

Regency Affiliates, Inc. and Subsidiary
Condensed Consolidated Financial Statements
September 30, 2023

Regency Affiliates, Inc. and Subsidiary
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INDEPENDENT AUDITOR'S REVIEW REPORT

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

Results of Review of Interim Financial Information

We have reviewed the accompanying condensed consolidated financial statements of Regency Affiliates, Inc. and Subsidiary (the "Company") which comprise of the balance sheet as of September 30, 2023, and the related condensed consolidated statements of income and changes in equity for the three and nine-month periods ended September 30, 2023 and 2022, and cash flows for the nine-month periods ended September 30, 2023 and 2022, and the related notes (collectively referred to as the interim financial statements). Based on our reviews, we are not aware of any material modifications that should be made to the accompanying interim financial statements for them to be in conformity with accounting principles generally accepted in the United States of America.

Basis for Review Results

We conducted our reviews in accordance with auditing standards generally accepted in the United States of America applicable to reviews of interim financial information. A review of condensed interim financial information consists principally of applying analytical procedures and making inquiries of persons responsible for financial and accounting matters. A review of condensed interim financial information is substantially less in scope than an audit conducted in accordance with generally accepted auditing standards, the objective of which is an expression of an opinion regarding the financial information as a whole, and accordingly, we do not express such an opinion. We are required to be independent of Regency Affiliates, Inc. and Subsidiary and to meet our other ethical responsibilities in accordance with the relative ethical requirements relating to our review. We believe that the results of the review procedures provide a reasonable basis for our conclusion.

Responsibilities of Management for the Interim Financial Information

Management is responsible for the preparation and fair presentation of the condensed interim financial information 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 interim financial information that is free from material misstatement, whether due to fraud or error.

Report on Condensed Balance Sheet as of December 31, 2022

We have previously audited, in accordance with auditing standards generally accepted in the United States of America, the consolidated balance sheet of Regency Affiliates, Inc. and Subsidiary as of December 31, 2022, and the related consolidated statements of income, changes in equity, and cash flows for the year then ended (not presented herein); and in our report dated May 1, 2023, we expressed an unmodified audit opinion on those audited consolidated financial statements. In our opinion, the accompanying condensed consolidated balance sheet of Regency Affiliates, Inc. and Subsidiary as of December 31, 2022, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

Rosenberg Rich Baker Berman P.A.

Somerset, New Jersey
November 17, 2023

Regency Affiliates, Inc. and Subsidiary
Condensed Consolidated Balance Sheets

	September 30, 2023	December 31, 2022
	(unaudited)	
Assets		
Current Assets:		
Cash and cash equivalents	\$ 3,180,677	\$ 2,730,853
Restricted cash	479,226	419,442
Short-term investments	2,241,829	3,994,423
Prepaid expenses	401,326	387,319
Prepaid insurance	16,476	71,225
Rent receivable	56,590	56,623
Management fee receivable	13,734	13,734
Total current assets	6,389,858	7,673,619
Real Estate		
Self-storage properties	35,460,329	35,413,740
Less accumulated depreciation	(5,822,004)	(5,242,862)
Real estate, net	29,638,325	30,170,878
Property and equipment, net	45,875	6,618
Investment in partnerships/LLC	56,585,025	54,259,618
Operating lease right-of-use asset	265,792	176,812
Other assets	10,138	150,997
Total assets	\$ 92,935,013	\$ 92,438,542
Liabilities and Shareholders' Equity		
Current Liabilities:		
Accounts payable and accrued expenses	\$ 147,309	\$ 254,033
Mortgage note payable, net	442,977	416,452
Deferred revenue	257,585	263,811
Operating lease liability	49,540	193,699
Income tax payable	379,958	694,021
Dividends payable	574,742	551,303
Tenant security deposits	3,153	4,540
Total current liabilities	1,855,264	2,377,859
Non-current Liabilities:		
Mortgage note payable, net	23,500,099	23,830,699
Operating lease liability	217,266	-
Total liabilities	25,572,629	26,208,558
Commitments and contingencies (Notes 5 and 6)		
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; 4,815,058 and 4,815,058 shares issued and outstanding, as of September 30, 2023 and December 31, 2022, respectively	48,151	48,151
Additional paid-in capital	14,014,556	14,014,556
Retained earnings	52,351,244	51,475,461
Total shareholders' equity	66,413,951	65,538,168
Noncontrolling interest	948,433	691,816
Total equity	67,362,384	66,229,984
Total liabilities and shareholders' equity	\$ 92,935,013	\$ 92,438,542

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

Regency Affiliates, Inc. and Subsidiary
Condensed Consolidated Statements of Income
(unaudited)

