

SECURITIES AND EXCHANGE COMMISSION

FORM SC 13D/A

Schedule filed to report acquisition of beneficial ownership of 5% or more of a class of equity securities [amend]

Filing Date: **1996-12-30**
SEC Accession No. **0000318380-96-000084**

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SUBJECT COMPANY

PARTNERS PREFERRED YIELD III INC

CIK: **870871** | IRS No.: **954325983** | State of Incorpor.: **CA** | Fiscal Year End: **1231**
Type: **SC 13D/A** | Act: **34** | File No.: **005-42226** | Film No.: **96687901**
SIC: **6798** Real estate investment trusts

Mailing Address
701 WESTERN AVE
SUITE 200
GLENDALE CA 91201

Business Address
701 WESTERN AVE
SUITE 200
GLENDALE CA 91201-2397
8182448080

FILED BY

PUBLIC STORAGE INC /CA

CIK: **318380** | IRS No.: **953551121** | State of Incorpor.: **CA** | Fiscal Year End: **1231**
Type: **SC 13D/A**
SIC: **6798** Real estate investment trusts

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 13D

Under the Securities Exchange Act of 1934
(Amendment No. 3)*

Partners Preferred Yield III, Inc.
(Name of Issuer)

Common Stock Series A
(Title of Class of Securities)

702128 10 9
(CUSIP Number)

David Goldberg, 701 Western Avenue, Suite 200, Glendale,
California 91201-2397, 818/244-8080, ext. 529

(Name, Address and Telephone Number of Person
Authorized to Receive Notices and Communications)

December 23, 1996
(Date of Event which Requires Filing of this Statement)

If the filing person has previously filed a statement on
Schedule 13G to report the acquisition which is the subject of
this Schedule 13D, and is filing this schedule because of Rule
13d-1(b)(3) or (4), check the following box [].

Check the following box if a fee is being paid with the
statement []. (A fee is not required only if the reporting
person: (1) has a previous statement on file reporting
beneficial ownership of more than five percent of the class of
securities described in Item 1; and (2) has filed no amendment
subsequent thereto reporting beneficial ownership of five
percent or less of such class.) (See Rule 13d-7.)

NOTE: Six copies of this statement, including all exhibits,
should be filed with the Commission. See Rule 13d-1(a) for
other parties to whom copies are to be sent.

*The remainder of this cover page shall be filled out for a
reporting person's initial filing on this form with respect to

the subject class of securities, and for any subsequent amendment containing information which would alter disclosures provided in a prior cover page.

The information required on the remainder of this cover page shall not be deemed to be "filed" for the purpose of Section 18 of the Securities Exchange Act of 1934 ("Act") or otherwise subject to the liabilities of that section of the Act but shall be subject to all other provisions of the Act (however, see the Notes).

SCHEDULE 13D

CUSIP No. 702128 10 9

1 Name of Reporting Person
S.S. or I.R.S. Identification No. of Above Person

Public Storage, Inc.

2 Check the Appropriate Box if a Member of a Group*
a.
b.

3 SEC Use Only

4 Source of Funds*
WC, OO

5 Check Box if Disclosure of Legal Proceedings is Required
Pursuant to Items 2(d) or 2(e)

6 Citizenship or Place of Organization
California

NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON
WITH

7 Sole Voting Power
-0-

8 Shared Voting Power
-0-

9 Sole Dispositive Power
-0-

10 Shared Dispositive Power
-0-

11 Aggregate Amount Beneficially Owned by Each Reporting
Person

12 Check Box if the Aggregate Amount in Row (11) Excludes
Certain Shares* []

13 Percent of Class Represented by Amount in Row (11)
-0-

14 Type of Reporting Person*
CO

The Statement on Schedule 13D dated March 13, 1996, as amended by Amendment No. 1 dated June 26, 1996 and Amendment No. 2 dated August 15, 1996 (the "Schedule 13D") filed by Public Storage, Inc. (the "Reporting Person"), relating to the Common Stock Series A, par value \$.01 per share (the "Common Stock Series A" or the "Series A Shares"), of Partners Preferred Yield III, Inc., a California corporation (the "Issuer"), is amended by this Amendment No. 3 as set forth below. Defined terms that are not defined herein have the meanings assigned to those terms in the Schedule 13D.

