

## Report of Organizational Actions Affecting Basis of Securities

▶ See separate instructions.

**Part I Reporting Issuer**

|  |                                   |   |                             |
|--|-----------------------------------|---|-----------------------------|
| <b>1</b> Issuer's name   |                                   | <b>2</b> Issuer's employer identification number (EIN)              |                             |
| PHILLIPS EDISON GROCERY CENTER REIT III, INC.  |                                   | 32-0499883  |                             |
| <b>3</b> Name of contact for additional information  | <b>4</b> Telephone No. of contact | <b>5</b> Email address of contact                                   |                             |
| SCOTT NEKOLNY  | 513-618-4439                      | SNEKOLNY@PHILLIPSEDISON.COM   |                             |
| <b>6</b> Number and street (or P.O. box if mail is not delivered to street address) of contact |                                   | <b>7</b> City, town, or post office, state, and ZIP code of contact |                             |
| 11501 NORTHLAKE DRIVE  |                                   | CINCINNATI, OH 45249-1669   |                             |
| <b>8</b> Date of action  |                                   | <b>9</b> Classification and description                             |                             |
| January 2, 2018  |                                   | COMMON STOCK  |                             |
| <b>10</b> CUSIP number   | <b>11</b> Serial number(s)        | <b>12</b> Ticker symbol   | <b>13</b> Account number(s) |
| 71845L 103   | N/A                               | N/A   | 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 ▶ ON JANUARY 2, 2018, ISSUER PAID A NONTAXABLE RETURN OF CAPITAL DISTRIBUTION TO ITS COMMON STOCKHOLDERS OF RECORD IN THE AMOUNT OF 0.0509589036 PER SHARE. AT THE TIME OF THE DISTRIBUTION, THE TAXPAYERS EARNINGS AND PROFITS WERE NOT CALCULATED AND THE PORTION OF THE DISTRIBUTION THAT WOULD BE TREATED AS A RETURN OF CAPITAL WAS UNCERTAIN. PURSUANT TO TREASURY REGULATION 1.6042-3(C), THE TAXPAYER PRESUMED 100% OF THE DISTRIBUTION TO BE A TAXABLE DIVIDEND, AND THEREFORE, WAS NOT REQUIRED TO FILE A FORM 8937. THE TAXPAYER ESTIMATED ITS EARNINGS AND PROFITS CALCULATION ON DECEMBER 31, 2018 AND AT THAT TIME IT WAS DETERMINED THAT 100% OF ITS JANUARY 2, 2018 DISTRIBUTION WAS A RETURN OF CAPITAL. THE TAXPAYER IS FILING THIS FORM 8937 ON THE EARLIER OF JANUARY 15, 2019 OR 45 DAYS AFTER DECEMBER 31, 2018, THE DATE ON WHICH ITS EARNINGS AND PROFITS CALCULATION WAS ESTIMATED.

**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 COMMON STOCK DISTRIBUTION REDUCES THE BASIS OF EACH COMMON STOCK BY 0.0509589036 PER SHARE.

**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 0.0509589036 PER SHARE COMMON STOCK DISTRIBUTION WAS DETERMINED TO COMPRISE OF 100% RETURN OF CAPITAL, 0.00% CAPITAL GAIN AND 0.00% TAXABLE DIVIDEND. THE ISSUER ESTIMATED THAT IT HAS CURRENT EARNINGS AND PROFITS EQUAL TO 0.00% OF THE CURRENT YEAR DISTRIBUTION.

**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)

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**18** Can any resulting loss be recognized? ▶ N/A

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

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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 ▶ ORIGINAL EXECUTED COPY AVAILABLE AT CORPORATE OFFICES Date ▶ 1.11.19

Print your name ▶ JOSEPH C. HOFFMANN Title ▶ SENIOR VICE PRESIDENT OF TAX

|                               |                            |                      |      |   |              |
|-------------------------------|----------------------------|----------------------|------|---|--------------|
| <b>Paid Preparer Use Only</b> | 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.    |

## Report of Organizational Actions Affecting Basis of Securities

▶ See separate instructions.

**Part I Reporting Issuer**

|  |                                   |   |                             |
|--|-----------------------------------|---|-----------------------------|
| <b>1</b> Issuer's name   |                                   | <b>2</b> Issuer's employer identification number (EIN)              |                             |
| PHILLIPS EDISON GROCERY CENTER REIT III, INC.  |                                   | 32-0499883  |                             |
| <b>3</b> Name of contact for additional information  | <b>4</b> Telephone No. of contact | <b>5</b> Email address of contact                                   |                             |
| SCOTT NEKOLNY  | 513-618-4439                      | SNEKOLNY@PHILLIPSEDISON.COM   |                             |
| <b>6</b> Number and street (or P.O. box if mail is not delivered to street address) of contact |                                   | <b>7</b> City, town, or post office, state, and ZIP code of contact |                             |
| 11501 NORTHLAKE DRIVE  |                                   | CINCINNATI, OH 45249-1669   |                             |
| <b>8</b> Date of action  |                                   | <b>9</b> Classification and description                             |                             |
| February 1, 2018   |                                   | COMMON STOCK  |                             |
| <b>10</b> CUSIP number   | <b>11</b> Serial number(s)        | <b>12</b> Ticker symbol   | <b>13</b> Account number(s) |
| 71845L 103   | N/A                               | N/A   | 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 ▶ ON FEBRUARY 1, 2018, ISSUER PAID A NONTAXABLE RETURN OF CAPITAL DISTRIBUTION TO ITS COMMON STOCKHOLDERS OF RECORD IN THE AMOUNT OF 0.0509589036 PER SHARE. AT THE TIME OF THE DISTRIBUTION, THE TAXPAYERS EARNINGS AND PROFITS WERE NOT CALCULATED AND THE PORTION OF THE DISTRIBUTION THAT WOULD BE TREATED AS A RETURN OF CAPITAL WAS UNCERTAIN. PURSUANT TO TREASURY REGULATION 1.6042-3(C), THE TAXPAYER PRESUMED 100% OF THE DISTRIBUTION TO BE A TAXABLE DIVIDEND, AND THEREFORE, WAS NOT REQUIRED TO FILE A FORM 8937. THE TAXPAYER ESTIMATED ITS EARNINGS AND PROFITS CALCULATION ON DECEMBER 31, 2018 AND AT THAT TIME IT WAS DETERMINED THAT 100% OF ITS FEBRUARY 1, 2018 DISTRIBUTION WAS A RETURN OF CAPITAL. THE TAXPAYER IS FILING THIS FORM 8937 ON THE EARLIER OF JANUARY 15, 2019 OR 45 DAYS AFTER DECEMBER 31, 2018, THE DATE ON WHICH ITS EARNINGS AND PROFITS CALCULATION WAS ESTIMATED.

