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

FORM 10-Q

(Mark One)

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

For the quarter ended March 31, 2013

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.)**

1100 Main Street, Suite 1830 Kansas City, Missouri 64105
(Address of principal executive offices, including zip code)

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

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 and posted on its corporate Website, if any, every Interactive Data File required to be submitted and posted 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 and post such files). Yes ☒ No ☐

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

Large accelerated filer ☐	Accelerated filer ☐
Non-accelerated filer ☐	Smaller Reporting Company ☒

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

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PART I—FINANCIAL INFORMATION
Item 1. Financial Statements

DIVALL INSURED INCOME PROPERTIES 2 LIMITED PARTNERSHIP

CONDENSED BALANCE SHEETS

March 31, 2013 and December 31, 2012

ASSETS

	March 31, 2013	December 31, 2012
INVESTMENT PROPERTIES: **(Note 3)**		
Land	$ 2,956,118	$ 2,956,118
Buildings	5,028,699	5,028,699
Accumulated depreciation	(3,872,407)	(3,834,881)
Net investment properties	$ 4,112,410	$ 4,149,936
CURRENT ASSETS:		
Cash	$ 771,361	$ 696,132
Cash held in Indemnification Trust **(Note 9)**	452,407	452,094
Property tax cash escrow	22,998	25,427
Rents and other receivables	0	465,406
Total current assets	$ 1,246,766	$ 1,639,059
OTHER ASSETS:		
Property held for sale **(Note 3)**	33,991	33,991
Deferred rent receivable	672	1,971
Prepaid insurance	3,433	4,902
Deferred charges, net	194,331	201,499
Note receivable **(Note 11)**	189,069	197,292
Total other assets	$ 421,496	$ 439,655
Total assets	$ 5,780,672	$ 6,228,650

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

DIVALL INSURED INCOME PROPERTIES 2 LIMITED PARTNERSHIP

CONDENSED BALANCE SHEETS

March 31, 2013 and December 31, 2012

LIABILITIES AND PARTNERS' CAPITAL

	March 31, 2013	December 31, 2012
CURRENT LIABILITIES:		
Accounts payable and accrued expenses	$ 102,179	$ 23,239
Property tax payable	23,002	25,431
Due to General Partner **(Note 6)**	107	1,332
Security deposits	70,440	70,440
Unearned rental income	5,000	5,000
Total current liabilities	$ 200,728	$ 125,442
CONTINGENCIES AND COMMITMENTS **(Notes 8 and 9)**		
PARTNERS' CAPITAL: **(Notes 1, 4 and 10)**		
General Partner -		
Cumulative net income	$ 324,010	$ 323,742
Cumulative cash distributions	(134,937)	(134,830)
	$ 189,073	$ 188,912
Limited Partners (46,280.3 interests outstanding at March 31, 2013 and December 31, 2012)		
Capital contributions, net of offering costs	$ 39,358,468	$ 39,358,468
Cumulative net income	38,442,900	38,416,325
Cumulative cash distributions	(71,570,268)	(71,020,268)
Reallocation of former general partners' deficit capital	(840,229)	(840,229)
	$ 5,390,871	$ 5,914,296
Total partners' capital	$ 5,579,944	$ 6,103,208
Total liabilities and partners' capital	$ 5,780,672	$ 6,228,650

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

DIVALL INSURED INCOME PROPERTIES 2 LIMITED PARTNERSHIP

CONDENSED STATEMENTS OF INCOME (LOSS)

For the Three Month Periods Ended March 31, 2013 and 2012

	Three Months ended March 31, 2013 (Unaudited)	Three Months ended March 31, 2012 (Unaudited)
OPERATING REVENUES:		
Rental income **(Note 5)**	$256,205	$255,525
TOTAL OPERATING REVENUES	256,205	255,525
OPERATING EXPENSES		
Partnership management fees **(Note 6)**	63,858	62,084
Restoration fees **(Note 6)**	0	40
Insurance	1,471	1,473
General and administrative	21,028	26,637
Advisory Board fees and expenses	2,625	2,625
Professional services	98,641	56,546
Depreciation	37,526	37,526
Amortization	7,168	7,200
TOTAL OPERATING EXPENSES	232,317	194,131
OTHER INCOME		
Interest income	782	293
Note receivable interest income **(Note 11)**	3,526	4,554
Recovery of amounts previously written off **(Note 2)**	0	1,000
Other income	280	480
TOTAL OTHER INCOME	4,588	6,327
INCOME FROM CONTINUING OPERATIONS	28,476	67,721
LOSS FROM DISCONTINUED OPERATIONS **(Note 1 and 3)**	(1,633)	(13,402)
NET INCOME	$ 26,843	$ 54,319
NET INCOME- GENERAL PARTNER	$ 268	$ 543
NET INCOME- LIMITED PARTNERS	26,575	53,776
	$ 26,843	$ 54,319
PER LIMITED PARTNERSHIP INTEREST, Based on 46,280.3 interests outstanding:		
INCOME FROM CONTINUING OPERATIONS	$ 0.62	$ 1.45
(LOSS) INCOME FROM DISCONTINUED OPERATIONS	(0.04)	(0.29)
NET INCOME PER LIMITED PARTNERSHIP INTEREST	$ 0.58	$ 1.16

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

DIVALL INSURED INCOME PROPERTIES 2 LIMITED PARTNERSHIP

CONDENSED STATEMENTS OF CASH FLOWS

For the Three Month Periods Ended March 31, 2013 and 2012

	Three Months ended	
	March 31, 2013 (Unaudited)	March 31, 2012 (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	$ 26,843	$ 54,319
Adjustments to reconcile net income to net cash from operating activities -		
Depreciation and amortization	44,694	44,726
Recovery of amounts previously written off	0	(1,000)
Interest paid (applied) to Indemnification Trust account	(313)	177
Decrease in rents and other receivables	465,406	429,883
Decrease in property tax cash escrow	2,429	2,809
Decrease in prepaid insurance	1,469	2,163
Decrease in deferred rent receivable	1,299	1,299
Increase in accounts payable and accrued expenses	78,940	40,910
Decrease in property tax payable	(2,429)	(6,594)
Decrease in due to General Partner	(1,225)	(1,087)
Decrease in unearned rental income	0	(5,000)
Net cash from operating activities	617,113	562,605
CASH FLOWS FROM INVESTING ACTIVITIES:		
Note receivable, principal payment received	8,223	6,012
Recoveries from former General Partner affiliates	0	1,000
Net cash from investing activities	8,223	7,012
Cash distributions to Limited Partners	(550,000)	(640,000)
Cash distributions to General Partner	(107)	(217)
Net cash used in financing activities	(550,107)	(640,217)
NET INCREASE (DECREASE) IN CASH	75,229	(70,600)
CASH AT BEGINNING OF YEAR	696,132	771,250
CASH AT END OF PERIOD	$ 771,361	$ 700,650

