

SECURITY WEST SIGNS NEW LEASE WITH GSA

Partnership Refinances Security West

New York, NY – December 17, 2018 ---- Regency Affiliates, Inc. (OTC Pink: RAFI) (“Regency”) today announced that Security Land and Development Company Limited Partnership (“SLDC” or “Security West”), in which Regency owns a 50% limited partnership interest, has signed a new ten-year lease with the U.S. General Services Administration (“GSA”) for the Security West Complex consisting of 717,011 square feet of office and related space located on 34.3 acres in Woodlawn, Maryland.

The lease became effective as of November 1, 2018 and runs through October 31, 2028. The initial annual rent will approximate \$11.75 million per annum. At any time on or after November 1, 2021, GSA may partially terminate the lease and vacate up to 266,353 square feet by providing at least 12 months written notice to SLDC. On or after November 1, 2023, GSA may terminate the entire lease upon 24 months written notice to SLDC.

Based on the rental stream provided by the new lease, the general partner of SLDC has arranged for new debt on Security West totaling approximately \$30.0 million. The new debt will be amortized down to a balance of \$10 million over the first five years of the loan. The net proceeds of the new loan after expenses are being used primarily to payoff existing debt at Security West and to fund capital improvements and reserves of about \$17.0 million, with the balance available for distribution to the partners of SLDC, including an anticipated distribution to Regency in excess of \$1 million. The distribution to Regency has resulted in aggregate distributions to Regency of cash flow from SLDC exceeding \$2 million, thereby triggering an adjustment under the partnership agreement to the allocation of future distributions and taxable income among the partners of SLDC, subject in the case of allocations of taxable income to any applicable regulatory allocations or other adjustments, from 95% (Regency)/5% (other partners) to approximately 49% (Regency)/51% (other partners).

Simultaneous with the aforementioned refinancing, the partners of SLDC have entered into an amended and restated limited partnership agreement which, among other items, provides for a reduction of the general partner’s Property Management Fee to approximately \$352,000 per annum; the commencement of an Asset Management Fee payable to Regency of approximately \$152,000 per annum; and Regency’s right to approve affiliate transactions involving the general partner.

“We are very pleased to have secured a new lease with GSA at the Security West complex” commented Laurence Levy, Regency’s Chairman and Chief Executive Officer. “The new lease provides cash flow certainty to support a refinancing of the property. We anticipate that GSA will be a tenant at the Security West complex for significantly beyond the current lease term.”

About Regency Affiliates

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

1. A 50% interest in the Security West Complex located on 34.3 acres in Woodlawn, Maryland. The facility is occupied under a lease expiring in October 2028 by the United States Social Security Administration, subject to a partial termination right starting at the end of the third year of the lease and a whole termination right starting at the end of the fifth year of the lease;

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.

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