



October 31, 2019

RE: Phillips Edison Grocery Center REIT III Completes Merger with Phillips Edison & Company

Dear Financial Advisor,

We are pleased to inform you that on October 31, 2019, Phillips Edison Grocery Center REIT III, Inc. ("PECO III" or the "Company") was successfully acquired by Phillips Edison & Company, Inc. ("PECO") through a merger transaction.

The proposal to approve the merger transaction was approved by over 95.5% of the shares which voted on the matter at the October 30, 2019 Special Meeting of Stockholders, and previously, the transaction was approved by the independent special committee of PECO III's board of directors, which retained independent financial and legal advisors.

Phillips Edison & Company

Pursuant to the merger, former PECO III common stockholders have exchanged their ownership for shares of PECO, which is an internally-managed REIT and one of the nation's largest owners and operators of grocery-anchored shopping centers. Through its vertically-integrated operating platform, PECO manages a portfolio of 336 properties, including 298 wholly-owned properties and 38 third-party owned properties, and its wholly-owned portfolio consists of approximately 33.5 million square feet across 32 states (as of June 30, 2019).

PECO originally raised capital at \$10.00 per share from 2010 through 2014. Since then, the PECO Board of Directors, based on valuations performed by an independent valuation firm, has increased the estimated value per share four times, most recently to \$11.10 per share (as of March 31, 2019). PECO updates its estimated value per share annually and expects to do so again in the Spring of 2020.

The annualized distribution on PECO common stock is \$0.67 per share per year, which, when compared to the original PECO offering price of \$10.00 per share, represents a 6.7% distribution rate.

Merger Consideration

In exchange for each share of PECO III common stock, stockholders received both equity and cash consideration, as follows:

Class A (Private Placement) Stockholders:

- *Equity:* 0.6693 shares of PECO common stock (a value of \$7.4292 per share), and
- *Cash:* \$0.0939 in cash (or additional shares of PECO common stock in lieu of cash if so elected)
- The total value of consideration for each PECO III share of Class A common stock was approximately \$7.5231

Class A stockholders of record from December 2016 to February 2018 received monthly stock distributions, as well as monthly distributions made in the form of cash and/or additional shares through the distribution reinvestment program ("DRP"), which provided additional support for the value of their investment in PECO III.

Class I Stockholders:

- *Equity:* 0.7436 shares of PECO common stock (a value of \$8.2540 per share), and
- *Cash:* \$0.0941 in cash (or additional shares of PECO common stock in lieu of cash if so elected)
- The total value of consideration for each PECO III share of Class I common stock was approximately \$8.3841

Class T Stockholders:

- *Equity:* 0.7749 shares of PECO common stock (a value of \$8.6014 per share), and
- *Cash:* \$0.0989 in cash (or additional shares of PECO common stock in lieu of cash if so elected)
- The total value of consideration for each PECO III share of Class T common stock was approximately \$8.7003

Please check DST Vision for account transaction details during the second week of November.

Monthly Distributions

The cash portion of the merger consideration together with PECO's current distribution of \$0.67 per share on an annual basis, will provide former PECO III stockholders, **beginning December 1, 2019**, with a post-merger equivalent of approximately:

- **Class A Stockholders: 5.0% distribution rate (at minimum)** for two years post-merger, depending on the number of stock dividends received during the private offering. This 5.0% distribution rate (at minimum) calculation includes the \$0.0939 cash merger consideration. Thereafter, the distribution rate is expected to be at least 4.5%.¹
- **Class I & Class T Stockholders: 5.5% distribution rate** for two years post-merger, depending on the number of stock dividends received during the private offering. This 5.5% distribution rate calculation includes the \$0.0941 (Class I) or \$0.0989 (Class T) cash merger consideration. Thereafter, the distribution rate is expected to be approximately 5.0%.¹

These rates are meaningfully higher than the most recent 1.0% annualized distribution rate for PECO III, which has been paid out for October 1, 2019 and November 1, 2019. PECO III stockholders approved the merger in the anticipated time period which resulted in a minimal disruption to monthly distributions.

Summary of PECO and Griffin's Capital Commitments to the Transaction

PECO, together with Griffin Capital Company, LLC ("Griffin"), were the co-sponsors of PECO III, which was externally managed by an advisor jointly owned by affiliates of PECO and Griffin.

