FORM 10-Q
UNITED STATES SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

(Mark One)

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarter ended September 30, 2011

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)

Securities registered pursuant to Section 12(b) of the Act: None
Securities registered pursuant to Section 12(g) of the Act: Limited Partnership Interests

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 X 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 X 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 X

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

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FORM 10-Q
FOR THE PERIOD ENDED SEPTEMBER 30, 2011

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DIVALL INSURED INCOME PROPERTIES 2 LIMITED PARTNERSHIP

CONDENSED BALANCE SHEETS

September 30, 2011 and December 31, 2010

ASSETS

	September 30, 2011 (Unaudited)	December 31, 2010 (Audited)
INVESTMENT PROPERTIES: **(Note 3)**		
Land	$2,956,118	$3,853,775
Buildings	5,028,699	5,879,051
Accumulated depreciation	(3,647,248)	(4,178,495)
Net investment properties	4,337,569	5,554,331
OTHER ASSETS:		
Cash	439,034	427,973
Cash held in Indemnification Trust **(Note 9)**	451,872	451,387
Property tax cash escrow	33,113	40,417
Rents and other receivables,	191,080	403,913
Properties held for sale **(Note 3)**	481,807	33,991
Deferred rent receivable	3,600	12,217
Prepaid insurance	547	5,469
Deferred charges, net	229,053	255,844
Note Receivable **(Note 11)**	259,151	276,238
Total other assets	2,089,257	1,907,449
Total assets	$6,426,826	$7,461,780

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

DIVALL INSURED INCOME PROPERTIES 2 LIMITED PARTNERSHIP

CONDENSED BALANCE SHEETS

September 30, 2011 and December 31, 2010

LIABILITIES AND PARTNERS' CAPITAL

	September 30, 2011 (Unaudited)	December 31, 2010 (Audited)
LIABILITIES:		
Accounts payable and accrued expenses	$24,381	$20,098
Property tax payable	41,563	60,088
Due to General Partner **(Note 6)**	1,518	1,825
Unearned rental income	5,000	5,000
Security deposits	70,440	88,440
Total liabilities	142,902	175,451
CONTINGENT LIABILITIES: **(Notes 8 and 9)**		
PARTNERS' CAPITAL: **(Notes 1, 4 and 10)**		
General Partner		
Cumulative net income	$310,358	$312,364
Cumulative cash distributions	(130,648)	(128,871)
	179,710	$183,493
Limited Partners (46,280.3 interests outstanding) At September 30, 2011 and December 31, 2010		
Capital contributions, net of offering costs	39,358,468	39,358,468
Cumulative net income	37,091,243	37,289,865
Cumulative cash distributions	(69,505,268)	(68,705,268)
Reallocation of former general partners' deficit capital	(840,229)	(840,229)
	6,104,214	7,102,836
Total partners' capital	6,283,924	7,286,329
Total liabilities and partners' capital	$6,426,826	$7,461,780

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 and Nine Month Periods Ended September 30, 2011 and 2010

	Three Months ended September 30,		Nine Months ended September 30,	
	2011 (Unaudited)	2010 (Unaudited)	2011 (Unaudited)	2010 (Unaudited)
OPERATING REVENUES:				
Rental income **(Note 5)**	$427,874	$415,624	$962,752	$940,134
TOTAL OPERATING REVENUES	427,874	415,624	962,752	940,134
OPERATING EXPENSES				
Partnership management fees **(Note 6)**	$61,466	$60,359	$183,507	$181,220
Restoration fees **(Note 6)**	10	124	259	373
Insurance	1,641	8,404	4,922	25,211
General and administrative	14,552	15,631	54,216	56,190
Advisory Board fees and expenses	2,625	2,625	7,875	7,875
Professional services	35,454	19,560	177,454	130,804
Other property expenses	820	1,270	820	1,270
Depreciation	37,527	37,526	112,579	112,579
Amortization	7,262	7,358	21,759	21,884
TOTAL OPERATING EXPENSES	161,357	152,857	563,391	537,406
OTHER INCOME				
Interest income	557	673	1,894	1,965
Note receivable interest income **(Note 11)**	4,767	5,172	14,612	15,803
Recovery of amounts previously written off **(Note 2)**	250	3,107	6,464	9,321
Other income	80	268	220	3,825
TOTAL OTHER INCOME	5,654	9,220	23,190	30,914
INCOME FROM CONTINUING OPERATIONS	272,171	271,987	422,551	433,642
(LOSS) INCOME FROM DISCONTINUED OPERATIONS **(Notes 1 and 3)**	(110,530)	23,546	(623,179)	38,275
NET INCOME (LOSS)	$161,641	$295,533	$(200,628)	$471,917
NET INCOME (LOSS)- GENERAL PARTNER	$1,616	$2,955	$(2,006)	$4,719
NET INCOME (LOSS)- LIMITED PARTNERS	160,025	292,578	(198,622)	467,198
	$161,641	$295,533	$(200,628)	$471,917
PER LIMITED PARTNERSHIP INTEREST, Based on 46,280.3 interests outstanding:				
INCOME FROM CONTINUING OPERATIONS	$5.82	$5.82	$9.04	$9.28
(LOSS) INCOME FROM DISCONTINUED OPERATIONS	(2.36)	.50	(13.33)	.82
NET INCOME (LOSS) PER LIMITED PARTNERSHIP INTEREST	$3.46	$6.32	$(4.29)	$10.10

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 Nine Month Periods Ended September 30, 2011 and 2010

	Nine Months ended September 30,	
	2011 (Unaudited)	2010 (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net (loss) income	$(200,628)	$471,917
Adjustments to reconcile net (loss) income to net cash from operating activities -		
Depreciation and amortization	159,078	156,915
Recovery of amounts previously written off	(6,464)	(9,321)
Interest applied to Indemnification Trust account	(485)	(546)
Property impairment write-downs	644,823	0
Decrease in rents and other receivables	208,125	221,968
Decrease (Increase) in property tax cash escrow	7,304	(5,070)
Increase in repair fund cash escrow	(6,400)	0
Decrease in prepaid insurance	2,298	25,211
Decrease in deferred rent receivable	8,617	4,320
Increase in accounts payable and accrued expenses	5,012	5,974
Decrease in property tax payable	(14,740)	(14,970)
Increase in repair fund payable	6,400	0
Decrease in due to General Partner	(307)	(184)
Decrease in security deposits	(18,000)	0
Net cash from operating activities	794,633	856,214
CASH FLOWS FROM INVESTING ACTIVITIES:		
Payment of leasing commission	(5,346)	0
Note receivable, principal payment received	17,087	15,895
Recoveries from former General Partner affiliates	6,464	9,321
Net cash from investing activities	18,205	25,216
CASH FLOWS USED IN FINANCING ACTIVITIES:		
Cash distributions to Limited Partners	(800,000)	(900,000)
Cash distributions to General Partner	(1,777)	(1,188)
Net cash used in financing activities	(801,777)	(901,888)
NET INCREASE (DECREASE) IN CASH	11,061	(20,458)
CASH AT BEGINNING OF YEAR	427,973	551,373
CASH AT END OF PERIOD	$439,034	$530,915

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") 2010 annual audited financial statements within its Form 10-K filed with the Securities and Exchange Commission (the "SEC") on March 24, 2011.

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 nine months ended September 30, 2011 are not necessarily indicative of the results to be expected for the year ending December 31, 2011, for any other interim period, or for any other future year.

1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES:

DiVall Insured Income Properties 2 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 (with the exception of the vacant Phoenix, AZ property- See Note 3 to the condensed financial statements) 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 September 30, 2011, the Partnership owned fourteen Properties, which are located in a total of six states.

