

Exhibit L

Bid Procedures

The following procedures shall govern conduct of the Auction provided for in the Order Approving Auction Process, Bidding Procedures, Overbid Protection, Break-Up Fee and Approving Form and Manner of Notice and Scheduling a Hearing for Final Approval of the Sale (the "Auction Order) and Article 10 of the Agreement of Purchase, Sale and Contribution between Stayton SW Assisted Living, LLC and BRE/SW Portfolio LLC, as amended (the Agreement"). Initially capitalized terms used in these Bid Procedures and not otherwise defined in these Bid Procedures shall have the meanings defined for such terms in the Agreement. For clarity, Purchaser shall be referred to in this Exhibit L as "**Blackstone Purchaser**".

If a Superior Offer (as defined below) for the Properties is submitted by a "**Qualified Bidder**" on or before the "**Bid Deadline**," Stayton shall cause to be conducted an Auction for the sale of the Properties in accord with the following terms and conditions.

1 Qualified Bidders

A "**Qualified Bidder**" is a Person which meets all of the following qualifications:

- a) Each prospective Qualified Bidder shall be any Person that is controlled by, controlling or commonly controlled with, a Person that has total assets (owned or under management) in excess of \$750,000,000 and capital and statutory surplus, or shareholder's equity or equivalent irrevocable drawing rights or other irrevocably committed equity funds of not less than \$500,000,000; *provided* that any such controlling or commonly controlled person unconditionally and irrevocably guarantees performance by such prospective Qualified Bidder of its obligations. Each prospective Qualified Bidder shall submit to Stayton and to the Court financial statements demonstrating that such bidder meets the financial and other criteria set forth in this sub-paragraph.
- b) Each prospective Qualified Bidder shall submit a management narrative and other evidence demonstrating to the satisfaction of Stayton and the Court that such prospective Qualified Bidder has engaged the services of a Qualified Operator, as defined in this sub-paragraph. A "**Qualified Operator**" shall mean: (i) a management company that is an affiliate of Emeritus Corporation; (ii) Stayton or a management company that is an affiliate of Stayton; or (iii) one or more reputable national or regional operator(s) of senior living facilities which has operated for at least five years, as approved by the Court in the Unitary Bankruptcy Case.
- c) Each prospective Qualified Bidder shall acknowledge in writing that: (i) such prospective Qualified Bidder has had an opportunity to conduct any and all due diligence regarding the business and operations of Sunwest, Stayton, their respective Affiliates, the Properties and the Assumed Liabilities prior to submitting its bid; (ii) the prospective Qualified Bidder has relied solely upon its own independent review, investigation and/or inspection of any documents and/or the Properties and/or the Assumed Liabilities in making its bid; (iii) such

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prospective Qualified Bidder did not rely upon any written or oral statements, representations, promises, warranties or guaranties whatsoever, whether express, implied, by operation of law or otherwise, regarding the Properties, the Assumed Liabilities or the completeness of any information provided in connection therewith or the Auction, except as expressly stated in these Bid Procedures and Stayton's representations and warranties in the Agreement; (iv) such bid is not contingent upon any additional due diligence; and (v) each prospective Qualified Bidder agrees that the bid procedures as stated herein are binding on the prospective Qualified Bidder.

- d) Stayton shall be entitled to perform due diligence with respect to each prospective Qualified Bidder, upon execution of a confidentiality agreement in form and substance satisfactory to Stayton and such prospective Qualified Bidder. Failure by a prospective Qualified Bidder to fully comply with the reasonable due diligence requests by Stayton shall be a basis for Stayton to determine that a bid made by such Qualified Bidder is not a Qualified Bid.
- e) Stayton will provide due diligence information, and access to documents and the Properties, to prospective Qualified Bidders that have (i) executed a Confidentiality Agreement in form and substance satisfactory to Stayton and such prospective Qualified Bidder; and (ii) provided Stayton with evidence that it satisfies the requirements of subparagraph a) of this Section 1 of these Bid Procedures.

2. **Bid Deadline**

Bids for the Properties, together with all accompanying documentation required for submission of Qualified Bids, must be submitted to the address specified in the notice to Qualified Bidders no later than 4:00 P.M. Pacific Time on the date that is 42 days after the entry of the Auction Order (the "**Bid Deadline**").

3. **Qualified Bids** A bid shall be considered a

"**Qualified Bid**" if it shall:

- a) Be accompanied by an executed confidentiality agreement in form and substance satisfactory to Stayton;
- b) Be accompanied by such bidder's Deposit in the form of cash or letter of credit equal to \$50 million, which deposit or letter of credit shall meet all the requirements set forth in Section 2.4 of the Agreement;
- c) Constitute such bidder's binding and irrevocable contractual commitment to purchase all, but not less than all, of the Properties, without being subject to any due diligence, inspection, financing or other contingencies;
- d) Provide for (i) payment of cash in respect of that portion of the Purchase Price representing the Cash Consideration Amount and (ii) issuance of Common Interests and Class A Preferred Units to the Rollover Members in accordance with Section 2.6 of the Agreement if the Rollover Equity Election is made by Investors;

- e) Be accompanied by executed copies of the Transaction Documents, modified to reflect the terms of the bid (and shall include a redline of the bidder's proposed modifications against the Transaction Documents theretofore executed by Blackstone Purchaser);
- f) Be consistent in all material respects with the form of the Transaction Documents executed by the Blackstone Purchaser without requiring any further modification to the Distribution Plan or the Reorganization Plan;
- g) Provide (i) a commitment to invest at least \$60,000,000 in the Purchaser for working capital, deferred maintenance and capital expenditures, and (ii) provide a pro forma opening balance sheet for Purchaser reflecting the calculation of book equity and allocation to capital accounts.
- h) Provide that Stayton is entitled to perform due diligence with respect to such Qualified Bidder in accordance with the Bid Procedures.

