

# **Disclosure Statement Pursuant to the Pink Basic Disclosure Guidelines**

## **LAACO, Ltd.**

A California Limited Partnership  
431 W. 7<sup>th</sup> Street, Los Angeles, CA 90014

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213.622.1254  
www.storagewest.com  
storagewest@laaco.net  
SIC Code: 6512

### **Quarterly Report**

**For the Period Ending:** September 30, 2021  
(the "Reporting Period")

As of September 30, 2021, the number of shares outstanding of our Common Stock was: 172,075

As of June 30, 2021 (prior Reporting Period), the number of shares outstanding of our Common Stock was: 172,075

As of December 31, 2020 (Most Recent Completed Fiscal Year End Date), the number of shares outstanding of our Common Stock was: 172,075

Indicate by check mark whether the company is a shell company (as defined in Rule 405 of the Securities Act of 1933 and Rule 12b-2 of the Exchange Act of 1934):

Yes: ☐ No: ☒

Indicate by check mark whether the company's shell status has changed since the previous reporting period:

Yes: ☐ No: ☒

Indicate by check mark whether a Change in Control<sup>1</sup> of the company has occurred over this reporting period:

Yes: ☐ No: ☒

### **1) Name and address(es) of the issuer and its predecessors (if any)**

**Issuer:** LAACO, Ltd.  
431 W. 7<sup>th</sup> Street  
Los Angeles, CA 90014

**Predecessors:** The Los Angeles Athletic Club; Registered: December 30, 1905; Dissolved: December 9, 1986  
LAACO Incorporated; Registered: March 12, 1975; Dissolved: July 23, 1987

**Date and State of Incorporation:** December 17, 1986; State of California; Active

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<sup>1</sup> "Change in Control" shall mean any events resulting in:

(i) Any "person" (as such term is used in Sections 13(d) and 14(d) of the Exchange Act) becoming the "beneficial owner" (as defined in Rule 13d-3 of the Exchange Act), directly or indirectly, of securities of the Company representing fifty percent (50%) or more of the total voting power represented by the Company's then outstanding voting securities;

(ii) The consummation of the sale or disposition by the Company of all or substantially all of the Company's assets;

(iii) A change in the composition of the Board occurring within a two (2)-year period, as a result of which fewer than a majority of the directors are directors immediately prior to such change; or

(iv) The consummation of a merger or consolidation of the Company with any other corporation, other than a merger or consolidation which would result in the voting securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity or its parent) at least fifty percent (50%) of the total voting power represented by the voting securities of the Company or such surviving entity or its parent outstanding immediately after such merger or consolidation.

Describe any trading suspension orders issued by the SEC concerning the issuer or its predecessors since inception:

None

List any stock split, stock dividend, recapitalization, merger, acquisition, spin-off, or reorganization either currently anticipated or that occurred within the past 12 months:

None

The address(es) of the issuer's principal executive office:

431 W. 7<sup>th</sup> Street, Los Angeles, CA 90014

The address(es) of the issuer's principal place of business:

Check box if principal executive office and principal place of business are the same address: ☒

431 W. 7<sup>th</sup> Street, Los Angeles, CA 90014

Has the issuer or any of its predecessors been in bankruptcy, receivership, or any similar proceeding in the past five years?

Yes: ☐ No: ☒

If this issuer or any of its predecessors have been the subject of such proceedings, please provide additional details in the space below:

None; not applicable

## 2) Security Information

Trading symbol:	LAACZ	
Exact title and class of securities outstanding:	Limited Partnership units	
CUSIP:	505346.10.6	
Par or stated value:	\$10.00	
Total shares authorized:	175,907	as of date: December 17, 1986
Total shares outstanding:	172,075	as of date: September 30, 2021
Number of shares in the Public Float <sup>2,0</sup> :	53,143	as of date: September 30, 2021
Total number of shareholders of record:	93	as of date: September 30, 2021

<sup>0</sup>Updated, and adjusted for recent transactions; see Annual Report ending December 31, 2020 posted to OTCIQ on March 30, 2021, and separate Quarterly Report for the nine months ending September 30, 2021, incorporated by reference through OTCIQ, and posted to OTCIQ on November 5, 2021; includes repurchased units held in a brokerage account but excludes retired units and units reissued under the Partnership's Equity Incentive Plan.

