

Nontraded REIT Industry Review: Second Quarter 2014



Phillips Edison - ARC Grocery Center REIT II, Inc.

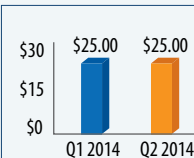
Total Assets.....	\$207.9 Million
Real Estate Assets	\$24.6 Million
Cash	\$178.5 Million
Securities	\$0.0 Million
Other	\$4.8 Million



Initial Offering Date:	November 25, 2013
Offering Status.....	Initial
Number of Months Fundraising:	7
Anticipated Offering Close Date:	November 25, 2015
Current Price per Share:	\$25.00
Reinvestment Price per Share:	\$23.75

Cash to Total Assets Ratio:	85.9%
Asset Type:	Retail
Number of Properties:.....	2
Square Feet / Units / Rooms / Acres:.....	161,939 Sq. Ft.
Percent Leased:	96.6%
Weighted Average Lease Term Remaining:.....	8.7 Years
LifeStage:.....	Emerging
Investment Style:	Core
Weighted Average Shares Outstanding:	5,913,005

Historical Price

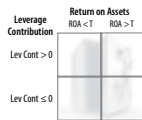


Contact Information

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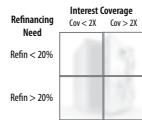
Performance Profiles

Operating Performance



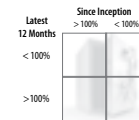
As an Emerging LifeStage REIT, there are less than five quarters of data to calculate meaningful return on assets and leverage contribution metrics.

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

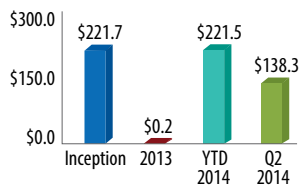


For this Emerging LifeStage REIT there are less than five quarters of data to calculate meaningful MFFO Payout ratios. REITs in the Emerging LifeStage may fund a portion of cash distributions in the first year of operations from offering proceeds until MFFO is sufficient to fund them.

Summary

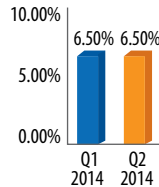
As an Emerging LifeStage REIT with less than five quarters of operating data, metrics for Operating Performance, Financing Outlook and Cumulative MFFO Payout are not yet meaningful. After 1Q 2015, the profile will begin to show meaningful results.

Gross Dollars Raised*

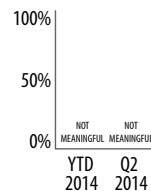


*Includes reinvested distributions (in millions)

Historical Distribution

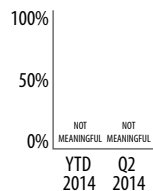


Historical FFO Payout Ratio



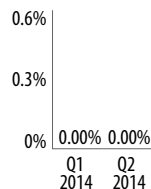
2014 YTD Dist. Paid:.....\$1,875,000
 2014 YTD FFO:.....(\$852,000)
 Company reported FFO – see notes

Historical MFFO Payout Ratio



2014 YTD Dist. Paid:.....\$1,875,000
 2014 YTD MFFO:.....(\$278,000)
 Company reported MFFO – see notes

Redemptions



Debt Breakdown



Debt to Total Assets Ratio:.....6.2%
 Total:

Total	\$12.9 Million
Fixed	\$12.9 Million
Variable	\$0.0 Million

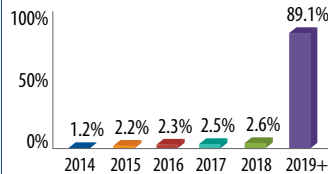
Avg. Wtd. Rate:

Avg. Wtd. Rate	6.00%
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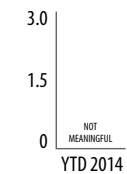
Loan Term:

Loan Term	22.3 yrs
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Debt Repayment Schedule



Interest Coverage Ratio



Source of Distributions, Trends and Items of Note

- During 2Q 2014 the Company acquired one property for \$17.2 million.
- On July 2, 2014, the REIT entered into a revolving loan agreement with KeyBank, along with certain other lenders, to borrow up to \$200 million. Subject to certain conditions, the Revolving Credit Facility provides the ability to increase the size of the Facility from the initial \$200 million up to a total of \$700 million.
- Subsequent to June 30, 2014, the Company acquired a 100% ownership in two supermarket properties for \$29.6 million, in Lubbock, TX and Houston, TX.
- The REIT's Cash to Total Assets ratio increased to 85.9% as of 2Q 2014 compared to 83.6% as of 1Q 2014.
- The REIT's Debt to Total Assets ratio increased to 6.2% as of 2Q 2014 compared to 0.3% as of 1Q 2014.
- The Company uses modified funds from operations ("MFFO") as defined by the Investment Program Association ("IPA").
- Distributions for the three months ended June 30, 2014 accrued at an average daily rate of \$0.00445205 per share of common stock, an annualized rate of 6.50%.
- During the six months ended June 30, 2014, distributions paid to common stockholders were \$1.9 million, inclusive of \$0.9 million of distributions in respect to shares issued under the DRIP. Distributions were funded by proceeds from the primary offering.