

AVIV REIT, INC.
Form 8-K
July 15, 2013

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 8-K

CURRENT REPORT

PURSUANT TO SECTION 13 OR 15(D)

OF THE SECURITIES EXCHANGE ACT OF 1934

Date of report (Date of earliest event reported): July 11, 2013

AVIV REIT, INC.

(Exact Name of Registrant as Specified in Charter)

Maryland
(State or Other Jurisdiction

of Incorporation)

001-35841
(Commission

File Number)

27-3200673
(IRS Employer

Identification No.)

Edgar Filing: AVIV REIT, INC. - Form 8-K

303 W. Madison Street, Suite 2400

Chicago, Illinois
(Address of Principal Executive Offices)

60606
(Zip Code)

Registrant's telephone number, including area code: (312) 855-0930

N/A

(Former Name or Former Address, if Changed Since Last Report)

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

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

Item 5.02. Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

On July 11, 2013, the Compensation Committee (the Committee) of the Board of Directors (the Board) of Aviv REIT, Inc. (the Company) approved the terms of the Company's 2013 executive compensation program, which provides for annual base compensation and annual incentive bonus and equity compensation opportunities for the Company's key employees, including the Company's principal executive officer, principal financial officer and other named executive officers (the NEOs).

The following table sets forth the annual base salary, target annual incentive award and target long-term equity incentive award for each NEO in 2013:

Officer and Title	Base Salary	Target	Target	Total
		Annual Incentive Award	Long-Term Incentive Award	
Craig M. Bernfield <i>Chairman & Chief Executive Officer</i>	\$ 625,000	\$ 781,250	\$ 900,000	\$ 2,306,250
Steven J. Insoft <i>President & Chief Operating Officer</i>	\$ 395,000	\$ 316,000	\$ 700,000	\$ 1,411,000
James H. Lyman <i>Chief Financial Officer & Treasurer</i>	\$ 325,000	\$ 227,500	\$ 450,000	\$ 1,002,500
Samuel H. Kovitz <i>EVP, General Counsel & Secretary</i>	\$ 310,000	\$ 155,000	\$ 250,000	\$ 715,000
<u>Base Salary</u>				

Base salary adjustments shall be made retroactively to January 1, 2013.

Annual Incentive Award

The annual incentive awards are cash awards tied to the financial performance of the Company using both earnings and corporate strategic and operational measures. For each of Messrs. Bernfield, Insoft and Lyman, 75% of the award will be tied to the Company's AFFO and 25% of the award will be tied to Strategic and Operational Performance. For Mr. Kovitz 50% of the award will be tied to AFFO, 30% of the award will be tied to Strategic and Operational Performance and 20% of the award will be tied to Individual MBOs (Management by Objectives).

As used herein, AFFO is the diluted FFO per share as defined by NAREIT, adjusted to exclude costs incurred in connection with the repayment of debt and non-cash interest on the exchangeable debentures, and impairment charges associated with asset values. Target AFFO shall be set forth in the Board-approved annual budget. Strategic and Operational Performance is the Committee's assessment of the Company's performance in coverage, investment, and management effectiveness. Individual MBOs include factors such as teamwork, leadership, and individual contribution and advancement.

The award may range from 50% to 200% of the target amount set forth above, and shall be capped at 200% of the target amount. Achieving 85% of the applicable metric shall equate to 50% of the target award, achieving 100% of the metric shall equate to 100% of the target award, achieving 115% of the metric shall equate to 200% of the target award, and award levels shall be extrapolated for achieving between 85% and 115% of the applicable metric.

Long-Term Incentive Award

The long-term incentive awards are awards of performance-based and time-based Restricted Stock Units (RSUs) under the Company's 2013 Long-Term Incentive Plan. The RSUs for the NEOs will be 75% performance-based and 25% time-based. The number of RSUs to be granted will be determined based on the target grant date values above using the closing share price on the date of grant, except for the initial grants, which will be based on the Company's initial public offering (IPO) price.

The performance-based RSUs are tied to levels of total shareholder return (TSR) over a two year and three year period (cliff vesting). Relative performance will be measured 50% against companies comprising the NAREIT Equity Index and 50% against the companies comprising the Bloomberg Healthcare REIT Index. Payouts will be based on percentile ranking as compared to the comparison group, with 200% of the target award granted for achieving the 75th percentile or above, 150% of the target award granted for achieving the 63rd percentile or above, 100% of the target award granted for achieving the 50th percentile or above and 50% of the target award granted for achieving the 30th percentile or above.

For purposes of measuring TSR, which is the sum of share price appreciation and dividends, an average of the closing share prices 10 trading days before and 10 trading days after the first of the year at the start of the performance cycle and 10 trading days before and 10 trading days after the ending date of the performance cycle. For the 2013 grants, the performance cycle will begin on the Company's IPO date for all companies and will not use this averaging mechanism.

The time-based RSUs vest if the NEO is still employed at the end of a three-year period (cliff vesting).

In addition, for purposes of phasing in this policy, the 2013 time-based and performance-based awards will vest ratably as follows: One half will be eligible to vest after 2014 with vesting based on continued employment and TSR performance from the IPO through the end of 2014. One half will be eligible to vest after 2015 with vesting based on continued employment and TSR performance from the IPO through the end of 2015.

On July 11, 2013, pursuant to the executive compensation program adopted by the Committee, a subcommittee composed of non-employee directors of the Committee approved the form of Restricted Stock Unit Award Agreement for performance-based RSUs and the form of Restricted Stock Unit Award Agreements for time-based RSUs attached hereto as Exhibits 10.1 and 10.2, respectively. In addition, the subcommittee approved the grant of the following long-term incentive awards to NEOs:

Officer and Title	Time-Based RSUs	Performance-Based RSUs	Total
Craig M. Bernfield <i>Chairman & Chief Executive Officer</i>	11,250	23,689	34,939
Steven J. Insoft <i>President & Chief Operating Officer</i>	8,750	18,425	27,175
James H. Lyman <i>Chief Financial Officer & Treasurer</i>	5,625	11,845	17,470
Samuel H. Kovitz <i>EVP, General Counsel & Secretary</i>	3,125	6,580	9,705

Item 9.01. Financial Statements and Exhibits.

(d) The following is a list of the exhibits filed herewith.

Exhibit Number	Description
10.1	Form of Restricted Stock Unit Award Agreement for performance-based restricted stock units.
10.2	Form of Restricted Stock Unit Award Agreement for time-based restricted stock units.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: July 15, 2013

AVIV REIT, INC.

By: /s/ Craig M. Bernfield

Name: Craig M. Bernfield

Title: Chairman and Chief Executive Officer

EXHIBIT INDEX

Exhibit Number	Description
10.1	Form of Restricted Stock Unit Award Agreement for performance-based restricted stock units.
10.2	Form of Restricted Stock Unit Award Agreement for time-based restricted stock units.