	<u>For the Three Months Ended September 30,</u>		<u>For the Nine Months Ended September 30,</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Revenue				
Rental	\$ 1,229,197	\$ 1,277,454	\$ 3,695,342	\$ 3,681,856
Insurance, late fees and other income	102,942	83,893	262,100	247,033
Retail	8,322	8,721	21,602	23,003
Total revenue	<u>1,340,461</u>	<u>1,370,068</u>	<u>3,979,044</u>	<u>3,951,892</u>
Operating expenses:				
Self-storage cost of operations	363,051	388,550	1,089,129	1,181,345
Self-storage depreciation expense	197,636	194,477	586,590	583,431
General and administrative expenses	265,452	295,974	935,262	1,139,300
Total operating expenses	<u>826,139</u>	<u>879,001</u>	<u>2,610,981</u>	<u>2,904,076</u>
Income from operations	<u>514,322</u>	<u>491,067</u>	<u>1,368,063</u>	<u>1,047,816</u>
Other income (expense):				
Management agreement income	41,203	39,969	123,609	119,908
Income from equity investment in partnerships/LLC	915,141	579,115	2,325,407	1,641,186
Realized loss on sale of short-term investments	(2,599)	(4,823)	(20,879)	(34,408)
Interest income	26,745	19,772	94,746	34,046
Other expense	(38,069)	-	(50,824)	-
Interest expense	(304,270)	(309,322)	(899,450)	(923,921)
Amortization of debt discount	(3,156)	(3,156)	(9,468)	(9,468)
Total other income	<u>634,995</u>	<u>321,555</u>	<u>1,563,141</u>	<u>827,343</u>
Net income before income taxes	1,149,317	812,622	2,931,204	1,875,159
Income tax expense	<u>283,518</u>	<u>134,667</u>	<u>719,802</u>	<u>378,411</u>
Net income	865,799	677,955	2,211,402	1,496,748
Net income attributable to noncontrolling interest	<u>93,631</u>	<u>94,913</u>	<u>276,306</u>	<u>250,745</u>
Net income allocated to shareholders	<u>\$ 772,168</u>	<u>\$ 583,042</u>	<u>\$ 1,935,096</u>	<u>\$ 1,246,003</u>

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

Regency Affiliates, Inc. and Subsidiary
Condensed Consolidated Statements of Changes in Equity
For the Three and Nine Months Ended September 30, 2023 and 2022
(unaudited)

	Preferred Stock		Common Stock		Additional Paid-In Capital	Retained Earnings	Shareholders' Equity	Noncontrolling Interest	Total Equity
	Shares	Amount	Shares	Amount					
Balance at January 1, 2022	-	\$ -	4,815,058	\$ 48,151	\$ 14,014,556	\$ 55,412,479	\$ 69,475,186	\$ 361,648	\$ 69,836,834
Dividend paid to noncontrolling interest	-	-	-	-	-	-	-	(6,563)	(6,563)
Dividends declared	-	-	-	-	-	(337,054)	(337,054)	-	(337,054)
Net income	-	-	-	-	-	309,112	309,112	72,741	381,853
Balance at March 31, 2022	-	\$ -	4,815,058	\$ 48,151	\$ 14,014,556	\$ 55,384,537	\$ 69,447,244	\$ 427,826	\$ 69,875,070
Dividend paid to noncontrolling interest	-	-	-	-	-	-	-	(6,563)	(6,563)
Dividends declared	-	-	-	-	-	(337,054)	(337,054)	-	(337,054)
Net income	-	-	-	-	-	353,849	353,849	83,091	436,940
Balance at June 30, 2022	-	\$ -	4,815,058	\$ 48,151	\$ 14,014,556	\$ 55,401,332	\$ 69,464,039	\$ 504,354	\$ 69,968,393
Dividend paid to noncontrolling interest	-	-	-	-	-	-	-	(6,563)	(6,563)
Dividends declared	-	-	-	-	-	(349,092)	(349,092)	-	(349,092)
Net income	-	-	-	-	-	583,042	583,042	94,913	677,955
Balance at September 30, 2022	-	\$ -	4,815,058	\$ 48,151	\$ 14,014,556	\$ 55,635,282	\$ 69,697,989	\$ 592,704	\$ 70,290,693
Balance at January 1, 2023	-	\$ -	4,815,058	\$ 48,151	\$ 14,014,556	\$ 51,475,461	\$ 65,538,168	\$ 691,816	\$ 66,229,984
Dividend paid to noncontrolling interest	-	-	-	-	-	-	-	(6,563)	(6,563)
Dividends declared	-	-	-	-	-	(349,092)	(349,092)	-	(349,092)
Net income	-	-	-	-	-	602,701	602,701	96,746	699,447
Balance at March 31, 2023	-	\$ -	4,815,058	\$ 48,151	\$ 14,014,556	\$ 51,729,070	\$ 65,791,777	\$ 781,999	\$ 66,573,776
Dividend paid to noncontrolling interest	-	-	-	-	-	-	-	(6,563)	(6,563)
Dividends declared	-	-	-	-	-	(349,092)	(349,092)	-	(349,092)
Net income	-	-	-	-	-	560,227	560,227	85,929	646,156
Balance at June 30, 2023	-	\$ -	4,815,058	\$ 48,151	\$ 14,014,556	\$ 51,940,205	\$ 66,002,912	\$ 861,365	\$ 66,864,277
Dividend paid to noncontrolling interest	-	-	-	-	-	-	-	(6,563)	(6,563)
Dividends declared	-	-	-	-	-	(361,129)	(361,129)	-	(361,129)
Net income	-	-	-	-	-	772,168	772,168	93,631	865,799
Balance at September 30, 2023	-	\$ -	4,815,058	\$ 48,151	\$ 14,014,556	\$ 52,351,244	\$ 66,413,951	\$ 948,433	\$ 67,362,384

