

Regency Affiliates, Inc. and Subsidiaries

Consolidated Financial Statements

December 31, 2024

Regency Affiliates, Inc. and Subsidiaries
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INDEPENDENT AUDITOR’S REPORT

To the Board of Directors and Stockholders of
Regency Affiliates, Inc. and Subsidiaries

Opinion

We have audited the accompanying consolidated financial statements of Regency Affiliates, Inc. and Subsidiaries (the “Company”), which comprise the consolidated balance sheets as of December 31, 2024 and 2023, and the related consolidated statements of operations, changes in equity, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Regency Affiliates, Inc. and Subsidiaries as of December 31, 2024 and 2023, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of Security Land and Development Company Limited Partnership and Subsidiary, which, as discussed in Note 4 to the consolidated financial statements, is accounted for by the equity method of accounting. The investment in Security Land and Development Company Limited Partnership and Subsidiary was \$48,356,633 and \$49,624,879 as of December 31, 2024 and 2023, respectively, and the equity in its net loss was (\$582,680) and (\$3,627,492), respectively, for the years then ended. The financial statements of Security Land and Development Company Limited Partnership and Subsidiary were audited by other auditors, whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for Security Land and Development Company Limited Partnership and Subsidiary, is based solely on the report of the other auditors.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Regency Affiliates, Inc. and Subsidiaries and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events considered in the aggregate, which raise substantial doubt about Regency Affiliates, Inc. and Subsidiaries’ ability to continue as a going concern within one year after the date that the financial statements are available to be issued.



ROSENBERG RICH BAKER BERMAN, P.A.

Board of Directors and Stockholders of
Regency Affiliates, Inc. and Subsidiary

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness Regency Affiliates, Inc. and Subsidiaries' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events considered in the aggregate which raise substantial doubt about Regency Affiliates, Inc. and Subsidiaries' ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Rosenberg Rich Baker Berman, P.A.

Somerset, New Jersey
March 31, 2025

Regency Affiliates, Inc. and Subsidiaries
Consolidated Balance Sheets

	As of December 31,	
	2024	2023
Assets		
Current Assets:		
Cash and cash equivalents	\$ 481,638	\$ 459,979
Restricted cash	568,313	563,567
Short-term investments	5,366,535	5,069,553
Prepaid expenses and other current assets	656,244	1,185,341
Rent receivable	75,253	53,615
Management fee receivable	-	13,734
Total current assets	<u>7,147,983</u>	<u>7,345,789</u>
Real Estate		
Self-storage properties	35,501,602	35,373,727
Less accumulated depreciation	(6,837,601)	(6,038,680)
Real estate, net	<u>28,664,001</u>	<u>29,335,047</u>
Property and equipment, net	23,840	30,643
Investment in partnerships/LLC	49,157,857	50,479,487
Operating lease right-of-use asset	200,575	253,058
Other assets	10,462	10,638
Total assets	<u>\$ 85,204,718</u>	<u>\$ 87,454,662</u>
Liabilities and Shareholders' Equity		
Current Liabilities:		
Accounts payable and accrued expenses	\$ 199,501	\$ 146,934
Mortgage note payable, net of discount	458,568	435,858
Deferred revenue	249,158	241,484
Operating lease liability, current	55,535	50,709
Dividends payable	564,482	213,106
Tenant security deposits	2,745	3,653
Total current liabilities	<u>1,529,989</u>	<u>1,091,744</u>
Non-current Liabilities:		
Mortgage note payable, net of current portion	22,982,554	23,417,748
Loan payable, net of discount	4,859,703	-
Operating lease liability, non-current	148,587	204,122
Total liabilities	<u>29,520,833</u>	<u>24,713,614</u>
Commitments and contingencies (Notes 8 and 9)		
Shareholders' Equity		
Serial preferred stock, par value \$0.10; 2,000,000 shares authorized; no shares issued and outstanding	-	-
Common stock, par value \$0.01; 8,000,000 shares authorized; 4,483,557 and 4,815,057 shares issued and outstanding as of December 31, 2024 and December 31, 2023	44,836	48,151
Additional paid-in capital	12,191,574	14,014,556
Retained earnings	43,447,475	47,627,276
Total shareholders' equity	<u>55,683,885</u>	<u>61,689,983</u>
Noncontrolling interest	-	1,051,065
Total equity	<u>55,683,885</u>	<u>62,741,048</u>
Total liabilities and shareholders' equity	<u>\$ 85,204,718</u>	<u>\$ 87,454,662</u>

Regency Affiliates, Inc. and Subsidiaries
Consolidated Statements of Operations

	For the Years Ended December 31,	
	2024	2023
Revenue:		
Rental	\$ 4,616,040	\$ 4,815,937
Insurance, late fees and other income	446,734	418,844
Total revenue	5,062,774	5,234,781
Operating expenses:		
Self-storage cost of operations	1,632,368	1,363,250
Self-storage depreciation expense	798,921	795,818
General and administrative expenses	1,670,156	1,227,260
Total operating expenses	4,101,445	3,386,328
Income from operations	961,329	1,848,453
Other income (expense):		
Management agreement income	-	137,344
Loss from equity investment in partnerships/LLC	(607,198)	(3,780,131)
Realized gain (loss) on sale of short-term investments	2,871	(28,100)
Interest income	285,702	221,956
Other expense	(58,380)	(50,824)
Interest expense	(1,343,369)	(1,244,267)
Total other (expense) income	(1,720,374)	(4,744,022)
Net loss before income taxes	(759,045)	(2,895,569)
Income tax expense (benefit)	300	(853,327)
Net loss	(759,345)	(2,042,242)
Net income attributable to noncontrolling interest	235,847	385,501
Net loss allocated to shareholders	\$ (995,192)	\$ (2,427,743)

Regency Affiliates, Inc. and Subsidiaries
Consolidated Statements of Changes in Equity

	Preferred Stock		Common Stock		Additional Paid-In Capital	Retained Earnings	Shareholders' Equity	Noncontrolling Interest	Total Equity
	Shares	Amount	Shares	Amount					
Balance as of January 1, 2023	-	\$ -	4,815,057	\$ 48,151	\$ 14,014,556	\$ 51,475,461	\$ 65,538,168	\$ 691,816	\$ 66,229,984
Dividend paid to noncontrolling interest	-	-	-	-	-	-	-	(26,252)	(26,252)
Dividends declared	-	-	-	-	-	(1,420,442)	(1,420,442)	-	(1,420,442)
Net (loss) income	-	-	-	-	-	(2,427,743)	(2,427,743)	385,501	(2,042,242)
Balance as of December 31, 2023	-	\$ -	4,815,057	\$ 48,151	\$ 14,014,556	\$ 47,627,276	\$ 61,689,983	\$ 1,051,065	\$ 62,741,048
Dividend paid to noncontrolling interest	-	-	-	-	-	-	-	(19,689)	(19,689)
Purchase of noncontrolling interest	-	-	-	-	(1,822,982)	-	(1,822,982)	(1,267,223)	(3,090,205)
Common stock repurchased and retired	-	-	(331,500)	(3,315)	-	(1,737,060)	(1,740,375)	-	(1,740,375)
Dividends declared	-	-	-	-	-	(1,447,549)	(1,447,549)	-	(1,447,549)
Net (loss) income	-	-	-	-	-	(995,192)	(995,192)	235,847	(759,345)
Balance as of December 31, 2024	-	\$ -	4,483,557	\$ 44,836	\$ 12,191,574	\$ 43,447,475	\$ 55,683,885	\$ -	\$ 55,683,885

See independent auditor's report and notes to the consolidated financial statements.