All additional class(es) of publicly traded securities (if any): None

### Transfer Agent

Name: Computershare  
Phone: 800.522.6645  
Email: syed.hussaini@computershare.com  
Address: 462 S. 4<sup>th</sup> Street, Suite 1600  
Address: Louisville, KY 40202

Is the Transfer Agent registered under the Exchange Act?<sup>3</sup> Yes: ☒ No: ☐

<sup>2</sup> "Public Float" shall mean the total number of unrestricted shares not held directly or indirectly by an officer, director, any person who is the beneficial owner of more than 10 percent of the total shares outstanding (a "control person"), or any affiliates thereof, or any immediate family members of officers, directors and control persons.

<sup>3</sup> To be included in the Pink Current Information tier, the transfer agent must be registered under the Exchange Act.

### 3) Issuance History

#### A. Changes to the Number of Outstanding Shares

Check this box to indicate there were no changes to the number of outstanding shares within the past two completed fiscal years and any subsequent periods: ☒

Number of Shares Outstanding as of Second Most Recent Fiscal Year End:  12/31/2019  Opening Balance:  Common: 172,075  Preferred: 0									
Date of Transaction	Transaction type (e.g. new issuance, cancellation, shares returned to treasury)	Number of Shares Issued (or cancelled)	Class of Securities	Value of shares issued (\$/per share) at Issuance	Were the shares issued at a discount to market price at the time of issuance? (Yes/No)	Individual/ Entity Shares were issued to (entities must have individual with voting / investment control disclosed).	Reason for share issuance (e.g. for cash or debt conversion) -OR- Nature of Services Provided	Restricted or Unrestricted as of this filing.	Exemption or Registration Type.
No transactions									
Shares Outstanding on Date of This Report:  Ending Balance:  Date 09/30/21 Common: 172,075  Preferred: 0									

#### B. Debt Securities, Including Promissory and Convertible Notes

Check this box if there are no outstanding promissory, convertible notes or debt arrangements: ☒

The Partnership has no outstanding promissory notes, convertible notes or other debt arrangements that are convertible into the Partnership's units as of the reporting date. LAACO, Ltd. has Mortgage Notes Payable, Paycheck Protection Program loan, an available line of credit, as well as derivative financial instruments tied to its Mortgage Notes Payable. Such debt arrangements and derivative instruments are more fully described in the footnotes of the Partnership's audited financial statements included in Partnership's most recent Annual Report, also incorporated by reference through OTCIQ, and posted to OTCIQ on March 30, 2021.

### 4) Financial Statements

A. The following financial statements were prepared in accordance with:

- ☒ U.S. GAAP  
☐ IFRS

B. The financial statements for this reporting period were prepared by (name of individual)<sup>4</sup>:

Name: Bryan J. Cusworth  
 Title: Chief Financial Officer  
 Relationship to Issuer: Officer

<sup>4</sup> The financial statements requested pursuant to this item must be prepared in accordance with US GAAP or IFRS by persons with sufficient financial skills.

Provide the financial statements described below for the most recent fiscal year or quarter. For the initial disclosure statement (qualifying for Pink Current Information for the first time) please provide reports for the two previous fiscal years and any subsequent interim periods.

- C. Balance sheet;
- D. Statement of income;
- E. Statement of cash flows;
- F. Statement of Retained Earnings (Statement of Changes in Stockholders' Equity)
- G. Financial notes; and
- H. Audit letter, if audited

Such financial statements are incorporated by reference through OTCIQ for the nine months ended September 30, 2021 as a separate Quarterly Report and posted to OTCIQ on November 5, 2021; and in the Partnership's Annual Report for the period ending December 31, 2020 posted to OTCIQ on March 30, 2021.

## 5) Issuer's Business, Products and Services

- A. Summarize the issuer's business operations (If the issuer does not have current operations, state "no operations")

LAACO, Ltd.'s (the "Partnership") business is real property investments and leasing operations. Subsidiary business consists of membership club ownership and operations as described below. The Partnership acquires, develops, builds and manages self-storage facilities. The Partnership owns and operates 59 self-storage facilities in Southern California, Arizona Nevada, and Texas under the trade name of "Storage West." Storage West currently serves six metropolitan market areas including Orange, San Diego, and Riverside/San Bernardino Counties in California, the greater Las Vegas area in Nevada, the greater Phoenix area in Arizona, and the greater Houston area in Texas. Through joint venture partnerships with a commercial real estate company, the Partnership operates two self-storage facilities in San Bernardino County, California. The Partnership has a 50% ownership in each of the two joint venture properties, which it manages and operates under the Storage West trade name. The Partnership also owns the Los Angeles Athletic Club Building and two adjacent parking facilities located in downtown Los Angeles, California, and other retail leasing and commercial real estate interests. In addition to its acquisition, development, ownership and operation of self-storage facilities, the Partnership owns land, buildings and marina facilities that are leased to two wholly-owned subsidiaries, as described below.

