UNITED INDUSTRIAL CORP /DE/
Form SC 13D/A
November 26, 2007

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, DC 20549

SCHEDULE 13D/A

(Amendment No. 3)*

Under the Securities Exchange Act of 1934

UNITED INDUSTRIAL CORPORATION

(Name of Issuer)

Common Stock, $1.00 Par Value

(Title of Class of Securities)

910671106

(CUSIP Number)

Terrence O'Donnell, Esq.

Textron Inc.

40 Westminster Street

Providence, Rhode Island 02903

(Name, Address and Telephone Number of Person
Authorized to Receive Notices and Communications)

Copy to:

Louis A. Goodman, Esq.

Skadden, Arps, Slate, Meagher & Flom LLP

1 Beacon Street

Boston, Massachusetts 02108

November 21, 2007

(Date of Event which Requires Filing of this Statement)

If the filing person has previously filed a statement on Schedule 13G to report the acquisition which is the subject of this Schedule 13D, and is filing this schedule because of Rule 13d-1(b)(3) or (4), check the following box o.

NOTE: Schedules filed in paper format shall include a signed original and five copies of the schedule, including all exhibits. See §240.13d-7 for other parties to whom copies are to be sent.

* The remainder of this cover page shall be filled out for a reporting person's initial filing on this form with respect to the subject class of securities, and for any subsequent amendment containing information which would alter disclosures provided in a prior cover page.

The information required on the remainder of this cover page shall not be deemed to be "filed" for the purpose of Section 18 of the Securities Exchange Act of 1934 ("Act") or otherwise subject to the liabilities of that section of the Act but shall be subject to all other provisions of the Act (however, see the Notes).

1. NAMES OF REPORTING PERSONS

Textron Inc.

2. CHECK THE APPROPRIATE BOX IF A MEMBER OF GROUP
(a) x
(b) o

3. SEC USE ONLY

4. SOURCE OF FUNDS
BK; OO

5. CHECK IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED
PURSUANT TO ITEM 2(d) OR 2(e) o

6. CITIZENSHIP OR PLACE OF ORGANIZATION

Delaware

Number of Shares Beneficially Owned by Each Reporting Person With	7.	**SOLE VOTING POWER** None
	8.	SHARED VOTING POWER 8,565,443
	9.	SOLE DISPOSITIVE POWER None
	10.	SHARED DISPOSITIVE POWER 8,565,443

11. AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON
8,565,443 (1)

12. CHECK IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES
CERTAIN SHARES o

13. PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)
86.52% (2)

14. TYPE OF REPORTING PERSON
CO

(1) Does not include [1,545,333] shares of common stock of the Company which were tendered by guaranteed delivery in the tender offer made by Marco Acquisition Sub Inc., a wholly-owned subsidiary of Textron Inc., for all outstanding common stock of the company but have not yet been delivered by the holders thereof as required.

(2) Based on 9,899,936 shares of common stock of the Company outstanding as of November 13, 2007, as represented by the Company.

1. NAMES OF REPORTING PERSONS

Marco Acquisition Sub Inc.

2. CHECK THE APPROPRIATE BOX IF A MEMBER OF GROUP
(a) x
(b) o

3. SEC USE ONLY

4. SOURCE OF FUNDS
AF

5. CHECK IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEM 2(d) OR 2(e) o

6. CITIZENSHIP OR PLACE OF ORGANIZATION

Delaware

Number of Shares Beneficially Owned by Each Reporting Person With	7.	**SOLE VOTING POWER** None
	8.	SHARED VOTING POWER 8,565,443
	9.	SOLE DISPOSITIVE POWER None
	10.	SHARED DISPOSITIVE POWER 8,565,443

11. AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON
8,565,443 (3)

12. CHECK IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES o

13. PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)
86.52% (4)

14. TYPE OF REPORTING PERSON
CO

(3) See Footnote (1) to Textron Inc.

(4) See Footnote (2) to Textron Inc.

This Amendment No. 3 to Schedule 13D (this Amendment) supplements, amends and relates to information in the Schedule 13D originally filed with the Securities and Exchange Commission on October 17, 2007 by the persons filing this Amendment (the Original Schedule), as such Original Schedule was amended by Amendment No. 4 to the Tender Offer Statement on Schedule TO filed with the Commission on November 14, 2007 and Amendment No. 2 to Schedule 13D filed with the Commission on November 21, 2007, each by the persons filing this Amendment. Capitalized terms used in this Amendment, but not otherwise defined, have the meanings ascribed to them in the Original Schedule.

Item 4. Purpose of Transaction.

Item 4 is hereby supplemented by the addition of the following information:

As of the date hereof, since November 19, 2007, [76,320] shares of Common Stock tendered in the Offer through notices of guaranteed delivery, which had not been delivered as required on November 16, 2007, have been delivered to the Reporting Persons and purchased by Marco.

The following table sets forth all transactions with respect to shares of Common Stock effected by any of the Reporting Persons since their last filing on Schedule 13D, other than the delivery of shares pursuant to notices of guaranteed delivery as described above. Except as otherwise indicated, all transactions were effected in the open market, and the table [includes] commissions paid in per share prices.

Name	**Date**	**Shares of Common Stock Purchased**		**Price per Share**
Textron Inc.	11/21/2007	33,200	$	81.00
Textron Inc.	11/21/2007	7,000	$	80.99
Textron Inc.	11/21/2007	1,300	$	80.98
Textron Inc.	11/23/2007	15,300	$	81.00
Textron Inc.	11/23/2007	3,400	$	80.99
Textron Inc.	11/26/2007	10,900	$	80.99

Item 5. Interest in Securities of the Issuer.

Item 5 is hereby amended and restated in its entirety to read as follows:

(a)-(b) Each of the Reporting Persons beneficially owns 8,565,443 shares of Common Stock, representing approximately 86.52% of the outstanding Shares. This amount does not include [1,545,333] shares of Common Stock which have been tendered to Marco in the Offer through notices of guaranteed delivery but have not been delivered as required and, as a result, have not yet been purchased by Marco.

Each of the Reporting Persons has the power to vote or direct the voting, and to dispose or direct the disposition of all shares of Common Stock beneficially owned.

(c) Except for the purchase of shares of Common Stock pursuant to the Offer, described above, neither of the Reporting Persons, and to the best knowledge of the Reporting Persons, none of the persons named in Schedule A, has effected any transaction in the shares of Common Stock since November 20, 2007.

(d) To the knowledge of the Reporting Persons, no other person has the right to receive or the power to direct the receipt of dividends from, or the proceeds from the sale of, the securities of the Company reported herein.

(e) Not applicable.

SIGNATURES

After reasonable inquiry and to the best of their knowledge and belief, the undersigned certify that the information set forth in this statement is true, complete and correct.

TEXTRON INC.

November 26, 2007
Date

/s/ Arnold M. Friedman
Signature

Arnold M. Friedman
Vice President and Deputy GeneralCounsel
Name/Title

MARCO ACQUISITION SUB INC.

November 26, 2007
Date

/s/ Arnold M. Friedman
Signature

Arnold M. Friedman
Vice President
Name/Title

>125,000 6,550,838 (1,312,900) 1951 2006 40 years

Extended Care Hospital of Riverside

(a) (2) Riverside CA 1,091,000 5,646,826 (26,375) 1,091,000 5,620,451 (1,469,592) 1967 2006 40 years

Heritage Manor

(a) (2) Monterey Park CA 1,585,508 9,274,154 (23,200) 1,585,508 9,250,954 (2,143,023) 1965 2006 40 years

French Park Care Center

(a) (2) Santa Ana CA 1,076,447 5,983,614 596,442 1,076,447 6,580,056 (1,133,944) 1967 2006 40 years

North Valley Nursing Center

(a) (2) Tujunga CA 613,800 5,031,473 (25,382) 613,800 5,006,091 (1,035,817) 1967 2006 40 years

Villa Rancho
Bernardo Care Center

(a) (2) San Diego CA 1,425,347 9,652,911 65,349 (57,067) 1,425,347 9,661,193 (1,729,787) 1994 2006 40 years

Austin Nursing
Center

(a) (3) Austin TX 1,501,040 4,504,643 1,725,687 1,501,040 6,230,330 (753,699) 2007 2007 40 years

Dove Hill Care Center and Villas

(a) (3) Hamilton TX 58,397 5,781,296 58,397 5,781,296 (865,917) 1998 2007 40 years

Brighten at Medford

(a) Medford MA 2,365,610 6,612,915 291,913 (9,270,437) 1 1978 2007 40 years

Brighten at Ambler

(a) (3) Ambler PA 370,010 5,111,673 (652,999) 370,010 4,458,674 (693,396) 1963 2007 40 years

Brighten at Broomall

(a) (3) Broomall PA 607,870 3,930,013 590,503 607,870 4,520,516 (777,066) 1955 2007 40 years

Brighten at Bryn Mawr

(a) (3) Bryn Mawr PA 708,300 6,352,474 1,468,774 708,300 7,821,248 (1,171,986) 1972 2007 40 years

Brighten at Julia Ribaudo

(a) (3) Lake Ariel PA 369,050 7,559,765 730,412 369,050 8,290,177 (1,339,352) 1980 2007 40 years

Good Samaritan Nursing Home

(a) (3) Avon OH 393,813 8,856,210 108,495 393,813 8,964,705 (1,575,023) 1964 2007 40 years

Belleville Illinois

(a) (3) Belleville IL 670,481 3,431,286 670,481 3,431,286 (522,068) 1978 2007 40 years

Homestead Various Leases (b)

(a) (3) TX 345,197 4,352,982 5,504 345,197 4,358,486 (673,347) 2007 40 years

Byrd Haven Nursing Home

(a) (3) Searcy AR 772,501 2,413,388 131,823 (1,897,763) 49,279 1,370,670 (419,949) 1961 2008 40 years

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AVIV REIT, INC. AND SUBSIDIARIES

SCHEDULE III (CONTINUED)

					Initial Cost to Company		Costs Capitalized Subsequent to Acquisition		Gross Amount Carried at December 31, 2012 (c)					
scription	Type of Asset	Encumbrances	City	State	Land	Buildings & Improvements	Improvements / Adjustments	Impairment / Dispositions	Land	Buildings & Improvements	Accumulated Depreciation	Year of Construction	Date Acquired	Life on Wh Depreciatio in Stateme of Operatio Compute
ergreen Arvin althcare	(a)	(2)	Arvin	CA	900,000	4,764,928	783,736		1,028,705	5,419,959	(692,938)	1984	2008	40 years
ergreen kersfield althcare	(a)	(2)	Bakersfield	CA	1,000,000	12,154,112	1,820,236		1,153,135	13,821,213	(1,593,216)	1987	2008	40 years
ergreen Lakeport althcare	(a)	(2)	Lakeport	CA	1,100,000	5,237,033	876,918		1,256,514	5,957,437	(778,985)	1987	2008	40 years
w Hope Care nter	(a)	(2)	Tracy	CA	1,900,000	10,293,920	1,687,692		2,172,271	11,709,341	(1,374,418)	1987	2008	40 years
ve Ridge Care nter	(a)	(2)	Oroville	CA	800,000	8,609,470	2,138,439		925,065	10,622,844	(1,246,297)	1987	2008	40 years
in Oaks alth & Rehab	(a)	(2)	Chico	CA	1,300,000	8,397,558	1,341,477		1,488,063	9,550,972	(1,225,410)	1988	2008	40 years
ergreen Health & hab	(a)	(2)	LaGrande	OR	1,400,000	808,374	295,533		1,587,353	916,554	(149,521)	1975	2008	40 years
ergreen emerton alth & Rehab	(a)		Bremerton	WA	650,000	1,366,315	0	(2,016,315)				1969	2008	40 years
ur Fountains	(a)	(3)	Belleville	IL	989,489	5,007,411			989,489	5,007,411	(578,259)	1972	2008	40 years
ookside Health & hab	(a)	(3)	Little Rock	AR	750,690	4,421,289	1,613,473		750,690	6,034,762	(734,788)	1969	2008	40 years
lcare Nursing nter	(a)	(3)	Jonesboro	AR	417,050	7,007,007	148,119		417,050	7,155,126	(898,122)	1973	2008	40 years
neybrook alth & Rehab nter	(a)	(3)	Benton	AR	250,231	3,170,134	312,823		250,230	3,482,958	(441,799)	1968	2008	40 years
mann Health & hab	(a)	(3)	Trumann	AR	166,821	3,587,185	103,952		166,820	3,691,138	(453,532)	1971	2008	40 years
seret at Pherson	(a)	(2)	McPherson	KS	92,000	1,874,920			92,000	1,874,920	(225,292)	1970	2008	40 years
ssion Nursing nter	(a)	(3)	Riverside	CA	230,000	1,209,976			230,000	1,209,976	(149,498)	1957	2008	40 years
w Byrd Haven rsing Home	(a)	(3)	Searcy	AR		10,213,112	629,701		629,701	10,213,112	(1,177,199)	2009	2009	40 years
ergreen Health & hab of Petaluma	(a)	(2)	Petaluma	CA	748,668	2,459,910			748,668	2,459,910	(363,728)	1969	2009	40 years
ergreen untain View alth & Rehab	(a)	(2)	Carson City	NV	3,454,723	5,942,468			3,454,723	5,942,468	(631,450)	1977	2009	40 years
tle Rock Health l Rehab	(a)		Little Rock	AR	471,169	4,778,831	7,612,989	(12,862,989)				1971	2009	40 years
lden Acres alth Care	(a)	(3)	Mount Pleasant	TN	67,413	3,312,587			67,413	3,312,587	(227,391)	1979	2010	40 years
mmunity Care l Rehab	(a)	(1)	Riverside	CA	1,648,067	9,851,932			1,648,067	9,851,932	(710,856)	1965	2010	40 years
ritage Gardens Portageville	(a)	(4)	Portageville	MO	223,658	3,088,802			223,658	3,088,802	(195,580)	1995	2010	40 years
ritage Gardens Greenville	(a)	(4)	Greenville	MO	118,925	2,218,776			118,925	2,218,776	(143,730)	1990	2010	40 years

ritage Gardens Senath	(a)	(4)	Senath	MO	108,843	2,773,194	265,743	108,843	3,038,937	(195,911)	1980	2010	40 years
ritage Gardens Senath South	(a)	(4)	Senath	MO	72,805	1,854,998		72,805	1,854,998	(122,326)	1980	2010	40 years
e Carrington	(a)	(3)	Lynchburg	VA	705,888	4,294,112		705,888	4,294,112	(248,419)	1994	2010	40 years
ma Care Center	(a)	(2)	Arma	KS	57,452	2,897,772		57,452	2,897,772	(171,754)	1970	2010	40 years
tes Center rsing and Rehab	(a)	(2)	Yates	KS	54,340	2,990,435		54,340	2,990,435	(176,388)	1967	2010	40 years
eat Bend alth & Rehab nter	(a)	(3)	Great Bend	KS	111,482	4,588,518	299,535	111,482	4,888,053	(349,923)	1965	2010	40 years
plewood at rwalk	(b)	(3)	Norwalk	CT	1,589,950	1,010,050	15,792,103	1,589,950	16,802,153	(83,716)	1983	2010	40 years
rizo Springs rsing & Rehab	(a)	(3)	Carrizo Springs	TX	45,317	1,954,683		45,317	1,954,683	(126,306)	1965	2010	40 years
plewood at ange	(b)	(2)	Orange	CT	1,133,533	11,155,287	2,131,478	1,133,533	13,286,765	(729,962)	1999	2010	40 years
llington asehold	(a)	(3)	Wellington	KS			2,000,000		2,000,000	(121,575)	1957	2010	21 years
James rsing & Rehab	(a)	(3)	Carrabelle	FL	1,144,155	8,855,845		1,144,155	8,855,845	(501,574)	2009	2011	40 years
iversity Manor	(a)	(3)	Cleveland	OH	886,425	8,694,575		886,425	8,694,575	(428,928)	1982	2011	40 years
and Rapids Care nter	(a)	(3)	Grand Rapids	OH	288,249	1,516,629		288,249	1,516,629	(75,009)	1993	2011	40 years
levue Care nter	(a)	(3)	Bellevue	OH	282,354	3,440,207		282,354	3,440,207	(158,585)	1988	2011	40 years
chard Grove sisted Living	(b)	(3)	Bellevue	OH	282,354	3,440,207		282,354	3,440,207	(158,585)	1998	2011	40 years
odland Manor rsing and habilitation	(a)	(5)	Conroe	TX	576,518	2,090,586	280,458	576,518	2,371,044	(133,274)	1975	2011	40 years
dericksburg rsing and habilitation	(a)	(5)	Fredericksburg	TX	326,731	3,046,370		326,731	3,046,370	(146,543)	1970	2011	40 years
per Nursing and habilitation	(a)	(5)	Jasper	TX	113,083	2,554,020	28,500	113,083	2,582,520	(116,740)	1972	2011	40 years

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AVIV REIT, INC. AND SUBSIDIARIES

SCHEDULE III (CONTINUED)

					Initial Cost to Company		Costs Capitalized Subsequent to Acquisition		Gross Amount Carried at December 31, 2012 (c)					
Description	Type of Asset	Encumbrances	City	State	Land	Buildings & Improvements	Improvements / Adjustments	Impairment / Dispositions	Land	Buildings & Improvements	Accumulated Depreciation	Year of Construction	Date Acquired	Life on Which Depreciation in Statement of Operations Computed
Legacy Park Community Living Center	(a)	(4)	Peabody	KS	33,420	1,266,580			33,420	1,266,580	(64,381)	1963	2011	40 years
Lakewood Senior Living of Pratt	(a)	(3)	Pratt	KS	18,503	502,901	312,315		18,503	815,216	(33,659)	1964	2011	40 years
Lakewood Senior Living of Seville	(a)	(3)	Wichita	KS	93,731	896,938	150,903		93,731	1,047,841	(56,025)	1977	2011	40 years
Lakewood Senior Living of Haviland	(a)	(3)	Haviland	KS	112,480	648,771	16,293		112,480	665,064	(39,040)	1971	2011	40 years
Oak Manor Nursing and Rehabilitation	(a)	(5)	Commerce	TX	224,899	1,867,793	443,861		224,899	2,311,654	(111,312)	1963	2011	40 years
Loma Linda Healthcare	(a)	(3)	Moberly	MO	913,017	4,556,983			913,017	4,556,983	(222,847)	1987	2011	40 years
Maplewood at Newtown	(b)	(3)	Newtown	CT	4,941,584	7,058,416	3,332,745		6,314,004	9,018,741	(439,668)	2000	2011	40 years
Chatham Acres Nursing Home	(a)	(3)	Chatham	PA	203,431	1,996,569	2,499,534		203,431	4,496,103	(105,016)	1873	2011	40 years
Transitions Healthcare Gettysburg	(a)	(3)	Gettysburg	PA	241,994	5,858,005	347,001		241,994	6,205,006	(245,949)	1950	2011	40 years
Maplewood at Darien	(b)	(3)	Darien	CT	2,430,458	3,069,542	12,368,599		2,430,458	15,438,141	(158,177)	2012	2011	40 years
Crawford Manor	(a)	(3)	Cleveland	OH	119,877	3,080,123			119,877	3,080,123	(109,649)	1994	2011	40 years
Aviv Asset Management	(d)		Chicago	IL			991,040			991,040	(236,577)			
Aviv Healthcare Properties LP		-2	Chicago	IL			53,750			53,750				
Skagit Aviv	(e)	(3)	Mt. Vernon	WA			422,205	(422,205)						40 years
Chatham Acres	(e)	(3)	Chatham	PA								1873	2011	40 years
Amberwood Manor Nursing Home Rehabilitation	(a)	(3)	New Philadelphia	PA	450,642	3,264,346			450,642	3,264,346	(101,044)	1962	2011	40 years
Caring Heights Community Care & Rehabilitation Center	(a)	(3)	Coroapolis	PA	1,546,079	10,018,012			1,546,079	10,018,012	(311,362)	1983	2011	40 years
Dunmore Healthcare Group	(a)	(3)	Dunmore	PA	398,110	6,812,777			398,110	6,812,777	(213,709)	2002	2011	40 years
Eagle Creek Healthcare Group	(a)	(3)	West Union	OH	1,055,733	5,774,130			1,055,733	5,774,130	(180,081)	1981	2011	40 years
Edison Manor Nursing & Rehabilitation	(a)	(3)	New Castle	PA	393,475	8,246,253			393,475	8,246,253	(259,686)	1982	2011	40 years
Indian Hills Health & Rehabilitation Center	(a)	(3)	Euclid	OH	852,677	8,425,268			852,677	8,425,268	(261,573)	1989	2011	40 years
Milcrest Nursing Center	(a)	(3)	Marysville	OH	735,942	2,169,369			735,942	2,169,369	(69,107)	1968	2011	40 years

Scranton Healthcare Center	(a)	(5)	Scranton	PA	1,120,202	5,536,985	1,120,202	5,536,985	(169,217)	2002	2011	40 years
Deseret Nursing & Rehabilitation at Colby	(a)	(5)	Colby	KS	569,437	2,798,928	569,437	2,798,928	(85,013)	1974	2011	40 years
Deseret Nursing & Rehabilitation at Kensington	(a)	(5)	Kensington	KS	279,893	1,418,766	279,893	1,418,766	(45,603)	1967	2011	40 years
Deseret Nursing & Rehabilitation at Onaga	(a)	(5)	Onaga	KS	86,863	2,866,488	86,863	2,866,488	(86,984)	1959	2011	40 years
Deseret Nursing & Rehabilitation at Oswego	(a)	(5)	Oswego	KS	183,378	839,678	183,378	839,678	(27,869)	1960	2011	40 years
Deseret Nursing & Rehabilitation at Smith Center	(a)	(5)	Smith Center	KS	106,166	1,650,402	106,166	1,650,402	(51,515)	1960	2011	40 years
Burford Manor	(a)	(3)	Davis	OK	80,000	3,220,000	80,000	3,220,000	(100,042)	1969	2011	40 years
Care Meridian Cowan Heights	(h)	(5)	Santa Ana	CA	219,887	1,129,422	219,887	1,129,422	(37,231)	1989	2011	40 years
Care Meridian Escondido	(h)	(5)	Escondido	CA	169,913	1,139,416	169,913	1,139,416	(38,230)	1990	2011	40 years
Care Meridian Fresno-Marks	(h)	(5)	Fresno	CA	269,862	1,709,125	269,862	1,709,125	(54,722)	1990	2011	40 years
Care Meridian La Habra Heights	(h)	(5)	La Habra	CA	199,898	1,339,314	199,898	1,339,314	(43,228)	1990	2011	40 years
Care Meridian Sacramento	(h)	(5)	Elk Grove	CA	219,887	1,649,155	219,887	1,649,155	(53,223)	1992	2011	40 years
Care Meridian Oxnard	(h)	(5)	Oxnard	CA	99,949	1,219,375	99,949	1,219,375	(40,229)	1994	2011	40 years
Care Meridian Santiago Canyon	(h)	(5)	Silverado	CA	549,718	1,039,468	549,718	1,039,468	(37,981)	1999	2011	40 years
Care Meridian Marin	(h)	(5)	Fairfax	CA	319,836	2,148,899	319,836	2,148,899	(65,717)	2000	2011	40 years
Care Meridian Gilroy	(h)	(5)	Gilroy	CA	1,089,442	1,759,099	1,089,442	1,759,099	(55,972)	2000	2011	40 years

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AVIV REIT, INC. AND SUBSIDIARIES

SCHEDULE III (CONTINUED)

