

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

FORM 10-Q

(Mark One)

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

For the quarterly period ended September 30, 2025

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

(State or other jurisdiction of
incorporation or organization)

39-1606834

(I.R.S. Employer
Identification No.)

1900 W. 75th Street, Suite 100
Prairie Village, KS 66208

(Address of principal executive offices, including zip code)

(816) 421-7444

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Securities Exchange Act of 1934:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
None	N/A	N/A

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

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

Large accelerated filer ☐

Accelerated filer ☐

Non-accelerated filer ☒

Smaller Reporting Company ☒

Emerging growth company ☐

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

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes ☐ No ☒

As of November 11, 2025 the registrant had 46,280.3 units issued and outstanding.

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PART I - FINANCIAL INFORMATION
Item 1. Financial Statements

DIVALL INSURED INCOME PROPERTIES 2 LIMITED PARTNERSHIP

CONDENSED BALANCE SHEETS

September 30, 2025 and December 31, 2024

	September 30, 2025 (unaudited)	December 31, 2024
INVESTMENT PROPERTIES: (Note 2)		
Land	\$ -	\$ -
Buildings	-	-
Accumulated depreciation	-	-
Net investment properties	-	-
Properties held for sale	-	-
OTHER ASSETS:		
Cash and cash equivalents	83,844	842,114
Investments held in Indemnification Trust (Note 6)	533,962	514,687
Security deposits escrow	-	18,130
Prepaid state income tax	-	10,222
Prepaid fees	5,000	-
Total other assets	622,806	1,385,153
Total assets	\$ 622,806	\$ 1,385,153

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

DIVALL INSURED INCOME PROPERTIES 2 LIMITED PARTNERSHIP

CONDENSED BALANCE SHEETS

September 30, 2025 and December 31, 2024

LIABILITIES AND PARTNERS' CAPITAL

	September 30, 2025 (unaudited)	December 31, 2024
LIABILITIES:		
Accounts payable and accrued expenses	\$ 6,146	\$ 13,551
Due to General Partner (Note 4)	-	166
Distributions payable (Note 7)	-	231,000
Total liabilities	6,146	244,717
CONTINGENCIES AND COMMITMENTS (Notes 5 and 6)	-	-
PARTNERS' CAPITAL: (Notes 1 and 3)		
General Partner (1993-Present)		
Cumulative net income (retained earnings)	618,254	620,209
Cumulative cash distributions	(269,558)	(269,558)
Total General Partners' capital	348,696	350,651
Limited Partners (46,280.3 units outstanding at September 30, 2025 and December 31, 2024)		
Capital contributions	46,280,300	46,280,300
Offering costs	(6,921,832)	(6,921,832)
Cumulative net income (retained earnings)	67,573,029	67,766,535
Cumulative cash distributions	(105,823,304)	(105,494,989)
Total Limited Partners' capital	1,108,193	1,630,014
Former General Partner (1987-1993)		
Cumulative net income (retained earnings)	707,513	707,513
Cumulative cash distributions	(1,547,742)	(1,547,742)
Total former general partners' capital	(840,229)	(840,229)
Total partners' capital	616,660	1,140,436
Total liabilities and partners' capital	\$ 622,806	\$ 1,385,153

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

DIVALL INSURED INCOME PROPERTIES 2 LIMITED PARTNERSHIP

CONDENSED STATEMENTS OF INCOME

For the Three and Nine Month Periods Ended September 30, 2025 and 2024

	Three months ended		Nine months ended	
	September 30, 2025	September 30, 2024	September 30, 2025	September 30, 2024
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
OPERATING REVENUES:				
Rental income	\$ -	\$ 117,587	\$ -	\$ 352,761
TOTAL OPERATING REVENUES	-	\$ 117,587	-	352,761
EXPENSES:				
Partnership management fees (Note 4)	22,500	45,000	67,500	135,000
Insurance	-	554	-	1,582
General and administrative	5,035	4,881	15,561	20,873
Advisory Board fees and expenses	(250)	750	1,000	2,250
Professional services	44,338	27,520	148,800	150,593
State income tax expense	-	-	(1,426)	-
Amortization	-	4,267	-	12,801
TOTAL OPERATING EXPENSES	71,623	82,972	\$ 231,435	\$ 323,099
OTHER INCOME				
Other income	-	-	-	-
Other interest income	3,732	2,271	35,974	28,706
TOTAL OTHER INCOME	3,732	2,271	35,974	28,706
NET INCOME (LOSS)	\$ (67,891)	\$ 36,886	\$ (195,461)	\$ 58,368
NET INCOME (LOSS) ALLOCATED - GENERAL PARTNER	\$ (679)	\$ 369	\$ (1,955)	\$ 584
NET INCOME (LOSS) ALLOCATED - LIMITED PARTNERS	\$ (67,212)	\$ 36,517	\$ (193,506)	\$ 57,784
Based on 46,280.3 units outstanding: (Basic and diluted)				
NET INCOME PER LIMITED PARTNERSHIP UNIT	\$ (1.45)	\$ 0.79	\$ (4.18)	\$ 1.25