The Partnership will be dissolved on November 30, 2020 (extended ten years per the results of the 2009 Consent, as defined below), 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 and 2007, Consent solicitations were circulated (the "2001, 2003, 2005 and 2007 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 had continued to operate as a going concern. On July 31, 2009, the Partnership mailed a Consent solicitation (the "2009 Consent") to Limited Partners to determine whether the Limited Partners wished to extend the term of the Partnership for ten years to November 30, 2020 (the "Extension Proposition"), or wished the Partnership to sell its assets, liquidate, and dissolve by November 30, 2010. A majority of the Partnership Interests voted "FOR" the Extension Proposition and therefore, the Partnership continued to operate as a going concern. During the second quarter of 2011, Consent solicitations were circulated ("2011 Consent"), 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 the 2011 Consent, and the General Partner declared the 2011 Consent solicitation process concluded on June 30, 2011. 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 September 30, 2011, and December 31, 2010, 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 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 September 30, 2011 and December 31, 2010, accumulated amortization amounted to $65,165 and $90,327, respectively. Fully amortized deferred charges of $57,300, including related accumulated amortization, were removed from the condensed balance sheets as of September 30, 2011.

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 (such as the vacant Phoenix, AZ property which formerly operated as China Super Buffet restaurant ("China Buffet") or the formerly owned vacant Park Forest, IL ("Park Forest") property) 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 and maintenance related to the vacant property.

Such taxes, insurance and ground rent are expensed in the period in which the liability is incurred. The Partnership owns one restaurant, which is located on a parcel of land where it has entered into a long-term ground lease, as lessee, which is set to expire in 2018. The Partnership has the option to extend the 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 in a bank that is a participating member of the FDIC. Pursuant to Section 343 of the Wall Street Reform and Consumer Protection Act (the "Dodd-Frank Act"), all funds in a non-interest bearing transaction account are insured in full by the

FDIC from December 31, 2010 through December 31, 2012. This temporary unlimited coverage is in addition to and separate from, the coverage of at least $250,000 available to depositors under the FDIC's general deposit insurance rules. Cash maintained in these accounts may exceed federally insured limits after the expiration of the period established by the Dodd-Frank Act. 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 and leases. Additionally, as of September 30, nine of the Partnership's fourteen Properties are leased to two significant tenants, Wendgusta, LLC ("Wendgusta") and Wendcharles I, LLC ("Wendcharles"), both of whom are Wendy's franchisees. The two tenants comprised approximately 53% and 22%, respectively, of the Partnership's total 2011 operating base rents reflected as of September 30, 2011.

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 effecting 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. The carrying amount of the Denny's Phoenix, AZ property was reduced by $104,705 to its estimated fair value less estimated costs to sell of $445,000 during the third quarter of 2011. The carrying amount of the vacant Phoenix, AZ property was reduced by $540,118 to its estimated fair value of $0 during the second quarter of 2011.

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 and nine month periods ended September 30, 2011 and the year ended December 31, 2010. 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, 2007.

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 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 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 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 September 30, 2011, 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 September 30, 2011, the Partnership has recognized a total of approximately $1,228,000 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:

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 September 30, 2011, the Partnership owned fourteen fully constructed fast-food restaurants, which includes one vacant property in Phoenix, AZ that was reclassified to properties held for sale during the third quarter of 2011 (formerly operated as China Buffet). The thirteen tenants are composed of the following: nine Wendy's restaurants, a Denny's restaurant (reclassified to properties held for sale during the third quarter of 2011), an Applebee's restaurant, a KFC restaurant, and a Daytona’s All Sports Café (“Daytona’s”). The fourteen properties are located in a total of six states.

In late September of 2011 Management executed an Agency and Marketing Agreement (“Marketing Agreement”) with an unaffiliated Agent. The Marketing Agreement gives the Agent the exclusive right to sell the vacant Phoenix, AZ property and the Denny’s, Phoenix, AZ property through auction, sealed bid, hybrid sealed bid, on-line bid or through private negotiations. The Marketing Agreement is set to terminate upon the later of 30 days after the Live Outcry Auction, or a closing or settlement, if applicable. A marketing fee of approximately $7,700 was paid to the Agent in September of 2011 for the purpose of advertising, marketing and promoting the properties to the buying public.

The China Super Buffet restaurant ceased operations and vacated the Phoenix, AZ property in late June of 2011. Management had sent the former tenant a letter of default in June, due to its delinquent May and June of 2011 lease obligations. Management regained possession of the property in July and although China Buffet is responsible for lease obligations through its lease end date of January 20, 2013, Management does not anticipate any further rent collections and therefore lease obligation charges ceased as of June 30, 2011. The carrying amount of the vacant Phoenix, AZ property was reduced by $540,118 to its estimated fair value of $0 during the second quarter of 2011. The property was reclassified to properties held for sale during the third quarter of 2011 upon the execution of the Marketing Agreement.

The Denny’s, Phoenix, AZ property was reclassified to properties held for sale during September of 2011 due to the execution of the Marketing Agreement. The carrying amount of the property was reduced by $104,705, to its estimated fair value less estimated costs to sell of $445,000, during the third quarter of 2011.

The Partnership had been unsuccessful in finding a new tenant for the vacant Park Forest property, and on December 31, 2009, the carrying value of this property had been written down to $0. The property was then sold to an unaffiliated party in December of 2010 for a gross sales price of $7,000.

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. The proposed land purchase is for “Right of Way” for planned road improvements. Unfortunately, the plan provides for the relocation of ingress and egress that could make the operations of the Wendy's restaurant uneconomic. 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 ("Tender of Payment") for the purchase of the property. The Partnership rejected the Tender of Payment; however, the Initial Offer is still 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. Management will continue to actively work with legal counsel and Wendcharles to facilitate a settlement with the County of Charleston and the re-engineering of the County's plans to preserve the viability of the site for Wendy's-Mt. Pleasant's operational use. See Note 13 Subsequent Events for further information. 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.

During the three month periods ended September 30, 2011 and 2010, the Partnership recognized a (loss) income from discontinued operations of approximately $(111,000) and $24,000, respectively. During the nine month periods ended September 30, 2011 and 2010, the Partnership recognized a (loss) income from discontinued operations of approximately $(623,000) and $38,000, respectively. The 2011 and 2010 (loss) income from discontinued operations was attributable to the third quarter of 2011 reclassifications of the vacant Phoenix, AZ property and the Denny's, Phoenix, AZ property to properties held for sale upon the execution of an Agency and Marketing Agreement with an unaffiliated party in September of 2011 to sell both of the properties. The 2011 loss from discontinued operations includes a second quarter property impairment write down of $540,118 related to the vacant Phoenix, AZ property and a third quarter property impairment write down of $104,705 related to the Denny's, Phoenix, AZ property. The 2010 income from discontinued operations was also attributable to the fourth quarter of 2010 reclassification of a small strip of the Wendy's- Mt. Pleasant property to property held for sale and the third quarter of 2010 reclassification of the vacant Park Forest property to property held for sale (the property was sold in December of 2010) upon the execution of an Agency and Marketing Agreement with an unaffiliated party in August of 2010 to sell the Park Forest property.

The components of properties held for sale in the condensed balance sheets as of September 30, 2011 and December 31, 2010 are outlined below:

	September 30, 2011 (Unaudited)	December 31, 2010
Balance Sheet:		
Land	$401,071	$33,991
Buildings, net	77,920	0
Repair fund cash escrow	6,400	0
Rents and other receivables	4,708	0
Prepaid insurance	2,624	0
Accounts payable and accrued expenses	(731)	0
Repair fund payable	(6,400)	0
Property tax payable	(3,785)	0
Properties held for sale	$481,807	$33,991

The components of discontinued operations included in the condensed statements of (loss) income for the three and nine month periods ended September 30, 2011 and 2010 are outlined below:

	Three Month Period ended September 30, 2011 (Unaudited)	Three Month Period ended September 30, 2010 (Unaudited)	Nine Month Period ended September 30, 2011 (Unaudited)	Nine Month Period ended September 30, 2010 (Unaudited)
Statements of (Loss) Income:				
Revenues:				
Rental income	$11,758	$23,462	$64,241	$77,333
Other income	0	0	1,176	0
Total Revenues	11,758	23,462	65,417	77,333
Expenses:				
Insurance	152	0	152	0
General and administrative	0	378	0	628
Professional services	456	8,983	1,482	13,800
Property tax expense	2,887	(19,997)	6,199	(1,997)
Other property expenses	3,500	3,068	3,500	4,175
Marketing expense	7,700	0	7,700	0
Property impairment write-downs	104,705	0	644,823	0
Depreciation	2,888	5,737	14,361	17,210
Amortization	0	1,747	10,379	5,242
Total Expenses	122,288	(84)	688,596	39,058
Net (Loss) Income from Discontinued Operations	$(110,530)	$23,546	$(623,179)	$38,275

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, as amended, 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 September 30, 2011, the aggregate minimum operating lease rents, including the aggregate total of the first through third quarters of 2011 revenues of $765,672 to be received under the current operating leases for the Partnership's properties are as follows:

Year ending December 31,	
2011	$1,026,096
2012	1,005,830
2013	892,500
2014	856,500
2015	826,500
Thereafter	4,213,425
	$8,820,851

Operating percentage rents included in operating rental income for the three month periods ended September 30, 2011 and 2010 were approximately $172,000 and $159,000, respectively. Operating percentage rents included in operating rental income for the nine month periods ended September 30, 2011 and 2010 were approximately $193,000 and $170,000, respectively.

