

NETREIT, INC. ANNOUNCES SECOND QUARTER 2016 RESULTS

Escondido, CA – August 2016 – NetREIT, Inc. benefitted from strong leasing performance during the Second Quarter. We entered into leases with nine new tenants totaling 21,830 square feet and additionally renewed 23 leases totaling 88,955 square feet resulting in 31 total lease transactions comprising 110,585 square feet. Besides the revenue increase resulting from the new tenants, we are pleased to report that our cash leasing spreads increased 11% in Q2 for the comparable leases executed in the quarter and same store the GAAP NOI increase was 3.4%,

Another success story is Dakota Center, a six-story, 119,000 s.f. office building located in Downtown Fargo which NetREIT acquired in 2011. At the time of acquisition, the property was nearly fully leased with approximately 82% of the property occupied by U.S. Bank under a lease expiring in December, 2012, 19 months following acquisition. U.S. Bank physically occupied only a small portion of the property but they had subleased other portions to multiple tenants. At the time of acquisition, U.S. Bank had indicated it would not renew their lease. However, after discussions with the subtenants, NetREIT was confident that most of the subtenants would sign new direct leases if the property was renovated.

Due to the significant upcoming rollover, NetREIT was able to acquire the property at a price of \$9.6 million, which represented an attractive cap rate of 14% and was less than one-half of replacement cost. The property was acquired with a \$5.7 million bridge loan.

Following acquisition, NetREIT invested \$2.9 million converting the building to Class “A” standards by renovating the common areas, implementing automated parking management, and constructing tenant improvements. Leases were signed with five former subtenants, including U.S. Bank which ended up leasing a full floor.

In 2014, the property was 83% leased and appraised at \$14.8 million and we refinanced with a new \$11.1 million loan.

As of July, 2016, the property is 97% leased with notable tenants including Merrill Lynch, U.S. Bank, Alerus Bank, Atos, UBS, and HDR Engineering. The property is currently valued at over \$17 million.

In summary, NetREIT invested a total of \$12.5 million in the property and refinanced out proceeds of \$11.1 million. The property currently generates NOI of approximately \$1.3 million.