



FIRM CAPITAL PRIVATE EQUITY REALTY CORP.

FIRM CAPITAL PRIVATE EQUITY REALTY CORP. ANNOUNCES AN 8.5% OWNERSHIP STAKE IN DELAVACO RESIDENTIAL PROPERTIES CORP. AND ITS INTENTION TO REQUEST A CHANGE IN SENIOR MANAGEMENT AND A VALUE MAXIMIZATION EVENT FOR ALL SHAREHOLDERS

Toronto, Ontario, June 2, 2015. Firm Capital Private Equity Realty Corp. and/or affiliated and associated entities ("**Firm Capital**") own and/or manage 4,899,000 common shares or approximately 8.5% of the issued and outstanding common shares of Delavaco Residential Properties Corp. (TSXV : DVO.U) ("**Delavaco**" or the "**Corporation**"). Firm Capital is issuing this press release to announce its intent to seek change that benefits **ALL SHAREHOLDERS** including a change in the senior management of Delavaco. As a significant shareholder, Firm Capital is of the view that senior management has grossly mismanaged the affairs of Delavaco and that the Corporation under the current management regime lacks the basics of corporate governance required for a public company. As a result, Firm Capital is of the view that this mismanagement combined with a lack of corporate governance at Delavaco has ultimately resulted in its currently depressed share price.

As a shareholder, Firm Capital is requesting the board address, among a number of items, governance and management changes. Firm Capital suggests the following actions be taken:

1. **IMMEDIATELY TERMINATE SENIOR MANAGEMENT:** Terminate both the CEO and CFO as they are to be held accountable for the lackluster performance of Delavaco's share price. Examples of mismanagement include a failed business plan that was terminated less than one year after being announced, the mismanagement of investment properties as reflected in the four quarter cash burn rate of approximately US\$6.6 million as calculated by Firm Capital, the recently announced US\$7.9 million (now US\$8.4 million) in municipal code violations and a lack of proper corporate governance as highlighted in an email from the CEO, Andy DeFrancesco to Firm Capital which states: ***"I respect you have some friendly's on the board but I can guarantee none of them can speak for me or force me to do anything I'm not in agreement with".*** These comments by the CEO alone are a blatant disregard for proper board governance and compounded by the failure of management, in less than one year, to implement the publicly stated business plan and are simple grounds for the requirement to remove the CEO and install an executive team with real estate experience to protect shareholders equity, monetize assets and return equity to shareholders. As such, Firm Capital insists that the board appoint an interim senior management team with real estate experience who can (i) stabilize the Corporation and (ii) have a strong track record of generating shareholder value;

2. **DEMAND FURTHER DISCLOSURE AND IMMEDIATE REPAYMENT OF RELATED PARTY LOANS TO THE CEO:** Since going public, senior management of Delavaco have done very little to collect on both the US\$4.3 million promissory note and US\$0.8 million non-interest (now interest bearing as of May 25, 2015) note that were lent to the CEO, Andy DeFrancesco. Firm Capital also questions the rationale by the board of directors of Delavaco in not demanding immediate repayment of the interest-bearing note, rather extending the deadline of repayment to December 30, 2015? Firm Capital asks that the board demand immediate repayment of these loans and use the cash proceeds to repay the US\$3.1 million New Jersey Note that came due in late 2014. In addition, Firm Capital requests additional disclosure around both the promissory and interest-bearing note regarding (i) the underlying security, if any, (ii) why has the interest-bearing loan increased from the US\$0.6 million disclosed in the Management Information Circular to its current balance and (iii) have any payments of either loan principal and interest ever been made by the CEO;
3. **RETAIN A TIER ONE INVESTMENT BANK WITH REAL ESTATE EXPERIENCE:** The board needs to immediately retain a tier one investment bank that focuses on public real estate companies and REITs and with a real estate brokerage group to provide advice on a disposition of Delavaco and its real estate assets and who can work with the board to implement a shareholder monetization plan that is ultimately approved by the board;
4. **IMMEDIATELY UNDERTAKE A DISPOSITION PROGRAM OF DELAVACO'S ASSETS:** The board should immediately undertake a disposition program of all of Delavaco's single and multi-family home assets and use the proceeds to repay debt. Subsequently, all excess cash remaining should be used to either (i) buy back common shares or (ii) pay out a special dividend to **ALL SHAREHOLDERS**;
5. **REDUCE THE SIZE OF THE BOARD OF DIRECTORS:** The current Board of Directors at Delavaco stands at six, of which five are deemed independent. Since Delavaco is currently a company with no growth story, there is no need to have a board of this size. Firm Capital asks that the board be reduced to three independent directors, one of which should be a new director with experience in finance, accounting and real estate ownership and management; and
6. **PROVIDE ADDITIONAL TRANSPARENCY SURROUNDING THE MUNICIPAL CODE VIOLATIONS:** On April 30, 2015, Delavaco announced Q4/2014 results which included a provision for municipal code violations of US\$7.9 million, of which the Corporation had accrued only US\$0.3 million. Subsequently, on May 29, 2015, Delavaco announced Q1/2015 results which shows the municipal code violations increased by 6.3% to US\$8.4 million, of which the Corporation still accrued only US\$0.3 million. Firm Capital takes the view that the note disclosure lends itself to more questions than answers including: (i) why did the Corporation receive such fines and penalties, (ii) how did the Corporation allow for an additional US\$0.5 million in municipal code violations in just one quarter, (iii) how did senior management allow for municipal code violations to occur that represent 16.2% of the fair market value of the Florida investment portfolio, and (iv) why did senior management only accrue US\$377,497 or only 4.5% of the total fines and penalties. Firm Capital asks the board to provide additional disclosure surrounding the municipal code violations.

ABOUT FIRM CAPITAL PRIVATE EQUITY REALTY CORP.

Firm Capital Private Equity Realty Corp. is a real estate merchant bank focused on tactical and distressed debt and equity investments in the private and public marketplace covering all property types, operating platforms and corporate opportunities. For more information about Firm Capital, please go to our website www.firmcapital.com.

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