

*OCTOBER—
DECEMBER
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 – December 31, 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 year-ended December 31, 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 Q4, 2018, and is expected to be sold in Q2, 2019.
- Seaward Landing, LLC., a 46-unit workforce housing project located in Marathon, Florida, ground breaking occurred during Q4 2018.
- Westshore Pointe, LLC (The Pointe on Westshore), a 444-unit market rate apartment project located in Tampa, Florida, completed their pre-development phase, closed their construction loan and will begin construction in Q1, 2019.

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 Q4, 2018.
- Palm Coast received their certificate of occupancy and continued the lease up phase of operations through Q4, 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 leases. 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 multifamily rental and senior living real estate market in the southeastern US.
- In January 2019, Seaward Landing, LLC closed on their construction loan and will begin the lease up phase of operations in Q4 2019.

Bjarne Borg
Manager

Consolidated Balance Sheet

December 31, 2018

ASSETS

RENTAL PROPERTY, NET	\$ 54,591,518
ASSETS HELD FOR DEVELOPMENT	29,709,685
NOTES RECEIVABLE	4,443,226
CASH AND CASH EQUIVALENTS	4,975,341
INVESTMENT IN UNCONSOLIDATED INVESTEEES	2,820,575
PREPAIDS AND OTHER	1,368,231
RESTRICTED CASH	1,483,141
ACCOUNTS RECEIVABLE, NET OF ALLOWANCE FOR DOUBTFUL ACCOUNTS OF \$352,913	2,579,804
DEFERRED LEASING COSTS, NET	528,306
DUE FROM RELATED PARTIES	1,484,730
	\$ 103,984,557

LIABILITIES AND MEMBERS' DEFICIT

LONG TERM DEBT, NET OF DEFERRED COSTS	\$ 47,782,304
LONG TERM DEBT - RELATED PARTY, NET	59,401,472
ACCOUNTS PAYABLE AND ACCRUED LIABILITIES	4,336,514
CAPITAL LEASE OBLIGATIONS	63,480
TENANT SECURITY DEPOSITS	52,050
UNEARNED RENT	42,878
COMMITMENTS AND CONTINGENCIES	-
MEMBERS' DEFICIT OF INDEX ENTERPRISE, LLC	(9,155,369)
NONCONTROLLING INTEREST	1,100,968
PREFERRED EQUITY	360,260
	\$ 103,984,557

Consolidated Statement of Operations Twelve Months Ended December 31, 2018

INCOME

Rental	\$ 8,705,185
Tenant expense recovery	1,816,903
Resort, net	335,403
Total income	10,857,491

OPERATING EXPENSES

Depreciation	3,730,414
Management fees	3,332,155
Common area maintenance	2,407,708
Real estate taxes	918,930
Professional fees	712,873
Other operating expenses	3,980,951
Total operating expenses	15,083,031
LOSS FROM OPERATIONS	(4,225,540)

OTHER INCOME/(EXPENSE)

Interest income	436,902
Other income	513,861
Gain on sales of properties	27,440,792
Interest expense	(8,460,659)
Total other income/(expense)	19,930,896
NET INCOME	15,705,356
NET INCOME ATTRIBUTABLE TO NONCONTROLLING INTEREST	4,222,218
NET INCOME ATTRIBUTABLE TO INDEX ENTERPRISE, LLC	\$ 11,483,138

Consolidated Statement of Changes in Members' Deficit Twelve Months Ended December 31, 2018

	Members' deficit - Index Enterprise, LLC	Non-controlling Interest	Preferred Equity	Total
Members' deficit as of December 31, 2017	\$ (18,038,507)	\$ 1,509,918	\$	\$ (16,528,589)
Capital contributions – cash	-	3,000,000	360,260	3,360,260
Capital contributions noncash	-	-	-	-
Distributions	(2,600,000)	(7,631,168)		(10,231,168)
Net Income	11,483,138	4,222,218		15,705,356
Members' deficit as of December 31, 2018	\$ (9,155,369)	\$ 1,100,968	\$ 360,260	\$ (7,694,141)

Consolidated Statement of Cash Flows Twelve Months Ended December 31, 2018

CASH FLOWS FROM OPERATING ACTIVITIES:

Net income	\$ 15,705,356
Adjustments to reconcile net loss to net cash used in operating activities:	
Gain on sale of properties	(27,440,792)
Depreciation	3,730,414
Changes in operating assets and liabilities:	
Accounts receivable	(2,419,618)
Prepays and other	1,550,802
Accounts payable and accrued liabilities	1,326,311
Deferred leasing costs	(2,215)
Tenant security deposits	(252,369)
Unearned rent	(130,000)
Total adjustments	(23,637,467)
Net cash used in operating activities	(7,932,111)

CASH FLOWS FROM INVESTING ACTIVITIES:

Increase in restricted cash	(248,161)
Investments in rental properties	(12,658,279)
Investments in unconsolidated investees	(161,500)
Notes receivable, net	(737,401)
Proceeds from sale of properties	71,400,000
Advances to related parties, net	1,980,778
Assets held for development	(666,191)
Net cash provided by investing activities	58,909,246

CASH FLOWS FROM FINANCING ACTIVITIES:


Member distributions	(2,600,000)
Distributions - noncontrolling interest	(7,631,168)
Contributions - noncontrolling interest	3,000,000
Contributions - preferred equity	360,260
Long-term debt, net	(19,364,534)
Long-term debt - related parties, net	(21,868,124)
Net cash used in financing activities	(48,103,566)

NET INCREASE IN CASH AND CASH EQUIVALENTS	2,873,569
CASH AND CASH EQUIVALENTS - BEGINNING OF PERIOD	2,101,772
CASH AND CASH EQUIVALENTS - END OF PERIOD	\$ 4,975,341

Supplemental Disclosure of Cash Flow Information:

Interest paid, net of capitalized interest	\$ 7,985,669
Income taxes paid	\$ -
Supplemental Disclosure of Noncash Financing and Investing Activities:	

Jupiter, FL, USA, February 27, 2019



Bjarne Borg, Manager