Regency Affiliates, Inc. and Subsidiaries
Consolidated Statements of Cash Flows

	For the Years Ended December 31,	
	2024	2023
Cash Flows From Operating Activities		
Net loss	\$ (759,345)	\$ (2,042,242)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Non-cash expenses		
Depreciation and amortization	805,724	800,945
Loss from equity investment in partnerships/LLCs	607,198	3,780,131
Realized (gain) loss on sale of short-term investments	(2,871)	28,100
Amortization of right of use asset	63,824	208,026
Amortization of debt discount	36,577	12,624
Accretion of discount on short-term investments	(252,077)	(204,643)
Changes in operating assets and liabilities		
Prepaid expenses and other current assets	529,097	(1,087,926)
Rent receivable	(21,638)	3,008
Management fee receivable	13,734	-
Other assets	176	139,859
Accounts payable and accrued expenses	52,567	(106,599)
Deferred revenue	7,674	(22,327)
Income tax payable	-	(694,021)
Operating lease liability	(62,050)	(223,140)
Dividend payable	-	12,038
Tenant security deposits	(908)	(887)
Total adjustments	<u>1,777,027</u>	<u>2,645,188</u>
Net cash provided by operating activities	<u>1,017,682</u>	<u>602,946</u>
Cash Flows From Investing Activities		
Purchase of short-term investments	(10,359,745)	(7,044,405)
Purchase of equipment	(127,875)	(98,637)
Proceeds from sale of land	-	109,498
Proceeds from short-term investments	10,317,711	6,145,818
Distributions of earnings from partnerships	714,432	-
Net cash provided by (used in) investing activities	<u>544,523</u>	<u>(887,726)</u>
Cash Flows From Financing Activities		
Proceeds from loan payable, net of debt issuance costs	4,835,750	-
Purchase of noncontrolling interest, net	(3,090,205)	-
Repurchase and retirement of common stock	(1,740,375)	-
Dividends paid to common shareholders	(1,152,021)	(1,422,880)
Dividends returned from common shareholders	55,848	13,332
Dividends paid to noncontrolling shareholder	(19,689)	(26,252)
Repayment of mortgage note payable	(425,108)	(406,169)
Net cash used in financing activities	<u>(1,535,800)</u>	<u>(1,841,969)</u>
Net increase (decrease) in cash and cash equivalents and restricted cash	26,405	(2,126,749)
Cash and cash equivalents and restricted cash - beginning	<u>1,023,546</u>	<u>3,150,295</u>
Cash and cash equivalents and restricted cash - ending	<u>\$ 1,049,951</u>	<u>\$ 1,023,546</u>
Supplemental Disclosures of Cash Flow Information		
Cash paid during the period for:		
Interest	<u>\$ 1,310,292</u>	<u>\$ 1,231,643</u>
Income taxes	<u>\$ -</u>	<u>\$ 1,033,865</u>
Non-cash investing and financing activities:		
Common stock dividends declared	<u>\$ 349,717</u>	<u>\$ 361,129</u>
Recognition of right of use asset/obligation	<u>\$ -</u>	<u>\$ 282,542</u>

See independent auditor's report and notes to the consolidated financial statements.

Regency Affiliates, Inc. and Subsidiaries
Notes to Consolidated Financial Statements

Note 1. Summary of Significant Accounting Policies

Basis of Presentation

The consolidated financial statements are presented on an accrual basis in accordance with U.S. generally accepted accounting principles (“U.S. GAAP”) as defined in the Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”).

Nature of Operations

Regency Affiliates, Inc. (“Regency” or the “Company”) invests in assets that generate attractive, predictable and sustainable returns on capital. The Company’s objective is to generate long-term value for its shareholders. Management seeks sound investment opportunities to meet its business characteristics and valuation criteria.

The Company holds a limited partnership interest in Security Land and Development Company Limited Partnership (“Security Land”), which owns and operates 34.3 acres of land and a building in Woodlawn, Maryland. In November 2000, the Company acquired a 5% limited partnership interest in 1500 Woodlawn Limited Partnership, the general partner of Security Land (“Woodlawn”). See Note 4, “Investment in Security Land and Development Company Limited Partnership”.

In April 2016, Regency formed a new, wholly owned subsidiary, RSS Investments LLC (“RSS”). RSS acquired a majority ownership (80%) of SSCP Harrisburg Holdings, LLC, a Delaware limited liability company (“Harrisburg Holdings”). Harrisburg Holdings is the sole member of SSCP Harrisburg Intermediate Holdings, LLC, a Delaware limited liability company (“Intermediate Holdings”). Simultaneously with RSS’s investment in Harrisburg Holdings, Intermediate Holdings acquired a portfolio of five self-storage facilities in Harrisburg, Pennsylvania (“SSCP Harrisburg Properties”). Subsequently, on October 7, 2024, RSS acquired the remaining balance of the membership interests (20%) of Harrisburg Holdings for an aggregate purchase price of \$3,090,205. Through the Company’s ownership (100%) of Harrisburg Holdings, we are focused on the ownership, operation, and acquisition of self-storage properties located within the Harrisburg, Pennsylvania area.

Principles of Consolidation

These consolidated financial statements include the accounts of the Company, and its wholly owned subsidiaries, RSS and Harrisburg Holdings. All intercompany balances and transactions have been eliminated in consolidation.

Reclassification

Certain amounts in prior periods related to the classification of interest expense has been reclassified to conform to current period presentation. This reclassification to adjust prior period presentation had no net impact on the consolidated statement of operations or consolidated statements of cash flows.

Noncontrolling Interest

The Company consolidates Harrisburg Holdings. For the period October 7, 2024 through December 31, 2024, Harrisburg Holdings is a wholly owned subsidiary of RSS. For the period January 1, 2023 through October 6, 2024, RSS owns 80% of the equity interest of Harrisburg Holdings and reported the remaining 20% interest owned by the third party, SSCP Management, LLC, (“SSCP Management”) as a noncontrolling interest.

As of December 31, 2024 and 2023, the noncontrolling equity interest was \$0 and \$1,051,065, respectively. The net income or net loss of Harrisburg Holdings was allocated based on the ownership percentages. Harrisburg Holdings had net income of \$1,179,234 and \$1,927,505 for the period January 1, 2024 through October 6, 2024 and for the year ended December 31, 2023, respectively. Net income attributable to the noncontrolling interest was \$235,847 and \$385,501 for the years ended December 31, 2024 and 2023, respectively.

Regency Affiliates, Inc. and Subsidiaries
Notes to Consolidated Financial Statements

Note 1. Summary of Significant Accounting Policies (continued)

Purchase of Non-Controlling Interest

The purchase of the membership interest of SSCP Harrisburg Holdings was accounted for as an equity transaction, resulting in a charge to additional paid-in-capital of \$1,822,982 with no gain or loss recognition, which represents charges for the fair value of the consideration paid of \$3,000,000 and transaction and legal costs of \$90,205, offset by the debit to eliminate the carrying value of non-controlling interest of \$1,267,223.

Cash, Cash Equivalents and Restricted Cash

Cash and cash equivalents represent cash and short-term highly liquid investments with original maturities of three months or less. Cash equivalents consist of interest-bearing bank accounts. The Company places its cash and cash equivalents with high credit quality financial institutions that may exceed federally insured amounts at times. The self-storage properties hold escrow funds in a bank account for real estate taxes, insurance, and replacement reserves disbursements to be paid when due, pursuant to the terms of the bank financing agreement, which are included in restricted cash on the Company's consolidated balance sheet.

The following table provides a reconciliation of cash and restricted cash to the total amount shown in the consolidated statements of cash flows as of:

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Cash and cash equivalents	\$ 481,638	\$ 459,979
Restricted cash	<u>568,313</u>	<u>563,567</u>
Total cash and cash equivalents and restricted cash shown in the consolidated statements of cash flows	<u>\$ 1,049,951</u>	<u>\$ 1,023,546</u>

Short-Term Investments

Short-term investments consist of treasury bills and notes with original maturity dates greater than three months and less than one year at the date of purchase. The Company classifies its treasury instruments as held to maturity, as the Company believes they have the intent and ability to hold them until their maturity. The short-term investments are held at amortized cost, which approximates fair value. The Company has evaluated and determined that no allowance for credit losses would be required, given that the Company's short-term investments consist of high-quality government securities. As of December 31, 2024 and 2023, the Company's short-term investments, at amortized cost, were \$5,366,535 and \$5,069,553, respectively, net of discount. The Company recognizes interest income over the life of the treasury bills and notes based on the effective interest method.