The operating percentage rents for 2011 related primarily to the tenants who had reached their sales breakpoints for 2011. The 2011 to 2010 variance is due to an increase in reported 2011 sales for tenants who had reached their sales breakpoint. As of September 30, 2011, operating rents and other receivables included approximately $191,000 of unbilled percentage rents. Operating percentage rents included in rental income from operations in 2010 were approximately $398,000. At December 31, 2010, operating rents and other receivables included $398,000 of unbilled percentage rents. As of September 30, 2011, all of the 2010 percentage rents had been billed and collected.

As of September 30, 2011, Wendcharles and Wendgusta operating base rents accounted for approximately 22% and 53%, respectively, of the Partnership's total 2011 operating base rents to-date. As of December 31, 2010, Wendcharles and Wendgusta operating base rents accounted for approximately 22% and 53%, respectively, of the Partnership's total 2010 operating base rents.

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, 2011, 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, 2011, the minimum annual Base Fee and the maximum Expense reimbursement increased by 1.64% from the prior year, which represents the allowable annual Consumer Price Index adjustment per the PMA. Therefore, as of March 1, 2011, the minimum monthly Base Fee paid by the Partnership was raised to $20,492 and the maximum monthly Expense reimbursement was increased to $1,653.

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 $59,648 on the amounts recovered, which includes restoration fees received for 2011 and 2010 of $259 and $373, 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 and nine month periods ended September 30, 2011 and 2010 are as follows:

	Incurred for the Three Month Period ended September 30, 2011 (Unaudited)	Incurred for the Three Month Period ended September 30, 2010 (Unaudited)	Incurred for the Nine Month Period ended September 30, 2011 (Unaudited)	Incurred for the Nine Month Period ended September 30, 2010 (Unaudited)
General Partner				
Management fees	$61,466	$60,359	$183,507	$181,220
Restoration fees	10	124	259	373
Overhead allowance	4,959	4,878	14,823	14,646
Lease commission	0	0	5,346	0
Reimbursement for out-of-pocket expenses	1,293	1,221	4,312	4,181
Cash distribution	1,065	1,182	1,777	1,888
	$68,793	$67,764	$210,024	$202,308

At September 30, 2011 and December 31, 2010, $1,518 and $1,825, respectively, was payable to the General Partner.

Due to the Denny's lease modifications, approximately $1,200 of the $4,000 lease commission paid in 2009 to the General Partner was reimbursed to the Partnership in May of 2011 and is included in other income from discontinued operations in the condensed statements of income.

As of September 30, 2011 and December 31, 2010, 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.

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

As of September 30, 2011, Advisory Board Member, Jesse Small, owns 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 September 30, 2011 and 2010 are as follows:

	Incurred for the Three Month Period ended September 30, 2011 (Unaudited)	Incurred for the Three Month Period ended September 30, 2010 (Unaudited)	Incurred for the Nine Month Period ended September 30, 2011 (Unaudited)	Incurred for the Nine Month Period ended September 30, 2010 (Unaudited)
Advisory Board Fees paid	$875	$875	$2,625	$2,625

At September 30, 2011 and December 31, 2010, there were no outstanding Advisory Board Fees accrued and payable to Jesse Small.

8. CONTINGENT LIABILITIES:

According to the Partnership Agreement, as amended, TPG, as 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 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 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 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 September 30, 2011, 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 as permanent manager 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, $201,872 of earnings has been credited to the Trust as of September 30, 2011. 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. A net gain on the sale of approximately $29,000 was recognized in the Fourth Quarter of 2009. The Buyers Note reflects 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. Pursuant to the Buyers Note, there will be no penalty for early payment of principal. The Buyers Note also requires the buyer to escrow property taxes with the Partnership beginning January of 2010 at $1,050 per month (lowered to $900 beginning February 1, 2011). The property tax escrow cash balance held by the Partnership amounted to $12,600 at December 31, 2010, and in January of 2011, approximately $11,000 of the property tax escrow was returned to the Buyer upon proof of the payment of the 2010 property tax to the taxing authority. The property tax escrow cash balance held by the Partnership amounted to approximately $10,000 at September 30, 2011, and is included in the property tax payable in the condensed balance sheets.

Per the Buyers Note amortization schedule, the monthly payments are to total approximately $3,522 per month. The amortized principal payments yet to be received under the Buyers Note amounted to $276,238 as of December 31, 2010. During the nine month period ended September 30, 2011, nine note payments were received by the Partnership and totaled $17,087 in principal and $14,612 in interest.

As of September 30, 2011, the annual aggregate amortized principal payments yet to be received under the Buyers Note over the next fourteen months are as follows:

Year ending December 31,	
2011 (three months remaining)	$5,904
2012 (eleven months of payments)	253,247
	$259,151

12. FAIR VALUE DISCLOSURES:

The Partnership has determined the fair value based on a 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.

Fair Value on a Nonrecurring Basis – Vacant and Denny's, Phoenix, AZ Properties

Certain assets and liabilities are measured at fair value on a nonrecurring basis; that is, the instruments are not measured at fair value on an ongoing basis but are subject to fair value adjustments in certain circumstances (for example, when there is evidence of impairment). The following table presents the assets and liabilities carried on the balance sheet by caption and by level within the fair valuation hierarchy (as described above) as of September 30, 2011, for which a nonrecurring change in fair value has been recorded during the three month period ended September 30, 2011 for the Denny's, Phoenix, AZ property and during the three month period June 30, 2011 for the vacant Phoenix, AZ property.

	Carrying Value at September 30, 2011				Three Month Period Ended September 30, 2011	Nine Month Period Ended September 30, 2011
	Total	Level 1	Level 2	Level 3	Total Losses	Total Losses
Denny's, Phoenix, AZ property	$445,000	$445,000 -	$ -	$ -	$(104,705)	$(104,705)
Vacant Phoenix, AZ property	- -	-	-	-	-	(540,118)
Total properties	$445,000	$445,000	$ -	$ -	$(104,705)	$(644,823)

Investment property measured at fair value on a nonrecurring basis relates to land, building and improvements that were held for investment. Losses of $640,823 represent property impairment charges related to the vacant Phoenix, AZ property recorded during the second quarter of 2011 and to the Denny's, Phoenix, AZ property recorded during the third quarter of 2011. The fair value of these assets was determined by Management and incorporates Management's knowledge of comparable properties, past experience, future expectations and discussions with listing brokers.

13. SUBSEQUENT EVENTS:

Denny's Restaurant- Phoenix, AZ Property

A contract to sell the Denny's, Phoenix, AZ property was executed at the October 18, 2011 auction by an unaffiliated party for the high bid price of $475,000. A five percent buyer's premium totaling $23,750, which will be retained by the Agent per the Marketing Agreement, was added to the high bid price for a total sales price of $498,750 to be paid by the buyer. The buyer provided a ten percent earnest money deposit of $49,870, which is held by an independent escrow company. The Purchase Agreement ("Agreement") was accepted and executed by Management on October 20, 2011. Per the Agreement, closing is to occur no later than November 22, 2011. At closing, a commission of up to two percent ($9,500) of the high bid price is expected to be paid to the Agent and an advisory fee of three percent ($14,250) of the high bid price is anticipated to be paid to an affiliate of the Partnership. The net book value of the Denny's, Phoenix, AZ property at September 30, 2011, classified as property held for sale in the condensed financial statements, was approximately $450,000 which included $367,000 related to land, $78,000 related to buildings (net of accumulated depreciation of $332,000), $5,000 related to rents and other receivables, $6,000 related to repair fund cash escrow, $100 related to accounts payable and accrued expenses and $6,000 related to repair fund payable.

