

FORM ADV BROCHURE

UNIFORM APPLICATION FOR INVESTMENT ADVISER REGISTRATION

Part 2A

As of 03/29/2019

Item 1: Cover Page

TerraCap Management LLC
23421 Walden Center Drive, Suite 300
Estero, FL 34134
239-540-2002 Office
239-321-6564 Fax
www.TerraCapMgmt.com

This brochure provides information about the qualifications and business practices of TerraCap Management LLC. If you have any questions about the contents of this brochure, please contact us. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about TerraCap Management, LLC, is available on the SEC's website at www.adviserinfo.sec.gov. You can search this site by a unique identifying number, known as a CRD number. The CRD number for TerraCap Management, LLC is 169695.

Registration with the SEC and other state securities authorities as a registered investment adviser does not imply a certain level of skill or training.

Item 2: Summary of Material Changes

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Item 4: Advisory Business

Who We Are

TerraCap Management, LLC (referred to herein as “we,” “our,” “us,” or TerraCap Management”) is an investment advisor in the State of Florida. We are governed by our owners and principals, Walter S. Hagenbuckle, Robert M. Gray, and Michael Davis. The only owners of TerraCap Management holding more than 25% are Mr. Hagenbuckle and Mr. Gray.

Services We Offer

We serve as the manager and investment advisor to four pooled investment vehicles, three of which consist of two co-mingled funds and one of those commingled funds serves as the master fund in a master-feeder arrangement; TerraCap Partners LP, TerraCap Partners II (Institutional) LP, TerraCap Partners II (HNW) LP, TerraCap Partners III (HNW) LP, TerraCap Partners III (Institutional) LP, TerraCap Partners IV (Institutional) LP and TerraCap Partners IV (HNW) LP (each a “Fund” or collectively the “Funds”). TerraCap Partners IV (Institutional) LP is the master fund in a master-feeder arrangement. TerraCap Partners IV (ERISA) LP is the feeder fund in the aforementioned arrangement. We may serve as manager and investment advisor to additional pooled investment vehicles in the future. Our investment decisions are made in compliance with the investment guidelines disclosed in the offering materials for the Funds. Each potential investor in the Funds receives a complete set of offering materials prior to investing in the Funds. We do not tailor our advisory services to the individual needs of the investor.

We presently seek investment opportunities in the form of equity and debt investments in real estate properties, primarily consisting of commercial real estate in the southern United States. Investment decisions are based on our assessment of the risks associated with each investment, the amount of capital committed, the potential for income and profits from such investments, and the likelihood of a successful exit from the investment.

We will manage the business, investment and financial affairs of the Funds, including the exercise of appropriate care and control of all business decisions during the term of the Funds. In performing our investment services, our primary function will be to identify, analyze, and select potential investments for the Funds. We will also monitor the financing, development, operations, and ultimate sale and/or liquidation of investments in the Funds.

We may establish such bank and securities accounts, borrowing arrangements and other accounts or facilities as we determine necessary or desirable in effectuating investment transactions on behalf of the Funds and maintain the Funds’ records and files relating to their investments. We also prepare, or cause to be prepared, periodic reports detailing the Funds’ holdings and such other relevant financial information as we determine necessary.

Similar Investments and Other Disclosures

Unless prior written consent is received from holders of a majority of the Fund then, until the time at which at least 75 percent of a Fund’s capital contributions have been invested in or otherwise committed (“Restriction Period”), neither the Manager, the General Partner or their affiliates will

close on any other investment fund that has as its primary objective the identification, qualification, acquisition, entitlement, management, marketing and sale of real estate assets located primarily in the southern United States. If a competing fund is organized after the Restriction Period, then, until the time at which at least 90 percent of the Partnerships' capital contributions have been invested ("Full Investment"), a competing fund may not close on any Investment.

The Funds will not invest in, acquire Investments from, nor sell Investments to, any entity in which the Manager, the General Partner or any of their affiliates has either (a) 2.5 percent or more of the outstanding equity interests or (b) a pre-existing economic interest of more than \$50,000.

The Funds may co-invest with third parties through partnerships, joint ventures or other entities, thereby acquiring non-controlling or partially-controlling interests in certain investments. Although the Funds may not have control over these investments and therefore, may have a limited ability to protect its position therein, TerraCap expects that appropriate rights will be negotiated to protect the Funds' interests.

Nevertheless, such investments may involve risks not present in investments where a third party is not involved, including the possibility that a third party partner or co-venture may have financial difficulties resulting in a negative impact on such investment, may have economic or business interests or goals which are inconsistent with those of the Funds, or may be in a position to take action contrary to the Funds' investment objectives.

In certain other investments, the Funds may exercise control. The exercise of control over an entity can impose additional risks of liability for environmental damage, failure to supervise management, violation of government regulations (including securities laws) or other types of liability in which the limited liability characteristics of business ownership may be ignored. If these liabilities were to arise, the Funds might suffer a significant loss.