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

DIVALL INSURED INCOME PROPERTIES 2 LIMITED PARTNERSHIP

CONDENSED STATEMENTS OF CASH FLOWS

For the Nine Month Periods Ended September 30, 2025 and 2024

	Nine Months Ended	
	September 30, 2025	September 30, 2024
	(unaudited)	(unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income (loss)	\$ (195,461)	\$ 58,368
Adjustments to reconcile net income to net cash from operating activities:		
Depreciation and amortization	-	12,801
Decrease in rents and other receivables	-	145,120
Decrease (increase) in security deposit escrow	18,130	(592)
Decrease in prepaid insurance	-	1,392
(Decrease) in accounts payable and accrued expenses	(7,405)	(195,604)
Increase in accrued state income tax	-	-
Prepaid state income tax	10,222	24,897
Prepaid fees	(5,000)	-
Decrease (Increase) in deferred closing costs	-	(17,762)
(Decrease) in due to General Partner	(166)	(29,214)
Net cash from operating activities	<u>(179,680)</u>	<u>(594)</u>
CASH FLOWS PROVIDED FROM INVESTING ACTIVITIES:		
Interest applied to Indemnification Trust account	(19,275)	(22,699)
Indemnification Trust account withdrawal	-	120,000
Net cash provided from investing activities	<u>(19,275)</u>	<u>97,301</u>
CASH FLOWS USED IN FINANCING ACTIVITIES:		
Cash distributions to Limited Partners	(559,315)	(234,495)
Cash distributions to General Partner	-	(1,060)
Net cash used in financing activities	<u>(559,315)</u>	<u>(235,555)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	(758,270)	(138,848)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	<u>842,114</u>	<u>179,745</u>
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u>\$ 83,844</u>	<u>\$ 40,897</u>
Supplemental disclosure of cash flow information		
Noncash investing activities	-	-
Distributions declared, not yet paid	\$ -	\$ 166

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

DIVALL INSURED INCOME PROPERTIES 2 LIMITED PARTNERSHIP

CONDENSED STATEMENTS OF PARTNER'S CAPITAL (Unaudited)

For the Three and Nine Month Periods Ended September 30, 2025 and 2024

	General Partner			Limited Partners					
	Cumulative Net Income	Cumulative Cash Distributions	Total	Capital Contributions, Net of Offering Costs	Cumulative Net Income	Cumulative Cash Distribution	Reallocation	Total	Total Partners' Capital
BALANCE AT DECEMBER 31, 2024	\$ 620,209	\$ (269,558)	\$350,651	\$ 39,358,468	\$67,766,535	\$ (105,494,989)	\$ (840,229)	\$ 789,785	\$1,140,436
Net Income	(825)	-	(825)	-	(81,628)	-	-	(81,628)	(82,453)
Distributions declared	-	-	-	-	-	-	-	-	-
BALANCE AT MARCH 31, 2025	\$ 619,384	\$ (269,558)	\$349,826	\$ 39,358,468	\$67,684,907	\$ (105,494,989)	\$ (840,229)	\$ 708,157	\$1,057,983
Net Income	(451)	-	(451)	-	(44,666)	-	-	(44,666)	(45,117)
Distributions declared	-	-	-	-	-	-	-	-	-
BALANCE AT JUNE 30, 2025	\$ 618,933	\$ (269,558)	\$349,375	\$ 39,358,468	\$67,640,241	\$ (105,494,989)	\$ (840,229)	\$ 663,491	\$1,012,866
Net Income	(679)	-	(679)	-	(67,212)	-	-	(67,212)	(67,891)
Distributions declared	-	-	-	-	-	(328,315)	-	(328,315)	(328,315)
BALANCE AT SEPTEMBER 30, 2025	\$ 618,254	\$ (269,558)	\$348,696	\$ 39,358,468	\$67,573,029	\$ (105,823,304)	\$ (840,229)	\$ 267,964	\$ 616,660
BALANCE AT DECEMBER 31, 2023	\$ 543,341	\$ (232,466)	\$310,875	\$ 39,358,468	\$60,156,589	\$ (97,763,989)	\$ (840,229)	\$ 910,839	\$1,221,714
Net Income	(46)	-	(46)	-	(4,559)	-	-	(4,559)	(4,605)
Distributions declared	-	(1,109)	(1,109)	-	-	-	-	-	(1,109)
BALANCE AT MARCH 31, 2024	\$ 543,295	\$ (233,575)	\$309,720	\$ 39,358,468	\$60,152,030	\$ (97,763,989)	\$ (840,229)	\$ 906,280	\$1,216,000
Net Income	261	-	261	-	25,827	-	-	25,827	26,088
Distributions declared	-	(117)	(117)	-	-	-	-	-	(117)
BALANCE AT JUNE 30, 2024	\$ 543,556	\$ (233,692)	\$309,864	\$ 39,358,468	\$60,177,857	\$ (97,763,989)	\$ (840,229)	\$ 932,107	\$1,241,971
Net Income	369	-	369	-	36,517	-	-	36,517	36,886
Distributions declared	-	(166)	(166)	-	-	-	-	-	(166)
BALANCE AT SEPTEMBER 30, 2024	\$ 543,925	\$ (233,858)	\$310,067	\$ 39,358,468	\$60,214,374	\$ (97,763,989)	\$ (840,229)	\$ 968,624	\$1,278,691