Vacant Phoenix, AZ Property

The vacant, Phoenix, AZ property did not sell at the October 18, 2011 auction. Per the Marketing and Agency Agreement, the Agent continues to market the property to potential buyers. The net book value of the vacant, Phoenix, AZ property at September 30, 2011, classified as property held for sale in the condensed financial statements, was approximately ($2,000) which included $2,700 related to prepaid insurance, $700 related to accounts payable and accrued expenses and $4,000 related to property tax payable.

Wendy's- 361 Highway 17 Bypass, Mt. Pleasant, SC 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 County of Charleston deposited the Initial Offer of $177,000 with the Charleston County Clerk of Court as is required under South Carolina law. The Partnership had until November 11, 2011, to reject the Initial Offer ("Tender of Payment") for the purchase of the property. The Partnership rejected the Tender of Payment; however, the Initial Offer is still 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, each filed a Notice of Court Appearance ("Notice of Appearance") and requested a jury trial in October. In addition, the Partnership and the lessee served one set of joint initial discovery requests ("Interrogatories" and "Requests for Production") with the County of Charleston requesting information about and access to up-to-date project plans and any and all other information pertaining to this matter. Management will continue to actively work with legal counsel and Wendcharles to facilitate a settlement with the County of Charleston and the re-engineering of the County's plans to preserve the viability of the site for Wendy's-Mt. Pleasant's operational use.

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 our management based on their 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.

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 these cautionary statements. 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 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. 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

The Properties held by the Partnership at September 30, 2011 (including properties held for sale) were originally purchased at a price, including acquisition costs, of $10,814,830 in the aggregate.

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 September 30, 2011, the Partnership owned fourteen fully constructed fast-food restaurants, which includes one vacant property in Phoenix, AZ that was reclassified to properties held for sale during the third quarter of 2011 (formerly operated as a China Super Buffet restaurant (“China Buffet”)). In addition, one property is located on a parcel of land which is subject to a ground lease (see paragraph below). The thirteen tenants are composed of the following: nine Wendy's restaurants, a Denny's restaurant (reclassified to properties held for sale during the third quarter of 2011), an Applebee's restaurant, a KFC restaurant, and a Daytona’s All Sports Café (“Daytona’s”). The fourteen properties are located in a total of six 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 (such as Phoenix, AZ property, formerly operated as China Buffet, or the formerly owned vacant Park Forest, IL property), 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 owns one restaurant, which is located on a parcel of land where it has entered into a long-term ground lease, as lessee, which is set to expire in 2018. The Partnership has the option to extend the 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 nine month period ending September 30, 2011.

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.

The following summarizes significant developments as of September 30, 2011, by property, for properties with such developments:

Vacant Phoenix, AZ Property

The China Super Buffet restaurant ceased operations and vacated the Phoenix, AZ property in late June of 2011. Management had sent a letter of default to the former tenant in June, due to its delinquent May and June of 2011 lease obligations totaling $12,312. Management regained possession of the property in July, and although the former tenant is responsible for lease obligations through its lease end date of January 20, 2013, Management does not anticipate any further rent collections and therefore monthly base rent charges of $6,000 per month ceased as of June 30, 2011. As of June 30, 2011, the former tenant's $18,000 security deposit was applied to the past due amounts and the remaining balance of approximately $5,700 was held by the Partnership as property tax cash escrow. In addition, as of June 30, 2011, the former tenant's remaining long-term rent receivable balance of $9,000 was removed from the balance sheet as an additional straight-line rent adjustment and its remaining deferred lease commission balance of approximately $7,000 was fully amortized.

The carrying amount of the vacant Phoenix, AZ property was reduced by $540,118 to its estimated fair value of $0 during the second quarter of 2011. The reduction included $444,224 related to land and $95,894 related to buildings, net of accumulated depreciation of $325,782.

The Partnership has been unsuccessful in finding a new tenant for the vacant Phoenix, AZ property, and during the third quarter of 2011, the property was reclassified to properties held for sale upon the late September of 2011 execution of an Agency and Marketing Agreement ("Agreement") with an unaffiliated Agent. The Agreement gave the Agent the exclusive right to sell the vacant Phoenix, AZ property and the Denny's, Phoenix, AZ property through auction, sealed bid, hybrid sealed bid, on-line bid or through private negotiations. The vacant, Phoenix, AZ property did not sell at the October 18, 2011 auction. Per the Marketing and Agency Agreement, the Agent will continue to market the property to potential buyers until the Agreement is set to terminate upon the later of 30 days after the Live Outcry Auction date, or a closing or settlement, if applicable. A marketing fee of approximately $7,700 was paid to the Agent in September of 2011 for the purpose of advertising, marketing and promoting the properties to the buying public.

The net book value of the vacant, Phoenix, AZ property at September 30, 2011, classified as property held for sale in the condensed financial statements, was approximately ($2,000) which included $2,700 related to prepaid insurance, $700 related to accounts payable and accrued expenses and $4,000 related to property tax payable.

At June 30, 2011, the Partnership had accrued six months of 2011 estimated property tax totaling $9,000 based on the 2010 actual property tax bills, approximately $3,300 of which was expensed by the Partnership as property tax. Monthly property tax expense and accruals of $1,500 began in July of 2011 for the vacant property. The first installments of the 2011 property tax bills totaled $7,600 in aggregate and were paid in September of 2011, of which $5,700 was paid from the property tax cash escrow held by the Partnership. The second installments of the 2011 property tax bills total $7,600 in aggregate and are due by March 1, 2012. The monthly property tax accrual for the vacant property was adjusted to approximately $1,300 in September of 2011 due to the receipt of the actual 2011 property tax bills related to the property and therefore the property tax payable balance as of September 30, 2011 approximated $4,000.

Due to the vacancy of the Phoenix, AZ property, the Partnership assumed property insurance and maintenance responsibility beginning in July of 2011. The Partnership purchased property insurance amounting to approximately $3,000 for the 2011/2012 policy year during July of 2011. Maintenance expenditures totaling approximately $3,500 were incurred during the third quarter in relation to maintenance and security patrol services. Management anticipates that the Partnership will incur approximately $1,300 per month in security patrol measures at the vacant property.

Denny's Restaurant- Phoenix, AZ Property

A new twenty three month lease for the Denny's restaurant located in Phoenix, AZ was executed with the tenant, Denny's #6423, LLC ("Denny's") in June of 2009. The lease (which was effective as of June 1, 2009) provided for an annual base rent of $72,000 (less a potential $600 rent credit per month for both timely payment and sales reporting), and was set to expire on April 30, 2011. A commission of approximately $4,000 was paid to a General Partner affiliate in the second quarter of 2009 in relation to the lease. Due to the lease modifications detailed below, approximately $1,200 of the commission paid in 2009 was reimbursed to the Partnership in May of 2011 and is included in other income in the condensed statements of income.

In December of 2009, due to sluggish sales figures, Denny's notified the General Partner of its intent to terminate its lease early, pursuant to its lease rights, as of March 15, 2010. Responsive to the depressed Phoenix market, during January of 2010, Management and Denny's agreed to a six month temporary modification to the lease retroactive to January 1, 2010. The tenant's rent from January of 2010 through June of 2010 was strictly percentage rent at eight percent of monthly sales over $50,000. In June of 2010, an additional temporary lease modification was agreed upon. Denny's rent from July of 2010 to September of 2010 was strictly percentage rent at eight percent of monthly sales over $50,000 and the rent from October 1, 2010 to December 31, 2010 was strictly percentage rent at eight percent of monthly sales over $37,500. During the fiscal year ended December 31, 2010, percentage rent income totaling approximately $40,000 was recognized in relation to the property.

The January 1, 2011 third modification to Denny's lease, allows for a month-to-month tenant lease as of May 1, 2011. In addition, Denny's rent, beginning January 1, 2011 and until the month-to-month lease is terminated, is strictly percentage rent at eight percent of monthly sales over $37,500. In addition, eight percent of monthly sales between $27,500 and $37,500 (up to $800) will be held in a repair fund reserve by the Partnership, from which the tenant can withdrawal for necessary property improvements upon proper proof of expenditures to the Partnership. At September 30, 2011, $6,400 was held in the repair fund reserve and is included in the Partnership's condensed balance sheets as repair fund escrow and repair fund payable.

