TERM DEBT	\$ 114,462,685
LONG-TERM DEBT – RELATED PARTIES	84,764,199
ACCOUNTS PAYABLE AND ACCRUED LIABILITIES	8,349,697
FAIR VALUE OF INTEREST RATE SWAPS	1,260,724
UNEARNED RENT	126,216
TENANT SECURITY DEPOSITS	167,212
COMMITMENTS AND CONTINGENCIES MEMBERS' DEFICIT OF INDEX ENTERPRISE, LLC	(19,079,336)
NONCONTROLLING INTEREST	4,294,454
	\$ 194,345,851

Consolidated Statement of Operations

Nine Months ended September 30, 2016

INCOME

Rental	\$ 9,170,331
Tenant expense recovery	556,001
Resort, net	569,249
Assisted living	586,030
Total income	10,881,611

OPERATING EXPENSES

Depreciation	2,497,801
Common area maintenance	1,397,995
Management fees	2,149,536
Real estate taxes	1,357,881
Payroll and related payroll taxes	1,746,574
Professional fees	811,451
Other operating expenses	3,158,896
Total operating expenses	13,120,134
LOSS FROM OPERATIONS	(2,238,523)

OTHER INCOME (EXPENSE)

Interest expense	(7,356,920)
Interest income	282,027
Other income	2,321,208
Change in fair value of interest rate swaps	(1,260,724)
Gain on sale of rental property	22,969,894
Total other income (expense)	16,955,485
NET INCOME	14,716,962

NET INCOME ATTRIBUTABLE TO NONCONTROLLING INTEREST	(2,949,784)
NET INCOME ATTRIBUTABLE TO INDEX ENTERPRISE, LLC	\$ 11,767,178

Consolidated Statement of Comprehensive Income Nine Months ended September 30, 2016

NET INCOME ATTRIBUTABLE TO INDEX ENTERPRISE, LLC	\$ 11,767,178
OTHER COMPREHENSIVE INCOME	
Change in fair value of interest rate swaps	672,598
COMPREHENSIVE INCOME ATTRIBUTABLE TO INDEX ENTERPRISE, LLC	\$ 12,439,776
NET INCOME ATTRIBUTABLE TO NONCONTROLLING INTEREST	\$ 2,949,784
OTHER COMPREHENSIVE INCOME	
Change in fair value of interest rate swaps	142,673
COMPREHENSIVE INCOME ATTRIBUTABLE TO NONCONTROLLING INTEREST	\$ 3,092,457
NET INCOME	\$ 14,716,962
TOTAL OTHER COMPREHENSIVE INCOME	
Change in fair value of interest rate swaps	815,271
COMPREHENSIVE INCOME	\$ 15,532,233

Consolidated Statement of Changes in Members' Deficit Nine Months ended September 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	-	-	339,479	339,479
Capital contributions - noncash	-	-	1,061,250	1,061,250
Distributions	(5,224,030)	-	(5,722,303)	(10,946,333)
Net income	11,767,178	-	2,949,784	14,716,962
Other comprehensive income	-	672,598	142,673	815,271
Members' deficit as of September 30, 2016	\$ (19,079,336)	\$ -	\$ 4,294,454	\$ (14,784,882)

Consolidated Statement of Cash Flows Nine Months ended September 30, 2016

CASH FLOWS FROM OPERATING ACTIVITIES:

Net income	\$ 14,716,962
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Adjustments to reconcile net income to net cash used in operating activities:

Bad debt expense	8,434
Amortization of deferred costs	198,042
Depreciation	2,497,801
Gain on sale of rental property	(22,969,894)
Change in fair value of put derivative	1,260,724
Accrued interest on long-term debt - related parties	3,230,255

Changes in operating assets and liabilities:

Accounts receivable	(72,341)
Prepays and other	(845,642)
Accounts payable and accrued liabilities	802,797
Tenant security deposits	(80,210)
Unearned rent	(131,119)
Total adjustments	(16,101,153)
Net cash used in operating activities	(1,384,191)

Consolidated Statement of Cash Flows (Continued)

Nine Months ended September 30, 2016

CASH FLOWS FROM INVESTING ACTIVITIES:

Increase in restricted cash	(391,828)
Investments in rental and resort properties	(21,083,474)
Investments in assets held for development	(19,571,038)
Proceeds from sale of rental property	66,000,000
Proceeds from put derivative	1,170,000
Pre acquisition costs	(549,662)
Advances related parties, net	(945,888)
Repayments of convertible debt	(1,000,000)
Notes receivable, net	(4,576,245)
Net cash provided by investing activities	19,051,865

CASH FLOWS FROM FINANCING ACTIVITIES:

Distributions – noncontrolling interest	(5,722,303)
Distributions – controlling interest	(5,224,030)
Contributions – noncontrolling interest	339,479
Repayments of long-term debt – related parties, net	(10,926,764)
Proceeds of long-term debt, net	4,925,231
Deferred financing costs	(411,215)
Net cash used in financing activities	(17,019,602)
NET INCREASE IN CASH AND CASH EQUIVALENTS	648,072
CASH AND CASH EQUIVALENTS – BEGINNING OF PERIOD	2,389,700
CASH AND CASH EQUIVALENTS – END OF PERIOD	\$ 3,037,772

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:

Interest paid, net of capitalized interest	\$ 4,126,665
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	\$ 1,061,250
Net book value of assets sold, principally rental property	\$ 41,951,212

Jupiter, FL, USA, 2016-11-29



Bjarne Borg
Manager

