

**Report of Organizational Actions
 Affecting Basis of Securities**

OMB No. 1545-2224

▶ See separate instructions.

Part I Reporting Issuer

1 Issuer's name PECO-ARC INSTITUTIONAL REIT LLC		2 Issuer's employer identification number (EIN) 45-3274671	
3 Name of contact for additional information AMY CARR	4 Telephone No. of contact 513-618-4439	5 Email address of contact AMCARR@PHILLIPSEDISON.COM	
6 Number and street (or P.O. box if mail is not delivered to street address) of contact 11501 NORTHLAKE DR.		7 City, town, or post office, state, and Zip code of contact CINCINNATI, OH 45249-1669	
8 Date of action JANUARY 30, 2013		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 ▶ **ON JANUARY 30, 2013, PECO-ARC INSTITUTIONAL REIT LLC PAID A DISTRIBUTION OF \$3,000,000. OF THIS AMOUNT, \$2,682,790 OR 89.43% OF THE TOTAL, IS A NONTAXABLE RETURN OF CAPITAL. AT THE TIME OF THE DISTRIBUTION THE TAXPAYER'S 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, 2013, AND AT THAT TIME IT WAS DETERMINED THAT 89.43% OF ITS JANUARY 30, 2013 DISTRIBUTION WAS A RETURN OF CAPITAL. THE TAXPAYER IS FILING THIS FORM 8937 ON THE EARLIER OF JANUARY 15, 2014 OR 45 DAYS AFTER DECEMBER 31, 2013, THE DATE IN 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

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 Edison*

Date ▶ 1/15/14

Print your name ▶ JEFFREY EDISON

Title ▶ CEO

Paid Preparer Use Only

Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN
CHARLES S. BASICH	<i>Charles S. Basich CPA</i>	1-14-2014		P00183617
Firm's name ▶	DELOITTE TAX LLP		Firm's EIN ▶	86-1065772
Firm's address ▶	180 E. BROAD STREET, COLUMBUS, OH 43215		Phone no.	614-221-1000

**Report of Organizational Actions
 Affecting Basis of Securities**

▶ See separate instructions.

Part I Reporting Issuer

1 Issuer's name PECO-ARC INSTITUTIONAL REIT LLC		2 Issuer's employer identification number (EIN) 45-3274671	
3 Name of contact for additional information AMY CARR	4 Telephone No. of contact 513-618-4439	5 Email address of contact AMCARR@PHILLIPSEDISON.COM	
6 Number and street (or P.O. box if mail is not delivered to street address) of contact 11501 NORTHLAKE DR.		7 City, town, or post office, state, and Zip code of contact CINCINNATI, OH 45249-1669	
8 Date of action MARCH 12, 2013		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 ▶ ON MARCH 12, 2013, PECO-ARC INSTITUTIONAL REIT LLC PAID A DISTRIBUTION OF \$500,000. OF THIS AMOUNT, \$447,132 OR 89.43% OF THE TOTAL, IS A NONTAXABLE RETURN OF CAPITAL. AT THE TIME OF THE DISTRIBUTION THE TAXPAYER'S 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, 2013, AND AT THAT TIME IT WAS DETERMINED THAT 89.43% OF ITS MARCH 12, 2013 DISTRIBUTION WAS A RETURN OF CAPITAL. THE TAXPAYER IS FILING THIS FORM 8937 ON THE EARLIER OF JANUARY 15, 2014 OR 45 DAYS AFTER DECEMBER 31, 2013, THE DATE IN 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

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 Edison* Date ▶ 1/15/14
Print your name ▶ JEFFREY EDISON Title ▶ CEO

Paid Preparer Use Only

Print/Type preparer's name CHARLES S. BASICH	Preparer's signature <i>Charles S. Basich CPA</i>	Date 1-14-2014	Check <input type="checkbox"/> if self-employed	PTIN P00183617
Firm's name ▶ DELOITTE TAX LLP			Firm's EIN ▶ 86-1065772	
Firm's address ▶ 180 E. BROAD STREET, COLUMBUS, OH 43215			Phone no. 614-221-1000	

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OMB No. 1545-2224

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3 Name of contact for additional information AMY CARR	4 Telephone No. of contact 513-618-4439	5 Email address of contact AMCARR@PHILLIPSEDISON.COM	
6 Number and street (or P.O. box if mail is not delivered to street address) of contact 11501 NORTHLAKE DR.		7 City, town, or post office, state, and Zip code of contact CINCINNATI, OH 45249-1669	
8 Date of action APRIL 3, 2013		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 ▶ ON APRIL 3, 2013, PECO-ARC INSTITUTIONAL REIT LLC PAID A DISTRIBUTION OF \$1,609,000. OF THIS AMOUNT, \$1,438,870 OR 89.43% OF THE TOTAL, IS A NONTAXABLE RETURN OF CAPITAL. AT THE TIME OF THE DISTRIBUTION THE TAXPAYER'S 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, 2013, AND AT THAT TIME IT WAS DETERMINED THAT 89.43% OF ITS APRIL 3, 2013 DISTRIBUTION WAS A RETURN OF CAPITAL. THE TAXPAYER IS FILING THIS FORM 8937 ON THE EARLIER OF JANUARY 15, 2014 OR 45 DAYS AFTER DECEMBER 31, 2013, THE DATE IN 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