- B. Please list any subsidiaries, parents, or affiliated companies.

LAACO, Ltd. subsidiaries operate The Los Angeles Athletic Club (The LAAC Corp.) in downtown Los Angeles and the California Yacht Club (California Yacht Club, Inc.) in Marina del Rey, California through a wholly owned subsidiary, Club Holding Corp., a California corporation. The Los Angeles Athletic Club is a membership club consisting of athletic facilities, food and beverage operations and a 72 room hotel. The California Yacht Club is a membership club consisting of sports facilities, food and beverage operations and a 300 slip marina. As noted previously, LAACO has two joint venture partnerships, Fontana Self Storage, LLC and Rancho Cucamonga Self Storage, LLC, that operate under the tradename Storage West. LAACO's general partners are Stability LLC, its managing general partner, and The Los Angeles Athletic Club, Inc. Stability LLC is controlled by the Hathaway family and related parties, who have been instrumental in the ownership and stewardship of the Los Angeles Athletic Club and related entities since 1905.

- C. Describe the issuers' principal products or services.

Real property investments and leasing operations, principally through Storage West self-storage, and club operations through The Los Angeles Athletic Club (The LAAC Corp.) and California Yacht Club, Inc. as noted above.

In June 2021, the Partnership's subsidiary, The LAAC Corp. entered into a management agreement with Kemper Sports Management, Inc. for the management and operation of the Los Angeles Athletic Club for a five year term.

## 6) Issuer's Facilities

Storage West Self-Storage Facilities (as of September 30, 2021)

Arizona:	17
California:	22
Nevada:	13
Texas:	7

The Partnership's portfolio of self-storage properties has evolved over time and consists of facilities with characteristics of older self-storage facilities, more recently constructed facilities, and those with characteristics of both older and recently constructed facilities. Older facilities are comprised generally of multiple single story buildings, and have "drive up" spaces and a small rental office. More recently built facilities are larger, often multi-story buildings with climate control, and a prominent, large rental office. Most facility rental spaces have between 25 and 400 square feet, with an interior height between eight to twelve feet. Some self-storage facilities also have rentable covered and/or uncovered parking areas for vehicle storage, and lease a small portion of the property to telecommunication companies for cell site operations. The locations, addresses and photographs of self-storage facilities can be found on the Partnership's Storage West website at [www.storagewest.com](http://www.storagewest.com). The Partnership has a note payable, draw-down mortgage note payable and swap agreement that are collateralized by six of its self-storage properties.

#### Other Properties

The Partnership owns the 12 story, approximately 184,000 square foot, Los Angeles Athletic Club Building in downtown Los Angeles, along with an adjacent multi-story parking structure and a surface parking lot about a half block away from The Los Angeles Athletic Club. The Partnership leases a portion of the Los Angeles Athletic Club Building to The LAAC Corp. dba The Los Angeles Athletic Club. The Partnership also owns one parcel of undeveloped land in Nevada; and leases small commercial properties that support the Partnership's management, staff, and other operations. Information on The Los Angeles Athletic Club can be found on the LAAC's website at [www.laac.com](http://www.laac.com).

The Partnership owns the California Yacht Club building, slips, and other improvements in Marina del Rey, California, a portion of which is leased to that club. The Club is on property that is leased from the County of Los Angeles, California, for which monthly rent is paid. The Partnership recently negotiated a 5-year lease extension to 2027 that is subject to final approval by the County. Information on that Club and its operations can be found at [www.calyachtclub.com](http://www.calyachtclub.com).

#### **7) Company Insiders (Officers, Directors, and Control Persons)**

Name of Officer/Director or Control Person	Affiliation with Company (e.g. Officer Title /Director/Owner of more than 5%)	Residential Address (City / State Only)	Number of shares owned	Share type/class	Ownership Percentage of Class Outstanding	Notes
Stability LLC	Managing General Partner	Los Angeles, CA	118,932*	Limited Partnership units	69.12%	
The Los Angeles Athletic Club, Inc.	General Partner	Los Angeles, CA	1	Limited Partnership units	>0.00%	
Karen L. Hathaway	President & Managing Partner Stability Managing Member	Pasadena, CA	2,427	Limited Partnership units*	1.41%	**
John K. Hathaway	Sr. Vice President Stability Managing Member	La Cañada Flintridge, CA	3,082	Limited Partnership units*	1.79%	**
Steven K. Hathaway	Sr. Vice President (retired 7/15/2021) Part-time employment Stability Managing Member	Los Angeles, CA	3,268	Limited Partnership units*	1.9%	**

