ADCARE HEALTH SYSTEMS INC
Form 424B5
March 27, 2012

Use these links to rapidly review the document
TABLE OF CONTENTS
TABLE OF CONTENTS

Table of Contents

Filed Pursuant to Rule 424(b)(5)
Registration No: 333-166488

PROSPECTUS SUPPLEMENT
(To Prospectus Dated June 27, 2011)

ADCARE HEALTH SYSTEMS, INC.

1,100,000 Shares

Common Stock

$3.75 per share

Pursuant to this prospectus supplement and the accompanying prospectus, we are offering for sale 1,100,000 shares of our common stock, no par value per share.

Our common stock is listed on the NYSE Amex Equities under the symbol "ADK." The last reported sale price of our common stock on March 23, 2012 was $4.00 per share.

Investing in our common stock involves a high degree of risk. See "Risk Factors" beginning on page S-3 of this prospectus supplement and "Item IA. Risk Factors" of our Annual Report on Form 10-K for the year ended December 31, 2011, which is incorporated by reference into this prospectus supplement and the accompanying prospectus in its entirety. You should carefully read this prospectus supplement and the accompanying prospectus, together with all documents incorporated by reference, before you invest in our common stock.

	Per Share	Total
Public offering price	$3.7500	$4,125,000.00
Underwriting Discounts and Commissions(1)	$0.2625	$ 288,750.00

Proceeds, before expenses to us(1)	$3.4875	$3,836,250.00

(1)
See "Underwriting" beginning on page S-7 of this prospectus supplement for a description of the compensation payable to the underwriter.

Delivery of the shares offered hereby is expected on or about March 30, 2012. The underwriter may also purchase from us up to an additional 165,000 shares of our common stock at the public offering price per share, less the underwriting discounts and commissions, to cover over-allotments, if any, within 45 days of the date of this prospectus supplement.

The aggregate market value of our outstanding common stock held by non-affiliates is $41,645,570, based on 12,202,042 shares of common stock outstanding on March 16, 2012, of which 10,282,857 shares were held by non-affiliates, and a per share price of $4.05, the closing price of our common stock on March 16, 2012. We have not offered any securities pursuant to General Instruction I.B.6. of Form S-3 during the prior 12 calendar month period that ends on, and includes, the date of this prospectus supplement other than those included in this prospectus supplement.

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

Noble Financial Capital Markets

The date of this prospectus supplement is March 27, 2012

TABLE OF CONTENTS

Prospectus Supplement

Prospectus

Table of Contents

ABOUT THIS PROSPECTUS SUPPLEMENT

This prospectus supplement and the accompanying prospectus are part of a "shelf" registration statement on Form S-3 (File No. 333-166488) that we filed with the U.S. Securities and Exchange Commission (the "SEC") using a "shelf" registration process. This prospectus supplement describes the specific terms of this offering. The accompanying prospectus, including the documents incorporated by reference, provides more general information.

We urge you to carefully read this prospectus supplement, the accompanying prospectus and the documents incorporated herein and therein, before investing in our common stock being offered hereby and thereby. These documents contain information you should consider when making your investment decision.

You should rely only on the information contained in or incorporated by reference into this prospectus supplement and the accompanying prospectus. We have not authorized anyone to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. This prospectus supplement may add, update or change information contained in the accompanying prospectus. To the extent any information in this prospectus supplement is inconsistent with the accompanying prospectus, you should rely on the information in this prospectus supplement. The information in this prospectus supplement will be deemed to modify or supersede information in the accompanying prospectus and the documents incorporated by reference therein, except for those documents incorporated by reference therein which we file with the SEC after the date hereof.

You should not assume that the information contained or incorporated by reference into this prospectus supplement and the accompanying prospectus is accurate on any date subsequent to the date set forth on the front cover of this prospectus supplement and the accompanying prospectus or on any date subsequent to the date of the document incorporated by reference, as applicable. Our business, financial condition, results of operations and prospects may have changed since those dates.

We are offering to sell, and seeking offers to buy, our common stock as described in this prospectus supplement and the accompanying prospectus only in jurisdictions where offers and sales are permitted. The distribution of this prospectus supplement and the accompanying prospectus and the offering of our common stock in certain jurisdictions may be restricted by law. Persons outside the United States who come into possession of this prospectus supplement must inform themselves about, and observe any restrictions relating to, the offering of our common stock and the distribution of this prospectus supplement and the accompanying prospectus outside the United States. This prospectus supplement and the accompanying prospectus do not constitute, and may not be used in connection with, an offer to sell, or a solicitation of an offer to buy, our common stock offered by this prospectus supplement and the accompanying prospectus by any person in any jurisdiction in which it is unlawful for such person to make such an offer or solicitation.

We are not making any representation to you regarding the legality of an investment in our common stock by you under applicable law. You should consult with your own legal advisors as to the legal, tax, business, financial and related aspect of a purchase of our common stock.

In this prospectus supplement, unless stated otherwise or the context otherwise requires, the terms "AdCare," the "Company," "we," "us" and "our" refer to AdCare Health Systems, Inc. and its subsidiaries.

