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

FORM 8-K

**CURRENT REPORT
PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934**

Date of Report (Date of earliest event reported): July 24, 2013

**DIVALL INSURED INCOME PROPERTIES 2 LIMITED PARTNERSHIP
(Exact Name of Registrant as Specified in Its Charter)**

Wisconsin limited partnership
(State or Other Jurisdiction
of Incorporation)

0-17686
(Commission
File Number)

39-1606834
(IRS Employer
Identification No.)

1100 Main Street, Suite 1830, Kansas City, MO
(Address of Principal Executive Offices)

64105
(Zip Code)

(816) 421-7444
(Registrant's Telephone Number, Including Area Code)

(Former Name or Former Address, If Changed Since Last Report.)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 1.01. Entry Into a Material Definitive Agreement.

As reported in the Partnership’s periodic reports, the Partnership received Notice (“Condemnation Notice”) that the County of Charleston, South Carolina (“County”), filed condemnation proceedings on October 12, 2011, which resulted in a partial taking of the Wendy’s- Mt. Pleasant property leased by tenant Wendcharles I, LLC (“Tenant”) under an assumption of the original lease, as amended (the “Lease”). The Partnership and Tenant settled the condemnation action for the sum of \$871,500 and the widening of the remaining curb cut at the property. Subsequently, the Partnership and Tenant settled the adjudication of lease and just compensation award allocation of the \$724,247 deposited with the Clerk of Court before a trial on the allocation of just compensation occurred. On July 19, 2013, the Partnership entered into a Release, attached to this Current Report on Form 8-K (“Form 8-K”) as Exhibit 99.1, evidencing the settlement that provides for a payout of the monies held by the Clerk of Court and an amendment to the Lease with Tenant providing for a reduction in monthly rent of the property. The Release provides that the Tenant shall receive \$181,062 of the monies on deposit with the Clerk of Court, the Tenant will execute an amendment of the Lease with the Partnership, the Tenant will receive the balance of \$181,063 ratably over the balance of the original term of the Lease effective August 1, 2013 in the form of a rent reduction in monthly savings of \$1,829 in rent on the condition that Tenant continues to lease the property without default, and the Tenant’s annual rent under the Lease will revert to the current annual fixed rent beginning in November 2021 at the onset of the five year renewal option lease term.

Contemporaneously with the Partnership’s execution of the Release, the Partnership entered into an Amendment of Lease with Tenant, dated July 19, 2013 (the “Amendment”), attached to this Form 8-K as Exhibit 99.2, which amends the Lease, as a condition to the Release. The Amendment renews the Lease under the first extension term, commencing on November 7, 2021 and ending on November 6, 2026. The Amendment revised the legal description of the premises under the Lease and replaces Section 1.12 of the Lease to provide that the Base Monthly Rent for the remainder of the Lease, beginning on the Effective Date and ending on November 6, 2021, shall be \$4,611.09 and for the first extension term beginning on November 7, 2021 and ending on November 6, 2026 and for the second extension term shall be \$6,440. Finally, the Amendment further provides that it, together with the Release, settles all claims relating to the apportionment of the condemnation award and Article X of the Lease is deemed satisfied with respect to such condemnation proceedings.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits.

- 99.1 Release, dated July 19, 2013
- 99.2 Amendment of Lease, dated July 19, 2013

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 hereunto duly authorized.

Dated: July 24, 2013

DIVALL INSURED INCOME PROPERTIES
LIMITED PARTNERSHIP

By: The Provo Group, its General Partner

By: /s/ Bruce A. Provo
Bruce A. Provo, President

STATE OF SOUTH CAROLINA
COUNTY OF CHARLESTON

IN THE COURT OF COMMON PLEAS
NINTH JUDICIAL CIRCUIT
C/A No.: 2011-CP-10-7413

County of Charleston,
Condemnor,
vs.

Divall Insured Income Properties 2 Limited Partnership,
Landowner,
and
Wendcharles I, LLC,
Other Condemnee.

