Submission Data File

General Information	
Form Type*	10-K
Contact Name	M2 Compliance
Contact Phone	754-243-5120
Filer Accelerated Status*	Non-Accelerated Filer
Filer File Number	
Filer CIK*	0000825788 (DIVALL INSURED INCOME PROPERTIES 2 LIMITED PARTNERSHIP)
Filer CCC*	**********
Filer is Shell Company*	N
Filer is Smaller Reporting Company	Yes
Filer is Voluntary Filer*	N
Filer is Well Known Seasoned Issuer*	N
Confirming Copy	No
Notify via Website only	No
Return Copy	Yes
SROS*	NONE
Depositor CIK	
Period*	12-31-2023
ABS Asset Class Type	
ABS Sub Asset Class Type	
Sponsor CIK	
Emerging Growth Company	No
Elected not to use extended transition period	No
(End General Information)	

Document Information	
File Count*	11
Document Name 1*	form10-k.htm
Document Type 1*	10-K
Document Description 1	
Document Name 2*	ex31-1.htm
Document Type 2*	EX-31.1
Document Description 2	
Document Name 3*	ex31-2.htm
Document Type 3*	EX-31.2
Document Description 3	
Document Name 4*	ex32-1.htm
Document Type 4*	EX-32.1
Document Description 4	
Document Name 5*	ex99-0.htm
Document Type 5*	EX-99.0
Document Description 5	
Document Name 6*	ex99-1.htm
Document Type 6*	EX-99.1
Document Description 6	
Document Name 7*	audit_001.jpg
Document Type 7*	GRAPHIC
Document Description 7	
Document Name 8*	ex99-0_001.jpg
Document Type 8*	GRAPHIC
Document Description 8	
Document Name 9*	ex99-0_002.jpg
Document Type 9*	GRAPHIC
Document Description 9	
Document Name 10*	ex99-1_001.jpg
Document Type 10*	GRAPHIC
Document Description 10	
Document Name 11*	ex99-1_002.jpg
Document Type 11*	GRAPHIC
Document Description 11	

(End Document Information)

Notifications	
Notify via Website only	No
E-mail 1	filing@m2compliance.com
(End Notifications)	

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K

(Mark One)

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

For the fiscal year ended December 31, 2023

OR

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

For the transition period from ____________ to ___________

Commission file number **0-17686**

DIVALL INSURED INCOME PROPERTIES 2 LIMITED PARTNERSHIP
(Exact name of registrant as specified in its charter)

Wisconsin	**39-1606834**
(State or other jurisdiction of incorporation or organization)	*(I.R.S. Employer Identification No.)*

1900 W 75th Street, Suite 100 Prairie Village, Kansas 66208
(Address of principal executive offices, including zip code)

(816) 421-7444
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
N/A	N/A	N/A

Securities registered pursuant to Section 12(g) of the Act: Limited Partnership Interests

Indicate by check mark whether the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No ☒

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or 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 ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or emerging growth company. See the definitions of "large accelerated filer", "accelerated filer", "smaller reporting company", and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☐ Accelerated filer ☐

Non-accelerated filer ☒ Smaller reporting company ☒ Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b). ☐

The aggregate market value of the voting securities held by non-affiliates of the Registrant: The aggregate market value of limited partnership interests held by non-affiliates is not determinable since there is no public trading market for the limited partnership interests.

As of March 1, 2024 the registrant had 46,280.3 units of limited partnership interests issued and outstanding.

TABLE OF CONTENTS

DIVALL INSURED INCOME PROPERTIES 2 LIMITED PARTNERSHIP
FORM 10-K
FOR THE YEAR ENDED DECEMBER 31, 2023

PART I

Item 1. Business

Background

DiVall Insured Income Properties 2 Limited Partnership (the "Partnership"), is a limited partnership organized under the Wisconsin Uniform Limited Partnership Act pursuant to a Certificate of Limited Partnership dated as of November 20, 1987, and governed by a Limited Partnership Agreement, as amended from time to time (collectively, the "Partnership Agreement"). The Partnership is managed by its general partner, The Provo Group, Inc. ("TPG" or the "General Partner"). As of December 31, 2023, the Partnership had 1,092 limited partners owning an aggregate of 46,280.3 units of Limited Partnership Interests (the "Interests").

The Partnership is engaged in the business of owning and operating its investment portfolio of commercial real estate properties (each a "Property" and collectively, the "Properties"). At December 31, 2023, the Partnership owned three Properties, all located in South Carolina.

At December 31, 2023, all of the Properties were (and continue to be) leased to Wendy's franchisees, with one of the Properties being leased to Wendgusta, LLC ("Wendgusta"), one of the Properties being leased to JAI Hospitality RG, LLC ("JAI Hospitality) and one of the Properties being leased to JAI Augusta, LLC ("JAI Augusta). At December 31, 2023, all three Properties were listed and classified as held for sale.

See Properties under Item 2 below for the table of all Properties and lease expirations and a discussion of Properties with significant developments during the year ended December 31, 2023.

The Partnership Agreement provides that the Partnership is scheduled to be dissolved on November 30, 2023, or earlier upon the prior occurrence of any of the following events: (a) the disposition of all its Properties; (b) the written determination by the General Partner, that the Partnership's assets may constitute "plan assets" for purposes of ERISA; (c) the agreement of limited partners owning a majority of the outstanding Interests to dissolve the Partnership; or (d) the dissolution, bankruptcy, death, withdrawal, or incapacity of the last remaining General Partner, unless an additional General Partner is elected previously by a majority of the limited partners.

As previously disclosed by the Partnership, pursuant to a consent solicitation that concluded on October 15, 2020, the Partnership solicited and obtained the affirmative consent of limited partners holding more than a majority of the Partnership's outstanding Interests to authorize the General Partner, to sell the Properties prior to November 30, 2023 if the General Partner determined such sale to be in the best interest of the Partnership and, upon the sale of all Properties, to commence an orderly liquidation, wind-up and dissolution of the Partnership. In connection with such consent, the limited partners approved a resolution granting the General Partner the authority to sell all or substantially all of the Partnership's assets prior to November 30, 2023 and subsequently liquidate and dissolve the Partnership, without further approval from the limited partners.

On August 25, 2023, the General Partner adopted resolutions (a) determining that it is in the best interest of the Partnership to sell all or substantially all of the Partnership's assets, and (b) providing that the General Partner will, upon the sale of such assets, liquidate and dissolve the Partnership in accordance with applicable law and the terms of the Partnership Agreement. In addition, the stated term of the Partnership ended on November 30, 2023, and, prior to that date the Partnership did not seek or obtain the consent of the limited partners to amend the Partnership Agreement to extend the Partnership's term. As a result of the authority and authorization provided to the General Partner, and because the Partnership's intended term lapsed on November 30, 2023, during the fiscal year ended December 31, 2023 the General Partner caused the Partnership to dispose of five of its now former Properties and expects to continue to pursue the orderly disposition of the Partnership's remaining Properties.

The Permanent Manager Agreement

The Permanent Manager Agreement ("PMA") was entered into on February 8, 1993, between the Partnership, DiVall 1 (which was dissolved in December 1998), DiVall 3 (which was dissolved in December 2003), the now former general partners, Gary J. DiVall and Paul E. Magnuson, their controlled affiliates, and TPG, naming TPG as the Permanent Manager. The PMA contains provisions allowing TPG to submit to the PMA, election of TPG as General Partner, and the issue of acceptance of the resignations of the former general partners to a vote of the limited partners through a solicitation of written consents.

TPG, as the General Partner, has been operating and managing the affairs of the Partnership in accordance with the provisions of the PMA and the Partnership Agreement since February 8, 1993.

Effective January 1, 2023, the PMA was renewed by the General Partner for a two-year period ending December 31, 2024. The PMA can be terminated earlier (a) by a vote at any time by a majority interest of the limited partners, (b) upon the dissolution and winding up of the Partnership, (c) upon the entry of an order of a court finding that TPG has engaged in fraud or other like misconduct or has shown itself to be incompetent in carrying out its duties under the Partnership Agreement, or (d) upon 60 days' written notice from TPG to the limited partners of the Partnership.

Advisory Board

The concept of the Advisory Board was first introduced by TPG during the solicitation of written consents seeking to elect TPG as the General Partner. The first Advisory Board was established in October 1993. Among other functions, the three-person Advisory Board has the following rights and duties: to review operational policies and practices; to review extraordinary transactions; to review internal financial controls and practices; and to review the performance of the independent auditors of the Partnership. The Advisory Board's powers are advisory only and the Advisory Board does not have the authority to direct management decisions or policies of the Partnership or remove the General Partner. The Advisory Board has full and free access to the Partnership's books and records, and individual Advisory Board members have the right to communicate directly with the limited partners concerning Partnership business. Members of the Advisory Board are compensated $1,500 annually and $500 for each quarterly meeting attended.

The Advisory Board currently consists of limited partners of the Partnership: Jesse Small and Albert Kramer. For a brief description of each Advisory Board member, refer to Item 10, Directors and Executive Officers of the Registrant.

No Employees; Location of Business Operations

The Partnership has no employees.

All of the Partnership's business is conducted in the United States.

Available Information

The Partnership is required to file with the SEC annual reports on Form 10-K, quarterly reports on Form 10-Q and current reports on Form 8-K, along with any related amendments and supplements to these periodic and current reports. The SEC maintains a website containing these reports and other information regarding our electronic filings at www.sec.gov.

We also make these reports and other information available either on or through our Internet Website at www.divallproperties.com as soon as reasonably practicable after such reports are available. Please note that any internet addresses provided in this Annual Report on Form 10-K are for information purposes only and are not intended to be hyperlinks. Accordingly, no information found and/or provided at such internet addresses is intended or deemed to be incorporated by reference herein.

Item 1A. Risk Factors

The Partnership's business, the ownership and lease of the Properties, is subject to a variety of risks attendant to the ownership and lease of commercial real property, including risks related to: (i) changes in general economic conditions and macro-economic factors such as effects of interest rate fluctuations, both nationally and in the local markets where the Properties are located, (ii) changes in real estate conditions, including without limitation, decreases in valuations of real properties, increases in property taxes and lack of buyers at times when the Partnership seeks to dispose of a Property, (iiii) ability of tenants to fulfill their obligations to the Partnership under existing leases, (iv) declines in sales for tenants whose leases include a percentage rent component, (v) adverse changes to the restaurant market, including declines in demand, (vi) entrance of competitors to the Partnership's lessees in markets in which the Properties are located, (vii) the Partnership's ability to realize value for Limited Partners upon disposition of the Properties, (viii) the fact that real property assets are generally not readily liquid, and the risk that the Partnership may be unable to locate suitable purchasers for the Properties and monetize the Properties at the times and on terms and conditions that are in the Partnership's and its limited partners' best interests, and (ix) various other factors.

In addition to the general risks identified above, the Partnership is also subject to various cyber security risks, including those generally described below.

Item 1B. Unresolved Staff Comments

None.

