

**Phillips Edison & Company Ltd.
Phillips Edison & Company, Inc.
Phillips Edison Limited Partnership
Phillips Edison & Company Shopping Center Opportunity Fund Managing Member LLC
Phillips Edison Value Added Company LLC
Phillips Edison Value Added Company IV, L.L.C.
PECO Strategic Investment Manager LLC
PECO Strategic Investment Fund Manager II LLC
PECO Strategic Investment Fund GP III LLC**

Investment Adviser Brochure

Business Address

**11501 Northlake Drive
Cincinnati, Ohio 45249**

www.phillipsedison.com

Contact Information

**Sara J. Phillips
Chief Compliance Officer
Phone: (801) 983-6305
Fax: (801) 521-6952
222 South Main Street, Suite 1730
Salt Lake City, Utah 84101-2140
sbrennan@phillipsedison.com**

March 31, 2014

This brochure provides information about the qualifications and business practices of Phillips Edison & Company Ltd. and its relying advisers listed above, which each serve as a general partner or manager to one or more of our pooled investment vehicle clients (collectively, “Phillips Edison”, “we”, “our”, or “us”). If you have any questions about the contents of this brochure, please contact us at (801) 983-6305 or [sbrennan @phillipsedison.com](mailto:sbrennan@phillipsedison.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (SEC) or by any state securities authority.

Additional information about Phillips Edison is available on the SEC’s website at www.adviserinfo.sec.gov.

Item 2 – Summary of Material Changes

Annual Update

This section discusses material changes to our Investment Adviser Brochure (“Brochure”) since the filing of the most recent annual update to our Brochure, dated March 28, 2013. The next annual update is expected to occur in March 2015.

Summary of Material Changes

Our current Brochure will be available to our existing and prospective clients 24 hours a day through the SEC’s Investment Adviser Public Disclosure website. We may, at any time, update this Brochure, and if we make any material changes, we will provide you either: (i) a copy of our Brochure that includes or is accompanied by a summary of material changes; or (ii) a summary of material changes that includes an offer to provide a copy of the current Brochure. We urge you to carefully review all subsequent summaries of material changes, as they will contain important information about any significant changes to our advisory services, fee structure, business practices, conflicts of interest, and disciplinary history.

Since the filing of the prior annual update to our Brochure, dated March 28, 2013, the following sections of this Brochure have been materially revised:

- Cover Page: The Cover Page has been modified to reflect a change in our Chief Compliance Officer, our contact information, and to include each related entity that is a relying adviser.
- Item 8: We have revised and updated certain risk or other disclosures.
- Item 10: Phillips Edison NTR II LLC was formed and has been added as a financial industry affiliate. We have provided a further explanation of the relationship between Phillips Edison & Company Ltd. and Phillips Edison NTR II LLC.
- Item 10: PECO Strategic Investment Fund GP III LLC was formed and has been added as a financial industry affiliate. PECO Strategic Investment Fund GP III LLC is the general partner of Phillips Edison Strategic Investment Fund III LP.
- Item 10: We have provided a further explanation of the relationship between Phillips Edison & Company Ltd. and Phillips Edison NTR LLC.
- Item 10: Phillips Edison Strategic Investment Fund III LP was formed and has been added as a Fund.
- Item 11: We have provided disclosure regarding certain provisions in the governing documents of Phillips Edison - ARC Shopping Center REIT Inc. that may be applicable to certain investment opportunities pursued by the Funds.

- Item 11: We have provided disclosure regarding certain provisions in the governing documents of Phillips Edison - ARC Grocery Center REIT II, Inc. that may be applicable to certain investment opportunities pursued by the Funds.

Item 3 - Table of Contents

Item 1 - Cover Page	1
Item 2 – Summary of Material Changes	2
Item 3 - Table of Contents	4
Item 4 - Advisory Business	5
Item 5 - Fees and Compensation	6
Item 6 - Performance-Based Fees and Side-By-Side Management.....	7
Item 7 - Types of Clients	8
Item 8 - Methods of Analysis, Investment Strategies and Risk of Loss.....	8
Item 9 - Disciplinary Information	22
Item 10 - Other Financial Industry Activities and Affiliations	22
Item 11 - Code of Ethics, Participation or Interest in Client Transactions and Personal Trading	24
Item 12 - Brokerage Practices	26
Item 13 - Review of Accounts.....	26
Item 14 - Client Referrals and Other Compensation	26
Item 15 - Custody	26
Item 16 - Investment Discretion.....	27
Item 17 - Voting Client Securities	27
Item 18 - Financial Information	27

Item 4 - Advisory Business

Background and Ownership

Phillips Edison & Company Ltd. is organized as an Ohio limited liability company and has been providing real estate related investment advisory services to our affiliated companies since 1999. Phillips Edison is currently one of the largest private owners/operators of shopping centers in the United States according to the International Council of Shopping Centers. Phillips Edison is a fully-integrated, real estate operating company with market leading expertise in every discipline of retail shopping center operation and ownership. Co-founders and principals, Michael C. Phillips and Jeffrey S. Edison, have been acquiring, developing and redeveloping retail properties together since Phillips Edison's predecessor company's inception in 1991. The principal services provided by Phillips Edison relate to the acquisition, management and disposition of real estate and real estate related assets, as well as the supervision of the development, improvement and property management of real estate assets. We also act as an investment adviser to our clients, which consist exclusively of private, pooled investment vehicles (all of which were structured by us or our affiliates) in which institutions and high net worth individuals may invest (such private, pooled investment vehicles are hereinafter referred to individually as a "Fund," and collectively as the "Funds"). The Funds invest primarily in real estate and real estate related assets, and our investment advice to the Funds is limited to those types of investments.

A separate entity established by Phillips Edison & Company Ltd., or its affiliates, serves as the general partner, manager, or managing member to each of the Funds, and each such separate entity is included in this Form ADV as a relying adviser.

Phillips Edison & Company Ltd. is 99.9% owned by Phillips Edison Limited Partnership ("PELP"). The General Partner of PELP is Phillips Edison & Company, Inc. Michael C. Phillips and Jeffrey S. Edison each owns a 50% interest in Phillips Edison & Company, Inc. Each of the relying advisers is principally owned by Michael C. Phillips and Jeffrey S. Edison, through their direct interests in the various relying advisers and / or their interests in PELP.

Funds

The principal advisory service provided by Phillips Edison, either directly or through its supervised persons, is the management of the Funds, which include limited partnerships and limited liability companies in which tax exempt entities (like pension and profit-sharing plans and government retirement plans), taxable entities and certain individuals may invest. As a general matter, each Fund is managed in accordance with the investment objectives, strategies and guidelines set forth in the applicable private placement memorandum and constituent documents and is not tailored to the individual needs of any particular investor in the Fund (such investors in the Funds are referred to as "Investors"). Investment in a Fund does not by itself create an advisory relationship between the Investor and Phillips Edison. Therefore, Investors must consider whether the Fund meets their investment objectives and risk tolerance prior to investing in a Fund. Information about each Fund can be found in its confidential private placement memorandum, which is available to current and prospective investors, who are eligible to invest, only through Phillips Edison or another authorized party.

Assets Under Management

Phillips Edison manages approximately \$1.726 billion of client assets, all on a discretionary basis, as of December 31, 2013.

Item 5 - Fees and Compensation

Investment Management Fees

Phillips Edison and its affiliates may charge investment management fees, a carried interest for serving as general partner or manager, as well as property acquisition or disposition fees, financing fees and other fees to its clients. The specific payment terms and other conditions of any such fees available to Phillips Edison and its affiliates are set forth in the relevant private placement memorandum and constituent documents. To the extent fees payable to Phillips Edison and its affiliates are based on capital gains or capital appreciation, such fees will be effected consistent with the requirements of Section 205 of the Investment Advisers Act of 1940 (“Advisers Act”) and Rule 205-3 thereunder, which permit payment of performance fees by clients that meet certain requirements.

