

AMERICAN HEALTHCARE REIT, INC.

FORM 8-K (Current report filing)

Filed 10/18/16 for the Period Ending 10/12/16

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**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 (Date of Earliest Event Reported): **October 12, 2016**

Griffin-American Healthcare REIT IV, Inc.

(Exact name of registrant as specified in its charter)

Maryland

(State or other jurisdiction
of incorporation)

333-205960 (1933 Act)

(Commission
File Number)

47-2887436

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

**18191 Von Karman Avenue, Suite 300
Irvine, California**

(Address of principal executive offices)

92612

(Zip Code)

Registrant's telephone number, including area code: **(949) 270-9200**

Not Applicable

Former name or former address, if changed since last report

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

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 1.01 Entry into a Material Definitive Agreement.

As previously reported in our Current Reports on Form 8-K filed on August 17, 2016 and September 15, 2016, we, through GAHC4 Iron MOB Portfolio, LLC, our wholly owned subsidiary, entered into a Purchase and Sale Agreement and Joint Escrow Instructions, or the Purchase Agreement, and a First Amendment to Purchase and Sale Agreement and Joint Escrow Instructions with Cullman POB Partners I, LLC, Cullman POB II, LLC and HCP Coosa MOB, LLC, or collectively, sellers, all of which are unaffiliated third parties, and Chicago Title Insurance Company, as escrow agent, for the purchase of sellers' leasehold interests in certain parcels of land located in Cullman, Alabama and Sylacauga, Alabama, and the three medical office buildings located thereon, or collectively, Iron MOB Portfolio, for an aggregate purchase price of \$31,000,000, plus closing costs, and to amend certain terms of the Purchase Agreement.

On September 22, 2016, we entered into three Partial Assignment and Assumption of Purchase and Sale Agreement and Joint Escrow Instructions, or the Assignments, with each of our newly formed subsidiaries for each respective subsidiary to assume certain rights, title and interest of GAHC4 Iron MOB Portfolio, LLC under the Purchase Agreement with respect to Iron MOB Portfolio.

On October 12, 2016, we entered into a Second Amendment to Purchase and Sale Agreement and Joint Escrow Instructions, or the Second Amendment, with sellers and Chicago Title Insurance Company. The material terms of the Second Amendment provide for our right to receive a credit from sellers at closing for certain work to be completed by us after closing; provided, however, that in the event the cost for such work exceeds the amount of the credit, sellers shall reimburse us for the excess cost, and in the event the cost for such work is less than the amount of the credit, we shall refund the cost difference to sellers, as set forth in the Second Amendment.

The material terms of the Second Amendment discussed above are qualified in their entirety by the Second Amendment attached as Exhibit 10.1 to this Current Report on Form 8-K and incorporated herein by reference.

Item 8.01 Other Events.

On October 13, 2016, we acquired Iron MOB Portfolio from sellers for \$31,000,000, plus closing costs. We financed the purchase of Iron MOB Portfolio using approximately \$30,400,000 in borrowings under our revolving line of credit with Bank of America, N.A. and KeyBank, National Association, and the remaining balance using cash proceeds from our initial public offering. In connection with the acquisition of Iron MOB Portfolio, we paid to Griffin-American Healthcare REIT IV Advisor, LLC, our advisor, a base acquisition fee of approximately \$698,000, or 2.25% of the contract purchase price of Iron MOB Portfolio. Additionally, as described more fully in the prospectus for our initial public offering, we have accrued for a contingent advisor payment of approximately \$698,000, or 2.25% of the contract purchase price of the property, which shall be paid to our advisor, subject to the satisfaction of certain conditions.

Iron MOB Portfolio is comprised of sellers' leasehold interests in certain parcels of land located in Cullman, Alabama and Sylacauga, Alabama, and the three medical office buildings located thereon totaling approximately 204,000 square feet. Iron MOB Portfolio is currently 84.2% leased to nine tenants, the largest of which are Cullman Regional Medical Center, Inc., The Sylacauga Health Care Authority, doing business as Coosa Valley Medical Center, and Cullman Internal Medicine, P.C. Medical services provided at Iron MOB Portfolio include internal medicine, pediatrics, family medicine, wound care, otolaryngology ear, nose and throat, urology, bariatric surgery, rheumatology, gynecology, surgery, sports medicine, orthopaedic surgery, sleep medicine, pulmonary disease, oncology, cardiology, radiology and laboratory services.