As part of this merger transaction, PECO and Griffin went to great lengths to support the valuation of PECO III shares, and we collectively believe the merger provides former PECO III stockholders the best possible outcome over the long-term:

- **Valuation Support:** The merger consideration received by stockholders represents a significant premium over both the midpoint (\$6.54) and high end (\$6.88) of the estimated net asset value per share range of PECO III, as determined by the special committee based on the advice of its financial advisor. The consideration includes the following commitments from PECO and Griffin:

1) Assumes the current PECO annualized distribution rate remains consistent. Distributions are not guaranteed and are made at the discretion of the PECO Board of Directors. Illustrated distributions are annualized, unless otherwise noted.

- effectively waiving the reimbursement of all organization or offering expenses incurred in PECO III's private and public offerings that are currently owed to the advisor,
- effectively waiving or crediting all asset management fees and acquisition fees and expenses owed or paid to the advisor by PECO III since its inception,
- waiving all disposition fees that would be owed to the advisor in connection with the merger,
- paying all of PECO III's merger transaction expenses,
- a cash contribution from PECO of \$3.9 million, and
- a cash contribution from Griffin of \$2.8 million.

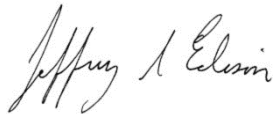
Summary of Strategic Benefits

This transaction has clear benefits for former PECO III stockholders, including:

- **Increased Portfolio Size, Scale, and Diversification:** PECO III stockholders will immediately benefit from the increased size, scale, and diversification of the combined company. The combined company wholly owns approximately 300 properties with a total enterprise value of approximately \$6.1 billion. The larger portfolio diversifies property, tenant, and geographic concentration, and provides greater opportunities for growth. Former PECO III stockholders will also benefit from enhanced access to capital, operational synergies, and efficiencies as part of the combined company.
- **Significantly Improved Liquidity Event Prospects:** PECO is significantly better positioned than PECO III to achieve a successful liquidity event as a result of PECO's greater scale, its internalized management, and its superior asset, geographic and tenant diversification.
- **Best Available Option for PECO III:** The special committee, comprised of the independent members of the PECO III board of directors, considered possible alternatives to the merger, including continuing to operate PECO III on a stand-alone basis, liquidating the company, or seeking a business combination with or sale of assets to another party. The special committee believes that the PECO merger is the best available option for PECO III and its stockholders given relative valuation, timing and transaction cost considerations.
- **Maintains Exclusive Grocery Focus:** PECO's investment strategy, which is the same as PECO III's, is exclusively focused on grocery-anchored shopping centers that lease to necessity-based retailers and service providers, which have proven to be internet resistant and recession resilient.
- **Internal Management Structure:** The merger allows former PECO III stockholders to join a larger, fully integrated, internally-managed REIT that, subject to market conditions, is better-positioned to list on a national stock exchange and provide liquidity for its stockholders.
- **Advisory Fees Terminated:** In addition to the aforementioned waiving of all asset management fees, the advisory agreement with PECO III's advisor was terminated in connection with the closing of the merger, eliminating any advisory fees paid by PECO III.
- **Established Management Team:** Former PECO III stockholders will benefit from the synergies of being part of a combined enterprise that remains focused on driving stockholder value and expects a seamless integration process as PECO has managed PECO III since inception.
- **Investment Management Business:** Former PECO III stockholders are expected to benefit from the scalable growth prospects of PECO's investment management business, which provides consistent, recurring income streams to PECO and is an opportunity to grow and expand earnings.

On behalf of PECO and Griffin, we thank you for your support and look forward to updating you in the near future.

Sincerely,



Jeffrey S. Edison
Chairman and Chief Executive Officer
Phillips Edison & Company, Inc.



Kevin Shields
Chairman and Chief Executive Officer
Griffin Capital Company, LLC

About Phillips Edison & Company, Inc.

Phillips Edison & Company, Inc. ("PECO"), an internally-managed REIT, is one of the nation's largest owners and operators of grocery-anchored shopping centers. PECO's diversified portfolio of well-occupied neighborhood shopping centers features a mix of national and regional retailers selling necessity-based goods and services in fundamentally strong markets throughout the United States. Through its vertically-integrated operating platform, PECO manages a portfolio of 336 properties, including 298 wholly-owned properties comprising approximately 33.5 million square feet across 32 states (as of June 30, 2019). PECO has generated strong operating results over its 27+ year history and has partnered with leading institutional commercial real estate investors including TPG Real Estate and The Northwestern Mutual Life Insurance Company. PECO remains exclusively focused on creating great grocery-anchored shopping experiences and improving the communities it serves one center at a time. For more information, please visit www.phillipsedison.com.