**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 COMMON STOCK DISTRIBUTION REDUCES THE BASIS OF EACH COMMON STOCK BY 0.0509589036 PER SHARE.

**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 0.0509589036 PER SHARE COMMON STOCK DISTRIBUTION WAS DETERMINED TO COMPRISE OF 100% RETURN OF CAPITAL, 0.00% CAPITAL GAIN AND 0.00% TAXABLE DIVIDEND. THE ISSUER ESTIMATED THAT IT HAS CURRENT EARNINGS AND PROFITS EQUAL TO 0.00% OF THE CURRENT YEAR DISTRIBUTION.

**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)

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**18** Can any resulting loss be recognized? ▶ N/A

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

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**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 ▶ ORIGINAL EXECUTED COPY AVAILABLE AT CORPORATE OFFICES Date ▶ 1.11.19

Print your name ▶ JOSEPH C. HOFFMANN Title ▶ SENIOR VICE PRESIDENT OF TAX

|                               |                            |                      |      |   |              |
|-------------------------------|----------------------------|----------------------|------|---|--------------|
| <b>Paid Preparer Use Only</b> | 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.    |

## Report of Organizational Actions Affecting Basis of Securities

▶ See separate instructions.

**Part I Reporting Issuer**

|  |                                   |   |                             |
|--|-----------------------------------|---|-----------------------------|
| <b>1</b> Issuer's name   |                                   | <b>2</b> Issuer's employer identification number (EIN)              |                             |
| PHILLIPS EDISON GROCERY CENTER REIT III, INC.  |                                   | 32-0499883  |                             |
| <b>3</b> Name of contact for additional information  | <b>4</b> Telephone No. of contact | <b>5</b> Email address of contact                                   |                             |
| SCOTT NEKOLNY  | 513-618-4439                      | SNEKOLNY@PHILLIPSEDISON.COM   |                             |
| <b>6</b> Number and street (or P.O. box if mail is not delivered to street address) of contact |                                   | <b>7</b> City, town, or post office, state, and ZIP code of contact |                             |
| 11501 NORTHLAKE DRIVE  |                                   | CINCINNATI, OH 45249-1669   |                             |
| <b>8</b> Date of action  |                                   | <b>9</b> Classification and description                             |                             |
| March 1, 2018  |                                   | COMMON STOCK  |                             |
| <b>10</b> CUSIP number   | <b>11</b> Serial number(s)        | <b>12</b> Ticker symbol   | <b>13</b> Account number(s) |
| 71845L 103   | N/A                               | N/A   | 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 ▶ ON MARCH 1, 2018, ISSUER PAID A NONTAXABLE RETURN OF CAPITAL DISTRIBUTION TO ITS COMMON STOCKHOLDERS OF RECORD IN THE AMOUNT OF 0.0460273968 PER SHARE. AT THE TIME OF THE DISTRIBUTION, THE TAXPAYERS EARNINGS AND PROFITS WERE NOT CALCULATED AND THE PORTION OF THE DISTRIBUTION THAT WOULD BE TREATED AS A RETURN OF CAPITAL WAS UNCERTAIN. PURSUANT TO TREASURY REGULATION 1.6042-3(C), THE TAXPAYER PRESUMED 100% OF THE DISTRIBUTION TO BE A TAXABLE DIVIDEND, AND THEREFORE, WAS NOT REQUIRED TO FILE A FORM 8937. THE TAXPAYER ESTIMATED ITS EARNINGS AND PROFITS CALCULATION ON DECEMBER 31, 2018 AND AT THAT TIME IT WAS DETERMINED THAT 100% OF ITS MARCH 1, 2018 DISTRIBUTION WAS A RETURN OF CAPITAL. THE TAXPAYER IS FILING THIS FORM 8937 ON THE EARLIER OF JANUARY 15, 2019 OR 45 DAYS AFTER DECEMBER 31, 2018, THE DATE ON WHICH ITS EARNINGS AND PROFITS CALCULATION WAS ESTIMATED.

**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 COMMON STOCK DISTRIBUTION REDUCES THE BASIS OF EACH COMMON STOCK BY 0.0460273968 PER SHARE.

**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 0.0460273968 PER SHARE COMMON STOCK DISTRIBUTION WAS DETERMINED TO COMPRISE OF 100% RETURN OF CAPITAL, 0.00% CAPITAL GAIN AND 0.00% TAXABLE DIVIDEND. THE ISSUER ESTIMATED THAT IT HAS CURRENT EARNINGS AND PROFITS EQUAL TO 0.00% OF THE CURRENT YEAR DISTRIBUTION.

**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)

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**18** Can any resulting loss be recognized? ▶ N/A

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

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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 ▶ ORIGINAL EXECUTED COPY AVAILABLE AT CORPORATE OFFICES Date ▶ 1.11.19

Print your name ▶ JOSEPH C. HOFFMANN Title ▶ SENIOR VICE PRESIDENT OF TAX

|                               |                            |                      |      |   |              |
|-------------------------------|----------------------------|----------------------|------|---|--------------|
| <b>Paid Preparer Use Only</b> | 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.    |

## Report of Organizational Actions Affecting Basis of Securities

▶ See separate instructions.

