

Regency Affiliates (OTC: RAFI) Investor Presentation

October 24-25, 2016



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Estimates of values or ranges of values ascribed herein to assets in which Regency Affiliates, Inc (the “Company” or “Regency”) holds an interest are not intended to represent management's view of the fair market value of Regency's interest in such assets, but instead management's view of potential inherent or underlying values of such assets based on the methodologies described herein. Management believes that a fair market valuation of Regency's interest in such assets would require discounts and other adjustments where appropriate to account for lack of control over an underlying asset (and its associated cash flow stream), the relative illiquidity of the underlying asset or interest therein, and potential negative tax attributes associated with an underlying asset.

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In addition to the financial measures prepared in accordance with generally accepted accounting principles (GAAP), we may use non-GAAP financial measures. We believe that the use of non-GAAP measures helps investors to gain a better understanding of our core operating results and future prospects, consistent with how management measures and forecasts our performance, especially when comparing such results to previous periods or forecasts. When analyzing our operating performance, investors should not consider these non-GAAP measures as a substitute for measures prepared in accordance with GAAP.

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Presenters

Laurence Levy
Chairman and Chief Executive Officer

John Ryan
Chief Financial Officer

Agenda

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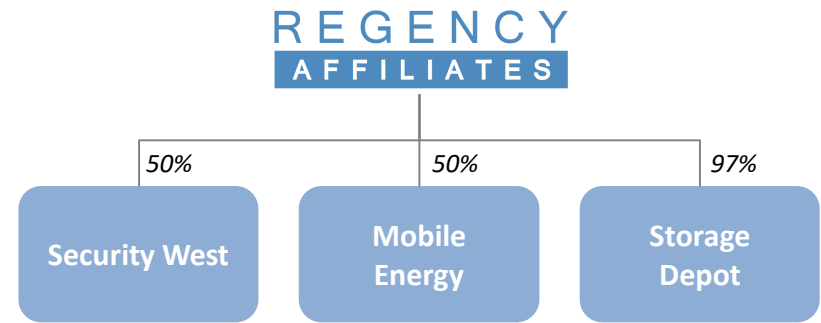
COMPANY OVERVIEW

Company Overview

Description




- Regency Affiliates, Inc. (OTC: RAFI) is an OTC listed company with a focus on investing in assets that generate long-term, predictable and sustainable returns on shareholder capital
- The Company targets hard assets in the infrastructure, infrastructure-like and real estate sectors
- Regency's current portfolio includes three assets:
 - 50% interest in Security West
 - 50% interest in Mobile Energy
 - 97% interest in Storage Depot
- Regency's management team and board of directors are all significant stakeholders of the Company (collectively we own over 50% of the common equity) and are long-term investors with a shared goal and vision of growing Regency's existing portfolio companies and expanding the portfolio through new platform acquisitions
- The Company recently raised approximately \$9 million through a rights offering and subsequently acquired Storage Depot with the proceeds of the offering and \$2 million of balance sheet cash
- While management will continue to be opportunistic, Regency will be focused on and is well-positioned to continue expanding our self-storage portfolio through incremental acquisitions