Investments in Partnerships/ LLC

The Company uses the equity method of accounting for its investments in partnerships in which it has more than a 20% interest but does not have a controlling interest and is not the primary beneficiary. Investments owned over 50% with a controlling interest are consolidated within these financial statements.

Self-Storage Properties

Self-storage properties are carried at historical cost less accumulated depreciation and any impairment losses. Major replacements and betterments, which improve or extend the life of an asset, are capitalized. Expenditures for ordinary repairs and maintenance are expensed as incurred and are included in self-storage cost of operation. Estimated depreciable lives of self-storage properties are determined by considering the age and other indicators about the condition of the assets at their respective dates of acquisition, resulting in an estimated useful life for assets within each category. All self-storage property assets are depreciated using the straight-line method. Buildings and improvements are depreciated over an estimated useful life of 39 years; furniture and equipment are depreciated over an estimated useful life of 7 years. The cost of the land is not depreciated. Repair and maintenance costs are expensed as incurred.

Regency Affiliates, Inc. and Subsidiaries
Notes to Consolidated Financial Statements

Note 1. Summary of Significant Accounting Policies (continued)

Self-Storage Properties (continued)

These items consist of the following as of:

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Land	\$ 4,760,502	\$ 4,760,502
Building and improvements	30,609,719	30,494,117
Furniture and equipment	<u>131,381</u>	<u>119,108</u>
	35,501,602	35,373,727
Less: Accumulated depreciation	<u>(6,837,601)</u>	<u>(6,038,680)</u>
Self-Storage Properties, net	<u>\$ 28,664,001</u>	<u>\$ 29,335,047</u>

Depreciation expense on these properties was \$798,921 and \$795,818 for the years ended December 31, 2024 and 2023, respectively.

Property and Equipment

Property and equipment are carried at cost less accumulated depreciation. Depreciation is provided over the estimated useful lives of the assets using the straight-line method as follows: machinery and equipment - 7 years. Repairs and maintenance costs are expensed as incurred that do not extend the life or functionality of the asset.

These items consist of the following as of:

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Machinery and equipment	\$ 79,614	\$ 79,614
Less: Accumulated depreciation	<u>(55,774)</u>	<u>(48,971)</u>
Property and equipment, net	<u>\$ 23,840</u>	<u>\$ 30,643</u>

Depreciation expense was \$6,803 and \$5,127 for the years ended December 31, 2024 and 2023, respectively.

Income Taxes

The Company utilizes FASB ASC 740-10, "Income Taxes", which requires an asset and liability approach to financial accounting and reporting for income taxes. The difference between the financial statement and tax basis of assets and liabilities is determined annually. Deferred income tax assets and liabilities are computed for those temporary differences that have future tax consequences using the current enacted tax laws and rates that apply to the periods in which they are expected to affect taxable income. In some situations, FASB ASC 740-10 permits the recognition of expected benefits of utilizing net operating loss and tax credit carryforwards. Valuation allowances are established based upon management's estimate, if necessary. Income tax expense (benefit) is the current tax payable or refund for the period plus or minus the net change in the deferred tax assets and liabilities.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities as of the date of the financial statements, and also affect the amounts of revenues and expenses reported for each period. Actual results could differ from those estimates. Management utilizes various other estimates, including but not limited to, assessing the collectability of rents receivable, determining the estimated lives of long-lived assets, determining the potential impairment of intangibles, the recognition of revenue, and other legal claims and contingencies. The results of any changes in accounting estimates are reflected in the financial statements in the period in which the changes become evident. Estimates and assumptions are reviewed periodically, and the effects of revisions are reflected in the period that they are determined to be necessary.

Regency Affiliates, Inc. and Subsidiaries
Notes to Consolidated Financial Statements

Note 1. Summary of Significant Accounting Policies (continued)

Revenue Recognition

The Company recognizes rental income revenue in accordance with ASC Topic 842, Leases. As such, the revenue from these leases are outside of the scope of FASB ASC Topic 606, Revenue from Contracts with Customers. Substantially all leases may be terminated on a month-to-month basis and rental income is recognized ratably over the lease term using the straight-line method. Rents received in advance are deferred and recognized on a straight-line basis over the related lease term associated with the prepayment. Promotional discounts and other incentives are recognized as a reduction to rental income over the applicable lease term. Other property related revenue consists of ancillary revenues such as tenant insurance related access fees and commissions and sales of storage supplies with are recognized in the period earned.

For insurance income, the Company acts as an agent and recognized revenue for only its commission on the arrangement. The Company has a contract with the insurance carrier for acting as an agent, with a fixed commission amount. The performance obligation is satisfied, and revenue is earned at a point in time, which is when the Company sells a policy to a customer. There is no variable consideration for this revenue stream.

Expense Recognition

Property tax expense is based on actual amounts billed. Cost of operations, general and administrative expense and interest expense are expensed as incurred.

Advertising Expenses

The Company expenses advertising costs when incurred. Advertising and marketing costs totaled \$178,738 and \$173,329 for the years ended December 31, 2024 and 2023, respectively.

Common Stock Repurchase

The Company accounts for the repurchase of common stock under ASC Topic 505, Equity, and charges the entire cost of repurchase, which is in excess of par value, to retained earnings.

Fair Value Measurements

The carrying amounts of cash and cash equivalents, restricted cash, prepaid expenses and other current assets, accounts payable, accrued liabilities, deferred revenue, and other liabilities approximate their fair value due to the short-term nature of these instruments.

ASC Topic 820, Fair Value Measurements and Disclosures, provides the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

Regency Affiliates, Inc. and Subsidiaries
Notes to Consolidated Financial Statements

Note 1. Summary of Significant Accounting Policies (continued)

Fair value is defined as an exit price, representing the amount that would be received upon the sale of an asset or payment to transfer a liability in an orderly transaction between market participants. Fair value is a market-based measurement that is determined based on assumptions that market participants would use in pricing an asset or liability. A three-tier fair value hierarchy is used to prioritize the inputs in measuring fair value as follows:

- Level 1 Quoted prices in active markets for identical assets or liabilities.
- Level 2 Quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, or other inputs that are observable, either directly or indirectly.
- Level 3 Significant unobservable inputs that cannot be corroborated by market data.

Limitations on the Use of Fair Value Estimates

Fair value estimates are made at a specific point in time, based on relevant market information and information about the financial statements. These estimates are subjective in nature, involve uncertainties and matters of significant judgment, and therefore cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

Leases

The Company accounts for its leases in accordance with the guidance of ASC 842, Leases. The Company determines whether a contract is, or contains, a lease at inception. Right-of-use assets represent the Company's right to use an underlying asset during the lease term and lease liabilities represent the Company's obligation to make lease payments arising from the lease. Right-of-use assets and lease liabilities are recognized at lease commencement based upon the estimated present value of unpaid lease payments over the lease term. The Company uses its incremental borrowing rate based on the information available at lease commencement in determining the present value of unpaid lease payments.

Segment Reporting

ASC Topic 280, Segment Reporting, establishes standards for the manner in which companies report information about operating segments. The Company is an internally managed real estate company that acquires, owns, invests in, and manages a portfolio of commercial real estate. The Company primarily engages in leasing activities that generate revenues and incur operating expenses in addition to investing in property development. The Company aggregates these investments for reporting purposes and operates in one reportable segment.

The Company's chief operating decision maker ("CODM") is the Company's chief executive officer. The CODM uses net loss, as reported on the consolidated statements of operations to measure segment operating performance and allocate resources. The Company's significant expenses that are reviewed regularly by the CODM include self-storage cost of operations, self-storage depreciation expense, general and administrative expenses and loss from equity investment in partnerships/LLC. The measure of segment assets is reported on the Company's consolidated balance sheets as total assets.