Item 1C. Cybersecurity

The Partnership has not adopted any formal cybersecurity risk management program or formal processes for assessing, identifying, and managing material risks from cybersecurity threats. The General Partner has oversight responsibility for the Partnership's overall risk management, including cybersecurity risk, and has not delegated oversight authority for cybersecurity risks to any committee. In fiscal year 2023, we did not identify any cybersecurity threats that have materially affected or are reasonably likely to materially affect our business strategy, results of operations, or financial condition.

Item 2. Properties

All Properties are leased to franchisees of national quick service restaurants.

Original lease terms for the leased Properties are generally five to 20 years from their inception. All leases are triple-net, which require the tenant to pay all property operating costs including maintenance, repairs, utilities, property taxes, and insurance. All of the leases contain percentage rent provisions, which require the tenant to pay a specified percentage (seven percent) of gross sales above a threshold amount. None of the Properties are mortgaged. The Partnership owns the buildings and land, and all improvements for all the Properties. The Partnership owned the following Properties as of March 1, 2024:

Acquisition Date	Property Name & Address	Lessee	Purchase Price (1)	Operating Rental Per Annum	Lease Expiration Date	Renewal Options
12/22/88	Wendy's (2) 1721 Sam Rittenberg Blvd Charleston, SC	JAI Hospitality RG, LLC	$ 596,781	$ 166,848	12-31-2040	None
02/21/89	Wendy's (3) 343 Folly Rd Charleston, SC	JAI Augusta, LLC	528,125	136,000	12-31-2040	None
03/14/89	Wendy's 1004 Richland Ave Aiken, SC	Wendgusta, LLC	633,750	167,500	12-31-2040	None
			$ 1,758,656	$ 470,348		

Footnotes:

(1) Purchase price includes all costs incurred by the Partnership to acquire the Property.

(2) This Property, owned as of December 31, 2023 was leased to JAI Hospitality. Since all of the Properties, both by historical asset value and number are leased to Wendy's franchisees the financial status of the tenant may be considered relevant to investors. At the request of the Partnership, JAI Hospitality provided it with a copy of its internal financial statements for the fiscal years ended January 1, 2023 and December 31, 2023. Those internal financial statements are attached to this Annual Report on Form 10-K as Exhibit 99.2.

(3) One Property owned by the Partnership as of December 31, 2022 was leased to JAI Augusta. Since all of the Properties, both by historical asset value and number, are leased to Wendy's franchisees, the financial status of the tenant may be considered relevant to investors. At the request of the Partnership, JAI Augusta provided it with a copy of its reviewed financial statements for the fiscal years ended January 1, 2023 and December 31, 2023. Those reviewed financial statements are attached to this Annual Report on Form 10-K as Exhibit 99.1.

The following summarizes significant developments during 2022 and 2023, by Property, for Properties with such developments.

Sale of Walton Way Property

On April 22, 2022, the Partnership sold the Property located at 1730 Walton Way, Augusta, GA for $1,600,000. The gain on the sale was approximately $1,103,000.

Sale of Martintown Road Property

On March 31, 2023, the Martintown Road Property was sold for $1,350,000. The Partnership received proceeds from the sale of approximately $1.28 million and the gain on the sale was approximately $1 million.

Sale of Mt. Pleasant, SC Property

On June 6, 2023, the Partnership executed a listing agreement with Matthews Real Estate Investment Services, Inc. for the sale of the Property with an asking price of $3.2 million. The Property listing went active on July 12, 2023.

On July 20, 2023, the Partnership accepted an offer to sell the Property at asking price. The buyer negotiated a 1-day inspection period and on August 31, 2023 the Partnership sold the Property for $3,212,124. The gain on the sale was approximately $2.76 million.

Sale of Applebee's Property

On April 11, 2023, the Partnership signed a listing agreement to offer its Applebee's Property for a sale price of $2.3 million. As of June 27, 2023, the tenant waived its right of first offer contained in the lease.

On July 13, 2023, the Partnership accepted an offer to sell the Property for $2,125,000.

On September 7, 2023 the Partnership sold the Property and the gain on the sale was approximately $1.6 million.

Wendy's – Peach Orchard Road, Augusta, GA Property

On October 30, 2022, the tenant Wendgusta, LLC closed on an asset purchase agreement with JAI Augusta, LLC to sell substantially all the assets of the tenant and pursuant thereto, the lease was also assigned to JAI Augusta under the same terms and conditions of the lease amendment effected January 1, 2021.

On June 6, 2023 the Partnership executed a listing agreement with Matthews Real Estate Investment Services, Inc. for the sale of the Property with an asking price of $4.1 million. The Property listing went active on July 12, 2023.

On August 7, 2023 the Partnership accepted an offer to sell the Property for $3,822,000. The sale closed on November 1, 2023 and the gain was approximately $3.37 million.

Wendy's – Whiskey Road, Aiken, SC

On June 6, 2023, the Partnership executed a listing agreement with Matthews Real Estate Investment Services, Inc. for the sale of the Property with an asking price of $4.0 million. The Property listing went active on July 12, 2023.

On October 6, 2023 the Partnership accepted an offer to sell the Property for $3.8 million. The sale closed on November 6, 2023 and the gain was approximately $3.2 million.

Wendy's – Folly Road, Charleston, SC

On December 19, 2022, the tenant Wendcharles I, LLC closed on an asset purchase agreement with JAI Augusta, LLC to sell substantially all the assets of the tenant and pursuant thereto, the lease was also assigned to JAI Augusta under the same terms and conditions of the lease amendment effected January 1, 2021.

On June 6, 2023, the Partnership executed a listing agreement with Matthews Real Estate Investment Services, Inc. for the sale of the Property with an asking price of $3.5 million. The Property listing went active on July 12, 2023.

The Property is held for sale as of December 31, 2023.

Wendy's – Richland Ave, Aiken, SC

On June 6, 2023, the Partnership executed a listing agreement with Matthews Real Estate Investment Services, Inc. for the sale of the Property with an asking price of $3.4 million. The Property listing went active on July 12, 2023.

The Property is held for sale as of December 31, 2023.

Wendy's – Sam Rittenberg, Charleston, SC

On June 6, 2023, the Partnership executed a listing agreement with Matthews Real Estate Investment Services, Inc. for the sale of the Property with an asking price of $3.9 million. The Property listing went active on July 12, 2023.

The Property is held for sale as of December 31, 2023.

Item 3. Legal Proceedings

As of the date of this report there are no material pending legal proceedings to which the Partnership is a party.

Item 4. Mine Safety Disclosures

Not applicable.

PART II

Item 5. Market for Registrant’s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

(a) Although from time to time some Interests have been traded, there is no active public market for the Interests, and it is not anticipated that an active public market for the Interests will develop. As of January 1, 2022, the General Partner halted public trading in anticipation of the winding-up and liquidation of the Partnership.

(b) As of March 1, 2024, there were 1,092 record holders of Interests.

(c) The Partnership does not pay dividends. However, the Partnership Agreement provides for net income and loss of the Partnership to be allocated on a quarterly basis, 99% to the limited partners and 1% to the General Partner. The Partnership Agreement provides for the distribution of net cash receipts and net proceeds to the limited partners and General Partner at times that the General Partner deems appropriate, but no less often than semi-annually, subject to the limitations on distributions to the General Partner described in the Partnership Agreement. See Note 3 to the financial statements for further information. During the liquidation process, the Partnership will distribute net sales proceeds within 30-60 days of a property closing.

(d) The Partnership has no equity compensation plans under which equity securities of the Partnership have been issued or are reserved for issuance.

(e) The Partnership has not conducted sales of unregistered securities during the period covering this Annual Report.

(f) The Partnership did not repurchase or redeem any Interests during the 2023 fiscal year.

Item 6. (Reserved)

Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations

CAUTIONARY STATEMENT

This Annual Report on Form 10-K contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”). These forward-looking statements are not historical facts but are the intent, belief or current expectations of the Partnership’s management based on its knowledge and understanding of the business and industry. Words such as “may,” “anticipates,” “expects,” “intends,” “plans,” “believes,” “seeks,” “estimates,” “would,” “could,” “should” and variations of these words and similar expressions are intended to identify forward-looking statements. Although we believe that the expectations reflected in these forward-looking statements are reasonable, we can give no assurance that these expectations will prove to have been correct. These statements are not guarantees of future performance and are subject to risks, uncertainties and other factors, some of which are beyond our control, are difficult to predict and could cause actual results to differ materially from those expressed or forecasted in the forward-looking statements.

Examples of forward-looking statements include, but are not limited to, statements we make regarding:

- our expectations regarding our financial condition or results of operations in any future period;
- our future sources of, and needs for, liquidity and capital resources;
- our expectations regarding economic and business conditions (both nationally and where the Properties are located);
- our decisions with respect to the potential retention or disposition of our remaining Properties as we wind-up the Partnership;
- our ability to timely find a suitable purchaser for any marketed Properties;
- our ability to agree on an acceptable purchase price or contract terms for any Property sales;
- our ability to collect rents on our leases;
- our ability to maintain relationships with our tenants, and if necessary extend lease terms or identify new tenants; and
- our future capital expenditures.

Critical Accounting Policies and Estimates

The following discussion and analysis of financial condition and results of operations is based upon the Partnership’s financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States of America (“GAAP”). The preparation of these financial statements requires persons performing the functions of the Partnership’s management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses, and related disclosure of contingent assets and liabilities. On a regular basis, we evaluate these estimates, including investment impairment. These estimates are based on the General Partner’s historical industry experience and on various other assumptions that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

The Partnership believes that its most significant accounting policies pertain to:

Depreciation methods and lives- Depreciation of the properties is provided on a straight-line basis over the estimated useful life of the buildings and improvements. Additionally, the value of real estate is typically based on market conditions and property performance. As a result, depreciated book value of real estate may not reflect the market value of real estate assets.

Revenue recognition- Rental revenue from investment properties is recognized on the straight-line basis over the life of the respective lease when collectability is reasonably assured. Percentage rents are accrued only when the tenant has reached the sales breakpoint stipulated in the lease and collectability is reasonably assured.

Impairment-The Partnership periodically reviews its long-lived assets, primarily real estate, for impairment whenever events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable. The Partnership's review involves comparing current and future operating performance of the assets, the most significant of which is undiscounted operating cash flows, to the carrying value of the assets of the individual properties. Based on this analysis, if deemed necessary, a provision for possible loss is recognized.

Investment Properties and Properties Held for Sale

As of December 31, 2023, the Partnership owned three Properties, all of which feature tenants that are Wendy's franchisees. The Properties are all located in the state of South Carolina.

Property taxes, general maintenance, insurance and ground rent on the Properties are the responsibility of the respective tenants. A more detailed discussion of tax payments, insurance and ground rent is provided in Item 2, and incorporated herein by this reference.

There were no building improvements capitalized during 2023 or 2022.

Further Information

A summary of significant developments as of December 31, 2023, by Property, for Properties with such developments, can be found in Item 2, Properties.

