

CINCINNATI BELL INC
Form 8-K
July 31, 2008
UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report: July 31, 2008

CINCINNATI BELL INC.
(Exact name of registrant as specified in its charter)

Ohio 1-8519 31-1056105
(State or other jurisdiction (Commission (IRS Employer
of incorporation) File Number) Identification No.)
221 East Fourth Street

Cincinnati, Ohio 45202
(Address of principal executive
offices) (Zip Code)

Registrant's telephone number, including area code: (513) 397-9900

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))

**Form 8-K Cincinnati Bell
Inc.**

Section 2 - Financial Information

Item 2.02 Results of Operations and Financial Condition

On July 31, 2008, Cincinnati Bell Inc. reported its financial results for the second quarter 2008. The earnings release is attached as Exhibit 99.1.

Section 7 - Regulation FD

Item 7.01 Regulation FD Disclosure

On July 31, 2008, John F. Cassidy, the Company's president and chief executive officer, and Brian Ross, the Company's chief operating officer, will present second quarter 2008 results. The presentation will be webcast both live and on-demand. To listen, go to the Investor Relations section of www.cincinnati-bell.com, click on the Webcasts/Presentations tab and follow the instructions for accessing the webcast.

A copy of the presentation to be made during the meeting is attached to this Current Report as Exhibit 99.2.

The information in Items 2.02 and 7.01 and the exhibits attached to this Current Report as Exhibits 99.1 and 99.2 are being furnished and shall not be deemed "filed" for purposes of Section 18 of the Securities Act of 1934 or otherwise subject to the liabilities of that Section nor shall they be deemed incorporated by reference into any filing under the Securities Act of 1933 or the Securities Act of 1934, except as shall be expressly stated by specific reference in such filing.

Item 9.01 Financial Statements and Exhibits

(c) Exhibits

Exhibit 99.1 Press release dated July 31, 2008

Exhibit 99.2 Presentation made during the Cincinnati Bell second quarter 2008 earnings conference call on July 31, 2008

Forward Looking Statements

Certain of the statements and predictions contained in this report constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act. In particular, statements, projections or estimates that include or reference the words "believes," "anticipates," "plans," "intends," "expects," "will," or any similar expression fall within the safe harbor for forward-looking statements contained in the Reform Act. Actual results or outcomes may differ materially from those indicated or suggested by any such forward-looking statement for a variety of reasons, including, but not limited to: Cincinnati Bell's ability to maintain its market position in communications services, including wireless, wireline and Internet services; general economic trends affecting the purchase or supply of telecommunication services; world and national events that may affect the ability to provide services; changes in the regulatory environment; any rulings, orders or decrees that may be issued by any court or arbitrator; restrictions imposed under various credit facilities and debt instruments; work stoppages caused by labor disputes; and Cincinnati Bell's ability to develop and launch new products and services. More information on potential risks and uncertainties

is available in recent filings with the Securities and Exchange Commission, including Cincinnati Bell's Form 10-K report, Form 10-Q reports and Form 8-K reports. The forward-looking statements included in this report represent Company estimates as of July 31, 2008. Cincinnati Bell anticipates that subsequent events and developments will cause its estimates to change.

Form 8-K **Cincinnati Bell
Inc.**

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.

CINCINNATI BELL INC.

By: /s/ Christopher J. Wilson
Christopher J. Wilson
Vice President, General Counsel and Secretary

Date: July 31, 2008

3

Exhibit Index

Exhibit No. Exhibit

- 99.1 Press release dated July 31, 2008
- 99.2 Presentation made during the Cincinnati Bell second quarter 2008 earnings conference call on July 31, 2008

4

: #000000; background: #ffffff; margin-top: 6pt; margin-left: 0; margin-right: 0; margin-bottom: 0; "> The following is a summary of some non-tax considerations associated with an investment in our shares by a Benefit Plan (as defined below). This summary is based on provisions of the Employee Retirement Income Security Act of 1974, as amended, referred to as ERISA, and the Internal Revenue Code, through the date of this prospectus, and relevant regulations, rulings and opinions issued by the Department of Labor and the IRS. We cannot assure you that there will not be adverse court decisions or legislative, regulatory or administrative changes that would significantly modify the statements expressed herein. Any such changes may or may not apply to transactions entered into prior to the date of their enactment.

In addition, this summary does not include a discussion of any laws, regulations or statutes that may apply to investors not covered by ERISA, including, for example, state statutes that impose fiduciary responsibility requirements in connection with the investment of assets of governmental plans, which may have prohibitions that operate similarly to the prohibited transaction rules of ERISA and the Internal Revenue Code.

We collectively refer to employee pension benefit plans subject to ERISA (such as profit sharing, section 401(k) and pension plans), other retirement plans and accounts subject to Section 4975 of the Internal Revenue Code but not subject to ERISA (such as IRAs), and health and welfare plans subject to ERISA as Benefit Plans. Each fiduciary or other person responsible for the investment of the assets of a Benefit Plan seeking to invest plan assets in our shares must, taking into account the facts and circumstances of such Benefit Plan, consider, among other matters:

whether the investment is consistent with the applicable provisions of ERISA and the Internal Revenue Code;

whether, under the facts and circumstances pertaining to the Benefit Plan in question, the fiduciary's responsibility to the plan has been satisfied;

whether the investment will produce UBTI to the Benefit Plan (see Federal Income Tax Considerations Treatment of Tax-Exempt Stockholders);

the need to value at fair market value the assets of the Benefit Plan annually; and

whether the assets of the entity in which the investment is made will be treated as plan assets of the Benefit Plan investor.

With respect to Benefit Plans which are subject to ERISA, a plan fiduciary's responsibilities include the following duties:

to act solely in the interest of plan participants and beneficiaries and for the exclusive purpose of providing benefits to them, as well as defraying reasonable expenses of plan administration;

to invest plan assets prudently;

to diversify the investments of the plan unless it is clearly prudent not to do so;

to ensure sufficient liquidity for the plan;

to follow the plan document and other instruments governing the plan insofar as such documents and instruments are consistent with ERISA; and

to consider whether an investment would constitute or give rise to a prohibited transaction under ERISA.

ERISA also requires that the assets of a Benefit Plan subject to ERISA be held in trust and that the trustee, or a duly authorized named fiduciary or investment manager, have exclusive authority and discretion to manage and control the assets of the plan.

Table of Contents**Prohibited Transactions**

Section 406 of ERISA and Section 4975 of the Internal Revenue Code prohibit specified transactions involving the assets of a Benefit Plan. In general, these are transactions between the plan and any person that is a party in interest or disqualified person with respect to that Benefit Plan. These transactions are prohibited regardless of how beneficial they may be for the Benefit Plan. Prohibited transactions include the sale, exchange or leasing of property, and the lending of money or the extension of credit, between a Benefit Plan and a party in interest or disqualified person. The transfer to, or use by or for the benefit of, a party in interest, or disqualified person of any assets of a Benefit Plan is also prohibited. A fiduciary of a Benefit Plan also is prohibited from engaging in self-dealing, acting for a person who has an interest adverse to the plan or receiving any consideration for its own account from a party dealing with the plan in a transaction involving plan assets. Furthermore, Section 408 of the Internal Revenue Code states that assets of an IRA trust may not be commingled with other property except in a common trust fund or common investment fund.

Plan Asset Considerations

In order to determine whether an investment in our shares by Benefit Plans creates or gives rise to the potential for either prohibited transactions or commingling of assets as referred to above, a fiduciary must consider whether an investment in our shares by Benefit Plans will cause our assets to be treated as assets of the investing Benefit Plans. Although neither ERISA nor the Internal Revenue Code specifically define the term plan assets, ERISA and a U.S. Department of Labor Regulation, referred to collectively as the Plan Asset Rules, provides guidelines as to the circumstances in which the underlying assets of an entity will be deemed to constitute assets of a Benefit Plan when the plan invests in that entity. Under the Plan Asset Rules, if a Benefit Plan acquires an equity interest in an entity which is neither a publicly-offered security nor a security issued by an investment company registered under the Investment Company Act of 1940, the Benefit Plan's assets would include both the equity interest and an undivided interest in each of the entity's underlying assets unless an exception from the Plan Asset Rules applies.

The regulation defines a publicly-offered security as a security that is:

widely-held;

freely-transferable; and

either (1) part of a class of securities registered under Section 12(b) or 12(g) of the Securities Exchange Act of 1934, or (2) sold in connection with an effective registration statement under the Securities Act of 1933, provided the securities are registered under the Securities Exchange Act of 1934 within 120 days (or such later time as may be allowed by the SEC) after the end of the fiscal year of the issuer during which the offering occurred.

The Plan Asset Rules provides that a security is widely held only if it is part of a class of securities that is owned by 100 or more investors independent of the issuer and of one another. A security will not fail to be widely held because the number of independent investors falls below 100 subsequent to the initial public offering as a result of events beyond the issuer's control. Although we anticipate that upon completion of this offering, our common stock will be widely held, our common stock will not be widely held until we sell shares to 100 or more independent investors.

Whether a security is freely transferable depends upon the particular facts and circumstances. For example, our shares are subject to certain restrictions on transferability intended to ensure that we continue to qualify for federal income tax treatment as a REIT. The Plan Asset Rules provide, however, that where the minimum investment in a public offering of securities is \$10,000 or less, a restriction on, or a prohibition of, transfers which would result in a termination or reclassification of the entity for state or federal tax purposes will not ordinarily affect a determination that such securities are freely transferable. The minimum investment in our shares is less than \$10,000; thus, the restrictions imposed upon shares in order to maintain our status as a REIT should not cause the shares to be deemed not freely transferable.

Table of Contents

Our shares of common stock are being sold in connection with an effective registration statement under the Securities Act of 1933. We expect to be exempt from registration as an investment company under the Investment Company Act. See Investment Objectives, Strategy and Criteria Investment Company Act Considerations.

In the event our assets could be characterized as plan assets of Benefit Plan investors that own shares of our common stock, one exception in the Plan Asset Rules provides that the assets of a Benefit Plan will not include the underlying assets of an entity in which the Benefit Plan invests if equity participation in the entity by benefit plan investors is not significant. Equity participation in an entity by benefit plan investors is considered significant if 25% or more of the value of any class of equity interests in the entity is held by such benefit plan investors. The terms benefit plan investor means (i) employee benefit plans subpart to Part 4 of Title I of ERISA, (ii) plans described in Section 4975(c)(i) of the Code, and (iii) certain entities or funds whose underlying assets are considered plan assets by reason of investment in such entities or funds by investors described in clause (i) and (ii).

Equity interests held by a person with discretionary authority or control with respect to the assets of the entity, and equity interests held by a person who provides investment advice for a fee (direct or indirect) with respect to such assets or any affiliate of any such person (other than a benefit plan investor), are disregarded for purposes of determining whether equity participation by benefit plan investors is significant. The Plan Asset Rules provide that the 25% of ownership test applies at the time of an acquisition by any person of the equity interests. In addition, an advisory opinion of the Department of Labor takes the position that a redemption of an equity interest by an investor constitutes the acquisition of an equity interest by the remaining investors (through an increase in their percentage ownership of the remaining equity interests). The Department of Labor position necessitates the testing of whether the 25% limitation has been exceeded at the time of a redemption of interests in the entity.

Our charter will prohibit benefit plan investors from owning, directly or indirectly, in the aggregate, 25% or more of our common stock prior to the date that either our common stock qualifies as a class of publicly offered securities or we qualify for another exemption in the Plan Asset Rules other than the 25% limitation. In addition, the charter also provides that we have the power to take certain actions to avoid having our assets characterized as plan assets under the Plan Asset Rules, including the right to redeem shares and to refuse to give effect to a transfer of shares. While we do not expect that we will need to exercise such power, we cannot give any assurance that such power will not be exercised. Based on the foregoing, we believe that our assets should not be deemed to be plan assets of any Benefit Plan that invests in our common stock.

In the event that our underlying assets were treated by the Department of Labor as the assets of investing Benefit Plans, our management would be treated as fiduciaries with respect to each Benefit Plan investor, and an investment in our shares might constitute an inappropriate delegation of fiduciary responsibility to our advisor and expose the fiduciary of the Benefit Plan to co-fiduciary liability under ERISA for any breach by our advisor of the fiduciary duties mandated under ERISA. Further, if our assets are deemed to be plan assets, an investment by an IRA in our shares might be deemed to result in an impermissible commingling of IRA assets with other property.

In addition, if our underlying assets are deemed to be the assets of each benefit plan investor, the prohibited transaction restrictions of ERISA and the Internal Revenue Code would apply to any transaction involving our assets. These restrictions would, for example, require that we avoid transactions with entities that are affiliated with us or our advisor and its or any other fiduciaries or parties-in-interest or disqualified persons with respect to the benefit plan investors unless such transactions otherwise were exempt, statutorily or administratively, from the prohibitions of ERISA and the Internal Revenue Code.

If a prohibited transaction were to occur, the Internal Revenue Code imposes an excise tax equal to 15% of the amount involved and authorizes the IRS to impose an additional 100% excise tax if the prohibited transaction is not corrected in a timely manner. These taxes would be imposed on any disqualified person who participates in the prohibited transaction. In addition, our advisor and possibly other fiduciaries of Benefit Plans subject to ERISA who permitted the prohibited transaction to occur or

Table of Contents

who otherwise breached their fiduciary responsibilities, or a non-fiduciary participating in a prohibited transaction, could be required to restore to the Benefit Plan any profits they realized as a result of the transaction or breach, and make whole the Benefit Plan for any losses incurred as a result of the transaction or breach. For those Benefit Plans that are outside the authority of the IRS, ERISA provides that the Secretary of the Department of Labor may impose civil penalties, which largely parallel the foregoing excise taxes imposed by the IRS, upon parties-in-interest that engage in a prohibited transactions. With respect to an IRA that invests in our shares, the occurrence of a prohibited transaction involving the individual who established the IRA, or his or her beneficiary, would cause the IRA to lose its tax-exempt status under Section 408(e)(2) of the Internal Revenue Code, and such individual would be taxable on the deemed distribution of all assets in the IRA.

Other Prohibited Transactions

Regardless of whether the our assets are characterized as plan assets under the Plan Asset Rules, a prohibited transaction could occur if we, our advisor, any selected dealer or any of their affiliates are a fiduciary (within the meaning of Section 3(21) of ERISA) with respect to any Benefit Plan purchasing our common stock. Accordingly, unless an administrative or statutory exemption applies, shares should not be purchased by a Benefit Plan with respect to which any of the above persons is a fiduciary. A person is a fiduciary with respect to a Benefit Plan under Section 3(21) of ERISA if, among other things, the person has discretionary authority or control with respect to plan assets or provides investment advice for a direct or indirect fee with respect to plan assets or has any authority to do so. Under a regulation issued by the Department of Labor, a person shall be deemed to be providing investment advice if that person renders advice as to the advisability of investing in our shares and that person regularly provides investment advice to the Benefit Plan pursuant to a mutual agreement or understanding (written or otherwise) (1) that the advice will serve as the primary basis for investment decisions, and (2) that the advice will be individualized for the Benefit Plan based on its particular needs.

Any potential investor considering an investment in shares of our common stock that is, or is acting on behalf of, a Benefit Plan is strongly urged to consult its own legal and tax advisors regarding the consequences of such an investment under ERISA, the Internal Revenue Code and any applicable similar laws.

DESCRIPTION OF CAPITAL STOCK

We were formed under the laws of the State of Maryland. The rights of our stockholders are governed by Maryland law as well as our charter and bylaws. The following summary of the terms of our stock is a summary of all material provisions concerning our stock and you should refer to the Maryland General Corporation Law and our charter and bylaws for a full description. The following summary is qualified in its entirety by the more detailed information contained in our charter and bylaws. Copies of our charter and bylaws are filed as exhibits to the registration statement of which this prospectus is a part. You can obtain copies of our charter and bylaws and every other exhibit to our registration statement. Please see **Where You Can Find Additional Information** below.

Under our charter, we have authority to issue a total of 1,200,000,000 shares of capital stock. Of the total shares authorized, 1,000,000,000 shares are designated as common stock with a par value of \$0.01 per share and 200,000,000 shares are designated as preferred stock with a par value of \$0.01 per share. In addition, our board of directors may amend our charter, without stockholder approval, to increase or decrease the aggregate number of shares of stock or the number of shares of stock of any class or series that we have authority to issue.

As of April 12 2007, 3,648,003 shares of our common stock were issued and outstanding, and no shares of our preferred stock were issued and outstanding.

Table of Contents

Common Stock

The holders of common stock are entitled to one vote per share on all matters voted on by stockholders, including election of our directors. Our charter does not provide for cumulative voting in the election of our directors. Therefore, the holders of a majority of the outstanding shares of common stock can elect our entire board of directors. Subject to any preferential rights of any outstanding class or series of shares and to the provisions in our charter regarding the restriction on the transfer of common stock, the holders of common stock are entitled to such distributions as may be authorized from time to time by our board of directors and declared by us out of legally available funds and, upon liquidation, are entitled to receive all assets available for distribution to our stockholders. Upon issuance for full payment in accordance with the terms of this offering, all shares issued in the offering will be fully paid and non-assessable. Holders of common stock will not have preemptive rights, which means that you will not have an automatic option to purchase any new shares that we issue. Our shares of common stock will have equal distribution, liquidation and other rights.

Our charter also contains a provision permitting our board of directors, without any action by our stockholders, to classify or reclassify any unissued common stock into one or more classes or series by setting or changing the relative voting, conversion or other rights, preferences, restrictions, limitations as to distributions and qualifications or terms or conditions of redemption of any new class or series of shares.

Trust Company of America will act as our registrar and as the transfer agent for our shares.

Preferred Stock

Our charter authorizes our board of directors to designate and issue one or more classes or series of preferred stock without stockholder approval, and to establish the relative voting, conversion or other rights, preferences, restrictions, limitations as to distributions and qualifications or terms or conditions of redemption of each class or series of preferred shares so issued. Because our board of directors has the power to establish the preferences and rights of each class or series of preferred stock, it may afford the holders of any series or class of preferred stock preferences, powers and rights senior to the rights of holders of common stock. However, the voting rights per share of any series or class of preferred stock sold in a private offering may not exceed voting rights which bear the same relationship to the voting rights of a publicly held share as the consideration paid to us for each privately-held preferred share bears to the book value of each outstanding publicly held share. In addition, a majority of our independent directors must approve the issuance of preferred stock to our advisor or one of its affiliates. If we ever created and issued preferred stock with a distribution preference over common stock, payment of any distribution preferences of outstanding preferred stock would reduce the amount of funds available for the payment of distributions on the common stock. Further, holders of preferred stock are normally entitled to receive a liquidation preference in the event we liquidate, dissolve or wind up before any payment is made to the common stockholders, likely reducing the amount common stockholders would otherwise receive upon such an occurrence. In addition, under certain circumstances, the issuance of preferred stock may render more difficult or tend to discourage a merger, offer or proxy contest, the assumption of control by a holder of a large block of our securities, or the removal of incumbent management. Our board of directors has no present plans to issue any preferred stock, but may do so at any time in the future without stockholder approval.

Meetings and Special Voting Requirements

An annual meeting of the stockholders will be held each year, at least 30 days after delivery of our annual report. Special meetings of stockholders may be called only upon the request of a majority of our directors, a majority of the independent directors or our president or upon the written request of stockholders holding at least 10% of the shares. The presence of a majority of the outstanding shares either in person or by proxy shall constitute a quorum. Generally, the affirmative vote of a majority of all votes entitled to be cast is necessary to take stockholder action authorized by our charter, except that a majority

Table of Contents

of the votes represented in person or by proxy at a meeting at which a quorum is present is sufficient to elect a director.

Under the Maryland General Corporation Law and our charter, stockholders are entitled to vote at a duly held meeting at which a quorum is present on (1) amendments to our charter, (2) our liquidation or dissolution, (3) our reorganization, (4) a merger, consolidation or sale or other disposition of all or substantially all of our assets, and (5) election or removal of our directors. Except with respect to the election of directors or as otherwise provided in our charter, the vote of stockholders holding a majority of our outstanding shares is required to approve any such action, and no such action can be taken by our board of directors without such majority vote of our stockholders.

Stockholders are not entitled to exercise any of the rights of an objecting stockholder provided for in Title 3, Subtitle 2 of the Maryland General Corporation Law unless our board of directors determines that such rights shall apply.

Stockholders do have the power, without the concurrence of the directors, to remove a director from our board with or without cause, by the affirmative vote of a majority of the shares entitled to vote on such matter.

Stockholders are entitled to receive a copy of our stockholder list upon request. The list provided by us will include each stockholder's name, address and telephone number, if available, and number of shares owned by each stockholder and will be sent within 10 days of our receipt of the request. A stockholder requesting a list will be required to pay reasonable costs of postage and duplication. We have the right to request that a requesting stockholder represent to us that the list will not be used to pursue commercial interests.

In addition to the foregoing, stockholders have rights under Rule 14a-7 under the Securities Exchange Act of 1934, which provides that, upon the request of a stockholder and the payment of the expenses of the distribution, we are required to distribute specific materials to stockholders in the context of the solicitation of proxies by a stockholder for voting on matters presented to stockholders or, at our option, provide requesting stockholders with a copy of the list of stockholders so that the requesting stockholder may make the distribution of such materials.

Restriction on Ownership of Shares

In order for us to qualify as a REIT, not more than 50% of our outstanding shares may be owned by any five or fewer individuals during the last half of any taxable year beginning with the second taxable year in which we qualify as a REIT. In addition, the outstanding shares must be owned by 100 or more persons during at least 335 days of a 12-month taxable year or during a proportionate part of a shorter taxable year beginning with the second taxable year in which we qualify as a REIT. We may prohibit certain acquisitions and transfers of shares so as to ensure our continued qualification as a REIT under the Internal Revenue Code. However, we cannot assure you that this prohibition will be effective.

Our charter contains a limitation on ownership that prohibits any individual or entity from directly acquiring beneficial ownership of more than 9.8% of the value of our then outstanding capital stock (which includes common stock and any preferred stock we may issue) or more than 9.8% of the value or number of shares, whichever is more restrictive, of our then outstanding common stock.

Any attempted transfer of our stock which, if effective, would result in our stock being owned by fewer than 100 persons will be null and void. Any attempted transfer of our stock which, if effective, would result in violation of the ownership limits discussed above or in our being closely held under Section 856(h) of the Internal Revenue Code or otherwise failing to qualify as a REIT, will cause the number of shares causing the violation (rounded to the nearest whole share) to be automatically transferred to a trust for the exclusive benefit of one or more charitable beneficiaries, and the proposed transferee will not acquire any rights in the shares. The automatic transfer will be deemed to be effective as of the close of business on the business day prior to the date of the transfer. We will designate a trustee of the share trust that will not be affiliated with us. We will also name one or more charitable organizations as a beneficiary of the share trust. Shares-in-trust will remain issued and outstanding shares and will be entitled to the same rights and privileges as all other shares of the same class or series. The

Table of Contents

trustee will receive all distributions on the shares-in-trust and will hold such distributions in trust for the benefit of the beneficiary. The trustee will vote all shares-in-trust during the period they are held in trust.

The trustee of the trust will be empowered to sell the shares-in-trust to a qualified person selected by the trustee and to distribute to the applicable prohibited owner an amount equal to the lesser of (1) the sales proceeds received by the trust for such shares-in-trust or (2) (A) if the prohibited owner was a transferee for value, the price paid by the prohibited owner for such shares-in-trust or (B) if the prohibited owner was not a transferee or was a transferee but did not give value for the shares-in-trust, the fair market value of such shares-in-trust, as determined in good faith by our board of directors. Any amount received by the trustee in excess of the amount to be paid to the prohibited owner will be distributed to the beneficiary of the trust. In addition, all shares-in-trust will be deemed to have been offered for sale to us or our designee, at a price per share equal to the lesser of (1) the price per share in the transaction that created such shares-in-trust (or, in the case of devise, gift, or other event other than a transfer for value, the market price of such shares at the time of such devise, gift, or other event) and (2) the market price on the date we, or our designee, accepts such offer.

Any person who acquires shares in violation of the foregoing restriction or who owns shares that were transferred to any such trust is required to give immediate written notice to us of such event. Such person shall provide to us such other information as we may request in order to determine the effect, if any, of such transfer on our status as a REIT.

The foregoing restrictions will continue to apply until our board of directors determines it is no longer in our best interest to continue to qualify as a REIT.

Our board of directors, in its sole discretion, may exempt a person from the limitation on ownership of more than 9.8% of the value of our then outstanding capital stock (which includes common stock and any preferred stock we may issue) or more than 9.8% of the in value or number of shares, whichever is more restrictive, of our then outstanding common stock. However, the board may not exempt any person whose ownership of our outstanding stock would result in our being closely held within the meaning of Section 856(h) of the Internal Revenue Code or otherwise would result in our failing to qualify as a REIT. In order to be considered by the board for exemption, a person also must not own, directly or indirectly, an interest in our tenant (or a tenant of any entity which we own or control) that would cause us to own, directly or indirectly, more than a 9.9% interest in the tenant. The person seeking an exemption must represent to the satisfaction of the board that it will not violate these two restrictions. The person also must agree that any violation or attempted violation of these restrictions will result in the automatic transfer of the shares of stock causing the violation to the share trust.

Any stockholder of record who owns 5% (or such lower level as required by the Internal Revenue Code and the regulations thereunder) or more of the outstanding shares during any taxable year will be asked to deliver a statement or affidavit setting forth the name and address of such record owner, the number of shares actually owned by such stockholder, and such information regarding the beneficial ownership of the shares as we may request in order to determine the effect, if any, of such actual or beneficial ownership on our status as a REIT and to ensure compliance with the ownership limit.

Any subsequent transferee to whom you transfer any of your shares must also comply with the suitability standards we have established for all stockholders. See Suitability Standards.

Distribution Policy

We intend to accrue and pay distributions on a monthly basis. On February 14, 2007, our board of directors approved an increase in our distribution rate from 6.50% per annum to 7.25% per annum. The increased distribution began with the February 2007 monthly distribution, which was paid in March 2007. Distributions are paid to stockholders on a monthly basis. Our distribution policy is set by our board of directors and is subject to change based on available cash flows. We cannot guarantee the amount of distributions paid in the future, if any, although we expect to make monthly distribution payments following the end of each calendar month. In connection with a distribution to our stockholders, our board

Table of Contents

of directors approves a monthly distribution for a certain dollar amount per share of our common stock. We then calculate each stockholder's specific distribution amount for the month using daily record and declaration dates, and your distributions begin to accrue on the date we mail a confirmation of your subscription for shares of our common stock, subject to our acceptance of your subscription.

We are required to make distributions sufficient to satisfy the requirements for qualification as a REIT for tax purposes. We intend to distribute sufficient income so that we satisfy the requirements for qualification as a REIT. In order to qualify as a REIT, we are required to distribute 90% of our annual taxable income to our stockholders. See **Federal Income Tax Considerations** Requirements for Qualification as a REIT Operational Requirements Annual Distribution Requirement. Generally, income distributed to stockholders will not be taxable to us under the Internal Revenue Code if we distribute at least 90% of our taxable income. See **Federal Income Tax Considerations** Requirements for Qualification as a REIT.

Distributions will be authorized at the discretion of our board of directors, in accordance with our earnings, cash flow and general financial condition. Our board's discretion will be directed, in substantial part, by its obligation to cause us to comply with the REIT requirements. Because we may receive income from interest or rents at various times during our fiscal year, distributions may not reflect our income earned in that particular distribution period but may be made in anticipation of cash flow which we expect to receive during a later quarter and may be made in advance of actual receipt of funds in an attempt to make distributions relatively uniform. Due to these timing differences, we may be required to borrow money, use proceeds from the issuance of securities or sell assets in order to pay out enough of our taxable income to satisfy the requirement that we distribute at least 90% of our taxable income, other than net capital gains, in order to qualify as a REIT.

Generally, distributions that you receive, including distributions that are reinvested pursuant to our distribution reinvestment plan, will be taxed as ordinary income to the extent they are from current or accumulated earnings and profits. To the extent that we make a distribution in excess of our current and accumulated earnings and profits, the distribution will be treated first as a tax-free return of capital, reducing the tax basis in your shares, and the amount of each distribution in excess of your tax basis in your shares will be taxable as a gain realized from the sale of your shares. If you receive a distribution in excess of our current and accumulated earnings and profits, upon the sale of your shares you may realize a higher taxable gain or a smaller loss because the basis of the shares as reduced will be used for purposes of computing the amount of the gain or loss. In addition, individual investors will be subject to tax at capital gains rates on distributions made by us that we designate as capital gain dividends. However, because each investor's tax considerations are different, we suggest that you consult with your tax advisor. Please see **Federal Income Tax Considerations**.

Under the Maryland General Corporation Law, if our board of directors gives general authorization for a distribution and provides for or establishes a method or procedure for determining the maximum amount of the distribution, our board of directors may delegate to a committee of directors or one of our officers the power, in accordance with the general authorization, to fix the amount and other terms of the distribution.

We are not prohibited from distributing our own securities in lieu of making cash distributions to stockholders, provided that the securities so distributed to stockholders are readily marketable. Stockholders who receive marketable securities in lieu of cash distributions may incur transaction expenses in liquidating the securities.

Distribution Reinvestment Plan

We currently have a distribution reinvestment plan available that allows you to have your distributions otherwise distributable to you invested in additional shares of common stock.

During this offering, you may purchase shares under our distribution reinvestment plan for \$9.50 per share. Thereafter, shares in the plan will be offered (1) 95% of the offering price in any subsequent public

Table of Contents

equity offering during such offering, and (2) 95% of the most recent offering price for the first 12 months subsequent to the close of the last public offering of shares prior to the listing of the shares on a national securities exchange. After that 12-month period, participants in the distribution reinvestment plan may acquire shares at 95% of the per share valuation determined by our advisor or another firm chosen for that purpose until the listing. From and after the date of such listing, participants may acquire shares at a price equal to 100% of the average daily open and close price per share on the distribution payment date, as reported by the national securities exchange on which the shares are traded. We will not pay selling commissions, the marketing support fee or due diligence expense reimbursements with respect to shares purchased pursuant to our distribution reinvestment plan. A copy of our distribution reinvestment plan as currently in effect is included as Appendix C to this prospectus.

Stockholders participating in our distribution reinvestment plan may purchase whole or fractional shares, subject to certain minimum investment requirements and other restrictions which may be imposed by our board of directors. If sufficient shares of our common stock are not available for issuance under our distribution reinvestment plan, we will remit excess dividends of net cash from operations to the participants. If you elect to participate in the distribution reinvestment plan, you must agree that, if at any time you fail to meet the applicable investor suitability standards or cannot make the other investor representations or warranties set forth in the then current prospectus or the subscription agreement relating to such investment, you will promptly notify our advisor in writing of that fact.

Stockholders purchasing shares of our common stock pursuant to the distribution reinvestment plan will have the same rights and will be treated in the same manner as if such shares of common stock were purchased pursuant to this offering.

Following reinvestment, we will send each participant a written confirmation showing the amount of the distribution, the number of shares of common stock owned prior to the reinvestment, and the total number of shares of common stock owned after the distribution reinvestment.

You may elect to participate in the distribution reinvestment plan by making the appropriate election on the subscription agreement, or by completing the enrollment form or other authorization form available from the plan administrator. Participation in the plan will begin with the next distribution made after receipt of your election. We may terminate the distribution reinvestment plan for any reason at any time upon 10 days' prior written notice to participants. Your participation in the plan will also be terminated to the extent that a reinvestment of your distributions in our shares would cause the percentage ownership limitation contained in our charter to be exceeded. In addition, you may terminate your participation in the distribution reinvestment plan by providing us with 10 days' written notice. A transfer of common stock will terminate the stockholder's participation in the distribution reinvestment plan with respect to such shares unless the transferee makes an election to participate in the plan.

If you elect to participate in the distribution reinvestment plan and are subject to federal income taxation, you will incur a tax liability for distributions otherwise distributable to you even though you have elected not to receive the distributions in cash but rather to have the distributions withheld and reinvested pursuant to the distribution reinvestment plan. Specifically, you will be treated as if you have received the distribution from us in cash and then applied such distribution to the purchase of additional shares. As a result, you may have a tax liability without receiving cash distributions to pay such liability and would have to rely on sources of funds other than our distributions to pay your taxes. You will be taxed on the amount of such distribution as ordinary income to the extent such distribution is from current or accumulated earnings and profits, unless we have designated all or a portion of the distribution as a capital gain distribution.

Share Repurchase Plan

Our board of directors has adopted a share repurchase plan that provides eligible stockholders with limited, interim liquidity by enabling them to sell their shares back to us in limited circumstances. However, our board of directors could choose to amend the provisions of the share repurchase plan without

Table of Contents

stockholder approval. Our share repurchase plan permits you to sell your shares back to us after you have held them for at least one year, subject to the significant restrictions and conditions described below.

The prices at which shares may be sold back to us are as follows:

During the offering period at \$9.00 per share;

During the 12 months following the end of the offering period at \$9.25 per share;

During the next 12 months at \$9.50 per share;

During the next 12 months at \$9.75 per share; and

Thereafter, at the greater of: (a) \$10.00 per share; or (b) a price equal to 10 times our funds available for distribution per weighted average share outstanding for the prior calendar year.

We will make repurchases under our repurchase plan quarterly, at our sole discretion, on a *pro rata* basis. Subject to funds being available, we will limit the number of shares repurchased during any calendar year to 5% of the weighted average number of shares outstanding during the prior calendar year. Funding for our repurchase program will come exclusively from proceeds we receive from the sale of shares under our distribution reinvestment plan.

Our board of directors has the discretion to repurchase shares held for less than the one-year holding period upon the death or disability of a stockholder who is a natural person, including shares held by such stockholder through a revocable grantor trust, or an IRA or other retirement or profit-sharing plan. The waiver of the one-year holding period for death or disability does not apply if the stockholder is not a natural person, such as a trust other than a revocable grantor trust, partnership, corporation or other similar entity.

Our board of directors, in its sole discretion, may choose to terminate, amend or suspend our share repurchase plan at any time if it determines that the funds allocated to our share repurchase plan are needed for other purposes, such as the acquisition, maintenance or repair of properties, or for use in making a declared distribution payment. A determination by the board of directors to terminate, amend or suspend our share repurchase plan will require the affirmative vote of the majority of the board of directors, including a majority of the independent directors.

We cannot guarantee that the funds set aside for our share repurchase plan will be sufficient to accommodate all requests made each year. Pending requests will be honored on a *pro rata* basis if insufficient funds are available to honor all requests. If no funds are available for the plan when repurchase is requested, the stockholder may withdraw the request or ask that we honor the request when funds are available. In addition, you may withdraw a repurchase request upon written notice at any time prior to the date of repurchase.

Stockholders are not required to sell their shares to us. Our share repurchase plan is intended only to provide limited, interim liquidity for stockholders until a liquidity event occurs, such as the listing of our common stock on a national securities exchange, our merger with a listed company or the sale of substantially all of our assets. We cannot guarantee that a liquidity event will occur.

Shares we purchase under our share repurchase plan will be canceled and will have the status of authorized but unissued shares. Shares we acquire through our share repurchase plan will not be reissued unless they are first registered with the SEC under the Securities Act of 1933 and under appropriate state securities laws or otherwise issued in compliance with such laws.

If we terminate, amend or suspend our share repurchase plan, we will send a letter to stockholders informing them of the change, and we will disclose the changes in reports filed with the SEC. For more information, please see the copy of our share repurchase plan attached as Appendix D.

Table of Contents

Restrictions on Roll-Up Transactions

In connection with any proposed transaction considered a Roll-up Transaction involving us and the issuance of securities of an entity that would be created or would survive after the successful completion of the Roll-up Transaction, an appraisal of all properties shall be obtained from a competent independent appraiser. The properties shall be appraised on a consistent basis, and the appraisal shall be based on the evaluation of all relevant information and shall indicate the value of the properties as of a date immediately prior to the announcement of the proposed Roll-up Transaction. The appraisal shall assume an orderly liquidation of properties over a 12-month period. The terms of the engagement of the independent appraiser shall clearly state that the engagement is for our benefit and the benefit of our stockholders. A summary of the appraisal, indicating all material assumptions underlying the appraisal, shall be included in a report to stockholders in connection with any proposed Roll-up Transaction.

A Roll-up Transaction is a transaction involving the acquisition, merger, conversion or consolidation, directly or indirectly, of us and the issuance of securities of another entity, or a Roll-up Entity, that would be created or would survive after the successful completion of such transaction. The term Roll-up Transaction does not include:

a transaction involving our securities that have been for at least 12 months listed on a national securities exchange; or

a transaction involving our conversion to a corporate, trust, or association form if, as a consequence of the transaction, there will be no significant adverse change in any of the following: stockholder voting rights; the term of our existence; compensation to our advisor; or our investment objectives.

In connection with a proposed Roll-up Transaction, the person sponsoring the Roll-up Transaction must offer to stockholders who vote no on the proposal the choice of:

(1) accepting the securities of a Roll-up Entity offered in the proposed Roll-up Transaction; or

(2) one of the following:

(A) remaining as holders of our stock and preserving their interests therein on the same terms and conditions as existed previously; or

(B) receiving cash in an amount equal to the stockholder's pro rata share of the appraised value of our net assets.

We are prohibited from participating in any proposed Roll-up Transaction:

that would result in the stockholders having democracy rights in a Roll-up Entity that are less than those provided in our bylaws and described elsewhere in this prospectus, including rights with respect to the election and removal of directors, annual reports, annual and special meetings, amendment of our charter, and our dissolution;

that includes provisions that would operate to materially impede or frustrate the accumulation of shares by any purchaser of the securities of the Roll-up Entity, except to the minimum extent necessary to preserve the tax status of the Roll-up Entity, or which would limit the ability of an investor to exercise the voting rights of its securities of the Roll-up Entity on the basis of the number of shares held by that investor;

in which investor's rights to access of records of the Roll-up Entity will be less than those provided in the section of this prospectus entitled "Description of Capital Stock - Meetings and Special Voting Requirements"; or

in which any of the costs of the Roll-up Transaction would be borne by us if the Roll-up Transaction is not approved by the stockholders.

Table of Contents

CERTAIN PROVISIONS OF MARYLAND LAW AND OF OUR CHARTER AND BYLAWS

The following description of the terms of our stock and of certain provisions of Maryland law is only a summary. For a complete description, we refer you to the Maryland General Corporation Law, our charter and our bylaws. We have filed our charter and bylaws as exhibits to the registration statement of which this prospectus forms a part.

Business Combinations

Under Maryland law, business combinations between a Maryland corporation and an interested stockholder or an affiliate of an interested stockholder are prohibited for five years after the most recent date on which the interested stockholder becomes an interested stockholder. These business combinations include a merger, consolidation, share exchange, or, in circumstances specified in the statute, an asset transfer or issuance or reclassification of equity securities. An interested stockholder is defined as:

any person who beneficially owns 10% or more of the voting power of the corporation's shares; or

an affiliate or associate of the corporation who, at any time within the two-year period prior to the date in question, was the beneficial owner of 10% or more of the voting power of the then-outstanding voting stock of the corporation.

A person is not an interested stockholder under the statute if the board of directors approved in advance the transaction by which he otherwise would have become an interested stockholder. However, in approving a transaction, the board of directors may provide that its approval is subject to compliance, at or after the time of approval, with any terms and conditions determined by the board.

After the five-year prohibition, any business combination between the Maryland corporation and an interested stockholder generally must be recommended by the board of directors of the corporation and approved by the affirmative vote of at least:

80% of the votes entitled to be cast by holders of outstanding shares of voting stock of the corporation; and

two-thirds of the votes entitled to be cast by holders of voting stock of the corporation other than shares held by the interested stockholder with whom or with whose affiliate the business combination is to be effected or held by an affiliate or associate of the interested stockholder.

These super-majority vote requirements do not apply if the corporation's common stockholders receive a minimum price, as defined under Maryland law, for their shares in the form of cash or other consideration in the same form as previously paid by the interested stockholder for its shares.

The statute permits various exemptions from its provisions, including business combinations that are exempted by the board of directors before the time that the interested stockholder becomes an interested stockholder. Our board of directors has adopted a resolution providing that any business combination between us and any other person is exempted from this statute, provided that such business combination is first approved by our board. This resolution, however, may be altered or repealed in whole or in part at any time. If this resolution is repealed, the statute may discourage others from trying to acquire control of us and increase the difficulty of consummating any offer.

Control Share Acquisitions

Maryland law provides that control shares of a Maryland corporation acquired in a control share acquisition have no voting rights except to the extent approved by a vote of two-thirds of the votes entitled to be cast on the matter. Shares owned by the acquiror, by officers or by employees who are directors of the corporation are excluded from shares entitled to vote on the matter. Control shares are voting shares of stock which, if aggregated with all other shares of stock owned by the acquiror or in respect of which the acquiror is able to exercise or direct the exercise of voting power (except solely by virtue of a revocable

Table of Contents

proxy), would entitle the acquiror to exercise voting power in electing directors within one of the following ranges of voting power:

one-tenth or more but less than one-third;

one-third or more but less than a majority; or

a majority or more of all voting power.

Control shares do not include shares the acquiring person is then entitled to vote as a result of having previously obtained stockholder approval. A control share acquisition means the acquisition of control shares, subject to certain exceptions.

A person who has made or proposes to make a control share acquisition may compel the board of directors of the corporation to call a special meeting of stockholders to be held within 50 days of demand to consider the voting rights of the shares. The right to compel the calling of a special meeting is subject to the satisfaction of certain conditions, including an undertaking to pay the expenses of the meeting. If no request for a meeting is made, the corporation may itself present the question at any stockholders meeting.

If voting rights are not approved at the meeting or if the acquiring person does not deliver an acquiring person statement as required by the statute, then the corporation may redeem for fair value any or all of the control shares, except those for which voting rights have previously been approved. The right of the corporation to redeem control shares is subject to certain conditions and limitations. Fair value is determined, without regard to the absence of voting rights for the control shares, as of the date of the last control share acquisition by the acquiror or of any meeting of stockholders at which the voting rights of the shares are considered and not approved. If voting rights for control shares are approved at a stockholders meeting and the acquiror becomes entitled to vote a majority of the shares entitled to vote, all other stockholders may exercise appraisal rights. The fair value of the shares as determined for purposes of appraisal rights may not be less than the highest price per share paid by the acquiror in the control share acquisition.

The control share acquisition statute does not apply (1) to shares acquired in a merger, consolidation or share exchange if the corporation is a party to the transaction, or (2) to acquisitions approved or exempted by the charter or bylaws of the corporation.

Our bylaws contain a provision exempting from the control share acquisition statute any and all acquisitions of shares of our stock by any person. There can be no assurance that this provision will not be amended or eliminated at any time in the future.

Subtitle 8

Subtitle 8 of Title 3 of the Maryland General Corporation Law permits a Maryland corporation with a class of equity securities registered under the Securities Exchange Act of 1934 and at least three independent directors to elect to be subject, by provision in its charter or bylaws or a resolution of its board of directors and notwithstanding any contrary provision in the charter or bylaws, to any or all of five provisions:

a classified board;

a two-thirds vote requirement for removing a director;

a requirement that the number of directors be fixed only by vote of the directors;

a requirement that a vacancy on the board be filled only by the remaining directors and for the remainder of the full term of the class of directors in which the vacancy occurred; and

a majority requirement for the calling of a special meeting of stockholders.

Table of Contents

In our charter, we have elected that vacancies on the board be filled only by the remaining directors and for the remainder of the full term of the directorship in which the vacancy occurred. Through provisions in our charter and bylaws unrelated to Subtitle 8, we vest in our board of directors the exclusive power to fix the number of directorships.

Advance Notice of Director Nominations and New Business

Our bylaws provide that with respect to an annual meeting of stockholders, nominations of individuals for election to the board of directors and the proposal of business to be considered by stockholders may be made only (1) pursuant to our notice of the meeting, (2) by or at the direction of the board of directors or (3) by a stockholder who is entitled to vote at the meeting and who has complied with the advance notice procedures of the bylaws. With respect to special meetings of stockholders, only the business specified in our notice of the meeting may be brought before the meeting. Nominations of individuals for election to the board of directors at a special meeting may be made only (1) pursuant to our notice of the meeting, (2) by or at the direction of the board of directors, or (3) provided that the board of directors has determined that directors will be elected at the meeting by a stockholder who is entitled to vote at the meeting and who has complied with the advance notice provisions of the bylaws.

Anti-takeover Effect of Certain Provisions of Maryland Law and of the Charter and Bylaws

The business combination provisions and the control share acquisition provisions of Maryland law, the provisions of our charter electing to be subject to Subtitle 8, and the advance notice provisions of our bylaws could delay, defer or prevent a transaction or a change in control of our company that might involve a premium price for stockholders or otherwise be in their best interest.

THE OPERATING PARTNERSHIP AGREEMENT

General

NNN Healthcare/ Office REIT Holdings, L.P. was formed on April 20, 2006 to acquire, own and operate properties on our behalf. It will allow us to operate as what is generally referred to as an Umbrella Partnership Real Estate Investment Trust, or UPREIT, which is a structure generally utilized to provide for the acquisition of real estate from owners who desire to defer taxable gain otherwise required to be recognized by them upon the disposition of their properties. These owners also may desire to achieve diversity in their investment and other benefits afforded to stockholders in a REIT. For purposes of satisfying the asset and income tests for qualification as a REIT for tax purposes, the REIT's proportionate share of the assets and income of an operating partnership, such as our operating partnership, will be deemed to be assets and income of the REIT.

The property owner's goals are accomplished because a property owner may contribute property to our UPREIT in exchange for limited partnership units on a tax-deferred basis while obtaining rights similar in many respects to those afforded to our stockholders. For example, our operating partnership is structured to make distributions with respect to limited partnership units which will be equivalent to the distributions made with respect to our common stock. In addition, a limited partner in our operating partnership may later redeem his or her limited partnership units and, if we consent, receive shares of our common stock in a taxable transaction.

The partnership agreement for our operating partnership contains provisions which would allow under certain circumstances, other entities, including other Triple Net programs, to merge into or cause the exchange or conversion of their interests for interests in our operating partnership. In the event of such a merger, exchange or conversion, our operating partnership would issue additional limited partnership interests which would be entitled to the same redemption rights as other holders of limited partnership interests in our operating partnership. Further, if our operating partnership needs additional financing for any reason, it is permitted under the partnership agreement to issue additional limited partnership interests which also may be entitled to such redemption rights. As a result, any such merger, exchange or

Table of Contents

conversion or any separate issuance of redeemable limited partnership interests ultimately could result in the issuance of a substantial number of shares of our common stock, thereby diluting the percentage ownership interest of other stockholders.

We intend to hold substantially all of our assets through our operating partnership, and we intend to make future acquisitions of properties using the UPREIT structure. We are the sole general partner of our operating partnership and, as of the date of this prospectus, owned an approximately 1.0% equity percentage interest in our operating partnership. Our advisor is currently the only limited partner of our operating partnership and holds a 99.0% limited partnership interest in our operating partnership resulting from a capital contribution of \$200,000 (whereby our advisor acquired 20,000 limited partnership units). These units constitute 100% of the limited partnership units outstanding at this time. As the sole general partner of our operating partnership, we have the exclusive power to manage and conduct the business of our operating partnership.

The following is a summary of the material provisions of the partnership agreement of our operating partnership. You should refer to the partnership agreement, itself, which we have filed as an exhibit to the registration statement, for more detail.

Capital Contributions

If our operating partnership issues additional units to any new or existing partner in exchange for cash capital contributions, the contributor will receive a number of limited partnership units and a percentage interest in our operating partnership calculated based upon the amount of the capital contribution and the value of our operating partnership at the time of such contribution.

As we accept subscriptions for shares, we will transfer the net proceeds of the offering to our operating partnership as a capital contribution; however, we will be deemed to have made capital contributions in the amount of the gross offering proceeds received from investors. Our operating partnership will assume the obligation to pay, and will be deemed to have simultaneously paid, the selling commissions and other costs associated with the offering. If our operating partnership requires additional funds at any time in excess of capital contributions made by us and our advisor or from borrowing, we may borrow funds from a financial institution or other lender and lend such funds to our operating partnership on the same terms and conditions as are applicable to our borrowing of such funds, or we may cause our operating partnership to borrow such funds.

Issuance of Additional Units

As general partner of our operating partnership, we can, without the consent of the limited partners, cause our operating partnership to issue additional units representing general or limited partnership interests. A new issuance may include preferred units, which may have rights which are different and/or superior to those of general partnership units that we hold and/or limited partnership units.

Further, we are authorized to cause our operating partnership to issue partnership interests for less than fair market value if we conclude in good faith that such issuance is in our best interest and the best interest of our operating partnership.

Operations

The partnership agreement of our operating partnership provides that our operating partnership is to be operated in a manner that will enable us to:

satisfy the requirements for being classified as a REIT for tax purposes;

avoid any federal income or excise tax liability; and

ensure that our operating partnership will not be classified as a publicly traded partnership for purposes of Section 7704 of the Internal Revenue Code, which classification could result in our operating partnership being taxed as a corporation, rather than as a partnership. See Federal

Table of Contents

Income Tax Considerations Federal Income Tax Aspects of Our Operating Partnership Classification as a Partnership.