More detailed information on similar investments, competing funds, co-investments, and potential conflicts is available in the offering documents of each current Fund.

It is our intention and goal to always put the interest of the client and underlying investors above the interest of the Firm, or any of its related persons.

The Firm's principals and Funds' General Partners (individually and collectively, the "GP") have primary responsibility for resolving conflicts of interest involving the Funds. All principal and GP decisions are documented, including the reasoning, factors considered, and supplemental data collected.

While conflicts could materially and adversely affect the Funds, the principals and GPs, in their sole judgment and discretion, will attempt to mitigate such potential adversity by the exercise of business judgment in an attempt to fulfill its fiduciary obligations. TerraCap Management cannot assure that such an attempt will prevent adverse consequences resulting from the numerous potential conflicts of interest.

Assets Under Management

We have approximately \$818,034,309 in discretionary regulatory assets under management as of the filing of our Form ADV.

We do not manage any assets on a non-discretionary basis. Back-up calculations are available upon request.

Item 5: Fund Expenses

The Fund will pay, or reimburse the General Partner and the Investment Manager (and their respective affiliates) for, all Operating Expenses incurred by any of them on behalf of the Fund. The General Partner generally expects to allocate Operating Expenses among Investors in proportion to their Capital Commitments. Notwithstanding the foregoing, if the General Partner determines that it is equitable to specially allocate any Operating Expenses to an Investor or group of Investors, the General Partner will have the authority to make that allocation. include, among other items, the following fees and expenses relating to the business and investment activities of the Fund: (a) administrative expenses related to the operation of the Fund, including the fees and expenses of accountants, lawyers, third-party administrators and other professionals and service providers incurred in connection with the Fund's annual audit, data processing, investment-level management and servicing, Funding Notices, Investor recordkeeping, legal, compliance, financial reporting, legal opinions, tax planning, tax projections, tax strategy and tax return preparation, as well as the expenses associated with the preparation and distribution of reports; (b) fees, costs and expenses, if any, incurred in evaluating, negotiating, structuring, underwriting, acquiring, appraising, financing, refinancing or otherwise dealing with investments pursued for the Fund (whether or not the Fund actually acquires such investments), including travel costs, legal, due diligence, real estate related costs, reporting, projections, valuation, tax and accounting expenses, printing expenses, subscriptions to potential investor services, placement fees and other fees and out-of-pocket costs related thereto; (c) fees, costs and expenses, if any, with respect to rendering financial assistance to or arranging for financing for the Fund, any subsidiary thereof or the Fund's investments; (d) fees, costs and expenses, if any, incurred in relation to the acquisition, holding, developing, monitoring, operating, management, appraising, financing, refinancing, disposing of or otherwise dealing with investments, including any travel, legal, audit, financing, appraisal, insurance consulting, custodial, brokerage, inspection, indemnification and accounting expenses, taxes, licenses, administrative expenses, advertising costs and expenses, property operating expenses (including office supplies, leases, equipment and appliances, printing, postage, telecommunications and technology equipment and services (including computer equipment, data and data management services, data storage systems and data center space, cloud-based systems, software, terminals, peripherals, servers and other hardware), insurance, janitorial expenses, capital expenditures and improvements on properties, security services, maintenance and repair expenses and utilities), fees and expenses of third party professionals and service providers with respect to the investments, compensation of employees employed by the investments (including as applicable base salaries, periodic, discretionary bonuses and occupational benefits and perquisites (including health insurance plans and premiums and retirement plans)), taxes and licenses, dues and subscriptions, and other fees and out-of-pocket expenses related thereto; (e) interest expenses, making temporary investments, real estate commissions and other investment costs incurred by or on behalf of the Fund; (f) fees, costs and expenses incurred in organizing, forming and maintaining any alternative investment vehicles or subsidiaries or any other entity formed to facilitate the Fund's investment objective and all fees, costs and expenses incurred in

connection with the offering of Interests following the Initial Closing Date; (g) taxes, fees and other equivalent government charges levied against the Fund, any investment or the income thereof, fees of auditors, counsel and other advisors of the Fund, premiums for insurance protecting the Fund, the General Partner, the Investment Manager and other Indemnified Parties and any litigation costs of the Fund; (h) Indemnification Expenses incurred pursuant to the Partnership Agreement or related to any investment of the Fund and any other extraordinary administrative or operating fees or expenses; (i) the costs of compliance with applicable laws and regulations of governmental and self-regulatory bodies; (j) costs and expenses of forming any special purpose entity or subsidiary in connection with an investment and the costs of maintaining each entity of the Fund; (k) travel, travel-related (including airfare, meals, lodging, parking and rentals) and entertainment expenses; (l) industry-related fees such as conference, seminar, training, speaker, industry association and similar expenses and fees; (m) fees and expenses payable to members of the Advisory Committee in exchange for their services; (n) expenses associated with annual investor meetings; and (o) other customary expenses. The foregoing list is not necessarily exhaustive and is intended to be illustrative of various overhead, operating and administrative expenses.