Current Corporate Structure



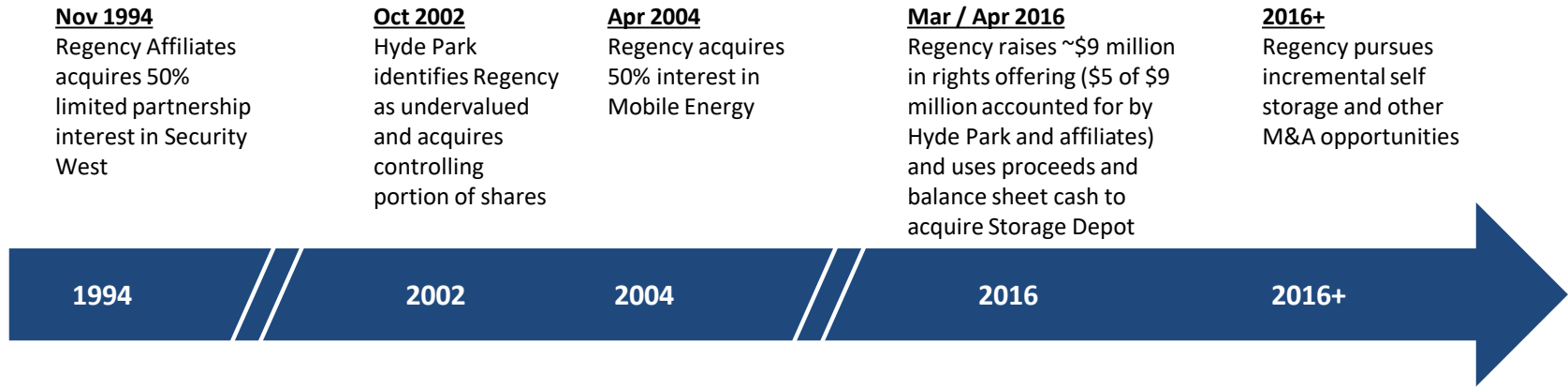
Overview of Current Holdings

Portfolio of assets with long-tenured, blue chip customers (U.S. Government and Kimberly Clark) and recession-proof dynamics

	Security West	Mobile Energy	Storage Depot
Description	A limited partnership interest in the 717,000 square foot Security West complex located on 34.3 acres in Woodlawn, Maryland. The facility is occupied under a lease expiring in October 2018 by the United States Social Security Administration (SSA). The buildings were constructed in 1968 and 1972 and have been occupied by the SSA since then.	A partnership interest alongside Detroit Edison 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 tissue mill operations under a 15 year exclusive supplier agreement signed in April 2004.	A portfolio of 5 self storage facilities located in and around Harrisburg, PA. The facilities together comprise approximately 360,000 square feet of net rentable space consisting of in excess of 2,500 climate and non-climate controlled storage units.
% Ownership	50%	50%	97%
Acquisition Year	1994 (pre Hyde Park investment)	2004	2016
Headquarters	Woodlawn, MD	Mobile, AL	Harrisburg, PA
Facility			

Regency Affiliates' Timeline

Since Hyde Park's initial investment, Regency has been focused on growth and value generation for shareholders



Nov 1994

Regency Affiliates acquires 50% limited partnership interest in Security West

Oct 2002

Hyde Park identifies Regency as undervalued and acquires controlling portion of shares

Apr 2004

Regency acquires 50% interest in Mobile Energy

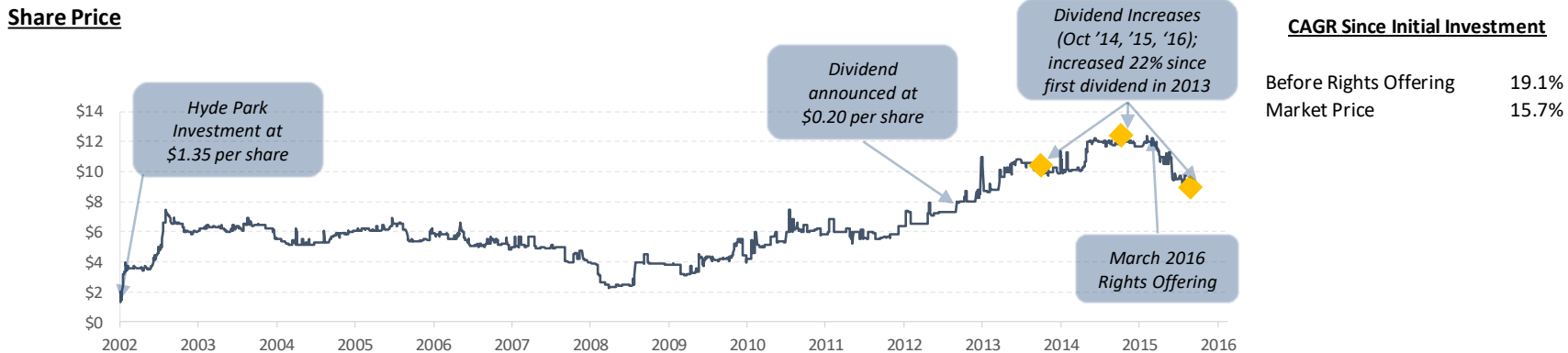
Mar / Apr 2016

Regency raises ~\$9 million in rights offering (\$5 of \$9 million accounted for by Hyde Park and affiliates) and uses proceeds and balance sheet cash to acquire Storage Depot

