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

FORM 10-Q

(Mark One)

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

For the quarterly period ended March 31, 2021

OR

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

For the transition period from __________ to _______

Commission file number **0-17686**

DIVALL INSURED INCOME PROPERTIES 2 LIMITED PARTNERSHIP

(Exact name of registrant as specified in its charter)

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

1900 W 75th Street, Suite 100, Prairie Village, 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 [X] 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 [X] 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 [X] Smaller Reporting Company [X] 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 [X]

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FORM 10-Q
FOR THE PERIOD ENDED MARCH 31, 2021

PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

DIVALL INSURED INCOME PROPERTIES 2 LIMITED PARTNERSHIP

CONDENSED BALANCE SHEETS

March 31, 2021 and December 31, 2020

	March 31, 2021 (unaudited)	December 31, 2020
ASSETS		
INVESTMENT PROPERTIES: **(Note 3)**		
Land	$ 2,794,122	$ 2,794,122
Buildings	4,017,412	4,017,412
Accumulated depreciation	(3,996,956)	(3,985,582)
Net investment properties	2,814,578	2,825,952
OTHER ASSETS:		
Cash	294,952	72,244
Investments held in Indemnification Trust **(Note 7)**	479,805	479,805
Security deposits escrow	64,401	64,393
Rents and other receivables	57,492	665,415
Deferred tenant award proceeds escrow	-	18,290
Prepaid insurance	3,548	5,068
Deferred charges, net	381,381	171,213
Total other assets	1,281,579	1,476,428
Total assets	$ 4,096,157	$ 4,302,380

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

DIVALL INSURED INCOME PROPERTIES 2 LIMITED PARTNERSHIP

CONDENSED BALANCE SHEETS

March 31, 2021 and December 31, 2020

	March 31, 2021 (unaudited)	December 31, 2020
LIABILITIES AND PARTNERS' CAPITAL		
CURRENT LIABILITIES:		
Accounts payable and accrued expenses	$ 296,029	$ 16,047
Due to General Partner **(Note 5)**	531	718
Deferred rent	-	18,289
Security deposits	64,340	64,340
Total current liabilities	360,900	99,394
CONTINGENCIES AND COMMITMENTS **(Notes 6 and 7)**		
PARTNERS' CAPITAL: **(Notes 1 and 4)**		
General Partner -		
Cumulative net income (retained earnings)	385,379	384,051
Cumulative cash distributions	(159,475)	(158,944)
	225,904	225,107
Limited Partners (46,280.3 interests outstanding at March 31, 2021 and December 31, 2020)		
Capital contributions	46,280,300	46,280,300
Offering costs	(6,921,832)	(6,921,832)
Cumulative net income (retained earnings)	44,518,382	44,386,908
Cumulative cash distributions	(79,527,268)	(78,927,268)
	4,349,582	4,818,108
Former General Partner -		
Cumulative net income (retained earnings)	707,513	707,513
Cumulative cash distributions	(1,547,742)	(1,547,742)
	(840,229)	(840,229)
Total partners' capital	3,735,257	4,202,986
Total liabilities and partners' capital	$ 4,096,157	$ 4,302,380

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 (LOSS)

For the Three Month Periods Ended March 31, 2021 and 2020

	March 31, 2021 (unaudited)	March 31, 2020 (unaudited)
OPERATING REVENUES:		
Rental income **(Note 3)**	$ 349,191	$ 219,771
TOTAL OPERATING REVENUES	$ 349,191	$ 219,771
EXPENSES:		
Partnership management fees **(Note 5)**	$ 70,743	$ 71,221
Insurance	1,520	1,495
General and administrative	28,179	32,051
Advisory Board fees and expenses	1,750	1,750
Professional services	90,391	105,119
Depreciation	11,375	30,282
Amortization	12,465	6,899
TOTAL OPERATING EXPENSES	$ 216,423	$ 248,817
OTHER INCOME		
Other interest income	$ 34	$ 120
TOTAL OTHER INCOME	$ 34	$ 120
NET INCOME (LOSS)	$ 132,802	$ (28,926)
NET INCOME (LOSS) ALLOCATED - GENERAL PARTNER	1,328	(289)
NET INCOME (LOSS) ALLOCATED - LIMITED PARTNERS	$ 131,474	$ (28,637)
Based on 46,280.3 interests outstanding: (Basic and diluted)		
NET INCOME (LOSS) PER LIMITED PARTNERSHIP INTEREST	$ 2.84	$ (0.62)