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

DIVALL INSURED INCOME PROPERTIES 2 LIMITED PARTNERSHIP

NOTES TO CONDENSED FINANCIAL STATEMENTS

These unaudited interim condensed financial statements should be read in conjunction with DiVall Insured Income Properties 2 Limited Partnership's (the "Partnership") 2012 annual audited financial statements within its Form 10-K filed with the Securities and Exchange Commission (the "SEC") on March 22, 2013.

These unaudited condensed financial statements and notes have been prepared on the same basis as the annual audited financial statements and include all normal and recurring adjustments, which are in the opinion of management, necessary to present a fair statement of the Partnership's financial position, results of operations and of cash flows as of and for the interim periods presented. The results of operations for the three month period ended March 31, 2013 are not necessarily indicative of the results to be expected for the fiscal year ending December 31, 2013, for any other interim period, or for any other future year.

1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES:

The Limited 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.

The Partnership is currently engaged in the business of owning and operating its investment portfolio of commercial real estate properties (the "Properties"). The Properties are leased on a triple net basis primarily to, and operated by, franchisors or franchisees of national, regional, and local retail chains under primarily long-term leases. The lessees are fast food, family style, and casual/theme restaurants. As of March 31, 2013, the Partnership owned twelve Properties, which are located in a total of five states.

The Partnership will be dissolved on November 30, 2020, or earlier upon the prior occurrence of any of the following events: (a) the disposition of all properties of the Partnership; (b) the written determination by The Provo Group, Inc., the general partner of the Partnership (the "General Partner", or "TPG", or "Management"), 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. During the second quarters of 2001, 2003, 2005, 2007, 2009 and 2011, consent solicitations were circulated (the "2001, 2003, 2005, 2007, 2009 and 2011 Consents, respectively"), which if approved would have authorized the sale of all of the Partnership's Properties and the dissolution of the Partnership. A majority of the Limited Partners did not vote in favor of any of the Consents. Therefore, the Partnership continues to operate as a going concern.

Significant Accounting Policies

Rental revenue from the Properties is recognized on the straight-line basis over the term of the respective lease. Percentage rents are only accrued when the tenant has reached the sales breakpoint stipulated in the lease.

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.

Based on an analysis of specific accounts and historical experience, as of March 31, 2013, and December 31, 2012, there were no recorded values for allowance for doubtful accounts.

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.

Depreciation of the Properties are 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 March 31, 2013 and December 31, 2012, accumulated amortization amounted to $108,291 and $101,123, respectively.

Property taxes, general maintenance, insurance and ground rent on the Partnership's Properties are the responsibility of the tenant. However, when a tenant fails to make the required tax payments or when a property becomes vacant, the Partnership makes the appropriate property tax payments to avoid possible foreclosure of the property. In a property vacancy the Partnership pays for the insurance, maintenance and any utilities related to the vacant property.

Such taxes, insurance and ground rent are expensed in the period in which the liability is incurred. The Partnership leases property to one restaurant, which is located on a parcel of land where the Partnership holds a long-term ground lease, as lessee, which is set to expire in 2018. The Partnership has the option to extend the ground lease for two additional ten year periods. The Partnership owns all improvements constructed on the land (including the building and improvements) until the termination of the ground lease, at which time all constructed improvements will become the land owner's property. The tenant, a Kentucky Fried Chicken restaurant franchisee ("KFC"), is responsible for the $3,400 per month ground lease payment per the terms of its lease with the Partnership.

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. Additionally, as of March 31, 2013, nine of the Partnership's twelve Properties are leased to three significant tenants, Wendgusta, LLC ("Wendgusta"), Wendcharles I, LLC ("Wendcharles I") and Wendcharles II, LLC ("Wendcharles II"), all three of whom are Wendy's restaurant franchisees. The property lease(s) for the three tenants comprised approximately 53%, 14% and 7%, respectively, of the total operating base rents reflected as of March 31, 2013.

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America ("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.

Assets disposed of or deemed to be classified as held for sale require the reclassification of current and previous years' operations to discontinued operations in accordance with GAAP applicable to "Accounting for the Impairment or Disposal of Long Lived Assets". As such, prior year operating results for those properties considered as held for sale or properties no longer considered for sale have been reclassified to conform to the current year presentation without affecting total income. 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.

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 is recognized, if any. There were no adjustments to carrying values for the three month periods ended March 31, 2013 and 2012.

The Financial Accounting Standards Board ("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. The adoption of the provisions of this FASB issuance, with respect to nonrecurring fair value measurements of nonfinancial assets and liabilities, including (but not limited to) the valuation of reporting units for the purpose of assessing goodwill impairment and the valuation of property and equipment when assessing long-lived asset impairment, did not have a material impact on how the Partnership estimated its fair value measurements but did result in increased disclosures about fair value measurements in the Partnership's financial statements as of and for the three month period ended March 31, 2013 and the year ended December 31, 2012. See Note 12 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.

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

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 of being 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, 2008.

2. REGULATORY INVESTIGATION:

A preliminary investigation during 1992 by the Office of Commissioner of Securities for the State of Wisconsin and the Securities and Exchange Commission (the "Investigation") revealed that during at least the four years ended December 31, 1992, the former general partners of the Partnership, Gary J. DiVall ("DiVall") and Paul E. Magnuson ("Magnuson"), had transferred substantial cash assets of the Partnership and two affiliated publicly registered limited partnerships, DiVall Insured Income Fund Limited Partnership ("DiVall 1"), which was dissolved December of 1998, and DiVall Income Properties 3 Limited Partnership ("DiVall 3"), which was dissolved December of 2003, (collectively, the "three original partnerships") to various other entities previously sponsored by or otherwise affiliated with Gary J. DiVall and Paul E. Magnuson. The unauthorized transfers were in violation of the respective partnership agreements and resulted, in part, from material weaknesses in the internal control system of the three original partnerships.

