

*JULY-
SEPTEMBER
2017*

The Manager of Index Enterprise LLC hereby presents the interim financial statement and management report for the period July 1, 2017 – September 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. In addition, the Company is 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.

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 three (3) multi-family rental apartment projects in Florida which include: High Ridge Landing, Tarpon Harbour and Monterey Pointe. The projects comprise a total of 440 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 were sold in Q3 of 2017.
- High Ridge Landing, Tarpon Harbour and Monterey Pointe reached an occupancy rate of 95+% in Q3 of 2017.
- The Tarpon Harbour project in Marathon, FL (Florida Keys) did not sustain substantial damage from Hurricane Irma that made landfall in the Florida Keys.

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 developing and holding 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 begun leasing activity in Q1, 2017
- Palm Coast 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. 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 begun 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.

- OMX (Michigan) was sold in Q3 of 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, owns 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 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 development and construction will be delayed for potentially a year due to the impact to the Florida Keys from Hurricane Irma. 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.
- Seaward Properties in Marathon and Westshore Pointe in Tampa are expected to begin construction in Q1 2018.



Bjarne Borg
Manager

Consolidated Balance Sheet September 30, 2017

ASSETS

| | |
|---|-----------------------|
| RENTAL PROPERTY | \$ 87,382,772 |
| ASSETS HELD FOR DEVELOPMENT | 25,693,985 |
| CASH AND CASH EQUIVALENTS | 2,510,230 |
| NOTES RECEIVABLE | 3,637,239 |
| DEFERRED COSTS, NET | 572,718 |
| INVESTMENT IN UNCONSOLIDATED INVESTEE | 3,095,650 |
| PREPAIDS AND OTHER | 1,565,965 |
| RESTRICTED CASH | 1,366,512 |
| ACCOUNTS RECEIVABLE, NET OF ALLOWANCE FOR DOUBTFUL ACCOUNTS OF \$ 112,877 | 687,637 |
| | \$ 126,512,708 |

LIABILITIES AND MEMBERS' DEFICIT

| | |
|---|-----------------------|
| LONG TERM DEBT, NET | \$ 63,341,409 |
| LONG TERM DEBT - RELATED PARTY, NET | 71,968,627 |
| ACCOUNTS PAYABLE AND ACCRUED LIABILITIES | 5,929,533 |
| DUE TO RELATED PARTIES | 4,464,139 |
| UNEARNED RENT | 68,135 |
| TENANT SECURITY DEPOSITS | 324,186 |
| COMMITMENTS AND CONTINGENCIES MEMBERS' DEFICIT OF INDEX ENTERPRISE, LLC | (21,117,387) |
| NONCONTROLLING INTEREST | 1,534,066 |
| | \$ 126,512,708 |

Consolidated Statement of Operations

Nine Months ended September 30, 2017

INCOME

| | |
|-------------------------|-------------------|
| Rental | \$ 10,076,988 |
| Tenant expense recovery | 1,238,156 |
| Resort, net | 73,021 |
| Total income | 11,388,165 |

OPERATING EXPENSES

| | |
|---------------------------------|--------------------|
| Depreciation | 4,541,624 |
| Common area maintenance | 1,794,369 |
| Management fees | 2,257,773 |
| Real estate taxes | 1,447,233 |
| Professional fees | 562,879 |
| Other operating expenses | 5,784,250 |
| Total operating expenses | 16,388,128 |
| LOSS FROM OPERATIONS | (4,999,963) |

OTHER INCOME/(EXPENSE)

| | |
|---|---------------------|
| Interest income | 205,314 |
| Gain on sale of property | 23,236,200 |
| Other income | 28,860 |
| Change in fair value of interest rate swap | 521,657 |
| Interest expense | (7,978,498) |
| Total other income/(expense) | 16,013,533 |
| NET INCOME | 11,013,570 |
| NET INCOME ATTRIBUTABLE TO NONCONTROLLING INTEREST | 2,909,301 |
| NET INCOME ATTRIBUTABLE TO INDEX ENTERPRISE, LLC | \$ 8,104,269 |

