February 23, 2016

TSXV:DVO.U

Delavaco Residential Properties Corp. Provides Additional Information Regarding Transformation Into Firm Capital American Realty Partners Corp. and Overall Corporate Update

All amounts in $USD.

Toronto, ON – February 23, 2016: Delavaco Residential Properties Corp. (**"Delavaco"** or the **"Company"**) (TSXV: DVO.U) is pleased to provide additional information regarding its transformation into Firm Capital American Realty Partners Corp. and a corporate update on other matters affecting shareholders and convertible debenture holders:

Firm Capital American Realty Partners Corp. Transformation Update

As further outlined in the press release issued by the Company on December 29, 2015, the Company announced a transformative rebranding and revised business strategy with Firm Capital Realty Partners Advisors Inc. and its affiliated and/or associated entities (collectively "**Firm Capital**"). This included a new asset management agreement with Firm Capital, a single family property disposition program, the restructuring of the Company's debt structure and following completion of a certain level of single family home sales and the achievement of specified debt repayment milestones, the rebranding of the Company as "**Firm Capital American Realty Partners Corp.**", along with a new independent board and new business focus. The Company is pleased to report that progress has been made on this transformation and further updates will be provided in due course.

*Senior Secured Notes ("**SSN**")*

The Company recently made an additional principal repayment of $2.5 million to holders of the issued and outstanding SSN. This reduces the total balance outstanding on the SSN to $15.0 million. The Company anticipates making additional payments towards the SSN as cash is received solely from the Single Family Property Disposition Program (as outlined in the Company's December 29, 2015 press release).

Real Estate Portfolio & Single Family Property Disposition Program Update

Based on a variety of factors, including but not limited to current and historical statistics and overall operating history, along with the Florida and Texas Multi-Family Portfolios, the Company has decided to retain its New Jersey and Tampa / St. Petersburg, Florida Single Family Portfolios as well (collectively the "**Retained Rental Portfolio**"). This Retained Rental Portfolio will constitute the initial portfolio that will be used to generate the necessary cash flow required to sustain the Company going forward. The Company expects that the Retained Rental Portfolio will generate net free cash flow (after debt service) of approximately $1.5 million in 2016. Such net cash flow, combined with expected net cash proceeds to be generated from the Single Family Property Disposition Program plus anticipated funding to be raised from the debt and equity capital markets, are expected to recapitalize the Company's balance sheet for growth.

- ***Retained Rental Portfolio:*** The Retained Rental Portfolio currently has a 89.3% weighted average occupancy rate and consists of the following assets:

  - ***Tampa / St. Petersburg Single Family Portfolio:*** 42 single family homes. The Tampa / St. Petersburg Single Family Portfolio is currently approximately 58.1% occupied. The Company has been aggressively marketing and leasing this portfolio. The goal is to achieve a 90% occupancy rate during 2016.
  - ***New Jersey Single Family Portfolio:*** 122 single family homes located across 28 properties. The New Jersey Portfolio is currently 77.9% occupied, which is an approximate 1,030 basis point increase since September 30, 2015. The Company has been aggressively marketing and leasing this portfolio. The goal is to achieve a 90% occupancy rate during 2016.
  - ***Florida Condominium and Mini Multi-Family Portfolio:*** 66 condominium units located across three buildings in which the Company owns various partial interests. This portfolio has a solid 89.4% occupancy rate. The goal is to increase rents as leases roll over as well as acquire the remaining partial interests such that the Company owns 100% of this entire portfolio.
  - ***Florida and Texas Multi-Family Portfolio:*** 311 apartment units located across three wholly-owned apartment buildings. This portfolio currently has a 98.1% occupancy rate, which is largely unchanged since September 30, 2015. The goal for these assets is to increase rents as leases roll over.

- ***Single Family Property Disposition Portfolio***: The South Florida and Georgia Single Family Portfolios are currently actively marketed to third parties as they do not fit the long term vision of the Company. South Florida and Atlanta in aggregate consist of 442 single family homes which are 39.5% occupied. The Company anticipates disposing both of these portfolios during 2016 and repaying their associated debt in the process.

