

Report of Organizational Actions Affecting Basis of Securities

▶ See separate instructions.

Part I Reporting Issuer

1 Issuer's name KBS Real Estate Investment Trust III, Inc.		2 Issuer's employer identification number (EIN) 27-1627696	
3 Name of contact for additional information Stacie Yamane	4 Telephone No. of contact 949-417-6560	5 Email address of contact syamane@kbsrealty.com	
6 Number and street (or P.O. box if mail is not delivered to street address) of contact 620 Newport Center Drive, Ste 1300		7 City, town, or post office, state, and Zip code of contact Newport Beach, CA 92660	
8 Date of action various see 14. below	9 Classification and description Common Stock		
10 CUSIP number 48668L105	11 Serial number(s)	12 Ticker symbol	13 Account number(s)

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 ▶ **Distributions in excess of earnings and profits were made on the following dates:**
January 2, 2014; February 3, 2014; March 3, 2014; April 1, 2014; May 1, 2014; June 2, 2014; July 1, 2014; August 1, 2014; September 1, 2014; October 1, 2014; November 3, 2014 and December 1, 2014.

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 ▶ **January 2, 2014: Distribution per share \$0.055205; Return of Capital per share \$0.014856**
February 3, 2014: Distribution per share \$0.055205; Return of Capital per share \$0.014856
March 3, 2014: Distribution per share \$0.049863; Return of Capital per share \$0.013418
April 1, 2014: Distribution per share \$0.055205; Return of Capital per share \$0.014856
May 1, 2014: Distribution per share \$0.053425; Return of Capital per share \$0.014377
June 2, 2014: Distribution per share \$0.055205; Return of Capital per share \$0.014856
July 1, 2014: Distribution per share \$0.053425; Return of Capital per share \$0.014377
August 1, 2014: Distribution per share \$0.055205; Return of Capital per share \$0.014856; September 1, 2014: Distribution per share \$0.055205; Return of Capital per share \$0.014856; October 1, 2014: Distribution per share \$0.053425; Return of Capital per share \$0.014377
November 3, 2014: Distribution per share \$0.055205; Return of Capital per share \$0.014856
December 1, 2014: Distribution per share \$0.053425; Return of Capital per share \$0.014377

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 ▶ **Distributions in excess of earnings and profits are applied against and reduce the adjusted basis of stock.**

Part II Organizational Action (continued)

17 List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based ▶

Section 301

18 Can any resulting loss be recognized? ▶ **Not applicable**

19 Provide any other information necessary to implement the adjustment, such as the reportable tax year ▶

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.

Sign Here

Signature ▶  Date ▶ 1/16/15

Print your name ▶ **Stacie K Yamane** Title ▶ **Chief Accounting Officer**

Paid Preparer Use Only

Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN
Firm's name ▶	Firm's EIN ▶			
Firm's address ▶	Phone no.			