SECURITIES AND EXCHANGE COMMISSION

FORM SC 14D1/A

Tender offer statement. [amend]

Filing Date: **1996-08-26**
SEC Accession No. 0000912057-96-018881

(HTML Version on secdatabase.com)

SUBJECT COMPANY

IDS SHURGARD INCOME GROWTH PARTNERS L P III

CIK:**843024**| IRS No.: **911435854** | State of Incorp.:**WA** | Fiscal Year End: **1231**
Type: **SC 14D1/A** | Act: **34** | File No.: **005-46273** | Film No.: **96620837**
SIC: **4220** Public warehousing & storage

Mailing Address
1201 THIRD AVENUE
SUITE 2200
SEATTLE WA 98101

Business Address
1201 THIRD AVE STE 2200
C/O SHURGARD ASSOCIATES L P III
SEATTLE WA 98101
2066248100

FILED BY

SHURGARD STORAGE CENTERS INC

CIK:**906933**| IRS No.: **911603837** | State of Incorp.:**DE** | Fiscal Year End: **1231**
Type: **SC 14D1/A**
SIC: **6519** Lessors of real property, nec

Mailing Address
1201 THIRD AVENUE
SUITE 2200
SEATTLE WA 98101

Business Address
1201 THIRD AVE
STE 2200
SEATTLE WA 98101
2066248100

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

SCHEDULE 14D-1/A

TENDER OFFER STATEMENT PURSUANT TO SECTION 14(D)(1)
OF THE SECURITIES EXCHANGE ACT OF 1934

(AMENDMENT NO. 8)

IDS/SHURGARD INCOME GROWTH PARTNERS L.P. III

(Name of Subject Company)

SHURGARD STORAGE CENTERS, INC.

(Bidder)

LIMITED PARTNERSHIP UNITS
(Title of Class of Securities)

448933-200
(CUSIP Number of Class of Securities)

KRISTIN H. STRED, ESQ.
SENIOR VICE PRESIDENT, SECRETARY AND GENERAL COUNSEL
SHURGARD STORAGE CENTERS, INC.
1201 THIRD AVENUE
SUITE 2200
SEATTLE, WASHINGTON 98101
(206) 624-8100

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

COPIES TO:

JEFFERY T. PERO, ESQ.
WILLIAM J. CERNIUS, ESQ.
LATHAM & WATKINS
650 TOWN CENTER DRIVE
TWENTIETH FLOOR
COSTA MESA, CALIFORNIA 92626
(714) 540-1235

14D-1

<TABLE>
<CAPTION>
CUSIP NO.
<S> <C> <C>
1 NAME OF REPORTING PERSON AND S.S. OR I.R.S. IDENTIFICATION NO. OF ABOVE PERSON

	SHURGARD STORAGE CENTERS, INC. (91-1603837)		
2	CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP	(a) / / (b) / /	
3	SEC USE ONLY		
4	SOURCES OF FUNDS BK		
5	CHECK IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS 2(e) OR 2(f)	/ /	
6	CITIZENSHIP OR PLACE OF ORGANIZATION DELAWARE		
7	AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON APPROXIMATELY 1,603 UNITS		
8	CHECK IF THE AGGREGATE AMOUNT IN ROW (7) EXCLUDES CERTAIN SHARES	/ /	
9	PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (7) APPROXIMATELY 1.3%		
10	TYPE OF REPORTING PERSON -- CO		

</TABLE>

This Amendment No. 8 to the Tender Offer Statement on Schedule 14D-1 (the "Schedule 14D-1") relates to a tender offer by Shurgard Storage Centers, Inc., a Delaware corporation (the "Purchaser"), to purchase up to 52,000 units of limited partnership interest (the "Units") in IDS/ Shurgard Income Growth Partners, L.P. III, a Washington limited partnership (the "Partnership"), at $308 per Unit, net to the seller in cash and without interest, upon the terms of and subject to the conditions set forth in the Offer to Purchase dated July 2, 1996, as supplemented by the Purchaser's Letter to Unitholders dated July 16, 1996 and the Supplement to Offer to Purchase dated August 26, 1996 (the "Supplement to Offer to Purchase"), a copy of which is attached hereto as Exhibit 99.19, and in the related Letter of Transmittal (which together constitute the "Offer"). This Amendment No. 8 is being filed by the Purchaser.

ITEM 1. ISSUER AND CLASS OF SECURITY SUBJECT TO THE TRANSACTION.

Item 1 is hereby amended to add the following additional information:

(c) The information set forth in "MARKET PRICES OF UNITS" of the Supplement to the Offer to Purchase is incorporated herein by reference.

(d) The information set forth in SCHEDULE VIII of the Supplement to the Offer to Purchase is incorporated herein by reference.

ITEM 2. IDENTITY AND BACKGROUND.

Item 2 is hereby amended to add the following additional information:

(d) The information set forth in SCHEDULE I of the Supplement to Offer to Purchase is incorporated herein by reference.

ITEM 3. PAST CONTACTS, TRANSACTIONS OR NEGOTIATIONS WITH THE SUBJECT COMPANY.

Item 3 is hereby amended to add the following additional information:

(a)-(b) The information set forth on the Cover Page and in the SUMMARY, "SPECIAL CONSIDERATIONS," "BACKGROUND AND PURPOSES OF THE TRANSACTION -- Background of the Transaction" and "INTERESTS OF CERTAIN PERSONS" of the Supplement to Offer to Purchase is incorporated herein by reference.

ITEM 5. PURPOSE OF THE TENDER OFFER AND PLANS OR PROPOSALS OF THE BIDDER.

Item 5 is hereby amended to add the following additional information:

(a)-(g) The information set forth on the Cover Page and in "BACKGROUND AND PURPOSES OF THE TRANSACTION" of the Supplement to Offer to Purchase is incorporated herein by reference.

ITEM 7. CONTRACTS, ARRANGEMENTS, UNDERSTANDINGS OR RELATIONSHIPS WITH RESPECT TO THE SUBJECT COMPANY'S SECURITIES.

Item 7 is hereby amended to add the following information:

The information set forth in "BACKGROUND AND PURPOSES OF THE TRANSACTION -- Background of the Transaction" is incorporated herein by reference.

ITEM 9. FINANCIAL STATEMENTS OF CERTAIN BIDDERS.

Item 9 is hereby amended to add the following additional information:

The information set forth in "BACKGROUND AND PURPOSES OF THE TRANSACTION -- The Purchaser" and SCHEDULE VII of the Supplement to the Offer to Purchase is incorporated herein by reference.

ITEM 10. ADDITIONAL INFORMATION.

Item 10 is hereby amended to add the following additional information:

(a) The information set forth in the SUMMARY, "SPECIAL CONSIDERATIONS" and "INTERESTS OF CERTAIN PERSONS" of the Supplement to Offer to Purchase is incorporated herein by reference.

(e) The information set forth in "THE OFFER -- Section 11" ("Miscellaneous") is incorporated herein by reference.

(f) The information set forth in the Supplement to Offer to Purchase, a copy of which is attached hereto as Exhibit 99.19, is incorporated herein by reference.

ITEM 11. MATERIAL TO BE FILED AS EXHIBITS.

Item 11 is hereby amended to add the following additional information:

<TABLE>

<S>	<C>
99.19	Supplement to Offer to Purchase dated August 26, 1996.
99.20	Letter to Unitholders dated August 26, 1996.
99.21	Text of Press Release dated August 26, 1996.

</TABLE>

After due inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

Dated: August 26, 1996

SHURGARD STORAGE CENTERS, INC.

By: /s/ HARRELL L. BECK

Name: Harrell L. Beck
Title: Senior Vice President, Chief Financial Officer and Treasurer

SUPPLEMENT TO
OFFER TO PURCHASE FOR CASH
UP TO 52,000 UNITS OF LIMITED PARTNERSHIP INTEREST
OF
IDS/SHURGARD INCOME GROWTH PARTNERS L.P. III
AT
$308 NET PER UNIT
BY
SHURGARD STORAGE CENTERS, INC.

THE OFFER, PRORATION PERIOD AND WITHDRAWAL RIGHTS WILL EXPIRE AT 6:00 P.M., NEW YORK CITY TIME, ON MONDAY, SEPTEMBER 9, 1996, UNLESS EXTENDED.

SHURGARD STORAGE CENTERS, INC. (THE "PURCHASER") IS OFFERING TO PURCHASE UP TO 52,000 UNITS OF LIMITED PARTNERSHIP INTEREST (THE "UNITS") IN IDS/SHURGARD INCOME GROWTH PARTNERS L.P. III (THE "PARTNERSHIP") AT A NET CASH PRICE PER UNIT OF $308 (THE "OFFER PRICE"). THIS OFFER IS NOT CONDITIONED UPON A MINIMUM NUMBER OF UNITS BEING VALIDLY TENDERED, BUT IT IS SUBJECT TO CERTAIN TERMS AND CONDITIONS DESCRIBED IN THE OFFER TO PURCHASE. SEE "THE OFFER" -- SECTION 7 ("CERTAIN CONDITIONS OF THE OFFER"). IF MORE THAN 52,000 UNITS (APPROXIMATELY 44% OF THE OUTSTANDING UNITS) ARE VALIDLY TENDERED, THE PURCHASER WILL ACCEPT ONLY 52,000 UNITS AND WILL PURCHASE UNITS FROM TENDERING UNITHOLDERS ON A PRO RATA BASIS AS DESCRIBED IN THE OFFER TO PURCHASE.

Following the completion of the purchase of Units pursuant to this Offer, the remaining Unitholders will be notified of a special meeting of Unitholders (the "Special Meeting") to be held to consider and vote upon approval of the merger of the Partnership with and into the Purchaser (the "Merger"). If the Merger is approved by the requisite vote of the Unitholders and certain other conditions to the Merger are satisfied or waived, (i) the Partnership will merge into the Purchaser and cease to exist as a separate legal entity and (ii) each Unit, other than Units held by the Purchaser (including Units purchased in this Offer), which will be cancelled, and Units, if any, held by Unitholders who perfect dissenters' rights, will be converted into the right to receive between 11.10 and 13.84 shares of Class A Common Stock of the Purchaser ("REIT Shares"), depending upon the average closing price of the REIT Shares on the New York Stock Exchange during a designated period prior to the Special Meeting. All REIT Shares will be aggregated for each Unitholder and cash will be issued in lieu of any fractional REIT Shares. If the average closing price used to determine the number of REIT Shares issuable in the Merger is less than $21.50 per REIT Share, the Purchaser may provide additional cash consideration. See "The Acquisition Agreement."

In evaluating the matters described herein, Unitholders should consider the following, among other factors:

- The general partner of the Partnership, the Purchaser and their affiliates have significant conflicts of interest in connection with this Offer and the Merger, and no unaffiliated representatives were appointed to negotiate the terms of this Offer and the Merger on behalf of the Partnership. The conflicts of interest arise, among other things, from the fact that certain representatives of the general partner are also officers of the Purchaser. See "Special Considerations."

- As a result of this Offer, the Purchaser may hold the largest, or one of the largest, equity positions in the Partnership, and therefore may be in a position to influence the policies and affairs of the Partnership and the vote on approval of the Merger. See "Special Considerations."

- If the average price of REIT Shares for the designated period used to determine the number of REIT Shares issuable in the Merger is less than $22.25 per share or if the market price of REIT Shares decreases after determination of the number of REIT Shares to be issued in the Merger and prior to the issuance of REIT Shares, the market value of the REIT Shares received in the Merger may be lower than the Offer Price. See "Special Considerations."

(CONTINUED ON NEXT PAGE)

THIS TRANSACTION HAS NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION (THE "COMMISSION") NOR HAS THE COMMISSION PASSED UPON THE FAIRNESS OR MERITS OF THIS TRANSACTION OR UPON THE ACCURACY OR ADEQUACY OF THE INFORMATION CONTAINED IN THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS UNLAWFUL.

August 26, 1996

(CONTINUED FROM PREVIOUS PAGE)

- The Merger, if consummated, may affect the level of distributions made to Unitholders who become stockholders of the Purchaser, with the potential that, depending upon the number of REIT Shares issued in the Merger, some Unitholders may receive following the Merger smaller distributions than they would have received if the Merger had not been consummated and they had remained Unitholders. See "Fairness of the Transaction; Position of the General Partner."

- Certain valuations of the Partnerships (as defined in the Offer to Purchase) performed by Alex. Brown were above the aggregate consideration to be issued in the Transaction and Additional Transactions (each as defined in the Offer to Purchase) while other valuations of the Partnerships that Alex. Brown performed were below the aggregate consideration to be issued in the Transaction and Additional Transactions. In particular, the valuation of the Partnerships Alex. Brown performed in its analysis of publicly-traded REITs resulted in a higher valuation than the consideration to be issued in the Transaction and Additional Transactions, whereas the valuation of the Partnerships it performed in its analysis of selected real estate acquisitions resulted in a lower valuation than the consideration to be issued in the Transaction and the Additional Transactions. See "Appraisal; Opinions of Financial Advisors -- Opinion of the Purchaser's Financial Advisor."

THE GENERAL PARTNER OF THE PARTNERSHIP IS SHURGARD ASSOCIATES L.P. III (THE "GENERAL PARTNER"). THE GENERAL PARTNER HAS APPROVED THIS OFFER AND THE MERGER AND HAS DETERMINED THAT THE TERMS OF THIS OFFER AND THE MERGER ARE FAIR TO THE UNITHOLDERS. THE GENERAL PARTNER RECOMMENDS THAT THOSE UNITHOLDERS WHO DESIRE IMMEDIATE LIQUIDITY TENDER THEIR UNITS PURSUANT TO THIS OFFER AND THAT ALL OTHER UNITHOLDERS RETAIN THEIR UNITS AND, INSTEAD, PARTICIPATE IN THE MERGER. THERE CAN BE NO ASSURANCE, HOWEVER, THAT THE MERGER WILL BE CONSUMMATED.

IMPORTANT

Any Unitholder desiring to tender all or any portion of his or her Units should complete and sign the Letter of Transmittal in accordance with the instructions in the Letter of Transmittal, and mail or deliver it with any other required documents to the Depositary at the address set forth on the back cover of the Offer to Purchase.

Questions and requests for assistance or additional copies of the Offer to Purchase, the Letter of Transmittal and this Supplement may be directed to the Information Agent at its address and telephone number set forth on the back cover of the Offer to Purchase. Unitholders may also contact brokers, dealers, commercial banks and trust companies for assistance concerning this Offer.

TABLE OF CONTENTS

<TABLE>
<CAPTION>

</TABLE>

<TABLE>

</TABLE>

INTRODUCTION

The Purchaser hereby amends and supplements the Offer to Purchase dated July 2, 1996, as supplemented by the Purchaser's letter to Unitholders dated July 16, 1996 (the "Offer to Purchase"). Except as set forth in this Supplement, the Offer continues to be governed by the terms and conditions set forth in the Offer to Purchase and the related Letter of Transmittal, and the information contained therein continues to be important to each Unitholder's decision with respect to the Offer. Accordingly, this Supplement should be carefully read in conjunction with the Offer to Purchase and the related Letter of Transmittal, which have been previously mailed to Unitholders. Capitalized terms not defined herein have the meanings set forth in the Offer to Purchase.

Procedures for tendering Units are set forth in the Section entitled "The Offer" of the Offer to Purchase. Tendering Unitholders should continue to use the Letter of Transmittal circulated with the Offer to Purchase. By tendering Units, Unitholders assign to the Purchaser all rights to cash distributions made subsequent to July 2, 1996 with respect to those Units.

UNITHOLDERS WHO HAVE VALIDLY TENDERED UNITS AND NOT WITHDRAWN THEIR TENDERS NEED TAKE NO FURTHER ACTION TO VALIDLY TENDER THOSE UNITS.

INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE

THE FIRST PARAGRAPH OF THE SECTION ENTITLED "INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE" IS HEREBY AMENDED AND RESTATED IN ITS ENTIRETY AS FOLLOWS:

The following documents filed with the Commission by the Purchaser (File No. 0-23466) are incorporated by reference in this Offer to Purchase:

(i) the Purchaser's Quarterly Reports on Form 10-Q for the quarters ended March 31, 1996 and June 30, 1996;

(ii) the Purchaser's Annual Report on Form 10-K for the year ended December 31, 1995;

(iii) the Purchaser's Proxy Statement for 1996 Annual Meeting of Stockholders;

(iv) the description of the Purchaser's Class A Common Stock, par value $.001 per share, contained in the Purchaser's Registration Statement on Form 8-A, as amended, dated April 19, 1995; and

(v) the description of the Preferred Share Purchase Rights contained in the Purchaser's Registration Statement on Form 8-A, as amended, dated April 19, 1995.

CAUTIONARY STATEMENT

THE SECTION ENTITLED "CAUTIONARY STATEMENT" IS HEREBY DELETED.

SUMMARY

THE SECTION ENTITLED "SUMMARY -- CONFLICTS OF INTEREST" IS HEREBY AMENDED AND RESTATED IN ITS ENTIRETY AS FOLLOWS:

CONFLICTS OF INTEREST

The General Partner of the Partnership has substantial conflicts of interest in the Transaction because (i) Charles K. Barbo, the Chairman of the Board, President and Chief Executive Officer and a stockholder of the Purchaser, is an individual general partner of the General Partner and the sole shareholder and director of the corporate general partner of the General Partner, (ii) Arthur W. Buerk, a stockholder of the Purchaser, is an individual general partner of the General Partner, (iii) certain executive officers of the Purchaser are executive officers of the corporate general partner of the General Partner, (iv) pursuant to the terms of the Partnership's Amended and Restated Agreement of Limited Partnership (the "Partnership Agreement"), the General Partner will receive 7.5% of the

Merger Consideration in exchange for its general partner interest ("GP Interest") in the Partnership and (v) the Purchaser is a limited partner of the General Partner and manages the Partnership's properties pursuant to the Management Services Agreement between the Purchaser and the Partnership (the "Management Services Agreement"). In addition, pursuant to the terms of the Contingent Share Agreement (as defined in "Fairness of the Transaction; Position of the General Partner -- Factors Considered by the General Partner -- Fairness in View of Conflicts of Interest"), assuming the REIT Share Price is within the Share Price Range, Charles K. Barbo, Arthur W. Buerk and certain executive officers of the Purchaser will receive REIT Shares in connection with the Merger with a value of $301,900, $183,700 and $37,300, respectively. See "Background and Purposes of the Transaction -- Relationships" and "Interests of Certain

Persons."

Under the Partnership Agreement and related Management Services Agreement, the Partnership currently pays compensation, fees and distributions to the General Partner and its affiliates. Specifically, the General Partner is entitled to receive 5% of the Partnership's cash distributions, profits and losses and the percentage increases to 20% once Unitholders have received a specified return on their capital contributions to the Partnership. For the years ended December 31, 1993, 1994 and 1995 and the six months ended June 30, 1996, the General Partner received distributions of $96,077, $111,764, $117,648 and $58,824, respectively. The General Partner will receive, in exchange for its general partner interest in the Partnership, a percentage of the Merger Consideration determined in accordance with the distribution provisions of the Partnership Agreement (See "Interests of Certain Persons -- General Partner's Interest") which, assuming the REIT Share Price is within the Share Price Range, results in the General Partner receiving REIT Shares with an aggregate value of $2,961,000, of which Charles K. Barbo and Arthur W. Buerk will be entitled to REIT Shares with a value of $200,300 and $196,300, respectively. As the property manager, the Purchaser is entitled to receive 6% of gross revenues received from operations of the Partnership's self storage properties and 5% of gross revenues of the Partnership's office building, plus a monthly advertising fee of $75 per property (except the Partnership's office building), as well as reimbursement for certain out-of-pocket expenses incurred in the management of the Partnership's assets. For the years ended December 31, 1993, 1994 and 1995 and the six months ended June 30, 1996, the Purchaser received property management and advertising fees totaling $256,850, $407,784, $447,716 and $226,650, respectively. In addition, the Purchaser was reimbursed by the Partnership for certain expenses it incurred as property manager. An affiliate of IPSC received from the Purchaser a quarterly fee of $12,000 for each quarter commencing July 1, 1994 and ending June 30, 1996 as reimbursement for expenses in connection with the rendering of certain administrative services. The IPSC affiliate will be reimbursed by the Purchaser for expenses incurred in connection with the provision of certain administrative services with respect to the Transaction, which the IPSC affiliate does not expect to exceed $50,000. See "Interests of Certain Persons -- Payments for Administrative Services."