					Initial Cost to Company		Costs Capitalized Subsequent to Acquisition		Gross Amount Carried at December 31, 2012 (c)					
Description	Type of Asset	Encumbrances	City	State	Land	Buildings & Improvements	Improvements / Adjustments	Impairment / Dispositions	Land	Buildings & Improvements	Accumulated Depreciation	Year of Construction	Date Acquired	Life on Which Depreciation in Statement of Operations Computed
Care Meridian Artesia	(h)	(5)	Artesia	CA	179,908	1,389,288			179,908	1,389,288	(44,477)	2002	2011	40 years
Care Meridian Las Vegas	(a)	(5)	Las Vegas	NV	759,611	7,776,017			759,611	7,776,017	(229,632)	2004	2011	40 years
Sandalwood Healthcare	(a)	(3)	Little Rock	AR	1,040,000	3,710,000	697,485		1,040,000	4,407,485	(129,404)	1996	2011	40 years
Bath Creek		(3)	Cuyahoga Falls	OH								2013	2012	40 years
Astoria Health and Rehab	(a)	(5)	Germantown	OH	330,000	2,170,000	270,551		330,000	2,440,551	(59,462)	1996	2012	40 years
Gardnerville Health and Rehab	(a)	(3)	Gardnerville	NV	1,237,736	3,562,264			1,237,736	3,562,264	(86,792)	2000	2012	40 years
North Platte Care Centre	(a)/(b)	(3)	North Platte	NE	236,520	2,128,680	46,884		236,520	2,175,564	(70,305)	1984	2012	40 years
Fair Oaks Care Centre	(b)	(3)	Shenandoah	IA	68,121	401,679			68,121	401,679	(9,719)	1997	2012	40 years
Crest Haven Care Centre	(a)	(3)	Creston	IA	72,333	1,466,667	57,681		72,333	1,524,348	(36,983)	1964	2012	40 years
Premier Estates Rock Rapids	(b)	(3)	Rock Rapids	IA	82,782	2,282,418			82,782	2,282,418	(53,907)	1998	2012	40 years
Rock Rapids Care Centre	(a)	(3)	Rock Rapids	IA	113,270	2,349,130	151,239		113,270	2,500,369	(56,421)	1976	2012	40 years
Elmwood Care Centre	(a)/(b)	(3)	Onawa	IA	227,383	1,732,817	180,025		227,383	1,912,842	(50,232)	1961	2012	40 years
Sunny Knoll Care Centre	(a)	(3)	Rockwell City	IA	62,483	2,092,116	(0)		62,483	2,092,116	(49,915)	1966	2012	40 years
New Hampton Care Centre	(a)	(3)	New Hampton	IA	144,180	2,739,420	31,015		144,180	2,770,435	(69,998)	1967	2012	40 years
Monte Siesta	(a)	(4)	Austin	TX	770,000	5,230,000			770,000	5,230,000	(121,323)	1964	2012	40 years
Silver Pines	(a)	(4)	Bastrop	TX	480,000	3,120,000			480,000	3,120,000	(88,384)	1987	2012	40 years
Spring Creek	(a)	(4)	Beaumont	TX	300,000	700,000			300,000	700,000	(18,770)	1969	2012	40 years
Riverview	(a)	(4)	Boerne	TX	780,000	3,470,000			780,000	3,470,000	(96,046)	1994	2012	40 years
Bluebonnet	(a)	(4)	Karnes City	TX	420,000	3,130,000			420,000	3,130,000	(92,930)	1994	2012	40 years
Cottonwood	(a)	(4)	Denton	TX	240,000	2,060,000			240,000	2,060,000	(49,789)	1969	2012	40 years
Regency Manor	(a)	(4)	Floresville	TX	780,000	6,120,000			780,000	6,120,000	(157,503)	1995	2012	40 years
DeLeon	(a)	(4)	DeLeon	TX	200,000	2,800,000			200,000	2,800,000	(68,241)	1974	2012	40 years
Spring Oaks	(a)	(4)	Lampasas	TX	360,000	4,640,000			360,000	4,640,000	(117,091)	1990	2012	40 years
Lynwood	(a)	(4)	Levelland	TX	300,000	3,800,000			300,000	3,800,000	(109,087)	1990	2012	40 years
Sienna	(a)	(4)	Odessa	TX	350,000	8,050,000			350,000	8,050,000	(169,601)	1974	2012	40 years
Deerings	(a)	(4)	Odessa	TX	280,000	8,420,000	35,029		280,000	8,455,029	(179,140)	1975	2012	40 years
Terrace West	(a)	(4)	Midland	TX	440,000	5,860,000			440,000	5,860,000	(139,107)	1975	2012	40 years
Lake Lodge	(a)	(4)	Lake Worth	TX	650,000	4,610,000			650,000	4,610,000	(114,016)	1977	2012	40 years
Nolan	(a)	(4)	Sweetwater	TX	190,000	4,210,000			190,000	4,210,000	(118,415)	2010	2012	40 years
Langdon Hall	(b)	(5)	Bradenton	FL	390,000	4,546,000	60,125		390,000	4,606,125	(97,833)	1985	2012	40 years
Mount Washington Residence	(b)	(5)	Eau Claire	WI	1,040,000	1,460,000	133,120		1,040,000	1,593,120	(34,575)	1930	2012	40 years
Maplewood at Danbuy	(b)	(1)	Danbury	CT	1,918,801	14,081,199			1,918,801	14,081,199	(228,086)	1968	2012	40 years

Rivercrest Specialty Hospital	(i)	(3)	Mishawaka	IN	328,000	8,072,000		328,000	8,072,000	(109,865)	1991	2012	40 years
Safe Haven Hospital and Care Center	(a)	(3)	Pocatello	ID	470,000	5,530,000	163,871	470,000	5,693,871	(64,724)	1970	2012	40 years
Care Meridian Pleasanton	(h)	(3)	Pleasanton	CA	410,647	751,184	970,201	410,647	1,721,385	(7,512)	2012	2012	40 years
Highlands Nursing and Rehabilitation Center	(a)	(3)	Louisville	KY	440,893	9,484,107		440,893	9,484,107	(75,810)	1977	2012	40 years
Seven Oaks Nursing & Rehabilitation	(a)	(4)	Glendale	WI	1,620,000	5,980,000		1,620,000	5,980,000	(28,792)	1994	2012	40 years
Inola Health Care Center	(a)	(3)	Inola	OK	520,000	2,480,000		520,000	2,480,000		1990	2012	40 years
Avondale Cottage of Pryor	(b)	(3)	Pryor	OK	100,000	400,000		100,000	400,000		2000	2012	40 years
Nesbit Living and Recovery Center	(a)	(4)	Seguin	TX	600,000	4,400,000		600,000	4,400,000	(12,917)	1958	2012	40 years

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AVIV REIT, INC. AND SUBSIDIARIES

SCHEDULE III (CONTINUED)

					Initial Cost to Company		Costs Capitalized Subsequent to Acquisition		Gross Amount Carried at December 31, 2012 (c)					
	Type of Asset	Encumbrances	City	State	Land	Buildings & Improvements	Improvements / Adjustments	Impairment / Dispositions	Land	Buildings & Improvements	Accumulated Depreciation	Year of Construction	Date Acquired	Lif De in of C
an	(h)	(3)	Granite Bay	CA	540,000	435,000			540,000	435,000		1978	2012	
nds at	(a)	(3)	Ravenna	OH	660,000	6,940,000			660,000	6,940,000		2000	2012	
House	(b)	(4)	Dunnellon, FL	FL	690,000	3,510,000			690,000	3,510,000	(9,375)	1993	2012	
y ala	(b)	(4)	Ocala, FL	FL	500,000	2,800,000			500,000	2,800,000	(7,084)	1984	2012	
House	(b)	(4)	Dunnellon, FL	FL	490,000	2,610,000			490,000	2,610,000	(6,625)	1991	2012	
nor ach	(b)	(4)	Ormond Beach, FL	FL	630,000	2,870,000			630,000	2,870,000	(8,104)	1996	2012	
Nursing tation	(e)	(3)	Eagle Lake	TX	92,561		598,944		92,561	598,944		2013	2012	
					$ 124,030,596	$ 917,645,734	$ 121,527,310	$ (71,420,631)	$ 119,224,819	$ 972,558,190	$ (119,371,113)			

Assets under direct financing leases

Description	Type of Asset	Encumbrances	City	State	Initial Cost to Company	Accretion/ Amortization	Impairment/ Dispositions	Gross Amount Carried at December 31, 2012	Year of Construction	Date Acquired
Fountain Lake	(a)	(2)	Hot Springs	AR	$ 10,418,738	$ 630,382	$	$ 11,049,120	2007	2008
					$ 10,418,738	$ 630,382	$	$ 11,049,120		

(a) Skilled Nursing Facilities (SNFs)
(b) Assisted Living Facilities (ALFs)
(c) Vacant Land
(d) Assets relating to corporate office space
(e) Devlopmental asset
(f) Includes six properties all located in Texas
(g) The aggregate cost for federal income tax purposes of the real estate as of December 31, 2012 is $812,833,004 (unaudited)
(h) Traumatic Brain Injury Center (TBIs)
(i) Long Term Acute Care

Encumbrances:

(1) Standalone first mortgage
(2) Primary GE Credit Facility
(3) Unencumbered
(4) BAML Revolving Credit Facility
(5) GE Acquisition Line

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AVIV REIT, INC. AND SUBSIDIARIES

SCHEDULE III (CONTINUED)

	For the Years Ended December 31, 2012	2011	2010
Reconciliation of real estate:			
Carrying cost:			
Balance at beginning of period	$ 919,383,767	$ 703,049,477	$ 636,409,268
Additions during period:			
Acquisitions	184,325,392	186,078,338	63,005,000
Development of rental properties and capital expenditures	42,447,824	36,686,682	7,815,209
Dispositions:			
Sale of assets	(32,207,992)	(339,009)	(4,084,000)
Impairment(i)	(11,116,862)	(6,091,721)	(96,000)
Balance at end of period	$ 1,102,832,129	$ 919,383,767	$ 703,049,477
Accumulated depreciation:			
Balance at beginning of period	$ 96,796,028	$ 75,948,944	$ 58,673,377
Additions during period:			
Depreciation expense	26,809,645	20,847,084	17,853,799
Dispositions:			
Sale of assets	(4,234,560)		(578,232)
Balance at end of period	$ 119,371,113	$ 96,796,028	$ 75,948,944

(i) Represents the write-down of carrying cost and accumulated depreciation on assets where impairment charges were taken.

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AVIV HEALTHCARE PROPERTIES LIMITED PARTNERSHIP AND SUBSIDIARIES

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors and the Partners

Aviv Healthcare Properties Limited Partnership and Subsidiaries

We have audited the accompanying consolidated balance sheets of Aviv Healthcare Properties Limited Partnership and Subsidiaries (the Partnership) as of December 31, 2012 and 2011, and the related consolidated statements of operations and comprehensive income, changes in equity, and cash flows for each of the three years in the period ended December 31, 2012. Our audits also included the financial statement schedules listed in the accompanying index to the financial statements. These financial statements and schedules are the responsibility of the Partnership s management. Our responsibility is to express an opinion on these financial statements and schedules based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. We were not engaged to perform an audit of the Partnership s internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Partnership s internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Aviv Healthcare Properties Limited Partnership and Subsidiaries at December 31, 2012 and 2011, and the consolidated results of their operations and their cash flows for each of the three years in the period ended December 31, 2012 in conformity with U.S. generally accepted accounting principles. Also, in our opinion, the related financial statement schedules, when considered in relation to the basic financial statements taken as a whole, presents fairly in all material respects the information set forth therein.

/s/ Ernst & Young LLP

Chicago, Illinois

February 26, 2013, except for Notes 1, 2, 8, and 9 as to which the date is March 11, 2013

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AVIV HEALTHCARE PROPERTIES LIMITED PARTNERSHIP AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

	December 31 2012	December 31 2011
Assets		
Real estate investments		
Land	$ 119,224,819	$ 102,925,122
Buildings and improvements	968,074,506	777,249,381
Construction in progress	4,483,684	28,293,083
Assets under direct financing leases	11,049,120	10,916,181
	1,102,832,129	919,383,767
Less accumulated depreciation	(119,371,113)	(96,796,028)
Net real estate investments	983,461,016	822,587,739
Cash and cash equivalents	15,534,373	39,203,727
Straight-line rent receivable, net	36,101,861	29,926,203
Tenant receivables, net	3,483,534	6,007,800
Deferred finance costs, net	14,651,265	13,142,330
Secured loan receivables, net	32,638,780	33,031,117
Other assets	11,315,865	5,864,045
Total assets	$ 1,097,186,694	$ 949,762,961
Liabilities and equity		
Secured notes payable and other debt	$ 705,153,415	$ 600,473,578
Accounts payable and accrued expenses	24,207,814	18,124,167
Tenant security and escrow deposits	18,278,172	15,739,917
Other liabilities	29,045,796	33,167,333
Deferred contribution		35,000,000
Total liabilities	776,685,197	702,504,995
Equity:		
Partners equity	324,274,829	250,555,308
Accumulated other comprehensive loss	(3,773,332)	(3,297,342)
Total equity	320,501,497	247,257,966
Total liabilities and equity	$ 1,097,186,694	$ 949,762,961

See accompanying notes to consolidated financial statements.

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AVIV HEALTHCARE PROPERTIES LIMITED PARTNERSHIP AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME

	Year Ended December 31		
	2012	2011	2010
Revenues			
Rental income	$ 117,409,622	$ 91,011,558	$ 84,097,016
Interest on secured loans and financing lease	4,633,476	5,193,144	5,171,971
Interest and other income	1,128,958	843,794	133,286
Total revenues	123,172,056	97,048,496	89,402,273
Expenses			
Interest expense	50,982,727	38,666,855	23,729,753
Depreciation and amortization	26,891,811	20,271,762	17,246,373
General and administrative	16,506,013	11,422,407	9,822,647
Transaction costs	6,707,803	5,493,099	1,578,225
Loss on impairment of assets	11,116,862	5,232,805	96,000
Reserve for uncollectible secured loan receivables	6,531,506	1,512,305	750,000
Change in fair value of derivatives			(2,931,309)
Gain on sale of assets, net		(1,170,991)	(511,552)
Loss on extinguishment of debt	28,244	3,806,513	2,295,562
Other expenses	400,353	266,902	
Total expenses	119,165,319	85,501,657	52,075,699
Income from continuing operations	4,006,737	11,546,839	37,326,574
Discontinued operations	4,586,692	(233,715)	656,146
Net income	8,593,429	11,313,124	37,982,720
Distributions and accretion on Class E Preferred Units			(17,371,893)
Net income allocable to noncontrolling interests			(241,622)
Net income allocable to common units	$ 8,593,429	$ 11,313,124	$ 20,369,205
Net income allocable to common units	$ 8,593,429	$ 11,313,124	$ 37,982,720
Unrealized (loss) gain on derivative instruments	(475,990)	(7,391,774)	4,094,432
Total comprehensive income allocable to common units	$ 8,117,439	$ 3,921,350	$ 42,077,152

See accompanying notes to consolidated financial statements.

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AVIV HEALTHCARE PROPERTIES LIMITED PARTNERSHIP AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Years Ended December 31, 2012, 2011 and 2010

	Partners Equity	Accumulated Other Comprehensive Income (Loss)	Noncontrolling Interests	Total Equity
Balance at January 1, 2010	$ 73,385,093	$	$ 1,177,015	$ 74,562,108
Net income	37,741,098		241,622	37,982,720
Non-cash stock based compensation	1,631,998			1,631,998
Distributions to partners and accretion on Class E Preferred Units and other	(79,980,308)			(79,980,308)
Redemption of warrants	(17,001,453)			(17,001,453)
Capital contributions	223,597,219		268,902	223,866,121
Unrealized gain on derivative instruments		4,094,432		4,094,432
Capital contributions of noncontrolling interests	1,687,539		(1,687,539)	
Balance at December 31, 2010	241,061,186	4,094,432		245,155,618
Non-cash stock-based compensation	1,971,905			1,971,905
Distributions to partners	(44,210,664)			(44,210,664)
Capital contributions	40,419,757			40,419,757
Unrealized loss on derivative instruments		(7,391,774)		(7,391,774)
Net income	11,313,124			11,313,124
Balance at December 31, 2011	250,555,308	(3,297,342)		247,257,966
Non-cash stock-based compensation	1,689,481			1,689,481
Distributions to partners	(45,920,163)			(45,920,163)
Capital contributions	109,356,774			109,356,774
Unrealized loss on derivative instruments		(475,990)		(475,990)
Net income	8,593,429			8,593,429
Balance at December 31, 2012	$ 324,274,829	$ (3,773,332)	$	$ 320,501,497

See accompanying notes to consolidated financial statements.

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AVIV HEALTHCARE PROPERTIES LIMITED PARTNERSHIP AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year Ended December 31		
	2012	2011	2010
Operating activities			
Net income	$ 8,593,429	$ 11,313,124	$ 37,982,720
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	26,935,303	20,847,084	17,853,799
Amortization of deferred financing costs	3,544,515	2,664,934	1,008,059
Accretion of debt premium	(414,488)	(197,873)	
Change in fair value of derivatives			(2,931,309)
Straight-line rental (income) loss, net	(7,656,484)	466,595	(3,056,430)
Rental income from intangible amortization, net	(1,486,167)	(1,365,836)	(3,681,109)
Non-cash stock-based compensation	1,689,481	1,971,905	1,631,998
Gain on sale of assets, net	(4,425,246)	(1,170,991)	(511,552)
Non-cash loss on extinguishment of debt	41,507	3,806,513	1,437,233
Loss on impairment of assets	11,116,862	6,091,721	96,000
Reserve for uncollectible loan receivables	6,531,506	1,426,149	750,000
Accretion of earn-out provision for previously acquired real estate investments	400,353	266,902	
Changes in assets and liabilities:			
Due from related parties			15,816
Tenant receivables	(771,454)	(6,103,511)	(317,123)
Other assets	(5,873,305)	2,596,091	177,666
Accounts payable and accrued expenses	5,020,583	6,146,173	3,357,961
Tenant security deposits and other liabilities	546,095	1,672,037	866,527
Net cash provided by operating activities	43,792,490	50,431,017	54,680,256
Investing activities			
Purchase of real estate investments	(172,865,598)	(181,214,201)	(54,884,043)
Proceeds from sales of real estate investments	31,932,981	1,510,000	4,085,825
Payment of earn-out provision for previously acquired real estate investments			(9,600,731)
Capital improvements	(13,557,595)	(9,363,787)	(5,650,797)
Development projects	(27,975,621)	(21,406,147)	(2,232,333)
Secured loan receivables received from others	14,632,195	14,337,711	9,286,270
Secured loan receivables funded to others	(16,856,546)	(10,919,787)	(16,120,838)
Net cash used in investing activities	(184,690,184)	(207,056,211)	(75,116,647)

See accompanying notes to consolidated financial statements.

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AVIV HEALTHCARE PROPERTIES LIMITED PARTNERSHIP AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)

	Year Ended December 31		
	2012	**2011**	**2010**
Financing activities			
Borrowings of debt	$ 267,761,094	$ 404,928,032	$ 442,789,570
Repayment of debt	(174,126,563)	(244,832,497)	(482,522,690)
Payment of financing costs	(5,143,395)	(9,607,704)	(10,567,931)
Payment for swap termination			(3,380,160)
Capital contributions	109,000,000	40,419,757	223,866,121
Deferred contribution	(35,000,000)	35,000,000	
Redemption of Class E Preferred Units and warrants			(92,001,451)
Redemption of Class F Units			(23,602,649)
Cash distributions to partners	(45,262,796)	(43,107,141)	(36,658,452)
Net cash provided by financing activities	117,228,340	182,800,447	17,922,358
Net (decrease) increase in cash and cash equivalents	(23,669,354)	26,175,253	(2,514,033)
Cash and cash equivalents:			
Beginning of year	39,203,727	13,028,474	15,542,507
End of year	$ 15,534,373	$ 39,203,727	$ 13,028,474
Supplemental cash flow information			
Cash paid for interest	$ 46,710,692	$ 29,025,490	$ 20,983,000
Supplemental disclosure of noncash activity			
Accrued distributions payable to partners	$ 13,687,294	$ 13,029,927	$ 11,339,775
Write-off of straight-line rent receivable, net	$ 1,552,481	$ 7,093,438	$ 3,367,164
Write-off of in-place lease intangibles, net	$ 19,446	$ 35,536	$ 1,392,034
Write-off of deferred financing costs, net	$ 41,507	$ 3,806,513	$ 1,235,969
Write-off of debt discount	$	$	$ 202,307
Assumed debt	$ 11,459,794	$	$

See accompanying notes to consolidated financial statements.

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AVIV HEALTHCARE PROPERTIES LIMITED PARTNERSHIP AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Description of Operations and Formation

Aviv Healthcare Properties Limited Partnership, a Delaware limited partnership, and Subsidiaries (the Partnership) was formed in 2005 and directly or indirectly owned or leased 258 properties, principally skilled nursing facilities, across the United States at December 31, 2012. The Partnership generates the majority of its revenues by entering into long-term triple-net leases with qualified local, regional, and national operators. In addition to the base rent, leases provide for operators to pay the Partnership an ongoing escrow for real estate taxes. Furthermore, all operating and maintenance costs of the buildings are the responsibility of the operators. Substantially all depreciation expense reflected in the consolidated statements of operations and comprehensive income relates to the ownership of real estate properties. The Partnership manages its business as a single business segment as defined in Accounting Standards Codification (ASC) 280, Segment Reporting.

The Partnership is the general partner of Aviv Healthcare Properties Operating Partnership I, L.P. (the Operating Partnership), a Delaware limited partnership, and Aviv Healthcare Capital Corporation, a Delaware company. The Operating Partnership has five wholly owned subsidiaries: Aviv Financing I, LLC (Aviv Financing I), a Delaware limited liability company; Aviv Financing II, LLC (Aviv Financing II), a Delaware limited liability company; Aviv Financing III, LLC (Aviv Financing III), a Delaware limited liability company; Aviv Financing IV, LLC (Aviv Financing IV), a Delaware limited liability company; and Aviv Financing V, LLC (Aviv Financing V), a Delaware limited liability company.

On September 17, 2010, the predecessor to the Partnership entered into an agreement (the Merger Agreement), by and among Aviv REIT, Inc. (the REIT), a Maryland corporation, Aviv Healthcare Merger Sub LP (Merger Sub), a Delaware limited partnership of which the REIT is the general partner, Aviv Healthcare Merger Sub Partner LLC, a Delaware limited liability company and a wholly owned subsidiary of the REIT, and the Partnership. Effective on such date, the REIT is the sole general partner of the Partnership. Pursuant to the Merger Agreement, the predecessor to the Partnership merged (the Merger) with and into Merger Sub, with Merger Sub continuing as the surviving entity with the identical name (the Surviving Partnership). Following the Merger, the REIT remains as the sole general partner of the Surviving Partnership and the Surviving Partnership, as the successor to the predecessor to the Partnership, became the general partner of the Operating Partnership.

All of the business, assets and operations will continue to be held by the Operating Partnership and its subsidiaries. The REIT s equity interest in the Surviving Partnership will be linked to future investments in the REIT, such that future equity issuances by the REIT (pursuant to the Stockholders Agreement, the REIT s management incentive plan or otherwise as agreed between the parties) will result in a corresponding increase in the REIT s equity interest in the Surviving Partnership. The REIT is authorized to issue 120.7 million shares of common stock (par value $0.01) and 1,000 shares of preferred stock (par value $1,000). At December 31, 2012, there are 21,653,813 shares of common stock and 125 shares of preferred stock outstanding.

As a result of the common control of the REIT (which was newly formed) and the predecessor to the Partnership, the Merger, for accounting purposes, did not result in any adjustment to the historical carrying value of the assets or liabilities of the Partnership. The REIT was funded in September 2010 with approximately $235 million from its stockholders, and such amounts, net of costs, was contributed to the Partnership in September 2010 in exchange for Class G Units in the Partnership. An additional $75 million was contributed by the REIT s stockholders during 2011, of which $35 million was recognized as a contribution in January 2012. Additionally, the REIT s stockholders contributed $40 million and $34 million on March 28, 2012 and July 24, 2012, respectively. As of December 31, 2012 and 2011, the REIT owned 64.46% and 57.0% of the Partnership, respectively. The REIT s weighted average ownership of the Partnership for the years ended December 31, 2012 and 2011 were 62.51% and 54.9%, respectively.

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AVIV HEALTHCARE PROPERTIES LIMITED PARTNERSHIP AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2. Summary of Significant Accounting Policies

Estimates

The preparation of the financial statements in conformity with U.S. generally accepted accounting principles (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of the Partnership, the Surviving Partnership, the Operating Partnership, and all controlled subsidiaries. The Partnership considers itself to control an entity if it is the majority owner of and has voting control over such entity or the power to control a variable interest entity. The portion of the net income or loss attributed to third parties is reported as net income allocable to noncontrolling interests on the consolidated statements of operations and comprehensive income, and such parties portion of the net equity in such subsidiaries is reported on the consolidated balance sheets as noncontrolling interests. All significant intercompany balances and transactions have been eliminated in consolidation.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash and highly liquid short-term investments with original maturities of three months or less. The Partnership maintains cash and cash equivalents in United States banking institutions that exceed amounts insured by the Federal Deposit Insurance Corporation. The Partnership believes the risk of loss from exceeding this insured level is minimal.

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AVIV HEALTHCARE PROPERTIES LIMITED PARTNERSHIP AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Real Estate Investments

The Partnership periodically assesses the carrying value of real estate investments and related intangible assets in accordance with ASC 360, Property, Plant, and Equipment (ASC 360), to determine if facts and circumstances exist that would suggest that assets might be impaired or that the useful lives should be modified. In the event impairment in value occurs and a portion of the carrying amount of the real estate investments will not be recovered in part or in whole, a provision will be recorded to reduce the carrying basis of the real estate investments and related intangibles to their estimated fair value. The estimated fair value of the Partnership s rental properties is determined by using customary industry standard methods that include discounted cash flow and/or direct capitalization analysis (Level 3) or estimated cash proceeds received upon the anticipated disposition of the asset from market comparables (Level 2). As part of the impairment evaluation during 2012, the buildings in the following locations were impaired to reflect the estimated fair values (Level 2).

Youngtown, AZ	$ 1,634,701
Fall River, MA	141,204
Cincinnati, OH	90,000
West Chester, OH	3,414,228
Zion, IL	1,000,000
Bremerton, WA	150,169
Columbus, TX	1,421,941
Benton Harbor, MI	491,113
Omaha, NE	742,383
Searcy, AR	1,897,763
Cathlamet, WA	93,098
Methuen, MA	40,262
	$ 11,116,862

As part of the impairment evaluation during 2011, three buildings were impaired for approximately $6.1 million to reflect the difference between the book value and the fair value (Level 2) including $0.9 million included in discontinued operations. As part of the impairment evaluation during 2010, a building in Hometown, Texas was impaired for $96,000 to reflect the difference between the book value and fair value (Level 2). The property was sold on December 31, 2010, with an immaterial gain subsequent to the impairment of $96,000 previously taken.

Buildings and building improvements are recorded at cost and have been assigned useful lives up to 40-year lives and are depreciated on the straight-line method. Personal property, furniture, and equipment have been assigned the shorter of the estimated useful lives up to 10 years and are depreciated on the straight-line method.

The Partnership may advance monies to its lessees for the purchase, generally, of furniture, fixtures, or equipment or other purposes. Required minimum lease payments due from the lessee increase to provide for the repayment of such amounts over a stated term. These advances in the instance where the depreciable life of the newly purchased asset is less than the remaining lease term are reflected as secured loan receivables on the consolidated balance sheets, and the incremental lease payments are bifurcated between principal and interest over the stated term. In the instance where the depreciable life of the newly purchased assets is longer than the remaining lease term, the purchase is recorded as property when such assets are deemed to be owned by the Partnership. In other instances, explicit secured loans are made to lessees for working capital and other funding needs and provide for monthly principal and interest payments generally ranging from 5 to 10 years.

AVIV HEALTHCARE PROPERTIES LIMITED PARTNERSHIP AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Purchase Accounting

The Partnership allocates the purchase price of facilities between net tangible and identified intangible assets acquired and liabilities assumed as a result of the Partnership purchasing the business and subsequently leasing the business to third party operators. The Partnership makes estimates of the fair value of the tangible and intangible assets and acquired liabilities using information obtained from multiple sources as a result of preacquisition due diligence, marketing, leasing activities of the Partnership s operator base, industry surveys of critical valuation metrics such as capitalization rates, discount rates and leasing rates and appraisals obtained as a requirement of the Term Loan (Level 3). The Partnership allocates the purchase price of facilities to net tangible and identified intangible assets acquired based on their fair values in accordance with the provisions of ASC 805, Business Combinations (ASC 805). The determination of fair value involves the use of significant judgment and estimation.