Subsequent to discovery, and in response to the regulatory inquiries, TPG was appointed Permanent Manager (effective February 8, 1993) to assume responsibility for daily operations and assets of the three original partnerships as well as to develop and execute a plan of restoration for the three original partnerships. Effective May 26, 1993, the Limited Partners, by written consent of a majority of interests, elected TPG as General Partner. TPG terminated the former general partners by accepting their tendered resignations.

In 1993, the General Partner estimated an aggregate recovery of $3 million for the three original partnerships. At that time, an allowance was established against amounts due from former general partners and their affiliates reflecting the estimated $3 million receivable. This net receivable was allocated among the three original partnerships based on their pro rata share of the total misappropriation, and restoration costs and recoveries have been allocated based on the same percentage. Through March 31, 2013, approximately $5,918,000 of recoveries have been received which exceeded the original estimate of $3 million. As a result, from January 1, 1996 through March 31, 2013, the Partnership has recognized a total of approximately $1,229,000 as recovery of amounts previously written off in the statements of income, which represents its share of the excess recovery. The General Partner continues to pursue recoveries of the misappropriated funds; however, no further significant recoveries are anticipated.

3. INVESTMENT PROPERTIES and PROPERTIES HELD FOR SALE:

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.

As of March 31, 2013, the Partnership owned property leased to twelve fully constructed fast-food restaurants. The twelve tenants are composed of the following: nine Wendy's restaurants, an Applebee's restaurant, a KFC restaurant, and a Daytona's All Sports Café ("Daytona's"). The twelve properties are located in a total of five states.

Wendy's- 361 Highway 17 Bypass, Mt. Pleasant, SC Property

On November 30, 2010, the County of Charleston made a purchase offer ("Initial Offer") of approximately $177,000 to the Partnership in connection with an eminent domain (condemnation) land acquisition of approximately 5,000 square feet of the approximately 44,000 square feet of the Wendy's- Mt. Pleasant, SC ("Wendy's- Mt. Pleasant") property. In October of 2011, the Partnership received Notice ("Condemnation Notice") that the County of Charleston filed condemnation proceedings on October 12, 2011, which in effect permits the County of Charleston to take possession of approximately 5,000 square feet of the Wendy's- Mt. Pleasant property and to begin construction of the planned road improvements. The Partnership had until November 11, 2011, to reject the Initial Offer for the purchase of the property and rejected the tender of payment. However, the Initial Offer remains valid during the period the Partnership disputes the County of Charleston's position that the $177,000 reflects just compensation for the taking of the property. By and through respective legal counsel, the Partnership and the lessee, Wendcharles I, each filed a Notice of Court Appearance ("Notice of Appearance") and requested a jury trial in October 2012. In addition, the Partnership and the lessee served one set of joint initial discovery requests ("Interrogatories" and "Requests for Production") with the County requesting information about and access to up-to-date project plans and any and all other information pertaining to this matter. As the Partnership continues to dispute the Initial Offer as fair value of the land acquisition, mediation between the Partnership and the County was scheduled for February 1, 2013. The County was to have provided an updated appraisal of the taking prior to the mediation date to incorporate the value impact of eliminating one of the two access drives among other unique impacts not previously addressed in the initial appraisal. However, the appraisal was not completed and the February 1, 2013 mediation was cancelled. Mediation was subsequently held on March 15, 2013 with no settlement achieved. The net book value of the land to be purchased is $33,991 and was reclassified to a property held for sale during the fourth quarter of 2010.

Discontinued Operations

During the three month periods ended March 31, 2013 and 2012, the Partnership recognized losses from discontinued operations of $1,633 and $13,402, respectively. The 2013 loss is related to the cost of traveling to attend the mediation held for the Mt. Pleasant, SC property on March 15, 2013. The 2012 loss from discontinued operations is attributable to the cost of securing and maintaining the vacant Phoenix, AZ property that was subsequently sold in October 2012.

The components of properties held for sale in the balance sheets as of March 31, 2013 and December 31, 2012 are outlined below:

	March 31, 2013	December 31, 2012
Balance Sheet:		
Land	$33,991	$ 33,991
Properties held for sale	$33,991	$ 33,991

The components of discontinued operations included in the condensed statement of income (loss) for the three month periods ended March 31, 2013 and 2012 are outlined below:

	Three Month Period Ended	
	March 31, 2013 (Unaudited)	March 31, 2012 (Unaudited)
Statements of Income (Loss):		
Revenues:		
Rental income	$ 0	$ 0
Total Revenues	0	0
Expenses:		
Insurance expense	0	690
Professional services	0	1,560
Property tax expense	0	3,786
Other property expenses	0	7,366
Travel Expense	1,633	0
Total Expenses	1,633	13,402
Net (Loss) Income from Discontinued Operations	($1,633)	($13,402)

4. PARTNERSHIP AGREEMENT:

The Amended Agreement of Limited Partnership (as amended, supplemented or modified, the "Partnership Agreement") extends the term of the Partnership to November 30, 2020, or until dissolution prior thereto pursuant to the consent of the majority of the outstanding Limited Partnership Interests.

On May 26, 1993, pursuant to the results of a solicitation of written consents from the Limited Partners, the Partnership Agreement was amended to replace the former general partners and amend various sections of the agreement. The former general partners were replaced by the General Partner. Under the terms of the amendment, net profits or losses from operations are allocated 99% to the Limited Partners and 1% to the current General Partner. Additionally, the total compensation paid to all persons for the sale of the investment properties is limited to commissions customarily charged by other brokers in arm's-length sales transactions involving comparable properties in the same geographic area, not to exceed six percent of the contract price for the sale of the property. The General Partner may receive up to one-half of the competitive real estate commission, not to exceed three percent, provided that the General Partner provides a substantial amount of services, as defined by the General Partner, in the sales effort. It is further provided that a portion of the amount of such fees payable to the General Partner is subordinated to its success in recovering the funds misappropriated by the former general partners. See Note 6 for further information.