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 Three Month Periods Ended March 31, 2021 and 2020

	Three Months Ended	
	March 31, 2021	March 31, 2020
	Unaudited	Unaudited
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net Income (loss)	$ 132,802	$ (28,926)
Adjustments to reconcile net income to net cash from operating activities:		
Depreciation and amortization	23,839	37,181
Changed in operating assets and liabilities		
Decrease in rents and other receivables	607,923	626,956
(Increase) Decrease in security deposit escrow	(8)	(23)
Decrease in prepaid insurance	1,520	1,495
Increase in accounts payable and accrued expenses	57,349	63,546
Decrease in deferred award escrow	1	(35)
Decrease in due to General Partner	(187)	(1,345)
Net cash from operating activities	823,239	698,849
CASH FLOWS USED IN FINANCING ACTIVITIES:		
Cash distributions to Limited Partners	(600,000)	(600,000)
Cash distributions to General Partner	(531)	-
Net cash used in financing activities	(600,531)	(600,000)
NET INCREASE IN CASH	222,708	98,849
CASH AT BEGINNING OF PERIOD	72,244	39,221
CASH AT END OF PERIOD	$ 294,952	$ 138,070

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

DIVALL INSURED INCOME PROPERTIES 2 LIMITED PARTNERSHIP

CONDENSED STATEMENTS OF PARTNERS' CAPITAL (unaudited)

For the Three Month Periods Ended March 31, 2021 and 2020

	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, 2020	$ 384,051	$ (158,944)	$225,107	$ 39,358,468	$44,386,908	$(78,927,268)	$ (840,229)	$3,977,878	$4,202,986
Net Income	1,328	-	1,328	-	131,474	-	-	131,474	132,802
Cash Distributions ($12.96 per limited partnership interest)	-	(531)	(531)	-	-	(600,000)	-	(600,000)	(600,531)
BALANCE AT MARCH 31, 2021	$ 385,379	$ (159,475)	$225,904	$ 39,358,468	$44,518,382	$(79,527,268)	$ (840,229)	$3,509,352	$3,735,257
BALANCE AT DECEMBER 31, 2019	$ 376,804	$ (156,045)	$220,759	$ 39,358,468	$43,669,450	$(78,127,268)	$ (840,229)	$4,060,421	$4,281,180
Net Income	(289)	-	(289)	-	(28,637)	-	-	(28,637)	(28,926)
Cash Distributions ($12.96 per limited partnership interest)	-	-	-	-	-	(600,000)	-	(600,000)	(600,000)
BALANCE AT MARCH 31, 2020	$ 376,515	$ (156,045)	$220,470	$ 39,358,468	$43,640,813	$(78,727,268)	$ (840,229)	$3,431,784	$3,652,254

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 LP (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 limited partnership 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 engaged in the business of owning and operating its investment portfolio of commercial real estate properties (each a “Property”, and collectively, the “Properties”). The Properties are leased on a triple net basis primarily to, and operated by, franchisors or franchisees of national, regional, and local retail chains under primarily long-term leases. Nine lessees are fast food, family style, and casual/theme restaurants, with the tenth lessee being an automotive supply store. As of March 31, 2021, the Partnership owned 10 Properties, which are located in a total of three states.

