

AVIV REIT, INC.
Form S-11/A
December 31, 2012
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As filed with the Securities and Exchange Commission on December 28, 2012

Registration No. 333-185532

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

AMENDMENT NO. 1

TO

Form S-11

FOR REGISTRATION UNDER

THE SECURITIES ACT OF 1933 OF SECURITIES

OF CERTAIN REAL ESTATE COMPANIES

AVIV REIT, INC.

(Exact Name of Registrant as Specified in Governing Instruments)

Aviv REIT, Inc.

303 West Madison Street

Suite 2400

Chicago, IL 60606

(312) 855-0930

(Address, Including Zip Code, and Telephone Number, Including Area Code, of Registrant's Principal Executive Offices)

Craig M. Bernfield

Chief Executive Officer

Aviv REIT, Inc.

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Approximate date of commencement of proposed sale to the public: As soon as practicable after this Registration Statement becomes effective.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, check the following box: "

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. "

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. "

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. "

If delivery of the prospectus is expected to be made pursuant to Rule 434, please check the following box. "

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer " Accelerated filer " Non-accelerated filer Smaller reporting company "

(Do not check if a smaller reporting company)

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the Registration Statement shall become effective on such date as the Commission acting pursuant to said Section 8(a), may determine.

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The information in this preliminary prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This preliminary prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

PROSPECTUS (Subject to Completion)

Issued December 28, 2012

Shares

COMMON STOCK

Aviv REIT, Inc. is offering shares of its common stock. This is our initial public offering and no public market currently exists for our shares. We anticipate that the initial public offering price of our common stock will be between \$ and \$ per share.

Shares of our common stock are subject to ownership limitations that are intended to assist us in qualifying and maintaining our qualification as a real estate investment trust, or REIT. Our charter contains certain restrictions relating to the ownership and transfer of our common stock, including, subject to certain exceptions, an % ownership limit per stockholder.

We are an emerging growth company as defined by the Jumpstart Our Business Startups Act of 2012 and, as such, we have elected to comply with certain reduced public company reporting requirements for this prospectus and future filings. Investing in our common stock involves risks. See Risk Factors beginning on page 16.

PRICE \$ A SHARE

	<i>Price to Public</i>	<i>Underwriting Discounts and Commissions</i>	<i>Proceeds to Aviv</i>
<i>Per Share</i>	\$	\$	\$
<i>Total</i>	\$	\$	\$

The underwriters may also purchase up to an additional _____ shares of our common stock to cover overallocments.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The underwriters expect to deliver the shares to the purchasers on _____, 20__.

<i>MORGAN STANLEY</i>	<i>BofA MERRILL LYNCH</i>	<i>GOLDMAN, SACHS & CO.</i>
<i>CITIGROUP</i>	<i>RBC CAPITAL MARKETS</i>	<i>SUNTRUST ROBINSON HUMPHREY</i>

, 20

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You should rely only on the information contained in this prospectus and any free writing prospectus provided or approved by us. We have not, and the underwriters have not, authorized anyone to provide you with other or additional information. We are offering to sell, and seeking offers to buy, shares of our common stock only in jurisdictions where offers and sales are 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 of any sale of shares of our common stock.

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SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus includes forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995.

Forward-looking statements provide our current expectations or forecasts of future events. Forward-looking statements include statements about our expectations, beliefs, intentions, plans, objectives, goals, strategies, future events, performance and underlying assumptions and other statements that are not historical facts. Examples of forward-looking statements include all statements regarding our expected future financial position, results of operations, cash flows, liquidity, financing plans, business strategy, projected growth opportunities and potential acquisitions, plans and objectives of management for future operations, and compliance with and changes in governmental regulations. You can identify forward-looking statements by their use of forward-looking words, such as may, will, anticipates, expect, believe, estimate, intend, p seek or comparable terms, or the negative use of those words, but the absence of these words does not necessarily mean that a statement is not forward-looking.

These forward-looking statements are made based on our current expectations and beliefs concerning future events affecting us and are subject to uncertainties and factors relating to our operations and business environment, all of which are difficult to predict and many of which are beyond our control, that could cause our actual results to differ materially from those matters expressed in or implied by these forward-looking statements.

Important factors that could cause actual results to differ materially from our expectations include those disclosed under Risk Factors and elsewhere in this prospectus. These factors include, among others:

uncertainties relating to the operations of our operators, including those relating to reimbursement by government and other third-party payors, compliance with regulatory requirements and occupancy levels;

our ability to successfully engage in strategic acquisitions and investments;

competition in the acquisition and ownership of healthcare properties;

our ability to monitor our portfolio;

our ability to re-lease or sell any of our properties;

the availability and cost of capital;

changes in interest rates;

the amount and yield of any additional investments;

changes in tax laws and regulations affecting real estate investment trusts, or REITs; and

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our ability to maintain our status as a REIT.

There may be additional risks of which we are presently unaware or that we currently deem immaterial. Forward-looking statements are not guarantees of future performance. Except as required by law, we do not undertake any responsibility to release publicly any revisions to these forward-looking statements to take into account events or circumstances that occur after the date of this prospectus or to update you on the occurrence of any unanticipated events which may cause actual results to differ from those expressed or implied by the forward-looking statements contained in this prospectus.

