UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

**Pursuant to Section 13 or 15(d) of
The Securities Exchange Act of 1934**

Date of Report (Date of earliest event reported): May 18, 2017

PHILLIPS EDISON GROCERY CENTER REIT I, INC.
(Exact name of registrant specified in its charter)

Maryland	**000-54691**	**27-1106076**
(State or other jurisdiction of incorporation or organization)	(Commission File Number)	IRS Employer Identification No.

11501 Northlake Drive
Cincinnati, Ohio 45249
(Address of principal executive offices)

Registrant's telephone number, including area code: (513) 554-1110

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☒ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 7.01. Regulation FD Disclosure

On May 18, 2017, Phillips Edison Grocery Center REIT I, Inc. (the "Company") entered into a definitive contribution agreement (the "Contribution Agreement") to acquire real estate assets and the third party asset management business of its sponsor, Phillips Edison Limited Partnership ("PELP"), in a stock and cash transaction valued at approximately $1 billion, subject to closing adjustments. In connection with entry into the Contribution Agreement, certain investor communications were prepared and are filed herewith.

On May 19, 2017, the Company issued a press release announcing, among other things, the entry into the Contribution Agreement. A copy of that press release is attached hereto as Exhibit 99.1 and is incorporated herein by reference.

On or around May 19, 2017, the Company began distributing to its stockholders a stockholder letter announcing, among other things, the Company's entry into the Contribution Agreement. A copy of this letter is attached hereto as Exhibit 99.2 and is incorporated herein by reference.

The Company prepared an investor presentation regarding the Contribution Agreement, which is attached hereto as Exhibit 99.3 and is incorporated herein by reference.

Cautionary Statement Concerning Forward-Looking Statements:

Certain statements contained in this Current Report on Form 8-K may be considered forward-looking statements within the meaning of Section 27A of the Securities Act, and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), including statements regarding the transaction and the ability to consummate the transaction and anticipated accretion, dividend coverage, dividends and other anticipated benefits of the transaction. The Company 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 the Company'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 the Company's performance in future periods. Such forward-looking statements can generally be identified by our use of forward-looking terminology such as "pro forma," "may," "will," "would," "could," "should," "expect," "intend," "anticipate," "estimate," "believe," "continue," 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 release. The Company makes no representation or warranty (express or implied) about the accuracy of any such forward-looking statements contained in this release, 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.

Additional Information and Where to Find It:

This communication does not constitute a solicitation of materials of any vote or approval in respect of the proposed transaction involving the Company or otherwise. In connection with the proposed merger, a stockholder meeting will be announced soon to obtain stockholder approval. In connection with the proposed transaction, the Company intends to file relevant materials, including a proxy statement, with the Securities and Exchange Commission (the "SEC"). The Company's stockholders are urged to read the definitive proxy statement and other relevant materials when they become available because they will contain important information about the Company and the proposed transaction. The proxy statement and other relevant materials (when they become available), and any other documents filed by the Company with the SEC, may be obtained free of charge at the SEC's website at www.sec.gov, at the Company's website at www.grocerycenterREIT1.com or by sending a written request to the Company at 11501 Northlake Drive, Cincinnati, OH 45249, Attention: Investor Relations.

Participants in the Solicitation

The Company and its directors, executive officers and certain other members of management may be deemed to be participants in soliciting proxies from the Company's stockholders in favor of the proposed merger. Information regarding the persons who may, under the rules of the SEC, be considered to be participants in the solicitation of the Company's stockholders in connection with the proposed transaction and their ownership of the Company's common stock will be set forth in the proxy statement for its annual meeting of stockholders. Investors can find more information about the Company's executive officers and directors in its Annual Report on Form 10-K for the fiscal year ended December 31, 2016.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits.

Exhibit No.	Description
99.1	Press Release
99.2	Stockholder Letter
99.3	Investor Presentation

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

PHILLIPS EDISON GROCERY CENTER REIT I, INC.

Dated: May 19, 2017

By: /s/ R. Mark Addy
R. Mark Addy
President and Chief Operating Officer

EXHIBIT INDEX

Exhibit No.	Description
99.1	Press Release
99.2	Stockholder Letter
99.3	Investor Presentation

Exhibit 99.1

PHILLIPS EDISON GROCERY CENTER REIT I TO ACQUIRE REAL ESTATE ASSETS AND ASSET MANAGEMENT BUSINESS FROM PHILLIPS EDISON LIMITED PARTNERSHIP

Acquisition creates an approximately $4 billion internally-managed REIT, focused exclusively on grocery-anchored shopping centers

Transaction expected to be immediately accretive to earnings

CINCINNATI (May 19, 2017) – Phillips Edison Grocery Center REIT I, Inc. ("PECO I" or the "company") entered into a definitive contribution agreement on May 18, 2017 to acquire real estate assets and the third party asset management business of its sponsor and external advisor, Phillips Edison Limited Partnership ("PELP"), in a stock and cash transaction valued at approximately $1 billion, subject to closing adjustments.

