

SECURITIES AND EXCHANGE COMMISSION

FORM 10-Q

Quarterly report pursuant to sections 13 or 15(d)

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FILER

**DAMSON BIRTCHER REALTY INCOME FUND II LTD
PARTNERSHIP**

CIK: 773915 | IRS No.: 133294820 | State of Incorporation: DE | Fiscal Year End: 1231
Type: 10-Q | Act: 34 | File No.: 000-14633 | Film No.: 96665556
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 September 30, 1996

Commission file number 0-14633

DAMSON/BIRTCHEER 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 A-1, Laguna Niguel, California 92677-0100

(Address of principal executive offices) (Zip Code)

(714) 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/BIRTCHEER REALTY INCOME FUND-II, LIMITED PARTNERSHIP
QUARTERLY REPORT ON FORM 10-Q
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 1996

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PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

DAMSON/BIRTCHEER REALTY INCOME FUND-II, LIMITED PARTNERSHIP
BALANCE SHEETS

<TABLE>
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	September 30, 1996	December 31, 1995
	(Unaudited)	(Note)
	<C>	<C>
ASSETS		

Properties held for sale (net of valuation allowance of \$932,000 in 1996 and \$707,000 in 1995)	\$23,351,000	\$23,387,000
Investment in Cooper Village Partners	3,874,000	3,892,000
Cash and cash equivalents	1,563,000	1,055,000
Accounts receivable	117,000	29,000
Accrued rent receivable	473,000	527,000
Prepaid expenses and other assets	200,000	244,000
	-----	-----
	\$29,578,000	\$29,134,000
	=====	=====
LIABILITIES AND PARTNERS' CAPITAL		

Accounts payable and accrued liabilities	\$ 751,000	\$ 712,000
	-----	-----
Partners' capital (deficit):		
Limited Partners	28,991,000	28,590,000
General Partner	(164,000)	(168,000)
	-----	-----
	28,827,000	28,422,000
Commitments and contingencies	-	-
	-----	-----
	\$29,578,000	\$29,134,000
	=====	=====

</TABLE>

Note: The balance sheet at December 31, 1995 has been prepared from the audited financial statements as of that date.

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

DAMSON/BIRTCHEER REALTY INCOME FUND-II, LIMITED PARTNERSHIP
STATEMENTS OF OPERATIONS
(UNAUDITED)

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	Three Months Ended September 30,		Nine Months Ended September 30,	
	1996	1995	1996	1995
<S>	<C>	<C>	<C>	<C>
REVENUES				

Rental income	\$1,198,000	\$1,149,000	\$3,601,000	\$3,313,000
Interest income	17,000	17,000	44,000	46,000
	-----	-----	-----	-----
Total revenues	1,215,000	1,166,000	3,645,000	3,359,000
	-----	-----	-----	-----
EXPENSES				

Operating expenses	259,000	288,000	774,000	821,000
Real estate taxes	175,000	154,000	555,000	520,000
Depreciation and amortization	18,000	309,000	51,000	949,000
General and administrative	165,000	180,000	481,000	516,000
Adjustment to carrying value of real estate	157,000	-	225,000	-
	-----	-----	-----	-----
Total Expenses	774,000	931,000	2,086,000	2,806,000
	-----	-----	-----	-----
Income before equity in earnings	441,000	235,000	1,559,000	553,000
Equity in earnings of Cooper Village Partners	65,000	36,000	283,000	119,000
	-----	-----	-----	-----
NET INCOME	\$ 506,000	\$ 271,000	\$1,842,000	\$ 672,000
	=====	=====	=====	=====
NET INCOME ALLOCABLE TO:				
General Partner	\$ 5,000	\$ 3,000	\$ 18,000	\$ 7,000
	=====	=====	=====	=====
Limited Partners	\$ 501,000	\$ 268,000	\$1,824,000	\$ 665,000
	=====	=====	=====	=====

</TABLE>

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

DAMSON/BIRTCHEER REALTY INCOME FUND-II, LIMITED PARTNERSHIP
STATEMENTS OF CASH FLOWS
(UNAUDITED)