Net Income

Net income for the fiscal years ended December 31, 2023 and 2022 was $12,283,772 and $2,069,792, respectively. Net income per Limited Partner Interest for the fiscal years ended December 31, 2023 and 2022 was $262,77 and $44.28, respectively.

Results of Operations

Net income for the fiscal years ended December 31, 2023 and 2022 was $12,283,772, and $2,069,792, respectively. See the paragraphs below for further information as to variances in individual operating income and expense items.

The increase in net income from 2022 to 2023 was the gain on the Properties sold during the calendar year.

We are not aware of any material trends or uncertainties, other than national economic conditions and macro-economic factors affecting values of real estate generally that may reasonably be expected to have a material impact, favorable or unfavorable, on Partnership revenues and investment property value.

Fiscal year ended December 31, 2023 as compared to fiscal year ended December 31, 2022:

Operating Rental Income: Operating rental income for the fiscal years ended December 31, 2023 and 2022 was $1.165 million and $1.611 million, respectively. The rental income was comprised of monthly lease obligations per the tenant leases and percentage rents obligations related to operating tenants who had reached their sales breakpoint. The decrease in 2023 compared to 2022 was due to the lower base rental income and percentage rent due to sales of Properties in each of 2022 and 2023.

The Partnership has begun the wind-up and liquidation process. Management expects to sell the three remaining Properties during calendar year 2024.

Partnership Management Fees Expense: Partnership management fees expense for the fiscal years ended December 31, 2023 and 2022 were $272,316. The General Partner receives a fee for managing the Partnership. See Note 5, Transactions with General Partner and Its Affiliates, for further information.

General and Administrative Expense: General and administrative expenses for the fiscal years ended December 31, 2023 and 2022 were $34,558 and $39,842, respectively. General and administrative expenses were comprised of management expense, state/city registration and annual report filing fees, office supplies and printing costs, outside storage expenses, copy/fax costs, postage and shipping expenses, long-distance telephone expenses, website fees, and bank fees. Total operating general and administrative expenses for the fiscal year ended December 31, 2022 were higher than in the fiscal year ended December 31, 2023, primarily due to higher postage, printing and filing fee expenses.

State Income Tax Expense: During the year ended December 31, 2023, the Partnership began accruing the estimated state tax due for each property sold. Because five Properties were sold during 2023, a total of $204,872 was accrued for payment of state tax that will be paid with the state tax returns filed during Q1 2024.

Professional Services: Professional services expenses for the fiscal years ended December 31, 2023 and 2022 were $130,889 and $240,302, respectively. Professional service expenses were primarily comprised of investor relations data processing, investor mailings processing, website design, legal, auditing and tax preparation fees, electronic tax filings, and SEC report conversion and processing fees. The costs in 2023 decreased due to switching investor relations firms and the related decrease in contract costs for the new investor relations services firm.

Cash Flow Analysis

Net cash flows provided by operating activities for the fiscal years ended December 31, 2023 and 2022 were $1,038,074 and $993,976, respectively. Cash flows from operating activities was lower in 2023 primarily due to the increase in net income year over year offset by the gain on the sale of the properties sold and the decrease in percentage rent receivable year over year.

Depreciation and amortization are non-cash items and do not affect the current operating cash flow of the Partnership or distributions to the limited partners.

Cash flows provided from investing activities for the fiscal years ended December 31, 2023 and 2022 were $13,409,990 and $1,448,425 and $584,379, respectively. The 2023 amount is largely comprised of proceeds from the sales of five Properties during 2023. The 2022 amount is largely comprised of proceeds from the sale of the Walton Way Property.

For the fiscal year ended December 31, 2023, cash flows used in financing activities were $14,439,555 and consisted of aggregate limited partner distributions of $14,411,721 and General Partner distributions of $27,834. For the fiscal year ended December 31, 2022, cash flows used in financing activities were $3,237,003 and consisted of aggregate limited partner distributions of $3,225,000 and General Partner distributions of $12,003. Both limited partner and General Partner distributions have been, and will continue to be, made in accordance with the Partnership Agreement.

Liquidity and Capital Resources

The Partnership's cash balance was $179,745 at December 31, 2023. Cash of approximately $35,514 is anticipated to be used in 2024 for the payment of quarter-end accrued liabilities which are included in the balance sheet.

The Partnership's principal demands for funds historically have been, and are expected to continue to be, for the payment of operating expenses and distributions. Management anticipates that cash generated through the operations of the Properties and potential sales of Properties will primarily provide the sources for future liquidity and limited partner distributions. The amount of cash to be distributed to our limited partners is determined by the General Partner and is dependent on a number of factors, including funds available for payment of distributions, payment of state income taxes and Partnership operating costs.

As of December 31, 2023 and 2022, the Properties were 100% leased. In addition, the Partnership collected 100% of its base rent due from current operating tenants for the years ended December 31, 2023 and 2022, which we believe is a good indication of overall tenant quality and stability.

All three remaining Properties, plus four out of the five properties sold during 2023, were/are operated as Wendy's fast food restaurants and are franchises of the International Wendy's Company. Operating base rents from these leases comprised approximately 91% of the total 2023 operating base rents included in operating rental income of the Partnership. During the year ended December 31, 2023, additional percentage rents totaled $145,120, all of which were unbilled and were accrued in relation to the Properties operated as Wendy's restaurants. Therefore, during 2023, the Partnership generated approximately 92% of its total operating revenues from the Properties.

Since the Properties are leased to restaurant tenants, the restaurant market is the major market segment with a material impact on Partnership operations. Historically, the success of customer marketing and the operating effectiveness of the Partnership's lessees will impact the Partnership's future operating success in a very competitive restaurant and food service marketplace. The Partnership is currently liquidating.

Off-Balance Sheet Arrangements

The Partnership does not have any off-balance sheet arrangements that are reasonably likely to have a current or future material effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources.

Disposition Policies

The General Partner may exercise its discretion as to whether and when to sell a Property, and there is no obligation to sell any of the Properties at any particular time, except upon the winding up and dissolution of the Partnership dissolution which is in process as, pursuant to the Partnership Agreement, the Partnership's scheduled term ended on November 30, 2023. As such, all three remaining Properties have been, and continue to be listed for sale since July, 2023. Management expects the three Properties to sell by the end of the third quarter in 2024.

Inflation

To the extent that tenants can pass through commodity inflation in their sales prices, the Partnership will benefit from additional percentage rent from increased sales. The majority of the Partnership's leases have percentage rental clauses. Revenues from operating percentage rentals represented 12% and 21% of operating rental income for the fiscal years ended December 31, 2023 and 2022. If, however, inflation causes sales to decrease, operating margins to deteriorate for lessees, or if expenses grow faster than revenues, then, inflation may well negatively impact the portfolio through tenant defaults.

Due to the "triple-net" nature of the property leases, asset values generally move inversely with interest rates.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

The Partnership is not subject to market risk as defined by Item 305 of Regulation S-K.

Item 8. Financial Statements and Supplementary Data

DIVALL INSURED INCOME PROPERTIES 2 LIMITED PARTNERSHIP
(A Wisconsin limited partnership)

INDEX TO FINANCIAL STATEMENTS AND SCHEDULE

BOULAY

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Partners
of DiVall Insured Income Properties 2 Limited Partnership

Opinion on the Financial Statements

We have audited the accompanying balance sheets of DiVall Insured Income Properties 2 Limited Partnership (the Partnership) as of December 31, 2023 and 2022, and the related statements of income, partners' capital and cash flows for the years then ended, and the related notes and schedules (collectively referred to as the financial statements). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Partnership as of December 31, 2023 and 2022, and the results of its operations and its cash flows for each of the years in the two-year period ended December 31, 2023, in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These financial statements are the responsibility of the Partnership's management. Our responsibility is to express an opinion on the Partnership's financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Partnership in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Partnership is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits, we are required to obtain an understanding of internal control over financial reporting, but not for the purpose of expressing an opinion on the effectiveness of the Partnership's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matters

Critical audit matters are matters arising from the current period audit of the financial statements that were communicated or required to be communicated to the audit committee and that (1) relate to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. We determined that there were no critical audit matters

/s/ Boulay PLLP

We have served as the Partnership's auditor since 2019.

Minneapolis, Minnesota
April 1, 2024

DIVALL INSURED INCOME PROPERTIES 2 LIMITED PARTNERSHIP

BALANCE SHEETS

ASSETS

	December 31, 2023	December 31, 2022
INVESTMENT PROPERTIES: **(Note 3)**		
Land	$ -	$ 1,944,934
Buildings	-	2,843,881
Accumulated depreciation	-	(2,843,881)
Net investment properties	-	1,944,934
Properties held for sale	725,765	250,859
OTHER ASSETS:		
Cash and cash equivalents	179,745	171,236
Investments held in Indemnification Trust **(Note 8)**	487,947	480,139
Security deposits escrow	17,356	59,464
Rents and other receivables	145,120	342,359
Prepaid state income tax	35,118	28,376
Deferred closing costs	31,291	12,413
Prepaid insurance	1,577	2,515
Deferred charges, net	89,906	258,394
Total other assets	988,060	1,354,896
Total assets	$ 1,713,825	$ 3,550,689

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

DIVALL INSURED INCOME PROPERTIES 2 LIMITED PARTNERSHIP

BALANCE SHEETS

LIABILITIES AND PARTNERS' CAPITAL

	December 31, 2023	December 31, 2022
LIABILITIES:		
Accounts payable and accrued expenses	$ 6,466	$ 36,619
Due to General Partner **(Note 5)**	29,048	2,090
Accrued state income tax	204,872	-
Distributions payable	234,495	-
Unearned rental income	-	53,114
Security deposits	17,230	52,320
Total liabilities	492,111	144,143
CONTINGENCIES AND COMMITMENTS **(Notes 7 and 8)**	-	-
PARTNERS' CAPITAL: **(Notes 1 and 4)**		
General Partner (1993-2023)		
Cumulative net income (retained earnings)	543,341	420,502
Cumulative cash distributions	(232,466)	(175,584)
Total general partners' capital	310,875	244,918
Limited Partners (46,280.3 interests outstanding at December 31, 2023 and 2022)		
Capital contributions	46,280,300	46,280,300
Offering costs	(6,921,832)	(6,921,832)
Cumulative net income (retained earnings)	60,156,589	47,995,656
Cumulative cash distributions	(97,763,989)	(83,352,268)
Total limited partners' capital	1,751,068	4,001,856
Former General Partner (1987-1993)		
Cumulative net income (retained earnings)	707,513	707,513
Cumulative cash distributions	(1,547,742)	(1,547,742)
Total former general partners' capital	(840,229)	(840,229)
Total partners' capital	1,221,714	3,406,545
Total liabilities and partners' capital	$ 1,713,825	$ 3,550,689