The Partnership Agreement provides that (i) the "Distribution Quarter" is defined as the calendar quarter, and (ii) the distribution provisions are subordinate to the General Partner's share of distributions from Net Cash Receipts and Net Proceeds to the extent necessary for the General Partner to pay its federal and state income taxes on Partnership income allocated to the General Partner. Because these amendments do not adversely affect the rights of the Limited Partners, pursuant to section 10.2 of the Partnership Agreement, the General Partner can modify these provisions without a vote of the Limited Partners.

5. LEASES:

Original lease terms for the majority of the Properties are generally five to twenty 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 Management'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 March 31, 2013, the aggregate minimum operating lease payments (including the aggregate total of the first quarter of 2013 collected revenues of $256,205) to be received under the current operating leases for the Partnership's properties are as follows:

Year ending December 31,	
2013	$1,031,678
2014	974,409
2015	826,500
2016	813,882
2017	742,380
Thereafter	2,657,163
	$7,046,012

At March 31, 2013 and December 31, 2012, rents and other receivables included $0 and $465,406, respectively, of unbilled percentage rents. As of March 31, 2013, all of the 2012 percentage rents had been billed and collected.

6. TRANSACTIONS WITH GENERAL PARTNER AND ITS AFFILIATES:

Pursuant to the terms of the Permanent Manager Agreement ("PMA") executed in 1993 and renewed for an additional two year term as of January 1, 2013, 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, 2013, the minimum annual Base Fee and the maximum Expense reimbursement increased by 2.07% from the prior year, which represents the allowable annual Consumer Price Index adjustment per the PMA. Therefore, as of March 1, 2013, the minimum monthly Base Fee paid by the Partnership was raised to $21,578 and the maximum monthly Expense reimbursement was increased to $1,741.

For purposes of computing the four percent overall fee paid to the General Partner, gross receipts include amounts recovered in connection with the misappropriation of assets by the former general partners and their affiliates. To date, TPG has received fees from the Partnership totaling $59,729 on the amounts recovered, which includes restoration fees received for 2013 and 2012 of $0 and $40, respectively. The fee received from the Partnership on the amounts recovered reduces the minimum monthly Base Fee by that same amount.

Amounts paid and/or accrued to the General Partner and its affiliates for the three month periods ended March 31, 2013 and 2012 are as follows:

	Incurred for the Three Month Period ended March 31, 2013 (Unaudited)	Incurred for the Three Month Period ended March 31, 2012 (Unaudited)
General Partner		
Management fees	$ 63,858	$ 62,084
Restoration fees	0	40
Overhead allowance	5,151	5,011
Other outsourced administrative fees	4,350	1,800
Reimbursement for out-of-pocket expenses	1,202	1,834
Cash distribution	107	217
	$ 74,668	$ 70,986

At March 31, 2013 and December 31, 2012, $107 and $1,332, respectively, was payable to the General Partner.

As of March 31, 2013 and December 31, 2012, TPG Finance Corp. owned 200 limited partnership units of the Partnership. The President of the General Partner, Bruce A. Provo, is also the President of TPG Finance Corp., but he is not a shareholder of TPG Finance Corp.

As of March 31, 2013, the General Partner did not own any Limited Partnership Interests in the Partnership. The following chart identifies the security ownership of the Partnership's principal executive officer and principal financial officer as the sole named executive officer:

Title of Class	Name of Beneficial Owner(1)	Amount and Nature of Beneficial Ownership	Percentage of Interests Outstanding(4)
Limited Partnership Interest	Bruce A. Provo	200 (2)(3)	0.43%

(1) A beneficial owner of a security includes a person who, directly or indirectly, has or shares voting or investment power with respect to such security. Voting power is the power to vote or direct the voting of the security and investment power is the power to dispose or direct the disposition of the security.
(2) Bruce A. Provo is deemed to have beneficial ownership of all of TPG Finance Corp.'s Limited Partnership interests in the Partnership due to his control as President of TPG Finance Corp.
(3) Bruce A. Provo may be deemed to beneficially own with such voting and investment power the Interests listed above.
(4) Based on 46,280.3 Limited Partnership Interests outstanding as of March 31, 2013.

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

As of March 31, 2013, Advisory Board Member, Jesse Small, owned beneficially greater than ten percent of the Partnership's Units. Amounts paid to Mr. Small for his services as a member of the Advisory Board for the three month periods ended March 31, 2013 and 2012 are as follows:

	Incurred for the Three Month Period ended March 31, 2013 (Unaudited)	Incurred for the Three Month Period ended March 31, 2012 (Unaudited)
Advisory Board Fees paid	$ 875	$ 875

At March 31, 2013 and December 31, 2012 there were no outstanding Advisory Board Fees accrued and payable to Jesse Small.

8. CONTINGENT LIABILITIES:

According to the Partnership Agreement, the General Partner, may receive a disposition fee not to exceed three percent of the contract price on the sale of the three original partnerships' properties (See Note 2 for further information as to the 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 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, the 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 (Note 2). 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 March 31, 2013, the Partnership may owe TPG $16,296 if the $6,000,000 recovery level is achieved. TPG does not expect any future payment, as it is uncertain that such a $6,000,000 recovery level will be achieved.

9. PMA INDEMNIFICATION TRUST:

The PMA provides that TPG will be indemnified from any claims or expenses arising out of or relating to TPG serving in such capacity or as substitute 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, $202,407 of earnings has been credited to the Trust as of March 31, 2013. The rights of TPG to the Trust shall 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.

10. FORMER GENERAL PARTNERS' CAPITAL ACCOUNTS:

The capital account balance of the former general partners as of May 26, 1993, the date of their removal as general partners pursuant to the results of a solicitation of written consents from the Limited Partners, was a deficit of $840,229. At December 31, 1993, the former general partners' deficit capital account balance in the amount of $840,229 was reallocated to the Limited Partners.

