

Part II Organizational Action *(continued)*

17 List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based ▶ IRC SECTION 301(C)(2)

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

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

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Sign Here
Signature ▶ *Jeffrey S Edison* Date ▶ 1-11-2018
Print your name ▶ JEFFREY S EDISON Title ▶ CEO

Paid Preparer Use Only	Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN
	Firm's name ▶				Firm's EIN ▶
	Firm's address ▶				Phone no.

Report of Organizational Actions Affecting Basis of Securities

▶ See separate instructions.

Part I Reporting Issuer

1 Issuer's name PHILLIPS EDISON INSTITUTIONAL REIT LLC		2 Issuer's employer identification number (EIN) 45-3274671	
3 Name of contact for additional information SCOTT NEKOLNY	4 Telephone No. of contact 513-618-4439	5 Email address of contact SNEKOLNY@PHILLIPSEDISON.COM	
6 Number and street (or P.O. box if mail is not delivered to street address) of contact 11501 NORTHLAKE DRIVE		7 City, town, or post office, state, and ZIP code of contact CINCINNATI, OH 45249-1669	
8 Date of action FEBRUARY 2017		9 Classification and description COMMON STOCK	
10 CUSIP number N/A	11 Serial number(s) N/A	12 Ticker symbol N/A	13 Account number(s) N/A

Part II Organizational Action Attach additional statements if needed. See back of form for additional questions.

14 Describe the organizational action and, if applicable, the date of the action or the date against which shareholders' ownership is measured for the action ▶ IN FEBRUARY 2017, PHILLIPS EDISON INSTITUTIONAL REIT LLC PAID A DISTRIBUTION OF \$2,150,000.00. OF THIS AMOUNT, \$1,087,856.43 OR 50.60% OF THE TOTAL IS A NONTAXABLE RETURN OF CAPITAL. AT THE TIME OF THE DISTRIBUTION, THE TAXPAYERS EARNINGS AND PROFITS WERE NOT CALCULATED AND THE PORTION OF THE DISTRIBUTION THAT WOULD BE TREATED AS A RETURN OF CAPITAL WAS UNCERTAIN. PURSUANT TO TREASURY REGULATION 1.6042-3(C), THE TAXPAYER PRESUMED 100% OF THE DISTRIBUTION TO BE A TAXABLE DIVIDEND, AND THEREFORE, WAS NOT REQUIRED TO FILE A FORM 8937. THE TAXPAYER ESTIMATED ITS EARNINGS AND PROFITS CALCULATION ON DECEMBER 31, 2017 AND AT THAT TIME IT WAS DETERMINED THAT 50.60% OF ITS DISTRIBUTION WAS A RETURN OF CAPITAL, 2.41% WAS A CAPITAL GAIN, AND 46.99% WAS A TAXABLE DIVIDEND. THE TAXPAYER IS FILING THIS FORM 8937 ON THE EARLIER OF JANUARY 15, 2018 OR 45 DAYS AFTER DECEMBER 31, 2017, THE DATE ON WHICH ITS EARNINGS AND PROFITS CALCULATION WAS ESTIMATED.

15 Describe the quantitative effect of the organizational action on the basis of the security in the hands of a U.S. taxpayer as an adjustment per share or as a percentage of old basis ▶ SEE LINE 14 ABOVE.

16 Describe the calculation of the change in basis and the data that supports the calculation, such as the market values of securities and the valuation dates ▶ SEE LINE 14 ABOVE.

Part II Organizational Action *(continued)*

17 List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based ▶ IRC SECTION 301(C)(2)

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

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

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8 Date of action APRIL 2017		9 Classification and description COMMON STOCK	
10 CUSIP number N/A	11 Serial number(s) N/A	12 Ticker symbol N/A	13 Account number(s) N/A

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14 Describe the organizational action and, if applicable, the date of the action or the date against which shareholders' ownership is measured for the action ▶ IN APRIL 2017, PHILLIPS EDISON INSTITUTIONAL REIT LLC PAID A DISTRIBUTION OF \$1,950,000.00. OF THIS AMOUNT, \$986,660.48 OR 50.60% OF THE TOTAL IS A NONTAXABLE RETURN OF CAPITAL. AT THE TIME OF THE DISTRIBUTION, THE TAXPAYERS EARNINGS AND PROFITS WERE NOT CALCULATED AND THE PORTION OF THE DISTRIBUTION THAT WOULD BE TREATED AS A RETURN OF CAPITAL WAS UNCERTAIN. PURSUANT TO TREASURY REGULATION 1.6042-3(C), THE TAXPAYER PRESUMED 100% OF THE DISTRIBUTION TO BE A TAXABLE DIVIDEND, AND THEREFORE, WAS NOT REQUIRED TO FILE A FORM 8937. THE TAXPAYER ESTIMATED ITS EARNINGS AND PROFITS CALCULATION ON DECEMBER 31, 2017 AND AT THAT TIME IT WAS DETERMINED THAT 50.60% OF ITS DISTRIBUTION WAS A RETURN OF CAPITAL, 2.41% WAS A CAPITAL GAIN, AND 46.99% WAS A TAXABLE DIVIDEND. THE TAXPAYER IS FILING THIS FORM 8937 ON THE EARLIER OF JANUARY 15, 2018 OR 45 DAYS AFTER DECEMBER 31, 2017, THE DATE ON WHICH ITS EARNINGS AND PROFITS CALCULATION WAS ESTIMATED.

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Part II Organizational Action (continued)

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Blank lines for listing applicable Internal Revenue Code sections.

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

Blank lines for providing information regarding resulting loss recognition.

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