STUDENT HOUSING, LOGAN, UT

Bridge Loan:	**$5 million* Preferred Equity**
First Mortgage:	**$25.3 million**
Term:	**12 months**
Interest Rate:	**12%**
Fees:	**1% origination fee, 1% exit fee**
Loan-to-Value Ratio:	**88%**

*Terra Income Fund 6 holds a $1.6 million interest in this loan.

Location

Securing Terra's loan is a newly built student housing facility marketed as "The Factory" and located at 870 North 600 East in Logan, Utah. A college town, Logan is located 70 miles north of Salt Lake City and home to Utah State University (USU). Four blocks from campus and one mile from Logan's downtown center, the property offers easy access to USU facilities, shopping, dining, and entertainment.

USU is the largest employer in the county with over 2,300 faculty and staff. The University has achieved numerous recognitions for its quality academic programs. According to *U.S. News and World Report* (2015), USU ranked in the top two percent of prestigious graduate schools of Education, and it is ranked fifth nationally among public universities for total research dollars received. The unemployment rate has fallen from 5.2% in 2011 to 2.7% in 2017 — well below the regional, state, and national level.

Property

The property is a student housing facility completed in 2016. It comprises two residential buildings and an adjacent parking structure. Property amenities include indoor and outdoor study areas, a double-decker supersize hot tub, a two-lane bowling alley, a cinema room, outdoor fire pits, bike racks for 180 bikes, clubhouse with café, game room with pool tables, a yoga room, two-level fitness center, indoor rock climbing wall, tenant lounges, a conference room, sand volleyball courts, on-site bus-tracking TV monitors, and an attached six-story parking garage. The large courtyard containing the hot tubs and BBQ facilities are situated on hydroponically heated concrete to make them accessible year round.

In the 2015–2016 school year, USU reported 13,800 full-time students living on or near campus. There are 4,000 beds available on campus, requiring the majority of students to consider off-campus housing. The city of Logan offers limited student housing alternatives that can match the amenity package that The Factory provides, and the property has little direct competition for its 479 beds. Occupancy for 2016–2017 was 100%. Most students that choose The Factory are selecting based on their budget, with their second option typically being a single-family home, which is also in limited supply due to permitted use restrictions that allow a maximum

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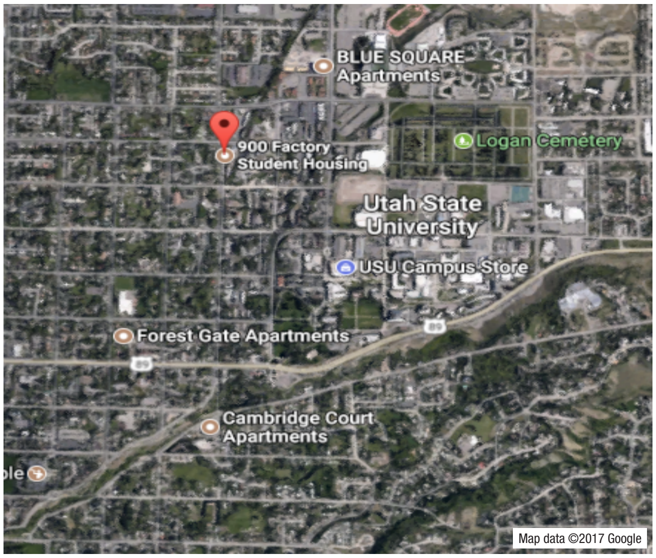

of three unrelated adults in a home, and parking restrictions that require one parking spot per adult.

The Borrower

The borrower is Nelson Brothers Professional Real Estate, founded in 2007 by brothers Patrick and Brian Nelson. The company specializes in student housing and senior living facilities. Their business model is focused on purchasing existing properties, managing construction of properties, and providing property management services. As of June 2017, they have 46 properties totaling approximately $325 million in value. Their portfolio spans 10 states and totals over 4,800 beds. In addition to raising capital by obtaining loans, they sell syndicated offerings to individual investors.

The Loan's Purpose

Investors who realize gains on the sale of a property can defer paying tax on those gains by rolling the proceeds from their sale into a new property investment. These "1031 exchanges" often use a tenants-in-common or "TIC" ownership structure to hold the new property because it can qualify for the deferral under the tax code more easily than a REIT, limited partnership or corporate structure. Sponsors of TIC syndications tie up a property and then spend several months lining up investors who have recently sold or are about to sell a property for a significant gain. Those who find the property being offered an attractive investment may purchase an ownership percentage in that property by rolling their sale proceeds into the new TIC structure that owns it. The process requires several months and, while senior financing is usually in place, a bridge loan is also needed to help fund the acquisition of the new property until the investors actually move their proceeds into the TIC structure, allowing the borrower to pay off its bridge loan. Simply put, sponsors of TIC transactions organize the new investment and secure the property before offering it to investors. Consequently, the sponsor of a TIC syndication needs a bridge funding with which to hold the property until the investors arrive.

The borrower has completed 10 similar transactions involving student housing and has repaid each loan in an average of 72 days. In addition, Terra has made two loans to Nelson Brothers Real Estate using student housing as collateral. With these two loans, the borrower utilized a structure similar to a TIC and known as a DST "Delaware Statutory Trust." Terra was repaid ahead of schedule on both loans.

- **Experienced borrower with strong track record:** Nelson Brothers Real Estate has completed 12 similar transactions involving student housing since 2010 with the repayment of debt occurring within 73 days on average.
- **Conservative financial assumptions:** The sponsor (our borrower) needs to sell only 31% of the syndication offering to repay Terra's loan.
- **Personal guaranty:** The owners of Nelson Brothers Real Estate, Patrick and Brian Nelson, have each made a personal pledge guaranty for the full loan amount.
- **Supply and demand:** Utah State is a thriving university with full-time student enrollment of 14,000. There are only 4,000 student housing beds on campus, which resulted in the property achieving 100% occupancy for the 2016–2017 school year.

Past performance is not a guarantee of future results.

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- An investment in Terra 6 is speculative and involves a high degree of risk.

- 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. An investment in our shares is not suitable for you if you need access to the money you invest. If you are able to sell your shares, you will likely receive less than your purchase price.

- 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.

- 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.

- Economic activity in the United States was adversely impacted by the global financial crisis of 2008 and has yet to fully recover.

- These conditions may make it more difficult for us to achieve our investment objectives. Our ability to achieve our investment objectives depends on Terra Income Advisors' ability to manage and support our investment process. If our advisor were to lose any members of its senior management team, our ability to achieve our investment objectives could be significantly harmed. If we overestimate the value or income-producing ability or incorrectly price the risks of our investments, we may experience losses.