Regency Affiliates, Inc. and Subsidiaries
Notes to Consolidated Financial Statements

Note 1. Summary of Significant Accounting Policies (continued)

Recently Adopted Accounting Pronouncements

In November 2023, the FASB issued ASU 2023-07 – Improvements to Reportable Segment Disclosures, which enhances the disclosures required for reportable segments in annual and interim consolidated financial statements, including additional, more detailed information about a reportable segment’s expenses. The standard is effective for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024. The disclosures are applied retrospectively to all periods presented. The Company adopted ASU 2023-07 for the year ended December 31, 2024. The adoption of this ASU had no impact on the reportable segment identified and had no effect on the Company’s consolidated financial position, results of operations, or cash flows. Additional required disclosure has been included within Note 1, “Segment Reporting.”

Recent Accounting Pronouncements Not Yet Adopted

In December 2023, the FASB issued ASU 2023-09 – Improvements to Income Tax Disclosures, which enhances the transparency and decision usefulness of income tax disclosures. The standard is effective for public companies for annual periods beginning after December 15, 2024. Early adoption is available. The Company is still evaluating the full extent of the potential impact of the adoption of ASU 2023-09 but believes it will not have a material impact on its consolidated financial statements and disclosures.

Note 2. Fair Value Measurements

The fair value of the Company’s financial instruments are as follows:

As of December 31, 2024				
Security Type	Quoted Prices in Active Markets for Identical Assets or Liabilities (Level 1)	Quoted Prices for Similar Assets or Liabilities in Active Markets (Level 2)	Significant Unobservable Inputs (Level 3)	Total
U.S. Treasury Bills	\$ -	\$ 4,860,050	\$ -	\$ 4,860,050
U.S. Treasury Notes	-	506,485	-	506,485
Total	<u>\$ -</u>	<u>\$ 5,366,535</u>	<u>\$ -</u>	<u>\$ 5,366,535</u>
As of December 31, 2023				
Security Type	Quoted Prices in Active Markets for Identical Assets or Liabilities (Level 1)	Quoted Prices for Similar Assets or Liabilities in Active Markets (Level 2)	Significant Unobservable Inputs (Level 3)	Total
U.S. Treasury Notes	\$ -	\$ 1,135,193	\$ -	\$ 1,135,193
U.S. Treasury Bills	-	3,934,360	-	3,934,360
Total	<u>\$ -</u>	<u>\$ 5,069,553</u>	<u>\$ -</u>	<u>\$ 5,069,553</u>

Regency Affiliates, Inc. and Subsidiaries
Notes to Consolidated Financial Statements

Note 3. Marketable Securities

The tables below summarize the cost and fair values of marketable securities:

As of December 31, 2024				
Security Type	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
U.S. Treasury Notes	\$ 4,860,050	\$ 2,064	\$ -	\$ 4,862,114
U.S. Treasury Bills	506,485	1,124	-	507,609
Total	\$ 5,366,535	\$ 3,188	\$ -	\$ 5,369,723

As of December 31, 2023				
Security Type	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
U.S. Treasury Notes	\$ 1,135,193	\$ 2,712	\$ -	\$ 1,137,905
U.S. Treasury Bills	3,934,360	5,154	(938)	3,938,576
Total	\$ 5,069,553	\$ 7,866	\$ (938)	\$ 5,076,481

Accrued interest receivable as of December 31, 2024 and 2023 was \$2,869 and \$6,484, respectively.

As of December 31, 2024 and 2023, the Company held no securities and four securities in an unrealized loss position, respectively. The aggregate fair value of securities held by the Company in an unrealized loss position for less than twelve months as of December 31, 2023 was \$2,259,787, in which the Company had the intent and ability to hold such securities until recovered. As a result, the Company did not record any charges for credit-related impairments for its marketable debt securities for the years ended December 31, 2024 and 2023.

Note 4. Investment in Security Land and Development Company Limited Partnership

The Company owns a limited partnership interest in Security Land, which owns a parcel of land and an office complex (the “Security West Building”). The Company has limited voting rights and is entitled to certain allocations of the profit and loss and operating cash flow distributions of Security Land.

For the years ended December 31, 2024 and 2023, the Company recognized losses of \$582,680 and \$3,627,492, respectively, from its equity investment in Security Land. The Company was paid \$685,566 in distributions during the year ended December 31, 2024. There were no distributions paid to the Company during the year ended December 31, 2023.

The Company also owns a 5% limited partnership interest in 1500 Woodlawn Limited Partnership, the general partner of Security Land. The Company recognized losses of \$24,518 and \$152,639 for the years ended December 31, 2024 and 2023, respectively, from this investment.

On December 6, 2018, the Company entered into a second amended and restated limited partnership agreement (the “Amended Partnership Agreement”) with Woodlawn and other limited partners. Among other things, the Amended Partnership Agreement allowed Security Land to enter into a new agreement with the United States General Services Administration and refinance its debt, as described below. As part of the Amended Partnership Agreement, the income allocated to the Company was reduced from 95% to 48.969%.

Regency Affiliates, Inc. and Subsidiaries
Notes to Consolidated Financial Statements

Note 4. Investment in Security Land and Development Company Limited Partnership (continued)

On December 6, 2018, Security Land entered into an agreement (“Management Agreement”) with Woodlawn and the Company. Pursuant to the Management Agreement, there is an asset management fee payable to the Company at a rate of 1.3% of monthly rental income in the applicable period, payable monthly through the date of sale of the property. For the years ended December 31, 2024 and 2023, the Company recognized \$0 and \$137,344, respectively, from the management fee agreement.

On December 17, 2018, Security Land signed a new ten-year lease with the United States General Services Administration (the “GSA”), which became effective as of November 1, 2018 and under the terms of the lease would have expired on October 31, 2028. In October 2021, the GSA notified Security Land that it would early terminate its lease for the Security West Building effective November 1, 2023. The GSA fully vacated from the Security West Building effective November 1, 2023 and as of December 31, 2024, the Security West Building is targeted to be demolished by May 2025. Security Land is currently investigating and evaluating redevelopment opportunities for the site.

Summarized Balance Sheet information for Security Land is as follows:

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Balance Sheet Data		
Cash and cash equivalents	\$ 6,188,048	\$ 8,546,020
Real estate, net	2,151,154	2,151,154
Prepaid expenses and other receivables	36,882	41,824
Receivables and other assets	120,423	358,291
Total Assets	<u>\$ 8,496,507</u>	<u>\$ 11,097,289</u>
Accounts payable and accrued expenses	<u>\$ 111,846</u>	<u>\$ 123,482</u>
Total Liabilities	<u>111,846</u>	<u>123,482</u>
Partners' capital:		
Total Partners' Capital	<u>8,384,661</u>	<u>10,973,807</u>
Total Liabilities and Partners' Capital	<u>\$ 8,496,507</u>	<u>\$ 11,097,289</u>

Summarized Statements of Net Loss information for Security Land is as follows:

	For the Years Ended December 31,	
	<u>2024</u>	<u>2023</u>
Revenue	\$ 443,911	\$ 10,345,253
Expenses	(1,633,056)	(4,944,470)
Impairment of real estate	-	(12,803,828)
Net loss	<u>\$ (1,189,145)</u>	<u>\$ (7,403,045)</u>

Note 5. Related Party Transactions

In connection with the Company’s investment in Security Land, the Company also holds a 5% interest in Woodlawn. Security Land entered into an agreement with TCG Properties Corporation, an affiliate of Woodlawn, to provide management services, including payroll and other administrative services. For the years ended December 31, 2024 and 2023, Woodlawn recorded total TCG Properties Corporation fees charged to Security Land of \$422,424 and \$302,769, respectively.