On October 18, 2016, American Healthcare Investors, LLC, one of our co-sponsors and the managing member of our advisor, issued a press release announcing our acquisition of Iron MOB Portfolio. A copy of the press release, which is hereby incorporated into this filing in its entirety, is attached to this Current Report on Form 8-K as Exhibit 99.1.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits.

Exhibit No.	Description
10.1	Second Amendment to Purchase and Sale Agreement and Joint Escrow Instructions by and between GAHC4 Cullman AL MOB I, LLC, GAHC4 Cullman AL MOB II, LLC, GAHC4 Sylacauga AL MOB, LLC, Cullman POB Partners I, LLC, Cullman POB II, LLC, HCP Coosa MOB, LLC and Chicago Title Insurance Company, dated October 12, 2016.
99.1	American Healthcare Investors, LLC Press Release, dated October 18, 2016

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.

October 18, 2016

Griffin-American Healthcare REIT IV, Inc.

By: /s/ Jeffrey T. Hanson

Name: Jeffrey T. Hanson

Title: Chief Executive Officer

Exhibit Index

Exhibit No.	Description
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99.1	American Healthcare Investors, LLC Press Release, dated October 18, 2016

**SECOND AMENDMENT TO
PURCHASE AND SALE AGREEMENT
AND JOINT ESCROW INSTRUCTIONS**

THIS SECOND AMENDMENT TO PURCHASE AND SALE AGREEMENT AND JOINT ESCROW INSTRUCTIONS (this “Amendment”) is made and entered into as of October 12, 2016 (the “Execution Date”), by and among GAHC4 CULLMAN AL MOB I, LLC, a Delaware limited liability company (“GAHC4 I”), GAHC4 CULLMAN AL MOB II, LLC, a Delaware limited liability company (“GAHC4 II”), GAHC4 SYLACAUGA AL MOB, LLC, a Delaware limited liability company (“GAHC4 Sylacauga”), CULLMAN POB PARTNERS I, LLC, a Delaware limited liability company (“Cullman I”), CULLMAN POB II, LLC, a Delaware limited liability company (“Cullman II”), and HCP COOSA MOB, LLC, a Delaware limited liability company (“Coosa”), and consented to by Chicago Title Insurance Company (“Escrow Agent”). GAHC4 I, GAHC4 II and GAHC4 Sylacauga are sometimes each referred to herein as a “Buyer” and are sometimes collectively referred to herein as “Buyers.” Cullman I, Cullman II and Coosa are sometimes each referred to herein as a “Seller” and are sometimes collectively referred to herein as “Sellers.”

RECITALS

A. WHEREAS, each of Buyers, as assignees of GAHC4 Iron MOB Portfolio, LLC, a Delaware limited liability company (“Iron Portfolio”), Sellers and Escrow Agent are parties to that certain Purchase and Sale Agreement and Joint Escrow Instructions dated as of August 11, 2016, as amended by that certain First Amendment to Purchase and Sale Agreement and Joint Escrow Instructions dated as of September 12, 2016 by and among Iron Portfolio, Sellers and Escrow Agent, and as assigned by Iron Portfolio to each Buyer pursuant to those certain Partial Assignments and Assumption of Purchase and Sale Agreement and Joint Escrow Instructions, each dated as of September 22, 2016 (as amended and assigned, the “Agreement”), for the purchase and sale of certain real property and improvements located in Cullman, Cullman County, Alabama and Sylacauga, Talladega County, Alabama (collectively, the “Property”) under the terms and conditions as more particularly described in the Agreement; and

B. WHEREAS Buyers and Sellers desire to amend the Agreement as set forth herein.

AGREEMENT

NOW, THEREFORE, in consideration of the mutual covenants contained in this Agreement and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Buyers and Sellers hereby agree, and instruct Escrow Agent, as follows:

1. **Recitals and Definitions**. The foregoing Recitals are true and correct and are hereby incorporated herein by reference. All terms used herein are as defined in the Agreement unless otherwise defined in the Amendment.