The Partnership determines fair values as follows:

Real estate investments are valued using discounted cash flow projections that assume certain future revenue and costs and consider capitalization and discount rates using current market conditions.

The Partnership allocates the purchase price of facilities to net tangible and identified intangible assets acquired and liabilities assumed based on their fair values.

Other assets acquired and other liabilities assumed are valued at stated amounts, which approximate fair value.

Assumed debt balances are valued at fair value, with the computed discount/premium amortized over the remaining term of the obligation.

The Partnership determines the value of land either based on real estate tax assessed values in relation to the total value of the asset, internal analyses of recently acquired and existing comparable properties within the Partnership s portfolio, or third party appraisals. The fair value of in-place leases, if any, reflects: (i) above and below-market leases, if any, determined by discounting the difference between the estimated current market rent and the in-place rentals, the resulting intangible asset or liability of which is amortized to rental revenue over the remaining life of the associated lease plus any fixed rate renewal periods if applicable; (ii) the estimated value of the cost to obtain operators, including operator allowances, operator improvements, and leasing commissions, which is amortized over the remaining life of the associated lease; and (iii) an estimated value of the absorption period to reflect the value of the rents and recovery costs foregone during a reasonable lease-up period as if the acquired space was vacant, which is amortized over the remaining life of the associated lease. The Partnership also estimates the value of operator or other customer relationships acquired by considering the nature and extent of existing business relationships with the operator, growth prospects for developing new business with such operator, such operator s credit quality, expectations of lease renewals with such operator, and the potential for significant, additional future leasing arrangements with such operator. The Partnership amortizes such value, if any, over the expected term of the associated arrangements or leases, which would include the remaining lives of the related leases. The amortization is included in the consolidated statements of operations and comprehensive income in rental income. Generally, the Partnership s purchase price allocation of the purchased business and subsequent leasing of the business to unrelated third party operators does not include an allocation to intangible assets or intangible liabilities, as they are either immaterial or do not exist.

Prior to the Merger on September 17, 2010, Aviv Asset Management, L.L.C. (AAM) was a nonconsolidated management company to the Partnership based on the application of appropriate accounting guidance (as discussed in Footnote 12). Upon the Merger, AAM became a consolidated entity of the Company and is presented as such for all periods included herein with all periods shown at historical cost (carryover basis with no adjustments to fair value). This treatment is in accordance with ASC 805 due to the fact that AAM was under common control prior and subsequent to the Merger.

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AVIV HEALTHCARE PROPERTIES LIMITED PARTNERSHIP AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Revenue Recognition

Rental income is recognized on a straight-line basis over the term of the lease when collectability is reasonably assured. Differences between rental income earned and amounts due under the lease are charged or credited, as applicable, to straight-line rent receivable, net. Income recognized from this policy is titled straight-line rental income. Additional rents from expense reimbursements for insurance, real estate taxes, and certain other expenses are recognized in the period in which the related expenses are incurred and the net impact is reflected in rental income on the consolidated statements of operations and comprehensive income.

Below is a summary of the components of rental income for the years ended December 31, 2012, 2011, and 2010:

	2012	2011	2010
Cash rental income	$ 108,266,971	$ 89,735,803	$ 77,339,853
Straight-line rental income (loss)	7,656,484	(90,081)	3,076,054
Rental income from intangible amortization	1,486,167	1,365,836	3,681,109
Total rental income	$ 117,409,622	$ 91,011,558	$ 84,097,016

During the years ended December 31, 2012, 2011, and 2010 straight-line rental (loss) income includes a write-off (expense) of straight-line rent receivable, net of approximately $1.5 million, $7.1 million, and $3.4 million, respectively, due to the early termination of leases and replacement of operators.

Lease Accounting

The Partnership, as lessor, makes a determination with respect to each of its leases whether they should be accounted for as operating leases or direct financing leases. The classification criteria is based on estimates regarding the fair value of the leased facilities, minimum lease payments, effective cost of funds, the economic life of the facilities, the existence of a bargain purchase option, and certain other terms in the lease agreements. Payments received under operating leases are accounted for in the statements of operations and comprehensive income as rental income for actual rent collected plus or minus a straight-line adjustment for estimated minimum lease escalators. Assets subject to operating leases are reported as real estate investments in the consolidated balance sheets. For facilities leased as direct financing arrangements, an asset equal to the Partnership s net initial investment is established on the balance sheet titled assets under direct financing leases. Payments received under the financing lease are bifurcated between interest income and principal amortization to achieve a consistent yield over the stated lease term using the interest method. Principal amortization (accretion) is reflected as an adjustment to the asset subject to a financing lease. Such accretion was approximately $0.1 million, $0.1 million, and $0.1 million for the years ended December 31, 2012, 2011, and 2010, respectively.

All of the Partnership s leases contain fixed or formula-based rent escalators. To the extent that the escalator increases are tied to a fixed index or rate, lease payments are accounted for on a straight-line basis over the life of the lease.

Deferred Finance Costs

Deferred finance costs are being amortized using the straight-line method, which approximates the interest method, over the term of the respective underlying debt agreement.

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AVIV HEALTHCARE PROPERTIES LIMITED PARTNERSHIP AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Secured Loan Receivables

Secured loan receivables consist of capital improvement loans and secured loans to operators. Capital improvement loans represent the financing provided by the Company to the operator to acquire furniture, fixtures, and equipment while the operator is operating the facility. Secured loans to operators represent financing provided by the Company to operators for working capital needs. Secured loan receivables are carried at their principal amount outstanding. Management periodically evaluates outstanding secured loans and notes receivable for collectability on a loan-by-loan basis. When management identifies potential loan impairment indicators, such as nonpayment under the loan documents, impairment of the underlying collateral, financial difficulty of the operator, or other circumstances that may impair full execution of the loan documents, and management believes it is probable that all amounts will not be collected under the contractual terms of the loan, the loan is written down to the present value of the expected future cash flows. Loan impairment is monitored via a quantitative and qualitative analysis including credit quality indicators and it is reasonably possible that a change in estimate could occur in the near term. As of December 31, 2012 and 2011, respectively, secured loan receivable reserves amounted to approximately $0.3 million and $2.2 million, respectively. No other circumstances exist that would suggest that additional reserves are necessary at the balance sheet dates.

Stock-Based Compensation

The Partnership follows ASC 718, Stock Compensation (ASC 718), which requires all share-based payments to employees, including grants of employee stock options, to be recognized in the consolidated statements of operations and comprehensive income based on their grant date fair values. On September 17, 2010, the Partnership adopted a 2010 Management Incentive Plan (the Plan) as part of the Merger transaction. A pro-rata allocation of non-cash stock-based compensation expense is made to the Partnership and noncontrolling interests for awards granted under the Plan. The Plan s non-cash stock-based compensation expense by the Partnership through December 31, 2012 is summarized in Footnote 9.

Fair Value of Financial Instruments

ASC 820, Fair Value Measurements and Disclosures (ASC 820), establishes a three-level valuation hierarchy for disclosure of fair value measurements. The valuation hierarchy is based upon the transparency of inputs to the valuation of an asset or liability as of the measurement date. A financial instrument s categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement. The three levels are defined as follows:

Level 1 Inputs to the valuation methodology are quoted prices (unadjusted) for identical assets;

Level 2 Inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument; and

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The Partnership s interest rate swaps are valued using models developed by the respective counterparty that use as their basis readily observable market parameters and are classified within Level 2 of the valuation hierarchy.

Cash and cash equivalents and derivative financial instruments are reflected in the accompanying consolidated balance sheets at amounts considered by management to reasonably approximate fair value.

AVIV HEALTHCARE PROPERTIES LIMITED PARTNERSHIP AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Management estimates the fair value of its long-term debt using a discounted cash flow analysis based upon the Partnership s current borrowing rate for debt with similar maturities and collateral securing the indebtedness. The Partnership had outstanding senior notes payable and other debt obligations with a carrying value of approximately $705.2 million and $600.5 million as of December 31, 2012 and 2011, respectively. The fair values of debt as of December 31, 2012 was $720.8 million and as of December 31, 2011 approximates its carrying value based upon interest rates available to the Partnership on similar borrowings (Level 3). Management estimates the fair value of its secured loan receivables using a discounted cash flow analysis based upon the Partnership s current interest rates for secured loan receivables with similar maturities and collateral securing the indebtedness. The Partnership had outstanding secured loan receivables with a carrying value of approximately $32.6 million and $33.0 million as of December 31, 2012 and 2011, respectively. The fair values of secured loan receivables as of December 31, 2011 and 2010 approximate their carrying value based upon interest rates available to the Partnership on similar borrowings.

Derivative Instruments

In the normal course of business, a variety of financial instruments are used to manage or hedge interest rate risk. The Partnership has implemented ASC 815, Derivatives and Hedging (ASC 815), which establishes accounting and reporting standards requiring that all derivatives, including certain derivative instruments embedded in other contracts, be recorded as either an asset or liability measured at their fair value unless they qualify for a normal purchase or normal sales exception. When specific hedge accounting criteria are not met, ASC 815 requires that changes in a derivative s fair value be recognized currently in earnings. Changes in the fair market values of the Partnership s derivative instruments are recorded in the consolidated statements of operations and comprehensive income if the derivative does not qualify for or the Partnership does not elect to apply hedge accounting. If the derivative is deemed to be eligible for hedge accounting, such changes are reported in accumulated other comprehensive income within the consolidated statement of changes in equity, exclusive of ineffectiveness amounts, which are recognized as adjustments to net income. All of the changes in the fair market values of our derivative instruments are recorded in the consolidated statements of operations and comprehensive income for our interest rate swaps that were terminated in September 2010. In November 2010, we entered into two interest rate swaps and account for changes in fair value of such hedges through accumulated other comprehensive (loss) income in equity in our financial statements via hedge accounting. Derivative contracts are not entered into for trading or speculative purposes. Furthermore, the Partnership has a policy of only entering into contracts with major financial institutions based upon their credit rating and other factors. Under certain circumstances, the Partnership may be required to replace a counterparty in the event that the counterparty does not maintain a specified credit rating.

Income Taxes

As a limited partnership, the consolidated operating results are included in the income tax returns of the individual partners. Accordingly, the Partnership does not provide for federal income taxes. State income taxes were not significant in any of the periods presented. No uncertain income tax positions exist as of December 31, 2012 and 2011, respectively.

Risks and Uncertainties

The Partnership is subject to certain risks and uncertainties affecting the healthcare industry as a result of healthcare legislation and continuing regulation by federal, state, and local governments. Additionally, the Partnership is subject to risks and uncertainties as a result of changes affecting operators of nursing home facilities due to the actions of governmental agencies and insurers to limit the growth in cost of healthcare services.

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AVIV HEALTHCARE PROPERTIES LIMITED PARTNERSHIP AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Discontinued Operations

In accordance with ASC 205-20, *Presentation of Financial Statements-Discontinued Operations* (ASC 205-20), the results of operations to the actual or planned disposition of rental properties are reflected in the consolidated statements of operations and comprehensive income as discontinued operations for all periods presented.

March 8, 2013 Increase in Authorized Shares and Stock Split

On March 7, 2013, the Board of Directors and stockholders of the Company approved an increase in the number of authorized REIT shares to 300,000,000 shares of common stock and a 60.37-to-one split of issued and outstanding common stock. The increase in the authorized shares and the stock split became effective on March 8, 2013 when the REIT s charter was amended for such increase in the number of authorized REIT shares and the stock split. The common share amounts in these consolidated financial statements and notes to consolidated financial statements have been retrospectively restated to reflect the 60.37-for-one split.

Reclassifications

Certain prior period amounts have been reclassified to conform to the current financial statement presentation, with no effect on the Partnership s consolidated financial position or results of operations.

Recent Accounting Pronouncements

In June 2011, the FASB issued ASU 2011-05, Presentation of Comprehensive Income (ASU 2011-05). The guidance in ASU 2011-05 is effective for public companies for fiscal years, and interim periods within those years, beginning after December 15, 2011 and requires the components of net income and other comprehensive income and total comprehensive income for each period. The Partnership incorporated the provisions of this update to its consolidated financial statements effective January 1, 2012.

3. Rental Property Activity

The Partnership had the following rental property activity during the year ended December 31, 2012 as described below:

In January 2012, Aviv Financing II acquired a land parcel in Ohio from an unrelated third party for a purchase price of $275,000. The Partnership financed this purchase through cash.

In March 2012, Aviv Financing I acquired a property in Nevada from an unrelated third party for a purchase price of approximately $4,800,000. The Partnership financed this purchase through cash and borrowings of $3,339,000 under the Acquisition Credit Line (see Footnote 7).

In March 2012, Aviv Financing I acquired a property in Ohio from an unrelated third party for a purchase price of approximately $2,500,000. The Partnership financed this purchase through cash and borrowings of $1,750,000 under the Acquisition Credit Line (see Footnote 7).

In March 2012, Aviv Financing I acquired seven properties in Iowa and one property in Nebraska from an unrelated third party for a purchase price of approximately $16,200,000. The Partnership financed this purchase through cash and borrowings of $10,360,000 under the Acquisition Credit Line (see Footnote 7).

In April 2012, Aviv Financing V acquired fifteen properties in Texas from an unrelated third party for a purchase price of $72,700,000. The Partnership financed the purchase through cash and borrowings of $37,500,000 under the 2016 Revolver (see Footnote 7).

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AVIV HEALTHCARE PROPERTIES LIMITED PARTNERSHIP AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

In April 2012, Aviv Financing I acquired one property in Florida from an unrelated third party for a purchase price of $4,936,000. The Partnership financed the purchase through cash and borrowings of $3,455,200 under the Acquisition Credit Line (see Footnote 7).

In April 2012, Aviv Financing II sold two properties in Arkansas to an unrelated third party for a sales price of $10,180,000 and recognized a net gain of approximately $438,000.

In April 2012, Aviv Financing III sold a property in Arkansas to an unrelated third party for a sales price of $17,100,000 and recognized a net gain of approximately $4,306,300.

In April 2012, Aviv Financing II sold a property in Massachusetts to an unrelated third party for a sales price of $7,500,000, and recognized a net loss of approximately $319,000.

In May 2012, Aviv Financing V acquired one property in Wisconsin from an unrelated third party for a purchase price of $2,500,000. The Partnership financed the purchase through cash and borrowings of $1,750,000 under the 2016 Revolver (see Footnote 7).

In May 2012, Aviv Financing V acquired one vacant land parcel in Texas from an unrelated third party for a purchase price of $60,000. The Partnership financed the purchase through cash.

In June 2012, Aviv Financing III acquired a property in Connecticut from an unrelated third party for a purchase price of $16,000,000. The Partnership financed the purchase through the assumption of the seller s loan of approximately $11,460,000 and cash.

In July 2012, Aviv Financing II acquired a property in Indiana from an unrelated third party for a purchase price of $8,400,000. The Partnership financed the purchase through cash.

In August 2012, Aviv Financing II acquired a property in Idaho from an unrelated third party for a purchase price of $6,000,000. The Partnership financed the purchase through cash.

In September 2012, Aviv Financing II acquired a property in California from an unrelated third party for a purchase price of approximately $1,162,000. The Partnership financed the purchase through cash.

In September 2012, Aviv Financing V acquired a property in Kentucky from an unrelated third party for a purchase price of approximately $9,925,000. The Partnership financed the purchase through borrowings under the 2016 Revolver (see Footnote 7).

In October 2012, Aviv Financing II acquired a property in Wisconsin from an unrelated third party for a purchase price of $7,600,000. The Partnership financed this purchase through cash.

In October 2012, Aviv Financing I sold a property in Washington to an unrelated third party for a sales price of $330,000 and recognized a net loss of approximately $18,300.

In October 2012, Aviv Financing II sold a portion of a vacant land parcel in Ohio to an unrelated third party for a sales price of $140,429 and recognized a net gain of approximately $1,350.

In November 2012, Aviv Financing II acquired a property in Texas from an unrelated third party for a purchase price of $5,000,000. The Partnership financed this purchase through cash.

In November 2012, Aviv Financing II acquired four properties in Florida from an unrelated third party for a purchase price of $14,100,000. The Partnership financed this purchase through cash.

In November 2012, Aviv Financing II sold a property in Idaho to an unrelated third party for a sales price of $750,000 and recognized a net gain of approximately $27,700.

In November 2012, Aviv Financing II sold a property in Texas to an unrelated third party for a sales price of $200,000 and recognized a net loss of approximately $2,000.

In December 2012, Aviv Financing I acquired a vacant land parcel in Texas from an unrelated third party for a purchase price of $92,561. The Partnership financed the purchase through cash.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

In December 2012, Aviv Financing II acquired a property in California from an unrelated third party for a purchase price of $975,000. The Partnership financed the purchase through cash.

In December 2012, Aviv Financing II acquired a property in Ohio from an unrelated third party for a purchase price of approximately $7,600,000. The Partnership financed the purchase through cash.

In December 2012, Aviv Financing II acquired two properties in Oklahoma from an unrelated third party for a purchase price of approximately $3,500,000. The Partnership financed this purchase through cash.

The following table illustrates the effect on total revenues and net income as if we had consummated the acquisitions during the years ended 2012 and 2011 as of January 1, 2011 (unaudited):

	For the Year Ended December 31,	
	2012	**2011**
Total revenues	$ 132,997,084	$ 117,864,250
Net income	16,491,617	22,599,439

For the year ended December 31, 2012, revenues attributable to the acquired assets was approximately $11.4 million, and net income attributable to the acquired assets was approximately $6.4 million, respectively, recognized in the consolidated statements of operations and comprehensive income.

Related to the above business combinations, the Partnership incurred approximately $1,795,000 of acquisition costs included in transaction costs on the consolidated statements of operations and comprehensive income. In accordance with ASC 805, the Partnership allocated the approximate net purchase price paid for these properties acquired in 2012 as follows using Level 2 and Level 3 inputs as a result of the Partnership purchasing the business and subsequently leasing the business to unrelated third party operators:

Land	$ 20,831,000
Buildings and improvements	148,307,000
Furniture, fixtures and equipment	15,188,000
Mortgages and other notes payable assumed	(11,460,000)
Borrowings and available cash	$ 172,866,000

For the business combinations in 2012, the Partnership s purchase price allocation of the purchased business and subsequent leasing of the business to unrelated third party operators does not include an allocation to intangible assets or intangible liabilities, as they are either immaterial or do not exist.

The following summarizes the Partnership s construction in progress at:

	December 31, 2012	December 31, 2011
Beginning Balance, January 1, 2012 and 2011, respectively	$ 28,293,083	$ 2,580,110
Additions	25,334,504	25,712,973
Sold/withdrawn development projects	(8,038,072)	
Placed in service	(41,105,831)	
	$ 4,483,684	$ 28,293,083

During 2012 and 2011, the Partnership capitalized expenditures for improvements related to various development projects. In 2012, the Partnership placed into service three additions and two remodels to three

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AVIV HEALTHCARE PROPERTIES LIMITED PARTNERSHIP AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

properties located in Washington and two development properties located in Connecticut. In accordance with ASC 835 *Capitalization of Interest* (ASC 835), the Partnership capitalizes interest based on the average cash balance of construction in progress for the period using the weighted-average interest rate on all outstanding debt, which approximated 6.8% for the year ended December 31, 2012. The balance of capitalized interest within construction in progress at December 31, 2012 and 2011 was $71,514 and $682,273, respectively. The amount capitalized during the year ended December 31, 2012 and 2011, relative to interest incurred was $1,051,987 and $374,970, respectively.

The Partnership had the following rental property activity for the year ended December 31, 2011 as described below:

In January 2011, Aviv Financing I acquired a property in Kansas from an unrelated third party for a purchase price of $3,045,000. The Partnership financed this purchase through cash and borrowings of $2,131,000 under the Acquisition Credit Line (see Footnote 7).

In March 2011, Aviv Financing II acquired a property in Pennsylvania from an unrelated third party for a purchase price of approximately $2,200,000. The Partnership financed this purchase through cash.

In March 2011, Aviv Financing II acquired a property in Ohio from an unrelated third party for a purchase price of approximately $9,581,000. The Partnership financed this purchase through cash.

In March 2011, Aviv Financing II acquired a property in Florida from an unrelated third party for a purchase price of approximately $10,000,000. The Partnership financed this purchase through borrowings of $10,200,000 under the 2014 Revolver (see Footnote 7).

In April 2011, Aviv Financing II acquired three properties in Ohio from an unrelated third party for a purchase price of $9,250,000. The Partnership financed this purchase through cash.

In April 2011, Aviv Financing II acquired a property in Kansas from an unrelated third party for a purchase price of $1,300,000. The Partnership financed this purchase through cash.

In April 2011, Aviv Financing II acquired a property in Texas from an unrelated third party for a purchase price of $2,093,000. The Partnership financed this purchase through cash.

In April 2011, Aviv Financing II acquired three properties in Texas from an unrelated third party for a purchase price of $8,707,000. The Partnership financed this purchase through cash.

In May 2011, Aviv Financing II acquired three properties in Kansas from an unrelated third party for a purchase price of $2,273,000. The Partnership financed this purchase through cash.

In May 2011, Aviv Financing II acquired a property in Missouri from an unrelated third party for a purchase price of $5,470,000. The Partnership financed this purchase through cash.

In May 2011, Aviv Financing II acquired a property in Connecticut from an unrelated third party for a purchase price of $12,000,000. In addition, as part of this acquisition, the Partnership recognized an approximate $3,333,000 addition to the purchase price as per the guidance within ASC 805 as it relates to the earn-out provision defined at closing (Level 3). The Partnership financed this purchase through cash.

In August 2011, Aviv Financing II acquired a property in Pennsylvania from an unrelated third party for a purchase price of $6,100,000. The Partnership financed this purchase through borrowings under the 2014 Revolver (see Footnote 7).

In August 2011, Aviv Financing II acquired a property in Connecticut from an unrelated third party for a purchase price of $5,500,000. The Partnership financed this purchase through borrowings under the 2014 Revolver (see Footnote 7).

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AVIV HEALTHCARE PROPERTIES LIMITED PARTNERSHIP AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

In September 2011, Aviv Financing I acquired a property in Ohio from an unrelated third party for a purchase price of $3,200,000. The Partnership financed this purchase through borrowings under the 2014 Revolver (see Footnote 7).

In November 2011, Aviv Financing I acquired a property in Oklahoma from an unrelated third party for a purchase price of $3,300,000. The Partnership financed this purchase through cash and borrowings of $1,940,000 under the Acquisition Credit Line (see Footnote 7).

In November 2011, Aviv Financing I sold three vacant land parcels in Massachusetts to unrelated third parties for a sales price of $1,360,000 and recognized a gain of approximately $1,110,000.

In November 2011, Aviv Financing I acquired five properties in Kansas from an unrelated third party for a purchase price of $10,800,000. The Partnership financed this purchase through cash and borrowings of $7,560,000 under the Acquisition Credit Line (see Footnote 7).

In November 2011, Aviv Financing I acquired seven properties in Pennsylvania and Ohio from an unrelated third party for a purchase price of $50,142,813. The Partnership financed this purchase through cash and borrowings of approximately $37,340,000 under the Acquisition Credit Line (see Footnote 7).

In November 2011, Aviv Financing I acquired a property in Pennsylvania from an unrelated third party for a purchase price of $6,657,187. The Partnership financed this purchase through cash. In December 2011, the Partnership added borrowings of approximately $4,660,000 under the Acquisition Credit Line (see Footnote 7) in connection with this property.

In December 2011, Aviv Financing I acquired eleven properties in California and Nevada from an unrelated third party for a purchase price of $24,845,100. The Partnership financed this purchase through cash and borrowings of $17,392,000 under the Acquisition Credit Line (see Footnote 7).

In December 2011, Aviv Financing I acquired a property in Arkansas from an unrelated third party for a purchase price of $4,750,000. The Partnership financed this purchase through cash and borrowings of $3,325,000 under the Acquisition Credit Line (see Footnote 7).

In December 2011, Aviv Financing I sold a vacant land parcel in Massachusetts to an unrelated third party for a sales price of $150,000 and recognized a gain of approximately $60,000.

Related to the above business combinations, the Partnership incurred approximately $2,824,000 of acquisition costs included in transaction costs on the consolidated statements of operations and comprehensive income. In accordance with ASC 805, the Partnership allocated the approximate net purchase price paid for these properties acquired in 2011 as follows (excludes the earn-out provision discussed above) using Level 2 and Level 3 inputs as a result of the Partnership purchasing the business and subsequently leasing the business to unrelated third party operators:

Land	$ 26,264,000

Buildings and improvements	148,914,000
Furniture, fixtures and equipment	7,567,000
Above market leases	42,000
Below market leases	(2,437,000)
Lease intangibles	864,000
Borrowings and available cash	$ 181,214,000

For the business combinations in 2011, other than the acquisition in December for a purchase price of $24,845,100, the Partnership s purchase price allocation of the purchased business and subsequent leasing of the

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

business to unrelated third party operators does not include an allocation to intangible assets or intangible liabilities, as they are either immaterial or do not exist.

The Partnership had the following rental property activity during the year ended December 31, 2010 as described below:

In March 2010, Aviv Financing III recognized an additional $8,121,000 addition to the purchase price for the August 2008 acquisitions of eight properties in California and Oregon from an unrelated third party as per the guidance within ASC 805. The addition is related to the earn-out provision defined at closing. Such $8,121,000 additions along with $1,480,000 previously accrued amounts at December 31, 2009 related to the acquisitions of two properties in April 2009 in California and Nevada under Aviv Financing I, were paid out in the amount of approximately $9,601,000.

In June 2010, Aviv Financing III acquired a property in Tennessee from an unrelated third party for a purchase price of approximately $3,380,000. The Partnership financed this purchase through cash.

In July 2010, Aviv Financing I disposed of two properties in California to an unrelated third party for a total selling price of approximately $3,988,000, which resulted in a gain on disposal of approximately $582,000. The proceeds from the sale were primarily used to pay down a portion of the existing Credit Facility (see Footnote 7) by approximately $3,883,000.