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

DIVALL INSURED INCOME PROPERTIES 2 LIMITED PARTNERSHIP

STATEMENTS OF INCOME

For the Years Ended December 31, 2023 and 2022

	2023	2022
OPERATING REVENUES:		
Rental income	$ 1,164,512	$ 1,611,173
TOTAL OPERATING REVENUES	1,164,512	1,611,173
EXPENSES:		
Partnership management fees **(Note 5)**	272,316	272,316
Insurance	2,732	6,188
General and administrative	34,558	39,842
State income tax expense	237,520	80,628
Advisory Board fees and expenses	6,000	7,000
Professional services	130,889	240,302
Amortization	168,488	43,254
TOTAL OPERATING EXPENSES	852,503	689,530
OTHER INCOME		
Other interest income	23,993	446
Other income	-	44,495
Gain on sale of Property	11,947,770	1,103,208
TOTAL OTHER INCOME	11,971,763	1,148,149
NET INCOME	12,283,772	2,069,792
NET INCOME- GENERAL PARTNER	122,839	20,697
NET INCOME- LIMITED PARTNERS	$ 12,160,933	$ 2,049,095
PER LIMITED PARTNERSHIP INTEREST,		
Based on 46,280.3 interests outstanding:		
NET INCOME PER LIMITED PARTNERSHIP INTEREST (BASIC AND DILUTED)	$ 262.77	$ 44.28

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

DIVALL INSURED INCOME PROPERTIES 2 LIMITED PARTNERSHIP

STATEMENTS OF PARTNERS' CAPITAL

For the Years Ended December 31, 2023 and 2022

	General Partner			Limited Partners					
	Cumulative Net Income	Cumulative Cash Distributions	Total	Capital Contributions, Net of Offering Costs	Cumulative Net Income	Cumulative Cash Distribution	Reallocation	Total	Total Partners' Capital
BALANCE AT DECEMBER 31, 2022	$ 420,502	$ (175,584)	$ 244,918	$ 39,358,468	$47,995,656	$(83,352,268)	$ (840,229)	$ 3,161,627	$ 3,406,545
2023 Net Income	122,839	-	122,839	-	12,160,933	-	-	12,160,933	12,283,772
Distributions declared	-	(56,882)	(56,882)	-	-	(14,411,721)	-	(14,411,721)	(14,468,603)
BALANCE AT DECEMBER 31, 2023	$ 543,341	$ (232,466)	$ 310,875	$ 39,358,468	$60,156,589	$(97,763,989)	$ (840,229)	$ 910,839	$ 1,221,714
BALANCE AT DECEMBER 31, 2021	$ 399,805	$ (166,024)	$ 233,781	$ 39,358,468	$45,946,561	$(80,127,268)	$ (840,229)	$ 4,337,532	$ 4,571,313
2022 Net Income	20,697	-	20,697	-	2,049,095	-	-	2,049,095	2,069,792
Distributions declared	-	(9,560)	(9,560)	-	-	(3,225,000)	-	(3,225,000)	(3,234,560)
BALANCE AT DECEMBER 31, 2022	$ 420,502	$ (175,584)	$ 244,918	$ 39,358,468	$47,995,656	$(83,352,268)	$ (840,229)	$ 3,161,627	$ 3,406,545

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

DIVALL INSURED INCOME PROPERTIES 2 LIMITED PARTNERSHIP

STATEMENTS OF CASH FLOWS

For the Years Ended December 31, 2023 and 2022

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	$ 12,283,772	$ 2,069,792
Adjustments to reconcile net income to net cash from operating activities:		
Depreciation and amortization	168,488	43,254
Gain on sale of Properties	(11,947,770)	(1,103,208)
Changes in operating assets and liabilities:		
Decrease in rents and other receivables	197,239	24,114
Decrease (increase) in security deposit escrow	42,108	(39)
Decrease in prepaid insurance	938	3,170
(Decrease) increase in accounts payable and accrued expenses	(30,153)	9,412
Increase in accrued state income tax	204,872	-
Prepaid state income tax	(6,743)	(28,376)
Prepaid rent	(53,114)	(20,777)
Deferred closing costs	(18,878)	3,654
Distributions payable	234,495	-
Security deposit refund	(35,090)	(7,020)
Due to general partner	(2,090)	-
Net cash provided from operating activities	$ 1,038,074	$ 993,976
CASH FLOWS USED IN INVESTING ACTIVITIES:		
Interest applied to Indemnification Trust account	(7,808)	(115)
Proceeds from sale of Property, net	13,417,798	1,448,540
Net cash provided from investing activities	$ 13,409,990	$ 1,448,425
CASH FLOWS FROM FINANCING ACTIVITIES:		
Cash distributions to Limited Partners	$ (14,411,721)	$ (3,225,000)
Cash distributions to General Partner	(27,834)	(12,003)
Net cash used in financing activities	$ (14,439,555)	$ (3,237,003)
NET INCREASE (DECREASE) IN CASH	8,509	(794,602)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	171,236	965,838
CASH AND CASH EQUIVALENTS AT END OF YEAR	$ 179,745	$ 171,236
Supplemental disclosure of cash flow information		
Noncash investing activities		
Distributions accrued, not yet paid	$ 263,543	$ 2,090

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

DIVALL INSURED INCOME PROPERTIES 2 LIMITED PARTNERSHIP

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023 AND 2022

1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES:

DiVall Insured Income Properties 2 Limited Partnership (the "Partnership") was formed on November 20, 1987, pursuant to the Uniform Limited Partnership Act of the State of Wisconsin. The initial capital, contributed during 1987, consisted of $300, representing aggregate capital contributions of $200 by the former general partners and $100 by the initial Limited Partner. A subsequent offering of limited partnership interests closed on February 22, 1990, with 46,280.3 units of limited partnership interests ("Interests") having been sold in that offering, resulting in total proceeds to the Partnership, net of underwriting compensation and other offering costs, of $39,358,468.

The Partnership is currently beginning its liquidation process per the terms of Partnership Agreement as the Partnership's term expired November 30, 2023. The Partnership had been in the business of owning and operating its investment portfolio of commercial real estate properties (the "Properties") since the late 1980's. The Partnership has sold six Properties in the last two years. The three remaining Properties are leased on a triple net basis to, and operated by, franchisees of the International Wendy's Company under leases with terms through December 31, 2040. As of December 31, 2023, the Partnership owned three Properties, which are all located in South Carolina.

During the 2020 consent solicitation process, the Limited Partners approved two separate amendments to the Partnership Agreement. The amendments served to: (i) extend the term of the Partnership by three (3) years to November 30, 2023, and (ii) permit the General Partner to effect distributions at times that it deems appropriate, but no less often than semi-annually.

Significant Accounting Policies

Financial Statement Presentation

The accounts of the Partnership are maintained on the accrual basis of accounting for financial statement purposes.

Accounting Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities (and disclosure of contingent assets and liabilities) at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Significant items, subject to such estimates and assumptions, include the carrying value of real estate held for investment.

Cash Equivalents

All highly liquid investments with maturities of three months or less at the date of purchase are classified as cash equivalents.

Cash Concentrations of Credit Risk

The Partnership generally maintains cash in federally insured accounts which, at times, may exceed federally insured limits. The Partnership has not experienced any losses in such accounts and does not believe it is exposed to any significant credit risk.

Financial instruments that potentially subject the Partnership to significant concentrations of credit risk consist primarily of cash investments and leases. As of December 31, 2023, the Partnership's three Properties are leased to three significant tenants, Wendgusta, LLC ("Wendgusta"), JAI Augusta, LLC ("JAI Augusta") and JAI Hospitality RG, LLC ("JAI Hospitality"), all three of whom are Wendy's restaurant franchisees. The property lease (s) for these three tenants comprised approximately 91% of the Partnership's total 2023 operating base rents reflected for the year ended December 31, 2023.

Rent and Other Receivables

Rents and other receivables are comprised of billed but uncollected amounts due for monthly rents and other charges and amounts due for scheduled rent increases for which rentals have been earned and will be collected in the future under the terms of the leases. Receivables are recorded at management's estimate of the amounts that will be collected.

As of December 31, 2023 and 2022 there were no values for allowance for credit losses based on an analysis of specific accounts and historical experience.

Revenue Recognition

Rental revenue from investment properties is recognized on the straight-line basis over the life of the respective lease when collectability is reasonably assured. Percentage rents are accrued only when the tenant has reached the sales breakpoint stipulated in the lease and collectability is reasonably assured.

Original lease terms for the majority of the leased Properties were generally five to 20 years from their inception. The leases generally provide for minimum rents and additional rents based upon percentages of gross sales in excess of specified breakpoints. The lessee is responsible for occupancy costs such as maintenance, insurance, real estate taxes, and utilities. Accordingly, these amounts are not reflected in the statements of income except in circumstances where, in the General Partner's opinion, the Partnership will be required to pay such costs to preserve its assets (i.e., payment of past-due real estate taxes). Management has determined that the leases are properly classified as operating leases; therefore, rental income is reported when earned on a straight-line basis and the cost of the property, excluding the cost of the land, is depreciated over its estimated useful life.

As of December 31, 2023, the aggregate minimum operating lease payments to be received under the current operating leases for the Properties are as follows:

Year ending December 31,

2024	$	470,348
2025		470,348
2026		470,348
2027		470,348
2028		470,348
Thereafter		5,644,176
Total	$	7,995,916

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2014-09 regarding ASC Topic 606, Revenue from Contracts with Customers. This standard was developed to enable financial statement users to better understand the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers. The update's core principle is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Entities are to use a five-step contract review model to ensure revenue is recognized, measured and disclosed in accordance with this principle. Those steps include the following: (i) identify the contract with the customer, (ii) identify the performance obligations in the contract, (iii) determine the transaction price, (iv) allocate the transaction price to each performance obligation in the contract, and (v) recognize revenue when or as the entity satisfies a performance obligation.

Income Taxes

No provision for federal income taxes has been made, as any liability for such taxes would be that of the individual partners rather than the Partnership.

At December 31, 2023, the tax basis of the Partnership's assets exceeded the amounts reported in the December 31, 2023 financial statements by approximately $6,732,699

The following represents an unaudited reconciliation of net income as stated on the Partnership statements of income to net income for tax reporting purposes:

	2023 (Unaudited)	2022 (Unaudited)
Net income, per statements of income	$ 12,283,772	$ 2,069,792
Book to tax depreciation difference	-	-
Tax over (under) book gain from asset disposition	74,684	16,493
Book to tax amortization difference	156	49
Prepaid rent	(53,114)	(20,777)
Nondeductible expenses	29,092	
State tax deduction	200,260	-
Net income for tax reporting purposes	$ 12,534,850	$ 2,065,557

The Partnership is not subject to federal income tax because its income and losses are includable in the tax returns of its partners but may be subject to certain state taxes. FASB has provided guidance for how uncertain tax positions should be recognized, measured, disclosed and presented in the financial statements. This requires the evaluation of tax positions taken or expected to be taken in the course of preparing the entity's tax returns to determine whether the tax positions are more-likely-than-not to be sustained when challenged or when examined by the applicable taxing authority. Management has determined that there were no material uncertain income tax positions. Tax returns filed by the Partnership generally are subject to examination by U.S. and state taxing authorities for the years ended after December 31, 2020.

