

NETREIT

CODE OF ETHICS AND CONDUCT

PURPOSE

This Code of Ethics and Conduct (“Code”) contains general guidelines for conducting the business of NetREIT (“Company”) with the highest standards of business ethics, and has been adopted by the Company to ensure compliance with Section 406 under the Sarbanes-Oxley Act of 2002 and the rules adopted to implement Section 406.

This Code does not attempt to identify all possible conflicts of interest, and literal compliance with each of its specific provisions, will not shield employees (collectively “personnel”) from conduct that violates a fiduciary duty to the Company shareholders.

This Code applies to all personnel, and you will be required to certify that you have read, understand, and are in compliance with the relevant portions of the Code.

In addition, specific sections of the Code, including but not limited to Section 406, will apply additional restrictions and requirements to the following personnel:

- principal executive officer;
- principal financial officer;
- controller;
- vice-president finance;
- personnel deemed to be performing similar critical financial and accounting functions
- Access personnel.

GENERAL PRINCIPLES

Conflicts of Interest

A conflict of interest may arise from many different scenarios, including but not limited to outside employment, improper personal benefits, financial interests or other financial transactions. The Company requires that personnel disclose any situation that reasonably would be expected to give rise to a conflict of interest.

Company personnel (including agents) will at all times conduct themselves with integrity and distinction, placing first the interests of the Company shareholders, tenants, and customers. All personnel must scrupulously avoid serving their own personal interests ahead of the shareholders, tenants, and customers. No personnel may use Company property, information,

or his or her position with the Company for personal gain. Additionally no personnel may compete with the Company either directly or indirectly or take advantage of their position.

Avoiding Conflicts

All personnel should promote:

- Fair, full, accurate, timely and understandable disclosure in reports and documents filed with the Securities and Exchange Commission (SEC) and in other public communications made by the Company;
- Compliance with applicable laws and governmental rules and regulations;
- Prompt internal reporting of violations of the Code to an appropriate person or persons identified in the Code;
- Accountability for adherence to the Code.

Securities Transactions

All securities transactions of personnel of NetREIT shall be conducted consistent with this Code and in such a manner as to avoid any actual or potential conflict of interest or any abuse of an individual's position of trust and responsibility.

APPLICABILITY OF RESTRICTIONS AND PROCEDURES.

Compliance with Regulation FD & Rule 10b5-1

The Securities and Exchange Commission Regulation FD and Rule 10b5-1, Regulation FD and 10b5-1 prohibits, among other things, the purchase or sale of a security of any issuer, on the basis of material nonpublic information about the security or issuer, in breach of a duty of trust or confidence that is owed directly, indirectly, or derivatively, to the issuer of that security or the shareholders of that issuer, or to any other person who is the source of the material nonpublic information.

REG FD rule reads as follows: "Whenever an issuer, or any person acting on its behalf, discloses any material nonpublic information regarding that issuer or its securities to [certain enumerated persons], the issuer shall make public disclosure of that information... simultaneously, in the case of an intentional disclosures; and ... promptly, in the case of a non-intentional disclosure."

This information includes but is not limited to financial statements, board meetings, new properties, stock dividends or dividend increases and/or anything that is not in the Private Placement Memorandum, Supplement or has been filed in a Form 8-K.

To ensure compliance with Regulation FD, the Company has designated the principal executive officer, principal financial officer, and vice-president finance as the only personnel

authorized to disclose information about the Company in response to requests from securities market professionals or stockholders. Any request for information from these individuals should be promptly forwarded to the appropriate Company officer for response.

Gifts & Entertainment

All personnel are prohibited from receiving any gift or other thing of more than \$100.00 in value from any person or entity that does business with or on behalf of the Company without prior disclosure and written permission of the President.

Service as a Director

All personnel are prohibited from serving on the boards of directors of publicly traded companies, absent prior authorization of the Board of Directors of NetREIT based upon a determination that the board service would be consistent with the interests of the NetREIT and its shareholders. In the relatively small number of instances in which board service is authorized, personnel serving as directors normally should be isolated from those making investment decisions through “Chinese Wall” or other procedures.