The carrying amount of the Denny's, Phoenix, AZ property was reduced by $104,705 to its estimated fair value less estimated costs to sell of $445,000 during the third quarter of 2011. The reduction included $86,353 related to land and $18,352 related to buildings.

During the third quarter of 2011, the property was reclassified to properties held for sale upon the late September of 2011 execution of an Agency and Marketing Agreement ("Marketing Agreement") with an unaffiliated Agent. The Agreement gave the Agent the exclusive right to sell the Denny's, Phoenix, AZ property and the vacant Phoenix, AZ property through auction, sealed bid, hybrid sealed bid, on-line bid or through private negotiations. The Marketing Agreement is set to terminate upon the later of 30 days after the Live Outcry Auction, or a closing or settlement, if applicable. A marketing fee of approximately $7,700 was paid to the Agent in September of 2011 for the purpose of advertising, marketing and promoting the property to the buying public. The net book value of the Denny's, Phoenix, AZ property at September 30, 2011, classified as property held for sale in the condensed financial statements, was approximately $450,000 which included $367,000 related to land, $78,000 related to buildings (net of accumulated depreciation of $332,000), $5,000 related to rents and other receivables, $6,000 related to repair fund cash escrow, $100 related to accounts payable and accrued expenses and $6,000 related to repair fund payable.

A contract to sell the Denny's, Phoenix, AZ property was executed at the October 18, 2011 auction by an unaffiliated party for the high bid price of $475,000. A five percent buyer's premium totaling $23,750, which will be retained by the Agent per the Marketing Agreement, was added to the high bid price for a total sales price of $498,750 to be paid by the buyer. The buyer provided a ten percent earnest money deposit of $49,870 which is held by an independent escrow company. The Purchase Agreement ("Agreement") was accepted and executed by Management on October 20, 2011. Per the Agreement, closing is to occur prior to November 22, 2011. At closing, a commission of up to two percent ($9,500) of the high bid price is expected to be paid to the Agent and an advisory fee of three percent ($14,250) of the high bid price is anticipated to be paid to an affiliate of the Partnership.

Daytona's All Sports Café- Des Moines, IA Property

The second amendment to the lease for the Daytona's All Sports Café ("Daytona's) located in Des Moines, IA expired on May 31, 2011. In April of 2011, Management and Daytona's signed a letter of intent ("LOI") which agreed to a three year lease amendment and extension which was to begin on June 1, 2011 and expire on May 31, 2014. The third amendment to the lease was executed in early May and provides for an annual base rent of $72,000, rent abatement for June for each of the three years, and a continued potential $600 rent credit per month for both timely payment and sales reporting. In addition, Daytona's is to pay as percentage rent 8% of its annual sales over $850,000. During 2010, Daytona's reported sales to the Partnership of approximately $820,000 (percentage rents were to be charged at six percent over a sales breakpoint of $900,000). A leasing commission of approximately $5,000 was paid in May of 2011 to a General Partner affiliate upon the execution of the third lease amendment and extension.

Beginning in December of 2005, Management requested that Daytona's escrow its future property tax liabilities with the Partnership on a monthly basis. As of September 30, 2011, Daytona's was current on its monthly rent and property tax escrow obligations. The escrow payments held by the Partnership totaled approximately $21,000 and were included in property tax payable in the Partnership's condensed balance sheets.

Formerly Owned and Vacant Park Forest, IL Property

The Partnership had been unsuccessful in finding a new tenant for the vacant Park Forest, IL ("Park Forest") property and, as of December 31, 2009, the carrying value of this property was written down to $0.

In November of 2010, a Purchase Contract was executed for the sale of the Park Forest property to an unaffiliated party for a selling price of $10,000. The closing date of the sale was December 2, 2010, and a net gain on the sale of approximately $7,000 was recognized in the fourth quarter of 2010. Closing and other sale related costs amounted to approximately $3,000 and included a $1,000 sales commission paid to an unaffiliated Broker Agent. In addition, the Partnership paid approximately $2,000 at the closing for past due water bills related to the former tenant of the Park Forest property. Per the terms of the Purchase Contract, the Partnership is responsible for paying the 2010 property tax for the Park Forest property which will be due in 2011 to the Cook County taxing authority. At the closing, the buyer paid approximately $2,000 to the Partnership for its one month share of the 2010 property tax.

As of December 31, 2010, the Partnership had accrued and expensed eleven months of estimated 2010 property tax totaling approximately $20,000 and held one month property tax cash escrow of approximately $2,000 from the buyer of the property. The first installment of 2010 property tax, totaling approximately $12,000 was paid in February of 2011. As of September 30, 2011, the remaining second installment of 2010 property tax payable included in the Partnership's condensed balance sheets amounts to approximately $10,000 and is expected to be paid during the fourth quarter of 2011.

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. The proposed land purchase is for "Right of Way" for planned road improvements. Unfortunately, the plan provides for the relocation of ingress and egress that could make the operations of the Wendy's restaurant uneconomic.

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 County of Charleston deposited the Initial Offer of $177,000 with the Charleston County Clerk of Court as is required under South Carolina law. The Partnership had until November 11, 2011, to reject the Initial Offer ("Tender of Payment") for the purchase of the property. The Partnership rejected the Tender of Payment; however, the Initial Offer is still 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, each filed a Notice of Court Appearance ("Notice of Appearance") and a requested a jury trial in October. In addition, the Partnership and the lessee served one set of joint initial discovery requests ("Interrogatories" and "Requests for Production") with the County of Charleston requesting information about and access to up-to-date project plans and any and all other information pertaining to this matter. Management will continue to actively work with legal counsel and Wendcharles to facilitate a settlement with the County of Charleston and the re-engineering of the County's plans to preserve the viability of the site for Wendy's operational use. 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.

Panda Buffet Restaurant- Grand Forks, ND Property

A sales contract was executed on September 30, 2009 for the installment sale of the Panda Buffet restaurant property ("Panda Buffet") located in Grand Forks, ND to the owner tenant. The Partnership completed the sale of the Panda Buffet property on November 12, 2009 for $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 reflects a term of three years, an interest rate of 7.25%, and principal and interest payments paid monthly. Principal is amortized over a period of ten years beginning December 1, 2009 with a balloon payment due on November 1, 2012. Pursuant to the Buyers Note, there will be no penalty for early payment of principal. The Buyers Note also requires the buyer to escrow property taxes with the Partnership beginning January of 2010 at $1,050 per month (lowered to $900 beginning February 1, 2011). As of September 30, 2011, the buyer was current on its 2011 monthly property tax escrow obligations and escrow payments. The property tax escrow cash balance held by the Partnership amounted to $12,600 at December 31, 2010, and in January of 2011, $10,800 of the property tax escrow was relinquished to the Buyer upon proof of payment of the 2010 property tax to the taxing authority. The property tax escrow cash balance held by the Partnership amounted to approximately $10,000 at September 30, 2011, 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 $3,522 per month. The amortized principal payments yet to be received under the Buyer's Note amounted to $276,238 as of December 31, 2010. During the nine month period ended September 30, 2011, nine note payments were received by the Partnership and totaled $17,087 in principal and $14,612 in interest.

Results of Operations

Income from continuing operations for the three month periods ended September 30, 2011 and 2010 were approximately $272,000 and $272,000, respectively. Income from continuing operations for the nine month periods ended September 30, 2011 and 2010 were approximately $423,000 and $434,000, respectively. See the paragraphs below for further information as to 2011 and 2010 variances of individual operating income and expense items.

Three month period ended September 30, 2011 as compared to the three month period ended September 30 , 2010:

Operating Rental Income: Rental income for the three month periods ended September 30, 2011 and 2010 were approximately $428,000 and $416,000, respectively. The rental income was comprised of monthly lease obligations per the tenant leases, percentage rents obligations related to tenants who had reached their sales breakpoint, and included adjustments for straight-line rent. The 2011 to 2010 variance is due to an increase in reported 2011 sales for tenants who had reached their sales breakpoint.

