

Report of Organizational Actions Affecting Basis of Securities

OMB No. 1545-2224

► See separate instructions.

Part I Reporting Issuer

1 Issuer's name TERRAFINA		2 Issuer's employer identification number (EIN) 98-1097801	
3 Name of contact for additional information	4 Telephone No. of contact +52 (55) 5279-8106	5 Email address of contact	
6 Number and street (or P.O. box if mail is not delivered to street address) of contact PRESIDENTE MASARIK NO. 61, PISO 7		7 City, town, or post office, state, and Zip code of contact CHAPULTEPEC MORALES C.P. 11570, MEXICO, D.F.	
8 Date of action SEE BELOW		9 Classification and description CERTIFICADOS BURSATILES FIDUCIARIOS INMOBILIARIOS ("CBFI")	
10 CUSIP number N/A	11 Serial number(s) N/A	12 Ticker symbol TERRA13 ON BMV MARKET	13 Account number(s) N/A

Part II Organizational Action Attach additional statements if needed. See back of form for additional questions.

14 Describe the organizational action and, if applicable, the date of the action or the date against which shareholders' ownership is measured for the action ► THE TECHNICAL COMMITTEE OF TERRAFINA HAS ADOPTED A DIVIDEND POLICY OF PAYING QUARTERLY CASH DISTRIBUTIONS TO ALL SHAREHOLDERS ON A PRO RATA BASIS. TERRAFINA MADE A DISTRIBUTION ON 11/14/2014 OF \$17,938,237. THIS DISTRIBUTION SHOULD BE CLASSIFIED AS A TAX-FREE RETURN OF CAPITAL AND NOT AS A TAXABLE DIVIDEND.

15 Describe the quantitative effect of the organizational action on the basis of the security in the hands of a U.S. taxpayer as an adjustment per share or as a percentage of old basis ► BASED ON TERRAFINA'S BELIEF THAT IT IS A PASSIVE FOREIGN INVESTMENT COMPANY ("PFIC"), THE ORGANIZATIONAL ACTIONS RESULTED IN A REDUCTION IN THE BASIS OF TERRAFINA SHARES FOR THOSE TERRAFINA SHAREHOLDERS THAT TIMELY AND VALIDLY MADE QUALIFIED ELECTING FUND ("QEF") ELECTIONS WITH RESPECT TO THEIR TERRAFINA SHARES.

16 Describe the calculation of the change in basis and the data that supports the calculation, such as the market values of securities and the valuation dates ► TERRAFINA'S CURRENT E&P WAS CALCULATED UNDER IRC 312 AND ONLY DISTRIBUTIONS MADE OUT OF TERRAFINA'S CURRENT YEAR E&P ARE TREATED AS "DIVIDENDS." UNDER IRC SECTION 301(c)(2), THE PORTION OF THE DISTRIBUTION WHICH IS NOT A DIVIDEND SHALL REDUCE THE ADJUSTED BASIS OF THE SHARES. TERRAFINA HAD AN E&P DEFICIT AS OF THE DATE OF THIS DISTRIBUTION, THUS, THIS DISTRIBUTION WILL RESULT IN A BASIS REDUCTION.

Part II Organizational Action (continued)**17** List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based ►

IRC SECTION 301 (c) (2)

IRC SECTION 312

IRC SECTION 316

IRC SECTION 1297

18 Can any resulting loss be recognized? ► NO.**19** Provide any other information necessary to implement the adjustment, such as the reportable tax year ►

THIS ORGANIZATIONAL ACTION IS REPORTABLE WITH RESPECT TO CALENDAR YEAR 2014. SHAREHOLDERS SHOULD CONSULT WITH THEIR TAX ADVISORS REGARDING THE EFFECT OF THE NON-TAXABLE RETURN OF CAPITAL.

Sign Here

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Signature ►

Date ►

Print your name ►

Title ►

Paid Preparer Use Only

Print/Type preparer's name

EUGENE CHAN

Preparer's signature

Date

01/06/2015

Check ☐ if self-employed

PTIN

P00188225

Firm's name ► PRICEWATERHOUSECOOPERS LLP

Firm's EIN ► 13-4008324

Firm's address ► 300 MADISON AVENUE NEW YORK, NY 10017

Phone no. (646) 471-3000

Send Form 8937 (including accompanying statements) to: Department of the Treasury, Internal Revenue Service, Ogden, UT 84201-0054