The Limited Partnership Agreement, as amended from time to time (collectively, the “Partnership Agreement”), stipulates that the Partnership is scheduled to be dissolved on November 30, 2023, or earlier upon the prior occurrence of any of the following events: (a) the disposition of all its Properties; (b) the written determination by the General Partner, that the Partnership’s assets may constitute “plan assets” for purposes of ERISA; (c) the agreement of limited partners owning a majority of the outstanding limited partner 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 by a majority of the limited partners. During the second and third quarters of the nine odd numbered years from 2001 through 2017, consent solicitations were circulated to the Partnership’s limited partners which, if approved by the limited partners, would have authorized the General Partner to initiate the potential sale of all of the Properties and the dissolution of the Partnership (each a “Consent”). Limited partners owning a majority of the outstanding limited partnership interests did not vote in favor of any of the Consents. Therefore, the Partnership continues to operate as a going concern.

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.

2. RECENTLY ADOPTED ACCOUNTING PRINCIPLES:

In April 2020, the FASB issued a question-and-answer document (the "Lease Modification Q&A") focused on the application of lease accounting guidance to lease concessions provided as a result of a novel strain of coronavirus ("COVID-19"). Under existing lease guidance, the Company would have to determine, on a lease by lease basis, if a lease concession was the result of a new arrangement reached with the tenant or if a lease concession was under the enforceable rights and obligations within the existing lease agreement. The Lease Modification Q&A clarifies that entities may elect to not evaluate whether lease-related relief that lessors provide to mitigate the economic effects of COVID-19 on lessees is a lease modification under current lease guidance. Instead, an entity that elects not to evaluate whether a concession directly related to COVID-19 is a modification can then elect whether to apply the modification guidance.

During the year ended December 31, 2020, the Partnership provided a lease concession to one tenant in response to the impact of COVID-19, in the form of a short term rent reduction. The Partnership has made an election to account for such lease concession consistent with how this concession would be accounted for under lease guidance if enforceable rights and obligations for this concession had already existed in the lease. This election is available for concessions related to the effects of the COVID-19 pandemic that do not result in a substantial increase in the rights as lessor, including concessions that result in the total payments required by the modified lease being substantially the same as or less than total payments required by the original lease.

The Partnership's concession provided for a reduction of payments with no substantive changes to the consideration in the original lease. The reduction affected the amount of the lease payments during the months of April, May and June of 2020. The Partnership is accounting for this reduction as if no changes to the lease were made. During the year ended December 31, 2020, the Partnership entered into one lease modification that eliminated an amount that was immaterial to the Partnership.

3. INVESTMENT PROPERTIES:

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

As of March 31, 2021, the Partnership owned 10 Properties, nine of which contained fully constructed fast-food/casual dining restaurant facilities. The following are operated by tenants at the aforementioned nine Properties: eight separate Wendy's restaurants, an Applebee's restaurant and a Brakes 4 Less store. The 10 Properties are located in a total of three states.

On April 23, 2020, the Partnership executed three Amended and Restated Restaurant Absolutely Net Leases to the Original Leases dated January 30, 1989, by and between the Partnership and Wendgusta LLC ("Tenant", as successor in interest to Wensouth Corporation) with the intent that these Leases will amend, restate and replace the Original Leases. Effective January 1, 2021, for the restaurant property located at 1901 Whiskey Road, Aiken, South Carolina, per the terms of the Amendment, the Tenant will pay $210,632 annually in rent, in addition to 7% of sales over an annual breakpoint of $2,632,900 over the term of the lease extension (January 1, 2021 to December 31, 2040). Effective January 1, 2021, for the restaurant property located at 1004 Richland Ave, Aiken, South Carolina, per the terms of the Amendment, the Tenant will pay $167,500 annually in rent, in addition to 7% of sales over an annual breakpoint of $2,093,750 over the term of the lease extension (January 1, 2021 to December 31, 2040). Effective January 1, 2021, for the restaurant property located at 3013 Peach Orchard Road, Augusta, Georgia per the terms of the Amendment, the Tenant will pay $188,000 annually in rent, in addition to 7% of sales over an annual breakpoint of $2,350,000 over the term of the lease extension (January 1, 2021 to December 31, 2040).