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 Edison* Date ▶ 1/15/14
Print your name ▶ JEFFREY EDISON Title ▶ CEO

Paid Preparer Use Only

Print/Type preparer's name CHARLES S. BASICH	Preparer's signature <i>Charles S. Basich CPA</i>	Date 1-14-2014	Check <input type="checkbox"/> if self-employed	PTIN P00183617
Firm's name ▶ DELOITTE TAX LLP	Firm's EIN ▶ 86-1065772		Phone no. 614-221-1000	
Firm's address ▶ 180 E. BROAD STREET, COLUMBUS, OH 43215				

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Part I Reporting Issuer

1 Issuer's name PECO-ARC INSTITUTIONAL REIT LLC		2 Issuer's employer identification number (EIN) 45-3274671	
3 Name of contact for additional information AMY CARR	4 Telephone No. of contact 513-618-4439	5 Email address of contact AMCARR@PHILLIPSEDISON.COM	
6 Number and street (or P.O. box if mail is not delivered to street address) of contact 11501 NORTHLAKE DR.		7 City, town, or post office, state, and Zip code of contact CINCINNATI, OH 45249-1669	
8 Date of action JUNE 25, 2013		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 ▶ **ON JUNE 25, 2013, PECO-ARC INSTITUTIONAL REIT LLC PAID A DISTRIBUTION OF \$458,000. OF THIS AMOUNT, \$409,573 OR 89.43% OF THE TOTAL, IS A NONTAXABLE RETURN OF CAPITAL. AT THE TIME OF THE DISTRIBUTION THE TAXPAYER'S 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, 2013, AND AT THAT TIME IT WAS DETERMINED THAT 89.43% OF ITS JUNE 25, 2013 DISTRIBUTION WAS A RETURN OF CAPITAL. THE TAXPAYER IS FILING THIS FORM 8937 ON THE EARLIER OF JANUARY 15, 2014 OR 45 DAYS AFTER DECEMBER 31, 2013, THE DATE IN 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

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 Edison* Date ▶ 1/15/14
 Print your name ▶ JEFFREY EDISON Title ▶ VP/CEO

Paid Preparer Use Only	Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN
	CHARLES S. BASICH	<i>Charles S. Basich</i>	1-14-2014		P00183617
	Firm's name ▶ DELOITTE TAX LLP	Firm's EIN ▶ 86-1065772			
	Firm's address ▶ 180 E. BROAD STREET, COLUMBUS, OH 43215	Phone no. 614-221-1000			

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Part I Reporting Issuer

1 Issuer's name PECO-ARC INSTITUTIONAL REIT LLC		2 Issuer's employer identification number (EIN) 45-3274671	
3 Name of contact for additional information AMY CARR	4 Telephone No. of contact 513-618-4439	5 Email address of contact AMCARR@PHILLIPSEDISON.COM	
6 Number and street (or P.O. box if mail is not delivered to street address) of contact 11501 NORTHLAKE DR.		7 City, town, or post office, state, and Zip code of contact CINCINNATI, OH 45249-1669	
8 Date of action JULY 5, 2013		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 ▶ ON JULY 5, 2013, PECO-ARC INSTITUTIONAL REIT LLC PAID A DISTRIBUTION OF \$58,102,590. OF THIS AMOUNT, \$51,959,014 OR 89.43% OF THE TOTAL, IS A NONTAXABLE RETURN OF CAPITAL. AT THE TIME OF THE DISTRIBUTION THE TAXPAYER'S 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, 2013, AND AT THAT TIME IT WAS DETERMINED THAT 89.43% OF ITS JULY 5, 2013 DISTRIBUTION WAS A RETURN OF CAPITAL. THE TAXPAYER IS FILING THIS FORM 8937 ON THE EARLIER OF JANUARY 15, 2014 OR 45 DAYS AFTER DECEMBER 31, 2013, THE DATE IN 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

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 Edison*

Date ▶ 1/15/14

Print your name ▶ JEFFREY EDISON

Title ▶ CEO

Paid Preparer Use Only

Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN
CHARLES S. BASICH	<i>Charles S Basich CPA</i>	1-14-2014		P00183617
Firm's name ▶	DELOITTE TAX LLP		Firm's EIN ▶ 86-1065772	
Firm's address ▶	180 E. BROAD STREET, COLUMBUS, OH 43215		Phone no. 614-221-1000	

Report of Organizational Actions Affecting Basis of Securities

▶ See separate instructions.