Item 6: Fees and Compensation

We receive both a management (or advisory) fee, based on the capital commitments or capital under management, whichever is greater, in each respective Fund, and an incentive allocation for managing each Fund. For TerraCap Partners, LP and TerraCap Partners II, LP the management fee is 2.00% per year calculated against the Fund's aggregate capital under management during the Fund's investment period; after approval of the limited partners, the management fee was reduced from 1.75% to 1.5% per year calculated against the Fund's aggregate capital under management during the Fund's investment period of TerraCap Partners III Funds as of November 29, 2014. TerraCap Partners IV will also collect a management fee of 1.5% per year calculated against the Fund's aggregate invested capital under management during the Fund's investment period. In all cases, the management fee is payable quarterly based on the capital commitments or invested capital under management as of first day of the calendar quarter.

As the manager of pooled investment vehicles, each investor irrevocably appoints us as an attorney-in-fact with authority to establish, manage and maintain all bank, mutual fund and securities brokerage accounts as needed for the purposes of the Funds' investments. In this capacity, we have the authority to withdraw the management fees, carried interest, expenses and capital from each Fund's bank account.

For qualifying investors, each respective General Partnership of a fund receives a carried interest in the Fund generally equal to 20% of the profits generated by the Fund after the investors have received aggregate distributions from the Fund equal to their total capital contributions. Certain agreements may be entered into with initial investors that decrease the Fund's carried interest rate with respect to that investor (see **Side Letters**).

If, following the dissolution, winding up and termination of the current Funds and the distribution of all or substantially all of the Funds' assets, distributions of Carried Interest to the General Partner have been made with respect to any Limited Partner and either (i) the excess of (A) the cumulative distributions to such Limited Partner of Investment Proceeds, over (B) the aggregate

amount of Capital Contributions made by such Limited Partner (the amount of such excess being the “Cumulative Net Distributions” with respect to such Limited Partner) do not represent at least the Preferred Return, or (ii) the aggregate distributions of Carried Interest to the General Partner with respect to such Limited Partner exceeds 20% of the sum of (A) the Cumulative Net Distributions with respect to such Limited Partner, and (E) the aggregate distributions of Carried Interest to the General Partner with respect to such Limited Partner (such excess, the “Excess 20% Amount”), in each case determined after giving effect to all transactions through the Clawback Determination Date, then the General Partner shall be obligated to return or cause to be paid promptly to the Fund, an amount equal to the lesser of (I) the Final Clawback Amount (as defined below) with respect to such Limited Partner and (II) the After-Tax Amount of the aggregate distributions of Carried Interest to the General Partner with respect to such Limited Partner.

This clawback provision is presented in more detail in each current Fund’s PPM. Future funds, if any, may have different clawback and compensation provisions.

These fees may be reduced or adjusted by agreement in limited circumstances.

Other Costs Involved

In addition to our management fees explained above, each Fund pays certain expenses associated with its investments. These fees include day-to-day administrative and operating expenses of the Fund, including due diligence expenses associated with potential investments, fees and expenses of real estate sponsors, and fees and expenses of developers and property managers. Additional details related to these costs are provided in the Funds’ Private Placement Memoranda.

Item 7: Performance Based Fees and Side-by-Side Management

As discussed in Item 5, each General Partnership generates performance fees in the form of a carried interest of Fund earnings which is a right to a portion of the Fund’s profits and gains over the Fund investors’ Return of Capital.

Prior to entering into an advisory contract with any client, TerraCap Management provides detailed disclosures relating to the risks associated with performance-based fees.

Item 8: Types of Clients

We provide investment advice solely to the Funds, which are pooled investment vehicles. Investors are required to commit to invest a minimum of \$50,000 in TerraCap Partners LP, \$1,000,000 in TerraCap Partners II/TerraCap Partners III/TerraCap Partners IV (Institutional) LP, and \$250,000 in TerraCap Partners II/TerraCap Partners III/TerraCap Partners IV (HNW) LP; however, we may waive this minimum in our sole discretion. The Funds accept only accredited investors and qualified clients.

Item 9: Methods of Analysis, Investment Strategies and Risk of Loss

Methods of Analysis and Investment Strategy

We seek investment opportunities in the form of equity and debt investments in real estate projects, primarily located in southeastern United States. All appropriate investment opportunities are presented to the Investment Committee. That Committee will provide to TerraCap Management managers a recommended course of action regarding the investment opportunity. TerraCap Management managers have the final decision on whether or how to act on the recommendation of the Committee. Investment decisions by both the Investment Committee and TerraCap Management managers are based on their assessment of the risks associated with each investment, in light of the amount of capital committed, the potential for income and profits from such investments and the likelihood of a successful exit from the investment.