In September 2010, Aviv Financing I acquired a property in Virginia from an unrelated third party for a purchase price of approximately $5,000,000. The Partnership financed this purchase through borrowings of approximately $3,162,000 under the 2014 Revolver (see Footnote 7).

In October 2010, Aviv Financing I acquired four properties in Missouri from various unrelated third parties for a purchase price of approximately $10,460,000. The Partnership financed this purchase through borrowings of approximately $7,718,000 under the 2014 Revolver (see Footnote 7).

In November 2010, Aviv Financing III acquired a property in California from an unrelated third party for a purchase price of approximately $11,500,000. The Partnership financed this purchase through borrowings of approximately $7,800,000 under an acquisition loan.

In December 2010, Aviv Financing III acquired a property in Connecticut from an unrelated third party for a purchase price of approximately $2,600,000. The Partnership financed this purchase through cash.

In December 2010, Aviv Financing I acquired four properties in Kansas, Texas and Connecticut, from unrelated third parties for a purchase price of approximately $21,944,000. The Partnership financed this purchase through borrowings of approximately $15,666,000 under the 2014 Revolver (see Footnote 7).

In December 2010, Aviv Financing I sold a property located in Texas to an unrelated third party for a sales price of approximately $96,000.

Related to the above business combinations, the Partnership incurred approximately $618,000 of acquisition costs included in transaction costs on the consolidated statements of operations and comprehensive income. In accordance with ASC 805, the Partnership allocated the approximate net purchase price of these properties acquired in 2010 as follows using Level 2 and Level 3 inputs as a result of the Partnership purchasing the business and subsequently leasing the business to unrelated third party operators:

Land	$ 7,094,000
Buildings and improvements	52,087,000
Furniture, fixtures and equipment	3,824,000
Borrowings and available cash	$ 63,005,000

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For the business combinations in 2010, the Partnership s purchase price allocation of the purchased business and subsequent leasing of the business to unrelated third party operators does not include an allocation to intangible assets or intangible liabilities, as they are either immaterial or do not exist.

The Company considers renewals on above- or below-market leases when ascribing value to the in-place lease intangible liabilities at the date of a property acquisition. In those instances where the renewal lease rate pursuant to the terms of the lease does not adjust to a current market rent, the Company evaluates whether the stated renewal rate is above or below current market rates and considers the past and current operations of the property, the current rent coverage ratio of the operator, and the number of years until potential renewal option exercise. If renewal is considered probable based on these factors, an additional lease intangible liability is recorded at acquisition and amortized over the renewal period.

4. Secured Loan Receivables, net

The following summarizes the Partnership s secured loan receivables, net at December 31, 2012 and 2011:

	2012			2011		
	Capital Improvement Loan Receivables	Secured Operator Loan Receivables	Total Loan Receivables	Capital Improvement Loan Receivables	Secured Operator Loan Receivables	Total Loan Receivables
Beginning balance	$ 13,605,932	$ 19,425,185	$ 33,031,117	$ 11,671,669	$ 24,938,969	$ 36,610,638
New loans issued	8,706,763	13,364,945	22,071,708	4,073,410	6,846,377	10,919,787
Reserve for uncollectible secured loans		(5,589,013)	(5,589,013)		(1,426,150)	(1,426,150)
Loan write offs		(942,495)	(942,495)	(86,156)		(86,156)
Loan amortization and repayments	(2,953,210)	(12,979,327)	(15,932,537)	(2,052,991)	(10,934,011)	(12,987,002)
	$ 19,359,485	$ 13,279,295	$ 32,638,780	$ 13,605,932	$ 19,425,185	$ 33,031,117

Interest income on secured loans and financing leases for the years ended December 31, 2012 and 2011:

	2012	2011	2010
Capital improvement loan receivable	$ 1,385,721	$ 1,214,390	$ 1,252,745
Secured operator loan receivables	1,808,682	2,557,552	2,516,604
Direct financing lease	1,439,073	1,421,202	1,402,622
	$ 4,633,476	$ 5,193,144	$ 5,171,971

The Partnership s reserve on a loan-by-loan basis for uncollectible secured loan receivables balances at December 31, 2012 and 2011 was approximately $0.3 million and $2.2 million, respectively and any movement in the reserve is reflected in reserve for uncollectible loan receivables in the consolidated statements of operations and comprehensive income. The gross balance of secured loan receivables for which a reserve on a loan-by-loan basis for uncollectible secured loan receivables has been applied was approximately $3.1 million and $8.9 million at December 31, 2012 and 2011, respectively.

During 2012 and 2011, the Partnership funded loans for both working capital and capital improvement purposes to various operators. All loans held by the Partnership accrue interest and are recorded as interest income unless the loan is deemed impaired in accordance with Partnership policy. The payments received from

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the operator cover both interest accrued as well as amortization of the principal balance due. Any payments received from the operator made outside of the normal loan amortization schedule are considered principal prepayments and reduce the outstanding loan receivables balance.

5. Deferred Finance Costs

The following summarizes the Partnership s deferred finance costs at December 31, 2012 and 2011:

	2012	2011
Gross amount	20,995,022	$ 15,952,760
Accumulated amortization	(6,343,757)	(2,810,430)
Net	14,651,265	$ 13,142,330

Amortization of deferred financing costs is reported in the interest expense line item in the consolidated statements of operations and comprehensive income.

The estimated annual amortization of the deferred finance costs for each of the five succeeding years and thereafter is as follows:

2013	$ 3,657,207
2014	3,385,569
2015	2,968,456
2016	1,515,842
2017	1,462,537
Thereafter	1,661,654
Total	$ 14,651,265

During the year ended December 31, 2012, the Partnership wrote-off deferred financing costs of approximately $53,000 with approximately $12,000 of accumulated amortization associated with the Term Loan (see Footnote 7) pay down for a net recognition as loss on extinguishment of debt of approximately $41,000, including approximately $13,000 recognized in discontinued operations.

During the year ended December 31, 2011, the Partnership wrote-off deferred financing costs of approximately $4.3 million with approximately $0.5 million of accumulated amortization associated with the Term Loan (see Footnote 7) pay down for a net recognition as loss on extinguishment of debt of $3.8 million.

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6. Lease Intangibles

The following summarizes the Partnership s lease intangibles classified as part of other assets or other liabilities at December 31, 2012 and 2011, respectively:

	Assets					
	2012			2011		
	Gross Amount	Accumulated Amortization	Net	Gross Amount	Accumulated Amortization	Net
Above market leases	$ 6,641,851	$ (3,175,449)	$ 3,466,402	$ 7,501,851	$ (3,339,335)	$ 4,162,516
In-place lease assets	651,730	(65,173)	586,557	651,730		651,730
Operator relationship	212,416	(16,993)	195,423	212,416		212,416
	$ 7,505,997	$ (3,257,615)	$ 4,248,382	$ 8,365,997	$ (3,339,335)	$ 5,026,662

	Liabilities					
	2012			2011		
	Gross Amount	Accumulated Amortization	Net	Gross Amount	Accumulated Amortization	Net
Below market leases	$ 25,695,395	$ (16,281,397)	$ 9,413,998	$ 26,525,395	$ (14,929,137)	$ 11,596,258

Amortization expense for in-place lease assets and operator relationship was $0.1 million, $0 million, and $0 million for the years ended December 31, 2012, 2011, and 2010 and is included as a component of depreciation and amortization in the consolidated statements of operations and comprehensive income. Amortization expense for the above market leases intangible asset for the years ended December 31, 2012, 2011, and 2010 was approximately $0.6 million, $0.6 million, and $0.7 million, respectively, and is included as a component of rental income in the consolidated statements of operations and comprehensive income. Accretion for the below market leases intangible liability for the years ended December 31, 2012, 2011, and 2010 was approximately $2.0 million, $2.0 million, and $2.5 million, respectively, and is included as a component of rental income in the consolidated statements of operations and comprehensive income.

For the year ended December 31, 2012, the Partnership wrote-off above market leases intangible assets of approximately $0.9 million with accumulated amortization of approximately $0.7 million, and below market leases intangible liability of approximately $0.8 million with accumulated accretion of approximately $0.7 million, for a net recognition of approximately $19,000 gain in rental income from intangible amortization, respectively.

For the year ended December 31, 2011, the Partnership wrote-off above market leases intangible assets of approximately $0.9 million with accumulated amortization of approximately $0.3 million, and below market leases intangible liability of approximately $1.7 million with accumulated accretion of approximately $1.2 million, for a net recognition of approximately $35,000 loss in rental income from intangible amortization, respectively.

For the year ended December 31, 2010, the Partnership wrote-off in-place lease intangible assets of approximately $2.9 million with accumulated amortization of approximately $1.5 million, and in-place lease intangible liabilities of approximately $8.5 million with accumulated accretion of approximately $5.1 million, for a net recognition of approximately $1.9 million in rental income from intangible amortization, respectively.

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The estimated annual amortization expense of the identified intangibles for each of the five succeeding years and thereafter is as follows:

Year ending December 31,	Assets	Liabilities
2013	$ 563,490	$ 1,850,338
2014	471,763	1,065,783
2015	425,524	891,331
2016	390,943	868,301
2017	325,678	724,453
Thereafter	2,070,984	4,013,792
	$ 4,248,382	$ 9,413,998

7. Senior Notes Payable and Other Debt

The Partnership s senior notes payable and other debt consisted of the following:

	December 31, 2012	December 31, 2011
Senior Notes (interest rate of 7.75% on December 31, 2012 and 2011, respectively), inclusive of $3.2 million and $2.6 million net premium balance, respectively	$ 403,180,433	$ 302,552,127
Term Loan (interest rates of 5.75% on December 31, 2012 and 2011, respectively)	192,212,350	196,943,393
Acquisition Credit Line (interest rates of 5.75% on December 31, 2012 and 2011, respectively)	18,925,200	72,216,570
Construction loan (interest rates of 5.95% on December 31, 2012 and 2011, respectively)		6,073,802
2016 Revolver (interest rate 5.25% on December 31, 2012	69,368,589	
2014 Revolver (interest rate of 6.50% on December 31, 2012 and 2011, respectively)		15,000,000
Acquisition loans (interest rates of 6.00% on December 31, 2012 and 2011, respectively)	7,584,974	7,687,686
HUD Loan (interest rate of 5.00% on December 31, 2012), inclusive of $2.5 million premium balance	13,881,869	
Total	$ 705,153,415	$ 600,473,578

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Senior Notes

On February 4, 2011, April 5, 2011, and March 28, 2012 Aviv Healthcare Properties Limited Partnership and Aviv Healthcare Capital Corporation (the Issuers) issued $200 million, $100 million and $100 million of 7.75% Senior Notes due in 2019 (the Senior Notes), respectively. The REIT is a guarantor of the Issuers Senior Notes. The Senior Notes are unsecured senior obligations of the Issuers and will mature on February 15, 2019. The Senior Notes bear interest at a rate of 7.75% per annum, payable semiannually to holders of record at the close of business on the February 1 or the August 1 immediately preceding the interest payment date on February 15 and August 15 of each year, commencing August 15, 2011. A premium of approximately $2.75 million and $1.0 million was associated with the offering of the $100 million of Senior Notes on April 5, 2011 and the $100 million of Senior Notes on March 28, 2012, respectively. The premium will be amortized as an adjustment to the yield on the Senior Notes over their term. The Partnership used the proceeds, amongst other things, to pay down approximately $87.7 million of the Acquisition Credit Line, $5.5 million of the 2016 Revolver and $6.1 million of the Construction Loan during 2012 and $201.6 million on the Term Loan and the balance of $28.7 million on the Acquisition Credit Line during 2011.

Term Loan

Principal payments on the Term Loan are payable in monthly installments beginning on November 1, 2010. The payment schedule for the Term Loan is based upon a 25-year mortgage style amortization as defined in the Credit Agreement. Interest rates, at the Partnership s option, are based upon the base rate or Eurodollar base rate (0.36% and 0.37% at December 31, 2012 and 2011 with a 1.25% floor, respectively) plus 4.5%. The base rate, as defined in the Credit Agreement, is the rate announced from time to time by the Base Rate Bank as its prime rate . The Base Rate Bank is Bank of America, N.A. The balance outstanding on the Term Loan as of December 31, 2012 and 2011 was $192.2 million and $196.9 million, respectively. This loan matures in September 2015 and has two one-year extensions.

The Acquisition Credit Line

Under the Credit Agreement, the Partnership also has a $100 million Acquisition Credit Line. On each payment date, the Partnership shall pay interest only in arrears on any outstanding principal balance of the Acquisition Credit Line. Interest rates, at the Partnership s option, are based upon the base rate or Eurodollar base rate (0.36% and 0.37% at December 31, 2012 and 2011 with a 1.25% floor, respectively) plus 4.5%. The base rate, as defined in the GE Credit Agreement, is the rate announced from time to time by the Base Rate Bank as its prime rate . The Base Rate Bank is Bank of America, N.A. Additionally, an unused fee equal to 1% per annum of the daily unused balance on the Acquisition Credit Line is due monthly.

The Partnership incurred $679,767 in prepayment penalties associated with an $87.7 million pay down in March 2012, which is recognized as interest expense in the consolidated statements of operations and comprehensive income. As of December 31, 2012 and 2011, approximately $18.9 million and $72.2 million had been drawn on the Acquisition Credit Line, respectively. The ability to draw on the Acquisition Credit Line terminates in September 2013 at which time principal and interest are payable until its maturity date in September 2015.

2014 Revolver

In conjunction with the Senior Notes issuance on February 4, 2011, the Partnership, under Aviv Financing IV, LLC, entered into a $25 million revolver with Bank of America (the 2014 Revolver). On each payment date, the Partnership pays interest only in arrears on any outstanding principal balance of the 2014 Revolver. The

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interest rate under the Partnership s 2014 Revolver is generally based on LIBOR (subject to a floor of 1.0% and subject to the Partnership s option to elect to use a prime base rate) plus a margin that is determined by the Partnership s leverage ratio from time to time. As of December 31, 2011 the interest rates are based upon the base rate (3.25% at December 31, 2012 and 2011, respectively) plus the applicable percentage based on the consolidated leverage ratio (3.25% at December 31, 2012 and 2011, respectively). The base rate is the rate announced by Bank of America as the prime rate . Additionally, an unused fee equal to 0.5% per annum of the daily unused balance on the 2014 Revolver is due monthly. The 2014 Revolver commitment terminates and matures in February 2014 with a one-year extension option, provided that certain conditions precedent are satisfied. On January 23, 2012, the outstanding balance was repaid and the properties securing the 2014 Revolver were released. However, the 2014 Revolver remains effective, and we may add properties to Aviv Financing IV, LLC in the future, thereby creating borrowing availability under the facility.

2016 Revolver

On January 31, 2012, the Partnership, under Aviv Financing V, L.L.C., entered into a $187.5 million secured revolving credit facility (the 2016 Revolver). On each payment date, the Partnership pays interest only in arrears on any outstanding principal balance of the 2016 Revolver. The interest rate under the 2016 Revolver is generally based on LIBOR (subject to a floor of 1.0%) plus 4.25%. The initial term of the 2016 Revolver expires in January 2016 with a one-year extension option, provided that certain conditions precedent are satisfied. The amount of the 2016 Revolver may be increased by up to $87.5 million (resulting in total availability of up to $275 million), provided that certain conditions precedent are satisfied. The 2016 Revolver had an outstanding balance of $69.4 million as of December 31, 2012.

Other Loans

On November 1, 2010, a subsidiary of Aviv Financing III entered into two acquisition loan agreements on the same terms that provided for borrowings of approximately $7.8 million. Principal and interest payments are due monthly beginning on December 1, 2010 through the maturity date of December 1, 2015. Interest is a fixed rate of 6.00%. These loans are collateralized by a skilled nursing facility controlled by Aviv Financing III. The balance outstanding on these loans at December 31, 2012 and 2011 was approximately $7.6 million and $7.7 million, respectively.

On November 12, 2010, a subsidiary of Aviv Financing III entered into a construction loan agreement that provides for borrowings up to $6.4 million. Interest-only payments at the prime rate (3.25% at December 31, 2011) plus 0.38%, or a minimum of 5.95%, are due monthly from December 1, 2010 through April 1, 2012. The loan was repaid on March 28, 2012.

On June 15, 2012, a subsidiary of Aviv Financing III assumed a HUD loan with a balance of approximately $11.5 million. Interest is at a fixed rate of 5.00%. The loan originated in November 2009 with a maturity date of October 1, 2044, and is based on a 35-year amortization schedule. The Company is obligated to pay the remaining principal and interest payments of the loan. A premium of $2.5 million was associated with the assumption of debt and will be amortized as an adjustment to interest expense on the HUD loan over its term.

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Future annual maturities of all debt obligations for five fiscal years subsequent to December 31, 2012 and thereafter, are as follows:

2013	$ 4,916,078
2014	5,533,014
2015	210,364,133
2016	70,152,675
2017	832,862
Thereafter	413,354,653
	$ 705,153,415

8. Partnership Equity and Incentive Program

In conjunction with the formation of the Partnership, the Partnership issued 10,323,213 Class A Units and 3,294,733 Class B Units in exchange for all ownership interests of the roll-up contributed to the Partnership in 2005. The Partnership issued an additional 3,144,010 Class A Units and 1,228,372 Class B Units in 2006. The Class A Units issued as a result of the formation of the Partnership have a par value of $10.00 per unit, while Class A Units issued on December 29, 2006, as a result of the addition of additional properties have a par value of $11.49 per unit. Operating distributions accrue at the rate of 10% per year for Class A Units or as defined in the Partnership Agreement. The Class A Units have a distribution preference, which decreases ratably after the full return of capital to the Class A Unitholders through distributions, and also have a liquidation preference and a profit interest in the event of sale, disposition, or refinancing as defined in the Agreement of Limited Partnership (the Partnership Agreement).

Also in connection with the formation of the Partnership, the Partnership awarded Class C Unit profit interests. These Class C Units do not have a par value, and no capital was contributed in consideration for their issuance. These Class C Units were issued to the General Partner of the Partnership, which is owned by two parties that have significant ownership holdings in the Partnership. When operating distributions are paid in full to the Class A Units as described above, the Class B and Class C Units receive all excess distributions, with 40% to Class B Unitholders and 60% to the Class C Unitholders until the Class B Units receive approximately $2.9 million in any partnership year to the extent that all Class B Units have been issued per the Partnership Agreement. After reaching this threshold, the remaining distributions are allocated 100% to the Class C Unitholders.

The Class D Units represent profit interests in the Partnership, which may be granted periodically to employees of AAM. A total of 10,000 Class D Units have been authorized. A total of 8,050 and 8,050 Class D Units are outstanding at December 31, 2011 and 2010, respectively. The Class D Units are not entitled to any distributions of the Partnership, except in the event of sale, disposition, or refinancing as defined. Class C Units also have an interest in these proceeds. The terms of the Class D Units were amended at the Merger. Part of the Class D Units are defined as performance-based awards under ASC 718 and require employment of the recipient on the date of sale, disposition, or refinancing (Liquidity Event). If the employee is no longer employed on such date, the award is forfeited. For accounting purposes, the grant date fair value will be recognized as an expense when a Liquidity Event becomes imminent and such fair value on the grant date was determined to be $0.9 million. The remainder of the Class D Units are time-based awards under ASC 718 and such fair value determined on the grant date is recognized over the vesting period. For the years ended December 31, 2011 and 2010, 1,610 and 3,220 of the time-based Class D Units vested, respectively resulting in the recognition of approximately $0.4 million and $0.9 million, respectively in expense.

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Distributions accrued in accordance with declaration to the Partnership s partners are summarized as follows for the years ended December 31:

	Class A	Class B	Class C	Class D	Class E	Class F	Class G
2012	$ 9,002,269	$ 1,879,208	$ 2,541,232	$	$	$ 2,215,043	$ 27,954,667
2011	$ 6,733,720	$ 2,894,457	$ 7,040,689	$	$	$ 2,215,044	$ 23,162,935
2010	$ 13,594,547	$ 2,894,457	$ 12,683,113	$	$ 5,342,466	$ 3,792,881	$ 6,092,935

Weighted-average Units outstanding are summarized as follows for the years ended December 31:

	Class A	Class B	Class C	Class D	Class E	Class F	Class G
2012	13,467,223	4,523,145	2	8,050		2,684,900	20,019,054
2011	13,467,223	4,523,145	2	8,050		2,684,900	14,495,018
2010	13,467,223	4,523,145	2	7,386	5,342,489	4,597,432	3,944,455

The Partnership had established an officer incentive program linked to its future value. Awards vest annually over a five-year period assuming continuing employment by the recipient. The awards can be settled in Class C Units or cash at the Partnership s discretion at the settlement date of December 31, 2012. For accounting purposes, expense recognition under the program commenced in 2008, and the related expense for the year ended December 31, 2012, 2011, and 2010 was approximately $0.4 million, $0.4 million and $0.4 million, respectively.

As a result of the Merger on September 17, 2010, such incentive program was modified such that 40% of the previously granted award settled immediately on the Merger date with another 20% vesting and settling on December 31, 2010. The remaining 40% will vest equally on December 31, 2011 and December 31, 2012, and will settle in 2018, subject to the terms and conditions of the amended incentive program agreement. In accordance with ASC 718, Compensation Stock Compensation (ASC 718), such incentive program was expensed through general and administrative expenses as non-cash compensation on the consolidated statements of operations and comprehensive income through the ultimate vesting date of December 31, 2012.

The Partnership s equity balance that is presented on the consolidated balance sheets is split between the general partner and limited partners in the amounts of $328,718,569 and $(4,443,740) at December 31, 2012, respectively. The Partnership s equity balance that is presented on the consolidated balance sheets is split between the general partner and limited partners in the amounts of $243,579,151 and $6,976,157 at December 31, 2011, respectively.

9. Option Awards

On September 17, 2010, the Company adopted a 2010 Management Incentive Plan (the Plan) as part of the Merger transaction. Two thirds of the options granted are performance based awards whose criteria for vesting is tied to a future liquidity event (as defined) and also contingent upon meeting certain return thresholds (as defined). At this time the Partnership does not believe it is probable that these options will vest and therefore has not recorded any expense in the December 31, 2012, 2011 or 2010 consolidated financial statements in accordance with ASC 718. The cumulative value associated with all performance based award options of the Partnership aggregates to approximately $7.4 million as of December 31, 2012. One third of the options granted were time based awards and the service period for these options is four years with shares vesting at a rate of 25% ratably from the grant date.

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The following table represents the time based option awards activity for the years ended December 31, 2012, 2011, and 2010.

	2012	2011	2010
Outstanding at January 1	1,417,246	1,320,050	
Granted	701,560	97,196	1,320,050
Exercised			
Cancelled/Forfeited	(161,973)		
Outstanding at December 31	1,956,833	1,417,246	1,320,050
Options exercisable at end of period			
Weighted average fair value of options granted	$ 2.20	$ 1.87	$ 1.80

The following table represents the time based option awards outstanding cumulative life-to-date for the years ended December 31, 2012, 2011 and 2010 as well as other Plan data:

	2012	2011	2010
Range of exercise prices	$ 16.56 $18.87	$ 16.56 $18.87	$ 16.56 $17.96
Outstanding	1,956,833	1,417,246	1,320,050
Remaining contractual life (years)	8.30	8.71	9.72
Weighted average exercise price	$ 17.43	$ 16.75	$ 16.60

The Partnership has used the Black-Scholes option pricing model to estimate the grant date fair value of the options. The following table includes the assumptions that were made in estimating the grant date fair value for options awarded in 2012, 2011, and 2010.

	2012 Grants	2011 Grants	2010 Grants
Weighted average dividend yield	7.54%	8.13%	10.28%
Weighted average risk-free interest rate	1.31%	2.02%	2.10%
Weighted average expected life	7 years	7 years	7 years
Weighted average estimated volatility	38.24%	38.10%	38.00%
Weighted average exercise price	$ 18.78	$ 18.80	$ 16.60
Weighted average fair value of options granted (per option)	$ 2.88	$ 2.78	$ 1.80

The Partnership recorded non-cash compensation expenses of approximately $1.3 million, $1.1 million and $0.3 million for the years ended December 31, 2012, 2011 and 2010, related to the time based stock options accounted for as equity awards, as a component of general and administrative expenses in the consolidated statements of operations and comprehensive income, respectively.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

At December 31, 2012, the total compensation cost related to outstanding, non-vested time based equity option awards that are expected to be recognized as compensation cost in the future aggregates to approximately $1.7 million.

For the year ended December 31,	Options
2013	$ 971,210
2014	490,052
2015	188,783
2016	33,662
Total	$ 1,683,707

Dividend equivalent rights associated with the Plan amounted to $2.3 million, $2.2 million and $0.6 million for the years ended December 31, 2012, 2011 and 2010, respectively. These dividend rights will be paid in four installments as the option vests.

10. Minimum Future Rentals

The Partnership s real estate investments are leased under noncancelable triple-net operating leases. Under the provisions of the leases, the Partnership receives fixed minimum monthly rentals, generally with annual increases, and the operators are responsible for the payment of all operating expenses, including repairs and maintenance, insurance, and real estate taxes of the property throughout the term of the leases.

At December 31, 2012, future minimum annual rentals to be received under the noncancelable lease terms are as follows:

2013	$ 127,666,617
2014	131,221,348
2015	131,725,358
2016	131,808,617
2017	130,086,336
Thereafter	566,509,011
	$ 1,219,017,287

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AVIV HEALTHCARE PROPERTIES LIMITED PARTNERSHIP AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

11. Quarterly Results of Operations (Unaudited)

The following is a summary of our unaudited quarterly results of operations for the years ended December 31, 2012 and 2011 (in thousands) including the effects of discontinued operations. The sum of individual quarterly amounts may not agree to the annual amounts included in the consolidated statements of income due to rounding.

