

## For Immediate Release

### REGENCY AFFILIATES ANNOUNCES QUARTERLY DIVIDEND

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

New York, NY – June 18, 2018 ---- Regency Affiliates, Inc. (OTC Pink: RAFI) (“Regency”) today announced that it will issue a quarterly dividend of 6.25 cents per common share on July 6, 2018 to shareholders of record at the close of trading on June 29, 2018.

#### **Management Comments**

“We are pleased to declare a quarterly dividend of 6.25 cents per common share consistent with the level of quarterly dividend established in September 2017,” commented Laurence Levy, Chairman and Chief Executive of Regency. “We continue to be comfortable with this dividend level particularly as we benefit from the cash flows generated by our investment in Mobile Energy and our ownership of the portfolio of self-storage assets in and around Harrisburg, Pennsylvania. The assets continue to perform well and generate strong, predictable cash flow.”

“Our Security West investment represents a 50% limited partnership interest in real estate occupied by the United States Social Security Administration under a lease expiring in October 2018. As previously reported on April 16, 2018, the General Service Administration (“GSA”) has indicated that it proposes to exercise a 10-year renewal option to lease up to 824,563 rentable square feet of space at the Security West Complex. The renewal option contemplates the lease of the 824,563 rentable square feet at a monthly rental rate of \$1.15 per square foot consistent with the current lease rate. The GSA would have full or partial termination rights at the end of the second year of the renewal term. The current mortgage balance will be amortized to approximately \$13.3 million on June 30, 2018, down from \$98.5 million at the lease commencement on June 24, 2003. Management of the Security West investment has indicated they plan to extend the maturity date of the loan prior to its current November 15, 2018 maturity date.”

“Regency also owns an indirect 50% interest in Mobile Energy which owns and operates an energy facility located in Mobile, Alabama. The facility supplies co-generated steam and electricity for use in Kimberly-Clark's mill operations under a 15 year agreement signed in 2004. This investment currently generates approximately \$3.5 million of cash distributions per annum for Regency after debt amortization at the project level. In April 2017, Kimberly-Clark announced that it will invest \$75 million to construct a new on-site cogeneration energy plant at its mill. The construction of the new plant is expected to take place over a two-year period. We are engaged in identifying other potential customers for the facility's output or alternative uses for the facility and we are actively working with our Mobile Energy partners at Detroit Edison to maximize cash flow for the remainder of our contract. As it presently stands, at the expected conclusion of the Kimberly-Clark contract in April 2019, Mobile Energy is expected to have fully discharged its debt out of operating cash flow and is projected to hold additional operating cash balances supplemented by operating and financial cash reserves which are expected to be released at the expiration of the contract.”

“Regency owns five stand-alone self-storage facilities in the Harrisburg, Pennsylvania vicinity acquired for a total purchase price of \$35.0 million of which \$25.3 million was financed via a non-recourse ten-year debt financing, with a four year interest only period ending in 2020 and thereafter a thirty year amortization schedule. The facilities were purchased via a joint venture with SSCP Management LLC (“SSCP”). Pursuant to the terms of the joint venture, Regency earns a 7.5% per annum preferred distribution on its \$11.2 million capital contribution. Surplus cash flow after the preferred distribution is allocated 80% to Regency and 20% to SSCP. Regency received its eighth distribution from the joint venture in the second quarter of 2018 in the amount of \$210,576 reflecting the 7.5% per annum preferred distribution driven by the ongoing operating performance of the investment.

We remain pleased with the continued strong improvement in occupancy and related cash flows at our self-storage facilities.”

“We are continuing to review and evaluate further investment opportunities for Regency and intend to grow the company by investing in other attractive long term assets that meet our business characteristics and valuation criteria. Our net asset value per share continues to grow based on our existing investments.”

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

### **About Regency Affiliates**

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

1. A 50% limited partnership interest in the Security West Complex located on 34.3 acres in Woodlawn, Maryland. The facility is occupied under a lease expiring in October 2018 by the United States Social Security Administration. The GSA has indicated that it proposes to exercise a 10-year renewal option to lease up to 824,563 rentable square feet of space at the Security West Complex. The renewal option contemplates the lease of the 824,563 rentable square feet at a monthly rental rate of \$1.15 per square foot consistent with the current lease rate. The GSA would have full or partial termination rights at the end of the second year of the renewal term;
2. An indirect 50% interest in Mobile Energy which owns and operates an energy facility located on approximately 11 acres of land in Mobile, Alabama. The facility supplies up to 61 megawatts of co-generated steam and electricity for use in Kimberly-Clark's mill operations under a 15 year agreement signed in 2004; and
3. A majority joint-venture interest in a portfolio of five stand-alone self-storage facilities in the Harrisburg, Pennsylvania vicinity comprising approximately 337,000 square feet of net rentable space in excess of 2,500 climate and non-climate controlled storage units.

### **Forward-Looking Statements**

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

### **CONTACT:**

#### **Regency Affiliates, Inc.**

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