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

DIVALL INSURED INCOME PROPERTIES 2 LIMITED PARTNERSHIP

NOTES TO UNAUDITED CONDENSED FINANCIAL STATEMENTS

The condensed statements included herein have been prepared by the registrant, without audit, pursuant to the rules and regulations of the Securities and Exchange Commission, and reflect all adjustments which are, in the opinion of management, necessary to a fair statement of the results of operations for the interim period, on a basis consistent with the annual audited statements. The adjustments made to these condensed statements consist only of normal recurring adjustments. Certain information, accounting policies, and footnote disclosures normally included in financial statements prepared in accordance with United States Generally Accepted Accounting Principles (US GAAP) have been condensed or omitted pursuant to such rules and regulations, although the registrant believes that the disclosures are adequate to make the information presented not misleading. It is suggested that these condensed financial statements be read in conjunction with the financial statements and the summary of significant accounting policies and notes thereto included in the registrant's latest annual report on Form 10-K.

1. ORGANIZATION:

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

The Partnership is currently winding up its operations per the terms of Partnership Agreement (as defined below) as the Partnership's term expired November 30, 2023, and at December 31, 2024 no longer owned any real property assets. The Partnership was in the business of owning and operating its investment portfolio of commercial real estate properties (the "Properties") since the late 1980's. The Partnership sold its remaining eight Properties in the 2023 and 2024 fiscal years.

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

On August 25, 2023, the General Partner adopted resolutions (a) determining that it is in the best interest of the Partnership to sell all or substantially all of the Partnership's assets, and (b) providing that the General Partner will, upon the sale of such assets, liquidate and dissolve the Partnership in accordance with applicable law and the terms of the Partnership Agreement. In addition, the stated term of the Partnership ended on November 30, 2023, and, prior to that date the Partnership did not seek or obtain the consent of the limited partners to amend the Partnership Agreement to extend the Partnership's term. As a result of the authority and authorization provided to the General Partner, and because the Partnership's intended term lapsed on November 30, 2023, during the fiscal year ended December 31, 2023 the General Partner caused the Partnership to dispose of five of its now former Properties and during the fiscal year ended December 31, 2024 the General Partner caused the Partnership to dispose of its remaining three Properties. Substantially all of the net proceeds from these sales were distributed to the Limited Partners in 2023 and 2024. The Partnership expects to focus on wind-up related activities in 2025 and 2026, such as satisfying any remaining Partnership obligations, preparing and distributing requisite tax forms and notifications, and assessing whether any additional Partnership assets are available for distribution to the Limited Partners from the liquidation of the Indemnification Trust.

DIVALL INSURED INCOME PROPERTIES 2 LIMITED PARTNERSHIP

NOTES TO UNAUDITED CONDENSED FINANCIAL STATEMENTS

2. INVESTMENT PROPERTIES

As of September 30, 2024, the Partnership owned three Properties, all of which contained were fully constructed Wendy's restaurants. Those remaining Properties were all located in South Carolina. Each of those Properties were sold in the fourth quarter of fiscal 2024, and therefore the Partnership did not own any Properties as of December 31, 2024 or September 30, 2025 and did not have rental income during the nine months ended September 30, 2025.