	Year Ended December 31, 2012			
	1 st Quarter(1)	2 nd Quarter(2)	3 rd Quarter(3)	4 th Quarter(4)
Total revenues	$ 29,231	$ 31,109	$ 31,502	$ 31,330
Net income	$ 6,016	$ 3,613	$ 1,767	$ (2,803)
Net income allocable to common units	$ 6,016	$ 3,613	$ 1,767	$ (2,803)

	Year Ended December 31, 2011			
	1 st Quarter(5)	2 nd Quarter	3 rd Quarter(6)	4 th Quarter(7)
Total revenues	$ 20,835	$ 25,835	$ 22,994	$ 27,384
Net income	$ 1,716	$ 7,002	$ 314	$ 2,281
Net income allocable to common units	$ 1,716	$ 7,002	$ 314	$ 2,281

(1) The results include $0.7 million of impairment in the first quarter.
(2) The results include $3.7 million of impairment in the second quarter.
(3) The results include $1.8 million of impairment and $2.8 million of reserve for uncollectible loan receivables in the third quarter.
(4) The results include $5.0 million of impairment and $0.2 million of reserve for uncollectible loan receivables in the fourth quarter.
(5) The results include $3.0 million in straight-line rent write-offs and $3.1 million in deferred financing costs write-offs in connection with the senior note issuance during the first quarter.
(6) The results include $3.5 million in straight-line rent write-offs, $2.2 million of indemnity expense related to an operator transition, and $0.9 million of impairment recognized in the third quarter.
(7) The results include $5.2 million of impairment recognized in the fourth quarter.

12. Related Parties

Related party receivables and payables represent amounts due from/to various affiliates of the Partnership, including advances to members of the Partnership, amounts due to certain acquired companies and limited liability companies for transactions occurring prior to the formation of the Partnership, and various advances to entities controlled by affiliates of the Partnership s management. An officer of the Partnership received a loan of approximately $0.3 million, which has been paid off in full as of April 29, 2011. An officer of the Partnership funded approximately $2.0 million at December 31, 2012 in connection with the distribution settlement (see Note 14). The amount is recognized as part of other liabilities as of December 31, 2012, and has been subsequently distributed. There were no other related party receivables or payables as of December 31, 2012, other than amounts owed from the Partnership to the REIT for accrued distributions.

The Partnership had entered into a management agreement, as amended, effective April 1, 2005, with AAM, an entity affiliated by common ownership. Under the management agreement, AAM had been granted the

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AVIV HEALTHCARE PROPERTIES LIMITED PARTNERSHIP AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

exclusive right to oversee the portfolio of the Partnership, providing, among other administrative services, accounting and all required financial services; legal administration and regulatory compliance; investor, operator, and lender relationship services; and transactional support to the Partnership. Except as otherwise provided in the Partnership Agreement, all management powers of the business and affairs of the Partnership were exclusively vested in the General Partner. The annual fee for such services equaled six-tenths of one percent (0.6%) of the aggregate fair market value of the properties as determined by the Partnership and AAM annually. This fee arrangement was amended as discussed below. In addition, the Partnership reimbursed AAM for all reasonable and necessary out-of-pocket expenses incurred in AAM s conduct of its business, including, but not limited to, travel, legal, appraisal, and brokerage fees, fees and expenses incurred in connection with the acquisition, disposition, or refinancing of any property, and reimbursement of compensation and benefits of the officers and employees of AAM. This agreement was terminated on September 17, 2010 when the Merger occurred, effectively consolidating AAM into the Partnership, and eliminating the necessity for reimbursement.

On October 16, 2007, the Partnership legally acquired AAM through a Manager Contribution and Exchange Agreement dated October 16, 2007 (the Contribution Agreement). As stipulated in the Contribution Agreement and the Second Amended and Restated Agreement of Limited Partnership on October 16, 2007 (Partnership Agreement), the Partnership issued a new class of Partnership Unit, Class F Units, as consideration to the contributing members of AAM. The contributing members of AAM served as the general partner of the Partnership. With respect to distributions other than to the holders of the Class G Units, the Class F Units have subordinated payment and liquidity preference to the Class E Units (which were subsequently cancelled) but are senior in payment and liquidity preference, where applicable, to the Class A, B, C, and D Units of the Partnership. The Class F Units paid in quarterly installments an annual dividend of 8.25% of the preliminary face amount of approximately $53.7 million (of which half were subsequently redeemed). The preliminary pricing was based upon trading multiples of comparably sized publicly traded healthcare Real Estate Investment Trusts. The ultimate Class F Unit valuation is subject to a true-up formula at the time of a Liquidity Event, as defined in the Partnership Agreement.

For accounting purposes, prior to the Merger, AAM had not been consolidated by the Partnership, nor had any value been ascribed to the Class F Units issued due to the ability of the Class E Unitholders prior to the Merger to unwind the acquisition as described below. Such action was outside the control of the Partnership, and accordingly, the acquisition is not viewed as having been consummated. The dividends earned by the Class F Unitholders were reflected as a component of management fees as described above. Prior to the Merger, the fee for management services to the Partnership was equal to the dividend earned on the Class F Unit.

Under certain circumstances, the Partnership Agreement did permit the Class E Unitholders to unwind this transaction and required the Partnership to redeem the Class F Units by returning to the affiliates all membership interests in AAM. On September 17, 2010, the Partnership settled the investment with JER Aviv Acquisition, LLC (JER), the sole Class E Unitholder, and cancelled all outstanding Class E Units. For accounting purposes, this treatment triggered the retroactive consolidation of AAM by the Partnership.

The original and follow-on investments of Class E Unitholders were made subject to the Unit Purchase Agreement and related documents (UPA) between the Partnership and JER dated May 26, 2006. The UPA did not give either party the right to settle the investment prior to May 26, 2011. However, the UPA did have an economic arrangement as to how either party could settle the arrangement on or after that date. This economic construct guided the discussions and negotiations of settlement. The UPA allowed the Partnership to call the E Units and warrants any time after May 26, 2011 as long as it provided JER with a 15% IRR from date of inception. The IRR would be calculated factoring interim distributions as well as exit payments. The units were settled for approximately $92.0 million contemporaneous with the Merger. A portion of the settlement related to outstanding warrants held by JER and originally issued in connection with the E units issuance.

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AVIV HEALTHCARE PROPERTIES LIMITED PARTNERSHIP AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Coincident with the Merger, 50% of the Class F Unit was purchased and settled by the Partnership for approximately $23.6 million and is reported as a component of distributions to partners and accretion on Class E Preferred Units in the consolidated statements of changes in equity. The remaining Class F Units will pay in quarterly installments an annual dividend of 9.38% of the face amount of approximately $23.6 million.

13. Derivatives

During the periods presented, the Partnership was party to various interest rate swaps, which were purchased to fix the variable interest rate on the denoted notional amount under the original debt agreements.

At December 31, 2012, the Partnership is party to two interest rate swaps, with identical terms for $100 million each. They were purchased to fix the variable interest rate on the denoted notional amount under the Term Loan which was obtained in September 2010, and qualify for hedge accounting. For presentational purposes they are shown as one derivative due to the identical nature of their economic terms.

Total notional amount	$	200,000,000
Fixed rates		6.49% (1.99% effective swap base rate plus 4.5% spread per credit agreement)
Floor rate		1.25%
Effective date		November 9, 2010
Termination date		September 17, 2015
Asset balance at December 31, 2012 (included in other assets)	$	
Asset balance at December 31, 2011 (included in other assets)	$	
Liability balance at December 31, 2012 (included in other liabilities)	$	(3,773,332)
Liability balance at December 31, 2011 (included in other liabilities)	$	(3,297,342)

The fair value of each interest rate swap agreement may increase or decrease due to changes in market conditions but will ultimately decrease to zero over the term of each respective agreement.

For the years ended December 31, 2012, 2011, and 2010, the Partnership recognized approximately $0, $0, and $2.9 million of net income, respectively, in the consolidated statements of operations and comprehensive income related to the change in the fair value of interest rate swap agreements where the Partnership did not elect to apply hedge accounting. Such instruments that did not elect to apply hedge accounting were settled at the Merger date.

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AVIV HEALTHCARE PROPERTIES LIMITED PARTNERSHIP AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

The following table provides the Partnership s derivative assets and liabilities carried at fair value as measured on a recurring basis as of December 31, 2012 (dollars in thousands):

	Total Carrying Value at December 31, 2012	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Derivative assets	$	$	$	$
Derivative liabilities	(3,773)		(3,773)	
	$ (3,773)	$	$ (3,773)	$

The Partnership s derivative assets and liabilities include interest rate swaps that effectively convert a portion of the Partnership s variable rate debt to fixed rate debt. The derivative positions are valued using models developed by the respective counterparty that use as their basis readily observable market parameters (such as forward yield curves) and are classified within Level 2 of the valuation hierarchy. The Partnership considers its own credit risk as well as the credit risk of its counterparties when evaluating the fair value of its derivatives.

14. Commitments and Contingencies

The Partnership had a contractual arrangement with an operator to reimburse quality assurance fees levied by the California Department of Health Care Services from August 1, 2005 through July 31, 2008. The Partnership was obligated to reimburse the fees to the operator if and when the state withheld these fees from the operator s Medi-Cal reimbursements associated with 5 facilities that were formerly leased to Trinity Health Systems. The total possible obligation for these fees was $1.4 million, which the Partnership has paid. Judicial proceedings initiated by the Partnership seeking declaratory relief for these fees were settled on July 24, 2012 which provided for recovery of such amounts from the State of California. The approximate settlement of $756,000 is recognized in interest and other income.

During 2011, the Partnership entered into a contractual arrangement with an operator in one of its facilities to reimburse any liabilities, obligations or claims of any kind or nature resulting from the actions of the former operator in such facility, Brighten Health Care Group. The Partnership is obligated to reimburse the fees to the operator if and when the operator incurs such expenses associated with certain Indemnified Events, as defined therein. The total possible obligation for these fees is estimated to be $2.3 million, of which approximately $1.8 million has been paid to date. The remaining $0.5 million was accrued as a component of other liabilities in the consolidated balance sheets.

In late 2011, after a dispute with certain of its limited partners, the Partnership filed a declaratory judgment motion in the Delaware Chancery Court seeking confirmation that an adjustment to the distributions of cash flows of the Partnership was made in accordance with the partnership agreement following the investment in the Partnership by the REIT and related financing transactions. The dispute relates to the relative distributions among classes of limited partners that existed prior to the investment by the REIT. In November 2012, certain limited partners (including Ari Ryan, one of our directors, and other members of the estate of Zev Karkomi, one of our co-founders) filed suit in the Circuit Court of Cook County, Illinois against the REIT, the Partnership and Mr. Bernfield alleging that the adjustment described above was improper and adding certain fiduciary duty claims against the REIT and Mr. Bernfield in connection with the adjustment and certain equity incentive programs implemented in connection with the investment in the Partnership by the REIT, the terms of which were approved by several of the plaintiffs in the Illinois action. In January 2013, we reached a settlement with the defendant in the Delaware action and the plaintiffs in the Illinois action. The settlement releases the REIT, the Partnership and Mr. Bernfield in exchange for a partial reallocation of relative distributions among classes of

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AVIV HEALTHCARE PROPERTIES LIMITED PARTNERSHIP AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

limited partners, which reallocation will be funded by the limited partners that previously received such distributions or offset against distributions otherwise due. No additional amounts are payable by the REIT, the Partnership or Mr. Bernfield and, accordingly, the settlement is not expected to have a material impact on the REIT or the Partnership.

The Partnership is involved in various unresolved legal actions and proceedings, which arise in the normal course of our business. Although the outcome of a particular proceeding can never be predicted, we do not believe that the result of any of these other matters will have a material adverse effect on our business, operating results, liquidity or financial position.

15. Concentration of Credit Risk

As of December 31, 2012, the Partnership s portfolio of investments consisted of 258 healthcare facilities, located in 29 states and operated by 38 third party operators. At December 31, 2012, approximately 54.5% (measured as a percentage of total assets) were leased by five private operators: Saber Health Group (16.2%), Daybreak Healthcare (13.4%), EmpRes (9.6%), Maplewood (8.1%), and SunMar (7.2%). No other operator represents more than 6.3% of our total assets. The five states in which the Partnership had its highest concentration of total assets were Texas (17.0%), California (15.4%), Ohio (8.5%), Connecticut (8.1%), and Pennsylvania (6.6%), at December 31, 2012.

For the year ended December 31, 2012, the Partnership s rental income from operations totaled approximately $117.4 million, of which approximately $19.1 million was from Daybreak Healthcare (16.2%), $16.5 million from Saber Health Group (14.0%), and $12.3 million from EmpRes (10.4%). No other operator generated more than 8.3% of the Partnership s rental income from operations for the year ended December 31, 2012.

Below is a summary of unaudited financial information as of and for the year ended December 31, 2011 for the two lessees (operators) of our properties whose total assets, in the aggregate, exceeds 10% of the Partnership s total assets at December 31, 2012. Financial performance under the terms of lease agreements with these lessees is, by agreement, guaranteed by the entities whose financial data is as follows:

	Saber Health Group (1)	Daybreak Healthcare (1)
Financial position		
Current assets	$ 60,101,714	20,268,519
Noncurrent assets	14,836,834	33,730,570
Current liabilities	.42,805,808	43,808,258
Noncurrent liabilities	35,822,405	48,613,081
(Deficit) equity	(3,749,665)	(38,422,250)
Results of operations		
Revenues	$ 253,149,467	$ 243,231,294
Gross profit	12,852,928	5,338,258
Income from continuing operations	.11,765,523	1,869,985
Net income	5,942,277	2,065,042

(1) Represents the financial information as of December 31, 2011 as the December 31, 2012 financial information was not available as of and for the year ended December 31, 2012 at the time of this filing.

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AVIV HEALTHCARE PROPERTIES LIMITED PARTNERSHIP AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

16. Discontinued Operations

ASC 205-20 requires that the operations and associated gains and/or losses from the sale or planned disposition of components of an entity, as defined, be reclassified and presented as discontinued operations in the Partnership s consolidated financial statements for all periods presented. In April 2012, the Partnership sold three properties in Arkansas and one property in Massachusetts to unrelated third parties. Below is a summary of the components of the discontinued operations for the respective periods:

	Year Ended December 31,		
	2012	2011	2010
Total revenues	$ 269,932	$ 1,260,671	$ 1,163,559
Expenses:			
Interest expense	(27,104)	(8,123)	(1,090)
Depreciation and amortization	(1,958)	(575,322)	(607,426)
Gain on sale of assets, net	4,425,246		
Loss on extinguishment of debt	(13,264)		
Other (expenses) income	(66,160)	(910,941)	101,103
Total gains (expenses)	4,316,760	(1,494,386)	(507,413)
Discontinued operations	$ 4,586,692	$ (233,715)	$ 656,146

17. Condensed Consolidating Information

The REIT and certain of the Partnership s direct and indirect wholly owned subsidiaries (the Subsidiary Guarantors and Subordinated Subsidiary Guarantors) fully and unconditionally guaranteed on a joint and several basis, the obligation to pay principal and interest with respect to the Senior Notes issued in February 2011 and April 2011. These Senior Notes were issued by Aviv Healthcare Properties Limited Partnership and Aviv Healthcare Capital Corporation (the Issuers). Separate financial statements of the guarantors are not provided as the consolidating financial information contained herein provides a more meaningful disclosure to allow investors to determine the nature of the assets held by and the operations of the respective guarantor and non-guarantor subsidiaries. Other wholly owned subsidiaries (Non- Guarantor Subsidiaries) that were not included among the Subsidiary Guarantors or Subordinated Subsidiary Guarantors were not obligated with respect to the Senior Notes. The Non-Guarantor Subsidiaries are subject to mortgages. The following summarizes our condensed consolidating information as of December 31, 2012 and 2011 and for the years ended December 31, 2012, 2011, and 2010:

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AVIV HEALTHCARE PROPERTIES LIMITED PARTNERSHIP AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

CONDENSED CONSOLIDATING BALANCE SHEET

As of December 31, 2012

	Issuers	Subsidiary Guarantors	Subordinated Subsidiary Guarantors	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Assets						
Net real estate investments	$ 53,750	$ 499,605,095	$ 457,241,113	$ 26,561,058	$	$ 983,461,016
Cash and cash equivalents	16,869,495	(1,859,537)	45,155	479,260		15,534,373
Deferred financing costs, net	8,964,976		5,672,918	13,371		14,651,265
Other	15,737,837	35,006,391	29,686,768	3,109,044		83,540,040
Investment in and due from related parties, net	711,027,894	(34,218,545)	(408,291,792)	(2,394,604)	(266,122,953)	
Total assets	$ 752,653,952	$ 498,533,404	$ 84,354,162	$ 27,768,129	$ (266,122,953)	$ 1,097,186,694
Liabilities and equity						
Secured notes payable and other debt	$ 403,180,433	$	$ 280,506,139	$ 21,466,843	$	$ 705,153,415
Due to related parties	7,542,333		5,912			7,548,245
Tenant security and escrow deposits	50,000	8,589,566	9,281,684	356,922		18,278,172
Accounts payable and accrued expenses	13,702,409	6,686,012	3,771,942	47,451		24,207,814
Other liabilities	7,677,280	2,343,468	11,476,803			21,497,551
Total liabilities	432,152,455	17,619,046	305,042,480	21,871,216		776,685,197
Total equity	320,501,497	480,914,358	(220,688,318)	5,896,913	(266,122,953)	320,501,497
Total liabilities and equity	$ 752,653,952	$ 498,533,404	$ 84,354,162	$ 27,768,129	$ (266,122,953)	$ 1,097,186,694

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AVIV HEALTHCARE PROPERTIES LIMITED PARTNERSHIP AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

CONDENSED CONSOLIDATING BALANCE SHEET

As of December 31, 2011

	Issuers	Subsidiary Guarantors	Subordinated Subsidiary Guarantors	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Assets						
Net real estate investments	$	$ 451,926,183	$ 347,920,590	$ 22,740,966	$	$ 822,587,739
Cash and cash equivalents	42,354,896	(2,635,202)	2,784	(518,751)		39,203,727
Deferred financing costs, net	7,777,902		5,335,606	28,822		13,142,330
Other	16,119,370	30,495,517	27,991,058	223,220		74,829,165
Investment in and due from related parties, net	541,083,875	(13,568,414)	(308,312,800)	(6,958,782)	(212,243,879)	
Total assets	$ 607,336,043	$ 466,218,084	$ 72,937,238	$ 15,515,475	$ (212,243,879)	$ 949,762,961
Liabilities and equity						
Secured notes payable and other debt	$ 302,552,127	$	$ 284,159,963	$ 13,761,488	$	$ 600,473,578
Due to related parties	6,726,541					6,726,541
Tenant security and escrow deposits	385,000	7,821,707	7,306,929	226,281		15,739,917
Accounts payable and accrued expenses	9,476,684	4,802,452	3,154,007	691,024		18,124,167
Other liabilities	40,937,725	6,838,574	13,664,493			61,440,792
Total liabilities	360,078,077	19,462,733	308,285,392	14,678,793		702,504,995
Total equity	247,257,966	446,755,351	(235,348,154)	836,682	(212,243,879)	247,257,966
Total liabilities and equity	$ 607,336,043	$ 466,218,084	$ 72,937,238	$ 15,515,475	$ (212,243,879)	$ 949,762,961

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AVIV HEALTHCARE PROPERTIES LIMITED PARTNERSHIP AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

CONDENSED CONSOLIDATING STATEMENT OF OPERATIONS AND COMPREHENSIVE INCOME

For the Year Ended December 31, 2012

	Issuers	Subsidiary Guarantors	Subordinated Subsidiary Guarantors	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Revenues						
Rental income	$	$ 57,115,293	$ 58,125,800	$ 2,168,529	$	$ 117,409,622
Interest on secured loans	1,490,189	1,297,414	1,845,873			4,633,476
Interest and other income	3,676	623,749	501,455	78		1,128,958
Total revenues	1,493,865	59,036,456	60,473,128	2,168,607		123,172,056
Expenses						
Interest expense	30,109,091		20,148,411	725,225		50,982,727
Depreciation and amortization		13,895,464	12,440,173	556,174		26,891,811
General and administrative	6,433,853	270,160	9,757,830	44,170		16,506,013
Transaction costs	4,170,855	920,057	1,578,981	37,910		6,707,803
Loss on impairment		9,733,197	1,383,665			11,116,862
Reserve for uncollectible secured loan receivables	6,531,506					6,531,506
Loss on extinguishment of debt			28,244			28,244
Other expenses		400,353				400,353
Total expenses	47,245,305	25,219,231	45,337,304	1,363,479		119,165,319
Income before discontinued operations	(45,751,440)	33,817,225	15,135,824	805,128		4,006,737
Discontinued operations		331,589		4,255,103		4,586,692
Net (loss) income	(45,751,440)	34,148,814	15,135,824	5,060,231		8,593,429
Equity in income (loss) of subsidiaries	54,344,869				(54,344,869)	
Net income (loss) allocable to common units	$ 8,593,429	$ 34,148,814	$ 15,135,824	$ 5,060,231	$ (54,344,869)	$ 8,593,429
Unrealized (loss) on derivative instruments			(475,990)			(475,990)
Total comprehensive income (loss)	$ 8,593,429	$ 34,148,814	$ 14,659,834	$ 5,060,231	$ (54,344,869)	$ 8,117,439

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AVIV HEALTHCARE PROPERTIES LIMITED PARTNERSHIP AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

CONDENSED CONSOLIDATING STATEMENT OF OPERATIONS AND COMPREHENSIVE INCOME

For the Year Ended December 31, 2011

	Issuers	Subsidiary Guarantors	Subordinated Subsidiary Guarantors	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Revenues						
Rental income	$	$ 45,970,474	$ 43,672,450	$ 1,368,634	$	$ 91,011,558
Interest on secured loans	2,234,012	1,044,074	1,915,058			5,193,144
Interest and other income	18,226	818,109	7,459			843,794
Total revenues	2,252,238	47,832,657	45,594,967	1,368,634		97,048,496
Expenses						
Interest expense	20,458,737		17,743,684	464,434		38,666,855
Depreciation and amortization		10,858,764	9,084,911	328,087		20,271,762
General and administrative	4,116,570	64,430	7,237,595	3,812		11,422,407
Transaction costs	1,398,566	3,223,398	871,135			5,493,099
Loss on impairment		3,842,771	1,390,034			5,232,805
Reserve for uncollectible secured loan receivables	1,426,149	86,156				1,512,305
Gain on sale of assets, net		(1,170,991)				(1,170,991)
Loss on extinguishment of debt			3,806,513			3,806,513
Other expenses		266,902				266,902
Total expenses	27,400,022	17,171,430	40,133,872	796,333		85,501,657
Income before discontinued operations	(25,147,784)	30,661,227	5,461,095	572,301		11,546,839
Discontinued operations		(84,060)		(149,655)		(233,715)
Net (loss) income	(25,147,784)	30,577,167	5,461,095	422,646		11,313,124
Equity in income (loss) of subsidiaries	36,460,908				(36,460,908)	
Net income (loss) allocable to common units	$ 11,313,124	$ 30,577,167	$ 5,461,095	$ 422,646	$ (36,460,908)	$ 11,313,124
Unrealized (loss) on derivative instruments			(7,391,774)			(7,391,774)
Total comprehensive income (loss)	$ 11,313,124	$ 30,577,167	$ (1,930,679)	$ 422,646	$ (36,460,908)	$ 3,921,350

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AVIV HEALTHCARE PROPERTIES LIMITED PARTNERSHIP AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

CONDENSED CONSOLIDATING STATEMENT OF OPERATIONS AND COMPREHENSIVE INCOME

For the Year Ended December 31, 2010

	Issuers	Subsidiary Guarantors	Subordinated Subsidiary Guarantors	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Revenues						
Rental income	$	$ 44,994,208	$ 38,871,951	$ 230,857	$	$ 84,097,016
Interest on secured loans	1,384,731	1,738,619	2,048,621			5,171,971
Interest and other income	20,132	98,206	14,948			133,286
Total revenues	1,404,863	46,831,033	40,935,520	230,857		89,402,273
Expenses						
Interest expense	305,547	860,212	22,486,033	77,961		23,729,753
Depreciation and amortization		9,260,769	7,930,923	54,681		17,246,373
General and administrative	3,576,085	119,462	6,125,975	1,125		9,822,647
Transaction costs	101,007	16,504	1,459,416	1,298		1,578,225
Loss on impairment		96,000				96,000
Reserve for uncollectible secured loan receivables	750,000					750,000
Change in fair value of derivatives			(2,931,309)			(2,931,309)
Gain on sale of assets, net		(511,553)				(511,553)
Loss on extinguishment of debt	14,900	690,615	1,590,047			2,295,562
Total expenses	4,747,539	10,532,009	36,661,085	135,065		52,075,698
Income before discontinued operations	(3,342,676)	36,299,024	4,274,435	95,792		37,326,575
Discontinued operations		729,723		(73,578)		656,145
Net (loss) income	(3,342,676)	37,028,747	4,274,435	22,214		37,982,720
Distributions and accretion on Class E Preferred Units	(17,371,893)					(17,371,893)
Net income attributable to noncontrolling interests	(241,622)					(241,622)
Equity in income (loss) of subsidiaries	41,325,396				(41,325,396)	
Net income (loss) allocable to common units	$ 20,369,205	$ 37,028,747	$ 4,274,435	$ 22,214	$ (41,325,396)	$ 20,369,205
Unrealized (loss) on derivative instruments			4,094,432			4,094,432
Total comprehensive income (loss)	$ 20,369,205	$ 37,028,747	$ 8,368,867	$ 22,214	$ (41,325,396)	$ 24,463,637

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AVIV HEALTHCARE PROPERTIES LIMITED PARTNERSHIP AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