In many cases, Phillips Edison’s fees for the investment advisory services provided are based on the performance of the assets held by a Fund. Phillips Edison may have the responsibility for, or have a role in, determining the value of the assets in a Fund. To the extent Phillips Edison’s fees are based on the performance of client assets, Phillips Edison may benefit by receiving a fee based on the increased value of assets in a Fund. When valuing an asset, Phillips Edison attempts, in good faith, to determine the fair value of the asset in question in a manner consistent with Phillips Edison’s then-current valuation policies. Phillips Edison may also rely on valuations provided by third-party appraisers.

The timing of fee payments varies among our clients and is set forth in the applicable private placement memorandum for each Fund. Asset-based fees are calculated based on the amount of committed or invested capital. Performance fees or other performance-based compensation generally are based on exceeding specified yield or total return benchmarks or “hurdles” and are payable as set forth in the applicable private placement memorandum.

Deduction of Fees from Client Accounts

Phillips Edison and its affiliates are authorized to deduct investment management fees from the accounts of the Funds. Phillips Edison may also call unfunded commitments of Investors for the payment of investment management fees, and in some cases may be permitted to reduce the investment management fees in exchange for a corresponding allocation of additional income and distributions to Phillips Edison or an affiliated entity.

Client Expenses

Phillips Edison’s Funds bear the costs associated with their investments (including costs related to the establishment and maintenance of investment vehicles) and are required to reimburse Phillips Edison for such costs if incurred by Phillips Edison. Such expenses may include, without limitation, compensation and costs of management and leasing personnel, custodian fees, fees of legal counsel, accountants, outside appraisers and real estate brokers, and fees for

architectural, engineering or other studies of proposed or existing investments, fees and expenses of unaffiliated third parties incident to the preparation and distribution of reports, and travel expenses and other out-of-pocket property and portfolio expenses, incurred in connection with the evaluation, negotiation, operations or sale of proposed or existing investments and operations of portfolios. To the extent provided in the private placement memorandum and constituent documents of each Fund, Phillips Edison's Funds may be required to reimburse Phillips Edison for certain components of its overhead and operating expenses and/or pay property management fees to Phillips Edison or an affiliate (as described below).

Property Management and Other Real Estate Management Fees

In addition to investment management services, Phillips Edison and its affiliates may provide leasing, construction, legal, property management, and other services to the Funds, or the individual properties, for which the Funds could otherwise retain third parties. Although the commissions and fees for these services will be at (or below) market rates, the enforcement of the terms and conditions of the relevant agreements will be determined by Phillips Edison. For example, the determination as to whether an affiliated party is entitled to be indemnified pursuant to any such agreement between a Fund and the service provider, or whether the service provider has performed in compliance with the agreement, will be within Phillips Edison's purview.

Item 6 - Performance-Based Fees and Side-By-Side Management

As described in Item 5 above, Phillips Edison charges fees based on the receipt by Investors in the Funds of a specified return and investment management fees based on capital commitments. Phillips Edison's clients should be aware that, when Phillips Edison receives performance-based fees, Phillips Edison and/or any personnel who may benefit from such fees may have an incentive to choose investments that are riskier or more speculative than might otherwise be chosen.

In addition, Phillips Edison and its supervised persons may engage in side-by-side management of accounts that pay varying or no performance-based fees that may raise conflicts of interest. Phillips Edison and its affiliates and supervised persons may also have significant financial interests in one or more of the Funds that may raise conflicts of interest. Where the actions taken on behalf of one Fund may impact other Funds, and Phillips Edison and its affiliates or supervised persons have different interests in the Funds, there may be an incentive to favor certain Funds over others that may be less lucrative. Further, Phillips Edison may be incentivized to allocate investment opportunities to Funds that pay higher performance fees (either because of the underlying terms or because the Fund has already achieved performance hurdles) or to Funds whose current performance does not require it to reimburse Investors for losses attributable to prior unprofitable investments before distributing the performance fees. Also, individual compensation of Phillips Edison's supervised persons may be impacted by the receipt of performance-based fees by Phillips Edison.

To mitigate these conflicts, Phillips Edison's policies and procedures provide that investment decisions are made in accordance with the fiduciary duties owed to its clients and without consideration of Phillips Edison's (or its personnel's) pecuniary, investment or other

financial interests. In particular, our investment allocation process is described in more detail in Item 11.

Item 7 - Types of Clients

Phillips Edison provides investment management services only to the Funds described in this Brochure.

Generally, Investors that participate in the Funds are required to meet certain net worth qualifications, to qualify as “accredited investors” within the meaning of Rule 501 of Regulation D under the Securities Act of 1933, or other suitability or eligibility requirements set forth in the applicable private placement memorandum. Phillips Edison personnel who meet a particular Fund’s investor eligibility criteria, and certain other eligible personnel of Phillips Edison, may also invest in the Funds.

Important Notice

This Brochure may be provided to prospective investors (“Investors”) in a Fund, together with such Fund’s confidential private placement memorandum (“PPM”), constituent documents and other related documents (“Governing Documents”), in connection with an Investor’s consideration of an investment in a Fund. While this Brochure may include information about Phillips Edison or a Fund, it does not represent a complete discussion of the features, risks or conflicts associated with such Fund. More complete information about the Funds is included in the PPM and other Governing Documents for each Fund, and should be reviewed carefully before deciding whether to invest in a Fund.

In no event should this Brochure be considered an offer of interests in any Fund or be relied upon in determining whether to invest in any Fund. It is also not an offer of, or agreement to provide, advisory services directly to any Investor. Rather, this Brochure is designed only to provide information about Phillips Edison to comply with regulatory requirements under the Investment Advisers Act of 1940. Information in this Brochure may differ from the information provided in the relevant PPM. If there is any conflict between the information in this Brochure and similar information in the PPM, Investors should rely on the information in the PPM with respect to their investment in a Fund.

Item 8 - Methods of Analysis, Investment Strategies and Risk of Loss

The following is a summary of the investment strategies and methods of analysis employed by Phillips Edison on behalf of its clients. Specific descriptions of such strategies and methods are included in each Fund’s PPM or other Governing Documents. The information in this Item 8 includes a discussion of the primary risks associated with these investment strategies. However, it is not possible to identify all of the risks associated with investing, and the particular risks applicable to a client will depend on the nature of the Fund, its investment strategy or strategies and the types of assets held, among other factors.

The Funds managed by Phillips Edison invest primarily in real estate and real estate related assets and are not intended to provide a complete investment program for an Investor. Investors are responsible for appropriately diversifying their assets to guard against the risk of loss.

Methods of Analysis and Investment Strategies

Phillips Edison's primary investment strategy is to identify retail and/or mixed use real estate opportunities, including, but not limited to, the acquisition of existing stabilized assets and existing underperforming assets, the acquisition of core, value-added, and opportunistic assets, and the development of new single-tenant and multi-tenant retail projects throughout the United States. While the focus of each Fund may vary, Phillips Edison generally (i) seeks to acquire a diversified portfolio of real estate assets that will deliver attractive risk-adjusted returns, (ii) looks for projects with value-added potential or redevelopment challenges that will enable it to enhance existing cash flow, and (iii) takes advantage of its superior national operating platform that allows it to make opportunistic acquisitions in markets throughout the United States while minimizing geographic and anchor tenant concentrations.

Phillips Edison Strategic Investment Fund III LP ("SIF III") specifically intends to invest in direct and indirect equity and debt interests in or relating to retail properties in the United States (including lifestyle centers, power centers, mixed-use projects that include a substantial retail component and enclosed malls) that are less than 80% occupied (i.e., open and paying rent) or otherwise involve an opportunistic strategy. SIF III's investment strategy is expected to focus on acquisition, redevelopment and targeted development opportunities. SIF III may also make non-controlling investments in public companies, listed or non-listed REITs or other vehicles with a retail strategy. Each Fund's investment strategy is described in the PPM provided to potential Investors.

Phillips Edison generally oversees the execution of the Funds' investment strategies by (i) identifying unique investment opportunities suitable to the applicable Fund, (ii) executing a comprehensive due diligence process, (iii) structuring investments in an efficient and flexible manner, (iv) implementing the appropriate business plans for each asset, (v) applying strong portfolio management, and (vi) maintaining and aggressively exploiting diverse exit options.

