



June 8, 2016

NOT FOR DISTRIBUTION IN THE UNITED STATES OR THROUGH U.S. NEWSWIRE SERVICES

Delavaco Residential Properties Corp. Issues Corporate Update

****All amounts stated in USD, unless otherwise stated.***

Toronto, ON – June 8, 2016: Delavaco Residential Properties Corp. (“**Delavaco**” or the “**Company**”) (TSXV: **DVO.U**) is pleased to announce the corporate following updates, subject to all applicable regulatory and shareholder approvals:

SENIOR SECURED NOTES (“SSN”) MATURITY DATE EXTENSION

The Company has sent out notices to all holders of the 7.5% SSN due June 30, 2016 of a request for a maturity date extension. The Company is requesting SSN holders approve extending the maturity date of the SSN from June 30, 2016 to December 31, 2017 (the “**Maturity Date Extension**”). As all shareholders and SSN holders are aware, the Company has been aggressively paying down the SSN from its original \$25 million principal balance to its current balance of approximately \$12.3 million. This has been facilitated, in part, by the Company disposing of its South Florida single family home portfolio on a ‘one-off’ basis in addition to the recent SSN revision to allow repayments to occur from \$2.5 million of escrowed cash to just \$100,000. As a result, the SSN outstanding balance is less than 50% of what it was when the SSN were first issued in 2013.

The Company has also lined up an additional 35 home sales in South Florida that are under contract but have various closing conditions attached that need to be completed before the sales close that could potentially generate an additional \$2.9 million of net sale proceeds over the next 45 days. Further, the Company has begun the process of disposing of its Atlanta single family home portfolio on a ‘one-off’ basis to maximize and ensure the highest valuation possible for all stakeholders. The Atlanta portfolio currently consists of 312 single family homes, of which 64 homes are completely unencumbered while 128 homes are encumbered by the SSN and the remainder 120 homes by a \$4.0 million first mortgage. The Company has listed the unencumbered and SSN encumbered homes with agents and undertaken a program to sell these homes in a similar fashion as the South Florida assets. From this portfolio the Company has five homes under contract for an aggregate contract price of approximately \$275,000 that should close during the second quarter of 2016. Assuming all of these sales close, the SSN balance will be reduced by a further \$3.3 million to just \$9.0 million by June 30, 2016.

To repay the remaining SSN balance, the Company has looked at a number of scenarios which involve not only the disposition of the remaining single family homes in South Florida, but also all of Atlanta. Based on its best forecasts, the Company anticipates having disposed entirely of its South Florida and Atlanta single family home portfolios by no later than December 31, 2017. This is due in part to the fact that while SSN holders to date have been repaid a significant amount of monies from the South Florida dispositions, these sales have been difficult to achieve due to the

various lien code violations attached to a number of these homes and the length of time required to have these violations both remediated and cleared. Further, to ensure the maximum valuation possible is achieved, the Company has commenced disposing of the Atlanta single family portfolio on an individual basis as demand for these homes by ‘end users’ is strong. Nonetheless, it does take time to sell these homes on a ‘one-off’ basis and given that there are 312 homes to dispose, it will take at least 18 months given the Company’s historical experience in disposing of the South Florida portfolio. After stress testing the Atlanta portfolio it was determined that the ‘one-off’ sales approach will yield substantively more sale proceeds than a bulk sale to one buyer.

The Maturity Date Extension is critical to the Company’s repositioning and deleveraging plan. The manager of the Company, Firm Capital Realty Partners Advisors Inc. and its affiliated and/or associated entities (“**Firm Capital**” or the “**Manager**”) has advised the Company that unless all SSN holders agree to the Maturity Date Extension, they will consider terminating their asset management agreement with the Company (the “**Asset Management Agreement**”) which may leave the Company at risk as a going concern.

A formal letter along with the Maturity Date Extension notice (the “**Notice**”) has been mailed to all SSN holders. **We are requesting SSN holders return this Notice to the Company’s attention no later than June 30, 2016.**

Should the SSN holders approve the Maturity Date Extension, the Company expects the following will occur, subject to all applicable regulatory and shareholder approvals:

- **Rebranding and New Business Focus Update:** Corporate name change to Firm Capital American Realty Partners Corp. and new business focus;
- **Board of Directors and Senior Management Appointments:** Reconstitution of new senior management team and board of directors; and
- **Proposed \$10 Million Rights Offering to Existing Shareholders and Share Consolidation:** Proceed with a proposed \$10 million rights offering with the proceeds expected to be used for future investments of the Company.

The following items are outlined in detail below:

REBRANDING AND NEW BUSINESS FOCUS UPDATE

As disclosed in a press release dated December 29, 2015, following completion of certain milestones, and subject to the receipt of all applicable regulatory and shareholder approvals, the Company intends to rebrand itself as “**Firm Capital American Realty Partners Corp.**”. In addition, the Company has applied to the TSX Venture Exchange (the “**TSXV**”) to have its ticker symbol changed to ‘FCA’. The board of directors have agreed to rebrand the Company and change the ticker symbol following: (i) requisite shareholder approval at the Company’s next annual and special meeting of shareholders expected to be held in July (the “**AGM**”); and (ii) completion of the Maturity Date Extension as outlined above.