3. PARTNERSHIP AGREEMENT:

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

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

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

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

On August 25, 2023, the General Partner adopted resolutions (a) determining that it is in the best interest of the Partnership to sell all or substantially all of the Partnership's assets, and (b) providing that the General Partner will, upon the sale of such assets, liquidate and dissolve the Partnership in accordance with applicable law and the terms of the Partnership Agreement. In addition, the stated term of the Partnership ended on November 30, 2023, and, prior to that date the Partnership did not seek or obtain the consent of the limited partners to amend the Partnership Agreement to extend the Partnership's term. As a result of the authority and authorization provided to the General Partner, and because the Partnership's intended term lapsed on November 30, 2023, during the fiscal year ended December 31, 2023 the General Partner caused the Partnership to dispose of five of its now former Properties and during the fiscal year ended December 31, 2024 the General Partner caused the Partnership to dispose of its remaining three Properties. Substantially all of the net proceeds from these sales were distributed to the Limited Partners in 2023 and 2024. The Partnership has, and expects continue to, focus on wind-up related activities in 2025 and 2026, such as satisfying any remaining Partnership obligations, preparing and distributing requisite tax forms and notifications, and assessing whether any additional Partnership assets are available for distribution to the Limited Partners from the liquidation of the Indemnification Trust.

DIVALL INSURED INCOME PROPERTIES 2 LIMITED PARTNERSHIP

NOTES TO UNAUDITED CONDENSED FINANCIAL STATEMENTS

4. 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, 2025, the General Partner receives a base fee (the “Base Fee”) for managing the Partnership equal to four percent of gross receipts, subject initially to a minimum annual Base Fee. 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 Expenses reimbursement are subject to annual Consumer Price Index based adjustments. Effective March 1, 2021, the General Partner elected to roll back the last five years of CPI increases to their 2016 level and suspend any future CPI adjustments for the base fee. Therefore, the minimum Base Fee was \$272,316 annually in 2023. In addition, the maximum annual Expenses reimbursement remained at \$23,256 and any potential future CPI adjustments had been suspended. Effective January 1, 2024, Management elected to reduce the Base Fee to \$180,000 per year. And, subsequent to January 1, 2025, Management elected to reduce the Base Fee to \$90,000 per year. Effective October 1, 2025, Management elected to reduce the Base Fee to \$60,000 per year. The annual Expense reimbursement was also reduced from \$1,938 per month to \$1,500 per month for calendar years 2024 and 2025. The General Partner continues to evaluate these costs in light of the winding up of the Partnership.

Amounts paid and/or accrued to the General Partner and its affiliates for the three and nine month periods ended September 30, 2025 and 2024 are as follows:

	Incurring for the Three Months Ended September 30, 2025 (unaudited)	Incurring for the Three Months Ended September 30, 2024 (unaudited)	Incurring for the Nine Months Ended September 30, 2025 (unaudited)	Incurring for the Nine Months Ended September 30, 2024 (unaudited)
General Partner				
Management fees	\$ 22,500	\$ 45,000	\$ 67,500	\$ 135,000
Overhead allowance	4,500	4,500	13,500	13,500
Sales commissions	-	-	-	-
Reimbursement for out-of-pocket expenses	-	-	-	2,500
Cash distribution	-	166	-	1,392
Amounts paid and/or accrued to the General Partner	<u>\$ 27,000</u>	<u>\$ 49,666</u>	<u>\$ 81,000</u>	<u>\$ 152,392</u>

As of September 30, 2025, Jesse Small, a now former Advisory Board Member, beneficially owned greater than ten percent of the Partnership’s outstanding limited partnership units. Amounts paid to Advisory Board Members (including Mr. Small) for services as a member of the Advisory Board for the three and nine month periods ended September 30, 2025 and 2024 are as follows:

	Three Month Period ended September, 2025 (Unaudited)	Three Month Period ended September, 2024 (Unaudited)	Nine Month Period ended September, 2025 (Unaudited)	Nine Month Period ended September, 2024 (Unaudited)
Advisory Board Fees Paid	<u>\$ -</u>	<u>\$ 750</u>	<u>\$ 1,000</u>	<u>\$ 2,250</u>

During the quarter ended June 30, 2025, the Advisory Board was disbanded after consultation with its remaining members. No advisory fees were paid after the Advisory Board was disbanded. There initially were \$250 of advisory board fees accrued for the month of June 2025, however, because those fees were not paid or payable after the disbandment of the Advisory Board, such accrual was reversed in the third quarter.