Upon the closing of the transaction, this highly strategic acquisition will create an internally-managed, non-traded grocery-anchored shopping center REIT with an expected total enterprise value of approximately $4 billion. The resulting enterprise will own a high-quality, nationally-diversified portfolio of 230 shopping centers in 32 states that is well positioned to drive sustained growth and create enhanced value for all shareholders. PECO I estimates that, on a pro forma basis, funds from operation ("FFO") would have increased by 8-10% on a per share basis for the three months ended March 31, 2017 relative to actual results.

Under the terms of the agreement, PELP will receive approximately 45.2 million operating partnership units ("OP units") in PECO I's operating partnership, Phillips Edison Grocery Center Operating Partnership I, L.P. ("PECO I OP"), inclusive of 4.8 million Class B Units in PECO I OP already outstanding, and approximately $50.0 million in cash in exchange for the contribution of PELP's ownership interests in 76 shopping centers and its third party asset management business.

Each OP unit is exchangeable for PECO I common shares. PECO I's board of directors recently reaffirmed that the company's common stock has an estimated value per share of $10.20 as of March 31, 2017. An independent third party valuation firm, Duff & Phelps, provided a range of the estimated value per share of the company's common stock based substantially on its estimate of the market value of the company's portfolio as of March 31, 2017.

The cash portion of the consideration will be used to retire certain minority interests in PELP to help ensure the combined company maintains its qualification as a REIT.

Management will receive no cash consideration in this transaction and will be subject to traditional and customary lockup provisions. Additionally, PECO I will not pay any internalization fees in connection with the transaction, i.e., no consideration is being paid for the advisory services that PELP provides to PECO I.

Outstanding debt of approximately $501 million is expected to be refinanced or assumed by PECO I at closing under the terms of the agreement. The agreement also includes an earn-out structure with an opportunity for PELP to receive up to an additional 12.49 million OP units if certain milestones are achieved related to a liquidity event for PECO I shareholders and fundraising targets in PELP's third non-traded REIT, Phillips Edison Grocery Center REIT III.

On a pro forma basis, immediately following the closing of the transaction, PECO I shareholders are expected to own approximately 80.2%, and former PELP shareholders are expected to own approximately 19.8% of the combined company. The transaction was approved by the independent special committee of PECO I's board of directors, which had retained independent financial and legal advisors. The closing of the transaction is subject to the satisfaction of customary conditions. Although not required by law or under PECO I's governing documents, PECO I has conditioned the closing of the transaction on the receipt of the approval of its shareholders. PELP will also seek the approval of its partners. The transaction is expected to close during the fourth quarter of 2017.

"Shareholders of PECO I will benefit from a combined enterprise with internalized management, increased size and scale, higher earnings potential, greater earnings growth potential, improved dividend coverage and enhanced access to capital," said Stephen Quazzo, the chair of the special committee of PECO I's board of directors. "Importantly, we expect this strategic transaction to be immediately accretive to FFO per share, and it positions PECO I well for future capital market opportunities including potential liquidity alternatives."

Summary of Strategic Benefits

The transaction is expected to create significant operational and financial benefits, including:

- **Maintains Grocery Focus:** Combined portfolio and all assets under management are focused entirely on grocery-anchored shopping centers with an emphasis on necessity-based retailers, which have proven to be both internet and recession resilient.

- **Improved Earnings:** Expected to be accretive to funds from operations (FFO, as defined by the National Association of Real Estate Investment Trusts ("NAREIT")) through meaningful cost synergies from an internalized management structure. Estimated pro forma FFO for the first quarter of 2017 would have increased by approximately 8-10% relative to the performance of stand-alone PECO I.

- **Dividends and Dividend Coverage:** Future monthly distributions for PECO I are expected to remain unchanged following the transaction. PECO I estimates that pro forma FFO would have fully covered distributions for the three months ended March 31, 2017, relative to actual coverage of 92% for PECO I standalone.

- **Strengthened Balance Sheet**: The combined company is expected to have an improved capital position on a Total Debt/EBITDA basis and a total debt to enterprise value of approximately 41.4%, which positions the company well for attractive future financing opportunities.

- **Better Alignment of Management:** Internalized management structure creates better alignment with its shareholders. Through its investment in OP Units, management will be PECO I's largest equity owner, owning over 18 million OP Units and common shares, with a long-term view of shareholder value and will be subject to traditional and customary lock-ups.

- **Increased Potential for Future Growth**: Acquired real estate has the opportunity for higher net operating income growth, and the asset management business provides an additional avenue for future long-term earnings growth as assets under management increase.