Insurance Expense: Insurance expense for the three month periods ended September 30, 2011 and 2010 were approximately $2,000 and $8,000, respectively. The 2011 insurance expense was comprised of general liability insurance and the 2010 insurance expense was comprised of aggregate property insurance (back-up policies for unexpected vacancy or tenant lapses) and general liability insurance. The decrease in insurance expense in 2011 is the result of the Partnership's decision to not purchase additional property insurance in the fourth quarter of 2010 for the aggregate of the operating properties for the 2010/2011 insurance year.

Professional services: Professional services expenses for the three month periods ended September 30, 2011 and 2010 were approximately $35,000 and $20,000, respectively. Professional services 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 third quarter of 2011 professional services expenditures were higher in 2011 than in 2010 due primarily to increased electronic state tax filings for 2010 returns filed in 2011, higher 2011 accruals for 2011 electronic state tax returns to be filed in 2012, and the new SEC mandated XBRL conversion and filing requirements for the Partnership.

Recovery of Amounts Previously Written-off: Recovery of amounts previously written-off for the three month periods ended September 30, 2011 and 2010 were approximately $250 and $3,000, respectively, and were comprised of small recoveries from former general partners. Management anticipates that such revenue type may continue to be generated until Partnership dissolution; however, no significant recoveries are anticipated.

Nine month period ended September 30, 2011 as compared to the nine month period ended September 30, 2010:

*Operating Rental Income: Operating r*ental income for the nine month periods ended September 30, 2011 and 2010 was approximately $963,000 and $940,000, respectively. The rental income was comprised of monthly lease obligations per the tenant leases, percentage rents obligations related to the tenants who had reached their sales breakpoint, and included adjustments for straight-line rent. The 2011 to 2010 variance is due to an increase in reported 2011 sales for tenants who had reached their sales breakpoint.

Management expects total base operating rent revenues to be approximately $1.03 million for the year 2011 based on operating leases currently in place. Future operating rent revenues may decrease with tenant defaults and/or the reclassification of properties as properties held for sale. They may also increase with additional rents due from tenants, if those tenants experience increased sales levels, which require the payment of additional rents to the Partnership. Operating percentage rents included in rental income from operations in 2010 was $398,000, and Management expects the 2011 percentage rents to be slightly higher as compared to 2010, due to higher tenant sales reported through September of 2011 for the aggregate of the Wendy’s properties.

Insurance Expense: Insurance expense for the nine month periods ended September 30, 2011 and 2010 were approximately $5,000 and $25,000, respectively. The 2011 insurance expense was comprised of general liability insurance and the 2010 insurance expense was comprised of aggregate property insurance (back-up policies for unexpected vacancy or tenant lapses) and general liability insurance. The Partnership did not purchase additional property insurance in the fourth quarter of 2010 for the aggregate of the Properties for the 2010/2011 insurance year. Each tenant is responsible for insurance protection and beginning October 31, 2010 the Partnership will only purchase property insurance for an individual property if the tenant cannot provide proof of insurance protection or due to a property vacancy. If the Partnership is not required to purchase any additional property insurance during 2011, this new insurance approach is expected to reduce insurance expenditures by approximately $23,000, based on the property aggregate insurance premium paid for the 2009/2010 policy year. For 2011, Management expects insurance expense to be approximately $7,000. This amount could increase upon a property insurance default or vacancy by a tenant or an increase in the general liability insurance premium for the 2011/2012 insurance year, which is expected to be paid in the fourth quarter of 2011.

Professional services: Professional services expenses for the nine month periods ended September 30, 2011 and 2010 was approximately $177,000 and $131,000, 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. Management anticipates that the total 2011 professional services expenses may be over twenty-five percent higher than the total 2010 expenses due primarily to the May of 2011 Consent, the second quarter of 2011 Consent tabulation processing, the new SEC mandated XBRL conversion and filing requirements beginning in the third quarter for the Partnership, and the higher actual electronic state tax filing fees for 2010 and higher accruals for 2011.

Recovery of Amounts Previously Written-off: Recovery of amounts previously written-off for the nine month periods ended September 30, 2011 and 2010 were each approximately $6,000 and $9,000, respectively, and were comprised of small recoveries from former general partners. Management anticipates that such revenue type may continue to be generated until Partnership dissolution; however, no significant recoveries are anticipated.

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 September 30, 2011 and 2010, the Partnership recognized a (loss) income from discontinued operations of approximately $(111,000) and $24,000, respectively. During the nine month periods ended September 30, 2011 and 2010, the Partnership recognized a (loss) income from discontinued operations of approximately $(623,000) and $38,000, respectively. The 2011 and 2010 (loss) income from discontinued operations was attributable to the third quarter of 2011 reclassifications of the vacant Phoenix, AZ property and the Denny's, Phoenix, AZ property to properties held for sale upon the execution of Agency and Marketing Agreements with an unaffiliated party in September of 2011 to sell both of the properties. The 2011 loss from discontinued operations includes a second quarter property impairment write down of $540,118 related to the vacant Phoenix, AZ property and a $104,705 third quarter property impairment write down related to the Denny's, Phoenix, AZ property. The 2010 income from discontinued operations was also attributable to the fourth quarter of 2010 reclassification of a small strip of the Wendy's- Mt. Pleasant property to property held for sale and the third quarter of 2010 reclassification of the vacant Park Forest property to property held for sale (the property was sold in December of 2010) upon the execution of an Agency and Marketing Agreement with an unaffiliated party in August of 2010 to sell the Park Forest property.

Cash Flow Analysis

Net cash flows provided by operating activities for the nine month periods ended September 30, 2011 and 2010 were approximately $795,000 and $856,000, respectively. The variance in cash provided by operating activities from 2011 to 2010 is primarily due to: (i) the timing of the 2010 audit and tax preparation installment billings and payments as compared to the 2009 audit and tax installment billings and payments; (iii) the 2010 percentage rents collected in the First Quarter of 2011 were higher than the 2009 percentage rents collected in the First Quarter of 2010 due to higher tenant sales reported and recorded for 2010 as compared to 2009; (iv) the timing of vendor invoices received and the payments thereof; (v) the 2011 property tax accrual for the vacant China Buffet property in Phoenix, AZ; (vi) higher percentage rent collections from Denny's in 2011; and (vii) higher professional services expenditures for 2011.

Cash flows provided from (used in) investing activities for the nine month periods ended September 30, 2011 and 2010 were approximately $18,000 and $25,000, respectively. The 2011 and 2010 amounts were comprised of the receipt of note receivable principal payments totaling $17,000 and $16,000, respectively, from the Buyer's Note and small recoveries from former general partners. In addition, an approximately $6,000 leasing commission was paid in the second quarter of 2011 in relation to Daytona's amended lease agreement. An additional $6,000 in principal payments under the Buyer's Note is scheduled to be received during 2011 (see Note 11 to condensed financial statements). Management anticipates that small recoveries from former general partners may continue to be generated until Partnership dissolution; however, no significant recoveries are anticipated.

For the nine month period ended September 30, 2011, cash flows used in financing activities was $801,777 and consisted of aggregate Limited Partner distributions of $800,000, which included approximately $7,000 in net sale proceeds from the December of 2010 sale of the vacant Park Forest property and approximately $17,000 in Buyer's Note principal payments received, and General Partner distributions of $1,777. For the nine month period ended September 30, 2010, cash used in financing activities was $901,888 and consisted of aggregate Limited Partner distributions of $900,000, which included net sale proceeds of approximately $128,000 from the sale of the Panda Buffet, Grand Forks, ND property in November of 2009, and approximately $13,000 in Buyer's Note principal payments received, and General Partner distributions of $1,188. Distributions have been and will continue to be made in accordance with the Partnership Agreement.

Liquidity and Capital Resources

Our cash balance was approximately $439,000 at September 30, 2011. Cash of $230,000 is anticipated to be used to fund the third quarter of 2011 aggregate distribution to Limited Partners expected to be made in November of 2011, and cash of approximately $39,000 is anticipated to be used for the payment of September 30 quarter-end accrued liabilities, net of property tax and repair fund cash escrows, which are included in the Partnership's condensed balance sheets. The remainder represents amounts deemed necessary to allow the Partnership to operate normally and consistent with past practice.