In addition to the administrative and operating costs and expenses incurred by our operating partnership in acquiring and operating real estate, our operating partnership will assume and pay when due or reimburse us for payment of all of our administrative and operating costs and expenses and such expenses will be treated as expenses of our operating partnership.

Distributions and Allocations

We intend to distribute to our stockholders 100% of all distributions we receive from our operating partnership. The partnership agreement provides that our operating partnership will distribute cash flow from operations to its partners in accordance with their percentage interests (which will be based on relative capital contributions) at such times and in such amounts as we determine as general partner. The partnership agreement also provides that our operating partnership may distribute net proceeds from the sale to its partners in accordance with their percentage interests. All distributions shall be made such that a holder of one unit of limited partnership interest in our operating partnership will receive annual distributions from our operating partnership in an amount equal to the annual distributions paid to the holder of one of our shares. However, after we have received distributions from our operating partnership equal to the amount necessary to have provided our stockholders, collectively, a return of the total amount of capital raised from stockholders (less amounts paid to repurchase shares pursuant to our share repurchase plan) plus an annual 8.0% cumulative, non-compounded return on average invested capital, 15% of any remaining net proceeds from sales will be distributed to Healthcare/ Office Advisor, and the other 85% of such remaining proceeds may be distributed to the partners in accordance with their relative percentage interests at such times and in such amounts as we determine as general partner. Average invested capital is, for a specified period, the aggregate issue price of shares purchased by our stockholders, reduced by distributions of net sales proceeds to us by our operating partnership (all of which we intend to distribute to our stockholders) and by any amounts paid by us to repurchase shares pursuant to our share repurchase plan.

If our shares become listed on a national securities exchange, Healthcare/ Office Advisor will no longer be entitled to participate in proceeds from sales as described above. However, if Healthcare/ Office Advisor has not been terminated under the advisory agreement as of the date we become listed, Healthcare/ Office Advisor will be entitled to receive a distribution from our operating partnership in an amount equal to 15% of the amount, if any, by which (1) the market value of our outstanding shares following listing (determined as described below) plus the cumulative distributions made to us by our operating partnership from our inception through the listing date exceeds (2) the sum of the total amount of capital raised from stockholders (less amounts paid to repurchase shares pursuant to our share repurchase plan) plus an annual 8.0% cumulative, non-compounded return on average invested capital through the date of listing. For purposes of the distribution upon a listing, the market value of our outstanding shares following listing will be calculated based on the average market value of the shares issued and outstanding at the time of listing for the 30 trading days beginning on the 180th day after the shares are first listed on a national securities exchange. The distribution may be paid in cash or shares of our common stock, as determined by our board of directors, including a majority of our independent directors. In the event we elect to satisfy the distribution obligation in the form of shares, the number of shares will be determined based on the market value of our shares as described above. Upon payment of this distribution, all limited partnership units in our operating partnership held by Healthcare/ Office Advisor will be redeemed for cash equal to the value of an equivalent number of our shares of common stock.

Healthcare/ Office Advisor will likewise no longer be entitled to participate in net sales proceeds as described above following the termination or nonrenewal of our advisory agreement. Upon termination or nonrenewal of the advisory agreement, other than a termination by us for cause, Healthcare/ Office Advisor will be entitled to receive a distribution from our operating partnership in an amount equal to 15% of the amount, if any, by which (1) the fair market value of all of the assets of our operating partnership

Table of Contents

as of the date of the termination (determined by appraisal), less any indebtedness secured by such assets, plus the cumulative distributions made to us by our operating partnership from our inception through the termination date, exceeds (2) the sum of the total amount of capital raised from stockholders (less amounts paid to repurchase shares pursuant to our share repurchase program) plus an annual 8.0% cumulative, non-compounded return on average invested capital through the termination date. However, Healthcare/ Office Advisor will not be entitled to this distribution if our shares have been listed on a national securities exchange prior to the termination of the advisory agreement. Our operating partnership may satisfy the distribution obligation by either paying cash or issuing an interest-bearing promissory note. If the promissory note is issued and not paid within five years of the date of termination, we would be required to purchase the promissory note (including accrued but unpaid interest) in exchange for cash or shares of our common stock. Upon payment of this distribution, all units in our operating partnership held by Healthcare/ Office Advisor will be redeemed by our operating partnership for cash equal to the value of an equivalent number of our shares.

Under the partnership agreement, our operating partnership may issue preferred units that entitle their holders to distributions prior to the payment of distributions for other units of limited partnership units and/or the units of general partnership interest that we hold.

The partnership agreement of our operating partnership provides that net profits will be allocated to the partners in accordance with their percentage interests, subject to compliance with the provisions of Sections 704(b) and 704(c) of the Internal Revenue Code and corresponding Treasury Regulations. However, to the extent that Healthcare/ Office Advisor receives a distribution of proceeds from sales or a distribution upon the listing of our shares or upon a termination of the advisory agreement, there will be a corresponding allocation of profits of our operating partnership to Healthcare/ Office Advisor. Losses, if any, will generally be allocated among the partners in accordance with their respective percentage interests in our operating partnership.

Upon the liquidation of our operating partnership, after payment of debts and obligations, and after any amounts payable to preferred units, any remaining assets of our operating partnership will be distributed to partners with positive capital accounts in accordance with their respective positive capital account balances.

Amendments

In general, we may amend the partnership agreement as general partner. Certain amendments to the partnership agreement, however, require the consent of each limited partner that would be adversely affected by the amendment, including amendments that would:

convert a limited partner's interest in our operating partnership into a general partnership interest;

require the limited partners to make additional capital contributions to our operating partnership; or

adversely modify the limited liability of any limited partner.

Additionally, the written consent of the general partner and any partner adversely affected is required to amend the partnership agreement to amend these amendment limitations.

Redemption Rights

The limited partners of our operating partnership, including our advisor (subject to specified limitations), have the right to cause our operating partnership to redeem their limited partnership units for, at our option, cash equal to the value of an equivalent number of shares of our common stock or a number of our shares equal to the number of limited partnership units redeemed. Unless we elect in our sole discretion to satisfy a redemption right with a cash payment, these redemption rights may not be exercised if and to the extent that the delivery of shares of our common stock upon such exercise would:

adversely affect our ability to qualify as a REIT under the Internal Revenue Code or subject us to any additional taxes under Section 857 or Section 4981 of the Internal Revenue Code;

Table of Contents

violate any provision of our charter or bylaws;

constitute or be likely to constitute a violation of any applicable federal or state securities laws;

result in us being closely held within the meaning of Section 856(h) of the Internal Revenue Code;

cause us to own 10% or more of the ownership interests in a tenant within the meaning of Section 856(d)(2)(B) of the Internal Revenue Code;

cause our operating partnership to become a publicly traded partnership under the Internal Revenue Code; or

cause our operating partnership to cease to be classified as a partnership for federal income tax purposes.

Subject to the foregoing limitations, limited partners may exercise their redemption rights at any time after one year following the date of issuance of their limited partnership units.

We do not expect to issue any of the shares of common stock offered by this prospectus to limited partners of our operating partnership in exchange for their limited partnership units. Rather, in the event a limited partner of our operating partnership exercises its redemption rights, and we elect to purchase the limited partnership units with shares of our common stock, we expect to issue unregistered shares of common stock, or subsequently registered shares of common stock, in connection with such transaction.

Any common stock issued to the limited partners upon redemption of their respective limited partnership units may be sold only pursuant to an effective registration statement under the Securities Act of 1933 or pursuant to an available exemption from registration. We may grant holders of partnership interests registration rights for such shares of common stock.

As a general partner, we will have the right to grant similar redemption rights to holders of other classes of units, if any, in our operating partnership, and to holders of equity interests in the entities that own our properties.

As discussed above under Distributions and Allocations, upon payment of either a distribution upon listing or a distribution upon termination to Healthcare/ Office Advisor, all units in our operating partnership held by Healthcare/ Office Advisor will be redeemed for cash equal to the value of an equivalent number of shares of our common stock.

Transferability of Interests

We may not voluntarily withdraw as the general partner of our operating partnership or transfer our general partnership interest in our operating partnership (except to a wholly-owned subsidiary), unless the limited partners not affiliated with us or our advisor approve the transaction by majority vote.

With certain exceptions, the limited partners may not transfer their interests in our operating partnership, in whole or in part, without our written consent as the general partner. In addition, Healthcare/ Office Advisor may not transfer its interest in our operating partnership or exercise its redemption rights as long as it is acting as our advisor.

Term

Our operating partnership will be dissolved and its affairs wound up upon the earliest to occur of certain events, including:

the expiration of the term of our operating partnership on December 31, 2036;

our determination as general partner to dissolve our operating partnership;

the sale of all or substantially all of the assets of our operating partnership; or

Table of Contents

our withdrawal as general partner of our operating partnership, unless the remaining partners determine to continue the business of our operating partnership.

Tax Matters

We are the tax matters partner of our operating partnership and, as such, have the authority to handle tax audits and to make tax elections under the Internal Revenue Code on behalf of our operating partnership.

Indemnification

The partnership agreement requires our operating partnership to indemnify us, as general partner (and our directors, officers and employees), the limited partners, including Healthcare/ Office Advisor (and its managers, members and employees), against damages and other liabilities to the extent permitted by Delaware law, except to the extent that any claim for indemnification results from:

in the case of us, as general partner, and the limited partners, our or their fraud, willful misconduct or gross negligence;

in the case of our directors, officers and employees (other than our independent directors), Healthcare/ Office Advisor and its managers, members and employees, such person's negligence or misconduct; or

in the case of our independent directors, such person's gross negligence or willful misconduct.

In addition, we, as general partner and the limited partners will be held harmless and indemnified for losses only if all of the following conditions are met:

the indemnitee determined, in good faith, that the course of conduct which caused the loss, liability or expense was in our best interests;

the indemnitee was acting on our behalf or performing services for us;

such liability or loss was not the result of negligence or misconduct by the directors; and

such liability or loss was not the result of gross negligence or willful misconduct by the independent directors.

Any indemnification or any agreement to hold harmless is recoverable only out of our assets and not from our stockholders.

The SEC takes the position that indemnification against liabilities arising under the Securities Act of 1933 is against public policy and unenforceable. Indemnification of us, as general partner and the limited partners, will not be allowed for liabilities arising from or out of a violation of state or federal securities laws, unless one or more of the following conditions are met:

there has been a successful adjudication on the merits of each count involving alleged securities law violations;

such claims have been dismissed with prejudice on the merits by a court of competent jurisdiction; or

a court of competent jurisdiction approves a settlement of the claims against the indemnitee and finds that indemnification of the settlement and the related costs should be made, and the court considering the request for indemnification has been advised of the position of the SEC and of the published position of any state securities regulatory authority in the state in which our securities were offered as to indemnification for violations of securities laws.

Finally, our operating partnership must reimburse us for any amounts paid in satisfaction of our indemnification obligations under our charter. Our operating partnership may not provide indemnification or advancement of expenses to us (or our directors, officers or employees) to the extent that we could not

Table of Contents

provide such indemnification or advancement of expenses under the limitations of our charter. See Management Limited Liability and Indemnification of Directors, Officers and Others.

PLAN OF DISTRIBUTION

General

We are offering a minimum of \$2,000,000 and a maximum of \$2,200,000,000 in shares of our common stock in this offering, including \$2,000,000,000 in shares of our common stock initially allocated to be offered in the primary offering and \$200,000,000 in shares of our common stock initially allocated to be offered pursuant to our distribution reinvestment plan. Prior to the conclusion of this offering, if any of the shares of our common stock initially allocated to the distribution reinvestment plan remain after meeting anticipated obligations under the distribution reinvestment plan, we may decide to sell some or all of such shares of common stock to the public in the primary offering. Similarly, prior to the conclusion of this offering, if the shares of our common stock initially allocated to the distribution reinvestment plan have been purchased and we anticipate additional demand for shares of common stock under our distribution reinvestment plan, we may plan to choose to reallocate some or all of the shares of our common stock allocated to be offered in the primary offering to the distribution reinvestment plan. The shares of our common stock in the primary offering are being offered at \$10.00 per share. Shares of our common stock purchased pursuant to our distribution reinvestment plan will be sold at \$9.50 per share during this offering.

As of January 8, 2007, excluding shares purchased by our executive officers and directors, our dealer manager and our advisor and its affiliates, we had received and accepted subscriptions in this offering for 200,846 shares of common stock, or \$2,004,000, thereby exceeding the minimum offering. Having raised the minimum offering, the offering proceeds were released by the escrow agent to us and are available for the acquisition of properties and other purposes. As of April 12, 2007, we had received and accepted subscriptions in our offering for 3,626,010 shares of common stock, or approximately \$36,218,000, excluding shares issued pursuant to our distribution reinvestment plan. We had also issued 1,793 shares pursuant to our distribution reinvestment plan. We will sell shares until the earlier of September 20, 2008, or the date on which the maximum has been sold. However, we reserve the right to terminate this offering at any time prior to such termination date.

Our board of directors determined the offering price of \$10.00 per share based on consideration of the offering price of shares offered by similar REITs and the administrative convenience to us and investors of the share price being an even dollar amount. This price bears no relationship to the value of our assets or other established criteria for valuing shares because we have not had any operations as of the date of this prospectus and we have no assets other than subscription proceeds from the sale of shares of our common stock to our advisor at \$10.00 per share and the sale of units in our operating partnership to our advisor at \$10.00 per unit.

Dealer Manager and Participating Broker-Dealer Compensation and Terms

NNN Capital Corp., a wholly owned subsidiary of NNN Realty Advisors and a registered broker-dealer, is serving as the dealer manager for this offering on a best efforts basis, which means generally that the dealer manager will be required to use only its best efforts to sell the shares and it has no firm commitment or obligation to purchase any of the shares. The dealer manager may authorize certain other broker-dealers who are members of the NASD, who we refer to as participating broker-dealers, to sell our shares. Except as provided below, the dealer manager will receive selling commissions of 7.0% of the gross offering proceeds from sales of shares of our common stock in the primary offering, subject to reductions based on volume and special sales. No selling commissions will be paid for sales pursuant to the distribution reinvestment plan. The dealer manager will also receive 2.5% of the gross offering proceeds in the form of a marketing support fee for shares sold in the primary offering. In addition, we may reimburse the dealer manager an additional 0.5% of gross offering proceeds from the primary offering for its *bona*

Table of Contents

fide due diligence expenses and for those of the participating broker-dealers. No selling commission, marketing support fee or due diligence expense reimbursement will be paid for shares sold pursuant to the distribution reinvestment plan. We will not pay referral or similar fees to any accountants, attorneys or other persons in connection with the distribution of the shares.

The dealer manager may allow participating broker-dealers a portion of the marketing support fee of up to 1.5% of the gross sales of the broker-dealer in the primary offering. In addition, the dealer manager may re-allow its due diligence expense reimbursement to participating dealer-brokers incurring such costs.

In addition to the compensation described above, we will also reimburse the dealer-manager and its affiliates for some of their costs in connection with the offering as described in the table below, which sets forth the nature and estimated amount of all items viewed as underwriting compensation by the NASD, assuming we sell all of the shares offered by this prospectus. To show the maximum amount of dealer-manager and participating broker-dealer compensation that we may pay in this offering, this table assumes that all shares are sold through distribution channels associated with the highest possible selling commissions and dealer manager fees.

Dealer-Manager and Participating Broker-Dealer Compensation

	Amount	Percentage of Primary Offering
Marketing allowance	\$ 50,000,000	2.5%
Selling commissions	140,000,000	7.0
Salary allocations and transaction-based compensation of sales and marketing managers and their support personnel(1)(2)	4,188,432	.2
Expense reimbursements for educational conferences and training seminars(1)(3)	3,831,120	.2
Reimbursement of due diligence expenses(1)(4)	10,000,000	.5
Legal fees allocable to dealer manager(1)	100,000	*
Total	\$ 208,119,552	10.4%

* Less than .1%.

(1) Amounts shown are estimates.

(2) These costs are borne by NNN Realty Advisors or its affiliates and are not reimbursed by us.

(3) Subject to the cap on organization and offering expenses described below, we will reimburse NNN Capital Corp. or its affiliates for these expenses. In some cases, these payments will serve to reimburse NNN Capital Corp. for amounts it has paid to participating broker-dealers for the items noted. These amounts consist primarily of reimbursements for travel, meals, lodging and attendance fees incurred by broker-dealer personnel, financial advisors and wholesalers and other NASD-registered personnel associated with NNN Capital Corp. attending educational conferences and training seminars.

(4) We may reimburse the dealer-manager for reimbursements it may make to broker-dealers for reasonable bona fide due diligence expenses up to a maximum of 0.5% of our gross offering proceeds.

As required by the rules of the NASD, total underwriting compensation will not exceed 10% of our gross offering proceeds, except for bona fide due diligence expenses, which will not exceed 0.5% of our gross offering proceeds. The NASD and many states also limit our total organization and offering expenses to 15% of gross offering proceeds.

Table of Contents

Our advisor will receive up to 1.5% of the aggregate gross offering proceeds from the sale of shares of our common stock in the primary offering to reimburse it for our cumulative organizational and offering expenses such as legal, accounting, printing and other offering expenses, including marketing, salaries and direct expenses of its employees, employees of its affiliates and others while engaged in registering and marketing the shares of our common stock, which shall include development of marketing materials and marketing presentations, planning and participating in due diligence meetings, training seminars and educational conferences and generally coordinating the marketing process for us. Our total organization and offering expenses are capped at 11.5% of the gross proceeds of our primary offering, as shown in the following table:

Organization and Offering Expenses

Expense	Maximum Percent of Gross Offering Proceeds
Selling commissions	7.0%
Marketing allowance	2.5
Bona fide due diligence reimbursement	0.5
All other organization and offering expenses	1.5
Total	11.5%

A portion of our organizational and offering expense reimbursement may be used for wholesaling activities and therefore deemed to be additional underwriting compensation pursuant to NASD Rule 2710. Our advisor will be responsible for the payment of our cumulative organizational and offering expenses, other than the selling commissions, marketing support fee and the due diligence expense reimbursement, to the extent they exceed 1.5% of the aggregate gross offering proceeds from the sale of shares of our common stock in the primary offering without recourse against or reimbursement by us.

We have agreed to indemnify the participating broker-dealers and the dealer manager against liabilities, including liabilities under the Securities Act of 1933, that arise out of breaches by us of the dealer manager agreement between us and the dealer manager or material misstatements and omissions contained in this prospectus, other sales material used in connection with this offering or filings made to qualify this offering with individual states. Please see

Management Limited Liability and Indemnification of Directors, Officers and Others for a discussion of conditions that must be met for participating broker-dealers or the dealer manager to be indemnified by us for liabilities arising out of state or federal securities laws.

The participating broker-dealers are not obligated to obtain any subscriptions on our behalf, and we cannot assure you that any shares will be sold.

Our executive officers and directors, as well as officers and employees of our advisor and its affiliates, may purchase shares in this offering at a discount. We expect that a limited number of shares will be sold to those individuals. However, except for the share ownership limitations contained in our charter, there is no limit on the number of shares that may be sold to those individuals at this discount. The purchase price for such shares shall be \$9.05 per share reflecting the fact that selling commissions in the amount of \$0.70 per share and the marketing support fee in the amount of \$0.25 per share will not be payable in connection with such sales. The net offering proceeds we receive will not be affected by such sales of shares at a discount. Our advisor and its affiliates have agreed to hold their shares purchased as stockholders for investment and not with a view towards distribution. Shares purchased by our executive officers and directors, the dealer manager and our advisor or its affiliates did not count toward the sale of the minimum offering proceeds of \$2,000,000 required to be sold in this offering.

No selling commission will be charged (and the price will be correspondingly reduced) for sales of shares in the primary offering in the event that the investor has engaged the services of a registered investment advisor or other

financial advisor, paid on a fee-for-service basis by the investor. In addition, no

Table of Contents

selling commission will be charged (and the price will be correspondingly reduced) for sales of shares to retirement plans of participating broker-dealers, to participating broker-dealers in their individual capacities, to IRAs and qualified plans of their registered representatives or to any one of their registered representatives in their individual capacities.

In connection with sales of certain minimum numbers of shares to a purchaser, as defined below, certain volume discounts resulting in reductions in selling commissions payable with respect to such sales are available to investors. In such event, any such reduction will be credited to the investor by reducing the purchase price per share payable by the investor. The following table shows the discounted price per share and reduced selling commissions payable for volume discounts.

Shares Purchased	Commission Rate	Price per Share
1 to 50,000	7.0%	\$ 10.00
50,001 to 100,000	6.0	9.90
100,001 to 200,000	5.0	9.80
200,001 to 500,000	4.0	9.70
500,001 to 750,000	3.0	9.60
750,001 to 1,000,000	2.0	9.50
1,000,001 and up	1.0	9.40

The reduced selling price per share and selling commissions are applied to the incremental shares falling within the indicated range only. All commission rates are calculated assuming a \$10.00 price per share. Thus, for example, an investment of \$1,249,996 would result in a total purchase of 126,020 shares as follows:

50,000 shares at \$10.00 per share (total: \$500,000) and a 7.0% commission;

50,000 shares at \$9.90 per share (total: \$495,000) and a 6.0% commission; and

26,020 shares at \$9.80 per share (total: \$254,996) and a 5.0% commission.

The net proceeds to us will not be affected by volume discounts. Requests to apply the volume discount provisions must be made in writing and submitted simultaneously with your subscription for shares. Because all investors will be paid the same distributions per share as other investors, an investor qualifying for a volume discount will receive a higher percentage return on his or her investment than investors who do not qualify for such discount.

Subscriptions may be combined for the purpose of determining the volume discounts in the case of subscriptions made by any purchaser, as that term is defined below, provided all such shares are purchased through the same broker-dealer. The volume discount shall be prorated among the separate subscribers considered to be a single purchaser. Any request to combine more than one subscription must be made in writing submitted simultaneously with your subscription for shares, and must set forth the basis for such request. Any such request will be subject to verification by the dealer manager that all of such subscriptions were made by a single purchaser.

For the purposes of such volume discounts, the term purchaser includes:

an individual, his or her spouse and their children under the age of 21 who purchase the shares for his, her or their own accounts;

a corporation, partnership, association, joint-stock company, trust fund or any organized group of persons, whether incorporated or not;

an employees trust, pension, profit sharing or other employee benefit plan qualified under Section 401(a) of the Internal Revenue Code; and

all commingled trust funds maintained by a given bank.

201

Table of Contents

Notwithstanding the above, in connection with volume sales, investors who would not constitute a single purchaser may request in writing to aggregate subscriptions as part of a combined order for purposes of determining the number of shares purchased, provided that any aggregate group of subscriptions must be received from the same participating dealer, including the dealer manager. Any such reduction in selling commission will be prorated among the separate subscribers. An investor may reduce the amount of his or her purchase price to the net amount shown in the foregoing table, if applicable. Except as provided in this paragraph, separate subscriptions will not be cumulated, combined or aggregated.

Minimum Offering

As of January 8, 2007, excluding shares purchased by our executive officers and directors, our dealer manager and our advisor and its affiliates, we had received and accepted subscriptions in our offering for 200,846 shares of common stock, or \$2,004,000, thereby exceeding the minimum offering. Having raised the minimum offering, the offering proceeds were released by the escrow agent to us and are available for the acquisition of properties and the other purposes disclosed in the prospectus. As of April 12, 2007, we had received and accepted subscriptions in our offering for 3,626,010 shares of common stock, or approximately \$36,218,000, excluding shares issued pursuant to our distribution reinvestment plan. We will sell shares until the earlier of September 20, 2008, or the date on which the maximum has been sold. However, we reserve the right to terminate this offering at any time.

Admission of Stockholders

We intend to admit stockholders periodically as subscriptions for shares are received in good order, but not less frequently than monthly. Upon acceptance of subscriptions, subscription proceeds will be transferred from our escrow account into our operating account, out of which we will acquire real estate and pay fees and expenses as described in this prospectus.

Minimum Investment

The minimum purchase is 100 shares, which equals a minimum investment of \$1,000, except for purchases by (1) our existing stockholders, including purchases made pursuant to our distribution reinvestment plan, and (2) existing investors in other programs sponsored by our sponsor, NNN Realty Advisors, Inc., or any of our sponsor's affiliates, which may be in lesser amounts.

The dealer manager and each participating broker-dealer who sells shares have the responsibility to make every reasonable effort to determine that the purchase of shares is appropriate for the investor and that the requisite suitability standards are met. See Suitability Standards. In making this determination, the dealer manager or the participating broker-dealer will rely on relevant information provided by the investor, including information as to the investor's age, investment objectives, investment experience, income, net worth, financial situation, other investments, and other pertinent information. Each investor should be aware that the dealer manager or the participating broker-dealer will be responsible for determining suitability.

The dealer manager or each participating broker-dealer shall maintain records of the information used to determine that an investment in shares is suitable and appropriate for an investor. These records are required to be maintained for a period of at least six years.

Automatic Investment Plan

Investors who desire to purchase shares in this offering at regular intervals may be able to do so through their participating broker-dealer or, if they are investing in this offering other than through a participating broker-dealer, through the dealer manager by completing an automatic investment plan enrollment form. Participation in the automatic investment plan is limited to investors who have already met the minimum purchase requirement in this offering. The minimum periodic investment is \$100 per month.

Table of Contents

Investors who reside in the State of Ohio may not participate in the Automatic Investment Plan.

We will provide a confirmation of your monthly purchases under the automatic investment plan within five business days after the end of each month. The confirmation will disclose the following information:

the amount of the investment;

the date of the investment; and

the number and price of the shares purchased by you.

We will pay marketing support fees and selling commissions in connection with sales under the automatic investment plan to the same extent that we pay those fees and commissions on shares sold in this offering outside of the automatic investment plan.

You may terminate your participation in the automatic investment plan at any time by providing us with written notice. If you elect to participate in the automatic investment plan, you must agree that if at any time you fail to meet the applicable investor suitability standards or cannot make the other investor representations set forth in the then-current prospectus and subscription agreement, you will promptly notify us in writing of that fact and your participation in the plan will terminate. See the Suitability Standards section of this prospectus (on page i) and the form of subscription agreement attached hereto as Appendix B.

REPORTS TO STOCKHOLDERS

We will furnish each stockholder with an annual report within 120 days following the close of each fiscal year. These annual reports will contain, among other things, the following:

financial statements, including a balance sheet, statement of operations, statement of stockholders' equity, and statement of cash flows, prepared in accordance with accounting principles generally accepted in the United States of America, or GAAP, which are audited and reported on by independent registered public accounting firm;

a statement of the aggregate amount of fees paid to our advisor and its affiliates; and

full disclosure of all material terms, factors and circumstances surrounding any and all transactions involving us and any of our directors, our advisor and its affiliates or any other of our affiliates occurring in the year for which the annual report is made.

While we are required by the Securities Exchange Act of 1934 to file with the SEC annual reports on Form 10-K, we will furnish a copy of each such report to each stockholder. Stockholders also may receive a copy of any Form 10-Q upon request. We will also provide quarterly distribution reports.

We will provide appropriate tax information to our stockholders within 30 days following the end of each fiscal year. Our fiscal year will be the calendar year.

SUPPLEMENTAL SALES MATERIAL

In addition to this prospectus, we may use certain supplemental sales material in connection with the offering of the shares, although only when accompanied by or preceded by the delivery of this prospectus. This material, prepared by our advisor, may include a brochure describing the advisor and its affiliates and our investment objectives, a fact sheet that provides information regarding properties purchased to date and other summary information related to our offering, property brochures, a power point presentation that provides information regarding our company and our offering and the past performance of programs managed by our advisor and its affiliates. In addition, the sales material may contain quotations from various publications without obtaining the consent of the author or the publication for use of the quoted material in the sales material.

Table of Contents

No person has been authorized to prepare for, or furnish to, a prospective investor any sales material other than that described herein with the exception of third-party article reprints, tombstone newspaper advertisements or solicitations of interest limited to identifying the offering and the location of sources of additional information.

The offering of our shares is made only by means of this prospectus. Although the information contained in the supplemental sales material will not conflict with any of the information contained in this prospectus, such material does not purport to be complete, and should not be considered a part of this prospectus or the registration statement, of which this prospectus is a part, or as incorporated by reference in this prospectus or said registration statement or as forming the basis of the offering of shares of our common stock.

LEGAL MATTERS

The validity of the shares being offered hereby has been passed upon for us by Venable LLP, Baltimore, Maryland. The statements under the caption Federal Income Tax Considerations as they relate to federal income tax matters have been reviewed by Alston & Bird LLP, Atlanta, Georgia and Alston & Bird LLP has opined as to certain income tax matters relating to an investment in our shares. Alston & Bird LLP has also represented our advisor as well as various other affiliates of our advisor, in other matters and may continue to do so in the future. See Conflicts of Interest.

EXPERTS

The consolidated financial statements of NNN Healthcare/ Office REIT, Inc. and subsidiary as of December 31, 2006 and April 28, 2006 (Date of Inception) and for the period from April 28, 2006 (Date of Inception) through December 31, 2006 included in this prospectus, have been audited by Deloitte & Touche LLP, an independent registered public accounting firm, as stated in their report appearing herein, and are included in reliance upon the report of such firm given upon their authority as experts in accounting and auditing.

The statement of revenues and certain expenses of Southpointe Office Parke and Epler Parke I for the year ended December 31, 2006, included in this prospectus has been audited by KMJ/Corbin & Company LLP, an independent audit firm, as indicated in their report with respect thereto, and is included in this prospectus in reliance upon the authority of said firm as experts in accounting and auditing.

The statement of revenues and certain expenses of Crawfordsville Medical Office Park and Athens Surgery Center for the year ended December 31, 2006, included in this prospectus has been audited by KMJ/ Corbin & Company LLP, an independent audit firm, as indicated in their report with respect thereto, and is included in this prospectus in reliance upon the authority of said firm as experts in accounting and auditing.

The statement of revenues and certain expenses of The Gallery Professional Building for the year ended December 31, 2006, included in this prospectus has been audited by KMJ/Corbin & Company LLP, an independent audit firm, as indicated in their report with respect thereto, and is included in this prospectus in reliance upon the authority of said firm as experts in accounting and auditing.

The statement of revenues and certain expenses of Lenox Office Park, Building G, for the year ended December 31, 2006, included in this prospectus has been audited by KMJ/Corbin & Company LLP, an independent audit firm, as indicated in their report with respect thereto, and is included in this prospectus in reliance upon the authority of said firm as experts in accounting and auditing.

WHERE YOU CAN FIND ADDITIONAL INFORMATION

We have filed with the SEC a registration statement on Form S-11 under the Securities Act of 1933 with respect to the shares offered pursuant to this prospectus. This prospectus does not contain all the

Table of Contents

information set forth in the registration statement and the exhibits related thereto filed with the SEC, reference to which is hereby made. As a result of the effectiveness of the registration statement, we are subject to the informational reporting requirements of the Exchange Act and, under that Act, we will file reports, proxy statements and other information with the SEC. The registration statement of which this prospectus forms a part, including its exhibits and schedules, and the reports, proxy statements and other information filed by us with the SEC may be inspected and copied, at the public reference room maintained by the SEC at 100 F Street, N.E., Room 1580, Washington, D.C. 20549. Copies of the materials may also be obtained from the SEC at prescribed rates by writing to the public reference room maintained by the SEC at 100 F Street, N.E., Room 1580, Washington D.C. 20549. You may obtain information on the operation of the public reference room by calling the SEC at 1-800-SEC-0330. In addition, the SEC maintains a Web site at <http://www.sec.gov>. Our registration statement, of which this prospectus constitutes a part, can be downloaded from the SEC's web site.

Table of Contents

**INDEX TO CONSOLIDATED FINANCIAL STATEMENTS
OF
NNN HEALTHCARE/ OFFICE REIT, INC.**

	Page
FINANCIAL STATEMENTS OF NNN HEALTHCARE/ OFFICE REIT, INC.	
<u>Report of Independent Registered Public Accounting Firm</u>	F-2
<u>Consolidated Balance Sheets as of December 31, 2006 and April 28, 2006 (Date of Inception)</u>	F-3
<u>Consolidated Statement of Operations for the Period from April 28, 2006 (Date of Inception) through December 31, 2006</u>	F-4
<u>Consolidated Statement of Stockholders (Deficit) Equity for the Period from April 28, 2006 (Date of Inception) through December 31, 2006</u>	F-5
<u>Consolidated Statement of Cash Flows for the Period from April 28, 2006 (Date of Inception) through December 31, 2006</u>	F-6
Notes to Consolidated Financial Statements	F-7
 FINANCIAL STATEMENTS OF REAL ESTATE PROPERTIES ACQUIRED:	
Southpointe Office Parke and Epler Parke I	
<u>Independent Auditors Report</u>	F-21
<u>Statement of Revenues and Certain Expenses for the Year Ended December 31, 2006</u>	F-22
<u>Notes to Statement of Revenues and Certain Expenses</u>	F-23
Crawfordsville Medical Office Park and Athens Surgery Center	
<u>Independent Auditors Report</u>	F-26
<u>Statement of Revenues and Certain Expenses for the Year Ended December 31, 2006</u>	F-27
<u>Notes to Statement of Revenues and Certain Expenses</u>	F-28
The Gallery Professional Building	
<u>Independent Auditors Report</u>	F-31
<u>Statement of Revenues and Certain Expenses for the Year Ended December 31, 2006</u>	F-32
<u>Notes to Statement of Revenues and Certain Expenses</u>	F-33
Lenox Office Park Building G	
<u>Independent Auditors Report</u>	F-36
<u>Statement of Revenues and Certain Expenses for the Year Ended December 31, 2006</u>	F-37
<u>Notes to Statement of Revenues and Certain Expenses</u>	F-38
 PRO FORMA FINANCIAL INFORMATION	
<u>Unaudited Pro Forma Condensed Consolidated Financial Statements</u>	F-41
<u>Unaudited Pro Forma Condensed Consolidated Balance Sheet as of December 31, 2006</u>	F-42
<u>Unaudited Pro Forma Condensed Consolidated Statement of Operations for the Period from April 28, 2006 (Date of Inception) through December 31, 2006</u>	F-43
<u>Notes to Unaudited Pro Forma Condensed Consolidated Financial Statements</u>	F-44

Table of Contents

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders
NNN Healthcare/ Office REIT, Inc.

We have audited the accompanying consolidated balance sheets of NNN Healthcare/ Office REIT, Inc. and subsidiary, a Maryland Corporation, (the Company) as of December 31, 2006 and April 28, 2006 (Date of Inception) and the related consolidated statements of operations, stockholders (deficit) equity and cash flows for the period from April 28, 2006 (Date of Inception) through December 31, 2006. These consolidated financial statements are the responsibility of the Company s management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company s internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2006 and April 28, 2006 (Date of Inception), and the results of their operations and their cash flows for the period from April 28, 2006 (Date of Inception) through December 31, 2006, in conformity with accounting principles generally accepted in the United States of America.

/s/ Deloitte & Touche, LLP

Los Angeles, California
March 2, 2007

F-2

Table of Contents

NNN Healthcare/ Office REIT, Inc.
CONSOLIDATED BALANCE SHEETS
December 31, 2006 and April 28, 2006 (Date of Inception)

	December 31, 2006	April 28, 2006 (Date of Inception)
ASSETS		
Cash	\$ 202,000	\$ 202,000
Prepaid expenses	179,878	
Other assets	3,446	
Total assets	\$ 385,324	\$ 202,000
LIABILITIES, MINORITY INTEREST AND STOCKHOLDERS (DEFICIT) EQUITY		
Liabilities:		
Accrued liabilities	\$ 61,944	\$
Due to affiliates	312,426	
Total liabilities	374,370	
Commitments and contingencies (Note 3)		
Minority interest of limited partner in Operating Partnership	200,000	200,000
Stockholders (deficit) equity:		
Preferred stock, \$0.01 par value; 200,000,000 shares authorized; none issued and outstanding		
Common stock, \$0.01 par value; 1,000,000,000 shares authorized; 20,200 and 200 shares issued and outstanding as of December 31, 2006 and April 28, 2006, respectively	162	2
Additional paid-in capital	52,563	1,998
Accumulated deficit	(241,771)	
Total stockholders (deficit) equity	(189,046)	2,000
Total liabilities, minority interest and stockholders (deficit) equity	\$ 385,324	\$ 202,000

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

Table of Contents

NNN Healthcare/ Office REIT, Inc.
CONSOLIDATED STATEMENT OF OPERATIONS
For the Period from April 28, 2006 (Date of Inception) through December 31, 2006

Expenses:		
General and administrative	\$	(241,771)
Net loss	\$	(241,771)
Net loss per share basic and diluted	\$	(149.03)
Weighted average number of common shares outstanding basic and diluted		1,622

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

Table of Contents

NNN Healthcare/ Office REIT, Inc.
CONSOLIDATED STATEMENT OF STOCKHOLDERS (DEFICIT) EQUITY
For the Period from April 28, 2006 (Date of Inception) through December 31, 2006

	Common Stock		Additional Paid-In Capital	Preferred Stock	Accumulated Deficit	Total Stockholders (Deficit) Equity
	Number of Shares	Amount				
BALANCE April 28, 2006		\$	\$	\$	\$	\$
Issuance of common stock	200	2	1,998			2,000
Issuance of vested and nonvested common stock	20,000	160	39,840			40,000
Amortization of nonvested common stock compensation			10,725			10,725
Net loss					(241,771)	(241,771)
BALANCE December 31, 2006	20,200	\$ 162	\$ 52,563	\$	\$ (241,771)	\$ (189,046)

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

Table of Contents

NNN Healthcare/ Office REIT, Inc.
CONSOLIDATED STATEMENT OF CASH FLOWS
For the Period from April 28, 2006 (Date of Inception) through December 31, 2006

CASH FLOWS FROM OPERATING ACTIVITIES	
Net loss	\$ (241,771)
Adjustments to reconcile net loss to net cash provided by operating activities:	
Stock based compensation	50,725
Changes in operating assets and liabilities:	
Prepaid expenses	(179,878)
Other assets	(3,446)
Accrued liabilities	61,944
Due to affiliates	312,426
Net cash provided by operating activities	
CASH FLOWS FROM FINANCING ACTIVITIES	
Proceeds from issuance of common stock	2,000
Minority interest contributions to Operating Partnership	200,000
Net cash provided by financing activities	
	202,000
NET CHANGE IN CASH	202,000
CASH Beginning of period	
CASH End of period	\$ 202,000

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

Table of Contents

NNN Healthcare/ Office REIT, Inc.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Period from April 28, 2006 (Date of Inception) through December 31, 2006

The use of the words we, us or our refers to NNN Healthcare/ Office REIT, Inc. and our subsidiary, NNN Healthcare/ Office REIT Holdings, L.P., except where the context otherwise requires.

1. Organization and Description of Business

NNN Healthcare/ Office REIT, Inc., a Maryland corporation, was incorporated on April 20, 2006 and intends to provide investors the potential for income and growth through investment in a diversified portfolio of real estate properties, focusing primarily on medical office buildings, healthcare-related facilities and quality commercial office properties that produce current income. We may also invest in real estate related securities. We intend to qualify as a real estate investment trust, or REIT, for federal income tax purposes for our taxable year ended December 31, 2007.

We are conducting a best efforts initial public offering, or our Offering, in which we are offering a minimum of 200,000 shares of our common stock aggregating at least \$2,000,000, or the minimum offering, and a maximum of 200,000,000 shares of our common stock for \$10.00 per share and 21,052,632 shares of our common stock pursuant to our distribution reinvestment plan, or the DRIP, at \$9.50 per share, aggregating up to \$2,200,000,000, or the maximum offering. Shares purchased by our executive officers and directors, by NNN Capital Corp., or our Dealer Manager, by NNN Healthcare/ Office REIT Advisor, LLC, or our Advisor, or by its affiliates did not count towards the minimum offering. On January 8, 2007, excluding shares purchased by our executive officers and directors, our Dealer Manager and our Advisor and its affiliates, we had received and accepted subscriptions in our Offering for 200,846 shares of our common stock, or \$2,004,000, thereby exceeding the minimum offering. See Note 10, Subsequent Events Status of our Offering for a further discussion.

We anticipate that we will conduct substantially all of our operations through NNN Healthcare/ Office REIT Holdings, L.P., or our Operating Partnership. We are externally advised by our Advisor, pursuant to an advisory agreement, or the Advisory Agreement, between us, our Advisor and Triple Net Properties, LLC, or Triple Net Properties, who is the managing member of our Advisor. The Advisory Agreement has a one-year term that expires in September 2007 and is subject to successive one-year renewals upon the mutual consent of the parties. Our Advisor supervises and manages our day-to-day operations and will select the properties and securities we acquire, subject to oversight by our board of directors. Our Advisor will also provide marketing, sales and client services on our behalf. Our Advisor is affiliated with us in that we and our Advisor have common officers, some of whom also own an indirect equity interest in our Advisor. Our Advisor engages affiliated entities, including Triple Net Properties Realty, Inc., or Realty, to provide various services to us and our future properties.

In the fourth quarter of 2006, NNN Realty Advisors, Inc., or NNN Realty Advisors, or our Sponsor, acquired all of the outstanding ownership interests of Triple Net Properties, NNN Capital Corp. and Realty. As a result, we consider NNN Realty Advisors to be our Sponsor.

As of December 31, 2006, we had neither purchased nor contracted to purchase any investments. See Note 10, Subsequent Events Property Acquisitions for a further discussion on acquisitions.

2. Summary of Significant Accounting Policies

The summary of significant accounting policies presented below is designed to assist in understanding our consolidated financial statements. Such financial statements and accompanying notes are the representations of our management, who are responsible for their integrity and objectivity. These accounting policies conform to accounting principles generally accepted in the United States of America, or GAAP, in all material respects, and have been consistently applied in preparing our accompanying consolidated financial statements.

Table of Contents

**NNN Healthcare/ Office REIT, Inc.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

Basis of Presentation

Our accompanying consolidated financial statements include our accounts and those of our Operating Partnership. We intend to operate in an umbrella partnership REIT structure in which our Operating Partnership, or wholly-owned subsidiaries of our Operating Partnership, will own substantially all of the properties acquired on our behalf. We are the sole general partner of our Operating Partnership and as of December 31, 2006, we owned a 1.0% general partnership interest therein. Our Advisor is a limited partner and as of December 31, 2006, owned a 99.0% limited partnership interest therein. Our Advisor is also entitled to certain subordinated distribution rights under the partnership agreement for our Operating Partnership. Management expects our ownership percentage in our Operating Partnership to increase significantly as we invest net proceeds from our Offering into our Operating Partnership. As of December 31, 2006, our Operating Partnership has no real estate operations and no assets other than the partners initial capital contributions. Because we are the sole general partner of our Operating Partnership and have unilateral control over its management and major operating decisions (even if additional limited partners are admitted to our Operating Partnership), the accounts of our Operating Partnership are consolidated in our consolidated financial statements. All significant intercompany accounts and transactions are eliminated in consolidation.

Use of Estimates

The preparation of our consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses, and related disclosure of contingent assets and liabilities. We believe that our critical accounting policies are those that require significant judgments and estimates. These estimates are made and evaluated on an on-going basis using information that is currently available as well as various other assumptions believed to be reasonable under the circumstances. Actual results could differ from those estimates, perhaps in material adverse ways, and those estimates could be different under different assumptions or conditions.

Concentration of Credit Risk

Financial instruments that potentially subject us to a concentration of credit risk are primarily cash. We have cash in financial institutions that is insured by the Federal Deposit Insurance Corporation, or FDIC, up to \$100,000 per institution. As of December 31, 2006, we had cash accounts in excess of FDIC insured limits. We believe this risk is not significant.

Restricted Cash Held in Escrow

Restricted funds held in escrow of \$1,802,000, including funds received from shares sold to our executive officers and directors, our Dealer Manager, and our Advisor and its affiliates, as of December 31, 2006 are not included in assets and consist of funds received in connection with subscription agreements to purchase shares of our common stock in connection with our Offering. We were required to raise the minimum offering on or before September 20, 2007 (one year following the commencement of our Offering), or, the funds raised, including interest, would have been returned to the subscribers. Therefore, as of December 31, 2006, the funds were held in an escrow account and were not released to or available to us until the minimum offering was raised.

On January 8, 2007, we raised the minimum offering and the funds held in escrow were released to us.

Table of Contents

NNN Healthcare/ Office REIT, Inc.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Organizational, Offering and Related Expenses

Our organizational, offering and related expenses are initially being paid by our Advisor, our Dealer Manager and their affiliates on our behalf. These organizational, offering and related expenses include all expenses (other than selling commissions and the marketing support fee) to be paid by us in connection with our Offering. As of December 31, 2006, our Advisor or its affiliates have incurred \$1,093,000. These expenses will only become our liability to the extent selling commissions, the marketing support fee and due diligence expense reimbursement and other organizational and offering expenses do not exceed 11.5% of the gross proceeds of our Offering. We have no obligation to reimburse our Advisor, our Dealer Manager or their affiliates for any organizational, offering and related expenses unless we raise the minimum offering. As such, these expenses are not recorded in our accompanying consolidated financial statements since we had not raised the minimum offering as of December 31, 2006. See Note 4, Related Party Transactions Offering Stage for a further discussion of expenses during our offering stage.

Stock Compensation

We follow Statement of Financial Accounting Standards, or SFAS, No. 123(R), *Share-Based Payment*, to account for our stock compensation pursuant to our 2006 Incentive Plan and the 2006 Independent Directors Compensation Plan, a sub-plan of our 2006 Incentive Plan. See Note 6, Stockholders (Deficit) Equity 2006 Incentive Plan and Independent Directors Compensation Plan for a further discussion of grants under our 2006 Incentive Plan.

Income Taxes

We intend to make an election to be taxed as a REIT, under Sections 856 through 860 of the Internal Revenue Code of 1986, as amended, or the Code, and we intend to be taxed as such beginning with our taxable year ended December 31, 2007. We intend to qualify as a REIT. To qualify as a REIT, we must meet certain organizational and operational requirements, including a requirement to currently distribute at least 90.0% of our ordinary taxable income to stockholders. As a REIT, we generally will not be subject to federal income tax on taxable income that we distribute to our stockholders. If we fail to qualify as a REIT in any taxable year, we will then be subject to federal income taxes on our taxable income at regular corporate rates and will not be permitted to qualify for treatment as a REIT for federal income tax purposes for four years following the year during which qualification is lost unless the Internal Revenue Service grants us relief under certain statutory provisions. Such an event could materially adversely affect our net income and net cash available for distribution to stockholders. Because of our intention to elect REIT status in 2007, we will not benefit from the loss incurred in the year ended December 31, 2006.

Per Share Data

We report earnings (loss) per share pursuant to SFAS No. 128, *Earnings Per Share*. Basic earnings (loss) per share attributable for all periods presented are computed by dividing net income (loss) by the weighted average number of shares of our common stock outstanding during the period. Diluted earnings (loss) per share are computed based on the weighted average number of shares of our common stock and all potentially dilutive securities, if any. Restricted shares of common stock give rise to potentially dilutive shares of common stock.

For the period from April 28, 2006 (Date of Inception) through December 31, 2006, we recorded a net loss of approximately \$242,000. 16,000 shares of restricted common stock were outstanding as of December 31, 2006, but were excluded from the computation of diluted earnings per share because such shares of restricted common stock were anti-dilutive during this period.

Table of Contents

NNN Healthcare/ Office REIT, Inc.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Segment Disclosure

We internally evaluate operations as one segment and therefore do not report segment information.

Recently Issued Accounting Pronouncements

In July 2006, the Financial Accounting Standards Board, or the FASB, issued Interpretation No. 48, *Accounting for Uncertainty in Income Taxes*, or FIN No. 48. This interpretation, among other things, creates a two-step approach for evaluating uncertain tax positions. Recognition (step one) occurs when an enterprise concludes that a tax position, based solely on its technical merits, is more-likely-than-not to be sustained upon examination. Measurement (step two) determines the amount of benefit that more-likely-than-not will be realized upon settlement. Derecognition of a tax position that was previously recognized would occur when a company subsequently determines that a tax position no longer meets the more-likely-than-not threshold of being sustained. FTN No. 48 specifically prohibits the use of a valuation allowance as a substitute for derecognition of tax positions, and it has expanded disclosure requirements. FIN No. 48 is effective for fiscal years beginning after December 15, 2006, in which the impact of adoption should be accounted for as a cumulative-effect adjustment to the beginning balance of retained earnings. The adoption of FIN No. 48 as of the beginning of the first quarter of 2007 did not have a material impact on our consolidated financial statements.

In September 2006, the FASB issued SFAS No. 157, *Fair Value Measurement*, or SFAS No. 157. SFAS No. 157 defines fair value, establishes a framework for measuring fair value in accordance with GAAP, and expands disclosures about fair value measurements. The provisions of SFAS No. 157 are effective for fiscal years beginning after November 15, 2007. We will adopt SFAS No. 157 on January 1, 2008. We are evaluating SFAS No. 157 and have not yet determined the impact the adoption, if any, will have on our consolidated financial statements.