2016+

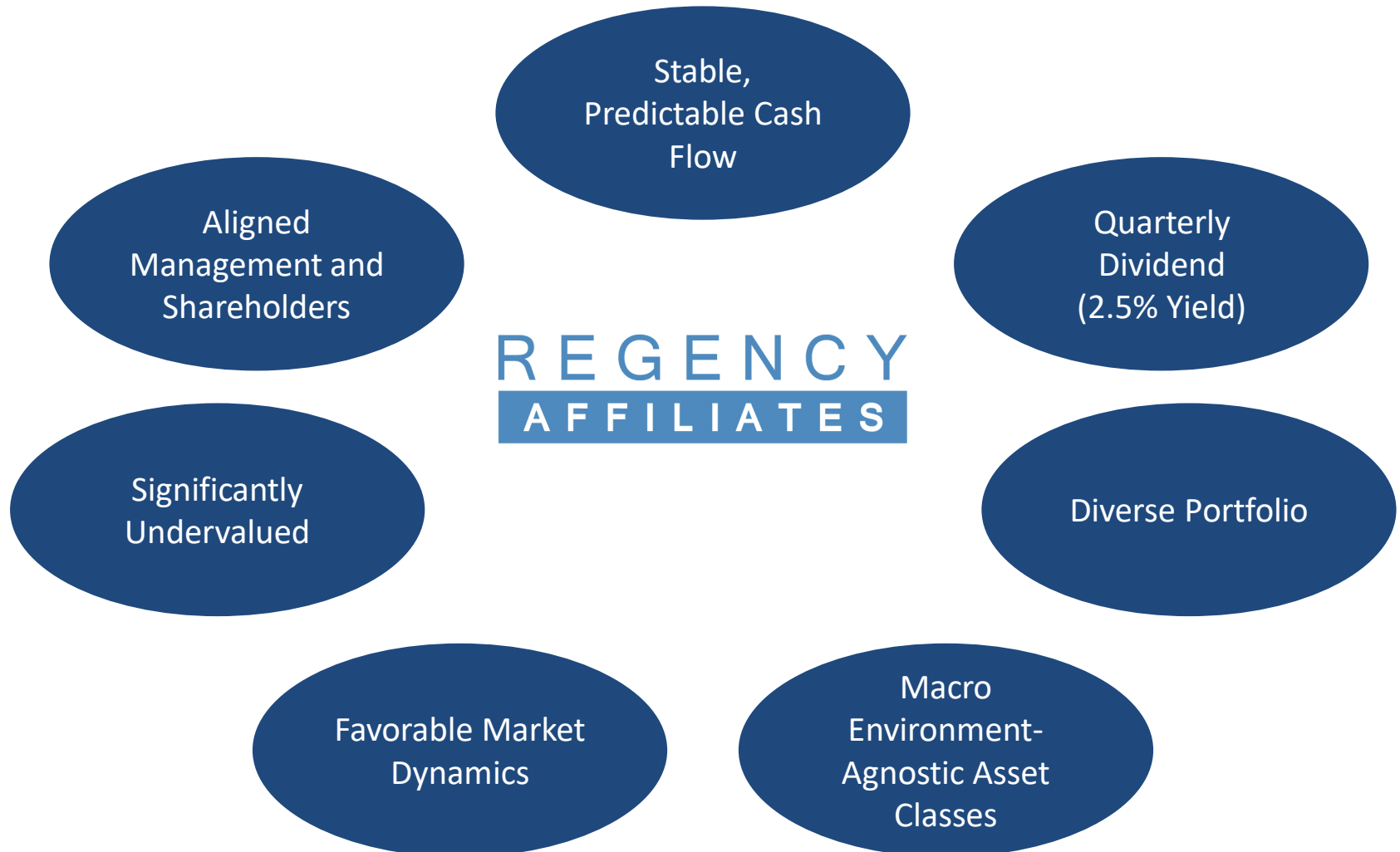
Regency pursues incremental self storage and other M&A opportunities

Portfolio	1994	2002	2004	2016	2016+
	Security West		Security West Mobile Energy	Security West Mobile Energy Storage Depot	Security West Mobile Energy Storage Depot New Self Storage Future M&A



Investment Highlights

Regency is well-positioned to leverage our core assets to expand the portfolio and continue delivering attractive, predictable returns



VALUATION – WHY WE ARE HERE TODAY

Sum of the Parts

A simple, conservative sum of the parts showcases the underlying value of our assets

$$A + B + C + D = E$$

Security
West

Mobile
Energy

Self
Storage

Cash

Regency
Asset
Value

In the following slides we present both a conservative and an upside scenario for each component of Regency, ultimately building up to a valuation range for Regency Affiliates that materially exceeds our prevailing market price

A: Security West Valuation

In 2015 we completed an appraisal on the facility; 15 year lease is up for renewal in October 2018