A description of Phillips Edison's investment process is provided below:

- **Investment Sourcing:** Phillips Edison has established critical industry relationships that generate a substantial flow of real estate investment opportunities. Phillips Edison reviews available opportunities secured from its network of brokers, lenders, developers, and retailers.
- **Investment Structuring:** Phillips Edison intends to pursue investment opportunities only where it perceives compelling valuations, realistic business plans and can mitigate risk through the proper capital structure, control and asset management. The optimal investment structure is sought to be achieved through rigorous market analysis, the development and comprehensive understanding of a thoughtful business plan, a complete understanding of the assets, financial obligations and capital structure, financial modeling of alternative business strategies and capital structures, and thorough negotiation of project agreements.

- **Investment Underwriting:** The underwriting process is characterized by a series of ongoing collaborative discussions and debates among the members of the Investment Committee and the acquisitions team for the applicable Fund, with a fundamental philosophy of using our superior leasing, market, and operating knowledge to challenge any proposed investment thesis. Phillips Edison's investment team has significant experience in its targeted markets and investment focus and employs a highly analytic, disciplined and value-driven approach.
- **Investment Committee:** The Investment Committee for each Fund is responsible for approving each investment by that Fund and is comprised of senior members of Phillips Edison who each have substantial investment experience.
- **Asset Management:** Phillips Edison is actively engaged in the strategic asset management decisions that drive value, namely operating and business plans and budgets, capital expenditures, leasing, repositioning, financing, refinancing and exit. Phillips Edison institutes a proactive asset management program customized to the nature, structure and characteristics of each investment and the expertise and capabilities of each operating partner or management team. Because the real estate and financial markets are highly volatile, Phillips Edison anticipates variances from such plans as investments mature, and accordingly, asset management programs and exit strategies are flexible and adapted to changing market dynamics, the macro-economic environment, capital markets, and local real estate fundamentals. Phillips Edison seeks to manage, lease, reposition and finance properties to create value for each Fund and its investors and maximize net operating income at the asset level.
- **Exit Options:** Phillips Edison seeks investments with identifiable exit strategies and manages assets with an end goal of maximizing returns.

Risk of Loss

Strategies for Funds managed by Phillips Edison involve a high degree of uncertainty. The possibility of partial or total loss of capital exists in connection with such strategies, and Investors should not invest unless they can readily bear the consequences of such loss.

The following risk factors are generally applicable to Phillips Edison's clients. However, additional risk factors, including risk factors that are specific to a particular Fund's investment strategy, are described in the applicable private placement memorandum.

No Assurance of Investment Returns. There can be no assurance that a Fund will achieve its investment objectives or otherwise be able to successfully carry out its investment program or that the Investors will receive any return on, or the return of, their invested capital. An Investor should only invest in a Fund as part of an overall investment strategy and only if the Investor is able to withstand a total loss of its investment.

Reliance on Senior Management and Key Employees. Phillips Edison relies, to a significant extent, upon the continued services of the senior management team and other key employees. Any of these individuals could be difficult to replace, and the loss of any of them could have a material adverse effect on Phillips Edison's ability to provide its services.

Uncertain Timing for Asset Sales and Financings. The Funds have varying investment horizons. Although it is anticipated that most investments will generate current cash flow, it is possible that cash flow will occur only after the partial or complete financing, refinancing or sale of an investment, delaying the return to the Investors. It is possible that favorable financing, refinancing or sale terms may not be available for an investment, thereby reducing or eliminating any return.

General Real Estate Risks. Each Fund's investments will be subject to the risks incident to the ownership and operation of real estate and real estate-related businesses and assets. These risks include, but are not limited to, changes in the general economic climate, local, national or international conditions (such as an oversupply of space or a reduction in demand for space), the quality and philosophy of management, competition based on rental rates, attractiveness and location of the properties and changes in the relative popularity of property types and locations, changes in the financial condition of tenants, buyers and sellers of properties, changes in operating costs and expenses, uninsured losses or delays from casualties or condemnation, environmental liabilities, contingent liabilities, changes in applicable laws, government regulations (including those governing usage, improvement and zoning) and fiscal policies, the availability of financing and interest rate levels, successor liability for investments in existing entities (e.g., buying out a distressed partner or acquiring an interest in an entity that owns a real property), acts of God, acts of war, terrorist acts, work stoppages, shortages of labor, strikes, union relations and contracts, fluctuating prices and supply of labor and/or other labor-related factors and other factors beyond the control of Phillips Edison, the Funds and their respective affiliates.

Future and Past Performance. The performance of the prior investments of Phillips Edison and its affiliates is not necessarily indicative of future results. While Phillips Edison intends for each Fund to make investments that have estimated returns commensurate with the risks undertaken, there can be no assurances that any targeted internal rate of return will be achieved. On any given investment, loss of principal is possible. An investor should only invest in a Fund as part of an overall investment strategy and only if the investor is able to withstand a total loss of its investment.

Concentration of Investments. The Funds are not subject to any diversification limitations. The Funds each participate in a limited number of investments and may seek to make several investments in certain regions. As a result, a Fund's investment portfolio could become highly concentrated (including in as few as one investment or a series of related investments), and the performance of a single investment or a few holdings may substantially affect its aggregate return.

Lack of Sufficient Investment Opportunities. The business of identifying and structuring real estate transactions is highly competitive and involves a high degree of uncertainty. It is possible that a Fund will never be fully invested if enough sufficiently attractive investments are not identified. However, the Investors in a Fund may be required to pay investment management fees during the Fund's investment period based on the entire amount of the Investors' capital commitments.

Dynamic Investment Strategy. While Phillips Edison generally intends to seek attractive returns primarily through making investments in accordance with a Fund's investment objective,

Phillips Edison may pursue additional investment strategies and may modify or depart from its initial investment strategy, investment process and investment techniques as it determines appropriate.

Illiquidity; Lack of Current Distributions. An investment in the Funds should be viewed as illiquid. It is uncertain as to when profits, if any, will be realized. Losses on unsuccessful investments may be realized before gains on successful investments are realized. The return of capital and the realization of gains, if any, generally will occur only upon the partial or complete disposition of an investment. While an investment may be sold at any time, it is generally expected that the sale of an investment will not occur for a number of years after the initial investment. Before such time, there may be no current return on the investment. Furthermore, the expenses of operating a Fund may exceed its income, thereby requiring that the difference be paid from the Fund's capital, including, without limitation, unfunded capital commitments.

Leveraged Investments. Phillips Edison may employ leverage in the acquisition, operation and ownership of its investments and may refinance its investments, if desirable. Debt could take the form of mortgage or other financing at the property level or ownership level. Such use of leverage generally magnifies the opportunities for gain and the risk of loss from a particular investment. The cost and availability of leverage is highly dependent on the state of the broader credit markets, which state is difficult to accurately forecast, and at times it may be difficult to obtain or maintain the desired degree of leverage. The use of leverage will also result in interest expense and other costs to the Fund that may not be covered by distributions made to the Fund or appreciation of its investments. Leveraged investments may be subject to restrictive financial and operating covenants and the Fund may provide guarantees in order to secure such leverage. In the event a portfolio investment cannot generate adequate cash flow to meet debt service, the Fund may suffer a partial or total loss of capital invested in the portfolio investment, which could adversely affect the returns of the Fund. Furthermore, should the credit markets be tight at the time the Fund determines that it is desirable to sell all or a part of a portfolio investment, the Fund may not achieve an exit cap rate consistent with its forecasts.

Limited Transferability of Fund Interests. There will be no public market for Fund interests, and none is expected to develop. There are substantial restrictions upon the transferability of Fund interests under the Governing Documents and applicable securities laws. In general, withdrawals of Fund interests are not permitted. In addition, Fund interests are not redeemable.

