FORM 10-Q

Quarterly report pursuant to sections 13 or 15(d)

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DAMSON BIRTCHER REALTY INCOME FUND II LTD PARTNERSHIP

CIK:**773915**| IRS No.: **133264491** | State of Incorp.:**PA** | Fiscal Year End: **1231**
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SIC: **6512** Operators of nonresidential buildings

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FORM 10-Q
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
QUARTERLY REPORT UNDER SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

For Quarter Ended March 31, 2000

Commission file number 0-14633

DAMSON/BIRTCHER REALTY INCOME FUND-II, LIMITED PARTNERSHIP

(Exact name of registrant as specified in its charter)

Delaware	13-3294820
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

27611 La Paz Road, P.O. Box 30009, Laguna Niguel, California	92607-0009
(Address of principal executive offices)	(Zip Code)

(949) 643-7700

(Registrant's telephone number, including area code)

N/A

(Former name, former address and former fiscal year, if changed since last report.)

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 12(g), 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding twelve months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes [X] No [ ]

DAMSON/BIRTCHER REALTY INCOME FUND-II, LIMITED PARTNERSHIP
QUARTERLY REPORT ON FORM 10-Q

INDEX

PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

DAMSON/BIRTCHER REALTY INCOME FUND-II, LIMITED PARTNERSHIP
STATEMENTS OF NET ASSETS IN LIQUIDATION

	March 31, 2000	December 31, 1999
ASSETS (Liquidation Basis):	(unaudited)	
Properties	$ --	$ 7,689,000
Cash and cash equivalents	1,251,000	6,418,000
Cash held in escrow	239,000	553,000
Accounts receivable, net	77,000	14,000
Notes receivable	7,685,000	--
Other assets	28,000	29,000
Total Assets	9,280,000	14,703,000

LIABILITIES (Liquidation Basis):

Accounts payable and accrued liabilities	161,000	210,000
Deferred lease liability	217,000	--
Accrued expenses for liquidation	258,000	310,000
Total Liabilities	636,000	520,000
Net Assets in Liquidation	$8,644,000	$14,183,000

The accompanying notes are an integral part of these financial statements.

DAMSON/BIRTCHER REALTY INCOME FUND-II, LIMITED PARTNERSHIP
STATEMENTS OF CHANGES OF NET ASSETS IN LIQUIDATION
(UNAUDITED)

	Three Months Ended March 31,	
	2000	1999
Net assets in liquidation at beginning of period	$ 14,183,000	$ 27,752,000
Increase (decrease) during period:		
Operating activities:		
Property operating income, net	133,000	723,000
Equity in earnings of Cooper Village Partners	--	109,000
Interest income	212,000	15,000
Leasing commissions	--	(102,000)
General and administrative expenses	--	(166,000)
	345,000	579,000
Liquidating activities:		
Loss on sale of real estate	(84,000)	--
Liquidation expenses	(49,000)	--
Distributions to partners	(5,751,000)	(431,000)
	(5,884,000)	(431,000)
Net (decrease) increase in assets in liquidation	(5,539,000)	148,000

Net assets in liquidation at end of period	$ 8,644,000	$ 27,900,000

The accompanying notes are an integral part of these financial statements.

DAMSON/BIRTCHER REALTY INCOME FUND-II, LIMITED PARTNERSHIP

NOTES TO FINANCIAL STATEMENTS - UNAUDITED

(1) Accounting Policies

The financial statements of Damson/Birtcher Realty Income Fund-II, Limited Partnership (the "Partnership") included herein have been prepared by the General Partner, without audit, pursuant to the rules and regulations of the Securities and Exchange Commission. These financial statements include all adjustments which are of a normal recurring nature and, in the opinion of the General Partner, are necessary for a fair presentation. Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted, pursuant to the rules and regulations of the Securities and Exchange Commission. These financial statements should be read in conjunction with the financial statements and notes thereto included in the Partnership's annual report on Form 10-K for the year ended December 31, 1999.

Sale of the Properties

The Partnership sold five of its six remaining properties during the year ended December 31, 1999 and on February 9, 2000, sold its last remaining property, Iomega Business Park (see Note 5).

Liquidation Basis of Accounting

On February 18, 1997, the Partnership mailed a Consent Solicitation to the Limited Partners which sought their consent to dissolve the Partnership and sell and liquidate all of its remaining properties as soon as practicable, consistent with selling the Partnership's properties to the best advantage under the circumstances. A majority in interest of the Limited Partners consented by March 13, 1997. As a result, the Partnership adopted the liquidation basis of accounting as of March 31, 1997. The liquidation basis of accounting is appropriate when liquidation appears imminent, the Partnership can no longer be classified as a going concern and the net realizable values of the

Partnership's assets are reasonably determinable. The difference between the adoption of the liquidation basis of accounting as of March 13, 1997 and March 31, 1997 was not material.

