

NNN Healthcare/Office REIT, Inc.

Form 8-K/A

May 23, 2007

Table of Contents

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 8-K/A
Amendment No. 2
CURRENT REPORT**

Pursuant to Section 13 OR 15(d) of The Securities Exchange Act of 1934

Date of Report (Date of earliest event reported):

March 9, 2007

NNN Healthcare/Office REIT, Inc.

(Exact name of registrant as specified in its charter)

Maryland

(State or other jurisdiction
of incorporation)

333-133652

(Commission
File Number)

20-4738467

(I.R.S. Employer
Identification No.)

1551 N. Tustin Avenue, Suite 200

Santa Ana, California

(Address of principal executive
offices)

92705

(Zip Code)

Registrant's telephone number, including area code: **714-667-8252**

Not Applicable

(Former name or former address, if changed since last report.)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

TABLE OF CONTENTS

Item 9.01 Financial Statements and Exhibits.

SIGNATURES

Table of Contents

INFORMATION TO BE INCLUDED IN THE REPORT

We previously filed a Form 8-K, or the Form 8-K, on March 12, 2007, and a Form 8-K/A, Amendment No. 1, on March 28, 2007, reporting our acquisition of a 100% membership interest in NNN Gallery Medical, LLC, the entity that owns The Gallery Professional Building, or the Gallery property, located in Saint Paul, Minnesota as described in such Form 8-K. We are filing this Form 8-K/A, Amendment No. 2, to provide the financial information required by Item 9.01.

Item 9.01 Financial Statements and Exhibits.

(a) Financial statements of businesses acquired.

The financial statements required by Item 9.01(a) are incorporated herein by reference to pages F-31 through F-35 of Post-Effective Amendment No. 1 to NNN Healthcare/Office REIT, Inc.'s Registration Statement on Form S-11 (File No. 333-133652), which was filed with the Securities and Exchange Commission on April 23, 2007.

(b) Pro forma financial information.

NNN Healthcare/Office REIT, Inc.

| | | |
|------|-----------------------------------------------------------------------------------------------------------------------------------------------------|---|
| I. | Unaudited Pro Forma Condensed Consolidated Financial Statements | 3 |
| II. | Unaudited Pro Forma Condensed Consolidated Balance Sheet as of December 31, 2006 | 4 |
| III. | Unaudited Pro Forma Condensed Consolidated Statement of Operations for the Period from April 28, 2006 (Date of Inception) through December 31, 2006 | 5 |
| IV. | Notes to Unaudited Pro Forma Condensed Consolidated Financial Statements | 6 |

Table of Contents

NNN Healthcare/Office REIT, Inc.
Unaudited Pro Forma Condensed Consolidated Financial Statements
for the Period from April 28, 2006 (Date of Inception) through
December 31, 2006 and as of December 31, 2006

The accompanying unaudited pro forma condensed consolidated balance sheet as of December 31, 2006 is presented as if we acquired the Southpointe Office Parke and Epler Parke I, or the Southpointe property, Crawfordsville Medical Office Park and Athens Surgery Center, or the Crawfordsville property, The Gallery Professional Building, or the Gallery property, and Lenox Office Park, Building G, or the Lenox property, or collectively the Properties, on December 31, 2006. The properties were acquired using a combination of debt financing and proceeds, net of offering costs, received from our initial public offering through the acquisition date at \$10.00 per share. The pro forma adjustments assume these proceeds were raised as of December 31, 2006.

The accompanying unaudited pro forma condensed consolidated statement of operations for the period from April 28, 2006 (Date of Inception) through December 31, 2006 is presented as if we acquired the Properties on April 28, 2006 (Date of Inception). The properties were acquired using a combination of debt financing and proceeds, net of offering costs, received from our initial public offering through the acquisition date at \$10.00 per share. The pro forma adjustments assume these proceeds were raised as of April 28, 2006 (Date of Inception).

The accompanying unaudited pro forma condensed consolidated financial statements are unaudited and are subject to a number of estimates, assumptions, and other uncertainties, and do not purport to be indicative of the actual results of operations that would have occurred had the acquisitions reflected therein in fact occurred on the dates specified, nor do such financial statements purport to be indicative of the results of operations that may be achieved in the future. In addition, the unaudited pro forma condensed consolidated financial statements include pro forma allocations of the purchase price of the Properties based upon preliminary estimates of the fair value of the assets acquired and liabilities incurred or assumed in connection with the acquisitions and are subject to change.