Table of Contents

PROSPECTUS SUPPLEMENT SUMMARY

This summary highlights selected information about us. This information is not complete and does not contain all the information you should consider before investing in our common stock. You should carefully read this entire prospectus supplement and the entire accompanying prospectus, including "Risk Factors" beginning on page S-3 of this prospectus supplement and the financial statements and the other information incorporated by reference into this prospectus supplement and the accompanying prospectus, before making an investment decision.

Our Company

We are an owner and manager of retirement communities, assisted living facilities and skilled nursing facilities. We deliver skilled nursing and assisted living services through wholly owned separate operating subsidiaries. As of December 31, 2011, we operated 42 facilities, comprised of 33 skilled nursing centers, eight assisted living residences and one independent living/senior housing facility, totaling approximately 3,700 beds/units in operation. Our facilities are located in Arkansas, Alabama, Georgia, Missouri, North Carolina, Ohio and Oklahoma.

We have an ownership interest in twenty of the facilities we operate, consisting of 100% ownership of thirteen skilled nursing facilities and seven assisted living facilities. The assisted living facilities that we own operate under the name Hearth & Home, with the tag line "Home is where the hearth is." In addition, we lease twelve of the skilled nursing facilities we operate. We also manage three skilled nursing facilities and one independent living facility for third parties. Furthermore, we are the primary beneficiary in two variable interest entities that own five skilled nursing facilities and one assisted living facility. AdCare and Hearth & Home are our registered trademarks.

We are organized into three main segments: skilled nursing facilities ("SNF"), assisted living facilities ("ALF") and Corporate & Other ("Corporate & Other"). The SNF and ALF segments provide services to individuals needing long-term care in nursing home or assisted living settings and management of those facilities. The Management/Corporate segment engages in the management of facilities and provides accounting and informational technology services.

Recent Developments

As previously disclosed on our Current Report on Form 8-K filed on January 5, 2012, one of our subsidiaries entered into a purchase agreement on December 29, 2012 with certain sellers to acquire certain land, buildings, improvements, furniture, fixtures, operating agreements and equipment comprising: (i) Little Rock Health & Rehab, a 157-bed skilled nursing facility located in Little Rock, Arkansas; (ii) Northridge Healthcare and Rehabilitation Center, a 140-bed skilled nursing facility located in North Little Rock, Arkansas; and (iii) Woodland Hills Healthcare and Rehabilitation, a 140-bed skilled nursing facility located in Little Rock, Arkansas (collectively, the "Arkansas Facilities"), for a purchase price of approximately $27.3 million, subject to the terms and conditions of such purchase agreement. We expect to close this acquisition effective as of April 1, 2012 and, in connection therewith, to incur: (a) indebtedness of approximately $22 million secured by a first mortgage on the Arkansas Facilities; and (b) up to an additional $5.0 million of indebtedness. We make no assurances that we will close this acquisition by such date, if at all, or that, if we do close, the financing for this acquisition described above will not change.

Corporate Information

Our principal executive offices are located at 5057 Troy Road, Springfield, Ohio 45502, and our telephone number is (937) 964-8974. We maintain a website at www.adcarehealth.com. This reference to our website is an inactive textual reference only and is not a hyperlink. The contents of our website are not part of this prospectus supplement, and you should not consider the contents of our website in making an investment decision with respect to our common stock.

Table of Contents

THE OFFERING

The following summary is qualified in its entirety by reference to the more detailed information appearing elsewhere in this prospectus supplement and the accompanying prospectus. For more information concerning our common stock, see "Description of Common Stock" beginning on page S-6 of this prospectus supplement and "Description of Capital Stock" beginning on page 11 of the accompanying prospectus.

Issuer	AdCare Health Systems, Inc.
Common stock offered by us	1,100,000 shares
Common stock to be outstanding after this offering	13,302,042 shares
Use of proceeds	We intend to use the net proceeds from this offering for working capital and other general corporate purposes. See "Use of Proceeds" beginning on page S-5 of this prospectus supplement.
Risk factors	Investing in our common stock involves a high degree of risk. See "Risk Factors" beginning on page S-3 of this prospectus supplement and the other information included in and incorporated by reference into this prospectus supplement and the accompanying prospectus for a discussion of risk factors you should carefully consider before deciding to invest in our common stock.
NYSE Amex Equities symbol	ADK

The information above is based on 12,192,669 shares of our common stock outstanding as of December 31, 2011. The information above also excludes, as of that date, the following:

- 575,277 shares of our common stock issuable upon the exercise of outstanding stock options as of December 31, 2011, at a weighted average exercise price of $3.90 per share;

- 778,589 shares of our common stock reserved as of December 31, 2011 for future issuance under our equity incentive plans;

- 2,879,879 shares of our common stock issuable upon the exercise of warrants outstanding as of December 31, 2011, at a weighted average exercise price of $3.40 per share;

- 2,941,776 shares of our common stock issuable upon conversion of our 10% Subordinated Convertible Notes due 2013; and

- 893,233 shares of our common stock issuable upon the conversion of our 10% Subordinated Convertible Notes due 2014.

Unless otherwise indicated, this prospectus supplement reflects and assumes no exercise by the underwriter of the over-allotment option described under "Underwriting."