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PRESENTATION OF NON-GAAP FINANCIAL INFORMATION

In this prospectus, we use financial measures that are derived on the basis of methodologies other than in accordance with United States generally accepted accounting principles (GAAP). The non-GAAP financial measures used in this prospectus include FFO, Normalized FFO, EBITDA and Adjusted EBITDA. We derive these measures as follows:

The National Association of Real Estate Investment Trusts, or NAREIT, defines FFO as net income (computed in accordance with GAAP), excluding gains and losses from sales of property (net) and impairments of depreciated real estate, plus real estate depreciation and amortization (excluding amortization of deferred financing costs) and after adjustments for unconsolidated partnerships and joint ventures. Applying the NAREIT definition to our financial statements results in FFO representing net income before depreciation, impairment of assets and gain on sale of assets.

Normalized FFO represents FFO before loss on extinguishment of debt, reserves for uncollectible loan receivables, transaction costs and change in fair value of derivatives.

EBITDA represents net income before interest expense (net) and depreciation and amortization of deferred financing costs.

Adjusted EBITDA represents EBITDA before impairment of assets, gain on sale of assets, transaction costs, write off of straight-line rents, stock-based compensation, loss on extinguishment of debt, reserves for uncollectible loan receivables and change in fair value of derivatives.

For a further description of how FFO, Normalized FFO, EBITDA and Adjusted EBITDA are calculated from, and a reconciliation of those measures to, our net income, see Selected Financial Data.

Our management uses FFO, Normalized FFO, EBITDA and Adjusted EBITDA as important supplemental measures of our operating performance and liquidity. FFO is intended to exclude GAAP historical cost depreciation and amortization of real estate and related assets, which assumes that the value of real estate assets diminishes ratably over time. Historically, however, real estate values have risen or fallen with market conditions. The term FFO was designed by the real estate industry to address this issue and as an indicator of our ability to incur and service debt. Because FFO and Normalized FFO exclude depreciation and amortization unique to real estate, gains and losses from property dispositions and extraordinary items and because EBITDA and Adjusted EBITDA exclude certain non-cash charges and adjustments and amounts spent on interest and taxes, they provide our management with performance measures that, when compared year over year or with other real estate investment trusts, or REITs, reflect the impact to operations from trends in occupancy rates, rental rates, operating costs, development activities and, with respect to FFO and Normalized FFO, interest costs, in each case providing perspective not immediately apparent from net income. In addition, we believe that FFO, Normalized FFO, EBITDA and Adjusted EBITDA are frequently used by securities analysts, investors and other interested parties in the evaluation of REITs.

We offer these measures to assist the users of our financial statements in assessing our financial performance and liquidity under GAAP, but these measures are non-GAAP measures and should not be considered measures of liquidity, alternatives to net income or indicators of any other performance measure determined in accordance with GAAP, nor are they indicative of funds available to fund our cash needs, including our ability to make payments on our indebtedness. In addition, our calculations of these measures are not necessarily comparable to similar measures as calculated by other companies that do not use the same definition or implementation guidelines or interpret the standards differently from us. Investors should not rely on these measures as a substitute for any GAAP measure, including net income or revenues.

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PRESENTATION OF PORTFOLIO METRICS

In addition to information regarding our financial performance, we present certain metrics in this prospectus regarding the performance of our operators. These metrics include EBITDARM coverage, EBITDAR coverage, EBITDAR margin, portfolio occupancy and quality mix, which are derived as follows:

EBITDARM coverage represents EBITDARM, which we define as earnings before interest, taxes, depreciation, amortization, rent expense and management fees allocated by the operator to one of its affiliates, of our operators for the applicable period, divided by the rent paid to us by our operators during such period.

EBITDAR coverage represents EBITDAR, which we define as earnings before interest, taxes, depreciation, amortization and rent expense, of our operators for the applicable period, divided by the rent paid to us by our operators during such period.

EBITDAR margin of an operator represents the operator's EBITDAR for the applicable period divided by the operator's total revenue for the applicable period.

Portfolio occupancy represents the average daily number of beds at our properties that are occupied during the applicable period divided by the total number of beds at our properties that are available for use during the applicable period.

Quality mix represents total revenue of our operators from all payor sources, excluding Medicaid revenues, divided by the total revenue of our operators for the applicable period.

These metrics are not derived from our financial statements but are operating statistics that we derive from reports that we receive from our operators pursuant to our triple-net leases. As a result, our portfolio metrics typically lag our own financial statements by approximately one quarter. In order to determine our portfolio metrics for the period presented, the metrics are stated only with respect to properties owned by us and operated by the same tenant for the portion of the period we owned the properties and excludes assets held for sale, properties under construction and, with certain exceptions for shorter periods, properties within 24 months of completion of construction. Accordingly, EBITDARM and EBITDAR coverage for the twelve months ended June 30, 2012 and portfolio occupancy and quality mix for the three months ended June 30, 2012 included 221 of the 247 properties in our portfolio as of June 30, 2012.

When we refer to the contractual rent of our portfolio, we are referring to the total monthly rent due under all of our triple-net leases as of the date specified, calculated based on the first full month following the specified date.

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PROSPECTUS SUMMARY

This summary highlights selected information appearing in this prospectus and may not contain all of the information that is important to you. This prospectus includes information about the shares of common stock we are offering as well as information regarding our business and detailed financial data. You should read this prospectus in its entirety, including Risk Factors and the financial statements and related notes appearing elsewhere in this prospectus, before deciding to invest in our common stock.

Unless the context requires otherwise or except as otherwise noted, as used in this prospectus the words Aviv, we, company, us and our refer to Aviv REIT, Inc. and its subsidiaries, including our operating partnership, Aviv Healthcare Properties Limited Partnership, and the word Aviv REIT refers to Aviv REIT, Inc. Throughout this prospectus, we refer to operators by their commonly-known trade names; however, each operator may operate through a variety of legal entities, some or all of which may not be under common ownership. In addition, in cases in which a lessee of ours has subleased a property to a third party, we refer to the sublessee as the operator. Unless the context requires otherwise or except as otherwise noted, the information in this prospectus that is set forth on a fully-diluted basis assumes (i) that all of the OP Units of our operating partnership, other than those held directly or indirectly by us, are exchanged for shares of our common stock and (ii) the vesting in full of all outstanding equity awards.