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

Regency Affiliates, Inc. and Subsidiary
Condensed Consolidated Statements of Cash Flows
(unaudited)

	For the Nine Months Ended September 30, 2023	2022
Cash Flows From Operating Activities		
Net Income	\$ 2,211,402	\$ 1,496,748
Adjustments to reconcile net income to net cash provided by operating activities:		
Non-cash expenses		
Depreciation and amortization	582,301	586,860
Income from equity investment in partnerships/LLCs	(2,325,407)	(1,641,186)
Realized loss on sale of short-term investments	-	34,408
Amortization of right of use asset	192,070	216,299
Amortization of debt discount	9,468	9,468
Interest income accrued on short term investments	94,746	-
Changes in operating assets and liabilities		
Prepaid expenses	(14,007)	26,035
Prepaid insurance	54,749	53,844
Prepaid income taxes	-	(366,031)
Rent receivable	33	(1,578)
Accounts payable and accrued expenses	(106,224)	200,249
Deferred revenue	(6,226)	50,604
Income tax payable	(314,063)	384,223
Operating lease liability	(207,943)	(227,668)
Tenant security deposits	(1,387)	(1,307)
Total adjustments	(2,041,890)	(675,780)
Net cash provided by operating activities	169,512	820,968
Cash Flows From Investing Activities		
Purchase of short-term investments	(2,357,060)	(5,445,045)
Purchase of property and equipment	(89,005)	(30,526)
Proceeds from other assets	140,359	-
Proceeds from short-term investments	4,014,908	7,170,075
Net cash provided by investing activities	1,709,202	1,694,504
Cash Flows From Financing Activities		
Dividends paid to common shareholders	(1,037,804)	(1,020,010)
Dividends returned from/(to) common shareholders	1,930	8,858
Dividends paid to noncontrolling shareholder	(19,689)	(19,689)
Repayment of mortgage note payable	(313,543)	(289,509)
Net cash used in financing activities	(1,369,106)	(1,320,350)
Net increase in cash and cash equivalents and restricted cash	509,608	1,195,122
Cash and cash equivalents and restricted cash - beginning	3,150,295	2,372,012
Cash and cash equivalents and restricted cash - ending	\$ 3,659,903	\$ 3,567,134
Supplemental Disclosures of Cash Flow Information		
Cash paid during the period for:		
Interest	\$ 899,450	\$ 923,921
Income taxes	\$ 1,033,865	\$ 52,604
Non-cash investing and financing activities:		
Common stock dividends declared	\$ 361,129	\$ 349,092
Recognition of right of use asset/obligation	\$ 282,542	\$ 502,053

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

Regency Affiliates, Inc. and Subsidiary
Notes to Condensed Consolidated Financial Statements

Note 1. Summary of Significant Accounting Policies

Basis of Presentation

The accompanying 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 Accounting Standards Codification (the “Codification”) for interim financial information. Accordingly, they do not include all of the information and notes required by accounting principles generally accepted in the United States of America. However, in the opinion of management of the Company, all adjustments necessary for a fair presentation of the financial position and operating results have been included in these statements. These unaudited condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and notes thereto included in the Company’s Annual Report for the fiscal year ended December 31, 2022, as posted with OTC Markets on May 1, 2023. Operating results for the three and nine months ended September 30, 2023 are not necessarily indicative of the results that may be expected for any subsequent quarters or for the year ending December 31, 2023.

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 rental property of approximately 717,000 square feet in Woodlawn, Maryland, which is occupied by the United States Social Security Administration’s Office of Disability and International Operations. In November 2000, the Company acquired a 5% limited partnership interest in 1500 Woodlawn Limited Partnership, the general partner of Security Land. See Note 2, “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, Harrisburg Intermediate Holdings acquired a portfolio of five self-storage facilities in Harrisburg, Pennsylvania. Through our controlling interest of SSCP Harrisburg Holdings, LLC, we are focused on the ownership, operation, and acquisition of self-storage properties located within the Harrisburg, Pennsylvania area.

Principles of Consolidation

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

Regency Affiliates, Inc. and Subsidiary
Notes to Condensed Consolidated Financial Statements

Note 1. Summary of Significant Accounting Policies (continued)

Noncontrolling Interest

The Company consolidates Harrisburg Holdings as it owns 80% of the equity interest and reports the remaining 20% interest owned by the third party, SSCP Management, LLC, as a noncontrolling interest on the condensed consolidated balance sheets. At September 30, 2023 and December 31, 2022, the noncontrolling equity interest was \$948,433 and \$691,816 respectively. The net income or net loss of Harrisburg Holdings is allocated based on the ownership percentages on the statements of income. For the three months ended September 30, 2023 and 2022, Harrisburg Holdings had net income of \$468,154 and \$474,563, respectively, resulting in net income attributable to the non-controlling interest for the three months ended September 30, 2023 and 2022 of \$93,631 and \$94,913, respectively. For the nine months ended September 30, 2023 and 2022, Harrisburg Holdings had net income of \$1,381,531 and \$1,253,725, respectively, resulting in net income attributable to the non-controlling interest for the nine months ended September 30, 2023 and 2022 of \$276,306 and \$250,745, respectively.