Inability to Execute Business Plan. There can be no assurance that Phillips Edison will be able to execute the business plan for a Fund or any or all of the Fund's investments. Unforeseen factors may arise that Phillips Edison is not in a position to control, which may interrupt our investment program and/or negatively impact returns on a Fund's investments. For example, opportunities to renegotiate or restructure existing, unfavorable debt with respect to a Fund investment may be limited due to the existence of conflicting priorities of lenders or other third parties. Alternatively, in the case of an investment by a Fund in a real estate-related loan or debt security, the Fund may (subject to contractual protection limiting such exposure) be subject to borrowers re-paying such mortgage debts earlier than anticipated and as such, be exposed to downside prepayment risk, which may impact the returns with respect to such an investment. Furthermore, an applicable tax regime or regulation, such as planning or zoning regulations with respect to development projects, that may have made a particular investment desirable upon

acquisition may be subsequently varied or amended and, as a consequence, the investment may no longer achieve the same returns as originally anticipated.

Third Party Involvement. Certain of a Fund's investments may be made as a co-venturer or partner with the seller of the property, an affiliate of the seller, an investor in the Fund, a vehicle controlled or managed by Phillips Edison or its affiliates or other third parties. Such investments may involve risks not present in investments where a third party is not involved, including the possibility that: the Fund and such co-venturer may reach an impasse on a major decision that requires the approval of both parties; a co-venturer or partner of the Fund may at any time have economic or business interests or goals that are inconsistent with those of the Fund; the co-venturer or partner may encounter liquidity or insolvency issues or may become bankrupt; the co-venturer or partner may be in a position to take action contrary to the Fund's investment objective; the co-venturer or partner may take actions that subject the property to liabilities in excess of, or other than, those contemplated; or in certain circumstances the Fund may be liable for actions of its co-venturers or partners. In addition, a Fund may rely upon the abilities and management expertise of a co-venturer or partner. It may also be more difficult for the Fund to sell its interest in any joint venture, partnership or entity with other owners than to sell its interest in other types of investments. A Fund may grant co-venturers or partners joint approval rights with respect to major decisions concerning the management and disposition of the investment, which would increase the risk of deadlocks. A deadlock could delay the execution of the business plan for the investment or require the Fund to engage in a buy-sell of the venture with the co-venturer or partner or conduct the forced sale of such investment. As a result of these risks, the Fund may be unable to fully realize its expected return on any such investment.

Uncertainty of Financial Projections. Phillips Edison will generally establish the capital structure of an investment based on financial projections, and projected operating results will normally be based primarily on management judgments. In all cases, projections are only estimates of future results that are based upon assumptions made at the time that the projections are developed. There can be no assurance that the projected results will be obtained, and actual results may vary significantly from the projections. General economic conditions, which are not predictable, can have a material adverse impact on the reliability of such projections.

New Withholding Tax on Certain Non-U.S. Entities. Legislation enacted in 2010 generally imposes, beginning July 1, 2014, a new withholding tax of 30% that will apply to distributions from a Fund to non-U.S. entities in respect of most payments attributable to investments in the United States, including distributions or payments attributable to dividends, interest and gross proceeds of a disposition of stock (including a liquidating distribution from a corporation), unless the foreign entity complies with certain conditions or an exception applies.

Enhanced Scrutiny and Certain Effects of Potential Regulatory Changes. There has recently been significant discussion regarding enhanced governmental scrutiny and/or increased regulation of the private equity industry. There can be no assurance that any such scrutiny or regulation will not have an adverse impact on Phillips Edison's investment strategies, including the ability of a Fund to implement its investment strategy or achieve its investment objectives.

The combination of recent scrutiny of private equity firms (along with other alternative asset managers) and their investments by various politicians, regulators and market commentators, and the public perception that certain alternative asset managers, including private equity firms,

contributed to the recent downturn in the U.S. and global financial markets, may complicate or prevent a Fund's efforts to consummate investments, both in general and relative to competing bidders outside of the alternative asset space. As a result, the Fund may invest in fewer transactions or incur greater expenses or delays in completing investments than it otherwise would have.

Additionally, Congress has recently considered proposed legislation that would treat certain income allocations to service providers by partnerships (including any carried interest) as ordinary income for U.S. federal income tax purposes that under current law is treated as an allocation of the partnership's income, which may be taxed at lower rates than ordinary income. Enactment of any such legislation could adversely affect one or more members of a Fund's general partner, or employees or other individuals associated with the Fund, Phillips Edison or the general partner who were or may in the future be granted direct or indirect interests in the general partner entitling such persons to benefit from carried interest. This may reduce such persons' after-tax returns from the Fund and the general partner, which could make it more difficult for the general partner and its affiliates to incentivize, attract and retain individuals to perform services for the Fund.

Alternative Investment Fund Managers Directive. The EU Alternative Investment Fund Managers Directive (the "AIFMD") came into effect on July 22, 2013. The AIFMD regulates the activities of certain private fund managers undertaking fund management activities or marketing fund interests to investors within the European Economic Area ("EEA"). If a Fund is actively marketed to investors domiciled or having their registered office in the EEA after July 21, 2013 in circumstances where no transitional relief is available: (i) the Fund may be subject to certain reporting, disclosure and other compliance obligations under the AIFMD, which may result in the Fund incurring additional costs and expenses; (ii) the Fund and/or Phillips Edison may become subject to additional regulatory or compliance obligations arising under national law in certain EEA jurisdictions, which may result in the Fund incurring additional costs and expenses or otherwise affect the management and operation of the Fund; (iii) Phillips Edison may be required to make detailed information relating to the Fund and its investments available to regulators and third parties; and (iv) the AIFMD may also restrict certain activities of the Fund in relation to EEA portfolio companies including, in some circumstances, the Fund's ability to recapitalize, refinance or potentially restructure an EEA portfolio company within the first two years of ownership. In addition, it is possible that some EEA jurisdictions will elect to restrict or prohibit the marketing of non-EEA funds to investors based in those jurisdictions, which may make it more difficult for the Fund to raise its targeted amount of capital commitments.

Hedging Arrangements. Phillips Edison may (but is not obligated to) endeavor to manage a Fund's or any portfolio investments, interest rate exposures or other exposures, using hedging techniques where available and appropriate. The Funds may incur costs related to such hedging arrangements, which may be undertaken in exchange traded or over-the-counter ("OTC") contexts, including futures, forwards, swaps, options and other instruments. There can be no assurance that adequate hedging arrangements will be available on an economically viable basis or that such hedging arrangements will achieve the desired effect, and in some cases hedging arrangements may result in losses greater than if hedging had not been used. In some cases, particularly in OTC contexts, hedging arrangements will subject a Fund to the risk of a counterparty's inability or refusal to perform under a hedging contract, or the potential loss of

assets held by a counterparty, custodian or intermediary in connection with such hedging. OTC contracts may expose the Fund to additional liquidity risks. Certain hedging arrangements may create for Phillips Edison a registration or exemption obligation with the U.S. Commodity Futures Trading Commission or other regulator.

Significant Adverse Consequences for Default. Each Fund's Governing Documents provide for significant adverse consequences in the event an Investor defaults on its capital commitment or any other payment obligation. In addition to losing its right to potential distributions from a Fund, a defaulting Investor may be forced to transfer its interest in the Fund for an amount that is less than the fair market value of such interest and that may be paid over a period of up to ten years, without interest. Although Phillips Edison believes that all Investors in a Fund will have the financial ability to satisfy their capital commitments, there can be no assurance that all such capital commitments will be honored. In the event that an Investor defaults on a capital call, it may be difficult for a Fund and its non-defaulting Investors to make up the shortfall from other sources. Notwithstanding the contractual remedies provided in the constituent documents of the Fund, any default by one or more Investors could have a material adverse effect on the Fund. In addition, it may be difficult, or impossible, to obtain or enforce a judgment against certain Investors such as, for example, those affiliated with foreign governments or international organizations established by treaty that enjoy certain immunities, including immunities from taxation and service of process, for the amount of their capital calls, if a Fund were to have such Investors. The inability of a Fund to enforce certain Investors' obligations to contribute capital to the Fund could impair the Fund's ability to take advantage of investment opportunities.

General Partner's or Manager's Carried Interest. The fact that a general partner's or manager's carried interest is based on a percentage of net profits may create an incentive for Phillips Edison to cause a Fund to make riskier or more speculative investments than otherwise would be the case.