2. **Amendment to Article 7.** Article 7 of the Agreement is amended to add a new Section 7.5.8 as follows:

7.5.8 **Coosa Valley Credit.** Buyers shall receive a credit from Sellers at Closing in the amount of FORTY THOUSAND AND NO/100 DOLLARS (\$40,000.00) for certain capital expenditures relating to the HVAC controls for the third (3rd) floor of Coosa Valley (the "**HVAC Work**") pursuant to Section 30(a) of that certain Building Lease Agreement, dated April 14, 1999, currently between Coosa and Sylacauga Health Care Authority (as amended, the "**Coosa Space Lease**"). Buyers agree to complete the HVAC Work after the Closing in accordance with the terms of the Coosa Space Lease and subject to Sellers' reasonable approval thereof. Buyers shall use commercially reasonable efforts to keep Sellers informed of their progress with respect to the HVAC Work and shall provide Sellers with copies of invoices related thereto. If the actual cost for such HVAC Work as reasonably approved by Sellers exceeds \$40,000.00, Sellers agree to reimburse Buyers for the excess cost in connection with the true-up set forth in Section 7.5.4 of the Agreement. If Buyers expend less than \$40,000.00 for such HVAC Work as reasonably approved by Sellers, Buyers agree to promptly refund the actual cost difference to Sellers, or deduct any such amount from any true-up amounts owed to Buyers under Section 7.4.5 of the Agreement; provided that Sylacauga Health Care Authority accepts the HVAC Work as unconditionally complete.

3. **Consent of the Escrow Agent.** The Escrow Agent hereby joins in the execution of this Amendment for purposes of consenting to and accepting the terms of this Amendment.
4. **Counterparts.** This Amendment may be executed in as many counterparts as may be deemed necessary and convenient, and by the different parties hereto on separate counterparts, each of which, when so executed, shall be deemed an original, but all such counterparts shall constitute one and the same instrument. Originals transmitted by facsimile or electronic mail shall be considered original in all respects.
5. **Governing Law.** This Amendment and the legal relations between the parties hereto shall be governed by and construed and enforced in accordance with the laws of the State of Alabama, without regard to its principles of conflicts of law.
6. **Entire Agreement.** The Agreement, as amended by this Amendment, including all exhibits attached and incorporated herein by reference, constitutes the entire agreement between Buyers and Sellers pertaining to the subject matter hereof and supersedes all prior discussions, agreements, understandings, letters of intent, negotiations and discussions, whether oral or written, of the parties, and there are no warranties, representations or other agreements, express or implied, made to either party by the other party in connection with the subject matter hereof except as specifically set forth in the Representation Documents.
7. **Modification; Waiver.** No supplement, modification, waiver or termination of or under this Amendment or any obligation hereunder shall be binding unless executed in writing by the party against whom enforcement is sought. No waiver of any provision of this Amendment shall be deemed or shall constitute a waiver of any other provision hereof

(whether or not similar), nor shall such waiver constitute a continuing waiver unless otherwise expressly provided. Except as otherwise specifically set forth in this Amendment, the excuse or waiver of the performance by a party of any obligation of the other party under this Amendment shall only be effective if evidenced by a written statement signed by the party so excusing or waiving. No delay in exercising any right or remedy shall constitute a waiver thereof, and no waiver by Sellers or Buyers of the breach of any covenant of this Amendment shall be construed as a waiver of any preceding or succeeding breach of the same or any other covenant or condition of this Amendment.

8. **Binding Effect**. Subject to and without waiver of the provisions of the Agreement or otherwise, all of the rights, duties, benefits, liabilities and obligations of the parties under this Amendment shall inure to the benefit of, and be binding upon, their respective successors and assigns. Except as specifically set forth or referred to herein, nothing herein expressed or implied is intended or shall be construed to confer upon or give to any person or entity, other than the parties hereto and their successors or permitted assigns, any rights or remedies under or by reason of this Amendment.
9. **Miscellaneous**. All other terms and conditions of the Agreement not specifically modified or supplemented by this Amendment shall remain unchanged and in full force and effect, and the Agreement, as supplemented by this Amendment, is hereby ratified and confirmed. Capitalized terms used herein but not otherwise defined shall have the meanings assigned to them in the Agreement.

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IN WITNESS WHEREOF, the parties hereto have executed this Amendment as of the day and year first above written.