On April 28, 2020, the Partnership executed a Third Amendment to Lease with RMH Franchise Corporation in response to changed circumstances arising from the COVID-19 pandemic. The term of the amendment was April 1, 2020 through June 30, 2020 and during that time suspended the amount and timing of the payment of the monthly base rent, as defined in the Lease. The revised monthly base rent for the months of April and May 2020 was equal to six percent of the monthly gross sales. The revised monthly base rent for the month of June 2020 was a fixed amount of $5,750. Full monthly base rent resumed July 1, 2020.

On July 21, 2020, the Partnership executed two Amended and Restated Restaurant Absolutely Net Leases to the Original Leases dated January 30, 1989, by and between the Partnership and WendCharles I, LLC ("Tenant", as successor in interest to Wensouth Corporation) with the intent that these Leases will amend, restate and replace the Original Leases. Effective January 1, 2021, for the restaurant property located at 361 Highway 17 Bypass, Mt. Pleasant, South Carolina, per the terms of the Amendment, the Tenant will pay $146,520 annually in rent, in addition to 7% of sales over an annual breakpoint of $1,831,500 over the term of the lease extension (January 1, 2021 to December 31, 2040). Effective January 1, 2021, for the restaurant property located at 343 Folly Road, Charleston, South Carolina, per the terms of the Amendment, the Tenant will pay $136,000 annually in rent, in addition to 7% of sales over an annual breakpoint of $1,700,000 over the term of the lease extension (January 1, 2021 to December 31, 2040).

4. PARTNERSHIP AGREEMENT:

The 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 limited partners owning a majority of the outstanding limited partnership interests.

Under the terms of the Partnership Agreement, as amended, net profits or losses from operations are allocated 99% to the limited partners and 1% to the current General Partner. The November 9, 2009 amendment also provided for distributions from Net Cash Receipts, as defined, to be made 99% to limited partners and 1% to The Provo Group, Inc. ("TPG", or the "General Partner"), 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, her or its

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.

5. 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, 2021, 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, Management has 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 annual Base Fee decreased by 5.54% from the prior year to $272,316. The maximum annual Expenses reimbursement remained the same at $23,256 and any potential future CPI adjustments have been suspended.

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. The fee received by the General Partner from the Partnership on any amounts recovered reduce the four percent minimum fee by that same amount.

Amounts paid and/or accrued to the General Partner and its affiliates for the three-month periods ended March 31, 2021 and 2020 are as follows:

	Incurred for the Three Months Ended March 31, 2021 (unaudited)	Incurred for the Three Months Ended March 31, 2020 (unaudited)
General Partner		
Management fees	$ 70,743	$ 71,221
Overhead allowance	5,814	5,746
Leasing commissions	222,633	-
Reimbursement for out-of-pocket expenses	2,500	2,500
Cash distribution	531	-
	$ 302,221	$ 79,467

At March 31, 2021 and December 31, 2020, $223,164 and $718, respectively, was payable to the General Partner. Effective with the six Wendy's lease amendments on January 1, 2021, the General Partner earned a leasing commission of $222,633 representing 3% of only the first 10 years of a 20 year term and reduced by the unamortized portion of previously earned commissions on the six Wendy's in the amount of $81,935. The commission was included in accounts payable and accrued expenses as of the end of the quarter. The General Partner will determine the available cash flow throughout 2021 to satisfy the obligation, which will entail installment payments. In no event will the sales commissions on liquidation of these six Wendy's and the unamortized portion of the above noted commissions, at the sale date, exceed an aggregate commission of 3%.