TerraCap Management's policy is to allocate available investments first to client Funds, if the investments are within the investment parameters of such Funds. If an investment is within the investment parameters of more than one Fund, the Managers will allocate the investment among the client Funds in its good faith judgment as to the best interests of the client Funds, with consideration to factors including the relative size of the investment and the available capital of the client Funds, the client Funds' current investment portfolios, and the age and life-cycle status of each Fund as compared to the anticipated holding period of the investment. The Managers may consider all other factors it deems relevant to such a determination. If an available investment is not within any client Fund's investment parameters or is otherwise not suitable for a client Fund, such investment may be offered to affiliates of the Firm.

Each Fund's offering documents provide the General Partner, some discretion to expand, revise or contract the Fund's business without the consent of the other investors. Thus, in some cases, the Funds' investment strategies may be altered without prior approval by, or notice to, the investors of the Funds.

Risk of Loss

The success of an investment in the Funds may be affected by general economic and market conditions such as: interest rates, availability of credit, inflation rates, economic uncertainty, changes in foreign and domestic laws, and national and international political circumstances.

An investment in the Fund is subject to risks typically associated with an investment in real estate. The economic success of an investment in the Fund depends in part on the acquisition, development, financing, management and sale of various real estate projects on favorable terms, which will be subject to risks typically associated with investments in real estate. These risks include adverse changes to:

- local population trends;
- market conditions;
- neighborhood values;
- local economic and social conditions;
- supply and demand for property investments;
- competition from similar projects;

- interest rates;
- availability of financing;
- real estate tax rates;
- governmental rules, regulations and fiscal policies;
- the enactment of unfavorable real estate regulation;
- rent control;
- environmental or zoning laws;
- hazardous material laws;
- uninsured losses; and
- effects of inflation.

Any of these factors could cause the Funds to experience lower than expected returns or a loss on one or more investments.

All investments involve different degrees of risk. Investors should be aware of their risk tolerance level and financial situations at all times. We cannot guarantee the successful performance of an investment and we are expressly prohibited from guaranteeing accounts against losses arising from market conditions. In other words, investors should be prepared to bear the risk of loss.

Item 10: Disciplinary Information

Registered investment advisors are required to disclose any material facts regarding any legal or disciplinary actions that would be material to the evaluation of the investment advisor and each investment advisor representative providing investment advice. We have no such information on disciplinary actions to disclose at this time.

Item 11: Other Financial Industry Activities and Affiliations

Financial Industry Affiliations

As a registered investment advisor, we are required to disclose when we, or any of our principals, have any other financial industry affiliations. Walter S. Hagenbuckle, an owner of TerraCap Management, is affiliated with a real estate brokerage licensed in Florida called Heights Realty & Investments, LLC. The TerraCap Funds primarily invest in real estate properties in the southern United States. When the managers select investments for the Fund, they also appoint various vendors and real estate professionals to provide services to the investment properties. These services include, but are not limited to, management of renovation projects, asset management, property manager, leasing, due diligence, accounting.

Other Affiliations

Walter S. Hagenbuckle, Robert Gray, and Michael Davis are also owners in the property management company called Harvard Pacific, LLC. Walter S. Hagenbuckle owns Heights Properties, Inc., also a property management company.

In some cases, the Funds or TerraCap Management may use one of these companies, or its affiliates, to provide services to Fund property investments. It is important to note that decisions as to whether or not an Affiliate may participate in a bid and the ultimate selection of an affiliate are conducted by individuals with an equity interest in the Affiliate. Neither the Funds nor TerraCap Management will use any company affiliated with TerraCap Management owners unless that firm is demonstrably the lowest cost or best value competent service. Whenever one of these companies is used, it is the result of a competitive bidding and evaluation process. Nevertheless, the use of these companies may create conflicts of interest. To mitigate these conflicts, TerraCap Management employs the policies and procedures written below in the “Conflict Resolution” section.

Conflict Resolution

Conflicts may arise as a result of the affiliations/investments described above. To the extent possible, TerraCap Management will attempt to mitigate and resolve these conflicts.

It is our intention and goal to always put the interest of the client and underlying investors above the interest of the Firm, or any of its related persons. When evaluating potential vendors for investments in the Funds we look at various factors including: price, quality of service, our ability to oversee and control the quality of work provided, vendor reputation, etc. In doing so, we may identify affiliates as appropriate service providers to the Funds.

The TerraCap Management owners/principals and GPs have primary responsibility for resolving conflicts of interest involving the Funds. All owner/principal and GP decisions will be documented, including the reasoning, factors considered and supplemental data collected. If for any reason any manager or affiliated person is deemed to be “interested” with regards to a specific transaction, including the use of a real estate brokerage or property management company affiliated with an owner/principal, the owners/principals will submit the terms of the transaction to an Advisory Committee identified at that time, or to an independent, third-party advisor selected by the Committee.