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.

BOARD OF DIRECTORS AND SENIOR MANAGEMENT RECONSTITUTION

As disclosed on December 29, 2015, the board of directors has agreed to reconstitute itself and will consist of both existing members as well as new members. Further, a new senior management team will be provided by the Manager to operate the daily operations of the Company. The board of directors have agreed to change both the senior management team and board of directors following: (i) requisite disinterested shareholder approval at the Company's next AGM expected to be held in July, with respect to the change in senior management; (ii) requisite approval by a majority of all shareholders at the AGM with respect to the change in the board of directors; and (iii) completion of the Maturity Date Extension as outlined above.

The new proposed senior management team and consolidated board have a deep understanding and many years of experience in finance, accounting, real estate and the capital markets. The vast majority of the board and senior management have a vested financial interest in the Company. The proposed senior management team and board of directors consists of the following individuals:

- **Sandy Poklar – President, CEO & Director:** Sandy Poklar, CPA, CA is currently the Chief Operating Officer and Managing Director, Capital Markets & Strategic Developments for Firm Capital Corporation, Chief Operating Officer for Firm Capital Mortgage Investment Corporation (a publicly traded mortgage investment corporation) and the Chief Financial Officer and Trustee for Firm Capital Property Trust (a publicly traded REIT). Sandy is currently a Trustee for True North Commercial REIT (a publicly traded REIT) and was a Director of Genesis Land Development Corporation (a publicly traded real estate company). Prior to joining Firm Capital, Sandy was employed at Macquarie Capital and TD Securities where he was a Vice President and an Associate in their Real Estate Investment Banking Groups, respectively. Sandy is a chartered accountant and has his ICD.D designation;
- **Stuart Pasternak – CFO:** Stuart Pasternak, CPA, CA is a Chartered Professional Accountant with over twenty-five years of business experience in North America; in manufacturing, real estate and construction industries. Stuart previously held various CFO, Vice President-Finance, Director of Finance and Controller positions, and in 2009 started his own consulting practice focusing on small to mid-size enterprises assisting them with achieving efficiencies and growth strategies;
- **Jorge Aldecoa – CIO:** Jorge Aldecoa is a licensed Florida Real Estate Broker with over a decade of experience in both Residential & Commercial Real Estate Sectors specializing in the acquisitions, dispositions, and asset management of income producing real estate. Jorge previously served as the Regional Vice President for Invitation homes South Florida operations, a division of The Blackstone Group LP (NYSE : BX). Jorge also served as the Director of Single Family Residential and Commercial Services for First Service Residential Realty. Jorge is an Accredited Commercial Manager through IREM and bachelor's degree in Residential Development and Property Management from Florida State University.
- **Geoffrey Bledin – Independent Director:** Geoffrey Bledin, a retired chartered accountant, was the past President and Chief Executive Officer of The Equitable Trust Company from 1990 to 2007 (a deposit taking institution that specializes in residential and commercial real estate lending). Prior to 1990 Mr. Bledin was a partner at Price Waterhouse. Mr. Bledin is also a Director of Firm Capital Mortgage Investment Corporation (a publicly traded mortgage investment corporation) and a Trustee of Firm Capital Property Trust (a publicly traded REIT);
- **Eli Dadouch – Vice Chairman & Director:** Eli Dadouch is President, CEO and a Director of Firm Capital Mortgage Investment Corporation (a publicly traded mortgage investment corporation) and a Vice Chair & Co-Chief Investment Officer and Trustee of Firm Capital Property Trust (a publicly traded REIT);
- **Romeo De Gasperis – Independent Director:** Romeo De Gasperis is the Vice President and Chief Executive Officer of Condrain Group. He has had extensive experience working in the construction and civil

engineering industry for the past 30 years through his family's business. He is currently the Vice President of Countrywide Homes and Condor Properties. Mr. De Gasperis has also served as President and Chief Executive Officer of Futureway Communications (FCI Broadband) from 2002 to 2003 and as a director of FCI Broadband until 2007. He also served as a director of Cool Brands International from 1996 to 2007. He is also chairman and director of Ebuild.ca while also serving as a director of Metrus Land Development. More recently his involvement in Aquatech Dewatering as Vice President came from a growing demand for enhanced environmental awareness;