<TABLE>
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Nine Months Ended September 30,

	1996	1995
<S>	<C>	<C>
Cash flows from operating activities:		
Net income	\$ 1,842,000	\$ 672,000
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	51,000	949,000
Equity in earnings of Cooper Village Partners	(283,000)	(119,000)
Adjustment to carrying value of real estate	225,000	-
Changes in:		
Additions to properties held for sale	(189,000)	-
Accounts receivable	(88,000)	(84,000)
Accrued rent receivable	54,000	(67,000)
Prepaid expenses and other assets	(7,000)	-
Accounts payable and accrued liabilities	39,000	154,000
Net cash provided by operating activities	1,644,000	1,505,000
Cash flows from investing activities:		
Investments in real estate	-	(338,000)
Distributions received from Cooper Village Partners	302,000	238,000
Net cash provided by (used in) investing activities	302,000	(100,000)
Cash flows from financing activities:		
Distributions	(1,438,000)	(1,379,000)
Net cash used in financing activities	(1,438,000)	(1,379,000)
Net increase in cash and cash equivalents	508,000	26,000
Cash and cash equivalents, beginning of period	1,055,000	1,058,000
Cash and cash equivalents, end of period	\$ 1,563,000	\$ 1,084,000

</TABLE>

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

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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, 1995.

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.

Carrying Value of Real Estate

In March 1995, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 121 "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of," ("FAS 121"). This Statement requires that if the General Partner believes factors are present that may indicate long-lived assets are impaired, the undiscounted cash flows, before debt service, related to the assets should be estimated. If these estimated cash flows are less than the carrying value of the asset, then impairment is deemed to exist. If impairment exists, the asset should be written down to the estimated fair value.

DAMSON/BIRTCHER REALTY INCOME FUND-II, LIMITED PARTNERSHIP

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

(1) Accounting Policies (Cont'd.)

Further, assets held for sale, including any unrecoverable accrued rent receivable or capitalized leasing commissions, should be carried at the lower of carrying value or fair value less estimated selling costs. Any adjustment to carrying value is recorded as a valuation allowance against property held for sale. Each reporting period, the General Partner will review its estimates of fair value, which may be decreased or increased up to the original carrying value. Finally, assets held for sale are no longer depreciated. The General Partner adopted FAS 121 at December 31, 1995 and the adoption did not have a material impact on the Partnership's operations or financial position, as prior to December 31, 1995, the Partnership had not had any properties held for sale.

As noted above, as of December 31, 1995 the General Partner decided to account for the Partnership's properties as assets held for sale, assuming an average 12 month holding period, instead of for investment. Accordingly, the General Partner compared the carrying value of each property to its appraised value as of January 1, 1996. If the carrying value of a property and certain related assets was greater than its appraised value, less selling costs, the General Partner reduced the carrying value of the property by the difference. Using this methodology, as of December 31, 1995, the General Partner determined that Atrium Place, Kennedy Corporate Center, Lakeland Industrial Park and Cooper Village (58% interest) had carrying values greater than their appraised values, and accordingly reduced those carrying values by \$167,000, \$500,000, \$40,000 and \$789,000 to \$829,000, \$2,625,000, \$4,929,000 and \$3,704,000, respectively.

For the three and nine months ended September 30, 1996, the Partnership spent approximately \$82,000 and \$150,000, respectively, related to tenant/building improvements and leasing commissions at Kennedy Corporate Center I and Lakeland Industrial Park. Atrium Place is under contract for sale (see Note 4, "Subsequent Events"). Based on its anticipated gross sales price of \$816,250, the General Partner reduced its estimated carrying value by \$75,000 to \$754,000. Because these expenditures, and the carrying value of Atrium Place, exceeded the estimates of fair value, the General Partner adjusted the carrying value of the Partnership's portfolio by an aggregate of \$225,000 for the nine months ending September 30, 1996.

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 September 30, 1996 and 1995 the Partnership incurred approximately \$42,000 and \$31,000, respectively, of such expenses. For the nine months ended September 30, 1996 and 1995, such payments were \$105,000 and \$109,000, respectively.