If the Merger is consummated, all of the assets of the Partnership will be acquired by the Purchaser and, because the Purchaser is self-administered, the acquired assets will be managed by employees of the Purchaser and the General Partner and its affiliates will receive no property management or advertising fees. The General Partner and its affiliates will be entitled to receive dividends on the REIT Shares they each receive as a result of the Merger on the same basis as all other stockholders of the Purchaser.

SPECIAL CONSIDERATIONS

THE SECTION ENTITLED "SPECIAL CONSIDERATIONS -- CONFLICTS OF INTEREST" IS HEREBY RESTATED IN ITS ENTIRETY AS FOLLOWS:

CONFLICTS OF INTEREST. The General Partner has substantial conflicts of interest with respect to the Transaction because (i) Charles K. Barbo, the Chairman of the Board, President and Chief Executive Officer and a stockholder of the Purchaser, is an individual general partner of the General Partner and the sole shareholder and director of the corporate general partner of the General Partner, (ii) Arthur W. Buerk, a stockholder of the Purchaser, is an individual general partner of the General

Partner, (iii) certain executive officers of the Purchaser are executive officers of the corporate general partner of the General Partner, (iv) the General Partner will be entitled to 7.5% of the Merger Consideration pursuant to the terms of the Partnership Agreement and (v) the Purchaser is a limited partner of the General Partner and the manager of the Partnership's properties pursuant to the Management Services Agreement. In addition, pursuant to the terms of the Contingent Share Agreement, assuming the REIT Share Price is within the Share Price Range, Charles K. Barbo, Arthur W. Buerk and certain executive officers of the Purchaser will receive REIT Shares in connection with the Merger with a value of $301,900, $183,700 and $37,300, respectively. As general partners of the General Partner, Messrs. Barbo and Buerk control the day-to-day affairs of the Partnership. See "Interests of Certain Persons." For certain limitations on the authority of the general partners of the General Partner to enter into the Acquisition Agreement, see "The Acquisition Agreement -- IPSC Consent."

Under the Partnership Agreement and related Management Services Agreement, the Partnership currently pays compensation, fees and distributions to the General Partner and its affiliates. Specifically, the General Partner is entitled to receive 5% of the Partnership's cash distributions, profits and losses and the percentage increases to 20% once Unitholders have received a specified return on their capital contributions to the Partnership. For the years ended December 31, 1993, 1994 and 1995 and the six months ended June 30, 1996, the General Partner received distributions of $96,077, $111,764, $117,648 and $58,824, respectively. The General Partner will receive, in exchange for its general partner interest in the Partnership, a percentage of the Merger

Consideration determined in accordance with the distribution provisions of the Partnership Agreement (See "Interests of Certain Persons -- General Partner's Interest") which, assuming the REIT Share Price is within the Share Price Range, results in the General Partner receiving REIT Shares with an aggregate value of $2,961,000, of which Charles K. Barbo and Arthur W. Buerk will be entitled to REIT Shares with a value of $200,300 and $196,300, respectively. As the property manager, the Purchaser is entitled to receive 6% of gross revenues received from operations of the Partnership's self storage properties and 5% of gross revenues of the Partnership's office building, plus a monthly advertising fee of $75 per property (except the Partnership's office building), as well as reimbursement for certain out-of-pocket expenses incurred in the management of the Partnership's assets. For the years ended December 31, 1993, 1994 and 1995 and the six months ended June 30, 1996, the Purchaser received property management and advertising fees totaling $256,850, $407,784, $447,716 and $226,650, respectively. In addition, the Purchaser was reimbursed by the Partnership for certain expenses it incurred as property manager. An affiliate of IPSC received from the Purchaser a quarterly fee of $12,000 for each quarter commencing July 1, 1994 and ending June 30, 1996 as reimbursement for expenses in connection with the rendering of certain administrative services. The IPSC affiliate will be reimbursed by the Purchaser for expenses incurred in connection with the provision of certain administrative services with respect to the Transaction, which the IPSC affiliate does not expect to exceed $50,000. See "Interests of Certain Persons -- Payments for Administrative Services."

If the Merger is consummated, all of the assets of the Partnership will be acquired by the Purchaser and, because the Purchaser is self-administered, the acquired assets will be managed by employees of the Purchaser and the General Partner and its affiliates will receive no property management or advertising fees. The General Partner and its affiliates will be entitled to receive dividends on the REIT Shares they each receive as a result of the Merger on the same basis as all other stockholders of the Purchaser.

THE SECTION ENTITLED "SPECIAL CONSIDERATIONS -- INVESTMENT OBJECTIVES OF THE PURCHASER" IS HEREBY AMENDED AND RESTATED IN ITS ENTIRETY AS FOLLOWS:

INVESTMENT OBJECTIVES OF THE PURCHASER. The Purchaser is making this Offer with a view to further expanding its portfolio of self storage properties. There is a conflict between the desire of the Purchaser to purchase Units at a low price and the desire of the Unitholders to sell their Units at a

high price. The Offer Price was determined based upon the Net Asset Value of the Partnership, which Net Asset Value was, in turn, based primarily upon the independently appraised values of the Partnership's real estate portfolio.

BACKGROUND AND PURPOSES OF THE TRANSACTION

THE SECTION ENTITLED "BACKGROUND AND PURPOSES OF THE TRANSACTION -- THE PARTNERSHIP" IS HEREBY AMENDED BY ADDING THE FOLLOWING PARAGRAPH IMMEDIATELY AFTER THE THIRD PARAGRAPH OF THAT SECTION:

The General Partner of the Partnership is a limited partnership of which Charles K. Barbo, Arthur W. Buerk and SGPI are the general partners. The business address, current principal occupation or employment, five-year employment history and citizenship of Mr. Barbo, Mr. Buerk and the executive officers and directors of SGPI are set forth in Schedule I to this Offer to Purchase.

THE SECTION ENTITLED "BACKGROUND AND PURPOSES OF THE TRANSACTION -- THE PARTNERSHIP" IS HEREBY AMENDED BY REPLACING THE FIFTH PARAGRAPH AND THE TABLE IN THAT SECTION WITH THE FOLLOWING:

The following sets forth certain financial information for the Partnership which is derived from the historical financial statements of the Partnership. The unaudited financial data for the six months ended June 30, 1995 and 1996 include all adjustments (consisting only of normally recurring accruals) that the Partnership considers necessary for a fair presentation of operating results for those interim periods. Results for the unaudited interim periods are not necessarily indicative of results for the full year. This information should be read in conjunction with the Financial Statements of the Partnership and Management's Discussion and Analysis of Financial Condition and Results of Operations of the Partnership included as Schedules V and VI, respectively, to this Supplement.

<TABLE>
<CAPTION>

	YEAR ENDED DECEMBER 31,			SIX MONTHS ENDED JUNE 30,	
	1993	1994	1995	1995	1996
<S>	<C>	<C>	<C>	<C>	<C>
	(IN THOUSANDS, EXCEPT PER UNIT DATA)				
OPERATING DATA:					

Rental revenue	$ 4,110	$ 6,609	$ 7,225	$ 3,510	$ 3,673
Interest Income	230	57	36	13	15
Earnings	1,427	1,655	1,885	822	644
Earnings per Unit (1)	11.37	13.19	15.02	6.55	5.13
Distributions to Unitholders	1,825	2,124	2,235	1,117	1,117
Distributions per Unit (1)	15.31	17.81	18.75	9.37	9.37
OTHER DATA:					
Cash flows provided by (used by):					
Operating activities	$ 2,388	$ 3,108	$ 3,445	$ 1,805	$ 1,929
Investing activites	(16,148)	(876)	(147)	(37)	(195)
Financing activities	5,951	(2,353)	(3,227)	(1,653)	(1,714)
Funds from operations (2)	$ 2,277	$ 3,126	$ 3,342	$ 1,593	$ 1,707

</TABLE>

<TABLE>
<CAPTION>

	DECEMBER 31, 1994	DECEMBER 31, 1995	JUNE 30, 1996
BALANCE SHEET DATA:			
Total assets	$ 36,930	$ 35,636	$ 35,130
Note payable	11,620	10,746	10,333
Partners' equity	24,882	24,414	23,881

</TABLE>

----

(1) Earnings per Unit and Distributions per Unit are based on earnings and distributions, respectively, allocated to Unitholders divided by the number of Units outstanding during the period (approximately 119,215 Units for all periods shown).

(2) Funds from operations ("FFO"), as promulgated by the National Association of Real Estate Investment Trusts in its March 1995 White Paper on Funds from Operations, is defined as net

income (calculated in accordance with generally accepted accounting principles ("GAAP")) excluding gains or losses from debt restructuring and sales of real estate, plus depreciation of rental real estate and amortization of intangible assets exclusive of deferred financing costs, plus or minus certain nonrecurring revenue and expenses. Contributions to FFO from unconsolidated entities in which the reporting entity holds an active interest are to be reflected in FFO on the same basis. The Partnership believes FFO is a meaningful disclosure as industry investors use FFO as a supplemental measure to compare the operational performance of equity REITs. FFO is not a substitute for net cash provided by operating activities or net income computed in accordance with GAAP, nor should it be considered an alternative indication of the Partnership's operating performance or liquidity.

FFO for each of the periods presented is calculated as follows:

<TABLE>
<CAPTION>

(IN THOUSANDS)	YEAR ENDED DECEMBER 31, 1993	1994	1995	SIX MONTHS ENDED JUNE 30, 1995	1996
Earnings	$ 1,427	$ 1,655	$ 1,885	$ 822	$ 644
Depreciation and amortization	873	1,518	1,505	795	666
Deferred financing costs	(23)	(47)	(48)	(24)	(24)
Transaction costs	--	--	--	--	421
Funds from operations	$ 2,277	$ 3,126	$ 3,342	$ 1,593	$ 1,707

</TABLE>

THE SECTION ENTITLED "BACKGROUND AND PURPOSES OF THE TRANSACTION -- THE PURCHASER" IS HEREBY AMENDED BY REPLACING THE FIFTH PARAGRAPH AND THE TABLE IN THAT SECTION WITH THE FOLLOWING:

The following sets forth selected financial information of the Purchaser which is derived from the historical consolidated financial statements of the Purchaser. Selected unaudited financial data for the six months ended June 30, 1995 and 1996 include all adjustments (consisting only of normally recurring accruals) that the Purchaser considers necessary for a fair presentation of consolidated operating results for those interim periods. Results for the interim periods are not necessarily indicative of results for the full year. This information should be read in conjunction with the Purchaser's consolidated financial statements and other financial information incorporated by reference in the

Offer to Purchase. See "Incorporation by Reference." Certain pro forma financial information with respect to the Offer, the Additional Offers, the Merger and the Additional Mergers is set forth in Schedule VII to this Supplement.

<TABLE>
<CAPTION>

	PREDECESSOR (1)		PURCHASER (2)			
	YEAR ENDED DEC. 31,	JAN. 1 TO MARCH 1,	YEAR ENDED DEC. 31,		SIX MONTHS ENDED JUNE 30,	
	1993	1994	1994	1995	1995	1996
	(IN THOUSANDS, EXCEPT PER SHARE DATA)					
<S>	<C>	<C>	<C>	<C>	<C>	<C>
OPERATING DATA:						
Total revenue................................	$72,346	$ 12,368	$ 66,921	$ 96,771	$ 45,475	$ 51,142
Net income...................................	18,284	34,286	17,821	29,572	11,972	15,114
Net income per common share (3)..............	34.11	63.97	1.05	1.43	.66	.65
Dividends declared per common share (3).......	59.57	732.05	1.02	2.38(4)	1.36(5)	.47(6)
OTHER DATA:						
Cash flows provided by (used by):						
Operating activities.......................	$35,049	$ 5,116	$ 29,309	$ 46,113	$ 20,602	$ 23,070
Investing activities.......................	(5,582)	62,962	(115)	(86,311)	(60,699)	(31,802)
Financing activities.......................	(30,269)	(589)	99,021	32,719	33,947	6,797
Funds from operations (7)....................	39,657	5,980	29,759	45,788	19,574	25,078

</TABLE>

<TABLE>
<CAPTION>

	DECEMBER 31,		JUNE 30,	
	1994	1995	1995	1996
<S>	<C>	<C>	<C>	<C>
BALANCE SHEET DATA:				
Total assets...	$ 494,590	$ 610,394	$ 585,901	$ 631,562
Total borrowings...	167,137	142,840	132,391	171,140

</TABLE>

----

(1) The Predecessor information reflects the combination of the 17 partnerships included in the Consolidation.

(2) The Purchaser was inactive from January 1 through March 1, 1994.

(3) Predecessor "per share" information is earnings and distributions per original $1,000 investment. Distributions for the period from January 1, 1994 to March 1, 1994 include the liquidating distributions made in connection with the Consolidation.

(4) Includes the special dividend of $0.10 declared in November 1995 and the dividend of $0.46 per share declared in December 1995 based on financial results for the quarter ended December 31, 1995.

(5) Includes the dividend of $0.44 per share declared in January 1995 based on financial results for the quarter ended December 31, 1994, the dividend of $0.46 per share declared in May 1995 for the quarter ended March 31, 1995 and the dividend of $0.46 per share declared in May 1995 based on financial results for the quarter ended June 30, 1995.

(6) A dividend of $0.47 per share relating to the financial results for the quarter ended March 31, 1996 was declared in April 1996.

(7) FFO, as promulgated by the National Association of Real Estate Investment Trusts in its March 1995 White Paper on Funds from Operations, is defined as net income (calculated in accordance with GAAP) excluding gains or losses from debt restructuring and sales of real estate, plus depreciation of rental real estate and amortization of intangible assets exclusive of deferred financing costs. Contributions to FFO from unconsolidated entities in which the reporting entity holds an active interest are to be reflected in FFO on the same basis. The Purchaser believes FFO is meaningful disclosure as industry investors use FFO as a supplemental measure to compare the operational performance of equity REITs. FFO is not a substitute for net cash provided by operating activities or net income computed in accordance with GAAP, nor should it be considered an alternative indication of the Purchaser's operating performance or liquidity.

FFO for each of the periods presented is calculated as follows:

<TABLE>
<CAPTION>

(IN THOUSANDS)	PREDECESSOR YEAR ENDED DEC. 31, 1993	PREDECESSOR JAN. 1 TO MARCH 1, 1994	PURCHASER YEAR ENDED DEC. 31, 1994	PURCHASER YEAR ENDED DEC. 31, 1995	PURCHASER SIX MONTHS ENDED JUNE 30, 1995	PURCHASER SIX MONTHS ENDED JUNE 30, 1996
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Net income..............................	$ 18,284	$34,286	$ 17,821	$ 29,572	$ 11,992	$ 15,114
Depreciation and amortization...........	14,017	2,406	11,452	17,559	8,142	10,524
Deferred financing costs................	(55)	(9)	(694)	(1,120)	(560)	(560)
Nonrecurring items......................	7,411(1)	(30,703)(2)	1,180(3)	(223)(4)	--	--
Funds from operations..............	$ 39,657	$ 5,980	$ 29,759	$ 45,788	$ 19,574	$ 25,078

</TABLE>

----

(1) Litigation, hostile takeover and consolidation expenses.

(2) Litigation, hostile takeover and consolidation expenses of $12,180 less $48,223 of gain in consolidation plus incentive management fees of $5,340.

(3) Extraordinary loss on retirement of debt.

(4) Gain on condemnation.

THE THIRD PARAGRAPH OF THE SECTION ENTITLED "BACKGROUND AND PURPOSES OF THE TRANSACTION -- BACKGROUND OF THE TRANSACTION" IS HEREBY AMENDED AND RESTATED IN ITS ENTIRETY AS FOLLOWS:

In the fall of 1994, the General Partner and the general partners of the Other Partnerships (collectively, the "General Partners") began considering the termination of the Partnership and the Other Partnerships (collectively, the "Partnerships") through an acquisition of the Partnerships by the Purchaser. The representatives of the General Partners who considered the Partnerships' termination and the acquisition of the Partnerships' assets by the Purchaser were also executive officers of the Purchaser. The representatives of the General Partners and the Purchaser recognized that an acquisition might require the consent of IPSC under the terms of the partnership agreements of the General Partners. Consequently, on September 22, 1994, a representative of the Purchaser sent IPSC a letter discussing potential advantages and disadvantages of an acquisition of the Partnerships by the Purchaser for the appraised values of the Partnerships, whereby the limited partners of the Partnerships would receive either cash or REIT Shares in exchange for their limited partnership interests. The letter presented preliminary analyses of the value of the Partnership's properties of $39.7 million to $43.8 million, resulting in a net asset value of $26.1 million to $30.1 million and a net asset value per Unit of $219 to $252. For purposes of the letter, net asset value was comprised of the sum of the Purchaser's internal valuation of the Partnership's properties and the book value of the Partnership's non-real estate assets less the sum of the Partnership's liabilities and estimated transaction costs. The analyses were based upon the Partnership's 1994 budgeted net operating income adjusted based upon the Partnership's actual performance when compared against budget through July 1994, capitalization rates ranging from 10.5% to 9.5% and selling costs of 5% of property value. The letter invited IPSC to contact the Purchaser concerning how or if IPSC and the Purchaser might wish to proceed. At the time the initial letter was sent to IPSC in 1994, the Purchaser and Shurgard Incorporated, the manager of the Purchaser at that time, were negotiating the terms of the merger of Shurgard Incorporated into the Purchaser (the "Management Company Merger") which was completed in March 1995. Although representatives of the Purchaser and the Partnerships had occasional discussions with representatives of IPSC concerning the business of the Partnerships during that period, they did not pursue a potential transaction due to the Purchaser's representatives' involvement in the Management Company Merger.

THE SECTION ENTITLED "BACKGROUND AND PURPOSES OF THE TRANSACTION -- BACKGROUND OF THE TRANSACTION" IS HEREBY AMENDED BY ADDING THE FOLLOWING PARAGRAPHS IMMEDIATELY AFTER THE FIFTH PARAGRAPH OF THAT SECTION:

The letter noted the following benefits of a merger: Unitholders participating in the merger would acquire stock in an infinite life entity with a larger asset base, greater diversification, larger market capitalization than all three Partnerships combined and the ability to grow through increasing cash flows from its existing portfolio, as well as through new investments; the merger would permit Unitholders to exchange their illiquid Units for shares of a publicly traded entity which they could liquidate at the time of their own choosing; the merger would permit Unitholders to take advantage of the then-current market for REIT securities which more fully reflected the underlying net asset value of REITs (such as the Purchaser) with the ability to grow; the merger would permit Unitholders to benefit from the increasing strength of the self-storage industry over the past several years; while the merger would be a taxable event, the then-current tax liability would be minimal, but would increase the longer the merger was delayed, assuming no change in other factors; and the merger would avoid certain of the costs associated with a liquidation of the Partnership's properties, such as real estate broker fees and transfer taxes.

The letter outlined a merger which would contain the following elements: the ability of Unitholders to exchange their Units for cash or stock of the Purchaser, based on the net asset value of the Partnership; net asset value would be determined based upon an appraisal of the Partnership's real estate assets as adjusted for the Partnership's other assets and liabilities; upon completion of the merger, the Partnership would make a liquidating cash distribution to partners in order to reconcile to the Partnership's net asset value; the number of shares to be received by Unitholders would be determined based upon the average closing price of REIT Shares for the 20 trading days preceding the week prior to the special meeting of the Unitholders; the merger would require the approval of a majority of Unitholders; any Unitholder who did not vote or did not specify either cash or stock would receive stock in the merger; consummation of the merger with respect to the Partnership would not be dependent upon consummation of the mergers with respect to the Other Partnerships; and the solicitation period with respect to the merger would be 30 to 45 days.

The letter presented preliminary analyses of the value of the Partnership's properties of $43.6 million to $45.8 million, resulting in a net asset value of $32.7 million to $34.8 million and a net asset value per Unit of $260 to $280. For purposes of the letter, net asset value was comprised of the sum of the Purchaser's internal valuation of the Partnership's properties and the book value of the Partnership's non-real estate assets less the sum of the Partnership's liabilities and estimated transaction costs. The analyses were based upon the Partnership's 1995 budgeted net operating income adjusted based upon the Partnership's actual performance when compared against budget through June 1995, capitalization rates of 10.5% to 10% and Partnership transaction costs of 1.5% of net asset value. In addition, the letter compared the distributions received by Unitholders for the first quarter of 1995 with the estimated dividends that would be received by Unitholders exchanging their Units for shares based upon the Purchaser's then-current distribution rate of $.46 per share, assuming a share price of $23. Based upon these assumptions, dividends would range from 8% to 18% above then-current Partnership distributions. The letter also contained an analysis of the taxable gain per Unit as a result of the transaction based upon the Partnership's 1994 tax return. The letter also noted that the anticipated total transaction costs would be from 2% to 3% of net asset value and proposed that the costs be shared by the Partnerships and the Purchaser.