Controlling Person Liability. The exercise of control over an entity can impose additional risks of liability for environmental damage, failure to supervise management, violation of government regulations (including securities laws) or other types of liability in which the limited liability characteristic of business ownership may be ignored. If these liabilities were to arise, the Fund might suffer a significant loss.

Uncertain Economic and Political Environment. The current global economic and political climate is one of uncertainty. Prior acts of terrorism in the United States, the threat of additional terrorist strikes and the fear of a prolonged global conflict have exacerbated volatility in the financial markets and can cause consumer, corporate and financial confidence to weaken, increasing the risk of a "self reinforcing" economic downturn. The availability of credit for consumers, homeowners and businesses, including credit used to acquire businesses, continues to be restricted. This may have an adverse effect on the economy generally and on the ability of a Fund to execute its strategy and to receive an attractive multiple of earnings on the disposition of its investments. A climate of uncertainty may reduce the availability of potential investment opportunities, and increases the difficulty of modeling market conditions, potentially reducing the accuracy of financial projections. Furthermore, such uncertainty may have an adverse effect upon real estate assets in which the Funds make investments.

Market Conditions. Any material change in the economic environment, including a slow-down in economic growth and/or changes in interest rates or foreign exchange rates, could have a negative impact on the performance and/or valuation of the investments. Fund performance can be affected by deterioration in public markets and by market events, such as the onset of the credit crisis in the summer of 2007 or the downgrading of the credit rating of the United States in 2011. The impact of market and other economic events may also affect a Fund's ability to raise funding to support its investment objective and also the level of profitability achieved on realizations of investments.

Risk of Acquisition Activities. Acquisition of retail properties entails general investment risks associated with any real estate investment, including the risk that investments will fail to perform as expected and that estimates of the cost of improvements to reposition an acquired property up to standards established for the intended market position may prove inaccurate. A Fund may be unable to acquire a desired property because of competition from other well-capitalized real estate investors, including private investment funds, REITs that are publicly-traded, foreign investors, various types of financial institutions and their affiliates, family groups and wealthy individuals. Even if a Fund enters into an acquisition agreement for a property, such an agreement would typically be subject to customary conditions to closing, including satisfactory completion of due diligence investigations, and if a Fund is able to acquire a desired property, competition from other real estate investors may significantly increase the purchase price paid. The Funds may acquire properties subject to known or unknown liabilities and with limited or no recourse. As a result, if liability were asserted against a Fund based upon such properties, the Fund might have to pay substantial sums to dispute or remedy the matter, which could adversely affect the Fund's cash flow and returns. Unknown liabilities with respect to properties acquired could include, for example: liabilities for cleanup of undisclosed environmental contamination; claims by tenants, vendors or other persons relating to the former owners of the properties; liabilities incurred in the ordinary course of business; and claims for indemnification by general partners, directors, officers and others indemnified by the former owners of the properties.

Development and Construction Risks. Certain investments may include acquisition of direct or indirect interests in undeveloped land or underdeveloped real property (which may often be non-income producing), real estate developments or redevelopments and/or businesses that engage in real estate development or redevelopment. To the extent that a Fund invests in such assets or activities, it will be subject to the risks normally associated with such assets and development activities, including the possibility of development cost overruns and delays due to various factors (including inclement weather, labor or material shortages, the unavailability of construction and permanent financing and timely receipt of zoning and other regulatory approvals), the availability of both construction and permanent financing on favorable terms and market or site deterioration after acquisition. Any unanticipated delays or expenses could have an adverse effect on the results of operations and financial condition of the Fund. Properties under development or properties acquired for development may receive little or no cash flow from the date of acquisition through the date of completion of development and may continue to experience operating deficits after the date of completion. In addition, market conditions may change during the course of development that make such development less attractive than at the time it was commenced.

Distressed Investments. A Fund may purchase, directly or indirectly, investments that are experiencing significant financial or business distress, including securities, companies or real estate assets involved in bankruptcy or other reorganization and liquidation proceedings. Many of these investments ordinarily remain unpaid unless and until the investment is reorganized and/or emerges from bankruptcy proceedings, and as a result may have to be held for an extended period of time. A wide variety of considerations, including, for example, the possibility of litigation between the participants in a reorganization or liquidation proceeding or a requirement to obtain mandatory or discretionary consents from various governmental authorities or others may affect the value of these investments. The uncertainties inherent in evaluating such investments may be increased by legal and practical considerations which limit Phillips Edison's access to reliable and timely information concerning material developments affecting a company, or which cause lengthy delays in the completion of the liquidation or reorganization proceedings. There can be no assurance that Phillips Edison will correctly evaluate the nature and magnitude of the various factors that could affect the prospects for a successful reorganization or similar action.

Potential Environmental Liabilities. Under various federal, state and local laws, ordinances and regulations, an owner of real property may be liable for the costs of removal or remediation of certain hazardous or toxic substances on or in such property. Such laws often impose such liability without regard to whether the owner knew of, or was responsible for, the presence of such hazardous or toxic substances. The cost of any required remediation and the owner's liability therefor as to any property are generally not limited under such laws and could exceed the value of the property and/or the aggregate assets of the owner. The presence of such substances, or the failure to properly remediate contamination from such substances, may adversely affect the owner's ability to sell the real estate or to borrow funds using such property as collateral, which could have an adverse effect on the Fund's return from such investment.

Harmful Mold and Other Air Quality Issues. When excessive moisture accumulates in buildings or on building materials, mold may grow, particularly if the moisture problem remains undiscovered or is not addressed over a period of time. Some molds may produce airborne toxins or irritants. Indoor air quality issues can also stem from inadequate ventilation, chemical contamination from indoor or outdoor sources and other biological contaminants such as pollen, viruses and bacteria. Indoor exposure to airborne toxins or irritants above certain levels can be alleged to cause a variety of adverse health effects and symptoms, including allergic or other reactions. As a result, the presence of significant mold or other airborne contaminants at any of a Fund's properties could require the Fund to undertake a costly remediation program to contain or remove the mold or other airborne contaminants from the affected property or increase indoor ventilation. In addition, the presence of significant mold or other airborne contaminants could expose the Fund to liability from its tenants, employees of its tenants and others if property damage or health concerns arise.

Competition for Tenants. A Fund's ability to lease or develop the properties it acquires is subject to competitive pressures. The Funds will face competition in the development, operation and sale of real property from individuals and businesses who own real estate, including private investment funds, REITs that are publicly-traded, foreign investors, various types of financial institutions and their affiliates, family groups and wealthy individuals. Some of these competitors

have greater financial resources than the Fund. This factor will result in competition for tenants who lease or consider leasing space in a Fund's properties.

Credit Risk of Tenants; Inability to Collect Rent. Tenant leases generate a significant portion of each Fund's revenue. As a result, the performance of the Funds depends on the ability to collect rent from tenants. In particular, local economic conditions and factors affecting the industries in which the Fund's tenants operate may affect the tenants' ability to make lease payments. At any time, tenants may experience a downturn in their business that may significantly weaken their financial condition. As a result, tenants may delay a number of lease commencements, decline to extend or renew leases upon expiration, fail to make rental payments when due, close stores or declare bankruptcy. Any of the foregoing could result in the termination of the tenant's leases and/or a significant decrease in the Fund's revenues. In addition, lease terminations by an anchor tenant or a failure by that anchor tenant to occupy the premises could result in lease terminations or reductions in rent by other tenants in the same retail shopping centers under the terms of some leases. In that event, the Fund may be unable to re-lease the vacated space at attractive rents or at all. The occurrence of any of the situations described above, particularly if it involves a substantial tenant with leases in multiple locations, could adversely affect the Fund's profitability and its ability to meet its financial obligations.