Under the liquidation basis of accounting, assets are stated at their estimated net realizable values and liabilities are stated at their anticipated settlement amounts. The valuation of assets and liabilities necessarily requires many estimates and assumptions, and there are substantial uncertainties in carrying out the dissolution of the Partnership. The actual values upon dissolution and costs associated therewith could be higher or lower than the amounts recorded.

Segment ReportingThe Partnership adopted Statement of Financial Accounting Standards No. 131, "Disclosures About Segments of an Enterprise and Related Information" ("SFAS 131"). SFAS 131 requires, among other items, that a public business enterprise report a measure of segment profit or loss, certain specific revenue and expense items, segment assets, information about the revenues derived from the enterprise's products or services and major customers. SFAS 131 also requires

DAMSON/BIRTCHER REALTY INCOME FUND-II, LIMITED PARTNERSHIP

NOTES TO FINANCIAL STATEMENTS - UNAUDITED (Cont'd.)

(1) Accounting Policies (Cont'd.)

Segment Reporting (Cont'd.)

that the enterprise report descriptive information about the way that the operating segments were determined and the products and services provided by the operating segments. Given that the Partnership is in the process of liquidation, the Partnership has identified only one operating business segment which is the business of asset liquidation. The adoption of SFAS 131 did not have an impact on the Partnership's financial reporting.

Rental income from Iomega Corporation totaled $102,000 and $324,000 for the three months ended March 31, 2000 and 1999, respectively, or approximately 100% and 28%, respectively, of the Partnership's total rental income. Rental income from Delta Dental Corporation totaled $149,000 for the three months ended March 31, 1999, or approximately 12% of the Partnership's total rental income.

Earnings Per Unit

The Partnership Agreement does not designate investment interests in units. All investment interests are calculated on a "percent of Partnership" basis, in part to accommodate reduced rates on sales commissions for subscriptions in excess of certain specified amounts.

A Limited Partner who was charged a reduced sales commission or no sales commission was credited with proportionately larger Invested Capital and therefore had a disproportionately greater interest in the capital and revenues of the Partnership than a Limited Partner who paid commissions at a higher rate. As a result, the Partnership has no set unit value as all accounting, investor reporting and tax information is based upon each investor's relative percentage of Invested Capital. Accordingly, earnings or loss per unit is not presented in the accompanying financial statements.

(2) Transactions with Affiliates

The Partnership has no employees and, accordingly, the General Partner and its affiliates perform services on behalf of the Partnership in connection with administering the affairs of the Partnership. The General Partner and affiliates are reimbursed for their general and administrative costs actually incurred and associated with services performed on behalf of the Partnership. For the three months ended March 31, 2000 and 1999 the Partnership incurred approximately $3,000 and $26,000, respectively, of such expenses.

An affiliate of the General Partner provides property management services with respect to the Partnership's properties and receives a fee for such services not to exceed 6% of the gross receipts from the properties under management provided that leasing services are performed, otherwise not to exceed 3%. Such fees amounted to approximately $7,000 and $36,000, respectively, for the three months ended March 31, 2000 and 1999. In addition, an affiliate of the General Partner received $1,000 and $32,000 for the three months ended March 31, 2000 and 1999, respectively, as reimbursement of costs of on-site property management personnel and other reimbursable expenses.

DAMSON/BIRTCHER REALTY INCOME FUND-II, LIMITED PARTNERSHIP

NOTES TO FINANCIAL STATEMENTS - UNAUDITED (Cont'd.)

(2) Transactions with Affiliates (Cont'd.)

Leasing fees for the three months ended March 31, 2000 and 1999, included charges of $2,000 and $51,000, respectively, from the General Partner and its affiliates for leasing services rendered in connection with leasing space in a Partnership property after expiration or termination of leases.

As previously reported, on June 24, 1993, the Partnership completed its solicitation of written consents from its Limited Partners. A majority in interest of the Partnership's Limited Partners approved each of the proposals contained in the Information Statement dated May 5, 1993. Those proposals were implemented by the Partnership as contemplated by the Information Statement as amendments to the Partnership Agreement, and are reflected in these financial statements as such.

The amended Partnership Agreement provides for the Partnership's payment to the General Partner of an annual asset management fee equal to .35% for 2000 and .45% for 1999 of the aggregate appraised value of the Partnership's properties. Appraised value was determined by the General Partner's estimate of fair value. Such fees for the three months ended March 31, 2000 and 1999, amounted to $4,000 and $29,000, respectively.

In addition to the aforementioned, the General Partner was also paid $20,000, related to the Partnership's portion (58%) of asset management fees, property management fees, leasing fees, reimbursement of on-site property management personnel and other reimbursable expenses for Cooper Village Partners for the three months ended March 31, 1999. Cooper Village Shopping Center was sold in September 1999.