No approval will be required if the transaction is subject to competitive bidding, or is of the type for which market range pricing and terms are available, and the transaction is within market ranges. The terms of the competitive bidding and market range pricing will be documented and preserved as records of TerraCap Management.

Approval of the use of an Affiliate may be reviewed by an employee without an equity interest in the Affiliate or by the Advisory board to mitigate such potential conflicts.

While the foregoing conflicts could materially and adversely affect the Funds, the Board, in its sole judgment and discretion, will attempt to mitigate such potential adversity by the exercise of business judgment in an attempt to fulfill its fiduciary obligations. TerraCap Management cannot assure that such an attempt will prevent adverse consequences resulting from the numerous potential conflicts of interest.

Side Letters

TerraCap may enter into side letter agreements with certain investors that may provide additional

or differential rights. Notwithstanding the foregoing, TerraCap may negotiate side letters with any investor at his or her, or his or her representative's, request and generally does not preclude any terms or conditions from such negotiations, unless the Limited Partnership Agreement expressly or mechanically prohibits certain terms from being negotiated.

Item 12: Code of Ethics

TerraCap Management has adopted a Code of Ethics (the “Code”) that governs a number of potential conflicts of interest we have when providing advisory services to our clients. This Code of Ethics is designed to ensure we meet our fiduciary obligation to our Clients (or Prospective Clients) and to establish and maintain a culture of Compliance within our Firm.

Our Code is also intended to detect and prevent violations of securities laws.

Our Code is distributed to each supervised person at the time of hire, and annually thereafter (if there are changes). We also supplement the Code with annual training and on-going monitoring of employee activity.

Supervised persons must avoid activities, interests and relationships that run contrary (or appear to run contrary) to the best interests of clients. At all times, TerraCap Management will be mindful to:

- ***Place client interests ahead of TerraCap Management*** – As a fiduciary, TerraCap Management will serve in its clients’ best interests. In other words, supervised persons may not benefit at the expense of clients;
- ***Engage in personal investing that is in full compliance with TerraCap Management’s Code of Ethics*** – Access Persons must review and abide by TerraCap Management’s Personal Securities Transaction and Insider Trading Policies;
- ***Ensure supervised persons do not take advantage of their positions*** – Supervised persons must not accept investment opportunities, gifts or other gratuities from individuals seeking to conduct business with TerraCap Management, or on behalf of a client, unless in compliance our Gift Policy;
- ***Maintain full compliance with applicable rules and regulations*** – Employees must abide by the standards set forth in Rule 204A-1 under the Advisers Act and other applicable rules and regulations.

Our Code also includes the following:

- Requirements related to the confidentiality of our client/investor information;
- Prohibitions on:
 - Insider trading (if we are in possession of material, non-public information);
 - The acceptance of gifts and entertainment that exceed our policy standards;
- Reporting of gifts and business entertainment;
- Pre-clearance of certain employee and firm transactions;

- Reporting (on an on-going and quarterly basis) all personal securities transactions (what we call “reportable securities” as mandated by regulation) and certain real estate transactions; and,
- On an annual basis, we require all employees to re-certify to our Code, identify members of their household and any account to which they have a beneficial ownership.

The Code of Ethics is available upon request.

Item 13: Brokerage Practices

TerraCap Management has discretion to identify the Fund’s investments, as well as the price and quantity of each investment. Real estate investments are individually negotiated by TerraCap Management and are not purchased through securities brokers.

The Funds will have cash to invest. That cash is held at non-broker-dealer banks in cash or cash equivalents. TerraCap has invested in short-term Treasury Bills through a broker-dealer and we are confident through our review that the charges and services of this broker-dealer meet or exceed industry norms in execution, price, and service.

Item 14: Review of Accounts

As the manager and investment advisor for the Fund, we routinely monitor each Fund’s performance, seek to identify investments to acquire or sell and generally manage each Fund’s investment activities.

Each Fund’s financial information is reviewed on an ongoing basis. Formal reviews are conducted on a monthly basis by the Firm’s accounting department, the Fund’s General Partner, or both.

On a quarterly basis, each Fund has a written quarterly report that discusses the overall status of the Fund as well as a capital account statement for each investor in the Fund. On an annual basis each Fund has a written GAAP basis audited financial statement, as well as relevant, written tax reporting information, prepared and delivered within 90 to 180 days of year end.

Item 15: Client Referrals and Other Compensation

We do not compensate third parties for client referrals; however, we have engaged twelve firms to act as sales agents for the placement of the private offering of the Funds.