Tenants who file for bankruptcy protection may not be able to continue to pay rent. A bankruptcy filing by, or relating to, a tenant or a lease guarantor would typically bar all efforts by a Fund to collect pre-bankruptcy debts from the tenant or the lease guarantor, or their property, unless the Fund receives an order permitting it to do so from the bankruptcy court. A tenant or lease guarantor bankruptcy could delay a Fund's efforts to collect past due balances under the relevant leases, and could ultimately preclude collection of these sums. If a lease is assumed by the tenant in bankruptcy, then all pre-bankruptcy balances due under the lease must be paid in full. However, if a lease is rejected by a tenant in bankruptcy, then the Fund would have only a general unsecured claim for damages. Any unsecured claim held by the Fund may be paid only to the extent that funds are available and only in the same percentage as is paid to all other holders of unsecured claims, and there are restrictions under bankruptcy laws which limit the amount of the claim that can be made if a lease is rejected. As a result, it is likely that the Fund would recover substantially less than the full value of any unsecured claims held with respect to a bankrupt tenant.

Lease Restrictions. In many cases, tenant leases contain provisions giving the tenant the exclusive right to sell particular types of merchandise or provide specific types of services within a particular retail shopping center or limit the ability of other tenants within that shopping center to sell that merchandise or provide those services. When a Fund is attempting to re-lease space after a vacancy by one of these tenants, these provisions may limit the number and types of prospective tenants for the vacant space. The failure to re-lease or to re-lease on satisfactory terms could harm the operating results of the Fund.

Property Taxes and Risk of Property Reassessments. Real property owned by a Fund or real property that secures (directly or indirectly) an investment of a Fund will likely be subject to real property taxes and, in some instances, personal property taxes. Such real and personal property taxes may increase as property tax rates change and as the properties are assessed or reassessed by taxing authorities. An increase in property taxes on a Fund's real property could adversely

affect the Fund's results from operations and could decrease the value of that real property. Similarly, an increase in property taxes on real property that secures a loan made by a Fund could adversely affect the ability of the borrower to make payments to the Fund, which in turn may also adversely affect the value of the relevant asset securing such a loan.

Litigation at the Property Level. The acquisition, ownership and disposition of real properties carry certain litigation risks, which could result in losses to a Fund. Litigation may be commenced with respect to a property acquired by a Fund in relation to activities that took place prior to the Fund's acquisition of such property. In addition, at the time of disposition of an individual property, a potential buyer may claim that it should have been afforded the opportunity to purchase the asset or alternatively that such buyer should be awarded due diligence expenses incurred or statutory damages for misrepresentation relating to disclosures made, if such buyer is passed over in favor of another as part of the Fund's efforts to maximize sale proceeds. Similarly, successful buyers may later sue the Fund under various damage theories, including those sounding in tort, for losses associated with latent defects or other problems not uncovered in due diligence. A Fund may also be exposed to litigation resulting from the activities of tenants or their customers.

Risk of Bridge Financings. Phillips Edison may make an investment with the intent of financing or otherwise reducing a Fund's investment shortly after the closing of such investment. There can be no assurance in such instances that the Fund will be successful in completing such financings or other transactions designed to reduce or leverage the Fund's investment, or that the terms of such financings will be attractive when closed. If the Fund is unable to complete such an anticipated transaction, then its investments will be less diversified than Phillips Edison may have intended.

Interest Rate and Hedging Risks. A fund may incur indebtedness that bears interest at variable interest rates. Variable interest rate debt creates higher debt service requirements if market interest rates increase, which would adversely affect a Fund (for example, borrowing costs may increase but there may not be a corollary increase in tenant rent payments to the Fund). A Fund's performance may be adversely affected by a fluctuation in interest rates if it utilizes variable rate mortgage financing and fails to employ an effective hedging strategy to mitigate such risks, including engaging in interest rate swaps, caps, floors and other interest rate contracts, and buying and selling interest rate futures and options on such futures. Should a Fund elect to borrow at a variable interest rate and to employ such a hedging strategy (and it will be under no obligation to do so), the use of these instruments to hedge a portfolio carries certain risks, including the risks that losses on a hedge position will reduce a Fund's earnings and funds available for distribution to the Investors and that such losses may exceed the amount invested in such instruments. Even if used, hedges may not perform their intended purpose of minimizing and offsetting losses on an investment.

Americans with Disabilities Act and Similar Laws. Under the Americans with Disabilities Act of 1990 (the "ADA"), all public accommodations must meet federal requirements related to access and use by disabled persons. If one or more of the properties in a Fund's portfolio does not comply with the ADA, then the Fund may be required to incur costs to bring the property into compliance, which may or may not have been foreseen at the time of acquisition. Future changes to federal, state and local laws also may require modifications to a Fund's properties, or

restrict a Fund's ability to renovate its properties. Phillips Edison cannot predict the ultimate cost of compliance with the ADA or other legislation. If a Fund incurs substantial costs to comply with the ADA and any other similar legislation, the Fund's financial condition, results of operations, cash flow, cash available for distribution and ability to satisfy its debt service obligations could be materially adversely affected.

Casualty and Condemnation. Investments in real estate are subject to the risks of partial or total condemnation in accordance with applicable law or regulation and casualty, whether arising from destruction by fire, earthquake, flood, hurricane or otherwise. In either case, each Fund's investments (depending on such investments' status as lender, borrower or equity owner) may be subject to one or more of the following liabilities: (i) lenders may require prepayments of outstanding loans with any proceeds arising from a casualty or condemnation recovery event (i.e., insurance coverage), (ii) insurance coverage may not be sufficient to cover renewal of an investment, (iii) renovations or developments with respect to an investment may be delayed and (iv) a seller may bear the risk of loss for such casualty or condemnation in connection with the disposition of an investment through the date of disposition.

Insurance May Not Cover All Losses. Uninsured and underinsured losses at the Fund level or investment level could harm a Fund's overall financial condition, results of operations and ability to make distributions to its Investors. Various types of losses, such as losses due to wars, riots, adverse nuclear reactions, terrorist acts, earthquakes, floods, hurricanes, pollution or environmental matters, generally are either uninsurable (or not economically insurable) or may be subject to insurance coverage limitations. Should an uninsured loss or a loss in excess of insured limits occur, the Fund could lose all or a portion of the capital it has invested in an investment, as well as the anticipated future revenue from the investment. These same risks apply to any capital deployed by an investment of the Fund. In that event, the Fund and/or its investment might nevertheless remain obligated for any notes payable or other financial obligations related to the investment, in addition to obligations to the Fund's and/or its investment's ground lessors, franchisors and managers. Inflation, changes in building codes and ordinances, environmental considerations, provisions in loan documents encumbering the investments pledged as collateral for loans, and other factors might also keep the Fund and/or its investment from using insurance proceeds to replace or renovate an investment after it has been damaged or destroyed. Under those circumstances, the insurance proceeds the Fund and/or its investment receives might be inadequate to restore the Fund's and/or its investment's economic position on the damaged or destroyed investment.

Expedited Investment Decisions. Investment analyses and decisions by Phillips Edison may frequently be required to be undertaken on an expedited basis to take advantage of investment opportunities. In such cases, the information available to Phillips Edison at the time of making an investment decision may be limited, and Phillips Edison may not have access to complete information regarding the investment, such as physical matters, zoning regulations, required approvals or approval process, or other local conditions affecting an investment. Therefore, no assurance can be given that Phillips Edison will have knowledge of all circumstances that may adversely affect an investment. In addition, Phillips Edison expects to rely upon specialized expert input by various third-party consultants and service providers in connection with its evaluation of proposed investments.

Use of Valuations. Unlike exchange-listed and other readily tradable securities, real estate assets generally cannot be marked to an established market. Instead, a valuation is only an estimate of value and is not a precise measure of realizable value. Real estate valuations are subject to numerous assumptions and limitations. Ultimate realization of the market value of a real estate asset depends to a great extent on economic and other conditions beyond the control of the Fund and Phillips Edison. Further, determined values do not necessarily represent the price at which a real estate investment would sell since market prices of real estate investments can only be determined by negotiation between a willing buyer and seller. Generally, valuations will consider the financial aspects of a property, market transactions and the relative yield for an asset measured against alternative investments. Valuations will generally be based on the discounted cash flows of a Fund's assets. Valuations of real properties should be considered only estimates of value and not measures of realizable value with respect to such properties. As a result, if a Fund were to liquidate a particular real estate investment, the realized value may be more or less than the valuation of such asset.