Table of Contents

NNN Healthcare/Office REIT, Inc.
Unaudited Pro Forma Condensed Consolidated
Balance Sheet as of December 31, 2006

| | Company Historical (A) | Acquisition of Southpointe Property (B) | Acquisition of Crawfordsville Property (C) | Acquisition of Gallery Property (D) | Acquisition of Lenox Property (E) | Company Pro Forma |
|------------------------------------|---------------------------------------|----------------------------------------------------------------|-------------------------------------------------------------------|------------------------------------------------------------|----------------------------------------------------------|----------------------------------|
| ASSETS | | | | | | |
| Real estate investments: | | | | | | |
| Land and building and improvements | \$ | \$ 2,889,002 | \$ 698,651 | \$ 1,222,696 | \$ 1,670,268 | \$ 6,480,617 |
| | | 9,962,564 | 5,435,201 | 5,298,549 | 13,601,051 | 34,297,365 |
| | | 12,851,566 | 6,133,852 | 6,521,245 | 15,271,319 | 40,777,982 |
| Cash and cash equivalents | 202,000 | | | | | 202,000 |
| Restricted cash | | 328,714 | 34,451 | 636,829 | 600,519 | 1,600,513 |
| Prepaid expenses | 179,878 | | | | 24,232 | 204,110 |
| Due from affiliates | | | | | 44,673 | 44,673 |
| Identified intangible assets | | 2,802,217 | 1,075,340 | 2,671,085 | 3,247,267 | 9,795,909 |
| Other assets | 3,446 | 68,262 | | 231,104 | 46,753 | 349,565 |
| Total assets | \$ 385,324 | \$ 16,050,759 | \$ 7,243,643 | \$ 10,060,263 | \$ 19,234,763 | \$ 52,974,752 |

LIABILITIES, MINORITY INTEREST AND STOCKHOLDERS (DEFICIT) EQUITY

| | | | | | | |
|-------------------------------------------------------------------|----------------|-------------------|------------------|------------------|-------------------|-------------------|
| Liabilities: | | | | | | |
| Mortgage loan payable | \$ | \$ 9,146,000 | \$ 4,264,000 | \$ 6,000,000 | \$ 12,000,000 | \$ 31,410,000 |
| Unsecured note payable to affiliate | | 5,115,000 | 2,385,000 | 1,000,000 | | 8,500,000 |
| Accrued liabilities | 61,944 | 378,354 | 101,940 | 32,629 | 62,153 | 637,020 |
| Due to affiliates | 312,426 | 512,262 | 207,000 | 531,135 | | 1,562,823 |
| Security deposits and prepaid rent | | 85,505 | 25,066 | 3,572 | 52,274 | 166,417 |
| Identified intangible liabilities | | 37,106 | | 80,759 | | 117,865 |
| Total liabilities | 374,370 | 15,274,227 | 6,983,006 | 7,648,095 | 12,114,427 | 42,394,125 |
| Commitments and contingencies | | | | | | |
| Minority interest of limited partner in Operating Partnership | 200,000 | | | | | 200,000 |
| Stockholders' equity: | | | | | | |
| Preferred stock, \$0.01 par value; 100,000,000 shares authorized; | | | | | | |

| | | | | | | |
|--------------------------------------|------------|---------------|--------------|---------------|---------------|---------------|
| one issued and outstanding | | | | | | |
| Common stock, \$0.01 par value; | | | | | | |
| 10,000,000,000 shares authorized; | | | | | | |
| 10,200 shares issued and | | | | | | |
| outstanding | 162 | 877(F) | 294(F) | 2,726(F) | 8,046(F) | 12,105 |
| Additional paid-in capital | 52,563 | 775,655(F) | 260,343(F) | 2,409,442(F) | 7,112,290(F) | 10,610,293 |
| Accumulated deficit | (241,771) | | | | | (241,771) |
| Total stockholders' (deficit) equity | (189,046) | 776,532 | 260,637 | 2,412,168 | 7,120,336 | 10,380,627 |
| Total liabilities, minority interest | | | | | | |
| and stockholders' (deficit) equity | \$ 385,324 | \$ 16,050,759 | \$ 7,243,643 | \$ 10,060,263 | \$ 19,234,763 | \$ 52,974,752 |

The accompanying notes are an integral part of these pro forma condensed consolidated financial statements.

Table of Contents

NNN Healthcare/Office REIT, Inc.
Unaudited Pro Forma Condensed Consolidated Statement of Operations
for the Period from April 28, 2006 (Date of Inception) through December 31, 2006