- **Improved Geographic and Tenant Diversity:** The combined company will own a high-quality portfolio of 230 grocery-anchored shopping centers comprising approximately 25.5 million square feet in established trade areas located in 32 states, and will benefit from greater geographic, grocery anchor and tenant diversification.

- **Superior Financial Strength and Flexibility:** With enhanced size and scale, the combined company will have additional access to capital, which can be used to support strategic investments to drive future growth opportunities.

- **Liquidity Opportunities:** Given its enhanced size, scale, improved financials and internalized management structure, the combined company is better positioned to capitalize on capital market opportunities, including potential liquidity alternatives.

Distribution Reinvestment Plan and Share Repurchase Program
In connection with the proposed acquisition, PECO I has modified its distribution reinvestment plan (DRP) for the month of June, and DRP participants will receive their June distribution in cash. The DRP plan will resume in July after the expected filing of a preliminary proxy statement in June. The share repurchase program (SRP) is suspended for the month of June and is also expected to resume in July after the filing of the same preliminary proxy statement in June.

Advisors
Lazard is acting as the exclusive financial advisor and Sidley Austin LLP is acting as legal advisor to the special committee of the board of directors of PECO I. Goldman, Sachs & Co., JP Morgan Securities LLC, and KeyBanc Capital Markets Inc. are acting as financial advisors, and Latham Watkins LLP is acting as legal advisor to PELP.

Forward Looking Statements
Certain statements contained in this press release 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 transaction and the ability to consummate the transaction and anticipated accretion, dividend coverage, dividends and other anticipated benefits of the transaction. We intend 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 I'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 I's performance in future periods. Such forward-looking statements can generally be identified by our use of forward-looking terminology such as "pro forma," "may," "will," "would," "could," "should," "expect," "intend," "anticipate," "estimate," "believe," "continue," 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 release. PECO I makes no representation or warranty (express or implied) about the accuracy of any such forward-looking statements contained in this release, 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.

About Phillips Edison Grocery Center REIT I, Inc.
PECO I is a public non-traded REIT that seeks to acquire and manage well-occupied grocery-anchored neighborhood shopping centers having a mix of national and regional retailers selling necessity-based goods and services, in strong demographic markets throughout the United States. As of March 31, 2017, the company owned and managed an institutional quality retail portfolio consisting of 154 grocery-anchored shopping centers totaling approximately 16.8 million square feet.

About Phillips Edison Limited Partnership
Since 1991, Phillips Edison Limited Partnership has focused on the grocery-anchored shopping center sector. The company has a fully integrated in-house operating platform built on market leading expertise designed to optimize property value and consistently deliver a great shopping experience. Led by a veteran management team, Phillips Edison's operating platform provides retail services including acquisition, redevelopment, leasing and management of grocery-anchored retail centers. The company's portfolio currently includes a national footprint of retail properties. The company has corporate offices in Cincinnati, Salt Lake City, New York City and Atlanta. More information about PELP can be obtained at PELP's website at www.phillipsedison.com or on PELP's LinkedIn page.

Additional Information About the Transaction and Where to Find It

This communication does not constitute a solicitation of materials of any vote or approval in respect of the proposed transaction involving PECO I or otherwise. In connection with the proposed transaction, a stockholder meeting will be announced soon to obtain stockholder approval. In connection with the proposed transaction, PECO I intends to file relevant materials, including a proxy statement, with the Securities and Exchange Commission (the "SEC"). Investors and security holders of PECO I are urged to read the definitive proxy statement and other relevant materials when they become available because they will contain important information about PECO I and the proposed transaction. The proxy statement and other relevant materials (when they become available), and any other documents filed by PECO I with the SEC, may be obtained free of charge at the SEC's website at www.sec.gov, at PECO I's website at www.grocerycenterREIT1.com or by sending a written request to the Company at 11501 Northlake Drive, Cincinnati, OH 45249, Attention: Investor Relations.

Participants in the Solicitation

PECO I and its directors, executive officers and certain other members of management and employees may be deemed to be participants in soliciting proxies from the stockholders of PECO I in favor of the proposed transaction. Information regarding the persons who may, under the rules of the SEC, be considered to be participants in the solicitation of PECO I's stockholders in connection with the proposed transaction and their ownership of PECO I's common stock will be set forth in the proxy statement for its stockholder meeting. Investors can find more information about PECO I's executive officers and directors in its Annual Report on Form 10-K for the fiscal year ended December 31, 2016 and in its definitive proxy statement filed with the SEC on Schedule 14A on April 29, 2016.

Stockholder Update Call

Company management will publish a stockholder update webinar on May 22, 2017 to discuss the transaction. Interested parties can listen to the presentation by clicking the link available in the Events & Presentations section of the Investor Relations website at http://investors.grocerycenterreit1.com/event.