Disaster Recovery. Phillips Edison has only limited disaster recovery plans for its operations, and will rely on outside parties for some key accounting and operational functions, who in turn may also have limited disaster recovery plans. There is no assurance that any of these disaster recovery plans will be in place or work, which could result in significant losses to the Funds in the event of a disaster.

Risks Related to Multiple Roles and Related Entities. Phillips Edison and its related persons invest in and/or serve as general partner or managing member, or on the board of directors or advisory board, of the Funds and provide services other than investment advice (including, but not limited to, administration, organizing and managing the business affairs, preparing financial statements and providing audit support, preparing tax related schedules or documents, and sales and investor relations support) to such Funds, in some cases for a fee separate and apart from the advisory fee. A Fund may pay or reimburse Phillips Edison or its affiliates for certain organizational and initial offering expenses related to the Fund. In addition, given its relationship to the Funds, Phillips Edison or its affiliates may be in a position to directly access such Funds' accounts.

Risks Related to REITs. Certain of the Funds may hold investments through subsidiaries that are real estate investment trusts ("REITs"). Such Funds may be limited in making and structuring their investments in order to maintain REIT status for such subsidiaries.

Risks Related to Private Offering of Securities. Neither the SEC nor any state securities commission has passed upon the merits of participating in a Fund, nor has the SEC or any state securities commission passed upon the adequacy or accuracy of any Fund PPM. Any representation to the contrary is a criminal offense. Phillips Edison anticipates that the offer and sale of the Funds' interests is exempt from registration under the Securities Act of 1933, as amended ("Securities Act"), The Funds, Phillips Edison, and / or their affiliates also intend to rely upon certain exemptions from broker dealer registration in the private offer and sale of securities. If such exemptions are not available under current laws or regulations, or future changes to federal or state securities laws or in their interpretation, it could adversely affect one or more Funds, or its financial condition and result in a negative impact upon any such investment.

Item 9 - Disciplinary Information

There are no legal or disciplinary events required to be disclosed pursuant to this Item 9.

Item 10 - Other Financial Industry Activities and Affiliations

While Phillips Edison & Company Ltd. serves as the “investment adviser” to the affiliated Funds, separately formed entities serve as the general partner or manager, as applicable, to certain of the Funds.

Phillips Edison Limited Partnership owns 99.9% of the membership interests of Phillips Edison & Company Ltd. and is the managing member of Phillips Edison & Company Ltd. Phillips Edison & Company, Inc. is the general partner of Phillips Edison Limited Partnership. Phillips Edison & Company Shopping Center Opportunity Fund Managing Member LLC is the managing member of Phillips Edison & Company Shopping Center Opportunity Fund LLC. Phillips Edison Limited Partnership is the managing member of Phillips Edison & Company Shopping Center Opportunity Fund II LLC. Phillips Edison Value Added Company LLC is the general partner of Phillips Edison Shopping Center Fund III LP. Phillips Edison Value Added Company IV, L.L.C. is the general partner of Phillips Edison Shopping Center Domestic Fund IV, LP, and the general partner of Phillips Edison Shopping Center Fund IV, LP, and the manager of Phillips Edison Shopping Center Fund IV REIT LLC. Phillips Edison Limited Partnership, Michael Phillips and Jeffrey Edison are the members of Phillips Edison NTR LLC. Phillips Edison Limited Partnership, Michael Phillips and Jeffrey Edison are the members of Phillips Edison NTR II LLC. PECO Strategic Investment Manager LLC is the manager of Phillips Edison Strategic Investment Fund LLC. PECO Strategic Investment Fund Manager II LLC is the manager of Phillips Edison Strategic Investment Fund II LLC. PECO Strategic Investment Fund GP III LLC is the general partner of Phillips Edison Strategic Investment Fund III LP.

Phillips Edison Limited Partnership ("PELP"), which is the managing member of Phillips Edison & Company Ltd. and owns 99.9% of the membership interests of Phillips Edison & Company Ltd., is a co-sponsor of Phillips Edison - ARC Shopping Center REIT Inc. ("PE - ARC REIT"), a public non-traded REIT (SEC File No. 000-54691 / 333-164313). Pursuant to an Advisory Agreement, American Realty Capital II Advisors, LLC is the advisor to PE - ARC REIT. Pursuant to a Sub-advisory Agreement, Phillips Edison NTR LLC is the sub-advisor to its sole client, PE - ARC REIT. Phillips Edison NTR LLC is directly or indirectly owned by PELP, Michael Phillips, and Jeffrey Edison.

PELP is also a co-sponsor of Phillips Edison - ARC Grocery Center REIT II, Inc. ("PE - ARC REIT II"), a public non-traded REIT (SEC File No. 333-190588). Pursuant to an Advisory Agreement, American Realty Capital PECO II Advisors, LLC is the advisor to PE - ARC REIT II. Pursuant to a Sub-advisory Agreement, Phillips Edison NTR II LLC is the sub-advisor to its sole client, PE - ARC REIT II. Phillips Edison NTR II LLC is directly or indirectly owned by PELP, Michael Phillips, and Jeffrey Edison.

Phillips Edison Arizona LLC is a licensed real estate broker in the State of Arizona formed to comply with licensing requirements related to leasing commercial properties in Arizona. Phillips Edison & Company Ltd. is the sole member and a manager of Phillips Edison Arizona LLC. Phillips Edison Arizona LLC is involved only with the management of third-party-owned properties in Arizona, for which it receives market rate brokerage fees. Phillips Edison Arizona LLC does not participate in any transactions with the Funds, and accordingly we do not believe that this relationship creates any actual or potential conflicts of interest between Phillips Edison and its clients.

Phillips Edison Georgia LLC is a licensed real estate broker in the State of Georgia formed to comply with licensing requirements related to leasing commercial properties in Georgia. Phillips Edison & Company Ltd. is the sole member and a manager of Phillips Edison Georgia LLC. Phillips Edison Georgia LLC is involved only with the management of third-party-owned properties in Georgia, for which it receives market rate brokerage fees. Phillips Edison Georgia LLC does not participate in any transactions with the Funds, and accordingly we do not believe that this relationship creates any actual or potential conflicts of interest between Phillips Edison and its clients.

Phillips Edison Ohio LLC is a licensed real estate broker in the State of Ohio formed to comply with licensing requirements related to leasing commercial properties in Ohio. Phillips Edison & Company Ltd. is the sole member and a manager of Phillips Edison Ohio LLC. Phillips Edison Ohio LLC is involved only with the management of third-party-owned properties in Ohio, for which it receives market rate brokerage fees. Phillips Edison Ohio LLC does not participate in any transactions with the Funds, and accordingly we do not believe that this relationship creates any actual or potential conflicts of interest between Phillips Edison and its clients.

The Funds include Phillips Edison Limited Partnership, Phillips Edison & Company Shopping Center Opportunity Fund LLC, Phillips Edison & Company Shopping Center Opportunity Fund II LLC, Phillips Edison Shopping Center REIT, Inc., Phillips Edison Shopping Center Fund III LP, Phillips Edison Shopping Center Domestic Fund IV, LP, Phillips Edison Shopping Center Fund IV, LP, Phillips Edison Shopping Center Fund IV REIT LLC, Phillips Edison Strategic Investment Fund LLC, Phillips Edison Strategic Investment Fund II LLC, and Phillips Edison Strategic Investment Fund III LP.

In some cases, these relationships may create a potential conflict of interest, or appearance of a conflict of interest between Phillips Edison and a Phillips Edison client due to the fact that Phillips Edison provides investment management services to more than one client and these clients may have overlapping investment objectives. In such cases, participation in such opportunities will be allocated pursuant to Phillips Edison's allocation policies and procedures discussed in more detail in Item 11.