Cash and Cash Equivalents

Cash and cash equivalents represent cash and short-term highly liquid investments with original maturities of three months or less. The Company places its cash and cash equivalents with high credit quality financial institutions that may exceed federally insured amounts at times. As of September 30, 2023 and December 31, 2022, the Company had no cash equivalents.

Restricted Cash

The self-storage properties hold escrow funds in money market trust accounts for real estate taxes, insurance, and replacement reserves disbursements to be paid when due, pursuant to the terms of the bank financing agreement.

Short-Term Investments

Short-term investments consist of treasury bills with original maturity dates greater than three months at the date of purchase. The Company classifies its Treasury Instruments as held to maturity. The short-term investments are valued at cost, which approximates fair value. As of September 30, 2023 and December 31, 2022, the Company's short-term investments were \$2,241,829 and \$3,994,423, respectively.

Investments in Partnerships/LLC

The Company uses the equity method of accounting for its investments in partnerships in equity securities 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 estimated useful lives of 39 years; furniture and equipment are depreciated over estimated useful lives of 7 years. The cost of the land is not depreciated. Repairs and maintenance costs are expensed as incurred.

Regency Affiliates, Inc. and Subsidiary
Notes to Condensed Consolidated Financial Statements

Note 1. Summary of Significant Accounting Policies (continued)

Self-Storage Properties (continued)

When a self-storage property is acquired in a business combination, the purchase price of the acquired self-storage property is allocated to land, buildings and improvements, furniture and equipment, customer in-place leases, assumed real estate leasehold interests, other assets acquired and liabilities assumed, based on the estimated fair value of each component. When a portfolio of self-storage properties is acquired, the purchase price is allocated to the individual self-storage properties based on the fair value determined using an income approach with appropriate risk-adjusted capitalization rates, which take into account the relative size, age and location of the individual self-storage properties.

These items consist of the following at:

	<u>September 30, 2023</u>	<u>December 31, 2022</u>
Land	\$ 4,870,000	\$ 4,870,000
Building and improvements	30,475,986	30,435,838
Furniture and equipment	<u>114,343</u>	<u>107,902</u>
	35,460,329	35,413,740
Less: Accumulated Depreciation	<u>(5,822,004)</u>	<u>(5,242,862)</u>
Self-Storage Properties, net	<u>\$ 29,638,325</u>	<u>\$ 30,170,878</u>

Depreciation expense on these properties was \$190,188 and \$194,476 for the three months ended September 30, 2023 and 2022, respectively. Depreciation expense on these properties was \$579,142 and \$583,431 for the nine months ended September 30, 2023 and 2022, 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 at:

	<u>September 30, 2023</u>	<u>December 31, 2022</u>
Machinery and equipment	\$ 92,878	\$ 50,462
Less: Accumulated depreciation	<u>(47,003)</u>	<u>(43,844)</u>
Property and equipment, net	<u>\$ 45,875</u>	<u>\$ 6,618</u>

Depreciation expense was \$1,568 and \$1,030 for the three months ended September 30, 2023 and 2022, respectively. Depreciation expense was \$3,159 and \$3,429 for the nine months ended September 30, 2023 and 2022, respectively.

Regency Affiliates, Inc. and Subsidiary
Notes to Condensed Consolidated Financial Statements

Note 1. Summary of Significant Accounting Policies (continued)

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 fair value of stock options, 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.

Revenue and Expense Recognition

Effective January 1, 2019, the Company adopted Financial Account Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 606, Revenue from Contracts with Customers ("ASC 606"). The guidance includes a five-step framework that requires an entity to: (i) identify the contract(s) with a customer, (ii) identify the performance obligations in the contract, (iii) determine the transaction price, (iv) allocate the transaction price to the performance obligations in the contract, and (v) recognize revenue when the entity satisfies a performance obligation.

Management has determined that all of its leases are operating leases and therefore these leases are outside of the scope of ASC Topic 606. The Company recognizes rental income in accordance with ASC Topic 840, Leases. 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. This is evidenced by a signed contract. There is no variable consideration for this revenue stream.

Property tax expense is based on actual amounts billed or estimates of anticipated bills or assessments that have not yet been received from the taxing authorities. Cost of operations, general and administrative expense, interest expense, and advertising expenditures are expensed as incurred.

Regency Affiliates, Inc. and Subsidiary
Notes to Condensed Consolidated Financial Statements

Note 1. Summary of Significant Accounting Policies (continued)

Advertising Expenses

The Company expenses advertising costs when incurred. Advertising and marketing costs totaled \$3,556 and \$36,621 for the three months ended September 30, 2023 and 2022, respectively. Advertising and marketing costs totaled \$9,702 and \$108,429 for the nine months ended September 30, 2023 and 2022, respectively.

Stock-Based Compensation

The Company follows ASC Topic 718, Compensation - Stock Compensation, which addresses the accounting for stock-based payment transactions. Awards of shares for property or services are recorded at the more readily measurable of the fair value of the stock and the fair value of the service. The Company uses the Black-Scholes option-pricing model to determine the grant date fair value of stock-based awards under ASC 718. The fair value is charged to earnings depending on the terms and conditions of the award, and the nature of the relationship of the recipient of the award to the Company. The Company records the grant date fair value in line with the period over which it was earned. For employees and consultants, this is typically considered to be the vesting period of the award. The Company estimates the expected forfeitures and updates the valuation accordingly.