▪ Includes related parties

\* Equivalent share ownership

\*\* Stability LLC beneficial owner

Name of Officer/Director or Control Person	Affiliation with Company (e.g. Officer Title /Director/Owner of more than 5%)	Residential Address (City / State Only)	Number of shares owned	Share type/class	Ownership Percentage of Class Outstanding	Notes
Glenda S Aiello	Vice President	La Crescenta, CA	20	Limited Partnership units	>0.00%	
Carla Grose	Vice President	Los Angeles, CA	152	Limited Partnership units	0.09%	
Charles E. Michaels	Vice President General Counsel Secretary Stability Managing Member	Los Angeles, CA	524	Limited Partnership units*	0.3%	**
Bryan J Cusworth	Chief Financial Officer	Thousand Oaks, CA	154	Limited Partnership units	0.09%	
John R. Wolff	Vice President	Glendale, CA	6,320	Limited Partnership units*	3.67%	**
Jennifer L. Bayer	Stability Managing Member	Long Beach, CA	61	Limited Partnership units*	0.04%	**
Christopher J. Harrer	Stability Managing Member	Malibu, CA	1	Limited Partnership units*	>0.00%	**
Taylor Hathaway Zepeda	Stability Managing Member	Pasadena, CA	916	Limited Partnership units*	0.53%	**
Thomas S. Hathaway	Stability Managing Member	Pacific Palisades, CA	3,188	Limited Partnership units*	1.85%	**
Karen L. Hathaway	Trustee of Frank G. Hathaway Trust	Pasadena, CA	3,727	Limited Partnership units*	2.16%	**

▪ Includes related parties

\* Equivalent share ownership

\*\* Stability LLC beneficial owner

## 8) Legal/Disciplinary History

A. Please identify whether any of the persons or entities listed above have, in the past 10 years, been the subject of:

1. A conviction in a criminal proceeding or named as a defendant in a pending criminal proceeding (excluding traffic violations and other minor offenses);

None

2. The entry of an order, judgment, or decree, not subsequently reversed, suspended or vacated, by a court of competent jurisdiction that permanently or temporarily enjoined, barred, suspended or otherwise limited such person's involvement in any type of business, securities, commodities, or banking activities;

None

3. A finding or judgment by a court of competent jurisdiction (in a civil action), the Securities and Exchange Commission, the Commodity Futures Trading Commission, or a state securities regulator of a violation of federal or state securities or commodities law, which finding or judgment has not been reversed, suspended, or vacated; or

None

4. The entry of an order by a self-regulatory organization that permanently or temporarily barred, suspended, or otherwise limited such person's involvement in any type of business or securities activities.

None

B. Describe briefly any material pending legal proceedings, other than ordinary routine litigation incidental to the business, to which the issuer or any of its subsidiaries is a party or of which any of their property is the subject. Include the name of the court or agency in which the proceedings are pending, the date instituted, the principal parties thereto, a description of the factual basis alleged to underlie the proceeding and the relief sought. Include similar information as to any such proceedings known to be contemplated by governmental authorities.

None

## 9) Third Party Providers

Please provide the name, address, telephone number and email address of each of the following outside providers:

### Securities Counsel

Name: Stephen Antion  
Firm: Winston & Strawn LLP  
Address 1: 333 S. Grand Avenue, 38<sup>th</sup> Floor  
Address 2: Los Angeles, CA 90071  
Phone: 213.615.1700  
Email: santion@winston.com

### Accountant or Auditor

Name: Catherine S. Hyodo  
Firm: Grant Thornton  
Address 1: 515 S. Flower Street, 7<sup>th</sup> Floor  
Address 2: Los Angeles, CA 90071  
Phone: 213.627.1717  
Email: cathy.hyodo@us.gt.com

## Investor Relations

Name: Charles E. Michaels  
Firm: LAACO, Ltd.  
Address 1: 431 W, 7<sup>th</sup> Street  
Address 2: Los Angeles, CA 90014  
Phone: 213.622.1254  
Email: charles.michaels@laaco.net

## Other Service Providers

None

## **10) Issuer Certification**

### *Principal Executive Officer:*

I, Karen L. Hathaway certify that:

1. I have reviewed this quarterly disclosure statement of LAACO, Ltd.;
2. Based on my knowledge, this disclosure statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this disclosure statement; and
3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this disclosure statement, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this disclosure statement.

11/05/21

/s/ Karen L. Hathaway

### *Principal Financial Officer:*

I, Bryan J. Cusworth certify that:

1. I have reviewed this quarterly disclosure statement of LAACO, Ltd.;
2. Based on my knowledge, this disclosure statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this disclosure statement; and
3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this disclosure statement, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this disclosure statement.

11/05/21

/s/ Bryan J. Cusworth