Ohio – Commercial Activities Tax CAT

The Commercial Activity Tax (CAT) is an annual tax imposed on the privilege of doing business in Ohio, measured by gross receipts from business activities in Ohio. Businesses with Ohio taxable gross receipts of $150,000 or more per calendar year are subject to the CAT tax. Such "taxable gross receipts", include i) gross rents and royalties from real property located in Ohio, and ii) gross receipts from the sale of real property located in Ohio. For calendar years 2006 and thereafter, the first $1 million in taxable gross receipts are taxed at $150, thereafter at a rate of 0.2600%. For tax years prior to December 31, 2013, there is an annual minimum tax (AMT) of $150.

The Partnership has gross receipts in excess of $150,000 for the period ended December 31, 2023 so, the CAT tax of $150 is applicable to the Partnership for the period indicated.

Reportable Segments

The Partnership considers its operations to be in only one segment, the operation of a portfolio of commercial real estate leased on a triple net basis, and therefore no segment disclosure is made.

Investment Properties and Properties Held for Sale

Depreciation of the Properties is provided on a straight-line basis over the estimated useful lives of the buildings and improvements.

Deferred charges represent leasing commissions paid when the Properties are leased and upon the negotiated extension of a lease. Leasing commissions are capitalized and amortized over the term of the lease. As of December 31, 2023 and 2022, accumulated amortization amounted to $45,140 and $82,703, respectively. Leasing commissions of $206,051 related to Properties that were sold were removed from the balance sheet in 2023.

If the Partnership makes the decision to sell a Property, it is reclassed from investment properties to properties held for sale. When properties are considered held for sale, depreciation of the properties is discontinued, and the properties are valued at the lower of the depreciated cost or fair value, less costs to dispose. If circumstances arise that were previously considered unlikely, and, as a result, the property previously classified as held for sale is no longer to be sold, the property is reclassified as held and used. Such property is measured at the lower of its carrying amount (adjusted for any depreciation and amortization expense that would have been recognized had the property been continuously classified as held and used) or fair value at the date of the subsequent decision not to sell.

Assets are classified as held for sale, generally, when all criteria within GAAP applicable to “Accounting for the Impairment or Disposal of Long Lived Assets” have been met.

Property held for sale

The Martintown Rd Property in North Augusta, SC was listed for sale on December 22, 2021 and the listing contract expired in 2023. The Property was sold without agency directly to the tenant on March 31, 2023.

The remaining three Wendy’s Properties were listed for sale on July 12, 2023.

The components of the properties held for sale in the condensed balance sheets as of December 31, 2023 and December 31, 2022 are outlined below:

	December 31, 2023	December 31, 2022
Balance Sheet:		
Land	$ 725,765	$ 250,859
Building	1,810,991	409,297
Accumulated Depreciation	(1,810,991)	(409,297)
Properties held for sale	$ 725,765	$ 250,859

The Partnership periodically reviews its long-lived assets, primarily real estate, for impairment whenever events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable. The Partnership’s review involves comparing current and future operating performance of the assets, the most significant of which is undiscounted operating cash flows, to the carrying value of the assets. Based on this analysis, a provision for possible loss would be recognized, if any. There were no adjustments to carrying values for the fiscal years ended December 31, 2023 and 2022.

Fair Value Measurements

FASB guidance on “Fair Value Measurements and Disclosure” defines fair value, establishes a framework for measuring fair value and enhances disclosures about fair value measures required under other accounting pronouncements, but does not change existing guidance as to whether or not an instrument is carried at fair value. See Note 9 for further disclosure.

GAAP applicable to disclosure about fair value of financial instruments requires entities to disclose the fair value of all financial assets and liabilities for which it is practicable to estimate. Fair value is defined as the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The General Partner believes that the carrying value of the Partnership’s assets (exclusive of the Properties) and liabilities approximate fair value due to the relatively short maturity of these instruments.

2. RECENTLY ISSUED ACCOUNTING PRINCIPLES

None that would have a significant impact on the Partnership.

3. INVESTMENT PROPERTIES:

The total cost of the Properties includes the original purchase price plus acquisition fees and other capitalized costs paid to an affiliate of the former general partners of the Partnership.

As of December 31, 2023, the Partnership owned three Properties, all of which contained fully constructed Wendy's restaurants. The Properties are all located in South Carolina and are included in Properties held for sale.

4. PARTNERSHIP AGREEMENT:

The Limited Partnership Agreement, as amended from time to time (collectively, the "Partnership Agreement") was amended, effective as of October 20, 2020, to extend the term of the Partnership to November 30, 2023, or until dissolution prior thereto pursuant to the consent of the majority of the outstanding limited partnership interests.

Under the terms of the Partnership Agreement, net profits or losses from operations are allocated 99% to the limited partners and 1% to the current General Partner. The agreement also provided for distributions from Net Cash Receipts, as defined, to be made 99% to limited partners and 1% to the current General Partner, provided that quarterly distributions are cumulative and are not to be made to the current General Partner unless and until each limited partner has received a distribution from Net Cash Receipts in an amount equal to 10% per annum, cumulative simple return on his or her Adjusted Original Capital, as defined, from the Return Calculation Date, as defined, except to the extent needed by the General Partner to pay its federal and state income taxes on the income allocated to it attributable to such year.

The provisions regarding distribution of Net Proceeds, as defined, provide that Net Proceeds are to be distributed as follows: (a) to the limited partners, an amount equal to 100% of their Adjusted Original Capital; (b) then, to the limited partners, an amount necessary to provide each limited partner a liquidation preference equal to a 13.5% per annum, cumulative simple return on Adjusted Original Capital from the Return Calculation Date including in the calculation of such return on all prior distributions of Net Cash Receipts and any prior distributions of Net Proceeds under this clause, except to the extent needed by the General Partner to pay its federal and state income tax on the income allocated to it attributable to such year; and (c) then, to limited partners, 99%, and to the General Partner, 1%, of remaining Net Proceeds available for distribution.

During the 2020 consent solicitation process, the Limited Partners approved two separate amendments to the Partnership Agreement. The amendments served to: (i) extend the term of the Partnership by three (3) years to November 30, 2023, and (ii) permit the General Partner to effect distributions at times that it deems appropriate, but no less often than semi-annually.

5. TRANSACTIONS WITH GENERAL PARTNER AND ITS AFFILIATES:

Pursuant to the terms of the Permanent Manager Agreement (the "PMA") executed in 1993 and renewed for an additional two-year term as of January 1, 2023, the General Partner receives a Base Fee for managing the Partnership equal to four percent of gross receipts, subject to an initial annual minimum amount of $159,000. The PMA also provides that the Partnership is responsible for reimbursement of the General Partner for office rent and related office overhead ("Expenses") up to an initial annual maximum of $13,250. Both the Base Fee and Expense reimbursement are subject to annual Consumer Price Index based adjustments. Effective March 1, 2021, Management has elected to roll back the last five years of CPI increases to their 2016 level and suspend any future CPI adjustments. Therefore, as of March 1, 2021, the minimum annual Base Fee paid by the Partnership was decreased to $272,316 and the maximum annual Expenses reimbursement remained at $23,256.

For purposes of computing the four percent overall fees, gross receipts include amounts recovered in connection with the misappropriation of assets by the former general partners and their affiliates. The fees received from the Partnership on the amounts recovered reduce the four percent minimum fee by that same amount.

Amounts paid and/or accrued to the General Partner and its affiliates for the years ended December 31, 2023 and 2022, are as follows:

	Incurred for the Year ended December 31, 2023	Incurred for the Year ended December 31, 2022
General Partner		
Management fees (including non-contractual assumption of independent financial services)	$ 272,316	$ 272,316
Overhead allowance	23,256	23,256
Sales commissions	267,899	34,822
Reimbursement for out-of-pocket expenses	2,500	2,500
Distributions declared	56,882	9,560
Amounts paid and/or accrued to General Partner	$ 622,853	$ 342,454

At December 31, 2023 and 2022, $29,048 and $2,090, respectively, were the distributions payable to the General Partner.

6. TRANSACTIONS WITH OWNERS WITH GREATER THAN TEN PERCENT BENEFICIAL INTERESTS:

As of December 31, 2023, an Advisory Board Member, Jesse Small, beneficially owns greater than ten percent of the Partnership's outstanding limited partnership interests. Amounts paid to Mr. Small for the fiscal years ended December 31, 2023 and 2022 are as follows:

	December 31, 2023	December 31, 2022
Advisory Board Fees paid	$ 3,000	$ 3,500
	$ 3,000	$ 3,500

At December 31, 2023 and 2022, there were no outstanding Advisory Board fees accrued and payable to Mr. Small.

7. CONTINGENT LIABILITIES:

According to the Partnership Agreement, TPG, as General Partner of the Partnership, may receive a disposition fee not to exceed three percent of the contract price on the sale of the properties of the Partnership and two affiliated publicly registered limited partnerships, DiVall Insured Income Fund Limited Partnership ("DiVall 1"), which was dissolved December 1998, and DiVall Income Properties 3 Limited Partnership, which was dissolved in December 2003 ("DiVall 3"), and together with the Partnership and DiVall 1, the "three original partnerships"). In addition, fifty percent of all such disposition fees earned by TPG were to be escrowed until the aggregate amount of recovery of the funds misappropriated from the three original partnerships by the former general partners was greater than $4,500,000. Upon reaching such recovery level, full disposition fees would thereafter be payable and fifty percent of the previously escrowed amounts would be paid to TPG. At such time as the recovery exceeded $6,000,000 in the aggregate, the remaining escrowed disposition fees were to be paid to TPG. If such levels of recovery were not achieved, TPG would contribute the amounts escrowed toward the recovery until the three original partnerships were made whole. In lieu of a disposition fee escrow, fifty percent of all such disposition fees previously discussed were paid directly to a restoration account and then distributed among the three original partnerships; whereby the three original partnerships recorded the recoveries as income. After the recovery level of $4,500,000 was exceeded, fifty percent of the total disposition fee amount paid to the three original partnerships recovery through the restoration account (in lieu of the disposition fee escrow) was refunded to TPG during March 1996. The remaining fifty percent amount allocated to the Partnership through the restoration account, and which was previously reflected as Partnership recovery income, may be owed to TPG if the $6,000,000 recovery level is met. As of December 31, 2023, the Partnership may owe TPG $16,296 if the $6,000,000 recovery level is achieved. TPG does not expect any future refund, as it is uncertain that such a $6,000,000 recovery level will be achieved.

7. CONTINGENT LIABILITIES (cont'd):

As per the Partnership Agreement, it has been the consistent practice of the Partnership to compensate the General Partner ("G.P.") for leasing and property sales commissions. To the extent a particular property is sold, any unamortized leasing commissions earned previously by the G.P. for a property is applied as a reduction to the sales commission due the G.P.

