

## For Immediate Release

### REGENCY AFFILIATES ANNOUNCES QUARTERLY DIVIDEND

#### *Fourth Quarter Dividend Reflects Continued Strong Performance*

New York, NY – December 24, 2018 ---- Regency Affiliates, Inc. (OTC Pink: RAFI) (“Regency”) today announced that it will pay a quarterly dividend of 6.40 cents per common share on January 8, 2019 to shareholders of record at the close of trading on December 31, 2018.

#### **Management Comments**

“We are pleased to declare a quarterly dividend of 6.40 cents per common share consistent with the level of quarterly dividend established in September 2018,” commented Laurence Levy, Chairman and Chief Executive of Regency. “We continue to be comfortable with this dividend level particularly as we benefit from the cash flows being generated by our investment in Mobile Energy, our recent distribution from Security West and our ownership of the portfolio of self-storage assets in and around Harrisburg, Pennsylvania.

“Our Security West investment represents a 50% limited partnership interest in real estate pursuant to a lease with the United States General Services Administration expiring in October 2028. The lease commenced on November 1, 2018 with an initial annual rental payment of approximately \$11.75MM per annum. At any time on or after November 1, 2021, the GSA may partially terminate the lease and vacate up to 266,353 square feet by providing 12 months written notice. On or after November 1, 2023, the GSA may terminate the entire lease upon 24 months written notice. A new \$30MM mortgage loan was entered into in order to refinance existing indebtedness as well as to finance \$17MM of capital improvements and reserves. The balance of the mortgage loan proceeds were distributed to the Security West partners, including a distribution to Regency of over \$1.2MM. The new mortgage balance will be amortized down to a balance of \$10MM over the first five years of the lease.

“Regency also owns an indirect 50% interest in Mobile Energy which owns and operates an energy facility located in Mobile, Alabama. The facility supplies co-generated steam and electricity for use in Kimberly-Clark's mill operations under a 15 year agreement signed in 2004. This investment is expected to generate approximately \$4MM of cash distributions for Regency prior to the termination of the contract with Kimberly-Clark at the end of April 2019. In April 2017, Kimberly-Clark announced that it will invest \$75MM to construct a new on-site cogeneration energy plant at its mill. The construction of the new plant is expected to be completed soon. We are actively engaged with our Mobile Energy partners at Detroit Edison to maximize cash flow for the remainder of our contract.

“Regency owns five stand-alone self-storage facilities in the Harrisburg, Pennsylvania vicinity acquired for a total purchase price of \$35MM of which \$25.3MM was financed via a non-recourse ten-year debt financing, with a four year interest only period ending in 2020 and thereafter a thirty year amortization schedule. The facilities were purchased via a joint venture with SSCP Management LLC (“SSCP”). Pursuant to the terms of the joint venture, Regency earns a 7.5% per annum preferred distribution on its \$11.2MM capital contribution. Surplus cash flow after the preferred distribution is allocated 80% to Regency and 20% to SSCP. Regency expects to receive its tenth distribution from the joint venture in the fourth quarter of 2018 in the amount of \$210,576 reflecting the 7.5% per annum preferred distribution driven by the ongoing operating performance of the investment. We remain pleased with the continued strong improvement in occupancy and related cash flows at our self-storage facilities.

“We are continuing to review and evaluate further investment opportunities for Regency and intend to grow the company by acquiring or otherwise investing in other attractive long-term businesses that meet our investment characteristics and valuation criteria.”

In order to facilitate efficient processing of the dividend, management strongly suggests all shareholders with shares held in certificate form contact our transfer agent, Transfer Online, Inc. at (503) 227-2950 and confirm that the registration information is correct.

### **About Regency Affiliates**

Regency Affiliates, Inc. invests in businesses that generate attractive, predictable and sustainable returns on capital. We are currently invested in three assets:

1. A 50% limited partnership interest in the Security West Complex located on 34.3 acres in Woodlawn, Maryland. The facility is occupied under a lease expiring in October 2028 with the United States General Services Administration, subject to a partial termination right starting at the end of the third year of the lease and a whole termination right starting at the end of the fifth year of the lease;
2. An indirect 50% interest in Mobile Energy which owns and operates an energy facility located on approximately 11 acres of land in Mobile, Alabama. The facility supplies up to 61 megawatts of co-generated steam and electricity for use in Kimberly-Clark's mill operations under a 15 year agreement signed in 2004; and
3. A majority joint-venture interest in a portfolio of five stand-alone self-storage facilities in the Harrisburg, Pennsylvania vicinity comprising approximately 337,000 square feet of net rentable space in excess of 2,500 climate and non-climate controlled storage units.

### **Forward-Looking Statements**

This press release contains forward-looking statements. Forward-looking statements are statements that are predictive in nature or depend on or refer to future events and can be identified by the words "may," "might," "will," "should," "anticipate," "believe," "expect," "intend," "estimate," "hope," or similar expressions. Forward-looking statements are inherently subject to risks and uncertainties, many of which cannot be predicted with accuracy or are otherwise beyond our control and some of which might not even be anticipated. You are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date they are made. Future events and actual results affecting our strategic plan as well as our financial position, results of operations and cash flows, could differ materially from those described in or contemplated by the forward-looking statements. Important factors that contribute to such risks include, but are not limited to, a default or catastrophe involving the properties in which we invest, the extent to which we are able to raise additional capital, and competition for additional investment opportunities. We undertake no obligation to update or revise any forward-looking statement, whether as a result of new information, future events or otherwise. For a more detailed description of these uncertainties and other factors, please see our website at [www.regencyaffiliates.com](http://www.regencyaffiliates.com).

### **CONTACT:**

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