



BUSINESS PARK, CLINTON, MS

Mezzanine Loan:	\$2.50 million*
Term:	8.8 years
Interest Rate:	12%
Senior Mortgage:	\$14.31 million
Appraised Value:	\$23.6 million
Loan-to-Value Ratio:	71.2%

*Terra Income Fund 6 purchased this loan for \$2.43 million.

Location

The office complex securing this loan is located in Clinton, Mississippi, a town 10 minutes west of Jackson, the state’s capital. It is situated along Interstate 20, the major east/west artery through central Mississippi. Across the highway is Mississippi College, the largest private university in the state, and 20 miles east on I-20 is the Jackson-Medgar International Airport.

Local employers include state government, healthcare services, education, and automotive industries. In the metro area there are 13 universities and one of two Nissan automobile manufacturing plants in the U.S. In the immediate vicinity of the property is a mix of residential, retail and office

buildings, with single and multi-unit residential being most prevalent. Major retailers in the vicinity include Home Depot, Starbucks and Applebee’s, while several hotels serve this office complex and the nearby college.

Property

The South Pointe Business Park was constructed as the headquarters for WorldCom between 1996 and 1998 at a cost of \$85 million. With 354,055 rentable square feet, it sits on 79 acres. WorldCom occupied the property until it was acquired by Verizon in 2006 and operations were migrated to Virginia. The property is uniquely positioned with enormous fiber capacity for securing and managing large amounts of data, and our borrower believes it



is one of a few office properties with a waiting list for sizable tenants.

This property was over-improved for the market and it continues to be at the top of the market in terms of overall quality. Amenities include a full gym with showers and locker rooms, cafeteria, and a pond with a jogging path. There are also 35 acres of wooded land which could be developed in the future. Currently this property is 99.4% occupied by six tenants, including the Mississippi Department of Revenue (MDOR), University Physicians, Mississippi Department of Education and Lockheed Martin.

Opportunity

Our borrower, Hertz Investment Group, is run by the Hertz family. Their fund primarily invests in high-quality office buildings in secondary and tertiary markets, and its current portfolio consists of 56 properties, spanning more than 17 million square feet throughout the U.S.

Hertz acquired this building in December 2014 for \$20.5 million, with J.P. Morgan providing both a \$14.6 million senior mortgage and a \$2.5 million mezzanine loan. The appraised value was \$21.5 million. A February 2016 appraisal reflected a \$23.6 million property value.

While Terra doesn't typically purchase loans, it is acquiring this mezzanine loan from J.P. Morgan at a discount. The property is one that Terra would have considered financing at origination had J.P. Morgan presented it then. With its relatively long duration, it affords Terra the opportunity to purchase the loan at a useful discount, evidencing Terra's advantage

in a market with relatively few mezzanine lenders rather than any deficiency in the asset. The discount improves the current yield to 12.3% from the stated 12.0% coupon.

Hertz intends to continue operating the property and refinance the loan upon maturity. The largest lease — to Mississippi Department of Revenue, which occupies 60% of the leasable space — will not come due during the life of Terra's loan. Only two major leases will come due during the term of the loan: Mississippi Department of Education, which occupies 11.6% of the property, and Lockheed Martin at 4.6% of the property.

- Hertz Investment Group controls more than 60% of the office space in downtown Jackson, giving the company an intimate knowledge of the market.
- Current debt service coverage is 1.30x, which means that current cash flow is 130% of the mortgage and loan payments. All excess cash will be swept into a reserve if the cash flow drops below 1.15x.
- At closing, Terra's last dollar represents a 78.4% discount to replacement cost. Built at a cost of \$85 million, the property was over-improved for the market. Today its amenities and capabilities attract the most stable tenants in the market as well as the highest rents among the comparable set.

Past performance is not a guarantee of future results.



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Terra Capital Markets (Member FINRA/SIPC) is the dealer manager for Terra Income Fund 6, which is a non-traded business development company (BDC).

- The interest rate on this loan is not necessarily an indication of the return or distributions an investor may receive. Investor returns will be reduced by expenses.
- You should not expect to be able to sell your shares regardless of how we perform.
- If you are able to sell your shares, you will likely receive less than your purchase price.
- We do not intend to list our shares on any national securities exchange during or for a significant time after the end of the offering, and we do not expect a secondary market in the shares to develop.
- We have implemented a share repurchase program, but only a limited number of shares are eligible for repurchase by us. In addition, any such repurchases will be at a 10% discount to the current offering price in effect on the date of repurchase.
- You should consider that you may not have access to the money you invest for an indefinite period of time.
- An investment in our shares is not suitable for you if you need access to the money you invest.
- Our distributions may be funded from unlimited amounts of offering proceeds or borrowings, which may constitute a return of capital and reduce the amount of capital available to us for investment. Distributions funded from a return of capital are not funded from our net profit. Any profits returned to stockholders through distributions will be distributed after payment of fees and expenses.
- We have not identified specific future investments that we will make with the proceeds of this offering and you will not have the opportunity to evaluate our investments prior to purchasing shares of our common stock. As a result, our offering may be considered a “blind pool” offering.