(3) Commitments and Contingencies

Litigation

So far as is known to the General Partner, neither the Partnership nor its properties are subject to any material pending legal proceedings, except for the following:

Bigelow Diversified Secondary Partnership Fund 1990 litigation

On March 25, 1997, a limited partner named Bigelow/Diversified Secondary Partnership Fund 1990 L.P. filed a purported class action lawsuit in the Court of Common Pleas of Philadelphia County against Damson/Birtcher Partners, Birtcher Investors, Birtcher/Liquidity Properties, Birtcher Investments, L.F. Special Fund II, L.P., L.F. Special Fund I, L.P., Arthur Birtcher, Ronald Birtcher, Robert Anderson, Richard G. Wollack and Brent R. Donaldson alleging breach of fiduciary duty and breach of contract and seeking to enjoin the Consent Solicitation dated February 18, 1997. On April 18, 1997, the court denied the plaintiff's motion for a preliminary injunction. On June 10, 1997, the court dismissed the plaintiff's complaint on the basis of lack of personal jurisdiction and forum non conveniens.

On June 13, 1997, the Partnership, its affiliated partnership, Real Estate Income Partners III, and their general partner, Birtcher/Liquidity Properties, filed a

DAMSON/BIRTCHER REALTY INCOME FUND-II, LIMITED PARTNERSHIP

NOTES TO FINANCIAL STATEMENTS - UNAUDITED (Cont'd.)

(3) Commitments and Contingencies (Cont'd.)

Litigation (Cont'd.)

Bigelow Diversified Secondary Partnership Fund 1990 litigation (Cont'd.)

complaint for declaratory relief in the Court of Chancery in Delaware against Bigelow/Diversified Secondary Partnership Fund 1990 L.P. The complaint seeks a declaration that the vote that the limited partners of the Partnership and Real Estate Income Partners III took pursuant to the respective consent solicitations dated February 18, 1997 were effective to dissolve the respective partnerships and complied with applicable law, that the actions of the General Partner in utilizing the consent solicitations to solicit the vote of the limited partners did not breach any fiduciary or contractual duty to such limited partners, and an award of costs and fees to the plaintiffs. The defendant has answered the complaint. The parties have initiated discovery. No motions are pending at this time.

In September 1998, Bigelow/Diversified Secondary Partnership 1990 informed the Partnership that it was filing suit in the Delaware Chancery Court against Damson/Birtcher Partners, Birtcher Investors, Birtcher Liquidity Properties, Birtcher Investments, BREICORP, LF Special Fund I, LP, LF Special Fund II. LP, Arthur Birtcher, Ronald Birtcher, Robert Anderson, Richard G. Wollack and Brent R. Donaldson alleging a purported class action on behalf of the limited partners of Damson/Birtcher Realty Income Fund-I, Damson/Birtcher Realty Income Fund-II and Real Estate Income Partners III alleging breach of fiduciary duty and incorporating the allegations set forth in the previously dismissed March 25, 1997 complaint filed in the Court of Chancery of Philadelphia County. Plaintiff has engaged in preliminary discovery and the parties have held settlement discussions.

In March 2000, defendants informed the Court and plaintiff that they would bring a Motion for Summary Judgment against the named plaintiff based upon the allegations set forth in plaintiff's complaint. On April

14, 2000, Bigelow/Diversified Secondary Partnership Fund 1990 filed a First Amended Class Action and Derivative Complaint against Damson/Birtcher Partners, Birtcher Investors, Birtcher/Liquidity Properties, Birtcher Partners, Birtcher Properties, Birtcher Ltd., Birtcher Investments, BREICORP, L.F. Special Fund II, L.P., L.F. Special Fund I, L.P., Liquidity Fund Asset Management, Inc., Arthur Birtcher, Ronald Birtcher, Robert Anderson, Richard G. Wollack and Brent R. Donaldson, the Partnership, Damson/Birtcher Realty Income Fund-I and Real Estate Income Partners III, alleging breach of fiduciary duty, breach of contract, and a derivative claim for breach of fiduciary duty. Defendants have not yet responded to the First Amended Complaint.

Madison Partnership and ISA Partnership Litigation

On April 2, 1999, Madison Partnership Liquidity Investors XVI, LLC and ISA Partnership Liquidity Investors filed a purported class and derivative action in the California Superior Court in Orange County, California against Damson Birtcher Partners, Birtcher/Liquidity Properties, Birtcher Partners, Birtcher

DAMSON/BIRTCHER REALTY INCOME FUND-II, LIMITED PARTNERSHIP

NOTES TO FINANCIAL STATEMENTS - UNAUDITED (Cont'd.)

(3) Commitments and Contingencies (Cont'd.)

Litigation (Cont'd.)

Madison Partnership and ISA Partnership Litigation (Cont'd.)