- **Pat DiCapo – Independent Director:** Pat DiCapo is the Founder of PowerOne Capital Markets Limited. PowerOne has participated in over 300 transactions involving emerging private and public companies with a total value in excess of \$2 billion. Pat and PowerOne are also very passionate about supporting numerous charitable causes, as well as assisting with the continued development of its industry by acting as a Member of the TSX-V Ontario Advisory Committee and Director of the Exempt Market Dealers Association. Prior to founding PowerOne, Pat worked at Smith Lyons LLP (now Gowlings LLP) in Toronto and with Goodwin Procter LLP in Boston, MA. Pat is a graduate of Osgoode Hall Law School and a member of the Ontario Bar Association and the Law Society of Upper Canada;
- **Robert Janson – Independent Director:** Robert Janson is currently the Chief Investment Officer of Westcourt Capital Corporation. As well, as a Client Advisor in Switzerland, Robert also taught Financial Planning for the Ecole Superieur de Banque et Finance for students who were vying for their Swiss Federal Diploma in Banking Economics. In 2010 Robert held the position of Director for UBS Bank Canada for the 'Ultra High Net Worth' wealth management team. In Canada he holds the 2 professional designations of a Financial Management Advisor (FMA) and Fellow of the Canadian Securities Institute (FCSI). Robert has his 'Master of Finance (MFin)' from Queen's School of Business and is a licensed Portfolio Manager (Advising Representative) in Ontario, Quebec, Alberta and BC. He is also licensed to trade options in Canada (OLC);
- **Keith L. Ray – Independent Chairman:** Keith L. Ray served for 27 years as a partner at KPMG, where, among other duties, he carried the role of audit partner and relationship partner for H&R REIT from its inception in 1996 until his retirement in 2007. In addition, Mr. Ray was audit partner for Firm Capital Mortgage Investment Trust (now Firm Capital Mortgage Investment Corporation (TSX: FC)), an income trust, which operated as a mortgage lender primarily in Ontario. Mr. Ray is currently a member of the Board of Directors of Firm Capital Mortgage Investment Corporation, a TSX listed mortgage company, and Cliffside Capital Ltd., a seed capital company listed on the TSX-V. Mr. Ray's community involvement includes serving on the board, and as Treasurer of UJA Federation of Greater Toronto, and serving on the audit committee of Mount Sinai Hospital. Mr. Ray holds a B. Comm from the University of Toronto and a Chartered Professional Accountant, Chartered Accountant (CPA, CA) designation;
- **Scott Reid – Independent Director:** Scott Reid is the President and founder of Stornoway Portfolio Management, an asset management firm and has over 15 years of experience in the area of distressed securities. Prior to founding Stornoway, Scott co-founded National Bank Financial's High Yield Group where he focused on researching, trading, and investing in high yield and distressed securities and was a key member of the firm's restructuring practice; and
- **Howard Smuschkowitz – Director:** Howard Smuschkowitz is currently an Independent Trustee of Firm Capital Property Trust (a publicly traded REIT) and President of Total Body Care Inc., a manufacturer of private label health and beauty aid products, since 2011. Prior to joining Total Body Care Inc., president of Homeland Self Storage from 2005 until its sale in 2011 and president of Concord Confections Inc. (Dubble Bubble) from 1986 to 2004, the company was sold to Tootsie Roll Industries, Inc.

PROPOSED \$10 MILLION RIGHTS OFFERING TO EXISTING SHAREHOLDERS AND SHARE CONSOLIDATION

In an effort to provide the necessary capital to fund future cash-flowing investments of the Company, subject to completion of the Maturity Date Extension and the approval of the board of directors of the Company, the Company

intends to complete a \$10 million rights offering of its common shares to current shareholders (the “**Rights Offering**”). Pricing for the Rights Offering has yet to be determined but will be in the context of the market, and is subject to the requirements of the TSXV. In the event that not all shareholders participate in the Rights Offering, the Company expects that a group of shareholders holding approximately 51% of the issued and outstanding common shares may take up any and all shares not exercised. The Rights Offering is contingent on the Maturity Date Extension as outlined above, and will be more particularly described in the notice of the Rights Offering to be filed and mailed to shareholders before the commencement of an exercise period in respect of the Rights Offering.

Subsequent to the completion of the Rights Offering, the Company intends to commence with a share consolidation of all of its issued and outstanding common shares such that the trading price of the post-consolidation common shares is in the US\$5.00 – US\$7.00 per share range, and subject to the Corporation meeting its continuing TSXV listing requirements. The post-consolidation common share price will be at the discretion of the board of directors of the Company. The completion of the share consolidation is subject to (i) approval by the requisite majority of shareholders at the AGM; (ii) completion of the Maturity Date Extension as outlined above; and (iii) completion of the Rights Offering as outlined above.

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 Asset Management Agreement, the Maturity Date Extension, the possible termination of the Asset Management Agreement, the proposed name change, the proposed Rights Offering (and the proposed use of the proceeds thereof), the proposed share consolidation and the proposed disposition of homes in South Florida and Atlanta, which may not be completed within the estimated time frames specified, and as described, above or at all. In the event that such steps are not completed to the satisfaction of Firm Capital, the rebranding, Board and senior management 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. Failure to complete the steps or any delays in their implementation may have a material adverse effect upon the business of the Company and its market value. 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, including failure to receive all approvals in connection with the Maturity Date Extension, will have a material and adverse effect upon the Company. There is no assurance that the Maturity Date Extension, the proposed name change, proposed share consolidation, proposed reconstitution of the Board and senior management and the proposed disposition of homes in South Florida and Atlanta will occur as described herein or at all. There is no assurance that the proposed Rights Offering will occur as described herein or at all. There is no assurance that the implementation of the steps, 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's Discussion and Analysis for the Quarter Ended March 31, 2016 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.

For further information please contact:

Michael Galloro
Chief Financial Officer
michael@delavaco.com