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 fund 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 September 30, 2011 and December 31, 2010, the twelve operating Properties were leased 100%. In addition, the Partnership collected 100% of its base rent from current operating tenants for the nine month period ended September 30, 2011 and the fiscal year ended December 31, 2010, which we believe is a good indication of overall tenant quality and stability. The vacant Phoenix, AZ property (China Buffet ceased operations and vacated the Phoenix, AZ property in late June of 2011) and the Denny's, Phoenix, AZ property were reclassified to properties held for sale during the third quarter of 2011. A contract to sell the Denny's property was executed at the October 18, 2011 auction for the high bid price of $475,000. Closing is expected to be in the fourth quarter. Although there is never a guarantee of a sale, the net cash proceeds from the sale after the estimated costs to sell is projected to be $450,000 and would be included with the anticipated fourth quarter of 2011 aggregate distribution to Limited Partners, which is expected to be made in February of 2012. Denny's month-to-month lease began on May 1, 2011 and is strictly percentage rent at eight percent of reported sales over a defined breakpoint. As of September 30, 2011, the 2011 percentage rents recognized in relation to the Denny's property totaled approximately $40,000. The 2010 percentage rents recognized totaled $40,000 for the Denny's property. Although China Buffet is responsible for lease obligations through its lease end date of January 20, 2013, Management does not anticipate any further rent collections and therefore monthly base rent charges of $6,000 per month ceased as of June 30, 2011. See Item 2, Investment Properties for further information regarding properties with significant developments.

Nine of the fourteen Properties are leased to two Wendy's franchisees. Six of the Properties are leased to Wendgusta, LLC and three of the Properties are leased to Wendcharles I, LLC. Operating base rents from these nine leases comprised approximately 75% of the Partnership's 2011 operating base rents as of September 30, 2011, and approximately 75% of the 2010 operating base rents as of December 31, 2010. As of December 31, 2010, additional 2010 percentage rents totaling approximately $382,000 were accrued in relation to the Wendy's properties. The percentage rents were both billed and fully collected as of September 30, 2011. Additionally, as of September 30, 2011, the nine Properties approximated 75% of the Partnership's total operating properties, both by asset value and number. Eight of the nine Wendy's leases are set to expire in November of 2021, with the remaining one lease set to expire in November of 2016.

Since approximately 75% of the Partnership's operating properties, both by asset value and number, are leased to two tenants, Wendgusta and Wendcharles, the financial status of the two tenant's may be considered relevant to investors. At the request of the Partnership, Wendgusta and Wendcharles each provided it with a copy of their reviewed financial statements for the fiscal years ended December 26, 2010 and December 27, 2009. Those reviewed financial statements prepared by Wendgusta's and Wendcharles' accountants were attached as Exhibit 99.0 and 99.1, respectively, to the Partnership's Annual Report. The Partnership has no right to audit or review Wendgusta's or Wendcharles' financial statements and the Partnership's independent registered public accounting firm has not audited or reviewed the financial statements received from Wendgusta or Wendcharles.

The Partnership's return on its investment will be derived principally from rental payments received from its lessees. Therefore, the Partnership's return on its investment is largely dependent upon the business success of its lessees. The business success of the Partnership's individual lessees can be adversely affected on three general levels. First, the tenants rely heavily on the management contributions of a few key entrepreneurial owners. The business operations of such entrepreneurial tenants can be adversely affected by death, disability or divorce of a key owner, or by such owner's poor business decisions such as an undercapitalized business expansion. Second, changes in a local market area can adversely affect a lessee's business operation. A local economy can suffer a downturn with high unemployment. Socioeconomic neighborhood changes can affect retail demand at specific sites and traffic patterns may change, or stronger competitors may enter a market. These and other local market factors can potentially adversely affect the lessees of the Partnership's Properties. Finally, despite an individual lessee's solid business plans in a strong local market, the franchise concept itself can suffer reversals or changes in management policy, which in turn can affect the profitability of operations. An overall economic recession is another factor that could affect the relative success of a lessee's business. Therefore, there can be no assurance that any specific lessee will have the ability to pay its rent over the entire term of its lease with the Partnership.

Since the Partnership's Properties involve restaurant tenants, the restaurant market is the major market segment with a material impact on Partnership operations. 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.

There is no way to determine, with any certainty, which, if any, tenants will succeed or fail in their business operations over the term of their respective leases with the Partnership. The nationwide economic downturn may affect a lessee's operational activity and its ability to meet lease obligations. Based on past experience, it can be reasonably anticipated that some lessees will default on future lease payments to the Partnership, which will result in the loss of expected lease income for the Partnership. Management will use its best efforts to vigorously pursue collection of any defaulted amounts and to protect the Partnership's assets and future rental income potential by trying to re-lease any properties with rental defaults. External events, which could impact the Partnership's liquidity, are the entrance of other competitors into the market areas of our tenants; the relocation of the market area itself to another traffic area; liquidity and working capital needs of the lessees; and failure or withdrawal of any of the national franchises held by the Partnership's tenants. Each of these events, alone or in combination, would affect the liquidity level of the lessees resulting in possible default by a tenant. Since the information regarding plans for future liquidity and expansion of closely held organizations, which are tenants of the Partnership, tend to be of a private and proprietary nature, anticipation of individual liquidity problems is difficult.

The continuing nationwide economic downturn has created a difficult credit environment. Fortunately, the Partnership has limited exposure to the credit markets, as the Partnership has no mortgage debt. Management monitors the depository institutions that hold the Partnership's cash on a regular basis and believes that funds have been deposited with creditworthy financial institutions. In addition, the Partnership has no outstanding mortgage debt. However, the continued economic downturn and lack of available credit could delay or inhibit Management's ability to dispose of the Partnership's Properties, or cause Management to have to dispose of the Partnership's Properties for a lower than anticipated return. As a result, Management continues to maintain an objective to preserve capital and sustain property values while selectively disposing of the Properties as appropriate.

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

Management intends to hold the Partnership Properties until such time as 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.

Inflation

Inflation has a minimal effect on operating earnings and related cash flows from a portfolio of triple net leases. By their nature, such leases actually fix revenues and are not impacted by rising costs of maintenance, insurance, or real estate taxes. Although the majority of the Partnership's leases have percentage rental clauses, revenues from operating percentage rentals represented only 20% and 18% of operating rental income for the nine month periods ended September 30, 2011 and 2010, respectively. Revenues from operating percentage rents represented only 28% of operating rental income for the fiscal year ended December 31, 2010. If inflation causes operating margins to deteriorate for lessees or if expenses grow faster than revenues, then inflation may negatively impact the portfolio through tenant defaults.

It would be misleading to associate inflation with asset appreciation for real estate, in general, and the Partnership's portfolio, specifically. Due to the "triple-net" nature of the property leases, asset values generally move inversely with interest rates.

Item 3. Quantitative and Qualitative Disclosure About Market Risk

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

Item 4. Controls and Procedures

Controls and Procedures

As of September 30, 2011, our Management (the General Partner), including our 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.

Management's Report on Internal Control over Financial Reporting

There were no changes in the Partnership's internal controls over financial reporting during the period ended September 30, 2011 that have materially affected, or are reasonably likely to materially affect, our internal controls over financial reporting.

The Partnership's Management, does not expect that the disclosure controls and procedures or the internal controls will prevent all error and misstatements. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, have been detected.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings

None.

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. (Removed and Reserved)

Item 5. Other Information

None.

Item 6. Exhibits

(a) Listing of Exhibits

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 November 15, 2011, regarding the third quarter of 2011 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 September 30, 2011 and December 31, 2010, (ii) Condensed Statements of Income for the three and nine month periods ended September 30, 2011 and 2010, (iii) Condensed Statement of Cash Flows for the nine month periods ended September 30, 2011 and 2010, 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: The Provo Group, Inc., General Partner

By: /s/Bruce A. Provo
Bruce A. Provo, President
(principal executive officer, principal financial officer
and principal accounting officer of the Partnership)

Date: November 14, 2011

Exhibit 31.1

DIVALL INSURED INCOME PROPERTIES 2 LIMITED PARTNERSHIP

CERTIFICATIONS

I, Bruce A. Provo, 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 15(d)- 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: November 14, 2011

By: /s/ Bruce A. Provo
President, Chief Executive Officer and
Chief Financial Officer of the
Provo Group, Inc., the General Partner
of the Partnership
(principal executive officer and 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 September 30, 2011 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.