CONDENSED CONSOLIDATING STATEMENT OF CASH FLOWS

For the Year Ended December 31, 2012

	Issuers	Subsidiary Guarantors	Subordinated Subguarantors	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Net cash (used in) provided by operating activities	$ (152,296,994)	$ 72,848,497	$ 129,218,491	$ (5,977,504)	$	$ 43,792,490
Investing activities						
Purchase of real estate investments		(49,004,392)	(119,321,000)	(4,540,206)		(172,865,598)
Sale of real estate investments		14,867,210	330,000	16,735,771		31,932,981
Capital improvements	(53,750.00)	(9,563,495)	(3,940,350)			(13,557,595)
Development projects		(26,094,068)	-373,148	(1,508,405)		(27,975,621)
Secured loan receivables received from others	12,754,973	1,352,851	524,371			14,632,195
Secured loan receivables funded to others	(13,064,531)	(3,630,938)	(161,077)			(16,856,546)
Net cash provided by (used in) investing activities	(363,308)	(72,072,832)	(122,941,204)	10,687,160		(184,690,184)
Financing activities						
Borrowings of debt	101,000,000		164,224,200	2,536,894		267,761,094
Repayment of debt			(167,878,024)	(6,248,539)		(174,126,563)
Payment of financing costs	(2,562,303)		(2,581,092)			(5,143,395)
Deferred contribution						
Capital contributions	109,000,000					109,000,000
Cost of raising capital	(35,000,000.00)					(35,000,000)
Cash distributions to partners	(45,262,796)					(45,262,796)
Net cash provided by (used in) financing activities	127,174,901		(6,234,916)	(3,711,645)		117,228,340
Net decrease in cash and cash equivalents	(25,485,401)	775,665	42,371	998,011		(23,669,354)
Cash and cash equivalents:						
Beginning of period	42,354,896	(2,635,202)	2,784	(518,751)		39,203,727
End of period	$ 16,869,495	$ (1,859,537)	$ 45,155	$ 479,260		$ 15,534,373

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AVIV HEALTHCARE PROPERTIES LIMITED PARTNERSHIP AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

CONDENSED CONSOLIDATING STATEMENT OF CASH FLOWS

For the Year Ended December 31, 2011

	Issuers	Subsidiary Guarantors	Subordinated Subguarantors	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Net cash (used in) provided by operating activities	$ (293,472,178)	$ 132,453,026	$ 211,215,073	$ 235,096	$	$ 50,431,017
Investing activities						
Purchase of real estate investments		(121,493,813)	(59,720,388)			(181,214,201)
Sale of real estate investments		1,510,000				1,510,000
Capital improvements		(4,553,303)	(4,810,484)			(9,363,787)
Development projects		(16,015,901)	0	(5,390,246)		(21,406,147)
Secured loan receivables received from others	(68,778)	12,344,043	2,062,446			14,337,711
Secured loan receivables funded to others	(2,700,000)	(7,809,045)	(410,742)			(10,919,787)
Net cash provided by (used in) investing activities	(2,768,778)	(136,018,019)	(62,879,168)	(5,390,246)		(207,056,211)
Financing activities						
Borrowings of debt	302,750,000		97,416,570	4,761,462		404,928,032
Repayment of debt			(244,727,948)	(104,549)		(244,832,497)
Payment of financing costs	(8,593,540)		(1,000,564)	(13,600)		(9,607,704)
Deferred contribution	35,000,000					35,000,000
Capital contributions	40,419,757					40,419,757
Cost of raising capital						
Cash distributions to partners	(43,107,141)					(43,107,141)
Net cash provided by (used in) financing activities	326,469,076		(148,311,942)	4,643,313		182,800,447
Net decrease in cash and cash equivalents	30,228,120	(3,564,993)	23,963	(511,837)		26,175,253
Cash and cash equivalents:						
Beginning of period	12,126,776	929,791	(21,179)	(6,914)		13,028,474
End of period	$ 42,354,896	$ (2,635,202)	$ 2,784	$ (518,751)		$ 39,203,727

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AVIV HEALTHCARE PROPERTIES LIMITED PARTNERSHIP AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

CONDENSED CONSOLIDATING STATEMENT OF CASH FLOWS

For the Year Ended December 31, 2010

	Issuers	Subsidiary Guarantors	Subordinated Subguarantors	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Net cash (used in) provided by operating activities	$ (70,625,627)	$ 43,084,127	$ 79,094,472	$ 3,127,284	$	$ 54,680,256
Investing activities						
Purchase of real estate investments		(17,680,000)	(25,704,043)	(11,500,000)		(54,884,043)
Sale of real estate investments		4,084,315	1,510			4,085,825
Payment of earn-out provision for previously acquired real estate investments			(9,600,731)			(9,600,731)
Capital improvements		(4,943,249)	(707,548)			(5,650,797)
Development projects		(1,517,996)		(714,337)		(2,232,333)
Secured loan receivables received from others	5,917,739	2,890,464	478,067			9,286,270
Secured loan receivables funded to others	(8,652,165)	(7,032,822)	(435,851)			(16,120,838)
Net cash provided by (used in) investing activities	(2,734,426)	(24,199,288)	(35,968,596)	(12,214,337)		(75,116,647)
Financing activities						
Borrowings of debt			433,677,230	9,112,340		442,789,570
Repayment of debt	(12,000,000)	(19,154,359)	(451,360,566)	(7,765)		(482,522,690)
Payment of financing costs	(100,000)		(10,443,495)	(24,436)		(10,567,931)
Payment for swap termination			(3,380,160)			(3,380,160)
Capital contributions	223,866,121					223,866,121
Redemption of Class E Preferred Units and warrants	(92,001,451)					(92,001,451)
Redemption of Class F Units			(23,602,649)			(23,602,649)
Cash distributions to partners	(34,534,439)		(2,124,013)			(36,658,452)
Net cash provided by (used in) financing activities	85,230,231	(19,154,359)	(57,233,653)	9,080,139		17,922,358
Net decrease in cash and cash equivalents	11,870,178	(269,520)	(14,107,777)	(6,914)		(2,514,033)
Cash and cash equivalents:						
Beginning of period	256,598	1,199,311	14,086,598			15,542,507
End of period	$ 12,126,776	$ 929,791	$ (21,179)	$ (6,914)	$	$ 13,028,474

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AVIV HEALTHCARE PROPERTIES LIMITED PARTNERSHIP AND SUBSIDIARIES

SCHEDULE II VALUATION AND QUALIFYING ACCOUNTS

Accounts Receivable and Secured Loans Receivable Allowance for Doubtful Accounts

	Balance at Beginning of Year	Charged to (Recovered from) Costs and Expenses	Deductions and Write-offs	Balance at End of Year
Allowance for uncollectible accounts receivable				
Year ended December 31, 2012	$ 79,812	$ 3,948,446	$ (3,224,821)	$ 803,437
Year ended December 31, 2011		79,812		79,812
Year ended December 31, 2010	223,803	(40,459)	(183,344)	
Allowance for uncollectible secured loan receivable				
Year ended December 31, 2012	$ 2,176,149	$ 6,531,506	$ (8,390,603)(1)	$ 317,052
Year ended December 31, 2011	750,000	1,512,305	(86,156)	2,176,149
Year ended December 31, 2010	28,828	721,172		750,000

(1) Loan deductions and write-offs of $8,390,603 include amounts previously reserved for during the Partnership s reserve analysis for the years ended December 31, 2012 and 2011. Such amount represents $7,448,108 of 2012 activity, as well as $942,495 of 2012 activity that was not previously reserved for and thus was directly written-off during the year ended December 31, 2012 at the time the amounts were deemed uncollectible.

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AVIV HEALTHCARE PROPERTIES LIMITED PARTNERSHIP AND SUBSIDIARIES

SCHEDULE III REAL ESTATE INVESTMENTS

					Initial Cost to Company		Costs Capitalized Subsequent to Acquisition		Gross Amount Carried at December 31, 2012 (c)					
scription	Type of Asset	Encumbrances	City	State	Land	Buildings & Improvements	Improvements / Adjustments	Impairment / Dispositions	Land	Buildings & Improvements	Accumulated Depreciation	Year of Construction	Date Acquired	Life on W Deprecia in Stater of Opera Compu
ridge Care/Rehab - dway	(a)	(3)	Methuen	MA	$ 31,469	$ 495,552	$	$ (170,262)	$ 26,002	$ 330,757	$ (165,260)	1910	1993	40 yea
ridge - Colonial nts	(a)	(3)	Lawrence	MA	63,160	958,681		(225,000)	63,160	733,681	(348,499)	1963	1993	40 yea
ridge - Fall River	(c)		Fall River	MA	90,707	1,308,677		(1,399,384)					1993	40 yea
ridge Care Center - wood	(a)	(3)	Lowell	MA	82,483	1,210,652		(252,510)	82,483	958,142	(455,117)	1964	1993	40 yea
ridge - Hammond e	(a)	(3)	Worchester	MA	42,062	663,598	488,598	(663,598)	42,062	488,598	(232,084)	1965	1993	40 yea
ridge for North ng	(a)	(3)	North Reading	MA	113,195	1,567,397		(252,500)	113,195	1,314,897	(624,576)	1966	1993	40 yea
in House Nursing ehab	(c)		Quincy	MA	66,000	1,051,668		(1,117,668)					1993	40 yea
ridge Care Center - wood	(a)	(3)	Fall River	MA	31,893	512,984		(283,705)	12,593	248,579	(175,980)	1882	1993	40 yea
ridge Rehab-Sandalwood	(a)	(3)	Oxford	MA	64,435	940,982	497,782	(192,500)	64,435	1,246,264	(421,667)	1966	1993	40 yea
ridge - Spring y	(a)	(3)	Worchester	MA	71,084	1,030,725		(205,000)	71,084	825,725	(392,219)	1960	1993	40 yea
ridge Care/Rehab n Manor	(c)		Lawrence	MA	89,790	1,305,518		(1,395,308)					1993	40 yea
ridge Care/Rehab dmill	(a)	(3)	Lawrence	MA	61,210	946,028		(235,000)	61,210	711,028	(337,738)	1965	1993	40 yea
ridge Care/Rehab cester	(c)		Worchester	MA	92,512	1,374,636		(1,467,148)					1993	40 yea
tryside Community	(a)	(2)	South Haven	MI	221,000	4,239,161	12,959		221,000	4,252,120	(954,835)	1975	2005	40 yea
Manor	(a)	(2)	Pepin	WI	318,000	1,569,959	332,808		318,000	1,902,767	(366,240)	1978	2005	40 yea
and Health Care r	(a)	(2)	Highland	IL	189,921	1,723,523			189,921	1,723,523	(418,563)	1963	2005	40 yea
aska Skilled ng/Rehab	(a)	(2)	Omaha	NE	211,000	6,694,584		(1,510)	209,490	6,694,584	(1,697,031)	1971	2005	40 yea
Real	(a)	(2)	Santa Fe	NM	1,029,800	2,692,295	676,474		1,029,800	3,368,769	(810,849)	1985	2005	40 yea
on Nursing and	(a)	(2)	Clayton	NM	41,000	790,476			41,000	790,476	(260,927)	1960	2005	40 yea
try Cottage Rehab Center	(a)	(2)	Hobbs	NM	9,000	671,536			9,000	671,536	(258,739)	1963	2005	40 yea
nfield ng/Rehab Center	(a)	(2)	Bloomfield	NM	343,800	4,736,296			343,800	4,736,296	(1,101,548)	1985	2005	40 yea
nola Valley Center	(a)	(2)	Espanola	NM	216,000	4,143,364			216,000	4,143,364	(1,059,431)	1984	2005	40 yea
hine Haven burg	(a)	(2)	Lordsburg	NM	57,041	1,881,927			57,041	1,881,927	(404,557)	1972	2005	40 yea
City Care Center	(a)	(2)	Silver City	NM	305,000	5,843,505			305,000	5,843,505	(1,319,974)	1984	2005	40 yea
Nursing and Rehab r	(a)	(2)	Raton	NM	128,000	1,509,456			128,000	1,509,456	(479,297)	1985	2005	40 yea
Rocks Care Center	(a)	(2)	Gallup	NM	329,000	3,952,779			329,000	3,952,779	(970,842)	1978	2005	40 yea
age Villa ng/Rehab	(a)	(2)	Dayton	TX	18,000	435,568	9,400		18,000	444,968	(123,815)	1964	2005	40 yea
ngton Oaks ng/Rehab	(a)	(2)	Ft. Worth	TX	137,000	1,147,400	(9,400)		137,000	1,138,000	(330,345)	1963	2005	40 yea

n Oaks Nursing and o	(a)	(2)	Bonham	TX	63,000	2,583,389			63,000	2,583,389	(622,170)	1970	2005	40 yea
wood Nursing and o	(a)	(2)	Cooper	TX	96,000	2,726,580	8,304		96,000	2,734,884	(644,167)	1966	2005	40 yea
Nursing and Rehab	(a)	(2)	Wolfe City	TX	49,000	1,010,304	(8,304)		49,000	1,002,000	(258,656)	1946	2005	40 yea
o Villa Nursing and o	(a)	(3)	San Antonio	TX	341,847	1,931,216	951,592		341,847	2,882,808	(655,011)	1969	2005	40 yea
t Hill Nursing r	(a)		Ft. Worth	TX	87,904	1,764,129		(1,852,033)					2005	40 yea
nd Nursing and o	(a)	(3)	Garland	TX	56,509	1,058,409	1,357,939		56,509	2,416,348	(372,041)	1964	2005	40 yea
est Nursing and o	(a)	(3)	Wylie	TX	209,992	2,683,768	528,248		209,992	3,212,016	(650,831)	1975	2005	40 yea
field Nursing and o	(a)	(3)	Mansfield	TX	486,958	2,142,550	(17,723)		486,958	2,124,827	(544,951)	1964	2005	40 yea
ridge Nursing and o	(a)	(3)	Lancaster	TX	625,790	1,847,633	(15,270)		625,790	1,832,363	(529,559)	1973	2005	40 yea
n Nursing and o	(a)	(5)	Clifton	TX	125,000	2,974,643			125,000	2,974,643	(765,834)	1995	2005	40 yea
nwood Nursing and o	(a)	(2)	Brownwood	TX	140,000	3,463,711	1,522,390		140,000	4,986,101	(852,249)	1968	2005	40 yea
g Nursing and o	(a)	(2)	Irving	TX	137,000	1,248,284	(10,284)		137,000	1,238,000	(333,444)	1972	2005	40 yea
on Nursing and o	(a)	(3)	Stanton	TX	261,000	1,017,599	11,707		261,000	1,029,306	(266,393)	1972	2005	40 yea

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AVIV REIT, INC. AND SUBSIDIARIES

SCHEDULE III (CONTINUED)

					Initial Cost to Company		Costs Capitalized Subsequent to Acquisition		Gross Amount Carried at December 31, 2012 (c)					
Description	Type of Asset	Encumbrances	City	State	Land	Buildings & Improvements	Improvements / Adjustments	Impairment / Dispositions	Land	Buildings & Improvements	Accumulated Depreciation	Year of Construction	Date Acquired	Life on Which Depreciation in Statement of Operations Computed
Valley Mills Nursing and Rehab	(a)	(3)	Valley Mills	TX	34,000	1,091,210	(8,977)		34,000	1,082,233	(270,269)	1971	2005	40 years
Hometown Care Center	(a)	(3)	Moody	TX	13,000	328,263		(341,263)					2005	40 years
Shuksan Healthcare Center	(a)	(3)	Bellingham	WA	61,000	491,085	1,983,432		61,000	2,474,517	(340,787)	1965	2005	40 years
Orange Villa Nursing and Rehab	(a)	(3)	Orange	TX	97,500	1,948,490	17,468		97,500	1,965,958	(486,690)	1973	2005	40 years
Pinehurst Nursing and Rehab	(a)	(3)	Orange	TX	98,500	2,072,051	22,567		98,500	2,094,618	(535,694)	1955	2005	40 years
Wheeler Nursing and Rehab	(a)	(2)	Wheeler	TX	17,000	1,369,290			17,000	1,369,290	(360,544)	1982	2005	40 years
North Pointe Nursing and Rehab	(a)	(4)	Watauga	TX	1,061,000	3,845,890			1,061,000	3,845,890	(881,609)	1999	2005	40 years
ABC Health Center	(a)	(2)	Harrisonville	MO	143,500	1,922,391	122,010		143,500	2,044,401	(451,064)	1970	2005	40 years
Camden Health Center	(a)	(2)	Harrisonville	MO	189,000	2,531,961	68,462		189,000	2,600,423	(559,855)	1977	2005	40 years
Cedar Valley Health Center	(a)	(2)	Rayton	MO	252,000	3,375,981	58,200		252,000	3,434,181	(819,610)	1978	2005	40 years
Monett Healthcare Center	(a)	(2)	Monett	MO	259,000	3,469,761	(26,381)		259,000	3,443,380	(795,952)	1976	2005	40 years
White Ridge Health Center	(a)	(2)	Lee s Summit	MO	292,250	3,914,964	32,514		292,250	3,947,478	(886,786)	1986	2005	40 years
The Orchards Rehab/Care Center	(a)	(3)	Lewiston	ID	201,000	4,319,316	505,634		201,000	4,824,950	(1,173,299)	1958	2005	40 years
SunBridge for Payette	(a)	(3)	Payette	ID	179,000	3,165,530	(26,331)		179,000	3,139,199	(642,696)	1964	2005	40 years
Magic Valley Manor-Assisted Living	(b)	(3)	Wendell	ID	177,000	405,331	1,005,334		177,000	1,410,665	(196,339)	1911	2005	40 years
McCall Rehab and Living Center	(a)		McCall	ID	213,000	675,976	(5,624)	(883,352)				1965	2005	40 years
Menlo Park Health Care	(a)	(3)	Portland	OR	112,000	2,205,297	184,777		112,000	2,390,074	(653,452)	1959	2005	40 years
Burton Care Center	(a)	(3)	Burlington	WA	115,000	1,169,629	85,957		115,000	1,255,586	(271,239)	1930	2005	40 years
Columbia View Care Center	(a)	(3)	Cathlamet	WA	49,200	504,900	(0)	(93,098)	38,246	422,756	(135,952)	1965	2005	40 years
Pinehurst Park Terrace	(a)		Seattle	WA		360,236		(360,236)					2005	40 years
Grandview Healthcare Center	(a)	(3)	Grandview	WA	19,300	1,155,216	14,917		19,300	1,170,133	(383,322)	1964	2005	40 years
Hillcrest Manor	(a)	(3)	Sunnyside	WA	102,000	1,638,826	6,856,674		102,000	8,495,500	(649,404)	1970	2005	40 years
Evergreen Foothills Center	(a)	(3)	Phoenix	AZ	500,000	4,537,644			500,000	4,537,644	(1,340,585)	1997	2005	40 years
Evergreen Hot Springs Center	(a)	(3)	Hot Springs	MT	103,500	1,942,861	19,412		103,500	1,962,273	(446,117)	1963	2005	40 years
Evergreen Polson Center	(a)	(3)	Polson	MT	121,000	2,357,612	(19,412)		121,000	2,338,200	(570,439)	1971	2005	40 years
	(a)	(3)	Sun City	AZ	476,231	5,697,720	60,161		476,231	5,757,881	(1,385,966)	1985	2005	40 years

Evergreen Sun City Center														
Sunset Gardens at Mesa	(b)	(3)	Mesa	AZ	123,000	1,640,673	(13,547)		123,000	1,627,126	(375,124)	1974	2005	40 years
Evergreen Mesa Christian Center	(a)	(3)	Mesa	AZ	466,000	6,231,061	(46,614)	(615,000)	466,000	5,569,447	(1,526,643)	1973	2005	40 years
Evergreen The Dalles Center	(a)	(2)	The Dalles	OR	200,000	3,831,789	91,952		200,000	3,923,741	(841,322)	1964	2005	40 years
Evergreen Vista Health Center	(a)	(2)	LaGrande	OR	281,000	4,783,790	248,354		281,000	5,032,144	(1,029,198)	1961	2005	40 years
Whitman Health and Rehab Center	(a)	(2)	Colfax	WA	231,000	6,271,162	38,289		231,000	6,309,451	(1,287,203)	1985	2005	40 years
Fountain Retirement Hotel	(b)	(3)	Youngtown	AZ	101,300	1,939,835	169,696	(1,634,700)	4,550	571,581	(479,533)	1971	2005	40 years
Gilmer Care Center	(a)	(3)	Gilmer	TX	257,000	2,992,894	362,306		257,000	3,355,200	(725,838)	1967	2005	40 years
Columbus Nursing and Rehab Center	(a)	(2)	Columbus	WI	352,000	3,476,920	301,848		352,000	3,778,768	(761,893)	1950	2005	40 years
San Juan Rehab and Care Center	(a)	(3)	Anacortes	WA	625,000	1,184,855	2,041,630		625,000	3,226,485	(713,654)	1965	2005	40 years
Infinia at Faribault	(a)	(3)	Faribault	MN	70,000	1,484,598	102,124		70,000	1,586,722	(411,328)	1958	2005	40 years
Infinia at Owatonna	(a)	(3)	Owatonna	MN	125,000	2,321,296	(19,308)		125,000	2,301,988	(544,998)	1963	2005	40 years
Infinia at Willmar	(a)	(3)	Wilmar	MN	70,000	1,341,155	19,645		70,000	1,360,800	(327,063)	1998	2005	40 years
Infinia at Florence Heights	(a)	(2)	Omaha	NE	413,000	3,516,247	4,352	(742,383)	310,538	2,880,678	(941,217)	1999	2005	40 years
Infinia at Ogden	(a)	(3)	Ogden	UT	233,800	4,478,450	600,246		233,800	5,078,696	(1,018,039)	1977	2005	40 years
Prescott Manor Nursing Center	(a)	(3)	Prescott	AR	43,500	1,461,860	209,056		43,500	1,670,916	(479,048)	1965	2005	40 years
Star City Nursing Center	(a)	(3)	Star City	AR	28,000	1,068,891	80,125		28,000	1,149,016	(265,375)	1969	2005	40 years
Westview Manor of Peabody	(a)	(3)	Peabody	KS	22,000	502,177	137,682		22,000	639,859	(119,708)	1963	2005	40 years

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SCHEDULE III (CONTINUED)

					Initial Cost to Company		Costs Capitalized Subsequent to Acquisition		Gross Amount Carried at December 31, 2012 (c)					
escription	Type of Asset	Encumbrances	City	State	Land	Buildings & Improvements	Improvements / Adjustments	Impairment / Dispositions	Land	Buildings & Improvements	Accumulated Depreciation	Year of Construction	Date Acquired	Life on Which Depreciation in Statement of Operations Computed
rchard Grove tended Care enter	(a)	(2)	Benton Harbor	MI	166,000	3,185,496	439,904	(491,113)	138,744	3,161,543	(778,747)	1971	2005	40 years
arysville Care enter	(a)		Marysville	CA	281,000	1,319,608		(1,600,608)					2005	40 years
uba City Care enter	(a)		Yuba City	CA	177,385	2,129,584		(2,306,969)					2005	40 years
exington Care enter	(a)	(3)	Lexington	MO	151,000	2,943,170	325,142		151,000	3,268,312	(772,950)	1970	2005	40 years
vin Falls Care enter	(a)	(3)	Twin Falls	ID	448,000	5,144,793			448,000	5,144,793	(1,162,858)	1961	2005	40 years
ordon Lane Care enter	(a)	(2)	Fullerton	CA	2,982,000	3,648,346			2,982,000	3,648,346	(810,876)	1966	2005	40 years
erra View Care enter	(a)	(3)	Baldwin Park	CA	868,400	1,748,141	6,377		868,400	1,754,518	(449,472)	1938	2005	40 years
lla Maria Care enter	(a)	(4)	Long Beach	CA	139,600	766,778		(906,378)					2005	40 years
gh Street Care enter	(a)	(3)	Oakland	CA	246,000	684,695	11,776		246,000	696,471	(162,108)	1961	2005	40 years
acArthur Care enter	(a)	(3)	Oakland	CA	246,000	1,415,776	(11,776)		246,000	1,404,000	(441,460)	1960	2005	40 years
omona Vista zheimer s Center	(a)	(3)	Ponoma	CA	403,000	954,853			403,000	954,853	(247,312)	1959	2005	40 years
ose Convalescent ospital	(a)	(4)	Baldwin Park	CA	1,308,000	486,043			1,308,000	486,043	(146,130)	1963	2005	40 years
ountry Oaks ursing Center	(a)	(3)	Ponoma	CA	1,393,000	2,426,180			1,393,000	2,426,180	(555,496)	1964	2005	40 years
vergreen ursing/Rehab enter	(a)	(3)	Effingham	IL	317,388	3,461,794			317,388	3,461,794	(807,416)	1974	2005	40 years
eseret at utchinson	(a)	(2)	Hutchinson	KS	180,000	2,546,991			180,000	2,546,991	(619,799)	1963	2005	40 years
orthridge ealthcare/Rehab	(a)		Little Rock	AR	465,000	3,011,597	55,321	(3,531,918)				1969	2005	40 years
octors Nursing d Rehab Center	(a)	(3)	Salem	IL	125,000	4,663,792	900,000		125,000	5,563,792	(1,129,755)	1972	2005	40 years
oodland Hills ealth/Rehab	(a)		Little Rock	AR	270,000	4,006,007		(4,276,007)				1979	2005	40 years
orth Richland lls	(a)		North Richland Hills	TX	980,458		5,067,466	(6,047,924)					2005	40 years
henal Heights	(a)	(2)	Little Rock	AR	1,411,446		7,330,169		1,411,446	7,330,169	(1,348,438)	2008	2006	40 years
illis Nursing and ehab	(a)	(2)	Willis	TX	212,000	2,407,367			212,000	2,407,367	(456,924)	1975	2006	40 years
anchette Place are Center	(a)	(3)	St. Charles	MO	1,300,000	10,777,312	3,586		1,300,000	10,780,898	(1,856,609)	1994	2006	40 years
athedral Gardens are Center	(a)	(3)	St. Louis	MO	1,600,000	9,524,876	51,229		1,600,000	9,576,105	(1,698,129)	1979	2006	40 years
eritage Park illed Care	(a)	(3)	Rolla	MO	1,200,000	7,840,918	775,182		1,200,000	8,616,100	(1,330,566)	1993	2006	40 years

ak Forest Skilled are	(a)	(3)	Ballwin	MO	550,000	3,995,129	42,870		550,000	4,037,999	(718,435)	2004	2006	40 years
chland Care and ehab	(a)	(3)	Olney	IL	350,000	2,484,264			350,000	2,484,264	(497,646)	2004	2006	40 years
onham Nursing d Rehab	(a)	(3)	Bonham	TX	76,000	1,129,849			76,000	1,129,849	(202,688)	1969	2006	40 years
olumbus Nursing d Rehab	(a)		Columbus	TX	150,000	1,808,552		(1,958,552)				1974	2006	40 years
enison Nursing d Rehab	(a)	(2)	Denison	TX	178,000	1,945,000			178,000	1,945,000	(350,737)	1958	2006	40 years
lfurrias Nursing d Rehab	(a)	(2)	Falfurias	TX	92,000	1,065,000			92,000	1,065,000	(209,239)	1974	2006	40 years
ouston Nursing d Rehab	(a)	(2)	Houston	TX	228,000	2,451,893	39,464		228,000	2,491,357	(441,065)	1976	2006	40 years
eburg County ursing/Rehab	(a)	(3)	Kingsville	TX	315,000	3,688,676	594,778		315,000	4,283,454	(664,566)	1947	2006	40 years
erry Haven ursing and Rehab	(a)	(3)	Mount Vernon	TX	180,000	1,970,861			180,000	1,970,861	(386,090)	2004	2006	40 years
eseret at ansfield	(b)	(3)	Mansfield	OH	146,000	2,689,968	15,748		146,000	2,705,716	(450,288)	1980	2006	40 years
arkston Care enter	(a)	(3)	Clarkston	WA	161,633	7,038,367	5,514,068		161,633	12,552,435	(1,629,385)	1970	2006	40 years
ghland Terrace ursing Center	(a)	(3)	Camas	WA	592,776	3,921,159	6,257,608		592,776	10,178,767	(1,202,776)	1970	2006	40 years
chland ehabilitation enter	(a)	(3)	Richland	WA	693,000	9,307,000	145,819		693,000	9,452,819	(1,562,767)	2004	2006	40 years
vergreen ilton-Freewater enter	(a)	(2)	Milton Freewater	OR	700,000	5,403,570			700,000	5,403,570	(971,800)	1965	2006	40 years
ouglas Rehab and are Center	(a)	(3)	Matoon	IL	250,000	2,390,779	1,248,778	(13,246)	250,000	3,626,311	(456,150)	1963	2006	40 years
llside Living enter	(a)	(3)	Yorkville	IL	560,000	3,073,603	1	(3,168)	560,000	3,070,436	(597,477)	1963	2006	40 years
rbor View ursing / Rehab enter	(a)		Zion	IL	147,000	5,235,290	130,209	(5,512,500)		(1)		1970	2006	40 years