Company Overview

We are a self-administered REIT specializing in the ownership and triple-net leasing of post-acute and long-term care skilled nursing facilities, or SNFs. We have been in the business of investing in SNFs for over 30 years, including through our predecessors. Our management team has extensive knowledge of and a track record investing in SNFs and other healthcare real estate. We believe that we own one of the largest and highest-quality portfolios of post-acute and long-term care SNFs in the United States. We generate our cash rental stream by triple-net leasing our properties to third-party operators who have responsibility for the operation of the facilities, including for all operating costs and expenses related to the property, maintenance and repair obligations and other required capital expenditures. Our leases typically include rent escalation provisions designed to provide us with organic growth in our rental stream. As of December 26, 2012, our portfolio consisted of 255 properties in 29 states leased to 37 tenants who represent many of the largest and most experienced operators in the industry. We believe we can continue to achieve attractive returns for our investors by combining a steadily growing rental stream from our existing properties with growth through acquisitions in a large and fragmented industry.

In the last five years, we have acquired 121 properties with 21 tenants in 53 separate transactions ranging in size from less than \$1 million to \$73 million, for a total of \$548.0 million, representing a 17% compound annual growth rate (CAGR) over that period. We have established a track record of working with market-leading operators to support their growth plans through acquisitions. Our experience, reputation and relationships in the SNF industry allow us to acquire properties to which many other investors do not have access. As a result, we have been successful acquiring high-quality properties at valuations that achieve attractive lease yields and strong rent coverage for our diversified portfolio. Because we generate a significant and ongoing pipeline of investment opportunities, our growth has accelerated as we have raised more capital.

We have built a high-quality and strategically diversified portfolio of tenants and properties with \$125.7 million of contractual rent for 2013 based on leases in place as of December 26, 2012, after giving full year effect to one of our leases for which rent is deferred until April 2013. We also receive income from secured loan receivables and an asset under a direct financing lease, which together have a book value of \$45.4 million as of September 30, 2012. Our leases provide us with long-term cash rental streams, with a weighted-average remaining lease term of approximately 8.3 years as of September 30, 2012 and only 10% of our rent expiring over the next 5 years. We are able to proactively manage lease expirations by extending our leases in connection with acquisitions, reinvestment projects and other opportunities. We believe our rental stream is secure because

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our EBITDARM and EBITDAR coverage ratios were 2.0x and 1.6x, respectively, for the twelve months ended June 30, 2012. We believe these measures are strong indications of our tenants' ability to comfortably pay the rent under our leases. In addition, our properties have strong occupancy and quality mix, with portfolio occupancy and quality mix of 80.6% and 47.4%, respectively, for the three months ended June 30, 2012. See "Presentation of Portfolio Metrics" for additional information regarding our coverage ratios and other portfolio metrics.

Industry Overview

The healthcare REIT industry represents a subset of the broader REIT market dedicated to owning and triple-net leasing healthcare real estate assets, including SNFs, senior housing communities, hospitals and medical office buildings. There are currently 12 publicly-traded healthcare REITs representing an aggregate public market capitalization of approximately \$75 billion based on publicly available data as of September 30, 2012. Most of these companies specialize in other healthcare properties or are larger diversified companies that are less focused on investing in post-acute and long-term care SNFs. The SNF real estate industry is large and fragmented and we believe there is a significant consolidation opportunity. There are approximately 15,700 facilities and 1.7 million beds, according to the American Health Care Association, and over 2,400 SNF operators according to the National Investment Center for the Seniors Housing & Care Industry (NIC). We estimate that approximately 89% of SNFs are privately-owned.

We believe that the dynamics within the SNF industry create an opportunity for attractive returns. The SNF industry is expected to benefit from current and projected near-term demographic, economic and regulatory trends driving demand for post-acute and long-term care services provided by SNFs. The demand for SNFs is need based as they care for residents recovering from an illness or surgery who may have been discharged from a hospital and need rehabilitation or restorative care, and long-term residents who need daily skilled nursing and assistance with numerous activities of daily living. SNFs provide comprehensive delivery of care to these residents at a lower cost than higher acuity healthcare facilities. The SNF industry is insulated from competition by significant barriers to entry, which limit the supply of additional SNFs.

Furthermore, governmental programs are now designed for managed care organizations and acute care hospitals to focus on cost savings, which is expected to generate increased utilization for SNFs.

SNFs receive a majority of their revenue through reimbursement from state and federally funded Medicaid and Medicare programs. We believe government reimbursement is a key factor supporting the cost-structure and profitability of SNF operators. Since the inception of the Medicaid and Medicare programs in 1965, the state and federal governments have proven to be reliable payers in support of the care for the U.S. elderly population. Over the last decade, SNF Medicare and SNF Medicaid reimbursement rates have been increasing at a stable rate, including growing at estimated CAGRs of 7% and 3%, respectively, over the last five years through 2011. We believe that the government will continue to provide adequate funding for post-acute and long-term care SNFs.