Investor Contact:
Michael Koehler
Director of Investor Relations
mkoehler@phillipsedison.com | 513-338-2743

Exhibit 99.2

Dear Shareholder,

I have important news to share with you regarding the future of Phillips Edison Grocery Center REIT I, Inc. (PECO I).

PECO I entered into a definitive agreement on May 18, 2017 to acquire real estate assets and the asset management business of its sponsor and external advisor, Phillips Edison Limited Partnership (PELP). The SEC Filings and Press Release announcing the transaction can be found on our website at http://investors.grocerycenterreit1.com/news.

A webinar, which includes management's discussion of the transaction, will be available online on Monday, May 22, 2017 and will be accessible on the Events & Presentations section of the Investor Relations website at http://investors.grocerycenterreit1.com/event-calendar.

If you have any questions about the transaction, please contact our Director of Investor Relations, Michael Koehler, at (513) 338-2743 or by emailing mkoehler@phillipsedison.com.

Our commitment to maximizing shareholder returns has guided our business decisions throughout PECO REIT I's history, and we will continue to operate with this same mentality going forward. On behalf of the board and entire management team, I thank you for your investment in PECO I.

Sincerely,

Stephen Quazzo
Lead Independent Director from the Special Committee of Phillips Edison Grocery REIT I, Inc.

Additional Information About the Merger and Where to Find It

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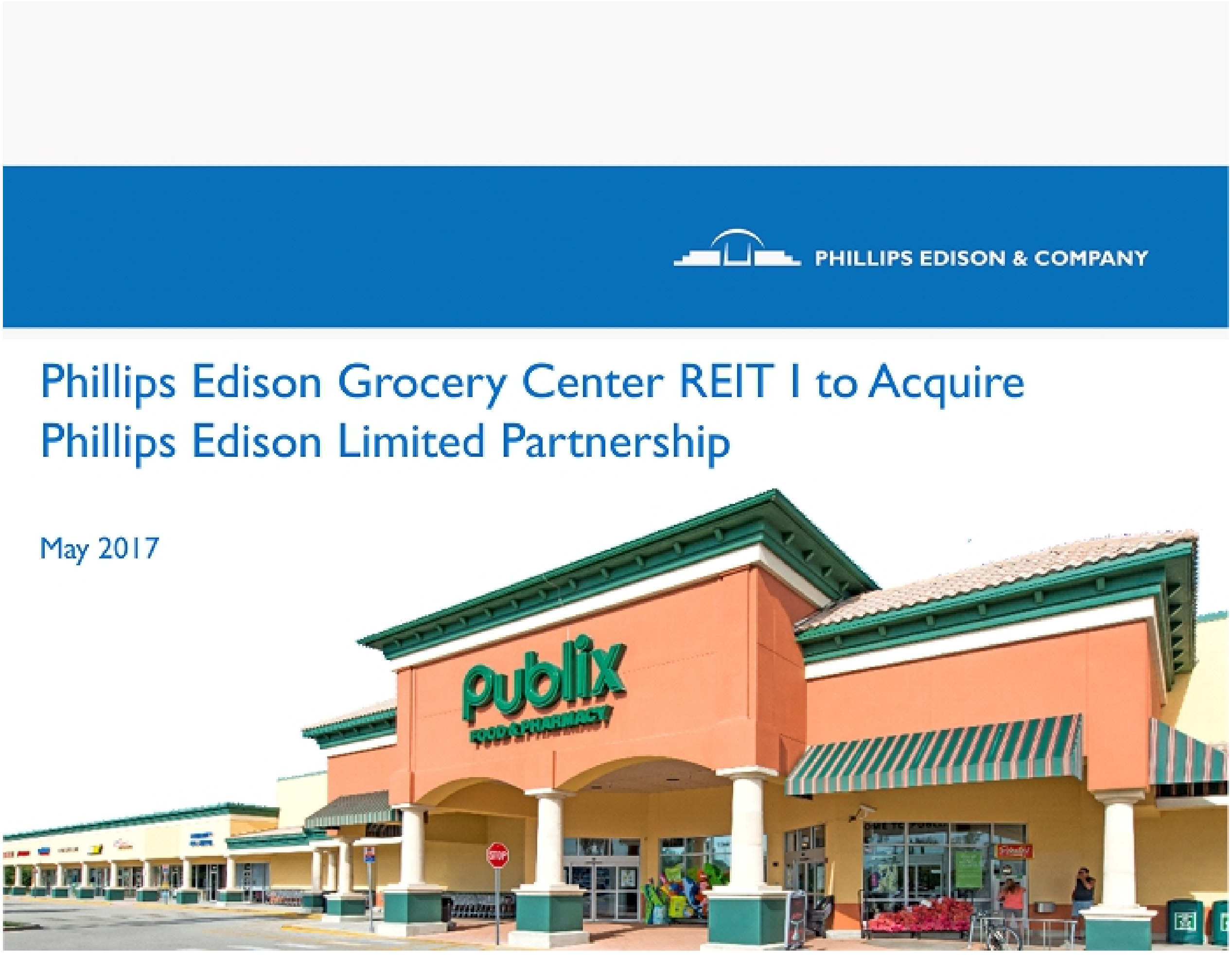
Exhibit 99.3