The letter included consideration of the liquidation of the Partnerships' assets, concluding that it was a less than optimal time to liquidate the Partnerships' portfolios. This conclusion was based upon then-current general market conditions and performance of the properties owned and managed by the Purchaser. The letter noted the general deterioration of the real estate market which had affected property values and decreased sales activities, the reduced sources of traditional real estate financing and the oversupply in the real estate market caused by overbuilding and sales of troubled properties acquired by financial institutions. Although conditions had been improving more recently, these

developments had resulted in a reduced market for sale and financing of commercial real estate. The letter noted that, during the same time period, the financial performance of the properties owned and managed by the Purchaser had improved and, assuming that development of new facilities did not disproportionately impact the Partnerships, the Partnerships' financial performance was anticipated to improve. The letter noted that the Unitholders' net proceeds available for reinvestment after liquidation would be significantly reduced as a result of real estate commissions and other sales expenses. Based upon these considerations, Mr. Barbo concluded that it was not the appropriate time to liquidate the Partnerships' portfolios; however, a merger of the Partnerships with the Purchaser would provide Unitholders with an opportunity to participate in the benefits of publicly traded REITs in general and the Purchaser in particular.

The letter also discussed the benefits and detriments of a continuation of the operation of the Partnership and concluded that, while the Partnerships were performing well and it was anticipated that distributions and cash flow from operations would continue to improve, continuation would not provide Unitholders with the benefits of the merger. In addition, the letter noted that it was anticipated that the Purchaser's cash flow and funds from operations would improve at a faster rate than the Partnerships' as a result of greater asset diversification and acquisition and development activities.

THE FIRST SENTENCE OF THE TWELFTH PARAGRAPH IN THE SECTION ENTITLED "BACKGROUND AND PURPOSES OF THE TRANSACTION -- BACKGROUND OF THE TRANSACTION" IS HEREBY AMENDED AND RESTATED IN ITS ENTIRETY AS FOLLOWS:

On March 25, 1996, in connection with preliminary discussions relating to a potential business transaction which were subsequently terminated, the Purchaser and Public Storage, Inc. ("PS") entered into a customary confidentiality and standstill agreement whereby PS agreed that it would not acquire any interest in the Purchaser or any of the Purchaser's affiliates (including the Partnerships) for a period of two years without the Purchaser's consent (preventing PS from making a competing tender offer for the units of limited partnership interest in the Partnerships or proposing an alternative transaction with the Partnerships without the permission of the Purchaser).

THE THIRTEENTH PARAGRAPH IN THE SECTION ENTITLED "BACKGROUND AND PURPOSES OF THE TRANSACTION -- BACKGROUND OF THE TRANSACTION" IS HEREBY AMENDED AND RESTATED IN ITS ENTIRETY AS FOLLOWS:

From late March 1996 through May 1996, representatives of the Purchaser and the Partnerships discussed the possibility of the Purchaser's acquisition of the Partnerships. During this time, the parties discussed the possibility of structuring the acquisition as a cash tender offer followed by a merger of the Partnerships into the Purchaser in which limited partners of the Partnerships would receive REIT Shares in exchange for their limited partnership interests. The parties viewed a two-step transaction (a partial cash tender offer followed by a stock merger) as being more desirable than a one-step cash-election merger transaction. Completion of a merger would be subject to a number of conditions (including the approval of limited partners of each of the Partnerships and registration of the REIT Shares) that would not be conditions to a cash tender offer. Thus, the two-step transaction would provide limited partners of the Partnerships with an opportunity to obtain liquidity for a portion of their limited partnership interests more quickly than waiting for completion of the merger. In addition, the Purchaser favored a two-step transaction because it believed that such structure might enable it to acquire an ownership position in the Partnerships more quickly than would be the case in a one-step merger and would enable the Purchaser to acquire Units that it could then vote in favor of a second-step merger. During the last week of May 1996, the Special Committee proposed to the Partnerships that the Purchaser acquire the Partnerships for a price equal to each of their respective net asset values pursuant to a cash tender offer for up to a designated percentage of outstanding units of limited partnership interest followed by a merger in which limited partners of the Partnerships would receive REIT Shares with a value equal to the respective per unit net asset value of the Partnership. The value attributable to a REIT Share was proposed to be the average of the closing prices for a REIT Share on the NYSE during a designated future period (the "Average Price").

The parties discussed the provision in each Partnership's partnership agreement which prohibits the transfer of any unit of limited partnership interest if the proposed transfer would cause the Partnership to terminate for federal income tax purposes due to a sale or exchange of 50% or more of the total interest in the Partnership's capital and profits in a 12 month period. See "Certain Federal Income Tax Consequences -- No Constructive Termination of the Partnership." The parties concluded that they should set the percentage of limited partnership interests that would be sought in the first step tender offer so that if the offer were fully subscribed, the number of limited partnership interests sold to the Purchaser would not result in a termination of any of the Partnerships and thus the limited partnership interests could be transferred to the Purchaser in accordance with the terms of the partnership agreements.

THE FIRST SENTENCE OF THE FIRST PARAGRAPH IN THE SECTION ENTITLED "BACKGROUND AND PURPOSES OF THE TRANSACTION -- PURPOSES AND STRUCTURE OF THE TRANSACTION" IS HEREBY AMENDED AND RESTATED IN ITS ENTIRETY AS FOLLOWS:

This Offer is being made and the Merger will be proposed for approval (i) to enable the Purchaser to acquire the entire equity interest in the Partnership and (ii) to give Unitholders an opportunity to (a) liquidate their Units for cash subject to the proration provisions of this Offer if greater than 52,000 Units are tendered (see "The Offer" -- Section 1 ("Terms of the Offer")) or (b) continue to own an equity interest in a portfolio of properties, including the Partnership's properties, through an acquisition of REIT Shares.

THE THIRD SENTENCE OF THE SECOND PARAGRAPH IN THE SECTION ENTITLED "BACKGROUND AND PURPOSES OF THE TRANSACTION -- PURPOSES AND STRUCTURE OF THE TRANSACTION" IS HEREBY AMENDED AND RESTATED IN ITS ENTIRETY AS FOLLOWS:

Because the Partnership Agreement prohibits the transfer of any Unit if the proposed transfer would cause the Partnership to terminate for federal tax purposes due to a sale or exchange of 50% or more of the total interest in the Partnership's capital and profits in a 12 month period, the maximum percentage of Units sought by the Purchaser in the Offer was set to prevent a termination of the Partnership under those circumstances.

FAIRNESS OF THE TRANSACTION; POSITION OF THE GENERAL PARTNER

THE SECTION ENTITLED "FAIRNESS OF THE TRANSACTION; POSITION OF THE GENERAL PARTNER -- RECOMMENDATION OF THE GENERAL PARTNER" IS HEREBY AMENDED AND RESTATED IN ITS ENTIRETY AS FOLLOWS:

RECOMMENDATION OF THE GENERAL PARTNER

Based upon its analysis of the Transaction, the General Partner has concluded that the Offer Price and the Merger Consideration constitute fair consideration to Unitholders and that the terms of this Offer and the Merger, when considered as a whole, are fair to the Unitholders. The General Partner formed this conclusion notwithstanding the fact that no independent representative was engaged by the General Partner to negotiate the terms of the Transaction on behalf of the Unitholders and that the Partnership Agreement does not require a majority vote of unaffiliated Unitholders to approve the Transaction. The factors considered by the General Partner in its analysis of the fairness of the Offer and the Merger are set forth below. Charles K. Barbo and SGPI, each an affiliate of the Partnership, have adopted the analysis of the General Partner as set forth in this Offer to Purchase.

The General Partner recommends that those Unitholders who desire immediate liquidity tender their Units pursuant to this Offer and that all other Unitholders retain their Units and, instead, participate in the Merger. There can be no assurance that the approval of the Merger by the holders of a majority of the Units will be received or that the other conditions to the Merger will be satisfied or waived, and that the Merger will be consummated. If the Merger is not consummated, those Unitholders who do not tender their Units in this Offer will continue to have an economic interest in

the Partnership. The General Partner has significant conflicts of interest in this transaction, which conflicts arise, among other things, from the fact that certain representatives of the General Partner are also officers of the Purchaser. See "Special Considerations."

THE THIRD PARAGRAPH OF THE SECTION ENTITLED "FAIRNESS OF THE TRANSACTION; POSITION OF THE GENERAL PARTNER -- FACTORS CONSIDERED BY THE GENERAL PARTNER -- DETERMINATION OF MERGER CONSIDERATION" IS HEREBY AMENDED BY ADDING THE FOLLOWING SENTENCE IMMEDIATELY AFTER THE LAST SENTENCE OF THAT PARAGRAPH:

Unitholders should note that although the Stanger Fairness Opinions do not address the fairness of the Merger Consideration if the actual REIT Share Price is less than $22.25, the General Partner believes the method for determining the Merger Consideration is fair if the REIT Share Price is between $22.25 and $21.50 for the reasons stated in clause (iv) of the previous sentence and is fair if the REIT Share Price is less than $21.50 because the General Partner may withdraw its recommendation in favor of the Merger or terminate the Acquisition Agreement if the Purchaser does not agree to pay the Additional Consideration.

THE SECTION ENTITLED "FAIRNESS OF THE TRANSACTION; POSITION OF THE GENERAL PARTNER -- FACTORS CONSIDERED BY THE GENERAL PARTNER -- FAIRNESS IN VIEW OF CONFLICTS OF INTEREST" IS HEREBY AMENDED AND RESTATED IN ITS ENTIRETY AS FOLLOWS:

FAIRNESS IN VIEW OF CONFLICTS OF INTEREST. Charles K. Barbo, the Chairman of the Board, President and Chief Executive Officer and a stockholder of the Purchaser, is an individual general partner of the General Partner and the sole shareholder and director of the corporate general partner of the General Partner. Arthur W. Buerk, a stockholder of the Purchaser, is an individual general partner of the General Partner, and the Purchaser is a limited partner of the General Partner. The General Partner will receive 7.5% of the Merger Consideration in exchange for its interest as the General Partner of the Partnership. See "Interests of Certain Persons -- General Partner's Interest."

In connection with the merger of Shurgard Incorporated with the Purchaser in 1995, the Purchaser agreed to deliver REIT Shares as additional consideration for that merger under certain circumstances upon the liquidation of the assets of certain partnerships sponsored by Shurgard Incorporated, including the Partnership and the Other Partnerships (the "Contingent Share Agreement"). The Purchaser entered into the Contingent Share Agreement because the Purchaser had concluded that it would be difficult at the time of the Management Company Merger to value Shurgard Incorporated's interests in certain limited partnerships (including the Partnerships). Accordingly, Shurgard Incorporated shareholders did not receive any consideration with respect to such interests at the time of the Management Company Merger, but instead are entitled to receive additional consideration at a future valuation date or when the Purchaser receives proceeds from the sale of such interests. If any of the Merger and the Additional Mergers is consummated, certain executive officers and other members of the Purchaser's management will receive REIT Shares pursuant to the Contingent Share Agreement. See "Interests of Certain Persons -- Contingent Share Agreement."

The General Partner did not engage independent representatives of the

Unitholders to negotiate, review and approve the terms of the Transaction and the terms of the Transaction are not the results of arms' length negotiations. The General Partner believes that its recommendation results from a determination that the Transaction is more attractive to Unitholders than any alternatives considered by the General Partner, and that this determination results from the General Partner's discharge of its fiduciary duties to the Unitholders and is not affected by the conflicts of interest described above. The General Partner has based its conclusion regarding the fairness of the Transaction to Unitholders on the factors discussed in this "Fairness of the Transaction; Position of the General Partner" section. The General Partner believes that the analysis was performed in a good faith exercise of its fiduciary duty, unaffected by these conflicts of interest.

THE SECOND PARAGRAPH OF THE SECTION ENTITLED "FAIRNESS OF THE TRANSACTION; POSITION OF THE GENERAL PARTNER -- FACTORS CONSIDERED BY THE GENERAL PARTNER -- COMPARISON OF CERTAIN BENEFITS AND DETRIMENTS OF ALTERNATIVES TO THE TRANSACTION -- LIQUIDATION OF THE PARTNERSHIP" IS HEREBY AMENDED BY ADDING THE FOLLOWING SENTENCE IMMEDIATELY AFTER THE LAST SENTENCE OF THAT PARAGRAPH:

While Unitholders could purchase REIT Shares in the public market using the proceeds of liquidation, the number of REIT Shares they would be able to purchase would be less than the number of REIT Shares they would receive in the Merger because the Partnership would incur more expenses in a liquidation than in the Merger and because Unitholders would typically incur brokerage commissions in connection with their purchase of the REIT Shares in the public market.

THE LAST TWO PARAGRAPHS OF THE SECTION ENTITLED "FAIRNESS OF THE TRANSACTION; POSITION OF THE GENERAL PARTNER -- FACTORS CONSIDERED BY THE GENERAL PARTNER -- COMPARISON OF CERTAIN BENEFITS AND DETRIMENTS OF ALTERNATIVES TO THE TRANSACTION -- LIQUIDATION OF THE PARTNERSHIP" ARE HEREBY AMENDED AND RESTATED IN THEIR ENTIRETY AS FOLLOWS:

The transaction costs associated with the Merger are expected to be significantly less than those which would be incurred in a liquidation of the Partnership's assets, primarily because the Partnership would incur brokerage fees and real estate transfer taxes if the properties were liquidated and would likely be responsible for 100% of those expenses rather than sharing the transaction costs with the acquiror as provided in the Acquisition Agreement. See "The Acquisition Agreement -- Fees and Expenses." The General Partner estimates that the brokerage fees would be approximately 2% of the appraised value of the Partnership's properties (or approximately $1 million) and that the transfer taxes would total approximately $150,000. If the Merger is consummated, the Partnership will effectively dispose of all of its assets and liabilities in a single transaction, which will minimize the liquidation costs. If the assets of the Partnership were liquidated over time, not only is it likely that higher transaction costs would be incurred, but distributions to the Unitholders from the Partnership's cash flow from operations may be reduced since the Partnership's fixed costs, such as general and administrative expenses, would not be proportionately reduced with the liquidation of assets.

The General Partner favors the Transaction over liquidation of the Partnership's assets because this Offer permits those Unitholders desiring immediate liquidity to obtain cash, while permitting the remaining Unitholders to participate in the Merger which, if consummated, will enable them to participate in acquisition and development opportunities existing in the real estate market through equity ownership in the Purchaser. Unlike the Partnership, which is not in a position to take advantage of external growth opportunities since it has already committed its capital and is not authorized to raise additional funds or reinvest net sale or refinancing proceeds for new investments, the Purchaser not only may reinvest net sale or refinancing proceeds but also may raise additional capital through the sale of debt or equity securities, allowing the Purchaser to take advantage of investment opportunities for acquisition or development that may be available. In addition, the estimated transaction costs associated with the Transaction are significantly less than those which would be incurred in a liquidation of the Partnership's assets on a single transaction or multiple transaction basis.

THE SECTION ENTITLED "FAIRNESS OF THE TRANSACTION; POSITION OF THE GENERAL PARTNER -- FACTORS CONSIDERED BY THE GENERAL PARTNER -- COMPARISON OF CERTAIN BENEFITS AND DETRIMENTS OF ALTERNATIVES TO THE TRANSACTION -- CONTINUATION OF THE PARTNERSHIP" IS HEREBY AMENDED BY ADDING THE FOLLOWING PARAGRAPH IMMEDIATELY AFTER THE THIRD PARAGRAPH OF THAT SECTION:

One of the significant differences between the Partnership and the Purchaser is that the Partnership is a finite life entity and the Purchaser is an infinite life entity. Continuing the Partnership would preserve Unitholders' investment in a finite life entity, with the eventual liquidation of that investment resulting from a sale of the assets of the Partnership. In contrast, the Purchaser does not expect to dispose of its investments within any specific time periods and, in any event, plans to retain the net sale proceeds for future investments. Stockholders are expected to achieve liquidity for their investments by trading REIT Shares in the public market and not through the liquidation of the Purchaser's assets. The REIT Shares may trade at a discount from, or premium to, the liquidation value of the Purchaser's properties.

THE THIRD PARAGRAPH AND TABLE IN THE SECTION ENTITLED "FAIRNESS OF THE TRANSACTION; POSITION OF THE GENERAL PARTNER -- COMPARISON OF TRANSACTION CONSIDERATION TO ALTERNATIVES -- GENERAL" ARE HEREBY AMENDED AND RESTATED IN THEIR ENTIRETY AS FOLLOWS:

The estimated values presented in the following table are based upon certain assumptions that relate, among other things, to (i) the REIT Share Price as of the date of the Merger being within the Share Price Range, (ii) projections as to the Partnership's future revenues, expenses, cash flow and other significant financial matters, (iii) the capitalization rates that will be used by prospective buyers when the Partnership's assets are liquidated, (iv) selling costs, (v) appropriate discount rates to apply to expected cash flows in computing the present value of the cash flows and (vi) the manner of sale of the Partnership's properties. Actual results may vary from those set forth below based on numerous factors, including interest rate fluctuations, tax law changes, supply and demand for self storage facilities, the manner in which the properties are sold and changes in availability of capital to finance acquisitions of self storage properties. Each Unit in the following table represents an original investment of $250.

OFFER PRICE PER UNIT	MERGER CONSIDERATION PER UNIT (1)	SECONDARY MARKET PRICE PER UNIT (2)		ESTIMATED GOING CONCERN VALUE PER UNIT (3)		ESTIMATED LIQUIDATION VALUE PER UNIT ASSUMING PARTNERSHIP ASSETS SOLD AT:	
		HIGH	LOW	HIGH	LOW	APPRAISED VALUE (4)	NET BOOK VALUE (5)
$ 308	$ 308	$ 200	$ 165	$ 304	$ 283	$ 299	$ 192

----

(1) Assumes the REIT Share Price is within the Share Price Range. The Merger Consideration is payable in REIT Shares, cash in lieu of any fractional REIT Shares and, in certain circumstances, additional cash consideration. See "The Acquisition Agreement -- The Merger."

(2) The secondary market prices are those reported to Stanger for the first calendar quarter of 1996. See "Market Prices of Units."

(3) The going concern value estimates are based upon a number of assumptions regarding the future net operating income and cash distributions of the Partnership and assume a disposition of the Partnership's assets at the end of 2000. See "-- Going Concern Value." The per Unit going concern value estimates were calculated based upon the General Partner's aggregate high and low going concern value estimates for Unitholders of $36,242,674 and $33,749,516, respectively.

(4) Estimated Liquidation Value at Appraised Value is based primarily upon the Appraisal and adjustments for non-real estate assets and liabilities and estimated selling costs. See "-- Liquidation Value." The per Unit liquidation value at Appraised Value estimate was calculated based upon the General Partner's aggregate liquidation value at Appraised Value estimate for Unitholders of $35,638,656.

(5) Estimated Liquidation Value at Net Book Value is computed as of March 31, 1996 less estimated selling costs. See "-- Liquidation Value." The aggregate net book value of $22,851,497 represents the value of the Partnership's equity as of March 31, 1996 allocable to Unitholders computed in accordance with GAAP, less selling costs equal to 4% of the book value of the Partnership's real estate assets.