Item 11 - Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

Code of Ethics

Phillips Edison has adopted a Code of Ethics (the “Code”) designed to ensure compliance with Rule 204A-1 under the Advisers Act. The Code applies to all members, partners, officers, directors (and any other person occupying a similar status or performing a similar function), and employees of Phillips Edison, and any other person who provides investment advice on behalf of Phillips Edison and is subject to Phillips Edison’s supervision and control (each a “Covered Person”). The Code is based on the principle that Phillips Edison and its Covered Persons owe a fiduciary duty to the Funds, and incorporates the following general principles that all Covered Persons are expected to uphold:

- Covered Persons must consistently place the interests of Phillips Edison’s clients before their own.
- Covered Persons must conduct all of their investment transactions (including their personal investment transactions) consistent with the Code and in such a manner as to avoid conflicts of interest or any abuse of a position of trust and responsibility.
- Covered Persons must not take inappropriate advantage of their positions for their personal benefit.

In addition, Covered Persons are required to comply with applicable federal securities laws at all times.

Covered Persons are expected to act solely for the benefit of Phillips Edison and its clients and not be influenced by personal interests that may result from other individual or business concerns. No Covered Person may engage in any activities involving a potential conflict of interest unless prior written authorization is obtained from the Chief Compliance Officer.

The Code requires that Covered Persons’ personal investment activities comply with all applicable laws and regulations. In addition, Access Persons (as defined in the Code) are required to obtain pre-clearance before making certain personal investments in (i) a U.S. initial public offering and (ii) a security sold in the United States in reliance on the private placement exemptions in Section 4(a)(2) of the Securities Act or Regulation D thereunder. The Code provides that post-transaction approval will not be given for a securities transaction completed before approval.

The Code includes policies and procedures concerning “inside information” that are designed to prevent the misuse of material, non-public information. The insider trading policies prohibit Covered Persons from trading for clients or themselves, or recommending trading, in securities of a company while in possession of material non-public information about the company, and from disclosing such information to any person not entitled to receive it.

The Code also includes provisions governing the standard of conduct of Covered Persons, including the provision of the required personal securities reports, and policies regarding gifts and entertainment and political contributions.

Covered Persons are required to certify their compliance with the Code on a periodic basis. A copy of the Code will be provided to any client or prospective client upon request.

Phillips Edison and its principals, officers and employees and certain affiliates of Phillips Edison may have direct and indirect investments of their own capital in the Funds through, for example, direct investments, deferred compensation agreements, performance allocation, carried interest or management fee waiver provisions. The existence of the performance fees with respect to the Funds may create an incentive for Phillips Edison or its personnel to make more speculative investments on behalf of a Fund than they might otherwise make in the absence of such performance-based compensation. The terms of the carried interest or performance fees could give Phillips Edison or its personnel an incentive to make decisions regarding the timing and structure of realization transactions that are not consistent with the interests of Investors.

Phillips Edison seeks to allocate investments among the Funds in accordance with the governing documents of the applicable Funds. In doing so, Phillips Edison may consider Fund investment restrictions, current portfolio composition, size, investment objectives, risk tolerance, return targets and preferred asset classes. Under no circumstances may investments be allocated based on anticipated compensation to Phillips Edison or its affiliates. Each Fund will have its unique investment guidelines and limitations that must be taken into account when making investment allocation decisions. Each investment opportunity will be evaluated for potential conflicts with Phillips Edison or its Funds, and for any applicable rights of first refusal. Investment opportunities that meet the unique and specific investment characteristics of a specific Fund will be allocated exclusively to such Fund. To the extent the investment period for a successor Fund commences before the predecessor Fund is fully invested, Phillips Edison will make allocation determinations based on the terms set forth in the governing documents of the predecessor Fund and successor Fund respectively. The Funds may have similar investment strategies, and participation in specific investment opportunities may be appropriate for more than one Fund. In such instances, the allocation of the investment opportunity among the Funds must be documented and approved by the Chief Compliance Officer.

Pursuant to certain provisions in the governing documents of Phillips Edison - ARC Shopping Center REIT Inc. ("PE-ARC REIT"), the Funds are restricted from pursuing certain investment opportunities unless and until (i) each such investment opportunity is first presented to PE-ARC REIT, and (ii) PE-ARC REIT elects not to pursue such investment opportunity. Pursuant to certain provisions in the governing documents of Phillips Edison - ARC Grocery Center REIT II, Inc. ("PE - ARC REIT II"), the Funds are restricted from pursuing any opportunity to acquire any "primary target investments" of PE - ARC REIT II unless and until (i) each such investment opportunity is first presented to PE - ARC REIT II, and (ii) PE - ARC REIT II elects not to pursue such investment opportunity. The "primary target investments" of PE - ARC REIT II are grocery-anchored neighborhood and community shopping centers having 250,000 or less square feet of gross leasable area, that are at least 80% occupied with a tenant mix of national, regional and local tenants selling necessity-based goods and services, located throughout the United States.

Phillips Edison may engage one or more of its affiliates (referred to in such capacity as a “Servicing Party”) to perform leasing, construction and property management services for which a Fund would otherwise retain third parties. Although leasing commissions, construction management fees and property management fees will be at market rates, the enforcement of the terms and conditions of the relevant leasing, construction or property management agreement will be determined by Phillips Edison. For example, the determination as to whether a Servicing Party is entitled to be indemnified pursuant to any such agreement between the Fund and such Servicing Party or whether such Servicing Party has satisfactorily performed in compliance with its agreement with the Fund will be within the purview of Phillips Edison.

Item 12 - Brokerage Practices

The vast majority of our clients’ transactions are not executed through a securities broker-dealer. However, we have the discretion, under certain circumstances, to make investments in equity interests and debt instruments. In such circumstances, we may execute the transactions on behalf of the applicable Fund through a securities broker-dealer, and our objective will be to seek “best execution” (that is, the most favorable price and trade execution). Our effort to seek best execution on any individual transaction depends substantially on our judgment, knowledge and experience in evaluating the counterparties’ and service providers’ reliability and capability based on previous and pending transactions effected by the broker-dealer for our clients’ accounts. These factors include, among other things, execution quality and capabilities including, with regard to market making, commissions charged by and gross compensation paid to such counterparty and special knowledge of the real estate securities and instruments markets.

Item 13 - Review of Accounts

Phillips Edison engages in ongoing monitoring of each investment. In addition, Phillips Edison conducts periodic reviews of client accounts in order to assess trends that may impact an individual investment’s ability to generate cash, profitability, asset values, financing needs, potential liability and ability to service any debts.

Investors in the Funds generally receive a quarterly report, which includes a portfolio summary and unaudited financial statements.

Item 14 - Client Referrals and Other Compensation

Phillips Edison does not receive any economic benefits from non-clients in connection with the provision of investment advice to the Funds.

Phillips Edison may retain placement agents to market interests in the Funds from time to time. Any such placement agent’s fee may be based on a percentage of the capital commitments of Investors whom they introduce to the Funds.

Item 15 - Custody

Securities and funds owned by the Funds are held at one or more qualified custodians, which provide each Fund a monthly account statement. However, because the general partners or managers, as applicable, of the Funds are our affiliates, we are deemed to have “custody” within the

meaning of SEC Rule 206(4)-2. Each Investor in the Funds is generally provided with the written quarterly reports described above and also will receive audited financial statements for the applicable Fund that comply with U.S. generally accepted accounting principles within 120 days following the Fund's fiscal year end. Investors should carefully review the quarterly reports and annual audited financial statements.

Item 16 - Investment Discretion

Phillips Edison has full discretionary authority with respect to investment decisions, and its advice with respect to clients is provided in accordance with the investment objectives and guidelines as set forth in their respective PPM and constituent documents. Phillips Edison's investment management agreement or other contractual provisions with the Funds generally place limitations on Phillips Edison's management of the Funds, including (i) the amount of leverage that the Fund may utilize, (ii) maximum single investment concentrations and (iii) the target asset class. These limitations are described in each Fund's PPM.

Item 17 - Voting Client Securities

The Funds do not currently hold public exchange traded securities and Phillips Edison does not accept authority to vote proxies on behalf of the Funds.

Item 18 - Financial Information

We are not aware of any financial condition of Phillips Edison that impairs our ability to meet contractual and fiduciary commitments to the Funds or the Investors.