PHILLIPS EDISON & COMPANY
Phillips Edison Grocery Center REIT I to Acquire
Phillips Edison Limited Partnership
May 2017
publix
FOOD & PHARMACY
STOP

FORWARD-LOOKING STATEMENT DISCLOSURE

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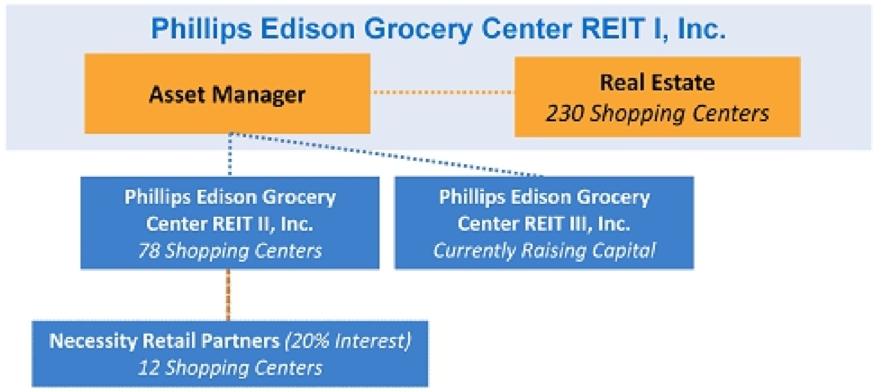
AGENDA

- Review of Transaction
  - Transaction Details
  - Consideration
  - Capital Structure
- Overview of PELP
- Pro Forma Phillips Edison Grocery Center REIT I
  - Portfolio
  - Capital Structure
  - Financial Benefits
- Timeline
- Key Takeaways
  - Liquidity

PECO I TO ACQUIRE PELP

Pre Transaction

Post Transaction



Property Count as of 3/31/2017   1) Excludes certain assets not included in the transaction

DETAILS: PECO I TO ACQUIRE PELP

Phillips Edison Grocery Center REIT I (PECO I) to acquire Phillips Edison Limited Partnership (PELP)

PECO I	PELP
• Externally managed non-traded REIT with estimated $3.0B TEV • 154 shopping centers with 16.8M square feet of GLA • IPO closed in 2014; raised $1.75B	• Vertically integrated owner and operator of 76 shopping centers • Exclusively focused on grocery-anchored shopping centers since inception in 1991 • Asset management platform advises approximately $4.9B of grocery-anchored shopping center assets, including PECO I

POST TRANSACTION:

- Estimated $4.0B TEV internally managed REIT with exclusive focus on grocery-anchored shopping centers
- 230 properties with 25.5M square feet of GLA located in 32 states
- Third party asset management business with over $1.9B of AUM and annual revenues of approximately $25M from PECO II, PECO III, and Necessity Retail Partners, a JV between PECO II and TPG Real Estate
- Projected accretion of 8-10% for pro forma FFO per share for Q1 2017 compared to standalone PECO I*
- Estimated pro forma dividend coverage expected to exceed 100% (on a FFO/Total Dividends basis), up from 92% for standalone PECO I for Q1 2017*
- Internally managed REIT well positioned for capital market opportunities, including strategic liquidity alternatives

All figures are as of 3/31/17 unless otherwise noted

*Please see the appendix for reconciliation of non-GAAP measures

TRANSACTION CONSIDERATION

- Assets acquired include 76 real estate assets and 100% of PELP's third-party asset management businesses
- Transaction consideration **excludes internalization fees**[1] in accordance with PECO I's advisory agreement with PELP
- Earnout structure incentivizes future performance:
  - 5 million additional OP Units earned if a liquidity event is achieved by December 31, 2019 at a share value of $10.20 or greater
  - 8 million additional OP Units earned based on achievement of certain fundraising targets for PECO III
  - Total earnout subject to cap of 12.49 million OP Units
- Equity-based consideration and earn-out aligns management with stockholders and preserves capital for future investments
- Management is receiving no cash consideration
  - 100% of cash will be used to retire certain minority interests in PELP in order to preserve PECO I REIT status
- Management will be PECO I's largest stockholder, owning over 18 million OP Units and common shares[3], with a long term view of increasing stockholder value, and will be subject to significant lock up periods
- Transaction will be subject to stockholder vote, although not legally required