BUYERS:

GAHC4 CULLMAN AL MOB I, LLC,
a Delaware limited liability company

By: **GAHC4 Iron MOB Portfolio, LLC**, a
Delaware limited liability company, Its Sole
Member

By: **Griffin-American Healthcare REIT IV
Holdings, LP**, a Delaware limited partnership,
Its Sole Member

By: **Griffin-American Healthcare REIT
IV, Inc.**, a Maryland corporation, Its
General Partner

By: /s/ Jeffrey T. Hanson
Name: Jeffrey T. Hanson
Its: Chief Executive Officer

GAHC4 CULLMAN AL MOB II, LLC,
a Delaware limited liability company

By: **GAHC4 Iron MOB Portfolio, LLC**, a
Delaware limited liability company, Its Sole
Member

By: **Griffin-American Healthcare REIT IV
Holdings, LP**, a Delaware limited partnership,
Its Sole Member

By: **Griffin-American Healthcare REIT
IV, Inc.**, a Maryland corporation, Its
General Partner

By: /s/ Jeffrey T. Hanson
Name: Jeffrey T. Hanson
Its: Chief Executive Officer

Signature Page to Second Amendment

GAHC4 SYLACAUGA AL MOB, LLC ,
a Delaware limited liability company

By: **GAHC4 Iron MOB Portfolio, LLC** , a
Delaware limited liability company, Its Sole
Member

By: **Griffin-American Healthcare REIT IV
Holdings, LP** , a Delaware limited partnership,
Its Sole Member

By: **Griffin-American Healthcare REIT
IV, Inc.** , a Maryland corporation, Its
General Partner

By: /s/ Jeffrey T. Hanson
Name: Jeffrey T. Hanson
Its: Chief Executive Officer

Signature Page to Second Amendment

SELLERS:

CULLMAN POB PARTNERS I, LLC ,

a Delaware limited liability company

By: /s/ Glenn Preston

Name: Glenn Preston

Title: Senior Vice President

CULLMAN POB II, LLC ,

a Delaware limited liability company

By: /s/ Glenn Preston

Name: Glenn Preston

Title: Senior Vice President

HCP COOSA MOB, LLC ,

a Delaware limited liability company

By: /s/ Glenn Preston

Name: Glenn Preston

Title: Senior Vice President

Signature Page to Second Amendment

The undersigned Escrow Agent hereby accepts the foregoing Amendment.

ESCROW AGENT:

CHICAGO TITLE INSURANCE COMPANY

By: /s/ Neal J. Miranda

Neal J. Miranda, VP & Senior Counsel

HCP-SSGA to AHI #16002033 (AL x 3)

Signature Page to Second Amendment



Contact: Damon Elder
(949) 270-9207
delder@ahinvestors.com

Griffin-American Healthcare REIT IV Acquires Iron Medical Office Building Portfolio in Alabama

BIRMINGHAM, Ala. (Oct. 18, 2016) – American Healthcare Investors and Griffin Capital Corporation, the co-sponsors of Griffin-American Healthcare REIT IV, Inc., announced today that the REIT has acquired Iron Medical Office Building Portfolio, comprised of three medical office buildings located in the Birmingham suburbs of Cullman and Sylacauga, Alabama.

The three-building Iron Medical Office Building Portfolio totals approximately 204,000 square feet and is approximately 84 percent leased. Two of the buildings are located on the campus of the 145-bed Cullman Regional Medical Center, while the third lies on the campus of the 248-bed Coosa Valley Medical Center. Both Cullman Regional Medical Center, Inc. and Coosa Valley Medical Center (which is legally known as The Sylacauga Health Care Authority) are long-term tenants of each of the medical office buildings, which have a weighted average remaining lease term of 7.4 years. Coosa Valley Medical Center leases 100 percent of the Sylacauga building through January 2025. Griffin-American Healthcare REIT IV acquired a third building on the Cullman Regional Medical Center campus late last month in an unrelated transaction, resulting in ownership of the three major medical office buildings on the campus.

“Each of the three buildings in the Iron Medical Office Building Portfolio are of premium quality and are located on the campuses of thriving regional hospitals,” said Danny Prosky, a principal of American Healthcare Investors and president and chief operating officer of Griffin-American Healthcare REIT IV. “Additionally, the ownership of the three premier Cullman medical office buildings provides us with significant economies of scale from a management and leasing perspective.”