**Part I Reporting Issuer**

|  |                                   |   |                             |
|--|-----------------------------------|---|-----------------------------|
| <b>1</b> Issuer's name   |                                   | <b>2</b> Issuer's employer identification number (EIN)              |                             |
| PHILLIPS EDISON GROCERY CENTER REIT III, INC.  |                                   | 32-0499883  |                             |
| <b>3</b> Name of contact for additional information  | <b>4</b> Telephone No. of contact | <b>5</b> Email address of contact                                   |                             |
| SCOTT NEKOLNY  | 513-618-4439                      | SNEKOLNY@PHILLIPSEDISON.COM   |                             |
| <b>6</b> Number and street (or P.O. box if mail is not delivered to street address) of contact |                                   | <b>7</b> City, town, or post office, state, and ZIP code of contact |                             |
| 11501 NORTHLAKE DRIVE  |                                   | CINCINNATI, OH 45249-1669   |                             |
| <b>8</b> Date of action  |                                   | <b>9</b> Classification and description                             |                             |
| April 2, 2018  |                                   | COMMON STOCK  |                             |
| <b>10</b> CUSIP number   | <b>11</b> Serial number(s)        | <b>12</b> Ticker symbol   | <b>13</b> Account number(s) |
| 71845L 103   | N/A                               | N/A   | 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 ▶ ON APRIL 2, 2018, ISSUER PAID A NONTAXABLE RETURN OF CAPITAL DISTRIBUTION TO ITS COMMON STOCKHOLDERS OF RECORD IN THE AMOUNT OF 0.0509589036 PER SHARE. AT THE TIME OF THE DISTRIBUTION, THE TAXPAYERS EARNINGS AND PROFITS WERE NOT CALCULATED AND THE PORTION OF THE DISTRIBUTION THAT WOULD BE TREATED AS A RETURN OF CAPITAL WAS UNCERTAIN. PURSUANT TO TREASURY REGULATION 1.6042-3(C), THE TAXPAYER PRESUMED 100% OF THE DISTRIBUTION TO BE A TAXABLE DIVIDEND, AND THEREFORE, WAS NOT REQUIRED TO FILE A FORM 8937. THE TAXPAYER ESTIMATED ITS EARNINGS AND PROFITS CALCULATION ON DECEMBER 31, 2018 AND AT THAT TIME IT WAS DETERMINED THAT 100% OF ITS APRIL 2, 2018 DISTRIBUTION WAS A RETURN OF CAPITAL. THE TAXPAYER IS FILING THIS FORM 8937 ON THE EARLIER OF JANUARY 15, 2019 OR 45 DAYS AFTER DECEMBER 31, 2018, THE DATE ON WHICH ITS EARNINGS AND PROFITS CALCULATION WAS ESTIMATED.

**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 COMMON STOCK DISTRIBUTION REDUCES THE BASIS OF EACH COMMON STOCK BY 0.0509589036 PER SHARE.

**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 0.0509589036 PER SHARE COMMON STOCK DISTRIBUTION WAS DETERMINED TO COMPRISE OF 100% RETURN OF CAPITAL, 0.00% CAPITAL GAIN AND 0.00% TAXABLE DIVIDEND. THE ISSUER ESTIMATED THAT IT HAS CURRENT EARNINGS AND PROFITS EQUAL TO 0.00% OF THE CURRENT YEAR DISTRIBUTION.

**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)

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18 Can any resulting loss be recognized? ▶ N/A

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

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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 ▶ ORIGINAL EXECUTED COPY AVAILABLE AT CORPORATE OFFICES Date ▶ 1.11.19

Print your name ▶ JOSEPH C. HOFFMANN Title ▶ SENIOR VICE PRESIDENT OF TAX

|                               |                            |                      |      |   |              |
|-------------------------------|----------------------------|----------------------|------|---|--------------|
| <b>Paid Preparer Use Only</b> | 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.    |



## Report of Organizational Actions Affecting Basis of Securities

▶ See separate instructions.

**Part I Reporting Issuer**

|  |                                   |   |                             |
|--|-----------------------------------|---|-----------------------------|
| <b>1</b> Issuer's name   |                                   | <b>2</b> Issuer's employer identification number (EIN)              |                             |
| PHILLIPS EDISON GROCERY CENTER REIT III, INC.  |                                   | 32-0499883  |                             |
| <b>3</b> Name of contact for additional information  | <b>4</b> Telephone No. of contact | <b>5</b> Email address of contact                                   |                             |
| SCOTT NEKOLNY  | 513-618-4439                      | SNEKOLNY@PHILLIPSEDISON.COM   |                             |
| <b>6</b> Number and street (or P.O. box if mail is not delivered to street address) of contact |                                   | <b>7</b> City, town, or post office, state, and ZIP code of contact |                             |
| 11501 NORTHLAKE DRIVE  |                                   | CINCINNATI, OH 45249-1669   |                             |
| <b>8</b> Date of action  |                                   | <b>9</b> Classification and description                             |                             |
| May 1, 2018  |                                   | COMMON STOCK  |                             |
| <b>10</b> CUSIP number   | <b>11</b> Serial number(s)        | <b>12</b> Ticker symbol   | <b>13</b> Account number(s) |
| 71845L 103   | N/A                               | N/A   | 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 ▶ ON MAY 1, 2018, ISSUER PAID A NONTAXABLE RETURN OF CAPITAL DISTRIBUTION TO ITS COMMON STOCKHOLDERS OF RECORD IN THE AMOUNT OF 0.0493150680 PER SHARE. AT THE TIME OF THE DISTRIBUTION, THE TAXPAYERS EARNINGS AND PROFITS WERE NOT CALCULATED AND THE PORTION OF THE DISTRIBUTION THAT WOULD BE TREATED AS A RETURN OF CAPITAL WAS UNCERTAIN. PURSUANT TO TREASURY REGULATION 1.6042-3(C), THE TAXPAYER PRESUMED 100% OF THE DISTRIBUTION TO BE A TAXABLE DIVIDEND, AND THEREFORE, WAS NOT REQUIRED TO FILE A FORM 8937. THE TAXPAYER ESTIMATED ITS EARNINGS AND PROFITS CALCULATION ON DECEMBER 31, 2018 AND AT THAT TIME IT WAS DETERMINED THAT 100% OF ITS MAY 1, 2018 DISTRIBUTION WAS A RETURN OF CAPITAL. THE TAXPAYER IS FILING THIS FORM 8937 ON THE EARLIER OF JANUARY 15, 2019 OR 45 DAYS AFTER DECEMBER 31, 2018, THE DATE ON WHICH ITS EARNINGS AND PROFITS CALCULATION WAS ESTIMATED.