Security
West

\$54 - \$67
Million

	Conservative	Upside
Valuation	\$54 million	\$67 million
Rationale	Lease is <u>not renewed</u> The appraiser provided a valuation for the building under both a renewal and a non-renewal scenario. In a non-renewal scenario he determined the value of the building to be \$135 million. After subtracting the remaining mortgage (\$26.5 million as of 9/30/16), our 50% share is worth \$54.3 million	Lease is <u>renewed</u> In a renewal scenario the appraiser determined the value of the building to be \$160 million. After subtracting the remaining mortgage (\$26.5 million as of 9/30/16), our 50% share is worth \$66.8 million

B: Mobile Energy Valuation

Fifteen year offtake agreement with Kimberly Clark is up for renewal in 2019

Mobile
Energy

\$10 - \$28
Million

	Conservative	Upside
Valuation (Present Value)	\$10 million	\$28 million
Rationale	<p>Contract is <u>not renewed</u></p> <p>We would continue to receive a stream of cash flows until the contract expires in 2019. In addition, upon contract expiration, several reserves would be released.</p> <p>The \$10 million is <u>guaranteed</u> subject only to Kimberly Clark's solvency.</p>	<p>Contract is <u>renewed</u></p> <p>With a new 15 year contract and a Kimberly Clark credit backing our cash flows, a simple 10% yield calculation on our ~\$2.8 million annual dividend yields a value of \$28 million.</p>

C: Self-Storage Valuation

Recently acquired portfolio of self-storage assets are exceeding expectation and generating strong cash flow

Self
Storage

\$10 - \$12
Million

	Conservative	Upside
Valuation	\$10 million	\$12 million
Rationale	In April 2016 we invested \$11.2 million of equity in our self-storage assets. To date they have exceeded expectation and budget. Given how recently the acquisition took place, we have provided a narrow valuation range around the purchase price	

Sum of the Parts – Conservative + Upside Cases

In both the conservative case and the upside case, our asset value far outpaces the level our share price implies

Conservative	Security West	+	Mobile Energy	+	Self Storage	+	Cash	=	Asset Value
	\$54 Million		\$10 Million		\$10 Million		\$5 Million		\$78 Million

Upside	Security West	+	Mobile Energy	+	Self Storage	+	Cash	=	Asset Value
	\$67 Million		\$28 Million		\$12 Million		\$5 Million		\$112 Million

Upside to Current Share Price

Conservative

Upside

\$ in millions except for share price

Conservative Asset Value \$78.3

Less: Estimate of Overhead¹ (\$8.4)

Equity Value \$69.9

Shares Outstanding 4.78

Implied Share Price \$14.63

Current Share Price² \$9.20

Growth to Conservative Case 59.0%

\$ in millions except for share price

Upside Asset Value \$111.8

Less: Estimate of Overhead¹ (\$8.4)

Equity Value \$103.4

Shares Outstanding 4.78

Implied Share Price \$21.64

Current Share Price² \$9.20

Growth to Upside Case 135.2%

Value Range (per share)

\$14.63 – \$21.64

1. Representative overhead expense capitalized over seven years
2. As of October 14, 2016

SELF-STORAGE OVERVIEW

Investment Rationale

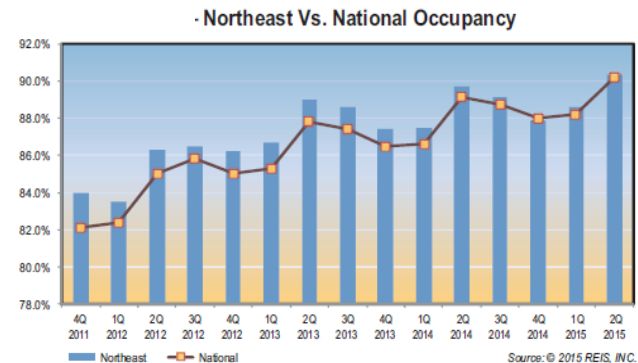
Self-storage represents an opportunity to generate significant returns with minimal downside risk

Self-Storage Thesis

- Self-storage is one of the most secure, predictable and downside-protected asset classes, with essentially inelastic demand that has historically been macro-environment agnostic
- Despite the attractiveness of self-storage, it is a highly fragmented industry dominated by mom and pop properties which fall below the investment size threshold for most investors
- As a result of their asset-based nature, consistent revenue streams and predictable expenses, self-storage facilities are highly leverageable and require limited upfront equity
- At an asset level, with almost 100% of expenses fixed, there is significant opportunity to expand margin with utilization improvements and price increases
 - Managers have historically been able to increase prices at 4%+ per annum¹ compared to 2-3% in most industries
 - Most facilities are managed by unsophisticated owners with inefficient or non-existent marketing strategies, yielding lower utilization levels under their ownership
- Regency has formed a relationship with a team of self-storage sector experts who have experience managing self-storage facilities and a robust pipeline of investment opportunities
- In summary, self-storage is an asset class with highly predictable and attractive returns and scalability and Regency, together with its affiliated team of sector experts, is well positioned to capitalize on the market opportunity