Florida Single Family Disposition Portfolio Update

The focus has been to dispose of the Florida Single Family Portfolio while simultaneously working to remedy the municipal code violations and reduce any corresponding municipal code liens. To date, the company has successfully disposed of 164 homes for net proceeds of approximately $10.9 million. The Company had 174 single family homes, duplexes, triplexes and quadplexes in Florida classified as held for sale. Of the existing 63 homes with municipal code liens totaling $10.1 million; the Company has successfully reduced approximately $3.4 million in liens encompassing 28 homes down to 5.8% of the original value, which is in line with Company's expectations and amounts accrued to date. Of the remaining 35 homes with liens, seven homes with liens totaling approximately $3.0 million, have open code related issues, 15 homes with liens totaling approximately $1.9 million, are in compliance and awaiting reduction hearings, and the remainder all have code related work completed and are pending final sign off from the code inspectors. Once completed, these homes will be listed for sale.

Promissory Notes & Other Amounts Owed From The Former CEO

The Company was owed from its former CEO approximately $5.1 million in the form of a promissory note. The promissory note bears interest at 7% payable quarterly. In addition, the former CEO owed approximately $0.4 million for the repayment of an advisory fee previously paid to him. Excluding accrued interest, the former CEO owed an aggregate amount of $5.5 million to the Company.

The former CEO has repaid a significant portion of the amounts owing and now owes the Company $2.1 million (including accrued interest). The Company and the former CEO have subsequently agreed to enter into a revised repayment plan for the remaining amounts outstanding. Salient revised terms include the following:

- ***Maturity Date:*** Due February 28, 2017, with the option upon 30 days advance written notice and payment of any outstanding accrued interest to extend the principal balance outstanding as at February 28, 2017 for one further month to March 31, 2017;
- ***Interest Rate:*** From January 1, 2016 to June 30, 2016 the interest rate increases to 9.0% per annum and from July 1, 2016 to the Maturity Date the interest rate increases to 10.0% per annum; calculated and due monthly on the principal balance outstanding;
- ***Interest Payments:*** Due monthly on the first of each month calculated on the balance outstanding on each payment date;
- ***Renewal Fee:*** 1.0% of the principal balance outstanding as at January 1, 2016 based on all outstanding amounts due;

- ***Repayment:*** Open for repayment in or in part with no penalty with any partial principal repayments being applied to principal and never to be used as substitute for any mandatory principal repayment; and
- ***Mandatory Principal Repayments:*** Over the term of the revised loan, monthly mandatory principal payments of approximately $1.9 million up to and including the Maturity Date, with the balance owing due on the Maturity Date.

New Jersey Note Renewal Update

On May 1, 2014, the Company completed the acquisition of a single-family home portfolio located in New Jersey. As part of such acquisition, the Company issued promissory notes payable in the amount of approximately $3.2 million. Such promissory notes matured on November 1, 2014, and bore interest of 5.5% per annum. As at September 30, 2015, the promissory notes had not been repaid.

Subsequent to September 30, 2015, the Company and the lender agreed to extend the term of the promissory note to September 1, 2016 with all material terms including interest rate and amount remaining unchanged. It is the Company's intent to refinance the New Jersey Note with conventional bank financing once the occupancy levels achieve certain thresholds.