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escription	Type of Asset	Encumbrances	City	State	Land	Buildings & Improvements	Improvements / Adjustments	Impairment / Dispositions	Land	Buildings & Improvements	Accumulated Depreciation	Year of Construction	Date Acquired	of Operatio Computed
shford Hall	(a)	(3)	Irving	TX	1,746,000	11,418,567	113,706	(142,702)	1,746,000	11,389,571	(1,963,546)	1964	2006	40 years
elmont Nursing d Rehab Center	(a)	(3)	Madison	WI	480,000	1,861,061	6,207		480,000	1,867,268	(396,012)	1974	2006	40 years
ue Ash Nursing d Rehab Center	(a)	(3)	Cincinnati	OH	125,000	6,278,450	447,530	(90,000)	123,200	6,637,780	(1,353,591)	1969	2006	40 years
est Chester ursing/Rehab enter	(a)		West Chester	OH	375,000	5,663,460	368,689	(3,554,657)	94,855	2,757,637	(1,107,494)	1965	2006	40 years
ilmington ursing/Rehab enter	(a)	(3)	Willmington	OH	125,000	6,078,450	472,388		125,000	6,550,838	(1,312,900)	1951	2006	40 years
tended Care ospital of verside	(a)	(2)	Riverside	CA	1,091,000	5,646,826		(26,375)	1,091,000	5,620,451	(1,469,592)	1967	2006	40 years
eritage Manor	(a)	(2)	Monterey Park	CA	1,585,508	9,274,154		(23,200)	1,585,508	9,250,954	(2,143,023)	1965	2006	40 years
ench Park Care enter	(a)	(2)	Santa Ana	CA	1,076,447	5,983,614	596,442		1,076,447	6,580,056	(1,133,944)	1967	2006	40 years
orth Valley ursing Center	(a)	(2)	Tujunga	CA	613,800	5,031,473		(25,382)	613,800	5,006,091	(1,035,817)	1967	2006	40 years
lla Rancho ernardo Care enter	(a)	(2)	San Diego	CA	1,425,347	9,652,911	65,349	(57,067)	1,425,347	9,661,193	(1,729,787)	1994	2006	40 years
ustin Nursing enter	(a)	(3)	Austin	TX	1,501,040	4,504,643	1,725,687		1,501,040	6,230,330	(753,699)	2007	2007	40 years
ove Hill Care enter and Villas	(a)	(3)	Hamilton	TX	58,397	5,781,296			58,397	5,781,296	(865,917)	1998	2007	40 years
ighten at edford	(a)		Medford	MA	2,365,610	6,612,915	291,913	(9,270,437)		1		1978	2007	40 years
ighten at Ambler	(a)	(3)	Ambler	PA	370,010	5,111,673	(652,999)		370,010	4,458,674	(693,396)	1963	2007	40 years
ighten at oomall	(a)	(3)	Broomall	PA	607,870	3,930,013	590,503		607,870	4,520,516	(777,066)	1955	2007	40 years
ighten at Bryn awr	(a)	(3)	Bryn Mawr	PA	708,300	6,352,474	1,468,774		708,300	7,821,248	(1,171,986)	1972	2007	40 years
ighten at Julia baudo	(a)	(3)	Lake Ariel	PA	369,050	7,559,765	730,412		369,050	8,290,177	(1,339,352)	1980	2007	40 years
ood Samaritan ursing Home	(a)	(3)	Avon	OH	393,813	8,856,210	108,495		393,813	8,964,705	(1,575,023)	1964	2007	40 years
lleville Illinois	(a)	(3)	Belleville	IL	670,481	3,431,286			670,481	3,431,286	(522,068)	1978	2007	40 years
omestead Various ases (b)	(a)	(3)		TX	345,197	4,352,982	5,504		345,197	4,358,486	(673,347)		2007	40 years
yrd Haven ursing Home	(a)	(3)	Searcy	AR	772,501	2,413,388	131,823	(1,897,763)	49,279	1,370,670	(419,949)	1961	2008	40 years
vergreen Arvin ealthcare	(a)	(2)	Arvin	CA	900,000	4,764,928	783,736		1,028,705	5,419,959	(692,938)	1984	2008	40 years
vergreen akersfield ealthcare	(a)	(2)	Bakersfield	CA	1,000,000	12,154,112	1,820,236		1,153,135	13,821,213	(1,593,216)	1987	2008	40 years
	(a)	(2)	Lakeport	CA	1,100,000	5,237,033	876,918		1,256,514	5,957,437	(778,985)	1987	2008	40 years

vergreen Lakeport ealthcare														
ew Hope Care enter	(a)	(2)	Tracy	CA	1,900,000	10,293,920	1,687,692		2,172,271	11,709,341	(1,374,418)	1987	2008	40 years
live Ridge Care enter	(a)	(2)	Oroville	CA	800,000	8,609,470	2,138,439		925,065	10,622,844	(1,246,297)	1987	2008	40 years
vin Oaks ealth & Rehab	(a)	(2)	Chico	CA	1,300,000	8,397,558	1,341,477		1,488,063	9,550,972	(1,225,410)	1988	2008	40 years
vergreen Health & ehab	(a)	(2)	LaGrande	OR	1,400,000	808,374	295,533		1,587,353	916,554	(149,521)	1975	2008	40 years
vergreen remerton ealth & Rehab	(a)		Bremerton	WA	650,000	1,366,315	0	(2,016,315)				1969	2008	40 years
our Fountains	(a)	(3)	Belleville	IL	989,489	5,007,411			989,489	5,007,411	(578,259)	1972	2008	40 years
rookside Health & ehab	(a)	(3)	Little Rock	AR	750,690	4,421,289	1,613,473		750,690	6,034,762	(734,788)	1969	2008	40 years
ilcare Nursing enter	(a)	(3)	Jonesboro	AR	417,050	7,007,007	148,119		417,050	7,155,126	(898,122)	1973	2008	40 years
oneybrook ealth & Rehab enter	(a)	(3)	Benton	AR	250,231	3,170,134	312,823		250,230	3,482,958	(441,799)	1968	2008	40 years
rumann Health & ehab	(a)	(3)	Trumann	AR	166,821	3,587,185	103,952		166,820	3,691,138	(453,532)	1971	2008	40 years
eseret at cPherson	(a)	(2)	McPherson	KS	92,000	1,874,920			92,000	1,874,920	(225,292)	1970	2008	40 years
ission Nursing enter	(a)	(3)	Riverside	CA	230,000	1,209,976			230,000	1,209,976	(149,498)	1957	2008	40 years
ew Byrd Haven ursing Home	(a)	(3)	Searcy	AR		10,213,112	629,701		629,701	10,213,112	(1,177,199)	2009	2009	40 years
vergreen Health & ehab of Petaluma	(a)	(2)	Petaluma	CA	748,668	2,459,910			748,668	2,459,910	(363,728)	1969	2009	40 years
vergreen ountain View ealth & Rehab	(a)	(2)	Carson City	NV	3,454,723	5,942,468			3,454,723	5,942,468	(631,450)	1977	2009	40 years
ttle Rock Health d Rehab	(a)		Little Rock	AR	471,169	4,778,831	7,612,989	(12,862,989)				1971	2009	40 years
dden Acres ealth Care	(a)	(3)	Mount Pleasant	TN	67,413	3,312,587			67,413	3,312,587	(227,391)	1979	2010	40 years

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Description	Type of Asset	Encumbrances	City	State	Land	Buildings & Improvements	Improvements / Adjustments	Impairment / Dispositions	Land	Buildings & Improvements	Accumulated Depreciation	Year of Construction	Date Acquired	Life on Which Depreciation in Statement of Operations Computed
Community Care and Rehab	(a)	(1)	Riverside	CA	1,648,067	9,851,932			1,648,067	9,851,932	(710,856)	1965	2010	40 years
Heritage Gardens of Portageville	(a)	(4)	Portageville	MO	223,658	3,088,802			223,658	3,088,802	(195,580)	1995	2010	40 years
Heritage Gardens of Greenville	(a)	(4)	Greenville	MO	118,925	2,218,776			118,925	2,218,776	(143,730)	1990	2010	40 years
Heritage Gardens of Senath	(a)	(4)	Senath	MO	108,843	2,773,194	265,743		108,843	3,038,937	(195,911)	1980	2010	40 years
Heritage Gardens of Senath South	(a)	(4)	Senath	MO	72,805	1,854,998			72,805	1,854,998	(122,326)	1980	2010	40 years
The Carrington	(a)	(3)	Lynchburg	VA	705,888	4,294,112			705,888	4,294,112	(248,419)	1994	2010	40 years
Arma Care Center	(a)	(2)	Arma	KS	57,452	2,897,772			57,452	2,897,772	(171,754)	1970	2010	40 years
Yates Center Nursing and Rehab	(a)	(2)	Yates	KS	54,340	2,990,435			54,340	2,990,435	(176,388)	1967	2010	40 years
Great Bend Health & Rehab Center	(a)	(3)	Great Bend	KS	111,482	4,588,518	299,535		111,482	4,888,053	(349,923)	1965	2010	40 years
Maplewood at Norwalk	(b)	(3)	Norwalk	CT	1,589,950	1,010,050	15,792,103		1,589,950	16,802,153	(83,716)	1983	2010	40 years
Carrizo Springs Nursing & Rehab	(a)	(3)	Carrizo Springs	TX	45,317	1,954,683			45,317	1,954,683	(126,306)	1965	2010	40 years
Maplewood at Orange	(b)	(2)	Orange	CT	1,133,533	11,155,287	2,131,478		1,133,533	13,286,765	(729,962)	1999	2010	40 years
Wellington Leasehold	(a)	(3)	Wellington	KS			2,000,000			2,000,000	(121,575)	1957	2010	21 years
St. James Nursing & Rehab	(a)	(3)	Carrabelle	FL	1,144,155	8,855,845			1,144,155	8,855,845	(501,574)	2009	2011	40 years
University Manor	(a)	(3)	Cleveland	OH	886,425	8,694,575			886,425	8,694,575	(428,928)	1982	2011	40 years
Grand Rapids Care Center	(a)	(3)	Grand Rapids	OH	288,249	1,516,629			288,249	1,516,629	(75,009)	1993	2011	40 years
Bellevue Care Center	(a)	(3)	Bellevue	OH	282,354	3,440,207			282,354	3,440,207	(158,585)	1988	2011	40 years
Orchard Grove Assisted Living	(b)	(3)	Bellevue	OH	282,354	3,440,207			282,354	3,440,207	(158,585)	1998	2011	40 years
Woodland Manor Nursing and Rehabilitation	(a)	(5)	Conroe	TX	576,518	2,090,586	280,458		576,518	2,371,044	(133,274)	1975	2011	40 years
Fredericksburg Nursing and Rehabilitation	(a)	(5)	Fredericksburg	TX	326,731	3,046,370			326,731	3,046,370	(146,543)	1970	2011	40 years
Jasper Nursing and Rehabilitation	(a)	(5)	Jasper	TX	113,083	2,554,020	28,500		113,083	2,582,520	(116,740)	1972	2011	40 years
Legacy Park Community Living Center	(a)	(4)	Peabody	KS	33,420	1,266,580			33,420	1,266,580	(64,381)	1963	2011	40 years
Lakewood Senior Living of Pratt	(a)	(3)	Pratt	KS	18,503	502,901	312,315		18,503	815,216	(33,659)	1964	2011	40 years
Lakewood Senior Living of Seville	(a)	(3)	Wichita	KS	93,731	896,938	150,903		93,731	1,047,841	(56,025)	1977	2011	40 years

Lakewood Senior Living of Haviland	(a)	(3)	Haviland	KS	112,480	648,771	16,293		112,480	665,064	(39,040)	1971	2011	40 years
Oak Manor Nursing and Rehabilitation	(a)	(5)	Commerce	TX	224,899	1,867,793	443,861		224,899	2,311,654	(111,312)	1963	2011	40 years
Loma Linda Healthcare	(a)	(3)	Moberly	MO	913,017	4,556,983			913,017	4,556,983	(222,847)	1987	2011	40 years
Maplewood at Newtown	(b)	(3)	Newtown	CT	4,941,584	7,058,416	3,332,745		6,314,004	9,018,741	(439,668)	2000	2011	40 years
Chatham Acres Nursing Home	(a)	(3)	Chatham	PA	203,431	1,996,569	2,499,534		203,431	4,496,103	(105,016)	1873	2011	40 years
Transitions Healthcare Gettysburg	(a)	(3)	Gettysburg	PA	241,994	5,858,005	347,001		241,994	6,205,006	(245,949)	1950	2011	40 years
Maplewood at Darien	(b)	(3)	Darien	CT	2,430,458	3,069,542	12,368,599		2,430,458	15,438,141	(158,177)	2012	2011	40 years
Crawford Manor	(a)	(3)	Cleveland	OH	119,877	3,080,123			119,877	3,080,123	(109,649)	1994	2011	40 years
Aviv Asset Management	(d)		Chicago	IL			991,040			991,040	(236,577)			
Aviv Healthcare Properties LP		-2	Chicago	IL			53,750			53,750				
Skagit Aviv	(e)	(3)	Mt. Vernon	WA			422,205	(422,205)						40 years
Chatham Acres	(e)	(3)	Chatham	PA								1873	2011	40 years
Amberwood Manor Nursing Home Rehabilitation	(a)	(3)	New Philadelphia	PA	450,642	3,264,346			450,642	3,264,346	(101,044)	1962	2011	40 years
Caring Heights Community Care & Rehabilitation Center	(a)	(3)	Coroapolis	PA	1,546,079	10,018,012			1,546,079	10,018,012	(311,362)	1983	2011	40 years
Dunmore Healthcare Group	(a)	(3)	Dunmore	PA	398,110	6,812,777			398,110	6,812,777	(213,709)	2002	2011	40 years
Eagle Creek Healthcare Group	(a)	(3)	West Union	OH	1,055,733	5,774,130			1,055,733	5,774,130	(180,081)	1981	2011	40 years

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AVIV REIT, INC. AND SUBSIDIARIES

SCHEDULE III (CONTINUED)

					Initial Cost to Company		Costs Capitalized Subsequent to Acquisition		Gross Amount Carried at December 31, 2012 (c)					
Description	Type of Asset	Encumbrances	City	State	Land	Buildings & Improvements	Improvements / Adjustments	Impairment / Dispositions	Land	Buildings & Improvements	Accumulated Depreciation	Year of Construction	Date Acquired	Life on Which Depreciation in Statement of Operations Computed
Edison Manor Nursing & Rehabilitation	(a)	(3)	New Castle	PA	393,475	8,246,253			393,475	8,246,253	(259,686)	1982	2011	40 years
Indian Hills Health & Rehabilitation Center	(a)	(3)	Euclid	OH	852,677	8,425,268			852,677	8,425,268	(261,573)	1989	2011	40 years
Milcrest Nursing Center	(a)	(3)	Marysville	OH	735,942	2,169,369			735,942	2,169,369	(69,107)	1968	2011	40 years
Scranton Healthcare Center	(a)	(5)	Scranton	PA	1,120,202	5,536,985			1,120,202	5,536,985	(169,217)	2002	2011	40 years
Deseret Nursing & Rehabilitation at Colby	(a)	(5)	Colby	KS	569,437	2,798,928			569,437	2,798,928	(85,013)	1974	2011	40 years
Deseret Nursing & Rehabilitation at Kensington	(a)	(5)	Kensington	KS	279,893	1,418,766			279,893	1,418,766	(45,603)	1967	2011	40 years
Deseret Nursing & Rehabilitation at Onaga	(a)	(5)	Onaga	KS	86,863	2,866,488			86,863	2,866,488	(86,984)	1959	2011	40 years
Deseret Nursing & Rehabilitation at Oswego	(a)	(5)	Oswego	KS	183,378	839,678			183,378	839,678	(27,869)	1960	2011	40 years
Deseret Nursing & Rehabilitation at Smith Center	(a)	(5)	Smith Center	KS	106,166	1,650,402			106,166	1,650,402	(51,515)	1960	2011	40 years
Burford Manor	(a)	(3)	Davis	OK	80,000	3,220,000			80,000	3,220,000	(100,042)	1969	2011	40 years
Care Meridian Cowan Heights	(h)	(5)	Santa Ana	CA	219,887	1,129,422			219,887	1,129,422	(37,231)	1989	2011	40 years
Care Meridian Escondido	(h)	(5)	Escondido	CA	169,913	1,139,416			169,913	1,139,416	(38,230)	1990	2011	40 years
Care Meridian Fresno-Marks	(h)	(5)	Fresno	CA	269,862	1,709,125			269,862	1,709,125	(54,722)	1990	2011	40 years
Care Meridian La Habra Heights	(h)	(5)	La Habra	CA	199,898	1,339,314			199,898	1,339,314	(43,228)	1990	2011	40 years
Care Meridian Sacramento	(h)	(5)	Elk Grove	CA	219,887	1,649,155			219,887	1,649,155	(53,223)	1992	2011	40 years
Care Meridian Oxnard	(h)	(5)	Oxnard	CA	99,949	1,219,375			99,949	1,219,375	(40,229)	1994	2011	40 years
Care Meridian Santiago Canyon	(h)	(5)	Silverado	CA	549,718	1,039,468			549,718	1,039,468	(37,981)	1999	2011	40 years
Care Meridian Marin	(h)	(5)	Fairfax	CA	319,836	2,148,899			319,836	2,148,899	(65,717)	2000	2011	40 years
Care Meridian Gilroy	(h)	(5)	Gilroy	CA	1,089,442	1,759,099			1,089,442	1,759,099	(55,972)	2000	2011	40 years
Care Meridian Artesia	(h)	(5)	Artesia	CA	179,908	1,389,288			179,908	1,389,288	(44,477)	2002	2011	40 years

Care Meridian Las Vegas	(a)	(5)	Las Vegas	NV	759,611	7,776,017		759,611	7,776,017	(229,632)	2004	2011	40 years
Sandalwood Healthcare	(a)	(3)	Little Rock	AR	1,040,000	3,710,000	697,485	1,040,000	4,407,485	(129,404)	1996	2011	40 years
Bath Creek		(3)	Cuyahoga Falls	OH							2013	2012	40 years
Astoria Health and Rehab	(a)	(5)	Germantown	OH	330,000	2,170,000	270,551	330,000	2,440,551	(59,462)	1996	2012	40 years
Gardnerville Health and Rehab	(a)	(3)	Gardnerville	NV	1,237,736	3,562,264		1,237,736	3,562,264	(86,792)	2000	2012	40 years
North Platte Care Centre	(a)/(b)	(3)	North Platte	NE	236,520	2,128,680	46,884	236,520	2,175,564	(70,305)	1984	2012	40 years
Fair Oaks Care Centre	(b)	(3)	Shenandoah	IA	68,121	401,679		68,121	401,679	(9,719)	1997	2012	40 years
Crest Haven Care Centre	(a)	(3)	Creston	IA	72,333	1,466,667	57,681	72,333	1,524,348	(36,983)	1964	2012	40 years
Premier Estates Rock Rapids	(b)	(3)	Rock Rapids	IA	82,782	2,282,418		82,782	2,282,418	(53,907)	1998	2012	40 years
Rock Rapids Care Centre	(a)	(3)	Rock Rapids	IA	113,270	2,349,130	151,239	113,270	2,500,369	(56,421)	1976	2012	40 years
Elmwood Care Centre	(a)/(b)	(3)	Onawa	IA	227,383	1,732,817	180,025	227,383	1,912,842	(50,232)	1961	2012	40 years
Sunny Knoll Care Centre	(a)	(3)	Rockwell City	IA	62,483	2,092,116	(0)	62,483	2,092,116	(49,915)	1966	2012	40 years
New Hampton Care Centre	(a)	(3)	New Hampton	IA	144,180	2,739,420	31,015	144,180	2,770,435	(69,998)	1967	2012	40 years
Monte Siesta	(a)	(4)	Austin	TX	770,000	5,230,000		770,000	5,230,000	(121,323)	1964	2012	40 years
Silver Pines	(a)	(4)	Bastrop	TX	480,000	3,120,000		480,000	3,120,000	(88,384)	1987	2012	40 years
Spring Creek	(a)	(4)	Beaumont	TX	300,000	700,000		300,000	700,000	(18,770)	1969	2012	40 years
Riverview	(a)	(4)	Boerne	TX	780,000	3,470,000		780,000	3,470,000	(96,046)	1994	2012	40 years
Bluebonnet	(a)	(4)	Karnes City	TX	420,000	3,130,000		420,000	3,130,000	(92,930)	1994	2012	40 years
Cottonwood	(a)	(4)	Denton	TX	240,000	2,060,000		240,000	2,060,000	(49,789)	1969	2012	40 years

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AVIV REIT, INC. AND SUBSIDIARIES

SCHEDULE III (CONTINUED)

	Type of Asset	Encumbrances	City	State	Initial Cost to Company: Land	Initial Cost to Company: Buildings & Improvements	Costs Capitalized Subsequent to Acquisition: Improvements / Adjustments	Costs Capitalized Subsequent to Acquisition: Impairment / Dispositions	Gross Amount Carried at December 31, 2012 (c): Land	Gross Amount Carried at December 31, 2012 (c): Buildings & Improvements	Accumulated Depreciation	Year of Construction	Date Acquired	Lif De in of C
nor	(a)	(4)	Floresville	TX	780,000	6,120,000			780,000	6,120,000	(157,503)	1995	2012	
	(a)	(4)	DeLeon	TX	200,000	2,800,000			200,000	2,800,000	(68,241)	1974	2012	
	(a)	(4)	Lampasas	TX	360,000	4,640,000			360,000	4,640,000	(117,091)	1990	2012	
	(a)	(4)	Levelland	TX	300,000	3,800,000			300,000	3,800,000	(109,087)	1990	2012	
	(a)	(4)	Odessa	TX	350,000	8,050,000			350,000	8,050,000	(169,601)	1974	2012	
	(a)	(4)	Odessa	TX	280,000	8,420,000	35,029		280,000	8,455,029	(179,140)	1975	2012	
t	(a)	(4)	Midland	TX	440,000	5,860,000			440,000	5,860,000	(139,107)	1975	2012	
	(a)	(4)	Lake Worth	TX	650,000	4,610,000			650,000	4,610,000	(114,016)	1977	2012	
	(a)	(4)	Sweetwater	TX	190,000	4,210,000			190,000	4,210,000	(118,415)	2010	2012	
ll	(b)	(5)	Bradenton	FL	390,000	4,546,000	60,125		390,000	4,606,125	(97,833)	1985	2012	
ington	(b)	(5)	Eau Claire	WI	1,040,000	1,460,000	133,120		1,040,000	1,593,120	(34,575)	1930	2012	
at	(b)	(1)	Danbury	CT	1,918,801	14,081,199			1,918,801	14,081,199	(228,086)	1968	2012	
ospital	(i)	(3)	Mishawaka	IN	328,000	8,072,000			328,000	8,072,000	(109,865)	1991	2012	
Care	(a)	(3)	Pocatello	ID	470,000	5,530,000	163,871		470,000	5,693,871	(64,724)	1970	2012	
an	(h)	(3)	Pleasanton	CA	410,647	751,184	970,201		410,647	1,721,385	(7,512)	2012	2012	
ursing tation	(a)	(3)	Louisville	KY	440,893	9,484,107			440,893	9,484,107	(75,810)	1977	2012	
on	(a)	(4)	Glendale	WI	1,620,000	5,980,000			1,620,000	5,980,000	(28,792)	1994	2012	
Care	(a)	(3)	Inola	OK	520,000	2,480,000			520,000	2,480,000		1990	2012	
ottage	(b)	(3)	Pryor	OK	100,000	400,000			100,000	400,000		2000	2012	
g and enter	(a)	(4)	Seguin	TX	600,000	4,400,000			600,000	4,400,000	(12,917)	1958	2012	
an	(h)	(3)	Granite Bay	CA	540,000	435,000			540,000	435,000		1978	2012	
nds at	(a)	(3)	Ravenna	OH	660,000	6,940,000			660,000	6,940,000		2000	2012	
House	(b)	(4)	Dunnellon, FL	FL	690,000	3,510,000			690,000	3,510,000	(9,375)	1993	2012	
y ala	(b)	(4)	Ocala, FL	FL	500,000	2,800,000			500,000	2,800,000	(7,084)	1984	2012	
House	(b)	(4)	Dunnellon, FL	FL	490,000	2,610,000			490,000	2,610,000	(6,625)	1991	2012	
or ch	(b)	(4)	Ormond Beach, FL	FL	630,000	2,870,000			630,000	2,870,000	(8,104)	1996	2012	
Nursing tation	(e)	(3)	Eagle Lake	TX	92,561		598,944		92,561	598,944		2013	2012	

$ 124,030,596	$ 917,645,734	$ 121,527,310	$ (71,420,631)	$ 119,224,819	$ 972,558,190	$ (119,371,113)

AVIV REIT, INC. AND SUBSIDIARIES

SCHEDULE III (CONTINUED)

Assets under direct financing leases

Description	Type of Asset	Encumbrances	City	State	Initial Cost to Company	Accretion/ Amortization	Impairment/ Dispositions	Gross Amount Carried at December 31, 2012	Year of Construction	Date Acquired
Fountain Lake	(a)	(2)	Hot Springs	AR	$ 10,418,738	$ 630,382	$	$ 11,049,120	2007	2008
					$ 10,418,738	$ 630,382	$	$ 11,049,120		

(a) Skilled Nursing Facilities (SNFs)
(b) Assisted Living Facilities (ALFs)
(c) Vacant Land
(d) Assets relating to corporate office space
(e) Developmental asset
(f) Includes six properties all located in Texas
(g) The aggregate cost for federal income tax purposes of the real estate as of December 31, 2012 is $812,833,004 (unaudited)
(h) Traumatic Brain Injury Center (TBIs)
(i) Long Term Acute Care

Encumbrances:
(1) Standalone first mortgage
(2) Primary GE Credit Facility
(3) Unencumbered
(4) BAML Revolving Credit Facility
(5) GE Acquisition Line

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AVIV HEALTHCARE PROPERTIES LIMITED PARTNERSHIP AND SUBSIDIARIES

SCHEDULE III (CONTINUED)

	For the Years Ended December 31,		
	2012	**2011**	**2010**
Reconciliation of real estate:			
Carrying cost:			
Balance at beginning of period	$ 919,383,767	$ 703,049,477	$ 636,409,268
Additions during period:			
Acquisitions	184,325,392	186,078,338	63,005,000
Development of rental properties and capital expenditures	42,447,824	36,686,682	7,815,209
Dispositions:			
Sale of assets	(32,207,992)	(339,009)	(4,084,000)
Impairment(i)	(11,116,862)	(6,091,721)	(96,000)
Balance at end of period	$ 1,102,832,129	$ 919,383,767	$ 703,049,477
Accumulated depreciation:			
Balance at beginning of period	$ 96,796,028	$ 75,948,944	$ 58,673,377
Additions during period:			
Depreciation expense	26,809,645	20,847,084	17,853,799
Dispositions:			
Sale of assets	(4,234,560)		(578,232)
Balance at end of period	$ 119,371,113	$ 96,796,028	$ 75,948,944

(i) Represents the write-down of carrying cost and accumulated depreciation on assets where impairment charges were taken.