DIVALL INSURED INCOME PROPERTIES 2 LIMITED PARTNERSHIP

NOTES TO UNAUDITED CONDENSED FINANCIAL STATEMENTS

5. CONTINGENT LIABILITIES:

According to the Partnership Agreement, TPG, as General Partner of the Partnership, may receive a disposition fee not to exceed three percent of the contract price on the sale of the properties of the Partnership and two affiliated publicly registered limited partnerships, DiVall Insured Income Fund Limited Partnership ("DiVall 1"), which was dissolved December 1998, and DiVall Income Properties 3 Limited Partnership, which was dissolved in December 2003 ("DiVall 3"), and together with the Partnership and DiVall 1, the "three original partnerships"). In addition, fifty percent of all such disposition fees earned by TPG were to be escrowed until the aggregate amount of recovery of the funds misappropriated from the three original partnerships by the former general partners was greater than \$4,500,000. Upon reaching such recovery level, full disposition fees would thereafter be payable and fifty percent of the previously escrowed amounts would be paid to TPG. At such time as the recovery exceeded \$6,000,000 in the aggregate, the remaining escrowed disposition fees were to be paid to TPG. If such levels of recovery were not achieved, TPG would contribute the amounts escrowed toward the recovery until the three original partnerships were made whole. In lieu of a disposition fee escrow, fifty percent of all such disposition fees previously discussed were paid directly to a restoration account and then distributed among the three original partnerships; whereby the three original partnerships recorded the recoveries as income. After the recovery level of \$4,500,000 was exceeded, fifty percent of the total disposition fee amount paid to the three original partnerships recovery through the restoration account (in lieu of the disposition fee escrow) was refunded to TPG during March 1996. The remaining fifty percent amount allocated to the Partnership through the restoration account, and which was previously reflected as Partnership recovery income, may be owed to TPG if the \$6,000,000 recovery level is met. As of September 30, 2025, TPG does not expect any future refund, as it is uncertain that such a \$6,000,000 recovery level will be achieved.

6. PMA INDEMNIFICATION TRUST:

The PMA provides that TPG will be indemnified from any claims or expenses arising out of, or relating to, TPG serving in the capacity of general partner 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 (the "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, since inception of the Trust a total of approximately \$284,000 of interest earnings has been credited to the Trust as of September 30, 2025. 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.

DIVALL INSURED INCOME PROPERTIES 2 LIMITED PARTNERSHIP

NOTES TO UNAUDITED CONDENSED FINANCIAL STATEMENTS

7. LIMITED PARTNER STATE INCOME TAXES

For the 2024 tax year, state income taxes will be paid on behalf of the Limited Partners to the state of South Carolina. These payments were paid during the second quarter of 2025, but as of December 31, 2024 were reflected on the balance sheet as “distributions payable.”

8. FAIR VALUE DISCLOSURES:

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

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

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

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

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

The Partnership assesses the levels of the investments at each measurement date, and transfers between levels are recognized on the actual date of the event or change in circumstances that caused the transfer in accordance with the Partnership’s accounting policy regarding the recognition of transfers between levels of the fair value hierarchy. For the nine-month period ended September, 2025 and the year ended December 31, 2024, there were no such transfers.

9. SUBSEQUENT EVENTS:

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

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

CAUTIONARY STATEMENT

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

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

- our expectations regarding our financial condition, results of operations in future periods, and matters related to the timing to wind-up the Partnership's operations;
- our expectations regarding the timing and efforts to satisfy existing or potential Partnership obligations as we wind-up the Partnership;
- our expectations regarding economic and business conditions and how conditions could impact the wind-up of the Partnership;
- our decisions and policies with respect to the potential disposition of our remaining assets as we wind-up the Partnership;
- costs and expenses to complete the wind-up and dissolution of the Partnership;
- our ability to collect on any remaining obligations owed to the Partnership;
- any contingent liabilities related to our former Properties or other Partnership matters; and
- other risks and uncertainties described from time to time in our filings with the Securities and Exchange Commission (the "SEC").

Critical Accounting Policies and Estimates

Management's discussion and analysis of financial condition and results of operations are based upon our financial statements, which have been prepared in accordance with US 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, and the difference could be material.

See Note 1 to the consolidated financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2024 for a discussion of our significant accounting policies.

