

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.		33-0841255	
3 Name of contact for additional information	4 Telephone No. of contact	5 Email address of contact	
Kenneth W Elsberry	760-471-8536	kelsberry@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: 2/13, 5/15, 8/14 & 11/13/2015		Distribution to Shareholders of Issuer's 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 the year 2015 distributions to all shareholders aggregated \$0.40 per share. Payments of \$0.10 per share per quarter were paid on February 13, 2015, May 15, 2015, August 14, 2015 and November 13, 2015.

During January 2016 the Company calculated its earnings for the year 2015 to determine the portion of the distributions that were designated as a return of capital.

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 ▶ NetREIT has determined that of such distributions described above all 100% (or \$0.40 per share) will be treated as a return of capital under Section 301(c)(2). Generally, the portion of the distribution on the common stock that is treated as a return of capital should reduce the tax basis in the shares of common stock up to a shareholder's adjusted basis in the common stock, with any excess treated as capital gains pursuant to Section 301(c)(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 ▶ As described above, NetREIT has determined that of such distributions described above, 100% (or \$0.40 per share) will be treated as a return of capital under Section 301(c)(2).

Declaration Date	Record Date	Payment Date	Total Per Share Distribution	2014 Return of Capital
12/12/14	12/31/14	2/13/15	\$0.10	\$0.10
04/24/15	03/31/15	5/15/15	\$0.10	\$0.10
04/24/15	06/30/15	8/15/15	\$0.10	\$0.10
09/11/15	09/30/15	11/13/15	\$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 30(c) & 316(a) 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 ▶ *Kenneth W Elsberry* Date ▶ 2/11/16

Print your name ▶ Kenneth W Elsberry 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.			