Fair Value Measurements

The carrying amounts of cash, restricted cash, prepaid expenses, accounts payable, accrued liabilities, deferred revenue, and other liabilities approximate their fair value due to the short-term nature of these instruments. Cash equivalents, consisting of U.S. Treasury Bills, are adjusted to fair value at each balance sheet date based on quoted prices which are considered level 1 inputs.

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).

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.

Regency Affiliates, Inc. and Subsidiary
Notes to Condensed Consolidated Financial Statements

Note 1. Summary of Significant Accounting Policies (continued)

Fair Value Measurements (continued)

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

As of September 30, 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	\$ 372,049	\$ -	\$ -	\$ 372,049
U.S. Treasury Bills	1,869,780	-	-	1,869,780
Total	\$ 2,241,829	\$ -	\$ -	\$ 2,241,829

As of December 31, 2022				
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	\$ 787,544	\$ -	\$ -	\$ 787,544
U.S. Treasury Bills	3,206,879	-	-	3,206,879
Total	\$ 3,994,423	\$ -	\$ -	\$ 3,994,423

Limitations

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.

Subsequent Events Evaluation

The Company has evaluated subsequent events through November 14, 2023 which is the date these financial statements were available to be issued.

Note 2. Investment in Security Land and Development Company Limited Partnership

The Company owns a limited partnership interest in Security Land, which owns and operates an office complex. 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 three months ended September 30, 2023 and 2022, the Company's income from its equity investment in Security Land was \$878,188 and \$555,731, respectively. For the nine months ended September 30, 2023 and 2022, the Company's income from its equity investment in Security Land was \$2,231,508 and \$1,574,916, respectively.

Regency Affiliates, Inc. and Subsidiary
Notes to Condensed Consolidated Financial Statements

Note 2. Investment in Security Land and Development Company Limited Partnership (continued)

The Company also owns a 5% limited partnership interest in 1500 Woodlawn Limited Partnership, the general partner of Security Land. The Company recognized income of \$36,953 and \$23,384 for the three months ended September 30, 2023 and 2022, respectively, from this investment. The Company recognized income of \$93,899 and \$66,270 for the nine months ended September 30, 2023 and 2022, 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%.

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 three months ended September 30, 2023 and 2022, the Company recognized \$41,203 and \$39,969 from the management fee agreement. For the nine months ended September 30, 2023 and 2022, the Company recognized \$123,609 and \$119,908 from the management fee agreement.

On December 17, 2018, Security Land signed a new ten-year lease with the United States General Services Administration, which became effective as of November 1, 2018 and expires on October 31, 2028. In October 2021, Security Land received a notice under the GSA’s lease for the Security West building to terminate the lease and vacate the building effective November 1, 2023. There were no distributions paid to the Company during the three or nine months ended September 30, 2023 or 2022.

Summarized Balance Sheet information for Security Land at September 30, 2023 and December 31, 2022 is as follows:

	(unaudited)	
	September 30, 2023	December 31, 2022
Balance Sheet Data		
Cash and cash equivalents	\$ 1,067,256	\$ 3,035,875
Restricted cash	-	11,019,920
Investments	5,999,379	-
Real estate, net	16,423,068	16,775,000
Prepaid expenses and other receivables	229,350	441,027
Receivables and other assets	955,598	1,056,591
Leasing cost, net of accumulated amortization	65,848	245,533
Total Assets	\$ 24,740,499	\$ 32,573,946
Accounts payable and accrued expenses	\$ 1,448,271	\$ 1,578,775
Unrealized gain/loss	64,278	-
Project note payable	-	12,298,128
Accrued interest payable	-	23,191
Total Liabilities	\$ 1,512,549	\$ 13,900,094
Partners' capital:		
Total Partners' Capital	23,227,950	18,673,852
Total Liabilities and Partner's Capital	\$ 24,740,499	\$ 32,573,946

Regency Affiliates, Inc. and Subsidiary
Notes to Condensed Consolidated Financial Statements

Note 2. Investment in Security Land and Development Company Limited Partnership (continued)

Summarized Statements of Income information for Security Land is as follows:

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2023	2022	2023	2022
Revenues	\$ 2,807,081	\$ 3,206,618	\$ 9,297,842	\$ 9,466,519
Expenses	1,014,861	2,072,473	4,743,744	6,252,404
Net income	<u>\$ 1,792,220</u>	<u>\$ 1,134,145</u>	<u>\$ 4,554,098</u>	<u>\$ 3,214,115</u>

Note 3. Stock Based Compensation

2003 Incentive Stock Plan

Effective as of March 17, 2003, the Company's Board of Directors and Stockholders approved and adopted the 2003 Stock Incentive Plan (the "2003 Plan"). The 2003 Plan allows the Administrator (as defined in the 2003 Plan), currently the Compensation Committee, to determine the issuance of incentive stock options, non-qualified stock options and restricted stock to eligible employees and outside directors and consultants of the Company. The Company has reserved 500,000 shares of common stock for issuance under the 2003 Plan. The exercise price of any option granted under the 2003 Plan is determined by the Administrator, and no option or award exercise date can exceed ten years from the grant date. On August 13, 2008, the Company's Board of Directors approved an amendment to the 2003 Plan that increased the total number of authorized shares available from 500,000 to 750,000. All other terms of the Plan remain in full force and effect.

