

Report of Organizational Actions Affecting Basis of Securities

▶ See separate instructions.

Part I Reporting Issuer

1 Issuer's name		2 Issuer's employer identification number (EIN)	
Griffin-American Healthcare REIT III, Inc.		46-1749436	
3 Name of contact for additional information	4 Telephone No. of contact	5 Email address of contact	
Shannon K S Johnson	(949) 270-9200	sjohnson@ahinvestors.com	
6 Number and street (or P.O. box if mail is not delivered to street address) of contact		7 City, town, or post office, state, and Zip code of contact	
18191 Von Karman Ave., Suite 300		Irvine, CA 92612	
8 Date of action		9 Classification and description	
see below		Common Stock	
10 CUSIP number	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 ▶ The issuer made distributions in excess of its current accumulated earnings and profits. See Part II, Line 15 for the amount of these distributions per share.

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 ▶ The issuer determined that a portion of the dividend paid each month is a return of capital. Statement 1 shows the reductions of tax basis on a per share per day basis.

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 ▶ The issuer's earnings and profits were calculated under IRS §312, as modified by Internal Revenue Code §857(d) for a real estate investment trust, and the regulations thereunder. Amounts in excess of earnings and profits reduce the stockholder's basis in its shares to the extent of basis.

Part II Organizational Action (continued)

17 List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based ▶ _____
Internal Revenue Code §301(c)(2) provides that the portion of the common stock distribution which is not a dividend shall be applied against and reduce the adjusted basis of the shares.

18 Can any resulting loss be recognized? ▶ No tax loss is recognized by stockholders as a result of receiving the distribution payments.

19 Provide any other information necessary to implement the adjustment, such as the reportable tax year ▶ _____
These actions are effective on the dates of distribution identified above.

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 ▶ /s/ Shannon K S Johnson Date ▶ January 16, 2015

Print your name ▶ Shannon K S Johnson Title ▶ Chief Financial 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.

Griffin-American Healthcare REIT III, Inc.
EIN: 46-1749436
Form 8937

PART II, Question 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.

The distributions reduced the basis of the security as follows:

Record Date	Distribution Payable Date	Distribution Per Share Per Day	Per Share Per Day Reduction of Basis
May 14 - 31, 2014	6/2/2014	\$ 0.001643836	\$ 0.001423101
June 1 - 30, 2014	7/1/2014	\$ 0.001643836	\$ 0.001423101
July 1 - 31, 2014	8/1/2014	\$ 0.001643836	\$ 0.001423101
August 1 - 31, 2014	9/2/2014	\$ 0.001643836	\$ 0.001423101
September 1 - 30, 2014	10/1/2014	\$ 0.001643836	\$ 0.001423101
October 1 - 31, 2014	11/3/2014	\$ 0.001643836	\$ 0.001423101
November 1 - 30, 2014	12/1/2014	\$ 0.001643836	\$ 0.001423101