

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 SECTIONS 316,331, 346, AND 1001.

18 Can any resulting loss be recognized? ▶ SINCE THE EXCHANGE OF SHARES IN PHILLIPS EDISON GROCERY CENTER REIT III, INC. FOR THE MERGER CONSIDERATION IS TREATED AS A LIQUIDATING DISTRIBUTION, LOSS CAN BE RECOGNIZED BY THE STOCKHOLDER.

19 Provide any other information necessary to implement the adjustment, such as the reportable tax year ▶ THE LIQUIDATING DISTRIBUTION WILL BE REPORTED TO THE STOCKHOLDERS ON THE 2019 FORM 1099-DIV ISSUED IN 2020.

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 ▶ 11/18/19

Paid Preparer Use Only	Print your name ▶ <u>JOSEPH C. HOFFMANN</u>	Preparer's signature	Date ▶ <u>11/18/19</u>	Check <input type="checkbox"/> if self-employed	PTIN
	Firm's name ▶			Firm's EIN ▶	
	Firm's address ▶			Phone no.	

Phillips Edison Grocery Center REIT III, Inc.
EIN 32-0499883
Attachment to Form 8937

Form 8937, Part II, Box 14:

The information contained herein does not constitute tax advice and does not purport to be complete or to describe the consequences that may apply to particular categories of stockholders. Further discussion of material U.S. federal income tax consequences of the merger can be found in the Form S-4 for Phillips Edison & Company, Inc. (“PECO”) as filed with the Securities and Exchange Commission on September 4, 2019 (available on PECO’s website). No ruling from the Internal Revenue Service has been requested or is intended to be obtained as to the U.S. federal income tax consequences of the merger.

On October 31, 2019 Phillips Edison Grocery Center REIT III, Inc. (“PECO III”) merged with and into REIT Merger Sub, LLC, a wholly owned subsidiary of Phillips Edison Grocery Center Operating Partnership I, LP (“Operating Partnership”) that is disregarded for federal income tax purposes. PECO owns approximately 86 percent of Operating Partnership. REIT Merger Sub, LLC is the survivor of the merger. The merger is treated as a taxable sale of assets by PECO III in exchange for the merger consideration (described below) followed by a distribution of the merger consideration to the PECO III shareholders in complete liquidation of PECO III.

By virtue of the merger, each outstanding share of PECO III common stock and each fraction thereof, was canceled and converted to the right to receive the following merger consideration:

- i. Holders of PECO III’s Class A common stock received .6693 shares of PECO common stock and \$.0939 in cash per share of PECO III Class A common stock;
- ii. Holders of PECO III’s Class I common stock received .7436 shares of PECO common stock and \$.0941 in cash per share of PECO III Class I common stock; and
- iii. Holders of PECO III’s Class T common stock received .7749 shares of PECO common stock and \$.0989 in cash per share of PECO III Class T common stock.

All PECO III stockholders had the ability to receive additional shares of PECO common stock in lieu of the cash portion of the merger consideration described above.

The value of PECO common stock on October 31, 2019 was \$11.10. Accordingly, the amount of the liquidating distributions was \$7.5231 per share for each share of PECO III’s Class A common stock, \$8.3481 per share for each share of PECO III’s Class I common stock, and \$8.7003 per share for each share of PECO III’s Class T common stock.

Form 8937, Part II, Box 15:

See discussion in Box 14, above. As a result of the above described organizational action, the PECO III stockholders generally will recognize gain or loss on the liquidation.

The receipt of the merger consideration, described above, by PECO III shareholders in exchange for their PECO III common stock pursuant to the merger will be a taxable transaction for U.S. federal income tax purposes (and also may be a taxable transaction under applicable state, local and foreign income and other tax laws).

In general, a holder of PECO III common stock will recognize gain or loss for U.S. federal income tax purposes equal to the difference between the fair market value of PECO common stock on the date of the merger and the amount of cash received, if any, in the merger in exchange for PECO III common stock; and the holder's adjusted tax basis in its PECO III common stock.

Non-U.S. holders should consult their tax advisors to determine the tax consequences applicable to their specific situation. See PECO Form S-4 - U.S. Federal Income Tax Consequences for further detail.

Form 8937, Part II, Box 16:

See discussion in Boxes 14 & 15 above. Amounts received by a stockholder in a liquidation of interests are treated as full payment in exchange for the stock. This sale or exchange treatment results in the offsetting of a stockholder's basis against the liquidating distribution proceeds, resulting in gain or loss.

See PECO Form S-4 - U.S. Federal Income Tax Consequences for further detail.