Regency Affiliates, Inc. and Subsidiaries
Notes to Consolidated Financial Statements

Note 6. Mortgage Note Payable

On April 18, 2016, SSCP Harrisburg Properties obtained a \$25,250,000 bank note to fund the acquisition of the self-storage properties (the "Mortgage Note Payable"). The Mortgage Note Payable is a non-recourse debt financing with a ten-year term, 4.95% fixed interest rate, and has a maturity date of May 6, 2026. The Mortgage Note Payable is guaranteed by the owners of SSCP Harrisburg Properties and is secured by all assets of SSCP Harrisburg Properties. The only amount due during the first four years of the Mortgage Note Payable was interest. After such point, the Company makes monthly payments of \$134,777 until a balloon payment is due in 2026. The Company paid \$126,250 in fees for underwriting the Mortgage Note Payable. These fees were recorded as a debt discount and are amortized over the life of the Mortgage Note Payable. Amortization expense of debt discount was \$12,624 and \$12,624 for the years ended December 31, 2024 and 2023, respectively. The unamortized debt discount as of December 31, 2024 and December 31, 2023 is \$16,836 and \$29,460, respectively. The principal outstanding on the Mortgage Note Payable as of December 31, 2024 and 2023 is \$23,457,958 and \$23,883,066, respectively. For the years ended December 31, 2024 and 2023, the Company incurred interest expense of \$1,188,716 and \$1,231,643, respectively, in connection with the Mortgage Note Payable.

Under the terms of this agreement, the Company is required to meet and maintain certain financial covenants. As of December 31, 2024, the Company was in compliance with all financial covenants. The covenant as of December 31, 2024 was:

Minimum Debt Service Coverage Ratio	1.15 to 1.00
Actual Debt Service Coverage Ratio	1.49 to 1.00

Future principal payments due under the Mortgage Note Payable are as follows for the years ending December 31:

2025	\$ 471,192
2026	<u>22,986,766</u>
Total	23,457,958
Less: Debt discount	<u>(16,836)</u>
Subtotal	<u>\$ 23,441,122</u>
Mortgage note payable, net - current	<u>\$ 458,568</u>
Mortgage note payable, net – non-current	<u>\$ 22,982,554</u>

Note 7. Loan Payable

On October 8, 2024, RSS borrowed \$5,000,000 from an unrelated third-party (the "2024 Loan Agreement"), the proceeds of which were used to fund the acquisition of the Harrisburg Holdings membership interests (and related expenses) and are otherwise available for general corporate purposes, including the repurchase by Regency of shares of its outstanding common stock. The loan accrues interest, payable monthly, at the rate of 10% per annum, and is payable in full on May 7, 2026 or sooner under certain circumstances including upon repayment in full of the Mortgage Note Payable. The \$5,000,000 loan is prepayable at any time without premium or penalty, is secured by a pledge of the membership interests in Harrisburg Holdings owned by RSS, and includes certain customary covenants, representations and events of default. In addition, while the \$5,000,000 loan remains outstanding, RSS agreed to first offer the lender the opportunity to purchase the SSCP Harrisburg Properties in the event that RSS determined to sell the properties. The Company incurred \$164,251 in legal fees in connection with the issuance of the 2024 Loan Agreement. These fees were recorded as debt issuance costs and are amortized over the life of this loan. Amortization expense of the debt issuance cost was \$23,953 for the year ended December 31, 2024. The unamortized debt issuance cost as of December 31, 2024 is \$140,297. The principal outstanding on the note as of December 31, 2024 is \$5,000,000. For the year ended December 31, 2024, the Company incurred interest expense of \$118,076 in connection with this note. Accrued interest as of December 31, 2024 is \$0.

Regency Affiliates, Inc. and Subsidiaries
Notes to Consolidated Financial Statements

Note 8. Contingencies, Risks, and Uncertainties

The Company is subject to numerous contingencies, risks and uncertainties including, but not limited to, the following that could have a severe impact on the Company:

A sudden catastrophe to the land underlying the Security West Building from uninsured acts of God or war could have a materially adverse impact upon the Company's investment in Security Land and Development Company Limited Partnership and, therefore, its financial position and results of operations.

Royalty, an affiliate of the Company's management, beneficially owns approximately 52.7% of the Company's common stock. As a result, Royalty has the ability to control the outcome of all matters requiring shareholder approval, including the election and removal of directors and any merger, consolidation or sale of all or substantially all of the Company's assets.

There are many public and private companies that are also searching for operating businesses and other business opportunities as potential acquisition or merger candidates. The Company will be in direct competition with these other companies in its search for business opportunities. Many of these entities have significantly greater financial and personnel resources than the Company.

The Company and the general partner of Security Land were in disagreement as to the manner in which taxable income of Security Land was to be allocated pursuant to the partnership agreement and applicable law, and for years 2004 through 2018, the Company reported taxable income (loss) from Security Land in a manner the Company believes is proper, but which was different than the manner reported by Security Land. See Note 4, "Investment in Security Land and Development Company Limited Partnership". In February 2016, the Company obtained an insurance policy to protect against such losses, however, it may not be sufficient under all circumstances to cover all potential losses to the Company in the event of any such adverse determinations. From time to time and as recently as December 2024, the Company and the general partner of Security Land have engaged in discussions intended to settle the foregoing tax dispute and any related liability for unpaid taxes (and interest and penalties). No such settlement has been achieved to date and no assurance can be given that the parties will ever reach a settlement of the dispute.

In September 2016 and 2017, the Company received Internal Revenue Service letters indicating its 2014 and 2015 Federal Forms 1120, respectively, were selected for examination. Management has submitted all documentation requested. As of December 31, 2024, management does not believe that the Company has any material uncertain tax positions that would require it to measure and reflect the potential lack of sustainability of a position on audit in its financial statements. The Company will continue to evaluate its uncertain tax positions in future periods to determine if measurement and recognition in its financial statements is necessary. The Company does not believe there will be any material changes in its unrecognized tax positions over the next year.

The Company's operations may be affected from time to time by health pandemics, geopolitical unrest (such as in Europe or in the Middle East), actions taken by the United States government and the impact of elevated interest rates and inflation. These factors may have an adverse impact on the Company's financial position, operations, and cash flows, or on the financial markets, potentially impacting the cost of its capital or the ability to raise capital at a point when raising capital might be appropriate for the Company. The Company is monitoring these and other risks on all aspects of its business.

Regency Affiliates, Inc. and Subsidiaries
Notes to Consolidated Financial Statements

Note 9. Lease Commitments

For operating leases, the lease liability is initially and subsequently measured at the present value of the unpaid lease payments. The Company generally uses its incremental borrowing rate as the discount rate for leases unless an interest rate is implicitly stated in the lease. The Company's incremental borrowing rate used for all leases under ASC 842 was 5.00%, the rate of interest that the Company would have to pay to borrow an amount equal to the lease payments on a collateralized basis over a similar term. The lease term for the Company's leases includes the noncancellable period of the lease plus any additional periods covered by either a Company option to extend the lease that the Company is reasonably certain to exercise, or an option to extend the lease controlled by the lessor. ROU assets, once recorded, are reviewed annually for impairment.

In April 2023, Regency paid a \$10,638 security deposit and entered into a new, five-year office lease agreement for a 432 square foot space for its New York location. Base rental payments under this agreement are \$5,066 per month for the first year, \$5,247 per month for the second year and \$5,428 per month for the remaining term.

Rent expense for the years ended December 31, 2024 and 2023 was \$63,826 and \$208,026, respectively.

Other information related to leases is presented below:

Other information	<u>As of December 31, 2024</u>
Weighted-average discount rate – operating lease	5.00 %
Weighted-average remaining lease term – operating lease (in months)	41

As of December 31, 2024, future minimum payments under this operating lease are as follows:

For the Years Ended December 31,		
2025	\$	64,225
2026		65,130
2027		65,130
2028		27,138
Total future minimum lease payments, undiscounted		221,623
Less: Imputed interest for leases in excess of one year		(17,501)
Total	\$	204,122

Note 10. Shareholders' Equity

On October 17, 2024, the Company acquired, in a privately negotiated transaction with an unaffiliated shareholder, 331,500 shares of Regency's outstanding common stock for a total purchase price of \$1,740,375, or \$5.25 per share. On November 20, 2024, the Company retired the repurchased shares and charged the cost of repurchase which was in excess of par value to retained earnings.