Dated: November 14, 2011

By: /s/ Bruce A. Provo
President, Chief Executive Officer and
Chief Financial Officer of the
Provo Group, Inc., the General Partner
of the Partnership
(principal executive officer and principal
financial 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 99.1

DiVall Insured Income Properties 2, L.P.

QUARTERLY NEWS

November15, 2011

A Publication of The Provo Group, Inc. THIRD QUARTER 2011

THIRD QUARTER ACTUAL and PROJECTED FOURTH QUARTER of 2011 DISTRIBUTIONS…

The Partnership is distributing $230,000 for the third quarter of 2011, which is $4.97 per unit. This is $20,000 ($.43 per unit) lower than originally planned due primarily to the vacancy of the China Super Buffet property in late June (see page 2 Property Highlights), offset by lower operating expenditures. We only distribute "actual" adjusted net cash flow.

The cash distribution for the remaining quarter of 2011 from adjusted operating and investment cash flows is estimated to be approximately $195,000 ($4.21 per unit) which is $55,000 ($1.19 per unit) less than the original budgeted amount due primarily to the China Super Buffet vacancy and a higher than anticipated 2nd installment of 2010 property tax to be paid by the Partnership during the fourth quarter for the Park Forest, IL property sold in December of 2010.

The pending sale of the Denny's, Phoenix, AZ property during the fourth quarter of 2011, would result in an increase in the fourth quarter distribution if the deal closes. (See Property Highlights on page 2)

ADDITIONAL FINANCIAL INFORMATION CAN BE ACCESSED…

For further third quarter of 2011 unaudited financial information, see the Partnership's September 30, 2011 interim financial report filed on Form 10-Q with the SEC on or around November 15, 2011. A copy of the 2011 Quarterly Reports filed on Form 10-Q, the 2010 10-K, and other public reports can be viewed/printed free of charge at the Partnership's website at www.divallproperties.com or at the SEC's website at www.sec.gov.

DISTRIBUTION HIGHLIGHTS

- **$230,000 ($4.97 per unit)** distributed for the **second q**uarter of 2011, (see **Adjusted Condensed Statements of Cash Flows attached**).
- **$750,000 ($16.21 per unit)** distributed for the **first through third** Quarters of 2011, (see **Adjusted Condensed Statements of Cash Flows attached**).
- **$1,577.90 and $1,428.72** 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).

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 November 1, 2011, 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.

SEE INSIDE

PROPERTY HIGHLIGHTS

- **AUCTION HELD OCTOBER 18, 2011:** Management entered into a Marketing and Agency Agreement ("Marketing Agreement") in late September of 2011 for the live sale auction of the vacant Phoenix, AZ and the Denny's, Phoenix, AZ properties. The auction took place on October 18, 2011 and resulted in the sale of the Denny's property for the high bid price of $475,000. Closing is anticipated to occur during the fourth quarter of 2011. Although there is never a guarantee of a sale, the projected net cash sale proceeds (after estimated costs to sell) of approximately $445,000 would be included with the anticipated fourth quarter of 2011 distribution, which is expected to be mailed to investors in February of 2012. Per the Agreement, the Agent has 30 days from the auction date to continue to market the vacant, Phoenix, AZ property for sale, at which time the Agreement will expire.
- Vacant Phoenix, AZ property **(operated as China Super Buffet restaurant)**: The China Super Buffet ceased its operations and vacated the property in late June. Management regained possession of the property in July, and although China Super Buffet is responsible for rent and related property tax through the end of its lease (January 20, 2013), Management does not anticipate further collections from the former tenant. The former tenant's $18,000 security deposit held by the Partnership was applied to $12,312 in past due amounts and a portion of the first installment of 2011 property tax paid by the Partnership during the third quarter of 2011. Due to the need for capital improvements, and the economic downturn and demographic changes of the area, the carrying amount of the vacant property was reduced by $540,118 to its estimated fair value of zero as of June 30, 2011. The property was reclassified to property held for sale during the third quarter of 2011 upon the execution of the Marketing Agreement.
- Phoenix, AZ **(operates as a Denny's restaurant)**: Upon an impairment analysis performed by Management, the carrying amount of the property was reduced by $104,705 to its estimated fair value of $445,000 as of September 30, 2011. The property was reclassified to property held for sale during the third quarter of 2011 upon the execution of the Marketing Agreement.

QUESTIONS & ANSWERS

❖ ***When can I expect my next distribution mailing?***
Your distribution correspondence for the Fourth Quarter of 2011 is scheduled to be mailed on February 15, 2011.

❖ ***What was the estimated December 31, 2010 Net Unit Value ("NUV")?***
Management's had estimated the December 31, 2011 Net Unit Value of each interest of the Partnership to approximate $320, as noted in the letter mailed to investors on February 15, 2011. 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. Therefore, as of September 30, 2011, the adjusted December 31, 2010 internal estimated NUV would be approximately $12 lower at $308 per Unit. 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 a hard copy of the 2010 Annual Report 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.

❖ ***How do I have a question answered in the next Newsletter?***
Please e-mail your specific question to Diane Conley at dconley@theprovogroup.com by Wednesday, October 5, 2011 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: 1-800-547-7686
FAX: 1-415-485-4553

DIVALL INSURED INCOME PROPERTIES 2 L.P.
ADJUSTED CONDENSED STATEMENTS OF CASH FLOWS
FOR THE NINE MONTH PERIODS ENDED SEPTEMBER 30, 2011 and 2010
(Unaudited)

	2011	2010
Net Cash Flows Provided by Operating Activities	**$794,633** *	**$856,214** *
Adjustments:		
Changes in working capital (a)	20,729	14,250
Net Cash flows advanced from past or current cash flows (reserved for future) (b)	(83,567)	(110,680)
Net Adjusted Cash Flows Provided by Operating Activities	**$731,795**	**$759,784**
Cash Flows provided by Investing Activities	**$18,205** *	**$25,216** *
Total Adjusted Cash Flows Provided by Operating Activities and Cash Flows Provided by Investing Activities	**$750,000**	**$785,000**

	2011 ACTUAL	2010 ACTUAL
3rd Quarter Cash Distribution	$230,000 *	$275,000 *
3rd Quarter Cash Distribution per Limited Partner Unit	$4.97	$5.94
Date Mailed	11/15/2011	11/15/2010
2nd Quarter Cash Distribution	$265,000 *	$305,000 *
2nd Quarter Cash Distribution per Limited Partner Unit	$5.73	$6.59
Date Mailed	8/15/2011	8/13/2010
1st Quarter Cash Distribution	$255,000 *	$205,000 *
1st Quarter Cash Distribution per Limited Partner Unit	$5.51	$4.43
Date Mailed	5/13/2011	5/14/2010
Total Cash Distributions for 1st through 3rd Quarters	**$750,000**	**$785,000**
Total Cash Distributions per Limited Partner unit	**$16.21**	**$16.96**
Number of outstanding Limited Partner units*	**46,280.30**	**46,280.30**

* As reported

(a) Timing differences arising from the payment of certain liabilities in a period other than that in which the expense is recognized in determining net income may distort the actual cash flow that operations generate. Therefore, Management adjusts the Partnership's GAAP cash flow provided by operations to record such amounts in the period in which the liability was actually incurred and reserved for payment.
(b) As deemed necessary, Management adjusts the Partnership's GAAP cash flow provided by operations for cash flows advanced from past cash flows or current cash flows reserved for future distributions to allow the Partnership to operate normally.

Non-GAAP Financial Disclosure

Adjusted cash flow provided by operating activities is a non-GAAP financial measure that represents cash flow provided by operating activities on a GAAP basis adjusted for certain timing differences and cash flow advances (deferrals) as described above. Management believes that adjusted cash flow from operating activities is a useful supplemental measure for assessing the cash flow generated from the Partnership's period and is used in evaluating quarterly cash distributions to limited partners. Adjusted cash flow from operating activities should not be considered as an alternative for cash flow from operating activities computed on a GAAP basis as a measure of our liquidity.