In September 2006, the Securities and Exchange Commission, or the SEC, released Staff Accounting Bulletin, or SAB, No. 108, *Considering the Effects of Prior Year Misstatements When Quantifying Current Year Misstatements*, or SAB No. 108, to address diversity in practice regarding consideration of the effects of prior year errors when quantifying misstatements in current year financial statements. The SEC staff concluded that registrants should quantify financial statement errors using both a balance sheet approach and an income statement approach and evaluate whether either approach results in quantifying a misstatement that, when all relevant quantitative and qualitative factors are considered, is material. SAB No. 108 states that if correcting an error in the current year materially affects the current year's income statement, the prior period financial statements must be restated. SAB No. 108 is effective for fiscal years ending after November 15, 2006. The adoption of SAB No. 108 in the fourth quarter of 2006 did not have a material impact on our consolidated financial statements.

In February 2007, the FASB issued SFAS No. 159, *The Fair Value Option for Financial Assets and Financial Liabilities*, or SFAS No. 159. SFAS No. 159 permits entities to choose to measure many financial instruments and certain other items at fair value. The objective of the guidance is to improve financial reporting by providing entities with the opportunity to mitigate volatility in reported earnings caused by measuring related assets and liabilities differently without having to apply complex hedge accounting provisions. SFAS No. 159 is effective as of the beginning of the first fiscal year that begins after November 15, 2007. Early adoption is permitted as of the beginning of the fiscal year beginning on or before November 15, 2007, provided the provisions of SFAS No. 157 are applied. We will adopt SFAS No. 159 on January 1, 2008. We are evaluating SFAS No. 159 and have not yet determined the impact the adoption, if any, will have on our consolidated financial statements.

Table of Contents

NNN Healthcare/ Office REIT, Inc.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

3. Commitments and Contingencies

Litigation

We are not presently subject to any material litigation nor, to our knowledge, is any material litigation threatened against us, which if determined unfavorably to us, would have a material adverse effect on our consolidated financial position, results of operations or cash flows.

4. Related Party Transactions

Some of our executive officers and our non-independent director are also executive officers and/or holders of a direct or indirect interest in our Advisor, Triple Net Properties, Realty, or other affiliated entities. Upon the effectiveness of our Offering, we entered into the Advisory Agreement and a dealer manager agreement, or the Dealer Manager Agreement, with our Dealer Manager. These agreements entitle our Advisor, our Dealer Manager and their affiliates to specified compensation for certain services with regard to our Offering and the investment of funds in real estate assets, among other services, as well as reimbursement of organizational and offering expenses incurred.

Offering Stage

Selling Commissions

Our Dealer Manager will receive selling commissions up to 7.0% of the gross offering proceeds from the sale of shares of our common stock in our Offering. Our Dealer Manager may re-allow all or a portion of these fees to participating broker-dealers. Our Dealer Manager did not receive selling commissions for the period from April 28, 2006 (Date of Inception) through December 31, 2006. Selling commissions are not recorded in our accompanying consolidated financial statements because such commissions were not our liability since we had not raised the minimum offering as of December 31, 2006. When recorded by us, such commissions will be charged to stockholders equity as such amounts are paid to our Dealer Manager from the gross proceeds of our Offering.

Marketing Support Fee and Due Diligence Expense Reimbursement

Our Dealer Manager may receive non-accountable marketing support fees up to 2.5% of the gross offering proceeds from the sale of shares of our common stock in our Offering and may re-allow up to 1.5% of these fees to participating broker-dealers. In addition, we may reimburse our Dealer Manager or its affiliates an additional accountable 0.5% of gross offering proceeds for bona fide due diligence expenses and may re-allow up to 0.5% of these fees to participating broker-dealers. Our Dealer Manager or its affiliates did not receive marketing support fees or due diligence expense reimbursements for the period from April 28, 2006 (Date of Inception) through December 31, 2006. Marketing support fees and due diligence expense reimbursements are not recorded in our accompanying consolidated financial statements because such fees and reimbursements were not our liability since we had not raised the minimum offering as of December 31, 2006. When recorded by us, such fees and reimbursements will be charged to stockholders equity as such amounts are reimbursed to our Dealer Manager or its affiliates from the gross proceeds of our Offering.

Other Organizational and Offering Expenses

Our organizational and offering expenses are paid by our Advisor or Triple Net Properties on our behalf. Our Advisor or Triple Net Properties may be reimbursed for actual expenses incurred for up to 1.5% of the gross offering proceeds for the shares sold under our Offering. No reimbursements were made to our Advisor or Triple Net Properties for the period from April 28, 2006 (Date of Inception) through December 31, 2006 for other organizational and offering expenses. Other organizational and offering

Table of Contents**NNN Healthcare/ Office REIT, Inc.****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

expenses are not recorded in our accompanying consolidated financial statements because such expenses were not our liability since we had not raised the minimum offering as of December 31, 2006. When recorded by us, organizational expenses will be expensed as incurred and offering expenses will be charged to stockholders' equity as such amounts are reimbursed to our Advisor or Triple Net Properties from the gross proceeds of our Offering.

Acquisition and Development Stage***Acquisition Fees***

Our Advisor or its affiliates will receive, as compensation for services rendered in connection with the investigation, selection and acquisition of properties, an acquisition fee up to 3.0% of the contract purchase price for each property acquired or up to 4.0% of the total development cost of any development property acquired, as applicable. For the period from April 28, 2006 (Date of Inception) through December 31, 2006, we did not incur such fees.

Reimbursement of Acquisition Expenses

Our Advisor or its affiliates will be reimbursed for acquisition expenses related to selecting, evaluating, acquiring and investing in properties, which will not exceed 0.5% of the purchase price of the properties. The reimbursement of acquisition fees and expenses, including real estate commissions paid to unaffiliated parties, will not exceed, in the aggregate, 6.0% of the purchase price or total development costs, unless fees in excess of such limits are approved by a majority of our disinterested independent directors. For the period from April 28, 2006 (Date of Inception) through December 31, 2006, we did not incur such expenses.

Operational Stage***Asset Management Fee***

Our Advisor or its affiliates will be paid a monthly fee for services rendered in connection with the management of our assets equal to one-twelfth of 1.0% of the 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 5.0% per annum on average invested capital. For the period from April 28, 2006 (Date of Inception) through December 31, 2006, we did not incur such fees.

Property Management Fees

Our Advisor or its affiliates will be paid a monthly property management fee equal to 4.0% of the gross cash receipts from each property managed. For properties managed by other third parties besides our Advisor or its affiliates, our Advisor or its affiliates will be paid up to 1.0% of the gross cash receipts from the property for a monthly oversight fee. For the period from April 28, 2006 (Date of Inception) through December 31, 2006, we did not incur such fees.

Operating Expenses

Our Advisor or its affiliates will be reimbursed for expenses incurred in rendering its services, subject to certain limitations. Fees and costs reimbursed to our Advisor or its affiliates cannot exceed the greater of: (1) 2.0% of our average invested assets, as defined in the Advisory Agreement, or (2) 25.0% of our net income, as defined in the Advisory Agreement. For the period from April 28, 2006 (Date of Inception) through December 31, 2006, Triple Net Properties incurred \$312,000 on our behalf. As of December 31, 2006, we had not reimbursed our Advisor or its affiliates for such expenses.

Table of Contents

**NNN Healthcare/ Office REIT, Inc.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

Liquidity Stage

Disposition Fees

Our Advisor or its affiliates will be paid, for a substantial amount of services relating to a sale of one or more properties, a disposition fee up to the lesser of 1.75% of the contract sales price or 50.0% of a customary competitive real estate commission given the circumstances surrounding the sale, in each case as determined by our board of directors and will not exceed market norms. The amount of disposition fees paid, including real estate commissions paid to unaffiliated parties, will not exceed the lesser of the customary competitive disposition fee or an amount equal to 6.0% of the contract sales price. For the period from April 28, 2006 (Date of Inception) through December 31, 2006, we did not incur such fees.

Subordinated Participation Interest

Subordinated Distribution of Net Sales Proceeds

Upon liquidation of our portfolio, our Advisor will be paid a subordinated distribution of net sales proceeds. The distribution will be equal to 15.0% of the net proceeds from the sales of properties, after subtracting distributions to our stockholders of (1) their initial contributed capital (less amounts paid to repurchase shares pursuant to our share repurchase program) plus (2) an annual cumulative, non-compounded return of 8.0% on average invested capital. Actual amounts depend upon the sales prices of properties upon liquidation. For the period from April 28, 2006 (Date of Inception) through December 31, 2006, we did not incur such distributions.

Subordinated Distribution Upon Listing

Upon the listing of shares of our common stock on a national securities exchange, our Advisor will be paid a distribution equal to 15.0% of the amount by which (1) the market value of our outstanding common stock at listing plus distributions paid prior to listing exceeds (2) the sum of total amount of capital raised from stockholders (less amounts paid to repurchase shares pursuant to our share repurchase plan) and the amount of cash that, if distributed to stockholders as of the date of listing, would have provided them an annual 8.0% cumulative, non-compounded return on average invested capital through the date of listing. Actual amounts depend upon the market value of shares of our common stock at the time of listing, among other factors. For the period from April 28, 2006 (Date of Inception) through December 31, 2006, we did not incur such distributions.

Subordinated Distribution Upon Termination

Upon termination of the Advisory Agreement, other than a termination by us for cause, our Advisor will be entitled to receive a distribution from our Operating Partnership in an amount equal to 15.0% of the amount, if any, by which (1) the fair market value of all of the assets of our Operating Partnership as of the date of the termination (determined by appraisal), less any indebtedness secured by such assets, plus the cumulative distributions made to us by our Operating Partnership from our inception through the termination date, exceeds (2) the sum of the total amount of capital raised from stockholders (less amounts paid to redeem shares pursuant to our share repurchase plan) plus an annual 8.0% cumulative, non-compounded return on average invested capital through the termination date. However, our Advisor will not be entitled to this distribution if shares of our common stock have been listed on a national securities exchange prior to the termination of the Advisory Agreement. For the period from April 28, 2006 (Date of Inception) through December 31, 2006, we did not incur such distributions.

Table of Contents

NNN Healthcare/ Office REIT, Inc.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Due to Affiliates

As of December 31, 2006, approximately \$312,000 was payable to Triple Net Properties, primarily for reimbursement of insurance premiums.

5. Minority Interest

In April 2006, we made an initial capital contribution to our Operating Partnership of \$2,000 and our Advisor made an initial capital contribution of \$200,000 to our Operating Partnership. We used the proceeds from the sale of shares of our common stock to our Advisor to make such capital contribution to our Operating Partnership. As of December 31, 2006, we owned a 1.0% general partnership interest in our Operating Partnership and our Advisor owned a 99.0% limited partnership interest.

6. Stockholders (Deficit) Equity

Common Stock

In April 2006, our Advisor purchased 200 shares of our common stock for total cash consideration of \$2,000 and was admitted as our initial stockholder. On September 20, 2006 and October 4, 2006, we granted 15,000 shares and 5,000 shares, respectively, of restricted common stock to our independent directors. As such, as of December 31, 2006 and April 28, 2006, we had 20,200 and 200 shares, respectively, of our common stock outstanding.

We are offering and selling to the public up to 200,000,000 shares of our \$0.01 par value common stock for \$10.00 per share and up to 21,052,632 shares of our \$0.01 par value common stock to be issued pursuant to the DRIP at \$9.50 per share. Our charter authorizes us to issue 1,000,000,000 shares of our common stock.

Common Stock Held in Escrow

In connection with our Offering, we received subscriptions of 200,899 shares of our common stock, or \$1,802,000, including shares sold to our executive officers and directors, our Dealer Manager, and our Advisor and its affiliates, at \$10.00 per share as of December 31, 2006. On January 8, 2007, we raised the minimum offering and the funds held in escrow were released to us.

Preferred Stock

Our charter authorizes us to issue 200,000,000 shares of our \$0.01 par value preferred stock. No shares of preferred stock were issued and outstanding as of December 31, 2006.

Distribution Reinvestment Plan

We adopted the DRIP that allows stockholders to purchase additional shares of our common stock through reinvestment of distributions, subject to certain conditions. We registered and reserved 21,052,632 shares of our common stock for sale pursuant to the DRIP in our Offering. No reinvestment of distributions were made for the period from April 28, 2006 (Date of Inception) through December 31, 2006.

Share Repurchase Plan

Our board of directors has approved a share repurchase plan. On August 24, 2006, we received SEC exemptive relief from rules restricting issuer purchases during distributions. The share repurchase plan allows for share repurchases by us when certain criteria are met. Share repurchases will be made at the sole discretion of our board of directors. Funds for the repurchase of shares will come exclusively from the

Table of Contents**NNN Healthcare/ Office REIT, Inc.****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

proceeds we receive from the sale of shares under the DRIP. No share repurchases were made for the period from April 28, 2006 (Date of Inception) through December 31, 2006.

2006 Incentive Plan and Independent Directors Compensation Plan

Under the terms of our 2006 Incentive Plan, the aggregate number of shares of our common stock subject to options, restricted shares of common stock, stock purchase rights, stock appreciation rights or other awards, including those issuable under its sub-plan, the 2006 Independent Directors Compensation Plan, will be no more than 2,000,000 shares.

On September 20, 2006 and October 4, 2006, we granted 15,000 shares and 5,000 shares, respectively, of restricted common stock, as defined in the 2006 Incentive Plan, to our independent directors under the 2006 Independent Directors Compensation Plan, of which 20.0% vested on the grant date and 20.0% will vest on each of the first four anniversaries of the date of grant. The fair value of each share of restricted common stock was estimated at the date of grant at \$10.00 per share and is amortized on a straight-line basis. Shares of restricted common stock may not be sold, transferred, exchanged, assigned, pledged, hypothecated or otherwise encumbered. Such restrictions expire upon vesting. We recognized compensation expense of approximately \$51,000 related to the restricted common stock grants for the period from April 28, 2006 (Date of Inception) through December 31, 2006, which is included in general and administrative on our accompanying consolidated statement of operations. Shares of restricted common stock have full voting rights and rights to dividends.

As of December 31, 2006, there was approximately \$149,000 of total unrecognized compensation expense, net of estimated forfeitures, related to nonvested restricted shares of common stock. The expense is expected to be realized over a weighted average period of approximately three years and nine months.

As of December 31, 2006, the fair value of the nonvested restricted shares of common stock was \$160,000. A summary of the status of our shares of restricted common stock as of December 31, 2006, and changes for the period from April 28, 2006 (Date of Inception) through December 31, 2006, is presented below:

		Restricted Common Stock	Weighted Average Grant Date Fair Value
Balance	April 28, 2006		
Granted		20,000	\$ 10.00
Vested		(4,000)	\$ 10.00
Forfeited			
Balance	December 31, 2006	16,000	\$ 10.00
Vested or expected to vest	December 31, 2006	16,000	\$ 10.00

7. Subordinated Participation Interest

Pursuant to our Agreement of Limited Partnership approved by our board of directors, upon termination of the Advisory Agreement, other than a termination by us for cause, our Advisor will be entitled to receive a distribution from our Operating Partnership in an amount equal to 15.0% of the amount, if any, by which (1) the fair market value of all of the assets of our Operating Partnership as of the date of the termination (determined by appraisal), less any indebtedness secured by such assets, plus the cumulative distributions made to us by our Operating Partnership from our inception through the termination date, exceeds (2) the sum of the total amount of capital raised from stockholders (less amounts paid to redeem shares pursuant to our share repurchase plan) plus an annual 8.0% cumulative,

Table of Contents**NNN Healthcare/ Office REIT, Inc.****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

non-compounded return on average invested capital through the termination date. However, our Advisor will not be entitled to this distribution if shares of our common stock have been listed on a national securities exchange prior to the termination of the Advisory Agreement.

8. General and Administrative Expenses

For the period from April 28, 2006 (Date of Inception) through December 31, 2006, general and administrative expenses of approximately \$242,000 consisted of insurance premiums for directors and officers liability insurance of \$68,000, directors fees of \$55,000, restricted common stock compensation of \$51,000 and professional and legal fees of \$68,000.

Such expenses are subject to the operating expense reimbursement obligation of our Advisor as discussed in Note 4, Related Party Transactions Operating Expenses.

9. Selected Quarterly Financial Data (Unaudited)

Set forth below is the unaudited selected quarterly financial data. We believe that all necessary adjustments, consisting only of normal recurring adjustments, have been included in the amounts stated below to present fairly, and in accordance with GAAP, the unaudited selected quarterly financial data when read in conjunction with our consolidated financial statements.

	Quarters Ended		Period from
	December 31, 2006	September 30, 2006	April 28, 2006 (Date of Inception) through June 30, 2006
Revenues	\$	\$	\$
Expenses	(192,112)	(49,659)	
Net loss	\$ (192,112)	\$ (49,659)	\$
Loss per share basic and diluted	\$ (46.10)	\$ (88.84)	\$

10. Subsequent Events***Status of our Offering***

As of January 8, 2007, excluding shares purchased by our executives officers and directors, our Dealer Manager and our Advisor and its affiliates, we had received and accepted subscriptions in our Offering for 200,846 shares of our common stock, or \$2,004,000, thereby exceeding the minimum offering. Having raised the minimum offering, the offering proceeds were released by the escrow agent to us and are available for the acquisition of properties and other purposes disclosed in our Registration Statement on Form S-11 (File No. 333-133652, effective September 20, 2006) filed with the Securities and Exchange Commission. As of February 28, 2007, we had received and accepted subscriptions in our Offering for 722,689 shares of our common stock, or \$7,197,000.

Unsecured Loan

On January 22, 2007, in connection with our acquisition of the 100% membership interests in NNN Southpointe, LLC and NNN Crawfordsville, LLC, we entered into an unsecured loan with NNN Realty Advisors, evidenced by a promissory note in the principal amount of \$7,500,000. The unsecured loan matures on July 22, 2007. The unsecured loan bears interest at a fixed rate of 6.86% per annum and requires monthly interest-only payments beginning on February 1, 2007 for the term of the unsecured loan. NNN Realty Advisors is our sponsor and therefore these loans are deemed to be related party loans. The terms of this

Table of Contents**NNN Healthcare/ Office REIT, Inc.****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

related party unsecured loan, were approved by our board of directors, including the majority of our independent directors, and deemed fair, competitive and commercially reasonable by our board of directors.

Property Acquisitions

On January 22, 2007, we purchased a 100% membership interest in NNN Southpointe, LLC from NNN South Crawford Member, LLC, an indirect wholly-owned subsidiary of our Sponsor, for a total purchase price of \$14,800,000. NNN Southpointe, LLC has a fee simple ownership interest in Southpointe Office Parke and Epler Parke I, or the Southpointe property, located in Indianapolis, Indiana. We primarily financed the purchase price of the property through the assumption of an existing mortgage loan payable of \$9,146,000 on the property with LaSalle Bank National Association, or LaSalle, and approximately \$5,115,000 of the proceeds from a \$7,500,000 unsecured loan (as described above) from NNN Realty Advisors. The balance was provided by funds raised through our Offering. An acquisition fee of \$444,000, or 3.0% of the purchase price, was paid to our Advisor and its affiliates.

The \$9,146,000 existing mortgage loan payable on the Southpointe property matures on September 1, 2016 and bears interest at a fixed rate of 6.113% per annum. Pursuant to our assumption of the mortgage loan payable, we are required to make monthly interest-only payments on the first day of each month through September 1, 2010. Beginning on October 1, 2010, we will be required to make principal and interest payments on the first day of each month until maturity. The mortgage loan provides for a default interest rate of an additional 5.0% per annum in an event of default and late charges in an amount equal to the lesser of (a) an additional 3.0% of the amount of any overdue payments or (b) the maximum amount permitted by applicable law, in addition to any default interest payments.

Since we acquired the NNN Southpointe, LLC membership interests from an indirect wholly-owned subsidiary of our Sponsor, an independent appraiser was engaged to value the property, the transaction was approved by the majority of our directors, including a majority of our independent directors and it was determined by a majority of our board of directors, including a majority of our independent directors that the transaction is fair and reasonable to us and at a price no greater than the cost of the investment to our Sponsor's indirect wholly-owned subsidiary or the property's appraised value.

On January 22, 2007, we purchased a 100% membership interest in NNN Crawfordsville, LLC from NNN South Crawford Member, LLC, for a total purchase price of \$6,900,000. NNN Crawfordsville, LLC has a fee simple ownership interest in Crawfordsville Medical Office Park and Athens Surgery Center, or the Crawfordsville property, located in Crawfordsville, Indiana. We primarily financed the purchase price of the property through the assumption of an existing mortgage loan payable of \$4,264,000 on the property with LaSalle and approximately \$2,385,000 of the proceeds from a \$7,500,000 unsecured loan (as described above) from NNN Realty Advisors. The balance was provided by funds raised through our Offering. An acquisition fee of \$207,000, or 3.0% of the purchase price, was paid to our Advisor and its affiliates.

The \$4,264,000 mortgage loan payable on the Crawfordsville property matures on October 1, 2016 and bears interest at a fixed rate of 6.123% per annum. Pursuant to our assumption of the mortgage loan payable, we are required to make monthly interest-only payments on the first day of each month through October 1, 2010. Beginning on November 1, 2010, we will be required to make principal and interest payments on the first day of each month until maturity. The mortgage loan provides for a default interest rate of an additional 5.0% per annum in an event of default and late charges in an amount equal to the lesser of (a) an additional 3.0% of the amount of any overdue payments or (b) the maximum amount permitted by applicable law, in addition to any default interest payments.

Since we acquired the NNN Crawfordsville, LLC membership interests from an indirect wholly-owned subsidiary of our Sponsor, an independent appraiser was engaged to value the property, the transaction was approved by the majority of our directors, including a majority of our independent directors

Table of Contents**NNN Healthcare/ Office REIT, Inc.****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

and it was determined by a majority of our board of directors, including a majority of our independent directors that the transaction is fair and reasonable to us and at a price no greater than the cost of the investment to our Sponsor's indirect wholly-owned subsidiary or the property's appraised value.

As a result of the acquisitions of the Crawfordsville property and the Southpointe property, as of January 22, 2007, our leverage exceeds 300.0%. In accordance with our charter, a majority of our directors, including a majority of our independent directors, approved our leverage exceeding 300.0% in connection with the acquisitions. The board of directors determined that the excess leverage was justified because it enabled us to purchase the property during the initial stages of our Offering, thereby improving our ability to meet our goal of acquiring a diversified portfolio of properties to generate current income for investors and preserve investor capital. We will likely continue to exceed our charter's leverage guidelines during the early stages of our operations. We will take action to reduce any such excess as soon as practicable. Net assets for purposes of this calculation are defined as our total assets (other than intangibles), valued at cost prior to deducting depreciation, reserves for bad debts and other non-cash reserves, less total liabilities. The preceding calculation is generally expected to approximate 75.0% of the sum of (1) the aggregate cost of our properties before non-cash reserves and depreciation and (2) the aggregate cost of our securities assets.

Proposed Property Acquisitions

In January 2007, our board of directors approved the acquisitions of: (i) the Gallery Professional Building located in St. Paul, Minnesota for a purchase price of \$8,800,000, plus closing costs; and (ii) Lenox Office Park, Building G, located in Memphis, Tennessee for a purchase price of \$18,500,000, plus closing costs, contingent upon raising sufficient financing and other conditions.

Appointment to the Audit Committee

On January 17, 2007, Gary T. Wescombe accepted his appointment to the Audit Committee of our board of directors.

Distribution

Our board of directors approved a 6.5% per annum distribution to be paid to stockholders beginning on January 8, 2007, the date we reached our minimum offering. The first distribution was paid on February 15, 2007 for the period ended January 31, 2007.

On February 14, 2007, our board of directors approved a 7.25% per annum distribution to be paid to stockholders beginning with our February 2007 monthly distribution which will be paid in March 2007. Distributions are paid monthly.

11. Subsequent Events (Unaudited)***Status of our Offering***

As of April 12, 2007, we had received and accepted subscriptions in our Offering for 3,626,010 shares of our common stock, or \$36,218,000.

Unsecured Loans

On March 9, 2007, in connection with our acquisition of the 100% membership interests in NNN Gallery Medical, LLC, we entered into an unsecured loan with NNN Realty Advisors, evidenced by a promissory note, in the principal amount of \$1,000,000. The unsecured loan matures on September 9, 2007. The unsecured loan bears interest at a fixed rate of 6.84% per annum and requires monthly interest-only payments beginning on April 1, 2007 for the term of the unsecured loan. NNN Realty Advisors is

Table of Contents

NNN Healthcare/ Office REIT, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

our sponsor and therefore these loans are deemed to be related party loans. The terms of this related party unsecured loan, were approved by our board of directors, including the majority of our independent directors, and deemed fair, competitive and commercially reasonable by our board of directors.

On March 28, 2007, we repaid all outstanding principal and accrued interest on the two unsecured loans with NNN Realty Advisors using proceeds from our Offering.

Property Acquisitions

On March 9, 2007, we acquired all of the membership interests of NNN Gallery Medical, LLC for a total purchase price of \$8,800,000, plus closing costs. NNN Gallery Medical, LLC has fee simple ownership of The Gallery Professional Building, an eight-story medical building located in downtown St. Paul, Minnesota. We primarily financed the purchase price of through the assumption of the existing \$6,000,000 mortgage and a \$1,000,000 loan from NNN Realty Advisors (described above). The balance of the purchase price was provided by funds raised through our Offering. In connection with the acquisition, we incurred an acquisition fee of \$264,000, or 3.0% of the purchase price, to our Advisor and its affiliate.

The existing \$6,000,000 mortgage loan payable on the property bears interest at a fixed rate of 5.76% per annum and matures on March 1, 2017. Pursuant to our assumption of the mortgage loan payable, we are required to make monthly interest-only payments on the first day of each month through March 1, 2011. Beginning on April 1, 2011, we will be required to make principal and interest payments on the first day of each month until maturity.

On March 23, 2007, we acquired all of the membership interests of NNN Lenox Medical, LLC and NNN Lenox Medical Land, LLC for a total purchase price of \$18,500,000, plus closing costs. NNN Lenox Medical, LLC holds a leasehold interest in Lenox Office Park Building G, and NNN Lenox Medical Land, LLC holds a fee simple interest in two vacant parcels of land within Lenox Office Park, located in Memphis, Tennessee. We primarily financed the purchase price of NNN Lenox Medical, LLC and NNN Lenox Medical Land, LLC through the assumption of the existing \$12,000,000 mortgage. The balance of the purchase price was provided by funds raised through our Offering. In connection with the acquisition, we incurred an acquisition fee of \$555,000, or 3.0% of the purchase price, to our Advisor and its affiliate.

The existing \$12,000,000 mortgage loan payable bears interest at a fixed rate of 5.88% per annum and matures on February 1, 2017. Pursuant to our assumption of the mortgage loan payable, we are required to make monthly interest-only payments on the first day of each month through February 1, 2011. Beginning on March 1, 2011, we will be required to make principal and interest payments on the first day of each month until maturity.

Since we acquired the NNN Gallery Medical, LLC, NNN Lenox Medical, LLC and NNN Lenox Medical Land, LLC membership interests from an affiliate and subsidiaries of our Sponsor, an independent appraiser was engaged to value the properties, the transactions were approved by the majority of our directors, including a majority of our independent directors and it was determined by a majority of our board of directors, including a majority of our independent directors that the transactions are fair and reasonable to us and at prices no greater than the cost of the investments to our affiliate and Sponsor's subsidiaries or the properties' appraised values.

As a result of the acquisitions of each of the The Gallery Professional Building and Lenox Office Park Building G, on the acquisition date, our leverage exceeded 300.0%. In accordance with our charter, a majority of our directors, including a majority of our independent directors, approved our leverage exceeding 300.0% in connection with the acquisitions. The board of directors determined that the excess leverage was justified because it enabled us to purchase the property during the initial stages of our offering, thereby improving our ability to meet our goal of acquiring a diversified portfolio of properties to generate current

Table of Contents

NNN Healthcare/ Office REIT, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

income for investors and preserve investor capital. As of April 23, 2007, our leverage does not exceed 300.0%.

Potential Property Acquisitions

On March 23, 2007, our board of directors approved the acquisition of Yorktown Medical Center and Shakerag Medical Center located in Fayette County, Georgia. We expect to purchase the Fayette property from an unaffiliated third party for a purchase price of \$21,500,000, as soon as we have sufficient proceeds available from our Offering to fund the cash portion of the purchase price. In connection with the purchase, we expect to obtain a \$13,500,000 fixed-rate first mortgage from LaSalle. We expect to pay our Advisor and its affiliate an acquisition fee of \$645,000, or 3.0% of the purchase price, in connection with the acquisition. We anticipate that the closing will occur in the second quarter of 2007.

On April 5, 2007, our board of directors approved the acquisition of Commons V. Commons V is a three-story multi-tenant medical office building centrally located in Naples, Florida. We anticipate purchasing Commons V for a purchase price of \$14,100,000, plus closing costs, from an unaffiliated third party. We intend to finance the purchase through a combination of debt financing and funds raised through our Offering. We expect to pay our Advisor and its affiliate an acquisition fee of \$423,000, or 3.0% of the purchase price, in connection with the acquisition. We anticipate that the closing will occur in the second quarter of 2007.

On April 5, 2007, our board of directors also approved the acquisition of Thunderbird Medical Plaza. Thunderbird Medical Plaza is a multi-tenant, three building portfolio located in Glendale, Arizona. We anticipate purchasing Thunderbird Medical Plaza for a purchase price of \$25,250,000, plus closing costs, from unaffiliated third parties. We intend to finance the purchase through a combination of debt financing and funds raised through our Offering. We expect to pay our Advisor and its affiliate an acquisition fee of \$758,000, or 3.0% of the purchase price, in connection with the acquisition. We anticipate that the closing will occur in the second quarter of 2007.

On April 5, 2007, our board of directors also approved the acquisition of Triumph Hospital Northwest and Triumph Hospital Southwest, which we collectively refer to as the Triumph Hospital Portfolio. Triumph Hospital Northwest and Triumph Hospital Southwest are located in suburban Houston, Texas. We anticipate purchasing the Triumph Hospital Portfolio for a purchase price of \$36,500,000, plus closing costs, from an unaffiliated third party. We intend to finance the purchase through a combination of debt financing and funds raised through our Offering. We expect to pay our Advisor and its affiliate an acquisition fee of \$1,095,000, or 3.0% of the purchase price, in connection with the acquisition. We anticipate that the closing will occur in the second quarter of 2007.

Election of New Director

On April 12, 2007, our board of directors appointed Larry L. Mathis to serve as an independent director on our board of directors.

Table of Contents

Independent Auditors Report

To the Board of Directors

NNN Healthcare/ Office REIT, Inc.

We have audited the accompanying statement of revenues and certain expenses of Southpointe Office Parke and Epler Parke I, or the Property, for the year ended December 31, 2006. This statement of revenues and certain expenses is the responsibility of the Property's management. Our responsibility is to express an opinion on the statement of revenues and certain expenses based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the statement of revenues and certain expenses is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the statement of revenues and certain expenses, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the statement of revenues and certain expenses. We believe that our audit provides a reasonable basis for our opinion.

The accompanying statement of revenues and certain expenses was prepared for the purpose of complying with the rules and regulations of the Securities and Exchange Commission, as described in Note 1 to the statement of revenues and certain expenses and is not intended to be a complete presentation of the Property's revenues and expenses.

In our opinion, the statement of revenues and certain expenses presents fairly, in all material respects, the revenues and certain expenses as described in Note 1 to the statement of revenues and certain expenses of Southpointe Office Parke and Epler Parke I for the year ended December 31, 2006, in conformity with the accounting principles generally accepted in the United States of America.

/s/ KMJ/ CORBIN & COMPANY LLP

Irvine, California

February 9, 2007

F-21

Table of Contents

**SOUTHPOINTE OFFICE PARKE AND EPLER PARKE I
STATEMENT OF REVENUES AND CERTAIN EXPENSES**

	Year Ended December 31, 2006
Revenues:	
Rental income	\$ 1,432,000
Tenant reimbursements	306,000
Other	19,000
Total revenues	1,757,000
Certain expenses:	
Grounds maintenance	46,000
Building maintenance	52,000
Real estate taxes	378,000
Electricity, water and gas utilities	58,000
Property management fees	50,000
Insurance	7,000
General and administrative	54,000
Total certain expenses	645,000
Revenues in excess of certain expenses	\$ 1,112,000

The accompanying notes are an integral part of the statement of revenues and certain expenses.

Table of Contents

**SOUTHPOINTE OFFICE PARKE AND EPLER PARKE I
NOTES TO STATEMENT OF REVENUES AND CERTAIN EXPENSES
For the Year Ended December 31, 2006**

NOTE 1 ORGANIZATION AND BASIS OF PRESENTATION

Organization

The accompanying statement of revenues and certain expenses includes the operations of Southpointe Office Parke and Epler Parke I, or the Property, located in Indianapolis, Indiana. The Property has 97,000 square feet of gross leaseable area and is 95% leased as of December 31, 2006.

Basis of Presentation

The accompanying statement of revenues and certain expenses has been prepared for the purpose of complying with the provisions of Article 3-14 of Regulation S-X promulgated by the Securities and Exchange Commission, or the SEC, which requires certain information with respect to real estate operations to be included with certain filings with the SEC. The statement of revenues and certain expenses includes the historical revenues and certain operating expenses of the Property, exclusive of items which may not be comparable to the proposed future operations of the Property. Material amounts that would not be directly attributable to future operating results of the Property are excluded, and therefore, the statement of revenues and certain expenses is not intended to be a complete presentation of the Property's revenues and expenses. Items excluded consist of interest expense, depreciation and amortization and federal and state income taxes.

The accompanying statement of revenues and certain expenses is not representative of the actual operations for the period presented, as certain expenses that may not be comparable to the expenses expected to be incurred by NNN Healthcare/ Office REIT Holdings, L.P. in the future operations of the Property have been excluded.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Revenue Recognition

All leases are classified as operating leases and minimum rents are recognized on a straight-line basis over the terms of the leases (including rent holidays). Tenant reimbursements for real estate taxes, common area maintenance and other recoverable costs are recognized in the period that the expenses are incurred.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of revenues and certain expenses during the reporting period. Actual results could differ materially from those estimates.

Repairs and Maintenance

Repairs and maintenance costs are expensed as incurred, while significant improvements, renovations and replacements are capitalized.

NOTE 3 LEASES

The Property has entered into operating lease agreements with tenants that expire at various dates through 2012 and are subject to scheduled fixed increases in base rent. The aggregate annual future

F-23

Table of Contents

SOUTHPOINTE OFFICE PARKE AND EPLER PARKE I
NOTES TO STATEMENT OF REVENUES AND CERTAIN EXPENSES
For the Year Ended December 31, 2006 (Continued)

minimum lease payments to be received under the existing non-cancelable operating leases as of December 31, 2006 are as follows:

2007	\$ 1,252,000
2008	930,000
2009	717,000
2010	510,000
2011	430,000
Thereafter	307,000
	\$ 4,146,000

The leases also require reimbursement of the tenant's proportional share of common area expenses, real estate taxes and other operating expenses, which are not included in the amounts above.

NOTE 4 TENANT CONCENTRATION

For the year ended December 31, 2006, the Property had one tenant occupying 14% of the gross leaseable area which accounted for 17% of total rental income.

Tenant Name	Date of Lease Expiration	Aggregate Annual Rental Income	% Aggregate Annual Rental Income
Circle Design Group	July 31, 2012	\$243,000	17%

If this tenant were to default on its lease, future revenue of the Property would be materially and adversely impacted.

NOTE 5 COMMITMENTS AND CONTINGENCIES***Litigation***

The Property may be subject to legal claims in the ordinary course of business as a property owner. Management believes that the ultimate settlement of any potential claims will not have a material impact on the Property's results of operations.

Environmental Matters

In connection with the ownership and operation of real estate, the Property may be potentially liable for costs and damages related to environmental matters. The Property has not been notified by any governmental authority of any non-compliance, liability or other claim, and management is not aware of any other environmental condition that it believes will have a material adverse effect on the Property's results of operations.

Other Matters

Other commitments and contingencies include the usual obligations of a real estate property in the normal course of business. In the opinion of management, these matters are not expected to have a material adverse effect on the Property's financial position and/or results of operations.

Table of Contents

**SOUTHPOINTE OFFICE PARKE AND EPLER PARKE I
NOTES TO STATEMENT OF REVENUES AND CERTAIN EXPENSES
For the Year Ended December 31, 2006 (Continued)**

NOTE 6 SUBSEQUENT EVENTS

On January 22, 2007, NNN Healthcare/ Office REIT Holdings, L.P. purchased a 100% membership interest in NNN Southpointe, LLC for a total purchase price of \$14,800,000 from NNN South Crawford Member, LLC. NNN Southpointe, LLC has a fee simple ownership of the Property.

F-25

Table of Contents

Independent Auditors Report

To the Board of Directors
NNN Healthcare/ Office REIT, Inc.

We have audited the accompanying statement of revenues and certain expenses of Crawfordsville Medical Office Park and Athens Surgery Center, or the Property, for the year ended December 31, 2006. This statement of revenues and certain expenses is the responsibility of the Property's management. Our responsibility is to express an opinion on the statement of revenues and certain expenses based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the statement of revenues and certain expenses is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the statement of revenues and certain expenses, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the statement of revenues and certain expenses. We believe that our audit provides a reasonable basis for our opinion.

The accompanying statement of revenues and certain expenses was prepared for the purpose of complying with the rules and regulations of the Securities and Exchange Commission, as described in Note 1 to the statement of revenues and certain expenses and is not intended to be a complete presentation of the Property's revenues and expenses.

In our opinion, the statement of revenues and certain expenses presents fairly, in all material respects, the revenues and certain expenses as described in Note 1 of Crawfordsville Medical Office Park and Athens Surgery Center for the year ended December 31, 2006, in conformity with the accounting principles generally accepted in the United States of America.

/s/ KMJ/ CORBIN & COMPANY LLP

Irvine, California
February 9, 2007

F-26

Table of Contents

**CRAWFORDSVILLE MEDICAL OFFICE PARK AND ATHENS SURGERY CENTER
STATEMENT OF REVENUES AND CERTAIN EXPENSES**

	Year Ended December 31, 2006
Revenues:	
Rental income	\$ 581,000
Tenant reimbursements	251,000
Other	1,000
Total revenues	833,000
Certain expenses:	
Grounds maintenance	14,000
Building maintenance	48,000
Real estate taxes	92,000
Electricity, water and gas utilities	94,000
Property management fees	16,000
Insurance	3,000
General and administrative	25,000
Total certain expenses	292,000
Revenues in excess of certain expenses	\$ 541,000

The accompanying notes are an integral part of the statement of revenues and certain expenses.

Table of Contents

**CRAWFORDSVILLE MEDICAL OFFICE PARK AND ATHENS SURGERY CENTER
NOTES TO STATEMENT OF REVENUES AND CERTAIN EXPENSES**

For the Year Ended December 31, 2006

NOTE 1 ORGANIZATION AND BASIS OF PRESENTATION

Organization

The accompanying statement of revenues and certain expenses includes the operations of Crawfordsville Medical Office Park and Athens Surgery Center, or the Property, located in Crawfordsville, Indiana. The Property has 44,000 square feet of gross leaseable area and is 100% leased as of December 31, 2006.

Basis of Presentation

The accompanying statement of revenues and certain expenses has been prepared for the purpose of complying with the provisions of Article 3-14 of Regulation S-X promulgated by the Securities and Exchange Commission, or the SEC, which requires certain information with respect to real estate operations to be included with certain filings with the SEC. The statement of revenues and certain expenses includes the historical revenues and certain operating expenses of the Property, exclusive of items which may not be comparable to the proposed future operations of the Property. Material amounts that would not be directly attributable to future operating results of the Property are excluded, and therefore, the statement of revenues and certain expenses is not intended to be a complete presentation of the Property's revenues and expenses. Items excluded consist of interest expense, depreciation and amortization and federal and state income taxes.

The accompanying statement of revenues and certain expenses is not representative of the actual operations for the period presented, as certain expenses that may not be comparable to the expenses expected to be incurred by NNN Healthcare/ Office REIT Holdings, L.P. in the future operations of the Property have been excluded.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Revenue Recognition

All leases are classified as operating leases and minimum rents are recognized on a straight-line basis over the terms of the leases (including rent holidays). Tenant reimbursements for real estate taxes, common area maintenance and other recoverable costs are recognized in the period that the expenses are incurred.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of revenues and certain expenses during the reporting period. Actual results could differ materially from those estimates.

Repairs and Maintenance

Repairs and maintenance costs are expensed as incurred, while significant improvements, renovations and replacements are capitalized.

NOTE 3 LEASES

The Property has entered into operating lease agreements with tenants that expire at various dates through 2016 and are subject to scheduled fixed increases in base rent. The aggregate annual future

F-28

Table of Contents

**CRAWFORDSVILLE MEDICAL OFFICE PARK AND ATHENS SURGERY CENTER
NOTES TO STATEMENT OF REVENUES AND CERTAIN EXPENSES
For the Year Ended December 31, 2006 (Continued)**

minimum lease payments to be received under the existing non-cancelable operating leases as of December 31, 2006 are as follows:

2007	\$ 578,000
2008	591,000
2009	593,000
2010	593,000
2011	605,000
Thereafter	1,837,000
	\$ 4,797,000

The leases also require reimbursement of the tenant's proportional share of common area expenses, real estate taxes and other operating expenses, which are not included in the amounts above.

NOTE 4 TENANT CONCENTRATION

For the year ended December 31, 2006, the Property had two tenants occupying 100% of the gross leaseable area which accounted for 100% of total rental income.

Tenant Name	Date of Lease Expiration	Aggregate Annual Rental Income	% Aggregate Annual Rental Income
Sisters of St. Francis Health Services, Inc.	January 31, 2013	\$ 365,000	63%
St. Vincent Hospital & Health Care Center	February 29, 2016	\$ 216,000	37%

If these tenants were to default on their leases, future revenue of the Property would be materially and adversely impacted.

NOTE 5 COMMITMENTS AND CONTINGENCIES***Litigation***

The Property may be subject to legal claims in the ordinary course of business as a property owner. Management believes that the ultimate settlement of any potential claims will not have a material impact on the Property's results of operations.

Environmental Matters

In connection with the ownership and operation of real estate, the Property may be potentially liable for costs and damages related to environmental matters. The Property has not been notified by any governmental authority of any non-compliance, liability or other claim, and management is not aware of any other environmental condition that it believes will have a material adverse effect on the Property's results of operations.

Other Matters

Other commitments and contingencies include the usual obligations of a real estate property in the normal course of business. In the opinion of management, these matters are not expected to have a material adverse effect on the Property's financial position and/or results of operations.

Table of Contents

**CRAWFORDSVILLE MEDICAL OFFICE PARK AND ATHENS SURGERY CENTER
NOTES TO STATEMENT OF REVENUES AND CERTAIN EXPENSES**

For the Year Ended December 31, 2006 (Continued)

NOTE 6 SUBSEQUENT EVENTS

On January 22, 2007, NNN Healthcare/ Office REIT Holdings, L.P. purchased a 100% membership interest in NNN Crawfordsville, LLC for a total purchase price of \$6,900,000 from NNN South Crawford Member, LLC. NNN Crawfordsville, LLC has a fee simple ownership of the Property.

F-30

Table of Contents

Independent Auditors Report

To the Board of Directors
NNN Healthcare/ Office REIT, Inc.

We have audited the accompanying statement of revenues and certain expenses of The Gallery Professional Building, or the Property, for the year ended December 31, 2006. This statement of revenues and certain expenses is the responsibility of the Property's management. Our responsibility is to express an opinion on the statement of revenues and certain expenses based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the statement of revenues and certain expenses is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the statement of revenues and certain expenses, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the statement of revenues and certain expenses. We believe that our audit provides a reasonable basis for our opinion.

The accompanying statement of revenues and certain expenses was prepared for the purpose of complying with the rules and regulations of the Securities and Exchange Commission, as described in Note 1 to the statement of revenues and certain expenses and is not intended to be a complete presentation of the Property's revenues and expenses.

In our opinion, the statement of revenues and certain expenses presents fairly, in all material respects, the revenues and certain expenses as described in Note 1 to the statement of revenues and certain expenses of The Gallery Professional Building for the year ended December 31, 2006, in conformity with the accounting principles generally accepted in the United States of America.

/s/ KMJ/ CORBIN & COMPANY LLP

Irvine, California
March 13, 2007

F-31

Table of Contents

**THE GALLERY PROFESSIONAL BUILDING
STATEMENT OF REVENUES AND CERTAIN EXPENSES**

	Year Ended December 31, 2006
Revenues:	
Rental income	\$ 1,839,000
Tenant reimbursements	221,000
Real estate taxes	56,000
Other	15,000
Total revenues	2,131,000
Certain expenses:	
Grounds maintenance	21,000
Building maintenance	374,000
Real estate taxes	144,000
Electricity, water and gas utilities	289,000
Property management fees	48,000
Insurance	47,000
General and administrative	269,000
Other	34,000
Total certain expenses	1,226,000
Revenues in excess of certain expenses	\$ 905,000

The accompanying notes are an integral part of the statement of revenues and certain expenses.

Table of Contents

**THE GALLERY PROFESSIONAL BUILDING
NOTES TO STATEMENT OF REVENUES AND CERTAIN EXPENSES
For the Year Ended December 31, 2006**

NOTE 1 ORGANIZATION AND BASIS OF PRESENTATION

Organization

The accompanying statement of revenues and certain expenses includes the operations of The Gallery Professional Building, or the Property, located in St. Paul, Minnesota. The Property has 105,000 square feet of gross leaseable area and is 68% leased as of December 31, 2006.

Basis of Presentation

The accompanying statement of revenues and certain expenses has been prepared for the purpose of complying with the provisions of Article 3-14 of Regulation S-X promulgated by the Securities and Exchange Commission, or the SEC, which requires certain information with respect to real estate operations to be included with certain filings with the SEC. The statement of revenues and certain expenses includes the historical revenues and certain operating expenses of the Property, exclusive of items which may not be comparable to the proposed future operations of the Property. Material amounts that would not be directly attributable to future operating results of the Property are excluded, and therefore, the statement of revenues and certain expenses is not intended to be a complete presentation of the Property's revenues and expenses. Items excluded consist of interest expense, depreciation and amortization and federal and state income taxes.

The accompanying statement of revenues and certain expenses is not representative of the actual operations for the period presented, as certain expenses that may not be comparable to the expenses expected to be incurred by NNN Healthcare/ Office REIT Holdings, L.P. in the future operations of the Property have been excluded.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Revenue Recognition

All leases are classified as operating leases and minimum rents are recognized on a straight-line basis over the terms of the leases (including rent holidays). Tenant reimbursements for real estate taxes, common area maintenance and other recoverable costs are recognized in the period that the expenses are incurred.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of revenues and certain expenses during the reporting period. Actual results could differ materially from those estimates.

Repairs and Maintenance

Repairs and maintenance costs are expensed as incurred, while significant improvements, renovations and replacements are capitalized.

NOTE 3 LEASES

The Property has entered into operating lease agreements with tenants that expire at various dates through 2012 and are subject to scheduled fixed increases in base rent. The aggregate annual future

F-33

Table of Contents**THE GALLERY PROFESSIONAL BUILDING****NOTES TO STATEMENT OF REVENUES AND CERTAIN EXPENSES (Continued)**

minimum lease payments to be received under the existing non-cancelable operating leases as of December 31, 2006 are as follows:

2007	\$ 945,000
2008	855,000
2009	793,000
2010	772,000
2011	444,000
Thereafter	173,000
	\$ 3,982,000

The leases also require reimbursement of the tenant's proportional share of common area expenses, real estate taxes and other operating expenses, which are not included in the amounts above.

NOTE 4 TENANT CONCENTRATION

For the year ended December 31, 2006, the Property had three tenants occupying 25% of the gross leaseable area which accounted for 50% of total rental income.

Tenant Name	Date of Lease Expiration	Aggregate Annual Rental Income	% Aggregate Annual Rental Income
HealthEast Care Systems	September 30, 2009	\$246,000	13%
Summit Orthopedics, Ltd.	May 31, 2011	\$487,000	26%
Medical Associates of Minnesota, PA	September 30, 2012	\$289,000	16%

If these tenants were to default on their leases and substitute tenants were not found, future revenue of the Property would be materially and adversely impacted.

NOTE 5 COMMITMENTS AND CONTINGENCIES***Litigation***

The Property may be subject to legal claims in the ordinary course of business as a property owner. Management believes that the ultimate settlement of any potential claims will not have a material impact on the Property's results of operations.

Environmental Matters

In connection with the ownership and operation of real estate, the Property may be potentially liable for costs and damages related to environmental matters. The Property has not been notified by any governmental authority of any non-compliance, liability or other claim, and management is not aware of any other environmental condition that it believes will have a material adverse effect on the Property's results of operations.

Other Matters

Other commitments and contingencies include the usual obligations of a real estate property in the normal course of business. In the opinion of management, these matters are not expected to have a material adverse effect on the Property's financial position and/or results of operations.

Table of Contents

THE GALLERY PROFESSIONAL BUILDING

NOTES TO STATEMENT OF REVENUES AND CERTAIN EXPENSES (Continued)

NOTE 6 SUBSEQUENT EVENTS

On March 9, 2007, NNN Healthcare/ Office REIT Holdings, L.P. purchased a 100% membership interest in NNN Gallery Medical, LLC for a total purchase price of \$8,800,000. NNN Gallery Medical, LLC has a fee simple ownership of the Property.