Part I Reporting Issuer

1 Issuer's name PECO-ARC INSTITUTIONAL REIT LLC		2 Issuer's employer identification number (EIN) 45-3274671	
3 Name of contact for additional information AMY CARR	4 Telephone No. of contact 513-618-4439	5 Email address of contact AMCARR@PHILLIPSEDISON.COM	
6 Number and street (or P.O. box if mail is not delivered to street address) of contact 11501 NORTHLAKE DR.		7 City, town, or post office, state, and Zip code of contact CINCINNATI, OH 45249-1669	
8 Date of action AUGUST 9, 2013		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 ▶ ON AUGUST 9, 2013, PECO-ARC INSTITUTIONAL REIT LLC PAID A DISTRIBUTION OF \$1,081,429. OF THIS AMOUNT, \$967,082 OR 89.43% OF THE TOTAL, IS A NONTAXABLE RETURN OF CAPITAL. AT THE TIME OF THE DISTRIBUTION THE TAXPAYER'S 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, 2013, AND AT THAT TIME IT WAS DETERMINED THAT 89.43% OF ITS AUGUST 9, 2013 DISTRIBUTION WAS A RETURN OF CAPITAL. THE TAXPAYER IS FILING THIS FORM 8937 ON THE EARLIER OF JANUARY 15, 2014 OR 45 DAYS AFTER DECEMBER 31, 2013, THE DATE IN 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

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 Edison*

Date ▶ 1/15/14

Print your name ▶ JEFFREY EDISONI

Title ▶ CED

Paid Preparer Use Only

Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN
CHARLES S. BASICH	<i>Charles S. Basich CPA</i>	1-14-2014		P00183617
Firm's name ▶	DELOITTE TAX LLP		Firm's EIN ▶	86-1065772
Firm's address ▶	180 E. BROAD STREET, COLUMBUS, OH 43215		Phone no.	614-221-1000

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Part I Reporting Issuer

1 Issuer's name PECO-ARC INSTITUTIONAL REIT LLC		2 Issuer's employer identification number (EIN) 45-3274671	
3 Name of contact for additional information AMY CARR	4 Telephone No. of contact 513-618-4439	5 Email address of contact AMCARR@PHILLIPSEDISON.COM	
6 Number and street (or P.O. box if mail is not delivered to street address) of contact 11501 NORTHLAKE DR.		7 City, town, or post office, state, and Zip code of contact CINCINNATI, OH 45249-1669	
8 Date of action OCTOBER 1, 2013		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 ▶ **ON OCTOBER 1, 2013, PECO-ARC INSTITUTIONAL REIT LLC PAID A DISTRIBUTION OF \$425,000. OF THIS AMOUNT, \$380,062 OR 89.43% OF THE TOTAL, IS A NONTAXABLE RETURN OF CAPITAL. AT THE TIME OF THE DISTRIBUTION THE TAXPAYER'S 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, 2013, AND AT THAT TIME IT WAS DETERMINED THAT 89.43% OF ITS OCTOBER 1, 2013 DISTRIBUTION WAS A RETURN OF CAPITAL. THE TAXPAYER IS FILING THIS FORM 8937 ON THE EARLIER OF JANUARY 15, 2014 OR 45 DAYS AFTER DECEMBER 31, 2013, THE DATE IN WHICH ITS EARNINGS AND PROFITS CALCULATION WAS ESTIMATED.**

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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

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Signature ▶ *Jeffrey Edison* Date ▶ 1/15/14
Print your name ▶ JEFFREY EDISON Title ▶ CEO

Paid Preparer Use Only	Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN
	CHARLES S. BASICH	<i>Charles S Basich CPA</i>	1-14-2014		P00183617
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Part I Reporting Issuer

1 Issuer's name PECO-ARC INSTITUTIONAL REIT LLC		2 Issuer's employer identification number (EIN) 45-3274671	
3 Name of contact for additional information AMY CARR	4 Telephone No. of contact 513-618-4439	5 Email address of contact AMCARR@PHILLIPSEDISON.COM	
6 Number and street (or P.O. box if mail is not delivered to street address) of contact 11501 NORTHLAKE DR.		7 City, town, or post office, state, and Zip code of contact CINCINNATI, OH 45249-1669	
8 Date of action DECEMBER 4, 2013		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 ▶ ON DECEMBER 4, 2013, PECO-ARC INSTITUTIONAL REIT LLC PAID A DISTRIBUTION OF \$950,000. OF THIS AMOUNT, \$849,550 OR 89.43% OF THE TOTAL, IS A NONTAXABLE RETURN OF CAPITAL. AT THE TIME OF THE DISTRIBUTION THE TAXPAYER'S 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, 2013, AND AT THAT TIME IT WAS DETERMINED THAT 89.43% OF ITS DECEMBER 4, 2013 DISTRIBUTION WAS A RETURN OF CAPITAL. THE TAXPAYER IS FILING THIS FORM 8937 ON THE EARLIER OF JANUARY 15, 2014 OR 45 DAYS AFTER DECEMBER 31, 2013, THE DATE IN WHICH ITS EARNINGS AND PROFITS CALCULATION WAS ESTIMATED.

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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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 Signature ▶ *Jeffrey Edison* Date ▶ 1/15/14
 Print your name ▶ JEFFREY EDISON Title ▶ CEO

Paid Preparer Use Only	Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN
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