Table of Contents

RISK FACTORS

An investment in our securities involves a high degree of risk. You should consider carefully the risks described below and in "Risk Factors" contained in our Annual Report on Form 10-K for the year ended December 31, 2011, as filed with the SEC on March 19, 2012, which is incorporated herein by reference in its entirety, as well as any amendment or update thereto reflected in our subsequent filings with the SEC. If any of these risks actually occurs, our business, operating results, prospects or financial condition could be materially and adversely affected. This could cause the trading price of our common stock to decline and you may lose part or all of your investment. Moreover, the risks described are not the only ones that we face. Additional risks not presently known to us or that we currently deem immaterial also may adversely affect our business, operating results, prospects or financial condition.

Additional Risks Related to this Offering

The price of our common stock may be subject to volatility.

The market price of our common stock has been, and we expect it to continue to be, subject to significant volatility in response to various factors, many of which are beyond our control, including:

- variations in our operating results;
- changes in the general economy, and more specifically in the economies in which we operate;
- the departure of any of our key executive officers and directors;
- the level and quality of securities analysts' coverage for our common stock;
- announcements by us or our competition of significant acquisitions, strategic partnerships or other transactions; and
- changes in federal, state, and local health-care regulations to which we are subject.

Management will have immediate and broad discretion as to the use of the proceeds from this offering and may invest or spend the proceeds of this offering in ways in which you may not agree and in ways that may not yield returns to shareholders.

We will retain broad discretion over the use of proceeds from this offering. We intend to use the net proceeds from this offering for working capital and other general corporate purposes. Our shareholders may not agree with the manner in which our management chooses to allocate and spend the net proceeds. Moreover, it is possible that the net proceeds may be used in a way that does not improve our operating results or enhance the value of our common stock.

Sales of a significant number of shares of our common stock in the public markets, or the perception that such sales could occur, could depress the market price of our common stock and impair our ability to raise capital.

Sales of a substantial number of shares of our common stock or other equity-related securities in the public markets, including the issuance of our common stock upon exercise of our options or warrants or conversion of our subordinated convertible notes, could depress the market price of our common stock. Such sales also may impair our ability to raise capital through the sale of additional equity securities in the future at a time and price that our management deems acceptable, if at all.

You will experience immediate and substantial dilution as a result of this offering and may experience dilution in the future.

After giving effect to the sale by us of 1,100,000 shares of our common stock offered by us hereby at a price of $3.75 per share, and after deducting the underwriting discounts and commissions and the

S-3

other estimated offering expenses payable by us, you can expect an immediate dilution of $3.10 per share. In addition, in the past we issued options and warrants to acquire shares of our common stock and subordinated convertible notes convertible into shares of our common stock. To the extent these options, warrants and subordinated convertible notes are ultimately exercised or converted, as applicable, new options or other equity awards are issued under our equity incentive plans, or we otherwise issue additional shares of our common stock in the future, there will further dilution to the purchasers. See "Dilution" beginning on page S-5 of this prospectus supplement.

We do not anticipate declaring any cash dividends on our common stock.

We have never declared or paid cash dividends with respect to our common stock. We currently intend to retain any future earnings to fund the operation and growth of our business. We do not anticipate paying cash dividends on our common stock in the foreseeable future.

Takeover defense provisions may adversely affect the market price of our common stock.

Various provisions of Ohio corporation law and of our corporate governance documents may inhibit changes in control not approved by our Board of Directors and may have the effect of depriving our investors of an opportunity to receive a premium over the prevailing market price of our common stock in the event of an attempted hostile takeover. In addition, the existence of these provisions may adversely affect the market price of our common stock. These provisions include:

- a requirement that special meetings of stockholders be called by our Board of Directors, the Chairman, the President, or the holders of shares with voting power of at least 25%;
- staggered terms among our directors with three classes of directors and only one class to be elected each year;
- advance notice requirements for stockholder proposals and nominations; and
- availability of "blank check" preferred stock.

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus supplement and the information incorporated by reference into this prospectus supplement include "forward-looking statements" within the meaning of U.S. securities law. These statements are based on current expectations, estimates, forecasts and projections about the industry in which we operate and the beliefs and assumptions of our management, and as such are inherently uncertain. Words such as "expects," "anticipates," "targets," "goals," "projects," "intends" "plans," "believes," "seeks," "estimates," "continues" and "may" and variations of such words and similar expressions are intended to identify such forward-looking statements. These forward-looking statements, which are subject to risks, uncertainties and assumptions about us, may include projections of our future financial performance, which in some cases may be based on our growth strategies and anticipated trends in our business. These statements are only predictions based at the time they are made on our expectations and projections about future events. There are important factors that could cause our actual results, level of activity, performance or achievements to differ materially from those expressed or implied by the forward-looking statements. In particular, you should consider the risks outlined in "Risk Factors" beginning on page S-3 of this prospectus supplement and the risk factors and cautionary statements described in the other documents we file from time to time with the SEC, including under "Item 1A. Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2011. We undertake no obligation to revise or update any forward-looking statements, except to the extent required by law.

Table of Contents

USE OF PROCEEDS

We estimate that the net proceeds to us from this offering will be up to approximately $3,636,250, or approximately $4,211,688 if the underwriter exercises in full its over-allotment option to purchase additional shares of common stock, after deducting underwriter discounts and commissions and the estimated offering expenses payable by us.

We intend to use the net proceeds from this offering for working capital and other general corporate purposes. We cannot specify with certainty all of the particular uses of the proceeds from this offering or the timing and amount of actual expenditures. Accordingly, we will retain broad discretion over the use of such proceeds. Pending the use of the net proceeds from this offering as described above, we intend to invest the net proceeds in short-term, interest-bearing, investment-grade securities.