RELEASE

WHEREAS, Landowner/Landlord Divall Insured Income Properties 2 Limited Partnership (“Landowner/Landlord Divall) and Other Condemnee/Tenant Wendcharles I, LLC (“Other Condemnee/Tenant Wendcharles”) enter into this Release by way of a settlement as to the allocation of the just compensation award in a condemnation action initiated by Condemnor Charleston County (“Condemnor”);

WHEREAS, Landowner/Landlord Divall and Other Condemnee Wendcharles entered into a lease titled Restaurant Absolutely Net Lease, dated January 30, 1989, along with a First Amendment thereto, dated November 22, 2000, and a Landlord Consent, dated September 16, 2008. The lease commenced on February 1, 1989, and expires on November 6, 2021 with two five year options to renew. The Annual Fixed rent is Seventy Seven Thousand, Two Hundred Eighty (\$77,280.00) Dollars. The Lease and all amendments and addendums thereto is hereby incorporated by reference;

WHEREAS, Condemnor initiated this condemnation action by filing a Condemnation Notice and Tender of Payment in the Charleston County Clerk of Court's Office on October 12, 2011. The real property which was condemned and acquired by the Condemnor pursuant to the Condemnation Notice and Tender of Payment is more particularly described as follows:

All that parcel or strip of land, in fee simple, containing 5,277.61 square feet of land, more or less and all improvements thereon, if any, owned by Divall Insured Income Properties 2 Limited Partnership, shown as the "Area of Acquisition" on Exhibit A, attached hereto and made a part hereof, between approximate survey stations 51 0+00 and 515+00 left of East Frontage Road of Johnnie Dodds Boulevard; also between approximate survey stations 33+00 and 36+00 right of Houston Northcutt Boulevard.

Tax Map Parcel Number 517-00-00-057

WHEREAS, at the time of filing of the Condemnation Notice and Tender of Payment, the Condemnor deposited the sum of One Hundred Seventy Six Thousand, Nine Hundred and 00/100 (\$176,900.00) Dollars with the Clerk's Office. The parties settled the condemnation action for the sum of Eighty Hundred Seventy One Thousand, Five Hundred and 00/100 (\$871,500.00) Dollars and the widening of the remaining curb cut to forty three (43) feet by the Condemnor;

WHEREAS, a Consent Order of Dismissal and Order of Reference to the Master-in-Equity was filed on June 4, 2013. As a result of the Order, among other items, (1) the Condemnor was dismissed from the condemnation action with prejudice; (2) the Condemnor deposited Five Hundred Forty Seven Thousand, Three Hundred Forty Six and 72/100 (\$547,346.72) Dollars as just compensation with the Clerk of Court; (3) the Condemnor paid

One Hundred Forty Seven Thousand, Two Hundred Fifty Three and 28/100 (\$147,253.28) Dollars to “Smith, Bundy, Bybee & Barnett, P.C. Escrow Account” for attorney fees and mediation costs; and (4) the adjudication of the lease and award allocation of the remaining Seven Hundred Twenty Four Thousand, Two Hundred Forty Six and 72/100 (\$724,246.72) Dollars as just compensation between Landowner/Landlord Divall and Other Condemnee/Tenant Wendcharles was referred to the Master-in-Equity;

WHEREAS, Landowner/Landlord Divall and Other Condemnee/Tenant Wendcharles have settled the adjudication of lease and just compensation award allocation of the Seven Hundred Twenty Four Thousand, Two Hundred Forty Six and 72/100 (\$724,246.72) Dollars on deposit with the Clerk of Court before a trial on the allocation of just compensation in this case;

WHEREAS, Other Condemnee/Tenant Wendcharles shall receive the equivalent of Three Hundred Sixty Two Thousand, One hundred Twenty Three and 36/100 (\$362,123.36) – fifty percent of the Seven Hundred Twenty Four Thousand, Two Hundred Forty Six and 72/100 (\$724,246.72) Dollars remaining in just compensation – under the form of a payout and an annual rent reduction over the original term of the lease under the following terms and conditions:

- (1) Other Condemnee/Tenant Wendcharles shall receive One Hundred Eighty One Thousand, Sixty One and 68/100 (\$181,061.68) Dollars from the Seven Hundred Twenty Four Thousand, Two Hundred Forty Six and 72/100 (\$724,246.72) Dollars on deposit with the Clerk of Court immediately;
- (2) The Condemnee/Tenant Wendcharles shall, contemporaneously with the execution of this release, execute an amendment of the Lease in the form of Exhibit A;

- (3) Other Condemnee/Tenant Wendcharles shall receive the balance of One Hundred Eighty One Thousand, Sixty Two and 09/100 (\$181,062.09) Dollars ratably over the balance of original term on the lease effective August 1, 2013 – 99 months – in the form of a rent reduction for a monthly savings of One Thousand Eight Hundred Twenty Eight and 91/100 Dollars in rent on the condition Other Condemnee/Tenant Wendcharles continues to lease the property without default; and,
- (4) Other Condemnee/Tenant Wendcharles' annual rent under the lease shall revert to the current Annual Fixed Rent of Seventy Seven Thousand, Two Hundred Eighty (\$77,280.00) Dollars beginning in November 2021 at the onset of the five year renewal option lease term.