Competitive Strengths

We believe the following strengths serve as the foundation for our business:

Established Healthcare REIT with Expertise Investing in SNFs. We specialize in triple-net leasing post-acute and long-term care SNFs to large and experienced operators. We own one of the largest portfolios of SNFs in the United States and have been investing in SNFs for over 30 years. As of December 26, 2012, 219 of our 255 properties were SNFs, representing 87.4% of our contractual rent. We have established a strong

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reputation in the SNF industry for experience, knowledge and relationship-oriented investing. In the last five years, we have acquired 121 properties leased to 21 tenants, for a total of \$548.0 million. We have extensive experience and expertise regarding the management of our portfolio, which we believe is critical to our success. Our network of market-leading SNF operators has created a pipeline of growth opportunities.

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Strategically Diversified Portfolio of High-Quality Properties. We have a diversified portfolio of properties located in 29 states that are triple-net leased on a long-term basis to 37 tenants. We focus on strategically limiting our concentration of properties with tenants and states, with no single tenant representing more than 15.3% of our contractual rent and no state representing more than 18.4% of our contractual rent as of December 26, 2012. We have a strategically balanced portfolio of Medicare and Medicaid revenue which comes from many different reimbursement systems including from the federal government and 28 states. We believe that our diversification helps us generate a stable and steadily growing rental stream. We also pursue a strategy of leasing properties to multiple tenants in each of our markets and multiple properties for each of our tenants, which helps us expand our expertise and relationships in a given market, while also helping us mitigate risk. We focus on continually enhancing the quality of our properties and have established a reinvestment program designed to give our high-quality properties a competitive advantage in their markets. These investments include interior enhancements designed to drive revenues for our operators and exterior enhancements designed to attract residents from the community and key referral sources. We have invested a significant amount of capital in recent years in our existing properties, for which we receive incremental rent, with returns consistent with those we achieve for new acquisitions. We expect this to be a consistent and growing part of our business.

Strong Relationships with Large and Experienced Operators. We have developed strong relationships with many of the largest and most experienced operators in the United States. We have made a long-term commitment to working with operators in a cooperative and supportive manner. Our top ten tenants, which represent 77.7% of our contractual rent as of December 26, 2012, with 80 properties, 10,900 employees and a ten-year relationship with us, averaged approximately \$450 million in revenues in 2011. These operators possess the experience, scale and other characteristics that are key factors in driving profitability for them and our properties. Our top ten tenants have strong EBITDAR margins and coverages, of 16% and 1.6x, respectively, for our properties, for the twelve months ended June 30, 2012. We cultivate long-term relationships with our tenants and other market-leading operators. Many of our properties are leased to tenants with whom we have had a relationship for at least ten years. Our strong relationships with these operators lead to a significant pipeline of attractive investment opportunities, with approximately 72% of our \$548.0 million of acquisitions over the last 5 years completed with existing tenants. We believe we will continue to generate a significant pipeline of investment opportunities as a result of our relationships.

Well-Structured Triple-Net Leases with Strong Coverage. We have strong rent coverage, which is an indication of our tenants' ability to comfortably pay the rent due under our leases. Our EBITDARM and EBITDAR coverage ratios for the twelve months ended June 30, 2012 were 2.0x and 1.6x, respectively. We believe our coverages achieve the proper balance between maintaining our profitability and providing comfort that our tenants will be able to pay the rent due under our leases. Under our triple-net leases, our tenants are responsible for all operating costs and expenses related to the property, including maintenance and repair obligations and other required capital expenditures. This structure helps insulate us from variability in operator cashflows. We support our ability to generate attractive returns on a long-term basis by structuring our leases with a variety of complementary provisions. Our leases typically have initial terms of 10 years and include annual rent escalators of approximately 2% compounded per annum. These escalator provisions help us achieve a steadily growing cash rental stream. We regularly enter into lease extensions during the term of the lease in connection with additional acquisitions, reinvestment projects and other opportunities that arise from our close tenant relationships. Our lease structures also provide us with key credit support for our rents, with 99% of our contractual rent supported by personal and/or corporate guarantees and 88% supported by master leases or leases with cross-default provisions as of September 30, 2012. Our leases also typically require security deposits of several months' rent.

Platform Built for Growth with Proven Investment Track Record. We employ 33 people across the organization and are committed to maintaining a growth-oriented infrastructure. We have 12 professionals focused on sourcing, underwriting and executing transactions. Our acquisition team has enabled us to grow our

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total assets at September 30, 2012 by 90% over the last five years. We have also developed an experienced asset management team of 8 professionals that oversees our properties, preserves our assets and identifies other investments in our existing portfolio that help grow our rental stream. We are disciplined and selective about the investments we make. Our underwriting process includes a thorough assessment of the experience and credit profile of each operator, the quality of the real estate and the demographics of the market in which the property is located. The experience of our management team and our strong working relationships with our tenants have enabled us to invest \$91.6 million over the last five years in existing properties and strategic new construction projects, for which we receive incremental rent. We are disciplined and make investments with attractive returns that create long-term value.

Attractive Capital Structure with Capacity for Growth. Following this offering, we believe we will have an attractive capital structure with low leverage that will provide significant capacity to effectuate our growth plans. Our indebtedness is long-term, with a weighted-average maturity of 6.3 years following this offering. We will have significant liquidity, with an undrawn \$ million revolving credit line. In 2011 and 2012, we made a strategic transition to publicly-traded unsecured bonds, with \$400.0 million raised in three separate issuances. We have demonstrated our ability to access capital by raising over \$2 billion as a private company since 2005 through a diverse combination of institutional equity investments, secured mortgage financing and our issuance of \$400.0 million of unsecured bonds.