DILUTION

If you invest in our common stock being offered by this prospectus supplement and the accompanying prospectus, you will suffer immediate and substantial dilution in the net tangible book value per share of our common stock. Our net tangible book value as of December 31, 2011 was $4,938,338, or $0.41 per share of our common stock. Net tangible book value per share represents our total tangible assets (which excludes goodwill and other intangible assets), less our total liabilities, divided by the aggregate number of shares of our common stock outstanding as of December 31, 2011.

Dilution in net tangible book value per share represents the difference between the price per share of our common stock paid by purchasers in this offering and the net tangible book value per share of our common stock immediately after this offering. Without taking into account any other changes in the net tangible book value after December 31, 2011, other than to give effect to our receipt of the estimated proceeds from the sale in this offering of 1,100,000 shares of common stock at the purchase price of $3.75 per share, and after deducting the underwriting discounts and commissions and other estimated offering expenses payable by us, our pro forma net tangible book value as of December 31, 2011, would have been approximately $8,624,588, or approximately $0.65 per share of our common stock. This represents an immediate increase of approximately $0.24 in net tangible book value per share to our existing shareholders and an immediate dilution of approximately $3.10 per share to purchasers in this offering. The following table illustrates this per share dilution:

Assumed public offering price per share		$ 3.75
Net tangible book value per share as of December 31, 2011	$ 0.41	
Increase in net tangible book value per share attributable to this offering	$ 0.24	
Pro forma net tangible book value per share as of December 31, 2011, after giving effect to this offering		$ 0.65
Dilution in pro forma net tangible book value per share to purchasers in this offering		$ 3.10

The above table is based on 12,192,669 shares of our common stock outstanding as of December 31, 2011 (as adjusted for 1,100,000 shares of common stock to be issued in this offering) and excludes, as of that date:

- 575,277 shares of our common stock issuable upon the exercise of outstanding stock options as of December 31, 2011, at a weighted average exercise price of $3.90 per share;
- 778,589 shares of our common stock reserved as of December 31, 2011 for future issuance under our equity incentive plans;
- 2,879,879 shares of our common stock issuable upon the exercise of warrants outstanding as of December 31, 2011, at a weighted average exercise price of $3.40 per share;

Table of Contents

- 2,941,776 shares of our common stock issuable upon conversion of our 10% Subordinated Convertible Notes due 2013; and

- 893,233 shares of our common stock issuable upon the conversion of our 10% Subordinated Convertible Notes due 2014.

If the underwriter exercises in full the over-allotment option to purchase 165,000 shares of common stock offered in this offering at the public offering price of $3.75 per share, the as adjusted net tangible book value after this offering would be $0.68 per share, representing an immediate dilution in net tangible book value of $3.07 per share to investors purchasing our common stock in this offering at the public offering price.

To the extent that any outstanding options or warrants are exercised, new options or other equity awards are issued under our equity compensation plan or otherwise, any of our subordinated convertible notes are converted into shares of our common stock, or we otherwise issue additional shares of our common stock in the future, there will be further dilution to the purchasers.

DIVIDEND POLICY

We have never declared or paid any cash dividends with respect to our common stock. Our ability to pay dividends will depend upon our future earnings and net worth. We are restricted by Ohio law from paying dividends on any of our common stock while insolvent or if such payment would result in a reduction of our stated capital below the required amount. We currently intend to retain any future earnings to fund the operation and growth of our business. We do not anticipate paying cash dividends on our common stock in the foreseeable future.

DESCRIPTION OF COMMON STOCK

A description of our common stock is set forth under "Description of Capital Stock" beginning on page 11 of the accompanying prospectus. As of March 14, 2012, we were authorized to issue 29,000,000 shares of our common stock, no par value per share, of which 12,202,042 shares were outstanding.

Table of Contents

UNDERWRITING

Noble Financial Capital Markets has agreed, subject to the terms and conditions set forth in the underwriting agreement between us, to purchase from us the respective number of shares of common stock set forth in the table below.

Underwriter	Number of Shares
Noble Financial Capital Markets	1,100,000
Total	1,100,000

This offering will be underwritten on a firm commitment basis. In the underwriting agreement, the underwriter has agreed, subject to the terms and conditions set forth therein, to purchase the shares of common stock being sold pursuant to this prospectus supplement at a price per share equal to the public offering price less the underwriting discount specified on the cover page of this prospectus supplement. According to the terms of the underwriting agreement, the underwriter either will purchase all of the shares or none of them.

The underwriter has an option to buy up to 165,000 additional shares of common stock from us to cover sales of shares by the underwriter which exceed the number of shares specified in the table above. The underwriter may exercise this option at any time and from time to time during the 45-day period from the date of this prospectus supplement. If any additional shares of common stock are purchased, the underwriter will offer the additional shares of common stock on the same terms as those on which the shares are being offered.

The underwriting agreement provides that the obligations of the underwriter are subject to certain conditions precedent, including our closing of a debt financing with a minimum of $3 million in net proceeds on terms and conditions satisfactory to the underwriter in its sole discretion, as well as the absence of any material adverse change in our business and the receipt of customary legal opinions, letters and certificates. We have also agreed that for a period of sixty days from the initial closing date of this offering, we will not issue any additional equity securities without the prior consent of the underwriter, subject to certain exceptions as specified in the underwriting agreement.