Investors, Birtcher Investments, Birtcher Limited, Breicorp LP Special Fund II, L.P., Liquidity Fund Asset Management, Inc., Robert M. Anderson, Brent R. Donaldson, Arthur B. Birtcher, Ronald E. Birtcher, and Richard G. Wollack, Defendants, and Damson/Birtcher Realty Income Fund-I, Damson/Birtcher Realty Income Fund-II, and Real Estate Income Partners III, Nominal Defendants. The complaint asserts claims for breach of fiduciary duty and breach of contract. The gravamen of the complaint is that the General Partners of these limited partnerships have not undertaken all reasonable efforts to expedite liquidation of the Partnerships' properties and to maximize the returns to the Partnerships' limited partners. The complaint seeks unspecified monetary damages, attorneys' fees and litigation expenses, and an order for dissolution of the partnerships and appointment of an independent liquidating trustee. The Partnership moved to stay or dismiss the case on the grounds that the pending Bigelow class action, discussed above, raises essentially the same claims. The court granted the Partnership's motion and ordered a stay of the litigation pending re-evaluation at a May 19, 2000 status conference. Plaintiffs have filed a motion to lift the stay, which is set for hearing on May 19, 2000.

(4) Accrued Expenses for Liquidation

Accrued expenses for liquidation as of March 31, 2000, include estimates of costs to be incurred in carrying out the dissolution and liquidation of the Partnership. These costs include estimates of legal fees, accounting fees, tax preparation and filing fees, other professional services and the general partner's liability insurance. During the three months ended March 31, 2000, the Partnership incurred $101,000 of such expenses. At March 31, 2000, the General Partner re-evaluated the estimated costs to wind up and dissolve the Partnership given the uncertainty involved with the ongoing litigation. The provision for liquidation expenses was accordingly increased by an additional $49,000 to reflect the revised estimates.

The actual costs could vary significantly from the related provisions due to the uncertainty related to the length of time required to complete the liquidation and dissolution and the complexities which may arise in disposing of the Partnership's remaining assets. The accrued expenses for liquidation do not take into consideration the possible outcome of the ongoing litigation. Such costs are unknown and are not estimable at this time.

(5) Loss on Sale of Real Estate

On February 9, 2000, the Partnership sold Iomega Business Center to ANA Development, L.C. ("ANA"), for a purchase price of $8,085,000. ANA is a local real estate developer that is not affiliated in any way with the Partnership or the General Partner, or any of the General Partner's principals or affiliates. ANA did not hire the General Partner or any affiliate to perform asset management

(5) Loss on Sale of Real Estate (Cont'd.)

or property management services for this property after close of the sale. The Partnership was represented by a third-party broker, and ANA was represented by an ANA-affiliated broker in this transaction. Collectively, these brokers will be paid a commission not to exceed $242,550.

ANA delivered approximately $400,000 cash to escrow (portions of which were used in connection with closing costs and rent prorations), plus two promissory notes in the face amount of $6,468,000 (the "First Note") and $1,217,000 (the "Second Note"), respectively. The First Note bears 9% interest, with monthly payments based upon a 20-year amortization schedule. It is due on June 15, 2000 and is secured by a first deed of trust and assignment of rents and leases on Iomega. The Second Note bears 12% interest, with monthly payments of interest only. In addition, any "net cash flow" generated by Iomega will be paid to the Partnership and applied against principal and interest payable under the Second Note. The Second Note is due on June 15, 2000 and is secured by a second deed of trust and assignment of rents and leases on Iomega, plus first deeds of trust encumbering two other parcels of real estate located in Salt Lake City, Utah and Davis County, Utah, plus a pledge of the ANA-affiliated broker's commission.

Shortly before closing, Iomega Corporation, which had leased the entire property since the Partnership originally purchased it, disclosed that it would not renew its lease on one of the buildings. To close the sale, the Partnership agreed to lease back the building from ANA for a term ending May 31, 2001. Iomega Corporation has not yet vacated the premises and is currently paying rent equal to the leaseback obligation; the Partnership is negotiating with Iomega Corporation and other prospective subtenants regarding further occupancy of the building. So long as the Second Note is outstanding in full, the Partnership has no rental obligation under the leaseback; if the Second Note is partly paid off, the Partnership's rental obligation will commence proportionately. Upon repayment in full of the Second Note, the Partnership will place in escrow the total estimated rental payments for the balance of the leaseback period. Thereafter, the Partnership will continue to receive all rental payments paid by Iomega Corporation or any other subtenant.

At March 31, 2000, management's estimate of the Partnership's rental obligation was $217,000 as reflected on the Statement of Net Assets in Liquidation for the period. The actual rental obligation could vary significantly from the management's estimate due to the uncertainty related to the length of time Iomega Corporation will occupy the space and the complexities which may arise in the collection of the Second Note.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Liquidity and Capital Resources