Regency Affiliates, Inc. and Subsidiaries
Notes to Consolidated Financial Statements

Note 11. Dividends

The Board of Directors has a dividend policy whereby the Board expects to declare a quarterly dividend to common shareholders provided that the determination to pay any cash dividends for any quarterly period will be made at the applicable time by the Board, in the Board's sole discretion, in compliance with the requirements of applicable law, and with consideration of the Company's future earnings and financial condition and other factors as may be deemed appropriate for consideration by the Board. The dividend policy will remain in effect until the Board determines, in its sole discretion, that it is in the best interests of the Company and its common shareholders to terminate the dividend policy.

The quarterly dividend per share was increased to \$0.078 for quarters ended September 30, 2024 and following.

During the years ended December 31, 2024 and 2023, the Company recorded as dividends payable a portion of declared dividends for certain stockholders who could not be located by the Company's transfer agent. As of December 31, 2024 and 2023, there were \$214,765 and \$213,106, respectively, of returned dividends included in dividends payable on the Company's consolidated balance sheet.

Note 12. Income Taxes

As referred to in Note 1, the Company accounts for income taxes under FASB ASC Topic 740-10, Income Taxes. The deferred taxes are the result of temporary differences between financial reporting and tax reporting for depreciation, earnings from the Company's partnership investment in Security Land and the recognition of income tax carry-forward items.

The Company files consolidated income tax returns with its wholly owned subsidiary. As of December 31, 2014, for regular federal and state income tax purposes, the Company has utilized all of its net operating loss ("NOL") carryforwards. The Company believes it is no longer subject to income tax examinations for years prior to 2014 by the respective taxing authorities.

The Company and the general partner of Security Land are in disagreement as to the manner in which taxable income of Security Land was to be allocated pursuant to the partnership agreement and applicable law, and for years 2004 through 2018, the Company has reported taxable income and loss from Security Land in a manner it believes is proper, but which was different than the manner reported by Security Land. An investigation or other action by the applicable tax authorities to resolve this difference could have an adverse impact on the Company's operations and financial results.

The Company's 2014 and 2015 tax returns are under examination by the Internal Revenue Service ("IRS").

To safeguard itself from any possible negative impact, in February 2016, the Company purchased an insurance policy and binder to insure against the negative tax consequences should any arise from the disagreement with Security Land regarding reported taxable income allocations. In 2016, the Company paid \$633,900 for the policy and binder which provides coverage of up to \$10 million for negative income tax consequences which might arise over the seven year period following the purchase of the insurance policy in the event the IRS or a state taxing authority were to investigate and reject the Company's tax positions taken. The policy is subject to certain limitations, exclusions, and retentions.

Regency Affiliates, Inc. and Subsidiaries
Notes to Consolidated Financial Statements

Note 12. Income Taxes (continued)

For the years ended December 31, 2024 and 2023, the Company has recorded for federal and state purposes tax provision of \$0 and benefit of \$853,327, respectively. The Company's applicable statutory tax rates are 21% and 6.9% for federal and state tax purposes, respectively, for the year ended December 31, 2024 and 21% and 3.3% for federal and state tax purposes, respectively, for the year ended December 31, 2023. The reconciliation of the Company's income tax expense for the years ended December 31, 2024 and 2023 is as follows:

	For the Years Ended December 31,	
	2024	2023
Income tax at federal statutory rate	\$ (159,463)	\$ (608,069)
State taxes, net of federal benefit	(52,389)	(95,659)
True-up	1,189,151	962,275
Prepaid taxes true-up	-	(853,327)
Change in federal valuation allowance	(977,299)	(258,547)
Total income tax provision (benefit)	<u>\$ -</u>	<u>\$ (853,327)</u>

The components of net deferred tax assets and liabilities at December 31, 2024 and 2023 are as follows:

	For the Years Ended December 31,	
	2024	2023
Deferred tax assets		
Investment in partnership	\$ 230,014	\$ 1,421,446
NOL carryforwards	901,155	689,335
Operating lease liability	56,949	61,934
Depreciation	4,065	2,310
Total assets	<u>1,192,183</u>	<u>2,175,025</u>
Valuation allowance	<u>(1,136,224)</u>	<u>(2,113,523)</u>
Net deferred tax asset	<u>55,959</u>	<u>61,502</u>
Deferred tax liabilities		
Operating lease right-of-use asset	<u>(55,959)</u>	<u>(61,502)</u>
Total liabilities	<u>(55,959)</u>	<u>(61,502)</u>
Net deferred tax liability	<u>\$ -</u>	<u>\$ -</u>

Regency Affiliates, Inc. and Subsidiaries
Notes to Consolidated Financial Statements

Note 12. Income Taxes (continued)

The components of income tax provision for the years ended December 31, 2024 and 2023 are as follows:

	For the Years Ended December 31,	
	2024	2023
Current		
Federal	\$	-\$ (549,392)
State	-	(303,935)
Total current	-	(853,327)
Deferred		
Federal	-	-
State	-	-
Total deferred	-	-
Change in valuation allowance	-	-
Total income tax provision (benefit)	\$	-\$ (853,327)

Note 13. Simplified Employee Pension- Individual Retirement Account (SEP-IRA)

The Company adopted a SEP-IRA Plan in 2004. During the years ended December 31, 2024 and 2023, the Company expensed contributions of \$92,297 and \$89,609, respectively, to the SEP-IRA Plan. The SEP-IRA Plan covers all employees who receive compensation from the Company during the year. Employer contributions are discretionary and determined annually. In addition, the SEP-IRA Plan allows participants to make elective deferral contributions through payroll deductions.

Note 14. Subsequent Events

The Company has evaluated subsequent events through March 31, 2025, which is the date these financial statements were available to be issued.

Regency Affiliates, Inc. and Subsidiary
1890 Palmer Avenue, Suite 303 Larchmont, NY 10538

(212)-644-3450

<http://www.regencyaffiliates.com/>
info@regencyaffiliates.com

Annual Report

For the period ending December 31, 2024 (the "Reporting Period")

Outstanding Shares

The number of shares outstanding of our Common Stock was:

4,483,557 as of December 31, 2024 (Current Reporting Period Date or More Recent Date)

4,815,057 as of December 31, 2023 (Most Recent Completed Fiscal Year End)

Shell Status

Indicate by check mark whether the company is a shell company (as defined in Rule 405 of the Securities Act of 1933, Rule 12b-2 of the Exchange Act of 1934 and Rule 15c2-11 of the Exchange Act of 1934):

Yes: No:

Indicate by check mark whether the company's shell status has changed since the previous reporting period:

Yes: No:

Change in Control

Indicate by check mark whether a Change in Control⁴ of the company has occurred during this reporting period:

Yes: No:

⁴ "Change in Control" shall mean any events resulting in:

- (i) Any "person" (as such term is used in Sections 13(d) and 14(d) of the Exchange Act) becoming the "beneficial owner" (as defined in Rule 13d-3 of the Exchange Act), directly or indirectly, of securities of the Company representing fifty percent (50%) or more of the total voting power represented by the Company's then outstanding voting securities;
- (ii) The consummation of the sale or disposition by the Company of all or substantially all of the Company's assets;
- (iii) A change in the composition of the Board occurring within a two (2)-year period, as a result of which fewer than a majority of the directors are directors immediately prior to such change; or
- (iv) The consummation of a merger or consolidation of the Company with any other corporation, other than a merger or consolidation which would result in the voting securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity or its parent) at least fifty percent (50%) of the total voting power represented by the voting securities of the Company or such surviving entity or its parent outstanding immediately after such merger or consolidation.

1) Name and address(es) of the issuer and its predecessors (if any)

In answering this item, provide the current name of the issuer and names used by predecessor entities, along with the dates of the name changes.

