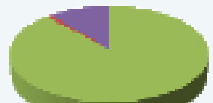
CLOSED REIT

Nontraded REIT Industry Review: Third Quarter 2014

Phillips Edison – ARC Shopping Center REIT, Inc.

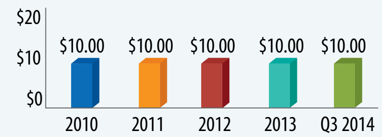
Total Assets..........................$2,024.8 Million
Real Estate Assets .... $1,784.4 Million
Cash ....$19.8 Million
Securities ....$0.0 Million
Other ....$220.6 Million



Initial Offering Date: .... August 12, 2010
Offering Close Date: ....February 7, 2014
Current Price per Share: $10.00
Reinvestment Price per Share: $9.50
Cumulative Capital Raised during Offering (including DRP).....................................$1,759.2 Million

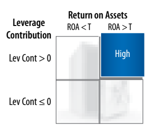
Cash to Total Assets Ratio: 1.0%
Asset Type: ....Retail
Number of Properties: 131
Square Feet / Units / Rooms / Acres: .... 13,886,069 Sq. Ft.
Percent Leased: 94.7%
Weighted Average Lease Term Remaining:........................ 6.1 Years
LifeStage:...Maturing
Investment Style: .... Core
Weighted Average Shares Outstanding: 180,072,232

Historical Price



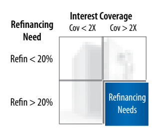
Performance Profiles

Operating Performance



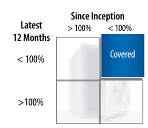
The REIT's recent 12-month average return on assets exceeds yields on 10-year Treasuries, indicating potential for positive risk-adjusted returns. At its current cost of debt and level of borrowing, its use of debt is contributing to increased returns for shareholders.

Financing Outlook



Interest coverage ratio is above the 2.0X benchmark but more than 20% of the REIT's debt matures within two years or is at unhedged variable rates. The REIT may face difficulties in refinancing its borrowings or interest rate risk from increasing rates, but earnings currently provide coverage of interest expense.

Cumulative MFFO Payout



Cumulative MFFO since inception exceeds the cumulative cash distributions to common shareholders, indicating the REIT has fully funded cash distributions from its real estate operations. At the current distribution rate and level of modified funds from operations, trends suggest the distributions can be maintained.

Summary

The REIT's return on assets for the last four quarters was 6.35%, significantly above the yield on 10-Year Treasuries of 2.64%, and providing a positive additional return to shareholders. The REIT had a positive leverage contribution for the last four quarters with an average cost of debt of 4.34% and a debt ratio of 25.6%. About 15% of the REIT's debt matures within two years, and 29% was at unhedged variable rates, presenting some interest rate risk with some refinancing needed. With an interest coverage ratio of 6.1X, well above the 2.0X benchmark, the REIT has shown the ability to cover its debt obligations. Over the last 12 months the REIT paid out 68% of its MFFO in cash distributions excluding DRP proceeds, and since inception in 2010 it has paid out just 65% of MFFO, a ratio which should be sustainable as MFFO has increased each quarter since 2010.

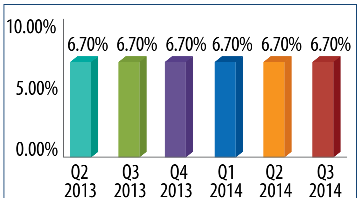
Contact Information

www.phillipsedison–arc.com

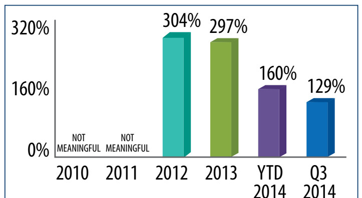
Phillips Edison –
ARC Shopping Center REIT, Inc.
11501 Northlake Drive
Cincinnati, OH 45249

(513) 554-1110

Historical Distribution

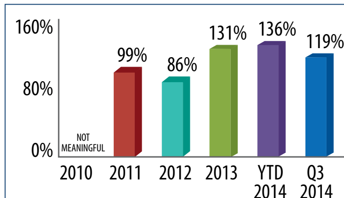


Historical FFO Payout Ratio



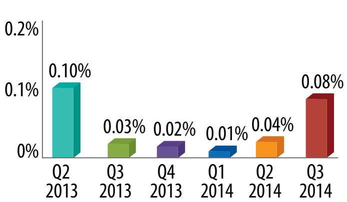
2014 YTD Dist. Paid: $89,296,000
2014 YTD FFO: $55,872,000

Historical MFFO Payout Ratio

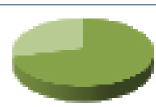


2014 YTD Dist. Paid: $89,296,000
2014 YTD MFFO: $65,762,000
Company Reported MFFO – see notes

Redemptions

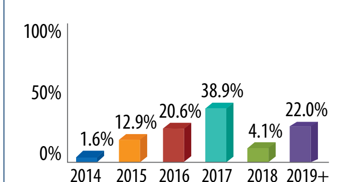


Debt Breakdown

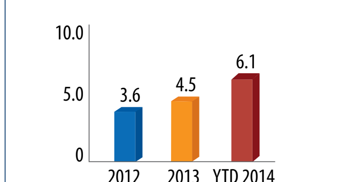


Debt to Total Assets Ratio:...............25.6%
Total: .... $518.7 Million
Fixed: .... $367.7 Million
Variable .... $151.0 Million
Avg. Wtd. Rate: 4.34%
Loan Term: .... 1 – 11 yrs

Debt Repayment Schedule



Interest Coverage Ratio



Source of Distributions, Trends and Items of Note

- For the three months ended September 30, 2014, the Company acquired 11 grocery-anchored shopping centers in ten states totaling approximately 1.3 million square feet for an aggregate purchase price of $165.1 million.
- For the nine months ended September 30, 2014, the Company acquired 48 grocery-anchored shopping centers in 18 states totaling approximately 5.1 million square feet for an aggregate purchase price of $763.5 million.
- The Company's portfolio now consists of 131 properties totaling approximately 13.9 million square feet anchored by 37 different grocery anchors in 27 states.
- The REIT's Cash to Total Assets ratio decreased to 1.0% as of 3Q 2014 compared to 27.1% as of 3Q 2013.
- The REIT's Debt to Total Assets ratio increased to 25.6% as of 3Q 2014 compared to 17.6% as of 3Q 2013.
- The Company used Modified Funds from Operations ("MFFO") as defined by the Investment Program Association ("IPA").
- For the three and nine months ended September 30, 2014, the Company paid gross distributions of approximately $30.3 million and $89.3 million, respectively, including $16.0 million and $47.0 million of distributions reinvested through the DRP, respectively, for net cash distributions of $14.3 million and $42.3 million, respectively. The cash generated by operating activities for the nine months ended September 30, 2014 was $58.8 million.