As of September 30, 2023, 125,000 shares remain available for issuance under the 2003 Plan. There were no options outstanding at September 30, 2023 and December 31, 2022.

The following is a summary of the status of the Company's options for the nine months ended September 30, 2023 and 2022:

	Exercise Price Range	Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life
Outstanding at January 1, 2022	\$ 6.50	50,000	\$ 6.50	0.93
Issued	-	-	-	-
Exercised	-	-	-	-
Forfeited	-	-	-	-
Expired	-	-	-	-
Outstanding at September 30, 2022	<u>\$ 6.50</u>	<u>50,000</u>	<u>\$ 6.50</u>	<u>0.19</u>
Exercisable at September 30, 2022	<u>\$ 6.50</u>	<u>50,000</u>	<u>\$ 6.50</u>	<u>0.19</u>
Outstanding at January 1, 2023	\$ -	-	\$ -	-
Issued	-	-	-	-
Exercised	-	-	-	-
Forfeited	-	-	-	-
Expired	-	-	-	-
Outstanding at September 30, 2023	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>-</u>
Exercisable at September 30, 2023	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>-</u>

Regency Affiliates, Inc. and Subsidiary
Notes to Condensed Consolidated Financial Statements

Note 4. 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 provide coverage of up to \$10 million over the next seven years 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.

Income taxes were recognized at effective rates of 25% and 21% for the three and nine months ended September 30, 2023 and 2022, respectively.

Note 5. 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 default in the lease or sudden catastrophe to 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 49% 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.

Regency Affiliates, Inc. and Subsidiary
Notes to Condensed Consolidated Financial Statements

Note 5. Contingencies, Risks, and Uncertainties (continued)

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). This may result in an investigation or other action by the applicable tax authorities and any action taken by tax authorities to resolve this difference could have an adverse impact on the Company's operations and financial results. 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.

In September 2016, the Company received an Internal Revenue Service letter indicating its 2014 Federal Form 1120 was selected for examination. In September 2017, the Company received an Internal Revenue Service letter indicating its 2015 Federal Form 1120 was selected for examination. Management has submitted all documentation requested.

The Company's operations may be affected by the recent and ongoing outbreak of the coronavirus disease 2019 (COVID-19) which in March 2020, was declared a pandemic by the World Health Organization. Governmental authorities in the States where we operate have taken and may continue to take measures in order to combat the spread of the disease including forced closures of business establishments. The full impact of the COVID-19 outbreak is unknown, resulting in a high degree of uncertainty for potentially extended periods of time. At this time, neither the duration nor scope of the disruption can be predicted, therefore, the negative impact on our financial position and operating results cannot be reasonably estimated. The results of this pandemic may have material adverse impact on the Company's financial position, operations, and cash flows. Possible areas that may be affected include, but are not limited to, disruption to the Company's customers and revenue, labor workforce, unavailability of products and supplies used in operations, and the decline in value of assets held by the Company which includes our investments in partnerships. The Company is closely monitoring the impact of the coronavirus (COVID-19) pandemic on all aspects of its business.

Note 6. 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 January 2016, Regency paid a \$201,329 security deposit and entered into a new, seven-year office lease agreement, for a 4,081 square foot space for its New York City location. Base rental payments under this agreement are \$74 per square foot per year, with a 1.75% fixed annual escalation. In addition, the Company is responsible to pay the tenant's share of real estate tax increases above the 2016/2017 base year and electricity usage. A rent concession has been granted to waive the first three months' rent.

Regency Affiliates, Inc. and Subsidiary
Notes to Condensed Consolidated Financial Statements

Note 6. Lease Commitments (continued)

On the third anniversary of rent commencement, and provided the Company is not in default of any rental obligations, the landlord agrees to reduce the security deposit to six months' base rent, or approximately \$151,000. The lease also contains an early termination clause which is effective after five years, with proper notice and payment of an early termination fee. The office relocated in May 2016, the first month of the lease term.

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 is \$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 three months ended September 30, 2023 and 2022 was \$58,130 and \$77,171, respectively. Rent expense for the nine months ended September 30, 2023 and 2022 was \$192,069 and \$231,514, respectively.

Other information related to leases is presented below:

	As of September 30, 2023
Other information	
Weighted-average discount rate – operating lease	5.00 %
Weighted-average remaining lease term – operating lease (in months)	56

As of September 30, 2023, future minimum payments under this operating lease are as follows:

	For the Year Ended December 31,	
2023 (remainder of the year)	\$	15,197
2024		62,054
2025		64,225
2026		65,130
2027		65,130
2028		27,138
Total future minimum lease payments, undiscounted		298,874
Less: Imputed interest for leases in excess of one year		32,068
Total	\$	266,806

Note 7. Simplified Employee Pension- Individual Retirement Account (SEP-IRA)

The Company adopted a SEP-IRA Plan in 2004. During the three months ended September 30, 2023 and 2022, the Company expensed contributions of \$0 and \$0, respectively, to the SEP-IRA Plan. During the nine months ended September 30, 2023 and 2022, the Company expensed contributions of \$89,609 and \$86,213, 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.