As of March 31, 2021, Jesse Small, an Advisory Board Member, beneficially owned greater than ten percent of the Partnership's outstanding limited partnership interests. Amounts paid to Mr. Small for his services as a member of the Advisory Board for the three month periods ended March 31, 2021 and 2020 are as follows:

	Incurred for the Three Month Period ended March 31, 2021	Incurred for the Three Month Period ended March 31, 2020
	(Unaudited)	(Unaudited)
Advisory Board Fees paid	$ 875	$ 875

At March 31, 2021 and December 31, 2020 there were no outstanding Advisory Board fees accrued and payable to Jesse Small.

6. CONTINGENT LIABILITIES:

According to the Partnership Agreement TPG, as General Partner, 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 of 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 March 31, 2020, the Partnership may owe TPG $16,296 if the $6,000,000 recovery level is achieved. TPG does not expect any future refund, as it is uncertain that such a $6,000,000 recovery level will be achieved.

7. 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, $229,805 of earnings has been credited to the Trust as of March 31, 2021. 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.

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 three month period ended March 31, 2021 and the year ended December 31, 2020, 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 financial condition or results of operations in future periods;
- our future sources of, and needs for, liquidity and capital resources;
- our expectations regarding economic and business conditions;
- our business strategies;
- our decisions and policies with respect to the potential retention or disposition of one or more Properties;
- our ability to find a suitable purchaser for any marketed Properties;
- our ability to agree on an acceptable purchase price or contract terms;
- our ability to collect rents on our leases;
- our ability to maintain relationships with our tenants, and when necessary identify new tenants;
- future capital expenditures; 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.

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 a straight-line basis over the life of the respective lease when collectability is assured. Percentage rents are accrued only when the tenant has reached the sales breakpoint stipulated in the lease.

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

Investment Properties

As of March 31, 2021, the Partnership owned 10 Properties, nine of which contained fully constructed fast-food/casual dining restaurant facilities. The following are operated by tenants at the aforementioned nine Properties: eight separate Wendy's restaurants, an Applebee's restaurant and a Brakes 4 Less store. The 10 Properties are located in a total of three states.

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

There were no building improvements capitalized during the three month period ending March 31, 2021.

Net Income

Net income (loss) for the three month periods ended March 31, 2021 and 2020 were $132,802 and $(28,926), respectively. Net income (loss) per limited partnership interest for the three month periods ended March 31, 2021 and 2020 were $2.84 and $(0.62), respectively.

This increase is primarily the result of increased rents received in the first quarter of 2021 compared to the first quarter of 2020 due to the lease amendments for six of the Wendy's stores that became effective on January 1, 2021.

Results of Operations

Net income (loss) for the three month periods ended March 31, 2021 and 2020 was $132,802 and $(28,926), respectively.

Rental Income: Rental income for the three month periods ended March 31, 2021 and 2020 was $349,191 and $219,771, respectively. The rental income was comprised primarily of monthly lease obligations. The increase in rental income for the quarter ended March 31, 2021 compared to the quarter ended March 31, 2020 is due to the lease amendments for six of the Wendy's stores that became effective on January 1, 2021.

General and Administrative Expense: General and administrative expenses for the three month periods ended March 31, 2021 and 2020 were $28,179 and $32,051, respectively. General and administrative expenses were comprised of management expense, state/city registration and annual report filing fees, XBRL outsourced fees, office supplies, printing costs, outside storage expenses, copy/fax costs, postage and shipping expenses, long-distance telephone expenses, website fees, bank fees and state income tax expenses. The decrease for the quarter ended March 31, 2021 compared to the quarter ended March 31, 2020 is due primarily to the decreased state income taxes due for the 2020 tax year due to much higher estimated state tax payments during 2020 versus 2019.

Professional Services: Professional services expenses for the three month periods ended March 31, 2021 and 2020 were $90,391 and $105,119, respectively. Professional services expenses were primarily comprised of investor relations data processing, investor mailings processing, website design, legal, auditing and tax preparation fees, and SEC report conversion and processing fees. The decrease for the quarter ended March 31, 2021 compared to the quarter ended March 31, 2020 is due primarily to legal and professional fees incurred during the first quarter of 2020 in connection with the extension of three Wendgusta, LLC property leases.