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

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

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 \$43,000 and \$40,000, respectively, for the three months ended September 30, 1996 and 1995, and \$126,000 and \$114,000 for the nine months ended September 30, 1996 and 1995 respectively. In addition, an affiliate of the General Partner received \$27,000 and \$32,000 for the three months ended September 30, 1996 and 1995, respectively, as reimbursement of costs of on-site property management personnel and other reimbursable expenses. For the nine months ended September 30, 1996 and 1995, such expenses were \$83,000 and \$96,000, respectively.

Leasing fees for the three months ended September 30, 1996 and 1995, included charges of \$6,000 and \$38,000, 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. For the nine months ended September 30, 1996 and 1995, such fees amounted to \$16,000 and \$52,000, respectively.

As previously reported on June 24, 1993, the Partnership completed its solicitation of written consent 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 have been 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 .75% of the aggregate appraised value of the Partnership's properties as determined by independent appraisal undertaken in January of each year. Such fees for the three months ended September 30, 1996 and 1995, amounted to \$50,000 and \$50,000, respectively. For the nine months ended September 30 1996 and 1995, such fees were \$150,000 and \$149,000, respectively.

In addition to the aforementioned, the General Partner was also paid \$18,000 and \$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 September 30, 1996 and 1995, respectively. For the nine months ended September 30, 1996 and 1995, such costs were \$60,000 and \$63,000, respectively.

DAMSON/BIRTCHEER REALTY INCOME FUND-II, LIMITED PARTNERSHIP

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

(3) Commitments and Contingencies

Litigation

The Partnership is not a party to any pending legal proceedings other than ordinary routine litigation incidental to its business. It is the General Partner's belief that the outcome of these proceedings will not be material to the business or financial condition of the Partnership.

4) Subsequent Events

In August 1996, the General Partner entered into a contract to sell Atrium Place for \$816,250. The property is currently in escrow and is scheduled to close on or before November 30, 1996.

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

Liquidity and Capital Resources

Since completion of its acquisition program in December 1988, the Partnership has been engaged primarily in the operation of its properties. The Partnership's objective has been to hold its properties as long-term investments, although properties may be sold at any time depending upon the General Partner's judgment of the anticipated remaining economic benefits of continued ownership. Working capital is and will be provided principally from the operation of the Partnership's properties and the working capital reserve established for the properties. The Partnership may incur mortgage indebtedness relating to such properties by borrowing funds primarily to fund capital improvements or to obtain sale or financing proceeds for distribution to the Partners.

Certain of the Partnership's properties are not fully leased. The Partnership is actively marketing the vacant space in these properties, subject to the competitive environment in each of the market areas. To the extent the Partnership is not successful in maintaining or increasing occupancy levels at these properties, the Partnership's future cash flow and distributions may be reduced.

Distributions through September 30, 1996 represent cash flow generated from operations of the Partnership's properties and interest earned on the temporary investment of working capital net of capital improvement reserve requirements. Future cash distributions will be made principally to the extent of cash flow attributable to operations and sales of the Partnership's properties and interest earned on the investment of capital reserves, after providing for future capital requirements for the Partnership's properties.

DAMSON/BIRTCHEER REALTY INCOME FUND-II, LIMITED PARTNERSHIP

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

Liquidity and Capital Resources (Cont'd.)

In accordance with the terms of the Partnership Agreement, each year the Partnership secures an independent appraisal of each of the Partnership's properties as of January 1. Prior to the January 1,

1995 appraisals, the independent appraiser had estimated each property's "Investment Value," utilizing a seven to ten-year cash flow model to estimate value based upon an income approach.

