

*JULY–  
SEPTEMBER  
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 – September 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 subsidiaries, has three (3) multi-family rental apartment projects in Florida for which two (2) 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. The Company is developing desirable rental apartment communities with environmentally sustainable features and technology.

#### **Significant events during the nine-months ended September 30, 2018.**

- High Ridge Landing, LLC, a 184-unit multi-family rental apartment project, was sold in Q2, 2018.
- Monterey Pointe Housing, LLC, a 150-unit multi-family rental apartment project, was sold in Q2, 2018.
- Marathon Ocean Housing, LLC (Tarpon Harbour), a 106-unit multi-family rental apartment project, maintained an average occupancy rate of 96% throughout Q3, 2018, and is expected to be sold in Q1, 2019.
- Seaward Landing, LLC., a 46-unit workforce housing project located in Marathon, Florida, ground breaking occurred during Q2 2018.
- Westshore Pointe, LLC (The Pointe on Westshore), a 444-unit workforce housing project located in Tampa, Florida, completed their pre-development phase and is expected to begin construction in Q4, 2018.

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

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

### 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 maintains an optimistic view of the real estate market in the southeastern US.



Bjarne Borg  
Manager

## Consolidated Balance Sheet September 30, 2018

### ASSETS

RENTAL PROPERTY, NET	\$ 55,530,323
ASSETS HELD FOR DEVELOPMENT	28,414,734
NOTES RECEIVABLE	4,257,232
CASH AND CASH EQUIVALENTS	972,029
INVESTMENT IN UNCONSOLIDATED INVESTEEES	2,820,575
PREPAIDS AND OTHER	1,562,910
RESTRICTED CASH	1,520,151
ACCOUNTS RECEIVABLE, NET OF ALLOWANCE FOR DOUBTFUL ACCOUNTS OF \$522,635	1,213,934
DEFERRED LEASING COSTS, NET	463,974
DUE FROM RELATED PARTIES	4,300,092
	<b>\$ 101,055,954</b>

### LIABILITIES AND MEMBERS' DEFICIT

LONG TERM DEBT, NET OF DEFERRED COSTS	\$ 46,608,701
LONG TERM DEBT - RELATED PARTY, NET	63,197,474
ACCOUNTS PAYABLE AND ACCRUED LIABILITIES	3,363,885
CAPITAL LEASE OBLIGATIONS	63,480
TENANT SECURITY DEPOSITS	47,050
UNEARNED RENT	22,494
COMMITMENTS AND CONTINGENCIES	-
MEMBERS' DEFICIT OF INDEX ENTERPRISE, LLC	(10,897,656)
NONCONTROLLING INTEREST	(1,349,474)
	<b>\$ 101,055,954</b>

## Consolidated Statement of Operations Nine Months Ended September 30, 2018

### INCOME

Rental	\$ 7,006,884
Tenant expense recovery	1,630,754
Resort, net	275,859
<b>Total income</b>	<b>8,913,497</b>

### OPERATING EXPENSES

Depreciation	3,083,059
Management fees	2,882,893
Common area maintenance	2,231,010
Real estate taxes	737,082
Professional fees	1,138,242
Other operating expenses	2,889,037
<b>Total operating expenses</b>	<b>12,961,323</b>
<b>LOSS FROM OPERATIONS</b>	<b>(4,047,826)</b>

### OTHER INCOME/(EXPENSE)

Interest income	136,816
Other income	1,835
Gain on sales of properties	27,421,799
Interest expense	(6,844,214)
<b>Total other income/(expense)</b>	<b>20,716,236</b>
<b>NET INCOME</b>	<b>16,668,410</b>
NET INCOME ATTRIBUTABLE TO NONCONTROLLING INTEREST	4,232,469
<b>NET INCOME ATTRIBUTABLE TO INDEX ENTERPRISE, LLC</b>	<b>\$ 12,435,941</b>

## Consolidated Statement of Changes in Members' Deficit Nine Months Ended September 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	-	500,000	500,000
Capital contributions - noncash	-	-	-
Distributions	(5,295,090)	(7,591,861)	(12,886,951)
Net Income	12,435,941	4,232,469	16,668,410
Members' deficit as of September 30, 2018	\$ (10,897,656)	\$ (1,349,474)	\$ (12,247,130)

## Consolidated Statement of Cash Flows Nine Months Ended September 30, 2018

### CASH FLOWS FROM OPERATING ACTIVITIES:

Net income	\$ 16,668,410
<b>Adjustments to reconcile net loss to net cash used in operating activities:</b>	
Gain on sale of properties	(27,421,799)
Depreciation	3,083,059
Bad debt expense	144,948
<b>Changes in operating assets and liabilities:</b>	
Accounts receivable	(1,198,696)
Prepays and other	1,356,123
Accounts payable and accrued liabilities	353,682
Deferred leasing costs	62,117
Tenant security deposits	(257,369)
Unearned rent	(150,384)
<b>Total adjustments</b>	<b>(24,028,319)</b>
<b>Net cash used in operating activities</b>	<b>(7,359,909)</b>

### CASH FLOWS FROM INVESTING ACTIVITIES:

Increase in restricted cash	(285,171)
Investments in rental properties	(12,968,722)
Investments in unconsolidated investees	(161,500)
Notes receivable, net	(551,407)
Proceeds from sale of properties	71,400,000
Advances to related parties, net	(834,584)
Assets held for development	628,760
<b>Net cash provided by investing activities</b>	<b>57,227,376</b>

### CASH FLOWS FROM FINANCING ACTIVITIES:

Member distributions	(5,295,090)
Distributions – noncontrolling interest	(7,591,861)
Contributions – noncontrolling interest	500,000
Long-term debt, net	(20,538,137)
Long-term debt – related parties, net	(18,072,122)
<b>Net cash used in financing activities</b>	<b>(50,997,210)</b>

<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(1,129,743)</b>
<b>CASH AND CASH EQUIVALENTS BEGINNING OF PERIOD</b>	<b>2,101,772</b>
<b>CASH AND CASH EQUIVALENTS END OF PERIOD</b>	<b>\$ 972,029</b>

### Supplemental Disclosure of Cash Flow Information:

Interest paid, net of capitalized interest	\$ 5,102,873
Income taxes paid	\$ –

Supplemental Disclosure of Noncash Financing and Investing Activities:

Jupiter, FL, USA, 11-28-2018

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

**Bjarne Borg**  
Manager