Regency Affiliates, Inc. and Subsidiary
Notes to Condensed Consolidated Financial Statements

Note 8. 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 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 was increased to \$0.0750 beginning for the quarter ended September 30, 2023.

During 2022 and 2021, the Company received cash as a return of dividends for which the recipients could not be located by the Company's transfer agent. The Company included this amount in accrued dividends on the Company's condensed consolidated balance sheet and is attempting to locate the parties for whom the dividends were to be paid. At September 30, 2023 and December 31, 2022 there was \$194,641 and \$192,711 of returned dividends included in accrued dividends.

Note 9. Mortgage Note Payable

On April 18, 2016, the Company, through its five wholly owned subsidiary, obtained a \$25,250,000 bank note to fund the acquisition of the self-storage properties. The note 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 note is guaranteed by the owners of SSCP and is secured by all assets of SSCP. The only amount due during the first four years of the note is 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 note. These fees were recorded as a debt discount and are amortized over the life of the note. Amortization expense of debt discount was \$3,156 and \$3,156 for the three months ended September 30, 2023 and 2022. Amortization expense of debt discount was \$9,468 and \$9,468 for the nine months ended September 30, 2023 and 2022, respectively. The unamortized debt discount at September 30, 2023 and December 31, 2022 is \$32,617 and \$42,085, respectively. The principal outstanding on the note at September 30, 2023 and December 31, 2022 is \$23,973,117 and \$24,289,236, respectively. For the three months ended September 30, 2023 and 2022, the Company incurred interest expense of \$304,270 and \$309,322, respectively, in connection with the note. For the nine months ended September 30, 2023 and 2022, the Company incurred interest expense of \$899,450 and \$923,921, respectively, in connection with the note.

Under the terms of this agreement, the Company is required to meet and maintain certain financial covenants. As of September 30, 2023, the Company was in compliance with all financial covenants. The covenant at September 30, 2023 is:

Minimum Debt Service Coverage Ratio	1.15 to 1.00
Actual Debt Service Coverage Ratio	2.42 to 1.00

Future principal payments due under the note are as follows for the years ending December 31:

2023 (remainder of the year)	\$	108,702
2024		448,482
2025		471,192
2026		<u>22,944,741</u>
Total	\$	<u>23,973,117</u>

Disclosure Statement Pursuant to the Pink Basic Disclosure Guidelines

Regency Affiliates, Inc. and Subsidiaries

1890 Palmer Avenue, Suite 303 Larchmont, NY 10538

(212)-644-3450

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

info@regencyaffiliates.com

60-67

Quarterly Report

For the period ending September 30, 2023 (the "Reporting Period")

Outstanding Shares

The number of shares outstanding of our Common Stock was:

4,815,057 as of September 30, 2023

4,815,057 as of June 30, 2023

4,815,057 as of March 31, 2023

4,815,057 as of December 31, 2022

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 Control⁵ of the company has occurred over this reporting period:

⁵ "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.

Yes: No:

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

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

N/A

The state of incorporation or registration of the issuer and of each of its predecessors (if any) during the past five years; Please also include the issuer's current standing in its state of incorporation (e.g. active, default, inactive):

Delaware, Active

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

None

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

None

The address(es) of the issuer's principal executive office:

1890 Palmer Avenue, Suite 303 Larchmont, NY 10538

The address(es) 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> as of date: <u>September 30, 2023</u>
Total shares outstanding:	<u>4,815,057</u> as of date: <u>September 30, 2023</u>
Total number of shareholders of record:	<u>93</u> as of date: <u>September 30, 2023</u>

All additional class(es) of publicly quoted or traded securities (if any):

Trading symbol:	_____
Exact title and class of securities outstanding:	_____
CUSIP:	_____
Par or stated value:	_____
Total shares authorized:	_____ as of date: _____
Total shares outstanding:	_____ as of date: _____
Total number of shareholders of record:	_____ as of date: _____

Trading symbol:	_____
Exact title and class of securities outstanding:	_____
CUSIP:	_____
Par or stated value:	_____
Total shares authorized:	_____ as of date: _____
Total shares outstanding:	_____ as of date: _____
Total number of shareholders of record:	_____ as of date: _____

Other classes of authorized or outstanding equity securities:

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). 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:	_____
CUSIP (if applicable):	_____
Par or stated value:	_____
Total shares authorized:	_____ as of date: _____
Total shares outstanding (if applicable):	_____ as of date: _____
Total number of shareholders of record (if applicable):	_____ as of date: _____

Exact title and class of the security:	_____
CUSIP (if applicable):	_____
Par or stated value:	_____
Total shares authorized:	_____ as of date: _____
Total shares outstanding (if applicable):	_____ as of date: _____
Total number of shareholders of record (if applicable):	_____ as of date: _____

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 September 30, 2023 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

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 as of Second Most Recent Fiscal Year End: <u>Opening Balance</u> Date _____ Common: _____ 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.
_____	_____	_____	_____	_____	_____	_____	_____	_____	
_____	_____	_____	_____	_____	_____	_____	_____	_____	
_____	_____	_____	_____	_____	_____	_____	_____	_____	
Shares Outstanding on Date of This Report: <u>Ending Balance</u> Date _____ Common: _____ Preferred: _____									

Example: A company with a fiscal year end of December 31st, 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, 2021 through December 31, 2022 pursuant to the tabular format above.

