

Nontraded REIT Industry Review: Second Quarter 2015

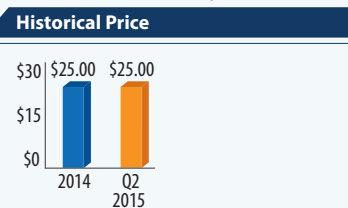
Phillips Edison Grocery Center REIT II, Inc.

Total Assets.....	\$901.5 Million
Real Estate Assets	\$517.3 Million
Cash	\$343.3 Million
Securities	\$0.0 Million
Other	\$40.9 Million



Initial Offering Date: November 25, 2013
 Offering Status..... Initial
 Number of Months Fundraising: 19
 Anticipated Offering Close Date: September 15, 2015
 Current Price per Share: \$25.00
 Reinvestment Price per Share: \$23.75

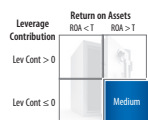
Cash to Total Assets Ratio: 38.1%
 Asset Type: Retail
 Number of Properties: 31
 Square Feet / Units / Rooms / Acres: 3,430,000 Sq. Ft.
 Percent Leased: 93.2%
 Weighted Average Lease Term Remaining: 6.4 Years
 LifeStage: Growth
 Investment Style: Core
 Weighted Average Shares Outstanding: 33,826,000



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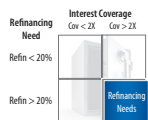
Performance Profiles

Operating Performance



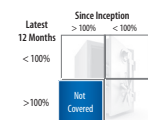
The REIT's recent 12-month average return on assets exceeds yields on 10-year Treasuries, indicating potential for positive risk-adjusted returns. At its current cost of debt and level of borrowing, its use of debt is not increasing returns to shareholders.

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

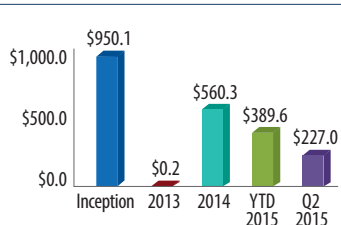


The REIT has not achieved a level of MFFO in excess of cash distributions since inception and the latest 12-month results indicate cash distributions exceed MFFO, a trend which must be eventually reversed for distribution sustainability.

Summary

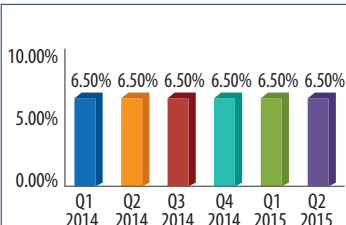
The REIT's return on assets for the last four quarters was 2.98%, just above the yield on 10-year Treasuries, providing some additional return to shareholders. The REIT did not have positive leverage contribution for the last four quarters with an average cost of debt of 5.70% and a debt ratio of 8%. About 31% of the REIT's debt matures within two years, but none was at unhedged variable rates, with some interest rate risk due to the refinancing needed. With a trailing 12 month interest coverage ratio of 6.6X, well above the 2.0X benchmark, the REIT has shown the ability to cover its debt obligations. Since 1Q 2014 the REIT has paid out 129% of cumulative MFFO in cash distributions and 120% over the last 12 months, a trend that is favorable in this Growth LifeStage.

Gross Dollars Raised*

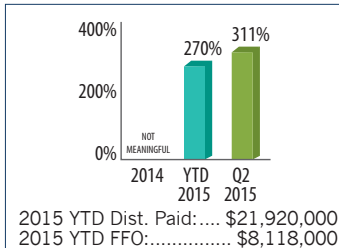


*Includes reinvested distributions (in millions)

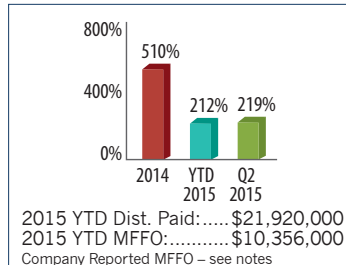
Historical Distribution



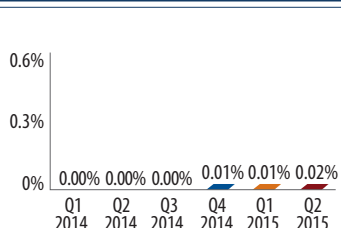
Historical FFO Payout Ratio



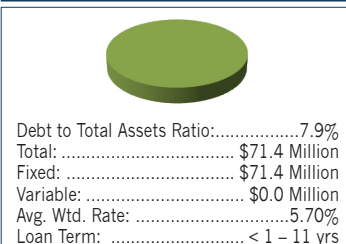
Historical MFFO Payout Ratio



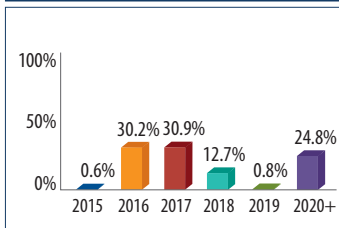
Redemptions



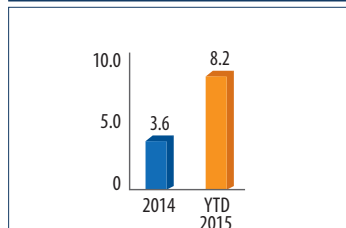
Debt Breakdown



Debt Repayment Schedule



Interest Coverage Ratio



Source of Distributions, Trends and Items of Note

- During the six months ended June 30, 2015, the Company acquired 11 grocery-anchored retail centers and one strip center adjacent to a previously acquired grocery-anchored retail center for an aggregate purchase price of approximately \$180.2 million.
- During the six months ended June 30, 2015, the Company issued 15.7 million shares of common stock, including 0.5 million shares issued through the DRIP, generating gross cash proceeds of \$389.6 million.
- From July 1, 2015 through July 31, 2015, the Company raised gross proceeds of approximately \$55.5 million through the issuance of 2.2 million shares of common stock under the offering.
- The REIT's Cash to Total Assets ratio decreased to 38.1% as of 2Q 2015 compared to 85.9% as of 2Q 2014.
- The REIT's Debt to Total Assets ratio increased to 7.9% as of 2Q 2015 compared to 6.2% as of 2Q 2014.
- The Company uses modified funds from operations ("MFFO") as defined by the Investment Program Association ("IPA").
- For the six months ended June 30, 2015, gross distributions of approximately \$21.9 million were paid to stockholders, including \$11.5 million of distributions reinvested through the DRIP, for net cash distributions of \$10.4 million. Distributions were funded by a combination of cash generated from operating activities and proceeds from the primary offering.