About Griffin Capital Company, LLC

Griffin Capital is a leading alternative investment asset manager headquartered in El Segundo, California with offices in Irvine, California, Phoenix, Arizona, and Greenwich, Connecticut. Founded in 1995, Griffin Capital has owned, managed, sponsored or co-sponsored investment programs encompassing over \$17 billion in assets. Griffin Capital's senior executives and employees have co-invested over \$300 million in its sponsored investment verticals. The privately held firm is led by a seasoned team of senior executives each with more than two decades of investment and real estate experience and who collectively have executed over 650 transactions valued in excess of \$22 billion.

Griffin Capital's alternative investment solutions include three groups of complementary products: actively managed interval funds in the company's Institutional Access® fund family, non-listed real estate investment trusts (REITs) and tax-advantaged private real estate strategies. The firm's investment strategies include diversified core real estate and global corporate credit securities, as well as direct real estate ownership in sector-specific portfolios focused on net leased essential office and industrial assets, clinical healthcare properties, and multifamily real estate.

These solutions include: Griffin Institutional Access® Credit Fund, Griffin Institutional Access® Real Estate Fund, Griffin Capital Essential Asset® REIT, Griffin Institutional Property Exchange DSTs, and a Qualified Opportunity Zone fund. Griffin Capital Securities, LLC, Member FINRA/SIPC, is the dealer manager and/or exclusive wholesale marketing agent for its REITs, Interval Funds and private offerings sponsored and/or co-sponsored by Griffin Capital Company, LLC, which offerings are distributed to investors through independent and insurance broker-dealers, national wirehouses and registered investment advisors. Additional information is available at: www.griffincapital.com.

Cautionary Statement Regarding Forward-Looking Statements

Certain statements contained in this communication may be considered forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), and Section 21E of the

Securities Exchange Act of 1934, as amended (the "Exchange Act"), including statements regarding the merger and other anticipated benefits of the proposed merger. PECO intends for all such forward-looking statements to be covered by the safe harbor provisions for forward-looking statements contained in Section 27A of the Securities Act and Section 21E of the Exchange Act, as applicable. Such statements include, in particular, statements about PECO's plans, strategies, and prospects and are subject to certain risks and uncertainties, as well as known and unknown risks, which could cause actual results to differ materially from those projected or anticipated. Therefore, such statements are not intended to be a guarantee of PECO's performance in future periods. Such forward-looking statements can generally be identified by the use of forward-looking terminology such as "may," "will," "would," "could," "should," "expect," "intend," "anticipate," "estimate," "believe," "continue," "opportunity," or other similar words. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this communication. PECO makes no representation or warranty (express or implied) about the accuracy of any such forward-looking statements contained in this communication, and does not intend, and undertakes no obligation, to publicly update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise.

Forward-looking statements involve significant known and unknown risks and uncertainties that may cause PECO's actual results in future periods to differ materially from those projected or contemplated in the forward-looking statements as a result of, but not limited to, the following factors: PECO's continued payment of distributions at the current rate or at all; the ability and willingness of the combined company to complete a liquidity event, such as a listing of the shares of common stock of PECO; PECO's ability, or the ability of PECO, to pay down, refinance, restructure and/or extend its indebtedness as it becomes due; the possibility that costs or difficulties related to the integration of PECO's and PECO III's operations will be greater than expected; operating costs and business disruption may be greater than expected; the ability of PECO to retain and hire key personnel and maintain relationships with providers or other business partners pending the consummation of the transaction; the impact of legislative, regulatory and competitive changes; and any of the other risk factors discussed in each of PECO's reports filed from time to time with the SEC.

PECO cautions that the foregoing list of important factors that may affect future results is not exhaustive. See Part I, Item 1A. Risk Factors of PECO's 2018 Annual Report on Form 10-K, filed with the SEC on March 13, 2019, Part II, Item 1A. Risk Factors of PECO's Quarterly Report on Form 10-Q, filed with the SEC on August 12, 2019, and any subsequent filings by PECO with the SEC for a discussion of some of the risks and uncertainties, although not all of the risks and uncertainties, that could cause actual results to differ materially from those presented in our forward-looking statements.

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