The Amendment to the Partnership Agreement consented to by the Limited Partners in June 1993 mandated, among other things, that the General Partner seek a vote of (and provide an analysis and recommendation to) the Limited Partners no later than December 31, 1996 regarding the prompt liquidation of the Partnership in the event that properties with (then) current appraised values constituting at least one-half of the total (then) current appraised values of all of the Partnership's properties are not sold or under contract for sale by the end of 1996. Given that mandate, the General Partner requested that the appraiser provide an assessment of value that reflects a shorter investment holding term. Although the General Partner does not currently have a specific liquidation plan for the Partnership's properties, it requested that the appraiser assume that the entire portfolio would be sold over four years, in connection with the January 1995 appraisals and over three years in connection with the January 1996 appraisals.

Using the shorter-term investment methodology that is consistent with the mandate of the 1993 Amendment to the Partnership Agreement, the appraiser estimated the value of the Partnership's properties at January 1, 1996 to be \$30,355,000, or \$5,772 per \$10,000 original investor subscription.

Over the past year, the General Partner has examined several alternative methods to achieve the Partnership's goal of selling properties and liquidating the Partnership at the earliest practicable time consistent with achieving reasonable value for the Limited Partners' investment. As explained in the Partnership's May 5, 1993 Information Statement, "achieving reasonable value" has meant for the Partnership to balance receiving higher sales prices per property than their 1993 values while at the same time not waiting forever to sell at a theoretical "top of the market." Alternatives under consideration by the General Partner may include a property-by-property liquidation or selling all the properties as a single portfolio. The General Partner has had preliminary discussions regarding disposition, in whole or in part, of the Partnership's properties with various potential purchasers of some or all of the Partnership's portfolio.

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

Liquidity and Capital Resources (Cont'd.)

In connection with its consideration of these alternatives, the General Partner has decided to treat its properties as held for sale, instead of for investment, for financial statement purposes. In accordance with Statement of Financial Accounting Standards No. 121 "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of," the carrying value of these properties was evaluated to ensure that each property was carried on the Partnership's Balance Sheet at the lower of cost or fair value less estimated selling costs. The General Partner estimated fair value for this purpose based on appraisals performed as of January 1, 1996. However, fair value can only be determined based upon sales to third parties and sales proceeds could differ substantially.

Based upon the General Partner's survey of the current marketplace, the General Partner believes, in fact, that in the relatively short term the Partnership's properties could generate sales prices that, in the aggregate, could be materially less than their aggregate appraised values based upon an "Investment Value" appraisal model. The amount of the possible variance between the aggregate appraised values and potential sales prices cannot be reliably estimated at this time, because of the numerous variables that could affect the sales prices, including but not limited to the time frame in which the properties must be sold, method of sale (property-by-property or single transaction), prevailing capitalization rates at which comparable

properties are being sold at the time of the Partnership's sales, constantly changing local market conditions and the state of leasing negotiations and capital expenditures for the properties at the time of sale.

Results of Operations for the Three Months Ended September 30, 1996

Compared With the Three Months Ended September 30, 1995 and for the

Nine Months Ended September 30, 1996 Compared With the Nine Month

Ended September 30, 1995.

The increases in revenue for the three and nine months ended September 30, 1996, as compared to the corresponding periods in 1995, were attributable to several factors. At Iomega, Iomega Corporation increased its occupancy to 100% of the site's buildings effective August 1, 1995, resulting in an increase in revenue of approximately \$22,000 and \$80,000, respectively, for the three and nine month periods ended September 30, 1996. At Creekridge, occupancy increased to 98% as a result of the successful negotiation of new leases with California Growers Corp. in August 1995, Premier Resorts, Inc. in December 1995, Rada Advertising in April 1996 and Hilleman House and CFC Funding in September 1996. Creekridge's revenue increased approximately \$49,000 and \$141,000, for the three and nine months ended September 30, 1996, respectively, as compared to the same periods in 1995.

DAMSON/BIRTCHEER REALTY INCOME FUND-II, LIMITED PARTNERSHIP

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

Results of Operations for the Three Months Ended September 30, 1996

Compared With the Three Months Ended September 30, 1995 and for the

Nine Months Ended September 30, 1996 Compared With the Nine Month

Ended September 30, 1995. (Cont'd.)

Interest income resulted from the temporary investment of Partnership working capital. For the three and nine months ended September 30, 1996 interest income was generally comparable to the same periods in 1995.