The underwriter has advised us that it proposes to offer our common stock to the public initially at the public offering price set forth on the cover page of this prospectus supplement. The underwriter will offer the shares subject to prior sale and subject to receipt and acceptance of the shares by the underwriter. The underwriter may reject any order to purchase shares in whole or in part. The underwriter expects that we will deliver the shares to the underwriter through the facilities of The Depository Trust Company in New York, New York on or about March 30, 2012. At that time, the underwriter will pay us for the shares in immediately available funds. After commencement of the public offering, the underwriter may change the public offering price and other selling terms.

The following table summarizes the compensation to be paid by us to the underwriter.

	Per Share	Total Without Exercise of Over-Allotment	Total With Full Exercise of Over-Allotment
Public offering price	$ 3.7500	$ 4,125,000.00	$ 4,743,750.00
Underwriting discounts and commissions	$ 0.2625	$ 288,750.00	$ 332,062.50
Proceeds before expenses	$ 3.4875	$ 3,836,250.00	$ 4,411,687.50

The expenses of the offering, not including the underwriting discounts and commissions, payable by us are estimated to be $200,000, which includes a $50,000 nonaccountable expense reimbursement that we have agreed to reimburse the underwriter for certain fees and legal expenses incurred by it in connection with this offering.

Table of Contents

We have agreed to indemnify the underwriter and its officers, directors and controlling persons against certain liabilities for misstatements in the registration statement of which this prospectus supplement forms a part, including liabilities under the Securities Act of 1933, as amended (the "Securities Act"), or to contribute to payments the underwriter may be required to make in respect thereof.

The underwriter has informed us that the underwriter intends to deliver all copies of this prospectus supplement via electronic means, via hand delivery or through mail or courier services.

In connection with this offering, the underwriter and other persons participating in this offering may engage in transactions which affect the market price of the common stock. These may include stabilizing transactions. Stabilizing transactions consist of bids or purchases for the purpose of pegging, fixing or maintaining the price of the common stock. These transactions, which may be effected on the NYSE Amex or otherwise, may stabilize, maintain or otherwise affect the market price of our common stock and could cause the price to be higher than it would be without these transactions. The underwriter and any other participants in this offering are not required to engage in any of these activities and may discontinue any of these activities at any time without notice.

The underwriter may also reclaim selling concessions allowed to a dealer for distributing our common stock in this offering if the underwriter repurchases previously distributed common stock to cover short positions or to stabilize the price of our common stock.

The foregoing transactions, if commenced, may raise or maintain the market price of our common stock above independent market levels or prevent or retard a decline in the market price of our common stock. Neither we nor the underwriter makes any representation that the underwriter will engage in any of these transactions and these transactions, if commenced, may be discontinued at any time without notice. Neither we nor the underwriter makes any representation or prediction as to the direction or magnitude of the effect that the transactions described above, if commenced, may have on the market price of our common stock.

This prospectus supplement and the accompanying prospectus may be made available in electronic format on websites or through other online services maintained by the underwriter. Other than this prospectus supplement and the accompanying prospectus in electronic format, the information on the underwriter's website and any information contained in any other websites maintained by the underwriter is not part of this prospectus supplement or the accompanying prospectus or the registration statement of which this prospectus supplement and the accompanying prospectus forms a part.

The foregoing does not purport to be a complete statement of the terms and conditions of the underwriting agreement. A copy of the underwriting agreement will be included as an exhibit to our Current Report on Form 8-K that will be filed with the SEC and incorporated by reference into the Registration Statement of which this prospectus supplement forms a part. See "Where You Can Find More Information" beginning on page S-9 of this prospectus supplement.

The underwriter and its respective affiliates may provide various investment banking, financial advisory and other services to us and our affiliates for which services they have received, and may in the future receive, customary fees. In the course of their businesses, the underwriter and its respective affiliates may actively trade our securities or loans for their own account or for the accounts of customers, and, accordingly, the underwriter and its respective affiliates may at any time hold long or short positions in such securities or loans.

Table of Contents

LEGAL MATTERS

The validity of the securities offered hereby will be passed upon for us by Carlile Patchen & Murphy LLP, Columbus, Ohio. Attorneys at Carlile Patchen & Murphy LLP beneficially own 11,000 shares of our common stock. Greenberg Traurig P.A., Boca Raton, Florida, has acted as counsel for the underwriter in connection with certain legal matters relating to this offering.

EXPERTS

The financial statements of AdCare Health Systems, Inc. as of December 31, 2011 and 2010, and for each of the two years in the period ended December 31, 2011, incorporated by reference into this prospectus supplement and the accompanying prospectus, have been audited by Battelle & Battelle LLP, an independent registered public accounting firm, as stated in their report which is also incorporated by reference herein and therein. Such financial statements have been incorporated in reliance upon the report of such firm given their authority as experts in accounting and auditing.