Item 1. Security and Issuer

The Issuer ceased to exist on December 23, 1996, upon consummation of the Issuer's merger (the "Merger") with and into the Reporting Person.

Item 3. Source and Amount of Funds or Other Consideration

The consideration issued by the Reporting Person in the Merger to the holders of the Series A Shares (the "Series A Shareholders") consisted of approximately \$5,974,258 in cash and approximately 716,000 shares of Common Stock of the Reporting Person ("PSI Common Stock"). The cash consideration was paid by the Reporting Person from its working capital.

Item 4. Purpose of Transaction

Pursuant to the Merger, each outstanding Series A Share (other than shares held by the Reporting Person) was converted into the right to receive cash or PSI Common Stock. Based upon the elections made by the Series A Shareholders, the Reporting Person paid to the Series A Shareholders an aggregate of approximately \$5,974,258 in cash and issued to the Series A Shareholders an aggregate of approximately 716,000 shares of PSI Common Stock. Upon consummation of the Merger, all of the outstanding Series A Shares, including the 82,547 Series A Shares owned by the Reporting Person, were cancelled.

Pursuant to the Merger, the outstanding shares of the Issuer's Common Stock Series B ("Series B Shares"), Common Stock Series C (Series C Shares") and Common Stock Series D ("Series D Shares"), other than

shares held by the Reporting Person, were converted into an aggregate of 32,463 shares of PSI Common Stock. Upon consummation of the Merger, all of the outstanding Series B Shares, Series C Shares and Series D Shares, including the shares owned by the Reporting Person, were cancelled.

The Merger, which was described in Amendment No. 2 dated August 15, 1996 to the Schedule 13D, was approved by the Issuer's shareholders on December 17, 1996.

Item 5. Interest in Securities of the Issuer

On December 23, 1996, the effective date of the Merger, all of the Series A Shares were cancelled, and the Issuer ceased to exist. As a result, all of the 82,547 Series A Shares owned by the Reporting Person on the effective date of the Merger were cancelled. In addition, the Reporting Person's option to acquire 3,037 Series A Shares beneficially owned by B. Wayne Hughes, Chairman of the Board and Chief Executive Officer of the Reporting Person, was cancelled upon consummation of the Merger. As a result of the Merger, the Reporting Person no longer owns more than 5% of the Series A Shares.

To the best of the Reporting Person's knowledge, no executive officer or director of the Reporting Person engaged in any transactions in Series A Shares during the 60-day period ended December 23, 1996, other than the disposition of Series A Shares pursuant to the Merger. Information relating to those dispositions is set forth on Appendix A attached to this Amendment No. 3 to Schedule 13D.

Item 6. Contracts, Arrangements, Understandings or Relationships With Respect to Securities of the Issuer

The Reporting Person's option to acquire 3,037 Series A Shares, 33,742 Series B Shares, 19,848 Series C Shares and 13,070.8 Series D Shares beneficially owned by B. Wayne Hughes, Chairman of the Board and Chief Executive Officer of the Reporting Person, was cancelled upon consummation of the Merger.

SIGNATURE

After reasonable inquiry and to the best of its knowledge and belief, the undersigned certifies that the information set forth in this statement is true, complete and correct.

Dated: December 30, 1996

PUBLIC STORAGE, INC.

By: /s/ SARAH HASS

Appendix A

Name	Title	No. of Series A Shares Disposed of	Consideration Received ----- Shares of PSI Common Stock -----
B. Wayne Hughes	Chairman of the Board and Chief Executive Officer	3,037*	2,342
Marvin M. Lotz	Senior Vice President	2,200	1,696
Dann V. Angeloff	Director	300	231
Uri P. Harkham	Director	4,000	3,085

* As noted above, as a result of the Merger, the Reporting Person's
option to acquire these shares was cancelled.