WHEREAS, Landowner/Landlord Divall shall receive any and all remaining funds on deposit with the Clerk of Court.

WHEREAS, the Landowner/Landlord Divall and Other Condemnee/Tenant Wendcharles further agree that the case has been settled and dismissed with prejudice;

WHEREAS, the Clerk of Court shall pay One Hundred Eighty One Thousand, Sixty One and 68/100 (\$181,061.68) Dollars to “Smith, Bundy, Bybee & Barnett, P.C. Escrow Account” for the allocation of the just compensation award to Other Condemnee/Tenant Wendcharles;

WHEREAS, the Clerk of Court shall pay any and all remaining funds on deposit with the Clerk of Court to “Williams & Walsh, LLC General Trust Account” for the allocation of the just compensation award to Landowner/Landlord Divall;

KNOWN BY ALL MEN BY THESE PRESENTS, that for and in consideration of the terms and conditions as stated herein, the Landowner/Landlord Divall and Other Condemnee/Tenant Wendcharles, for itself, its executors, administrators, beneficiaries, assigns, and officials, agents, or employees thereof or successors thereto, respectively, do hereby

acknowledge the aforesaid terms and conditions as the final apportionment of the just compensation award as a result of the aforesaid condemnation and acquisition by the Condemnor, and do hereby release, acquit and forever discharge each other's respective executors, administrators, beneficiaries, assigns, and officials, agents, or employees thereof or successors thereto, from any and all claims, demands, damages, actions, causes of action, and suits at law or in equity, of whatsoever kind or nature, arisen, arising, or to arise from or because of any matter relating to the lawful condemnation of this tract of land and allocation of just compensation for the above-referenced project.

IN WITNESS WHEREOF, we have hereunto set our hands and seals this the 19th day of July, 2013.

Divall Insured Income Properties 2 Limited Partnership

By: The Provo Group, Its General Partner

/s/ Bruce A. Provo

Bruce A. Provo, President

Wendcharles I, LLC,

By: /s/ Lewis E. Topper

Lewis E. Topper, Manager

By: /s/ Jeffrey J. Coghlan

Jeffrey J. Coghlan, Manager

AMENDMENT OF LEASE

This AMENDMENT OF LEASE (this "Agreement") is made as of the 19th day of July, 2013, by and between WENDCHARLES I, LLC, a South Carolina limited liability company with offices at 27 Central Avenue, Cortland, New York 13045 ("Tenant") and DIVALL INSURED INCOME PROPERTIES 2 LIMITED PARTNERSHIP, a limited partnership with offices at c/o the Provo Group, 1100 Main Street, Suite 1830, Kansas City, Missouri 64105 ("Landlord").

WHEREAS, Landlord and Wensouth Corporation, as tenant ("Wensouth"), entered into that certain Restaurant Absolutely Net Lease dated January 30, 1989, for the premises located at 361 Highway 17 Bypass, Mt. Pleasant, South Carolina (the "Original Lease"), a copy of which Lease is attached hereto as Exhibit "A" and is incorporated herein and made a part hereof by this reference; and

WHEREAS, the Original Lease was subsequently assigned from Wensouth to Wensouth Orlando, Ltd. ("Orlando");

WHEREAS, the Original Lease was subsequently assigned from Orlando to Wencoast Restaurants, Inc. ("Wencoast");

WHEREAS, Landlord and Wencoast amended the terms of the Original Lease pursuant to the terms of that certain Amendment of Lease Agreement dated November 9, 2000;

WHEREAS, pursuant to the terms of that certain Assignment and Assumption of Lease dated September 4, 2008 by and between Wencoast and Tenant, Wencoast assigned to Tenant, and Tenant assumed from Wencoast, all of Assignor's right, interest and obligation under the Original Lease (as amended); and

WHEREAS, Landlord and Tenant amended the terms of the Original Lease (as previously amended), pursuant to the terms of that certain Amendment of Lease dated September 4, 2008;

WHEREAS, in connection with the settlement of a condemnation proceeding filed in the Ninth Judicial Circuit of Charleston County as Case No, 2011-CP-10-7413 (the "Condemnation Proceeding"), pursuant to which the County of Charleston, South Carolina sought to condemn a portion of the leased Premises, Landlord and Tenant desire to amend certain provisions of the Original Lease (as previously amended), on the terms and subject to the conditions set forth herein, such amendment to be effective as of August 1, 2013 (the "Effective Date"). The Original Lease, as previously amended and as amended hereby, may be referred to as the "Lease".