Cash Flow Analysis

Net cash flows provided by operating activities for the three month periods ended March 31, 2021 and 2020 were $823,239 and $698,849, respectively. The variance in cash provided by operating activities for the three months ended March 31, 2021 compared to the three months ended March 31, 2020 is primarily due to the increased rents collected related to the Wendy's lease amendments and increased accounts payable during the first quarter of 2021 compared to the first quarter of 2020 as a result of the leasing commission due to the General Partner related to the Wendy's lease amendments.

Cash flows used in investing activities for the three month periods ended March 31, 2021 and 2020 were $0.

For the three month period ended March 31, 2021 and 2020 cash flows used in financing activities were $600,531 and $600,000, respectively, and consisted of aggregate general and limited partner distributions. Distributions have been and are expected to continue to be made in accordance with the Partnership Agreement.

Liquidity and Capital Resources

The Partnership's cash balance was $294,952 at March 31, 2021. Cash of approximately $200,000 is anticipated to be used for the payment of the first quarter distribution on or about May 15, 2021. The remainder represents amounts deemed necessary to allow the Partnership to operate normally.

The Partnership's principal demands for liquidity historically have been, and are expected to continue to be, for the payment of operating expenses and distributions. Management anticipates that cash generated through the operations of the Properties and potential sales of Properties will primarily provide the sources for future Partnership liquidity and limited partner distributions of cash flows from operations. The Partnership is 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 with respect to the on-going operations of the Properties are the Partnership's inability to collect rent receivables and near-term or chronic property vacancies. The amount of cash to be distributed to our limited partners is determined by the General Partner and is dependent on a number of factors, including funds available for payment of distributions, capital expenditures, and taxable income recognition matching, which is primarily attributable to percentage rents and property sales.

As of March 31, 2021, the current ten Properties were leased 100%. In addition, the Partnership collected 100% of its base rent that was owing from current operating tenants for the period ended March 31, 2021 and the fiscal year ended December 31, 2020, which we believe is a good indication of overall tenant quality and stability.

There are no leases set to expire in 2021.

Item 3. Quantitative and Qualitative Disclosure About Market Risk

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

Item 4. Controls and Procedures

Controls and Procedures:

As of March 31, 2021 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 March 31, 2021 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 Form10-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 Form10-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 SOX 302 Certification

31.2 SOX 302 Certification

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 on or about May 15, 2021, regarding the first quarter of 2021 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) Unaudited Condensed Balance Sheets at March 31, 2021 and December 31, 2020, (ii) Unaudited Condensed Statements of Income (Loss) for the three month periods ended March 31, 2021 and 2020, (iii) Unaudited Condensed Statements of Cash Flows for the three month periods ended March 31, 2021 and 2020, (iv) Unaudited Condensed Statements of Partners' Capital for the three month periods ended March 31, 2021 and 2020, 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/ Lynette L. DeRose*
Lynette L. DeRose
(Chief Financial Officer and
Duly Authorized Officer of the Partnership)

Date: May 14, 2021

Exhibit 31.1

DIVALL INSURED INCOME PROPERTIES 2
LIMITED PARTNERSHIP

CERTIFICATIONS

I, Lynette L. DeRose, certify that:

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

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

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

4. 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: May 14, 2021

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

Exhibit 31.2

DIVALL INSURED INCOME PROPERTIES 2
LIMITED PARTNERSHIP

CERTIFICATIONS

I, Bruce A. Provo, certify that:

1. I have reviewed this 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: May 14, 2021

By: */s/ Bruce A. Provo*

President, and Chief Executive Officer of The Provo Group, Inc., the General Partner of the Partnership
(principal executive officer of the registrant)