THE SECOND PARAGRAPH OF THE SECTION ENTITLED "FAIRNESS OF THE TRANSACTION; POSITION OF THE GENERAL PARTNER -- COMPARISON OF TRANSACTION CONSIDERATION TO ALTERNATIVES -- GOING CONCERN VALUE" IS HEREBY AMENDED AND RESTATED IN ITS ENTIRETY AS FOLLOWS:

The General Partner has presented two estimates of the going concern value of the Partnership on a per Unit basis, which estimates are based on the five-year property cash flows beginning in 1996 used by Stanger in preparing the Appraisal, adjusted for general and administrative expenses (which are assumed to increase at the rate of 3.5% per year), debt service payments and principal amortization, and to reflect the allocation of the Partnership's value among Unitholders and the General Partner in accordance with the Partnership Agreement. The 1996 beginning property cash flow used in performing the going concern value analysis was $4,790,000, and that amount was increased for purposes of the analysis by a compound annual rate of approximately 4.0% over the projection period. The going concern value was established by computing the present value of the projected distributions with respect to the Units, discounted at the rate of 13.5% per annum under the conservative scenario and at the rate of 12.5% per annum under the more favorable scenario. In determining the going concern value of the Partnership, the General Partner assumed that the Partnership's non-real estate assets and liabilities on December 31, 2000 are the same as those on December 31, 1995, adjusted for principal amortization of $2,150,421 (including a balloon payment due in 1996 of approximately $1,000,000), resulting in an excess of non-real estate liabilities over non-real estate assets of $8,147,988. In determining the discount rates deemed appropriate for the going concern analysis, the General Partner considered, among other factors, the rates of return generally required by real estate investors, the discount rates utilized in the Appraisal, and the amount and maturities of debt encumbering the properties and the refinancing risks related thereto. Under the conservative scenario, the Partnership's income-producing assets are sold at the end of 2000 for an all-cash purchase price of $55,219,048, which is sufficient to yield the buyer a 10.5% return based on projected property cash flows for 2001 of approximately $5,798,000. Under the more favorable scenario, it is assumed that the Partnership's income-producing assets are sold at the end of 2000 for an all-cash purchase price of $57,980,000, which is sufficient to yield the buyer a 10% return based upon projected property cash flows in 2001 of approximately $5,798,000. In addition, it was assumed that the excess land held by the Partnership is sold for approximately $446,000.

THE SECTION ENTITLED "FAIRNESS OF THE TRANSACTION; POSITION OF THE GENERAL PARTNER -- COMPARISON OF TRANSACTION TO ALTERNATIVES -- GOING CONCERN VALUE" IS HEREBY AMENDED BY ADDING THE FOLLOWING AFTER THE THIRD PARAGRAPH OF THAT SECTION:

Set forth below is a chart showing the calculation of the Partnership's cash flows used to calculate the going concern value based upon the assumptions described above.

<TABLE>
<CAPTION>

YEAR	PROPERTY CASH FLOW	GENERAL AND ADMINISTRATIVE EXPENSE	DEBT SERVICE	BUILDOUT IN PROGRESS	PRINCIPAL AMORTIZATION	UNITHOLDERS' SHARE OF NET CASH FLOW
<S>	<C>	<C>	<C>	<C>	<C>	<C>
1996......................	$ 4,790,000	$ (171,200)	$ (857,813)	$ 257,146	$(1,182,536)	$ 2,205,240
1997......................	5,074,000	(177,192)	(765,066)		(214,794)	3,721,101
1998......................	5,282,000	(183,394)	(747,882)		(231,978)	3,912,809
1999......................	5,462,000	(189,813)	(729,325)		(250,535)	4,077,711
2000......................	5,634,000	(196,456)	(709,282)		(270,578)	4,234,800
TOTAL.....................	$26,242,000	$ (918,054)	$(3,809,368)	$ 257,146	$(2,150,421)	$18,151,660

</TABLE>

The Partnership does not as a matter of course make public forecasts or projections as to future performance or earnings. However, in performing its going concern analysis, the General Partner prepared the above projections relating to the Partnership's future cash flows. THE PROJECTIONS WERE PREPARED SOLELY FOR INTERNAL USE AND NOT WITH A VIEW TO PUBLIC DISCLOSURE OR COMPLIANCE WITH PUBLISHED GUIDELINES OF THE COMMISSION REGARDING PROJECTIONS OR THE GUIDELINES ESTABLISHED BY THE AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS REGARDING PROJECTIONS AND ARE INCLUDED IN THIS OFFER TO PURCHASE ONLY BECAUSE SUCH INFORMATION WAS MADE AVAILABLE TO STANGER AND ALEX. BROWN. In addition, because the estimates and assumptions underlying these projections are inherently subject to significant economic and competitive uncertainties and contingencies, which are beyond the Partnership's control, there can be no assurance that the projections will be realized. Actual results may be higher or lower than those set forth below. Deloitte & Touche LLP, the Partnership's independent auditor, has not examined, compiled or otherwise applied procedures to the financial projections presented above, and, accordingly, does not express an opinion or any other form of assurance on the financial projections.

THE SECTION ENTITLED "FAIRNESS OF THE TRANSACTION; POSITION OF THE GENERAL PARTNER -- THE SPECIAL COMMITTEE -- RECOMMENDATION OF THE GENERAL PARTNER" IS HEREBY AMENDED AND RESTATED IN ITS ENTIRETY AS FOLLOWS:

RECOMMENDATION OF THE GENERAL PARTNER. The Special Committee considered the conclusions as to fairness of the General Partner and adopted the analysis underlying those conclusions for purposes of reaching its own conclusion that the Transaction is fair to Unitholders. See "-- Recommendation of the General

Partner," "-- Factors Considered by the General Partner" and "-- Comparison of Transaction Consideration to Alternatives." The General Partner has significant conflicts of interest in this transaction, which conflicts arise, among other things, from the fact that certain representatives of the General Partner are also officers of the Purchaser. See "Special Considerations."

THE SECTION ENTITLED "FAIRNESS OF THE TRANSACTION; POSITION OF THE GENERAL PARTNER -- THE SPECIAL COMMITTEE -- PREMIUM OVER RECENT MARKET PRICES" IS HEREBY AMENDED AND RESTATED IN ITS ENTIRETY AS FOLLOWS:

PREMIUM OVER RECENT MARKET PRICES. The Special Committee considered the fact that the Offer Price and the Merger Consideration (assuming the REIT Share Price remains within the Share Price Range) represents a premium of more than 54% over the highest sales price in the secondary market of the Unit known to the General Partner between January 1, 1992 and the end of the first quarter of 1996. See "Market Prices of Units."

APPRAISAL; OPINIONS OF FINANCIAL ADVISORS

THE FOURTH PARAGRAPH OF THE SECTION ENTITLED "APPRAISAL; OPINIONS OF FINANCIAL ADVISORS -- REAL ESTATE PORTFOLIO APPRAISAL BY STANGER -- INCOME APPROACH" IS HEREBY AMENDED AND RESTATED IN ITS ENTIRETY TO READ AS FOLLOWS:

Stanger then capitalized, at terminal capitalization rates ranging from 10.25% to 10.75% (11% for the office property) the estimated net operating income of each property for the 12 months ending December 31, 2006, to determine the property's residual value. The residual value was discounted after deducting appropriate sales expenses to a present value using the same discount rate applied to the stream of annual cash flows. The discount rates utilized, ranging from 12.25% to 12.5%, were based on current acquisition criteria among self storage facility investors, commercial/industrial property investors' target rates for return and the historical spread in rates of return between real estate and other investments. Stanger then correlated the values resulting from each method (direct capitalization and discounted cash flow) to arrive at a final income approach valuation. The indicated aggregate value of the portfolio of properties based on the income approach valuation was $50,890,000, after adjustment for any deferred maintenance items and the value of certain land parcels held for resale.

THE SECTION ENTITLED "APPRAISAL; OPINIONS OF FINANCIAL ADVISORS -- REAL ESTATE PORTFOLIO APPRAISAL BY STANGER -- SALES COMPARISON APPROACH" IS HEREBY AMENDED AND RESTATED IN ITS ENTIRETY TO READ AS FOLLOWS:

SALES COMPARISON APPROACH. Stanger compiled transaction data involving properties similar in type to the Partnership's properties by interviewing sources in local markets to identify recent sales of self storage or office/storage properties, reviewing publicly available information on acquisitions of self storage properties, reviewing information provided by management, and contacting industry sources. Using this data, Stanger performed a comparable sales analysis based upon price per square foot. A probable range of value per square foot was estimated for each property based on the relationship between observed sales prices per square foot and net operating income per square foot. Price per square foot as estimated by this analysis was multiplied by the rentable square footage of each property to derive an estimated range of value. The valuation included consideration of the value of

excess land parcels currently held for resale. The indicated aggregate value of the portfolio of properties based on the sales comparison approach was $51,350,000 after adjustment for any deferred maintenance items and the value of certain land parcels held for resale.

Stanger reconciled the estimated values resulting from the sales comparison approach and the income approach for each property, and the resulting values were summed to determine the estimated value of the Partnership's entire portfolio. Stanger adjusted the value conclusion for excess land held for resale and to reflect any deferred maintenance items associated with the properties. In determining a final value of the portfolio of properties, Stanger also reconciled the indicated aggregate portfolio values based on the income approach and the sales comparison approach. In determining a final conclusion as to value, the income approach was given primary consideration by Stanger because properties such as those owned by the Partnership are typically purchased and sold based upon their income characteristics. Stanger gave the sales comparison approach secondary consideration.

THE SECTION ENTITLED "APPRAISAL; OPINIONS OF FINANCIAL ADVISORS -- REAL ESTATE PORTFOLIO APPRAISAL BY STANGER -- COMPENSATION AND MATERIAL RELATIONSHIPS" IS HEREBY AMENDED BY ADDING THE FOLLOWING IMMEDIATELY AFTER THE LAST SENTENCE IN THAT PARAGRAPH:

The General Partner has adopted the Appraisal in forming its conclusions regarding the fairness of the Transaction to Unitholders.

THE SECTION ENTITLED "APPRAISAL; OPINIONS OF FINANCIAL ADVISORS -- OPINIONS

OF THE PARTNERSHIP'S FINANCIAL ADVISOR -- APPRAISAL" IS HEREBY AMENDED AND RESTATED IN ITS ENTIRETY AS FOLLOWS:

APPRAISAL. In preparing its opinions, Stanger performed an independent appraisal of the Partnership's portfolio of properties. During the course of the Appraisal, Stanger performed site inspections of each property owned by the Partnership, conducted inquiries into local market conditions affecting each property, reviewed historical and budgeted operating statements for each property, conducted interviews with Partnership and property management personnel, reviewed the acquisition criteria in use in the marketplace by major self storage property investors and owners and other real estate investors, reviewed information concerning transactions involving self storage properties, and estimated the market value of the portfolio utilizing the income and sales comparison approaches to value See "-- Real Estate Portfolio Appraisal by Stanger." Stanger observed that the Offer Price equals the pro rata interest per Unit in the Appraised Value as adjusted by the General Partner for non-real estate assets and liabilities of the Partnership, estimated Transaction costs to be borne by the Partnership and the Unitholders' share of the resulting Net Asset Value according to the provisions of the Partnership Agreement. Stanger believes that the Net Asset Value of the Partnership, which is based primarily on the appraised value of the Partnership's portfolio of properties, is a reasonable basis for determining the consideration offered in the transaction.

THE THIRD PARAGRAPH IN THE SECTION ENTITLED "APPRAISAL; OPINIONS OF FINANCIAL ADVISORS -- OPINIONS OF THE PARTNERSHIP'S FINANCIAL ADVISOR -- REVIEW OF LIQUIDATION ANALYSIS" IS HEREBY AMENDED AND RESTATED IN ITS ENTIRETY AS FOLLOWS:

Stanger observed that the Offer Price and the Merger Consideration exceeded the estimated liquidation value per Unit by approximately $9. The fact that the Offer Price and Merger Consideration exceed the estimated value which would be received by Unitholders in a liquidation of the Partnership supports Stanger's conclusion as to the fairness of the Offer Price and the Merger Consideration.

THE SECOND PARAGRAPH IN THE SECTION ENTITLED "APPRAISAL; OPINIONS OF FINANCIAL ADVISORS -- OPINIONS OF THE PARTNERSHIP'S FINANCIAL ADVISOR -- REVIEW OF GOING CONCERN ANALYSIS" IS HEREBY AMENDED AND RESTATED IN ITS ENTIRETY AS FOLLOWS:

Stanger observed that the estimated going concern values resulting from the above analyses ranged from $304 to $283 per Unit compared with the Offer Price of $308 per Unit. The fact that the

Offer Price and the Merger Consideration exceed the estimated value per Unit of continuing to operate the Partnership as a going concern supports Stanger's conclusion as to the fairness of the Offer Price and the Merger Consideration.

THE THIRD PARAGRAPH IN THE SECTION ENTITLED "APPRAISAL; OPINIONS OF FINANCIAL ADVISORS -- OPINIONS OF THE PARTNERSHIP'S FINANCIAL ADVISOR -- REVIEW OF TENDER OFFER AND SECONDARY MARKET PRICES" IS HEREBY AMENDED AND RESTATED IN ITS ENTIRETY AS FOLLOWS:

Stanger also observed that, based on prices reported to Stanger by various firms active in the informal secondary market for partnership interests, the highest selling price reported for Units in the informal secondary market between January 1, 1995 and the end of the first quarter of 1996 was $200 per Unit compared with the Offer Price of $308 per Unit. Although prices in the informal secondary market for partnership interests generally do not reflect the full value of a partnership's assets (due in part to the discount a buyer would ascribe to a minority interest), the fact that the Offer, if not followed by the Merger, could result in the acquisition by the Purchaser of a minority interest in the Partnership and that the Offer Price exceeds the selling prices reported for Units in the informal secondary market, in a prior tender offer and in a prior bulk purchase of Units by the Purchaser supports Stanger's conclusion as to the fairness of the Offer Price.

THE SECTION ENTITLED "APPRAISAL; OPINIONS OF FINANCIAL ADVISORS -- OPINIONS OF THE PARTNERSHIP'S FINANCIAL ADVISOR -- COMPENSATION AND MATERIAL RELATIONSHIPS" IS HEREBY AMENDED BY ADDING THE FOLLOWING SENTENCE IMMEDIATELY PRIOR TO THE LAST SENTENCE OF THAT SECTION:

The General Partner has adopted the Stanger Fairness Opinions in forming its conclusions regarding the fairness of the Transaction to Unitholders.

THE SIXTH PARAGRAPH OF THE SECTION ENTITLED "APPRAISAL; OPINIONS OF FINANCIAL ADVISORS -- OPINION OF THE PURCHASER'S FINANCIAL ADVISOR" IS HEREBY AMENDED AND RESTATED IN ITS ENTIRETY TO READ AS FOLLOWS:

In connection with the delivery of the Alex. Brown Opinion, Alex. Brown presented to the Special Committee a report summarizing the material analyses performed and the material factors considered by Alex. Brown in connection with rendering the Alex. Brown Opinion (the "Alex. Brown Report"). The following is a summary of such material analyses and material factors as described in the Alex.

Brown Report and as presented to the Special Committee.

THE SECTION ENTITLED "APPRAISAL; OPINIONS OF FINANCIAL ADVISORS -- OPINION OF THE PURCHASER'S FINANCIAL ADVISOR -- HISTORICAL FINANCIAL POSITION" IS HEREBY AMENDED AND RESTATED IN ITS ENTIRETY TO READ AS FOLLOWS:

HISTORICAL FINANCIAL POSITION. Alex. Brown reviewed and analyzed for informational purposes the historical and current financial condition of the Purchaser and the Partnerships which included: (i) an assessment of the Partnerships' recent financial statements; (ii) an analysis of the Purchaser's and the Partnerships' revenue, growth and operating performance trends; and (iii) an assessment of the Partnerships' leverage, market share and access to markets. Alex. Brown reviewed that information solely to provide a context for its financial analyses and reached no conclusions based upon that information.

THE SECTION ENTITLED "APPRAISAL; OPINIONS OF FINANCIAL ADVISORS -- OPINION OF THE PURCHASER'S FINANCIAL ADVISOR -- HISTORICAL STOCK PRICE PERFORMANCE" IS HEREBY AMENDED AND RESTATED IN ITS ENTIRETY TO READ AS FOLLOWS:

HISTORICAL STOCK PRICE PERFORMANCE. Alex. Brown reviewed and analyzed the daily closing per share market prices, trading volume, and 20 day moving average stock price for the REIT Shares, from June 25, 1995 to June 25, 1996. This information was presented to give the Special Committee background trading information over the period indicated. Alex. Brown also reviewed and analyzed information regarding the market prices and trading volume of the Partnerships' units, on a quarterly basis from September 1995 to April 1996. Alex. Brown reviewed that information solely to provide a context for its financial analyses and reached no conclusions based upon that information.

THE SECTION ENTITLED "APPRAISAL; OPINIONS OF FINANCIAL ADVISORS -- OPINION OF THE PURCHASER'S FINANCIAL ADVISOR -- REAL ESTATE MARKET AND ECONOMIC FACTORS" IS HEREBY AMENDED AND RESTATED IN ITS ENTIRETY TO READ AS FOLLOWS:

REAL ESTATE MARKET AND ECONOMIC FACTORS. In rendering its opinion, Alex. Brown considered, among other factors, the condition of the U.S. stock markets, particularly in the real estate sector, and the current level of economic activity. However, Alex. Brown did not reach any independent conclusion from the consideration of those factors.

THE SECTION ENTITLED "APPRAISAL; OPINION OF FINANCIAL ADVISOR -- OPINION OF THE PURCHASER'S FINANCIAL ADVISOR" IS HEREBY AMENDED TO ADD THE FOLLOWING SENTENCE IMMEDIATELY PRIOR TO THE SECOND TO LAST PARAGRAPH OF THAT SECTION:

The foregoing description of the Alex. Brown Report is qualified by reference to the full text of such report which has been filed with the Commission as an exhibit to the Schedule 13E-3 and which is incorporated herein by reference. Copies of the Alex. Brown Report will be made available for inspection and copying at the principal executive offices of the Purchaser during regular business hours by any interested Unitholder, or by his or her representative who has been so designated in writing, and may be inspected and copied, and obtained by mail, from the Commission as set forth in "Additional Information."

MARKET PRICES OF UNITS

THE SECTION ENTITLED "MARKET PRICES OF UNITS -- VOLUME OF SALES" IS HEREBY AMENDED BY REPLACING THE LAST LINE OF THE TABLE IN THAT SECTION WITH THE FOLLOWING:

PERIOD	NO. OF UNITS TRANSFERRED	% OF TOTAL UNITS OUTSTANDING	NO. OF TRANSACTIONS
Six months ended June 30, 1996	531	0.445%	15

THE SECTION ENTITLED "MARKET PRICES OF UNITS -- SECONDARY MARKET INFORMATION" IS HEREBY SUPPLEMENTED BY ADDING THE FOLLOWING IMMEDIATELY AFTER THE LAST LINE OF THE TABLE IN THAT SECTION:

REPORTING PERIOD	TRANSACTION PRICE LOW	TRANSACTION PRICE HIGH	NUMBER OF UNITS
Quarter 2	$ 180.00	$ 200.00	38

INTERESTS OF CERTAIN PERSONS

THE SECTION ENTITLED "INTERESTS OF CERTAIN PERSONS -- GENERAL PARTNER'S INTEREST" IS HEREBY AMENDED BY REPLACING THE FIFTH SENTENCE OF THE FIRST PARAGRAPH OF THAT SECTION WITH THE FOLLOWING SENTENCE:

Accordingly, the General Partner has been limited to receiving 5% of Partnership cash distributions resulting in the receipt of such distributions by the General Partner of $96,077, $111,764 and $117,648 for the years ended December 31, 1993, 1994 and 1995, respectively, and $58,824 for the six months ended June 30, 1996.

THE SECTION ENTITLED "INTERESTS OF CERTAIN PERSONS -- PROPERTY MANAGEMENT SERVICES" IS HEREBY SUPPLEMENTED BY REPLACING THE SECOND SENTENCE OF THE FIRST PARAGRAPH OF THAT SECTION WITH THE FOLLOWING SENTENCE:

The Purchaser (or the Predecessor under the Management Services Agreement) received from the Partnership in payment of these property management and advertising fees $256,850, $407,784 and $447,716 for the years ended December 31, 1993, 1994 and 1995, respectively, and $226,650 for the six months ended June 30, 1996.