**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 COMMON STOCK DISTRIBUTION REDUCES THE BASIS OF EACH COMMON STOCK BY 0.0493150680 PER SHARE.

**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 0.0493150680 PER SHARE COMMON STOCK DISTRIBUTION WAS DETERMINED TO COMPRISE OF 100% RETURN OF CAPITAL, 0.00% CAPITAL GAIN AND 0.00% TAXABLE DIVIDEND. THE ISSUER ESTIMATED THAT IT HAS CURRENT EARNINGS AND PROFITS EQUAL TO 0.00% OF THE CURRENT YEAR DISTRIBUTION.

**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)

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18 Can any resulting loss be recognized? ▶ N/A

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

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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 ▶ ORIGINAL EXECUTED COPY AVAILABLE AT CORPORATE OFFICES Date ▶ 1.11.19

|                               |   |                      |   |      |   |      |
|-------------------------------|---|----------------------|---|------|---|------|
| <b>Paid Preparer Use Only</b> | Print your name ▶ <u>JOSEPH C. HOFFMANN</u> | Preparer's signature | Title ▶ <u>SENIOR VICE PRESIDENT OF TAX</u> | Date | Check <input type="checkbox"/> if self-employed | PTIN |
|                               | Firm's name ▶                               |                      |   |      | Firm's EIN ▶                                    |      |
|                               | Firm's address ▶                            |                      |   |      | Phone no.                                       |      |

## Report of Organizational Actions Affecting Basis of Securities

▶ See separate instructions.

**Part I Reporting Issuer**

|  |                                   |   |                             |
|--|-----------------------------------|---|-----------------------------|
| <b>1</b> Issuer's name   |                                   | <b>2</b> Issuer's employer identification number (EIN)              |                             |
| PHILLIPS EDISON GROCERY CENTER REIT III, INC.  |                                   | 32-0499883  |                             |
| <b>3</b> Name of contact for additional information  | <b>4</b> Telephone No. of contact | <b>5</b> Email address of contact                                   |                             |
| SCOTT NEKOLNY  | 513-618-4439                      | SNEKOLNY@PHILLIPSEDISON.COM   |                             |
| <b>6</b> Number and street (or P.O. box if mail is not delivered to street address) of contact |                                   | <b>7</b> City, town, or post office, state, and ZIP code of contact |                             |
| 11501 NORTHLAKE DRIVE  |                                   | CINCINNATI, OH 45249-1669   |                             |
| <b>8</b> Date of action  |                                   | <b>9</b> Classification and description                             |                             |
| June 1, 2018   |                                   | COMMON STOCK  |                             |
| <b>10</b> CUSIP number   | <b>11</b> Serial number(s)        | <b>12</b> Ticker symbol   | <b>13</b> Account number(s) |
| 71845L 103<br>71845L 301<br>71845L 202   | N/A                               | N/A   | 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 ▶ ON JUNE 1, 2018, ISSUER PAID A NONTAXABLE RETURN OF CAPITAL DISTRIBUTION TO ITS COMMON STOCKHOLDERS OF RECORD IN THE AMOUNT OF 0.0509589036 PER SHARE. AT THE TIME OF THE DISTRIBUTION, THE TAXPAYERS EARNINGS AND PROFITS WERE NOT CALCULATED AND THE PORTION OF THE DISTRIBUTION THAT WOULD BE TREATED AS A RETURN OF CAPITAL WAS UNCERTAIN. PURSUANT TO TREASURY REGULATION 1.6042-3(C), THE TAXPAYER PRESUMED 100% OF THE DISTRIBUTION TO BE A TAXABLE DIVIDEND, AND THEREFORE, WAS NOT REQUIRED TO FILE A FORM 8937. THE TAXPAYER ESTIMATED ITS EARNINGS AND PROFITS CALCULATION ON DECEMBER 31, 2018 AND AT THAT TIME IT WAS DETERMINED THAT 100% OF ITS JUNE 1, 2018 DISTRIBUTION WAS A RETURN OF CAPITAL. THE TAXPAYER IS FILING THIS FORM 8937 ON THE EARLIER OF JANUARY 15, 2019 OR 45 DAYS AFTER DECEMBER 31, 2018, THE DATE ON WHICH ITS EARNINGS AND PROFITS CALCULATION WAS ESTIMATED.

**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 COMMON STOCK DISTRIBUTION REDUCES THE BASIS OF EACH COMMON STOCK BY 0.0509589036 PER SHARE.

**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 0.0509589036 PER SHARE COMMON STOCK DISTRIBUTION WAS DETERMINED TO COMPRISE OF 100% RETURN OF CAPITAL, 0.00% CAPITAL GAIN AND 0.00% TAXABLE DIVIDEND. THE ISSUER ESTIMATED THAT IT HAS CURRENT EARNINGS AND PROFITS EQUAL TO 0.00% OF THE CURRENT YEAR DISTRIBUTION.

**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)

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**18** Can any resulting loss be recognized? ▶ N/A

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

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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 ▶ ORIGINAL EXECUTED COPY AVAILABLE AT CORPORATE OFFICES Date ▶ 1.11.19

Print your name ▶ JOSEPH C. HOFFMANN Title ▶ SENIOR VICE PRESIDENT OF TAX

|                               |                            |                      |      |   |              |
|-------------------------------|----------------------------|----------------------|------|---|--------------|
| <b>Paid Preparer Use Only</b> | 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.    |

## Report of Organizational Actions Affecting Basis of Securities

▶ See separate instructions.