F-35

Table of Contents

Independent Auditors Report

To the Board of Directors
NNN Healthcare/Office REIT, Inc.

We have audited the accompanying statement of revenues and certain expenses of Lenox Office Park, Building G, or the Property, for the year ended December 31, 2006. This statement of revenues and certain expenses is the responsibility of the Property's management. Our responsibility is to express an opinion on the statement of revenues and certain expenses based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the statement of revenues and certain expenses is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the statement of revenues and certain expenses, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the statement of revenues and certain expenses. We believe that our audit provides a reasonable basis for our opinion.

The accompanying statement of revenues and certain expenses was prepared for the purpose of complying with the rules and regulations of the Securities and Exchange Commission, as described in Note 1 to the statement of revenues and certain expenses and is not intended to be a complete presentation of the Property's revenues and expenses.

In our opinion, the statement of revenues and certain expenses presents fairly, in all material respects, the revenues and certain expenses as described in Note 1 to the statement of revenues and certain expenses of Lenox Office Park, Building G for the year ended December 31, 2006, in conformity with the accounting principles generally accepted in the United States of America.

/s/ KMJ/ CORBIN & COMPANY LLP

Irvine, California
March 26, 2007

F-36

Table of Contents

LENOX OFFICE PARK, BUILDING G
STATEMENT OF REVENUES AND CERTAIN EXPENSES

	Year Ended December 31, 2006
Revenues:	
Rental income	\$ 2,135,000
Tenant reimbursements	148,000
Other	2,000
Total revenues	2,285,000
Certain expenses:	
Grounds maintenance	75,000
Building maintenance	302,000
Real estate taxes	38,000
Electricity, water and gas utilities	143,000
Property management fees	134,000
Insurance	37,000
General and administrative	341,000
Total certain expenses	1,070,000
Revenues in excess of certain expenses	\$ 1,215,000

The accompanying notes are an integral part of the statement of revenues and certain expenses.

Table of Contents

**LENOX OFFICE PARK, BUILDING G
NOTES TO STATEMENT OF REVENUES AND CERTAIN EXPENSES
For the Year Ended December 31, 2006**

NOTE 1 ORGANIZATION AND BASIS OF PRESENTATION

Organization

The accompanying statement of revenues and certain expenses includes the operations of Lenox Office Park, Building G, or the Property, located in Memphis, Tennessee. The Property is a four-story, Class A, single tenant building containing approximately 98,000 square feet of gross leaseable area and is 100% leased as of December 31, 2006.

Basis of Presentation

The accompanying statement of revenues and certain expenses has been prepared for the purpose of complying with the provisions of Article 3-14 of Regulation S-X promulgated by the Securities and Exchange Commission, or the SEC, which requires certain information with respect to real estate operations to be included with certain filings with the SEC. The statement of revenues and certain expenses includes the historical revenues and certain operating expenses of the Property, exclusive of items which may not be comparable to the proposed future operations of the Property. Material amounts that would not be directly attributable to future operating results of the Property are excluded, and therefore, the statement of revenues and certain expenses is not intended to be a complete presentation of the Property's revenues and expenses. Items excluded consist of interest expense, depreciation and amortization and federal and state income taxes.

The accompanying statement of revenues and certain expenses is not representative of the actual operations for the period presented, as certain expenses that may not be comparable to the expenses expected to be incurred by NNN Healthcare/ Office REIT Holdings, L.P. in the future operations of the Property have been excluded.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Revenue Recognition

All leases are classified as operating leases and minimum rents are recognized on a straight-line basis over the terms of the leases (including rent holidays). Tenant reimbursements for real estate taxes, common area maintenance and other recoverable costs are recognized in the period that the expenses are incurred.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of revenues and certain expenses during the reporting period. Actual results could differ materially from those estimates.

Repairs and Maintenance

Repairs and maintenance costs are expensed as incurred, while significant improvements, renovations and replacements are capitalized.

Pilot Credit

The Property was developed under the Payment in Lieu of Taxes tax abatement program, or Pilot Credit program. Under this program, the Property was conveyed to the City of Memphis Industrial Board

Table of Contents

LENOX OFFICE PARK, BUILDING G
NOTES TO STATEMENT OF REVENUES AND CERTAIN EXPENSES
For the Year Ended December 31, 2006 (Continued)

and leased back to the developer for a nominal annual rent. In return the developer receives reduced real estate taxes.

NOTE 3 LEASES

The Property has entered into an operating lease agreement with a tenant that expires in January 2010 and is subject to scheduled fixed increases in base rent. The aggregate annual future minimum lease payments to be received under the existing non-cancelable operating lease as of December 31, 2006 are as follows:

2007	\$ 2,131,000
2008	2,173,000
2009	2,217,000
2010	185,000
	\$ 6,706,000

The leases also require reimbursement of the tenant's proportional share of common area expenses, real estate taxes and other operating expenses, which are not included in the amounts above.

NOTE 4 TENANT CONCENTRATION

For the year ended December 31, 2006, the Property had one tenant occupying 100% of the gross leaseable area which accounted for 100% of total rental income

Tenant Name	Date of Lease Expiration	Agregate Annual Rental Income	% Agreggate Annual Rental Income
Pfizer, Inc.	January 31, 2010	\$2,135,000	100%

If this tenant were to default on its lease, future revenue of the Property would be materially and adversely impacted.

NOTE 5 COMMITMENTS AND CONTINGENCIES***Litigation***

The Property may be subject to legal claims in the ordinary course of business as a property owner. Management believes that the ultimate settlement of any potential claims will not have a material impact on the Property's results of operations.

Environmental Matters

In connection with the ownership and operation of real estate, the Property may be potentially liable for costs and damages related to environmental matters. The Property has not been notified by any governmental authority of any non-compliance, liability or other claim, and management is not aware of any other environmental condition that it believes will have a material adverse effect on the Property's results of operations.

Table of Contents

LENOX OFFICE PARK, BUILDING G
NOTES TO STATEMENT OF REVENUES AND CERTAIN EXPENSES
For the Year Ended December 31, 2006 (Continued)

Other Matters

Other commitments and contingencies include the usual obligations of a real estate property in the normal course of business. In the opinion of management, these matters are not expected to have a material adverse effect on the Property's financial position and/or results of operations.

NOTE 6 SUBSEQUENT EVENTS

On January 3, 2007, NNN Lenox Medical, LLC acquired the property for the purchase price of \$18,500,000.

On March 23, 2007, NNN Healthcare/ Office REIT Holdings, L.P. purchased a 100% membership interest in NNN Lenox Medical, LLC and NNN Lenox Medical Land, LLC. NNN Lenox Medical, LLC has a fee simple ownership in the Property.

F-40

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 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	\$	\$ 2,889,002	\$ 698,651	\$ 1,222,696	\$ 1,724,388	\$ 6,534,737
Building and improvements		9,962,564	5,435,201	5,298,549	14,041,691	34,738,005
		12,851,566	6,133,852	6,521,245	15,766,079	41,272,742
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					28,006	28,006
Identified intangible assets		2,802,217	1,075,340	2,671,085	3,352,507	9,901,149
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	\$ 19,818,096	\$ 53,558,085
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
Other liabilities					583,333	583,333
Total liabilities	374,370	15,274,227	6,983,006	7,648,095	12,697,760	42,977,458
Commitments and contingencies						
Minority interest of limited partner in Operating Partnership	200,000					200,000
Stockholders equity:						
Preferred stock, \$0.01 par value; 200,000,000 shares authorized; none issued and outstanding						
Common stock, \$0.01 par value; 1,000,000,000 shares authorized; 20,200 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

Edgar Filing: CINCINNATI BELL INC - Form 8-K

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	\$ 19,818,096		\$ 53,558,085

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

F-42

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	Acquisition of Southpoint Property (H)	Acquisition of Crawfordsville Property (I)	Acquisition of Gallery Property (J)	Acquisition of Lenox Property (K)	Pro Forma Adjustments	Company Pro Forma
Historical (G)						
Rental and other income	\$ 1,188,984	\$ 563,701	\$ 1,442,074	\$ 1,546,288	\$ (9,160)(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	33,836	10,827	32,482	90,679	21,817(M)	189,641
General and administrative	241,771	36,542	16,918	182,036	230,759	309,287(N)
Interest expense					1,270,661(O)	1,270,661
Depreciation and amortization					2,663,923(L)	2,663,923
	241,771	436,479	197,600	829,649	724,081	4,265,688
					6,695,268	6,695,268
Income (loss) from continuing operations	\$ (241,771)	\$ 752,505	\$ 366,101	\$ 612,425	\$ 822,207	\$ (4,274,848)
						\$ (1,963,381)
Loss per share basic and diluted continuing operations	\$ (149.03)					\$ (1.64)
Weighted average number of common shares outstanding basic and diluted	1,622				1,194,313(P)	1,195,935

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

F-43

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.

Table of Contents

NNN Healthcare/ Office REIT, Inc.

Notes to Unaudited Pro Forma Condensed Consolidated Financial Statements (Continued)

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

(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. 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 amount adjusts property management fees to a pro forma amount 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.

(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 approximately 1,194,313 shares of common stock from our initial public offering required to generate sufficient offering proceeds to fund the purchase 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

APPENDIX A

PRIOR PERFORMANCE TABLES

The following Prior Performance Tables, or Tables, provide information relating to real estate investment and notes programs sponsored by NNN Realty Advisors, our sponsor, and its wholly-owned subsidiary, Triple Net Properties, or collectively, NNN Realty Advisors Group, through December 31, 2006. From inception through December 31, 2006, NNN Realty Advisors Group has served as advisor, sponsor or manager of 165 real estate investment programs, consisting of six public programs required to file public reports with the SEC and 159 private real estate investment programs that have no public reporting requirements. The investment objectives of the public reporting companies have certain investment objectives similar to ours, including the acquisition and operation of commercial properties; the provision of stable cash flow available for distribution to our stockholders; preservation and protection of capital; and the realization of capital appreciation upon the ultimate sale of our properties. One difference in investment objectives between us and the public companies is the focus on a particular type or asset class of commercial property. In particular: G REIT focused on government-oriented office properties; T REIT focused on commercial properties located in tax free states; NNN Apartment REIT focuses on apartment communities; 2002 Value Fund focused on investments in three office properties; and 2003 Value Fund focused on value-added properties in asset classes that include office properties and undeveloped land. Our focus is on medical office buildings, healthcare-related facilities and quality commercial office properties.

The private real estate programs sponsored by NNN Realty Advisors Group also had as their primary investment objective the acquisition, ownership, operation and eventual sale of real estate. While we intend to qualify as a REIT that invests in a diversified portfolio of real estate and real estate related securities, the private real estate programs were structured for the purpose of selling undivided tenant in common interests in a single property through a limited liability company.

As a prospective investor, you should read these Tables carefully together with the summary information concerning the Prior Programs as set forth in the Prior Performance Summary section of this prospectus.

As an investor in our company, you will not own any interest in the Prior Programs and should not assume that you will experience returns, if any, comparable to those experienced by investors in the Prior Programs.

Our advisor is owned and managed by Triple Net Properties. Our advisor is responsible for managing our day-to-day business affairs and assets, administering our bookkeeping and accounting functions, serving as our consultant in connection with policy decisions to be made by our board of directors, managing or causing to be managed our properties, and rendering other property level services as our board of directors deems necessary. The financial results of the Prior Programs thus may provide some indication of our advisor's performance of its obligations during the periods covered. However, general economic conditions affecting the real estate industry and other factors contribute significantly to financial results.

The following tables are included herein:

Table I Experience in Raising and Investing Funds (Unaudited)

Table II Compensation to Sponsor (Unaudited)

Table III Annual Operating Results of Prior Programs (Unaudited)

Table IV Results of Completed Programs (Unaudited)

Table V Sales or Disposals of Properties (Unaudited)

Additional information relating to the acquisition of properties by the Prior Programs is contained in Table VI, which is included in the registration statement which our company has filed with the SEC. We will provide to you copies of any or all information concerning the Prior Programs at no charge upon request.

A-1

Table of Contents

NNN Realty Advisors Group presents the data in Prior Performance Table III for each program on either a GAAP basis or an income tax basis depending on the reporting requirements of the particular program. In compliance with the SEC reporting requirements, the Table III presentation of Revenues, Expenses and Net Income for the public programs has been prepared and presented by NNN Realty Advisors Group in conformity with accounting principles generally accepted in the United States of America, or GAAP, which incorporate accrual basis accounting. NNN Realty Advisors Group presents Table III for all private programs on an income tax basis (which can in turn be presented on either a cash basis or accrual basis), specifically, the private programs are presented on a cash basis except for Western Real Estate Investment, Inc. and the four Notes Programs, which are presented on an accrual basis, as the only applicable reporting requirement is for the year-end tax information provided to each investor. The Table III data for all other private programs (which are generally formed using LLCs) are prepared and presented by NNN Realty Advisors Group in accordance with the cash method of accounting for income tax purposes. This is because most, if not all, of the investors in these private programs are individuals required to report to the Internal Revenue Service using the cash method of accounting for income tax purposes, and the LLCs are required to report on this basis when more than 50% of their investors are taxpayers that report using the cash method of accounting for income tax purposes. When GAAP-basis affiliates invest in a private program, as in a Complex Ownership Structure, the ownership presentation in the tables is made in accordance with the cash method of accounting for income tax purposes. This presentation is made for consistency and to present results meaningful to the typical individual investor that invests in an LLC.

While SEC rules and regulations allow NNN Realty Advisors Group to record and report results for its private programs on an income tax basis, investors should understand that the results of these private programs may be different if they were reported on a GAAP basis. Some of the major differences between GAAP accounting and income tax accounting (and, where applicable, between cash basis and accrual basis income tax accounting) that impact the accounting for investments in real estate are described in the following paragraphs:

The primary difference between the cash methods of accounting and accrual methods (both GAAP and the accrual method of accounting for income tax purposes) is that the cash method of accounting generally reports income when received and expenses when paid while the accrual method generally requires income to be recorded when earned and expenses recognized when incurred.

GAAP requires that, when reporting lease revenue, the minimum annual rental revenue be recognized on a straight-line basis over the term of the related lease, whereas the cash method of accounting for income tax purposes requires recognition of income when cash payments are actually received from tenants, and the accrual method of accounting for income tax purposes requires recognition of income when the income is earned pursuant to the lease contract.

GAAP requires that when an asset is considered held for sale, depreciation ceases to be recognized on that asset, whereas for income tax purposes, depreciation continues until the asset either is sold or is no longer in service.

GAAP requires that when a building is purchased certain intangible assets and liabilities (such as above- and below-market leases, tenant relationships and in-place lease costs) are allocated separately from the building and are amortized over significantly shorter lives than the depreciation recognized on the building. These intangible assets and liabilities are not recognized for income tax purposes and are not allocated separately from the building for purposes of tax depreciation.

GAAP requires that an asset is considered impaired when the carrying amount of the asset is greater than the sum of the future undiscounted cash flows expected to be generated by the asset, and an impairment loss must then be recognized to decrease the value of the asset to its fair value. For income tax purposes, losses are generally not recognized until the asset has been sold to an unrelated party or otherwise disposed of in an arm's length transaction.

Table of Contents

TABLE I
EXPERIENCE IN RAISING AND INVESTING FUNDS (UNAUDITED)
PUBLIC PROGRAMS
December 31, 2006

Table I presents the experience of NNN Realty Advisors Group in raising and investing funds in prior programs where the offering closed in the three years prior to December 31, 2006. As of December 31, 2006, there were two public programs that closed in the three years prior to December 31, 2006.

	Initial Offering G REIT, Inc.	Second Offering G REIT, Inc.	NNN 2003 Value Fund, LLC	Public Program Totals
Dollar Amount Offered	\$ 200,000,000	\$ 270,000,000	\$ 50,000,000	\$ 520,000,000
Dollar Amount Raised	200,000,000	237,315,000	50,000,000	487,315,000
Percentage Amount Raised	100.0%	87.9%	100.0%	93.7%
Less Offering Expenses:				
Selling Commissions	7.5%	7.0%	8.0%	
Marketing Support & Due Diligence Reimbursement	2.0%	3.0%	2.5%	
Organization & Offering Expenses(1)	2.5%	2.0%	2.5%	
Due Diligence Allowance(2)	0.0%	0.0%	0.0%	
Reserves	0.0%	0.0%	8.0%	
Percent Available for Investment	88.0%	88.0%	79.0%	
Acquisition Cost:				
Cash Down Payment	87.5%	87.5%	71.0%	
Loan Fees	0.0%	0.0%	2.5%	
Acquisition Fees Paid to Affiliates	0.5%	0.5%	5.5%	
Total Acquisition Cost	88.0%	88.0%	79.0%	
Percent Leveraged	49.7%	49.7%	51.7%	
Date Offering Began	22-Jul-02	23-Jan-04	11-Jul-03	
Date Offering Ended	9-Feb-04	30-Apr-04	14-Oct-04	
Length of Offering (months)	19	3	15	
Months to Invest 90% of Amount Available for Investment (Measured from Beginning of Offering)	18	N/A	14	
Number of Investors	13,867(3)	13,867(3)	826	

Notes:

- (1) Includes legal, accounting, printing and other offering expenses, including amounts for the reimbursement for marketing, salaries and direct expenses of employees engaged in marketing and other organization expenses.

- (2) Nonaccountable due diligence reimbursement to Selling Group.
- (3) Total number of investors for Initial Offering and Second Offering at December 31, 2006.

A-3

Table of Contents

TABLE II
COMPENSATION TO SPONSOR (UNAUDITED)
PUBLIC PROGRAMS
December 31, 2006

Table II presents the types of compensation paid to NNN Realty Advisors Group and its affiliates in connection with prior programs with offerings that closed in the three years prior to December 31, 2006. As of December 31, 2006, there were five public programs which paid compensation to NNN Realty Advisors Group and its affiliates. Property management fees, asset management fees, acquisition fees, disposition fees, refinancing fees and leasing commissions are presented for consolidated properties at 100% of the amount incurred by the property on a GAAP basis. Consolidated property information has not been adjusted for the respective entities for affiliated ownership percentages. Additionally, unconsolidated properties information is not included in the tabular presentation.

	Other Programs						
	G REIT, Inc.	NNN 2003 Value Fund, LLC	Subtotal	T REIT, Inc	NNN 2002 Value Fund, LLC	NNN Apartment REIT, Inc.	Total All Programs
Date Offering Commenced	22-Jul-02	11-Jul-03		22-Feb-00	15-May-02	19-Jul-06	
Dollar Amount Raised	\$ 437,315,000	\$ 50,000,000	\$ 487,315,000	\$ 46,395,000	\$ 29,799,000	\$ 16,568,000(1)	\$ 580,077,000
Amounts Paid to Sponsor from Proceeds of Offering: Selling Commissions to Selling Group Member	\$ 30,443,000	\$ 3,898,000	\$ 34,341,000	\$ 3,576,000	\$ 2,089,000	\$ 1,141,000	\$ 41,147,000
Marketing Support & Due Diligence Reimbursement	\$ 1,181,000	1,251,000	12,069,000	671,000	2,005,000	411,000	15,156,000
Organization & Offering Expenses	3,036,000	1,394,000	4,430,000	860,000	249,000	249,000	5,788,000
Due Diligence						83,000	83,000

Edgar Filing: CINCINNATI BELL INC - Form 8-K

Allowance							
Loan Fees					1,000		1,000
Acquisition Fees	1,783,000	1,783,000		1,192,000			2,975,000
Totals	\$ 44,297,000	\$ 8,326,000	\$ 52,623,000	\$ 5,107,000	\$ 5,536,000	\$ 1,884,000	\$ 65,150,000

Amounts Paid to Sponsor at Acquisition for Real Estate Acquisition Fees	\$ 13,763,000	\$ 2,041,000	\$ 15,804,000	\$ 585,000	\$	\$ 1,884,000	\$ 18,273,000
---	---------------	--------------	---------------	------------	----	--------------	---------------

Dollar Amount of Cash Generated from Operations Before Deducting Payments to Sponsor	\$ 81,585,000(2)	\$ 755,000	\$ 82,340,000	\$ 5,853,000(3)	\$ 8,395,000(4)	\$ 325,000	\$ 96,913,000
--	------------------	------------	---------------	-----------------	-----------------	------------	---------------

Amounts Paid to Sponsor from Operations Year 2004							
Property Management Fees	\$ 4,293,000	\$ 272,000	\$ 4,565,000	\$ 343,000	\$ 840,000	\$	\$ 5,748,000

Asset Management Fees							
Leasing Commissions	801,000		801,000	48,000	630,000		1,479,000
Totals	\$ 5,094,000	\$ 272,000	\$ 5,366,000	\$ 391,000	\$ 1,470,000	\$	\$ 7,227,000

Amounts Paid to Sponsor from

Edgar Filing: CINCINNATI BELL INC - Form 8-K

Operations
Year
2005

Property Management Fees	\$ 5,617,000	\$ 268,000	\$ 5,885,000	\$ 291,000	\$ 477,000	\$	\$ 6,653,000
Asset Management Fees							
Leasing Commission	\$2,756,000	747,000	3,503,000	349,000	86,000		3,938,000
Totals	\$ 8,373,000	\$ 1,015,000	\$ 9,388,000	\$ 640,000	\$ 563,000	\$	\$ 10,591,000

Amounts
Paid to
Sponsor
from
Operations
Year
2006

Property Management Fees	\$ 4,811,000	\$ 596,000	\$ 5,407,000	\$ 84,000	\$ 24,000	\$	\$ 5,515,000
Asset Management Fees				265,000			265,000
Leasing Commission	\$3,705,000	947,000	4,652,000				4,652,000
Totals	\$ 8,516,000	\$ 1,543,000	\$ 10,059,000	\$ 349,000	\$ 24,000	\$	\$ 10,432,000

Amounts
Paid to
Sponsor
from
Property
Sales
and
Refinancings

Disposition Fees	\$ 7,828,000	1,069,000	\$ 8,897,000	\$ 1,700,000	\$ 1,280,000	\$	\$ 11,877,000
Incentive Fees							
Construction Management Fees		173,000	173,000				173,000
Refinancing Fees		107,000	107,000				107,000
Totals	\$ 7,828,000	\$ 1,349,000	\$ 9,177,000	\$ 1,700,000	\$ 1,280,000	\$	\$ 12,157,000

Notes:

- (1) Amount is as of December 31, 2006 as the offering has not closed. Such amount excludes amounts issued under the distribution reinvestment plan.
- (2) Amount for G REIT, Inc. represents cash generated from operations for the two years ended December 31, 2005, plus payments to the sponsor from operations for the three years ended December 31, 2006 due to the adoption of the liquidation basis of accounting as of December 31, 2005.
- (3) Amount for T REIT, Inc. represents cash generated from operations for the period from January 1, 2005 through June 30, 2005 and the year ended December 31, 2004, plus payments to the sponsor from operations for the three years ended December 31, 2006 due to the adoption of the liquidation basis of accounting as of June 30, 2005.
- (4) Amount for NNN 2002 Value Fund, LLC represents cash generated from operations for the period from January 1, 2005 through August 31, 2005 and the year ended December 31, 2004, plus payments to the sponsor from operations for the three years ended December 31, 2006 due to the adoption of the liquidation basis of accounting as of August 31, 2005.

A-4

Table of Contents

TABLE III
OPERATING RESULTS OF PRIOR PROGRAMS BY YEAR (UNAUDITED)
PUBLIC PROGRAMS
G REIT, INC.

Table III presents operating results for programs which have closed their offerings during each of the five years ended December 31, 2006.

	Year Ended December 31,				
	2005(4)	2004	2003	2002	Total
Gross Revenues	\$	\$	\$	\$	\$
Profit on Sale of Properties	10,682,000	980,000			11,662,000
Interest, Dividends & Other Income	445,000	332,000	117,000	17,000	911,000
Gain on Sale of Marketable Securities	440,000	251,000			691,000
Equity in Earnings (Loss) of Unconsolidated Real Estate	1,337,000	(604,000)	204,000		937,000
Income (Loss) from Discontinued Operations	(4,215,000)	1,225,000	1,337,000	166,000	(1,487,000)
Less: Operating Expenses					
General and Administrative Expenses	4,006,000	2,419,000	1,287,000	142,000	7,854,000
Interest Expense(1)	2,054,000	1,243,000	293,000	15,000	3,605,000
Depreciation & Amortization					
Minority Interest					
Income Taxes		398,000			398,000
Net Income (Loss) GAAP Basis	\$ 2,629,000	\$ (1,876,000)	\$ 78,000	\$ 26,000	\$ 857,000
Taxable Income (Loss) From:					
Operations	2,511,000	11,273,000	1,083,000	(16,000)	14,851,000
Gain on Sale	11,963,000	251,000			12,214,000
Cash Generated From (Used By):					
Operating Activities	19,697,000	39,905,000	7,878,000	(609,000)	66,871,000
Investing Activities	80,432,000	(563,218,000)	(291,418,000)	(26,101,000)	(800,305,000)
Financing Activities(2)	(76,789,000)	552,058,000	296,053,000	35,259,000	806,581,000
Cash Generated From (Used By) Operations, Investing & Financing	23,340,000	28,745,000	12,513,000	8,549,000	73,147,000
Less: Cash Distributions From:					
Operating Activities to Investors	19,023,000	26,335,000	5,285,000		50,643,000

Edgar Filing: CINCINNATI BELL INC - Form 8-K

Operating Activities to Minority Interest	674,000	376,000	74,000		1,124,000
Investing & Financing Activities					
Other (return of capital)	13,865,000			170,000	14,035,000
Cash Generated (Deficiency) after Cash Distributions	(10,222,000)	2,034,000	7,154,000	8,379,000	7,345,000
Less: Special Items (not including Sales & Refinancing)					
Cash Generated (Deficiency) after Cash Distributions and Special Items	\$ (10,222,000)	\$ 2,034,000	\$ 7,154,000	\$ 8,379,000	\$ 7,345,000

A-5

Table of Contents

TABLE III
OPERATING RESULTS OF PRIOR PROGRAMS BY YEAR (UNAUDITED) (Continued)
PUBLIC PROGRAMS
G REIT, INC.

Year Ended December 31,

	2005(4)	2004	2003	2002
<i>Tax and Distribution Data Per \$1,000</i>				
<i>Invested</i>				
Federal Income Tax Results:				
Ordinary Income (Loss)				
from operations	\$ 5.72	\$ 30.19	\$ 13.14	\$ (3.95)
from recapture				
Capital Gain (Loss)	27.27	0.67		
Cash Distributions to Investors(3)				
Sources (on GAAP basis)				
Operating Activities	43.37	70.54	64.12	
Investing & Financing Activities				
Other (Return of Capital)	31.61			41.98
Sources (on Cash basis)				
Sales				
Investing & Financing Activities				
Operations	43.37	70.54	64.12	
Other (Return of Capital)	\$31.61	\$	\$	\$ 41.98

Notes:

(1) Includes amortization of deferred financing costs.

(2) Includes proceeds from issuance of common stock net. \$ 236,109,000 \$ 138,305,000 \$ 18,604,000

(3) Cash Distributions per \$1,000 invested excludes distributions to minority interests.

(4) The program adopted the liquidation basis of accounting as of December 31, 2005 and for all subsequent periods.

Table of Contents

TABLE III
OPERATING RESULTS OF PRIOR PROGRAMS BY YEAR (UNAUDITED)
PUBLIC PROGRAMS
T REIT, INC.

Table III presents operating results for programs which have closed their offerings during the five years ended December 31, 2006.

	Period from January 1, 2005 through June 30, 2005(4)	Year Ended December 31,				
		2004	2003	2002	Total	
Gross Revenues	\$	\$	\$	\$	\$	
Profit on Sale of Properties	191,000	2,466,000	2,614,000	213,000	5,484,000	
Interest, Dividends & Other Income	285,000	622,000	181,000	281,000	1,369,000	
Gain on Sale of Marketable Securities	126,000	109,000			235,000	
Equity in Earnings (Loss) of Unconsolidated Real Estate	787,000	581,000	1,160,000	1,126,000	3,654,000	
Income (Loss) from Discontinued Operations	(272,000)	31,000	1,076,000	1,241,000	2,076,000	
Less: Operating Expenses						
General and Administrative Expenses	1,013,000	1,213,000	792,000	558,000	3,576,000	
Interest Expense(1)	44,000	52,000	50,000	10,000	156,000	
Depreciation & Amortization						
Minority Interest						
Income Taxes						
Net Income (Loss) GAAP Basis	\$ 60,000	\$ 2,544,000	\$ 4,189,000	\$ 2,293,000	\$ 9,086,000	
Taxable Income (Loss) From:						
Operations	157,000	1,197,000	(1,100,000)	(683,000)	(429,000)	
Gain on Sale	614,000	2,545,000	2,547,000	284,000	5,990,000	
Cash Generated From (Used By):						
Operating Activities	883,000	3,590,000	2,950,000	2,290,000	9,713,000	
Investing Activities	249,000	(14,333,000)	2,517,000	(19,279,000)	(30,846,000)	
Financing Activities(2)	(120,000)	9,731,000	4,439,000	22,334,000	36,384,000	
	1,012,000	(1,012,000)	9,906,000	5,345,000	15,251,000	

Cash Generated From (Used By) Operations, Investing & Financing					
Less: Cash Distributions					
From:					
Operating Activities to Investors	792,000	3,438,000	2,950,000	2,290,000	9,470,000
Operating Activities to Minority Interest	91,000	152,000			243,000
Investing & Financing Activities					
Other (return of capital)	1,118,000	358,000	896,000	573,000	2,945,000
Cash Generated (Deficiency) after Cash Distributions					
	(989,000)	(4,960,000)	6,060,000	2,482,000	2,593,000
Less: Special Items (not including Sales & Refinancing)					
Cash Generated (Deficiency) after Cash Distributions and Special Items					
	\$ (989,000)	\$ (4,960,000)	\$ 6,060,000	\$ 2,482,000	\$ 2,593,000

Table of Contents

TABLE III
OPERATING RESULTS OF PRIOR PROGRAMS BY YEAR (UNAUDITED) (Continued)
PUBLIC PROGRAMS
T REIT, INC.

	Period from January 1, 2005 through June 30, 2005(4)	Year Ended December 31,		
		2004	2003	2002
<i>Tax and Distribution Data Per \$1,000</i>				
<i>Invested</i>				
Federal Income Tax Results:				
Ordinary Income (Loss)				
from operations	\$ 3.41	\$25.85	\$(23.52)	\$ (17.02)
from recapture				
Capital Gain (Loss)	13.33	54.97	54.47	7.08
Cash Distributions to Investors(3)				
Sources (on GAAP basis)				
Operating Activities	17.20	74.25	63.09	57.06
Investing & Financing Activities				
Other (Return of Capital)	24.28	7.73	19.16	14.28
Sources (on Cash basis)				
Sales				
Investing & Financing Activities				
Operations	17.20	74.25	63.09	57.06
Other (Return of Capital)	\$24.28	\$ 7.73	\$ 19.16	\$ 14.28

Notes:

(1) Includes amortization of deferred financing costs.

(2) Includes proceeds from issuance of common stock net

	\$	\$	\$	\$19,343,000
--	----	----	----	--------------

(3) Cash Distributions per \$1,000 invested excludes distributions to minority interests.

(4) The program adopted the liquidation basis of accounting as of June 30, 2005 and for all subsequent periods. However, the taxable income numbers are for the period from January 1, 2005 through July 28, 2005, the date the plan of liquidation was formally approved.

Table of Contents

TABLE III
OPERATING RESULTS OF PRIOR PROGRAMS BY YEAR (UNAUDITED)
PUBLIC PROGRAMS
NNN 2003 VALUE FUND, LLC

Table III presents operating results for programs which have closed their offerings during the five years ended December 31, 2006.

	Year Ended December 31,			Period from June 19, 2003 (Date of Inception) through December 31, 2003	Total
	2006	2005	2004		
Gross Revenues	\$ 3,742,000	\$ 1,262,000	\$ 653,000	\$	\$ 5,657,000
Profit on Sale of Properties	7,056,000	5,802,000			12,858,000
Interest, Dividends & Other Income	527,000	416,000	86,000	3,000	1,032,000
Gain on Sale of Marketable Securities	134,000	344,000			478,000
Equity in Earnings (Loss) of Unconsolidated Real Estate	(1,139,000)	2,510,000	(682,000)	(132,000)	557,000
Income (Loss) from Discontinued Operations	(1,314,000)	670,000	(145,000)		(789,000)
Less: Operating Expenses	2,599,000	1,203,000	1,084,000	11,000	4,897,000
General and Administrative Expenses	754,000	1,289,000	339,000	7,000	2,389,000
Interest Expense(1)	2,680,000	768,000	638,000		4,086,000
Depreciation & Amortization	2,611,000	665,000	286,000		3,562,000
Minority Interest	(19,000)	166,000	(133,000)	(31,000)	(17,000)
Income Taxes					
Net Income (Loss) GAAP Basis	\$ 381,000	\$ 6,913,000	\$ (2,302,000)	\$ (116,000)	\$ 4,876,000
Taxable Income From:					
Operations	(1,954,000)	95,000	680,000	231,000	(948,000)
Gain on Sale	5,952,000	3,354,000			9,306,000
Cash Generated From (Used By):					
Operating Activities	(4,789,000)	238,000	2,476,000	174,000	(1,901,000)
Investing Activities	15,867,000	(64,529,000)	(45,158,000)	(9,932,000)	(103,752,000)
Financing Activities	(12,015,000)	70,050,000	52,269,000	12,437,000	122,741,000

Cash Generated From (Used By) Operations, Investing & Financing	(937,000)	5,759,000	9,587,000	2,679,000	17,088,000
Less: Cash Distributions From:					
Operating Activities to Investors			1,908,000	35,000	1,943,000
Operating Activities to Minority Interest		238,000	408,000	19,000	665,000
Investing & Financing Activities					
Other (return of capital)(3),(4)	9,179,000	4,657,000			13,836,000
Cash Generated (Deficiency) after Cash Distributions	(10,116,000)	864,000	7,271,000	2,625,000	644,000
Less: Special Items (not including Sales & Refinancing)					
Cash Generated (Deficiency) after Cash Distributions and Special Items	\$ (10,116,000)	\$ 864,000	\$ 7,271,000	\$ 2,625,000	\$ 644,000

Table of Contents

TABLE III
OPERATING RESULTS OF PRIOR PROGRAMS BY YEAR (UNAUDITED) (Continued)
PUBLIC PROGRAMS
NNN 2003 VALUE FUND, LLC

	Year Ended December 31,			Period from June 19,
	2006	2005	2004	2003 (Date of Inception) through December 31, 2003
<i>Tax and Distribution Data Per \$1,000 Invested</i>				
Federal Income Tax Results:				
Ordinary Income (Loss)				
from operations	\$ (39.17)	\$ 1.90	\$ 22.09	\$ 71.19
from recapture				
Capital Gain (Loss)	119.33	67.08		
Cash Distributions to Investors(2)				
Sources (on GAAP basis)				
Operating Activities			61.97	10.79
Investing & Financing Activities				
Other (Return of Capital)	120.23	69.86		
Sources (on Cash basis)				
Sales				
Investing & Financing Activities				
Operations			61.97	10.79
Other (Return of Capital)	\$ 120.23	\$ 69.86	\$	\$

Notes:

- (1) Includes amortization of deferred financing costs.
- (2) Cash Distributions per \$1,000 invested excludes distributions to minority interests.
- (3) Includes cash distributions of \$3,182,000 and \$1,164,000 to minority interests for the year ended December 31, 2006 and 2005, respectively.
- (4) Pursuant to NNN 2003 Value Fund, LLC's Operating Agreement, cash proceeds from capital transactions are first treated as a return of capital.

Table of Contents

TABLE III
OPERATING RESULTS OF PRIOR PROGRAMS BY YEAR (UNAUDITED)
PUBLIC PROGRAMS
NNN 2002 VALUE FUND, LLC

Table III presents operating results for programs which have closed their offerings during the five years ended December 31, 2006.

	Period from January 1, 2005 through August 31, 2005(3)	Year Ended December 31,		Period from May 15, 2002 (Date of Inception) through December 31, 2002	Total
		2004	2003		
Gross Revenues	\$	\$	\$	\$	\$
Profit on Sale of Properties	6,674,000				6,674,000
Interest, Dividends & Other Income	76,000	6,000	46,000	2,000	130,000
Gain on Sale of Marketable Securities					
Equity in Earnings (Loss) of Unconsolidated Real Estate	373,000	(278,000)	84,000		179,000
Income (Loss) from Discontinued Operations	1,049,000	196,000	(596,000)	(109,000)	540,000
Less: Operating Expenses					
General and Administrative Expenses	15,000	99,000	69,000	25,000	208,000
Interest Expense(1)	3,000	9,000		40,000	52,000
Depreciation & Amortization					
Minority Interest					
Income Taxes					
Net Income (Loss) GAAP Basis	\$ 8,154,000	\$ (184,000)	\$ (535,000)	\$ (172,000)	\$ 7,263,000
Taxable Income From:					
Operations	143,000	732,000	137,000	132,000	1,144,000
Gain on Sale	14,843,000				14,843,000
Cash Generated From (Used By):					
Operating Activities	3,378,000	2,984,000	2,140,000	698,000	9,200,000
Investing Activities	22,977,000	(2,170,000)	(47,060,000)	(7,959,000)	(34,212,000)

Edgar Filing: CINCINNATI BELL INC - Form 8-K

Financing Activities	(8,626,000)	2,068,000	44,416,000	11,619,000	49,477,000
Cash Generated From Operations, Investing & Financing	17,729,000	2,882,000	(504,000)	4,358,000	24,465,000
Less: Cash Distributions From:					
Operating Activities to Investors	2,726,000	2,027,000	1,693,000	35,000	6,481,000
Operating Activities to Minority Interest	652,000	957,000	447,000		2,056,000
Investing & Financing Activities					
Other (return of capital)(4)	10,330,000	410,000	100,000		10,840,000
Cash Generated (Deficiency) after Cash Distributions	4,021,000	(512,000)	(2,744,000)	4,323,000	5,088,000
Less: Special Items (not including Sales & Refinancing)					
Cash Generated (Deficiency) after Cash Distributions and Special Items	\$ 4,021,000	\$ (512,000)	\$ (2,744,000)	\$ 4,323,000	\$ 5,088,000

A-11

Table of Contents

TABLE III
OPERATING RESULTS OF PRIOR PROGRAMS BY YEAR (UNAUDITED) (Continued)
PUBLIC PROGRAMS
NNN 2002 VALUE FUND, LLC

	Period from January 1, 2005 through August 31, 2005(3)	Year Ended December 31, 2004 2003		Period from May 15, 2002 (Date of Inception) through December 31, 2002
<i>Tax and Distribution Data Per \$1,000 Invested</i>				
Federal Income Tax Results:				
Ordinary Income (Loss)				
from operations	\$ 4.80	\$24.56	\$ 5.64	\$67.35
from recapture				
Capital Gain (Loss)	498.09			
Cash Distributions to Investors(2)				
Sources (on GAAP basis)				
Operating Activities	91.48	68.02	69.71	17.86
Investing & Financing Activities				
Other (Return of Capital)	346.64	13.76	4.12	
Sources (on Cash basis)				
Sales				
Investing & Financing Activities				
Operations	91.48	68.02	69.71	17.86
Other (Return of Capital)	\$346.64	\$13.76	\$ 4.12	\$

Notes:

- (1) Includes amortization of deferred financing costs.
- (2) Cash Distributions per \$1,000 invested excludes distributions to minority interests.
- (3) The program adopted the liquidation basis of accounting as of August 31, 2005 and for all subsequent periods. However, the taxable income numbers are for the year ended December 31, 2005, as the liquidation basis of accounting is not applicable for income tax purposes.
- (4) Pursuant to NNN 2002 Value Fund, LLC's Operating Agreement, cash proceeds from capital transactions are first treated as a return of capital.

Table of Contents

TABLE V
SALES OR DISPOSALS OF PROPERTIES (UNAUDITED)
PUBLIC PROGRAMS
December 31, 2006

Table V presents the sales or disposals of properties in prior public programs in the three years prior to December 31, 2006

Date Acquired	Date of Sale(1)	Selling Price, Net of Closing Costs & GAAP Adjustments					Cost of Properties Including Closing & Soft Costs			Gain (Loss) on sale Investment
		Cash Received Net of Closing Costs(2)	Mortgage Balance at Time of Sale	Purchase Money Taken Back By Program(3)	Adjustments Resulting from Application Of GAAP	Total(26)	Original Mortgage Financing	Total Acquisition Costs, Capital Improvements & Soft Costs(4)	Total	
Jan-03	Mar-04	\$ 2,452,000	\$ 4,876,000	\$ 8,700,000	N/A	\$ 16,028,000	\$ 5,000,000	\$ 10,259,000	\$ 15,259,000	\$ 769,000
Feb-04	Sep-04	\$ 794,000	\$	\$ 528,000	N/A	\$ 1,322,000	\$	\$ 468,000	\$ 468,000	\$ 854,000
Sep-02	Dec-04	\$ 1,619,000	\$ 1,817,000		N/A	\$ 3,436,000	\$ 1,913,000	\$ 670,000	\$ 2,583,000	\$ 853,000
Jan-02	Apr-05	\$ 603,000	\$ 472,000		N/A	\$ 1,075,000	\$ 514,000	\$ 370,000	\$ 884,000	\$ 191,000
Mar-02	Jul-05	\$ 13,379,000	\$ 11,015,000		N/A	\$ 24,394,000	\$ 11,586,000	\$ 6,836,000	\$ 18,422,000	\$ 5,972,000
Jun-04	Nov-05	\$ 1,390,000	\$ 1,850,000		N/A	\$ 3,240,000	\$ 1,850,000	\$ 807,000	\$ 2,657,000	\$ 583,000
Mar-02	Dec-05	\$ 1,645,000	\$		N/A	\$ 1,645,000	\$ 3,534,000	\$ (2,376,000)	\$ 1,158,000	\$ 487,000
Sep-01	Jan-06	\$ 2,310,000	\$ 1,778,000		N/A	\$ 4,088,000	\$ 1,080,000	\$ 1,728,000	\$ 2,808,000	\$ 1,280,000
Apr-04	Jan-06	\$ 917,000	\$ 863,000		N/A	\$ 1,780,000	\$ 392,000	\$ 808,000	\$ 1,200,000	\$ 580,000
Aug-02	Jan-06	\$ 2,765,000	\$ 4,209,000		N/A	\$ 6,974,000	\$	\$ 6,518,000	\$ 6,518,000	\$ 456,000
Jan-04	Jun-06	\$ 12,167,000	\$ 11,229,000		N/A	\$ 23,396,000	\$ 11,250,000	\$ 2,260,000	\$ 13,510,000	\$ 9,886,000

Apr-02	Jul-06	\$ 3,725,000	\$ 2,862,000	N/A	N/A	\$ 6,587,000	\$ 2,910,000	\$ 1,279,000	\$ 4,189,000	\$ 2,398,000
--------	--------	--------------	--------------	-----	-----	--------------	--------------	--------------	--------------	--------------

A-13

Table of Contents

Selling Price, Net of Closing Costs & GAAP Adjustments							Cost of Properties Including Closing & Soft Costs				
Date Acquired	Date of Sale(1)	Cash Received Net of Closing Costs(2)	Purchase Mortgage Balance at Time of Sale	Adjustments Resulting From Back By Application Of GAAP(3)			Total(26)	Total Acquisition Costs, Capital Improvements Closing & Soft Costs(4)			Gain (loss) on sale of Investment(5)
				Mortgage Taken from	Original Mortgage Financing	Other		Original Mortgage Financing	Closing & Soft Costs(4)	Total	
Jun-04	Aug-05	\$ 52,218,000	\$ 63,640,000	N/A	N/A	\$ 115,858,000	\$ 69,943,000	\$ 35,365,000	\$ 105,308,000	\$ 10,550,000	
Mar-03	Dec-05	\$ 273,000	\$ 376,000	N/A	N/A	\$ 649,000	\$ 399,000	\$ 118,000	\$ 517,000	\$ 132,000	
Jun-04	Jul-06	\$ 91,730,000	\$	N/A	N/A	\$ 91,730,000	\$ 56,057,000	\$ 11,638,000	\$ 67,695,000	\$ 24,035,000	
Apr-04	Sep-06	\$ 68,261,000	\$ 51,719,000	N/A	N/A	\$ 119,980,000	\$ 62,750,000	\$ 27,274,000	\$ 90,024,000	\$ 29,956,000	
Jan-04	Sep-06	\$ 27,584,000	\$ 18,050,000	N/A	N/A	\$ 45,634,000	\$ 14,250,000	\$ 20,455,000	\$ 34,705,000	\$ 10,929,000	
Apr-04	Oct-06	\$ 9,639,000	\$ 15,543,000	N/A	N/A	\$ 25,182,000	\$ 15,830,000	\$ 7,327,000	\$ 23,157,000	\$ 2,025,000	
Dec-03	Oct-06	\$ 33,707,000	\$ 40,000,000	N/A	N/A	\$ 73,707,000	\$ 25,029,000	\$ 28,139,000	\$ 53,168,000	\$ 20,539,000	
Sep-02	Nov-06	\$ (862,000)	\$ 9,588,000	N/A	N/A	\$ 8,726,000	\$ 6,700,000	\$ 2,026,000	\$ 8,726,000	\$	
Apr-03	Nov-06	\$ 2,898,000	\$ 8,881,000	N/A	N/A	\$ 11,779,000	\$ 7,605,000	\$ 3,004,000	\$ 10,609,000	\$ 1,170,000	
Feb-04	Nov-06	\$ 13,933,000	\$ 24,520,000	N/A	N/A	\$ 38,453,000	\$ 25,000,000	\$ 12,171,000	\$ 37,171,000	\$ 1,282,000	
Jan-03	Dec-06	\$ (219,000)	\$ 3,448,000	N/A	N/A	\$ 3,229,000	\$ 2,200,000	\$ 2,171,000	\$ 4,371,000	\$ (1,142,000)	
May-03	Dec-06	\$ 5,633,000	\$ 10,089,000	N/A	N/A	\$ 15,722,000	\$ 9,815,000	\$ 3,178,000	\$ 12,993,000	\$ 2,729,000	

Table of Contents

TABLE V
SALES OR DISPOSALS OF PROPERTIES (UNAUDITED) (Continued)
PUBLIC PROGRAMS
December 31, 2006

Date Acquired	Date of Sale(1)	Selling Price, Net of Closing Costs & GAAP Adjustments					Cost of Properties Including Closing & Soft Costs				Gain (lo on sale of Investm
		Cash Received Net of Closing Costs(2)	Mortgage Balance at Time of Sale	Purchase Money Adjustments Mortgage Resulting Taken from Back By Application Program(3)	Of GAAP Total(26)	Total	Original Mortgage Financing	Total Acquisition Costs, Capital Improvements Closing & Soft Costs(4)	Total		
Sep-02	Mar-05	\$ 11,768,000	\$ 9,053,000	N/A	N/A	\$ 20,821,000	\$ 14,200,000	\$ (53,000)	\$ 14,147,000	\$ 6,674,000	
Jun-03	Sep-05	\$ 15,249,000	\$ 17,014,000	N/A	N/A	\$ 32,263,000	\$ 15,750,000	\$ 8,298,000	\$ 24,048,000	\$ 8,215,000	
Nov-04	Feb-05	\$ 7,727,000	\$ 11,000,000	N/A	N/A	\$ 18,727,000	\$ 11,000,000	\$ 7,342,000	\$ 18,342,000	\$ 385,000	
Oct-04	Apr-05	\$ 2,327,000	\$ 4,110,000	\$ 2,300,000	N/A	\$ 8,737,000	\$ 4,125,000	\$ 1,597,000	\$ 5,722,000	\$ 3,015,000	
Mar-04	Aug-05	\$ 7,244,000	\$ 7,570,000	N/A	N/A	\$ 14,814,000	\$ 7,567,000	\$ 5,168,000	\$ 12,735,000	\$ 2,079,000	
Jun-04	Nov-05	\$ 2,405,000	\$ 3,151,000	N/A	N/A	\$ 5,556,000	\$ 3,151,000	\$ 1,417,000	\$ 4,568,000	\$ 988,000	
Oct-04	Dec-05	\$ 7,493,000	\$	N/A	N/A	\$ 7,493,000	\$	\$ 5,091,000	\$ 5,091,000	\$ 2,402,000	
Apr-04	Jan-06	\$ 7,052,000	\$ 6,639,000	N/A	N/A	\$ 13,691,000	\$ 3,016,000	\$ 5,132,000	\$ 8,148,000	\$ 5,543,000	
Dec-05	Oct-06	\$ 21,726,000	\$ 46,530,000	N/A	N/A	\$ 68,256,000	\$ 57,737,000	\$ 9,346,000	\$ 67,083,000	\$ 1,173,000	

Notes:

- (1) No sales were to affiliated parties except as noted below.
- (2) Net cash received plus assumption of certain liabilities by buyer.
- (3) The amounts shown are the face amounts and do not represent discounted current value.
- (4) Does not include pro-rata share of original offering costs. Amount shown is net of depreciation for consolidated properties and net of previous distributions received for unconsolidated properties.
- (5) In connection with the sale, we received a note receivable which was secured by a pledge agreement, bore interest at 6% per annum and matured on June 14, 2004. The note was refinanced by the buyer and we received \$6,500,000 on July 9, 2004 and issued an adjustable note receivable for \$2,200,000. The new note bears interest at 8.6% per annum and was due on August 1, 2006. The note was paid in full on May 5, 2006.
- (6) In connection with the sale, we received a note receivable which was secured by a pledge agreement, bore interest at 4% per annum and was due on March 7, 2005. The note was paid in full on March 7, 2005.
- (7) Represents results only for T REIT s 25% tenant in common interest.
- (8) Represents results only for T REIT s 16% interest.
- (9) Represents results only for T REIT s 89.1% interest.
- (10) Represents results only for T REIT s 2.7% interest.
- (11) Represents results only for T REIT s 22.8% interest. Date of Sale is the date of sale of the last building in the property. Cash received is our final distribution on the investment and mortgage at the time of sale is the mortgage balance as of the date of the sale of the last building. Note that the balance was paid off in connection with the sale of one of the earlier buildings.
- (12) Represents results only for T REIT s 40% tenant in common interest.
- (13) Represents results only for T REIT s 9.8% interest.