TRANSACTION CONSIDERATION	
45.2 million PECO I Issued OP Units[2] ($10.20/share)	$461 M
Debt Assumed/ Refinanced	$501 M
Cash Consideration	$50 M
TOTAL VALUE	**$1,012 M**

1. Refers to the absence of any fee paid with respect to advisory services provided to PECO I from PELP
2. Includes 4.8 million Class B OP Units in PECO I Operating Partnership received as payment for asset management services
3. Includes phantom shares held by employees

TRANSACTION CAPITAL STRUCTURE

- Transaction to be immediately accretive: Estimated pro forma FFO per share for Q1 2017 is higher by approximately 8-10% relative to the performance of stand-alone PECO I*
- Estimated pro forma dividend coverage expected to exceed 100% (on a FFO/Total Dividends basis), up from 92% for standalone PECO I for Q1 2017*
- PECO I stockholders to own 80.2% and PELP stockholders to own 19.8% of the combined company (without giving effect to the earn-out)
- Pro forma debt to total enterprise value of 41.4%

PRO FORMA CAPITAL STRUCTURE (NON-GAAP)	
183.3 M PECO I Existing Equity ($10.20/share)	$1,870 M
45.2 M PELP Owned OP Units[1] ($10.20/share)	$461 M
PECO I Total Outstanding Debt[2]	$1,144 M
PELP Debt Assumed/Refinanced in Transaction[2]	$501 M
TOTAL ENTERPRISE VALUE	**$3,976 M**

PRO FORMA DEBT METRICS	ESTIMATED 3/31/2017
Fixed Rate / Floating Rate	87% / 13%
Portfolio Weighted Average Interest Rate[3]	3.45 to 3.65%
Weighted Average Term with Options	4.8 to 5.3 years

*Please see the appendix for reconciliation of non-GAAP measures

1. Includes 4.8 million Class B OP Units in PECO I Operating Partnership received as payment for asset management services
2. Represents principal amount of outstanding debt and includes estimated transaction costs of $20.0 million in total and $50.0 million of cash consideration
3. Assumes all forward starting swaps are effective

OVERVIEW OF PELP

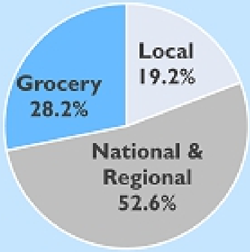
REAL ESTATE

- National platform focused from its inception in 1991 on grocery-anchored shopping centers
- Owns and operates 76 shopping centers, in 25 states, totaling 8.7 million square feet
- PECO I and PELP share 4 out of the top 5 grocers by % of ABR:

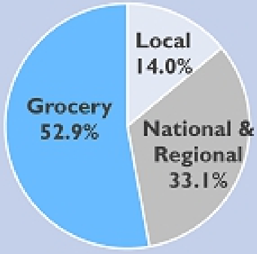
Kroger | Albertsons SAFEWAY | Ahold Delhaize | GIANT EAGLE

- Highly complementary portfolios:

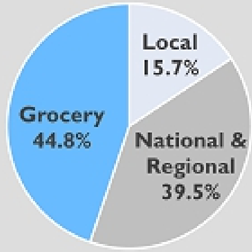
PELP GLA by Tenant Type



PECO I GLA by Tenant Type



Pro Forma GLA by Tenant Type



	2016 FFO/Share:	$0.58	Projected accretion of 8-10% on estimated pro forma FFO per share for Q1 2017*
	SSNOI Growth ('16 v '15):	3.2%	

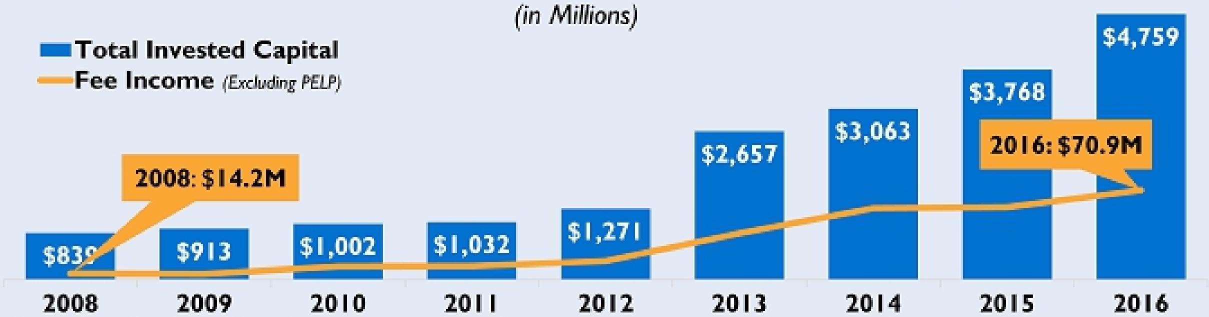
*Please see the appendix for reconciliation of non-GAAP measures