Consolidated Statement of Comprehensive Income

Nine Months ended September 30, 2017

| | |
|---|----------------------|
| NET INCOME ATTRIBUTABLE TO INDEX ENTERPRISE, LLC | \$ 8,104,269 |
| OTHER COMPREHENSIVE INCOME | |
| Change in fair value of interest rate swaps | 0 |
| COMPREHENSIVE INCOME ATTRIBUTABLE TO INDEX ENTERPRISE, LLC | \$ 8,104,269 |
| NET INCOME ATTRIBUTABLE TO NONCONTROLLING INTEREST | \$ 2,909,301 |
| OTHER COMPREHENSIVE INCOME | |
| Change in fair value of interest rate swaps | 0 |
| COMPREHENSIVE INCOME ATTRIBUTABLE TO NONCONTROLLING INTEREST | \$ 2,909,301 |
| NET INCOME | \$ 11,013,570 |
| TOTAL OTHER COMPREHENSIVE INCOME | |
| Change in fair value of interest rate swaps | 0 |
| COMPREHENSIVE INCOME | \$ 11,013,570 |

Consolidated Statement of Changes in Members' Deficit Nine Months ended September 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 | (6,608,133) | (6,449,956) | (13,058,089) |
| Net income | 8,104,269 | 2,909,301 | 11,013,570 |
| Members' deficit as of September 30, 2017 | \$ (21,117,387) | \$ 1,534,066 | \$ (19,583,321) |

Consolidated Statement of Cash Flows Nine Months ended September 30, 2017

CASH FLOWS FROM OPERATING ACTIVITIES:

| | |
|------------|---------------|
| Net income | \$ 11,013,570 |
|------------|---------------|

Adjustments to reconcile net income to net cash used in operating activities:

| | |
|-----------------------------------|--------------|
| Gain on sale of property | (23,236,200) |
| Bad debt expense | 28,317 |
| Amortization of deferred costs | 300,677 |
| Depreciation | 4,541,624 |
| Fair market derivative adjustment | (521,657) |

Changes in operating assets and liabilities:

| | |
|--|---------------------|
| Accounts receivable | (341,841) |
| Prepays and other | (367,340) |
| Accounts payable and accrued liabilities | 1,387,451 |
| Tenant security deposits | 78,769 |
| Unearned rent | (68,071) |
| Total adjustments | (18,198,271) |
| Net cash used in operating activities | (7,184,701) |

Consolidated Statement of Cash Flows (Continued)

Nine Months ended September 30, 2017

CASH FLOWS FROM INVESTING ACTIVITIES:

| | |
|--|-------------------|
| Increase in restricted cash | (714,647) |
| Pre-acquisition costs | 829,865 |
| Investments in rental properties | (6,384,882) |
| Proceeds from sale of property | 88,900,000 |
| Investments in unconsolidated investees | (1,431,104) |
| Advances related parties, net | 4,613,240 |
| Notes receivable, net | 3,751,626 |
| Assets held for development | (8,330,609) |
| Net cash provided by investing activities | 81,233,489 |

CASH FLOWS FROM FINANCING ACTIVITIES:

| | |
|--|---------------------|
| Member distributions | (6,608,133) |
| Distributions – noncontrolling interest | (6,449,956) |
| Long-term debt, net | (41,239,166) |
| Long-term debt – related parties, net | (19,397,319) |
| Deferred financing costs | (655,361) |
| Net cash used in financing activities | (74,349,935) |
| NET DECREASE IN CASH AND CASH EQUIVALENTS | (301,147) |
| CASH AND CASH EQUIVALENTS – BEGINNING OF PERIOD | 2,811,377 |
| CASH AND CASH EQUIVALENTS – END OF PERIOD | \$ 2,510,230 |

Supplemental Disclosure of Cash Flow Information:

| | |
|--|--------------|
| Interest paid, net of capitalized interest | \$ 1,585,029 |
| Income taxes paid | \$ - |

SUPPLEMENTAL DISCLOSURE OF NONCASH FINANCING AND INVESTING ACTIVITIES:

Jupiter, FL, USA, 11-28-2017



Bjarne Borg
Manager