THE OFFER

THE FIRST PARAGRAPH OF THE SECTION ENTITLED "THE OFFER" -- SECTION 7 ("CERTAIN CONDITIONS OF THE OFFER") IS HEREBY AMENDED AND RESTATED IN ITS ENTIRETY AS FOLLOWS:

7. CERTAIN CONDITIONS OF THE OFFER. Notwithstanding any other provisions of this Offer and subject to the applicable rules of the Securities and Exchange Commission, the Purchaser will not be required to accept for purchase any Units tendered, may postpone the acceptance for purchase of Units tendered and may terminate or amend this Offer if prior to the Expiration Date any of the following shall occur or the Purchaser shall have learned of the occurrence of any such events:

THE SECTION ENTITLED "THE OFFER" -- SECTION 11 ("MISCELLANEOUS") IS HEREBY AMENDED TO ADD THE FOLLOWING PARAGRAPHS IMMEDIATELY FOLLOWING THE SECOND PARAGRAPH OF THAT SECTION:

PENDING LITIGATION. On July 16, 1996, Irving and Roberta B. Schuman (the "Plaintiffs"), unitholders of IDS2, filed a purported class and derivative action complaint (the "Complaint") on behalf of themselves and all other unitholders of the Partnerships and derivatively on behalf of the Partnerships in the Superior Court of the State of Washington in and for the County of King naming the Purchaser, Charles K. Barbo, Arthur W. Buerk, Shurgard Associates L.P., Shurgard Associates L.P. II, Shurgard Associates L.P. III, Shurgard General Partner, Inc. and certain other individuals (each of whom has since been dismissed as a Defendant) as Defendants and the Partnerships as Nominal Defendants.

In the Complaint, the Plaintiffs asserted claims for breach of fiduciary duty, aiding and abetting a breach of fiduciary duty, breach of contract and fraud against each of the Defendants for their actions taken in connection with the Transaction. The Plaintiffs seek monetary damages and equitable relief, including an order enjoining the consummation of the Offers, or alternatively, an order requiring the Defendants to issue disclosures to correct allegedly false and misleading statements and omissions of material facts in all documents prepared, filed with the SEC, issued or disseminated to the unitholders of the Partnerships by Defendants in connection with the Offers.

The Defendants intend to vigorously defend the lawsuit.

EXCEPT AS AMENDED OR SUPPLEMENTED HEREBY, ALL PROVISIONS OF THE OFFER REMAIN UNAFFECTED.

SHURGARD STORAGE CENTERS, INC.

SCHEDULE I OF THE OFFER TO PURCHASE IS HEREBY AMENDED AND RESTATED IN ITS ENTIRETY AS FOLLOWS:

SCHEDULE I

DIRECTORS AND EXECUTIVE OFFICERS OF SHURGARD STORAGE CENTERS, INC., SHURGARD GENERAL PARTNER, INC. AND THE INDIVIDUAL GENERAL PARTNERS OF SHURGARD ASSOCIATES L.P. III

The following table sets forth the name, business address, principal occupation or employment at the present time and during the last five years, and the name, principal business and address of any corporation or other organization in which such occupation or employment is or was conducted, of the directors and executive officers of the Purchaser and SGPI and the individual general partners of the General Partner, all of whom are citizens of the United States. Except as otherwise noted, the address of each such corporation or organization listed and the business address of each person listed is 1201 Third Avenue, Suite 2200, Seattle, Washington 98101. Except as otherwise noted, the principal business of each corporation or organization listed is real estate investment and each person listed has had the principal occupation or employment listed for more than the past five years.

NAME	COMPANY/ADDRESS/ DESCRIPTION OF BUSINESS	OFFICE AND DATE OF ELECTION
Charles K. Barbo	Shurgard Storage Centers, Inc.	Director (1995-present); Chairman of the Board, President and Chief Executive Officer (1995-present)
	Shurgard General Partner, Inc.	Chairman of the Board; President (1992-present)
	Shurgard Incorporated	Chairman of the Board and Chief Executive Officer (1972-1995)
	Shurgard Associates L.P.	General Partner
	Shurgard Associates L.P. II	General Partner
	Shurgard Associates L.P. III	General Partner
Arthur W. Buerk	Shurgard General Partner, Inc.	Director (1979-1996); President (1983-1992)
	Shurgard Associates L.P.	General Partner
	Shurgard Associates L.P. II	General Partner
	Shurgard Associates L.P. III	General Partner
	Northwestern Trust 1201 Third Avenue, Suite 2000 Seattle, WA 98101 (banking)	Co-Chairman (1995-1996); President (1993-1995)
	Manus Services Corp. 1130 Rainier Seattle, WA 98140 (marketing)	President (1992)
	Shurgard Incorporated	President (1983-1991)
Harrell L. Beck	Shurgard Storage Centers, Inc.	Director (1993-present); President (1993-1995); Chief Financial Officer, Treasurer (1993-present); Senior Vice President (1995-present)
	Shurgard General Partner, Inc.	Treasurer (1992-present)
	Shurgard Incorporated	Chief Financial Officer (1990-1995)
Michael Rowe	Shurgard Storage Centers, Inc.	Executive Vice President (1993-present); Chief Operating Officer (March 19, 1996-present)
	Shurgard General Partner, Inc.	Vice President (1994-present); Treasurer (1991-1992)
	Shurgard Incorporated	Director of Storage Operations (1987-1993)
Kristin H. Stred	Shurgard Storage Centers, Inc.	Secretary (1993-present); Senior Vice President (1995-present)
	Shurgard General Partner, Inc.	Secretary (1993-present)
	Shurgard Incorporated	Secretary and General Counsel (1992-1995)
	The Boeing Company (aerospace and defense)	Attorney (1991-1992)

NAME	COMPANY/ADDRESS/ DESCRIPTION OF BUSINESS	OFFICE AND DATE OF ELECTION
David K. Grant	Shurgard Storage Centers, Inc.	Executive Vice President (1993-present); Director of European Operations (May 14, 1996-present)
	Shurgard Incorporated	Director of Real Estate Investments (1985-1995)
Donald W. Lusk	Shurgard Storage Centers, Inc.	Director (1994-present)
	Lusk Consulting Group P.O. Box 3235 Redmond, WA 98087 (General management consulting)	President
Wendell J. Smith	Shurgard Storage Centers, Inc.	Director (1994-present)
	W.J.S. & Associates 1301 Gary Way Carmichael, CA 95608 (advisory and consulting services)	Founder
Howard Johnson	Shurgard Storage Centers, Inc.	Director (1996-present)
	Howard Johnson & Company 375 Park Avenue New York, NY 10152 (independent consulting)	Chairman, President and Chief Executive Officer
Greenlaw Grupe	Shurgard Storage Centers, Inc.	Director (1996-present)
	The Grupe Company	Chairman and Chief Executive Officer

	3255 W. March Lane, 4th Floor Stockton, CA 95219	
Mark Hall	Shurgard General Partner, Inc.	Vice President (February, 1996-present)
	Shurgard Storage Centers, Inc.	Regional Vice President (1993-present)
	Shurgard Incorporated	Regional Vice President (1993-1995)
		Northwest Regional Manager (1991-1993)

</TABLE>

Schedule I - Page 2

SCHEDULE V IS HEREBY AMENDED AND RESTATED IN ITS ENTIRETY AS FOLLOWS:

SCHEDULE V

FINANCIAL STATEMENTS OF
IDS/SHURGARD INCOME GROWTH PARTNERS L.P. III

BALANCE SHEETS

	DECEMBER 31, 1994	DECEMBER 31, 1995	JUNE 30, 1996 (UNAUDITED)
ASSETS:			
Cash and cash equivalents	$ 602,285	$ 673,130	$ 693,347
Storage centers, net	35,121,146	34,146,500	33,777,084
Other assets	258,242	250,621	196,886
Amortizable assets, less accumulated amortization of $749,294, $1,131,762 and $1,234,550	746,789	364,101	261,313
Land held for resale	201,835	201,835	201,835
Total Assets	$ 36,930,297	$ 35,636,187	$ 35,130,465
LIABILITIES AND PARTNERS' EQUITY (DEFICIT):			
Liabilities:			
Accounts payable and other accrued expenses	428,900	$ 476,306	$ 619,862
Accrued transaction costs			295,932
Notes payable	11,619,725	10,745,854	10,333,498
Total Liabilities	12,048,625	11,222,160	11,249,292
Partners' equity (deficit):			
Limited partners	24,962,899	24,518,638	24,012,429
General partner	(81,227)	(104,611)	(131,256)
Total Partners' Equity	24,881,672	24,414,027	23,881,173
Total Liabilities and Partners' Equity	$ 36,930,297	$ 35,636,187	$ 35,130,465

</TABLE>

See notes to financial statements

Schedule V - Page 1

STATEMENTS OF EARNINGS

	YEAR ENDED DECEMBER 31, 1993	1994	1995	SIX MONTHS ENDED JUNE 30, 1995 (UNAUDITED)	1996 (UNAUDITED)
REVENUE:					
Rental	$ 4,109,845	$ 6,608,932	$ 7,224,762	$ 3,510,447	$ 3,672,665
Interest and other income	230,099	56,948	36,378	13,061	14,811
Total Revenue	4,339,944	6,665,880	7,261,140	3,523,508	3,687,476
EXPENSES:					
Operating	1,183,446	1,625,933	1,799,970	871,708	918,909
Property management fees	246,650	393,684	433,316	210,619	219,450
Depreciation	661,921	1,052,532	1,122,039	561,244	564,005
Real estate taxes	361,790	504,422	506,460	255,982	273,031
Interest	122,691	820,083	960,964	459,663	431,549
Transaction costs					420,945
Amortization	211,138	465,348	382,688	234,544	102,788

Administrative	125,635	148,544	170,424	108,125	113,191
Total Expenses	2,913,271	5,010,546	5,375,861	2,701,885	3,043,868
EARNINGS	$ 1,426,673	$ 1,655,334	$ 1,885,279	$ 821,623	$ 643,608
EARNINGS PER UNIT OF LIMITED PARTNERSHIP INTEREST	$ 11.37	$ 13.19	$ 15.02	$ 6.55	$ 5.13
DISTRIBUTIONS PER UNIT OF LIMITED PARTNERSHIP INTEREST	$ 15.31	$ 17.81	$ 18.75	$ 9.37	$ 9.37

</TABLE>

See notes to financial statements

Schedule V - Page 2

STATEMENTS OF PARTNERS' EQUITY (DEFICIT)

<TABLE>
<CAPTION>

<S>	LIMITED PARTNERS <C>	GENERAL PARTNER <C>	TOTAL <C>
Balance, January 1, 1993	$ 25,983,981	$ (27,488)	$ 25,956,493
Distributions	(1,825,475)	(96,077)	(1,921,552)
Earnings	1,355,338	71,335	1,426,673
Balance, December 31, 1993	25,513,844	(52,230)	25,461,614
Distributions	(2,123,512)	(111,764)	(2,235,276)
Earnings	1,572,567	82,767	1,655,334
Balance, December 31, 1994	24,962,899	(81,227)	24,881,672
Distributions	(2,235,276)	(117,648)	(2,352,924)
Earnings	1,791,015	94,264	1,885,279
Balance, December 31, 1995	24,518,638	(104,611)	24,414,027
Distributions (unaudited)	(1,117,638)	(58,824)	(1,176,462)
Earnings (unaudited)	611,429	32,179	643,608
Balance, June 30, 1996 (unaudited)	$ 24,012,429	$ (131,256)	$ 23,881,173

</TABLE>

See notes to financial statements

Schedule V - Page 3

STATEMENTS OF CASH FLOWS

<TABLE>
<CAPTION>

	YEAR ENDED DECEMBER 31,			SIX MONTHS ENDED JUNE 30,	
	1993	1994	1995	1995 (UNAUDITED)	1996
<S>	<C>	<C>	<C>	<C>	<C>
OPERATING ACTIVITIES:					
Earnings	$ 1,426,673	$ 1,655,334	$ 1,885,279	$ 821,623	$ 643,608
Adjustments to reconcile earnings to net cash provided by operating activities:					
Transaction costs					420,945
Depreciation and amortization	873,059	1,517,880	1,504,727	795,788	666,793
Changes in operating accounts:					
Other assets	(41,318)	(50,866)	7,621	90,811	53,735
Accounts payable and other accrued expenses	129,143	(14,540)	47,406	97,231	143,556
Net cash provided by operating activities	2,387,557	3,107,808	3,445,033	1,805,453	1,928,637
INVESTING ACTIVITIES:					
Purchase of and improvements to storage					

centers	(15,476,979)	(588,910)	(147,393)	(37,034)	(194,589)
Consideration for amortizable assets	(670,804)	(286,950)			
Net cash used in investing activities	(16,147,783)	(875,860)	(147,393)	(37,034)	(194,589)
FINANCING ACTIVITIES:					
Proceeds from notes payable	8,865,000	9,500,000			1,274,000
Payments on notes payable	(865,000)	(9,375,275)	(873,871)	(476,616)	(1,686,356)
Payments of loan costs	(127,846)	(242,226)			
Distributions to partners	(1,921,552)	(2,235,276)	(2,352,924)	(1,176,462)	(1,176,462)
Payment of transaction costs					(125,013)
Net cash (used in) provided by financing activities	5,950,602	(2,352,777)	(3,226,795)	(1,653,078)	(1,713,831)
Increase (decrease) in cash and cash equivalents	(7,809,624)	(120,829)	70,845	115,341	20,217
Cash and cash equivalents at beginning of year	8,532,738	723,114	602,285	602,285	673,130
Cash and cash equivalents at end of year	$ 723,114	$ 602,285	$ 673,130	$ 717,626	$ 693,347
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:					
Cash paid during year for interest	$ 113,247	$ 776,498	$ 940,442	$ 423,278	$ 413,167
SUPPLEMENTAL DISCLOSURE OF NON-CASH INVESTING ACTIVITIES:					
Liabilities incurred in connection with the purchase of storage centers	$ 2,821,000	$ 674,000	$ --	$ --	$ --

</TABLE>

See notes to financial statements

NOTES TO FINANCIAL STATEMENTS

NOTE A -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

GENERAL: IDS/Shurgard Income Growth Partners L.P. III (the Partnership) was organized under the laws of the State of Washington on November 15, 1988, to serve as a vehicle for investments in and ownership of a professionally managed real estate portfolio consisting of self storage properties which provide month-to-month leases for business and personal use. The Partnership will terminate December 31, 2030, unless terminated at an earlier date. The general partner is Shurgard Associates L.P. III, a Washington limited partnership.

As of June 30, 1996, there were approximately 3,880 limited partners in the Partnership. There were approximately 119,215 units of limited partnership interest outstanding at a contribution of $250 per unit.

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of revenue and expenses during the reporting period. Actual results can differ from those estimates.

The interim financial statements included in this report are unaudited. In the opinion of the Partnership, all adjustments necessary for a fair presentation of such financial statements have been included. Such adjustments consisted only of normal recurring items. Interim results are not necessarily indicative of results for a full year.

CASH EQUIVALENTS: Cash equivalents consist of money market instruments with original maturities of 90 days or less.

STORAGE CENTERS: Storage centers, including land, buildings and equipment are recorded at cost. Depreciation on buildings and equipment is recorded on a straight-line basis over their estimated useful lives which range from three to thirty years.

AMORTIZABLE ASSETS: Amortizable assets, consisting primarily of non-compete covenants and loan costs, are amortized over their expected useful lives of two to eight years.

RENTAL REVENUE: Rental revenue is recognized as earned under accrual accounting principles.

TAXES ON INCOME: The financial statements do not reflect a provision for Federal income taxes because such taxes are the responsibility of the individual partners.

LITIGATION: The Partnership has a policy of accruing for probable losses, which if any, could be material to the future financial position or results of operations. As of June 30, 1996, there are currently no known probable losses, therefore, no such accruals have been made.

EARNINGS PER UNIT OF LIMITED PARTNERSHIP INTEREST: Earnings per unit of limited partnership interest is based on earnings allocated to the limited partners divided by the number of limited partnership units outstanding during the year (119,215 units for each of the three years ended December 31, 1995 and the six months ended June 30, 1995 and 1996).

DISTRIBUTIONS PER UNIT OF LIMITED PARTNERSHIP INTEREST: Distributions per unit of limited partnership interest is based on the total amount distributed to limited partners divided by the number of limited partnership units outstanding during the year (119,215 units for each of the three years ended December 31, 1995 and the six months ended June 30, 1995 and 1996).

VALUATION OF LONG LIVED ASSETS: The Partnership, using its best estimates based on reasonable and supportable assumptions and projections, reviews storage centers and other assets for impairment whenever events or changes in circumstances have indicated that the carrying amounts of its assets might not be recoverable. Impaired assets are reported at the lower of cost or fair value. Assets to be disposed of are reported at the lower of cost or net realizable value. At June 30, 1996, no assets had been written down.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE B -- STORAGE CENTERS

Storage centers consist of the following:

<TABLE>
<CAPTION>

	DECEMBER 31, 1994	DECEMBER 31, 1995	JUNE 30, 1996 (UNAUDITED)
Land	$ 7,515,406	$ 7,503,081	$ 7,503,081
Buildings	29,110,884	29,238,967	29,433,556
Equipment	668,167	699,802	699,802
	37,294,457	37,441,850	37,636,439
Less accumulated depreciation	(2,173,311)	(3,295,350)	(3,859,355)
	$ 35,121,146	$ 34,146,500	$ 33,777,084

</TABLE>

NOTE C -- NOTES PAYABLE

<TABLE>
<CAPTION>

	DECEMBER 31, 1994	DECEMBER 31, 1995	JUNE 30, 1996 (UNAUDITED)
Notes payable to sellers	$ 2,264,000	$ 1,583,653	$ --
Note payable to bank	9,355,725	9,162,201	10,333,498
	$ 11,619,725	$ 10,745,854	$ 10,333,498

</TABLE>

On March 31, 1994, the Partnership consolidated outstanding notes payable totaling $8 million and borrowed an additional $1.5 million. The new terms of this note provide the Partnership the option to borrow an additional $3 million. This note is secured by real estate and bears interest at 8%. The note matures April 1, 2001 and requires monthly payments of principal and interest based on a twenty-year amortization. The note reprices to market every six months, accordingly, the recorded value approximates fair value.

Notes to sellers, which mature December 31, 1996, are secured by certain storage centers of the Partnership. The recorded value of these seller's notes approximates fair value. Annual payments of principal are due 90 days after year end under conditions provided in the note agreement based on each center's performance. Quarterly interest is payable to the extent any center's net operating income, as defined, exceeds 10% of the Partnership's investment in the related center. In 1995 and 1994, the Partnership made principal payments of $680,347 and $651,000 respectively, on these notes. On February 29, 1996, the Partnership borrowed $600,000 on its bank note to partially fund the final payment of $909,653 on the seller's note that originated with the purchase of the Castro Valley storage center and to replenish cash reserves. Maturities of notes payable include this final payment made February 29, 1996.

Maturities of notes payable at December 31, 1995, are as follows:

1996	$ 1,798,135
1997	233,730
1998	254,705
1999	277,563
2000	302,472
Thereafter	7,879,249
	$10,745,854

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE D -- ACQUISITION

During the years ended December 31, 1993 and 1994, the Partnership acquired existing storage centers from unaffiliated parties. These acquisitions were funded through a combination of bank notes, seller notes and cash. Certain information about these acquisitions is as follows:

FACILITY	PROPERTY LOCATION	ACQUISITION PRICE	DATE
Castro Valley (1)	Castro Valley, CA	5,000,000	August, 1993
Newark (1)	Newark, CA	3,340,000	August, 1993
San Leandro (1)	San Leandro, CA	2,671,000	August, 1993
Tracy (1)	Tracy, CA	2,250,000	August, 1993
Sacramento (1)	Sacramento, CA	2,834,000	February, 1994
San Lorenzo (1)	San Lorenzo, CA	2,905,000	February, 1994
Castro Valley Office Bldg. (2)	Castro Valley, CA	500,000	May, 1994

(1) These purchases were funded with cash, a $8 million bank note, and $3.495 million in seller notes.

(2) This purchase was funded with cash.

The transactions were accounted for as purchases, and the results of operations for each of the storage centers from their respective acquisition date have been included in the financial statements. The general partner estimates that if these properties had been acquired on January 1, 1994 and 1993, the pro forma combined results of operations for the year would have been as follows:

	1993	1994
	(UNAUDITED)	
Total revenue	$ 6,237,005	$ 6,773,234
Earnings	$ 1,331,884	$ 1,613,010
Earnings per unit of limited partnership interest	$ 10.61	$ 12.85

These pro forma operating results include the Partnership's results of operations, less increased depreciation and amortization on storage centers and other assets, respectively, and increased interest expense on the bank loans.

The pro forma information does not purport to be indicative of the results that actually would have been obtained if the combined operations had been conducted for the full year and is not intended to be a projection of future results.

NOTE E -- TRANSACTIONS WITH AFFILIATES

In connection with the management of the centers, the Partnership has paid or accrued a monthly property management fee equal to 6% of the properties gross revenue to Shurgard Storage Centers, Inc., an affiliate of the general partner. On March 24, 1995 Shurgard Incorporated merged with Shurgard Storage Centers, Inc. Prior to the merger date such fees were paid to Shurgard Incorporated.