During 2021, six (6) Wendy's leases were extended twenty (20) years through 2040 with significant increases in fixed rents. Such extended terms and future rentals are subject to market leasing commissions for the G.P. not to exceed 3%, subject to the G.P.'s discretion.

Although the lease terms were extended twenty (20) years through December 31, 2040 and a 3% commission would equate to $609,138 on guaranteed fixed rentals, the G.P. believes a market negotiation would limit any lease commission to the first 10 years of term. Accordingly, the commission for ten (10) years would equate to $304,569 payable on the commencement date of the extended term as of January 1, 2021. However, it is the policy of the Partnership to reduce extended commissions due by the unamortized balance of deferred leasing commissions previously paid. In the instant case, the unamortized balance remaining at December 31, 2020 for the previous term through November 6, 2026 for the six (6) properties was $81,935; which reduces the commission due on January 1, 2021 to $222,634. If these properties are sold in two years the only amortized commission would be $44,526 and the balance paid of $178,108 would reduce the future property sales commissions earned by $178,108. The Partnership made installment payments to the G.P. during 2021 to satisfy the obligation.

The impact of the General Partner initiated policy of reducing sales commissions (up to 3% of sales price) by the unamortized leasing commissions at date of sale can be summarized below:

Property	TPG Sales Commission Paid (Net of unamortized leasing commission) Amount	Percentage
2022 Sales		
Walton Way	$ 34,821.79	2.18%
2023 Sales		
Martintown Rd	$ 31,012.68	2.30%
Mt Pleasant, SC	66,225.91	2.06%
Applebee's	21,250.00	1.00%
Peach Orchard	77,282.53	2.02%
Whiskey Rd	72,128.03	1.90%
	$ 267,899.15	

Had leasing commissions been paid on the full twenty-year extension terms of the six (6) extended Wendy's leases, there would have been only, approximately, a 1% sales commission due on the five (5) Wendy's sold in 2023 after the related unamortized leasing commissions.

These commission terms were negotiated in 1993 in exchange for eliminating the 10% General Partner distribution percentage from the Partnership Agreement as then in effect.

8. PMA INDEMNIFICATION TRUST:

The PMA provides that TPG will be indemnified from any claims or expenses arising out of, or relating to, TPG serving as the General Partner, so long as such claims do not arise from fraudulent or criminal misconduct by TPG. The PMA provides that the Partnership fund this indemnification obligation by establishing a reserve of up to $250,000 of Partnership assets which would not be subject to the claims of the Partnership's creditors. An Indemnification Trust ("Trust") serving such purposes has been established at United Missouri Bank, N.A. The corpus of the Trust has been fully funded with Partnership assets. Funds are invested in U.S. Treasury securities. In addition, $230,139 of earnings has been credited to the Trust as of December 31, 2023. The rights of TPG to the Trust will be terminated upon the earliest to occur of the following events: (i) the written release by TPG of any and all interest in the Trust; (ii) the expiration of the longest statute of limitations relating to a potential claim which might be brought against TPG and which is subject to indemnification; or (iii) a determination by a court of competent jurisdiction that TPG shall have no liability to any person with respect to a claim which is subject to indemnification under the PMA. At such time as the indemnity provisions expire or the full indemnity is paid, any funds remaining in the Trust will revert back to the general funds of the Partnership.

9. FAIR VALUE DISCLOSURES:

The Partnership has determined the fair value based on hierarchy that gives the highest priority to quoted prices in active markets for identical assets and liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). Inputs are broadly defined as assumptions market participants would use in pricing an asset or liability. The three levels of the fair value hierarchy under the accounting principle are described below:

Level 1. Quoted prices in active markets for identical assets or liabilities.

Level 2. Quoted prices for similar investments in active markets, quoted prices for identical or similar investments in markets that are not active, and inputs other than quoted prices that are observable for the investment.

Level 3. Unobservable inputs for which there is little, if any, market activity for the investment. The inputs into the determination of fair value are based upon the best information in the circumstances and may require significant management judgment or estimation and the use of discounted cash flow models to value the investment.

The fair value hierarchy is based on the lowest level of input that is significant to the fair value measurements. The Partnership's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the investment. The assets held in the indemnification trust account are invested in one year treasury bills which are measured using level 1 fair value inputs.

Except for the U.S. Treasury securities held by the PMA Indemnification Trust which are Level 1 securities, the Partnership did not have any assets or liabilities measured at fair value on a recurring or nonrecurring basis at December 31, 2023 and 2022.

10. SUBSEQUENT EVENTS

We have reviewed all material events through the date of the issuance of this report in accordance with ASC 855-10.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

See Item 14.

Item 9A. Control and Procedures

Disclosure Controls and Procedures.

Under the supervision and with the participation of management, including the persons performing the functions of principal executive officer and principal financial officer of the Partnership, evaluated the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rule 13a-15(e) under the Securities Exchange Act of 1934 (the "Exchange Act")), and, based upon that evaluation, concluded that, as of the end of the period covered by this report, our disclosure controls and procedures were effective in ensuring that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in applicable rules and forms and that such information is accumulated and communicated to management in a manner that allows timely decisions regarding required disclosure.

(b) Internal Control Over Financial Reporting. The General Partner, through its management, is responsible for establishing and maintaining adequate internal control over our financial reporting, as defined in Rule 13a-15(f) under the Exchange Act, and for performing an assessment of the effectiveness of our internal control over financial reporting as of December 31, 2023. Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with US GAAP. Our system of internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with US GAAP, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management of the General Partner; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Management of the General Partner performed an assessment of the effectiveness of our internal control over financial reporting as of December 31, 2023 based upon criteria in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"). Based on our assessment, management of the General Partner determined that our internal control over financial reporting was effective as of December 31, 2023 based on the criteria in Internal Control-Integrated Framework (2013) issued by the COSO.

This annual report does not include an attestation report of our registered public accounting firm regarding internal control over financial reporting. Management's report was not subject to attestation by our registered public accounting firm pursuant to rules of the Securities and Exchange Commission that permit us to provide only management's report in this annual report.

(ii) During the most recent period covered by this report, there has been no change in our internal control over financial reporting (as defined in Rule 13a-15(f) under the Exchange Act) that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

Item 9B. Other Information

During the fiscal quarter ended December 31, 2023, none of the General Partner, nor any affiliate thereof, adopted or terminated any contract, instruction or written plan for the purchase or sale of any of the Partnership's securities that was intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) or any "non-Rule 10b5-1 trading arrangement."

Item 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections

None.

PART III

Item 10. Directors and Executive Officers of the Registrant

The Partnership itself does not have any employees, executive officers or directors and, therefore, has no board committees.

The General Partner of the Partnership is TPG. TPG's principal office is located at 1900 W 75th Street, Suite 100, Prairie Village, Kansas 66208. TPG was elected General Partner by vote of the Limited Partners effective on May 26, 1993. Prior to such date, TPG had been managing the Partnership since February 8, 1993, under the terms of the PMA, which remains in effect. See Items 1 and 13 hereof for additional information about the PMA and the election of TPG as General Partner.

The executive officer and director of the General Partner who controls the affairs of the Partnership is:

Bruce A. Provo, Age –73 - President, Founder and Director, TPG.

Mr. Provo has been involved in the management of real estate and other asset portfolios since 1979. TPG was founded by Mr. Provo in 1985 and he has served as its President since its formation. TPG's focus has been to provide professional real estate services to outside clients. Since the founding of TPG in 1985, Mr. Provo has also founded various entities engaged in unique businesses such as Rescue Services, Owner Representation, Asset Management, Managed Financial and Accounting Systems, Investments, and Virtual Resort Services. The entities are generally grouped under an informal umbrella known as The Provo Group of Companies. Since TPG was appointed General Partner to the Partnership in 1993, Mr. Provo has been primarily responsible for making management, leasing and disposition decisions on behalf of the Partnership.

From 1982 to 1986, Mr. Provo also served as President and Chief Operating Officer of the North Kansas City Development Company ("NKCDC"), North Kansas City, Missouri. NKCDC was founded in 1903 and the assets of the company were sold in December 1985 for $102,500,000. NKCDC owned commercial and industrial properties, including an office park and a retail district, as well as apartment complexes, motels, recreational facilities, fast food restaurants, and other properties. NKCDC's holdings consisted of over 100 separate properties and constituted approximately 20% of the privately held real property in North Kansas City, Missouri (a four-square mile municipality). Following the sale of the company's real estate, Mr. Provo served as the President, Chief Executive Officer and Liquidating Trustee of NKCDC from 1986 to 1991.

Mr. Provo graduated from Miami University, Oxford, Ohio in 1972 with a B.S. in Accounting. He became a Certified Public Accountant in 1974 and was a manager in the banking and financial services division of Arthur Andersen LLP prior to joining Rubloff Development Corporation in 1979. From 1979 through 1985, Mr. Provo served as Vice President - Finance and then as President of Rubloff Development Corporation.

The members of the Advisory Board of the Partnership are identified below. The Advisory Board provides guidance to management of the Partnership; however, it does not have the express power or authority to oversee and direct the operations of the Partnership and its members are not deemed "Directors" or "Executive Officers" of the Partnership.

Jesse Small – CPA. Mr. Small has been a tax and business consultant in Hallandale, FL for more than 30 years. Mr. Small has a Master's Degree in Economics. Mr. Small is a Limited Partner, and the Partnership believes that as an Advisory Board member, he generally represents the views of Limited Partners. During the past five years after retiring from the accounting profession, Mr. Small has been developing property on the east and west coast of Florida.

Albert Kramer - Retired. Mr. Kramer is now retired, but previously worked as Tax Litigation Manager for Phillips Petroleum Company, now known as ConocoPhillips. His education includes undergraduate and MBA degrees from Harvard and a J.D. Degree from South Texas College of Law. Mr. Kramer is a Limited Partner, and the Partnership believes that as an Advisory Board member he generally represents the views of Limited Partners.

Code of Ethics

The Partnership has no executive officers or any employees and, accordingly, has not adopted a formal code of ethics.

Mr. Provo and TPG require that all personnel, including all employees, officers and directors of TPG: engage in honest and ethical conduct; ensure full, fair, accurate, timely and understandable disclosure; comply with all applicable governmental laws, rules and regulations; and report to Mr. Provo any deviation from these principles. Because TPG has two employees (including Mr. Provo), and because Mr. Provo is the ultimate decision maker in all instances, TPG has not adopted a formal code of ethics. Mr. Provo, as Chief Executive Officer and Chairman of the Board of Directors of TPG, negotiates and resolves all conflicts to the best of his ability and determines appropriate actions if necessary to deter violations and promote accountability, consistent with his fiduciary obligations to TPG and the fiduciary obligations of TPG to the Partnership.

Delinquent Section 16(a) Reports

Section 16(a) of the Exchange Act requires persons performing the functions of directors, executive officers, and persons who beneficially own more than ten percent of a registered class of our equity securities to file with the SEC initial reports of ownership and reports of changes in ownership of common stock and other equity securities of the Company. Executive officers, directors and greater than ten percent stockholders are required by SEC regulations to furnish us with copies of all Section 16(a) forms they file.