11. NOTE RECEIVABLE:

A sales contract was executed on September 30, 2009 for the installment sale of the Panda Buffet property to the tenant for $520,000 (sales amount was to be reduced to $450,000 if closing occurred on or before November 15, 2009). The closing date on the sale of the property was November 12, 2009 at a sales price of $450,000. The buyer paid $150,000 at closing with the remaining balance of $300,000 being delivered in the form of a promissory note ("Buyers Note") to the Partnership. The Buyers Note reflected a term of three years, an interest rate of 7.25%, and principal and interest payments paid monthly and principal amortized over a period of ten years beginning December 1, 2009 with a balloon payment due November 1, 2012. The Partnership amended the Buyers Note in the amount of $232,777, to $200,000 after a principal payment of $32,777 was received on October 19, 2012 under the following extended terms: The principal balance of $200,000 will be amortized over five years at an interest rate of 7.25% per annum with a full balloon payment of $133,396 due November 1, 2014. Pursuant to the Buyers Note, there is no penalty for early payment of principal. The Buyers Note also requires the buyer to escrow property taxes with the Partnership which, as of January 1, 2013, is $925 per month. The property tax escrow cash balance held by the Partnership amounted to $2,924 at March 31, 2013, and is included in the property tax payable in the condensed balance sheets.

Per the Buyer's Note amortization schedule, the monthly payments are to total approximately $3,916 per month. The amortized principal payments yet to be received under the Buyer's Note amounted to $197,292 as of December 31, 2012. During the three month period ended March 31, 2013, three note payments were received by the Partnership and totaled $8,223 in principal and $3,526 in interest.

12. 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 Partnership assesses the levels of the investments at each measurement date, and transfers between levels are recognized on the actual date of the event or change in circumstances that caused the transfer in accordance with the Partnership's accounting policy regarding the recognition of transfers between levels of the fair value hierarchy. For the three month periods ended March 31, 2013 and 2012, there were no such transfers.

13. SUBSEQUENT EVENTS

Wendy's—361 Highway 17 Bypass, Mt. Pleasant, SC Property

During April 2013, the Condemnor (Charleston County, S.C.) and Landowner settled the total award for just compensation in the amount of $871,500, pending approval by the Charleston County Court of Common Pleas. The combined contingent legal fees shared by both Landlord and Tenant counsels approximates $145,000. The release of the settlement award is pending an apportionment resolution between the Landlord and Tenant, which has not been achieved. We, therefore, expect to have a hearing before the Charleston County Master-in-Equity to determine the apportionment issues of the overall just compensation award between the Landlord and Tenant. We have no estimate of the outcome of the apportionment or the timing of a release of funds.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

CAUTIONARY STATEMENT

Item 2 of this Form 10-Q contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. All statements, other than statements of historical facts, included in this section and located elsewhere in this Quarterly Report on Form 10-Q regarding the prospects of our industry as well as the Partnership's prospects, plans, financial position and business strategy may constitute forward-looking statements. These forward-looking statements are not historical facts but are the intent, belief or current expectations of 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 the 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.

Forward-looking statements that were true at the time made may ultimately prove to be incorrect or false. The Partnership cautions readers not to place undue reliance on forward-looking statements, which reflect Management's view only as of the date of this Form 10-Q. All subsequent written and oral forward-looking statements attributable to the Partnership, or persons acting on the Partnership's behalf, are expressly qualified in their entirety by this cautionary statement. Management undertakes no obligation to update or revise forward-looking statements to reflect changed assumptions, the occurrence of unanticipated events or changes to future operating results. Factors that could cause actual results to differ materially from any forward-looking statements made in this Form 10-Q include, without limitation, changes in general economic conditions, changes in real estate conditions, including without limitation, decreases in valuations of real properties, increases in property taxes and lack of buyers should the Partnership want to dispose of a property, lease-up risks, ability of tenants to fulfill their obligations to the Partnership under existing leases, sales levels of tenants whose leases include a percentage rent component, adverse changes to the restaurant market, entrance of competitors to the Partnership's lessees in markets in which the Properties are located, inability to obtain new tenants upon the expiration of existing leases, the potential need to fund tenant improvements or other capital expenditures out of operating cash flows and our inability to realize value for Limited Partners upon disposition of the Partnership's assets.

Critical Accounting Policies and Estimates

Management's discussion and analysis of financial condition and results of operations are based upon our consolidated 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 our 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 Management'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 deal with:

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. While the Partnership believes these are the appropriate lives and methods, use of different lives and methods could result in different impacts on net income. Additionally, the value of real estate is typically based on market conditions and property performance, so 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 assured. Percentage rents are accrued only when the tenant has reached the sales breakpoint stipulated in the lease.

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. Based on this analysis, if deemed necessary, a provision for possible loss is recognized.

Investment Properties

As of March 31, 2013, the Partnership owned property leased to twelve fully constructed fast-food restaurants. In addition, one property is located on a parcel of land that is subject to a ground lease. The twelve tenants are composed of the following: nine Wendy's restaurants, an Applebee's restaurant, a KFC restaurant, and a Daytona's All Sports Café ("Daytona's"). The twelve properties are located in a total of five states.

Property taxes, general maintenance, insurance and ground rent on the Partnership's Properties are the responsibility of the tenant. However, when a tenant fails to make the required tax payments or when a property becomes vacant, the Partnership makes the appropriate property tax payments to avoid possible foreclosure of the property. In a property vacancy the Partnership pays for insurance and maintenance related to the vacant property.

Such taxes, insurance and ground rent are accrued in the period in which the liability is incurred. The Partnership leases property to one restaurant, which is located on a parcel of land where the Partnership holds a long-term ground lease, as lessee, which is set to expire in 2018. The Partnership has the option to extend the ground lease for two additional ten year periods. The Partnership owns all improvements constructed on the land (including the building and improvements) until the termination of the ground lease, at which time all constructed improvements will become the land owner's property. The tenant, KFC, is responsible for the $3,400 per month ground lease payment per the terms of its lease with the Partnership.

There were no building improvements capitalized during the three month period ending March 31, 2013.

In accordance with Financial Accounting Standards Board ("FASB") guidance for "Accounting for the Impairment or Disposal of Long-Lived Assets", current and historical results from operations for disposed properties and assets classified as held for sale are reclassified separately as discontinued operations. The guidance also requires the adjustment to carrying value of properties due to impairment in an attempt to reflect appropriate market values.

Net Income

Net income for the three month periods ended March 31, 2013 and 2012 were $26,843 and $54,319, respectively. Net income per Limited Partnership Interest for the three month periods ended March 31, 2013 and 2012 were $0.58 and $1.16, respectively.

