

Dayton Business Journal - April 16, 2010  
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## DAYTON BUSINESS JOURNAL

Friday, April 16, 2010

# AdCare buys Alabama nursing home

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**AdCare Health Systems Inc.** is buying a nursing home in Alabama for \$5 million.

The Springfield-based owner and manager of senior living facilities has signed an agreement to purchase a privately-held assisted living facility in Hoover, Ala., a Birmingham suburb. The deal is expected to close within 60 days, according to a filing with the **U.S. Securities and Exchange Commission**.

The 105-unit facility, which AdCare (AMEX: ADK) is purchasing from a bank, is nearly 60 percent occupied. At 85 percent occupancy, the facility is capable of producing annual revenue of more than \$3 million, according to the filing.

"We have secured financing to purchase this facility, and when occupancy improves under our more capable management, we expect this acquisition to be very profitable for AdCare," aid Chris Brogdon, AdCare's vice chairman and chief acquisitions officer, in a statement. "We plan to take further advantage of foreclosures and poorly run facilities, which we can purchase below market prices, and target acquisitions of both profitable and turnaround properties to grow our company."

The deal will be financed with a 30-year fixed loan.

It marks the third facility AdCare has acquired in Alabama during the past six weeks. In March, the company bought two Alabama nursing homes with a total of 312 beds for \$18.5 million.

AdCare recently reported its first profitable year as a public company. Its stock price soared during the past year, closing as high as \$5.99 on several days in March, up more than 850 percent from its 52-week low of 70 cents per share on March 13, 2009. In trading Thursday, AdCare's stock hovered near \$5.75.

Jeffrey Cohen, a senior Research Analyst with Irvine, Calif.-based **C.K. Cooper & Co.**, is rating the company as a "buy" with a target price of \$7.75.

"We believe that the company will grow revenues aggressively, mainly through acquisitions, and generate more than \$100 million in total annual revenues and \$11 million in annual EBITDA by the end of 2011," said Cohen, in a recent report.

The company has a portfolio of retirement communities, assisted living facilities and nursing home facilities in western Ohio and Alabama and operates three units: a property ownership division; a division that provides management and other services, such as accounting and consulting; and a home health care division.

AdCare's employment ranges between 900 and 1,000, including about 30 people who work at the headquarters in Springfield.

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