Investment Properties

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

On August 25, 2023, the General Partner adopted resolutions (a) determining that it is in the best interest of the Partnership to sell all or substantially all of the Partnership's assets, and (b) providing that the General Partner will, upon the sale of such assets, liquidate and dissolve the Partnership in accordance with applicable law and the terms of the Partnership Agreement. In addition, the stated term of the Partnership ended on November 30, 2023, and, prior to that date the Partnership did not seek or obtain the consent of the limited partners to amend the Partnership Agreement to extend the Partnership's term. As a result of the authority and authorization provided to the General Partner, and because the Partnership's intended term lapsed on November 30, 2023, during the fiscal year ended December 31, 2023 the General Partner caused the Partnership to dispose of five of its now former Properties. During the fiscal year ended December 31, 2024, the Partnership sold its remaining three Properties that were under marketing agreements prior to November 30, 2023. Substantially all of the net proceeds from these sales were distributed to the Limited Partners in 2023 and 2024. The Partnership expects to focus on wind-up related activities in 2025, such as satisfying any remaining Partnership obligations, preparing and distributing requisite tax forms and notifications, and accessing whether any additional Partnership assets are available for distribution to the Limited Partners after evaluating potential claims predominately from unknown exposures that may be arise. The General Partner is pursuing the establishment of a liquidating trust to be funded by the Indemnification Trust, which is controlled by the General Partner; allowing the tolling of applicable statute of limitations for all potential claims (if any) and eliminating certain on-going compliance costs of the Partnership (such as costs associated with filing reports with the SEC).

Net Income and Loss

During the three-month period ended September 30, 2025 the Partnership incurred a net loss of \$(67,891) whereas the Partnership had net income of \$36,886 during the three-month period ended September 30, 2024. Net (loss) per limited partnership unit for the three-month period ended September 30, 2025 was \$(1.45), and net income per limited partnership unit for the three-month period ended September 30, 2024 was \$0.79.

Net (loss) for the nine-month period ended September 30, 2025 was \$(195,461), whereas the Partnership had net income of \$58,368 during the nine-month period ended September 30, 2024. Net (loss) per limited partnership unit for the nine-month period ended September 30, 2025 was \$(4.18), and net income per limited partnership unit for the nine-month period ended September 30, 2024 was \$1.25.

The primary reason for the Partnership experiencing a net loss in each of the three and nine month periods ended September 30, 2025 compared to the comparable periods in 2024 was that the Partnership owned no Properties during the 2025 periods and therefore had no rental income whereas the Partnership owned three Properties during the comparable periods in 2025 prior to their subsequent sale in the fourth quarter of 2024. However, the lack of rental income during the 2025 periods was partially offset by the overall decrease in expenses of the Partnership during the 2025 periods when compared to the 2024 periods.

Results of Operations

Three-month period ended September 30, 2025, as compared to the three-month period ended September 30, 2024:

Operating Rental Income: The Partnership did not have rental income for the three-month period ended September 30, 2025, compared to rental income of \$117,587 during the three-month period ended September 30, 2024. During the 2024 period rental income was comprised of monthly lease obligations. The Partnership sold its remaining Properties in the fourth quarter of 2024 and therefore did not generate any rental income during the 2025 period.

General and Administrative Expense: General and administrative expenses for the three-month period ended September 30, 2025 and 2024 were \$5,035 and \$4,881, respectively. General and administrative expenses were comprised of office overhead expenses, state/city registration and annual report filing fees, office supplies, printing costs, outside storage expenses, copying costs, postage and shipping expenses, website fees, bank fees and state income tax expenses. The increase for the quarter ended September 30, 2025 compared to the quarter ended September 30, 2024 is due primarily to administrative expenses incurred to process a distribution during the quarter ended September 30, 2025.

Professional Services: Professional services expenses for the three-month period ended September 30, 2025 and 2024 were \$44,338 and \$27,520, respectively. Professional services expenses were primarily comprised of investor relations data processing, investor mailings processing, outsourced financial services, legal, auditing and tax preparation fees, and SEC report conversion and processing fees. The increase for the quarter ended September 30, 2025 compared to the quarter ended September 30, 2024 is due primarily to our use of outside financial advisors and other professionals during the 2025 period, as well as increased costs for audit, tax and review of reports we file with the Securities and Exchange Commission. Otherwise, with our limited operations during our wind-up phase our operations are limited following the divestiture of all of our former Properties and we continue to strive to curtail our reliance on outside service providers as part of our wind-up activities.