Key Facts

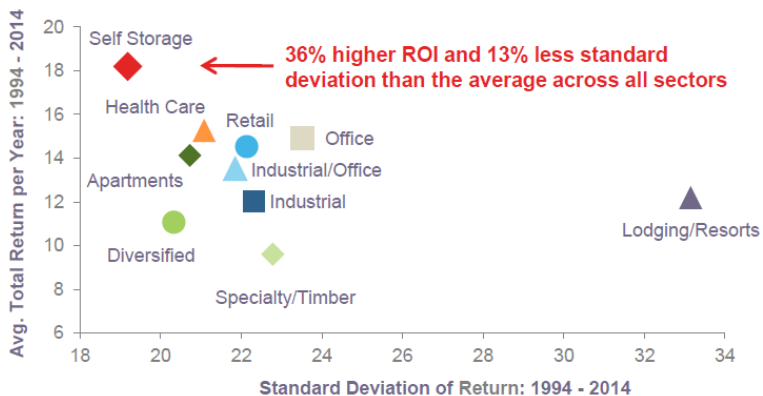
- The top 6 self-storage companies (Public Storage, Extra Space, National Storage Affiliates Trust, Sovran, CubeSmart and U-Haul) own only ~12% of the ~50,000 facilities in the United States²
 - The top 100 operators in the United States own only 19%¹ of the total facilities
 - 75% of self-storage operators only manage one facility¹
- Despite ongoing capacity increases over the last 5-10 years, national occupancy levels across the United States have increased from 76% in 2010 to over 90% in 2015¹
 - Sustained demand enables managers to be more aggressive on price increases and offer fewer move-in discounts
- Historically, the Northeast region (where our existing assets and several pipeline opportunities are located) has outpaced the United States in terms of occupancy levels³



1. Self-Storage Almanac 2016
2. Self-Storage Administration Fact Sheet
3. REIS, Inc

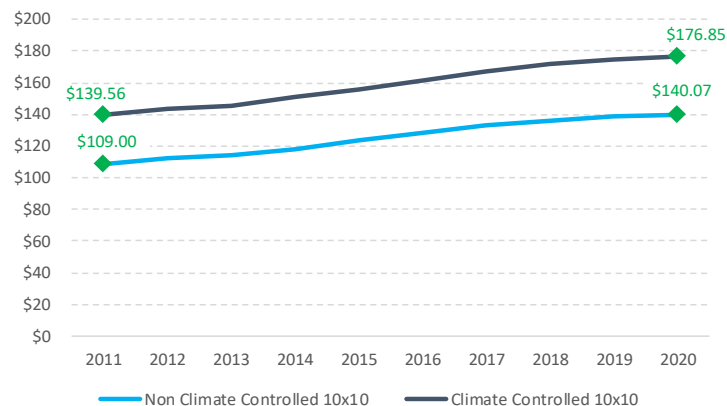
Key Metrics

Strong ROI with Low Volatility



Source: National Storage Affiliates (NYSE: NSA) REITWeek Presentation (June 2016)

Representative Unit Pricing Over Time



Source: Self Storage Almanac 2016

Public Comparables

\$ in millions except for share prices

Company	Ticker	Price	% of 52 Week High	52 Week High	Market Cap	Enterprise Value	EV/EBITDA	Price/Book	Dividend Yield	Leverage Ratio	EBITDA	Total Debt
Public Storage	PSA	\$214.41	77.2%	\$277.60	\$37,196	\$41,084	23.6x	7.4x	3.4%	0.2x	\$1,742	\$319
Extra Space Storage Inc	EXR	\$76.01	80.2%	\$94.81	\$9,557	\$13,642	27.3x	4.5x	4.1%	7.1x	\$500	\$3,536
CubeSmart	CUBE	\$26.28	78.4%	\$33.52	\$4,705	\$6,282	22.3x	2.9x	3.2%	4.5x	\$282	\$1,262
Life Storage Inc	LSI	\$87.23	73.8%	\$118.18	\$4,047	\$4,364	19.6x	1.9x	4.4%	3.7x	\$223	\$831
National Storage Affiliates	NSA	\$19.90	87.1%	\$22.86	\$707	\$1,789	19.9x	1.8x	4.4%	6.4x	\$90	\$571