To our knowledge, based solely upon a review of Forms 3 and 4 and amendments thereto furnished to us during the fiscal year ended December 31, 2023, Forms 5 and any amendments thereto furnished to us with respect to the fiscal year ended December 31, 2023, and the representations made by the reporting persons to us, we believe that during the fiscal year ended December 31, 2023, our executive officers and directors and all persons who own more than ten percent of a registered class of our equity securities complied with all Section 16(a) filing requirements.

Item 11. Executive Compensation

The Partnership has not paid any executive compensation to the General Partner or to the directors and officers of the General Partner. The person that performs the role of principal financial officer of the Partnership is a consultant to the General Partner and receives fees from the General Partner (but not directly from the Partnership) pursuant to that relationship. The General Partner's participation in the income of the Partnership is set forth in the Partnership Agreement, as amended. The General Partner received management fees and expense reimbursements during the year.

See Item 13, below, and Note 5 to the Financial Statements in Item 8 hereof for further discussion of payments by the Partnership to the General Partner and the former general partners. The principal executive officer of the General Partner is not directly compensated by the Partnership for controlling the affairs of the Partnership.

Item 12. Security Ownership of Certain Beneficial Owners and Management

(a) The following table sets forth certain information with respect to such beneficial ownership of the Partnership as of March 1, 2024. Based on information known to the Partnership or filed by limited partners with the SEC, the following persons are known to beneficially own 5% or more of the outstanding Interests as follows:

Title of Class	Name and Address of Beneficial Owner	Interests Beneficially Owned	Percentage of Interests Outstanding (1)
Limited Partnership Interest	Jesse Small 401 NW 10th Terrace Hallandale, FL33009	7,519.94	16.25%
Limited Partnership Interest	Ira Gaines 1819 E. Morten Ave. Suite 180 Phoenix, AZ 85020	4,160.03	8.99%
Limited Partnership Interest	Barry Zemel 1819 E. Morten Ave. Suite 180	2,882.20	6.23%

(1) Based on 46,280.3 Interests outstanding as of March 1, 2024.

(b) As of March 1, 2024, the General Partner and the person who performs the functions of the principal executive officer of the General Partner did not beneficially own any Interests.

(c) Management knows of no contractual arrangements, the operation or the terms of which may at a subsequent date result in a change of control of the Partnership, except for provisions in the PMA.

Item 13. Certain Relationships and Related Transactions and Director Independence

Pursuant to the terms of the PMA, the General Partner receives a Base Fee for managing the Partnership equal to four percent of gross receipts, subject to a $159,000 minimum, annually. The PMA also provides that the Partnership is responsible for reimbursement for office rent and related office overhead ("Expenses") up to a maximum of $13,250 annually. Both the Base Fee and Expense reimbursement are subject to annual Consumer Price Index based adjustments. Effective March 1, 2021, the General Partner elected to roll back the last five years of CPI increases to their 2016 level and suspend any future CPI adjustments. Therefore, as of March 1, 2021, the minimum annual Base Fee paid by the Partnership was decreased to $272,316 and the maximum annual Expenses reimbursement remained at $23,256.

Additionally, TPG, or its affiliates, are allowed up to one-half of the commissions customarily charged by other brokers in arm's-length sales transactions involving comparable properties in the same geographic area, but such TPG commissions are not to exceed three percent of the contract price on the sale of an investment property. The payment of a portion of such fees is subordinated to TPG's success at recovering the funds misappropriated by the former general partners. See Note 7 to the financial statements for further information.

The PMA had an original expiration date of December 31, 2002. The term of the PMA has been extended multiple times and is currently set to expire on December 31, 2024. The PMA can be terminated earlier (a) by a vote at any time by a majority in interest of the Limited Partners, (b) upon the dissolution and winding up of the Partnership, (c) upon the entry of an order of a court finding that TPG has engaged in fraud or other like misconduct or has shown itself to be incompetent in carrying out its duties under the Partnership Agreement, or (d) upon sixty (60) days written notice from TPG to the Limited Partners of the Partnership. Upon termination of the PMA, other than by the voluntary action of TPG, TPG will be paid a termination fee of one month's Base Fee allocable to the Partnership, subject to a minimum of $13,250. In the event that TPG is terminated by action of a substitute general partner, TPG shall also receive, as part of this termination fee, 4% of any proceeds recovered with respect to the obligations of the former general partners, whenever such proceeds are collected.

Under the PMA, TPG will be indemnified by the Partnership, DiVall and Magnuson, and their controlled affiliates, and held harmless from all claims of any party to the Partnership Agreement and from any third party including, without limitation, the Limited Partners of the Partnership, for any and all liabilities, damages, costs and expenses, including reasonable attorneys' fees, arising from or related to claims relating to or arising from the PMA or its status as Permanent Manager. The indemnification does not extend to claims arising from fraud or criminal misconduct of TPG as established by court findings. To the extent possible, the Partnership is to provide TPG with appropriate errors and omissions, officer's liability or similar insurance coverage, at no cost to TPG. In addition, TPG was granted the right to establish an Indemnification Trust in an original amount, not to exceed $250,000, solely for the purpose of funding such indemnification obligations. Once a determination has been made that no such claims can or will be made against TPG, the balance of the Trust will become unrestricted property of the Partnership. The corpus of the Trust has been fully funded with Partnership assets.

Advisory Board Member Independence

Although not "directors" or "officers" of the Partnership, the Partnership does evaluate whether the members of the Advisory Board are "independent" by evaluating whether each member has any relationships or has engaged in any transactions that, in the opinion of the General Partner, would interfere with any Advisory Board member's exercise of independent judgment with respect to matters concerning the Partnership. As a part of this evaluation the General Partner considers, among other things, transactions and relationships between any member of the Advisory Board or any member of his family and the Partnership. The General Partner believes that each of Messrs. Small and Kramer are "independent".

The Partnership paid and/or accrued the following to the General Partner and its affiliates in 2023 and 2022:

	Incurred for the Year ended December 31, 2023		Incurred for the Year ended December 31, 2022	
General Partner				
Management fees (including non-contractual assumption of independent financial services)	$	272,316	$	272,316
Overhead allowance		23,256		23,256
Sales commissions		267,899		34,822
Reimbursement for out-of-pocket expenses		2,500		2,500
Cash distribution		56,882		9,560
	$	622,853	$	342,454

Item 14. Principal Accountant Firm Fees and Services

Audit Fees

Aggregate billings for the fiscal year ended December 31, 2023 and 2022 for audit and interim review services provided to the Partnership by its principal accounting firm, Boulay PLLP amounted to $59,093 and $48,573, respectively.

Audit-Related Fees

For the fiscal years ended December 31, 2023 and 2022, Boulay PLLP did not perform any assurance and related services that were reasonably related to the performance of the audit or interim reviews.

Tax Fees

Aggregate billings for the fiscal year ended December 31, 2023 and 2022, for tax preparation services provided to the Partnership by its principal accounting firm, Boulay PLLP amounted to $28,050 and $32,028, respectively.

All Other Fees

For the fiscal years ended December 31, 2023 and 2022, Boulay PLLP did not perform any management consulting or other services for the Partnership.

PART IV

Item 15. Exhibits and Financial Statement Schedule

(a) 1. Financial Statements

The following financial statements of DiVall Insured Income Properties 2 Limited Partnership are included in Part II, Item 8 of this Annual Report on Form 10-K:

2. Financial Statement Schedule

All other schedules for which provision is made in the applicable accounting regulation of the Securities and Exchange Commission are not required under the related instruction or are inapplicable and, therefore, have been omitted.

3. Listing of Exhibits

3.1 Agreement of Limited Partnership dated as of November 20, 1987, amended as of November 25, 1987, and February 20, 1988, filed as Exhibit 3A to Amendment No. 1 to the Partnership's Registration Statement on Form S-11 as filed on February 22, 1988, and incorporated herein by reference.

3.2 Amendments to Amended Agreement of Limited Partnership dated as of June 21, 1988, included as part of Supplement dated August 15, 1988, filed under Rule 424(b)(3), and incorporated herein by reference.

3.3 Amendment to Amended Agreement of Limited Partnership dated as of February 8, 1993, filed as Exhibit 3.3 to the Partnership's 10-K for the year ended December 31, 1992, Commission File 0-17686, and incorporated herein by reference.

3.4 Amendment to Amended Agreement of Limited Partnership dated as of May 26, 1993, filed as Exhibit 3.4 to the Partnership's 10-K for the year ended December 31, 1993, Commission File 0-17686, and incorporated herein by reference.

3.5 Amendment to Amended Agreement of Limited Partnership dated as of June 30, 1994, filed as Exhibit 3.5 to the Partnership's 10-K for the year ended December 31, 1994, Commission File 0-17686, and incorporated herein by reference.

3.6 Amendment to Amended Agreement of Limited Partnership dated as of November 9, 2009, filed as Exhibit 4.1 to the Partnership Quarterly Report on Form 10-Q filed November 12, 2009, Commission File 0-17686, and incorporated herein by reference.

3.7 Amendment to Amended Agreement of Limited Partnership dated as of October 22, 2020, filed as Exhibit 4.7 to the Partnership Quarterly Report on Form 10-Q filed November 13, 2020, Commission File 0-17686, and incorporated herein by reference.

3.8 Certificate of Limited Partnership dated November 20, 1987. Commission File 0-17686, filed March 22, 2013, and incorporated herein by reference.

4.1 Description of Securities, filed as exhibit 4.1 to the Annual Report on 10-K dated March 27, 2023, Commission File 0-17686, and incorporated herein by reference.

10.0 Permanent Manager Agreement filed as an exhibit to the Current Report on Form 8-K dated January 22, 1993, Commission File 33-18794, and incorporated herein by reference.

10.5 Amended and Restated Restaurant Absolutely Net Lease, Wendy's Restaurant, 343 Folly Road, Charleston, South Carolina, filed as exhibit 10.2 to the Current Report on Form 8-K dated July 28, 2021, Commission File 0-17686, and incorporated herein by reference.

10.6 Amended and Restated Restaurant Absolutely Net Lease, Wendy's Restaurant,1721 Sam Rittenberg, Charleston, South Carolina, filed as exhibit 10.3 to the Current Report on Form 8-K dated July 28, 2021, Commission File 0-17686, and incorporated herein by reference.

31.1 Sarbanes Oxley Section 302 Certifications.

31.2 Sarbanes Oxley Section 302 Certifications.

32.1 Certification of Periodic Financial Report Pursuant to 18 U.S.C. Section 1350.

99.0 Internal Financial Statements of JAI Hospitality RG, LLC for the fiscal years ended January 1, 2023 and December 31, 2023.

99.1 Internal Financial Statements of JAI Augusta, LLC for the fiscal year ended December 31, 2023.

101 The following materials from the Partnership's Annual Report on Form 10-K for the year ended, formatted in XBRL (Extensible Business Reporting Language): (i) Balance Sheets at December 31, 2023 and December 31, 2022, (ii) Statements of Income for the years ended December 31, 2023 and 2022, (iii) Statement of Cash Flows for the years ended December 31, 2023 and 2022, and (iv) Notes to the Financial Statements.