| | Company Historical (G) | Acquisition of Southpointe Property (H) | Acquisition of Crawfordsville Property (I) | Acquisition of Gallery Property (J) | Acquisition of Lenox Property (K) | Company Pro Forma |
|------------------------------------------------------------------------|---------------------------------------|----------------------------------------------------------------|-------------------------------------------------------------------|------------------------------------------------------------|----------------------------------------------------------|------------------------------|
| Rental and other income | \$ | \$ 1,172,872(L) | \$ 563,701(L) | \$ 1,449,026(L) | \$ 1,546,288(L) | \$ 4,731,887 |
| Rental expenses | | 105,567 | 105,567 | 485,879 | 351,890 | 1,048,903 |
| Property taxes and assessments | | 255,797 | 62,258 | 97,447 | 25,715 | 441,217 |
| Insurance | | 4,737 | 2,030 | 31,805 | 25,038 | 63,610 |
| Management fees | | 51,138(M) | 18,969(M) | 57,683(M) | 61,851(M) | 189,641 |
| General and administrative | 241,771 | 126,966(N) | 59,471(N) | 238,911(N) | 350,194(N) | 1,017,313 |
| Interest expense | | 375,832(O) | 175,505(O) | 245,807(O) | 473,517(O) | 1,270,661 |
| Depreciation and amortization | | 823,680(L) | 190,165(L) | 702,072(L) | 1,138,831(L) | 2,854,748 |
| | 241,771 | 1,743,717 | 613,965 | 1,859,604 | 2,427,036 | 6,886,093 |
| Loss from continuing operations | \$ (241,771) | \$ (570,845) | \$ (50,264) | \$ (410,578) | \$ (880,748) | \$ (2,154,206) |
| Loss per share basic and diluted continuing operations | \$ (149.03) | | | | | \$ (1.80) |
| Weighted average number of common shares outstanding basic and diluted | 1,622 | 87,744(P) | 29,450(P) | 272,561(P) | 804,558(P) | 1,195,935 |

The accompanying notes are an integral part of these pro forma condensed consolidated financial statements.

Table of Contents

NNN Healthcare/Office REIT, Inc.

Notes to Unaudited Pro Forma Condensed Consolidated Financial Statements

1. Notes to Unaudited Pro Forma Condensed Consolidated Balance Sheet as of December 31, 2006.
 - (A) As reported in our December 31, 2006 Annual Report on Form 10-K.
 - (B) Represents the purchase price of the assets acquired and liabilities incurred or assumed by NNN Healthcare/Office REIT Holdings, L.P. in connection with the acquisition of NNN Southpointe, LLC. The purchase price of \$14,800,000, plus closing costs and acquisition fees, was financed through the assumption of an existing mortgage loan payable of \$9,146,000 on the property with LaSalle Bank National Association, or LaSalle, under a secured 10-year, fixed rate, 6.113% per annum, interest-only loan and approximately \$5,115,000 of the proceeds from a \$7,500,000, six month, unsecured, 6.86% per annum, interest-only loan with NNN Realty Advisors, Inc., or NNN Realty Advisors, or our Sponsor, and the net proceeds from the issuance of approximately 87,744 shares of common stock from our initial public offering. An acquisition fee of \$444,000, or 3.0% of the purchase price, was paid to our Advisor and its affiliate. The purchase price allocations are preliminary and are subject to change.
 - (C) Represents the purchase price of the assets acquired and liabilities incurred or assumed by NNN Healthcare/Office REIT Holdings, L.P. in connection with the acquisition of NNN Crawfordsville, LLC. The purchase price of \$6,900,000, plus closing costs and acquisition fees, was financed through the assumption of an existing mortgage loan payable of \$4,264,000 on the property with LaSalle under a secured 10-year, fixed rate, 6.123% per annum, interest-only loan and approximately \$2,385,000 of the proceeds from a \$7,500,000, six month, unsecured, 6.86% per annum, interest-only loan with NNN Realty Advisors and the net proceeds from the issuance of approximately 29,450 shares of common stock from our initial public offering. An acquisition fee of \$207,000, or 3.0% of the purchase price, was paid to our Advisor and its affiliate. The purchase price allocations are preliminary and are subject to change.
 - (D) Represents the purchase price of the assets acquired and liabilities incurred or assumed by NNN Healthcare/Office REIT Holdings, L.P. in connection with the acquisition of NNN Gallery Medical, LLC. The purchase price of \$8,800,000, plus closing costs and acquisition fees, was financed through the assumption of an existing mortgage loan payable of \$6,000,000 on the property with LaSalle under a secured 10-year, fixed rate, 5.76% per annum, interest-only loan and a \$1,000,000 six month, unsecured, 6.84% per annum, interest-only loan with NNN Realty Advisors and the net proceeds from the issuance of approximately 272,561 shares of common stock from our initial public offering. An acquisition fee of \$264,000, or 3.0% of the purchase price, was paid to our Advisor and its affiliate. The purchase price allocations are preliminary and are subject to change.
 - (E) Represents the purchase price of the assets acquired and liabilities incurred or assumed by NNN Healthcare/Office REIT Holdings, L.P. in connection with the acquisition of NNN Lenox Medical, LLC and NNN Lenox Medical Land, LLC. The purchase price of \$18,500,000, plus closing costs and acquisition fees, was financed through the assumption of an existing mortgage loan payable of \$12,000,000 on the property with LaSalle under a secured 10-year, fixed rate, 5.88% per annum, interest-only loan through February 1, 2011 and the net proceeds from the issuance of approximately 804,558 shares of common stock from our initial public offering. An acquisition fee of \$555,000, or 3.0% of the purchase price, was paid to our Advisor and its affiliate. The purchase price allocations are preliminary and are subject to change.
 - (F) The properties were acquired using proceeds, net of offering costs, received from our Offering through the acquisition date at \$10.00 per share. The pro forma adjustments assume these proceeds were raised as of December 31, 2006.
2. Notes to Unaudited Pro Forma Condensed Consolidated Statement of Operations for the Period from April 28, 2006 (Date of Inception) through December 31, 2006.
 - (G) As reported in our December 31, 2006 Annual Report on Form 10-K.
 - (H) Amounts represent the estimated operations of the Southpointe property for the period from April 28, 2006 (Date of Inception) through December 31, 2006.