Mean	79.3%	\$109.39	\$11,243	\$13,432	22.5x	3.7x	3.9%	4.4x
Median	78.4%	\$94.81	\$4,705	\$6,282	22.3x	2.9x	4.1%	4.5x

Note: As of October 14, 2016

Self-Storage Investment Highlights

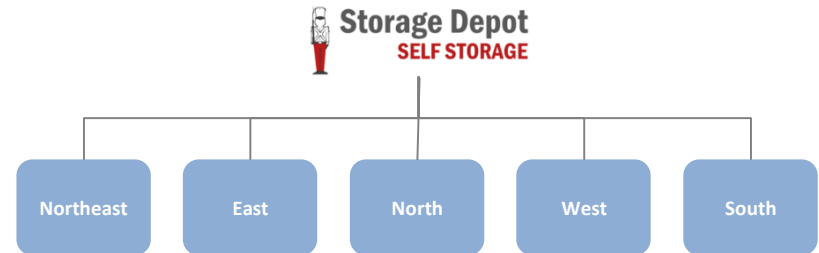


Existing Assets Overview

Description

- In April 2016, Regency acquired a portfolio of five self-storage facilities in and around Harrisburg, Pennsylvania
- Harrisburg is a growing metropolis with favorable demographic and household income dynamics, which are both leading indicators of demand for self-storage and customer tenure
- In aggregate, the portfolio includes:
 - 2,547 units
 - 358,000 Net Rentable Square Feet
 - 85 Surface Parking Spaces
 - 3 revenue generating billboards
- Since the acquisition, we have increased physical occupancy by 3.2% (from 77.9% to 81.1%) and economic occupancy by over 10% (from 78.0% to 89.5%) through sophisticated pricing mechanisms and effective marketing
- In addition to increasing occupancy, we are pursuing several initiatives to increase and improve capacity, including converting parking spaces to new units, re-sizing units from less desirable to more desirable dimensions and expanding existing facilities

Overview



Find Harrisburg, PA Storage Units!
Pennsylvania's #1 Self Storage Solution

Make A Payment

Locations - FAQ - Storage Tools - Contact Us - Pay Online - Blog

Harrisburg, PA Area Self Storage

Storage Depot is the number one choice for self storage in Harrisburg, Mechanicsburg, and Lemoyne, Pennsylvania. We have several facilities throughout the area and offer a wide range of storage options that are perfect for commercial documents, household belongings, large vehicles, and more!

Whether you're looking to store a vintage car or your boat while you're not on the area lakes, there's a Storage Depot location near you that can help. We offer a wide range of parking options, as well as ground-level and climate-controlled storage units that make storing a breeze.

From 24-hour access to online bill pay, we go the extra mile to ensure a convenient and simple storage experience for our tenants. Additionally, we provide free use of our move-in truck to our new customers and self-affordable boxes and packing supplies in our office. Call us today and find out why we're the best option for self storage in the greater Harrisburg area.

We have all the features you want.

- Temperature Controlled
- Secure Units
- Drive-up Access
- Online Bill Pay
- 24 Hour Access
- Boxes & Supplies

We have 5 self storage locations. Show All

Storage Facility	SMALL UNITS	MEDIUM UNITS	LARGE UNITS
Storage Depot Self Storage 3211 Merry Road Harrisburg, PA 17111 New Rentals: (717) 401-0575 Current Customers: (717) 566-6012 5x10: 3 Mo. for \$99	Starting at \$35	Starting at \$95	Starting at \$183
Storage Depot Self Storage 6325 Adirondack Boulevard Harrisburg, PA 17112 New Rentals: (717) 268-4241 Current Customers: (717) 667-6006	Starting at \$39	Starting at \$119	Starting at \$176
Storage Depot Self Storage 4401 North 6th Street Harrisburg, PA 17110	Starting at \$50	Starting at \$104	Starting at \$165

Overview of Harrisburg, PA Facilities

Portfolio of properties with strong local population dynamics and opportunity for growth

