Cole Credit Property Trust III, Inc.

26-1846406

(866) 907-2653

2325 East Camelback Road Suite 1100
Phoenix, AZ 85016

January 18, 2013

Common Stock

1932GR107

During 2012, Cole Credit Property Trust III, Inc. (the "Company") paid cash distributions to its common shareholders on January 3rd, February 1st, March 1st, April 2nd, May 1st, June 1st, July 2nd, August 1st, September 4th, October 1st, November 1st, and December 3rd. On January 18, 2013 the Company determined that a portion of each of these distributions represents a return of capital to the shareholders. Consequently, each common shareholder who received a cash distribution on these dates would be affected by this organizational action.

For each cash distribution paid to common shareholders by the Company during 2012, 32.53270686% of the distribution represents a return of capital. Accordingly, each common shareholder should treat 32.53270686% of the distributions as a nontaxable distribution and reduce the tax basis of the stock accordingly. Any nontaxable distributions in excess of a shareholders basis should be treated as a gain from the sale or exchange of property.

On January 18, 2013 the company completed its annual calculation of its Current Earnings & Profits for the year ended December 31, 2012. Based on that calculation, the Company determined that 32.53270686% of its 2012 common distributions represent a return of capital.
17 List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based: 

Internal Revenue Code section 316 defines a "dividend" generally as any distribution of property made by a corporation to its shareholders out of Earnings & Profits (as defined by Internal Revenue Code section 312 and the regulations thereunder). Pursuant to Internal Revenue Code section 301(c)(3), a distribution which is not a dividend, to the extent that it exceeds the shareholder's adjusted tax basis of the stock, shall be treated as gain from the sale or exchange of property.

18 Can any resulting loss be recognized? The organizational action reported herein does not result in any losses.

19 Provide any other information necessary to implement the adjustment, such as the reportable tax year: The amount of nontaxable distributions on the dates mentioned above either (I) reduces the shareholder's adjusted tax basis in his/her stock or (II) to the extent that it exceeds the shareholder's adjusted tax basis in his/her stock on the dates of the distributions, is treated as gain from the sale or exchange of property in 2012.

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: [Signature]
Date: 2/27/2013

Print your name: Benjamin Coleman
Title: Assistant Treasurer - Tax Matters

Paid Preparer Use Only
Print/Type preparer's name Preparer's signature Date Check □ □ PTIN
Firm's name: 
Firm's address: 
Firm's EIN: Phone no.

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