The variance is primarily due to the earlier completion and billing of the audit and tax returns in 2013 compared to 2012, which resulted in audit and tax fees payable in the earlier fiscal quarter than previously anticipated.

Net income for the three month periods ended March 31, 2013 and 2012 included the results from both operations and discontinued operations. Assets disposed of or deemed to be classified as held for sale require the reclassification of current and previous years' operations to discontinued operations in accordance with GAAP applicable to "Accounting for the Impairment or Disposal of Long Lived Assets". As such, prior year operating results for those properties considered as held for sale or properties no longer considered for sale have been reclassified to conform to the current year presentation without effecting total net income. 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.

Results of Operations

Income from continuing operations for the three month periods ended March 31, 2013 and 2012 was $28,476 and $67,721, respectively.

Three month period ended March 31, 2013 as compared to the three month period ended March 31, 2012:

Operating Rental Income: Rental income for the three month periods ended March 31, 2013 and 2012 was $256,205 and $255,525, respectively. The rental income was comprised primarily of monthly lease obligations and included adjustments for straight-line rent.

General and Administrative Expense: General and administrative expenses for the three month periods ended March 31, 2013 and 2012 were $21,028 and $26,637, respectively. General and administrative expenses were comprised of management expense, state/city registration and annual report filing fees, XBRL outsourced fees, office supplies, printing costs, outside storage expenses, copy/fax costs, postage and shipping expenses, long-distance telephone expenses, website fees, bank fees and state income tax expenses. The variance is due primarily to an increase in contractual management fees and XBRL outsourced fees for 2013.

Professional services: Professional services expenses for the three month periods ended March 31, 2013 and 2012 were $98,641 and $56,546, respectively. Professional services expenses were primarily comprised of investor relations data processing, investor mailings processing, website design, legal, auditing and tax preparation fees, and SEC report conversion and processing fees. The variance in professional services expenses is due primarily to the timing of the completion and billing of the year end professional and data processing fees related to the new XBRL requirements in 2013 versus 2012.

Results of Discontinued Operations

In accordance with FASB guidance for "Accounting for the Impairment or Disposal of Long Lived Assets", discontinued operations represent the operations of properties disposed of or classified as held for sale as well as any gain or loss recognized in their disposition. During the three month periods ended March 31, 2013 and 2012, the Partnership recognized a loss from discontinued operations of $1,633 and $13,402, respectively.

A summary of significant developments as of March 31, 2013, can be found above, in Item 1, Subsequent Events and Item 2, Investment Properties.

Cash Flow Analysis

Net cash flows provided by operating activities for the three month periods ended March 31, 2013 and 2012 were $617,107 and $562,605, respectively. The variance in cash provided by operating activities from 2013 to 2012 is primarily due to an 8% increase in cash received from annual percentage rents and an increase in accrued payables at the end of the quarter due to the timing of when the payments were issued.

Cash flows provided from investing activities for the three month periods ended March 31, 2013 and 2012 were $8,223 and $7,012, respectively. The 2013 and 2012 amounts were comprised of the receipt of note receivable principal payments from the Buyer's Note in relation to the 2009 sale of the Panda Buffet property, and small recoveries from former general partners.

For the three month period ended March 31, 2013, cash flows used in financing activities was $550,107 and consisted of aggregate Limited Partner distributions of $550,000, which included approximately $293,000 in net sale proceeds from the October 2012 sale of the vacant Phoenix, AZ property and approximately $38,000 in Buyer's Note principal payments received in relation to the 2009 sale of the Panda Buffet property, and General Partner distributions of $107. For the three month period ended March 31, 2012, cash used in financing activities was $640,217 and consisted of aggregate Limited Partner distributions of $640,000, which included net sale proceeds of approximately $444,000 from the November 2011 sale of the Denny's, Phoenix, AZ property and approximately $6,000 in Buyer's Note principal payments received in relation to the 2009 sale of the Panda Buffet property, and General Partner distributions of $217. 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 $771,361 at March 31, 2013. Cash of $575,000, including $11,749 in Buyer's Note principal and interest payments and $465,406 of 2012 percentage rents received, is anticipated to be used to fund the anticipated 2013 first quarter aggregate distribution to Limited Partners on May 15, 2013, and cash of approximately $102,000 is anticipated to be used for the payment of quarter-end accrued liabilities, net of property tax cash escrow, which are included in the balance sheets. The remainder represents amounts deemed necessary to allow the Partnership to operate normally.

The Partnership's principal demands for funds are expected to be for the payment of operating expenses and distributions. Management anticipates that cash generated through the operations of the Partnership's Properties and sales of Properties will primarily provide the sources for future Partnership liquidity and Limited Partner distributions. During the process of leasing the Properties, the Partnership may experience competition from owners and managers of other properties. As a result, in connection with

negotiating tenant leases, along with recognizing market conditions, Management may offer rental concessions, or other inducements, which may have an adverse impact on the results of the Partnership's operations. The Partnership is also in competition with sellers of similar properties to locate suitable purchasers for its Properties. The two primary liquidity risks in the absence of mortgage debt are the Partnership's inability to collect rent receivables and near or chronic property vacancies. 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, capital expenditures, and taxable income recognition matching, which is primarily attributable to percentage rents and property sales.

As of March 31, 2013, the current twelve operating Properties were leased 100 percent. In addition, the Partnership collected 100% of its base rent from current operating tenants for the period ended March 31, 2013 and the fiscal year ended December 31, 2012, which we believe is a good indication of overall tenant quality and stability. No leases are set to expire within 2013.

Nine of the Partnership's twelve properties operate as Wendy's fast food restaurants and are franchises of the international Wendy's Company. Operating base rents from the nine Wendy's leases comprised approximately 74% of the total 2013 operating base rents to-date. At December 31, 2012, additional 2012 percentage rents totaled $465,406, of which, $456,895 were unbilled and accrued in relation to the Wendy's properties. Therefore, during the fiscal year 2012, the Partnership generated approximately 82% of its total operating revenues from the nine properties. Additionally, as of March 31, 2013, the nine Properties exceeded 75% of the Partnership's total properties, both by asset value and number. The first of the Wendy's leases is set to expire in November 2016, with the remaining eight leases set to expire in November 2021.