ASSET MANAGEMENT BUSINESS

- **$4.8B of third-party assets under management** as of December 31, 2016
- Consistent asset management fees from PECO I, PECO II, PECO III and Necessity Retail Partners, a value-added joint venture between PECO II and TPG Real Estate
- Generates annual fee and management income of approximately $71 million
- Sponsored 11 third party funds (high net worth, institutional and public non-traded REITs) since 2000
    - Raised over $3.8 billion of equity capital
    - Generated strong investor returns: 5 of the 6 realized funds have achieved net IRRs in excess of 13%

Strong Growth in Third Party Assets Under Management[1,2]

(in Millions)



1) Includes PECO I, PECO II, PECO III and Necessity Retail Partners and certain other third-party owned centers
2) Certain amounts of fee income have been normalized to the periods earned

COMBINATION OF COMPLEMENTARY PORTFOLIOS

	PELP	PECO I	COMBINED
Property Count	76 in 25 states	154 in 28 states	**230 in 32 states**
Square Feet	8.7 million	16.8 million	**25.5 million**
Leased Occupancy	90.0%	96.0%	**93.9%**
% ABR from Grocers, National, and Regional Tenants	76%	79%	**78%**

	PELP			PECO I			COMBINED		
	Tenant	% of ABR	#	Tenant	% of ABR	#	Tenant	% of ABR	#
Top 3 Grocers by % of ABR	Kroger	8.7%	14	Kroger	8.4%	38	**Kroger**	**8.5%**	**52**
	Albertsons –Safeway	3.0%	5	Publix	7.4%	31	**Publix**	**5.9%**	**33**
	Ahold Delhaize	2.9%	9	Albertsons – Safeway	4.3%	14	**Albertsons – Safeway**	**4.0%**	**19**
Top 3 Inline Tenants by % of ABR	H&R Block	0.8%	18	Subway	0.8%	45	**Subway**	**0.8%**	**62**
	Dollar Tree	0.8%	7	Wells Fargo Financial	0.7%	14	**Anytime Fitness**	**0.6%**	**26**
	Hibbett Sports	0.8%	11	Anytime Fitness	0.6%	18	**H&R Block**	**0.6%**	**50**

PROJECTED TIMELINE

May 2017
- Executed Contribution Agreement

July 2017
- Proxy mailed to stockholders

September 2017
- Stockholder vote
- Receipt of required non recourse debt consents

Q4 2017
- Transaction expected to close

MAY | JUNE | JULY | AUGUST | SEPTEMBER | Q4 2017

KEY TAKEAWAYS

- The result of this transaction will be the largest internally managed REIT exclusively focused on grocery-anchored properties
- Expected to be immediately accretive to FFO per share
- Estimated pro forma dividend coverage expected to exceed 100%
- Strengthens balance sheet
- Increases future earnings growth potential
- Drives cost synergies realized through internal management
- Improved valuation potential with increased earnings, scale and internalized manager
- Transaction consideration **does not include internalization fees**[1] and management receives no cash consideration
- Asset management fees provide consistent, predictable income through market cycles
- Equity-based transaction enhances REIT I's capital position and better aligns management with the stockholders
- PECO I management is the REIT's largest equity owner and will own over 18 million share equivalents (excluding earn-out)
- Managed portfolios provide embedded acquisition pipeline with increased opportunities for growth

1. Refers to the absence of any fee paid with respect to advisory services provided to PECO I from PELP

GOAL: TO PROVIDE LIQUIDITY FOR PECO I SHAREHOLDERS

- Exclusive focus on grocery-anchored shopping centers: the most attractive space in shopping center real estate
- Integrated veteran management team vested in the success of PECO I through a meaningful ownership stake
- $4 billion TEV combined company with expected higher earnings per share and well positioned for future growth
- Appropriately leveraged balance sheet

All positive steps toward a liquidity event for PECO I shareholders

PHILLIPS EDISON & COMPANY

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RECONCILIATION OF NON-GAAP FINANCIALS

Funds from Operations

Funds from operations ("FFO") is a non-GAAP performance financial measure that is widely recognized as a measure of REIT operating performance. We use FFO as defined by the National Association of Real Estate Investment Trusts ("NAREIT") to be net income (loss), computed in accordance with GAAP, adjusted for gains (or losses) from sales of depreciable real estate property (including deemed sales and settlements of pre-existing relationships), plus depreciation and amortization on real estate assets and impairment charges, and after related adjustments for unconsolidated partnerships, joint ventures, and noncontrolling interests. We believe that FFO is helpful to our investors and our management as a measure of operating performance because, when compared year to year, it reflects the impact on operations from trends in occupancy rates, rental rates, operating costs, development activities, general and administrative expenses, and interest costs, which are not immediately apparent from net income. FFO should not be considered as an alternative to net income (loss) or income (loss) from continuing operations under GAAP, nor as an indication of our liquidity, nor is this measure indicative of funds available to fund our cash needs, including our ability to fund distributions. Accordingly, FFO should be reviewed in connection with other GAAP measurements. FFO should not be viewed as more prominent measures of performance than our net income or cash flows from operations prepared in accordance with GAAP. Our FFO, as presented, may not be comparable to amounts calculated by other REITs.