WHERE YOU CAN FIND MORE INFORMATION

We have filed with the SEC a registration statement on Form S-3 under the Securities Act, of which this prospectus supplement forms a part. The rules and regulations of the SEC allow us to omit from this prospectus supplement and the accompanying prospectus certain information included in the registration statement. For further information about us and our common stock we are offering under this prospectus supplement and the accompanying prospectus, you should refer to the registration statement and the exhibits and schedules filed as part of the registration statement. With respect to the statements contained in this prospectus supplement and the accompanying prospectus regarding the contents of any agreement or any other document, in each instance, the statement is qualified in all respects by the complete text of the agreement or document, a copy of which has been filed as an exhibit to the registration statement or to a document incorporated by reference into the registration statement.

We file reports, proxy statements and other information with the SEC under the Securities Exchange Act of 1934, as amended (the "Exchange Act"). You may read and copy this information from the Public Reference Room of the SEC, 100 F Street, N.E., Room 1580, Washington, D.C. 20549, at prescribed rates. You may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. The SEC also maintains an Internet website that contains reports, proxy statements and other information about issuers, like us, that file electronically with the SEC. The address of that website is *www.sec.gov*.

INFORMATION INCORPORATED BY REFERENCE

The SEC allows us to "incorporate by reference" the information we file with them, which means that we can disclose important information to you by referring you to those documents instead of having to repeat the information in this prospectus supplement and the accompanying prospectus. The information incorporated by reference is considered to be part of this prospectus supplement.

Information contained in this prospectus supplement and information that we file with the SEC in the future and incorporate by reference into this prospectus supplement automatically modifies and supersedes previously filed information, including information in previously filed documents or reports that have been incorporated by reference in this prospectus supplement, to the extent the new information differs from or is inconsistent with the previously filed information. Any information so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this prospectus supplement.

Table of Contents

The following documents filed by us with the SEC (in each case, SEC File No. 001-33135) are incorporated by reference in this prospectus supplement (excluding any portion of such documents that have been "furnished" but not "filed" for purposes of the Exchange Act):

- our Annual Report on Form 10-K for the year ended December 31, 2011, filed with the SEC on March 19, 2012;

- our Current Reports on Form 8-K filed with the SEC on January 5, 2012, January 6, 2012, January 9, 2012, January 23, 2012, February 3, 2012, February 7, 2012, March 9, 2012 and March 15,2012; and

- the description of our common stock contained in our Exchange Act Registration Statement on Form 8-A12B, filed with the SEC on November 7, 2006, incorporating the description contained in our Registration Statement on Form SB-2, File No. 333-131542, as originally filed with the SEC on February 23, 2006, including all amendments or reports filed for the purpose of updating such description.

We are also incorporating by reference any future filings we make with the SEC under Section 13(a), 13(c), 14 or 15(d) of the Exchange Act until this offering is completed, except for information furnished under Item 2.02 or Item 7.01 and certain exhibits furnished pursuant to Item 9.01 of our Current Reports on Form 8-K which are not deemed to be filed and not incorporated by reference herein.

We will provide without charge upon written or oral request to each person, including any beneficial owner, to whom this prospectus supplement and the accompanying prospectus is delivered, a copy of any and all of the documents which are incorporated by reference into this prospectus supplement or the accompanying prospectus but not delivered with this prospectus supplement and the accompanying prospectus (other than exhibits unless such exhibits are specifically incorporated by reference in such documents).

You may request a copy of these documents by writing or telephoning us at:

AdCare Health Systems, Inc.
5057 Troy Road
Springfield, Ohio 45502
Attention: Investor Relations
Telephone: (937) 964-8974

PROSPECTUS

ADCARE HEALTH SYSTEMS, INC.

$20,000,000 of Common Stock

This prospectus is part of a registration statement on Form S-3 that we filed with the United States Securities and Exchange Commission (the "SEC") utilizing a "shelf" registration process. Under this shelf registration process, we may offer to sell shares of common stock up to a maximum aggregate offering price of $20,000,000, of which $6,788,901 has already been sold. This prospectus provides you with a general description of our common stock.

We may offer our common stock through agents, underwriters or dealers or directly to investors. Each time we use this prospectus to offer securities, we will provide a prospectus supplement that will contain specific information about the terms of that offering, including the specific amounts, process and terms of the offered securities. The prospectus supplement may also add, update or change the information contained in this prospectus. We will set forth the names of any underwriters or agents in the accompanying prospective supplement, as well as the net proceeds we expect to receive from such sale. In addition, the underwriters, if any may over-allot a portion of the securities.

Our common stock is traded on the NYSE AMEX under the symbol "ADK." On June 16, 2011, the last reported sale of our common stock on the NYSE AMEX was $5.32 per share.

As of June 16, 2011, the aggregate market value of our outstanding common stock held by non-affiliates was approximately $37,630,153. The aggregate market value of securities sold by or on our behalf pursuant to General Instruction I.B.6 of Form S-3 during the 12 calendar months prior to, and including, the date of this prospectus is not greater than one-third of the aggregate market value of our common stock held by our non-affiliates.

You should read carefully both this prospectus and any prospectus supplement together with the additional information described below under the heading "Where You Can Find Additional Information."

Investing in our common stock involves a high degree of risk. See "Risk Factors" beginning on page 3 for certain risks and uncertainties that you should consider.

Neither the SEC nor any state securities commission has approved or disapproved of these securities or passed upon the adequacy or accuracy of this prospectus. Any representation to the contrary is a criminal offense.