Management Fees: Management fee expenses for the three-month period ended September 30, 2025 and 2024 were \$22,500 and \$45,000, respectively. The decrease quarter over quarter was primarily the result of the General Partner electing to decrease the management fee payable to the General Partner during the 2025 calendar year. The General Partner reduced the management fees to \$5,000 per month effective October 1, 2025.

Nine-month period ended September 30, 2025, as compared to the nine-month period ended September 30, 2024:

Operating Rental Income: The Partnership did not have rental income for the nine-month period ended September 30, 2025, compared to rental income of \$352,761 during the nine-month period ended September 30, 2024. During the 2024 period rental income was comprised of monthly lease obligations. The Partnership sold its remaining Properties in the fourth quarter of 2024 and therefore did not generate any rental income during the 2025 period.

General and Administrative Expense: General and administrative expenses for the nine-month period ended September 30, 2025 and 2024 were \$15,561 and \$20,873, respectively. General and administrative expenses were comprised of office overhead expenses, state/city registration and annual report filing fees, office supplies, printing costs, outside storage expenses, copying costs, postage and shipping expenses, website fees, and bank fees. The decrease for the nine-month period ended September 30, 2025 compared to the period ended September 30, 2024 is due primarily to our decreased operations and activities following the divestiture of all of our former Properties.

Professional Services: Professional services expenses for the nine-month period ended September 30, 2025 and 2024 were \$148,800 and \$150,593, respectively. Professional services expenses were primarily comprised of investor relations data processing, investor mailings processing, outsourced financial services, legal, auditing and tax preparation fees, and SEC report conversion and processing fees. The decrease for the nine-month period ended September 30, 2025 compared to the nine-month period ended September 30, 2024 was less than expected due to the carryover of certain 2024 costs into 2025, and less than expected savings to the costs the Partnership incurred to prepare and review the reports the Partnership files with the Securities and Exchange Commission.

Management Fees: Management fee expenses for the nine-month period ended September 30, 2025 and 2024 were \$67,500 and \$135,000, respectively. The decrease period over period was primarily the result of the General Partner electing to decrease the management fee payable to the General Partner during the 2025 calendar year.

Cash Flow Analysis

Net cash flows (used in) operating activities for the nine-month period ended September 30, 2025 were \$(179,680) compared to net cash (used in) operating activities of \$(594) during the nine-month period ended September 30, 2024. The increase in cash used in operating activities is attributed primarily to the net loss during the 2025 period compared to net income realized in the prior year period when the Partnership owned and leased three Properties and had rental income and net income. Additionally, the Partnership's decrease in its accounts payable and accrued expenses during the 2025 period when compared to the 2024 period contributed to the period-over-period increase in cash flows used in operating activities period-over-period.

Cash flows (used in) investing activities for the nine-month period ended September 30, 2025 were \$(19,275) compared to net cash flows provided by investing activities of \$97,301 during the nine-month period ended September 30, 2024. The 2024 amount represents the net interest earned on the Indemnification Trust account offset by a withdrawal from the Indemnification Trust to support state income tax payments made on behalf of Limited Partners, whereas the 2025 amount solely represents net interest earned on the Indemnification Trust account. The withdrawal was reimbursed in the fourth quarter of 2024.

Cash flows (used in) financing activities for the nine-month period ended September 30, 2025 were \$(559,315) which consisted primarily of cash distributed to the Limited Partners. Cash flows (used in) financing activities for the nine-month period ended September 30, 2024 were \$(235,555), which consisted of amounts used to satisfy state tax obligations for the benefit of Limited Partners during this period.

Liquidity and Capital Resources

The Partnership's cash and cash equivalent balance was \$83,844 at September 30, 2025. This balance represents a portion of the amount deemed necessary to allow the Partnership to operate normally and continue its wind-up activities.

The Partnership's principal demands for funds historically have been for the payment of expenses attendant to the ownership of real property assets, Partnership administration and distributions to limited partners. During 2024, after the sale of its remaining three Properties the Partnership distributed substantially all of the net sale proceeds to the Limited Partners. The Partnership has retained limited assets to administer its remaining wind-up activities, and General Partner made a distribution during the third quarter of 2025 of approximately \$7.00 per unit totaling \$324,000, and, assuming no adverse claims are asserted against the Partnership which may need to be satisfied from Partnership assets, the General Partner intends to effect an additional distribution in the third quarter of 2026 of approximately \$10 per unit utilizing amounts from the liquidation of the Indemnification Trust to the general funds of the Partnership. The balance will be used to satisfy or prepay professional fees for 2025 and 2026. A nominal self-insurance reserve will be escrowed with the General Partner to facilitate the Partnership's dissolution in 2026, and final tax return preparation and K-1's for 2026 as prepared and distributed in 2027.