INDEPENDENT AUDITORS' REPORT

General Partner and Limited Partners
IDS/Shurgard Income Growth Partners L.P. III
Seattle, Washington

We have audited the accompanying balance sheets of IDS/Shurgard Income Growth Partners L.P. III as of December 31, 1994 and 1995, and the related statements of earnings, partners equity (deficit), and cash flows for each of the three years in the period ended December 31, 1995. These financial statements are the responsibility of the Partnership's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such financial statements present fairly, in all material respects, the financial position of the Partnership as of December 31, 1994 and 1995 and the results of its operations and its cash flows for each of the three years in the period ended December 31, 1995 in conformity with generally accepted accounting principles.

Deloitte & Touche LLP
Seattle, Washington
March 1, 1996

SCHEDULE VI IS HEREBY AMENDED AND RESTATED IN ITS ENTIRETY AS FOLLOWS:

SCHEDULE VI
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION
AND RESULTS OF OPERATIONS OF THE PARTNERSHIP

RESULTS OF OPERATIONS -- SIX MONTHS ENDED JUNE 30, 1996, AND 1995

The Partnership's earnings from operations for the six months ended June 30, 1995 increased $213,000 over the same period in 1995. Rental revenue for the six months ended June 30, 1996 also increased $162,000 over the same periods last year. The increase resulted primarily from a 5% increase in the average rental rate per square foot. During the month of March, the Partnership lost its only tenant in the Castro Valley office building representing approximately $5,000 per month in rent. Management is currently making efforts to fill the office space. Due in part to this office space vacancy, average occupancies decreased eight percentage points from 90% at June 30, 1995 to 82% at June 30, 1996.

Total expenses decreased $50,800 for the six months ended June 30, 1996, compared to the same period in 1995. The majority of this decrease is due to the drop in amortization expense which does not affect the Partnership's cash flow. Operating and administration expenses increased $52,300 for the six months ended June 30, 1996, compared to the same period in 1995 due to 1) an increase in personnel costs associated with additional hours worked by store managers and increased salaries, 2) an increase in marketing costs in the Atlanta market reflecting increased yellow page advertisement and 3) an increase in the Georgia state taxes. Additionally, real estate taxes increased $17,000 for the six months ended June 30, 1996, mainly due to a tax assessment increase at the Gilbert storage center. Subsequent to June 30, 1996, a fire at the Tracy storage center completely burned four units and effected approximately seventeen additional units. All costs related to the fire are expected to be covered under insurance after a $10,000 deductible.

RESULTS OF OPERATIONS -- YEARS ENDED DECEMBER 31, 1995, 1994 AND 1993

From 1993 to 1995, the Partnership's revenue and expenses increased primarily due to the acquisition of new storage centers and the interest on the corresponding debt. The Partnership acquired the following storage centers: Sacramento and San Lorenzo (February 1994); Castro Valley Office Building (May 1994); Castro Valley, Newark, San Leandro and Tracy (August 1993).

The Partnership's rental revenue and earnings from 1994 to 1995 increased 9% and 14%, respectively, resulting from a 10.7% increase in the average rental rate per square foot. Rate increases were partially offset by a decline in occupancies from 93% at December 31, 1993 to 90% at December 31, 1994 to 88% at December 31, 1995. Although the average occupancy for the Partnership has decreased, the Partnership seeks to maximize revenue by adjusting rents to match demand more flexibly. Store managers evaluate their store's rental rates, based on unit demand, unit availability and competitors' rental rates. The Partnership trains its store managers in revenue optimization and empowers them to adjust marginal rental rates based on their "on the ground" analysis of demand and availability at their particular store. In addition, the use of month-to-month leases, combined with customer turnover, allows rents to be quickly adjusted to match current demand in a flexible manner.

Revenue for the three storage centers purchased in 1994 increased 20% or $156,000 in 1995 over their 1994 results, while comparable operating expenses increased by 5% or $15,000. These combined to provide a 32% or $141,000 increase in 1995 earnings for these centers compared to their 1994 operating results. These increases resulted from the additional two months of operations. Occupancies for these three centers, which averaged 91% during 1994, rose slightly to an average of 92% during 1995.

Revenue and operating expenses for the four properties purchased in 1993 rose 161% or $1.3 million and 145% or $415,000 from 1993 to 1994, respectively. These increases reflect the additional

seven months of operations in 1994. Additionally, revenue and expenses increased 8% or $173,000 and 4% or $26,000 from 1994 to 1995, respectively. This provided a 11% increase in 1995 earnings for these centers compared to 1994. Annual occupancies for these four centers averaged 91%, 90%, and 91% at December 31, 1993, 1994 and 1995, respectively.

Storage centers owned prior to 1993 had increased revenue of 14% from 1993 to 1994 and 8% from 1994 to 1995. Operating expenses for these storage centers increased 8% or $126,000 in 1995 over 1994. The majority of this increase is due to additional hours worked by managers, higher repair and maintenance expenses which included retail renovations at the Tucker facility, and increased store inventory costs. Additionally operating expenses increased 3% in 1994 over 1993. Annual occupancies for these storage centers averaged 94% at December 31, 1993, 89% at December 31, 1994, and 85% December 31, 1995.

LIQUIDITY AND CAPITAL RESOURCES -- SIX MONTHS ENDED JUNE 30, 1996 AND 1995

TRANSACTION COSTS. On July 1, 1996, the Partnership entered into a merger agreement with the Purchaser and two affiliated Partnerships whereby: (1) the Purchaser would commence a cash tender offer for up to 52,000 Units of the Partnership and (2) following completion of the tender offer, the Partnership would seek the requisite approval by the limited partners to merge into the Purchaser. Upon consummation of the merger all limited partners would receive stock in the Purchaser.

In connection with this transaction, the Partnership is expected to incur approximately $930,100 in costs. As of June 30, 1996, transaction costs totaling approximately $420,900 have been posted as expenses on the Partnership's books (of which approximately $125,000 has already been paid). In the event that the merger is not consummated, the Partnership will bear certain expenses as defined in the merger agreement.

Due to this transaction, Partnership distributions have been temporarily suspended. Upon completion of the merger, a final cash distribution will be made from the Partnership in an amount, if any, by which the Partnership's Closing Net Asset Value exceeds its Net Asset Value as defined in the merger agreement. This distribution will be received only by those who were partners immediately prior to the merger.

INVESTING ACTIVITIES: Capital improvements for the six months ended June 30, 1996 totaled $194,600 which largely represents conversion of existing storage units to climate controlled units at the Dobson Ranch storage center, which will increase the revenue potential of the property.

FINANCING ACTIVITIES: During 1996, the Partnership borrowed $1,274,000 on its bank note in order to make final payments totaling $1,584,000 on the seller's notes that originated with the purchase of certain northern California storage centers. For the six months ended June 30, 1995, the Partnership made payments totaling $378,000 on the seller's notes pertaining to the Castro Valley and Newark storage centers.

DISTRIBUTIONS TO PARTNERS: Annualized distribution rates were 7.50% for the six months ended June 30, 1996 and 1995.

LIQUIDITY AND CAPITAL RESOURCES -- YEARS ENDED DECEMBER 31, 1995, 1994 AND 1993

CASH FROM OPERATIONS: Cash from operations increased by $720,300 from 1993 to 1994 and $337,200 from 1994 to 1995, reflecting the increase in earnings. Management believes that cash balances and cash flow from operations will be adequate to support the future operating needs of the Partnership.

INVESTING ACTIVITIES: In 1993, the Partnership invested $237,000 in existing storage centers, including office remodeling at Norcross, Stone Mountain, Tucker and Forest Park and new signage at Rochester. The Partnership also purchased four storage centers during the third quarter of 1993 at a total cost of $13.3 million. The Partnership acquired a security interest in two additional properties as part of a binding purchase agreement with the same seller. These two centers were purchased on

February 10, 1994, for $5.7 million. All six California properties are subject to similar terms under the purchase and sales agreements. These agreements provide the Partnership a 10% return on funds invested for the first three years. All of these storage centers are located in northern California, San Francisco Bay and Sacramento areas and they range in size from 58,000 to 69,000 net rentable square feet. Additionally, in March 1994, the Partnership purchased an office building from the same seller at a total cost of $500,000.

In 1994, the Partnership invested $157,000 in existing storage centers. These improvements included new signage at Castro Valley, Newark, San Leandro and Tracy. Security improvements were also made at the Gilbert Dobson Ranch, Castro Valley, Newark and Tracy storage centers. As part of Stone Mountain and Forest Park's original acquisitions, the Partnership acquired undeveloped land in Atlanta adjacent to each storage center. The Partnership has listed both parcels with a local real estate broker for resale.

During 1995, the Partnership invested $147,000 in capital improvements which included pavement work at the Gilbert, Allen Boulevard and Rochester storage centers, as well as a new perimeter fence at the Windcrest storage center. Additionally, the septic system at the Delray Beach storage center was replaced. Planned improvements for 1996 total approximately $188,600 and are expected to be funded from operations and cash reserves.

FINANCING ACTIVITIES: During 1993, the Partnership issued $10,821,000 of debt in conjunction with the purchase of the six storage centers in the San Francisco area. This debt was comprised of an $8 million bank note and $2,821,000 in seller notes. Seller's notes require quarterly interest payments to the extent any center's net operating income, as defined, exceeds 10% of the Partnership's investment in the related center. Annual payments are due under conditions provided in the note agreement based on each center's performance.

During 1994, the Partnership consolidated existing outstanding notes payable totaling $8 million and borrowed an additional $1.5 million. This new note matures April 1, 2001 and bears an interest rate of 8% until September 1, 1996, at which time it reprices and can be fixed for various periods at the Partnership's option. Cash proceeds from the additional borrowing under this note were used to make $580,000 in payments on the seller's notes taken in 1993 and fund the $500,000 purchase price of the Castro Valley office building. The terms of this note provide the Partnership the option to borrow up to an additional $3 million. It may be necessary for the Partnership to borrow under this provision to meet the future repayment obligations of the seller's notes to the extent they cannot be funded from operating cash flow. In 1994, the Partnership made the final payments of $651,000 on the seller's notes that originated with the purchase of the Tracy and San Leandro storage centers.

In 1995, the Partnership made a $65,347 payment on the seller's note which originated with the purchase of the Castro Valley storage center as well as final payment of $615,000 on the seller's note which originated with the purchase of the Newark storage center.

DISTRIBUTIONS TO PARTNERS: Annualized distribution rates were 7.5%, 7.125%, and 6.125% for 1995, 1994 and 1993, respectively.

SCHEDULE VII IS HEREBY AMENDED AND RESTATED IN ITS ENTIRETY AS FOLLOWS:

SCHEDULE VII
PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS

The following pro forma consolidated balance sheets as of June 30, 1996 set forth the effect of the Transaction and Additional Transactions as if such had occurred on June 30, 1996. The following pro forma consolidated statements of income for the six months ended June 30, 1996 set forth the effect of the Transaction and Additional Transactions as if such had occurred on January 1, 1995. The following pro forma consolidated statements of income for the year ended December 31, 1995 set forth the effect of certain material transactions of the Purchaser not related to the Transaction or Additional Transactions and the effect of the Transaction and Additional Transactions as if such had occurred on January 1, 1995. The Transaction and Additional Transactions will be accounted for under the purchase method of accounting for business combinations. The purchase price of the Transaction and Additional Transactions will be allocated as follows:

(IN THOUSANDS)	IDS1	IDS2	IDS3	TOTAL
Storage centers, at appraised value	$ 40,370	$ 30,520	$ 50,890	$ 121,780
Cash, cash equivalents and other assets	1,004	576	889	2,469
Accounts payable and other liabilities	(1,307)	(1,403)	(1,797)	(4,507)
Notes payable	--	(2,831)	(10,333)	(13,164)
Total purchase price	$ 40,067	$ 26,862	$ 39,649	$ 106,578

These pro forma consolidated financial statements are presented in two scenarios: (a) the purchase by the Purchaser through the Offer and the Additional Offers of 29,640, 23,022 and 23,843 of the outstanding units of IDS1, IDS2 and IDS3, respectively (representing approximately 20% of the total outstanding units) and (b) the purchase by the Purchaser of 65,000, 49,000 and 52,000 of the outstanding units of IDS1, IDS2 and IDS3, respectively (representing the maximum number of units that may be acquired by the Purchaser through the Offer and the Additional Offers). The pro forma consolidated financial statements assume that all of the Partnerships participate in the Mergers.

The pro forma consolidated financial statements are not necessarily indicative of what the Purchaser's actual financial position or results of operations would have been as of the date or for the periods indicated, nor do they purport to represent the Purchaser's financial position or results of operations as of or for any future period. The pro forma consolidated financial statements should be read in conjunction with all financial statements included elsewhere herein or incorporated by reference in this Offer to Purchase.

Schedule VII - Page 1

PRO FORMA CONSOLIDATED BALANCE SHEET
20% TENDER ASSUMPTION
JUNE 30, 1996

(IN THOUSANDS)	PURCHASER HISTORICAL	PURCHASER ADJUSTMENTS (1)	PURCHASER PRE-MERGER PRO FORMA	IDS1 HISTORICAL	IDS2 HISTORICAL	IDS3 HISTORICAL	ADJUSTMENTS (5)
Storage centers, net	$549,658	$--	$549,658	$28,270	$24,547	$33,979	$ 37,068
Other real estate investments	25,127	20,072(2)	45,199	--	--	--	(22,521)
Cash, cash equivalents and other assets	56,777	1,358(3)	58,135	1,137	650	1,152	(790)
Total assets	$631,562	$21,430	$652,992	$29,407	$25,197	$35,131	$ 13,757
Accounts payable and other liabilities	$ 57,881	--	$ 57,881	$ 710	$ 924	$ 917	$ 1,545
Notes payable	132,250	21,430(4)	153,680	--	2,831	10,333	--
Total liabilities	190,131	21,430	211,561	710	3,755	11,250	1,545
Minority interest	2,561	--	2,561	2,449	--	--	(2,449)
Stockholders' equity	438,870	--	438,870	26,248	21,442	23,881	14,661
Total liabilities and stockholders' equity	$631,562	$21,430	$652,992	$29,407	$25,197	$35,131	$ 13,757

(IN THOUSANDS)	PURCHASER POST-MERGER PRO FORMA
Storage centers, net	$673,522
Other real estate	

investments..................	22,678
Cash, cash equivalents and other assets................	60,284
Total assets.............	$756,484
Accounts payable and other liabilities..................	$ 61,977
Notes payable................	166,844
Total liabilities.........	228,821
Minority interest............	2,561
Stockholders' equity..........	525,102
Total liabilities and stockholders' equity.....	$756,484

</TABLE>

----

(1) Purchaser Adjustments reflect the purchase of 29,640, 23,022 and 23,843 Units of IDS1, IDS2 and IDS3, for $257, $222 and $308 per unit, respectively ("Tendered Units"), as if such occurred on January 1, 1995.

(2) Amount reflects Purchaser's acquisition of the Tendered Units.

(3) Amount reflects funds borrowed to pay the unpaid amount of the Purchaser's estimated costs of $2,300,000 related to the Mergers and the Offers.

(4) Amount reflects the additional debt incurred to finance the purchase of the Tendered Units and the Purchaser's estimated transaction costs.

(5) Adjustments by Partnerships are as follows:

<TABLE>
<CAPTION>

(IN THOUSANDS)	IDS1	IDS2	IDS3	ADJUSTMENTS
Storage centers, net...	$ 14,184(a)	$ 5,973	$ 16,911	$ 37,068(c)
Other real estate investments..................................	(10,066)	(5,111)	(7,344)	(22,521)(d)
Cash, cash equivalents and other assets........................	(126)	(207)	(457)	(790)(e)
Accounts payable and other liabilities.........................	515	345	685(b)	1,545(f)
Minority interest..	(2,449)	--	--	(2,449)(g)
Stockholders' equity...	5,926	310	8,425	14,661(h)

</TABLE>

(a) Adjustment includes only 70% of the step-up to market value of SJP II's storage centers as the remaining 30% was owned by the Purchaser prior to the Mergers and will continue to be carried at the Purchaser's historical cost.

(b) Historical amount has been adjusted to include $176,000 of estimated costs to complete the expansion of Dobson Ranch, the market value of which was included in the Appraisal.

(c) Amount reflects market value of self storage centers based on the Appraisals.

(d) Historical amounts have been adjusted to eliminate the Tendered Units and the Purchaser's 30% interest in SJP II.

(e) Historical assets have been reduced to eliminate (i) amortizable assets which were specifically excluded from the calculation of Net Asset Value per the Acquisition Agreement, and (ii) cash that would be payable to Unitholders at the time of the Mergers as liquidating distributions of $113,000, $134,000 and $196,000 for IDS1, IDS2 and IDS3, respectively. The actual amounts of such liquidating distributions may be greater than or less than pro forma amounts depending upon the actual amount of transaction costs incurred by each Partnership and the Partnerships' results of operations prior to the consummation of the Mergers.

(f) Historical amounts have been adjusted to include estimated liabilities for unaccrued Partnership transaction costs. See "The Offer" -- Section 10 ("Fees and Expenses").

(g) Amount reflects elimination of minority interest related to the Purchaser's 30% interest in SJP II.

(h) Amount reflects step-up to Net Asset Value less the value of the

Tendered Units.

Schedule VII - Page 2

PRO FORMA CONSOLIDATED STATEMENT OF NET INCOME
20% TENDER ASSUMPTION
SIX MONTHS ENDED JUNE 30, 1996

<TABLE>
<CAPTION>

(IN THOUSANDS, EXCEPT SHARE DATA)	PURCHASER HISTORICAL	PURCHASER ADJUSTMENTS (1)	PURCHASER PRE-MERGER PRO FORMA	IDS1 HISTORICAL	IDS2 HISTORICAL	IDS3 HISTORICAL	ADJUSTMENTS (5)
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Rental revenue................	$ 48,513	$--	$ 48,513	$ 3,278	$ 2,255	$ 3,673	$ --
Revenue from other real estate investments.................	895	591(2)	1,486	--	--	--	(733)
Property management revenue...	1,734	--	1,734	--	--	--	(673)
Total revenue............	51,142	591	51,733	3,278	2,255	3,673	(1,406)
Operating expense............	14,192	--	14,192	757	506	919	4
Property management fees......	--	--	--	197	135	219	(551)
Depreciation and amortization................	10,399	38(3)	10,437	520	464	667	81
Real estate taxes............	4,190	--	4,190	252	174	273	--
General and administrative....	2,244	--	2,244	136	94	113	(53)
Total expenses...........	31,025	38	31,063	1,862	1,373	2,191	(519)
Income from operations........	20,117	553	20,670	1,416	882	1,482	(887)
Transaction expenses..........	--	--	--	(425)	(285)	(421)	1,131
Minority interest in income...	(57)	--	(57)	(142)	--	--	142
Interest and other income.....	302	--	302	18	9	15	--
Interest expense.............	(5,248)	(883)(4)	(6,131)	--	(139)	(432)	8
Total other income (expense)...............	(5,003)	(883)	(5,886)	(549)	(415)	(838)	1,281
Net income (loss)............	$ 15,114	$(330)	$ 14,784	$ 867	$ 467	$ 644	$ 394
Net income per share..........	$ 0.65	$(0.01)	$ 0.64				
Weighted average number of shares.......................	23,199,023		23,199,023	1,276,768	856,513	1,274,965	3,408,246
Weighted average number of units........................				148,202	115,110	119,215	382,527

<CAPTION>

(IN THOUSANDS, EXCEPT SHARE DATA)	PURCHASER POST-MERGER PRO FORMA
<S>	<C>
Rental revenue................	$ 57,719
Revenue from other real estate investments.................	753
Property management revenue...	1,061
Total revenue............	59,533
Operating expense............	16,378
Property management fees......	--
Depreciation and amortization................	12,169
Real estate taxes............	4,889
General and administrative....	2,534
Total expenses...........	35,970
Income from operations........	23,563
Transaction expenses..........	--
Minority interest in income...	(57)
Interest and other income.....	344
Interest expense.............	(6,694)
Total other income	

(expense)	(6,407)
Net income (loss)	$ 17,156
Net income per share	$ 0.64
Weighted average number of shares	26,607,269
Weighted average number of units	--

</TABLE>

----

(1) Purchaser Adjustments recognize the acquisition of the Tendered Units as if such had occurred on January 1, 1995.