The following broker-dealers have executed sales agreements with TerraCap Partners IV (Institutional) LP and TerraCap Partners IV (HNW) LP, which funds are currently raising capital:

- Andes Capital Group, LLC
- Triton Pacific Capital, LLC
- Harken Capital Securities, LLC

- First Florida Securities, Inc.
- Powder Point Financial, LLC
- Boomerang Capital, LLC

The following broker-dealers have executed sales agreements with TerraCap Partners III (Institutional) LP and TerraCap Partners III (HNW) LP, which funds are no longer raising capital:

- Andes Capital Group, LLC
- Boustead Securities, LLC (formerly Monarch Bay Securities, LLC)
- Powder Point Financial, LLC
- Stillpoint Capital, LLC

The following broker-dealers have executed sales agreements with the TerraCap Partners II (Institutional) LP and TerraCap Partners II (HNW) LP, which funds are no longer raising capital:

- Stillpoint Capital, LLC
- First Florida Securities, Inc.
- Tor Brokerage LLC
- Shelter Bay Securities, LLC
- Saidowsky Investmentanlagen Vermittlung EK
- Bernhardt Advisory, GMBH
- TOR Brokerage, LLC
- V2V Securities, LLC

The following firms have executed agreements with TerraCap Management, LLC:

- Aurora Capital, LLC
- Climbing Tiger Consulting via Silver Leaf Partners, LLC
- Saidowsky Investmentanlagen Vermittlung EK
- Boustead Securities, LLC (formerly Monarch Bay Securities, LLC)
- Powder Point Financial, LLC
- Stillpoint Capital, LLC
- Andes Capital Group, LLC

The following firms have an executed sales agreement with TerraCap Partners, LP which fund is no longer raising capital:

- Scarsdale Equities LLC
- First Florida Securities, Inc.
- ProEquities (aka Investment Advisors)
- Arcadia Securities, LLC

These arrangements are intended to be in compliance with the applicable rules and regulations of the Advisers Act and other applicable laws and regulations. For the services provided, the broker-dealers receive a selling commission based on a percentage of the amount of the total capital commitment by each investor they solicit. Details of the costs of any such placement agent arrangement are set forth in a written agreement with such placement agent and, disclosed to our investors as applicable.

Item 16: Custody

As the manager for a pooled investment vehicle, we have custody of the Funds' assets, and consequently we have implemented the following procedures for each Fund:

- We have engaged an independent CPA to provide annual audited financial statements for each Fund in accordance with generally accepted accounting principles.
- We distribute the audited statements to all members within 90 to 180 days of each Fund's fiscal year-end.
- We deliver a quarterly statement to each member of each Fund which lists the member's capital account balance in the Fund.
- A qualified custodian maintains the cash for each Fund in a separate account(s) in the name of the Fund. As the manager of the Funds, we opened such account(s) on behalf of each Fund as necessary to perform our duties for the Funds.

Item 17: Investment Discretion

We manage the Funds on a discretionary basis and we have broad discretion to make investments within the parameters described in the offering materials for the Funds. Our investment strategy is summarized above in Item 8, and more completely described in the offering materials for the Funds. By subscribing to an offering in the Funds, each investor appoints us as the investor attorney-in-fact, with authority to make, purchase, hold, trade, sell, exchange and liquidate investments, as well as to exercise all rights, powers, privileges and other incidents of ownership or possession with respect to securities held by the Fund, including, without limitation, voting rights, and to enter into, make and perform, all contracts and other undertakings, and to engage in all activities and transactions, as we, in our discretion, may deem necessary or advisable to the carrying out of the foregoing objectives.

Limitations on investment parameters, concentration limits and limits on the ability to amend the Funds' governing documents, are detailed in the offering documents.

Item 18: Voting Client Securities

The Funds generally do not trade in publicly traded securities; we do not typically have any opportunity to vote proxies for the Fund.

Item 19: Financial Information

We do not require or solicit prepayment of more than \$1,200 in fees per client six months or more in advance. We have no adverse financial information that would impair our ability to meet our contractual commitments to our clients.

Item 20: Requirements for State-Registered Advisers

Information previously listed under this item has been omitted, as TerraCap is not required to register in the state of Florida as an advisor.

Part 2B of Form ADV: Brochure Supplement

As of 03.29.2019

Item 1: Cover Page

This Brochure Supplement provides information about **Walter S. Hagenbuckle** that supplements TerraCap Management, LLC's Form ADV, Part 2A Brochure. You should have received a copy of that brochure. Please contact Steven Harper if you did not receive TerraCap Management brochure or if you have any questions about the contents of this supplement.

Additional information about **Walter S. Hagenbuckle** is available on the SEC's website at www.adviserinfo.sec.gov.