Experienced Management Team with Significant Tenure and Ownership. Craig M. Bernfield, our Chairman and Chief Executive Officer, has built our company for over 20 years and will be our second largest stockholder with a % ownership interest following this offering. Our President and Chief Operating Officer, Steven J. Insoft, has been with us for eight years and has more than 20 years of experience as an operator, investor and developer of SNFs and assisted living facilities, or ALFs. Mr. Insoft will hold a % interest in our company following this offering. Our Chief Financial Officer, James H. Lyman, joined the Company in 2012 with over 30 years of real estate, capital markets and operating experience, including significant public and private REIT experience as a chief financial officer and senior executive. Our other key senior executives and professionals have significant tenure and experience, averaging 10 years with the company and 23 years in their areas of expertise. Our entire management team has specialized knowledge that is critical to the operation and growth of our business.

Growth Strategies

The SNF industry is large and fragmented and we believe that market conditions are favorable for investing in post-acute and long-term care SNFs and for consolidation in the industry. According to the American Health Care Association, the SNF market is comprised of 15,700 facilities and 1.7 million beds and, according to NIC, there are over 2,400 SNF operators in the United States. We estimate that approximately 89% of SNFs are privately owned, and in our experience these owners regularly seek liquidity through the sale of their properties and sale-leaseback transactions. These transactions are attractive to us because they offer conservative property valuations and an alignment of interests with the seller since they continue to operate the property after the acquisition is completed. We have an extensive network of relationships with SNF operators and owners and an experienced team of professionals that specialize in SNFs. We believe our reputation and knowledge will provide us with a significant competitive advantage to further consolidate the ownership of post-acute and long-term care SNF properties.

The primary elements of our growth strategy are to:

Continue to Source Investments from Existing Relationships. Our tenants represent many of the largest and most experienced operators of SNFs in the United States. These market-leading operators have a demonstrated desire, as well as the resources and ability to grow, and our strong relationships with these operators lead directly to acquisition and other investment opportunities. These operators own many of the

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facilities they operate which gives us a significant opportunity to grow our portfolio through sale-leaseback transactions. These transactions are attractive to the operators because they provide liquidity to grow their businesses. Approximately 72% of our \$548.0 million of acquisitions over the last 5 years were completed with existing tenants. We believe we can continue to expand our relationships with our tenants, who collectively operate over 900 properties throughout the United States. As a result, we believe we will continue to identify attractive acquisition, sale-leaseback, reinvestment, new construction and other investment opportunities in our operators' existing markets, as well as new markets.

Identify Additional Operator Relationships. We seek to expand our portfolio by capitalizing on the network of relationships with market-leading operators we have built in the SNF industry over the past 30 years. We focus on operator relationships that meet our investment criteria and we believe our experience in the industry helps us to identify these high quality operators. This strategy has resulted in approximately 28% of our acquisitions over the last 5 years being completed with 11 new tenants who now operate 49 of our properties. Our reputation as experts in the industry has allowed us to generate a significant pipeline of attractive opportunities to grow our portfolio with some of the largest and most experienced operators in the United States.

Generate Additional Rent Through Ongoing Property Reinvestment Program. We are committed to owning and acquiring high quality properties. We have developed a programmatic approach to reinvesting in our properties to maintain and enhance their quality over the long-term, to help our operators achieve a competitive advantage in their markets and to generate an attractive return on our invested capital. These investments include interior enhancements such as therapy gyms and specialty care units designed to drive revenues for our operators, and exterior enhancements, such as lighting, signage and architectural features, designed to attract residents from the community and key referral sources. We are able to identify and complete a significant volume of these investments, through which we are able to generate additional rents at returns consistent with those we achieve with new acquisitions and help our tenants enhance their profitability. In connection with these investments, we obtain lease extensions, which drive our long-term rental stream. We also maintain a pipeline of new construction projects, with established operator relationships, to grow our portfolio with state-of-the-art properties.

Further Enhance Our Franchise and Position as an Industry Leader. We are committed to further developing our reputation and franchise in the SNF industry. We frequently sponsor and speak at industry conferences and similar events and focus on opportunities to prominently align ourselves with other leaders in the post-acute and long-term care SNF and healthcare real estate industry. Mr. Bernfield, our Chairman and Chief Executive Officer, serves on the board of directors, and we are one of five Premier Partners, of NIC, one of our industry's leading organizations. We also host an annual conference for our operators to share best practices and ideas, which generates additional investment opportunities for us. As a result of our efforts, there is significant awareness of the Aviv franchise in the SNF industry, which results in SNF owners and operators approaching us with a significant pipeline of attractive investment opportunities.

Strategically Pursue Opportunities to Invest in Complementary Healthcare Properties. We intend to continue to capitalize on our management team's extensive knowledge of healthcare properties, as well as our strong relationships with our tenants, to supplement our core strategy of acquiring and investing in post-acute and long-term care SNFs. We opportunistically acquire complementary healthcare properties, such as ALFs, and independent living facilities, or ILFs, which collectively represented 9.9% of our contractual rents as of December 26, 2012. In addition, we have also acquired Alzheimer's, long-term acute-care hospital and traumatic brain injury facilities with experienced operators that meet our criteria for quality and experience and we believe have the ability and desire to grow with us. We believe the acquisition of these properties on a strategic basis helps us continue to generate attractive returns, complement our existing portfolio and further expand and strengthen our industry relationships.

Table of Contents**Our Portfolio**

As of December 26, 2012, our portfolio consisted of 255 properties, including 219 SNFs, with approximately 19,700 beds in 29 states triple-net leased to 37 operators. Our portfolio consisted of 250 owned properties (including one property under development), three properties that we lease and sublease to a third-party operator, one property in which we hold a leasehold security interest from a third-party operator and one new construction property in which we hold a security interest. Our EBITDARM and EBITDAR coverage ratios for the twelve months ended June 30, 2012 were 2.0x and 1.6x, respectively, and our operators' EBITDAR margins at our properties averaged 15%. For the three months ended June 30, 2012, our portfolio occupancy was 80.6% and our quality mix was 47.4%.

