



Nontraded REIT Industry Review: Second Quarter 2014

Phillips Edison – ARC Shopping Center REIT, Inc.

Total Assets	\$1,865.1 Million
Real Estate Assets	\$1,636.5 Million
Cash	\$20.3 Million
Securities	\$0.0 Million
Other	\$208.3 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

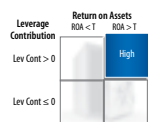
Cash to Total Assets Ratio:	1.1%
Asset Type:	Retail
Number of Properties:	120
Square Feet / Units / Rooms / Acres:	12,602,899 Sq. Ft.
Percent Leased:	94.9%
Weighted Average Lease Term Remaining:	6.3 Years
LifeStage:	Maturing
Investment Style:	Core
Weighted Average Shares Outstanding:	178,508,251

Historical Price



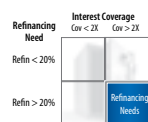
Performance Profiles

Operating Performance



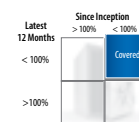
The REIT's recent 12-month average return on assets exceeds yields on 10-year Treasuries, indicating potential for positive risk-adjusted returns. At its current cost of debt and level of borrowing, its use of debt is contributing to increased returns for shareholders.

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.

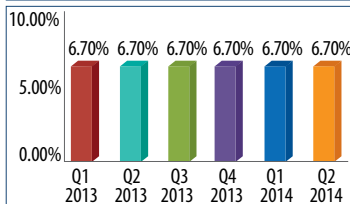
Summary

The REIT's return on assets for the last four quarters was 6.06%, significantly above the yield on 10-Year Treasuries of 2.50%, 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 5.07% and a debt ratio of 19%. About 21% of the REIT's debt matures within two years, and 9% was at unhedged variable rates, presenting little interest rate risk but with some refinancing needed. With an interest coverage ratio of 5.6X, 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 72% of its MFFO in cash distributions excluding DRP proceeds, and since inception in 2010 it has paid out just 68% of MFFO, a ratio which should be sustainable as MFFO has increased each quarter since 2010.

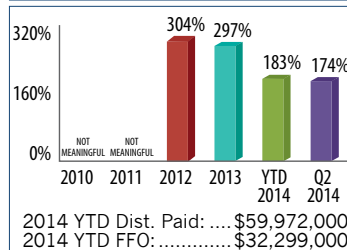
Contact Information

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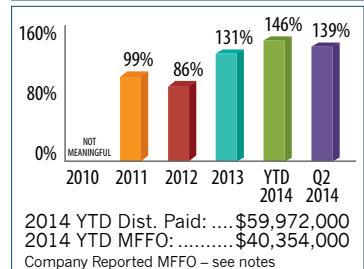
Historical Distribution



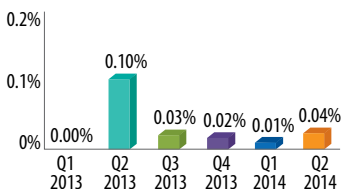
Historical FFO Payout Ratio



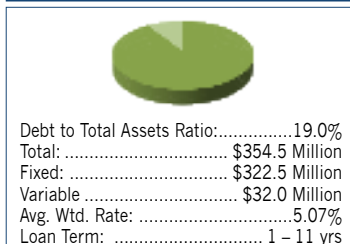
Historical MFFO Payout Ratio



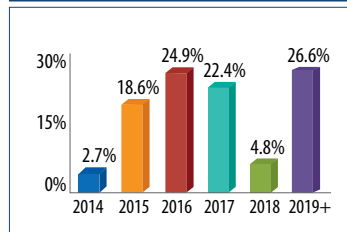
Redemptions



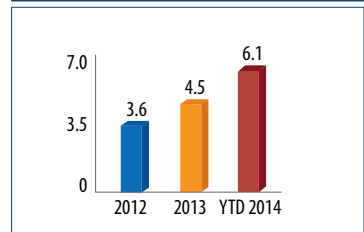
Debt Breakdown



Debt Repayment Schedule



Interest Coverage Ratio



Source of Distributions, Trends and Items of Note

- During 2Q 2014 the Company acquired 20 properties for approximately \$316.1 million. The Company did not sell any properties.
- Subsequent to the end of the quarter, the Company acquired 5 grocery-anchored shopping centers totaling 483,293 square feet for an aggregate purchase price of \$62.3 million. The addition of these shopping centers increases the Company's portfolio to 125 shopping centers totaling 13.1 million square feet.
- The REIT's Cash to Total Assets ratio decreased to 1.1% as of 2Q 2014 compared to 8.5% as of 2Q 2013.
- The REIT's Debt to Total Assets ratio decreased to 19.0% as of 2Q 2014 compared to 28.2% as of 2Q 2013.
- The Company used Modified Funds from Operations ("MFFO") as defined by the Investment Program Association ("IPA").
- During the three months ended June 30, 2014, gross distributions paid were \$30.062 million with \$15.813 million being reinvested through the DRP for net cash distributions of \$14.249 million. The cash generated by operating activities for the three months ended June 30, 2014 was \$18.721 million.