Since the completion of its acquisition program in December 1988, the Partnership has been primarily engaged in the operation of its properties. The Partnership's original objective had been to hold its properties as long-term investments. However, an Information Statement, dated May 5, 1993, mandated that the General Partner seek a vote of the Limited Partners no later than December 31, 1996, regarding prompt liquidation of the Partnership in the event that properties with appraised values as of January 1993, which constituted at least one-half of the aggregate appraised values of all Partnership properties as of that date, were not sold or under contract for sale by the end of 1996. Given the mandate of the May 5, 1993 Information Statement, at December 31, 1995, the General Partner decided to account for the Partnership's properties as assets held for sale instead of for investment. In a Consent Solicitation dated February 18, 1997, the Partnership solicited and received the consent of the Limited Partners, to dissolve the Partnership and gradually settle and close the Partnership's business and dispose of and convey the Partnership's property as soon as practicable, consistent with obtaining reasonable value for the properties. The Partnership's properties were held for sale throughout 1999 and five of its six remaining properties were sold by year-end. The Partnership's remaining property was sold on February 9, 2000. (See Note 5 to the financial statements for further discussion).

In November 1998, the Partnership entered into a definitive Purchase and Sale Agreement with Abbey Investments, Inc. to sell all the Partnership's properties for a purchase price ranging between $32,250,000 and $33,000,000, depending on final occupancy rates at the time of closing. However, in January 1999, the agreement was terminated because Abbey had requested a material reduction in the purchase price (approximately 11%), which the Partnership did not agree to.

On April 30, 1999, the Partnership and Praedium Performance Fund IV ("Praedium") executed a Purchase and Sale Agreement to sell all of the Partnership's properties except its interest in Cooper Village shopping center to Praedium for $29,000,000. Praedium deposited $222,400 into escrow, pending completion of its due diligence inspection and review. Praedium's contingency period expired on June 14, 1999. During and after the contingency period, Praedium, in a series of negotiations with the Partnership, sought reductions in the purchase price of each of the properties and declined to include Iomega and Ladera-II in its offers. During this time, the General Partner negotiated with Praedium, and also sought other purchasers for the properties, both individually and as a group. Finally, in late July 1999, the Partnership declined

Praedium's offer to purchase only Creekridge Center, Kennedy Corporate Center-I and Lakeland Industrial Park for a materially reduced purchase price and terminated its dealings with Praedium.

Sale of the Properties

During the three month period ended September 30, 1999, the Partnership sold five of its six properties (including its 58% interest in Cooper Village Shopping Center) in three separate transactions, and on February 9, 2000, it sold its final property as set forth below:

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (Cont'd.)

Liquidity and Capital Resources (Cont'd.)

Sale of the Properties (Cont'd.)

Cooper Village

On September 21, 1999, the Partnership sold its 58% interest in Cooper Village Shopping Center (co-owned with an affiliated partnership), in Mesa, Arizona to Old Vine Corporation ("Old Vine"), a local shopping center operator that is not affiliated in any way with the Partnership, its General Partner or any of its principals or affiliates. The sale price for the Partnership's 58% interest was $3,581,500.

The buyer was represented by a third-party broker in the transaction. The Partnership's allocation of the broker commission paid was $46,000 from the sale proceeds. The General Partner was not paid any property disposition fee in connection with the sale. Old Vine has hired an affiliate of Birtcher to perform certain onsite property management services (not accounting or asset management), pursuant to a contract that is cancelable at any time upon 30 days notice.

The proceeds from the sale of Cooper Village Shopping Center were distributed to the Partnership and its affiliated partnership during the fourth quarter of 1999.

Ladera-II

On September 22, 1999, the Partnership sold Ladera-II Shopping Center, in Albuquerque, New Mexico to CA New Mexico, LLC, a wholly-owned subsidiary of CenterAmerica Trust ("CenterAmerica"), a Houston-based real estate investment trust that is not affiliated in any way with the Partnership, its General Partner or any of its principals or affiliates. The sale price was $1,176,000.

CenterAmerica and the Partnership were each represented by third-party brokers in the transaction. The brokers were paid an aggregate $49,657 from the sale proceeds. The General Partner was not paid a disposition fee in connection with the transaction. CenterAmerica did not hire the General Partner or any affiliate to perform asset management or property management services for this property.

The Rubin Pachulsky Dew Transaction

On September 23, 1999, the Partnership sold Creekridge Business Center, in Bloomington, Minnesota, Kennedy Corporate Center, in Palatine, Illinois and Lakeland Business Center, in Milwaukee, Wisconsin to Rubin Pachulsky Dew Properties, LLC ("Rubin Pachulsky Dew") for $8,300,000, $2,600,000, and $5,200,000, respectively, or an aggregate purchase price of $16,100,000. Rubin Pachulsky Dew is a third-party real estate investment entity that is not affiliated in any way with the Partnership, its General Partner or any of its principals or affiliates.

The purchase price for the Creekridge Business Center was effectively reduced by approximately $905,000 in a tenant improvement allowance. As previously reported,

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (Cont'd.)

Liquidity and Capital Resources (Cont'd.)

Sale of the Properties (Cont'd.)