Prospectus dated June 27, 2011

TABLE OF CONTENTS

You should rely only on the information contained in this prospectus. We have not authorized anyone to provide you with information that is different from that contained in this prospectus. This prospectus is not an offer to sell these securities and is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted. The information on this prospectus is complete and accurate only as of the date of the front cover regardless of the time delivery of this prospectus or of any sale of shares. Except where the context requires otherwise, in this prospectus, the words "Company," "AdCare," "we," "us" and "our" refer to AdCare Health Systems, Inc., an Ohio corporation.

PROSPECTUS SUMMARY

This summary highlights selected information from this prospectus. It does not contain all of the information that is important to you. We encourage you to carefully read this entire prospectus and the documents to which we refer you. The following summary is qualified in its entirety by reference to the detailed information appearing elsewhere in this prospectus.

Our Company

We are a Springfield, Ohio based developer, owner and manager of retirement communities, assisted living facilities, nursing homes, and provide home health care services. As of March 31, 2011, we operate twenty-eight facilities, comprised of twenty skilled nursing centers, seven assisted living residences and one independent living/senior housing facility, totaling approximately 2,600 units. Our communities are located in Ohio, Georgia, Alabama and North Carolina. Subsequent to March 31, 2011, we became the owner and operator of two additional skilled nursing centers with an aggregate of 235 units.

We have an ownership interest in eleven of the facilities we operate, comprised of 100% ownership of five of the skilled nursing centers and six assisted living facilities. We have lease agreements on eleven skilled nursing facilities. The assisted living facilities that we own operate under the name Hearth & Home, with the tag line "Home is where the hearth is." We also maintain a development/consulting initiative which provides potential management opportunities to our core long-term care business. AdCare Health Systems, Inc. and Hearth & Home are registered trademarks.

Our business operates in two segments: (1) management and facility-based care and (2) home-based care. In our management and facility-based care segment, we derive revenues from three primary sources. We operate and have ownership interests in eight facilities for which we collect fees from the residents of those facilities. Profits/losses are generated to the extent that the monthly patient fees exceed the costs associated with operating those facilities. We also manage assisted living facilities and nursing homes owned by third parties. With respect to these facilities, we receive a management fee based on the revenue generated by the facilities. Within our management facility-based care segment, we provide development, consulting and accounting service to third parties. In these instances, we receive a fee for providing those services. These fees vary from project to project, with the development fee in most cases being based on a percentage of the total cost to develop the project.

Corporate Information

Our principal executive offices are located at 5057 Troy Road, Springfield, Ohio 45502, and our telephone number is (937) 964-8974. We maintain a website at www.adcarehealth.com. This reference to our website is an inactive textual reference only and is not a hyperlink. The contents of our website are not part of this prospectus, and you should not consider the contents of our website in making an investment decision with respect to our securities.

Summary of the Offering

Shares of common stock, no par value, being registered hereunder	An indeterminate number of shares of common stock are being offered up to a maximum aggregate offering price of $20,000,000, of which $6,788,901 has already been sold.
Shares of common stock outstanding as of June 6, 2011	8,407,798 shares of common stock
Use of Proceeds	We will retain broad discretion over the use of net proceeds to us from any sale of our common stock under this prospectus. We intend to use the net proceeds from the sale of the securities for general corporate purposes, including, but not limited, to repaying, redeeming, or repurchasing existing debt, and for working capital, capital expenditures, and acquisitions.
Risk Factors	An investment in our securities involves a high degree of risk and could result in a loss of your entire investment. Prior to making an investment decision, you should carefully consider all of the information in this prospectus and, in particular, you should evaluate the risk factors set forth under the caption "Risk Factors" beginning on page 3.
Stock Exchange Symbol	Out common stock is traded on the NYSE Amex under the symbol "ADK."

RISK FACTORS

The following are certain risk factors that could affect our business, operations and financial condition. These risk factors should be considered in connection with evaluating the forward-looking statements contained in this prospectus because these factors could cause the actual results and conditions to differ materially from those projected in forward-looking statements. This section does not describe all risks applicable to our business, and we intend it only as a summary of certain material factors. If any of the following risks actually occur, our business, financial condition or results of operations could be negatively affected. In that case, the trading price of our common stock could decline.

We intend to expand our business into new areas of operation.

Our business model calls for seeking to acquire existing cash flowing operations and to expand our operations by pursuing an acquisition merger and acquisition growth strategy to acquire and lease long term care facilities, primarily nursing homes. Our success will largely depend on our ability to finance the new acquisitions and implement and integrate the new acquisitions into our management systems. As a result, we expect to experience all of the risks that generally occur with rapid expansion such as:

- adapting our management systems and personnel into the new acquisition;
- integrating the new acquisition and businesses into our structure;
- acquisition and operation of new acquisitions and businesses in the Southeastern United States, a geographic region in which we have not historically operated;
- obtaining adequate financing under acceptable terms;
- retention of key personnel, customers and vendors of the acquired business and the hiring of new personnel;
- impairments of goodwill and other intangible assets; and
- contingent and latent risks associated with the past operations of, and other unanticipated costs and problems arising in, an acquired business.

If we are unable to successfully integrate the operations of an acquired property or business into our operations, we could be required to undertake unanticipated changes. These changes could have a material adverse effect on our business. Since we went public in November, 2006, we have not expanded into new areas of business.