**Part I Reporting Issuer**

|  |                                   |   |                             |
|--|-----------------------------------|---|-----------------------------|
| <b>1</b> Issuer's name   |                                   | <b>2</b> Issuer's employer identification number (EIN)              |                             |
| PHILLIPS EDISON GROCERY CENTER REIT III, INC.  |                                   | 32-0499883  |                             |
| <b>3</b> Name of contact for additional information  | <b>4</b> Telephone No. of contact | <b>5</b> Email address of contact                                   |                             |
| SCOTT NEKOLNY  | 513-618-4439                      | SNEKOLNY@PHILLIPSEDISON.COM   |                             |
| <b>6</b> Number and street (or P.O. box if mail is not delivered to street address) of contact |                                   | <b>7</b> City, town, or post office, state, and ZIP code of contact |                             |
| 11501 NORTHLAKE DRIVE  |                                   | CINCINNATI, OH 45249-1669   |                             |
| <b>8</b> Date of action  |                                   | <b>9</b> Classification and description                             |                             |
| July 2, 2018   |                                   | COMMON STOCK  |                             |
| <b>10</b> CUSIP number   | <b>11</b> Serial number(s)        | <b>12</b> Ticker symbol   | <b>13</b> Account number(s) |
| 71845L 103<br>71845L 301<br>71845L 202   | N/A                               | N/A   | 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 ▶ ON JULY 2, 2018, ISSUER PAID A NONTAXABLE RETURN OF CAPITAL DISTRIBUTION TO ITS COMMON STOCKHOLDERS OF RECORD IN THE AMOUNT OF 0.0493150680 PER SHARE. AT THE TIME OF THE DISTRIBUTION, THE TAXPAYERS EARNINGS AND PROFITS WERE NOT CALCULATED AND THE PORTION OF THE DISTRIBUTION THAT WOULD BE TREATED AS A RETURN OF CAPITAL WAS UNCERTAIN. PURSUANT TO TREASURY REGULATION 1.6042-3(C), THE TAXPAYER PRESUMED 100% OF THE DISTRIBUTION TO BE A TAXABLE DIVIDEND, AND THEREFORE, WAS NOT REQUIRED TO FILE A FORM 8937. THE TAXPAYER ESTIMATED ITS EARNINGS AND PROFITS CALCULATION ON DECEMBER 31, 2018 AND AT THAT TIME IT WAS DETERMINED THAT 100% OF ITS JULY 2, 2018 DISTRIBUTION WAS A RETURN OF CAPITAL. THE TAXPAYER IS FILING THIS FORM 8937 ON THE EARLIER OF JANUARY 15, 2019 OR 45 DAYS AFTER DECEMBER 31, 2018, THE DATE ON WHICH ITS EARNINGS AND PROFITS CALCULATION WAS ESTIMATED.

**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 COMMON STOCK DISTRIBUTION REDUCES THE BASIS OF EACH COMMON STOCK BY 0.0493150680 PER SHARE.

**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 0.0493150680 PER SHARE COMMON STOCK DISTRIBUTION WAS DETERMINED TO COMPRISE OF 100% RETURN OF CAPITAL, 0.00% CAPITAL GAIN AND 0.00% TAXABLE DIVIDEND. THE ISSUER ESTIMATED THAT IT HAS CURRENT EARNINGS AND PROFITS EQUAL TO 0.00% OF THE CURRENT YEAR DISTRIBUTION.

**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)

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18 Can any resulting loss be recognized? ▶ N/A

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

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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 ▶ ORIGINAL EXECUTED COPY AVAILABLE AT CORPORATE OFFICES Date ▶ 1.11.19

Print your name ▶ JOSEPH C. HOFFMANN Title ▶ SENIOR VICE PRESIDENT OF TAX

|                               |                            |                      |      |   |              |
|-------------------------------|----------------------------|----------------------|------|---|--------------|
| <b>Paid Preparer Use Only</b> | 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.    |

## Report of Organizational Actions Affecting Basis of Securities

▶ See separate instructions.

**Part I Reporting Issuer**

|  |                                   |   |                             |
|--|-----------------------------------|---|-----------------------------|
| <b>1</b> Issuer's name   |                                   | <b>2</b> Issuer's employer identification number (EIN)              |                             |
| PHILLIPS EDISON GROCERY CENTER REIT III, INC.  |                                   | 32-0499883  |                             |
| <b>3</b> Name of contact for additional information  | <b>4</b> Telephone No. of contact | <b>5</b> Email address of contact                                   |                             |
| SCOTT NEKOLNY  | 513-618-4439                      | SNEKOLNY@PHILLIPSEDISON.COM   |                             |
| <b>6</b> Number and street (or P.O. box if mail is not delivered to street address) of contact |                                   | <b>7</b> City, town, or post office, state, and ZIP code of contact |                             |
| 11501 NORTHLAKE DRIVE  |                                   | CINCINNATI, OH 45249-1669   |                             |
| <b>8</b> Date of action  |                                   | <b>9</b> Classification and description                             |                             |
| August 1, 2018   |                                   | COMMON STOCK  |                             |
| <b>10</b> CUSIP number   | <b>11</b> Serial number(s)        | <b>12</b> Ticker symbol   | <b>13</b> Account number(s) |
| 71845L 103<br>71845L 301<br>71845L 202   | N/A                               | N/A   | 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 ▶ ON AUGUST 1, 2018, ISSUER PAID A NONTAXABLE RETURN OF CAPITAL DISTRIBUTION TO ITS COMMON STOCKHOLDERS OF RECORD IN THE AMOUNT OF 0.0509589036 PER SHARE. AT THE TIME OF THE DISTRIBUTION, THE TAXPAYERS EARNINGS AND PROFITS WERE NOT CALCULATED AND THE PORTION OF THE DISTRIBUTION THAT WOULD BE TREATED AS A RETURN OF CAPITAL WAS UNCERTAIN. PURSUANT TO TREASURY REGULATION 1.6042-3(C), THE TAXPAYER PRESUMED 100% OF THE DISTRIBUTION TO BE A TAXABLE DIVIDEND, AND THEREFORE, WAS NOT REQUIRED TO FILE A FORM 8937. THE TAXPAYER ESTIMATED ITS EARNINGS AND PROFITS CALCULATION ON DECEMBER 31, 2018 AND AT THAT TIME IT WAS DETERMINED THAT 100% OF ITS AUGUST 1, 2018 DISTRIBUTION WAS A RETURN OF CAPITAL. THE TAXPAYER IS FILING THIS FORM 8937 ON THE EARLIER OF JANUARY 15, 2019 OR 45 DAYS AFTER DECEMBER 31, 2018, THE DATE ON WHICH ITS EARNINGS AND PROFITS CALCULATION WAS ESTIMATED.