Item 3. Quantitative and Qualitative Disclosure About Market Risk

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

Item 4. Controls and Procedures

Controls and Procedures

Controls and Procedures:

As of September 30, 2025, the Partnership's management, including the persons performing the functions of the Partnership's principal executive officer and principal financial officer, have concluded that the Partnership's disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) 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 Exchange Act.

Changes in Internal Control over Financial Reporting:

There has been no change in the Partnership's internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) that occurred during the fiscal quarter ending September 30, 2025 that has materially affected, or is reasonably likely to materially affect, the Partnership's internal control over financial reporting.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings

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

Item 1a. Risk Factors

Not Applicable.

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

None.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

None.

Item 6. Exhibits

(a) Listing of Exhibits

- 3.1 [Certificate of Limited Partnership dated November 20, 1987, filed as Exhibit 3.7 to the Partnership's Annual Report on Form 10-K filed March 22, 2013, Commission File 0-17686, and incorporated herein by reference.](#)
- 4.1 Agreement of Limited Partnership dated as of November 20, 1987, amended as of November 25, 1987, and February 20, 1988, filed as Exhibit 3A to Amendment No. 1 to the Partnership's Registration Statement on Form S-11 as filed on February 22, 1988, and incorporated herein by reference.
- 4.2 Amendments to Amended Agreement of Limited Partnership dated as of June 21, 1988, included as part of Supplement dated August 15, 1988, filed under Rule 424(b)(3), Commission File 0-17686, and incorporated herein by reference.
- 4.3 Amendment to Amended Agreement of Limited Partnership dated as of February 8, 1993, filed as Exhibit 3.3 to the Partnership's Annual Report on Form 10-K for the year ended December 31, 1992, Commission File 0-17686, and incorporated herein by reference.
- 4.4 Amendment to Amended Agreement of Limited Partnership dated as of May 26, 1993, filed as Exhibit 3.4 to the Partnership's Annual Report on Form 10-K for the year ended December 31, 1993, Commission File 0-17686, and incorporated herein by reference.
- 4.5 Amendment to Amended Agreement of Limited Partnership dated as of June 30, 1994, filed as Exhibit 3.5 to the Partnership's Annual Report on Form 10-K for the year ended December 31, 1994, Commission File 0-17686, and incorporated herein by reference.
- 4.6 [Amendment to Amended Agreement of Limited Partnership dated as of November 9, 2009, filed as Exhibit 4.1 to the Partnership's Quarterly Report on Form 10-Q filed November 12, 2009, Commission File 0-17686, and incorporated herein by reference.](#)
- 4.7 [Amendment to Amended Agreement of Limited Partnership dated as of October 22, 2020, filed as Exhibit 4.7 to the Partnership's Quarterly Report on Form 10-Q filed November 13, 2020, Commission File 0-17686, and incorporated herein by reference.](#)
- 31.1 [Sarbanes-Oxley Section 302 Certification](#)
- 32.1 [Certification of Periodic Financial Report Pursuant to 18 U.S.C. Section 1350.](#)
- 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) Unaudited Condensed Balance Sheets at September, 2025 and December 31, 2024, (ii) Unaudited Condensed Statements of Income for the three and nine month periods ended September, 2025 and 2024, (iii) Unaudited Condensed Statement of Cash Flows for the nine month periods ended September, 2025 and 2024, (iv) Unaudited Condensed Statements of Partners' Capital for the nine month periods ended September, 2025 and 2024, and (v) Notes to the Unaudited Condensed Financial Statements.

SIGNATURES

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

DIVALL INSURED INCOME PROPERTIES 2 LIMITED PARTNERSHIP

By: /s/ Bruce A. Provo

Bruce A. Provo
(President and Chief Financial Officer, and Duly Authorized Officer of the
Partnership)

Date: November 14, 2025

**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. The Registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: November 14, 2025

By: /s/ Bruce A. Provo

President 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)

**DIVALL INSURED INCOME PROPERTIES 2
LIMITED PARTNERSHIP**

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

Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned principal executive officer and principal financial officer of DiVall Insured Income Properties 2 Limited Partnership (the “Company”) certify that this Quarterly Report on Form 10-Q of the Company for the period ended September 30, 2025 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that information contained in the report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: November 14, 2025

By: /s/ Bruce A. Provo

President and Chief Financial 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.