A-15

Table of Contents

TABLE V
SALES OR DISPOSALS OF PROPERTIES (UNAUDITED) (Continued)
PUBLIC PROGRAMS
December 31, 2006

- (14) Represents results only for T REIT s 75% tenant in common interest.
(15) Represents results only for T REIT s 48.5% tenant in common interest.
(16) Represents results only for G REIT s 4.75% interest.
(17) The mortgage associated with 600 B Street (Comerica) was paid off in connection with a prior property sale.
(18) This property was sold to an affiliated party. Represents results for NNN 2002 Value Fund, LLC s 50% interest.
(19) This property was sold to an affiliated party.
(20) In connection with the sale, we received a note receivable secured by the property, bears interest at a fixed rate of 8.0% per annum and matures on April 1, 2008. The note requires monthly interest-only payments.
(21) Represents results only for NNN 2003 Value Fund, LLC s 18.3% interest.
(22) Represents results only for NNN 2003 Value Fund, LLC s 4.6% interest.
(23) Represents results only for NNN 2003 Value Fund, LLC s 75.4% interest.
(24) Date of sale represents the date of sale of NNN 2003 Value Fund, LLC s last remaining interest in the property. Represents results only for NNN 2003 Value Fund, LLC s 99% interest.
(25) Represents the book value gain. Under liquidation accounting, adopted as of June 30, 2005 for T REIT, Inc., August 31, 2005 for NNN 2002 Value Fund, LLC, and December 31, 2005 for G REIT, Inc. an investment is carried at its estimated fair value less costs to sell.
(26) The allocation of the taxable gain between ordinary and capital is as follows:

	Capital Gain/(Loss)	Ordinary Income/(Loss)	Total
<i>T REIT, Inc.</i>			
Northstar Crossing Shopping Center	\$ (22,000)	\$	\$ (22,000)
Thousand Oaks(a)	\$ N/A	\$	\$
Pahrump Valley Junction Shopping Center	\$ 2,569,000	\$	\$ 2,569,000
Gateway Mall	\$ 1,477,000	\$	\$ 1,477,000
Gateway Mall Land	\$ 243,000	\$	\$ 243,000
Saddleback Financial Center	\$ 716,000	\$	\$ 716,000
County Center Drive	\$ 259,000	\$ (23,000)	\$ 236,000
City Center West A	\$10,277,000	\$ (912,000)	\$ 9,365,000
Emerald Plaza	\$ 609,000	\$ (129,000)	\$ 480,000
Pacific Corporate Park	\$ 688,000	\$ (85,000)	\$ 603,000
Reno Trademark Building	\$ 1,422,000	\$ (61,000)	\$ 1,361,000
Oakey Building	\$ 361,000	\$ (37,000)	\$ 324,000
University Heights	\$ 1,788,000	\$ 13,000	\$ 1,801,000
AmberOaks Corporate Center	\$ 6,287,000	\$7,224,000	\$13,511,000
Titan Building & Plaza	\$ 3,107,000	\$ 133,000	\$ 3,240,000

Table of Contents

TABLE V
SALES OR DISPOSALS OF PROPERTIES (UNAUDITED) (Continued)
PUBLIC PROGRAMS
December 31, 2006

	Capital Gain/(Loss)	Ordinary Income/(Loss)	Total
<i>G REIT, Inc.</i>			
525 B Street	\$ 11,769,000	\$ (615,000)	\$ 11,154,000
Park Sahara	\$ 177,000	\$ (9,000)	\$ 168,000
600 B Street (Comerica)	\$ 24,098,000	\$ 2,676,000	\$ 26,774,000
Hawthorne Plaza	\$ 25,977,000	\$ 1,527,000	\$ 27,504,000
AmberOaks Corporate Center	\$ 10,260,000	\$ 1,132,000	\$ 11,392,000
Brunswig Square	\$ 2,194,000	\$ 664,000	\$ 2,858,000
Centerpoint Corporate Park	\$ 20,997,000	\$ 1,731,000	\$ 22,728,000
5508 Highway West 290	\$ 1,712,000	\$ 518,000	\$ 2,230,000
Department of Children and Families			
Campus	\$ 1,518,000	\$ (368,000)	\$ 1,150,000
Public Ledger Building	\$ 5,422,000	\$ 329,000	\$ 5,751,000
Atrium Building	\$ 1,096,000	\$ 84,000	\$ 1,180,000
Gemini Plaza	\$ 2,426,000	\$ 701,000	\$ 3,127,000
<i>NNN 2002 Value Fund, LLC</i>			
Bank of America Plaza West	\$ 6,363,000	\$ (508,000)	\$ 5,855,000
Netpark	\$ 8,481,000	\$ 1,069,000	\$ 9,550,000
<i>NNN 2003 Value Fund, LLC</i>			
Satellite Place	\$	\$ 509,000	\$ 509,000
Financial Plaza	\$	\$ 2,254,000	\$ 2,254,000
801 K Street	\$ 1,972,000	\$ 48,000	\$ 2,020,000
Emerald Plaza	\$ 1,029,000	\$ (218,000)	\$ 811,000
Southwood Tower(a)	\$ N/A	\$ (4,000)	\$ (4,000)
Oakey Building	\$ 2,788,000	\$ (289,000)	\$ 2,499,000
3500 Maple	\$ 1,523,000	\$ 501,000	\$ 2,024,000

(a) No gain was recognized for tax purposes on the sale of Thousand Oaks and Southwood Tower as the net proceeds from the sale were reinvested in a like-kind exchange under Section 1031 of the Code.

A-17

Table of Contents

**TABLE I
EXPERIENCE IN RAISING AND INVESTING FUNDS (UNAUDITED)
PRIVATE PROGRAMS
DECEMBER 31, 2006**

Table I presents the experience of NNN Realty Advisors Group in raising and investing funds in prior programs where the offering closed in the three years prior to December 31, 2006. As of December 31, 2006, there were 91 private programs which closed in the preceding three years. 90 programs are presented in the aggregate, having similar investment objectives providing Tenant In Common (TIC) interests, a form of ownership which complies with Section 1031 of the Internal Revenue Code, to investors involved in a tax deferred exchange. Our Advisor is the Advisor and Sponsor to four public programs which have invested as LLC members or TICs in certain private programs. At December, 31 2006 there were 8 affiliated investments by public programs in private programs where the offering closed in the preceding three years. These affiliated investments are aggregated and disclosed in Table I. Table I further reflects the impact of the aggregate affiliated ownership on offering proceeds by excluding the affiliated program ownerships.

In addition, 12 prior programs which had acquired properties remained open as of December 31, 2006. At December 31, 2006 the Dollar Amount Raised for open programs was \$106,695,000 representing 69.1% of the aggregate Dollar Amount Offered totaling \$154,405,000.

A-18

Table of Contents

TABLE I
EXPERIENCE IN RAISING AND INVESTING FUNDS (UNAUDITED)
CONSOLIDATED PRIVATE PROGRAMS
DECEMBER 31, 2006

	1	90	Subtotal of	Less	Total Private
	Opportunity	TIC	91 Private	8 Affiliated	Programs
	Fund VIII, LLC	Programs	Programs	Program	Excluding
				Ownerships	Affiliated
					Ownerships
Dollar Amount Offered	\$20,000,000	\$1,267,737,250	\$1,287,737,250	\$27,992,271	\$1,259,744,979
Dollar Amount Raised	\$11,805,559	\$1,267,617,378	\$1,279,422,937	\$27,992,271	\$1,251,430,666
Percentage Amount Raised	59.0%	100.0%	99.4%	100.0%	99.3%
Less Offering Expenses:					
Selling Commissions	7.0%	7.0%	7.0%	7.8%	7.0%
Marketing Support & Due Diligence Reimbursement			3.1%	2.5%	3.1%
Organization & Offering Expenses(1)	3.5%	3.1%	2.8%	3.6%	2.8%
Reserves	2.5%	2.8%	2.8%	3.6%	2.8%
	8.0%	5.6%	5.6%	10.4%	5.6%
Percent Available for Investment	79.0%	81.5%	81.5%	75.7%	81.5%
Acquisition Cost:					
Cash Down Payment	74.5%	78.3%	78.3%	73.0%	78.3%
Loan Fees	2.5%	2.9%	2.9%	1.7%	2.9%
Acquisition Fees Paid to Affiliates	2.0%	0.3%	0.3%	1.0%	0.3%
Total Acquisition Cost	79.0%	81.5%	81.5%	75.7%	81.5%
Percent Leveraged	82%	70%	70%		
Date Offering Began	13-Dec-04	July 18, 2003 to October 31, 2006			

Edgar Filing: CINCINNATI BELL INC - Form 8-K

Date Offering Ended	16-Jun-06	January 20, 2004 to December 21, 2006				
Length of Offering (months)	17 months	2 to 17 months				
Months to Invest 90% of Amount Available for Investment (Measured from Beginning of Offering)	n/a	1 to 12 months				
Number of Investors						
Note Unit Holders						
LLC Members	336	1,841	2,177	7	2,170	
Tenants In Common (TICs)		2,226	2,226	1	2,225	
Total	336	4,067	4,403	8	4,395	

(1) Includes legal, accounting, printing and other offering expenses, including amounts for the reimbursement for marketing, salaries and direct expenses of employees engaged in marketing and other organization expenses.

A-19

Table of Contents

**TABLE II
COMPENSATION TO SPONSOR (UNAUDITED)
PRIVATE PROGRAMS
DECEMBER 31, 2006**

Table II presents the types of compensation paid to NNN Realty Advisors Group and its affiliates in connection with prior programs during the three years prior to December 31, 2006. As of December 31, 2006, there were 156 private programs which paid compensation to NNN Realty Advisors Group and its affiliates during the preceding three years. 91 private program offerings closed in the past three years. At December 31, 2006, there were 14 affiliated investments by public programs in private programs, 8 which closed in the three years prior to December 31, 2006. For programs with affiliated ownerships, the pro rata share of payments relating to affiliated ownerships are aggregated and disclosed in Table II. Table II further discloses the impact of the pro rata share of aggregate affiliated ownership payments on total payments to sponsor by excluding amounts relating to public program (affiliated) ownership in private programs. 65 Other Programs made payments to NNN Realty Advisors Group and its affiliates in the three years prior to December 31, 2006, 53 of the Other Programs closed prior to December 31, 2003 and 12 of the Other Programs remained open as of December 31, 2006.

A-20

Table of Contents

TABLE II
COMPENSATION TO SPONSOR (UNAUDITED)
PRIVATE PROGRAMS
DECEMBER 31, 2006

	91 Private Programs	65 Other Programs	156 Private Programs	14 Affiliated Program Ownerships	Excluding Affiliated Ownerships
	July 18, 2003 to October 31, 2006	July 1, 1998 to December 5, 2006			
Date Offering Commenced					
Dollar Amount Raised	\$ 1,277,315,922	\$ 450,796,920	\$ 1,728,112,842	\$ 61,634,586	\$ 1,666,478,256
Amounts Paid to Sponsor from Proceeds of Offering:					
Selling Commissions to Selling Group Members	\$ 89,633,759	\$ 7,359,732	\$ 96,993,491	\$ 2,138,691	\$ 94,854,800
Marketing Support & Due Diligence Reimbursement	40,205,319	3,432,879	43,638,198	680,814	42,957,384
Organization & Offering Expenses	35,109,983	2,531,591	37,641,574	983,587	36,657,987
Loan Fees	11,502,553	377,438	11,879,991	52,205	11,827,786
Acquisition Fees	394,800		394,800		394,800
Totals	\$ 176,846,414	\$ 13,701,640	\$ 190,548,054	\$ 3,855,297	\$ 186,692,757

Amounts paid to Sponsor by Seller at Acquisition

Real Estate Commissions Acquisition	\$ 71,990,359	\$ 2,119,500	\$ 74,109,859	\$ 2,053,711	\$ 72,056,148
-------------------------------------	---------------	--------------	---------------	--------------	---------------

Dollar Amount of Cash Generated from Operations Before Deducting Payments to Sponsor

	\$ 197,397,511	\$ 78,737,017	\$ 276,134,528	\$ 15,294,292	\$ 260,840,235
--	----------------	---------------	----------------	---------------	----------------

Amounts Paid to Sponsor from Operations Year 2004

Edgar Filing: CINCINNATI BELL INC - Form 8-K

Property Management Fees	2,854,066	6,612,706	9,466,772	1,057,290	8,409,482
Asset Management Fees	58,549	954,351	1,012,900		1,012,900
Leasing Commissions	407,010	2,456,282	2,863,292	336,915	2,526,377
Totals	\$ 3,319,625	\$ 10,023,339	\$ 13,342,964	\$ 1,394,205	\$ 11,948,759

Amounts Paid to Sponsor from Operations Year 2005

Property Management Fees	6,359,036	4,116,953	10,475,989	1,125,630	9,350,359
Asset Management Fees	31,103	990,656	1,021,758		1,021,758
Leasing Commissions	159,107	523,885	682,993	29,051	653,942
Totals	\$ 6,549,246	\$ 5,631,494	\$ 12,180,740	\$ 1,154,681	\$ 11,026,059

Amounts Paid to Sponsor from Operations Year 2006

Property Management Fees	15,282,297	3,827,945	19,110,242	611,229	18,499,013
Asset Management Fees					
Leasing Commissions	8,629,019	2,278,024	10,907,043	238,113	10,668,930
Totals	\$ 23,911,316	\$ 6,105,969	\$ 30,017,285	\$ 849,342	\$ 29,167,943

Amounts Paid to Sponsor from property sales and refinancings

Real Estate Commissions	\$ 9,021,716	\$ 11,934,000	\$ 20,955,716	\$ 1,768,513	\$ 19,187,204
Incentive Fees	242,853	3,183,281	3,426,134	181,499	3,244,635
Construction Management Fees	400,698	337,838	738,536	110,122	628,414
Refinancing Fees	340,480	325,281	665,761	81,900	583,860
Totals	\$ 10,005,747	\$ 15,780,400	\$ 25,786,147	\$ 2,142,034	\$ 23,644,113

Table of Contents

TABLE III
OPERATING RESULTS OF PRIOR PROGRAMS BY YEAR (UNAUDITED)
PRIVATE PROGRAMS
TENANT IN COMMON (TIC) PROGRAMS

Table III presents certain operating results for programs which have closed their offerings during the five years ended December 31, 2006. The programs presented are aggregated, having similar investment objectives providing Tenant In Common (TIC) interests, a form of ownership which complies with Section 1031 of the Internal Revenue Code, to investors involved in a tax deferred exchange.

	2006	2005	2004	2003	2002	2001
	122 TIC Programs	100 TIC Programs	60 TIC Programs	36 TIC Programs	18 TIC Programs	2 TIC Programs
Gross Revenues	\$ 353,999,775	\$ 235,233,264	\$ 142,333,748	\$ 56,337,980	\$ 10,884,051	\$ 311,615
Profit on Sale of Properties	50,355,892	43,545,180	3,365,199	430,126	384,010	
Less:						
Operating Expenses	132,962,673	90,121,252	48,978,673	19,298,613	2,478,639	60,597
General and Administrative Expenses	9,143,262	4,321,152	2,034,752	825,416	171,242	667
Interest Expense	129,424,655	72,621,838	35,325,336	14,787,045	3,698,852	93,874
Depreciation & Amortization						
Net Income (Note A)	\$ 132,825,077	\$ 111,714,202	\$ 59,360,186	\$ 21,857,032	\$ 4,919,328	\$ 156,477
Taxable Income (Loss) (Note A)						
Cash Generated From:						
Operations	\$ 86,703,984	\$ 69,922,878	\$ 55,299,433	\$ 21,468,277	\$ 4,607,180	\$ 156,477
Sales	128,888,158	149,023,359	11,384,836	883,148	312,300	
Refinancing	2,929,222	7,616,687	819,282			
Cash Generated From Operations, Sales & Refinancing						
Before Additional Cash Adjustments	218,521,364	226,562,924	67,503,551	22,351,425	4,919,480	156,477
Additional Cash Adjustments						
Less: Monthly Mortgage Principal Repayments	6,014,879	7,372,155	5,389,993	1,820,447	384,765	16,726
Cash Generated From Operations, Sales & Refinancing	212,506,485	219,190,768	62,113,558	20,530,978	4,534,715	139,751

Less: Cash Distributions to Investors From:						
Operating Cash Flow	73,814,263	53,006,015	31,274,654	11,476,777	2,347,002	22,395
Sales & Refinancing	132,019,854	141,672,518	12,142,157	771,955		
Other (return of capital)(Note B)	3,831,095	338,295	501,251	117,219		

Cash Generated (Deficiency) after Cash Distributions						
	2,841,273	24,173,941	18,195,496	8,165,027	2,187,713	117,356
Less: Special Items (not including Sales & Refinancing)						

Cash Generated (Deficiency) after Cash Distributions and Special Items						
	\$ 2,841,273	\$ 24,173,941	\$ 18,195,496	\$ 8,165,027	\$ 2,187,713	\$ 117,356

*Tax and Distribution**Data Per \$1,000**Invested*

Federal Income Tax

Results (Note A):

Cash Distributions to Investors Sources (on Tax basis)

Investment Income	\$	\$	\$	\$	\$	\$
Return of Capital		2.78	0.34	0.84	0.42	
Sources (on Cash basis)						
Sales and Refinancing		95.81	143.98	20.42	2.78	
Operations	\$	53.57	\$ 53.87	\$ 52.60	\$ 41.40	\$ 30.13 \$ 3.31

Note A: For the Tenant In Common (TIC) programs, individual investors are involved in a tax deferred exchange.

Each TIC has an individual tax bases for depreciation and amortization and is responsible for their own calculations of depreciation and amortization.

Note B: Approximately \$3,480,000 in 2006 is due to the following: utilization of equity funded reserves for designated repairs in apartment programs (\$1,900,000); utilization of equity funded reserves for payment of mezzanine interest (\$380,000); acceleration of payments for interest expense and property taxes for income tax purposes (\$450,000); unbilled CAM and rents at December 31, 2006 (\$630,000); and unanticipated expenses due to hurricane damage at two properties (\$120,000).

Table of Contents

TABLE III
OPERATING RESULTS OF PRIOR PROGRAMS BY YEAR (UNAUDITED)
PRIVATE PROGRAMS
AFFILIATED OWNERSHIP IN TENANT IN COMMON (TIC) PROGRAMS

Table III presents operating results for programs which have closed their offerings during the five years ended December 31, 2006. The programs presented are aggregated, having similar investment objectives providing Tenant In Common (TIC) interests, a form of ownership which complies with Section 1031 of the Internal Revenue Code, to investors involved in a tax deferred exchange. In some instances, other programs affiliated with NNN Realty Advisors Group have invested in TIC programs either as a TIC or as a member of the LLC. This table presents, in aggregate, the results of affiliated programs investing in a TIC program.

	2006	2005	2004	2003	2002	2001
	13 Affiliated Programs	14 Affiliated Programs	14 Affiliated Programs	6 Affiliated Programs	2 Affiliated Programs	1 Affiliated Program
Gross Revenues	\$ 6,916,777	\$ 11,244,143	\$ 18,500,226	\$ 6,352,154	\$ 594,889	\$ 22,090
Profit on Sale of Properties	7,149,318	3,113,871		158,777	145,659	
Less: Operating Expenses	4,206,048	5,592,738	6,699,094	2,815,081	233,660	4,264
General and Administrative Expenses	187,856	181,192	154,620	81,474	12,452	
Interest Expense	2,093,425	2,743,523	3,662,498	1,244,057	196,158	7,528
Depreciation & Amortization						
Net Income (Note A)	\$ 7,578,766	\$ 5,840,561	\$ 7,984,014	\$ 2,370,319	\$ 298,278	\$ 10,298
Taxable Income (loss) (Note A):						
Cash Generated From:						
Operations	\$ 852,077	\$ 2,784,768	\$ 7,669,401	\$ 2,227,233	\$ 179,878	\$ 10,298
Sales	20,674,751	12,910,464		334,987	118,459	
Refinancing		(10,403)	287,066			
Cash Generated From Operations, Sales & Refinancing						
Before Additional Cash Adjustments	21,526,828	15,684,829	7,956,467	2,562,220	298,337	10,298
Additional Cash Adjustments						
Less: Monthly Mortgage Principal Repayments	113,815	144,097	105,701	34,142	10,842	1,709
Cash Generated From Operations, Sales & Refinancing	21,413,013	15,540,732	7,850,766	2,528,078	287,495	8,589

Less: Cash Distributions
to Investors From:

Operating Cash Flow	1,287,582	2,785,059	3,965,091	1,229,694	133,559
Sales & Refinancing	22,627,577	11,054,797	259,288	292,767	
Other (return of capital)			20,997		

Cash Generated

(Deficiency) after Cash
Distributions

	(2,502,146)	1,700,876	3,605,390	1,005,617	153,936	8,589
--	-------------	-----------	-----------	-----------	---------	-------

Less: Special Items (not
including Sales &
Refinancing)

Cash Generated

(Deficiency) after Cash
Distributions and Special

Items	\$ (2,502,146)	\$ 1,700,876	\$ 3,605,390	\$ 1,005,617	\$ 153,936	\$ 8,589
-------	----------------	--------------	--------------	--------------	------------	----------

*Tax and Distribution**Data Per \$1,000 Invested*

Federal Income Tax

Results (Note A):

Cash Distributions to
Investors

Sources (on Tax basis)

Investment Income	\$	\$	\$	\$	\$	\$
Return of Capital			0.34			

Sources (on Cash
basis)

Sales and Refinancings	621.11	182.07	4.17	8.93		
Operations	\$ 35.34	\$ 45.87	\$ 63.81	\$ 37.50	\$ 49.47	\$

Note A: For the Tenant In Common (TIC) programs, individual investors are involved in a tax deferred exchange. Each TIC has an individual tax bases for depreciation and amortization and is responsible for their own calculations of depreciation and amortization.

Table of Contents

TABLE III
OPERATING RESULTS OF PRIOR PROGRAMS BY YEAR (UNAUDITED)
PRIVATE PROGRAMS

TENANT IN COMMON (TIC) PROGRAMS EXCLUDING AFFILIATED OWNERSHIP

Table III presents operating results for programs which have closed their offerings during the five years ended December 31, 2006. The programs presented are aggregated, having similar investment objectives providing Tenant In Common (TIC) interests, a form of ownership which complies with Section 1031 of the Internal Revenue Code, to investors involved in a tax deferred exchange. In select cases, other programs affiliated with NNN Realty Advisors Group have invested in TIC programs either as a TIC or as a member of the LLC. This table presents, in aggregate, the results of TIC programs without affiliated ownership results.

	2006	2005	2004	2003	2002	2001
	122	100	60	36	18	2
	TIC	TIC	TIC	TIC	TIC	TIC
	Programs	Programs	Programs	Programs	Programs	Programs
Gross Revenues	\$ 347,082,998	\$ 223,989,121	\$ 123,833,522	\$ 49,985,826	\$ 10,289,162	\$ 289,525
Profit on Sale of Properties	43,206,574	40,431,309	3,365,199	271,349	238,351	
Less: Operating Expenses	128,756,625	84,528,514	42,279,579	16,483,532	2,244,979	56,333
General and Administrative Expenses	8,955,406	4,139,960	1,880,132	743,942	158,790	667
Interest Expense	127,331,230	69,878,315	31,662,838	13,542,988	3,502,694	86,346
Depreciation & Amortization						
Net Income (Note A)	\$ 125,246,311	\$ 105,873,641	\$ 51,376,172	\$ 19,486,713	\$ 4,621,050	\$ 146,179
Taxable Income (loss) (Note A):						
Cash Generated From:						
Operations	\$ 85,851,907	\$ 67,138,110	\$ 47,630,032	\$ 19,241,044	\$ 4,427,302	\$ 146,179
Sales	108,213,407	136,112,895	11,384,836	548,161	193,841	
Refinancing	2,929,222	7,627,089	532,216			
Cash Generated From Operations, Sales & Refinancing						
Before Additional Cash Adjustments	196,994,536	210,878,094	59,547,084	19,789,205	4,621,143	146,179
Additional Cash Adjustments						
Less: Monthly Mortgage Principal Repayments	5,901,064	7,228,058	5,284,292	1,786,305	373,923	15,017

Edgar Filing: CINCINNATI BELL INC - Form 8-K

Cash Generated From Operations, Sales & Refinancing	191,093,472	203,650,036	54,262,792	18,002,900	4,247,220	131,162
Less: Cash Distributions to Investors From:						
Operating Cash Flow	72,526,681	50,220,956	27,309,563	10,247,083	2,213,443	22,395
Sales & Refinancing	109,392,277	130,617,721	11,882,869	479,188		
Other (return of capital) (Note B)	3,831,095	338,295	480,254	117,219		

Cash Generated (Deficiency) after Cash Distributions	5,343,419	22,473,064	14,590,106	7,159,410	2,033,777	108,767
Less: Special Items (not including Sales & Refinancing)						

Cash Generated (Deficiency) after Cash Distributions and Special Items	\$ 5,343,419	\$ 22,473,064	\$ 14,590,106	\$ 7,159,410	\$ 2,033,777	\$ 108,767
--	--------------	---------------	---------------	--------------	--------------	------------

Tax and Distribution

Data Per \$1,000

Invested

Federal Income Tax

Results (Note A):

Cash Distributions to Investors Sources (on Tax basis)

Investment Income	\$	\$	\$	\$	\$	\$
Return of Capital	2.86	0.37	0.90	0.48		
Sources (on Cash basis)						
Sales and Refinancings	81.54	141.47	22.32	1.96		
Operations	\$ 54.06	\$ 54.39	\$ 51.29	\$ 41.93	\$ 29.44	\$ 3.57

Note A: For the Tenant In Common (TIC) programs, individual investors are involved in a tax deferred exchange. Each TIC has an individual tax bases for depreciation and amortization and is responsible for their own calculations of depreciation and amortization.

Note B: Approximately \$3,480,000 in 2006 is due to the following: utilization of equity funded reserves for designated repairs in apartment programs (\$1,900,000); utilization of equity funded reserves for payment of mezzanine interest (\$380,000); acceleration of payments

Table of Contents

for interest expense and property taxes for income tax purposes (\$450,000); unbilled CAM and rents at December 31, 2006 (\$630,000); and unanticipated expenses due to hurricane damage at two properties (\$120,000).

A-25

Table of Contents

TABLE III
OPERATING RESULTS OF PRIOR PROGRAMS BY YEAR (UNAUDITED)
PRIVATE PROGRAMS
MULTIPLE PROPERTY INVESTMENT FUNDS

Table III presents certain operating results for programs which have closed their offering during the five years ended December 31, 2006. The programs are aggregated, having similar investment objectives for the purpose of acquiring interests in multiple unspecified properties that would likely be office buildings, mixed-use, research and development and industrial facilities, and/or shopping centers.

	2006	2005	2004	2003	2002	2001
Gross Revenues	\$ 2,522,318	\$ 631,180	\$ 2,034,929	\$ 1,903,524	\$ 2,154,090	\$ 131,060
Profit on Sale of Properties	847,861	2,030,172		181,367	148,478	
Less: Operating Expenses	924,806	401,885	980,612	885,929	999,943	62,336
General and						
Administrative Expenses	81,553	163,504	94,807	138,261	127,893	
Interest Expense	1,576,853	240,744	558,522	494,086	793,565	68,223
Depreciation &						
Amortization		351,244	636,822	423,758	473,500	35,452
Net Income Tax Basis	\$ 786,967	\$ 1,503,975	\$ (235,834)	\$ 142,857	\$ (92,333)	\$ (34,951)
Taxable Income From:						
Operations	\$ (60,894)	\$ (526,197)	\$ (235,834)	\$ (38,510)	\$ (240,811)	\$ (34,951)
Gain on Sale	847,861	2,030,172		181,367	148,478	
Cash Generated From:						
Operations	(60,894)	(174,953)	648,863	412,827	280,598	501
Sales	847,861	7,102,052		588,766	208,200	
Refinancing			(88,806)			
Cash Generated From Operations, Sales & Refinancing						
Before Additional Cash						
Adjustments	786,967	6,927,099	560,057	1,001,593	488,798	501
Additional Cash						
Adjustments						
Less: Monthly Mortgage						
Principal Repayments		52,148	77,695	66,812	62,020	
Cash Generated From Operations, Sales & Refinancing						
	786,967	6,874,951	482,362	934,781	426,778	501
Less: Cash Distributions to Investors From:						
Operating Cash Flow			647,681	180,696	218,578	501
Sales & Refinancing	1,898,534	2,623,375		588,766	208,200	
Other (return of capital)			121,775		130,342	17,848

Edgar Filing: CINCINNATI BELL INC - Form 8-K

Cash Generated (Deficiency) after Cash Distributions	(1,111,567)	4,251,576	(287,094)	165,319	(130,342)	(17,848)
Less: Special Items (not including Sales & Refinancing)						

Cash Generated (Deficiency) after Cash Distributions and Special Items	\$ (1,111,567)	\$ 4,251,576	\$ (287,094)	\$ 165,319	\$ (130,342)	\$ (17,848)
--	----------------	--------------	--------------	------------	--------------	-------------

*Tax and Distribution Data
Per \$1,000 Invested*

Federal Income Tax Results:

Ordinary Income (Loss)						
from operations	\$ (2.67)	\$ (47.87)	\$ (21.45)	\$ (3.50)	\$ (21.91)	\$ (13.66)
from recapture						
Capital Gain (Loss)	37.19	184.69		16.50	13.51	
Cash Distributions to Investors Sources (on Tax basis)						
Investment Income						
Return of Capital			11.08		11.86	6.98
Sources (on Cash basis)						
Sales	83.28	238.66		53.56	18.94	
Refinancing						
Operations	\$	\$	\$ 58.92	\$ 16.44	\$ 19.88	\$ 0.20

A-26

Table of Contents

TABLE III
OPERATING RESULTS OF PRIOR PROGRAMS BY YEAR (UNAUDITED)
PRIVATE PROGRAMS
NOTES PROGRAMS

Table III presents certain operating results for programs which have closed their offerings during the five years ended December 31, 2006. The programs presented are aggregated, having similar investment objectives. The notes programs offer units of interest in the company's secured and unsecured notes offerings. The programs were formed for the purpose of making loans to affiliates of NNN Realty Advisors Group. Investors are making loans to the programs. NNN Realty Advisors Group, as the sole member of the companies, has guaranteed the note unit holders payment of all principal and interest on the note units. The results presented in this table are those of the note unit holders, not the company.

	2006	2005	2004	2003
	closed Notes Program	one Notes Program	one Notes Program	one Notes Program
Gross Revenues	\$	\$	\$ 70,032	\$ 413
Profit on Sale of Properties				
Less: Operating Expenses				
General and Administrative Expenses		22,751	7,823	82
Interest Expense		43,514	104,488	19,227
Depreciation & Amortization				
Net Income	\$	\$ (66,265)	\$ (42,279)	\$ (18,896)
Taxable Income (Loss)				
Cash Generated From:				
Operations	\$	\$ (66,265)	\$ (42,279)	\$ (18,896)
Sales				
Refinancing				
Cash Generated From Operations, Sales & Refinancing				
Before Additional Cash Adjustments		(66,265)	(42,279)	(18,896)
Additional Cash Adjustments				
Less: Monthly Mortgage Principal Repayments				
Cash Generated From Operations, Sales & Refinancing		(66,265)	(42,279)	(18,896)
Less: Cash Distributions to Investors From:				
Operating Cash Flow				
Sales & Refinancing				
Other (return of capital)				
Cash Generated (Deficiency) after Cash Distributions		(66,265)	(42,279)	(18,896)

Less: Special Items (not including Sales & Refinancing)

Cash Generated (Deficiency) after Cash Distributions and Special Items	\$	\$	(66,265)	\$	(42,279)	\$	(18,896)
--	----	----	----------	----	----------	----	----------

Tax and Distribution Data Per \$1,000

Invested

Federal Income Tax Results (Note A):

Cash Distributions to Investors

Sources (on Tax basis)

Investment Income	\$	\$	11.00	\$	11.00	\$	11.00
-------------------	----	----	-------	----	-------	----	-------

Return of Capital

Sources (on Cash basis)

Sales and Refinancing

Operations	\$	\$	\$	\$
------------	----	----	----	----

A-27

Table of Contents

**TABLE IV
RESULTS OF COMPLETED PROGRAMS (UNAUDITED)
PRIVATE PROGRAMS
DECEMBER 31, 2006**

Table IV presents the results of completed programs for prior programs which have sold properties and completed operations during the five years prior to December 31, 2006.

Tellride Barstow, LLC	Kiwi Assoc, LLC	NNN 2000 Value Fund, LLC	NNN Town & Country, LLC	NNN Bryant Ranch, LLC	NNN Saddleback Financial, LLC	NNN Fund VIII, LLC	Yerington Shopping Center, LLC	NNN Tech Fund III, LLC	NNN Alamosa Plaza, LLC
\$ 1,619,550	\$ 2,681,352	\$ 4,816,000	\$ 7,200,000	\$ 5,000,000	\$ 3,865,800	\$ 8,000,000	\$ 1,625,000	\$ 3,698,750	\$ 6,650,000
1	1	7	1	1	1	3	1	3	
16-Dec-98	4-Feb-01	27-Feb-01	29-Mar-00	12-Nov-02	29-Oct-02	7-Mar-00	3-Aug-99	20-Jun-00	25-Oct-00
19-Feb-03	25-Feb-03	26-Oct-01	25-Jun-04	2-Nov-04	27-Dec-04	26-Mar-02	17-Jan-05	3-Jul-01	24-Mar-01
19-Feb-03	25-Feb-03	15-Oct-02	25-Jun-04	2-Nov-04	27-Dec-04	6-Jan-04	17-Jan-05	7-Feb-05	24-Mar-01
	26.58	34.78	71.23		11.83	125.22	54.24		13.8
884.53	1,053.34	880.51	1,221.31	1,206.17	1,384.96	1,305.19	1,132.76	1,293.88	1,266.5

			195.48	68.33							
401.16	\$	175.12	\$	155.63	268.98	184.74	181.08	129.11	496.14	446.45	210.9

Note: There are three notes programs that have completed operations and are closed. The notes programs report interest income to the note unit holders. The remaining programs included in this table are TIC programs with investors generally involved in tax deferred exchanges. Accordingly, each TIC has an individual tax basis for determining amortization and depreciation. Neither type of program requires depreciation or amortization, therefore, there is no presentation of Federal Income Tax Results.

- (1) The investors received a note from Buyer as distributed proceeds from the sale.

A-28

Table of Contents

**TABLE IV
RESULTS OF COMPLETED PROGRAMS (UNAUDITED) (Continued)
PRIVATE PROGRAMS
DECEMBER 31, 2006**

Truckee River Office Tower, LLC	NNN North Reno LLC	(1) NNN Rocky Mountain Exchange, LLC	NNN Jefferson Square, LLC	NNN City Center West A, LLC	NNN LV 1900 Aerojet Way LLC	NNN Park Sahara, LLC	NNN 801 K Street, LLC	NNN Timberhills, LLC	Sp
\$ 5,550,000	\$ 2,750,000	\$ 2,670,000	\$ 9,200,000	\$ 1,237,803	\$ 2,000,000	\$ 4,953,000	\$ 29,600,000	\$ 3,695,375	\$
1	1	1	2	1	1	5	1	1	
15-Jul-99	19-Jun-02	15-Feb-01	26-Aug-03	15-Mar-02	31-Aug-01	17-Mar-03	31-Mar-04	27-Nov-01	
15-Apr-05	19-May-05	31-May-05	22-Jul-05	28-Jul-05	27-Sep-05	20-Dec-05	26-Aug-05	19-Oct-05	
15-Apr-05	19-May-05	31-May-05	22-Jul-05	28-Jul-05	27-Sep-05	20-Dec-05	26-Aug-05	19-Oct-05	
		24.79		13.68		35.18			
953.00	1,758.24	829.87	1,308.76	1,300.67	1,123.45	1,102.58	1,124.72	1,387.80	

ons	619.55	323.12	187.30	189.41	262.83	319.50	128.07	113.57	305.43
-----	--------	--------	--------	--------	--------	--------	--------	--------	--------

A-29

Table of Contents

**TABLE IV
RESULTS OF COMPLETED PROGRAMS (UNAUDITED) (Continued)
PRIVATE PROGRAMS
DECEMBER 31, 2006**

NNN Emerald Plaza, LLC	NNN Kahana Gateway, LLC	NNN Exchange Fund III, LLC	NNN PCP 1, LLC	NNN 1851 E 1st Street, LLC	NNN Reno Trademark, LLC	NNN Oakey Building 2003, LLC	NNN City Center West B, LLC	NNN Amber Oaks III, LLC
\$ 42,800,000	\$ 8,140,000	\$ 6,300,000	\$ 5,800,000	\$ 20,500,000	\$ 3,850,000	\$ 8,270,000	\$ 8,200,000	\$ 10,070,000
1	3	1	6	1	1	1	1	1
5-Jan-05	6-Mar-03	31-May-00	25-Jun-02	29-Jul-03	29-Sep-01	19-May-04	15-Jun-02	20-Jan-04
10-Nov-05	15-Nov-05	9-Dec-05	10-Oct-02	9-Jan-06	23-Jan-06	24-Jan-06	17-Apr-06	15-Jun-06
10-Nov-05	15-Nov-05	9-Dec-05	29-Dec-05	9-Jan-06	23-Jan-06	24-Jan-06	17-Apr-06	15-Jun-06
		14.36						
1,203.34	1,638.63	427.98	1,016.63	1,262.45	1,256.62	1,343.87	1,882.87	1,622.67
					283.64			

ons	92.28	252.29	231.59	283.85	238.01	361.45	136.48	306.07	190.19
-----	-------	--------	--------	--------	--------	--------	--------	--------	--------

A-30

Table of Contents

TABLE IV
RESULTS OF COMPLETED PROGRAMS (UNAUDITED) (Continued)
PRIVATE PROGRAMS
DECEMBER 31, 2006

	NNN Las Cimas II and III, LLC	NNN 901 Corporate Center, LLC	NNN Sacramento Corporate, LLC	NNN 2004 Notes Program, LLC	NNN 2005 Notes Program, LLC	NNN 2006 Notes Program, LLC	Program Totals
Dollar Amount Raised	\$ 32,250,000	\$ 6,292,125	\$ 12,000,000	\$ 5,000,000		\$ 1,044,881	\$ 285,224,444
Number of Properties Purchased	2	1	1	N/A	N/A	N/A	57
Date of Closing of Offering	9-Dec-04	3-Oct-03	21-May-01	14-Aug-01	14-Aug-01	22-May-03	
Date of First Sale of Property	7-Aug-06	22-Aug-06	17-Nov-06	N/A	N/A	N/A	
Date of Final Sale of Property	7-Aug-06	22-Aug-06	17-Nov-06	N/A	N/A	N/A	
<i>Tax and Distribution Data Per \$1,000 Invested</i>							
Federal Income Tax Results (Note A):							
Cash Distributions to Investors							
Sources (on Tax basis)							
Investment Income				66.00	33.00	30.00	
Return of Capital		10.89					
Sources (on Cash basis)							
Sales	1,328.68	1,190.72	1,396.11				
Refinancing Operations	199.70	172.94	405.69				

Table of Contents

TABLE V
SALES OR DISPOSALS OF PROPERTIES (UNAUDITED)
PRIVATE PROGRAMS
December 31, 2006

Table V presents sales or disposals of properties in prior programs during the three years prior to December 31, 2006. One sale is a NNN 2001 Value Fund, LLC property, one sale was a WREIT property, one sale is a NNN Fund VIII, LLC property (a TIC program with multiple property ownership) and thirty one sales are of other TIC properties.

Date of Sale	(2) Cash Received Net of Closing Costs	Selling Price, Net of Closing Costs & GAAP Adjustments					Cost of Properties Including Closing & Soft Costs			Gain on Sale of Investment
		Mortgage Balance at Time of Sale	Adjustments Purchase Mortgage Taken Back by Program	Resulting from Application of GAAP	Total	(3) Original Mortgage Financing	(3) Total Acquisition Costs, Capital Improvements Closing & Soft Costs	Total		
Jan-99	Jan-04	\$ 1,291,445	\$ 2,737,342	N/A	N/A	\$ 4,028,787	\$ 2,840,000	\$ 980,428	\$ 3,820,428	\$ 208,360
Nov-98	Feb-04	\$ 3,434,518	\$ 6,557,693	N/A	N/A	\$ 9,992,211	\$ 6,937,000	\$ 2,029,944	\$ 8,966,944	\$ 1,025,267
Jul-99	Jun-04	\$ 8,848,316	\$ 33,420,982	N/A	N/A	\$ 42,269,298	\$ 34,000,000	\$ 6,472,676	\$ 40,472,676	\$ 1,796,622
ep-02	Nov-04	\$ 6,030,873	\$ 5,910,623	N/A	N/A	\$ 11,941,496	\$ 6,222,000	\$ 4,295,532	\$ 10,517,532	\$ 1,423,964
ep-02	Dec-04	\$ 7,138,617	\$ 7,269,300	N/A	N/A	\$ 14,407,917	\$ 7,650,000	\$ 4,169,605	\$ 11,819,605	\$ 2,588,312

Mar-99	Jan-05	\$ 1,924,607	\$ 3,114,225		N/A	N/A	\$ 5,038,832	\$ 3,316,200	\$ 1,261,108	\$ 4,577,308	\$ 461,
Jun-00	Feb-05	\$ 6,687,677	\$ 8,246,910		N/A	N/A	\$ 14,934,587	\$ 9,200,000	\$ 3,420,584	\$ 12,620,584	\$ 2,314,
Oct-02	Mar-05	\$ 8,538,537	\$ 13,134,859		N/A	N/A	\$ 21,673,396	\$ 13,500,000	\$ 5,213,556	\$ 18,713,556	\$ 2,959,
Apr-01	Apr-05	\$ 3,614,632	\$ 2,951,930		N/A	N/A	\$ 6,566,562	\$ 3,210,000	\$ 2,247,787	\$ 5,457,787	\$ 1,108,
Dec-98	Apr-05	\$ 4,902,752	\$ 12,000,000		N/A	N/A	\$ 16,902,752	\$ 12,000,000	\$ 6,434,344	\$ 18,434,344	\$ (1,531,
Jun-02	May-05	\$ 4,750,826	\$ 5,261,170		N/A	N/A	\$ 10,011,996	\$ 5,400,000	\$ 1,898,590	\$ 7,298,590	\$ 2,713,
Nov-00	May-05	\$ 0	\$ 5,275,000	\$ 2,105,747	N/A		\$ 7,380,747	\$ 5,275,000	\$ 2,541,815	\$ 7,816,815	\$ (436,
Jul-03	Jul-05	\$ 12,050,824	\$ 12,834,953		N/A	N/A	\$ 24,885,777	\$ 13,070,000	\$ 7,583,949	\$ 20,653,949	\$ 4,231,
Mar-02	Jul-05	\$ 15,982,448	\$ 12,358,953		N/A	N/A	\$ 28,341,401	\$ 13,000,000	\$ 9,712,906	\$ 22,712,906	\$ 5,628,
Mar-04	Aug-05	\$ 34,092,300	\$ 41,350,000		N/A	N/A	\$ 75,442,300	\$ 41,350,000	\$ 26,332,745	\$ 67,682,745	\$ 7,759,
Aug-01	Sep-05	\$ 2,254,788	\$ 3,490,513		N/A	N/A	\$ 5,745,301	\$ 3,625,000	\$ 1,740,006	\$ 5,365,006	\$ 380,
Sep-01	Sep-05	\$ 3,128,166	\$ 2,669,550		N/A	N/A	\$ 5,797,716	\$ 2,938,000	\$ 2,370,647	\$ 5,308,647	\$ 489,
Nov-01	Oct-05	\$ 4,916,439	\$ 6,163,260		N/A	N/A	\$ 11,079,699	\$ 6,390,000	\$ 3,122,242	\$ 9,512,242	\$ 1,567,

Table of Contents

TABLE V
SALES OR DISPOSALS OF PROPERTIES (UNAUDITED) (Continued)
PRIVATE PROGRAMS
December 31, 2006

Date required	Date of Sale	(2) Cash Received Net of Closing Costs	Selling Price, Net of Closing Costs & GAAP Adjustments				Cost of Properties Including Closing & Soft Costs			Gain on Sale of Investmen
			Mortgage Balance at Time of Sale	Adjustments Purchase Resulting from Application of GAAP	Total	(3) Original Mortgage Financing	(3) Total Acquisition Costs, Capital Improvements Closing & Soft Costs	Total		
Dec-02	Nov-05	\$ 2,874,263	\$ 4,541,495	N/A	N/A	\$ 7,415,758	\$ 4,700,000	\$ 1,940,473	\$ 6,640,473	\$ 775,28
Jun-04	Nov-05	\$ 50,123,011	\$ 68,500,000	N/A	N/A	\$ 118,623,011	\$ 68,500,000	\$ 33,925,438	\$ 102,425,438	\$ 16,197,57
Dec-02	Nov-05	\$ 11,165,104	\$ 12,642,394	N/A	N/A	\$ 23,807,498	\$ 13,041,000	\$ 6,732,222	\$ 19,773,222	\$ 4,034,27
Dec-99	Dec-05	\$ 2,977,973	\$ 11,488,641	N/A	N/A	\$ 14,466,614	\$ 11,835,000	\$ 5,642,906	\$ 17,477,906	\$ (3,011,29
Mar-03	Dec-05	\$ 6,548,932	\$ 7,911,654	N/A	N/A	\$ 14,460,586	\$ 8,400,000	\$ 4,326,695	\$ 12,726,695	\$ 1,733,89
Mar-02	Dec-05	\$ 12,655,065	\$ 15,500,000	N/A	N/A	\$ 28,155,065	\$ 15,500,000	\$ 9,816,378	\$ 25,316,378	\$ 2,838,68
Jun-03	Jan-06	\$ 24,141,399	\$ 49,000,000	N/A	N/A	\$ 73,141,399	\$ 45,375,000	\$ 18,587,746	\$ 63,962,746	\$ 9,178,65

Sep-01	Jan-06	\$ 5,742,885	\$ 4,444,615	N/A	N/A	\$ 10,187,500	\$ 2,700,000	\$ 4,919,977	\$ 7,619,977	\$ 2,567,52
Apr-04	Jan-06	\$ 7,428,067	\$ 10,650,000	N/A	N/A	\$ 18,078,067	\$ 4,000,000	\$ 11,441,254	\$ 15,441,254	\$ 2,636,81
Jan-02	Apr-06	\$ 18,318,726	\$ 14,115,548	N/A	N/A	\$ 32,434,274	\$ 14,650,000	\$ 7,515,962	\$ 22,165,962	\$ 10,268,31
Jan-04	Jun-06	\$ 16,252,892	\$ 15,000,000	N/A	N/A	\$ 31,252,892	\$ 15,000,000	\$ 9,736,741	\$ 24,736,741	\$ 6,516,15
Apr-02	Jul-06	\$ 6,521,705	\$ 6,900,000	N/A	N/A	\$ 13,421,705	\$ 6,000,000	\$ 4,130,277	\$ 10,130,277	\$ 3,291,42
Sep-04	Aug-06	\$ 44,214,822	\$ 45,217,600	N/A	N/A	\$ 89,432,422	\$ 46,800,000	\$ 27,046,337	\$ 73,846,337	\$ 15,586,08
Aug-03	Aug-06	\$ 8,602,046	\$ 10,905,994	N/A	N/A	\$ 19,508,040	\$ 11,310,000	\$ 5,361,786	\$ 16,671,786	\$ 2,836,25
Mar-01	Nov-06	\$ 22,734,929	\$ 21,213,069	N/A	N/A	\$ 43,947,998	\$ 22,250,000	\$ 14,333,839	\$ 36,583,839	\$ 7,364,15
Dec-02	Dec-06	\$ 10,197,512	\$ 14,531,163	N/A	N/A	\$ 24,728,675	\$ 13,922,000	\$ 8,534,931	\$ 22,456,931	\$ 2,271,74

(1) No sales were to affiliated parties except as noted below.