The following tables summarize information about our properties as of December 26, 2012:

Operator	Operator Diversification	
	Number of Properties	Percentage of Contractual Rent
Daybreak	47	15.3%
Saber	29	14.3%
EmpRes	17	10.0%
Preferred Care	15	7.8%
Sun Mar	13	7.2%
Maplewood	5	6.5%
Benchmark	15	5.9%
Deseret	18	3.9%
Genesis	11	3.5%
ConvaCare	5	3.4%
Other (27 operators)	80	22.2%
Total	255	100.0%

State	State Diversification	
	Number of Properties	Percentage of Contractual Rent ⁽¹⁾
Texas	58	18.4%
California	34	16.3%
Ohio	16	9.4%
Connecticut	5	6.5%
Arkansas	11	6.4%
Missouri	15	5.9%
Pennsylvania	10	4.3%
New Mexico	9	4.0%
Illinois	8	3.8%
Kansas	16	3.4%
Other (19 states)	73	21.6%
Total	255	100.0%

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- (1) In the case where the facilities master lease includes more than one state, rent was allocated proportionally by number of beds.

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We have completed \$27.8 million of acquisitions since September 30, 2012, as follows:

Operator - Location	Property Type	Acquisition Date	Total Cost⁽¹⁾	2013 Contractual Rent
NuCare Glendale, WI	SNF	10/31/12	\$ 7,600,000	\$ 760,000
Trinity Healthcare Seguin, TX	SNF	11/20/12	5,000,000	551,616
Saber Dunnellon, FL	ALF	11/30/12	14,100,000	1,269,000
Daybreak Eagle Lake, TX	N/A ⁽²⁾	12/5/12	93,000	N/A
CareMeridian Granite Bay, CA	TBI	12/18/12	975,000	92,625
Total			\$ 27,768,000	\$ 2,673,241

- (1) Funded with additional borrowings. See Capitalization on page 40 for additional information.
(2) Land acquisition for developments.

We have invested \$2.1 million in construction projects since September 30, 2012, as follows:

Operator - Location	Property Type	Expected Opening Date	Acquisition Costs	Spent Through 9/30/2012	Subsequent Spending Through 12/26⁽¹⁾	Remaining Costs to be Spent	Total Cost⁽²⁾	2013 Contractual Rent⁽³⁾
Maplewood Darien, CT	ALF	11/07/12	\$ 5,500,000	\$ 9,898,695	\$ 1,111,305	\$	\$ 16,510,000	\$ 1,544,528
Maplewood Norwalk, CT	ALF	11/19/12	2,600,000	14,011,839	216,161		16,828,000	1,823,597
CareMeridian Pleasanton, CA	SNF	Q2 2013	1,162,000	589,223	157,448	691,329	2,600,000	144,011 ⁽⁴⁾
Saber Chatham, PA	SNF	Q3 2013	2,200,000	558,685	645,521	8,795,794	12,200,000	447,333 ⁽⁵⁾
Total			\$ 11,462,000	\$ 25,058,442	\$ 2,130,435	\$ 9,487,123	\$ 48,138,000	\$ 3,959,469

- (1) Funded with additional borrowings. See Capitalization on page 40 for additional information.
(2) Actual costs except for CareMeridian and Saber, which are the budgeted amounts.
(3) Contractual rent to be received in 2013.
(4) Total annualized contractual rent: \$246,876.
(5) Total annualized contractual rent: \$1,342,000. When operational, this facility will replace an existing facility for which we currently anticipate 2013 schedule rent of \$256,962.

Our Structure

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We conduct our business through a traditional umbrella partnership REIT, or UPREIT, in which our properties are owned by our operating partnership, Aviv Healthcare Properties Limited Partnership, or direct and indirect subsidiaries of our operating partnership. We are the sole general partner of our operating partnership and we and the limited partners of our operating partnership will initially own all of the limited partnership units of our operating partnership, which we refer to as OP Units. Prior to this offering, the capital structure of our operating partnership consisted of six classes of partnership units, each of which had different capital accounts and each of which was entitled to different distributions. In connection with the consummation of this offering, each class of units of our operating partnership will be converted into an aggregate of OP Units to be owned by Aviv REIT and OP Units to be held by limited partners of our operating partnership. As a result, our operating partnership will have a single class of OP Units at the time of the consummation of this offering. Following this offering, the OP Units held by limited partners of our operating partnership will be redeemable for cash, subject to our election to acquire the OP Units in exchange for unregistered shares of our common stock subject to certain restrictions on transfer for 180 days after the date of this prospectus, on a one-for-one basis, as described under Description of the Partnership Agreement of Our Operating Partnership.

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We will contribute the net proceeds of this offering to our operating partnership in exchange for _____ OP Units (_____ OP Units if the underwriters exercise their overallotment option in full). As a result, immediately following this offering, we will hold an interest in our operating partnership constituting approximately _____ % of the issued and outstanding OP Units of our operating partnership (approximately _____ % if the underwriters exercise their overallotment option in full).

The following chart reflects an overview of our organizational structure immediately following consummation of this offering (assuming no exercise of the underwriters' over-allotment option):

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Our Principal Stockholder

In 2010, we consummated a strategic equity transaction with Lindsay Goldberg through which Aviv REIT was formed. In connection with the transaction and subsequent investments, Lindsay Goldberg has invested \$376.8 million to support our growth and purchase of interests from certain of our limited partners. For additional information regarding our relationship with Lindsay Goldberg, see Certain Relationships and Related Transactions.

