

*APRIL –
JUNE
2018*

Interim Financial Statements
Index Enterprise LLC and Subsidiaries



The Manager of Index Enterprise LLC hereby presents the interim financial statement and management report for the period January 1, 2018–June 30, 2018. 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 four (4) multi-family rental apartment projects in Florida for which three (3) are under development and one is complete and operating. The operating project consists of 106 intelligently designed multi-family residential rental apartment units located in Marathon Florida. Index Apartments LLC is developing desirable rental apartment communities with environmentally sustainable features and technology.

- High Ridge Landing was sold in Q2, 2018.
- Monterey Pointe was sold in Q2, 2018.
- Tarpon Harbour maintained an occupancy rate of 97+% throughout Q2, 2018, and is expected to be sold in Q3, 2018.

The Company broke ground on Seaward Landing, LLC, a 45-unit workforce housing project and Seaward Pointe LLC, 10 freestanding villas for vacation rentals, both located in Marathon, Florida, during Q2 2018. The third project under development is the Pointe on Westshore, a 444-unit rental apartment project, which is getting ready to break ground in Q4.

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 senior 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 two (2) projects: Viera in Brevard County, and Palm Coast in Palm Coast, Florida.

- Viera continued the lease up phase of operations through Q1, 2018.
- Palm Coast received their certificate of occupancy and began operations in Q3, 2018.

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 began an extensive renovation of one of their New York properties to accommodate the new tenant. The tenant took possession of their entire space in Q2, 2018.

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 prior 15,000-square foot building was demolished, and construction was completed on a new mixed use (restaurant and office) building in Q4, 2017. The restaurant took possession of their space in Q1, 2018, and the office space tenant is expected to take possession of their space in Q3, 2018.
- 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 with strong interest from potential new tenants on turnover.

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. The development and construction have been delayed due to the impact to the Florida Keys from Hurricane Irma in the fall of 2017.
- The project consists of the following development components under the current approved site plan;
 - 95-room hotel with water views on both sides
 - 15 villas along the water and edge of the golf course
 - Workforce housing
 - Integrated marina/docks
 - A club house with a golf entertainment center (Aqua Golf)
- Cutting edge redesign of golf course and tennis courts 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 maintains an optimistic view of the real estate market in the southeastern US.
- The Pointe on Westshore in Tampa is expected to begin construction in Q4 2018.



Bjarne Borg
Manager

Consolidated Balance Sheet

June 30, 2018

ASSETS

RENTAL PROPERTY, NET	\$ 53,679,609
ASSETS HELD FOR DEVELOPMENT	27,784,108
NOTES RECEIVABLE	4,257,240
CASH AND CASH EQUIVALENTS	12,758,897
INVESTMENT IN UNCONSOLIDATED INVESTEEES	2,754,075
PREPAIDS AND OTHER	920,126
RESTRICTED CASH	392,638
ACCOUNTS RECEIVABLE, NET OF ALLOWANCE FOR DOUBTFUL ACCOUNTS OF \$ 518,873	350,672
DEFERRED LEASING COSTS, NET	474,680
DUE FROM RELATED PARTIES	3,067,090
	\$ 106,439,135

LIABILITIES AND MEMBERS' DEFICIT

LONG TERM DEBT, NET OF DEFERRED COSTS	\$ 35,132,581
LONG TERM DEBT - RELATED PARTY, NET	73,455,101
ACCOUNTS PAYABLE AND ACCRUED LIABILITIES	4,260,642
CAPITAL LEASE OBLIGATIONS	63,480
TENANT SECURITY DEPOSITS	49,050
UNEARNED RENT	32,285
COMMITMENTS AND CONTINGENCIES MEMBERS' DEFICIT OF INDEX ENTERPRISE, LLC	(8,795,585)
NONCONTROLLING INTEREST	2,241,581
	\$ 106,439,135

Consolidated Statement of Operations Six Months Ended June 30, 2018

INCOME

Rental	\$ 5,261,536
Tenant expense recovery	897,738
Resort, net	237,931
Total income	6,397,205

OPERATING EXPENSES

Depreciation	2,427,714
Management fees	2,263,621
Common area maintenance	1,673,411
Real estate taxes	580,837
Professional fees	878,747
Other operating expenses	2,203,966
Total operating expenses	10,028,296
LOSS FROM OPERATIONS	(3,631,091)

OTHER INCOME/(EXPENSE)

Interest income	79,513
Gain on sales of properties	27,421,799
Interest expense	(4,795,749)
Total other income/(expense)	22,705,563
NET INCOME	19,074,472
NET INCOME ATTRIBUTABLE TO NONCONTROLLING INTEREST	4,636,460
NET INCOME ATTRIBUTABLE TO INDEX ENTERPRISE, LLC	\$ 14,438,012

Consolidated Statement of Changes in Members' Deficit Six Months Ended June 30, 2018

	Members' deficit - Index Enterprise, LLC	Non controlling Interest	Total
Members' deficit as of December 31, 2017	\$ (18,038,507)	\$ 1,509,918	\$ (16,528,589)
Capital contributions – cash	-	-	-
Capital contributions – noncash	-	-	-
Distributions	(5,195,090)	(3,904,797)	(9,099,887)
Net Income	14,438,012	4,636,460	19,074,472
Members' deficit as of June 30, 2018	\$ (8,795,585)	\$ 2,241,581	\$ (6,554,004)

Consolidated Statement of Cash Flows Six Months Ended June 30, 2018

CASH FLOWS FROM OPERATING ACTIVITIES:

Net income	\$ 19,074,472
Adjustments to reconcile net loss to net cash used in operating activities:	
Gain on sale of properties	(27,421,799)
Depreciation	2,427,714
Bad debt expense	141,185
Changes in operating assets and liabilities:	
Accounts receivable	(331,671)
Prepays and other	1,998,907
Accounts payable and accrued liabilities	1,250,439
Deferred leasing costs	51,411
Tenant security deposits	(255,369)
Unearned rent	(140,593)
Total adjustments	(22,279,776)
Net cash used in operating activities	(3,205,304)

CASH FLOWS FROM INVESTING ACTIVITIES:

Decrease in restricted cash	842,342
Investments in rental properties	(10,462,663)
Investments in unconsolidated investees	(95,000)
Notes receivable, net	(551,415)
Proceeds from sale of properties	71,400,000
Advances to related parties, net	398,418
Assets held for development	1,259,386
Net cash provided by investing activities	62,791,068

CASH FLOWS FROM FINANCING ACTIVITIES:

Member distributions	(5,195,090)
Distributions - noncontrolling interest	(3,904,797)
Long-term debt, net	(32,014,257)
Long-term debt - related parties, net	(7,814,495)
Net cash used in financing activities	(48,928,639)
NET INCREASE IN CASH AND CASH EQUIVALENTS	10,657,125
CASH AND CASH EQUIVALENTS - BEGINNING OF PERIOD	2,101,772
CASH AND CASH EQUIVALENTS - END OF PERIOD	\$ 12,758,897

Supplemental Disclosure of Cash Flow Information:

Interest paid, net of capitalized interest	\$ 2,457,511
Income taxes paid	\$ -

Supplemental Disclosure of Noncash Financing and Investing Activities:

Jupiter, FL, USA, 08-29-2018

A handwritten signature in black ink, appearing to be 'Bj Borg', written in a cursive style.

Bjarne Borg
Manager