(2) Net cash received plus assumption of certain liabilities by buyer.

(3) Does not include pro-rata share of original offering costs.

(4) Includes add back of monthly principal reductions during the operating cycle (see Table III) as total cost includes balance of Original Mortgage Financing

(5) A Private Program owned 75% of the property. TREIT, Inc, an affiliate owned 25% of the property. The above reflects property level sale results, or 100% of the ownership.

- (6) TREIT Inc, an affiliate owned a 16% tenant in common interest in the NNN County Center Drive, LLC. The private program owning 100% of the property.
- (7) This property was sold to Triple Net Properties.
- (8) A Private Program owned 10.875% of the property. TREIT, Inc, a affiliate owned 89.125% of the property. The above reflects property level sale results, or 100% ownership.

A-33

Table of Contents

TABLE V
SALES OR DISPOSALS OF PROPERTIES (UNAUDITED) (Continued)
PRIVATE PROGRAMS
December 31, 2006

- (9) NNN 2003 Value Fund, LLC, an affiliate owned a 85% membership interest in NNN 801 K Street, LLC which had a 21.5% tenant in common interest in the private program owning 100% of the property.
 - (10) NNN 2003 Value Fund, LLC, an affiliate owned a 22.4% membership interest in NNN Emerald Plaza, LLC which had a 20.5% tenant in common interest in the private program owning 100% of the property.
 - (11) TREIT, Inc, an affiliate owned a 13.2% membership interest in NNN Emerald Plaza, LLC which had a 20.5% tenant in common interest in the private program owning 100% of the property.
 - (12) A Private Program owned 95.25% of the property. GREIT, Inc, a affiliate owned 4.75% of the property. The above reflects property level sale results, or 100% ownership.
 - (13) NNN 2001 Value Fund, LLC owned 40% of the property. NNN Pacific Corporate Park I, LLC owned 60% of the property. The above reflects property level sale results, or 100% ownership.
 - (14) TREIT, Inc, an affiliate owned a 37.9% membership interest in NNN Pacific Corporate Park I, LLC which had a 60% interest in the property.(
 - (15) A Private Program owned 60% of the property. TREIT, Inc, an affiliate owned 40% of the property. The above reflects property level sale results, or 100% ownership.
 - (16) NNN 2003 Value Fund, LLC and TREIT, Inc, affiliates, respectively owned a 75.4% and 9.8% membership interests in NNN Oakey 2003, LLC which owned 100% of the property.
 - (17) TREIT, Inc, an affiliate owned a 75% tenant in common interest in NNN Amber Oaks, LLC. The private program owned 100% of the property.
 - (18) A Private Program owned 51.5% of the property. TREIT, Inc, an affiliate owned 48.5% of the property. The above reflects property level sale results, or 100% ownership.
- * Partial sales of the White Lakes Mall, and Netpark have occurred; however, a portion of the original acquisitions still remain in the program. No reporting of these sales will occur until the entire original acquisition has been disposed of.

A-34

Table of Contents

APPENDIX B

**NNN HEALTHCARE/ OFFICE REIT, INC.
SUBSCRIPTION AGREEMENT**

To: NNN Healthcare/ Office REIT, Inc.
7103 South Revere Parkway
Centennial, CO 80112

Ladies and Gentlemen:

The undersigned, by signing and delivering a copy of the attached Subscription Agreement Signature Page, hereby tenders this subscription and applies for the purchase of the number of shares of common stock (the Shares) in NNN Healthcare/ Office REIT, Inc., a Maryland corporation (the Company), set forth on such Subscription Agreement Signature Page. Full payment for the Shares should be made by check payable to NNN Healthcare/ Office REIT, Inc.

I hereby acknowledge receipt of the prospectus for the offering of the Shares dated September 20, 2006, as supplemented to date (the Prospectus). I agree that if this subscription is accepted, it will be held, together with the accompanying payment, and disbursed on the terms described in the Prospectus. I agree that subscriptions may be rejected in whole or in part by the Company in its sole and absolute discretion. In addition, I understand and agree that subscriptions are irrevocable, and I will not have the right to cancel or rescind my subscription, except as required under applicable law.

SALE OF SHARES PURSUANT TO THIS SUBSCRIPTION AGREEMENT WILL NOT BE EFFECTIVE UNTIL AT LEAST FIVE BUSINESS DAYS AFTER THE DATE AN INVESTOR HAS RECEIVED A FINAL PROSPECTUS AND UNTIL THE INVESTOR HAS RECEIVED A CONFIRMATION OF PURCHASE.

Prospective investors are hereby advised of the following:

(a) The assignability and transferability of the Shares is restricted and will be governed by the Amended and Restated Articles of Incorporation and the Bylaws of the Company and all applicable laws as described in the Prospectus.

(b) Prospective investors should not invest in Shares unless they have an adequate means of providing for their current needs and personal contingencies and have no need for liquidity in this investment.

(c) There will be no public market for the Shares, and accordingly, it may not be possible to readily liquidate an investment in the Shares.

B-1

Table of Contents

STANDARD REGISTRATION REQUIREMENTS

The following requirements have been established for the various forms of registration. Accordingly, complete Subscription Agreements and such supporting material as may be necessary must be provided.

TYPE OF OWNERSHIP AND SIGNATURE(S) REQUIRED

- (1) INDIVIDUAL: One signature required.
- (2) JOINT TENANTS WITH RIGHT OF SURVIVORSHIP: Each joint tenant must sign.
- (3) TENANTS IN COMMON: All tenant in common must sign.
- (4) COMMUNITY PROPERTY: Only one investor must sign.
- (5) PENSION OR PROFIT SHARING PLANS: The trustee must provide a copy of plan document and sign the Signature Page.
- (6) TRUST: The trustee must sign. Provide the name of the trust, the name of the trustee and the name of the beneficiary. You must provide a copy of the trust agreement.
- (7) PARTNERSHIP: Identify whether the entity is a general or limited partnership. Each general partner must be identified and must sign the Signature Page. In the case of an investment by a general partnership, all partners must sign (unless a managing partner has been designated for the partnership, in which case he may sign on behalf of the partnership if a certified copy of the document granting him authority to invest on behalf of the partnership is submitted).
- (8) CORPORATION: An authorized officer must sign. The Subscription Agreement must be accompanied by a certified copy of the resolution of the Board of Directors designating the authorized officer as the person authorized to sign on behalf of the corporation and a certified copy of the Board's resolution authorizing the investment.
- (9) IRAS, IRA ROLLOVERS OR KEOGHS: Requires signature of investor and authorized signer (e.g., an officer) of the bank, trust company or other fiduciary. The address of the trustee must be provided in order for the trustee to receive checks and other pertinent information regarding the investment. **Please note that the Company and its affiliates do not act as custodian for IRA accounts.**
- (10) UNIFORM GIFT TO MINORS ACT (UGMA) or UNIFORM TRANSFERS TO MINORS ACT (UTMA): The person named as the custodian must sign. (This may or may not be the minor's parent.) Only one child is permitted in each investment under UGMA or UTMA. In addition, designate the state under which the UGMA or UTMA has been formed.

Table of Contents

NNN HEALTHCARE/ OFFICE REIT, INC.
a Maryland corporation
NOTICE TO STOCKHOLDER OF ISSUANCE
OF UNCERTIFICATED SHARES OF COMMON STOCK
Containing the Information Required by Section 2-211 of the
Maryland General Corporation Law
Shares of Common Stock, \$.01 par value per share

NNN Healthcare/ Office REIT, Inc., a Maryland corporation (the Company), is issuing to you, subject to acceptance by the Company, the number of shares of its common stock (the Shares) set forth in your subscription agreement with the Company. The Shares do not have physical certificates. Instead, the Shares are recorded on the books and records of the Company, and this notice is given to you of certain information relating to the Shares.

The Company has the authority to issue shares of stock of more than one class. Upon the request of any stockholder, and without charge, the Company will furnish a full statement of the information required by Section 2-211 of the Maryland General Corporation Law with respect to certain restrictions on ownership and transferability, the designations and any preferences, conversion and other rights, voting powers, restrictions, limitations as to dividends and other distributions, qualifications, and terms and conditions of redemption of the shares of each class of stock which the Company has authority to issue, the differences in the relative rights and preferences between the shares of each series to the extent set, and the authority of the Board of Directors to set such rights and preferences of subsequent series. Such requests must be made to the Secretary of the Company at its principal office.

The Shares are subject to restrictions on transfer and ownership for the purpose, among others, of the Company's maintenance of its status as a real estate investment trust under the Internal Revenue Code of 1986, as amended. The Company will furnish a full statement about the restrictions on transfer and ownership to a stockholder on request and without charge. Such requests may be directed to the Secretary of the Company at its principal office.

Table of Contents

**INSTRUCTIONS TO SUBSCRIPTION AGREEMENT SIGNATURE PAGE
TO NNN HEALTHCARE/ OFFICE REIT, INC. SUBSCRIPTION AGREEMENT**

Please follow these instructions carefully. Failure to do so may result in the rejection of your subscription. All information on the Subscription Agreement Signature Page should be completed as follows:

1. INVESTMENT

A minimum initial investment of \$1,000 (100 Shares) is required. A check for the full purchase price of the Shares subscribed for should be made payable to the order of NNN Healthcare/ Office REIT, Inc. Shares may be purchased only by persons meeting the standards set forth under the section of the Prospectus entitled Suitability Standards. Please indicate the state in which the sale was made. If additional investments in the Company are made, the investor agrees to notify the Company and the Broker-Dealer named on the Subscription Agreement Signature Page in writing if at any time he fails to meet the applicable suitability standards or he is unable to make any other representations or warranties set forth in the Prospectus or the Subscription Agreement.

2. TYPE OF OWNERSHIP

Please check the appropriate box to indicate the type of entity or type of individuals subscribing.

3. REGISTRATION NAME AND ADDRESS

Please enter the exact name in which the Shares are to be held. For joint tenants with right of survivorship or tenants in common, include the names of all investors. For partnerships or corporations, include the name of an individual to whom correspondence will be addressed. Trusts should include the name of the trustee. All investors must complete the space provided for taxpayer identification number or social security number. By signing in Section 3, the investor is certifying that this number is correct. Enter the mailing address and telephone numbers of the registered owner of this investment. In the case of a Qualified Plan or trust, this will be the address of the trustee. Indicate the birth date and occupation of the registered owner unless the registered owner is a partnership, corporation or trust.

4. INVESTOR NAME AND ADDRESS

Complete this Section only if the investor's name and address is different from the registration name and address provided in Section 3. If the Shares are registered in the name of a trust, enter the name, address, telephone number, social security number, birth date and occupation of the beneficial owner of the trust.

5. SUITABILITY STANDARDS AND SUBSCRIBER SIGNATURE

Please separately initial each representation made by the investor where indicated. Each investor must sign and date this Section. Certain states have imposed special financial suitability standards for subscribers who purchase Shares. Please note the higher suitability standards described in the Prospectus for residents of Arizona, California, Iowa, Kansas, Maine, Massachusetts, Michigan, Missouri, North Carolina, Ohio and Tennessee. Except in the case of fiduciary accounts, the investor may not grant any person a power of attorney to make such representations on his or her behalf. If title is to be held jointly, all parties must sign. If the registered owner is a partnership, corporation or trust, a general partner, officer or trustee of the entity must sign.
NOTE: THESE SIGNATURES ARE NOT REQUIRED TO BE NOTARIZED.

6. DISTRIBUTION REINVESTMENT PLAN

By electing to participate in the Distribution Reinvestment Plan, the investor elects to reinvest 100% of cash distributions otherwise payable to the investor in common stock of the Company. The investor agrees to notify the Company and the Broker-Dealer named on the Subscription Agreement Signature Page in writing if at any time he fails to meet the applicable suitability standards or he is unable to make any other representations and warranties as set forth in the Prospectus or Subscription Agreement. If cash distributions are to be sent to an address other than that provided in Section 3 (i.e., a bank, brokerage firm or savings and loan), please provide the name, account number and address in Section 7.

Table of Contents

7. DISTRIBUTIONS

Select one of the two options. If this section is not completed, distributions will be paid to the registered owner (or custodian, if applicable).

8. BROKER-DEALER

This Section is to be completed and executed by the Registered Representative. Please complete all BROKER-DEALER information contained in Section 8 including suitability certification. The Subscription Agreement Signature Page, which has been delivered with this Prospectus, together with a check for the full purchase price, should be delivered or mailed to your Broker-Dealer. Only original, completed copies of Subscription Agreements can be accepted. Photocopied or otherwise duplicated Subscription Agreements cannot be accepted by the Company.

IF YOU NEED FURTHER ASSISTANCE IN COMPLETING THIS SUBSCRIPTION AGREEMENT SIGNATURE PAGE, PLEASE CALL INVESTOR SERVICES AT 1-877-888-7348

B-5

Table of Contents

**NNN HEALTHCARE/ OFFICE REIT, INC.
SUBSCRIPTION AGREEMENT SIGNATURE PAGE
IF YOU NEED FURTHER ASSISTANCE IN COMPLETING THIS
SUBSCRIPTION AGREEMENT SIGNATURE PAGE,
PLEASE CALL INVESTOR SERVICES 1-877-888-7348, ext. 411**

1.

INVESTMENT

**Make Investment Check Payable to:
NNN Healthcare/ Office REIT, Inc.**

of Shares Total \$ Invested
(# Shares x \$10.00 = \$ Invested)
o INITIAL INVESTMENT
o ADDITIONAL INVESTMENT

Minimum initial purchase = 100 Shares or \$1,000

2.

TYPE OF OWNERSHIP

- | | |
|---|--|
| <input type="radio"/> Individual (01) | <input type="radio"/> Company or Corporation (08) |
| <input type="radio"/> Joint Tenants With Right of Survivorship (02) | <input type="radio"/> IRA (09) |
| <input type="radio"/> Tenants in Common (03) | <input type="radio"/> Keogh (10) |
| <input type="radio"/> Community Property (04) | <input type="radio"/> Custodian for under the Uniform Gift to Minors Act or the Uniform Transfers to Minors Act of the State of (11) |
| <input type="radio"/> Qualified Pension or Profit Sharing Plan (05) | <input type="radio"/> Other |
| <input type="radio"/> Trust (06) | |
| <input type="radio"/> Partnership (07) | |

3.

REGISTRATION NAME AND ADDRESS

3(a) Please print name(s) in which Shares are to be registered. Include trust, entity or IRA custodian name and account number, if applicable.

Mr. Mrs. Ms. MD Ph.D. DDS Other _____
Name(s)

Taxpayer Identification Number . . . -

Social Security Number . . . -

Street Address _____

Edgar Filing: CINCINNATI BELL INC - Form 8-K

City _____ State _____ Zip Code _____
Home Telephone No.(____) _____ Business Telephone No.(____) _____
Birth Date(s) _____ Occupation _____
Email Address _____

3(b) IRA Custodian: _____

Custodian Tax-ID: _____

Custodian Address: _____

City: _____ State: ____ Zip Code: _____ Account #: _____

Transfer on Death Form: Fill out attached TOD form to effect designation.

MUST BE SIGNED AND SIGNATURE GUARANTEED BY CUSTODIAN(S) IF IRA, KEOGH OR QUALIFIED PLAN (NNN Healthcare/Office REIT, Inc. and its affiliates do not act as IRA custodians)

Signature of Custodian

Date

4.

INVESTOR NAME AND ADDRESS

(Complete only if different from registration name and address).

Mr. Mrs. Ms. MD Ph.D. DDS Other _____

Name(s): _____ Taxpayer ID Number _ _ - _ _ _ _ _

_____ Social Security Number _ _ - _ _ - _ _ _ _ _

B-6

Table of Contents

Street Address or P.O. Box _____
 City _____ State _____ Zip Code _____
 Home Telephone No. (____) _____ Business Telephone No. (____) _____
 Birth Date _____ Occupation _____
 Email Address _____

5.

SUITABILITY STANDARDS AND SUBSCRIBER SIGNATURE

Please indicate below your:

Occupation: _____ Birth Date: _____
 Net Worth: _____ Annual Income: _____
 Investment Objectives: _____
 Nature of Other Investments: _____

Please separately initial each of the representations below. In the case of joint investors, each investor must initial. Except in the case of fiduciary accounts, you may not grant a person a power of attorney to make such a representation on your behalf. In order to induce the Company to accept this subscription, I hereby represent and warrant to you as follows:

- | | | | |
|-----|--|----------|----------|
| (a) | I have received the Prospectus. | Initials | Initials |
| (b) | I accept and agree to be bound by the terms and conditions of the charter. | Initials | Initials |
| (c) | I have (i) a net worth (exclusive of home, home furnishings and automobiles) of \$150,000 or more; or (ii) a net worth (as described above) of at least \$45,000 and had during the last year or estimate that I will have during the current tax year a minimum of \$45,000 annual gross income, or I meet the higher suitability requirements imposed by my state of primary residence as set forth in the Prospectus under Suitability Standards. | Initials | Initials |
| (d) | I am purchasing the Shares for my own account and acknowledge that the investment is not liquid. | Initials | Initials |

I declare that the information supplied above is true and correct and may be relied upon by the Company in connection with my investment in the Company.

Under penalty of perjury, by signing this Signature Page, I hereby certify that (a) I have provided herein my correct Taxpayer Identification Number; (b) I am not subject to backup withholding as a result of a failure to report all interest or dividends, or the Internal Revenue Service has notified me that I am no longer subject to backup withholding; and (c) I am a U.S. Citizen unless I have indicated otherwise in Section 3.

I understand that I will not be admitted as a shareholder until my investment has been accepted. Depositing of my check alone does not constitute acceptance. The acceptance process includes, but is not limited to, reviewing the Subscription Agreement for completeness and signatures, conducting an Anti-Money Laundering check as required by the USA PATRIOT Act, and depositing of funds.

I represent that I am not a person with whom dealings by U.S. persons are, unless licensed, prohibited under any Executive Order or federal regulation administered by the U.S. Treasury Department's Office of Foreign Assets Control.

**BY SIGNING THIS AGREEMENT, YOU ARE NOT WAIVING ANY RIGHTS
UNDER FEDERAL OR STATE SECURITIES LAWS.**

Signature of Investor or Trustee

Signature of Joint Owner, if any

Date

Date

B-7

Table of Contents

6.

DISTRIBUTION REINVESTMENT PLAN

ENROLLMENT FORM

To Join the Distribution Reinvestment Plan (the DRIP):

Complete this form. Be sure to include your signature in order to indicate your participation in the DRIP.

I hereby appoint NNN Healthcare/ Office REIT, Inc. (the Company) (or any designee or successor), acting as DRIP Administrator, as my agent to receive cash distributions that may hereafter become payable to me on shares of common stock of the Company registered in my name as set forth below, and authorize the Company to apply such distributions to the purchase of full shares and fractional interests in shares of the common stock of the Company. I understand that the purchases will be made under the terms and conditions of the DRIP as described in the Prospectus and that I may revoke this authorization at any time by notifying the DRIP Administrator, in writing, of my desire to terminate my participation.

Sign below if you would like to participate in the Distribution Reinvestment Plan. You must participate with respect to 100% of your shares.

Signature _____ Date _____

Signature of Joint Owner _____ Date _____

7.

DISTRIBUTIONS

8(a) For direct deposit to checking account, please complete Direct Deposit Authorization form on page B-10.

8(b) Complete the following section only to direct distributions to an address other than registration address:

Name (as it appears on depository account) _____

Account Number (if applicable) _____

Street Address _____

City _____ State _____ Zip Code _____

Special Distributions:

- Send to registered owner address of record
- Send to distribution address
(Special distributions for IRA account investments will be sent directly to custodian.)

8.

BROKER-DEALER

(TO BE COMPLETED BY REGISTERED REPRESENTATIVE)

Investor Name(s) _____

Edgar Filing: CINCINNATI BELL INC - Form 8-K

The registered representative must sign below to complete the subscription. The registered representative warrants that he has reasonable grounds to believe this investment is suitable for the subscriber as set forth in the Section of the Prospectus entitled INVESTOR SUITABILITY STANDARDS and that he has informed the subscriber of all aspects of liquidity and marketability of this investment as required by the Dealer Manager Agreement and/or the Participating Broker-Dealer Agreement.

Broker-Dealer Name _____ Telephone No. _____

Broker-Dealer Street Address or P.O. Box _____

City _____ State _____ Zip Code _____

B-8

Table of Contents

Registered Representative Name _____ Representative # _____
Telephone No. _____ Fax No. _____ E-Mail Address _____
Reg. Rep. Street Address or P.O. Box _____
City _____ State _____ Zip Code _____

I hereby certify that I hold a Series 7 or Series 62 NASD license and am registered in _____, the State of Sale.

Signature of Registered Representative

(Required): _____ Date: _____

This Subscription Agreement representing an investment in NNN Healthcare/ Office REIT, Inc. for the above referenced investor has been reviewed and approved as complete and correct by the under signed principal of the above-referenced broker-dealer.

Signature of Broker-Dealer

(If required by Broker-Dealer): _____ Date: _____

**Please send completed subscription agreement
(with all signatures) with checks made payable to
NNN Healthcare/Office REIT, Inc., to:**

**NNN Healthcare/Office REIT, Inc.
7103 South Revere Parkway
Centennial, CO 80112**

B-9

Table of Contents

B-10

Table of Contents

Transfer On Death Form (T.O.D.)

PLEASE MAIL THIS FORM TO:

NNN Healthcare/Office REIT, Inc.
7103 South Revere Parkway
Centennial, CO 80112
Fax: 303-705-6171

A.

INVESTOR INFORMATION

1. Name of registered owner(s), exactly as name(s) appear(s) on stock certificate or subscription agreement:

2. Social Security number(s) of registered owner(s):

3. Daytime phone number:

()

4. State of Residence:

B.

TRANSFER ON DEATH DESIGNATION

I authorize NNN Healthcare/Office REIT, Inc. to register all of my shares of its common stock in beneficiary form, assigning ownership on my death to my beneficiary(ies). I understand that if more than one beneficiary is listed, percentages for each must be designated. If percentages are not designated, the shares will be divided equally. Percentages must equal 100%.

1. Name of Primary Beneficiary:

2. Social Security Number OR Tax Identification Number:

3. Percentage: _____%

1. Name of Primary Beneficiary:

2. Social Security Number OR Tax Identification Number:

3. Percentage: _____%

C.

SIGNATURE

By signing below, I (we) authorize NNN Healthcare/Office REIT, Inc. to register all of my (our) shares of its common stock in T.O.D. form. The designation(s) will be effective on the date of receipt. Accordingly, I (we) hereby revoke any beneficiary designation(s) made previously with respect to my (our) NNN Healthcare/Office REIT shares. I (we) have reviewed the information set forth below. I (we) agree on behalf of myself (ourselves) and my (our) heirs, assigns, executors, administrators and beneficiaries to indemnify and hold harmless NNN Healthcare/Office REIT, Inc. and any and all of its affiliates, agents, successors and assigns, and their respective directors, managers, officers and employees, from and against any and all claims, liability, damages, actions and expenses arising directly or indirectly out of or resulting from the transfer of my (our) shares in accordance with this T.O.D. designation. I (we) further understand that NNN Healthcare/Office REIT, Inc. cannot provide any legal advice and I (we) agree to consult with my (our) attorney, if necessary, to make certain that the T.O.D. designation is consistent with my (our) estate and tax planning.

Sign exactly as the name(s) appear(s) on the stock certificate or subscription agreement. All registered owners must sign. This authorization form is subject to the acceptance of NNN Healthcare/Office REIT, Inc.

<p>X</p> <p>Signature</p>		<p>X</p> <p>Signature</p>		<p>Date</p> <p>Date</p>
---------------------------	--	---------------------------	--	-------------------------

TRANSFER ON DEATH INFORMATION

A Transfer on Death (T.O.D.) designation transfers ownership of shares to the registered owner's beneficiary(ies) upon death; provided that NNN Healthcare/Office REIT, Inc. receives proof of death and other documentation it deems necessary or appropriate.

Until the death of the account owner(s), the T.O.D. beneficiary(is) has (have) no present interest in, or authority over, the T.O.D. account.

A T.O.D. designation will be accepted only where shares are owned by a natural person and registered in that individual's name or by (2) two or more natural persons as joint tenants with rights of survivorship.

Accounts registered to trusts, corporations, charities, and other such entities may not declare a T.O.D. designation because they are considered perpetual. These entities, however, may be listed as a beneficiary on a T.O.D. for accounts registered to a natural person.

A T.O.D. designation made by joint tenants with rights of survivorship does not take effect until the last of all multiple owners die. The surviving owners may revoke or change the T.O.D. designation at any time.

If the beneficiary(ies) does (do) not survive the registered owner(s), the shares will be treated as belonging to the decedent's estate.

A minor may not be named as a beneficiary.

A T.O.D. designation and all rights related thereto shall be governed by the laws of the State of Maryland.

A T.O.D. designation may be voided at any time by NNN Healthcare/Office REIT, Inc., in its sole discretion, if there is any doubt as to the validity or effectiveness of a T.O.D. designation.

A T.O.D. designation will not be accepted from residents of Louisiana or Texas.

B-11

Table of Contents**APPENDIX C****DISTRIBUTION REINVESTMENT PLAN**

The Distribution Reinvestment Plan (the **DRIP**) for NNN Healthcare/ Office REIT, Inc., a Maryland corporation (the **Company**), offers to holders of the Company's common stock, \$0.01 par value per share (the **Common Stock**), the opportunity to purchase, through reinvestment of distributions, additional shares of Common Stock, on the terms, subject to the conditions and at the prices herein stated.

The DRIP will be implemented in connection with the Company's Registration Statement under the Securities Act of 1933 on Form S-11, including the prospectus contained therein (the **Prospectus**) and the registered initial public offering of 221,052,632 shares of the Company's Common Stock (the **Initial Offering**), of which amount 21,052,632 shares will be registered and reserved for distribution pursuant to the DRIP (the **Initial DRIP Shares**).

Initially, distributions reinvested pursuant to the DRIP will be applied to the purchase of shares of Common Stock at a price per share equal to \$9.50 (the **Initial Offering DRIP Price**) until all of the Initial DRIP Shares have been purchased or until the termination of the Initial Offering, whichever occurs first. Thereafter, the Company may, in its sole discretion, effect additional public equity offerings of Common Stock for use in the DRIP at a price per share equal to 95% of the offering price in such subsequent public equity offering (the **Subsequent Offering DRIP Price**). The Company may also offer shares of Common Stock under the DRIP at a price per share equal to 95% of the most recent offering price (the **Post-Offering DRIP Price**) for the first 12 months subsequent to the close of the last public offering of Common Stock prior to the listing of Common Stock on a national securities exchange (a **Listing**). After that 12-month period, participants in the DRIP may acquire Common Stock under the DRIP at a price per share equal to 95% of the per share valuation determined by the Company's advisor or another firm chosen for that purpose until the Listing (the **Pre-Listing DRIP Price**). From and after the date of the Listing, participants in the DRIP may acquire Common Stock at a price per share equal to 100% of the average daily open and close price per share on the distribution payment date, as reported by the national securities exchange on which the Common Stock is traded (individually the **Listing DRIP Price** and collectively referred to herein with the Initial Offering DRIP Price, the Subsequent Offering DRIP Price, the Post-Offering DRIP Price and the Pre-Listing DRIP Price as the **DRIP Price**).

The DRIP

The DRIP provides you with a simple and convenient way to invest your cash distributions in additional shares of Common Stock. As a participant in the DRIP and during the Initial Offering, you may purchase shares at the Initial Offering DRIP Price until all of the Initial DRIP Shares have been purchased or until the Company elects to terminate the DRIP. If the Company elects to keep the DRIP in effect after the Initial Offering, you may purchase shares at the Subsequent Offering DRIP Price, the Post-Offering DRIP Price, the Pre-Listing DRIP Price or the Listing DRIP Price, as applicable.

You receive free custodial service for the shares you hold through the DRIP.

Shares for the DRIP will be purchased directly from the Company. Such shares will be authorized and may be either previously issued or unissued shares. Proceeds from the sale of Common Stock under the DRIP will be used to provide the Company with funds for its general corporate purposes.

Eligibility

Holders of record of Common Stock are eligible to participate in the DRIP only with respect to 100% of their shares. If your shares are held of record by a broker or nominee and you want to participate in the DRIP, you must make appropriate arrangements with your broker or nominee.

The Company may refuse participation in the DRIP to stockholders residing in states where shares offered pursuant to the DRIP are neither registered under applicable securities laws nor exempt from registration.

Administration

As of the date of the Prospectus, the DRIP will be administered by the Company or an affiliate of the Company (the **DRIP Administrator**), but a different entity may act as DRIP Administrator in the future. The DRIP

Table of Contents

Administrator will keep all records of your DRIP account and send statements of your account to you. Shares of Common Stock purchased under the DRIP will be registered in the name of each participating stockholder.

Enrollment

You must own shares of Common Stock in order to participate in the DRIP. You may become a participant in the DRIP by completing and signing the enrollment form enclosed with the Prospectus and returning it to us at the time you subscribe for shares. If you receive a copy of the Prospectus or a separate prospectus relating solely to the DRIP and have not previously elected to participate in the DRIP, then you may so elect at any time by completing the enrollment form attached to such prospectus or by other appropriate written notice to the Company of your desire to participate in the DRIP.

Your participation in the DRIP will begin with the first distribution payment after your signed enrollment form is received, provided such form is received on or before 10 days prior to the record date established for that distribution. If your enrollment form is received after the record date for any distribution and before payment of that distribution, that distribution will be paid to you in cash and reinvestment of your distributions will not begin until the next distribution payment date.

Costs

Purchases under the DRIP will not be subject to selling commissions, marketing support fees or due diligence reimbursements. All costs of administration of the DRIP will be paid by the Company. However, any interest earned on distributions on shares within the DRIP will be paid to the Company to defray certain costs relating to the DRIP.

Purchases and Price of Shares

Investment Date. Common Stock distributions will be invested within 30 days after the date on which Common Stock distributions are paid (the Investment Date). Payment dates for Common Stock distributions will be ordinarily on or about the last day of each month but may be changed to quarterly in the sole discretion of the Company. Any distributions not so invested will be returned to participants in the DRIP.

You become an owner of shares purchased under the DRIP as of the Investment Date. Distributions paid on shares held in the DRIP (less any required withholding tax) will be credited to your DRIP account. Distributions will be paid on both full and fractional shares held in your account and are automatically reinvested.

Reinvested Distributions. The Company will use the aggregate amount of distributions to all DRIP participants for each distribution period to purchase shares for such participants. If the aggregate amount of distributions to all DRIP participants exceeds the amount required to purchase all shares then available for purchase, the Company will purchase all available shares and will return all remaining distributions to the DRIP participants within 30 days after the date such distributions are made. The Company will allocate the purchased shares among the DRIP participants based on the portion of the aggregate distributions received on behalf of each participant, as reflected on the Company's books.

You may elect distribution reinvestment only with respect to 100% of shares registered in your name on the records of the Company. Distributions on all shares purchased pursuant to the DRIP will be automatically reinvested. The number of shares purchased for you as a participant in the DRIP will depend on the amount of your distributions on these shares (less any required withholding tax) and the applicable DRIP Price. Your account will be credited with the number of shares, including fractions computed to four decimal places, equal to the total amount invested divided by the applicable DRIP Price.

Optional Cash Purchases. Unless and until determined otherwise by the Company, DRIP participants may not make additional cash payments for the purchase of Common Stock under the DRIP.

Distributions on Shares Held in the DRIP

Distributions paid on shares held in the DRIP (less any required withholding tax) will be credited to your DRIP account. Distributions will be paid on both full and fractional shares held in your account and will be automatically reinvested.

Table of Contents

Account Statements

You will receive a statement of your account within 90 days after the end of the fiscal year. The statements will contain a report of all transactions with respect to your account since the last statement, including information with respect to the distributions reinvested during the year, the number of shares purchased during the year, the per share purchase price for such shares, the total administrative charge retained by the Company or DRIP Administrator on your behalf and the total number of shares purchased on your behalf pursuant to the DRIP. In addition, tax information with respect to income earned on shares under the DRIP for the year will be included in the account statements. These statements are your continuing record of the cost of your purchase and should be retained for income tax purposes.

Book-Entry Shares

The ownership of shares purchased under the DRIP will be noted in book-entry form. The number of shares purchased will be shown on your statement of account. This feature permits ownership of fractional shares, protects against loss, theft or destruction of stock certificates and reduces the costs of the DRIP.

Termination of Participation

You may discontinue reinvestment of distributions under the DRIP with respect to all, but not less than all, of your shares (including shares held for your account in the DRIP) at any time without penalty by notifying the DRIP Administrator in writing no less than 10 days prior to the next Investment Date. A notice of termination received by the DRIP Administrator after such cutoff date will not be effective until the next following Investment Date. Participants who terminate their participation in the DRIP may thereafter rejoin the DRIP by notifying the Company and completing all necessary forms and otherwise as required by the Company.

If you notify the DRIP Administrator of your termination of participation in the DRIP or if your participation in the DRIP is terminated by the Company, the stock ownership records will be updated to include the number of whole shares in your DRIP account. For any fractional shares of stock in your DRIP account, the DRIP Administrator may either (i) send you a check in payment for any fractional shares in your account, or (ii) credit your stock ownership account with any such fractional shares.

A participant who changes his or her address must promptly notify the DRIP Administrator. If a participant moves his or her residence to a state where shares offered pursuant to the DRIP are neither registered nor exempt from registration under applicable securities laws, the Company may deem the participant to have terminated participation in the DRIP.

The Company reserves the right to prohibit certain employee benefit plans from participating in the DRIP if such participation could cause the underlying assets of the Company to constitute plan assets of such plans.

Amendment and Termination of the DRIP

The Company's board of directors (the Board) may, in its sole discretion, terminate the DRIP or amend any aspect of the DRIP without the consent of DRIP participants or other stockholders, provided that written notice of any material amendment is sent to DRIP participants at least 10 days prior to the effective date thereof and provided that we may not amend the DRIP to terminate a participant's right to withdraw from the DRIP. You will be notified if the DRIP is terminated or materially amended. The Board also may terminate any participant's participation in the DRIP at any time by notice to such participant if continued participation will, in the opinion of the Board, jeopardize the status of the Company as a real estate investment trust under the Internal Revenue Code.

Voting of Shares Held Under the DRIP

You will be able to vote all shares of Common Stock (including fractional shares) credited to your account under the DRIP at the same time that you vote the shares registered in your name on the records of the Company.

Table of Contents

Stock Dividends, Stock Splits and Rights Offerings

Your DRIP account will be amended to reflect the effect of any stock dividends, splits, reverse splits or other combinations or recapitalizations by the Company on shares held in the DRIP for you. If the Company issues to its stockholders rights to subscribe to additional shares, such rights will be issued to you based on your total share holdings, including shares held in your DRIP account.

Responsibility of the DRIP Administrator and the Company Under the DRIP

The DRIP Administrator will not be liable for any claim based on an act done in good faith or a good faith omission to act. This includes, without limitation, any claim of liability arising out of failure to terminate a participant's account upon a participant's death, the prices at which shares are purchased, the times when purchases are made, or fluctuations in the market price of Common Stock.

All notices from the DRIP Administrator to a participant will be mailed to the participant at his or her last address of record with the DRIP Administrator, which will satisfy the DRIP Administrator's duty to give notice. DRIP participants must promptly notify the DRIP Administrator of any change in address.

You should recognize that neither the Company nor the DRIP Administrator can provide any assurance of a profit or protection against loss on any shares purchased under the DRIP.

Interpretation and Regulation of the DRIP

The Company reserves the right, without notice to DRIP participants, to interpret and regulate the DRIP as it deems necessary or desirable in connection with its operation. Any such interpretation and regulation shall be conclusive.

Federal Income Tax Consequences of Participation in the DRIP

The following discussion summarizes the principal federal income tax consequences, under current law, of participation in the DRIP. It does not address all potentially relevant federal income tax matters, including consequences peculiar to persons subject to special provisions of federal income tax law (such as tax-exempt organizations, insurance companies, financial institutions, broker dealers and foreign persons). The discussion is based on various rulings of the IRS regarding several types of distribution reinvestment plans. No ruling, however, has been issued or requested regarding the DRIP. The following discussion is for your general information only, and you must consult your own tax advisor to determine the particular tax consequences (including the effects of any changes in law) that may result from your participation in the DRIP and the disposition of any shares purchased pursuant to the DRIP.

Reinvested Distributions. Stockholders subject to federal income taxation who elect to participate in the DRIP will incur a tax liability for distributions allocated to them even though they have elected not to receive their distributions in cash but rather to have their distributions reinvested pursuant to the DRIP. Specifically, DRIP participants will be treated as if they received the distribution from the Company and then applied such distribution to purchase the shares in the DRIP. To the extent that a stockholder purchases shares through the DRIP at a discount to fair market value, the stockholders will be treated for tax purposes as receiving an additional distribution equal to the amount of such discount. A stockholder designating a distribution for reinvestment will be taxed on the amount of such distribution as ordinary income to the extent such distribution is from current or accumulated earnings and profits, unless the Company has designated all or a portion of the distribution as a capital gain dividend. In such case, such designated portion of the distribution will be taxed as a capital gain. To the extent that the Company makes a distribution in excess of the Company's current or accumulated earnings and profits, the distribution will be treated first as a tax-free return of capital, reducing the tax basis in your common stock, and then the distribution in excess of such basis will be taxable as a gain realized from the sale of your common stock.

Receipt of Share Certificates and Cash. You will not realize any income if you receive certificates for whole shares credited to your account under the DRIP. Any cash received for a fractional share held in your account will be treated as an amount realized on the sale of the fractional share. You therefore will recognize gain or loss equal to any difference between the amount of cash received for a fractional share and your tax basis in the fractional share.

Withholding. In the case of participating stockholders whose distributions are subject to withholding of federal income tax, distributions will be reinvested less the amount of tax required to be withheld.

Table of Contents

**ENROLLMENT FORM
NNN HEALTHCARE/ OFFICE REIT, INC.
*DISTRIBUTION REINVESTMENT PLAN***

To Join the Distribution Reinvestment Plan:

Please complete and return this enrollment form. Be sure to include your signature below in order to indicate your participation in the Distribution Reinvestment Plan.

I hereby appoint NNN Healthcare/ Office REIT, Inc. (the Company) (or any designee or successor), acting as DRIP Administrator, as my agent to receive cash distributions that may hereafter become payable to me on shares of Common Stock of the Company registered in my name as set forth below, and authorize the Company to apply such distributions to the purchase of full shares and fractional interests in shares of the Common Stock.

I understand that the purchases will be made under the terms and conditions of the Distribution Reinvestment Plan as described in the Prospectus and that I may revoke this authorization at any time by notifying the DRIP Administrator, in writing, of my desire to terminate my participation.

Sign below if you would like to participate in the Distribution Reinvestment Plan. You must participate with respect to 100% of your shares.

Signature:

Date:

Name:

Signature of Joint Owner:

Date:

Name:

C-5

Table of Contents**APPENDIX D****SHARE REPURCHASE PLAN**

The Board of Directors (the Board) of NNN Healthcare/ Office REIT, Inc., a Maryland corporation (the Company), has approved and adopted a share repurchase plan (the Repurchase Plan) by which shares of the Company's Common Stock (Shares) may be repurchased by the Company from stockholders subject to certain conditions and limitations. The purpose of this Repurchase Plan is to provide limited interim liquidity for stockholders (under the conditions and limitations set forth below) until a liquidity event occurs. No stockholder is required to participate in the Repurchase Plan.

1. *Repurchase of Shares.* The Company may, at its sole discretion, repurchase Shares presented to the Company for cash to the extent it has sufficient proceeds to do so. Any and all Shares repurchased by the Company shall be canceled, and will have the status of authorized but unissued Shares. Shares acquired by the Company through the Repurchase Plan will not be reissued unless they are first registered with the Securities and Exchange Commission under the Securities Act of 1933 and other appropriate state securities laws or otherwise issued in compliance with such laws.

2. *Repurchase Price.*

During Public Offerings. For the period during which the Company is engaged in the primary offering of Shares pursuant to the Registration Statement on Form S-11 (File No. 333-133652) (the Offering), the repurchase price for Shares will be \$9.00.

Non-Offering Periods. During the twelve-month period immediately following the termination of the Offering (the First Period), the repurchase price for Shares will be \$9.25 per Share. During the twelve-month period immediately following the termination of the First Period (the Second Period), the repurchase price for Shares will be \$9.50 per Share. During the twelve-month period immediately following the termination of the Second Period (the Third Period), the repurchase price per Share will be \$9.75 per Share. After the termination of the Third Period, the repurchase price per Share will be the greater of: (i) \$10.00 per Share; or (ii) a price equal to 10 times the Company's funds available for distribution per weighted average Share outstanding for the prior calendar year.

3. *Funding and Operation of Repurchase Plan.* The Company may make purchases under the Repurchase Plan quarterly, at its sole discretion, on a pro rata basis. Subject to funds being available, the Company will limit the number of Shares repurchased during any calendar year to five percent (5%) of the weighted average number of Shares outstanding during the prior calendar year. Funding for the Repurchase Plan will come exclusively from proceeds received from the sale of Shares under the Company's Distribution Reinvestment Plan.

4. *Stockholder Requirements.* Any stockholder may request a repurchase with respect to all or a designated portion of their Shares, subject to the following conditions and limitations:

Holding Period. Only Shares that have been held by the presenting stockholder for at least one (1) year are eligible for repurchase by the Company, except as follows. Subject to the conditions and limitations below, the Board will have the discretion to repurchase Shares held for less than the one-year holding period upon the death of a stockholder who is a natural person, including Shares held by such stockholder through a revocable grantor trust, or an IRA or other retirement or profit-sharing plan, after receiving written notice from the estate of the stockholder, the recipient of the Shares through bequest or inheritance, or, in the case of a revocable grantor trust, the trustee of such trust, who shall have the sole ability to request repurchase on behalf of the trust. The Company must receive the written notice within 180 days after the death of the stockholder. If spouses are joint registered holders of Shares, the request to repurchase the shares may be made if either of the registered holders dies. This discretionary waiver of the one-year holding period will not apply to a stockholder is not a natural person, such as a trust other than a revocable grantor trust, partnership, corporation or other similar entity. Furthermore, and subject to the conditions and limitations described below, the Board will have the discretion to repurchase Shares held by a stockholder who is a natural person, including Shares held by such stockholder through a revocable grantor trust, or an IRA or other retirement or profit-sharing plan, with a qualifying disability, as determined by the Board, after receiving written notice from such stockholder. The Company must receive the

Table of Contents

written notice within 180 days after such stockholder's qualifying disability. This discretionary waiver of the one-year holding period will not apply to a stockholder who is not a natural person, such as a trust other than a revocable grantor trust, partnership, corporation or other similar entity.

Minimum Maximum. A stockholder must present for repurchase a minimum of 25%, and a maximum of 100%, of the Shares owned by the stockholder on the date of presentment. Fractional shares may not be presented for repurchase unless the stockholder is presenting 100% of his Shares.

No Encumbrances. All Shares presented for repurchase must be owned by the stockholder(s) making the presentment, or the party presenting the Shares must be authorized to do so by the owner(s) of the Shares. Such Shares must be fully transferable and not subject to any liens or other encumbrances.

Share Repurchase Form. The presentment of Shares must be accompanied by a completed Share Repurchase Request form, a copy of which is attached hereto as Exhibit A. All Share certificates must be properly endorsed.

Deadline for Presentment. The Company will repurchase Shares on or about the last day of each calendar quarter. All Shares presented and all completed Share Repurchase Request forms must be received by the Repurchase Agent (as defined below) on or before the last day of the second month of each calendar quarter in order to have such Shares eligible for repurchase in that same quarter.

Repurchase Request Withdrawal. You may withdraw your repurchase request upon written notice to the Company at any time prior to the date of repurchase.

Repurchase Agent. All repurchases will be effected on behalf of the Company by a registered broker-dealer (the Repurchase Agent), who shall contract with the Company for such services. All recordkeeping and administrative functions required to be performed in connection with the Repurchase Plan will be performed by the Repurchase Agent.

Termination, Amendment or Suspension of Plan. The Repurchase Plan will terminate and the Company will not accept Shares for repurchase in the event the Shares of common stock of the Company are listed on any national securities exchange, the subject of bona fide quotes on any inter-dealer quotation system or electronic communications network or are the subject of bona fide quotes in the pink sheets. Additionally, the Board of Directors of the Company, in its sole discretion, may terminate, amend or suspend the Repurchase Plan if it determines to do so is in the best interest of the Company. A determination by the Company's Board of Directors to terminate, amend or suspend the Repurchase Plan will require the affirmative vote of a majority of the directors, including a majority of the independent directors. If the Company terminates, amends or suspends the Repurchase Plan, the Company will provide stockholders with 30 days advance notice and the Company will disclose the changes in the appropriate report filed with the Securities and Exchange Commission.

5. Miscellaneous.

Advisor Ineligible. The Advisor to the Company, NNN Healthcare/ Office REIT Advisor, LLC, shall not be permitted to participate in the Repurchase Plan.

Liability. Neither the Company nor the Repurchase Agent shall have any liability to any stockholder for the value of the stockholder's Shares, the repurchase price of the stockholder's Shares, or for any damages resulting from the stockholder's presentation of his Shares or the repurchase of the Shares under this Repurchase Plan, except as result from the Company's or the Repurchase Agent's gross negligence, recklessness or violation of applicable law; provided, however, that nothing contained herein shall constitute a waiver or limitation of any rights or claims a stockholder may have under federal or state securities laws.

Taxes. Stockholders shall have complete responsibility for payment of all taxes, assessments, and other applicable obligations resulting from the Company's repurchase of Shares.

D-2

Table of Contents

EXHIBIT A
SHARE REPURCHASE REQUEST

The undersigned stockholder of NNN Healthcare/ Office REIT, Inc. (the Company) hereby requests that, pursuant to the Company s Share Repurchase Plan, the Company repurchase the number of shares of Company Common Stock (the Shares) indicated below.

STOCKHOLDER S NAME:

STOCKHOLDER S ADDRESS:

TOTAL SHARES OWNED BY STOCKHOLDER:

NUMBER OF SHARES PRESENTED FOR REPURCHASE:

(Note: number of shares presented for repurchase must be equal to or exceed 25% of total shares owned.)

By signing and submitting this form, the undersigned hereby acknowledges and represents to each of the Company and the Repurchase Agent the following:

The undersigned is the owner (or duly authorized agent of the owner) of the Shares presented for repurchase, and thus is authorized to present the Shares for repurchase.

The Shares presented for repurchase are eligible for repurchase pursuant to the Repurchase Plan. The Shares are fully transferable and have not been assigned, pledged, or otherwise encumbered in any way.

The undersigned hereby indemnifies and holds harmless the Company, the Repurchase Agent, and each of their respective officers, directors and employees from and against any liabilities, damages, expenses, including reasonable attorneys fees, arising out of or in connection with any misrepresentation made herein.

Stock certificates for the Shares presented for repurchase (if applicable) are enclosed, properly endorsed with signature guaranteed.

It is recommended that this Share Repurchase Request and any attached stock certificates be sent to the Repurchase Agent, at the address below, via overnight courier, certified mail, or other means of guaranteed delivery.

NNN Capital Corp.
NNN Healthcare/ Office REIT, Inc. Repurchase Agent
4 Hutton Centre Drive, Suite 700
Santa Ana, California 92707
(877) 888-7348

Date: _____

Stockholder Signature: _____

Office Use Only

Date Request Received:

Table of Contents

NNN HEALTHCARE/ OFFICE REIT, INC.

Maximum Offering of
\$2,200,000,000 in Shares
of Common Stock

Minimum Offering of
\$2,000,000 in Shares
of Common Stock

PROSPECTUS

April 23, 2007

You should rely only on the information contained in this prospectus. No dealer, salesperson or other person is authorized to make any representations other than those contained in the prospectus and supplemental literature authorized by NNN Healthcare/ Office REIT, Inc. and referred to in this prospectus, and, if given or made, such information and representations must not be relied upon. This prospectus is not an offer to sell nor is it seeking an offer to buy these securities in any jurisdiction where the offer or sale is not permitted. The information contained in this prospectus is accurate only as of the date of this prospectus, regardless of the time of delivery of this prospectus or any sale of these securities. You should not assume that the delivery of this prospectus or that any sale made pursuant to this prospectus implies that the information contained in this prospectus will remain fully accurate and correct of any time subsequent to the date of this prospectus.

Table of Contents

PART II
INFORMATION NOT REQUIRED IN PROSPECTUS

Item 31. Other Expenses of Issuance and Distribution

Set forth below is an estimate of the approximate amount of the fees and expenses payable by the Registrant in connection with the issuance and distribution of the Shares.

SEC registration fee	\$ 235,400
NASD filing fee	75,500
Printing and postage	6,000,000
Legal fees and expenses	2,000,000
Accounting fees and expenses	2,000,000
Advertising	8,000,000
Blue Sky Expenses	600,000
Transfer agent and escrow fees	2,000,000
Miscellaneous	2,354,000
 Total	 \$ 23,264,940

Item 32. Sales to Special Parties

Our executive officers and directors, as well as officers and employees of Healthcare/ Office REIT Advisor, LLC, the Registrant's advisor, and its affiliates, may purchase shares in our primary offering at a discount. The purchase price for such shares shall be \$9.05 per share reflecting the fact that selling commissions in the amount of \$0.70 per share and the marketing support fee in the amount of \$0.25 per share will not be payable in connection with such sales.

