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TSXV:DVO.U

Delavaco Residential Properties Corp. Enters into New Phase With Transformative Rebranding and Business Strategy With Firm Capital Realty Partners Advisors Inc.

All amounts in $USD.

Toronto, ON – December 29, 2015: Delavaco Residential Properties Corp. (**"Delavaco"** or the **"Company"**) (TSXV: DVO.U) is pleased to announce that it has agreed to enter into a transformative rebranding and revised business strategy with Firm Capital Realty Partners Advisors Inc. and its affiliated and/or associated entities (collectively "**Firm Capital**").

Stage 1 - New Asset Management Arrangements, Single Family Property Disposition Program and Debt Restructuring: The Company has entered into an asset management agreement (the "**Agreement**") with Firm Capital with effect from November 1, 2015 to provide external asset management, lending syndication, mortgage banking and property management services to the Company. A further objective of the Agreement is for Firm Capital to provide management support to the Company as it continues to dispose of its single family home portfolio (the "**Single Family Property Disposition Program**") and utilize those proceeds to repay its current outstanding Senior Secured Notes ("**SSN**"), mortgage debt and restructure the terms of its outstanding 7.0% convertible unsecured subordinated debentures as further outlined below (the "**Debt Restructuring**").

New Asset Management Arrangements with Firm Capital

The Company has entered into a new Asset Management Agreement with Firm Capital (the "**Manager**") as asset manager. Under the terms of the Agreement, the Manager will be providing a number of services to the Company, and will be entitled to certain fees, as follows:

Asset Management Fee:	0.75% of the Gross Invested Assets of the Company, calculated and payable monthly.
Acquisition Fee:	1.0% of the first $300 million of aggregate Gross Book Value in respect of New Real Estate Properties acquired in a particular year; and (ii) thereafter 0.75% of aggregate Gross Book Value in respect of New Real Estate Properties acquired in such year.
Disposition Fee:	None.
Performance Incentive Fees:	15% of AFFO once AFFO exceeds 8.0% of Net Asset Value ("**NAV**") per share.
Placement Fees:	0.25% of the aggregate value of all debt and equity financing arranged by the Manager.
Property Management Fees:	**Multi-Unit Residential Properties:** For each multi-unit residential property with 120 units or less, a fee equal to four percent (4.0%) of Gross Revenue

which are collected from the property; and for each multi-unit residential property with more than 120 units, a fee equal to three and one half percent (3.5%) of Gross Revenue which are collected from the property.

Industrial and Commercial Properties: For each industrial or commercial property, a fee equal to four and one quarter percent (4.25%) of Gross Revenue are collected from the property; provided, however, that for such properties with a single tenant, the fee shall be equal to three percent (3.0%) of Gross Revenue which are collected from the property.

Commercial Leasing Fees:

Where the Manager leases a rental space on commercial terms, the Manager shall be entitled to receive a leasing commission equal to three percent (3.0%) of the net rental payments for the first year of the lease, and one and one half percent (1.5%) of the net rental payments for each year during the balance of the duration of the lease; provided, however, that where a third party broker arranges for the lease of any such property that is not subject to a long-term listing agreement, the Manager shall be entitled to reduced commission equal to 50% of the foregoing amounts with respect to such property**.**

Commercial Leasing Renewal Fees:

Renewals of space leased on commercial terms (including lease renewals at the option of the tenant) which are handled exclusively by the Manager shall be subject to a commission payable to the Manager of one half of one percent (0.50%) of the net rental payments for each year of the renewed lease. When a long-term listing agreement is in effect for leasing and marketing of space with a party other than the Manager, the Manager shall cooperate fully with the broker and the leasing fees will not be payable to the Manager.

Construction Development Property Management Fees:

Where the Manager is requested by the Company to construct tenant improvements or to renovate same, or where the Manager is requested by the Company to construct, modify, or re-construct improvements to, or on, the Properties (collectively, "**Capital Expenditures**"), the Manager shall receive as compensation for its services with respect thereto a fee equal to five percent (5.0%) of the cost of such Capital Expenditures, including the cost of all permits, materials, labour, contracts, and subcontracts; provided, however, that no such fee shall be payable unless the Capital Expenditures are undertaken following a tendering or procurement process wherein the total cost of such Capital Expenditures exceed $50,000.