(2) Amount reflects the Purchaser's 20% interest in the Partnerships' earnings allocated to the Unitholders.

(3) Amounts reflects amortization of transaction costs of $2.3 million on a straight-line basis over 30 years.

(4) Amount reflects interest at 8.25% per annum on additional debt incurred to finance the acquisition of the Tendered Units and the transaction costs.

(5) Adjustments by Partnership are as follows:

<TABLE>
<CAPTION>

(IN THOUSANDS, EXCEPT SHARE DATA)	IDS1	IDS2	IDS3	TOTAL
Revenue from other real estate investments	$ (388)	$ (143)	$ (202)	$ (733)(a)
Property management revenue	(244)	(168)	(261)	(673)(b)
Operating expense	3	1	--	4(c)
Property management fees	(197)	(135)	(219)	(551)(d)
Depreciation and amortization	75	(37)	43	81(e)
General and administrative	(20)	(14)	(19)	(53)(f)
Transaction expenses	425	285	421	1,131(g)
Minority interest in income	142	--	--	142(h)
Interest expense	--	3	5	8(i)
Weighted average number of shares	1,276,768	856,513	1,274,965	3,408,246(j)
Weighted average number of units	148,203	115,110	119,215	382,527

(a) Historical amounts have been adjusted to eliminate the Purchaser's 20% interest related to the Tendered Units and the Purchaser's 30% interest in the earnings of SJP II.

(b) Amount reflects elimination of property management fees, advertising fees (at $900 per year per storage center), the Purchaser's interest in the General Partners and administrative reimbursements paid to the Purchaser by the Partnerships.

(c) Amount represents elimination of advertising fees paid by the Partnerships to the Purchaser.

(d) Amount reflects elimination of property management fees paid by the Partnerships to the Purchaser.

(e) Amount reflects the change in depreciation of storage centers. Depreciation on a new basis of $97,424 will be recognized on a straight line basis over five to 30 years. Amortization of amortizable assets has been eliminated as such assets are not included in Net Asset Value.

(f) Amount reflects elimination of administrative reimbursements paid by the Partnerships to the Purchaser.

(g) Amount reflects elimination of transaction expenses as such costs have been included in the calculation of Net Asset Value.

(h) Amount reflects the elimination of the Purchaser's 30% minority interest in the earnings of SJP II.

(i) Amount reflects the refinancing of the debt of the Partnerships at 8.25% per annum.

(j) Weighted average number of shares to be issued to each Partnership, assuming a $25.00 share price, is calculated as follows:

</TABLE>

<TABLE>
<CAPTION>

	IDS1	IDS2	IDS3

<S>	<C>	<C>	<C>
Net Asset Value..	$40,066,700	$26,861,846	$39,649,643
Less value of Tendered Units................................	(7,617,480)	(5,110,884)	(7,343,644)
Purchaser's interest in General Partner.....................	(530,000)	(338,125)	(431,875)
Consideration allocable to Unitholders participating in the Merger..	$31,919,220	$21,412,837	$31,874,124
	DIVIDED BY	DIVIDED BY	DIVIDED BY
Assumed share price...	25.00	25.00	25.00
Weighted average number of shares allocable to Unitholders participating in the Mergers.................................	1,276,768	856,513	1,274,965

</TABLE>

Schedule VII - Page 4

PRO FORMA CONSOLIDATED STATEMENT OF NET INCOME
20% TENDER ASSUMPTION
YEAR ENDED DECEMBER 31, 1995

<TABLE>
<CAPTION>

(IN THOUSANDS, EXCEPT SHARE DATA)	PURCHASER HISTORICAL	PURCHASER ADJUSTMENTS (1)	PURCHASER PRE-MERGER PRO FORMA	IDS1 HISTORICAL	IDS2 HISTORICAL	IDS3 HISTORICAL	ADJUSTMENTS (10)
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Rental revenue................	$ 92,397	$ 1,984	$ 94,381	$ 6,465	$ 4,309	$ 7,225	$ --
Revenue from other real estate investments.................	1,396	1,111(2)	2,507	--	--	--	(1,375)
Property management revenue...	2,978	802(3)	3,780	--	--	--	(1,424)
Total revenue............	96,771	3,897	100,668	6,465	4,309	7,225	(2,799)
Operating expense............	26,171	23(4)	26,194	1,493	944	1,800	24
Property management fees......	--			388	258	433	(1,079)
Depreciation and amortization................	17,410	733(5)	18,143	1,114	919	1,505	(75)
Real estate taxes............	7,596	131(6)	7,727	466	324	506	--
General and administrative....	4,859	684(7)	5,543	216	159	170	(223)
Total expenses...........	56,036	1,571	57,607	3,677	2,604	4,414	(1,353)
Income from operations........	40,735	2,326	43,061	2,788	1,705	2,811	(1,446)
Minority interest in income...	--	--	--	(264)	--	--	264
Interest and other income.....	885	(368)(8)	517	109	10	35	
Interest expense..............	(12,038)	24(9)	(12,014)	(130)	(254)	(961)	220
Total other income (expense)...............	(11,153)	(344)	(11,497)	(285)	(244)	(926)	484
Net (loss) income............	$ 29,582	$ 1,982	$ 31,564	$ 2,503	$ 1,461	$ 1,885	$ (962)
Net income per share..........	$ 1.43	$ 0.79	$ 1.36				
Weighted average number of shares.......................	20,675,536	2,518,385	23,193,921	1,276,768	856,513	1,274,965	3,408,246
Weighted average number of units........................				148,202	115,110	119,215	382,527

<CAPTION>

(IN THOUSANDS, EXCEPT SHARE DATA)	PURCHASER POST-MERGER PRO FORMA
<S>	<C>
Rental revenue................	$ 112,380
Revenue from other real estate investments.................	1,132
Property management revenue...	2,356
Total revenue............	115,868
Operating expense............	30,455
Property management fees......	--
Depreciation and amortization................	21,606

Real estate taxes............	9,023
General and administrative....	5,865
Total expenses...........	66,949
Income from operations........	48,919
Minority interest in income...	--
Interest and other income.....	671
Interest expense.............	(13,139)
Total other income (expense)................	(12,468)
Net (loss) income............	$ 36,451
Net income per share..........	$ 1.37
Weighted average number of shares.......................	26,602,167
Weighted average number of units........................	

</TABLE>

----

(1) This column details adjustments related to the recognition of the acquisition of the Tendered Units as if such had occurred on January 1, 1995 and the effect of the following transactions as if such had occurred on January 1, 1995:

(i) the merger of Shurgard Incorporated which occurred in March 1995 and was accounted for as a purchase;

(ii) the acquisition of Shurgard Evergreen Limited Partnership ("Evergreen") which occurred in May 1995 and was accounted for as a purchase. Evergreen owned 7 storage centers directly and an interest in 3 additional stores through a joint venture;

(iii) the sale of approximately 4.9 million shares of common stock of the Purchaser which occurred in June and July 1995; and

(iv) the acquisition of four storage centers, one was purchased in March 1995; the others, in summer 1995.

Any additional net income resulting from the assumption of consummation of these transactions on January 1, 1995 is assumed to have been distributed to the Purchaser's stockholders during 1995.

(2) Amount reflects the Purchaser's 20% interest in the Partnerships' earnings allocated to Unitholders.

(3) Amounts reflects increase in property management fees from the merger of Shurgard Incorporated.

(4) Amount reflects increased operating expenses attributable to the acquisition of storage centers.

(5) Amount reflects increased depreciation related to the acquisition of storage centers which are being depreciated over an estimated useful life of 30 years and the amortization of $2.3 million of transaction costs over an estimated useful life of 30 years.

(6) Amount reflects increased real estate taxes related to the acquisition of storage centers.

(7) Amount reflects increased expenses related to the merger of Shurgard Incorporated.

(8) Amount reflects decrease in investment income as a result of using cash to finance the acquisitions described in (1) above.

(9) Amount reflects reduction of interest expense as a result of cash provided by the offering of common stock described in (1) above.

(10) Adjustments by Partnership are as follows:

<TABLE>
<CAPTION>

(IN THOUSANDS, EXCEPT SHARE DATA)	IDS1	IDS2	IDS3	ADJUSTMENTS

<S>	<C>	<C>	<C>	<C>
Revenue from other real estate investments.................	$ (740)	$ (278)	$ (357)	$ (1,375)(a)
Property management revenue................................	(514)	(359)	(551)	(1,424)(b)
Operating expense..	11	8	5	24(c)
Property management fees...................................	388	258	433	1,079(d)
Depreciation and amortization..............................	75	(65)	(85)	(75)(e)
General and administrative.................................	(77)	(70)	(76)	(223)(f)
Minority interest in earnings..............................	264	--	--	264(g)
Interest expense...	130	(18)	108	220(h)
Weighted average number of shares..........................	1,276,768	856,513	1,274,965	3,408,246(i)
Weighted average number of units...........................	148,202	115,110	119,215	382,527

</TABLE>

(a) Historical amounts have been adjusted to eliminate the Purchaser's 20% interest related to the Tendered Units and the Purchaser's 30% interest in the earnings of SJP II.

(b) Amount reflects elimination of property management fees, advertising fees (at $900 per year per storage center), the Purchaser's interest in the General Partners and administrative reimbursements paid to the Purchaser by the Partnerships.

(c) Amount represents elimination of advertising fees paid by the Partnerships to the Purchaser.

(d) Amount reflects elimination of property management fees paid by the Partnerships to the Purchaser.

(e) Amount reflects the change in depreciation of storage centers. Depreciation on a new basis of $97,424 will be recognized on a straight line basis over five to 30 years. Amortization of amortizable assets has been eliminated as such assets are not included in Net Asset Value.

(f) Amount reflects elimination of administrative reimbursements paid by the Partnerships to the Purchaser.

(g) Amount reflects the elimination of the Purchaser's 30% minority interest in the earnings of SJP II.

(h) Amount reflects the refinancing of the debt of the Partnerships at 8.25% per annum.

(i) Weighted average number of shares to be issued to each Partnership, assuming a $25.00 share price, is calculated as follows:

<TABLE>
<CAPTION>

	IDS1	IDS2	IDS3
<S>	<C>	<C>	<C>
Net Asset Value...	$40,066,700	$26,861,846	$39,649,643
Less value of Tendered Units................................	(7,617,480)	(5,110,884)	(7,343,644)
Purchaser's interest in General Partner.....................	(530,000)	(338,125)	(431,875)
Consideration allocable to Unitholders participating in the Merger...	$31,919,220	$21,412,837	$31,874,124
Assumed share price...	DIVIDED BY 25.00	DIVIDED BY 25.00	DIVIDED BY 25.00
Weighted average number of shares allocable to Unitholders participating in the Merger.................................	1,276,768	856,513	1,274,965

</TABLE>

Schedule VII - Page 6

PRO FORMA CONSOLIDATED BALANCE SHEET
MAXIMUM TENDER ASSUMPTION
JUNE 30, 1996

<TABLE>
<CAPTION>

(IN THOUSANDS)	PURCHASER HISTORICAL	PURCHASER ADJUSTMENTS (1)	PURCHASER PRE-MERGER PRO FORMA	IDS1 HISTORICAL	IDS2 HISTORICAL	IDS3 HISTORICAL	ADJUSTMENTS (5)
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Storage centers, net..........	$549,658	$--	$549,658	$28,270	$24,547	$33,979	$ 37,068
Other real estate							

investments..................	25,127	43,599(2)	68,726	--	--	--	(46,048)
Cash, cash equivalents and other assets.................	56,777	1,358(3)	58,135	1,137	650	1,152	(790)
Total assets..............	$631,562	$44,957	$676,519	$29,407	$25,197	$35,131	$ (9,770)
Accounts payable and other liabilities..................	$ 57,881	--	$ 57,881	$ 710	$ 924	$ 917	$ 1,545
Notes payable.................	132,250	44,957(4)	177,207	--	2,831	10,333	--
Total liabilities.........	190,131	44,957	235,088	710	3,755	11,250	1,545
Minority interest............	2,561	--	2,561	2,449	--	--	(2,449)
Stockholders' equity..........	438,870	--	438,870	26,248	21,442	23,881	(8,866)
Total liabilities and stockholders' equity.....	$631,562	$44,957	$676,519	$29,407	$25,197	$35,131	$ (9,770)

<CAPTION>

(IN THOUSANDS)	PURCHASER POST-MERGER PRO FORMA
<S>	<C>
Storage centers, net..........	$673,522
Other real estate investments..................	22,678
Cash, cash equivalents and other assets.................	60,284
Total assets..............	$756,484
Accounts payable and other liabilities..................	$ 61,977
Notes payable.................	190,371
Total liabilities.........	252,348
Minority interest............	2,561
Stockholders' equity..........	501,575
Total liabilities and stockholders' equity.....	$756,484

</TABLE>

----

(1) Purchaser adjustments reflect the purchase of 65,000, 49,000 and 52,000 Units of IDS1, IDS2 and IDS3, for $257, $222 and $308 per unit, respectively ("Maximum Tendered Units"), as if such occurred on January 1, 1995.

(2) Amount reflects Purchaser's acquisition of the Tendered Units.

(3) Amount reflects funds borrowed to pay the unpaid amount of the Purchaser's estimated costs of $2,300,000 related to the Mergers and the Offers.

(4) Amount reflects the additional debt incurred to finance the purchase of the Tendered Units and the Purchaser's estimated transaction costs.

(5) Adjustments by Partnership are as follows:

<TABLE>
<CAPTION>

(IN THOUSANDS)	IDS1	IDS2	IDS3	ADJUSTMENTS
<S>	<C>	<C>	<C>	<C>
Storage centers, net..	$ 14,184(a)	$ 5,973	$ 16,911	$ 37,068(c)
Other real estate investments.................................	(19,154)	(10,878)	(16,016)	(46,048)(d)
Cash, cash equivalents and other assets........................	(126)	(207)	(457)	(790)(e)
Accounts payable and other liabilities.........................	515	345	685(b)	1,545(f)
Minority interest...	(2,449)	--	--	(2,449)(g)
Stockholders' equity..	(3,162)	(5,457)	(247)	(8,866)(h)

</TABLE>

(a) Adjustment includes only 70% of the step-up to market value of SJP II's storage centers as the remaining 30% was owned by the Purchaser prior to the Mergers and will continue to be carried at the Purchaser's historical cost.

(b) Historical amount has been adjusted to include $176,000 of estimated costs to complete the expansion of Dobson Ranch, the market value of which was included in the Appraisal.

(c) Amount reflects market value of self storage centers based on the Appraisals.

(d) Historical amounts have been adjusted to eliminate the Maximum Tendered Units and the Purchaser's 30% interest in SJP II.

(e) Historical assets have been reduced to eliminate (i) amortizable assets which were specifically excluded from the calculation of Net Asset Value per the Acquisition Agreement, and (ii) cash that would be payable to Unitholders at the time of the Mergers as liquidating distributions of $113,000, $134,000 and $196,000 for IDS1, IDS2 and IDS3, respectively. The actual amounts of such liquidating distributions may be greater than or less than pro forma amounts depending upon the actual amount of transaction costs incurred by each Partnership and the Partnerships' results of operations prior to the consummation of the Mergers.

(f) Historical amounts have been adjusted to include estimated liabilities for unaccrued Partnership transaction costs. See "The Offer" -- Section 10 ("Fees and Expenses").

(g) Amount reflects elimination of minority interest related to the Purchaser's 30% interest in SJP II.

(h) Amount reflects step-up to Net Asset Value less the value of the Maximum Tendered Units.

PRO FORMA CONSOLIDATED STATEMENT OF NET INCOME
MAXIMUM TENDER ASSUMPTION
SIX MONTHS ENDED JUNE 30, 1996

<TABLE>
<CAPTION>

(IN THOUSANDS, EXCEPT SHARE DATA)	PURCHASER HISTORICAL	PURCHASER ADJUSTMENTS (1)	PURCHASER PRE-MERGER PRO FORMA	IDS1 HISTORICAL	IDS2 HISTORICAL	IDS3 HISTORICAL	ADJUSTMENTS (5)
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Rental revenue................	$ 48,513	$--	$ 48,513	$ 3,278	$ 2,255	$ 3,673	$ --
Revenue from other real estate investments.................	895	1,285(2)	2,180	--	--	--	(1,427)
Property management revenue...	1,734	--	1,734	--	--	--	(673)
Total revenue............	51,142	1,285	52,427	3,278	2,255	3,673	(2,100)
Operating expense............	14,192	--	14,192	757	506	919	4
Property management fees......	--	--	--	197	135	219	(551)
Depreciation and amortization................	10,399	38(3)	10,437	520	464	667	81
Real estate taxes............	4,190	--	4,190	252	174	273	--
General and administrative....	2,244	--	2,244	136	94	113	(53)
Total expenses...........	31,025	38	31,063	1,862	1,373	2,191	(519)
Income from operations........	20,117	1,247	21,364	1,416	882	1,482	(1,581)
Transaction expenses..........	--	--	--	(425)	(285)	(421)	1,131
Minority interest in income...	(57)	--	(57)	(142)	--	--	142
Interest and other income.....	302	--	302	18	9	15	--
Interest expense..............	(5,248)	(1,854)(4)	(7,102)	--	(139)	(432)	8
Total other income (expense)...............	(5,003)	(1,854)	(6,857)	(549)	(415)	(838)	1,281
Net income (loss)............	$ 15,114	$ (607)	$ 14,507	$ 867	$ 467	$ 644	$ (300)
Net income per share..........	$ 0.65	$ (0.03)	$ 0.63				
Weighted average number of shares.......................	23,199,023	23,199,028	23,199,023	913,268	625,828	928,070	2,467,166
Weighted average number of units.......................				148,202	115,110	119,215	382,527

<CAPTION>

(IN THOUSANDS, EXCEPT SHARE DATA)	PURCHASER POST-MERGER PRO FORMA
Rental revenue................	$ 57,719
Revenue from other real estate investments.................	753
Property management revenue...	1,061
Total revenue............	59,533
Operating expense............	16,378
Property management fees......	--
Depreciation and amortization.................	12,169
Real estate taxes............	4,889
General and administrative....	2,534
Total expenses...........	35,970
Income from operations........	23,563
Transaction expenses..........	--
Minority interest in income...	(57)
Interest and other income.....	344
Interest expense.............	(7,665)
Total other income (expense)...............	(7,378)
Net income (loss)............	$ 16,185
Net income per share..........	$ 0.63
Weighted average number of shares......................	25,666,189
Weighted average number of units.......................	

</TABLE>

----

(1) Purchaser Adjustments recognize the acquisition of the Maximum Tendered Units as if such had occurred on January 1, 1995.

(2) Amount reflects the Purchaser's 20% interest in the Partnership's earnings allocated to the Unitholders.

(3) Amounts reflects amortization of transaction costs of $2.3 million on a straight-line basis over 30 years.

(4) Amount reflects interest at 8.25% per annum on additional debt incurred to finance the acquisition of the Maximum Tendered Units and the transaction costs.

(5) Adjustments by Partnership are as follows:

<TABLE>
<CAPTION>

(IN THOUSANDS, EXCEPT SHARE DATA)	IDS1	IDS2	IDS3	TOTAL
Revenue from other real estate investments..................	$ (681)	$ (305)	$ (441)	$ (1,427)(a)
Property management revenue................................	(244)	(168)	(261)	(673)(b)
Operating expense..	3	1	--	4(c)
Property management fees...................................	(197)	(135)	(219)	(551)(d)
Depreciation and amortization..............................	75	(37)	43	81(e)
General and administrative.................................	(20)	(14)	(19)	(53)(f)
Transaction expenses.......................................	425	285	421	1,131(g)
Minority interest in earnings..............................	142	--	--	142(h)
Interest expense...	--	3	5	8(i)
Weighted average number of shares..........................	913,268	625,828	928,070	2,467,166(j)
Weighted average number of units...........................	148,203	115,110	119,215	382,527

(a) Historical amounts have been adjusted to eliminate the Purchaser's 20% interest related to the Maximum Tendered Units and the Purchaser's 30% interest in the earnings of SJP II.

(b) Amount reflects elimination of property management fees, advertising fees (at $900 per year per storage center), the Purchaser's interest in the General Partners and administrative reimbursements paid to the Purchaser by the Partnerships.

(c) Amount represents elimination of advertising fees paid by the Partnerships to the Purchaser.

(d) Amount reflects elimination of property management fees paid by the Partnerships to the Purchaser.