Use the space below to provide any additional details, including footnotes to the table above:

B. Promissory and Convertible Notes

Indicate by check mark whether there are any outstanding promissory, convertible notes, convertible debentures, or any other debt instruments that may be converted into a class of the issuer's equity securities :

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

Date of Note Issuance	Outstanding Balance (\$)	Principal Amount at Issuance (\$)	Interest Accrued (\$)	Maturity Date	Conversion Terms (e.g. pricing mechanism for determining conversion of instrument to shares)	Name of Noteholder. *You must disclose the control person(s) for any entities listed.	Reason for Issuance (e.g. Loan, Services, etc.)
<u>4/18/2016</u>	<u>24,578,606</u>	<u>25,250,000</u>	<u>0</u>	<u>6/6/2050</u>	<u>N/A</u>	<u>Wells Fargo Bank NA</u>	<u>Mortgage</u>
_____	_____	_____	_____	_____	_____	_____	_____

_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____

Use the space below to provide any additional details, including footnotes to the table above:

4) Issuer’s Business, Products and Services

The purpose of this section is to provide a clear description of the issuer’s current operations. (Please 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 a potential investor 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, give the location of the principal plants and other property of the issuer and describe the condition of the properties. If the issuer does not have complete ownership or control of the property (for example, if others also own the property or if there is a mortgage on the property), describe the limitations on the ownership.

If the issuer leases any assets, properties or facilities, clearly describe them as above and the terms of their leases.

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, Harrisburg Intermediate Holdings acquired a portfolio of five self-storage facilities in Harrisburg, Pennsylvania. Through our controlling interest of SSCP Harrisburg Holdings, LLC, we are focused on the ownership, operation, and acquisition of self-storage properties located within the Harrisburg, Pennsylvania area.

6) Officers, Directors, and Control Persons

Using the table below, please provide information, as of the period end date of this report, regarding any officers, or directors of the company, individuals or entities controlling more than 5% of any class of the issuer's securities, or any person that performs a similar function, regardless of the number of shares they own. **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 in the note section.**

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 an investor 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 shareholders.

Names of All Officers, Directors and Control Persons	Affiliation with Company (e.g. Officer Title /Director/Owner of more than 5%)	Residential Address (City / State Only)	Number of shares owned	Share type/class	Ownership Percentage of Class Outstanding	Names of control person(s) if a corporate entity
<u>Laurence Levy</u>	<u>Chairman, CEO, CFO</u>	<u>New York, NY</u>	<u>2,720,602</u>	<u>Common Stock</u>	<u>56.5%</u>	<u>—</u>
<u>Anthony Brittan</u>	<u>Director</u>	<u>London, UK</u>	<u>0</u>	<u>n/a</u>	<u>n/a</u>	<u>—</u>
<u>Errol Glasser</u>	<u>Director</u>	<u>New York, NY</u>	<u>1,000</u>	<u>Common Stock</u>	<u><1%</u>	<u>—</u>
<u>Royalty Holdings, LLC</u>	<u>Owner of more than 5%</u>	<u>New York, NY</u>	<u>2,362,736</u>	<u>Restricted</u>	<u>49.1%</u>	<u>Laurence Levy</u>
<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>

7) Legal/Disciplinary History

A. Identify whether any of the persons or entities listed above have, in the past 10 years, been the subject of:

1. A conviction in a criminal proceeding or named as a defendant in a pending criminal proceeding (excluding traffic violations and other minor offenses);

No

2. 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, or banking activities;

No

3. A finding or judgment by a court of competent jurisdiction (in a civil action), the Securities and Exchange Commission, the Commodity Futures Trading Commission, or a state securities regulator of a violation of

federal or state securities or commodities law, which finding or judgment has not been reversed, suspended, or vacated; or

No

4. The entry 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

- 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 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.

Securities Counsel (must include Counsel preparing Attorney Letters).

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:

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: 55 Harristown Road #105, Glen Rock, NJ 07452
Address 2: _____
Phone: 201-857-5165
Email: skim@fcstrategiesllc.com

9) Financial Statements

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

- IFRS
 U.S. GAAP

B. The following financial statements were prepared by (name of individual)⁶:

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

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

Provide the following financial statements for the most recent fiscal year or quarter. For the initial disclosure statement (qualifying for Pink Current Information for the first time) please provide reports for the two previous fiscal years and any subsequent interim periods.

- a. Audit letter, if audited;
- b. Balance Sheet;
- c. Statement of Income;
- d. Statement of Cash Flows;
- e. Statement of Retained Earnings (Statement of Changes in Stockholders' Equity)
- f. Financial Notes

Important Notes:

- Financial statements must be "machine readable". Do not publish images/scans of financial statements.

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.

- All financial statements for a fiscal period must be published together with the disclosure statement in one Annual or Quarterly Report.

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 Quarterly 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.

November 14, 2023 [Date]

/s/ Laurance S. Levy [CEO's Signature]

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

Principal Financial Officer:

I, Laurance S. Levy certify that:

1. I have reviewed this Quarterly 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.

November 14, 2023 [Date]

/s/ Laurance S. Levy [CFO's Signature]

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