Regency Affiliates, Inc. and Subsidiary
1890 Palmer Avenue, Suite 303 Larchmont, NY 10538

Current State and Date of Incorporation or Registration: Delaware, November 25, 2003
Standing in this jurisdiction: (e.g. active, default, inactive): Active

Prior Incorporation Information for the issuer and any predecessors during the past five years:
N/A

Describe any trading suspension or halt orders issued by the SEC or FINRA concerning the issuer or its predecessors since inception:

None

List any stock split, dividend, recapitalization, merger, acquisition, spin-off, or reorganization either currently anticipated or that occurred within the past 12 months:

\$361,129 dividend declared as of March 31, 2024
\$361,129 dividend declared as of June 30, 2024
\$375,574 dividend declared as of September 30, 2024
\$349,717 dividend declared as of December 31, 2024

Address of the issuer's principal executive office:

1890 Palmer Avenue, Suite 303 Larchmont, NY 10538

Address of the issuer's principal place of business:

Check if principal executive office and principal place of business are the same address:

Has the issuer or any of its predecessors been in bankruptcy, receivership, or any similar proceeding in the past five years?

No: Yes: If Yes, provide additional details below:

2) Security Information

Transfer Agent

Name: Transfer Online
Phone: (503) 227-2950
Email: info@transferonline.com
Address: 512 SE Salmon Street, Portland, OR 97214

Publicly Quoted or Traded Securities:

The goal of this section is to provide a clear understanding of the share information for its publicly quoted or traded equity securities. Use the fields below to provide the information, as applicable, for all outstanding classes of securities that are publicly traded/quoted.

Trading symbol:	<u>RAFI</u>	
Exact title and class of securities outstanding:	<u>Common</u>	
CUSIP:	<u>758847305</u>	
Par or stated value:	<u>\$0.01</u>	
Total shares authorized:	<u>8,000,000</u>	<u>as of date: December 31, 2024</u>
Total shares outstanding:	<u>4,483,557</u>	<u>as of date: December 31, 2024</u>
Total number of shareholders of record:	<u>92</u>	<u>as of date: December 31, 2024</u>

Please provide the above-referenced information for all other publicly quoted or traded securities of the issuer.

Other classes of authorized or outstanding equity securities that do not have a trading symbol:

The goal of this section is to provide a clear understanding of the share information for its other classes of authorized or outstanding equity securities (e.g., preferred shares that do not have a trading symbol). Use the fields below to provide the information, as applicable, for all other authorized or outstanding equity securities.

Exact title and class of the security:	_____	
Par or stated value:	_____	
Total shares authorized:	_____	<u>as of date: _____</u>
Total shares outstanding:	_____	<u>as of date: _____</u>
Total number of shareholders of record:	_____	<u>as of date: _____</u>

Please provide the above-referenced information for all other classes of authorized or outstanding equity securities.

Security Description:

The goal of this section is to provide a clear understanding of the material rights and privileges of the securities issued by the company. Please provide the below information for each class of the company's equity securities, as applicable:

1. For common equity, describe any dividend, voting and preemption rights.

Holders of common equity are entitled to one vote per share and are eligible for dividends when and as declared by the Company's Board of Directors. The Company's certificate of incorporation does not provide for any preemptive rights.

2. For preferred stock, describe the dividend, voting, conversion, and liquidation rights as well as redemption or sinking fund provisions.

The Company's Board of Director has the authority to designate material rights of preferred stock when issued. There is no preferred stock issued as of December 31, 2024 and as a result the preferred stock has no current rights.

3. Describe any other material rights of common or preferred stockholders.

N/A

4. Describe any material modifications to rights of holders of the company's securities that have occurred over the reporting period covered by this report.

N/A

3) Issuance History

The goal of this section is to provide disclosure with respect to each event that resulted in any changes to the total shares outstanding of any class of the issuer's securities in the past two completed fiscal years and any subsequent interim period.

Disclosure under this item shall include, in chronological order, all offerings and issuances of securities, including debt convertible into equity securities, whether private or public, and all shares, or any other securities or options to acquire such securities, issued for services. Using the tabular format below, please describe these events.

A. Changes to the Number of Outstanding Shares for the two most recently completed fiscal years and any subsequent period.

Indicate by check mark whether there were any changes to the number of outstanding shares within the past two completed fiscal years:

No: Yes: (If yes, you must complete the table below)

Shares Outstanding <u>Opening Balance:</u> Date <u>01/01/2023</u> Common: <u>4,815,057</u> Preferred: _____			*Right-click the rows below and select "Insert" to add rows as needed.						
Date of Transaction	Transaction type (e.g., new issuance, cancellation, shares returned to treasury)	Number of Shares Issued (or cancelled)	Class of Securities	Value of shares issued (\$/per share) at Issuance	Were the shares issued at a discount to market price at the time of issuance? (Yes/No)	Individual/ Entity Shares were issued to. ***You must disclose the control person(s) for any entities listed.	Reason for share issuance (e.g. for cash or debt conversion) - OR- Nature of Services Provided	Restricted or Unrestricted as of this filing.	Exemption or Registration Type.
<u>10/17/2024</u>	<u>Repurchased shares retired</u>	<u>331,500</u>	<u>Common</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
_____	_____	_____	_____	_____	_____	_____	_____	_____	_____

_____	_____	_____	_____	_____	_____	_____	_____	_____	_____
Shares Outstanding on Date of This Report:									
Ending Balance:									
Date <u>3/31/2025</u>	Common: <u>4,483,557</u>								
Preferred: _____									

Example: A company with a fiscal year end of December 31st 2024, in addressing this item for its Annual Report, would include any events that resulted in changes to any class of its outstanding shares from the period beginning on January 1, 2023 through December 31, 2024 pursuant to the tabular format above.

Any additional material details, including footnotes to the table are below:

B. Convertible Debt

The following is a complete list of the Company’s Convertible Debt which includes all promissory notes, convertible notes, convertible debentures, or any other debt instruments convertible into a class of the issuer’s equity securities. The table includes all issued or outstanding convertible debt at any time during the last complete fiscal year and any interim period between the last fiscal year end and the date of this Certification.

Check this box to confirm the Company had no Convertible Debt issued or outstanding at any point during this period.

Date of Note Issuance	Principal Amount at Issuance (\$)	Outstanding Balance (\$) (include accrued interest)	Maturity Date	Conversion Terms (e.g., pricing mechanism for determining conversion of instrument to shares)	# Shares Converted to Date	# of Potential Shares to be Issued Upon Conversion ⁵	Name of Noteholder (entities must have individual with voting / investment control disclosed).	Reason for Issuance (e.g., Loan, Services, etc.)
Total Outstanding Balance:				Total Shares:				

Any additional material details, including footnotes to the table are below:

⁵ The total number of shares that can be issued upon full conversion of the Outstanding Balance. The number should not factor any “blockers” or limitations on the percentage of outstanding shares that can be owned by the Noteholder at a particular time. For purposes of this calculation, please use the current market pricing (e.g. most recent closing price, bid, etc.) of the security if conversion is based on a variable market rate.

4) Issuer's Business, Products and Services

The purpose of this section is to provide a clear description of the issuer's current operations. Ensure that these descriptions are updated on the Company's Profile on www.OTCMarkets.com.

A. Summarize the issuer's business operations (If the issuer does not have current operations, state "no operations")

The Company invests in assets that generate attractive, predictable and sustainable returns on capital. The Company's objective is to generate long-term value for its shareholders. Management seeks sound investment opportunities to meet its business characteristics and valuation criteria.

B. List any subsidiaries, parent company, or affiliated companies.

- Security Land and Development Company Limited Partnership
- RSS Investments LLC
- SSCP Harrisburg Holdings, LLC
- SSCP Harrisburg Intermediate Holdings, LLC
- 1500 Woodlawn Limited Partnership

C. Describe the issuers' principal products or services.

Real estate investment

5) Issuer's Facilities

The goal of this section is to provide investors with a clear understanding of all assets, properties or facilities owned, used or leased by the issuer and the extent in which the facilities are utilized.

In responding to this item, please clearly describe the assets, properties or facilities of the issuer. Describe the location of office space, data centers, principal plants, and other property of the issuer and describe the condition of the properties. Specify if the assets, properties, or facilities are owned or leased and the terms of their leases. If the issuer does not have complete ownership or control of the property, describe the limitations on the ownership.