Violation of Code Reporting

Any person who suspects or is aware of any violation of the Code or Section 406 under the Sarbanes-Oxley Act of 2002 or Regulation FD and 10b5-1 should report such violations to the Chairman of the Audit Committee, Mr. Bill Allen, who can be reached at (619) 743-4668 or via email address at whasga68@pacbell.net.

Waivers of the Code

Waivers of this Code for personnel may only be made by an executive officer of this Company, including the principal executive officer and principal financial officer. Any waiver of this Code for Company Directors may be made only by the Board of Directors or the appropriate committee of the Board of Directors.

Review by the Board of Directors

Management of the Company will prepare an annual written report to the Board of Directors which will:

- Summarize existing procedures concerning personal investing and any changes in the procedures made during the past year;

- Describe any issues arising under the Code or procedures since the last report to the Board of Directors, including, but not limited to, information about material violations of the Code, or procedures and sanctions imposed in response to the material violations; and
- Certify that the Company has adopted procedures reasonably necessary to prevent all personnel from violating this Code.

Policy against Retaliation

The Company prohibits retaliation against an employee who, in good faith, seeks help or reports known or suspected violations. Any reprisal or retaliation against personnel because he or she sought assistance in good faith will be subject to disciplinary action, which may include potential termination.

COMPLIANCE PROCEDURES

Access personnel means any employee of the Company, a Company-owned property, or a company in a control relationship with the Company who in connection with their regular functions or duties, makes, participates in, or obtains information regarding the operations and controls established by the Company.

Initial Holding Reports

Except as otherwise provided below, all Access personnel shall report to the Chief Financial Officer, no later than 30 days after becoming employed, the following information. An independent director of the Company need not make an initial holdings report:

- The securities description, number of shares or principal amount of each security in which you had any direct or indirect beneficial ownership when you became Access personnel;
- The name of any broker, dealer or bank with whom you maintained an account in which any securities were held as of the date you became Access personnel; and
- The date that you submitted the report.

Monthly Transaction Reports

Except as otherwise provided below, all Access personnel shall report to the Compliance Officer, no later than 20 days after the end of each calendar month, the following information:

- Transactions in any covered security in which the Access personnel has, or by reason of such transaction acquires, any direct or indirect beneficial ownership in a security;
- The date of the transaction, the security description, the number of shares or principal amount and the interest rate and maturity date, if applicable;
- The nature of the transaction (i.e., purchase, sale of any other type of acquisition or disposition);
- The price of the security at which the transaction was effected;
- The name of the broker, dealer or bank with or through which the transaction was effected; and
- With respect to any account established in which any securities were held during the month, the name of the broker, dealer or bank with whom the Access personnel established the account and the date the account was established.

An independent director need only report a transaction in a quarterly transaction report.

Access personnel need not make a monthly transaction report under this section if the report would duplicate information contained in broker trade confirmations or account statements received by the Company in the time period required and provided that all of the information is contained in the broker trade confirmations or account statements, or in the records of the Company.

Annual Holdings Reports

All Access personnel shall report to the Company at the end of each calendar year the following information:

- The title, number of shares or principal amount of each security in which the Access personnel had any direct or indirect beneficial ownership;
- The name of any broker, dealer or bank with whom the Access personnel maintains an account in which any securities are held for the direct or indirect benefit of the Access personnel; and
- The date the report is submitted by the Access personnel.

An independent director of the Company need not make an annual holdings report. Access personnel need not make a report under this section with respect to transactions effected for, and securities held in, any account over which the Access personnel has no direct or indirect influence or control

Certification of Compliance with Codes of Ethics

All personnel will be required to certify annually that they have read and understand the Code of ethics and recognize that they are subject to the Code.

In addition, all Access personnel will be required to certify annually that they have complied with the requirements of this Code and have disclosed or reported all personal securities transactions required to be disclosed or reported pursuant to the requirements of this Code.

Conclusion

This Code contains general guidelines for conducting the business of the Company consistent with the highest standards of business ethics. If you have any questions about these guidelines, please contact your supervisor, a company officer, or the General Counsel.