Shareholder and Convertible Debentureholder Approvals

The TSXV has required that: (i) the appointment of Firm Capital as asset manager under the proposed asset management agreement; (ii) the continuation of the Single Family Property Disposition Program; and (iii) the adoption of new investment policies for the Company in line with its future anticipated areas of business, be subject to the approval of a majority of shareholders other than Firm Capital. In accordance with the requirements of the TSXV, such approval may be evidenced by written consent or at a special meeting of shareholders called for that purpose. The Company advises that, to date, it has received support agreements from shareholders holding approximately 52% of the outstanding common shares other than those held by Firm Capital. Further, the Company also advises that, to date, it has received support agreements from holders of 7% Convertible Unsecured Subordinated Debentures (the "Debentures") representing approximately 99.5% of the aggregate principal amount outstanding, approving the terms of the restructuring of such securities, previously announced on December 29th, 2015 (the "Debt Restructuring"). As a result, the Company has received sufficient support from both shareholders and holders of Debentures and has approached the TSXV to receive final approval for the transactions as outlined in (i), (ii) and (iii) above and intends to proceed with the Debt Restructuring immediately, with an effective date of February 29, 2016. On such date, holders that surrender their Debentures to the trustee, will receive common shares in exchange for 20% of the aggregate principal amount (valued at $0.51 per share), payment of accrued interest on such 20% aggregate principal amount, calculated from the last interest payment date and a replacement Debenture certificate representing the adjusted aggregate principal amount and the other amended terms in accordance with the approved Debt Restructuring.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS: Certain information in this news release constitutes forward-looking statements under applicable securities law. Any statements that are contained in this news release that are not statements of historical fact may be deemed to be forward-looking statements. Forward-looking statements are often identified by terms such as "may", "should", "anticipate", "expect", "intend" and similar expressions. Forward-looking statements in this news release include, but are not limited to, statements regarding the arrangements described above with Firm Capital, including the property management arrangements, Single Family Property Disposition Program and Debt Restructuring, which may not be completed within the estimated time frames specified above or at all. In the event that such steps are not completed to the satisfaction of Firm Capital, the rebranding, Board restructuring and new business focus described above will likely be subject to amendment or may not proceed, which could have a material adverse effect upon the Company. Each of the proposed steps set forth above are subject to TSXV and other third party approvals (as applicable). Failure to complete the steps described above or any delays in their implementation may have a material adverse affect upon the business of the Company and its market value. There is no assurance that the Retained Rental Portfolio will achieve the increased occupancy rates specified above. Failure to do so will materially and adversely affect the value of such portfolio. There is no assurance that the Company will be able to complete the disposition of the Single Property Disposition Portfolio at *anticipated values or at all or that market conditions will support the debt and equity raises contemplated by the Company. Failure to achieve these objectives will have a material and adverse effect upon the ability of the Company to complete the announced terms of the Debt Restructuring. There is no assurance that the amounts owed by the Company's former CEO will be repaid in accordance with their terms or at all. There is no assurance that the implementation of the steps described above, even if completed as described above, will increase the market value of the Company's securities, which is subject to numerous factors beyond the Company's control.*

Forward-looking statements necessarily involve known and unknown risks, including, without limitation, risks associated with general economic conditions; adverse factors affecting the U.S. real estate market generally or those specific markets in which the Company holds properties; volatility of real estate prices; inability to complete the Single Family Property Disposition Program or Debt Restructuring in a timely manner; inability to access sufficient capital from internal and external sources, and/or inability to access sufficient capital on favourable terms; industry and government regulation; changes in legislation, income tax and regulatory matters; the ability of Delavaco to implement its business strategies; competition; currency and interest rate fluctuations and other risks.

Readers are cautioned that the foregoing list is not exhaustive. Readers are further cautioned not to place undue reliance on forward-looking statements as there can be no assurance that the plans, intentions or expectations upon which they are placed will occur. Such information, although considered reasonable by management at the time of preparation, may prove to be incorrect and actual results may differ materially from those anticipated. Forward-looking statements contained in this news release are expressly qualified by this cautionary statement.

Certain financial information presented in this press release reflect certain non-International Financial Reporting Standards ("IFRS") financial measures, which include NOI, FFO and AFFO. These measures are commonly used by real estate investment companies as useful metrics for measuring performance, however, they do not have standardized meaning prescribed by IFRS and are not necessarily comparable to similar measures presented by other real estate investment companies. Delavaco believes that FFO and AFFO are important measures of operating performance. The IFRS measurement most directly comparable to AFFO is net income. These terms are defined in Delavaco's Management Discussion and Analysis for the Quarter Ended September 30, 2015 filed on www.sedar.com.

Neither the Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

Additional information about Delavaco Residential Properties Corp. is available at www.delavacoproperties.com or www.sedar.com.

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