TerraCap Management LLC
23421 Walden Center Drive, Suite 300
Estero, FL 34134
239-540-2002

Item 2: Educational Background and Business Experience

Born in 1963

Education:

Computer Science, B.S.
University of Florida, 1985

Business Background:

TerraCap Management LLC, 2008-Present

Managing Principal/ Partner
Estero, FL

Heights Realty & Investments, LLC, 2005-Present

Managing Member/Broker
Bonita Springs, FL

Landmark Bank – Giantbank.com, 2000-2011

Founding Shareholder
Board of Directors – Secretary
Ft. Lauderdale, FL

ORUS Information Services, 1999-2004

Founder and CEO
Denver, CO/Dallas, TX/Fort Lauderdale, FL/Washington D.C.

Item 3: Disciplinary Information

There are no legal or disciplinary events to disclose that are material to a client's or prospective client's evaluation of Walter S. Hagenbuckle.

Item 4: Other Business Activities

Harvard Pacific, LLC	Managing Member
Heights Realty & Investments, LLC	Managing Member/Broker of Record
Heights Properties, Inc.	President
Heights Properties LLC	Managing Member
Kings Ranch, LLC	Managing Member/Investor
Splash Scene, LLC	Board Member/Investor

Item 5: Additional Compensation

The individual receives no compensation from TerraCap that is not previously set forth in the ADV. However, he does receive compensation from affiliates, related persons, or outside businesses not already disclosed in the ADV.

Item 6: Supervision

Mr. Hagenbuckle is a managing principal for TerraCap Management, and in that capacity provides investment advice to the TerraCap Funds. The Managers collectively manage the assets of the Funds. No one Manager has supervision over another; however, Mr. Hagenbuckle, Mr. Gray and Mr. Davis oversee the activities of all supervised persons, including the Managers, through regular interactions, attestations and the implementation and monitoring of the policies and procedures set forth in the Firm's Code of Ethics and Compliance Manual.

TerraCap maintains a Code of Ethics to which all supervised persons must subscribe. The Code of Ethics provides for TerraCap and its supervised persons to exercise their fiduciary duty to clients by acting in the best interest of the client and always placing the client's interests first and foremost. TerraCap takes seriously its compliance and regulatory obligations and requires all supervised persons to comply with applicable federal and state rules and regulations, as well as the Firm's policies and procedures.

Item 7: Requirements for State-Registered Advisers

Mr. Hagenbuckle has not been involved in any of the events described below:

1. An award or otherwise being found liable in an arbitration claim alleging damages in excess of \$2,500, involving any of the following:

- (a) an investment or an investment-related business or activity;
- (b) fraud, false statement(s), or omissions;
- (c) theft, embezzlement, or other wrongful taking of property;
- (d) bribery, forgery, counterfeiting, or extortion; or
- (e) dishonest, unfair, or unethical practices.

2. An award or otherwise being found liable in a civil, self-regulatory organization, or administrative proceeding involving any of the following:

- (a) an investment or an investment-related business or activity;
- (b) fraud, false statement(s), or omissions;
- (c) theft, embezzlement, or other wrongful taking of property;
- (d) bribery, forgery, counterfeiting, or extortion; or
- (e) dishonest, unfair, or unethical practices.

He has not been the subject of a bankruptcy petition.

Part 2B of Form ADV: Brochure Supplement

As of 03.29.2019

Item 1: Cover Page

This Brochure Supplement provides information about **Robert Gray** that supplements TerraCap Management, LLC's Form ADV, Part 2A Brochure. You should have received a copy of that brochure. Please contact Steven Harper if you did not receive TerraCap Management brochure or if you have any questions about the contents of this supplement.

Additional information about **Robert Gray** is available on the SEC's website at www.adviserinfo.sec.gov.

TerraCap Management LLC
23421 Walden Center Drive, Suite 300
Estero, FL 34134
239-540-2002

Item 2: Educational Background and Business Experience

Born in 1963

Education:

Industrial Engineering, B.S.
Lehigh University, 1985

Business Administration, M.B.A.
Columbia University, 1990

Business Background:

TERRACAP MANAGEMENT, 2010 - present

Managing Principal/ Partner
New York, NY and Bonita Springs, FL

MORGAN STANLEY, 2002 - 2010

Managing Director/ Partner
London, UK and New York, NY

JP MORGAN & CO., 1995 – 2001

VP/Director, Commercial Mortgage Origination
New York, NY

Item 3: Disciplinary Information

There are no legal or disciplinary events to disclose that are material to a client's or prospective client's evaluation of Robert Gray.

Item 4: Other Business Activities

Magnolia Beatle, LLC Member/Investor
Harvard Pacific, LLC Managing Member

Item 5: Additional Compensation

The individual receives no compensation from TerraCap that is not previously set forth in the ADV. However, he does receive compensation from affiliates, related persons, or outside businesses not already disclosed in the ADV.

