

March 1, 2013

1100 Main Street
Suite 1830
Kansas City, Missouri 64105
816.421.7444
FAX 816.221.2130

**Re: DiVall Insured Income Properties 2, L.P. (The "Partnership")
2012 Schedule K-1 Correspondence**

Dear Limited Partner:

Enclosed please find your 2012 Schedule K-1 for the above referenced Partnership. The information below will assist you in completing your 2012 tax returns. We recommend that you read carefully and follow the instructions for each IRS form. The tax laws can be quite complex, and we recommend you consult your tax advisor with any tax questions.

Capital Account. Item L of Schedule K-1 entitled "Partner's Capital Account Analysis" shows your capital account for the Partnership's income tax purposes only. **This reconciliation does not reflect the value of your investment.** In addition, if you are not the original owner of your units, the amount reflected as the original carry forward tax basis does not reflect the value of your investment nor does it reflect your new tax basis upon acquisition. The amount listed as your tax basis capital account will generally be lower than your original investment in the Partnership because of depreciation and the way certain income, deductions and distribution items are treated for the Partnership's income tax purposes.

For your information, Item L, "Withdrawals and distributions", should, except for rounding differences, equal the cash distributions you received during 2012. These distributions would include the Fourth Quarter 2011, First Quarter 2012, Second Quarter 2012, and Third Quarter 2012. The Fourth Quarter 2012 distribution will be included on next year's 2013 Schedule K-1.

Additionally, if your units were transferred to another ownership type or owner during 2012, your Schedule K-1 will recognize the transfer in the amount of tax basis capital at the time the units were transferred. If you were the transferee, refer to the amount in the column "Capital contributed during the year". If you were the transferor, refer to the amount in the column "Withdrawals and distributions".

Specific Line Item Information Necessary to Complete your Tax Return:

Line 2. This is your taxable passive income from the Partnership. Enter this amount on Schedule E, Part II, Line 28, Column (g). This passive income may be offset by 2012 passive losses or prior year unused passive losses generated by the Partnership or other passive investments. If you have these types of passive losses, also report the income from Line 2 on Form 8582, Line 3a (and related worksheets, if necessary) in order to determine how much passive loss may also be reported on Schedule E.

Line 5. This amount is interest earned on the Partnership's cash investments that must be reported as portfolio interest income. This amount is **not** included in Line 2 above. Enter

TPG CEO, Inc.
Rescue Services
TPG Financial, Inc.
Owner Representation
TPG Management, Inc.
Asset Management
TPG Systems, Inc.
Managed Financial and
Accounting Systems
TPG, Inc.
Administrative Services
TPG Sanibel Holiday, L.C.
Virtual Resort Services
TPG Capital, Inc.
Investments

Chicago, Illinois Office
708.422.5454
Sanibel, Florida Office
941.472.6565

this amount on Form 1040, Line 8a or Schedule B (Form 1040), Part I, line 1 if you are required to file Schedule B (Form 1040).

Line 9c. If applicable, this amount represents the amount of unrecaptured Section 1250 gain that is long term capital gain due to depreciation other than excess depreciation and is taxed at 25%. Please refer to the instructions for this line to insure proper completion of Schedule D. This amount is included with the amount on Schedule K-1, Line 10.

Line 10. If applicable, this amount represents passive gain/(loss) from the sale of business assets throughout the entire year. This amount is **not** included in Line 2 above. This passive gain/(loss) must be entered on Form 8582, Line 3a or 3b.

Please follow the instructions for Form 8582 to determine if part or all of your loss may be utilized. Enter the loss from line 10 on Form 4797, Line 2, Column (g). All, or a portion of, this loss may be disallowed under the passive loss rules. Please consult your tax advisor for the proper completion of this item.

Line 18. This amount represents nondeductible expenses incurred by the Partnership. This amount is reflected as a reduction to your Partnership capital account

The following items may not apply to all Limited Partners:

Line 17. The amount listed as Code A is the amount of Post-1986 depreciation adjustment. If you are required to file Form 6251, Alternative Minimum Tax – Individuals, you will need to include this amount and similar items from other sources on Form 6251, Line 17. Please refer to the instructions for this line to insure proper completion of Form 6251.

Line 17. If applicable, the amount listed as Code B is the amount of Adjusted gain or loss. If you are required to file Form 6251, Alternative Minimum Tax – Individuals, you will need to include this amount and similar items from other sources on Form 6251, Line 16. Please refer to the instructions for this line to insure proper completion of Form 6251.

Line 20. The amount listed as Code A is the amount of interest income included in Line 5 above that can be used to compute your investment interest expense deduction (if any). Include this amount and similar items from other sources on Form 4952, Line 4a.

State Income Tax Information. Generally, most individuals report the Partnership's income (Lines 2, 5 and 10 above) on their state tax return for the state in which they reside. Listed at the bottom of your Schedule K-1 is a breakdown of your Partnership income for each state in which the Partnership owns property and in which non-residents may need to file income tax returns. Because every state has different laws, you may want to consult with your tax advisor to verify the states for which you need to file income tax returns.

DiVall Insured Income Properties 2, L.P.

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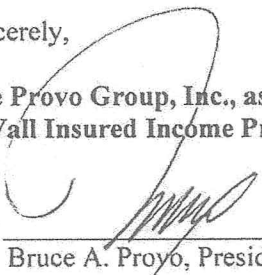
Additionally, please note that all amounts on your Schedule K-1 listed as losses will be followed by a hyphen.

Once again, we recommend that you consult your personal tax advisor if you have any questions regarding the specific treatment of items on your Schedule K-1. **We are not professional tax advisors and, as such, cannot make recommendations on the handling of items on the Schedule K-1 or your specific tax situation.** You may obtain tax forms and other filing instructions for limited partnerships at most IRS offices or you may call 800-829-3676.

If you have questions with respect to your distributions or other operating activities of the Partnership, you may contact Investor Relations at:

DiVall Investor Relations
c/o Phoenix American Financial Services, Inc.
2401 Kerner Blvd.
San Rafael, CA 94901
800-547-7686

Sincerely,


The Provo Group, Inc., as General Partner for
DiVall Insured Income Properties 2, Limited Partnership

By: _____
Bruce A. Proyo, President

Enclosures