Principal Executive Offices

431 West Seventh Street
Los Angeles, CA 90014
(213) 622-1254

Officers

President and Managing Partner
Karen L. Hathaway
Chief Financial Officer
Bryan J. Cusworth
Secretary and General Counsel
Charles E. Michaels

General Partners of LAACO, Ltd.

Stability LLC (Managing General Partner)
Managing Members of Stability LLC
Frank G. Hathaway
Christopher J. Harrer
John K. Hathaway
Karen L. Hathaway
Steven K. Hathaway
Thomas S. Hathaway
Charles E. Michaels
Barbara H. Wolff
The Los Angeles Athletic Club, Inc. (General Partner)

Registrar and Transfer Agent

Computershare
250 Royall Street
Canton, MA 02021
(800) 962-4284
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LAACO, LTD.

A CALIFORNIA LIMITED PARTNERSHIP

THIRD QUARTER REPORT

SEPTEMBER 30, 2014

LAACO, LTD.
A CALIFORNIA LIMITED PARTNERSHIP
CONSOLIDATED BALANCE SHEETS

	UNAUDITED SEPTEMBER 30, 2014	AUDITED DECEMBER 31, 2013
ASSETS		
Current assets:		
Cash	**$ 10,485,000**	$ 6,309,000
Accounts receivable, net	**1,606,000**	1,548,000
Inventories	**227,000**	232,000
Prepaid expenses and other current assets	**1,369,000**	1,397,000
Total current assets	**13,687,000**	9,486,000
Property and equipment, net	**183,790,000**	184,024,000
Investment in joint ventures	**2,580,000**	2,651,000
Other assets	**11,019,000**	10,774,000
Total assets	**$211,076,000**	$206,935,000
LIABILITIES AND PARTNERS' CAPITAL		
Current liabilities:		
Accounts payable and accrued expenses	**$ 4,367,000**	$ 4,483,000
Payroll, sales, and local taxes	**1,025,000**	826,000
Prepaid dues, rentals and deposits	**3,024,000**	2,729,000
Notes payable, current portion	**8,527,000**	1,109,000
Total current liabilities	**16,943,000**	9,147,000
Other long-term liabilities	**9,096,000**	9,219,000
Notes payable, net of current portion	**19,152,000**	27,397,000
Total liabilities	**45,191,000**	45,763,000
Partners' capital: (170,349 and 170,373 units at end of period, respectively)	**165,885,000**	161,172,000
Total liabilities and partners' capital	**$211,076,000**	$206,935,000

CONSOLIDATED STATEMENTS OF CHANGES IN PARTNERS' CAPITAL

	UNAUDITED NINE MONTHS ENDED SEPTEMBER 30, 2014	AUDITED YEAR ENDED DECEMBER 31, 2013
Balance, beginning of period	**$161,172,000**	$156,937,000
Net income	**11,645,000**	13,839,000
Cash distributions	**(7,667,000)**	(9,554,000)
Partnership unit repurchases	**(150,000)**	(1,102,000)
Units issued under incentive equity plan	**124,000**	-
Other comprehensive income:		
Unrealized gain on interest rate hedges	**761,000**	1,052,000
Balance, end of period	**$165,885,000**	$161,172,000

See notes to unaudited consolidated financial statements

LAACO, LTD.
A CALIFORNIA LIMITED PARTNERSHIP
CONSOLIDATED STATEMENTS OF INCOME
UNAUDITED

	THREE MONTHS ENDED SEPTEMBER 30,		NINE MONTHS ENDED SEPTEMBER 30,	
	2014	2013	**2014**	2013
Revenues:				
Real property investments and rentals	**$11,188,000**	$10,449,000	**$32,365,000**	$30,276,000
Club operations	**5,381,000**	5,137,000	**16,150,000**	15,327,000
	16,569,000	15,586,000	**48,515,000**	45,603,000
Cost and expenses:				
Operating expenses	**10,211,000**	9,796,000	**29,710,000**	27,916,000
Cost of goods sold	**535,000**	529,000	**1,508,000**	1,457,000
Depreciation and amortization	**1,560,000**	1,635,000	**4,831,000**	4,989,000
	12,306,000	11,960,000	**36,049,000**	34,362,000
Operating income	**4,263,000**	3,626,000	**12,466,000**	11,241,000
Other income (expense):				
Gain (loss) on sale of assets	**4,000**	(49,000)	**13,000**	(48,000)
Income from joint ventures	**126,000**	113,000	**382,000**	331,000
Interest expense, net	**(360,000)**	(395,000)	**(1,101,000)**	(1,173,000)
Income tax attributable to subsidiaries.	**-**	39,000	**(115,000)**	(23,000)
	(230,000)	(292,000)	**(821,000)**	(913,000)
Net income	**$ 4,033,000**	$ 3,334,000	**$11,645,000**	$10,328,000
Per partnership unit:				
Net income	**$23.67**	$19.57	**$68.34**	$60.47
Cash distributions	**$15.00**	$14.00	**$45.00**	$42.00
Weighted average partnership units outstanding during the period…….	**170,400**	170,400	**170,400**	170,800

See notes to unaudited consolidated financial statements

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

The unaudited consolidated financial statements are prepared in conformity with generally accepted accounting principles and include all adjustments, which in the opinion of management are necessary for a fair presentation of the results for the periods indicated. It is suggested that these condensed financial statements be read in conjunction with the financial statements and the notes thereto included in the Partnership's latest Annual Report to unitholders. Results for any interim period are not necessarily indicative of results which might be obtained for a full year.

LAACO, Ltd., as a limited partnership, pays no income taxes. Tax on partnership net income is payable by the partners. The club operations (incorporated in wholly owned subsidiaries) are taxed separately on their net income.

The unaudited net income reported in the consolidated financial statements and the estimated partnership taxable income are as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2014	2013	**2014**	2013
Unaudited net income	**$ 4,033,000**	$ 3,334,000	**$11,645,000**	$10,328,000
Tax basis adjustments	**447,000**	435,000	**1,525,000**	837,000
Estimated partnership taxable net income	**$ 4,480,000**	$ 3,769,000	**$13,170,000**	$11,165,000
Per unit [(1)]:				
Unaudited net income	**$ 23.67**	$ 19.57	**$ 68.34**	$ 60.47
Tax basis adjustments	**2.62**	2.22	**8.95**	4.90
Estimated partnership taxable net income	**$ 26.29**	$ 22.12	**$ 77.29**	$ 65.37

(1) Unaudited net income per unit and estimated taxable income per unit are computed by dividing the respective amounts by the weighted average number of partnership units outstanding during the period.

Cash distributions are recorded on cash payment dates. Cash distributions of $15.00 per unit were paid on April 1, 2014, June 2, 2014 and September 2, 2014, respectively.

Financial information for LAACO Ltd. is posted on the web site of OTC Markets Group, Inc. - an independent provider of financial information. To view this information, go to www.otcmarkets.com and enter our symbol "LAACZ." Future financial reports and news releases will be provided to OTC Markets Group for posting on this web site. Financial information for prior years of LAACO, Ltd. is available upon written request at the Partnership's principal offices.