**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 COMMON STOCK DISTRIBUTION REDUCES THE BASIS OF EACH COMMON STOCK BY 0.0509589036 PER SHARE.

**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 0.0509589036 PER SHARE COMMON STOCK DISTRIBUTION WAS DETERMINED TO COMPRISE OF 100% RETURN OF CAPITAL, 0.00% CAPITAL GAIN AND 0.00% TAXABLE DIVIDEND. THE ISSUER ESTIMATED THAT IT HAS CURRENT EARNINGS AND PROFITS EQUAL TO 0.00% OF THE CURRENT YEAR DISTRIBUTION.

**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)

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**18** Can any resulting loss be recognized? ▶ N/A

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

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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 ▶ ORIGINAL EXECUTED COPY AVAILABLE AT CORPORATE OFFICES Date ▶ 1.11.19

Print your name ▶ JOSEPH C. HOFFMANN Title ▶ SENIOR VICE PRESIDENT OF TAX

|                               |                            |                      |      |   |              |
|-------------------------------|----------------------------|----------------------|------|---|--------------|
| <b>Paid Preparer Use Only</b> | 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.    |



## Report of Organizational Actions Affecting Basis of Securities

▶ See separate instructions.

**Part I Reporting Issuer**

|  |                                   |   |                             |
|--|-----------------------------------|---|-----------------------------|
| <b>1</b> Issuer's name   |                                   | <b>2</b> Issuer's employer identification number (EIN)              |                             |
| PHILLIPS EDISON GROCERY CENTER REIT III, INC.  |                                   | 32-0499883  |                             |
| <b>3</b> Name of contact for additional information  | <b>4</b> Telephone No. of contact | <b>5</b> Email address of contact                                   |                             |
| SCOTT NEKOLNY  | 513-618-4439                      | SNEKOLNY@PHILLIPSEDISON.COM   |                             |
| <b>6</b> Number and street (or P.O. box if mail is not delivered to street address) of contact |                                   | <b>7</b> City, town, or post office, state, and ZIP code of contact |                             |
| 11501 NORTHLAKE DRIVE  |                                   | CINCINNATI, OH 45249-1669   |                             |
| <b>8</b> Date of action  |                                   | <b>9</b> Classification and description                             |                             |
| September 4, 2018  |                                   | COMMON STOCK  |                             |
| <b>10</b> CUSIP number   | <b>11</b> Serial number(s)        | <b>12</b> Ticker symbol   | <b>13</b> Account number(s) |
| 71845L 103<br>71845L 301<br>71845L 202   | N/A                               | N/A   | 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 ▶ ON SEPTEMBER 4, 2018, ISSUER PAID A NONTAXABLE RETURN OF CAPITAL DISTRIBUTION TO ITS COMMON STOCKHOLDERS OF RECORD IN THE AMOUNT OF 0.0509589036 PER SHARE. AT THE TIME OF THE DISTRIBUTION, THE TAXPAYERS EARNINGS AND PROFITS WERE NOT CALCULATED AND THE PORTION OF THE DISTRIBUTION THAT WOULD BE TREATED AS A RETURN OF CAPITAL WAS UNCERTAIN. PURSUANT TO TREASURY REGULATION 1.6042-3(C), THE TAXPAYER PRESUMED 100% OF THE DISTRIBUTION TO BE A TAXABLE DIVIDEND, AND THEREFORE, WAS NOT REQUIRED TO FILE A FORM 8937. THE TAXPAYER ESTIMATED ITS EARNINGS AND PROFITS CALCULATION ON DECEMBER 31, 2018 AND AT THAT TIME IT WAS DETERMINED THAT 100% OF ITS SEPTEMBER 4, 2018 DISTRIBUTION WAS A RETURN OF CAPITAL. THE TAXPAYER IS FILING THIS FORM 8937 ON THE EARLIER OF JANUARY 15, 2019 OR 45 DAYS AFTER DECEMBER 31, 2018, THE DATE ON WHICH ITS EARNINGS AND PROFITS CALCULATION WAS ESTIMATED.

**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 COMMON STOCK DISTRIBUTION REDUCES THE BASIS OF EACH COMMON STOCK BY 0.0509589036 PER SHARE.

**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 0.0509589036 PER SHARE COMMON STOCK DISTRIBUTION WAS DETERMINED TO COMPRISE OF 100% RETURN OF CAPITAL, 0.00% CAPITAL GAIN AND 0.00% TAXABLE DIVIDEND. THE ISSUER ESTIMATED THAT IT HAS CURRENT EARNINGS AND PROFITS EQUAL TO 0.00% OF THE CURRENT YEAR DISTRIBUTION.

**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)

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**18** Can any resulting loss be recognized? ▶ N/A

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

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**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 ▶ ORIGINAL EXECUTED COPY AVAILABLE AT CORPORATE OFFICES Date ▶ 1.11.19

Print your name ▶ JOSEPH C. HOFFMANN Title ▶ SENIOR VICE PRESIDENT OF TAX

|                               |                            |                      |      |   |              |
|-------------------------------|----------------------------|----------------------|------|---|--------------|
| <b>Paid Preparer Use Only</b> | 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.    |

## Report of Organizational Actions Affecting Basis of Securities

▶ See separate instructions.