(e) Amount reflects the change in depreciation of storage centers. Depreciation on a new basis of $97,424 will be recognized on a straight line basis over five to 30 years. Amortization of amortizable assets has been eliminated as such assets are not included in Net Asset Value.

(f) Amount reflects elimination of administrative reimbursements paid by the Partnerships to the Purchaser.

(g) Amount reflects elimination of transaction expenses as such costs have been included in the calculation of Net Asset Value.

(h) Amount reflects the elimination of the Purchaser's 30% minority interest in the earnings of SJP II.

(i) Amount reflects the refinancing of the debt of the Partnerships at 8.25% per annum.

(j) Weighted average number of shares to be issued to each Partnership, assuming a $25.00 share price, is calculated as follows:

</TABLE>

<TABLE>
<CAPTION>

	IDS1	IDS2	IDS3
<S>	<C>	<C>	<C>
Net Asset Value..	$40,066,700	$26,861,846	$39,649,643
Less value of Maximum Tendered Units.........................	(16,705,000)	(10,878,000)	(16,016,000)
Purchaser's interest in General Partner.....................	(530,000)	(338,125)	(431,875)
Consideration allocable to Unitholders participating in the Merger...	$22,831,700	$15,645,721	$23,201,768
	DIVIDED BY	DIVIDED BY	DIVIDED BY
Assumed share price..	25.00	25.00	25.00
Weighted average number of shares allocable to Unitholders participating in the Mergers................................	913,268	625,828	928,070

</TABLE>

Schedule VII - Page 9

PRO FORMA CONSOLIDATED STATEMENT OF NET INCOME
MAXIMUM TENDER ASSUMPTION
YEAR ENDED DECEMBER 31, 1995

<TABLE>
<CAPTION>

(IN THOUSANDS, EXCEPT SHARE DATA)	PURCHASER HISTORICAL	PURCHASER ADJUSTMENTS (1)	PURCHASER PRE-MERGER PRO FORMA	IDS1 HISTORICAL	IDS2 HISTORICAL	IDS3 HISTORICAL	ADJUSTMENTS (10)
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Rental revenue................	$ 92,397	$ 1,984	$ 94,381	$ 6,465	$ 4,309	$ 7,225	$ --
Revenue from other real estate investments..................	1,396	2,416(2)	3,812	--	--	--	(2,680)
Property management revenue...	2,978	802(3)	3,780	--	--	--	(1,424)
Total revenue............	96,771	5,202	101,973	6,465	4,309	7,225	(4,104)
Operating expense............	26,171	23(4)	26,194	1,493	944	1,800	24
Property management fees......	--			388	258	433	(1,079)
Depreciation and amortization.................	17,410	733(5)	18,143	1,114	919	1,505	(75)
Real estate taxes............	7,596	131(6)	7,727	466	324	506	--
General and administrative....	4,859	684(7)	5,543	216	159	170	(223)
Total expenses...........	56,036	1,571	57,607	3,677	2,604	4,414	(1,353)
Income from operations........	40,735	3,631	44,366	2,788	1,705	2,811	(2,751)
Minority interest in income...	--	--	--	(264)	--	--	264
Interest and other income.....	885	(368)(8)	517	109	10	35	
Interest expense..............	(12,038)	(1,918)(9)	(13,956)	(130)	(254)	(961)	220
Total other income (expense)................	(11,153)	(2,286)	(13,439)	(285)	(244)	(926)	484
Net (loss) income............	$ 29,582	$ 1,345	$ 30,927	$ 2,503	$ 1,461	$ 1,885	$ (2,267)
Net income per share..........	$ 1.43	$ 0.53	$ 1.33				

Weighted average number of shares	20,675,536	2,518,385	23,193,921	913,268	625,828	928,070	2,467,166
Weighted average number of units				148,202	115,110	119,215	382,527

<CAPTION>

(IN THOUSANDS, EXCEPT SHARE DATA)	PURCHASER POST-MERGER PRO FORMA
<S>	<C>
Rental revenue	$ 112,380
Revenue from other real estate investments	1,132
Property management revenue	2,356
Total revenue	115,868
Operating expense	30,455
Property management fees	--
Depreciation and amortization	21,606
Real estate taxes	9,023
General and administrative	5,865
Total expenses	66,949
Income from operations	48,919
Minority interest in income	--
Interest and other income	671
Interest expense	(15,081)
Total other income (expense)	(14,410)
Net (loss) income	$ 34,509
Net income per share	$ 1.34
Weighted average number of shares	25,661,087
Weighted average number of units	

</TABLE>

---

(1) This column details adjustments related to the recognition of the acquisition of the Maximum Tendered Units as if such had occurred on January 1, 1995 and the effect of the following transactions as if such had occurred on January 1, 1995:

(i) the merger of Shurgard Incorporated which occurred in March 1995 and was accounted for as a purchase;

(ii) the acquisition of Shurgard Evergreen Limited Partnership ("Evergreen") which occurred in May 1995 and was accounted for as a purchase. Evergreen owned 7 storage centers directly and an interest in 3 additional stores through a joint venture;

(iii) the sale of approximately 4.9 million shares of common stock of the Purchaser which occurred in June and July 1995; and

(iv) the acquisition of four storage centers, one was purchased in March 1995; the others, in summer 1995.

Any additional net income resulting from the assumption of consummation of these transactions on January 1, 1995 is assumed to have been distributed to the Purchaser's stockholders during 1995.

(2) Amount reflects the Purchaser's 20% interest in the Partnerships' earnings allocated to Unitholders.

(3) Amounts reflects increase in property management fees from the merger of Shurgard Incorporated.

(4) Amount reflects increased operating expenses attributable to the acquisition of storage centers.

(5) Amount reflects increased depreciation related to the acquisition of storage centers which are being depreciated over an estimated useful life of 30 years and the amortization of $2.3 million of transaction costs over an estimated useful life of 30 years.

(6) Amount reflects increased real estate taxes related to the acquisition of storage centers.

(7) Amount reflects increased expenses related to the merger of Shurgard Incorporated.

(8) Amount reflects decrease in investment income as a result of using cash to finance the acquisitions described in (1) above.

(9) Amount reflects reduction of interest expense as a result of cash provided by the offering of common stock described in (1) above.

(10) Adjustments by Partnership are as follows:

<TABLE>
<CAPTION>

(IN THOUSANDS, EXCEPT SHARE DATA)	IDS1	IDS2	IDS3	ADJUSTMENTS
<S>	<C>	<C>	<C>	<C>
Revenue from other real estate investments.................	$ (1,308)	$ (591)	$ (781)	$ (2,680)(a)
Property management revenue...............................	(514)	(359)	(551)	(1,424)(b)
Operating expense...	11	8	5	24(c)
Property management fees..................................	388	258	433	1,079(d)
Depreciation and amortization.............................	75	(65)	(85)	(75)(e)
General and administrative................................	(77)	(70)	(76)	(223)(f)
Minority interest in earnings.............................	264	--	--	264(g)
Interest expense..	130	(18)	108	220(h)
Weighted average number of shares.........................	913,268	625,828	928,070	2,467,166(i)
Weighted average number of units..........................	148,202	115,110	119,215	382,527

</TABLE>

(a) Historical amounts have been adjusted to eliminate the Purchaser's 20% interest related to the Maximum Tendered Units and the Purchaser's 30% interest in the earnings of SJP II.

(b) Amount reflects elimination of property management fees, advertising fees (at $900 per year per storage center), the Purchaser's interest in the General Partners and administrative reimbursements paid to the Purchaser by the Partnerships.

(c) Amount represents elimination of advertising fees paid by the Partnerships to the Purchaser.

(d) Amount reflects elimination of property management fees paid by the Partnerships to the Purchaser.

(e) Amount reflects the change in depreciation of storage centers. Depreciation on a new basis of $97,424 will be recognized on a straight line basis over five to 30 years. Amortization of amortizable assets has been eliminated as such assets are not included in Net Asset Value.

(f) Amount reflects elimination of administrative reimbursements paid by the Partnerships to the Purchaser.

(g) Amount reflects the elimination of the Purchaser's 30% minority interest in the earnings of SJP II.

(h) Amount reflects the refinancing of the debt of the Partnerships at 8.25% per annum.

(i) Weighted average number of shares to be issued to each Partnership, assuming a $25.00 share price, is calculated as follows:

<TABLE>
<CAPTION>

	IDS1	IDS2	IDS3
<S>	<C>	<C>	<C>
Net Asset Value..	$40,066,700	$26,861,846	$39,649,643

Less value of Maximum Tendered Units	(16,705,000)	(10,878,000)	(16,016,000)
Purchaser's interest in General Partner	(530,000)	(338,125)	(431,875)
Consideration allocable to Unitholders participating in the Merger	$22,831,700	$15,645,721	$23,201,768
	DIVIDED BY	DIVIDED BY	DIVIDED BY
Assumed share price	25.00	25.00	25.00
Weighted average number of shares allocable to Unitholders participating in the Merger	913,268	625,828	928,070

</TABLE>

Schedule VII - Page 11

SCHEDULE VIII IS HEREBY AMENDED AND RESTATED IN ITS ENTIRETY AS FOLLOWS:

SCHEDULE VIII

PARTNERSHIP DISTRIBUTIONS

PARTNERSHIP DISTRIBUTIONS. The following table sets forth the distributions paid per Unit (original purchase price $250 per Unit) in the periods indicated below:

<TABLE>
<CAPTION>

YEAR	DISTRIBUTION
1990	
Fourth Quarter	3.76
1991	
First Quarter	3.44
Second Quarter	3.78
Third Quarter	3.78
Fourth Quarter	3.75
1992	
First Quarter	3.75
Second Quarter	3.79
Third Quarter	3.87
Fourth Quarter	3.75
1993	
First Quarter	3.75
Second Quarter	3.75
Third Quarter	3.75
Fourth Quarter	4.06
1994	
First Quarter	4.22
Second Quarter	4.38
Third Quarter	4.53
Fourth Quarter	4.69
1995	
First Quarter	4.69
Second Quarter	4.69
Third Quarter	4.69
Fourth Quarter	4.69
1996	
First Quarter	4.69
Second Quarter	4.69

</TABLE>

Schedule VIII - Page 1

SCHEDULE IX IS HEREBY AMENDED AND RESTATED IN ITS ENTIRETY AS FOLLOWS:

SCHEDULE IX

PROPERTY INFORMATION

The following table sets forth certain information regarding each of the Partnership's self storage centers, including occupancy at December 31, 1991, 1992, 1993, 1994, 1995 and June 30, 1996

<TABLE>
<CAPTION>

PROPERTY NAME	PROPERTY LOCATION	OWNED SINCE	YEAR BUILT	NET RENTABLE SQUARE FEET	ACREAGE	OCCUPANCY AT DEC. 31 1991	OCCUPANCY AT DEC. 31 1992
Gilbert	Gilbert, AZ	1991	1985	66,000	4.0	*	*
Delray Beach	Delray Beach, FL	1991	1986	77,000	4.5	*	*
Allen Blvd.	Beaverton, OR	1991	1973/1975	42,000	2.6	*	*

Windcrest	San Antonio, TX	1991	1975/1993	86,000	6.3	*	*
Dobson Ranch	Mesa, AZ	1992	1978	55,000	4.2	N/A	*
Norcross	Norcross, GA	1992	1984	62,000	9.3	N/A	*
Stone Mountain	Stone Mountain, GA	1992	1985	61,000	10.1	N/A	*
Tucker	Tucker, GA	1992	1987	60,000	4.6	N/A	*
Forest Park	Forest Park, GA	1992	1980	65,000	7.9	N/A	*
Rochester	Utica, MI	1992	1989	57,000	4.8	N/A	*
Castro Valley	Castro Valley, CA	1993	1975/1988	69,000	2.8	N/A	N/A
Newark	Newark, CA	1993	1991	61,000	3.1	N/A	N/A
San Leandro	San Leandro, CA	1993	1991	59,000	2.7	N/A	N/A
Tracy	Tracy, CA	1993	1986	70,000	3.0	N/A	N/A
Sacramento	Sacramento, CA	1994	1991	53,000	2.6	N/A	N/A
San Lorenzo	San Lorenzo, CA	1994	1990	54,000	1.9	N/A	N/A
Castro Valley Business Park	Castro Valley, CA	1994	1989	3,000	0.3	N/A	N/A
				------------	-----		
Total				1,000,000	74.7		

<CAPTION>

PROPERTY NAME	DEC. 31 1993	DEC. 31 1994	DEC. 31 1995	JUNE 30 1996
<S>	<C>	<C>	<C>	<C>
Gilbert	*	*	*	*
Delray Beach	*	*	*	*
Allen Blvd.	*	*	*	*
Windcrest	*	*	*	*
Dobson Ranch	*	*	*	*
Norcross	*	*	*	*
Stone Mountain	*	*	*	*
Tucker	*	*	*	*
Forest Park	*	*	*	*
Rochester	*	*	*	*
Castro Valley	96	95	91	94
Newark	*	*	*	*
San Leandro	*	*	*	*
Tracy	*	*	*	*
Sacramento	N/A	*	*	*
San Lorenzo	N/A	*	*	*
Castro Valley Business Park	N/A	*	*	*
Total				

</TABLE>

----

* These properties are individually less than 10% of historical cost of total storage centers for the Partnership. The average occupancy of these properties was 93%, 92%, and 87% at December 31, 1993, 1994, and 1995, respectively and 89% at June 30, 1996.

The following table presents the average occupancy per net rentable square foot and average annual rental rate per net rentable square foot for the Partnership's properties for the years ended December 31, 1993, 1994 and 1995 and the six months ended June 30, 1996.

<TABLE>
<CAPTION>

	FOR THE YEAR ENDED DECEMBER 31,			FOR THE SIX MONTHS ENDED
	1993	1994	1995	JUNE 30, 1996
<S>	<C>	<C>	<C>	<C>
Weighted average occupancy......................................	90%	92 %	89 %	86 %
Average rental rate per square foot.............................	$ 5.79	$ 6.72	$ 7.45	$ 7.87

</TABLE>

Schedule IX - Page 1

A Letter of Transmittal and any other required documents should be sent or delivered by each Unitholder or his or her broker, dealer, commercial bank, trust company or other nominee to the Depositary at one of its addresses set forth below.

The Depositary for this Offer is:

GEMISYS CORPORATION

<TABLE>

<S>	<C>
By Overnight/Hand Delivery:	By Mail:
7103 S. Revere Parkway	P.O. Box 3897
Englewood, CO 80112	Englewood, CO 80155-9756

</TABLE>

Any questions or requests for assistance or additional copies of this Supplement, the Offer to Purchase and the Letter of Transmittal may be directed to the Information Agent at its telephone number and location listed below. You may also contact your broker, dealer, commercial bank or trust company for assistance concerning this Offer.

The Information Agent for this Offer is:

D.F. KING & CO., INC.

77 Water Street
New York, NY 10005
(212) 269-5550 (Call Collect)
or
1-800-207-2872 (Toll Free)

[LOGO]

1201 Third Avenue, Suite 2200, Seattle, Washington 98101

IF YOU HAVE ANY QUESTIONS ABOUT THIS OFFER OR IF YOU NEED HELP IN COMPLETING THE LETTER OF TRANSMITTAL, PLEASE CALL THE INFORMATION AGENT, D.F. KING & CO., INC. AT (800) 207-2872.

August 26, 1996

Re: Cash Tender Offer for up to 52,000 Units of
IDS/Shurgard Income Growth Partners L.P. III

Dear Unitholder:

Shurgard Storage Centers, Inc., a Delaware corporation (the "Purchaser"), has amended and supplemented its offer to purchase (the "Offer") up to 52,000 units of limited partnership interest (the "Units") in IDS/Shurgard Income Growth Partners L.P. III, a Washington limited partnership (the "Partnership"), at a net cash price per Unit of $308 (the "Offer Price"). The Offer is now made upon the terms and subject to the conditions set forth in the Offer to Purchase dated July 2, 1996, as amended by the Purchaser's letter to Unitholders dated July 16, 1996 (the "July 16 Letter") and the enclosed Supplement to Offer to Purchase (the "Supplement"), and in the related Letter of Transmittal.

The Supplement amends and supplements the following sections of the Offer to Purchase: the cover page, "Incorporation of Certain Documents By Reference," "Cautionary Statement," "Summary," "Special Considerations," "Background and Purposes of the Transaction," "Fairness of the Transaction; Position of the General Partner," "Appraisal; Opinions of Financial Advisors," "Market Prices of Units," "Interests of Certain Persons," "The Offer" -- Section 7 ("Certain Conditions of the Offer") and -- Section 11 ("Miscellaneous") and Schedules I, V, VI, VII, VIII and IX. Except as set forth in the Supplement, the Offer continues to be governed by the terms and conditions set forth in the Offer to Purchase, as amended by the July 16 Letter, and in the related Letter of Transmittal, and the information contained therein continues to be important to each Unitholder's decision with respect to the Offer. Accordingly, the Supplement should be carefully read in conjunction with the Offer to Purchase, the July 16 Letter and the Letter of Transmittal previously mailed to you.

If you wish to sell your Units and receive a net cash price of $308 per Unit, please complete the Letter of Transmittal and return it to the address set forth on the back cover of the Offer to Purchase and the Supplement before the expiration date.

PLEASE NOTE THAT THE EXPIRATION DATE OF THE OFFER HAS BEEN EXTENDED TO 6:00 P.M., NEW YORK CITY TIME, ON MONDAY, SEPTEMBER 9, 1996.

UNITHOLDERS WHO HAVE VALIDLY TENDERED UNITS AND NOT WITHDRAWN THEIR TENDERS NEED TAKE NO FURTHER ACTION TO VALIDLY TENDER THOSE UNITS.

We thank you for your prompt attention to this matter.

Very truly yours,

[SIGNATURE]

Charles K. Barbo
CHAIRMAN AND CHIEF EXECUTIVE OFFICER
SHURGARD STORAGE CENTERS, INC.

PRESS RELEASE

[Letterhead]

CONTACT:
Jennifer Wall
David Frank
D.F. King & Co., Inc.
212/269-5550

DeLise Keim
Harrell Beck
Shurgard Storage Centers, Inc.
206/624-8100

FOR IMMEDIATE RELEASE

SHURGARD EXTENDS OFFERS TO PURCHASE LIMITED PARTNERSHIP UNITS IN THREE AFFILIATED SELF STORAGE LIMITED PARTNERSHIPS

SEATTLE, WASHINGTON, AUGUST 26, 1996...Shurgard Storage Centers, Inc. ("Shurgard") (NYSE:SHU) announced today that it has extended its offers to purchase (the "Offers") up to 65,000 limited partnership units in IDS/Shurgard Income Growth Partners L.P. ("IDS1") for a net cash price of $257 per unit, up to 49,000 limited partnership units in IDS/Shurgard Income Growth Partners L.P. II("IDS2") for a net cash price of $222 per unit and up to 52,000 limited partnership units in IDS/Shurgard Income Growth Partners L.P. III ("IDS3") for a net cash price of $308 per unit. The Offers have been extended to provide unitholders an opportunity to review the Supplements to the Offers to Purchase, dated August 26, 1996. The Offers and withdrawal rights now will expire at 6:00 p.m., New York City time, Monday, September 9, 1996, unless extended.

Shurgard also announced that as of 6:00 p.m., New York City time, August 23, 1996 IDS1 unitholders had validly tendered and not withdrawn approximately 60,206 IDS1 limited partnership units (approximately 41% of the total outstanding units). IDS2 unitholders had validly tendered and not withdrawn approximately 33,666 IDS2 limited partnership units (approximately 29% of the total outstanding units) and IDS3 unitholders had validly tendered and not withdrawn approximately 47,734 IDS3 limited partnership units (approximately 40% of the total outstanding units).

(MORE)

The Offers are being made pursuant to an Acquisition Agreement, dated as of July 1, 1996, between Shurgard and IDS1, IDS2, and IDS3 (the "Partnerships"). The Acquisition Agreement provided that, after completion of the Offers and subject to the approval of the requisite vote of unitholders of each Partnership, the Partnerships will be merged with and into Shurgard. If the Merger is consummated, unitholders of the Partnerships who participate in the Merger will receive shares of Shurgard Class A Common Stock in exchange for their limited partnership units. The General Partners of each of the Partnerships have recommended that those unitholders who desire immediate liquidity tender their units in the Offers and that all other unitholders retain their units and, instead, participate in the Merger.

###