Item 33. Recent Sales of Unregistered Securities

On April 20, 2006, the Registrant was capitalized with the issuance to the Registrant's advisor of 200 shares of common stock for a purchase price of \$10.00 per share for an aggregate purchase of \$2,000. The shares were purchased for investment and for the purpose of organizing the Registrant. The Registrant issued this common stock in reliance on an exemption from registration under Section 4(2) of the Securities Act of 1933. There have been no other sales of unregistered securities within the past three years.

Item 34. Indemnification of Directors and Officers

Subject to any applicable conditions set forth under Maryland law or below, (i) no director or officer of the Registrant shall be liable to the Registrant or its stockholders for money damages and (ii) the Registrant shall indemnify and pay or reimburse reasonable expenses in advance of the final disposition of a proceeding to (A) any individual who is a present or former director or officer of the Registrant; (B) any individual who, while a director or officer of the Registrant and at the request of the Registrant, serves or has served as a director, officer, partner or trustee of another corporation, partnership, joint venture, trust, employee benefit plan or any other enterprise; or (C) the advisor or any of its affiliates acting as an agent of the Registrant and their respective officers, directors, managers and employees, from and against any claim or liability to which such person may become subject or which such person may incur by reason of his service in such capacity.

Notwithstanding anything to the contrary contained in clause (i) or (ii) of the paragraph above, the Registrant shall not provide for indemnification of or hold harmless a director, the advisor or any affiliate of the advisor (the Indemnitee) for any liability or loss suffered by any of them, unless all of the following conditions are met:

Table of Contents

(i) the Indemnitee has determined, in good faith, that the course of conduct that caused the loss or liability was in the best interests of the Registrant;

(ii) the Indemnitee was acting on behalf of or performing services for the Registrant;

(iii) such liability or loss was not the result of (A) negligence or misconduct, in the case that the Indemnitee is a director (other than an independent director), an advisor or an affiliate of an advisor or (B) gross negligence or willful misconduct, in the case that the Indemnitee is an independent director;

(iv) such indemnification or agreement to hold harmless is recoverable only out of net assets and not from stockholders; and

(v) with respect to losses, liability or expenses arising from or out of an alleged violation of federal or state securities laws, one or more of the following conditions are met: (A) there has been a successful adjudication on the merits of each count involving alleged securities law violations as to the Indemnitee; (B) such claims have been dismissed with prejudice on the merits by a court of competent jurisdiction as to the Indemnitee; or (C) a court of competent jurisdiction approves a settlement of the claims against the Indemnitee and finds that indemnification of the settlement and the related costs should be made, and the court considering the request for indemnification has been advised of the position of the SEC and of the published position of any state securities regulatory authority in which securities of the Registrant were offered or sold as to indemnification for violations of securities laws.

Neither the amendment nor repeal of the provision for indemnification in the Registrant's charter, nor the adoption or amendment or amendment of any other provision of the Registrant's charter or bylaws inconsistent with the provision for indemnification in the Registrant's charter, shall apply to or affect in any respect the applicability of the provision for indemnification in our charter with respect to any act or failure to act that occurred prior to such amendment, repeal or adoption.

The Registrant shall pay or reimburse reasonable legal expenses and other costs incurred by the directors or its advisor or its affiliates in advance of the final disposition of a proceeding only if (in addition to the procedures required by the Maryland General Corporation Law) all of the following are satisfied: (a) the proceeding relates to acts or omissions with respect to the performance of duties or services on behalf of the Registrant, (b) the legal proceeding was initiated by a third party who is not a stockholder or, if by a stockholder acting in his or her capacity as such, a court of competent jurisdiction approves such advancement and (c) the directors, officers, employees or agents or the advisor or its affiliates provide the Registrant with written affirmation of his or her good faith belief that he or she has met the standard of conduct necessary for indemnification and undertake to repay the amount paid or reimbursed by the Registrant, together with the applicable legal rate of interest thereon, if it is ultimately determined that the particular indemnitee is not entitled to indemnification.

On January 17, 2007, we entered into indemnification agreements with each of our independent directors, W. Bradley Blair, II, Maurice J. DeWald, Warren D. Fix, Gary T. Wescombe, and each of our officers and non-independent director, Scott D. Peters, Danny Prosky and Andrea R. Biller. On March 1, 2007, we entered into an indemnification agreement with our officer, Shannon K S Johnson, and, on April 18, 2007, we entered into an indemnification agreement with our independent director, Larry L. Mathis. Pursuant to the terms of these indemnification agreements, we will indemnify and advance expenses and costs incurred by our directors and officers in connection with any claims, suits or proceedings brought against such directors and officers as a result of his or her service, however, our indemnification obligation is subject to the limitations set forth in the indemnification agreements and in our charter.

Item 35. *Treatment of Proceeds from Stock Being Registered*

Not applicable.

Table of Contents

Item 36. *Financial Statements and Exhibits*

(a) Index to Financial Statements

The following financial statements of the Registrant are filed as part of this Registration Statement and included in the Prospectus:

Audited Financial Statements

(1) Report of Independent Registered Public Accounting Firm

FINANCIAL STATEMENTS OF NNN HEALTHCARE/ OFFICE REIT, INC.

Report of Independent Registered Public Accounting Firm

Consolidated Balance Sheets as of December 31, 2006 and April 28, 2006 (Date of Inception)

Consolidated Statement of Operations for the Period from April 28, 2006 (Date of Inception) through December 31, 2006

Consolidated Statement of Stockholders' (Deficit) Equity for the Period from April 28, 2006 (Date of Inception) through December 31, 2006

Consolidated Statement of Cash Flows for the Period from April 28, 2006 (Date of Inception) through December 31, 2006

Notes to Consolidated Financial Statements

FINANCIAL STATEMENTS OF REAL ESTATE PROPERTIES ACQUIRED:

Southpointe Office Parke and Epler Parke I

Independent Auditors' Report

Statement of Revenues and Certain Expenses for the Year Ended December 31, 2006

Notes to Statement of Revenues and Certain Expenses

Crawfordsville Medical Office Park and Athens Surgery Center

Independent Auditors' Report

Statement of Revenues and Certain Expenses for the Year Ended December 31, 2006

Notes to Statement of Revenues and Certain Expenses

The Gallery Professional Building

Independent Auditors' Report

Statement of Revenues and Certain Expenses for the Year Ended December 31, 2006

Notes to Statement of Revenues and Certain Expenses

Lenox Office Park Building G

Independent Auditors' Report

Statement of Revenues and Certain Expenses for the Year Ended December 31, 2006

Notes to Statement of Revenues and Certain Expenses

PRO FORMA FINANCIAL INFORMATION

Unaudited Pro Forma Condensed Consolidated Financial Statements

Unaudited Pro Forma Condensed Consolidated Balance Sheet as of December 31, 2006

Unaudited Pro Forma Condensed Consolidated Statement of Operations for the Period from April 28, 2006 (Date of Inception) through December 31, 2006

Notes to Unaudited Pro Forma Condensed Consolidated Financial Statements

Table of Contents(b) *Exhibits:*

Exhibit Number	Exhibit
1.1	Dealer Manager Agreement between NNN Healthcare/ Office REIT, Inc. and NNN Capital Corp (included as Exhibit 1.1 to our Quarterly Report on Form 10-Q for the quarter ended September 30, 2006 and incorporated herein by reference)
1.1.1**	Amendment No. 1 to Dealer Manager Agreement between NNN Healthcare/Office REIT, Inc. and NNN Capital Corp.
1.2	Form of Participating Broker-Dealer Agreement (included as Appendix A to Exhibit 1.1 and incorporated herein by reference)
3.1	Third Articles of Amendment and Restatement of NNN Healthcare/ Office REIT, Inc. (included as Exhibit 3.1 to our Annual Report on Form 10-K for the year ended December 31, 2006 and incorporated herein by reference)
3.2*	Bylaws of NNN Healthcare/ Office REIT, Inc.
4.1	Form of Subscription Agreement (included as Exhibit B to the Prospectus)
4.2	Distribution Reinvestment Plan (included as Appendix C to the Prospectus)
4.3	Share Repurchase Plan (included as Appendix D to the Prospectus)
4.4	Escrow Agreement (included as Exhibit 4.4 to our Quarterly Report on Form 10-Q for the quarter ended September 30, 2006 and incorporated herein by reference)
5.1*	Opinion of Venable LLP as to the legality of the shares being registered
8.1*	Opinion of Alston & Bird LLP as to tax matters
10.1	Advisory Agreement among NNN Healthcare/ Office REIT, Inc., NNN Healthcare/ Office REIT Holdings, L.P., NNN Healthcare/ Office REIT Advisor, LLC and Triple Net Properties, LLC (included as Exhibit 10.1 to our Quarterly Report on Form 10-Q for the quarter ended September 30, 2006 and incorporated herein by reference)
10.1.1**	Amendment No. 1 to Advisory Agreement among NNN Healthcare/Office REIT, Inc., NNN Healthcare/Office REIT Holdings, L.P., NNN Healthcare/Office REIT Advisor, LLC and Triple Net Properties, LLC
10.2	Agreement of Limited Partnership of NNN Healthcare/ Office REIT Holdings, L.P. (included as Exhibit 10.2 to our Quarterly Report on Form 10-Q for the quarter ended September 30, 2006 and incorporated herein by reference)
10.3*	NNN Healthcare/ Office REIT, Inc. 2006 Incentive Plan (including the 2006 Independent Directors Compensation Plan)
10.4*	Amendment to the NNN Healthcare/ Office REIT, Inc. 2006 Incentive Plan (including the 2006 Independent Directors Compensation Plan)
10.5	Form of Indemnification agreement executed by W. Bradley Blair, II, Maurice J. DeWald, Warren D. Fix, Gary T. Wescombe, Scott D. Peters, Danny Prosky, Andrea R. Biller, Shannon K S Johnson and Larry L. Mathis (included as Exhibit 10.1 to our form 8-K filed on March 5, 2007 and incorporated herein by reference)
10.6	Membership Interest Purchase and Sale Agreement by and between NNN South Crawford Member, LLC, NNN Southpointe, LLC and NNN Healthcare/ Office REIT Holdings, L.P. dated January 22, 2007 (included as Exhibit 10.1 to our Current Report on Form 8-K filed on January 25, 2007 and incorporated herein by reference)
10.7	Membership Interest Assignment Agreement by and between NNN South Crawford Member, LLC, and NNN Healthcare/ Office REIT Holdings, L.P. dated January 22, 2007 (included as Exhibit 10.2 to our Current Report on Form 8-K filed on January 25, 2007 and incorporated herein by reference)

Table of Contents

Exhibit Number	Exhibit
10.8	Membership Interest Purchase and Sale Agreement by and between NNN South Crawford Member, LLC, NNN Crawfordsville, LLC and NNN Healthcare/ Office REIT Holdings, L.P. dated January 22, 2007 (included as Exhibit 10.3 to our Current Report on Form 8-K filed on January 25, 2007 and incorporated herein by reference)
10.9	Membership Interest Assignment Agreement by and between NNN South Crawford Member, LLC, and NNN Healthcare/ Office REIT Holdings, L.P. dated January 22, 2007 (included as Exhibit 10.4 to our Current Report on Form 8-K filed on January 25, 2007 and incorporated herein by reference)
10.10	Consent to Transfer and Agreement by and among NNN South Crawford Member, LLC, NNN Southpointe, LLC, NNN Healthcare/ Office REIT Holdings, L.P., Triple Net Properties, LLC and LaSalle Bank National Association, dated January 22, 2007 (included as Exhibit 10.5 to our Current Report on Form 8-K filed on January 25, 2007 and incorporated herein by reference)
10.11	Consent to Transfer and Agreement by and among NNN South Crawford Member, LLC, NNN Crawfordsville, LLC, NNN Healthcare/ Office REIT Holdings, L.P., Triple Net Properties, LLC and LaSalle Bank National Association, dated January 22, 2007 (included as Exhibit 10.6 to our Current Report on Form 8-K filed on January 25, 2007 and incorporated herein by reference)
10.12	Promissory Note issued by NNN Healthcare/ Office REIT Holdings, L.P. in favor of NNN Realty Advisors, Inc. dated January 22, 2007 (included as Exhibit 10.7 to our Current Report on Form 8-K filed on January 25, 2007 and incorporated herein by reference)
10.13**	Promissory Note dated August 18, 2006 issued by NNN Southpointe, LLC to LaSalle Bank National Association
10.14**	Promissory Note dated August 18, 2006 issued by NNN Southpointe, LLC and NNN Crawfordsville, LLC to LaSalle Bank National Association
10.15**	Mortgage, Security Agreement and Fixture Filing dated August 18, 2006 by NNN Southpointe, LLC for the benefit of LaSalle Bank National Association
10.16**	Subordinate Mortgage, Security Agreement and Fixture Filing dated August 18, 2006 by NNN Southpointe, LLC for the benefit of LaSalle Bank National Association
10.17**	Guaranty dated August 18, 2006 by Triple Net Properties, LLC for the benefit of LaSalle Bank National Association
10.18**	Guaranty (Securities Laws) dated August 18, 2006 by Triple Net Properties, LLC in favor of LaSalle Bank National Association
10.19**	Guaranty of Payment dated August 18, 2006 by Triple Net Properties, LLC for the benefit of LaSalle Bank National Association
10.20**	Assignment of Leases and Rents dated August 18, 2006 by NNN Southpointe, LLC in favor of LaSalle Bank National Association
10.21**	Hazardous Substance Indemnification Agreement dated August 18, 2006 by NNN Southpointe, LLC and Triple Net Properties, LLC for the benefit of LaSalle Bank National Association
10.22**	Promissory Note dated September 12, 2006 issued by NNN Crawfordsville, LLC to LaSalle Bank National Association
10.23**	Mortgage, Security Agreement and Fixture Filing dated September 12, 2006 by NNN Crawfordsville, LLC for the benefit of LaSalle Bank National Association
10.24**	

Edgar Filing: CINCINNATI BELL INC - Form 8-K

Subordinate Mortgage, Security Agreement and Fixture Filing dated September 12, 2006 by
NNN Crawfordsville, LLC for the benefit of LaSalle Bank National Association

- 10.25** Guaranty dated September 12, 2006 by Triple Net Properties, LLC for the benefit of LaSalle
Bank National Association
- 10.26** Guaranty (Securities Laws) dated September 12, 2006 by Triple Net Properties, LLC in favor
of LaSalle Bank National Association

II-5

Table of Contents

Exhibit Number	Exhibit
10.27**	Assignment of Leases and Rents dated September 12, 2006 by NNN Crawfordsville, LLC in favor of LaSalle Bank National Association
10.28**	Hazardous Substance Indemnification Agreement dated September 12, 2006 by NNN Crawfordsville, LLC and Triple Net Properties, LLC for the benefit of LaSalle Bank National Association
10.29	Membership Interest Purchase and Sale Agreement by and between NNN Gallery Medical Member, LLC, NNN Gallery Medical, LLC and NNN Healthcare/ Office REIT Holdings, L.P. dated March 9, 2007 (included as Exhibit 10.1 to our Current Report on Form 8-K filed on March 13, 2007 and incorporated herein by reference)
10.30	Membership Interest Assignment Agreement by and between NNN Gallery Medical Member, LLC, and NNN Healthcare/ Office REIT Holdings, L.P. dated March 9, 2007 (included as Exhibit 10.2 to our Current Report on Form 8-K filed on March 13, 2007 and incorporated herein by reference)
10.31	Mortgage, Security Agreement and Fixture Filing by and between NNN Gallery Medical, LLC, and LaSalle Bank National Association, dated February 5, 2007 (included as Exhibit 10.3 to our Current Report on Form 8-K filed on March 13, 2007 and incorporated herein by reference)
10.32	Secured Promissory Note by and between NNN Gallery Medical, LLC and LaSalle Bank National Association, dated March 9, 2007 (included as Exhibit 10.4 to our Current Report on Form 8-K filed on March 13, 2007 and incorporated herein by reference)
10.33	Unsecured Promissory Note by and between NNN Healthcare/ Office REIT Holdings, L.P., and NNN Realty Advisors, Inc., dated March 9, 2007 (included as Exhibit 10.5 to our Current Report on Form 8-K filed on March 13, 2007 and incorporated herein by reference)
10.34	Consent to Transfer and Agreement by and among NNN Gallery Medical, LLC, NNN Healthcare/ Office REIT Holdings, L.P., NNN Gallery Medical Member, LLC, NNN Realty Advisors, Inc., and LaSalle Bank National Association, dated March 9, 2007 (included as Exhibit 10.6 to our Current Report on Form 8-K filed on March 13, 2007 and incorporated herein by reference)
10.35	Membership Interest Purchase and Sale Agreement by and between NNN Lenox Medical Member, LLC, Triple Net Properties, LLC, NNN Lenox Medical, LLC, NNN Lenox Medical Land, LLC and NNN Healthcare/ Office REIT Holdings, L.P., dated March 20, 2007 (included as Exhibit 10.1 to our Current Report on Form 8-K filed on March 26, 2007 and incorporated herein by reference)
10.36	Membership Interest Assignment Agreement by and between NNN Lenox Medical Member, LLC, and NNN Healthcare/ Office REIT Holdings, L.P., dated March 23, 2007 (included as Exhibit 10.2 to our Current Report on Form 8-K filed on March 26, 2007 and incorporated herein by reference)
10.37	Membership Interest Assignment Agreement by and between Triple Net Properties, LLC, and NNN Healthcare/ Office REIT Holdings, L.P., dated March 23, 2007 (included as Exhibit 10.3 to our Current Report on Form 8-K filed on March 26, 2007 and incorporated herein by reference)
10.38	Consent to Transfer and Assignment by and among NNN Lenox Medical, LLC, NNN Healthcare/ Office REIT Holdings, L.P., NNN Lenox Medical Member, LLC, NNN Realty Advisors, Inc., and LaSalle Bank National Association, dated March 23, 2007 (included as Exhibit 10.4 to our Current Report on Form 8-K filed on March 26, 2007 and incorporated

- herein by reference)
- 10.39 Secured Promissory Note by and between NNN Lenox Medical, LLC and LaSalle Bank National Association, dated January 2, 2007 (included as Exhibit 10.5 to our Current Report on Form 8-K filed on March 26, 2007 and incorporated herein by reference)
- 10.40 Deed of Trust, Security Agreement and Fixtures Filings by and among NNN Lenox Medical, LLC and LaSalle Bank National Association, dated January 2, 2007 (included as Exhibit 10.6 to our Current Report on Form 8-K filed on March 26, 2007 and incorporated herein by reference)

Table of Contents

Exhibit Number	Exhibit
10.41	Guaranty by and among NNN Realty Advisors, Inc., and LaSalle Bank National Association, dated January 2, 2007 (included as Exhibit 10.7 to our form 8-K filed on March 26, 2007 and incorporated herein by reference)
10.42	Guaranty (Securities Laws) by and among LaSalle Bank National Association and NNN Realty Advisors, Inc., dated January 2, 2007 (included as Exhibit 10.8 to our Current Report on Form 8-K filed on March 26, 2007 and incorporated herein by reference)
10.43	Hazardous Substances Indemnification Agreement by and among NNN Lenox Medical, LLC, Triple Net Properties, LLC, and LaSalle Bank National Association, dated January 2, 2007 (included as Exhibit 10.9 to our Current Report on Form 8-K filed on March 26, 2007 and incorporated herein by reference)
10.44	Assignment of Leases and Rents by and among NNN Lenox Medical, LLC and LaSalle Bank National Association, dated January 2, 2007 (included as Exhibit 10.10 to our Current Report on Form 8-K filed on March 26, 2007 and incorporated herein by reference)
21.1**	Subsidiaries of NNN Healthcare/ Office REIT, Inc.
23.1*	Consent of Venable LLP (included in Exhibit 5.1)
23.2*	Consent of Alston & Bird LLP (included in Exhibit 8.1)
23.3**	Consent of Deloitte & Touche LLP
23.4**	Consent of KMJ/Corbin & Company LLP
24.1**	Power of Attorney (included on signature page)

* Previously filed

** Filed herewith

Item 37. Undertakings

Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the Registrant pursuant to the provisions referred to in Item 34 of this registration statement, or otherwise, the Registrant has been advised that in the opinion of the SEC, such indemnification is against public policy as expressed in the Securities Act of 1933 and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the Registrant of expenses incurred or paid by a director, officer or controlling person of the Registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the Registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question as to whether such indemnification by it is against public policy as expressed in the Securities Act of 1933, and will be governed by the final adjudication of such issue.

The undersigned Registrant hereby undertakes:

(1) To file, during any period in which offers or sales are being made, a post-effective amendment to this registration statement:

(i) To include any prospectus required by Section 10(a)(3) of the Securities Act of 1933;

(ii) To reflect in the prospectus any facts or events arising after the effective date of the registration statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in the registration statement. Notwithstanding the foregoing, any increase or decrease in volume of common stock offered (if the total dollar value of common stock offered would not exceed that which was registered) and any deviation from the low or high end of the

estimated maximum

II-7

Table of Contents

offering range may be reflected in the form of prospectus filed with the SEC pursuant to Rule 424(b) if, in the aggregate, the changes in volume and price represent no more than 20% change in the maximum aggregate offering price set forth in the Calculation Registration Fee table in the effective registration statement; and

(iii) To include any material information with respect to the plan of distribution not previously disclosed in the registration statement or any material change to such information in the registration statement.

(2) That, for the purpose of determining any liability under the Securities Act of 1933, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial *bona fide* offering thereof.

(3) That, all post-effective amendments will comply with the applicable forms, rules and regulations of the SEC in effect at the time such post-effective amendments are filed.

(4) To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.

(5) That, for the purpose of determining liability under the Securities Act of 1933 to any purchaser:

(i) If the Registrant is relying on Rule 430B:

(A) Each prospectus filed by the Registrant pursuant to Rule 424(b)(3) shall be deemed to be part of the registration statement as of the date the filed prospectus was deemed part of and included in the registration statement; and

(B) Each prospectus required to be filed pursuant to Rule 424(b)(2), (b)(5), or (b)(7) as part of a registration statement in reliance on Rule 430B relating to an offering made pursuant to Rule 415(a)(1)(i), (vii), or (x) for the purpose of providing the information required by section 10(a) of the Securities Act of 1933 shall be deemed to be part of and included in the registration statement as of the earlier of the date such form of prospectus is first used after effectiveness or the date of the first contract of sale of securities in the offering described in the prospectus. As provided in Rule 430B, for liability purposes of the issuer and any person that is at that date an underwriter, such date shall be deemed to be a new effective date of the registration statement relating to the securities in the registration statement to which that prospectus relates, and the offering of such securities at that time shall be deemed to be the initial *bona fide* offering thereof. *Provided, however*, that no statement made in a registration statement or prospectus that is part of the registration statement or made in a document incorporated or deemed incorporated by reference into the registration statement or prospectus that is part of the registration statement will, as to a purchaser with a time of contract of sale prior to such effective date, supersede or modify any statement that was made in the registration statement or prospectus that was part of the registration statement or made in any such document immediately prior to such effective date; or

(ii) If the Registrant is subject to Rule 430C, each prospectus filed pursuant to Rule 424(b) as part of a registration statement relating to an offering, other than registration statements relying on Rule 430B or other than prospectuses filed in reliance on Rule 430A, shall be deemed to be part of and included in the registration statement as of the date it is first used after effectiveness. *Provided, however*, that no statement made in a registration statement or prospectus that is part of the registration statement or made in a document incorporated or deemed incorporated by reference into the registration statement or prospectus that is part of the registration statement will, as to a purchaser with a time of contract of sale prior to such first

Table of Contents

use, supersede or modify any statement that was made in the registration statement or prospectus that was part of the registration statement or made in any such document immediately prior to such date of first use.

(6) That in a primary offering of securities of the Registrant pursuant to this registration statement, regardless of the underwriting method used to sell the securities to the purchaser, if the securities are offered or sold to such purchaser by means of any of the following communications, the undersigned will be a seller to the purchaser and will be considered to offer or sell such securities to such purchaser:

(i) Any preliminary prospectus or prospectus of the Registrant relating to the offering required to be filed pursuant to Rule 424;

(ii) Any free writing prospectus relating to the offering prepared by or on behalf of the Registrant or used or referred to by the Registrant;

(iii) The portion of any other free writing prospectus relating to the offering containing material information about the Registrant or its securities provided by or on behalf of the Registrant; and

(iv) Any other communication that is an offer in the offering made by the Registrant to the purchaser;

(7) To send to each stockholder at least on an annual basis a detailed statement of any transactions with the advisor or its affiliates, and of fees, commissions, compensation and other benefits paid, or accrued to the advisor or its affiliates for the fiscal year completed, showing the amount paid or accrued to each recipient and the services performed;

(8) To file and to provide to the stockholders the financial statements as required by Form 10-K for the first full fiscal year of operations;

(9) To file a sticker supplement pursuant to Rule 424(c) under the Securities Act of 1933 during the distribution period describing each property not identified in the prospectus at such time as there arises a reasonable probability that such property will be acquired and to consolidate all such stickers into a post-effective amendment filed at least once every three months, with the information contained in such amendment provided simultaneously to the existing stockholders. Each sticker supplement should disclose all compensation and fees received by the advisor and its affiliates in connection with any such acquisition. The post-effective amendment shall include audited financial statements meeting the requirements of Rule 3-14 of Regulation S-X only for properties acquired during the distribution period; and

(10) To file, after the end of the distribution period, a current report on Form 8-K containing the financial statements and any additional information required by Rule 3-14 of Regulation S-X, to reflect each commitment (i.e., the signing of a binding purchase agreement) made after the end of the distribution period involving the use of 10 percent or more (on a cumulative basis) of the net proceeds of the offering and to provide the information contained in such report to the stockholders at least once each quarter after the distribution period of the offering has ended.

Table of Contents

TABLE VI
ACQUISITION OF PROPERTIES BY PROGRAM (UNAUDITED)
PUBLIC PROGRAMS
December 31, 2006

Table VI presents acquisitions of properties by programs completed during the three years prior to December 31, 2006. The information provided is at 100% of the property's acquisition, without regard to percentage ownership of a property by an affiliated program either directly or through the affiliated program's LLC. Additional information can be found in the Prior Performance Summary and Tables I through V.

Program: Name, location, type of property	T REIT, Inc. AmberOaks Corporate Center(1) Austin, TX Office	T REIT, Inc. Oakey Building(2) Las Vegas, NV Office
Gross leasable square footage	207,000	98,000
Date of purchase:	1/20/2004	4/2/2004
Mortgage financing at date of purchase	\$ 15,000,000	\$ 4,000,000
Cash down payment	\$ 7,965,000	\$ 4,137,000
Contract purchase price plus acquisition fee	\$ 22,965,000	\$ 8,137,000
Other cash expenditures expensed/(credited)	\$ (127,000)	\$ 15,000
Other cash expenditures capitalized	\$ 198,000	\$ 100,000
Total acquisition cost	\$ 23,036,000	\$ 8,252,000

Program: Name, location, type of property	T REIT, Inc. Emerald Plaza(3) San Diego, CA Office	G REIT, Inc. AmberOaks Corporate Center Austin, TX Office
Gross leasable square footage	355,000	282,000
Date of purchase:	6/14/2004	1/20/2004
Mortgage financing at date of purchase	\$ 68,500,000	\$ 14,250,000
Cash down payment	\$ 32,440,000	\$ 21,275,000
Contract purchase price plus acquisition fee	\$ 100,940,000	\$ 35,525,000
Other cash expenditures expensed/(credited)	\$ (361,000)	\$ (191,000)
Other cash expenditures capitalized	\$ 325,000	\$ 1,191,000
Total acquisition cost	\$ 100,904,000	\$ 36,525,000

Program: Name, location, type of property	G REIT, Inc. Public Ledger Building Philadelphia, PA Office	G REIT, Inc. Madrona Buildings Torrance, CA Office
Gross leasable square footage	467,000	211,000
Date of purchase:	2/13/2004	3/31/2004
Mortgage financing at date of purchase	\$ 25,000,000	\$ 28,458,000
Cash down payment	\$ 8,950,000	\$ 17,442,000
Contract purchase price plus acquisition fee	\$ 33,950,000	\$ 45,900,000
Other cash expenditures expensed/(credited)	\$ (118,000)	\$ 88,000
Other cash expenditures capitalized	\$ 1,747,000	\$ 1,908,000

Total acquisition cost	\$	35,579,000	\$	47,896,000
------------------------	----	------------	----	------------

- (1) Owns a 75% tenant in common interest in the property.
- (2) Owns 9.8% of the property through a membership interest in NNN Oakey Building 2003, LLC which owns 100% of the property.
- (3) Owns 2.7% of the property through a membership interest in NNN Emerald Plaza, LLC which owns 20.5% of the property as a tenant in common.

II-10

Table of Contents

TABLE VI
ACQUISITION OF PROPERTIES BY PROGRAM (UNAUDITED) (Continued)
PUBLIC PROGRAMS
December 31, 2006

Program: Name, location, type of property	G REIT, Inc. Brunswig Square Los Angeles, CA Office	G REIT, Inc. North Belt Corporate Center Houston, TX Office
Gross leasable square footage	136,000	157,000
Date of purchase:	4/5/2004	4/8/2004
Mortgage financing at date of purchase	\$ 15,830,000	\$
Cash down payment	\$ 7,975,000	\$ 12,675,000
Contract purchase price plus acquisition fee	\$ 23,805,000	\$ 12,675,000
Other cash expenditures expensed/(credited)	\$	\$ (17,000)
Other cash expenditures capitalized	\$ 773,000	\$ 405,000
Total acquisition cost	\$ 24,578,000	\$ 13,063,000

Program: Name, location, type of property	G REIT, Inc. Hawthorne Plaza San Francisco, CA Office	G REIT, Inc. Pacific Place Dallas, TX Office
Gross leasable square footage	422,000	324,000
Date of purchase:	4/20/2004	5/26/2004
Mortgage financing at date of purchase	\$ 62,750,000	\$
Cash down payment	\$ 34,250,000	\$ 29,900,000
Contract purchase price plus acquisition fee	\$ 97,000,000	\$ 29,900,000
Other cash expenditures expensed/(credited)	\$ (49,000)	\$ (65,000)
Other cash expenditures capitalized	\$ 3,354,000	\$ 1,240,000
Total acquisition cost	\$ 100,305,000	\$ 31,075,000

Program: Name, location, type of property	G REIT, Inc. 525 B Street (Golden Eagle) San Diego, CA Office	G REIT, Inc. 600 B Street (Comerica) San Diego, CA Office
Gross leasable square footage	424,000	339,000
Date of purchase:	6/14/2004	6/14/2004
Mortgage financing at date of purchase	\$ 69,943,000	\$ 56,057,000
Cash down payment	\$ 26,367,000	\$ 21,133,000
Contract purchase price plus acquisition fee	\$ 96,310,000	\$ 77,190,000
Other cash expenditures expensed/(credited)	\$ (387,000)	\$ (235,000)
Other cash expenditures capitalized	\$ 2,318,000	\$ 1,917,000
Total acquisition cost	\$ 98,241,000	\$ 78,872,000

Table of Contents

TABLE VI
ACQUISITION OF PROPERTIES BY PROGRAM (UNAUDITED) (Continued)
PUBLIC PROGRAMS
December 31, 2006

Program: Name, location, type of property	G REIT, Inc. Western Place I & II(1) Forth Worth, TX Office	G REIT, Inc. Pax River Office Park Lexington Park, MD Office
Gross leasable square footage	430,000	172,000
Date of purchase:	7/23/2004	8/6/2004
Mortgage financing at date of purchase	\$ 24,000,000	\$
Cash down payment	\$ 9,500,000	\$ 14,000,000
Contract purchase price plus acquisition fee	\$ 33,500,000	\$ 14,000,000
Other cash expenditures expensed/(credited)	\$ (137,000)	\$ (88,000)
Other cash expenditures capitalized	\$ 1,569,000	\$ 720,000
Total acquisition cost	\$ 34,932,000	\$ 14,632,000

Program: Name, location, type of property	G REIT, Inc. One Financial Plaza(2) St. Louis, MO Office	G REIT, Inc. Opus Plaza at Ken Caryl Littleton, CO Office
Gross leasable square footage	434,000	62,000
Date of purchase:	8/6/2004	9/12/2005
Mortgage financing at date of purchase	\$ 30,750,000	\$ 6,700,000
Cash down payment	\$ 6,250,000	\$ 3,476,000
Contract purchase price plus acquisition fee	\$ 37,000,000	\$ 10,176,000
Other cash expenditures expensed/(credited)	\$ (728,000)	\$ (40,000)
Other cash expenditures capitalized	\$ 1,186,000	\$ 150,000
Total acquisition cost	\$ 37,458,000	\$ 10,286,000

Program: Name, location, type of property	G REIT, Inc. Eaton Freeway Phoenix, AZ Industrial	NNN 2003 Value Fund, LLC 801 K Street(3) Sacramento, CA Office
Gross leasable square footage	62,000	336,000
Date of purchase:	10/21/2005	3/31/2004
Mortgage financing at date of purchase	\$ 5,000,000	\$ 41,350,000
Cash down payment	\$ 2,588,000	\$ 24,430,000
Contract purchase price plus acquisition fee	\$ 7,588,000	\$ 65,780,000
Other cash expenditures expensed/(credited)	\$ (10,000)	\$ 665,000
Other cash expenditures capitalized	\$ 224,000	\$ 560,000
Total acquisition cost	\$ 7,802,000	\$ 67,005,000

- (1) Owns a 78.5% tenant in common interest in the property.
- (2) Owns a 77.6% tenant in common interest in the property.
- (3) Owns 18.3% of the property through a membership interest in NNN 801 K Street, LLC, which owns 21.5% of the property as a tenant in common.

II-12

Table of Contents

TABLE VI
ACQUISITION OF PROPERTIES BY PROGRAM (UNAUDITED) (Continued)
PUBLIC PROGRAMS
December 31, 2006

Program: Name, location, type of property	NNN 2003 Value Fund, LLC Oakey Building(1) Las Vegas, NV Office	NNN 2003 Value Fund, LLC Enterprise Technology Center(2) Scotts Valley, CA Office
Gross leasable square footage	98,000	370,000
Date of purchase:	4/2/2004	5/7/2004
Mortgage financing at date of purchase	\$ 4,000,000	\$ 36,500,000
Cash down payment	\$ 4,137,000	\$ 24,800,000
Contract purchase price plus acquisition fee	\$ 8,137,000	\$ 61,300,000
Other cash expenditures expensed/(credited)	\$ 15,000	\$ (329,000)
Other cash expenditures capitalized	\$ 100,000	\$ 187,000
Total acquisition cost	\$ 8,252,000	\$ 61,158,000

Program: Name, location, type of property	NNN 2003 Value Fund, LLC Emerald Plaza(3) San Diego, CA Office	NNN 2003 Value Fund, LLC Southwood Tower Houston, TX Office
Gross leasable square footage	355,000	79,000
Date of purchase:	6/14/2004	10/27/2004
Mortgage financing at date of purchase	\$ 68,500,000	\$ 5,461,000
Cash down payment	\$ 32,440,000	\$ 5,461,000
Contract purchase price plus acquisition fee	\$ 100,940,000	\$ 5,461,000
Other cash expenditures expensed/(credited)	\$ (361,000)	\$ 121,000
Other cash expenditures capitalized	\$ 325,000	\$ 10,000
Total acquisition cost	\$ 100,904,000	\$ 5,592,000

Program: Name, location, type of property	NNN 2003 Value Fund, LLC Financial Plaza Omaha, NE Office	NNN 2003 Value Fund, LLC Satellite Place Atlanta, GA Office
Gross leasable square footage	86,000	178,000
Date of purchase:	10/29/2004	11/29/2004
Mortgage financing at date of purchase	\$ 4,125,000	\$ 11,000,000
Cash down payment	\$ 1,535,000	\$ 7,300,000
Contract purchase price plus acquisition fee	\$ 5,660,000	\$ 18,300,000
Other cash expenditures expensed/(credited)	\$ (6,000)	\$ 4,000
Other cash expenditures capitalized	\$ 19,000	\$ 230,000
Total acquisition cost	\$ 5,673,000	\$ 18,534,000

- (1) Owns 75.4% of the property through a membership interest in NNN Oakey Building 2003, LLC which owns 100% of the property.
- (2) Owns 8.5% of the property through a membership interest in NNN Enterprise Way, LLC which owns 11.6% of the property as a tenant in common.
- (3) Owns 4.6% of the property through a membership interest in NNN Emerald Plaza, LLC which owns 20.5% of the property as a tenant in common.

II-13

Table of Contents

TABLE VI
ACQUISITION OF PROPERTIES BY PROGRAM (UNAUDITED) (Continued)
PUBLIC PROGRAMS
December 31, 2006

Program: Name, location, type of property	NNN 2003 Value Fund, LLC	NNN 2003 Value Fund, LLC
	Interwood Houston, TX Office	Woodside Corporate Park Beaverton, OR Office
Gross leasable square footage	80,000	195,000
Date of purchase:	1/26/2005	9/30/2005
Mortgage financing at date of purchase	\$ 5,500,000	\$ 15,915,000
Cash down payment	\$ 2,500,000	\$ 6,947,000
Contract purchase price plus acquisition fee	\$ 8,000,000	\$ 22,862,000
Other cash expenditures expensed/(credited)	\$ 4,000	\$ (5,000)
Other cash expenditures capitalized	\$ 371,000	\$ 1,132,000
Total acquisition cost	\$ 8,375,000	\$ 23,989,000

Program: Name, location, type of property	NNN 2003 Value Fund, LLC	NNN 2003 Value Fund, LLC
	Daniels Rd land parcel Heber City, UT Land	3500 Maple(1) Dallas, TX Office
Gross leasable square footage	9.05 acres	375,000
Date of purchase:	10/14/2005	12/27/2005
Mortgage financing at date of purchase	\$	\$ 58,320,000
Cash down payment	\$ 729,000	\$ 8,180,000
Contract purchase price plus acquisition fee	\$ 729,000	\$ 66,500,000
Other cash expenditures expensed/(credited)	\$ 1,000	\$ (638,000)
Other cash expenditures capitalized	\$ 1,000	\$ (749,000)
Total acquisition cost	\$ 731,000	\$ 65,113,000

Program: Name, location, type of property	NNN 2003 Value Fund, LLC	NNN 2003 Value Fund, LLC
	901 Civic Center Drive(2) Santa Ana, CA Office	Chase Tower(3) Austin, TX Office
Gross leasable square footage	99,000	389,000
Date of purchase:	4/24/2006	7/3/2006
Mortgage financing at date of purchase	\$	\$ 54,800,000
Cash down payment	\$ 15,147,000	\$ 17,700,000
Contract purchase price plus acquisition fee	\$ 15,147,000	\$ 72,500,000
Other cash expenditures expensed/(credited)	\$ (7,000)	\$ 5,000
Other cash expenditures capitalized	\$ 29,000	\$ 1,475,000
Total acquisition cost	\$ 15,169,000	\$ 73,980,000

- (1) Owns 99.0% of the property through a membership interest in NNN 3500 Maple VF 2003, LLC, which owns 99% of the property.
- (2) Owns 96.9% of the property through a membership interest in NNN VF 901 Civic, LLC, which owns 96.9% of the property.
- (3) Owns a 14.8% tenant in common interest in the property.

II-14

Table of Contents

TABLE VI
ACQUISITION OF PROPERTIES BY PROGRAM (UNAUDITED) (Continued)
PUBLIC PROGRAMS
December 31, 2006

Program:	NNN 2003 Value Fund, LLC	
Name, location, type of property	Tiffany Square Colorado Springs, CO Office	
Gross leasable square footage		184,000
Date of purchase:		11/15/2006
Mortgage financing at date of purchase	\$	
Cash down payment	\$	11,052,000
Contract purchase price plus acquisition fee	\$	11,052,000
Other cash expenditures expensed/(credited)	\$	
Other cash expenditures capitalized	\$	150,000
Total acquisition cost	\$	11,202,000

Program:	NNN Apartment REIT, Inc.	NNN Apartment REIT, Inc.
Name, location, type of property	Walker Ranch San Antonio, TX Apartment	Hidden Lake San Antonio, TX Apartment
Number of units and total square feet of units	325/285,000	380/304,000
Date of purchase:	10/31/2006	12/28/2006
Mortgage financing at date of purchase	\$ 26,860,000	\$ 31,718,000
Cash down payment	\$ 4,813,000	\$ 1,273,000
Contract purchase price plus acquisition fee	\$ 31,673,000	\$ 32,991,000
Other cash expenditures expensed/(credited)	\$ (8,000)	\$ (33,000)
Other cash expenditures capitalized	\$ 141,000	\$ 150,000
Total acquisition cost	\$ 31,806,000	\$ 33,108,000

Table of Contents

TABLE VI
ACQUISITION OF PROPERTIES BY PROGRAMS (UNAUDITED)
PRIVATE PROGRAMS
December 31, 2006

Table VI presents acquisitions of properties by programs during the three years prior to December 31, 2006. The information provided is at 100% of the property's acquisition, without regard to percentage ownership of a property by another affiliated program or another affiliated program's investment through the program presented. Footnotes disclose the percentage owned by the program as well as the percentage owned by affiliated entities investing in the program. More complete disclosure can be found in the Prior Performance Summary and Tables I through V.

Private Programs

Program: Name, location, type of property	NNN Amber Oaks, LLC(1) AmberOaks Corporate Center Austin, TX Office	NNN Arapahoe Service Center 1, LLC Arapahoe Service Center Englewood, CO Office
Gross leasable square footage	207,000	144,000
Date of purchase:	1/20/2004	1/29/2004
Mortgage financing at date of purchase	\$ 15,000,000	\$ 6,500,000
Cash down payment	\$ 7,965,000	\$ 3,600,000
Contract purchase price plus acquisition fee	\$ 22,965,000	\$ 10,100,000
Other cash expenditures expensed/(credited)	\$ (127,000)	\$ 45,000
Other cash expenditures capitalized	\$ 198,000	\$ 54,000
Total acquisition cost	\$ 23,036,000	\$ 10,199,000

Program: Name, location, type of property	NNN Lakeside Tech, LLC Lakeside Tech Center Tampa, FL Office	NNN 100 Cyberonics Drive, LLC 100 Cyberonics Drive Houston, TX Office
Gross leasable square footage	223,000	144,000
Date of purchase:	2/6/2004	3/19/2004
Mortgage financing at date of purchase	\$ 14,625,000	\$ 10,500,000
Cash down payment	\$ 5,163,000	\$ 5,080,000
Contract purchase price plus acquisition fee	\$ 19,788,000	\$ 15,580,000
Other cash expenditures expensed/(credited)	\$ (99,000)	\$ (122,000)
Other cash expenditures capitalized	\$ 192,000	\$ 96,000
Total acquisition cost	\$ 19,881,000	\$ 15,554,000

Program: Name, location, type of property	NNN Corporate Court, LLC Corporate Court Irving, TX Office	NNN 801 K Street, LLC(2) 801 K Street Sacramento, CA Office
Gross leasable square footage	67,000	336,000
Date of purchase:	3/25/2004	3/31/2004
Mortgage financing at date of purchase	\$ 5,000,000	\$ 41,350,000
Cash down payment	\$ 2,570,000	\$ 24,430,000

Edgar Filing: CINCINNATI BELL INC - Form 8-K

Contract purchase price plus acquisition fee	\$	7,570,000	\$	65,780,000
Other cash expenditures expensed/(credited)	\$	(57,000)	\$	665,000
Other cash expenditures capitalized	\$	116,000	\$	560,000
Total acquisition cost	\$	7,629,000	\$	67,005,000

- (1) T REIT, Inc., an affiliated public entity, owned a tenant in common interest of 75% in the program.
- (2) NNN 2003 Value Fund, LLC, an affiliated public entity, owned an 85% membership interest in NNN 801 K Street, LLC which had a 21.5% tenant in common interest in the program.

II-16

Table of Contents

TABLE VI
ACQUISITION OF PROPERTIES BY PROGRAMS (UNAUDITED)
PRIVATE PROGRAMS
DECEMBER 31, 2006 (Continued)

Program: Name, location, type of property	NNN Oakey Building 2003, LLC(1),(2) Oakey Building Las Vegas, NV Office	NNN Enterprise Way, LLC(3) Enterprise Technology Center Scotts Valley, CA Office
Gross leasable square footage	98,000	370,000
Date of purchase:	4/2/2004	5/7/2004
Mortgage financing at date of purchase	\$ 4,000,000	\$ 36,500,000
Cash down payment	\$ 4,137,000	\$ 24,800,000
Contract purchase price plus acquisition fee	\$ 8,137,000	\$ 61,300,000
Other cash expenditures expensed/(credited)	\$ 15,000	\$ (329,000)
Other cash expenditures capitalized	\$ 100,000	\$ 187,000
Total acquisition cost	\$ 8,252,000	\$ 61,158,000

Program: Name, location, type of property	NNN River Rock Business Center, LLC River Rock Business Center Murfreesboro, TN Office	NNN Emerald Plaza, LLC(4),(5) Emerald Plaza San Diego, CA Office
Gross leasable square footage	158,000	355,000
Date of purchase:	6/11/2004	6/14/2004
Mortgage financing at date of purchase	\$ 9,300,000	\$ 68,500,000
Cash down payment	\$ 5,900,000	\$ 32,440,000
Contract purchase price plus acquisition fee	\$ 15,200,000	\$ 100,940,000
Other cash expenditures expensed/(credited)	\$ (36,000)	\$ (361,000)
Other cash expenditures capitalized	\$ 181,000	\$ 325,000
Total acquisition cost	\$ 15,345,000	\$ 100,904,000

Program: Name, location, type of property	NNN Great Oaks Center, LLC Great Oaks Center Atlanta, GA Office	NNN Sugar Creek Center, LLC Two Sugar Creek Houston, TX Office
Gross leasable square footage	233,000	143,000
Date of purchase:	6/30/2004	7/12/2004
Mortgage financing at date of purchase	\$ 20,000,000	\$ 16,000,000
Cash down payment	\$ 7,050,000	\$ 5,850,000
Contract purchase price plus acquisition fee	\$ 27,050,000	\$ 21,850,000
Other cash expenditures expensed/(credited)	\$ (131,000)	\$ (220,000)
Other cash expenditures capitalized	\$ 126,000	\$ 231,000

Total acquisition cost	\$	27,045,000	\$	21,861,000
------------------------	----	------------	----	------------

- (1) T REIT, Inc., an affiliated public entity, owned a membership interest of 9.76% in NNN Oakey Building 2003, LLC which owned 100.00% of the property.
- (2) NNN 2003 Value Fund, LLC, an affiliated public entity, owned a membership interest of 75.46% in NNN Oakey Building 2003, LLC which owned 100.00% of the property.
- (3) NNN 2003 Value Fund, LLC, an affiliated public entity, owns a 73.3% membership interest in NNN Enterprise Way, LLC which has an 11.625% tenant in common interest in the program.
- (4) T REIT, Inc., an affiliated public entity, owned a 13.17% membership interest in NNN Emerald Plaza, LLC which owned a 20.5% tenant in common interest in the program.
- (5) NNN 2003 Value Fund, LLC, an affiliated public entity, owned a 22.4% membership interest in NNN Emerald Plaza, LLC which owned a 20.5% tenant in common interest in the program.

II-17

Table of Contents

TABLE VI
ACQUISITION OF PROPERTIES BY PROGRAMS (UNAUDITED)
PRIVATE PROGRAMS
DECEMBER 31, 2006 (Continued)

Program: Name, location, type of property	NNN Beltway 8 Corporate Centre, LLC Beltway 8 Corporate Centre Houston, TX Office	NNN Western Place, LLC(1) Western Place I and II Fort Worth, TX Office
Gross leasable square footage	101,000	430,000
Date of purchase:	7/22/2004	7/23/2004
Mortgage financing at date of purchase	\$ 10,530,000	\$ 24,000,000
Cash down payment	\$ 5,670,000	\$ 9,500,000
Contract purchase price plus acquisition fee	\$ 16,200,000	\$ 33,500,000
Other cash expenditures expensed/(credited)	\$ (173,000)	\$ (137,000)
Other cash expenditures capitalized	\$ 469,000	\$ 1,569,000
Total acquisition cost	\$ 16,496,000	\$ 34,932,000

Program: Name, location, type of property	NNN One Financial Plaza, LLC(2) One Financial Plaza St. Louis, MO Office	NNN Reserve at Maitland, LLC Reserve at Mairland Maitland, FL Office
Gross leasable square footage	434,000	197,000
Date of purchase:	8/6/2004	8/18/2004
Mortgage financing at date of purchase	\$ 30,750,000	\$ 21,750,000
Cash down payment	\$ 6,250,000	\$ 8,120,000
Contract purchase price plus acquisition fee	\$ 37,000,000	\$ 29,870,000
Other cash expenditures expensed/(credited)	\$ (728,000)	\$ (256,000)
Other cash expenditures capitalized	\$ 1,186,000	\$ 322,000
Total acquisition cost	\$ 37,458,000	\$ 29,936,000

Program: Name, location, type of property	NNN Las Cimas, LLC Las Cimas II and III Austin, TX Office	NNN 9800 Goethe Road, LLC 9800 Goethe Road Sacramento, CA Office
Gross leasable square footage	313,000	111,000
Date of purchase:	9/27/2004	10/7/2004
Mortgage financing at date of purchase	\$ 46,800,000	\$ 14,800,000
Cash down payment	\$ 26,300,000	\$ 3,050,000
Contract purchase price plus acquisition fee	\$ 73,100,000	\$ 17,850,000
Other cash expenditures expensed/(credited)	\$ (547,000)	\$ 219,000
Other cash expenditures capitalized	\$ 775,000	\$ 977,000
Total acquisition cost	\$ 73,328,000	\$ 19,046,000

- (1) The program owns a 21.5% tenant in common interest in the property.
- (2) The program owns a 22.4% tenant in common interest in the property.