4. **Superior Offer**

A "**Superior Offer**" shall mean a Qualified Bid for a Purchase Price which includes a Cash/Equity Portion of Purchase Price equal to or greater than \$309,000,000 and a Maximum Common Rollover Amount as provided in the Agreement, plus the assumption of the Assumed Real Property Loans and the Assumed Personal Property Debt.

5. **Conduct of Auction**

If a Superior Offer is submitted by a Qualified Bidder on or before the Bid Deadline, Stayton shall conduct an Auction for the Properties. If no Superior Offer is received by a Qualified Bidder before the Bid Deadline, there shall be no Auction and Blackstone Purchaser and Stayton shall be obligated to complete the Transaction subject to the terms and conditions in the Agreement. The Auction shall be conducted on the following terms:

- a) The Auction shall be conducted on the fifth Business Day following the Bid Deadline and upon at least three Business Days' notice to Blackstone Purchaser and each Qualified Bidder which has submitted a Superior Offer ("**Superior Bidders**").
- b) Only Blackstone Purchaser and the Superior Bidders may bid in the Auction.
- c) Formal proceedings of the Auction shall be conducted on the record in the courtroom of the Court. The Court may make available to Superior Bidders, Stayton and their respective representatives additional premises for private consultations during the Auction or recesses from the Auction.
- d) The Auction may be recessed from time to time in the discretion of the Court at the request of the CRO, the Receiver, MetCap Holdings, LLC, or Superior Bidders, but shall continue until conclusion of the Auction.

- e) During the Auction, bidding shall begin initially with the highest Superior Offer and subsequently continue in minimum incremental bids of at least a \$4,000,000 increase of the Cash/Equity Portion of Purchase Price (each such bid submitted, a "**Qualified Overbid**").
- f) Bids at the Auction may be submitted and received orally, in writing or in sealed or other form as directed by the Court.
- g) Bidding at the Auction will continue until such time as the highest and best Qualified Overbid (the "**Successful Bid**") is selected as follows: immediately prior to conclusion of the Auction, Stayton will review each Qualified Overbid on the basis of financial and contractual terms and other factors relevant to (x) the determination of which transaction is in the best interests of the creditors and estates of Stayton and its Affiliates, and (y) the sale process, including those factors affecting the speed and certainty of consummating a transaction and in the exercise of their business judgment, select the Successful Bid.
- h) Forthwith after announcement of the Successful Bid, the maker thereof (the "**Successful Bidder**") shall execute and deliver a purchase agreement incorporating the price and terms offered in the Successful Bid (the "**Final Sale Agreement**"). Upon submission of the Final Sale Agreement by the Successful Bidder, Stayton will execute the Final Sale Agreement and shall seek Court approval of the Final Sale Agreement. Subsection 2.5(b) of the Agreement shall be deleted from the Final Sale Agreement in its entirety.
- i) Stayton, may: (i) determine in its business judgment which Qualified Overbid, if any, is the highest or otherwise best offer; and (ii) reject any Qualified Overbid that Stayton determines to be: (a) inadequate or insufficient; (b) not in conformity with the requirements of applicable bankruptcy Laws or these Bid Procedures; or (c) contrary to the best interests of Stayton, its estate and its creditors.
- j) In determining the Successful Bid, Blackstone Purchaser shall receive credit for its Break-Up Fee of \$11,000,000 in connection with calculation of the value of its Auction bids.
- k) The Deposits of all Qualified Bidders will be retained by the Receiver and all Qualified Overbids will remain open and capable of acceptance by Stayton until 15 Business Days following the entry of the court order confirming the Reorganization Plan. After expiration of such 15-day period and in the event that Stayton has not accepted the Qualified Overbid of the Qualified Bidder, Stayton shall return or cause to be returned each Deposit to its respective Qualifying Bidder.
- l) Stayton shall have the right to adopt such other rules for the Bid Process which, in its sole judgment, will better promote the goals of the Bidding Process and which are not inconsistent with any of the provisions of these Bid Procedures,

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the Auction Order or of any other order of the Court.

6 Treatment of Break-Up Fee at Auction

In the event Blackstone Purchaser is not chosen as the Successful Bidder at the Auction or elects not to submit a bid at the Auction and the Court, in the Sale Approval Order, confirms a sale of the Properties to a Successful Bidder other than Blackstone Purchaser, Stayton shall pay to Blackstone Purchaser the Break-Up Fee and Expenses of \$11,000,000 as provided in the Auction Order.

7. Cancellation

At any time after 28 days following the entry of the Auction Order, Stayton, after consultation with the Management Committee, may cancel the Auction if it determines there is no reasonable likelihood that a Qualified Bid will be submitted on or before the Bid Deadline by a Qualified Bidder.