Iron Medical Office Building Portfolio was acquired from Cullman POB Partners I, LLC, Cullman POB II, LLC and HCP Coosa MOB, LLC, all of which were represented by John Cardiff of Brookfield Financial. None of the sellers are affiliated with Griffin-American Healthcare REIT IV, which financed the acquisition using cash on hand and borrowings under its line of credit with Bank of America, N.A. and KeyBank, National Association.

Griffin-American Healthcare REIT IV purchased its first property in June 2016, and has since acquired a portfolio of eight medical office buildings for an aggregate purchase price of approximately \$91 million.

About American Healthcare Investors, LLC

American Healthcare Investors is an investment management firm that specializes in the acquisition and management of healthcare-related real estate. One of the world’s largest managers of healthcare real estate, the company oversees an approximately 30 million-square-foot portfolio valued at more than \$8.7 billion, based on aggregate purchase price, on behalf of multiple investment programs that include thousands of individual and institutional investors. As of September 30, 2016, this international portfolio includes more than 600 buildings comprised of medical office buildings, hospitals, senior housing, skilled nursing facilities and integrated senior health campuses located throughout the United States and the United Kingdom. The company and its principals have completed approximately \$25 billion in aggregate acquisition and disposition transactions, approximately \$15 billion of which have been healthcare-related. American Healthcare Investors is committed to providing investors with access to the potential benefits that healthcare-related real estate ownership can provide. For more information regarding American Healthcare Investors, please visit www.AmericanHealthcareInvestors.com.

About Griffin-American Healthcare REIT IV, Inc.

Griffin-American Healthcare REIT IV, Inc. intends to elect to be taxed as a real estate investment trust for federal income tax purposes beginning with its taxable year ending December 31, 2016, and it intends to continue to qualify to be taxed as a REIT. Griffin-American Healthcare REIT IV intends to build a balanced and diversified portfolio of healthcare real estate assets, focusing primarily on medical office buildings, hospitals, skilled nursing facilities, senior housing and other healthcare-related facilities.

The REIT is co-sponsored by American Healthcare Investors and Griffin Capital Corporation. For more information regarding Griffin-American Healthcare REIT IV, please visit www.healthcarereitiv.com.

About Griffin Capital Corporation

Griffin Capital Corporation (“Griffin Capital”) is a privately-held, Los Angeles headquartered investment and asset management company with a 21-year track record sponsoring real estate investment vehicles and managing institutional capital. Led by senior executives with more than two decades of real estate experience who have collectively closed transactions representing over \$22 billion in value, Griffin Capital and its affiliates have acquired or constructed approximately 55 million square feet of space since 1995. Griffin Capital and its affiliates own, manage, sponsor and/or co-sponsor a portfolio consisting of approximately 38 million square feet of space, located in 30 states and the United Kingdom, representing approximately \$6.9* billion in asset value, based on purchase price, as of September 30, 2016. Additional information about Griffin Capital is available at www.griffincapital.com.

*Includes the property information related to interests held in certain joint ventures.

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This release contains certain forward-looking statements, including statements with respect to the quality and performance of Iron Medical Office Building Portfolio and the potential value derived from the properties acquired by Griffin-American Healthcare REIT IV. Because such statements include risks, uncertainties and contingencies, actual results may differ materially from those expressed or implied by such forward-looking statements. These risks, uncertainties and contingencies include, but are not limited to, the following: the uncertainties relating to the medical needs and local economies of Cullman and Sylacauga, Alabama; the strength and financial condition of the buildings that comprise Iron Medical Office Building Portfolio and their tenants; the uncertainties relating to changes in general economic and real estate conditions; the uncertainties regarding changes in the healthcare industry; the uncertainties relating to the implementation of Griffin-American Healthcare REIT IV's real estate investment strategy; and other risk factors as detailed from time to time in Griffin-American Healthcare REIT IV's periodic reports, as filed with the Securities and Exchange Commission. Forward-looking statements in this document speak only as of the date on which such statements were made, and we undertake no obligation to update any such statements that may become untrue because of subsequent events.