Table of Contents

NNN Healthcare/Office REIT, Inc.

Notes to Unaudited Pro Forma Condensed Consolidated Financial Statements

(I) Amounts represent the estimated operations of the Crawfordsville property for the period from April 28, 2006 (Date of Inception) through December 31, 2006.

(J) Amounts represent the estimated operations of the Gallery property for the period from April 28, 2006 (Date of Inception) through December 31, 2006.

(K) Amounts represent the estimated operations of the Lenox property for the period from April 28, 2006 (Date of Inception) through December 31, 2006.

(L) Depreciation expense on the portion of the purchase price allocated to building is recognized using the straight-line method and a 39 year life. Depreciation expense on improvements is recognized using the straight-line method over an estimated useful life between 3 and 114 months. Amortization expense on the identified intangible assets excluding, above and below market leases, is recognized using the straight-line method over an estimated useful life between 3 and 234 months.

The amounts allocated to above market leases are included in the identified intangible assets and below market lease values are included in identified intangible liabilities in the accompanying unaudited pro forma condensed consolidated balance sheet and are amortized to rental income over the weighted-average remaining term of the acquired leases with each property. Pro forma amortization of above and below market leases amortized to rental income for the period from April 28, 2006 (Date of Inception) through December 31, 2006 is \$(16,112), \$0, \$6,952 and \$0 for the Southpointe property, Crawfordsville property, Gallery property and Lenox property, respectively. The purchase price allocations, and therefore depreciation and amortization expense, are preliminary and subject to change.

(M) Pursuant to our advisory agreement, our advisor or its affiliates are entitled to receive, for services in managing our properties, a monthly property management fee of up to 4.0% of the gross cash receipts of the property. Historical rates varied between 2.25% and 6.0%. As a result, the pro forma amount shown is reflective of our current advisory agreement.

(N) Pursuant to our advisory agreement, our advisor or its affiliates are entitled to receive a monthly asset management fee calculated at one-twelfth of 1.0% of average invested assets, calculated as of the close of business on the last day of each month, subject to our stockholders receiving annualized distributions in an amount equal to at least 5.0% per annum on average invested capital. At the time of acquisition of each property, the stockholders had received annualized distributions greater than 5.0% per annum. As such, an asset management fee is reflected for the period from April 28, 2006 (Date of Inception) through December 31, 2006 of \$90,424, \$42,553, \$56,875 and \$119,435 for the Southpointe property, Crawfordsville property, Gallery property and Lenox property, respectively.

(O) We financed the purchase of the Southpointe property using a 10-year, fixed rate, 6.113% per annum mortgage loan and a six month unsecured note. We financed the purchase of the Crawfordsville property using a 10-year, fixed rate, 6.123% per annum mortgage loan and a six month unsecured note. We financed the purchase of the Gallery property using a 10-year, fixed rate, 5.76% per annum mortgage loan and a six month unsecured note. We financed the purchase of the Lenox property using a 10-year, fixed rate, 5.88% per annum mortgage loan. We have repaid the six month unsecured notes from proceeds from our offering. As such, amount represents interest expense, and the amortization of the corresponding debt issuance costs, for all properties on only the 10-year, fixed rate mortgage loans.

(P) Represents the weighted-average number of shares of common stock from our initial public offering required to generate sufficient offering proceeds to fund the purchase of each of the Southpointe, Crawfordsville, Gallery and Lenox properties. The calculation assumes the investments were acquired on April 28, 2006 (Date of Inception).

Table of Contents

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

NNN Healthcare/Office REIT, Inc.

Date: May 23, 2007

By: /s/ Scott D. Peters

Name: *Scott D. Peters*

Title: *Chief Executive Officer*