

Nontraded REIT Industry Review: First Quarter 2014



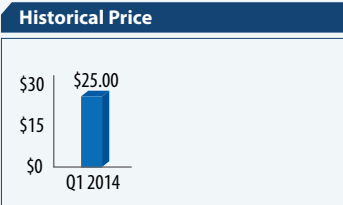
Phillips Edison - ARC Grocery Center REIT II, Inc.

Total Assets.....	\$73.1 Million
Real Estate Assets	\$10.3 Million
Cash	\$61.1 Million
Securities	\$0.0 Million
Other	\$1.7 Million



Initial Offering Date: November 25, 2013
 Offering Status.....Initial
 Number of Months Fundraising: 4
 Anticipated Offering Close Date: November 25, 2015
 Current Price per Share: \$25.00
 Reinvestment Price per Share: \$23.75

Cash to Total Assets Ratio: 83.6%
 Asset Type: Retail
 Number of Properties:..... 1
 Square Feet / Units / Rooms / Acres:..... 81,674 Sq. Ft.
 Percent Leased: 93.3%
 Weighted Average Lease Term Remaining:..... 5.2 Years
 LifeStage:..... Emerging
 Investment Style: Core
 Weighted Average Shares Outstanding: 1,334,755

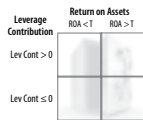


Contact Information

www.GrocerycenterREIT2.com
Phillips Edison-ARC Grocery Center REIT II, Inc.
 11501 Northlake Drive
 Cincinnati, OH 45249
 (513) 554-1110

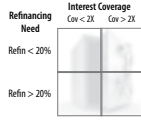
Performance Profiles

Operating Performance



As an Emerging LifeStage REIT, there are less than five quarters of data to calculate meaningful return on assets and leverage contribution metrics.

Financing Outlook



As an Emerging LifeStage REIT, there are less than five quarters of data to calculate meaningful interest coverage ratios. REITs in the Emerging LifeStage often rely on short-term financing with variable rates which will later be refinanced with longer maturity debt.

Cumulative MFFO Payout

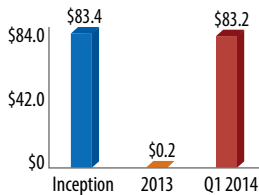


For this Emerging LifeStage REIT there are less than five quarters of data to calculate meaningful MFFO Payout ratios. REITs in the Emerging LifeStage may fund a portion of cash distributions in the first year of operations from offering proceeds until MFFO is sufficient to fund them.

Summary

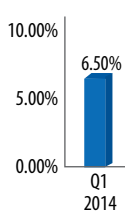
As an Emerging LifeStage REIT with less than five quarters of operating data, metrics for Operating Performance, Financing Outlook and Cumulative MFFO Payout are not yet meaningful. After 1Q 2015, the profile will begin to show meaningful results.

Gross Dollars Raised*



*Includes reinvested distributions (in millions)

Historical Distribution

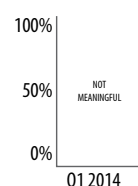


Historical FFO Payout Ratio



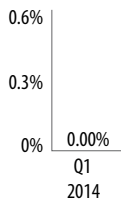
2014 YTD Dist. Paid:.....\$148,000
 2014 YTD FFO:.....(\$316,000)
 Company reported FFO – see notes

Historical MFFO Payout Ratio



2014 YTD Dist. Paid:.....\$148,000
 2014 YTD MFFO:.....(\$117,000)
 Company reported MFFO – see notes

Redemptions

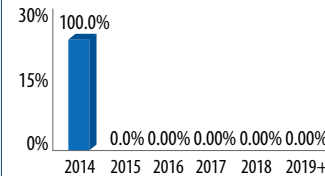


Debt Breakdown

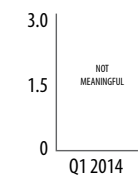


Debt to Total Assets Ratio:.....0.3%
 Total:\$0.2 Million
 Fixed:\$0.2 Million
 Variable:\$0.0 Million
 Avg. Wtd. Rate:2.40%
 Loan Term:1 yr

Debt Repayment Schedule



Interest Coverage Ratio



Source of Distributions, Trends and Items of Note

- During 1Q 2014 the Company acquired one property for \$11.15 million.
- On May 2, the REIT announced the acquisition of its second grocery-anchored shopping center, Staunton Plaza, for approximately \$17.2 million. Staunton Plaza is an 80,265 square foot grocery store-anchored shopping center located in Staunton, Virginia. Staunton Plaza is anchored by a Martin's grocery store that includes a fuel center. As of April 30, 2014, it was 100% leased to five tenants.
- The REIT's Cash to Total Assets ratio increased to 83.6% as of 1Q 2014 compared to 4.2% as of 4Q 2013.
- The REIT's Debt to Total Assets ratio decreased to 0.3% as of 1Q 2014 compared to 12.6% as of 4Q 2013.
- The Company uses modified funds from operations ("MFFO") as defined by the Investment Program Association ("IPA").
- Distributions for the three months ended March 31, 2014 accrued at an average daily rate of \$0.00445205 per share of common stock, an annualized rate of 6.50%.
- \$72.7 million was provided by financing activities with \$72.9 million from the net proceeds of the issuance of common stock. Partially offsetting this amount were payments on notes payable of \$0.1 million, as well as distributions paid to stockholders of \$0.1 million, net of DRIP proceeds. Distributions were therefore funded with proceeds from the primary offering. There were gross distributions of \$371,000 accrued and payable as of March 31, 2014.