

Report of Organizational Actions Affecting Basis of Securities

▶ See separate instructions.

Part I Reporting Issuer

1 Issuer's name		2 Issuer's employer identification number (EIN)	
NetREIT, Inc.		31-0841255	
3 Name of contact for additional information	4 Telephone No. of contact	5 Email address of contact	
Grant Harbert	760-471-8536	gharbert@netreit.com	
6 Number and street (or P.O. box if mail is not delivered to street address) of contact		7 City, town, or post office, state, and Zip code of contact	
1282 Pacific Oaks Place		Escondido, CA 92029	
8 Date of action		9 Classification and description	
Payment Dates: 2/12/16, 5/13/16, 8/12/16		Common Stock -Series A -\$0.01 Par Value	
10 CUSIP number	11 Serial number(s)	12 Ticker symbol	13 Account number(s)

Part II Organizational Action Attach additional statements if needed. See back of form for additional questions.

14 Describe the organizational action and, if applicable, the date of the action or the date against which shareholders' ownership is measured for the action ▶ During 2016, issuer paid quarterly distributions on 2/12, 5/13 and 8/12 to its shareholders of record on 12/31/15, 3/31 & 6/30. At this time based on reasonable assumptions by NetREIT, these distributions are expected to be a return of capital as NetREIT is not expected to have any earnings or profits (current or accumulated) during 2016. Pursuant to the applicable Treasury Regulations under Section 6045B, if these assumptions turn out to be incorrect, NetREIT will file a corrected Form 8937 within 45 days of such determination.

15 Describe the quantitative effect of the organizational action on the basis of the security in the hands of a U.S. taxpayer as an adjustment per share or as a percentage of old basis ▶ At this time based on reasonable assumptions by NetREIT, this distribution is expected to be a non-taxable return of capital (and a reduction of a U.S. shareholder's tax basis) to the extent of a U.S. Shareholder's tax basis in each of its NetREIT, Inc. shares, with any remaining amount being taxed as a capital gain pursuant to Internal Revenue Code Section 301(c)(1)-(3).

16 Describe the calculation of the change in basis and the data that supports the calculation, such as the market values of securities and the valuation dates ▶ NetREIT, Inc. expects the distribution shown below to be a return of capital since NetREIT, Inc. is not expected to have any earnings or profits (current or accumulated) in 2016. At this time based on reasonable assumptions, 100% of this distribution is expected to be a return of capital.

Declaration Date	Record Date	Payment Date	Total Per Share Distribution	Return of Capital
12/11/15	12/31/15	2/12/16	\$0.10	\$0.10
3/31/16	3/31/16	5/13/16	\$0.10	\$0.10
6/24/16	6/30/16	8/12/16	\$0.10	\$0.10

Part II Organizational Action (continued)

17 List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based ▶ Section 301(c) of the Internal Revenue Code.

18 Can any resulting loss be recognized? ▶ N/A

19 Provide any other information necessary to implement the adjustment, such as the reportable tax year ▶ None

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Sign Here

Signature ▶ *Grant Harbert* Date ▶ 8/27/16

Print your name ▶ Grant Harbert Title ▶ Chief Financial Officer

Paid Preparer Use Only	Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN
	Firm's name ▶				Firm's EIN ▶
	Firm's address ▶				Phone no.