LAACO, LTD.

A CALIFORNIA LIMITED PARTNERSHIP

FIRST QUARTER REPORT

March 31, 2020

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
    Karen L. Hathaway, Chairman
    Frank G. Hathaway, Vice Chairman
    Jennifer L. Bayer
    Christopher J. Harrer
    John K. Hathaway
    Steven K. Hathaway
    Thomas S. Hathaway
    Charles E. Michaels
The Los Angeles Athletic Club, Inc. (General Partner)

Registrar and Transfer Agent

Computershare
211 Quality Circle, Suite 210
College Station, TX 77845
(800) 522-6645
TDD for hearing impaired: (800) 952-9245
www.computershare.com/investor

LAACO, LTD.
A CALIFORNIA LIMITED PARTNERSHIP
CONSOLIDATED BALANCE SHEETS

	UNAUDITED MARCH 31, 2020	AUDITED DECEMBER 31, 2019
ASSETS		
Current assets:		
Cash	**$ 7,175,000**	$ 2,555,000
Accounts receivable, net	**1,576,000**	1,842,000
Inventories	**426,000**	425,000
Prepaid expenses and other current assets	**918,000**	1,409,000
Total current assets	**10,095,000**	6,231,000
Property and equipment, net	**245,017,000**	245,749,000
Investment in joint ventures	**2,145,000**	2,180,000
Other assets	**19,971,000**	20,077,000
Total assets	**$ 277,228,000**	$274,237,000
LIABILITIES AND PARTNERS' CAPITAL		
Current liabilities:		
Accounts payable and accrued expenses	**$ 5,279,000**	$ 7,467,000
Payroll, sales, and local taxes	**1,298,000**	2,244,000
Prepaid dues, rentals and other current liabilities	**5,431,000**	4,881,000
Notes payable, current portion	**2,160,000**	2,160,000
Total current liabilities	**14,168,000**	16,752,000
Other long-term liabilities	**18,185,000**	15,814,000
Notes payable, net of current portion	**42,500,000**	43,040,000
Total liabilities	**74,853,000**	75,606,000
Partners' capital (168,127 and 168,145 units at end of period, respectively)	**202,375,000**	198,631,000
Total liabilities and partners' capital	**$ 277,228,000**	$274,237,000

CONSOLIDATED STATEMENTS OF CHANGES IN PARTNERS' CAPITAL

	UNAUDITED THREE MONTHS ENDED MARCH 31, 2020	AUDITED YEAR ENDED DECEMBER 31, 2019
Balance, beginning of period	**$198,631,000**	$193,810,000
Net income	**5,333,000**	22,599,000
Cash distributions	**-**	(15,749,000)
Partnership unit repurchases	**(288,000)**	(1,165,000)
Units issued under incentive equity plan	**243,000**	234,000
Other comprehensive income:		
Unrealized loss on interest rate hedges	**(1,544,000)**	(1,098,000)
Balance, end of period	**$202,375,000**	$198,631,000

See notes to unaudited consolidated financial statements

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

	THREE MONTHS ENDED MARCH 31,	
	2020	2019
Revenues:		
Real property investments and rentals	**$16,440,000**	$15,589,000
Club operations	**5,774,000**	6,172,000
	22,214,000	21,761,000
Cost and expenses:		
Operating expenses	**13,800,000**	13,387,000
Cost of goods sold	**360,000**	474,000
Depreciation and amortization	**2,546,000**	2,502,000
	16,706,000	16,363,000
Operating income	**5,508,000**	5,398,000
Other income (expense):		
Income from joint ventures	**201,000**	199,000
Interest expense, net	**(376,000)**	(478,000)
Income tax expense attributable to subsidiaries	**-**	-
	(175,000)	(279,000)
Net income	**$ 5,333,000**	$ 5,119,000
Net income per unit	**$31.72**	$30.38
Weighted average partnership units outstanding	**168,110**	168,519

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 as 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 March 31,	
	2020	2019
Unaudited net income	**$ 5,333,000**	$ 5,119,000
Tax basis adjustments	**2,064,000**	1,116,000
Estimated partnership taxable net income	**$ 7,397,000**	$ 6,235,000
Per unit [(1)]:		
Unaudited net income	**$ 31.72**	$ 30.38
Tax basis adjustments	**12.28**	6.62
Estimated partnership taxable net income	**$44.00**	$ 37.00

(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. A first quarter cash distribution of $25.00 per unit was paid on April 2, 2020.

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.