Since more than 75% of the Partnership's Properties, both by historical asset value and number, are leased to Wendy's franchises, the financial status of the three tenants may be considered relevant to investors. At the request of the Partnership, Wendgusta, Wendcharles I and Wendcharles II provided the Partnership with a copy of their reviewed financial statements for the fiscal years ended December 30, 2012 and December 25, 2011. Those reviewed financial statements prepared by Wendgusta's, Wendcharles I's and Wendcharles II's accountants are attached as Exhibit 99.0, 99.1 and 99.2, respectively, to the Partnership's December 31, 2012 Annual Report on Form 10-K, filed with the SEC on March 22, 2013. The Partnership has no rights to audit or review Wendgusta's or Wendcharles I's or Wendcharles II's financial statements and the Partnership's independent registered public accounting firm has not audited or reviewed the financial statements received from Wendgusta, Wendcharles I or Wencharles II.

Disposition Policies

Management intends to hold the Partnership Properties until such time as a sale or other disposition appears to be advantageous to achieve the Partnership's investment objectives or until it appears that such objectives will either currently not be met or not be met in the future. In deciding whether to sell properties, Management considers factors such as potential capital appreciation or depreciation, cash flow and federal income tax considerations, including possible adverse federal income tax consequences to the Limited Partners. The General Partner may exercise its discretion as to whether and when to sell a property, and there is no obligation to sell properties at any particular time, except upon Partnership termination on November 30, 2020 or if Limited Partners holding a majority of the units vote to liquidate and dissolve the Partnership in response to a formal consent solicitation to liquidate the Partnership.

Item 3. Quantitative and Qualitative Disclosure About Market Risk

As a smaller reporting company, the Partnership is not required to provide the information required by Item 305 of Regulation S-K.

Item 4. Controls and Procedures

Controls and Procedures

As of March 31, 2013, the Partnership's Management, and the Partnership's principal executive officer and principal financial officer have concluded that the Partnership's disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended) as of the end of the period covered by this report were effective based on the evaluation of these controls and procedures as required by paragraph (b) of Rule 13a-15 or Rule 15d-15 under the Securities Exchange Act of 1934, as amended.

Changes in Internal Control over Financial Reporting

There has been no change in the Partnership's internal control over financial reporting (as such term is defined in Rules 13a-15 (f) and 15d-15(f) under the Exchange Act) that occurred during the fiscal quarter ending March 31, 2013 that has materially affected, or is reasonably likely to materially affect, the Partnership's internal control over financial reporting.

PART II—OTHER INFORMATION

Item 1. Legal Proceedings

There are no material pending legal proceedings, other than ordinary routine litigation incidental to the Partnership's business to which the Partnership is a party.

Item 1a. Risk Factors

Not Applicable.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

None.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

None.

Item 6. Exhibits

(a) Listing of Exhibits

4.1 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.

4.2 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), Commission File 0-17686, and incorporated herein by reference.

4.3. 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.

4.4 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.

4.5 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.

4.6 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.

4.7 Certificate of Limited Partnership dated November 20, 1987, filed as Exhibit 3.7 to the Partnership Annual Report on Form 10-K filed March 22, 2013, Commission File 0-17686, and incorporated herein by reference.

31.1 302 Certifications

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

99.1 Correspondence to the Limited Partners, scheduled to be mailed May 15, 2013, regarding the first quarter of 2013 distribution.

101 The following materials from the Partnership's Quarterly Report on Form 10-Q for the quarter ended, formatted in XBRL (Extensible Business Reporting Language): (i) Condensed Balance Sheets at March 31, 2013 and December 31, 2012, (ii) Condensed Statements of Income for the three month periods ended March 31, 2013 and 2012, (iii) Condensed Statement of Cash Flows for the three month periods ended March 31, 2013 and 2012, and (v) Notes to the Condensed Financial Statements.[1]

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[1] In accordance with Rule 406T of Regulation S-T, the XBRL related information in Exhibit 101 to this Quarterly Report on Form 10-Q shall not be deemed to be "filed" for purposes of Section 18 of the Securities Exchange Act of 1934 (the "Exchange Act") , or otherwise subject to the liability of that section, and shall not be part of any registration statement or other document filed under the Securities Act of 1933 or the Exchange Act, except as shall be expressly set forth by specific reference in such filing.

SIGNATURES

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

DIVALL INSURED INCOME PROPERTIES 2 LIMITED PARTNERSHIP

By: /s/ Lynette L. DeRose
Lynette L. DeRose
(Chief Financial Officer and
Duly Authorized Officer of the Partnership)

Date: May 15, 2013

Exhibit 31.1

DIVALL INSURED INCOME PROPERTIES 2
LIMITED PARTNERSHIP

CERTIFICATIONS

I, Lynette L. DeRose, certify that:

1. I have reviewed this quarterly report on Form 10-Q of DiVall Insured Income Properties 2 Limited Partnership;
2. Based on my knowledge, this quarterly 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. I am 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 my 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 my 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 my 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;
   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. I have disclosed, based on my 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: May 15, 2013

By: /s/ Lynette L. DeRose
Chief Financial Officer of the Partnership
(principal financial 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") certifies that the Quarterly Report on Form 10-Q of the Company for the period ended March 31, 2013 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 periodic report fairly presents, in all material respects, the financial condition and results of operations of the Company.

DIVALL INSURED INCOME PROPERTIES 2, L.P.

Dated: May 15, 2013

By: /s/ Lynette L. DeRose
Chief Financial Officer

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 99.1

DiVall Insured Income Properties 2, L.P.
QUARTERLY NEWS *May 15, 2013*

A Publication of The Provo Group, Inc. **FIRST QUARTER 2013**

ADVISORY BOARD ACCELERATES % RENT PAYOUT TIMING

After considerable discussions with your Advisory Board, we have decided to change our distribution method for percentage rents, which have become a progressively more significant part of total revenues. Previously, except for percentage rents, we have maintained a policy of only distributing cash for the actual quarter received. In other words, if Q2 ended June 30, but we received sales proceeds on July 10 (or in Q3), even though Q2 distribution wasn't made until August 15; we distributed the proceeds on November 15 with the balance of the Q3 distribution.