The Rubin Pachulsky Dew Transaction (Cont'd.)

the Partnership had entered into a lease for the 42,203 square foot space at Creekridge Center that was vacated by Delta Dental. Pursuant to that lease, the Partnership granted the tenant an allowance of up to approximately $905,000 for tenant improvements, pending agreement regarding the design for building out the space.

Rubin Pachulsky Dew was represented by a third-party broker in the transaction. The broker was paid $161,000 from the sale proceeds. Since the sale price of Creekridge Business Center exceeded the January 1, 1993 appraised value ($6,400,000), pursuant to the 1993 Amendment of the Partnership Agreement, the General Partner earned and was paid a property disposition fee of $207,500 in connection with the sale.

Rubin Pachulsky Dew has hired an affiliate of Birtcher as property manager for the properties for a fee that is approximately the same as the fee the Partnership previously paid to the General Partner for property management. In addition, Rubin Pachulsky Dew has hired an affiliate of Birtcher to provide certain asset management services for the properties, and will pay an incentive fee approximately equal to 10% of the profits, if any, after Rubin Pachulsky Dew has received a 15% return on its investment. The incentive fee, if earned, is not payable until the last property is sold or four years from date of purchase, whichever comes first. The property management agreement is cancelable at any time upon 60 days notice, but the incentive fee will survive termination of the contract.

A portion of the proceeds from the sale of the properties to Rubin Pachulsky Dew continues to be held in escrow. A sum equal to two and one-half percent of the purchase price was held back as a potential source of payment for any claims that may arise related to a Partnership breach of certain representations and warranties related to the sale (expiring on September 23, 2000) and for any litigation costs that may arise (released to the Partnership on March 23, 2000). The remaining cash held in escrow relates to holdbacks for tax prorations.

Iomega Business Center

On February 9, 2000, the Partnership sold Iomega Business Center to ANA Development, L.C. ("ANA"), for a purchase price of $8,085,000. ANA is a local real estate developer that is not affiliated in any way with the Partnership or the General Partner, or any of the General Partner's principals or affiliates. ANA did not hire the General Partner or any affiliate to perform asset management or property management services for this property after close of the sale. The Partnership was represented by a third-party broker, and ANA was represented by an ANA-affiliated broker in this transaction. Collectively, these brokers will be paid a commission not to exceed $242,550.

DAMSON/BIRTCHER REALTY INCOME FUND-II, LIMITED PARTNERSHIP

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS

ANA delivered approximately $400,000 cash to escrow (portions of which were used in connection with closing costs and rent prorations), plus two promissory notes in the face amount of $6,468,000 (the "First Note") and $1,217,000 (the "Second Note"), respectively. The First Note bears 9% interest, with monthly payments based upon a 20-year amortization schedule. It is due on June 15, 2000 and is secured by a first deed of trust and assignment of rents and leases on Iomega. The Second Note bears 12% interest, with monthly payments of interest only. In addition, any "net cash flow" generated by Iomega will be paid to the Partnership and applied against principal and interest payable under the Second Note. The Second Note is due on June 15, 2000 and is secured by a second deed of trust and assignment of rents and leases on Iomega, plus first deeds of trust encumbering two other parcels of real estate located in Salt Lake City, Utah and Davis County, Utah, plus a pledge of the ANA-affiliated broker's commission.

Shortly before closing, Iomega Corporation, which had leased the entire property since the Partnership originally purchased it, disclosed that it would not renew its lease on one of the buildings. To close the sale, the Partnership agreed to lease back the building from ANA for a term ending May 31, 2001. Iomega Corporation has not yet vacated the premises and is currently paying rent equal to the leaseback obligations; the Partnership is negotiating with Iomega Corporation and other prospective subtenants regarding further occupancy of the building. So long as the Second Note is outstanding in full, the Partnership has no rental obligation under the leaseback; if the Second Note is partly paid off, the Partnership's rental obligation will commence proportionately. Upon repayment in full of the Second Note, the Partnership will place in escrow the total estimated rental payments for the balance of the leaseback period. Thereafter, the Partnership will continue to receive all rental payments paid by Iomega Corporation or any other subtenant.

Other Matters

On March 1, 2000, the Partnership made a special distribution of $5,751,000 to its limited partners.

As of December 31, 1999, the Partnership had sold all of its operating properties except for Iomega Business Center. Iomega Business Center was subsequently sold on February 9, 2000 (see Note 5 to the financial statements). Due to the uncertainty involved with the ongoing litigation, it is possible that future distributions may be limited to a liquidating distribution upon Partnership wind down should funds be available at that time.

As of December 31, 1999, the Partnership's accounting systems and the investor services system used to track the limited partners' interests, distributions and tax information were tested and appear to be free of year 2000 bugs. The Partnership's remaining property was also reviewed utilizing the Building Owners

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (Cont'd.)

Liquidity and Capital Resources (Cont'd.)

Other Matters (Cont'd.)

and Managers Association ("BOMA") industry standards as a guideline for necessary corrections and those corrections were successful. The Partnership did not experience any significant issues or problems relating to year 2000. The cost of the Partnership's accounting systems upgrade was borne by the General Partner and was not reimbursed by the Partnership.