Lindsay Goldberg is a private equity investment firm based in New York with approximately \$9 billion of capital under management that focuses on partnering with entrepreneurial management teams and closely held and family-owned businesses. The firm typically invests in companies in North America and Western Europe in the manufacturing, energy, financial and business services industries. Lindsay Goldberg has an investment structure that permits ownership for up to 20 years.

Summary Risk Factors

An investment in our common stock involves significant risks. You should carefully consider the matters discussed in the section Risk Factors beginning on page 16 prior to deciding whether to invest in our common stock. These risks include, but are not limited to, the following:

Our business is dependent upon our tenants successfully operating their businesses, and their failure to do so could have a material adverse effect on our ability to successfully and profitably operate our business.

Our portfolio currently consists predominantly of SNFs; as a result, any changes impacting the SNF industry, including regulatory or reimbursement changes, could negatively affect our operators' businesses and could result in our operators being unable to meet their obligations to us.

Certain operators account for a significant percentage of our rental income, and the failure of any of these operators to meet their obligations to us could materially reduce our rental income and net income.

Our operators' failure to comply with the requirements of governmental reimbursement programs such as Medicare or Medicaid, licensing and certification requirements, fraud and abuse regulations or new legislative developments could result in our operators being unable to meet their obligations to us.

Our cash available for distributions may not be sufficient to make distributions at expected levels.

Upon the consummation of this offering, Lindsay Goldberg, Mr. Bernfield, our Chairman and Chief Executive Officer, and a trust formed for the benefit of the estate of Zev Karkomi, one of our co-founders, together with certain of their respective related parties, will continue to own shares of common stock and OP Units representing %, % and %, respectively, of our outstanding common stock on a fully-diluted basis, and will have the ability to exercise significant influence over our company and our operating partnership and any matter presented to our stockholders.

Our failure to remain qualified as a REIT would have significant adverse consequences to us and the value of our common stock.

Tax Status

We intend to operate in a manner that will allow us to continue to qualify as a REIT for U.S. federal income tax purposes. We made the election to be taxed as a REIT effective as of our taxable year ending December 31, 2010. We believe that our investments and proposed method of operation will enable us to meet the requirements

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for qualification as a REIT for U.S. federal income tax purposes. As a REIT, we are required to satisfy a number of organizational and operational requirements, including a requirement that we annually distribute to our stockholders at least 90% of our REIT taxable income, as such term is defined in the U.S. Internal Revenue Code of 1986, as amended, or the Code, computed without regard to our deduction for dividends paid and excluding any net capital gains. As a REIT, we are generally not subject to U.S. federal income tax on REIT taxable income we currently distribute to our stockholders. If we fail to qualify as a REIT in any taxable year, we will be subject to U.S. federal income tax at regular corporate rates, and we may not be able to qualify for treatment as a REIT for that taxable year and the next four taxable years. Even if we continue to qualify as a REIT, we will be subject to certain federal, state and local taxes on our income and property.

Restrictions on Ownership of Our Common Stock

In order to assist us in complying with the limitations on the concentration of ownership of REIT stock imposed by the Code, our charter generally prohibits any person (other than a person who has been granted an exception as described below, or an excepted holder) from actually or constructively owning more than % (by value or by number of shares, whichever is more restrictive) of our outstanding common stock or % (by value or by number of shares, whichever is more restrictive) of our outstanding stock of all classes and series. We refer to these restrictions, collectively, as the ownership limit. Our charter permits our board of directors to make an exception to these limits or create a different limit on ownership, or excepted holder limit, if the stockholder seeking the exception or excepted holder limit makes certain representations and agreements. Our board of directors may not make an exception to the ownership limit or create an excepted holder limit if ownership by the excepted holder in excess of the ownership limit would cause us to fail to qualify as a REIT. In addition, different ownership limits will apply to Lindsay Goldberg, Mr. Bernfield, our Chairman and Chief Executive Officer, together with certain of his affiliates, family members and estates and trusts, and to a trust formed for the benefit of the estate of Zev Karkomi, one of our co-founders, together with certain affiliates, family members and estates and trusts, which we refer to collectively as the Karkomi Estate. These limits will allow Lindsay Goldberg, as an excepted holder, to hold up to % of our common stock or up to % of our outstanding stock, and Mr. Bernfield, together with certain of his affiliates, family members and estates and trusts, as an excepted holder, to hold up to % of our outstanding common stock or up to % of all classes and series of our outstanding stock, and the Karkomi Estate (and members thereof), as an excepted holder, to hold up to % of our outstanding common stock or up to % of all classes and series of our outstanding stock. In each case, the percentage will be determined by value or by number of shares, whichever is more restrictive.

Distribution Policy and Payment of Distributions

We intend to distribute to our stockholders each year all or substantially all of our REIT net taxable income so as to avoid paying corporate income tax and excise tax on our REIT income and to qualify for the tax benefits afforded to REITs under the Code. However, the actual amount, timing and frequency of distributions will be determined by our board of directors based upon a variety of factors deemed relevant by our directors, including our results of operations and our debt service obligations. See Distribution Policy.

Corporate Information

Aviv REIT was incorporated as a Maryland corporation on July 30, 2010 and operates in a manner intended to allow it to qualify as a REIT for U.S. federal income tax purposes. Our operating partnership, Aviv Healthcare Properties Limited Partnership, a Delaware limited partnership, was formed on July 30, 2010, and was the successor to a Delaware limited partnership of the same name formed on March 4, 2005 in connection with the roll-up of various affiliated entities.