Loan Servicing Fees:

Servicing fee equal to 0.25% per annum on the principal amount of each Mortgage Investment (other than syndicated loans serviced by third parties). The Loan Servicing Fee will be calculated as spread interest and deducted from the first interest received on a mortgage investment. Mortgage servicing fees will be payable as to 1/12 monthly based on the receipt of interest payments from borrowers. Loan Servicing Fees will not be payable in respect of the Company's cash balances or Non-Performing Loans held by the Company, except that the Manager shall be entitled to retain any overnight float interest on all accounts maintained by the Manager in connection with the servicing of the Company's Mortgage Investments. For greater clarity, the Manager will retain all overnight float interest and related loan servicing fees as charged such as advance fees, discharge statement fees, realty tax escrow account charges, late payment and dishonoured payment charge fees, and all other such fees as charged by a loan servicing agent. This will only apply to the Mortgage Investments of the Company.

Origination, Commitment & Discharge Fees and Profit Sharing Fees:	The Manager shall remit to the Company: (i) 25% of all originating fees, commitment fees and renewal fees it receives from borrowers on mortgages it originates for the Company (prorated to reflect the Company's participation in the investment). For greater clarity, the Manager will retain 100% of all originating fees, commitment fees, renewal fees and will remit 25% of such fees to the Company calculated on the Company's investment amount; and (ii) 75% of any profit sharing, discharge fees, participation fees and profit made on discounted debt that the Mortgage Banker receives in respect of all Non-Conventional Mortgages and Special Profit Transactions it originates for the Company (with a 8.0% annual preferential return to be given to the Company on the Company's investment amount prior to the Manager receiving its share of such fees). For greater certainty, the Manager shall retain 100% of all servicing charges paid by borrowers which are not identified above, including, without limitation, discharge statement administration fees and all fees identified.
Term and Termination:	Initial term of ten years with automatic renewal for successive five year terms. The Company may terminate the Agreement any time after November 1, 2025 other than for cause upon the approval of two-thirds of the votes cast by shareholders at a meeting and upon 24 months prior written notice. Upon termination, the Company shall pay to the Manger the following: (A) a fee equal to 2% of the Gross Invested Assets of the Properties and the Company's other assets; and (B) any amounts which would have been earned by the Manager under the Agreement for the uncompleted portion of the term (the "**Termination Payment**"). Early termination by either party in the event that shareholder approval not obtained or Management Changeover not completed on or before December 31, 2016, in which case no Termination Payment shall be payable.

All capitalized terms above not otherwise defined shall have the meanings ascribed thereto in the Agreement. The above is a summary of the Agreement only and is qualified by the detailed provisions of the Agreement, a copy of which has been filed by the Company on www.sedar.com.

Single Family Property Disposition Program

The Company has commenced its Single Family Property Disposition Program and as of November 30, 2015, has disposed of 132 properties and realized total net proceeds of approximately $9 million. As at September 30, 2015, the Company had assets held for sale of $25,382,946 consisting of single family homes in Florida and New Jersey. In addition to that, the Company expects to sell its Georgia portfolio of single family homes which had a fair value of $18,844,711 as at September 30, 2015. The Company expects to continue the program for approximately six months, subject to market conditions. Proceeds realized are intended to be used in connection with the repayment and restructuring of the Company's outstanding debt as described under "Debt Restructuring" below. The Company intends to retain certain multi-residential properties and acquire additional multi-residential and commercial properties in the U.S. following the completion of the disposition program. In addition, following the completion of the Single Family Property Disposition Program, the Company expects to issue additional equity and debt to fund its acquisition and lending business described below.

Debt Restructuring

The Debt Restructuring will involve: (i) the repayment in full of all $25 million outstanding 7.5% Senior Secured Notes ("**SSN**"); and (ii) the restructuring of the $21.6 million, 7.0% convertible unsecured subordinated debentures (the "**Debentures**") whereby the Debentures held by consenting holders will be restructured as follows: (i) 80% of the Debentures will be repaid in cash from the proceeds of the sale of the Single Family Property Disposition Program after repayment of the SSN; (ii) 20% of the Debentures will be converted into Common Shares at $0.51 per Common Share; (iii) upon the repayment in full of the **$**17.5 million aggregate principal amount outstanding of SSN, the

Debentures shall be granted the same security over the assets and undertaking of the Company as was formerly held by SSN holders so that the Debentures are no longer unsecured; (iv) the interest rate will be amended to 5.5% for 12 months from the date that the Debt Restructuring is approved, thereafter reverting back to 7.0%; and (v) the Debentures maturity date will be extended by one year to July 31, 2019.