**Part I Reporting Issuer**

|  |                                   |   |                             |
|--|-----------------------------------|---|-----------------------------|
| <b>1</b> Issuer's name   |                                   | <b>2</b> Issuer's employer identification number (EIN)              |                             |
| PHILLIPS EDISON GROCERY CENTER REIT III, INC.  |                                   | 32-0499883  |                             |
| <b>3</b> Name of contact for additional information  | <b>4</b> Telephone No. of contact | <b>5</b> Email address of contact                                   |                             |
| SCOTT NEKOLNY  | 513-618-4439                      | SNEKOLNY@PHILLIPSEDISON.COM   |                             |
| <b>6</b> Number and street (or P.O. box if mail is not delivered to street address) of contact |                                   | <b>7</b> City, town, or post office, state, and ZIP code of contact |                             |
| 11501 NORTHLAKE DRIVE  |                                   | CINCINNATI, OH 45249-1669   |                             |
| <b>8</b> Date of action  |                                   | <b>9</b> Classification and description                             |                             |
| October 1, 2018  |                                   | COMMON STOCK  |                             |
| <b>10</b> CUSIP number   | <b>11</b> Serial number(s)        | <b>12</b> Ticker symbol   | <b>13</b> Account number(s) |
| 71845L 103<br>71845L 301<br>71845L 202   | N/A                               | N/A   | 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 ▶ ON OCTOBER 1, 2018, ISSUER PAID A NONTAXABLE RETURN OF CAPITAL DISTRIBUTION TO ITS COMMON STOCKHOLDERS OF RECORD IN THE AMOUNT OF 0.0493150680 PER SHARE. AT THE TIME OF THE DISTRIBUTION, THE TAXPAYERS EARNINGS AND PROFITS WERE NOT CALCULATED AND THE PORTION OF THE DISTRIBUTION THAT WOULD BE TREATED AS A RETURN OF CAPITAL WAS UNCERTAIN. PURSUANT TO TREASURY REGULATION 1.6042-3(C), THE TAXPAYER PRESUMED 100% OF THE DISTRIBUTION TO BE A TAXABLE DIVIDEND, AND THEREFORE, WAS NOT REQUIRED TO FILE A FORM 8937. THE TAXPAYER ESTIMATED ITS EARNINGS AND PROFITS CALCULATION ON DECEMBER 31, 2018 AND AT THAT TIME IT WAS DETERMINED THAT 100% OF ITS OCTOBER 1, 2018 DISTRIBUTION WAS A RETURN OF CAPITAL. THE TAXPAYER IS FILING THIS FORM 8937 ON THE EARLIER OF JANUARY 15, 2019 OR 45 DAYS AFTER DECEMBER 31, 2018, THE DATE ON WHICH ITS EARNINGS AND PROFITS CALCULATION WAS ESTIMATED.

**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 COMMON STOCK DISTRIBUTION REDUCES THE BASIS OF EACH COMMON STOCK BY 0.0493150680 PER SHARE.

**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 0.0493150680 PER SHARE COMMON STOCK DISTRIBUTION WAS DETERMINED TO COMPRISE OF 100% RETURN OF CAPITAL, 0.00% CAPITAL GAIN AND 0.00% TAXABLE DIVIDEND. THE ISSUER ESTIMATED THAT IT HAS CURRENT EARNINGS AND PROFITS EQUAL TO 0.00% OF THE CURRENT YEAR DISTRIBUTION.

**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)

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**18** Can any resulting loss be recognized? ▶ N/A

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

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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 ▶ ORIGINAL EXECUTED COPY AVAILABLE AT CORPORATE OFFICES Date ▶ 1.11.19

|                               |   |                      |   |      |   |      |
|-------------------------------|---|----------------------|---|------|---|------|
| <b>Paid Preparer Use Only</b> | Print your name ▶ <u>JOSEPH C. HOFFMANN</u> | Preparer's signature | Title ▶ <u>SENIOR VICE PRESIDENT OF TAX</u> | Date | Check <input type="checkbox"/> if self-employed | PTIN |
|                               | Firm's name ▶                               |                      |   |      | Firm's EIN ▶                                    |      |
|                               | Firm's address ▶                            |                      |   |      | Phone no.                                       |      |

## Report of Organizational Actions Affecting Basis of Securities

▶ See separate instructions.

**Part I Reporting Issuer**

|  |                                   |   |                             |
|--|-----------------------------------|---|-----------------------------|
| <b>1</b> Issuer's name   |                                   | <b>2</b> Issuer's employer identification number (EIN)              |                             |
| PHILLIPS EDISON GROCERY CENTER REIT III, INC.  |                                   | 32-0499883  |                             |
| <b>3</b> Name of contact for additional information  | <b>4</b> Telephone No. of contact | <b>5</b> Email address of contact                                   |                             |
| SCOTT NEKOLNY  | 513-618-4439                      | SNEKOLNY@PHILLIPSEDISON.COM   |                             |
| <b>6</b> Number and street (or P.O. box if mail is not delivered to street address) of contact |                                   | <b>7</b> City, town, or post office, state, and ZIP code of contact |                             |
| 11501 NORTHLAKE DRIVE  |                                   | CINCINNATI, OH 45249-1669   |                             |
| <b>8</b> Date of action  |                                   | <b>9</b> Classification and description                             |                             |
| November 1, 2018   |                                   | COMMON STOCK  |                             |
| <b>10</b> CUSIP number   | <b>11</b> Serial number(s)        | <b>12</b> Ticker symbol   | <b>13</b> Account number(s) |
| 71845L 103<br>71845L 301<br>71845L 202   | N/A                               | N/A   | 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 ▶ ON NOVEMBER 1, 2018, ISSUER PAID A NONTAXABLE RETURN OF CAPITAL DISTRIBUTION TO ITS COMMON STOCKHOLDERS OF RECORD IN THE AMOUNT OF 0.0509589036 PER SHARE. AT THE TIME OF THE DISTRIBUTION, THE TAXPAYERS EARNINGS AND PROFITS WERE NOT CALCULATED AND THE PORTION OF THE DISTRIBUTION THAT WOULD BE TREATED AS A RETURN OF CAPITAL WAS UNCERTAIN. PURSUANT TO TREASURY REGULATION 1.6042-3(C), THE TAXPAYER PRESUMED 100% OF THE DISTRIBUTION TO BE A TAXABLE DIVIDEND, AND THEREFORE, WAS NOT REQUIRED TO FILE A FORM 8937. THE TAXPAYER ESTIMATED ITS EARNINGS AND PROFITS CALCULATION ON DECEMBER 31, 2018 AND AT THAT TIME IT WAS DETERMINED THAT 100% OF ITS NOVEMBER 1, 2018 DISTRIBUTION WAS A RETURN OF CAPITAL. THE TAXPAYER IS FILING THIS FORM 8937 ON THE EARLIER OF JANUARY 15, 2019 OR 45 DAYS AFTER DECEMBER 31, 2018, THE DATE ON WHICH ITS EARNINGS AND PROFITS CALCULATION WAS ESTIMATED.