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PART II

INFORMATION NOT REQUIRED IN PROSPECTUS

Item 31. ***Other Expenses of Issuance and Distribution.***

The following sets forth the estimated costs and expenses, other than underwriting discounts and commissions, payable by the Registrant in connection with the sale of the securities being registered hereby. All amounts shown are estimates except the SEC registration fee and the FINRA filing fee.

Securities and Exchange Commission registration fee	$ 41,412
FINRA filing fees	50,900
NYSE listing fee	200,000
Printing and engraving expenses	850,000
Legal fees and expenses	1,250,000
Accounting fees and expenses	584,050
Transfer agent and registrar fees	15,000
Miscellaneous	508,638
Total	$ 3,500,000

Item 32. ***Sales to Special Parties.***

None.

Item 33. ***Recent Sales of Unregistered Securities.***

During the past three years, we (including our predecessor partnership, Aviv Healthcare Properties Limited Partnership), have issued and sold the following unregistered securities (after giving effect to the 60.37-for-one split of our common stock effective as of March 8, 2013):

(1) On July 30, 2010, we sold 6,037 shares of our common stock to LG Aviv L.P. for an aggregate purchase price of $1.

(2) On September 17, 2010, we consummated a strategic equity transaction with an affiliate of Lindsay Goldberg LLC (Lindsay Goldberg). In connection with the transaction, Lindsay Goldberg, through the formation of Aviv REIT, made an aggregate investment in us, including through the contribution of limited partnership interests it purchased from certain of our limited partners concurrently with its investment, of

$217.8 million. In exchange, Lindsay Goldberg received 13,143,636 shares of our common stock. Concurrently with the transaction with Lindsay Goldberg, we issued 60 shares of our common stock to an entity controlled by Craig M. Bernfield in exchange for $1,000. We contributed the aggregate amount of such proceeds to our operating partnership in exchange for 13,143,696 OP Units of our operating partnership.

(3) On September 17, 2010, we issued 125 shares in a Regulation D private placement of our 12.5% Series A Redeemable Cumulative Preferred Stock for an aggregate purchase price of $125,000. The purchasers of the securities were 125 individual non-affiliates who each qualified as accredited investors. We contributed the proceeds from the sale of preferred stock to our operating partnership in exchange for 125 Class G Preferred Units of our operating partnership.

(4) On September 17, 2010, April 1, 2011, October 28, 2011, January 23, 2012, March 28, 2012 and July 24, 2012, Lindsay Goldberg made an aggregate of $159.0 million in additional equity investments in us in exchange for an aggregate of 8,504,080 shares of our common stock. On each such date, we further contributed the additional equity investment to our operating partnership in exchange for an aggregate of 8,504,080 OP Units of our operating partnership.

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(5) Immediately prior to the closing of the offering, partnership units of our operating partnership will be converted into 33,592,276 OP Units having an aggregate value of approximately $226.8 million, based on an assumed initial public offering price of $19.00.

Information regarding issuances of securities under our 2010 Management Incentive Plan and other compensatory arrangements for the years ended December 31, 2011, 2010 and 2009 is set forth in Footnote 9 of our consolidated financial statements.

The issuances of securities set forth above were made in reliance on the exemptions provided by Section 18(b)(4)(D) of the Securities Act of 1933 and Rule 506 of Regulation D thereunder, Section 4(a)(2) of the Securities Act of 1933, or Section 3(b) of the Securities Act of 1933 and Rule 701 promulgated thereunder. There were no underwriters employed in connection with any of the transactions set forth in this Item 33.

Item 34. ***Indemnification of Directors and Officers.***

Our charter and bylaws provide for indemnification of our officers and directors against liabilities to the fullest extent permitted by the Maryland General Corporation Law, or MGCL, as amended from time to time.

The MGCL requires a Maryland corporation (unless its charter provides otherwise, which our charter does not) to indemnify a director or officer who has been successful, on the merits or otherwise, in the defense of any proceeding to which he or she is made, or threatened to be made, a party by reason of his or her service in that capacity. The MGCL permits a Maryland corporation to indemnify its present and former directors and officers, among others, against judgments, penalties, fines, settlements and reasonable expenses actually incurred by them in connection with any proceeding to which they may be made, or threatened to be made, a party by reason of their service in those or other capacities unless it is established that (a) the act or omission of the director or officer was material to the matter giving rise to the proceeding and either was committed in bad faith or was the result of active and deliberate dishonesty, (b) the director or officer actually received an improper personal benefit in money, property or services, or (c) in the case of any criminal proceeding, the director or officer had reasonable cause to believe that the act or omission was unlawful.

However, under the MGCL, a Maryland corporation may not indemnify for an adverse judgment in a suit by or on behalf of the corporation or for a judgment of liability on the basis that personal benefit was improperly received, unless in either case a court orders indemnification and then only for expenses. In addition, the MGCL permits a Maryland corporation to advance reasonable expenses to a director or officer upon its receipt of (a) a written affirmation by the director or officer of his or her good faith belief that he or she has met the standard of conduct necessary for indemnification by the corporation and (b) a written undertaking by the director or officer or on the director s or officer s behalf to repay the amount paid or reimbursed by the corporation if it is ultimately determined that the director or officer did not meet the standard of conduct.

Our charter authorizes us and our bylaws obligate us, to the maximum extent permitted by Maryland law in effect from time to time, to indemnify and, without requiring a preliminary determination of the ultimate entitlement to indemnification, pay or reimburse reasonable expenses in advance of final disposition of a proceeding to (a) any present or former director or officer who is made, or threatened to be made, a party to the proceeding by reason of his or her service in that capacity or (b) any individual who, while a director or officer of our company and at our request, serves or has served as a director, officer, partner, trustee, managing member or manager of another corporation, real estate investment trust, partnership, joint venture, trust, limited liability company, employee benefit plan or other enterprise and who is made, or threatened to be made, a party to the proceeding by reason of his or her service in that capacity.

We also maintain director s and officer s liability insurance and expect to enter into indemnification agreements with our directors and executive officers.

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Item 35. ***Treatment of Proceeds from Stock Being Registered.***

None of the proceeds will be credited to an account other than the appropriate capital share account.

Item 36. ***Financial Statements and Exhibits.***

(a) See page F-1 for an index of the financial statements that are being filed as part of this Registration Statement on Form S-11.

(b) The following is a list of exhibits being filed as part of, or incorporated by reference into, this Registration Statement on Form S-11:

Exhibit Number	**Description**
1.1	Form of Underwriting Agreement
3.1**	Form of Articles of Amendment and Restatement of Aviv REIT, Inc.
3.2**	Form of Amended and Restated Bylaws of Aviv REIT, Inc.
3.3**	Form of Second Amended and Restated Agreement of Limited Partnership of Aviv Healthcare Properties Limited Partnership
4.1	Indenture, dated as of February 4, 2011, among Aviv Healthcare Properties Limited Partnership, Aviv Healthcare Capital Corporation, as Issuers, the Guarantors named therein, as Guarantors, and The Bank of New York Mellon Trust Company, N.A., as Trustee, included as Exhibit 4.1 to Registrant s Form S-4 Registration Statement No. 333-173824 and incorporated herein by reference thereto.
4.1.1	First Supplemental Indenture, dated as of March 22, 2011, among Aviv Healthcare Properties Limited Partnership, Aviv Healthcare Capital Corporation, as Issuers, the Guarantors named therein, as Guarantors, and The Bank of New York Mellon Trust Company, N.A., as Trustee, included as Exhibit 4.1.1 to Registrant s Form S-4 Registration Statement No. 333-173824 and incorporated herein by reference thereto.
4.1.2	Second Supplemental Indenture, dated as of November 1, 2011, among Aviv Healthcare Properties Limited Partnership and Aviv Healthcare Capital Corporation, as Issuers, the Guarantors named therein, as Guarantors, and The Bank of New York Mellon Trust Company, N.A., as Trustee, included as Exhibit 4.1.2 to Registrant s Quarterly Report on Form 10-Q for the quarter ended September 30, 2011 and incorporated herein by reference thereto.
4.1.3	Third Supplemental Indenture, dated as of December 29, 2011, among Aviv Healthcare Properties Limited Partnership and Aviv Healthcare Capital Corporation, as Issuers, the Guarantors named therein, as Guarantors, and The Bank of New York Mellon Trust Company, N.A., as Trustee, included as Exhibit 4.1.3 to Registrant s Annual Report on Form 10-K for the year ended December 31, 2011 and incorporated herein by reference thereto.
4.1.4	Fourth Supplemental Indenture, dated as of March 28, 2012, among Aviv Healthcare Properties Limited Partnership and Aviv Healthcare Capital Corporation, as Issuers, the Guarantors named therein, as Guarantors, and The Bank of New York Mellon Trust Company, N.A., as Trustee, included as Exhibit 4.1.4 to Registrant s Form S-4 Registration Statement No. 333-180754 and incorporated herein by reference thereto.
4.1.5**	Fifth Supplemental Indenture, dated as of November 30, 2012, among Aviv Healthcare Properties Limited Partnership and Aviv Healthcare Capital Corporation, as Issuers, the Guarantors named therein, as Guarantors, and The Bank of New York Mellon Trust Company, N.A., as Trustee.
4.2	Form of 7 $^{3}/_{4}$% Senior Notes due 2019 (included in Exhibit 4.1).

4.3**	Amended and Restated Registration Rights Agreement, dated as of September 17, 2010, among Aviv REIT, Inc., Aviv Healthcare Merger Sub LP, Aviv Healthcare Properties Limited Partnership, and the Bernfield Investors, the Karkomi Investors and the LG Investors (each as defined therein).

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Exhibit Number	Description
5.1	Opinion of Venable LLP as to the legality of the securities being offered.
8.1*	Opinion of Sidley Austin LLP regarding certain tax matters.
10.1	Credit Agreement, dated as of September 17, 2010, among Aviv Financing I, L.L.C., as the Parent Borrower, the other borrowers named therein, as Borrowers, General Electric Capital Corporation, as Administrative Agent and Lender, and the other financial institutions named therein, as Lenders, included as Exhibit 10.1 to Registrant s Form S-4 Registration Statement No. 333-173824 and incorporated herein by reference thereto.
10.1.1	Amendment No. 1 to Credit Agreement, dated as of February 4, 2011, among Aviv Financing I, L.L.C., as the Parent Borrower, the other borrowers named therein, as Borrowers, General Electric Capital Corporation, as Administrative Agent and Lender, and the other financial institutions named therein, as Lenders, included as Exhibit 10.1.1 to Registrant s Form S-4 Registration Statement No. 333-173824 and incorporated herein by reference thereto.
10.1.2	Amendment No. 2 to Credit Agreement, dated as of April 5, 2011, among Aviv Financing I, L.L.C., as the Parent Borrower, the other borrowers named therein, as Borrowers, General Electric Capital Corporation, as Administrative Agent and Lender, and the other financial institutions named therein, as Lenders, included as Exhibit 10.1.2 to Registrant s Form S-4 Registration Statement No. 333-173824 and incorporated herein by reference thereto.
10.1.3	Borrower Joinder Agreement and Affirmation Agreement, dated as of October 1, 2010, among Southeast Missouri Property, L.L.C., as Additional Borrower, Yuba Aviv, L.L.C., Aviv Financing I, L.L.C., as Parent Borrower, and General Electric Capital Corporation, as Administrative Agent, included as Exhibit 10.1.3 to Registrant s Form S-4 Registration Statement No. 333-173824 and incorporated herein by reference thereto.
10.1.4	Borrower Joinder and Affirmation Agreement, dated as of December 30, 2010, among Great Bend Property, L.L.C., Arma Yates, L.L.C., Orange ALF Property, L.L.C., each as Additional Borrowers, October Associates, L.L.C., Aviv Financing I, L.L.C., as Parent Borrower, and General Electric Capital Corporation, as Administrative Agent, included as Exhibit 10.1.4 to Registrant s Form S-4 Registration Statement No. 333-173824 and incorporated herein by reference thereto.
10.1.5	Release Agreement, dated as of February 4, 2011, by General Electric Capital Corporation, as Administrative Agent, in favor of Aviv Financing I, L.L.C., as Parent Borrower, included as Exhibit 10.1.5 to Registrant s Form S-4 Registration Statement No. 333-173824 and incorporated herein by reference thereto.
10.1.6	Release Agreement, dated as of April 5, 2011, by General Electric Capital Corporation, as Administrative Agent, in favor of Aviv Financing I, L.L.C., as Parent Borrower, included as Exhibit 10.1.6 to Registrant s Form S-4 Registration Statement No. 333-173824 and incorporated herein by reference thereto.
10.1.7	Borrower Joinder and Affirmation Agreement, dated as of November 1, 2011, among Ohio Pennsylvania Property, L.L.C., Kansas Five Property, L.L.C., Murray County, L.L.C., each as Additional Borrowers, Aviv Financing I, L.L.C., as Parent Borrower, and General Electric Capital Corporation, as Administrative Agent, included as Exhibit 10.1.7 to Registrant s Quarterly Report on Form 10-K for the quarter ended September 30, 2011 and incorporated herein by reference thereto.
10.1.8	Borrower Joinder and Affirmation Agreement, dated as of December 29, 2011, among McCarthy Street Property, L.L.C., Sandalwood Arkansas Property, L.L.C. and Southern California Nevada, L.L.C., each as Additional Borrowers, Aviv Financing I, L.L.C., as Parent Borrower, and General Electric Capital Corporation, as Administrative Agent, included as Exhibit 10.1.8 to Registrant s Annual Report on Form 10-K for the year ended December 31, 2011 and incorporated herein by reference thereto.

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Exhibit Number	Description
10.1.9**	Borrower Joinder Agreement, dated as of April 2, 2012, between Texas Fifteen Property, L.L.C., as Subsidiary, and General Electric Capital Corporation, as Administrative Agent.
10.1.10**	Borrower Joinder Agreement, dated as of May 1, 2012, between Mount Washington Property, L.L.C., as Subsidiary, and General Electric Capital Corporation, as Administrative Agent.
10.1.11**	Borrower Joinder and Affirmation Agreement, dated as of June 19, 2012, among Mount Washington Property, L.L.C. as Additional Borrower, Aviv Financing I, L.L.C., as Parent Borrower, and General Electric Capital Corporation, as Administrative Agent.
10.1.12**	Release Agreement, dated as of June 19, 2012, by General Electric Capital Corporation, as Administrative Agent, in favor of Aviv Financing V, L.L.C, as Parent Borrower.
10.1.13**	Borrower Joinder and Affirmation Agreement, dated as of September 25, 2012, among Commerce Sterling Hart Drive, L.L.C., Conroe Rigby Owen Road, L.L.C., Fredericksburg South Adams Street, L.L.C., Jasper Springhill Street, L.L.C., and Missouri Associates, L.L.C., each as Additional Borrowers, Aviv Financing I, L.L.C., as Parent Borrower, and General Electric Capital Corporation, as Administrative Agent.
10.1.14**	Release Agreement, dated as of September 25, 2012, by General Electric Capital Corporation, as Administrative Agent, in favor of Aviv Financing V, L.L.C, as Parent Borrower.
10.2	Credit Agreement, dated as of February 4, 2011, among Aviv Financing IV, L.L.C., as the Parent Borrower, the other borrowers named therein, as Borrowers, Aviv REIT, Inc., Aviv Healthcare Properties Limited Partnership, Aviv Healthcare Properties Operating Partnership I, L.P. and each of the other guarantors named therein, as Guarantors, Bank of America, N.A., as Administrative Agent, and the other financial institutions named therein, as Lenders, included as Exhibit 10.2 to Registrant s Form S-4 Registration Statement No. 333-173824 and incorporated herein by reference thereto.
10.2.1	Amendment No. 1 to Credit Agreement, dated as of March 22, 2011, among Aviv Financing IV, L.L.C., as the Parent Borrower, the other borrowers named therein, as Borrowers, Aviv REIT, Inc., Aviv Healthcare Properties Limited Partnership, Aviv Healthcare Properties Operating Partnership I, L.P. and each of the other guarantors named therein, as Guarantors, Bank of America, N.A., as Administrative Agent, and the other financial institutions named therein, as Lenders, included as Exhibit 10.2.1 to Registrant s Form S-4 Registration Statement No. 333-173824 and incorporated herein by reference thereto.
10.3	Credit Agreement, dated as of January 31, 2012, among Aviv Financing V, L.L.C., as Parent Borrower, the other Borrowers party thereto, Aviv REIT, Inc., as REIT Guarantor, Aviv Healthcare Properties Limited Partnership and Aviv Healthcare Properties Operating Partnership I, L.P., as Guarantors, and the other Guarantors party thereto, the Lenders party thereto, and General Electric Capital Corporation, as Administrative Agent, Sole Lead Arranger and Sole Book Manager, included as Exhibit 10.1.8 to Registrant s Current Report on Form 8-K filed February 3, 2012 and incorporated herein by reference thereto.
10.4	Form of Credit Agreement among Aviv Financing IV, L.L.C., as the Parent Borrower, the other Borrowers party thereto, Aviv REIT, Inc., Aviv Healthcare Properties Limited Partnership and Aviv Healthcare Properties Operating Partnership I, L.P., as Guarantors, and the other Guarantors party thereto, the Lenders party thereto, Bank of America, N.A., as Administrative Agent, and the other financial institutions named therein, as Lenders.
10.5	Aviv REIT, Inc. 2010 Management Incentive Plan, included as Exhibit 10.3 to Registrant s Form S-4 Registration Statement No. 333-173824 and incorporated herein by reference thereto.

Exhibit Number	Description
10.6	Form of Time-Based Nonqualified Stock Option Award Agreement under the Aviv REIT, Inc. 2010 Management Incentive Plan, included as Exhibit 10.4 to Registrant s Form S-4 Registration Statement No. 333-173824 and incorporated herein by reference thereto.
10.7	Form of Nonlimited Performance-Based Nonqualified Stock Option Award Agreement under the Aviv REIT, Inc. 2010 Management Incentive Plan, included as Exhibit 10.5 to Registrant s Form S-4 Registration Statement No. 333-173824 and incorporated herein by reference thereto.
10.8	Form of Aviv Healthcare Properties Limited Partnership Class D Unit Award Agreement (for new grants), included as Exhibit 10.6 to Registrant s Form S-4 Registration Statement No. 333-173824 and incorporated herein by reference thereto.
10.9	Form of Aviv Healthcare Properties Limited Partnership Class D Unit Award Agreement (for replacement grants), included as Exhibit 10.7 to Registrant s Form S-4 Registration Statement No. 333-173824 and incorporated herein by reference thereto.
10.10	Amended and Restated Phantom Partnership Unit Award Agreement, dated as of September 17, 2010, among Aviv Asset Management, L.L.C., Steven J. Insoft and Aviv Healthcare Properties Limited Partnership, included as Exhibit 10.8 to Registrant s Form S-4 Registration Statement No. 333-173824 and incorporated herein by reference thereto.
10.11**	Form of Indemnification Agreement for directors and officers of Aviv REIT, Inc.
10.12 **	Form of Aviv REIT, Inc. 2013 Long-Term Incentive Plan.
10.13 **	Form of Restricted Stock Unit Award Agreement under the Aviv REIT, Inc. 2013 Long-Term Incentive Plan.
10.14 **	Form of Stock Option Agreement under the Aviv REIT, Inc. 2013 Long-Term Incentive Plan.
10.15	Form of First Amendment to the Aviv REIT, Inc. 2010 Management Incentive Plan.
10.16**	Form of Investment Agreement between Aviv REIT, Inc. and LG Aviv L.P.
21.1	Subsidiaries of Aviv REIT, Inc.
23.1	Consent of Venable LLP (included in the opinion filed as Exhibit 5.1).
23.2*	Consent of Sidley Austin LLP (included in the opinion filed as Exhibit 8.1).
23.3	Consent of Ernst & Young LLP.
24.1**	Power of Attorney.
99.1**	Consent of Norman R. Bobins to being named as a director.
99.2**	Consent of Ben W. Perks to being named as a director.
99.3**	Consent of Susan R. Lichtenstein to being named as a director.
99.4**	Consent of Sharon O Keefe to being named as a director.
99.5**	Consent of Mark J. Parrell to being named as a director.
99.6**	Consent of James H. Roth to being named as a director.
99.7**	Consent of Mark B. McClellan to being named as director.
101	Sections of this Registration Statement, formatted in XBRL (eXtensible Business Reporting Language): (i) Condensed Consolidated Balance Sheets; (ii) Consolidated Statements of Operations and Comprehensive Income; (iii) Consolidated Statements of Changes in Equity; (iv) Consolidated Statements of Cash Flows; and (v) Notes to Consolidated Financial Statements.

* To be filed by amendment.
** Previously filed.
Management contract or compensatory plan or arrangement.

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Item 37. ***Undertakings.***

(a) The undersigned registrant hereby undertakes to provide to the underwriter at the closing specified in the underwriting agreements, certificates in such denominations and registered in such names as required by the underwriter to permit prompt delivery to each purchaser.

(b) Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the registrant pursuant to the foregoing provisions, or otherwise, the registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Act and will be governed by the final adjudication of such issue.

(c) The registrant hereby undertakes that:

(1) For purposes of determining any liability under the Securities Act of 1933, the information omitted from the form of prospectus filed as part of this registration statement in reliance upon Rule 430A and contained in a form of prospectus filed by the Registrant pursuant to Rule 424(b)(1) or (4) or 497(h) under the Securities Act shall be deemed to be part of this registration statement as of the time it was declared effective.

(2) For the purpose of determining any liability under the Securities Act of 1933, each post-effective amendment that contains a form of prospectus shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

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SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-11 and has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Chicago, State of Illinois, on this 11th day of March, 2013.

AVIV REIT, INC.

By: /s/ Craig M. Bernfield
Name: Craig M. Bernfield
Title: Chief Executive Officer

Pursuant to the requirements of the Securities Act of 1933, this registration statement has been signed by the following persons in the capacities and on the dates indicated.

Signature	Title	Date
/s/ Craig M. Bernfield **Craig M. Bernfield**	Principal Executive Officer and Director	March 11, 2013
* **Steven J. Insoft**	Principal Executive Officer	March 11, 2013
* **James Lyman**	Principal Financial Officer	March 11, 2013
* **Donna O Neill**	Principal Accounting Officer	March 11, 2013
* **Michael W. Dees**	Director	March 11, 2013
* **Alan E. Goldberg**	Director	March 11, 2013
* **Robert D. Lindsay**	Director	March 11, 2013

* **J. Russell Triedman**	Director	March 11, 2013

*By: /s/ Craig M. Bernfield
Attorney-in-Fact