The increase in real estate taxes for the three months ended September 30, 1996, as compared to the corresponding period in 1995, was primarily attributable to a tax refund received in 1995 for Atrium Place. The tax refund was accounted for as reduction of real estate tax expense in 1995.

The increase in real estate taxes for the nine months ended September 30, 1996, as compared to the corresponding period in 1995, was primarily attributable to an increased tax assessment at Creekridge.

The decreases in operating expenses for the three and nine months ended September 30, 1996, as compared to the corresponding periods in 1995, were attributable to several factors. At Creekridge, legal fees were lower (\$10,000) and at Kennedy Corporate Center, cleaning costs, HVAC repairs, painting costs and utilities were lower (\$12,000) as compared to 1995. In addition, on-site expenses decreased at Lakeland Business Park (\$6,000).

For the nine months ended September 30, 1996, the carrying value of the Partnership's portfolio was reduced by \$150,000, which is representative of the amount spent on building improvements, tenant improvements, leasing commissions and other related assets at Lakeland Industrial Park and Kennedy Corporate Center.

The decreases in depreciation and amortization expenses for the three and nine months ended September 30, 1996 as compared to the corresponding periods in 1995, were attributable to the adoption of

Statement of Financial Accounting Standards No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of," pursuant to which "assets held for sale" are no longer depreciated.

The increases in equity in earnings of Cooper Village Partners for the three and nine months ended September 30, 1996, as compared to the corresponding periods in 1995, were primarily attributable to the Partnership's portion (58%) of depreciation expenses incurred during 1995, amounting to \$35,000 and \$106,000, respectively. As previously discussed, the Partnership no longer depreciates its assets due to the adoption of Financial Accounting Standard No. 121. In addition, during the nine months ended September 30, 1996, a lease termination settlement in the amount of \$127,000 was collected from The Boston Stores which was taken into income at the end of the first quarter.

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DAMSON/BIRTCHEER REALTY INCOME FUND-II, LIMITED PARTNERSHIP

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

Results of Operations for the Three Months Ended September 30, 1996

Compared With the Three Months Ended September 30, 1995 and for the

Nine Months Ended September 30, 1996 Compared With the Nine Month

Ended September 30, 1995. (Cont'd.)

General and administrative expenses for the nine months ended September 30, 1996 and 1995 include charges of \$270,000 and \$310,000, respectively, 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 general and administrative expenses for the nine months ended September 30, 1996 and 1995 are direct charges of \$211,000 and \$206,000, respectively, relating to audit fees, tax preparation fees, legal and professional fees, insurance expenses, costs incurred in providing information to the Limited Partners and other miscellaneous costs.

The decrease in general and administrative expenses for the three months ended September 30, 1996, as compared to the corresponding period in 1995, was primarily attributable to a decrease in aggregate leasing fees and other professional fees, which was partially offset by an increase in legal fees during the period.

The decrease in general and administrative expenses for the nine months ended September 30, 1996, as compared to the corresponding period in 1995, was primarily attributable to a decrease in aggregate leasing fees.

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DAMSON/BIRTCHEER 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.

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

- a) Exhibits:
27 - Financial Data Schedule
- b) Reports on Form 8-K:
None filed in quarter ended September 30, 1996.

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DAMSON/BIRTCHEER 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 / BIRTCHEER REALTY INCOME FUND-II,
LIMITED PARTNERSHIP

By: BIRTCHEER/LIQUIDITY
PROPERTIES
(General Partner)

By: BIRTCHEER INVESTORS,
a California limited partnership

By: BIRTCHEER INVESTMENTS,
a California general partnership,
General Partner of Birtcher Investors

By: BIRTCHEER 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: November 12, 1996

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: November 12, 1996

By: /s/ Brent R. Donaldson

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

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<TABLE> <S> <C>

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THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM BALANCE SHEETS AND STATEMENTS OF OPERATIONS OF DAMSON BIRTCHER REALTY INCOME FUND II AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FORM 10-Q

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