Property	Northeast	East	North	West	South
Address	6325 Allentown Blvd	321 Milroy Rd	4401 N. 6th Street	350 S. 7th Street	115 Cumberland Pkwy
Area	Harrisburg	Harrisburg	Harrisburg	Lemoyne	Mechanicsburg
Construction Year	2004	1984	1995	1997	1994
Self-Storage Units	535	430	542	402	638
Surface Parking Spaces	37	3	17	13	15
Net Rentable SqFt	82,894	49,064	82,284	53,292	91,180
Expansion Area SqFt	17,175	-	-	5,705	-
5-Mile Radius Population	95,747	112,138	116,197	175,191	88,051
Proj. Pop. Growth ('15-'20)	2.5%	1.9%	2.0%	1.7%	3.8%
Avg. Household Income	\$80,229	\$76,013	\$66,769	\$67,060	\$85,789
October Unit Occupancy %	80.4%	79.5%	79.6%	90.4%	64.5%

Low occupancy as a result of recent expansion; expected to reach levels of rest of portfolio over next 12-18 months

Overview of Harrisburg, PA Facilities (Cont...)

Clean and attractive facilities located just a few miles apart allowing managers to allocate customers appropriately and price efficiently

1. Northeast



2. East



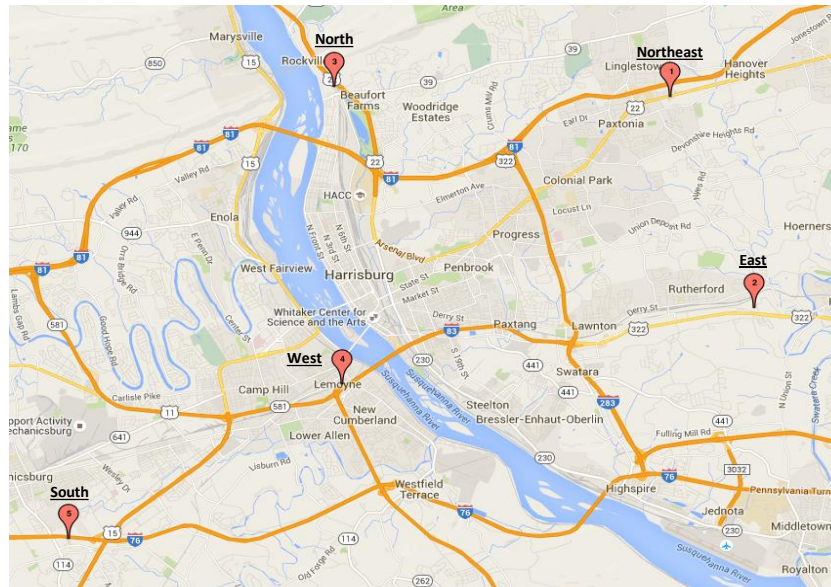
3. North



4. West



5. South



Storage Depot – Financial Projections

Key Metrics	
Purchase Price	\$35,000,000
Regency Equity Investment	\$11,223,698
Cap Rate at Purchase	6.1%

Harrisburg (Storage Depot)						
	<u>TTM at Close</u>	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>	<u>Year 5</u>
Rental Revenue (net of losses / vacancies)		\$3,058,982	\$3,309,355	\$3,535,142	\$3,691,045	\$3,853,829
Other Revenue (Late fees, admin fees, etc)		295,350	304,211	313,337	322,737	332,419
Net Revenue	\$3,159,816	\$3,354,332	\$3,613,565	\$3,848,479	\$4,013,781	\$4,186,248
% growth		6.2%	7.7%	6.5%	4.3%	4.3%
Real Estate Taxes	(\$268,248)	(\$277,816)	(\$286,150)	(\$294,735)	(\$303,577)	(\$312,684)
Insurance	(31,445)	(32,000)	(32,960)	(33,949)	(34,967)	(36,016)
Repairs & Maintenance	(105,202)	(135,000)	(139,050)	(143,222)	(147,518)	(151,944)
Administration	(101,037)	(93,000)	(95,790)	(98,664)	(101,624)	(104,672)
On-Site Management	(307,500)	(340,000)	(350,200)	(360,706)	(371,527)	(382,673)
Off-Site Management	(126,393)	(167,717)	(180,678)	(192,424)	(200,689)	(209,312)
Utilities	(44,128)	(49,000)	(50,470)	(51,984)	(53,544)	(55,150)
Advertising	(42,675)	(54,500)	(56,135)	(57,819)	(59,554)	(61,340)
Miscellaneous	-	(2,500)	(2,575)	(2,652)	(2,732)	(2,814)
Operating Expenses	(\$1,026,628)	(\$1,151,533)	(\$1,194,009)	(\$1,236,154)	(\$1,275,731)	(\$1,316,606)
NOI	\$2,133,188	\$2,202,799	\$2,419,556	\$2,612,325	\$2,738,050	\$2,869,642
% growth		3.3%	9.8%	8.0%	4.8%	4.8%
Less: Reserves		(\$39,634)	(\$40,823)	(\$42,048)	(\$43,310)	(\$44,609)
Less: Debt Service		(\$1,249,875)	(\$1,249,875)	(\$1,249,875)	(\$1,249,875)	(\$1,617,323)
Less: Management Team Incentive		(\$35,302)	(\$78,416)	(\$116,725)	(\$141,618)	(\$94,186)
Cash Flow to Regency		\$877,987	\$1,050,442	\$1,203,677	\$1,303,248	\$1,113,523
Cash on Cash Yield		7.8%	9.4%	10.7%	11.6%	9.9%