Item 6: Supervision

Mr. Gray is a managing principal for TerraCap Management, and in that capacity provides investment advice to the TerraCap Funds. The Managers collectively manage the assets of the Funds. No one Manager has supervision over another; however, Mr. Gray oversees the activities of all supervised persons, including the Managers, through regular interactions, attestations and the implementation and monitoring of the policies and procedures set forth in the Firm's Code of Ethics and Compliance Manual.

TerraCap maintains a Code of Ethics to which all supervised persons must subscribe. The Code of Ethics provides for TerraCap and its supervised persons to exercise their fiduciary duty to clients by acting in the best interest of the client and always placing the client's interests first and foremost. TerraCap takes seriously its compliance and regulatory obligations and requires all supervised persons to comply with applicable federal and state rules and regulations, as well as the Firm's policies and procedures.

Item 7: Requirements for State-Registered Advisers

Mr. Gray has not been involved in any of the events described below:

1. An award or otherwise being found liable in an arbitration claim alleging damages in excess of \$2,500, involving any of the following:
 - (a) an investment or an investment-related business or activity;
 - (b) fraud, false statement(s), or omissions;
 - (c) theft, embezzlement, or other wrongful taking of property;
 - (d) bribery, forgery, counterfeiting, or extortion; or
 - (e) dishonest, unfair, or unethical practices.

2. An award or otherwise being found liable in a civil, self-regulatory organization, or administrative proceeding involving any of the following:
 - (a) an investment or an investment-related business or activity;
 - (b) fraud, false statement(s), or omissions;
 - (c) theft, embezzlement, or other wrongful taking of property;
 - (d) bribery, forgery, counterfeiting, or extortion; or
 - (e) dishonest, unfair, or unethical practices.

He has not been the subject of a bankruptcy petition.

Part 2B of Form ADV: Brochure Supplement

As of 03.29.2019

Item 1: Cover Page

This Brochure Supplement provides information about **Michael Davis** that supplements TerraCap Management, LLC's Form ADV, Part 2A Brochure. You should have received a copy of that brochure. Please contact Steven Harper if you did not receive TerraCap Management brochure or if you have any questions about the contents of this supplement.

Additional information about **Michael Davis** is available on the SEC's website at www.adviserinfo.sec.gov.

TerraCap Management LLC
23421 Walden Center Drive, Suite 300
Estero, FL 34134
239-540-2002

Item 2: Educational Background and Business Experience

Born in 1981

Education:

Education, B.S.
Southeastern University, 2003

Business Background:

TerraCap Management, LLC 2008-Present
Private Equity Real Estate Management Company
Co-founder – Managing Director

Heights Realty & Investments, LLC, 2005-Present
Real Estate Agent
Bonita Springs, FL

Platinum Coast Mortgage, 2004-2007
Licensed Mortgage Broker
Naples, FL

The School District of Lee County, 2003-2004
Teacher
Fort Myers, FL

Item 3: Disciplinary Information

There are no legal or disciplinary events to disclose that are material to a client's or prospective client's evaluation of Michael Davis.

Item 4: Other Business Activities

None.

Item 5: Additional Compensation

The individual receives no compensation from TerraCap that is not previously set forth in the ADV. However, he does receive compensation from affiliates, related persons, or outside businesses not already disclosed in the ADV.

Item 6: Supervision

Mr. Davis is the managing director for TerraCap Management, and in that capacity provides investment advice to the TerraCap Funds. The Managers collectively manage the assets of the Funds. No one Manager has supervision over another; however, Mr. Davis oversees the activities of all supervised persons, including the Managers, through regular interactions, attestations and the implementation and monitoring of the policies and procedures set forth in the Firm's Code of Ethics and Compliance Manual.

TerraCap maintains a Code of Ethics to which all supervised persons must subscribe. The Code of Ethics provides for TerraCap and its supervised persons to exercise their fiduciary duty to clients by acting in the best interest of the client and always placing the client's interests first and foremost. TerraCap takes seriously its compliance and regulatory obligations and requires all supervised persons to comply with applicable federal and state rules and regulations, as well as the Firm's policies and procedures.

Item 7: Requirements for State-Registered Advisers

Mr. Davis has not been involved in any of the events described below:

1. An award or otherwise being found liable in an arbitration claim alleging damages in excess of \$2,500, involving any of the following:

- (a) an investment or an investment-related business or activity;
- (b) fraud, false statement(s), or omissions;
- (c) theft, embezzlement, or other wrongful taking of property;
- (d) bribery, forgery, counterfeiting, or extortion; or
- (e) dishonest, unfair, or unethical practices.

2. An award or otherwise being found liable in a civil, self-regulatory organization, or administrative proceeding involving any of the following:

- (a) an investment or an investment-related business or activity;
- (b) fraud, false statement(s), or omissions;
- (c) theft, embezzlement, or other wrongful taking of property;
- (d) bribery, forgery, counterfeiting, or extortion; or
- (e) dishonest, unfair, or unethical practices.

He has not been the subject of a bankruptcy petition.