Through its 100% interest in SSCP Harrisburg Holdings, LLC, the Company owns and operates a portfolio of five self-storage facilities in Harrisburg, Pennsylvania area. The Company also holds a 49% limited partnership interest in Security Land and Development Company Limited Partnership, which owns and operates 34.3 acres of land and a vacant office building in Woodlawn, Maryland.

6) All Officers, Directors, and Control Persons of the Company

Using the table below, please provide information, as of the period end date of this report, regarding all officers and directors of the company, or any person that performs a similar function, regardless of the number of shares they own.

In addition, list all individuals or entities controlling 5% or more of any class of the issuer's securities.

If any insiders listed are corporate shareholders or entities, provide the name and address of the person(s) beneficially owning or controlling such corporate shareholders, or the name and contact information (City, State) of an individual representing the corporation or entity. Include Company Insiders who own any outstanding units or shares of any class of any equity security of the issuer.

The goal of this section is to provide investors with a clear understanding of the identity of all the persons or entities that are involved in managing, controlling or advising the operations, business development and disclosure of the issuer, as well as the identity of any significant or beneficial owners.

Individual Name (First, Last) or Entity Name (Include names of control person(s) if a corporate entity)	Position/Company Affiliation (ex: CEO, 5% Control person)	City and State (Include Country if outside U.S.)	Number of Shares Owned (List common, preferred, warrants and options separately)	Class of Shares Owned	Percentage of Class of Shares Owned (undiluted)
Laurence Levy	Chairman, CEO, CFO	Scarsdale, NY	<u>2,720,602</u>	<u>Common Stock</u>	<u>60.7%</u>
Anthony Brittan	Director	London, UK	<u>0</u>	<u>N/A</u>	<u>N/A</u>
Errol Glasser	Director	Savannah, GA	<u>19,875</u>	<u>Common Stock</u>	<u><1%</u>
Royalty Holdings, LLC	Owner of more than 5%	Larchmont, NY	<u>2,362,736</u>	<u>Common Stock</u>	<u>52.7%</u>

Confirm that the information in this table matches your public company profile on www.OTCMarkets.com. If any updates are needed to your public company profile, log in to www.OTCIQ.com to update your company profile.

7) Legal/Disciplinary History

A. Identify and provide a brief explanation as to whether any of the persons or entities listed above in Section 6 have, in the past 10 years:

1. Been the subject of an indictment or conviction in a criminal proceeding or plea agreement or named as a defendant in a pending criminal proceeding (excluding minor traffic violations);

No

2. Been the subject of the entry of an order, judgment, or decree, not subsequently reversed, suspended or vacated, by a court of competent jurisdiction that permanently or temporarily enjoined, barred, suspended or otherwise limited such person's involvement in any type of business, securities, commodities, financial- or investment-related, insurance or banking activities;

No

3. Been the subject of a finding, disciplinary order or judgment by a court of competent jurisdiction (in a civil action), the Securities and Exchange Commission, the Commodity Futures Trading Commission, a state securities regulator of a violation of federal or state securities or commodities law, or a foreign regulatory body or court, which finding or judgment has not been reversed, suspended, or vacated;

No

4. Named as a defendant or a respondent in a regulatory complaint or proceeding that could result in a "yes" answer to part 3 above; or

No

5. Been the subject of an order by a self-regulatory organization that permanently or temporarily barred, suspended, or otherwise limited such person's involvement in any type of business or securities activities.

No

6. Been the subject of a U.S Postal Service false representation order, or a temporary restraining order, or preliminary injunction with respect to conduct alleged to have violated the false representation statute that applies to U.S mail.

No

- B. Describe briefly any material pending legal proceedings, other than ordinary routine litigation incidental to the business, to which the issuer or any of its subsidiaries is a party to or of which any of their property is the subject. Include the name of the court or agency in which the proceedings are pending, the date instituted, the principal parties thereto, a description of the factual basis alleged to underlie the proceeding and the relief sought. Include similar information as to any such proceedings known to be contemplated by governmental authorities.

None

8) Third Party Service Providers

Provide the name, address, telephone number and email address of each of the following outside providers. You may add additional space as needed.

Confirm that the information in this table matches your public company profile on www.OTCMarkets.com. If any updates are needed to your public company profile, update your company profile.

Securities Counsel

Name: Todd J. Emmerman
Firm: Brown Rudnick LLP
Address 1: 7 Times Square, New York, NY 10036
Address 2:
Phone: (212) 209-4888
Email: temmerman@brownrudnick.com

Accountant or Auditor

Name: Rob Quick
Firm: RRBB Accountants & Advisors
Address 1: 265 Davidson Avenue, Suite 201 Somerset, NJ 08873-4120
Address 2:
Phone: 908-231-1000
Email: rquick@rrbb.com

Investor Relations

Name: _____
Firm: _____
Address 1: _____
Address 2: _____
Phone: _____
Email: _____

All other means of Investor Communication:

X (Twitter): _____
Discord: _____
LinkedIn _____
Facebook: _____
[Other] _____

Other Service Providers

Provide the name of any other service provider(s) that **that assisted, advised, prepared, or provided information with respect to this disclosure statement**. This includes counsel, broker-dealer(s), advisor(s), consultant(s) or any entity/individual that provided assistance or services to the issuer during the reporting period.

Name: Sharon Kim
Firm: Financial Consulting Strategies, LLC
Nature of Services: Consulting
Address 1: 1300 Route 17 North, Suite 1 #1038 Ramsey, NJ 07446
Address 2: _____
Phone: 201-857-5165
Email: skim@fcstrategiesllc.com

9) Disclosure & Financial Information

A. This Disclosure Statement was prepared by (name of individual):

Name: Sharon Kim
Title: Accounting Manager
Relationship to Issuer: Consultant

B. The following financial statements were prepared in accordance with:

- IFRS
 U.S. GAAP

C. The following financial statements were prepared by (name of individual):

Name: Sharon Kim
Title: Accounting Manager
Relationship to Issuer: Consultant

Describe the qualifications of the person or persons who prepared the financial statements:⁶ Consultant at Financial Consulting Strategies, LLC that has experience in the preparation of financial statements.

Provide the following qualifying financial statements:

- Audit letter, if audited;
- Balance Sheet;
- Statement of Income;
- Statement of Cash Flows;
- Statement of Retained Earnings (Statement of Changes in Stockholders' Equity)
- Financial Notes

Financial Statement Requirements:

- Financial statements must be published together with this disclosure statement as one document.
- Financial statements must be "machine readable". Do not publish images/scans of financial statements.
- Financial statements must be presented with comparative financials against the prior FYE or period, as applicable.
- Financial statements must be prepared in accordance with U.S. GAAP or International Financial Reporting Standards (IFRS) but are not required to be audited.

10) Issuer Certification

Principal Executive Officer:

The issuer shall include certifications by the chief executive officer and chief financial officer of the issuer (or any other persons with different titles but having the same responsibilities) in each Quarterly Report or Annual Report.

The certifications shall follow the format below:

I, Laurence S. Levy certify that:

1. I have reviewed this Disclosure Statement for Regency Affiliates, Inc.;
2. Based on my knowledge, this disclosure statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this disclosure statement; and
3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this disclosure statement, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this disclosure statement.

March 31, 2025

/s/ Laurence S. Levy

(Digital Signatures should appear as "/s/ [OFFICER NAME]")

⁶ The financial statements requested pursuant to this item must be prepared in accordance with US GAAP or IFRS and by persons with sufficient financial skills.

Principal Financial Officer:

I, Laurence S. Levy certify that:

1. I have reviewed this Disclosure Statement for Regency Affiliates, Inc.;
2. Based on my knowledge, this disclosure statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this disclosure statement; and
3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this disclosure statement, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this disclosure statement.

March 31, 2025

/s/ Laurence S. Levy

(Digital Signatures should appear as "/s/ [OFFICER NAME]")