II-18

Table of Contents

TABLE VI
ACQUISITION OF PROPERTIES BY PROGRAMS (UNAUDITED)
PRIVATE PROGRAMS
DECEMBER 31, 2006 (Continued)

Program: Name, location, type of property	NNN Fountain Square, LLC Fountain Square Boca Raton, FL Office	NNN Embassy Plaza, LLC Embassy Plaza Omaha, NE Office
Gross leasable square footage	242,000	132,000
Date of purchase:	10/28/2004	10/29/2004
Mortgage financing at date of purchase	\$ 36,250,000	\$ 9,900,000
Cash down payment	\$ 15,250,000	\$ 7,100,000
Contract purchase price plus acquisition fee	\$ 51,500,000	\$ 17,000,000
Other cash expenditures expensed/(credited)	\$ (510,000)	\$ (189,000)
Other cash expenditures capitalized	\$ 1,059,000	\$ 153,000
Total acquisition cost	\$ 52,049,000	\$ 16,964,000

Program: Name, location, type of property	NNN City Centre Place, LLC City Centre Place Las Vegas, NV Office	NNN Oak Park Office Center, LLC Oak Park Office Center Houston, TX Office
Gross leasable square footage	103,000	173,000
Date of purchase:	11/5/2004	11/12/2004
Mortgage financing at date of purchase	\$ 21,500,000	\$ 21,800,000
Cash down payment	\$ 7,980,000	\$ 7,349,000
Contract purchase price plus acquisition fee	\$ 29,480,000	\$ 29,149,000
Other cash expenditures expensed/(credited)	\$ 111,000	\$ (90,000)
Other cash expenditures capitalized	\$ 170,000	\$ 598,000
Total acquisition cost	\$ 29,761,000	\$ 29,657,000

Program: Name, location, type of property	NNN/Mission Spring Creek, LLC Mission Spring Creek Apartments Garland, TX Apartment	NNN 2800 East Commerce, LLC 2800 East Commerce Place Tucson, AZ Office
Gross leasable square footage	196,000	136,000
Date of purchase:	11/12/2004	11/19/2004
Mortgage financing at date of purchase	\$ 8,750,000	\$ 11,375,000
Cash down payment	\$ 2,763,000	\$ 6,650,000
Contract purchase price plus acquisition fee	\$ 11,513,000	\$ 18,025,000
Other cash expenditures expensed/(credited)	\$ (25,000)	\$ 93,000
Other cash expenditures capitalized	\$ (166,000)	\$ 195,000
Total acquisition cost	\$ 11,322,000	\$ 18,313,000

Table of Contents

TABLE VI
ACQUISITION OF PROPERTIES BY PROGRAMS (UNAUDITED)
PRIVATE PROGRAMS
DECEMBER 31, 2006 (Continued)

Program:	NNN Satellite Place, LLC	NNN Fountainhead, LLC
Name, location, type of property	Satellite Place Office Park Duluth, GA Office	Fountainhead Park I and II San Antonio, TX Office
Gross leasable square footage	112,000	171,000
Date of purchase:	11/29/2004	12/8/2004
Mortgage financing at date of purchase	\$ 8,500,000	\$ 18,900,000
Cash down payment	\$ 3,756,000	\$ 8,450,000
Contract purchase price plus acquisition fee	\$ 12,256,000	\$ 27,350,000
Other cash expenditures expensed/(credited)	\$ 21,000	\$ 94,000
Other cash expenditures capitalized	\$ 180,000	\$ 183,000
Total acquisition cost	\$ 12,457,000	\$ 27,627,000

Program:	NNN/Mission University Place, LLC	NNN/Mission Mallard Creek, LLC
Name, location, type of property	Mission University Place Apartments Charlotte, NC Apartment	Mission Mallard Creek Apartments Charlotte, NC Apartment
Gross leasable square footage	231,000	233,000
Date of purchase:	12/30/2004	12/30/2004
Mortgage financing at date of purchase	\$ 11,500,000	\$ 9,300,000
Cash down payment	\$ 4,500,000	\$ 5,038,000
Contract purchase price plus acquisition fee	\$ 16,000,000	\$ 14,338,000
Other cash expenditures expensed/(credited)	\$ 27,000	\$ 21,000
Other cash expenditures capitalized	\$ 227,000	\$ 194,000
Total acquisition cost	\$ 16,254,000	\$ 14,553,000

Program:	NNN SFS Town Center, LLC	NNN 4 Hutton, LLC
Name, location, type of property	Town Center Business Park Santa Fe Springs, CA Office	4 Hutton Centre Drive South Coast Metro, CA Office
Gross leasable square footage	177,000	210,000
Date of purchase:	1/6/2005	1/7/2005
Mortgage financing at date of purchase	\$ 22,000,000	\$ 32,000,000
Cash down payment	\$ 8,910,000	\$ 17,000,000
Contract purchase price plus acquisition fee	\$ 30,910,000	\$ 49,000,000
Other cash expenditures expensed/(credited)	\$ (27,000)	\$ (230,000)
Other cash expenditures capitalized	\$ 343,000	\$ 724,000
Total acquisition cost	\$ 31,226,000	\$ 49,494,000

Table of Contents

TABLE VI
ACQUISITION OF PROPERTIES BY PROGRAMS (UNAUDITED)
PRIVATE PROGRAMS
DECEMBER 31, 2006 (Continued)

Program: Name, location, type of property	NNN/Mission Collin Creek, LLC Mission Collin Creek Apartments Plano, TX Apartment	NNN Satellite 1100 & 2000, LLC Satellite Place Office Park Duluth, GA Office
Gross leasable square footage	267,000	175,000
Date of purchase:	1/19/2005	2/24/2005
Mortgage financing at date of purchase	\$ 13,600,000	\$ 13,900,000
Cash down payment	\$ 4,683,000	\$ 5,510,000
Contract purchase price plus acquisition fee	\$ 18,283,000	\$ 19,410,000
Other cash expenditures expensed/(credited)	\$ (16,000)	\$ (18,000)
Other cash expenditures capitalized	\$ 257,000	\$ 225,000
Total acquisition cost	\$ 18,524,000	\$ 19,617,000

Program: Name, location, type of property	NNN Chatsworth Business Park, LLC Chatsworth Business Park Chatsworth, CA Office	NNN Met Center 10, LLC Building Ten Met Center Austin, TX Office
Gross leasable square footage	232,000	346,000
Date of purchase:	3/30/2005	4/8/2005
Mortgage financing at date of purchase	\$ 33,750,000	\$ 32,000,000
Cash down payment	\$ 13,025,000	\$ 12,880,000
Contract purchase price plus acquisition fee	\$ 46,775,000	\$ 44,880,000
Other cash expenditures expensed/(credited)	\$ 131,000	\$ (257,000)
Other cash expenditures capitalized	\$ (889,000)	\$ 540,000
Total acquisition cost	\$ 46,017,000	\$ 45,163,000

Program: Name, location, type of property	NNN 2400 West Marshall Drive, LLC 2400 West Marshall Drive Grand Prairie, TX Office	NNN 411 East Wisconsin, LLC 411 East Wisconsin Avenue Milwaukee, WI Office
Gross leasable square footage	111,000	654,000
Date of purchase:	4/12/2005	4/29/2005
Mortgage financing at date of purchase	\$ 6,875,000	\$ 70,000,000
Cash down payment	\$ 2,595,000	\$ 25,000,000
Contract purchase price plus acquisition fee	\$ 9,470,000	\$ 95,000,000
Other cash expenditures expensed/(credited)	\$ (9,000)	\$ 25,000

Edgar Filing: CINCINNATI BELL INC - Form 8-K

Other cash expenditures capitalized	\$	192,000	\$	1,268,000
Total acquisition cost	\$	9,653,000	\$	96,293,000

II-21

Table of Contents

TABLE VI
ACQUISITION OF PROPERTIES BY PROGRAMS (UNAUDITED)
PRIVATE PROGRAMS
DECEMBER 31, 2006 (Continued)

Program: Name, location, type of property	NNN Naples Tamiami Trail, LLC 4501 Tamiami Trail Naples, FL Office	NNN Naples Laurel Oak, LLC 800 Laurel Oak Drive Naples, FL Office
Gross leasable square footage	78,000	41,000
Date of purchase:	5/2/2005	5/2/2005
Mortgage financing at date of purchase	\$ 13,500,000	\$ 9,500,000
Cash down payment	\$ 7,500,000	\$ 6,700,000
Contract purchase price plus acquisition fee	\$ 21,000,000	\$ 16,200,000
Other cash expenditures expensed/(credited)	\$ (10,000)	\$ 7,000
Other cash expenditures capitalized	\$ 312,000	\$ 271,000
Total acquisition cost	\$ 21,302,000	\$ 16,478,000

Program: Name, location, type of property	NNN Park at Spring Creek, LLC The Park at Spring Creek Apartments Tomball, TX Apartment	NNN Inverness Business Park, LLC Inverness Business Park Englewood, CO Office
Gross leasable square footage	185,000	112,000
Date of purchase:	6/8/2005	6/10/2005
Mortgage financing at date of purchase	\$ 11,040,000	\$ 9,500,000
Cash down payment	\$ 3,277,000	\$ 3,450,000
Contract purchase price plus acquisition fee	\$ 14,317,000	\$ 12,950,000
Other cash expenditures expensed/(credited)	\$ (41,000)	\$ (18,000)
Other cash expenditures capitalized	\$ 323,000	\$ 40,000
Total acquisition cost	\$ 14,599,000	\$ 12,972,000

Program: Name, location, type of property	NNN Waterway Plaza, LLC Waterway Plaza I and II The Woodlands, TX Office	NNN Papago Spectrum, LLC Papago Spectrum Tempe, AZ Office
Gross leasable square footage	366,000	160,000
Date of purchase:	6/20/2005	7/29/2005
Mortgage financing at date of purchase	\$ 60,000,000	\$ 19,000,000
Cash down payment	\$ 14,148,000	\$ 7,375,000
Contract purchase price plus acquisition fee	\$ 74,148,000	\$ 26,375,000
Other cash expenditures expensed/(credited)	\$ (66,000)	\$ 183,000
Other cash expenditures capitalized	\$ 546,000	\$ 827,000
Total acquisition cost	\$ 74,628,000	\$ 27,385,000

Table of Contents

TABLE VI
ACQUISITION OF PROPERTIES BY PROGRAMS (UNAUDITED)
PRIVATE PROGRAMS
DECEMBER 31, 2006 (Continued)

Program: Name, location, type of property	NNN Sanctuary at Highland Oak, DST The Sanctuary at Highland Oaks Tampa, FL Apartment	NNN Met Center 15, LLC Building 15 Met Center Austin, TX Office
Gross leasable square footage	495,000	258,000
Date of purchase:	7/29/2005	8/19/2005
Mortgage financing at date of purchase	\$ 35,300,000	\$ 28,000,000
Cash down payment	\$ 19,240,000	\$ 9,500,000
Contract purchase price plus acquisition fee	\$ 54,540,000	\$ 37,500,000
Other cash expenditures expensed/(credited)	\$ 162,000	\$ (383,000)
Other cash expenditures capitalized	\$ 867,000	\$ 591,000
Total acquisition cost	\$ 55,569,000	\$ 37,708,000

Program: Name, location, type of property	NNN One Chesterfield Place, LLC One Chesterfield Place Chesterfield, MO Office	NNN Maitland Promenade, LLC Maitland Promenade II Orlando, FL Office
Gross leasable square footage	143,000	230,000
Date of purchase:	9/9/2005	9/12/2005
Mortgage financing at date of purchase	\$ 18,810,000	\$ 32,250,000
Cash down payment	\$ 9,664,000	\$ 12,143,000
Contract purchase price plus acquisition fee	\$ 28,474,000	\$ 44,393,000
Other cash expenditures expensed/(credited)	\$ (76,000)	\$ (78,000)
Other cash expenditures capitalized	\$ 346,000	\$ 470,000
Total acquisition cost	\$ 28,744,000	\$ 44,785,000

Program: Name, location, type of property	NNN Sixth Avenue West, LLC Sixth Avenue West Golden, CO Office	NNN St. Charles, St. Charles Apartments Kennesaw, GA Apartment
Gross leasable square footage	125,000	200,000
Date of purchase:	9/13/2005	9/27/2005
Mortgage financing at date of purchase	\$ 10,300,000	\$ 12,100,000
Cash down payment	\$ 5,200,000	\$ 5,714,000
Contract purchase price plus acquisition fee	\$ 15,500,000	\$ 17,814,000
Other cash expenditures expensed/(credited)	\$ (94,000)	\$ 23,000

Edgar Filing: CINCINNATI BELL INC - Form 8-K

Other cash expenditures capitalized	\$	(434,000)	\$	252,000
Total acquisition cost	\$	14,972,000	\$	18,089,000

II-23

Table of Contents

TABLE VI
ACQUISITION OF PROPERTIES BY PROGRAMS (UNAUDITED)
PRIVATE PROGRAMS
DECEMBER 31, 2006 (Continued)

Program:	NNN 123 Wacker, LLC	NNN Netpark II, LLC
Name, location, type of property	123 Wacker Building Chicago, IL Office	Netpark Tampa Bay(1) Tampa, FL Office
Gross leasable square footage	541,000	913,000
Date of purchase:	9/28/2005	9/30/2005
Mortgage financing at date of purchase	\$ 136,000,000	\$ 21,500,000
Cash down payment	\$ 37,680,000	\$ 12,000,000
Contract purchase price plus acquisition fee	\$ 173,680,000	\$ 33,500,000
Other cash expenditures expensed/(credited)	\$ 958,000	\$ (20,000)
Other cash expenditures capitalized	\$ 2,652,000	\$ 1,008,000
Total acquisition cost	\$ 177,290,000	\$ 34,488,000

Program:	NNN Britannia Business Center III, LLC	NNN Britannia Business Center II, LLC
Name, location, type of property	Britannia Business Center Pleasanton, CA Office	Britannia Business Center Pleasanton, CA Office
Gross leasable square footage	191,000	276,000
Date of purchase:	9/30/2005	9/30/2005
Mortgage financing at date of purchase	\$ 35,000,000	\$ 41,000,000
Cash down payment	\$ 10,290,000	\$ 17,610,000
Contract purchase price plus acquisition fee	\$ 45,290,000	\$ 58,610,000
Other cash expenditures expensed/(credited)	\$ (101,000)	\$ (129,000)
Other cash expenditures capitalized	\$ 467,000	\$ 435,000
Total acquisition cost	\$ 45,656,000	\$ 58,916,000

Program:	NNN Woodside Corporate Park, LLC	NNN Britannia Business Center I, LLC
Name, location, type of property	Woodside Corporate Park Beaverton, OR Office	Britannia Business Center Pleasanton, CA Office
Gross leasable square footage	383,000	297,000
Date of purchase:	9/30/2005	10/14/2005
Mortgage financing at date of purchase	\$ 33,500,000	\$ 60,000,000
Cash down payment	\$ 12,000,000	\$ 22,989,000
Contract purchase price plus acquisition fee	\$ 45,500,000	\$ 82,989,000
Other cash expenditures expensed/(credited)	\$ (405,000)	\$ (276,000)
Other cash expenditures capitalized	\$ 550,000	\$ 867,000
Total acquisition cost	\$ 45,645,000	\$ 83,580,000

(1) NNN 2002 Value Fund, LLC, an affiliated public entity, sold its 50% tenant in common interest in the property to an affiliated program, NNN Netpark II, LLC.

II-24

Table of Contents

TABLE VI
ACQUISITION OF PROPERTIES BY PROGRAMS (UNAUDITED)
PRIVATE PROGRAMS
DECEMBER 31, 2006 (Continued)

Program: Name, location, type of property	NNN Saturn Business Park, LLC	NNN Parkway Crossing, LLC
	Saturn Business Park Brea, CA Office	Parkway Crossing Apartments Asheville, NC Apartment
Gross leasable square footage	121,000	184,000
Date of purchase:	10/20/2005	10/28/2005
Mortgage financing at date of purchase	\$ 16,100,000	\$ 9,100,000
Cash down payment	\$ 6,560,000	\$ 2,230,000
Contract purchase price plus acquisition fee	\$ 22,660,000	\$ 11,330,000
Other cash expenditures expensed/(credited)	\$ 14,000	\$ 10,000
Other cash expenditures capitalized	\$ 60,000	\$ 189,000
Total acquisition cost	\$ 22,734,000	\$ 11,529,000

Program: Name, location, type of property	NNN Forest Office Park, LLC	NNN Doral Court, LLC
	Forest Office Park Richmond, VA Office	Doral Court Miami, FL Office
Gross leasable square footage	223,000	209,000
Date of purchase:	11/9/2005	11/15/2005
Mortgage financing at date of purchase	\$ 15,300,000	\$ 19,640,000
Cash down payment	\$ 5,550,000	\$ 13,640,000
Contract purchase price plus acquisition fee	\$ 20,850,000	\$ 33,280,000
Other cash expenditures expensed/(credited)	\$ (87,000)	\$ 50,000
Other cash expenditures capitalized	\$ 406,000	\$ 1,057,000
Total acquisition cost	\$ 21,169,000	\$ 34,387,000

Program: Name, location, type of property	NNN Talavi Corp Center, LLC	NNN One Nashville Place, LLC
	Talavi Corporate Center Glendale, AZ Office	One Nashville Place Nashville, TN Office
Gross leasable square footage	153,000	411,000
Date of purchase:	11/23/2005	11/30/2005
Mortgage financing at date of purchase	\$ 24,000,000	\$ 58,000,000
Cash down payment	\$ 8,875,000	\$ 21,750,000
Contract purchase price plus acquisition fee	\$ 32,875,000	\$ 79,750,000
Other cash expenditures expensed/(credited)	\$ 17,000	\$ 54,000
Other cash expenditures capitalized	\$ 375,000	\$ 1,590,000
Total acquisition cost	\$ 33,267,000	\$ 81,394,000

Program:	NNN 633 17th Street, LLC	NNN 300 Four Falls, LLC
Name, location, type of property	633 17th Street Denver, CO Office	300 Conshohocken State Road W. Conshohocken, PA Office
Gross leasable square footage	553,000	298,000
Date of purchase:	12/9/2005	12/14/2005

II-25

Table of Contents

TABLE VI
ACQUISITION OF PROPERTIES BY PROGRAMS (UNAUDITED)
PRIVATE PROGRAMS
DECEMBER 31, 2006 (Continued)

Mortgage financing at date of purchase	\$	67,500,000	\$	72,000,000
Cash down payment	\$	24,780,000	\$	28,525,000
Contract purchase price plus acquisition fee	\$	92,280,000	\$	100,525,000
Other cash expenditures expensed/(credited)	\$	(70,000)	\$	327,000
Other cash expenditures capitalized	\$	1,087,000	\$	2,019,000
Total acquisition cost	\$	93,297,000	\$	102,871,000

Program:	NNN 3500 Maple, LLC		NNN The Landing, LLC	
Name, location, type of property	3500 Maple Street Dallas, TX Office		The Landing Apartments Durham, NC Apartment	
Gross leasable square footage		375,000		192,000
Date of purchase:		12/27/2005		12/30/2005
Mortgage financing at date of purchase	\$	58,320,000	\$	9,700,000
Cash down payment	\$	8,180,000	\$	3,536,000
Contract purchase price plus acquisition fee	\$	66,500,000	\$	13,236,000
Other cash expenditures expensed/(credited)	\$	(638,000)	\$	14,000
Other cash expenditures capitalized	\$	(749,000)	\$	79,000
Total acquisition cost	\$	65,113,000	\$	13,329,000

Program:	NNN Calendon Wood, LLC		NNN Mission Square, LLC	
Name, location, type of property	Calendon Wood Apartments Greenville, SC Apartment		Mission Square Riverside, CA Office	
Gross leasable square footage		348,000		128,000
Date of purchase:		1/3/2006		1/10/2006
Mortgage financing at date of purchase	\$	17,000,000	\$	24,225,000
Cash down payment	\$	6,816,000	\$	9,275,000
Contract purchase price plus acquisition fee	\$	23,816,000	\$	33,500,000
Other cash expenditures expensed/(credited)	\$	51,000	\$	(10,000)
Other cash expenditures capitalized	\$	89,000	\$	365,000
Total acquisition cost	\$	23,956,000	\$	33,855,000

Table of Contents

TABLE VI
ACQUISITION OF PROPERTIES BY PROGRAMS (UNAUDITED)
PRIVATE PROGRAMS
DECEMBER 31, 2006 (Continued)

Program: Name, location, type of property	NNN Highbrook Apartments, LLC Highbrook Apartments High Point, NC Apartment	NNN Gateway One, LLC 701 Market Street St. Louis, MO Office
Gross leasable square footage	280,000	410,000
Date of purchase:	1/19/2006	2/9/2006
Mortgage financing at date of purchase	\$ 16,925,000	\$ 50,000,000
Cash down payment	\$ 6,466,000	\$ 16,600,000
Contract purchase price plus acquisition fee	\$ 23,391,000	\$ 66,600,000
Other cash expenditures expensed/(credited)	\$ (4,000)	\$ (139,000)
Other cash expenditures capitalized	\$ 330,000	\$ 753,000
Total acquisition cost	\$ 23,717,000	\$ 67,214,000

Program: Name, location, type of property	NNN 1818 Market Street, LLC 1818 Market Street Philadelphia, PA Office	NNN Meadows Apartments, LLC The Meadows Apartments Asheville, NC Apartment
Gross leasable square footage	983,000	387,000
Date of purchase:	2/21/2006	3/15/2006
Mortgage financing at date of purchase	\$ 132,000,000	\$ 21,300,000
Cash down payment	\$ 25,384,000	\$ 7,100,000
Contract purchase price plus acquisition fee	\$ 157,384,000	\$ 28,400,000
Other cash expenditures expensed/(credited)	\$ 1,943,000	\$ (73,000)
Other cash expenditures capitalized	\$ 5,384,000	\$ 121,000
Total acquisition cost	\$ 164,711,000	\$ 28,448,000

Program: Name, location, type of property	NNN Enclave at Deep River, LLC The Enclave at Deep River Plantation High Point, NC Apartment	NNN Aventura Harbour, LLC Harbour Centre Aventura, FL Office
Gross leasable square footage	224,000	214,000
Date of purchase:	3/17/2006	4/28/2006
Mortgage financing at date of purchase	\$ 13,725,000	\$ 51,180,000
Cash down payment	\$ 5,307,000	\$ 20,015,000
Contract purchase price plus acquisition fee	\$ 19,032,000	\$ 71,195,000
Other cash expenditures expensed/(credited)	\$ (81,000)	\$ (660,000)

Edgar Filing: CINCINNATI BELL INC - Form 8-K

Other cash expenditures capitalized	\$	112,000	\$	5,276,000
Total acquisition cost	\$	19,063,000	\$	75,811,000

II-27

Table of Contents

TABLE VI
ACQUISITION OF PROPERTIES BY PROGRAMS (UNAUDITED)
PRIVATE PROGRAMS
DECEMBER 31, 2006 (Continued)

Program:	NNN Arbor Trace	NNN Lake Center, LLC
Name, location, type of property	Apartments, LLC Arbor Trace Apartments Virginia Beach, VA Apartment	Lake Center Four Marlton, NJ Office
Gross leasable square footage	125,000	89,000
Date of purchase:	5/1/2006	5/18/2006
Mortgage financing at date of purchase	\$ 11,063,000	\$ 14,830,000
Cash down payment	\$ 4,129,000	\$ 4,969,000
Contract purchase price plus acquisition fee	\$ 15,192,000	\$ 19,799,000
Other cash expenditures expensed/(credited)	\$ 108,000	\$ (56,000)
Other cash expenditures capitalized	\$ 290,000	\$ 791,000
Total acquisition cost	\$ 15,590,000	\$ 20,534,000

Program:	NNN 3050 Superior, LLC	NNN Chase Tower, LLC
Name, location, type of property	3050 Superior Drive NW Rochester, MN Office	Chase Tower Austin, TX Office
Gross leasable square footage	205,000	389,000
Date of purchase:	5/18/2006	7/3/2006
Mortgage financing at date of purchase	\$ 28,100,000	\$ 54,800,000
Cash down payment	\$ 8,775,000	\$ 17,700,000
Contract purchase price plus acquisition fee	\$ 36,875,000	\$ 72,500,000
Other cash expenditures expensed/(credited)	\$ (441,000)	\$ 5,000
Other cash expenditures capitalized	\$ 873,000	\$ 1,475,000
Total acquisition cost	\$ 37,307,000	\$ 73,980,000

Program:	NNN Las Colinas Highlands, LLC	NNN 220 Virginia Avenue, LLC
Name, location, type of property	Las Colinas Highlands Irving, TX Office	220 Virginia Avenue Indianapolis, IN Office
Gross leasable square footage	199,000	562,000
Date of purchase:	6/27/2006	6/29/2006
Mortgage financing at date of purchase	\$ 32,000,000	\$ 84,405,000
Cash down payment	\$ 12,148,000	\$ 16,395,000
Contract purchase price plus acquisition fee	\$ 44,148,000	\$ 100,800,000
Other cash expenditures expensed/(credited)	\$ (235,000)	\$ (594,000)
Other cash expenditures capitalized	\$ 784,000	\$ 420,000
Total acquisition cost	\$ 44,697,000	\$ 100,626,000

Table of Contents

TABLE VI
ACQUISITION OF PROPERTIES BY PROGRAMS (UNAUDITED)
PRIVATE PROGRAMS
DECEMBER 31, 2006 (Continued)

Program: Name, location, type of property	NNN Villa Apartments, LLC Villas by the Lakes Apartments Jonesboro, GA Apartment	NNN 2716 North Tenaya, LLC Sierra Health Building Las Vegas, NV Office
Gross leasable square footage	283,000	204,000
Date of purchase:	7/7/2006	7/25/2006
Mortgage financing at date of purchase	\$ 14,925,000	\$ 50,750,000
Cash down payment	\$ 5,572,000	\$ 23,500,000
Contract purchase price plus acquisition fee	\$ 20,497,000	\$ 74,250,000
Other cash expenditures expensed/(credited)	\$ (41,000)	\$ (42,000)
Other cash expenditures capitalized	\$ 598,000	\$ 1,892,000
Total acquisition cost	\$ 21,054,000	\$ 76,100,000

Program: Name, location, type of property	NNN Westlake Villa, LLC Westlake Villas Apartments San Antonio, TX Apartment	NNN 400 Capitol, LLC The Regions Center Little Rock, AR Office
Gross leasable square footage	223,000	532,000
Date of purchase:	8/8/2006	8/18/2006
Mortgage financing at date of purchase	\$ 11,325,000	\$ 32,000,000
Cash down payment	\$ 4,228,000	\$ 6,368,000
Contract purchase price plus acquisition fee	\$ 15,553,000	\$ 38,368,000
Other cash expenditures expensed/(credited)	\$ (313,000)	\$ (167,000)
Other cash expenditures capitalized	\$ 373,000	\$ 1,746,000
Total acquisition cost	\$ 15,613,000	\$ 39,947,000

Program: Name, location, type of property	NNN Southcreek Corporate, LLC Southcreek Corporate Center II Overland Park, KS Office	NNN Chatham Court/Reflections, LLC Chatham Court Dallas, TX Apartment
Gross leasable square footage	56,000	378,000
Date of purchase:	9/1/2006	9/8/2006
Mortgage financing at date of purchase	\$ 6,000,000	\$ 18,938,000
Cash down payment	\$ 2,000,000	\$ 7,070,000
Contract purchase price plus acquisition fee	\$ 8,000,000	\$ 26,008,000
Other cash expenditures expensed/(credited)	\$ (48,000)	\$ (207,000)
Other cash expenditures capitalized	\$ 59,000	\$ 826,000
Total acquisition cost	\$ 8,011,000	\$ 26,627,000

Table of Contents

TABLE VI
ACQUISITION OF PROPERTIES BY PROGRAMS (UNAUDITED)
PRIVATE PROGRAMS
DECEMBER 31, 2006 (Continued)

Program: Name, location, type of property	NNN Arbors at Fairview, LLC	NNN 1 & 2 Met Center, LLC
	Arbors at Fairview Apartments Simpsonville, SC Apartment	Met Center 1 & 2 Austin, TX Office
Gross leasable square footage	181,000	95,000
Date of purchase:	10/12/2006	10/13/2006
Mortgage financing at date of purchase	\$ 10,500,000	\$ 8,600,000
Cash down payment	\$ 3,920,000	\$ 3,420,000
Contract purchase price plus acquisition fee	\$ 14,420,000	\$ 12,020,000
Other cash expenditures expensed/(credited)	\$ (53,000)	\$ (234,000)
Other cash expenditures capitalized	\$ 834,000	\$ 104,000
Total acquisition cost	\$ 15,201,000	\$ 11,890,000

Program: Name, location, type of property	NNN 250 East 5th Street, LLC	One Northlake Place, LLC
	250 East 5th Street Cincinnati, OH Office	11500 Northlake Drive Cincinnati, OH Office
Gross leasable square footage	537,000	177,000
Date of purchase:	10/25/2006	10/27/2006
Mortgage financing at date of purchase	\$ 65,000,000	\$ 13,350,000
Cash down payment	\$ 27,756,000	\$ 4,100,000
Contract purchase price plus acquisition fee	\$ 92,756,000	\$ 17,450,000
Other cash expenditures expensed/(credited)	\$ (153,000)	\$ 4,000
Other cash expenditures capitalized	\$ 805,000	\$ 272,000
Total acquisition cost	\$ 93,408,000	\$ 17,726,000

Program: Name, location, type of property	NNN DCF Campus, LLC	NNN Beechwood Apartments, LLC
	Department of Children and Families Plantation, FL Office	Beechwood Apartments Greensboro, NC Apartment
Gross leasable square footage	118,000	173,000
Date of purchase:	11/15/2006	11/17/2006
Mortgage financing at date of purchase	\$ 10,090,000	\$ 8,625,000
Cash down payment	\$ 3,300,000	\$ 3,220,000
Contract purchase price plus acquisition fee	\$ 13,390,000	\$ 11,845,000
Other cash expenditures expensed/(credited)	\$ (229,000)	\$ (7,000)
Other cash expenditures capitalized	\$ 369,000	\$ 268,000

Total acquisition cost	\$	13,530,000	\$	12,106,000
------------------------	----	------------	----	------------

II-30

Table of Contents

TABLE VI
ACQUISITION OF PROPERTIES BY PROGRAMS (UNAUDITED)
PRIVATE PROGRAMS
DECEMBER 31, 2006 (Continued)

Program: Name, location, type of property	NNN Westpoint, LLC 1255 Corporate Drive Irving, TX Office	NNN Castaic Town Center, LLC Castaic Town Center Castaic, CA Retail
Gross leasable square footage	150,000	40,000
Date of purchase:	11/29/06	11/30/2006
Mortgage financing at date of purchase	\$ 15,125,000	\$ 11,250,000
Cash down payment	\$ 5,675,000	\$ 4,150,000
Contract purchase price plus acquisition fee	\$ 20,800,000	\$ 15,400,000
Other cash expenditures expensed/(credited)	\$ (11,000)	\$ 26,000
Other cash expenditures capitalized	\$ 269,000	\$ 572,000
Total acquisition cost	\$ 21,058,000	\$ 15,998,000

Program: Name, location, type of property	NNN Northwoods, LLC Northwoods II Columbus, OH Office	NNN 50 Lake Center , LLC Lake Center V Marlton, NJ Office
Gross leasable square footage	116,000	89,000
Date of purchase:	12/8/2006	12/15/2006
Mortgage financing at date of purchase	\$ 8,200,000	\$ 16,425,000
Cash down payment	\$ 2,770,000	\$ 6,075,000
Contract purchase price plus acquisition fee	\$ 10,970,000	\$ 22,500,000
Other cash expenditures expensed/(credited)	\$ (43,000)	\$ (634,000)
Other cash expenditures capitalized	\$ 186,000	\$ 628,000
Total acquisition cost	\$ 11,113,000	\$ 22,494,000

Program: Name, location, type of property	NNN Mt. Moriah Apartments, LLC The Trails at Mt. Moriah Apartments Memphis, TN Apartment	NNN 1600 Parkwood, LLC 1600 Parkwood Circle Atlanta, GA Office
Gross leasable square footage	539,000	151,000
Date of purchase:	12/28/2006	12/28/2006
Mortgage financing at date of purchase	\$ 22,875,000	\$ 18,250,000
Cash down payment	\$ 8,540,000	\$ 9,275,000
Contract purchase price plus acquisition fee	\$ 31,415,000	\$ 27,525,000
Other cash expenditures expensed/(credited)	\$ 57,000	\$ 2,000
Other cash expenditures capitalized	\$ 2,691,000	\$ 241,000
Total acquisition cost	\$ 34,163,000	\$ 27,768,000

Table of Contents

TABLE VI
ACQUISITION OF PROPERTIES BY PROGRAMS (UNAUDITED)
PRIVATE PROGRAMS
DECEMBER 31, 2006 (Continued)

Program:	NNN Royal 400, LLC	
Name, location, type of property	Royal 400 Business Park Alpharetta, GA Office	
Gross leasable square footage		140,000
Date of purchase:		12/29/2006
Mortgage financing at date of purchase	\$	9,400,000
Cash down payment	\$	4,400,000
Contract purchase price plus acquisition fee	\$	13,800,000
Other cash expenditures expensed/(credited)	\$	19,000
Other cash expenditures capitalized	\$	942,000
Total acquisition cost	\$	14,761,000

II-32

Table of Contents**SIGNATURE PAGE**

Pursuant to the requirements of the Securities Act of 1933, as amended, the Registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-11 and has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Santa Ana, State of California, on the 23rd day of April, 2007.

NNN HEALTHCARE/ OFFICE REIT, INC.

By: /s/ Scott D. Peters

Scott D. Peters

Chief Executive Officer

Each of the persons whose signature appears below hereby constitutes Andrea R. Biller and Scott D. Peters, and each of them or either of them as his true and lawful attorney-in-fact with full power of substitution and resubstitution, for him and in his name, place and stead, in any and all capacities, to sign any and all amendments (including post-effective amendments) to this registration statement, or any registration statement for the same offering that is to be effective upon filing pursuant to Rule 462(b) under the Securities Act of 1933, as amended, and to cause the same to be filed, with all exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission, hereby granting to said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing whatsoever requisite or desirable to be done in and about the premises, as fully to all intents and purposes as the undersigned might or could in person, hereby ratifying and confirming all acts and things that said attorneys-in-fact and agents, or either of them, or their substitutes or substitute, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, as amended, this registration statement has been signed by the following persons in the capacities and on the dates indicated.

Signature	Title	Date
/s/ Scott D. Peters	Chief Executive Officer and Chairman of the Board	April 23, 2007
Scott D. Peters	(Principal Executive Officer)	
/s/ Shannon K S Johnson	Chief Financial Officer	April 23, 2007
Shannon K S Johnson	(Principal Financial Officer and Principal Accounting Officer)	
/s/ W. Bradley Blair, II	Director	April 23, 2007
W. Bradley Blair, II		
/s/ Maurice J. DeWald	Director	April 23, 2007
Maurice J. DeWald		
/s/ Warren D. Fix	Director	April 23, 2007
Warren D. Fix		
	Director	

Larry L. Mathis

/s/ Gary T. Wescombe

Gary T. Wescombe

Director

April 23,
2007

II-33

Table of Contents**EXHIBIT INDEX**

Exhibit Number	Exhibit
1.1	Dealer Manager Agreement between NNN Healthcare/Office REIT, Inc. and NNN Capital Corp (included as Exhibit 1.1 to our Quarterly Report on Form 10-Q for the quarter ended September 30, 2006 and incorporated herein by reference)
1.1.1**	Amendment No. 1 to Dealer Manager Agreement between NNN Healthcare/Office REIT, Inc. and NNN Capital Corp.
1.2	Form of Participating Broker-Dealer Agreement (included as Appendix A to Exhibit 1.1 and incorporated herein by reference)
3.1	Third Articles of Amendment and Restatement of NNN Healthcare/Office REIT, Inc. (included as Exhibit 3.1 to our Annual Report on Form 10-K for the year ended December 31, 2006 and incorporated herein by reference)
3.2*	Bylaws of NNN Healthcare/Office REIT, Inc.
4.1	Form of Subscription Agreement (included as Exhibit B to the Prospectus)
4.2	Distribution Reinvestment Plan (included as Appendix C to the Prospectus)
4.3	Share Repurchase Plan (included as Appendix D to the Prospectus)
4.4	Escrow Agreement (included as Exhibit 4.4 to our Quarterly Report on Form 10-Q for the quarter ended September 30, 2006 and incorporated herein by reference)
5.1*	Opinion of Venable LLP as to the legality of the shares being registered
8.1*	Opinion of Alston & Bird LLP as to tax matters
10.1	Advisory Agreement among NNN Healthcare/Office REIT, Inc., NNN Healthcare/Office REIT Holdings, L.P., NNN Healthcare/Office REIT Advisor, LLC and Triple Net Properties, LLC (included as Exhibit 10.1 to our Quarterly Report on Form 10-Q for the quarter ended September 30, 2006 and incorporated herein by reference)
10.1.1**	Amendment No. 1 to Advisory Agreement among NNN Healthcare/Office REIT, Inc., NNN Healthcare/Office REIT Holdings, L.P., NNN Healthcare/Office REIT Advisor, LLC and Triple Net Properties, LLC
10.2	Agreement of Limited Partnership of NNN Healthcare/Office REIT Holdings, L.P. (included as Exhibit 10.2 to our Quarterly Report on Form 10-Q for the quarter ended September 30, 2006 and incorporated herein by reference)
10.3*	NNN Healthcare/Office REIT, Inc. 2006 Incentive Plan (including the 2006 Independent Directors Compensation Plan)
10.4*	Amendment to the NNN Healthcare/Office REIT, Inc. 2006 Incentive Plan (including the 2006 Independent Directors Compensation Plan)
10.5	Form of Indemnification agreement executed by W. Bradley Blair, II, Maurice J. DeWald, Warren D. Fix, Gary T. Wescombe, Scott D. Peters, Danny Prosky, Andrea R. Biller, Shannon K S Johnson and Larry L. Mathis (included as Exhibit 10.1 to our form 8-K filed on March 5, 2007 and incorporated herein by reference)
10.6	Membership Interest Purchase and Sale Agreement by and between NNN South Crawford Member, LLC, NNN Southpointe, LLC and NNN Healthcare/Office REIT Holdings, L.P. dated January 22, 2007 (included as Exhibit 10.1 to our Current Report on Form 8-K filed on January 25, 2007 and incorporated herein by reference)
10.7	Membership Interest Assignment Agreement by and between NNN South Crawford Member, LLC, and NNN Healthcare/Office REIT Holdings, L.P. dated January 22, 2007 (included as Exhibit 10.2 to our Current Report on Form 8-K filed on January 25, 2007 and incorporated herein by reference)

- 10.8 Membership Interest Purchase and Sale Agreement by and between NNN South Crawford Member, LLC, NNN Crawfordsville, LLC and NNN Healthcare/Office REIT Holdings, L.P. dated January 22, 2007 (included as Exhibit 10.3 to our Current Report on Form 8-K filed on January 25, 2007 and incorporated herein by reference)
-

Table of Contents

Exhibit Number	Exhibit
10.9	Membership Interest Assignment Agreement by and between NNN South Crawford Member, LLC, and NNN Healthcare/Office REIT Holdings, L.P. dated January 22, 2007 (included as Exhibit 10.4 to our Current Report on Form 8-K filed on January 25, 2007 and incorporated herein by reference)
10.10	Consent to Transfer and Agreement by and among NNN South Crawford Member, LLC, NNN Southpointe, LLC, NNN Healthcare/Office REIT Holdings, L.P., Triple Net Properties, LLC and LaSalle Bank National Association, dated January 22, 2007 (included as Exhibit 10.5 to our Current Report on Form 8-K filed on January 25, 2007 and incorporated herein by reference)
10.11	Consent to Transfer and Agreement by and among NNN South Crawford Member, LLC, NNN Crawfordsville, LLC, NNN Healthcare/Office REIT Holdings, L.P., Triple Net Properties, LLC and LaSalle Bank National Association, dated January 22, 2007 (included as Exhibit 10.6 to our Current Report on Form 8-K filed on January 25, 2007 and incorporated herein by reference)
10.12	Promissory Note issued by NNN Healthcare/Office REIT Holdings, L.P. in favor of NNN Realty Advisors, Inc. dated January 22, 2007 (included as Exhibit 10.7 to our Current Report on Form 8-K filed on January 25, 2007 and incorporated herein by reference)
10.13**	Promissory Note dated August 18, 2006 issued by NNN Southpointe, LLC to LaSalle Bank National Association
10.14**	Promissory Note dated August 18, 2006 issued by NNN Southpointe, LLC and NNN Crawfordsville, LLC to LaSalle Bank National Association
10.15**	Mortgage, Security Agreement and Fixture Filing dated August 18, 2006 by NNN Southpointe, LLC for the benefit of LaSalle Bank National Association
10.16**	Subordinate Mortgage, Security Agreement and Fixture Filing dated August 18, 2006 by NNN Southpointe, LLC for the benefit of LaSalle Bank National Association
10.17**	Guaranty dated August 18, 2006 by Triple Net Properties, LLC for the benefit of LaSalle Bank National Association
10.18**	Guaranty (Securities Laws) dated August 18, 2006 by Triple Net Properties, LLC in favor of LaSalle Bank National Association
10.19**	Guaranty of Payment dated August 18, 2006 by Triple Net Properties, LLC for the benefit of LaSalle Bank National Association
10.20**	Assignment of Leases and Rents dated August 18, 2006 by NNN Southpointe, LLC in favor of LaSalle Bank National Association
10.21**	Hazardous Substance Indemnification Agreement dated August 18, 2006 by NNN Southpointe, LLC and Triple Net Properties, LLC for the benefit of LaSalle Bank National Association
10.22**	Promissory Note dated September 12, 2006 issued by NNN Crawfordsville, LLC to LaSalle Bank National Association
10.23**	Mortgage, Security Agreement and Fixture Filing dated September 12, 2006 by NNN Crawfordsville, LLC for the benefit of LaSalle Bank National Association
10.24**	Subordinate Mortgage, Security Agreement and Fixture Filing dated September 12, 2006 by NNN Crawfordsville, LLC for the benefit of LaSalle Bank National Association
10.25**	Guaranty dated September 12, 2006 by Triple Net Properties, LLC for the benefit of LaSalle Bank National Association
10.26**	

Edgar Filing: CINCINNATI BELL INC - Form 8-K

	Guaranty (Securities Laws) dated September 12, 2006 by Triple Net Properties, LLC in favor of LaSalle Bank National Association
10.27**	Assignment of Leases and Rents dated September 12, 2006 by NNN Crawfordsville, LLC in favor of LaSalle Bank National Association
10.28**	Hazardous Substance Indemnification Agreement dated September 12, 2006 by NNN Crawfordsville, LLC and Triple Net Properties, LLC for the benefit of LaSalle Bank National Association

Table of Contents

Exhibit Number	Exhibit
10.29	Membership Interest Purchase and Sale Agreement by and between NNN Gallery Medical Member, LLC, NNN Gallery Medical, LLC and NNN Healthcare/Office REIT Holdings, L.P. dated March 9, 2007 (included as Exhibit 10.1 to our Current Report on Form 8-K filed on March 13, 2007 and incorporated herein by reference)
10.30	Membership Interest Assignment Agreement by and between NNN Gallery Medical Member, LLC, and NNN Healthcare/Office REIT Holdings, L.P. dated March 9, 2007 (included as Exhibit 10.2 to our Current Report on Form 8-K filed on March 13, 2007 and incorporated herein by reference)
10.31	Mortgage, Security Agreement and Fixture Filing by and between NNN Gallery Medical, LLC, and LaSalle Bank National Association, dated February 5, 2007 (included as Exhibit 10.3 to our Current Report on Form 8-K filed on March 13, 2007 and incorporated herein by reference)
10.32	Secured Promissory Note by and between NNN Gallery Medical, LLC and LaSalle Bank National Association, dated March 9, 2007 (included as Exhibit 10.4 to our Current Report on Form 8-K filed on March 13, 2007 and incorporated herein by reference)
10.33	Unsecured Promissory Note by and between NNN Healthcare/Office REIT Holdings, L.P., and NNN Realty Advisors, Inc., dated March 9, 2007 (included as Exhibit 10.5 to our Current Report on Form 8-K filed on March 13, 2007 and incorporated herein by reference)
10.34	Consent to Transfer and Agreement by and among NNN Gallery Medical, LLC, NNN Healthcare/Office REIT Holdings, L.P., NNN Gallery Medical Member, LLC, NNN Realty Advisors, Inc., and LaSalle Bank National Association, dated March 9, 2007 (included as Exhibit 10.6 to our Current Report on Form 8-K filed on March 13, 2007 and incorporated herein by reference)
10.35	Membership Interest Purchase and Sale Agreement by and between NNN Lenox Medical Member, LLC, Triple Net Properties, LLC, NNN Lenox Medical, LLC, NNN Lenox Medical Land, LLC and NNN Healthcare/Office REIT Holdings, L.P., dated March 20, 2007 (included as Exhibit 10.1 to our Current Report on Form 8-K filed on March 26, 2007 and incorporated herein by reference)
10.36	Membership Interest Assignment Agreement by and between NNN Lenox Medical Member, LLC, and NNN Healthcare/Office REIT Holdings, L.P., dated March 23, 2007 (included as Exhibit 10.2 to our Current Report on Form 8-K filed on March 26, 2007 and incorporated herein by reference)
10.37	Membership Interest Assignment Agreement by and between Triple Net Properties, LLC, and NNN Healthcare/Office REIT Holdings, L.P., dated March 23, 2007 (included as Exhibit 10.3 to our Current Report on Form 8-K filed on March 26, 2007 and incorporated herein by reference)
10.38	Consent to Transfer and Assignment by and among NNN Lenox Medical, LLC, NNN Healthcare/Office REIT Holdings, L.P., NNN Lenox Medical Member, LLC, NNN Realty Advisors, Inc., and LaSalle Bank National Association, dated March 23, 2007 (included as Exhibit 10.4 to our Current Report on Form 8-K filed on March 26, 2007 and incorporated herein by reference)
10.39	Secured Promissory Note by and between NNN Lenox Medical, LLC and LaSalle Bank National Association, dated January 2, 2007 (included as Exhibit 10.5 to our Current Report on Form 8-K filed on March 26, 2007 and incorporated herein by reference)
10.40	

Edgar Filing: CINCINNATI BELL INC - Form 8-K

- Deed of Trust, Security Agreement and Fixtures Filings by and among NNN Lenox Medical, LLC and LaSalle Bank National Association, dated January 2, 2007 (included as Exhibit 10.6 to our Current Report on Form 8-K filed on March 26, 2007 and incorporated herein by reference)
- 10.41 Guaranty by and among NNN Realty Advisors, Inc., and LaSalle Bank National Association, dated January 2, 2007 (included as Exhibit 10.7 to our form 8-K filed on March 26, 2007 and incorporated herein by reference)
- 10.42 Guaranty (Securities Laws) by and among LaSalle Bank National Association and NNN Realty Advisors, Inc., dated January 2, 2007 (included as Exhibit 10.8 to our Current Report on Form 8-K filed on March 26, 2007 and incorporated herein by reference)
-

Table of Contents

Exhibit Number	Exhibit
10.43	Hazardous Substances Indemnification Agreement by and among NNN Lenox Medical, LLC, Triple Net Properties, LLC, and LaSalle Bank National Association, dated January 2, 2007 (included as Exhibit 10.9 to our Current Report on Form 8-K filed on March 26, 2007 and incorporated herein by reference)
10.44	Assignment of Leases and Rents by and among NNN Lenox Medical, LLC and LaSalle Bank National Association, dated January 2, 2007 (included as Exhibit 10.10 to our Current Report on Form 8-K filed on March 26, 2007 and incorporated herein by reference)
21.1**	Subsidiaries of NNN Healthcare/Office REIT, Inc.
23.1*	Consent of Venable LLP (included in Exhibit 5.1)
23.2*	Consent of Alston & Bird LLP (included in Exhibit 8.1)
23.3**	Consent of Deloitte & Touche LLP
23.4**	Consent of KMJ/Corbin & Company LLP
24.1**	Power of Attorney (included on signature page)

* Previously filed

** Filed herewith