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AMERICAN RETIREMENT CORP

Form 8-K

September 14, 2005

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 8-K

CURRENT REPORT

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

September 14, 2005 (September 8, 2005)

Date of report (Date of earliest event reported)

AMERICAN RETIREMENT CORPORATION

(Exact Name of Registrant as Specified in Charter)

Tennessee

01-13031

62-1674303

(State or Other
Jurisdiction of
Incorporation)

(Commission
File Number)

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

111 Westwood Place, Suite 200
Brentwood, Tennessee

37027

(Address of Principal Executive Offices)

(Zip Code)

(615) 221-2250

(Registrant's Telephone Number, Including Area Code)

Not Applicable

(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to
simultaneously satisfy the filing obligation of the registrant under any of the
following provisions (see General Instruction A.2. below):

Written communications pursuant to Rule 425 under the Securities
Act 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))

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Item 1.01. Entry into a Material Definitive Agreement

On September 8, 2005, we entered into a Purchase and Sale Agreement with Epoch SL VI, Inc. ("Epoch"), an affiliate of Epoch Senior Living, Inc., pursuant to which we have agreed to acquire eight senior living communities from Epoch. The communities are located in Arizona (2), Colorado, Georgia, Kansas, Minnesota, Nevada and Texas. The purchase price for the acquired assets is \$138,000,000 (subject to customary closing adjustments) plus customary transaction expenses. In addition, we have agreed to assume certain operating liabilities of Epoch at closing. In connection with the execution of the agreement, we made a \$5,000,000 deposit toward the purchase price, which is being held in accordance with the terms of an escrow agreement with Epoch and a third party escrow agent.

The consummation of the transaction is subject to receipt of required regulatory approvals and satisfaction of certain closing conditions and contingencies. The transaction is expected to close no later than December 15, 2005.

To facilitate the initial closing of the transaction, on September 14, 2005, we obtained a firm commitment from Merrill Lynch Capital, a division of Merrill Lynch Business Financial Services Inc., to provide all of the debt financing for the transaction. Under this commitment, we may draw up to \$110 million of 5-year term financing, if necessary. In addition, we are evaluating opportunities to work with prospective joint venture partners in an effort to optimize the long-term use of our corporate capital resources. The capital structure will be finalized taking into consideration various tax, legal and financial matters.

Risks Associated with Forward-Looking Statements

This Current Report on Form 8-K contains certain forward-looking statements within the meaning of the federal securities laws, which are intended to be covered by the safe harbors created thereby. Those forward-looking statements include all statements that are not historical statements of fact and those regarding the intent, belief or expectations of us or our management, including, but not limited to, all statements regarding the consummation of the acquisition and the related financing and all statements regarding our expectations concerning the future financial performance of the acquired communities and their effect on our financial performance. All forward-looking statements may be affected by certain risks and uncertainties, including without limitation the following: (i) our ability to successfully complete the Epoch portfolio acquisition and integrate it into our operations, (ii) our ability to consummate the anticipated financing, (iii) our ability to obtain the required regulatory approvals and satisfy the other closing conditions, (iv) the risk that we will be unable to improve our results of operations, increase cash flow and reduce expenses, (v) the risks associated with adverse market conditions of the senior housing industry and the United States economy in general, (vi) the risk associated with our significant leverage, and (vii) the risk factors described in our Annual Report on Form 10-K/A for the year ended December 31, 2004 under the caption "Risk Factors" and in our other filings with the SEC.

Should one or more of those risks materialize, actual results could differ materially from those forecasted or expected. Although we believe that the

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assumptions underlying the forward-looking statements contained herein are reasonable, any of these assumptions could prove to be inaccurate, and therefore, there can be no assurance that the forward-looking statements included in this Form 8-K will prove to be accurate. In light of the significant uncertainties inherent in the forward-looking statements included herein, the inclusion of such information should not be regarded as a representation by us or any other person that our forecasts, expectations, objectives or plans will be achieved. We undertake no obligation to publicly release any revisions to any forward-looking statements contained herein to reflect events and circumstances occurring after the date hereof or to reflect the occurrence of unanticipated events.

3

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.

AMERICAN RETIREMENT CORPORATION

By: /s/ Bryan D. Richardson

Bryan D. Richardson
Executive Vice President - Finance
and Chief Financial Officer

Date: September 14, 2005

4