Results of Operations for the Three Months Ended March 31, 2000

Because the Partnership is in the process of liquidating its remaining assets, a comparison of the results of operations is not practical. As the Partnership's assets (properties) are sold, the results of operations will be generated from a smaller asset base, and are therefore not comparable. The Partnership completed the sale of five of its six remaining properties in three separate transactions during 1999 and sold its final property in February 2000. The Partnership's operating results have been reflected on the Statements of Changes of Net Assets in Liquidation.

For the three months ended March 31, 2000, the Partnership generated $133,000 of net operating income from the operation of its remaining property. The decrease in net operating income for the three months ended March 31, 2000 when compared to the same period in 1999 was primarily attributable to the sale of five of its six remaining properties during September 1999 and the sale of Iomega Business Center on February 9, 2000.

Interest income resulted from the temporary investment of Partnership working capital and from the interest income earned on Notes Receivable. For the three months ended March 31, 2000, interest income was approximately $212,000. The increase in interest income was reflective of the temporary investment of cash and cash equivalent balances that were generated from the sale of the properties and from the interest income earned on Notes Receivable.

Accrued expenses for liquidation as of March 31, 2000, include estimates of costs to be incurred in carrying out the dissolution and liquidation of the Partnership. These costs include estimates of legal fees, accounting fees, tax preparation and filing fees, and other professional services. During the three months ended March 31, 2000, the Partnership incurred $101,000 of such expenses. At March 31, 2000, the General Partner re-evaluated the estimated costs to wind up and dissolve the Partnership given the uncertainty involved with the ongoing litigation. The provision for liquidation expenses was accordingly increased by an additional $49,000 to reflect the revised estimates. The allowance for accrued expenses for liquidation does not, however, reflect any costs of the ongoing litigation due to the uncertainty associated with those matters.

Liquidation expenses incurred for the three months ended March 31, 2000 include charges of $14,000 from the General Partner and its affiliates for services rendered in connection with administering the affairs of the Partnership and operating the Partnership's properties. Also included in accrued expenses for

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (Cont'd.)

Results of Operations for the Three Months Ended March 31, 2000 (Cont'd.)

liquidation for the three months ended March 31, 2000 are direct charges of $87,000 relating to audit fees, tax preparation fees, legal and professional fees, costs incurred in providing information to the Limited Partners and other miscellaneous costs.

ITEM 3. QUANTITATIVE AND QUALITATIVE MARKET RISK DISCLOSURES

As of March 31, 2000, the Partnership had cash equivalents of $691,000 invested in interest-bearing certificates of deposit. These investments are subject to interest rate risk due to changes in interest rates upon maturity. Declines in interest rates over time would reduce Partnership interest income.

DAMSON/BIRTCHER REALTY INCOME FUND-II, LIMITED PARTNERSHIP

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

So far as is known to the General Partner, neither the Partnership nor its properties are subject to any material pending legal proceedings, except for the following:

Bigelow Diversified Secondary Partnership Fund 1990 litigation

On March 25, 1997, a limited partner named Bigelow/Diversified Secondary Partnership Fund 1990 L.P. filed a purported class action lawsuit in the Court of Common Pleas of Philadelphia County against Damson/Birtcher Partners, Birtcher Investors, Birtcher/Liquidity Properties, Birtcher Investments, L.F. Special Fund II, L.P., L.F. Special Fund I, L.P., Arthur Birtcher, Ronald Birtcher, Robert Anderson, Richard G. Wollack and Brent R. Donaldson alleging breach of fiduciary duty and breach of contract and seeking to enjoin the Consent Solicitation dated February 18, 1997. On April 18, 1997, the court denied the plaintiff's motion for a preliminary injunction. On June 10, 1997, the court dismissed the plaintiff's complaint on the basis of lack of personal jurisdiction and forum non conveniens.

On June 13, 1997, the Partnership, its affiliated partnership, Real Estate Income Partners III, and their general partner, Birtcher/Liquidity Properties, filed a complaint for declaratory relief in the Court of Chancery in Delaware against Bigelow/Diversified Secondary Partnership Fund 1990 L.P. The complaint seeks a declaration that the vote that the limited partners of the Partnership and Real Estate Income Partners III took pursuant to the respective consent solicitations dated February 18, 1997 were effective to dissolve the respective partnerships and complied with applicable law, that the actions of the General Partner in utilizing the consent solicitations to solicit the vote of the limited partners did not breach any fiduciary or contractual duty to such limited partners, and an award of costs and fees to the plaintiffs. The defendant has answered the complaint. The parties have initiated discovery. No motions are pending at this time.