Item 16. Form 10-K Summary

None.

DIVALL INSURED INCOME PROPERTIES 2 LIMITED PARTNERSHIP
SCHEDULE III – INVESTMENT PROPERTIES AND ACCUMULATED DEPRECIATION
DECEMBER 31, 2023

		Initial Cost to Partnership		Costs Capitalized Subsequent	Gross Amount at which Carried at End of Year						Life on which Depreciation in latest statement of operations is
Property	Encumbrances	Land	Building and Improvements	to Acquisitions	Land	Building and Improvements	Total	Accumulated Depreciation	Date of Construction	Date Acquired	computed (years)
Charleston, SC	-	$273,619	$ 323,162	$ -	$273,619	$ 323,162	$ 596,781	$ 323,162	-	12/22/1988	31.5
Charleston, SC	-	273,625	254,500	-	273,625	254,500	528,125	254,500	-	2/21/1989	31.5
Aiken, SC	-	178,521	455,229	-	178,521	455,229	633,750	455,229	-	3/14/1989	31.5
	$ -	$725,765	$ 1,032,891	$ -	$725,765	$ 1,032,891	$1,758,656	$ 1,032,891			

DIVALL INSURED INCOME PROPERTIES 2 LIMITED PARTNERSHIP

SCHEDULE III – INVESTMENT PROPERTIES AND ACCUMULATED DEPRECIATION

DECEMBER 31, 2023
(B) Reconciliation of "Investment Properties and Accumulated Depreciation":

Investment Properties	Year Ended December 31, 2023	Year Ended December 31, 2022	Accumulated Depreciation	Year Ended December 31, 2023	Year Ended December 31, 2022
Balance at beginning of year	$ 4,788,815	$ 4,788,815	Balance at beginning of year	$ 2,843,881	$ 2,843,881
			Additions charged to costs and expenses	-	-
Deletions:			Deletions:		
Sale of Mt Pleasant, SC property	(546,947)		Sale of Mt Pleasant, SC property	(294,878)	
Sale of Columbus, OH property	(1,059,464)		Sale of Columbus, OH property	(708,139)	
Sale of Peach Orchard Rd, Augusta, GA Property	(647,404)		Sale of Peach Orchard Rd Property	(434,178)	
Sale of Whiskey Rd, Aiken, SC Property	(776,344)		Sale of Whiskey Rd Property	(373,795)	
Balance at end of year	$ 1,758,656	$ 4,788,815	Balance at end of year	$ 1,032,891	$ 2,843,881

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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.

DIVALL INSURED INCOME PROPERTIES 2, L.P.

By: */s/ Bruce A. Provo*
President, Chief Executive Officer and Director of The Provo Group, Inc., the General Partner of the Partnership
(principal executive officer of the registrant)

By: */s/ Lynette L. DeRose*
Chief Financial Officer of the Partnership
(principal financial officer and principal accounting officer of the registrant)

By: THE PROVO GROUP, INC., General Partner

By: */s/ Bruce A. Provo*
President, Chief Executive Officer and
Director of The Provo Group, Inc., the General Partner of the Partnership
(principal executive officer of the registrant)

Dated: April 1, 2024

Pursuant to the requirements of the Securities Exchange Act of 1934, the report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

By: */s/ Bruce A. Provo*
President, Chief Executive Officer and Director of The Provo Group, Inc., the General Partner of the Partnership

By: */s/ Caroline E. Provo*
Director of The Provo Group, Inc., the General
Partner of the Partnership

Date: April 1, 2024

Exhibit 31.1

**DIVALL INSURED INCOME PROPERTIES 2
LIMITED PARTNERSHIP**

CERTIFICATIONS

I, Lynette L. DeRose, certify that:

1. I have reviewed this annual report on Form 10-K of DiVall Insured Income Properties 2 Limited Partnership;

2. Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The Registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: April 1, 2024

By: */s/ Lynette L. DeRose*
Chief Financial Officer of the Partnership
(principal financial officer of the registrant)

Exhibit 31.2

DIVALL INSURED INCOME PROPERTIES 2
LIMITED PARTNERSHIP

CERTIFICATIONS

I, Bruce A. Provo, certify that:

1. I have reviewed this annual report on Form 10-K of DiVall Insured Income Properties 2 Limited Partnership;

2. Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The Registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: April 1, 2024

By: */s/ Bruce A. Provo*
President, and Chief Executive Officer of The Provo Group, Inc., the General Partner of the Partnership
(principal executive officer of the registrant)

Exhibit 32.1

**DIVALL INSURED INCOME PROPERTIES 2
LIMITED PARTNERSHIP**

**Certification of Periodic Financial Report
Pursuant to 18 U.S.C. Section 1350**

Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned principal executive officer and principal financial officer of Divall Insured Income Properties 2 Limited Partnership (the "Company") certify that the Annual Report on Form 10-K of the Company for the period ended December 31, 2023 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that information contained in the report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: April 1, 2024

By: */s/ Lynette L. DeRose*
Chief Financial Officer of the Partnership
(principal financial officer of the registrant)

By: */s/ Bruce A. Provo*
President, and Chief Executive Officer of The Provo Group, Inc., the General Partner of the Partnership
(principal executive officer of the registrant)

This certification is made solely for the purpose of 18 U.S.C. Section 1350, subject to the knowledge standard contained therein, and not for any other purpose.

Exhibit 99.0

Report Generated: 3/7/2024 8:50:24 AM
Financial Data Updated: 2/29/2024 3:22:00 PM
Unaudited

PL Store - YTD
Period: 12 of 2023 ending on 12/31/2023

JAI HOSPITALITY RG LLC

	Year to Date Actuals
NET PROFIT AND (LOSS)	
REVENUE - SALES	27,857,891
FOOD AND PAPER COST	8,907,133
SALARIES AND WAGES	6,867,275
GROSS PROFIT FROM OPS	12,083,483
TAXES, & BENEFITS	1,119,035
PRIME PROFIT	10,964,449
UTILITIES EXP	705,783
SUPPLIES	269,953
REPAIR & MAINT	579,008
OTHER CONTROLLABLES	669,508
PACE	8,740,196
ADVERTISING & PROMO	1,794,605
TAXES & LICENSES	337,993
OTHER NON CONTROLLABLES	1,489,083
OCCUPANCY	1,479,552
DEPR & AMORT	2,813,337
NET INCOME STORE LEVEL	825,627
ADMIN EXPENSES	969,812
OTHER (INCOME) LOSS	849,060
NON-RECURRING EXPENSE	755
NET PROFIT (LOSS)	(994,000)

Report Generated: 3/7/2024 8:58:52 AM

Financial Data Updated: 2/29/2024 3:25:00 PM

Unaudited

BS Consolidated - YTD

Period: 12 of 2023 ending on 12/31/2023

JAI HOSPITALITY RG LLC

	Year to Date Actuals
ASSETS	
CURRENT ASSETS	
CASH AND CASH EQUIVALENTS	410,791
ACCOUNTS RECEIVABLE, NET	80,373
INVENTORY	168,458
PREPAID EXPENSES	0
INTERCOMPANY RECEIVABLE	(281,513)
DUE TO/FROM AFFILIATES	0
OTHER CURRENT ASSETS	0
CURRENT ASSET	378,109
FIXED ASSETS, NET	5,008,112
INTANGIBLE ASSETS, NET	26,025,192
DEPOSITS AND PREPAYMENTS	146,898
TOTAL ASSETS	31,558,311
LIABILITIES AND EQUITY	
LIABILITIES	
CURRENT LIABILITIES	
ACCOUNTS PAYABLE	413,940
ACCRUED LIABILITIES	1,203,019
CURRENT LIABILITIES	2,698,137
LONG TERM LIABILITIES	
LOANS	19,151,583
LONG TERM LIABILITIES	19,151,583
OTHER LIABILITIES	12,286,010
LIABILITIES	34,135,729
STOCKHOLDERS EQUITY	(2,577,418)
TOTAL LIABILITIES AND EQUITY	31,558,311

Exhibit 99.1

Report Generated: 3/7/2024 8:41:09 AM

Financial Data Updated: 2/29/2024 3:22:00 PM

Unaudited

PL Store - YTD

Period: 12 of 2023 ending on 12/31/2023

JAI Augusta LLC

	Year to Date
	Actuals
NET PROFIT AND (LOSS)	
REVENUE - SALES	19,836,793
FOOD AND PAPER COST	6,730,265
SALARIES AND WAGES	4,578,902
GROSS PROFIT FROM OPS	8,527,626
TAXES, & BENEFITS	720,091
PRIME PROFIT	7,807,535
UTILITIES EXP	585,312
SUPPLIES	246,350
REPAIR & MAINT	588,454
OTHER CONTROLLABLES	417,073
PACE	5,970,346
ADVERTISING & PROMO	1,137,142
TAXES & LICENSES	139,367
OTHER NON CONTROLLABLES	1,092,879
OCCUPANCY	1,412,295
DEPR & AMORT	1,221,217
NET INCOME STORE LEVEL	967,446
ADMIN EXPENSES	171,373
OTHER (INCOME) LOSS	954,710
OTHER NON-RECURRING EXPENSES	130,796
NET PROFIT (LOSS)	(289,433)

Report Generated: 3/7/2024 8:30:34 AM

Financial Data Updated: 2/29/2024 3:25:00 PM

Unaudited

BS Consolidated - YTD

Period: 12 of 2023 ending on 12/31/2023

JAI Augusta LLC

	Year to Date
	Actuals
ASSETS	
CURRENT ASSETS	
TOTAL CASH AND CASH EQUIVALENTS	1,166,705
TOTAL ACCOUNTS RECEIVABLE, NET	46,165
TOTAL INVENTORY	165,063
TOTAL PREPAID EXPENSES	695
INTERCOMPANY RECEIVABLE	(267,681)
DUE TO/FROM AFFILIATES	0
OTHER CURRENT ASSETS	0
TOTAL CURRENT ASSET	1,110,946
TOTAL FIXED ASSETS, NET	5,659,887
TOTAL INTANGIBLE ASSETS, NET	26,017,956
TOTAL DEPOSITS AND PREPAYMENTS	17,786
TOTAL ASSETS	32,806,576
LIABILITIES AND EQUITY	
LIABILITIES	
CURRENT LIABILITIES	
TOTAL ACCOUNTS PAYABLE	215,714
TOTAL ACCRUED LIABILITIES	791,733
TOTAL CURRENT LIABILITIES	1,599,220
LONG TERM LIABILITIES	
LOANS	
TOTAL LONG TERM LIABILITIES	7,060,148
TOTAL OTHER LIABILITIES	18,064,773
TOTAL LIABILITIES	26,724,142
STOCKHOLDERS EQUITY	6,082,434
TOTAL LIABILITIES AND EQUITY	32,806,576