Our percentage rents are substantially received in Q1 for the prior year, but we have generally paid such rents out evenly over the four subsequent periods to eliminate investor confusion from significant fluctuations from continuing operations. Due to the growing significance of the percentage rents, we have concluded it is in the investor's best interest to receive the percentage rents in their entirety during the quarter received instead of ratably throughout the year. This has the added benefit of not creating the opportunity for a new unit purchaser to benefit from percentage rent distributions actually earned in the prior year by the unit seller.

Accordingly, we will be distributing $575,000 for Q1, including $465,000 of percentage rents. Obviously, the remaining three quarters of distributions for 2013 will be dramatically lower without the inclusion each quarter of 25% of the percentage rents earned for the prior year.

DISTRIBUTION HIGHLIGHTS …

$575, 000 ($12.42 per unit) will be distributed for the first quarter of 2013, including $465,000 ($10.05 per unit) of percentage rents.

Between $1,629.97 and $1,480.79 is the range of cumulative total distributions per unit from the *first* unit sold to the *last* unit sold before the offering closed (3/90), respectively. (Distributions are from both adjusted cash flow from operations and "net" cash activity from financing and investing activities).

Based on current projections, the Partnership anticipates distributing an aggregate of $950,000 ($20.53 per unit) from adjusted operating cash flows and "net" cash activity from investing and financing activities for the four quarters of 2013. We are not projecting any property sales in 2013.

ADDITIONAL FINANCIAL INFORMATION CAN BE ACCESSED …

For further Quarterly 2013 unaudited financial information, see the Partnership's interim financial reports filed on Form 10-Q. A copy of these filings and other public reports can be viewed and printed free of charge at the Partnership's website at www.divallproperties.com or at the SEC's website at www.sec.gov. The Partnership's 2012 Annual Report on Form 10-K was filed with the SEC on March 22, 2013; the report can also be accessed via the websites.

FORWARD LOOKING STATEMENTS

Forward-looking statements that were true at the time made may ultimately prove to be incorrect or false. Investors are cautioned not to place undue reliance on forward-looking statements, which reflect the Partnership's management's view only as of May 1, 2013, the date this newsletter was sent for printing and mail assembly The Partnership undertakes no obligation to update or revise forward-looking statements to reflect changed assumptions, the occurrence of unanticipated events or changes to future operating results. Factors that could cause actual results to differ materially from any forward-looking statements made in this newsletter include changes in general economic conditions, changes in real estate conditions and markets, inability of current tenants to meet financial obligations, inability to obtain new tenants upon the expiration of existing leases, and the potential need to fund tenant improvements or other capital expenditures out of operating cash flow.

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MT. PLEASANT, SC CONDEMNATION PROCEEDINGS UPDATE

Subsequent to the quarter ended March 31, 2013, the partnership settled with the County of Charleston, S.C., in the condemnation matter with respect to the partial taking of land for road improvements impacting our Wendy's property in Mt. Pleasant, S.C. The County's initial offer in 2010 was $177,000. The final settlement was $871,000. Our contingent legal fees are $145,000. The release of these funds is pending an apportionment resolution between the landlord and tenant. We expect to have a hearing before a County Master-in-Equity. We have no estimate of the outcome of the apportionment or the timing of a release of funds.

QUESTIONS & ANSWERS

• ***When can I expect to receive my next distribution mailing?***

Your distribution correspondence for the Second Quarter of 2013 is scheduled to be mailed on August 15, 2013.

• ***When can I expect to receive my Partnership K-1?***

According to IRS regulations, Management is not required to mail K-1's until April 15th, 2013. The 2012 K-1's were mailed in the first week March of 2013.

• ***What was the estimated December 31, 2012 Net Unit Value ("NUV")?***

Management had estimated the December 31, 2012 Net Unit Value of each interest of the Partnership to approximate $340, as noted in the letter mailed to investors on February 15, 2013. Please note that the estimated year-end NUV should be adjusted (reduced) for any subsequent property sale(s) or applicable impairment write-downs during the following year. As with any valuation methodology, the General Partner's methodology is based upon a number of estimates and assumptions that may not be accurate or complete. Different parties with different assumptions and estimates could derive a different estimated NUV. Accordingly, with respect to the estimated NUV, the Partnership can give no assurance that:

- an investor would be able to resell his or her units at this estimated NUV;
- an investor would ultimately realize distributions per unit equal to the Partnership's estimated NUV per unit upon the liquidation of all of the Partnership's assets and settlement of its liabilities;
- the Partnership's units would trade at the estimated NUV per unit in a secondary market; or
- the methodology used to estimate the Partnership's NUV per unit would be acceptable to FINRA or under ERISA for compliance with their respective reporting requirements.

• ***How can I obtain hard copies of Quarterly and Annual Reports or other SEC filings?***

Please visit the Investor Relations page at the Partnership website at www.divallproperties.com or the SEC website at www.sec.gov to print a copy of the report(s) or contact Investor Relations.

• ***What is the meaning of the word "Insured" in the name of this investment?***

In the offering materials from the late 1980's, sponsored by the former general partners, there was a representation (but no "guarantee") that the Partnership would seek to insure rents from vacant properties. Although, there was some initial availability of very restrictive and limited (one year) insurance, that availability vanished in the early 1990's.

In other words, the former general partners were "fast and loose" with professing the concept of "Insured" and the next and final partnership they sold did not use the term in the investment's name.

• ***How do I have a question answered in the next Newsletter?***

Please e-mail your specific question to Lynette DeRose at lderose@tpgsystems.com or visit the Investor Relations page at www.divallproperties.com.

• ***I've moved. How do I update my account registration?***

Please mail or fax to DiVall Investor Relations a signed letter stating your new address and telephone number. Updates cannot be accepted over the telephone or via voicemail messages.

• ***If I have questions or comments, how can I reach DiVall Investor Relations?***

You can reach DiVall Investor Relations at the address and/or number(s) listed below.

CONTACT INFORMATION

MAIL:	DiVall Investor Relations c/o Phoenix American Financial Services, Inc. 2401 Kerner Blvd. San Rafael, CA 94901	**PHONE:** **FAX:**	1-800-547-7686 1-415-485-4553