In September 1998, Bigelow/Diversified Secondary Partnership 1990 informed the Partnership that it was filing suit in the Delaware Chancery Court against Damson/Birtcher Partners, Birtcher Investors, Birtcher Liquidity Properties, Birtcher Investments, BREICORP, LF Special Fund I, LP, LF Special Fund II. LP, Arthur Birtcher, Ronald Birtcher, Robert Anderson, Richard G. Wollack and Brent R. Donaldson alleging a purported class action on behalf of the limited partners of Damson/Birtcher Realty Income Fund-I, Damson/Birtcher Realty Income Fund-II and Real Estate Income Partners III alleging breach of fiduciary duty and incorporating the allegations set forth in the previously dismissed March 25, 1997 complaint filed in the Court of Chancery of Philadelphia County. Plaintiff has engaged in preliminary discovery and the parties have held settlement discussions.

In March 2000, defendants informed the Court and plaintiff that they would bring a Motion for Summary Judgment against the named plaintiff based upon the allegations set forth in plaintiff's complaint. On April 14, 2000, Bigelow/Diversified Secondary Partnership Fund 1990 filed a First Amended Class Action and Derivative Complaint against Damson/Birtcher Partners, Birtcher

ITEM 1. LEGAL PROCEEDINGS (Cont'd.)

Bigelow Diversified Secondary Partnership Fund 1990 litigation (Cont'd.)

Investors, Birtcher/Liquidity Properties, Birtcher Partners, Birtcher Properties, Birtcher Ltd., Birtcher Investments, BREICORP, L.F. Special Fund II, L.P., L.F. Special Fund I, L.P., Liquidity Fund Asset Management, Inc., Arthur Birtcher, Ronald Birtcher, Robert Anderson, Richard G. Wollack and Brent R. Donaldson, the Partnership, Damson/Birtcher Realty Income Fund-I and Real Estate Income Partners III, alleging breach of fiduciary duty, breach of contract, and a derivative claim for breach of fiduciary duty. Defendants have not yet responded to the First Amended Complaint.

Madison Partnership and ISA Partnership Litigation

On April 2, 1999, Madison Partnership Liquidity Investors XVI, LLC and ISA Partnership Liquidity Investors filed a purported class and derivative action in the California Superior Court in Orange County, California against Damson Birtcher Partners, Birtcher/Liquidity

Properties, Birtcher Partners, Birtcher Investors, Birtcher Investments, Birtcher Limited, Breicorp LP Special Fund II, L.P., Liquidity Fund Asset Management, Inc., Robert M. Anderson, Brent R. Donaldson, Arthur B. Birtcher, Ronald E. Birtcher, and Richard G. Wollack, Defendants, and Damson/Birtcher Realty Income Fund-I, Damson/Birtcher Realty Income Fund-II, and Real Estate Income Partners III, Nominal Defendants. The complaint asserts claims for breach of fiduciary duty and breach of contract. The gravamen of the complaint is that the General Partners of these limited partnerships have not undertaken all reasonable efforts to expedite liquidation of the Partnerships' properties and to maximize the returns to the Partnerships' limited partners. The complaint seeks unspecified monetary damages, attorneys' fees and litigation expenses, and an order for dissolution of the partnerships and appointment of an independent liquidating trustee. The Partnership moved to stay or dismiss the case on the grounds that the pending Bigelow class action, discussed above, raises essentially the same claims. The court granted the Partnership's motion and ordered a stay of the litigation pending re-evaluation at a May 19, 2000 status conference. Plaintiffs have filed a motion to lift the stay, which is set for hearing on May 19, 2000.

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

a) Exhibits:

27 - Financial Data Schedule

b) Reports on Form 8-K:

None filed in the quarter ended March 31, 2000.

DAMSON/BIRTCHER REALTY INCOME FUND-II, LIMITED PARTNERSHIP

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

DAMSON/BIRTCHER REALTY INCOME FUND-II

By: BIRTCHER/LIQUIDITY PROPERTIES (General Partner)	By: BIRTCHER INVESTORS, a California limited partnership
	By: BIRTCHER INVESTMENTS, a California general partnership,

General Partner of Birtcher Investors

By: BIRTCHER LIMITED,
a California limited partnership,
General Partner of Birtcher Investments

By: BREICORP,
a California corporation,
formerly known as Birtcher
Real Estate Inc., General
Partner of Birtcher Limited

Date: May 15, 2000

By: /s/ Robert M. Anderson

Robert M. Anderson
Executive Director
BREICORP

By: LF Special Fund I, L.P.,
a California limited partnership

By: Liquidity Fund Asset Management, Inc.,
a California corporation, General
Partner of LF Special Fund I, L.P.

Date: May 15, 2000

By: /s/ Brent R. Donaldson

Brent R. Donaldson
President
Liquidity Fund Asset Management, Inc.

EXHIBIT INDEX

EXHIBIT NUMBER	DESCRIPTION
27	Financial Data Schedule

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THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM STATEMENT OF NET ASSETS IN LIQUIDATION OF DAMSON BIRTCHER REALTY INCOME FUND-II AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FORM 10-Q
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