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Our corporate offices are located at 303 West Madison Street, Suite 2400, Chicago, Illinois 60606. Our telephone number is (312) 855-0930. Our internet website is <http://www.avivreit.com>. The information contained on, or accessible through, our website is not incorporated by reference into this prospectus and should not be considered a part of this prospectus.

THE OFFERING

Common stock we are offering	shares
Common stock and OP Units to be outstanding immediately after this offering ⁽¹⁾	shares/OP Units
Use of proceeds	We estimate that the net proceeds to us from this offering after expenses will be approximately \$ million, or approximately \$ million if the underwriters exercise their overallotment option in full, assuming an initial public offering price of \$ per share, the midpoint of the range indicated on the cover of this prospectus. We intend to contribute the net proceeds from this offering to our operating partnership in exchange for OP Units of our operating partnership. Our operating partnership intends to use the net proceeds to repay certain indebtedness and to use the remainder for general corporate purposes, including the potential acquisition of additional properties in the ordinary course of business. See Use of Proceeds.
Risk factors	An investment in our common stock involves significant risks. You should carefully consider the matters discussed in the section Risk Factors beginning on page 16 prior to deciding whether to invest in our common stock.
Distribution policy	We intend to make regular quarterly distributions to holders of our common stock equal to an annual distribution rate of approximately % of our cash available for distributions. See Distribution Policy.
New York Stock Exchange symbol	We intend to apply to list our common stock on the New York Stock Exchange, which we refer to as NYSE, under the symbol AVIV.

(1) The number of shares of common stock and OP Units to be outstanding immediately after this offering includes OP Units not held directly or indirectly by us that are exchangeable for shares of our common stock but excludes (a) shares of our common stock issuable upon exercise of outstanding options under our 2010 Management Incentive Plan at a weighted average exercise price of \$ per share, (b) shares of our common stock to be issued in satisfaction of accrued and unpaid dividends in an amount of approximately \$ million on outstanding options under our 2010 Management Incentive Plan that will vest in connection with this offering and (c) shares of common stock reserved for future grants under our 2013 Long-Term Incentive Plan, which we intend to adopt in connection with this offering.

Unless otherwise stated, all information in this prospectus assumes that the underwriters do not exercise their option to purchase up to shares of our common stock to cover overallotments, if any.

Table of Contents**SUMMARY FINANCIAL AND OPERATING DATA**

You should read the following summary historical consolidated financial and other data in connection with Selected Financial Data, Management's Discussion and Analysis of Financial Condition and Results of Operations and the historical consolidated financial statements and related notes thereto appearing elsewhere in this prospectus.

The summary historical consolidated financial data for the years ended December 31, 2011, 2010 and 2009 have been derived from our audited historical consolidated financial statements and the audited historical consolidated financial statements of Aviv REIT, Inc. and Subsidiaries, appearing elsewhere in this prospectus. The summary historical consolidated financial data as of September 30, 2012 and for the nine months ended September 30, 2012 and 2011 have been derived from our unaudited historical financial statements and the unaudited historical consolidated financial data of Aviv REIT, Inc. and Subsidiaries appearing elsewhere in this prospectus. The unaudited historical financial statements include all adjustments, consisting of normal recurring adjustments, that we consider necessary for a fair presentation of our financial condition and results of operations as of such dates and for such periods under GAAP. The historical results are not necessarily indicative of the results to be expected in the future. Historical financial data for periods prior to September 17, 2010 represent the results of operations and financial condition of our operating partnership, Aviv Healthcare Properties Limited Partnership, as predecessor to Aviv REIT. Certain comparative figures have been reclassified to conform to our current financial statement presentation and to reflect the effect of the classification of certain assets as discontinued operations.

Operating Information	Nine Months Ended September 30,		Year Ended December 31,		
	2012	2011	2011	2010	2009
	(in thousands, except per share data)				
Revenues					
Rental income	\$ 87,171	\$ 64,948	\$ 91,012	\$ 84,097	\$ 80,980
Interest on secured loans	3,544	3,877	5,193	5,172	3,442
Interest and other income	1,127	840	844	133	466
Total revenues	91,842	69,665	97,049	89,402	84,888
Expenses					
Interest expense	37,694	28,218	38,667	23,730	27,069
Depreciation and amortization	19,671	14,847	20,272	17,246	16,920
General and administrative	11,406	8,547	11,422	9,823	7,557
Transaction costs	3,507	3,421	5,493	1,578	7,441
Loss on impairment	6,146		5,233	96	
Reserve for uncollectible secured loan receivables	6,308	1,336	1,512	750	
Change in fair value of derivatives				(2,931)	(6,988)
Gain on sale of assets, net			(1,171)	(512)	
Loss on extinguishment of debt		3,807	3,807	2,296	
Other expenses	300	167	267		
Total expenses	85,032	60,343	85,502	52,076	51,999
Income from continuing operations	6,810	9,322	11,547	37,326	32,889
Discontinued operations	4,586	(289)	(234)	656	792
Net income	11,396	9,033	11,313	37,982	33,681
Distributions and accretion on Class E Preferred Units				(17,372)	(14,570)
Net income allocable to common units of Partnership/noncontrolling interests	(4,451)	(4,120)	(5,107)	(16,780)	(19,111)

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Net income allocable to stockholders	\$ 6,945	\$ 4,913	\$ 6,206	\$ 3,830	\$
Weighted average shares outstanding					
Basic	322,472	235,207	240,103	226,001	
Diluted	324,883	237,839	242,518	228,382	
Income per share from continuing operations allocable to common					
Basic	\$ 12.87	\$ 21.55	\$ 26.38	\$ 15.33	