Pro Forma Funds from Operations – FFO for the quarter ended March 31, 2017, pro forma for the transaction, is not reasonably reconcilable to net income at this time as purchase accounting and other non-cash transaction adjustments have not yet been completed.

The following section presents our calculation of FFO and provides additional information related to our operations (in thousands):

	PECO I Three Months Ended March 31, 2017	PECO I Twelve Months Ended December 31, 2016
Calculation of FFO		
Net income attributable to stockholders	$ 1,106	$ 8,932
Adjustments:		
Depreciation and amortization of real estate assets	27,624	106,095
Impairment of real estate assets	-	-
Gain on sale of property	-	(4,732)
Noncontrolling interest	(420)	(1,513)
FFO attributable to common stockholders	$ 28,310	$ 108,782
Earnings per common share:		
Weighted-average common shares outstanding - basic	183,230	183,678
Weighted-average common shares outstanding - diluted	186,022	186,394
Net income per share - basic and diluted	$0.01	$0.05
FFO per share - basic	$0.15	$0.59
FFO per share - diluted	$0.15	$0.58
Dividends per share	$0.165	$0.670

Same-Center Net Operating Income

We present Same-Center NOI as a supplemental measure of our performance. We define NOI as total operating revenues, adjusted to exclude lease buy-out income and non-cash revenue items, less property operating expenses and real estate taxes. Same-Center NOI represents the NOI for the 132 properties for PECO I and 71 for PELP that were owned and operational for the entire portion of both comparable reporting periods, except for those properties we currently classify as redevelopment. A property is removed from the Same-Center pool and classified as redevelopment when it is being repositioned in the market and such repositioning is expected to have a significant impact on property operating income. While there is judgment surrounding changes in designations, once a redevelopment property has stabilized, it is typically moved to the Same-Center pool the following year. Currently, we have identified five properties that we classify as redevelopment properties.

We believe that NOI and Same-Center NOI provide useful information to our investors about our financial and operating performance because each provides a performance measure of the revenues and expenses directly involved in owning and operating real estate assets and provides a perspective not immediately apparent from net income. Because Same-Center NOI excludes the change in NOI from properties acquired after December 31, 2014, and those considered redevelopment properties, it highlights operating trends such as occupancy levels, rental rates, and operating costs on properties that were operational for both comparable periods. Other REITs may use different methodologies for calculating Same-Center NOI, and accordingly, our Same-Center NOI may not be comparable to other REITs.

Same-Center NOI should not be viewed as an alternative measure of our financial performance since it does not reflect the operations of our entire portfolio, nor does it reflect the impact of general and administrative expenses, acquisition expenses, depreciation and amortization, interest expense, other income, or the level of capital expenditures and leasing costs necessary to maintain the operating performance of our properties that could materially impact our results from operations.

RECONCILIATION OF NON-GAAP FINANCIALS

The table below is a comparison of Same-Center NOI for the years ended December 31, 2016 and 2015 (in thousands) for PECO I:

	2016	2015	$ Change	% Change
Revenues:				
Rental income[1]	$ 164,622	$ 160,515	$ 4,107	
Tenant recovery income	56,142	53,737	2,405	
Other property income	773	1,111	(338)	
Total revenues	221,537	215,363	6,174	2.9%
Operating Expenses:				
Property operating expenses	36,784	35,049	1,735	
Real estate taxes	31,679	31,945	(266)	
Total operating expenses	68,463	66,994	1,469	2.2%
Total Same-Center NOI	$ 153,074	$ 148,369	$ 4,705	3.2%

(1) Excludes straight-line rental income, net amortization of above- and below-market leases, and lease buyout income.

Below is a reconciliation of net income to NOI and Same-Center NOI for the years ended December 31, 2016 and 2015 for PECO I (in thousands):

	2016	2015
Net income	$ 9,043	$ 13,561
Adjusted to exclude:		
Lease buyout income	(583)	(6)
General and administrative expenses	31,804	15,829
Acquisition expenses	5,803	5,404
Depreciation and amortization	106,095	101,479
Interest expense, net	32,458	32,390
Other income, net	(5,990)	(248)
Net amortization of above- and below-market leases	(1,208)	(821)
Straight-line rental income	(3,512)	(4,571)
NOI	173,910	163,017
Less: NOI from centers excluded from Same-Center	(20,836)	(14,648)
Total Same-Center NOI	$ 153,074	$ 148,369