Exhibit 32.1

**DIVALL INSURED INCOME PROPERTIES 2
LIMITED PARTNERSHIP**

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

Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned principal executive officer and principal financial officer of DiVall Insured Income Properties 2 Limited Partnership (the "Company") certify that this Quarterly Report on Form 10-Q of the Company for the period ended March 31, 2021 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: May 14, 2021

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

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

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

Exhibit 99.1

DiVall Insured Income Properties 2, L.P.
Quarterly News

May 15, 2021

FUTURE 2021 DISTRIBUTIONS

As discussed in our last newsletter we continue to expect distributions on August 15th of $200,000 and November 15th of $200,000.

FIVE-YEAR LOOK-BACK AT RESTAURANT SALES

Frankly, the reported sales for our restaurants for March, 2021 blew me away. Not because they were better than the Covid influenced March, 2020 – but because the March sales were the highest volumes looking back five years to 2016 for 8 of the 9 restaurants.

All six of our extended Wendy's leases were 5 year sales records. One of the two un-extended Wendy's also experienced a 5 year sale record. Our Applebee's (in Ohio) also had their highest monthly sales going back to 2016.

We have percentage rent terms for all the restaurant leases. The six extended Wendy's leases converted $500,000 of percentage rents to fixed rents in 2020 enhancing net unit value. Although the extended leases had corresponding increases in sales breakpoints associated with the extended terms and increased fixed rents, it would appear that all six restaurants will also be subject to additional percentage rent for 2021 as payable in 2022.

TRIPLE NET LEASES PROVIDE HEDGE FOR INFLATION

The beauty of triple net leases with percentage rent terms is that we participate in increased pricing reflected in sales even if volumes are consistent. Our Wendy's participation is 7% for all stores. The Applebee's is 6%.

If 2021 continues its current strong sales trends, the additional rent due from our percentage participation should be attractive to a future buyer.

- Bruce Provo

INSIDE THIS ISSUE

Distribution Highlights

- **$200,000 ($4.32 per unit)** will be distributed for the first quarter of 2021 on or about May 15, 2021.
- Since the Partnership's initial "investable" capital raise of $39 million (net of $7 million of syndication fees) in the late 1980's; the Partnership has distributed approximately $79 million to investors, from both operations and strategic sales.

QUESTIONS & ANSWERS

- ***When can I expect to receive my next distribution mailing?***
  Your distribution correspondence for the Second Quarter of 2021 is scheduled to be mailed on or about August 15, 2021.
- ***How can I obtain hard copies of Quarterly and Annual Reports or other SEC filings?***
  Please visit the Investor Relations page at the Partnership website at www.divallproperties.com or the SEC website at www.sec.gov to print a copy of the report(s) or contact Investor Relations.
- ***How do I have a question answered in the next Newsletter?***
  Please e-mail your specific question to Lynette DeRose at lderose@theprovogroup.com or visit the Investor Relations page at www.divallproperties.com.
- ***I've moved. How do I update my account registration?***
  Please mail or fax to DiVall Investor Relations a signed letter stating your new address and telephone number. Updates cannot be accepted over the telephone or via voicemail messages.

Access to Additional Financial Information

For further quarterly 2021 unaudited financial information, see the Partnership's interim financial reports filed as part of the Partnership's Form 10-Q. A copy of this filing and other public reports can be viewed and printed free of charge at the Partnership's website at www.divallproperties.com or at the SEC's website at www.sec.gov. The Partnership's 2020 Annual Report on Form 10-K was filed with the SEC on March 26, 2021, which also can be accessed via the websites listed.

DIVALL INVESTOR RELATIONS CONTACT INFORMATION:

MAIL: DiVall Investor Relations
c/o Phoenix American Financial Services, Inc
2401 Kerner Blvd.
San Rafael, CA 94901
PHONE: 1-844-932-1769 NOTE NEW NUMBER
FAX: 1-415-485-4553