**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 COMMON STOCK DISTRIBUTION REDUCES THE BASIS OF EACH COMMON STOCK BY 0.0509589036 PER SHARE.

**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 0.0509589036 PER SHARE COMMON STOCK DISTRIBUTION WAS DETERMINED TO COMPRISE OF 100% RETURN OF CAPITAL, 0.00% CAPITAL GAIN AND 0.00% TAXABLE DIVIDEND. THE ISSUER ESTIMATED THAT IT HAS CURRENT EARNINGS AND PROFITS EQUAL TO 0.00% OF THE CURRENT YEAR DISTRIBUTION.

**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)

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**18** Can any resulting loss be recognized? ▶ N/A

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

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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 ▶ ORIGINAL EXECUTED COPY AVAILABLE AT CORPORATE OFFICES Date ▶ 1.11.19

|                               |   |                      |   |      |   |      |
|-------------------------------|---|----------------------|---|------|---|------|
| <b>Paid Preparer Use Only</b> | Print your name ▶ <u>JOSEPH C. HOFFMANN</u> | Preparer's signature | Title ▶ <u>SENIOR VICE PRESIDENT OF TAX</u> | Date | Check <input type="checkbox"/> if self-employed | PTIN |
|                               | Firm's name ▶                               |                      |   |      | Firm's EIN ▶                                    |      |
|                               | Firm's address ▶                            |                      |   |      | Phone no.                                       |      |

## Report of Organizational Actions Affecting Basis of Securities

▶ See separate instructions.

**Part I Reporting Issuer**

|  |                                   |   |                             |
|--|-----------------------------------|---|-----------------------------|
| <b>1</b> Issuer's name   |                                   | <b>2</b> Issuer's employer identification number (EIN)              |                             |
| PHILLIPS EDISON GROCERY CENTER REIT III, INC.  |                                   | 32-0499883  |                             |
| <b>3</b> Name of contact for additional information  | <b>4</b> Telephone No. of contact | <b>5</b> Email address of contact                                   |                             |
| SCOTT NEKOLNY  | 513-618-4439                      | SNEKOLNY@PHILLIPSEDISON.COM   |                             |
| <b>6</b> Number and street (or P.O. box if mail is not delivered to street address) of contact |                                   | <b>7</b> City, town, or post office, state, and ZIP code of contact |                             |
| 11501 NORTHLAKE DRIVE  |                                   | CINCINNATI, OH 45249-1669   |                             |
| <b>8</b> Date of action  |                                   | <b>9</b> Classification and description                             |                             |
| December 3, 2018   |                                   | COMMON STOCK  |                             |
| <b>10</b> CUSIP number   | <b>11</b> Serial number(s)        | <b>12</b> Ticker symbol   | <b>13</b> Account number(s) |
| 71845L 103<br>71845L 301<br>71845L 202   | N/A                               | N/A   | 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 ▶ ON DECEMBER 3, 2018, ISSUER PAID A NONTAXABLE RETURN OF CAPITAL DISTRIBUTION TO ITS COMMON STOCKHOLDERS OF RECORD IN THE AMOUNT OF 0.0493150680 PER SHARE. AT THE TIME OF THE DISTRIBUTION, THE TAXPAYERS EARNINGS AND PROFITS WERE NOT CALCULATED AND THE PORTION OF THE DISTRIBUTION THAT WOULD BE TREATED AS A RETURN OF CAPITAL WAS UNCERTAIN. PURSUANT TO TREASURY REGULATION 1.6042-3(C), THE TAXPAYER PRESUMED 100% OF THE DISTRIBUTION TO BE A TAXABLE DIVIDEND, AND THEREFORE, WAS NOT REQUIRED TO FILE A FORM 8937. THE TAXPAYER ESTIMATED ITS EARNINGS AND PROFITS CALCULATION ON DECEMBER 31, 2018 AND AT THAT TIME IT WAS DETERMINED THAT 100% OF ITS DECEMBER 3, 2018 DISTRIBUTION WAS A RETURN OF CAPITAL. THE TAXPAYER IS FILING THIS FORM 8937 ON THE EARLIER OF JANUARY 15, 2019 OR 45 DAYS AFTER DECEMBER 31, 2018, THE DATE ON WHICH ITS EARNINGS AND PROFITS CALCULATION WAS ESTIMATED.

**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 COMMON STOCK DISTRIBUTION REDUCES THE BASIS OF EACH COMMON STOCK BY 0.0493150680 PER SHARE.

**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 0.0493150680 PER SHARE COMMON STOCK DISTRIBUTION WAS DETERMINED TO COMPRISE OF 100% RETURN OF CAPITAL, 0.00% CAPITAL GAIN AND 0.00% TAXABLE DIVIDEND. THE ISSUER ESTIMATED THAT IT HAS CURRENT EARNINGS AND PROFITS EQUAL TO 0.00% OF THE CURRENT YEAR DISTRIBUTION.

**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)

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**18** Can any resulting loss be recognized? ▶ N/A

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

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**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 ▶ ORIGINAL EXECUTED COPY AVAILABLE AT CORPORATE OFFICES Date ▶ 1.11.19

Print your name ▶ JOSEPH C. HOFFMANN Title ▶ SENIOR VICE PRESIDENT OF TAX

|                               |                            |                      |      |   |              |
|-------------------------------|----------------------------|----------------------|------|---|--------------|
| <b>Paid Preparer Use Only</b> | 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.    |