

**BEFORE THE ARKANSAS SECURITIES COMMISSIONER
CASE NO. S-18-0021**

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ARKANSAS SECURITIES DEPT.

IN THE MATTER OF:

ORDER NO. S-18-0021-18-OR01

PHILLIPS EDISON GROCERY CENTER REIT II, INC.

CONSENT ORDER

This Consent Order is entered pursuant to the Arkansas Securities Act ("Act"), codified at Ark. Code Ann. § 23-42-101 through § 23-42-509, the Rules of the Arkansas Securities Commissioner ("Rules") promulgated under the Act, and the Arkansas Administrative Procedures Act, codified at Ark. Code Ann. § 25-15-201 through § 25-15-219, in accordance with an agreement by and between the Staff of the Arkansas Securities Department ("Staff") and Phillips Edison Grocery Center REIT II, Inc. ("Phillips Edison") in full and final settlement of all claims that could be brought against Phillips Edison by the Staff on the basis of the facts set forth herein.

Phillips Edison admits the jurisdiction of the Act and the Arkansas Securities Commissioner ("Commissioner"), waives its right to a formal hearing, and without admitting or denying the findings of facts made herein, consents to the entry of this order and agrees to abide by its terms.

FINDINGS OF FACT

1. Phillips Edison is a corporation organized and operating under the laws of the State of Maryland. Phillips Edison is not registered with the Arkansas Securities Department ("Department") in any capacity.

2. Between December 19, 2013 and February 19, 2015, securities issued and sold by Phillips Edison were registered by coordination with the Department.

3. Between January 1, 2016 and February 1, 2018, under a dividend reinvestment program (“DRIP”), Phillips Edison sold multiple shares of securities issued by Phillips Edison to Arkansas residents. All of these Arkansas residents already held shares of Phillips Edison.

4. Between January 1, 2016 and February 1, 2018, Phillips Edison did not make a proof of exemption filing or pay any exemption filing fee to the Department. However, during said time period, Phillips Edison had an exemption available pursuant to Ark. Code Ann. § 23-42-504(a)(10) for the sale of the aforementioned DRIP shares.

5. Phillips Edison has fully cooperated with the Staff during the Staff’s review of this matter.

CONCLUSIONS OF LAW

6. Ark. Code Ann. § 23-42-504(b)(1) states that an initial proof of exemption shall be filed before the first sale of a security under a dividend reinvestment program that is intended to be executed as an exempt transaction under Ark. Code Ann. § 23-42-504(a)(10). Thereafter, in every fifth year a proof of exemption must be filed with the commissioner. Pursuant to Ark. Code Ann. § 23-42-504(b)(4)(C) every proof of exemption filed with the Commissioner under subdivision (a)(10) shall be accompanied by a \$50.00 filing fee. The failure to file proper proofs of exemption and pay the related filing fees in a timely manner in connection with sales of securities issued by Phillips Edison as detailed in paragraphs three and four constitutes violations of Ark. Code Ann. § 23-42-504(b) and Rule 504.01(a)(10), as well as violations of Ark. Code Ann. § 23-42-501, by Phillips Edison.

UNDERTAKINGS

In settlement of this matter, but without admitting or denying the findings of fact made above, Phillips Edison agrees to pay a fine in the amount of \$2,000.

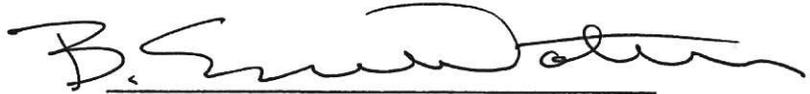
OPINION

This order is in the public interest. The facts as set out in paragraphs three and four support the violations of the Act and Rules of the Arkansas Securities Commissioner as set out in paragraph six.

ORDER

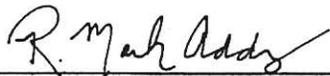
IT IS THEREFORE ORDERED that Phillips Edison pay a fine in the amount of \$2,000 to the Department within 10 days of the entry of this order.

WITNESS MY HAND AND SEAL on this 22nd day of February, 2018.



B. Edmond Waters
Arkansas Securities Commissioner

APPROVED AS TO FORM
AND CONTENT:



Mark Addy, President
Phillips Edison Grocery Center REIT II, Inc.

2/20/18

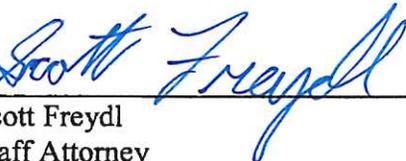
Date



Robert Bergdoll Laura Sivianni
Attorney for the Respondent

2-22-18

Date



Scott Freydl
Staff Attorney

2/22/18

Date