Note: Interest-only financing for first four years

SECURITY WEST AND MOBILE ENERGY

Overview

Regency's two other assets provide a steady stream of earnings to support future acquisitions and dividend growth

Security West

- Security West has been the Social Security Administration's (SSA) headquarters building for over 40 years and is an integral building to our government's operations
- The building houses over 13,000 SSA employees
- In a March 2014 audit report¹, the U.S. Government asked each of its agencies to evaluate their respective "real estate footprint and associated cost"
 - The report stated that the SSA's most logical alternative would be to "explore opportunities to use vacant space in [Security West] and house components and expedite the termination of outlying leases. SSA agreed with our recommendation."¹
- As a result of the above referenced report and the integral nature of Security West to SSA's operations, we remain cautiously optimistic that SSA will renew its lease upon expiration
- While the theoretical terms are unknown at this point, we would anticipate that the new lease would be approximately equivalent to our current lease
 - At the time we signed our most recent lease, we received a one-time cash dividend of \$40 million and have since been paying down our mortgage with all cash flow
 - At contract expiration, we will have \$10 million remaining on the mortgage

Mobile Energy

- In partnership with Detroit Edison, we own and manage a power plant in Mobile, Alabama that provides power to Kimberly Clark's mill operations
- The facility is located on 11 acres and has the capacity to provide up to 61 megawatts of co-generated steam and electricity
- Our current 15 year agreement with Kimberly Clark expires in 2019; we are working on our proposal for the next contract and expect to be Kimberly Clark's preferred alternative as a familiar and cost-effective solution
- Our existing contract generates approximately \$2.8 million in dividends per year, after debt amortization

1. Office of the Inspector General – Social Security Administration – Audit Report (Published March 28, 2014)

APPENDIX

Management Team



Laurence S. Levy, CEO

- Founder and Chairman of Hyde Park Holdings, LLC, an investment firm focused on middle market businesses founded in 1987
- Since its founding, Hyde Park and its co-investors (a broad cross section of institutional investors, public equity markets and family offices) have invested in excess of \$1.5 billion across a variety of sectors
- Mr. Levy has served in either a management or oversight role in most of Hyde Park's past and present portfolio companies
- Past and present representative investments include: *Detroit and Canada Tunnel Corporation*, the owner and operator of the toll tunnel between Detroit, Michigan and Windsor, Ontario; *PFI/PPP*, an investor in the privatization of schools, hospitals and other state assets in the United Kingdom; *Ozburn-Hessey Logistics LLC*, a national logistics services company operating 36 million square feet of warehousing; and *Derby Industries LLC*, a sub-assembly business to the appliance, food and transportation industries
- Mr. Levy received an M.B.A. from Harvard Business School where he graduated as a Baker Scholar. Mr. Levy received a Bachelor of Commerce degree and a Bachelor of Accountancy degree from the University of Witwatersrand in Johannesburg, South Africa



John Ryan, CFO

- Mr. Ryan has been a Managing Director at Hyde Park since March 2013
- Prior to joining Hyde Park, Mr. Ryan was a Managing Director at GE Capital Corporation from 1999-2013, acting as Senior Risk Manager in GECC's Corporate and Structured Finance businesses
- While at GECC, Mr. Ryan managed a loan portfolio in excess of \$2 billion consisting of corporate, structured and project financings, asset backed and asset based facilities, single investor and leveraged leases and common equity and partnership vehicles
- Mr. Ryan received a B.S. in Economics from the University of Pennsylvania's Wharton School of Business and an M.B.A. in Finance from New York University's Stern School of Business. He is a Certified Public Accountant registered in the State of New York

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