NOW THEREFORE, in consideration of Ten Dollars (\$10.00) and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and the mutual covenants and agreements contained herein, Tenant and Landlord hereby agree as follows:

1. Tenant hereby exercises the first option under Section 1.10 of the Lease and the first Extension Term shall commence on November 7, 2021 and end on November 6, 2026. Landlord hereby accepts such exercise and acknowledges that Tenant still has one remaining option under Section 1.10 of the Lease.

2. Tenant and Landlord hereby agree that Section 1.7 of the Lease and the related Exhibit A are hereby deleted in their entirety and the following substituted in lieu thereof:

1.7 Premises Legal Description: See Exhibit B attached hereto.

3. Tenant and Landlord hereby agree that Section 1.12 of the Lease is hereby deleted in its entirety and the following substituted in lieu thereof:

1.12 The Base Monthly Rent for the remainder of the Original Lease Term beginning on the Effective Date and ending November 6, 2021 shall be \$4,611.09. The Base Monthly Rent for the first Extension Term beginning November 7, 2021 and ending November 6, 2026 shall be \$6,440. The Base Monthly Rent for the second Extension Term, if exercised, shall be \$6,440.

4. The Landlord and Tenant hereby acknowledge and agree that this Amendment, together with that certain Release dated July 19, 2013 relating to the Condemnation Proceeding, settle all claims relating to the apportionment of the Condemnation award and Article X of the Lease shall be deemed satisfied with respect to such Condemnation Proceeding.

5. In the event of any conflict between any of the provisions of this Agreement and the Lease, the provisions of this Agreement shall control.

6. This Agreement shall not be modified, changed or altered in any respect, except in writing executed in the same manner as this Agreement by the parties hereto.

7. Except as specifically amended herein, the Lease shall remain unchanged and unmodified and in full force and effect.

8. This Agreement shall be governed by and construed in accordance with the laws of the state of South Carolina.

9. Capitalized terms not defined herein shall have the meanings therefor set forth in the Lease.

[signatures on following page]

IN WITNESS WHEREOF, this Agreement has been duly signed by Landlord and Tenant as of the date first written above.

TENANT:

WENDCHARLES I, LLC

By: /s/ Lewis E. Topper
Lewis E. Topper, Manager

By: /s/ Jeffrey J. Coghlan
Jeffrey J. Coghlan, Manager

LANDLORD:

DIVALL INSURED INCOME PROPERTIES 2
LIMITED PARTNERSHIP

By: The Provo Group, its General Partner

By: /s/ Bruce A. Provo
Bruce A. Provo, President

EXHIBIT A

[a copy of the Lease follows this page]

EXHIBIT B

Legal Description of Premises

All that piece, parcel or tract of land, situate, lying and being in the Town of Mt. Pleasant, County of Charleston, State of South Carolina, shown and designated as "Tract A. 1.02 ACRES" on a plat entitled: "PLAT OF TRACTS A, B, AND C, AND A 1.15 ACRE TRACT, A 2.00 ACRE TRACT, AND A 52.21 ACRE TRACT WEST OF HOUSTON NORTHCUTT BLVD., TOWN OF MT. PLEASANT, CHARLESTON COUNTY, S.C." made by E.M. Seabrook Jr., Inc., January 27, 1984, recorded February 15, 1984, in Plat Book AZ, Page 66, Charleston County. Said tract having such shape, size, dimensions, buttings and boundings as will by reference to said plat more fully appear.

ALSO ALL that piece, parcel or tract of land being within the right-of-way of the frontage road located to the south of Tract A, and shown on a copy of the plat attached previous owner policy #AZ 323782 and being shown within "O-M-N-S-T-U-V-W-X-R-Q-P-O" on said plat.

LESS

All that parcel or strip of land, in fee simple, containing 5,277.61 square feet of land, more or less and all improvements thereon, if any, owned by Divall Insured Income Properties 2 Limited Partnership, shown as the "Area of Acquisition" on Exhibit A to the Condemnation Notice and Tender of Payment filed by the county of Charleston with respect to that certain condemnation proceeding in the Ninth Judicial Circuit of Charleston County, between approximate survey stations 51 0+00 and 515+00 left of East Frontage Road of Johnnie Dodds Boulevard; also between approximate survey stations 33+00 and 36+00 right of Houston Northcutt Boulevard.

Tax Map Parcel Number 517-00-00-057