We may need additional financing to complete our long-term acquisition and expansion plans, and we do not have commitments for additional financing.

To achieve our growth objectives, we will need to obtain sufficient financial resources to fund our expansion, development and acquisition activities. We believe we may need to secure debt financing in order to help us leverage our equity resources and make further acquisitions. As of March 31, 2011, we had an accumulated deficit of $13,314,166 and working capital of approximately $1,746,000. Our cumulative losses have, in the past, made it difficult for us to borrow adequate funds on what management believed to be commercially reasonable terms. There can be no assurance that adequate financing will be available on terms that are acceptable to us, if at all. In addition, our Board of Directors may elect to use our stock as "currency" in acquiring additional businesses. If so, our stockholders may experience dilution.

We currently have lines of credit in place which may be insufficient to satisfy short-term cash needs.

In March of 2010, we increased our available line of credit with Huntington National Bank to $200,000 in order to assist with cash flow. As of December 31, 2010, approximately $187,000 was used

in operation of the Company. We have also established a $191,000 line of credit using funds from our non-qualified deferred compensation plan. Members of this plan, which is only available to senior management, authorized the transfer of funds to establish the line of credit with interest accruing at 8%. The funds are presently used in the operation of the Company. Additionally, on October 29, 2010, AdCare subsidiaries ADK Powder Springs Operator, LLC, ADK Lumber City Operator, LLC, ADK Jeffersonville Operator, LLC, ADK LaGrange Operator, LLC, and ADK Thomasville Operator, LLC (collectively, the "Borrowers") entered into a Credit Agreement with lender, Gemino Healthcare Finance, LLC (the "Lender"), to provide a credit facility in the maximum amount of $5,000,000. The initial term of the Credit Facility will expire on October 29, 2013. Borrowing under the Credit Facility is not limited to use by the Borrowers and may be used for various business purposes. Conditions of the Credit Agreement require the Borrowers to pay interest on a minimum balance of $1,000,000. Subsequently, on February 25, 2011, we joined five additional AdCare subsidiaries: ADK Thunderbolt Operator, LLC, ADK Savannah Beach Operator, LLC, ADK Oceanside Operator, LLC, Attalla Nursing ADK, LLC, and Coosa Nursing ADK, LLC as additional borrowers in the Credit Agreement. The additional borrowers increased the amount of credit available to us and the maximum amount of the credit facility increased to $7,500,000. As of March 31, 2011, approximately $1,763,000 of the credit facility was used in the operations of the business.

Businesses typically use lines of credit to finance short-term and unexpected cash needs. There can be no assurances that these lines of credit will be sufficient in the event of an acute cash deficit. Therefore, we intend to secure additional lines of credit or increases in our existing lines but we can provide no assurance that it will be available on acceptable terms, if at all, or that the amount of any line of credit obtained will be sufficient to handle future cash needs as they arise.

Our business depends on reimbursement under federal and state programs, and legislation or regulatory action may reduce or otherwise adversely affect the amount of reimbursements.

Our revenues are heavily dependent on payments administered under the Medicare and Medicaid programs. The economic downturn has caused many states to institute freezes on or reductions in Medicaid reimbursements to address state budget concerns. Moreover, for the 2010 federal fiscal year, the Federal Centers for Medicare and Medical Services ("CMS") effectively reduced our Medicare reimbursement rates; for the 2011 federal fiscal year, CMS has implemented changes to the Resource Utilization Group classification system, which may impact our Medicare revenues adversely.

In addition to these reductions, there have been numerous initiatives on the federal and state levels for comprehensive reforms affecting the payment for and availability of healthcare services. Aspects of certain of these initiatives, such as further reductions in funding of the Medicare and Medicaid programs, additional changes in reimbursement regulations by CMS, enhanced pressure to contain healthcare costs by Medicare, Medicaid and other payers, and additional operational requirements, could adversely affect us.

We have a history of operating losses and may incur losses in the future as we expand.

For the year ended December 31, 2010, for amounts attributable to the Company, we had a net loss of $2,743,621 compared to a net income of $440,283 for the year ended December 31, 2009. For the three months ended March 31, 2011, for amounts distributable to the Company, we had net income of $357,291 compared to a net loss of $113,886 for the three months ended March 31, 2010. There can be no assurance that we will be able to operate profitably as we expand. As of March 31, 2011, we had working capital of approximately $1,746,000.

Management's plans with the objective of improving liquidity and profitability in future years encompass the following:

- refinancing debt where possible to obtain more favorable terms.

increase facility occupancy, improve the occupancy mix by increasing Medicare patients.

add additional management contracts.

Acquire additional long term care facilities with existing cash flowing operations to expand our operations.

Management believes that the actions that will be taken by the Company provide the opportunity for the Company to improve liquidity and achieve profitability. However, there can be no assurance that such events will occur.

Assisted living and skilled nursing facility financial stability could be negatively impacted by the current economic conditions.

Approximately 8% of our skilled nursing occupants and nearly all the occupants of our assisted living facilities rely on their personal investments and wealth to pay for their stay in our facilities. Recent declines in market values of investments could limit their ability to pay for services or shorten the period of time for which they can pay privately for their stay. The declining market for the sale of homes could limit their ability to sell their personal assets further reducing their ability to remain in