The Company anticipates completing the Debt Restructuring on or about the conclusion of the second quarter of 2016.

Upon the conclusion of the Single Family Property Disposition Program, together with the repayment of the SSN and mortgage debt and Debt Restructuring, the Company expects that it will hold its existing $35.4 million (based on the Company's disclosed fair value) multi-family apartment portfolio (subject to **$**15 million of existing secured mortgage debt) and net working capital, including cash. The multi-family apartment portfolio will constitute the Company's initial portfolio that will be used to generate cash flow for the Company. This cash flow will be used to recapitalize the Company together with net cash proceeds generated from the Single Family Property Disposition Program (net of debt repayment) and funds raised from the debt and equity capital markets.

Shareholder and Debtholder Approvals

The TSXV has required that: (i) the appointment of Firm Capital as asset manager under the Agreement; (ii) the continuation of the Single Family Property Disposition Program; and (iii) all ancillary matters, be subject to the approval of a majority of shareholders other than Firm Capital or its affiliates. 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 39.6% of the outstanding common shares and it is the present intention of the Company to secure the necessary shareholder approvals by way of written shareholder consents.

The Company also advises that, to date, it has received support agreements from holders of Debentures representing approximately 86.3% of the aggregate principal amount outstanding. It is the Company's present intention to seek the support of additional holders of Debentures in order to avoid the expense of proceeding with the Debt Restructuring by way of plan of arrangement. The Company intends to make a future announcement updating its shareholders at such time as the relevant equity and Debenture approval levels are achieved.

Stage 2-Rebranding, Independent Board and New Business Focus: Following completion of a certain level of single family home sales and the achievement of specified debt repayment milestones, the next stage will involve the rebranding of the Company as "**Firm Capital American Realty Partners Corp.**". At such time, the board of directors' has agreed to reconstitute itself and will consist of both existing members as well as new members nominated by Firm Capital as well as a majority of independent members. Further, a new senior management team will be appointed by the Board and provided by the Manager to operate the daily operations of the Company. It is contemplated that these proposed changes to the Board of Directors and management of the Company, together with the proposed change of name and any other matters required in connection with the restructuring not already approved, will be submitted for approval by disinterested shareholders at the Company's 2016 annual and special meeting of shareholders.

Headquartered in Toronto, Firm Capital American Realty Partners Corp. will have an investment office intended to be located in New York City. Firm Capital American Realty Partners Corp. will be focused on the following U.S. based real estate platforms:

- **Income Producing Real Estate:** The Company intends to acquire income producing U.S. real estate assets in major cities located across the United States. The acquisitions would be completed either solely by the Company or in joint-venture partnership through Firm Capital's managed accounts or with industry joint venture partners; and

- **Debt Investment Platform:** The Company would create a U.S. real estate debt and equity lending platform focused on lending in major cities across the United States. The focus will be on providing bridge mortgage loans and joint venture capital. The investments would be completed either solely by the Company or in partnership through Firm Capital's managed accounts or in partnership with other lenders.

In connection with the re-focusing of the business, the Company will adopt revised investment policies which will be posted by the Company on www.sedar.com.

Firm Capital Realty Partners Advisors Inc. is affiliated with the Firm Capital organization. The Firm Capital organization, through its various affiliates, operates as a boutique real estate private equity firm, deploying capital opportunistically between debt and equity in the real estate private and public markets.

Each of the items specified above is also subject to the receipt of TSXV approval.

Delavaco is excited to enter into this new phase of its existence with an experienced real estate management team that has a track record of success while presenting its shareholders with an additional portfolio of mortgage lending that will improve overall cash flow.

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 with respect to the arrangements described above with Firm Capital, including the property management arrangements, Single Family Property Disposition Program and Debt Restructuring, 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, shareholder, debtholder and other third party approvals (as applicable), which approvals may not be obtained on terms satisfactory to the Company or Firm Capital or may not be obtained within the anticipated time frame or at all. 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 implementation of the steps 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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