

SUPPLEMENT

Dated April 20, 2016

to

CONFIDENTIAL PRIVATE PLACEMENT MEMORANDUM DATED MARCH 10, 2016

**relating to the sale of
up to 1,212,121 shares of Common Stock at \$8.25 per share
REGENCY AFFILIATES, INC.,
a Delaware corporation**

Offer Expiration Date: May 12, 2016 (subject to extension by the Company)

This Supplement (the "Supplement") supplements and amends certain information contained in the Confidential Private Placement Memorandum (the "Memorandum") of Regency Affiliates, Inc. (the "Company") dated March 10, 2016 relating to the above referenced offering of shares of the Company's common stock, par value \$0.01 per share (the "Common Stock") and should be read in conjunction with the Memorandum. All capitalized terms used in this Supplement not otherwise defined shall have the same meanings ascribed to them in the Memorandum.

THIS SUPPLEMENT SHOULD BE PERMANENTLY AFFIXED TO AND MADE A PART OF THE MEMORANDUM. ALL TERMS OF THE MEMORANDUM SHALL REMAIN IN EFFECT AND APPLY TO THIS SUPPLEMENT, INCLUDING PROVISIONS RELATED TO CONFIDENTIALITY AND DISTRIBUTION, REPRODUCTION OR REDISTRIBUTION OF THE CONTENTS OF THIS SUPPLEMENT.

If you have not previously received a copy of the Memorandum and the Offering Documents, or if you would like another copy of these materials, please contact Jonathan Fitzsimons at Brown Rudnick LLP at jfitzsimons@brownrudnick.com or (212) 209-4995 to request a copy. Qualified Existing Stockholders who have submitted subscription materials, may leave their subscriptions unchanged by taking no action. Qualified Existing Stockholders who have submitted subscription materials, but wish to withdraw or supplement their Subscription Agreement prior to expiration of the Offering may do so at any time prior to May 12, 2016, the extended offering termination date. To withdraw or supplement their subscription, Qualified Existing Stockholders should, as applicable, submit a supplemental Subscription Agreement in the manner provided in the Memorandum, including any additional payment required, or provide a written withdrawal of their prior materials and direct the Company where to send a refund of any prior payments, in each case to the following address:

Regency Affiliates, Inc.
c/o Brown Rudnick LLP
7 Times Square
New York, NY 10036
Attn: Jonathan Fitzsimons, 46th Floor

The information contained in this Supplement shall be deemed to amend any inconsistent terms included in the Memorandum.

By press release issued on April 6, 2016, the Offer expiration date was extended to May 12, 2016. All subscription materials must be received by the Company on May 12, 2016 to participate in the Offering.

RECENT DEVELOPMENTS

On April 18, 2016, the Company announced that it had completed the acquisition of a portfolio of five stand-alone self-storage facilities (the "Facilities") in the Harrisburg, Pennsylvania vicinity, for a total purchase price of \$35,000,000, and that the Company accepted the subscriptions of its control stockholder group, Royalty Holdings LLC and its affiliates (the "Royalty Group"), for 616,124 shares of Common Stock in the aggregate (for gross proceeds of \$5,083,023, in the aggregate) in connection with funding a portion of the purchase price for the Facilities. The balance of the subscriptions received by the Company will not be accepted until the closing of the Offering on May 12, 2016 (unless extended by the Company) and subscribers have the right, as described above, to supplement or withdraw their subscriptions, or to leave their subscriptions unchanged, in each case until the offering expiration date. Immediately following the offer expiration date, the Company will accept all valid and complete subscriptions from Qualified Existing Stockholders.

The Company continues to intend to use any additional net proceeds of the Offering to fund one or more future investment opportunities that may become available to the Company from time to time. Unless and until used in connection with one or more new investment opportunities, any additional net proceeds of the Offering will be available to the Company for general corporate purposes, including working capital, maintenance of current investments, exploration of additional investments and to fund Company expenses.

The purchase price for the Facilities and related transaction expenses were financed in part with the proceeds of a \$25,250,000 non-recourse debt financing with a ten year term, 4.95% fixed interest rate and 30 year amortization commencing after a four year interest only period. The balance of the purchase price and transaction expenses, and initial working capital, were financed by an approximate \$11,231,000 capital contribution from Regency to the joint-venture purchaser.

The Facilities together comprise approximately 330,000 square feet of net rentable space consisting of in excess of 2,500 climate and non-climate controlled storage units. Revenues from the Facilities are derived primarily from monthly rentals by individuals and additional revenues are earned from rentals to businesses, parking rentals, truck rentals, billboards and other administrative fees. Combined 2015 revenues for the Facilities were in excess of \$3,000,000. The projected first year cash return to the Company is expected to be accretive to the Company's cash flow per common share and the cash flow from this investment is expected to largely be sheltered from income taxation for the foreseeable future.

The Facilities were acquired in joint venture with SSCP Management LLC ("SSCP Management"). The joint venture terms provide the Company with a 7.5% per annum preferred return on its \$11,231,000 capital contribution, and SSCP Management with a 7.5% per annum preferred return on a base amount of \$350,000. After satisfaction of the preference amounts, 80% of surplus cash flow is allocated to the Company and 20% to SSCP Management. The Facilities will be managed on a day-to-day basis by an affiliate of SSCP Management pursuant to the terms of a customary property management agreement providing for the reimbursement of all Facility related expenses and a management fee equal to 5% of gross receipts at the Facilities. The property management agreement has a one-year term subject to automatic renewal absent a party's election to terminate as of the end of the term, and the Company's right to terminate at any time upon 60 days' prior notice. In connection with the Facilities acquisition, the principals of SSCP Management granted the Company a one-year right of first refusal to participate in investment opportunities in the self-storage sector that may become available to SSCP Management.

Other than as described above, there has not been any change to the information contained in the Offering or in the terms of the Offering.