

Submission Data File

General Information	
Form Type*	8-K
Subject-Company File Number	
Subject-Company CIK	
Subject-Company Name	
Subject-Company IRS Number	
Contact Name	M2 Compliance
Contact Phone	310-402-2681
Filer File Number	
Filer CIK*	0000825788 (DIVALL INSURED INCOME PROPERTIES 2 LIMITED PARTNERSHIP)
Filer CCC*	*****
Confirming Copy	No
Notify via Website only	No
Return Copy	Yes
Group Name	
Items*	7.01 Regulation FD Disclosure 9.01 Financial Statements and Exhibits
SROS*	NONE
Depositor CIK	
Depositor 33 File Number	
Fiscal Year	
Item Submission Type	
Period*	12-03-2020
ABS Asset Class Type	
ABS Sub Asset Class Type	
Sponsor CIK	
Emerging Growth Company	No
Elected not to use extended transition period	No
(End General Information)	

Document Information	
File Count*	2
Document Name 1*	form8-k.htm
Document Type 1*	8-K
Document Description 1	
Document Name 2*	ex99-1.htm
Document Type 2*	EX-99.1
Document Description 2	
(End Document Information)	

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

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

FORM 8-K

**CURRENT REPORT
Pursuant to Section 13 or 15(d) of
The Securities Exchange Act of 1934**

Date of Report (Date of earliest event reported): December 3, 2020

DIVALL INSURED INCOME PROPERTIES 2, L.P.

(Exact name of registrant as specified in its charter)

Wisconsin
(State or Other Jurisdiction
of Incorporation)

000-17686
(Commission
File Number)

39-1606834
(IRS Employer
Identification Number)

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

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

Not Applicable
(Former name or former address, if changed since last report.)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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

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

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act (17 CFR 230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR 240.12b-2).

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.

Item 7.01. Regulation FD Disclosure

On December 3, 2020, DiVall Insured Income Properties 2, L.P. (the “Partnership”) received notice of an unsolicited mini-tender offer from CMG Partners, LLC (“CMG”) to purchase units of the Partnership (the “Units”) from limited partners of the Partnership (the “Limited Partners”) at a price of \$205 per Unit, less transfer fees of \$50 per investor and less any distributions paid on or after November 9, 2020.

Although the Partnership remained neutral in response to most prior mini-tender offers, the Partnership recommends that the Limited Partners reject CMG’s current mini-tender offer, as disclosed in the Partnership’s letter to the Limited Partners dated December 10, 2020 (the “Letter to Limited Partners”) providing further information regarding the mini-tender offer by CMG. Among other things, the Letter to Limited Partners discloses the estimated Net Unit Value (the “NUV”) of each Unit as of December 10, 2020. Pursuant to independent third-party appraised valuations conducted during 2020, the current estimated NUV is approximately 25% higher than that of December 31, 2019.

As previously disclosed, in order for qualified plans to report account values as required by the Employee Retirement Income Security Act, as amended (“ERISA”), the Partnership annually provides an estimated NUV. As previously disseminated to Limited Partners by the Partnership, the annual statement of NUV for Limited Partners subject to ERISA was estimated to approximate \$390 per Unit as of December 31, 2019, as determined by the use of independent third-party appraised valuations conducted during 2019.

The estimated NUV as of each of December 10, 2020 and December 31, 2019 is only an estimate and may not reflect the actual NUV. As with any valuation methodology, the independent third-party appraised valuation methodology is based upon a number of estimates and assumptions that may not be accurate or complete. Different parties with different assumptions and estimates could derive a different estimated NUV. Accordingly, with respect to the estimated NUVs, the Partnership can give no assurance that:

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

A copy of the Letter to Limited Partners is attached to this Current Report on Form 8-K as Exhibit 99.1, which is incorporated herein by this reference.

A copy of the Letter to Limited Partners is also posted on the Partnership’s website, which can be accessed at <http://www.divallproperties.com/newsletter.php>.

The information being furnished pursuant to this Item 7.01 in this Current Report on Form 8-K and the information contained in Exhibit 99.1 shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”) or otherwise subject to the liabilities of that section. Such information may only be incorporated by reference in another filing under the Exchange Act or the Securities Act of 1933, as amended (the “Securities Act”), if such subsequent filing specifically references this Current Report on Form 8-K. In addition, the furnishing of information in this Current Report on Form 8-K is not intended to, and does not, constitute a determination or admission by the Partnership that the information is material or complete.

Item 9.01 Financial Statements and Exhibits

(d) Exhibits

99.1 [Letter to Limited Partners.](#)

Forward-Looking Statements

This Current Report on Form 8-K and the information contained in Exhibit 99.1 incorporated herein may contain forward-looking statements within the meaning of the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements include statements describing the objectives, projections, estimates or future predictions of the Partnership's operations. These statements may be identified by the use of forward-looking terminology such as "anticipates," "believes," "could," "estimate," "expect," "will," or other variations on these terms. The Partnership cautions that by their nature forward-looking statements involve risk or uncertainty and that actual results may differ materially from those expressed in any forward-looking statements as a result of such risks and uncertainties, including but not limited to: future economic and market conditions; changes in the commercial real estate markets and general economic conditions; decreases in valuations of real properties, uncertainties related to tenant operations; and effects of the on-going Covid-19 pandemic.

All forward-looking statements contained in Exhibit 99.1 incorporated herein are expressly qualified in their entirety by this cautionary notice. The reader should not place undue reliance on such forward-looking statements, since the statements speak only as of the date that they are made and the Partnership has no obligation and does not undertake any obligation to publicly update, revise or correct any forward-looking statement for any reason.

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 hereunto duly authorized.

DiVall Insured Income Properties 2, L.P.

By: The Provo Group, Inc., General Partner

Date: December 14, 2020

By: */s/ Bruce A. Provo*

Bruce A. Provo, President, Chief Executive Officer and
Chief Financial Officer

Exhibit 99.1

December 10, 2020

**RE: DiVall Insured Income Properties 2, L.P.
Third Party Tender Offer**

Ladies and Gentlemen:

On or about November 9, 2020, CMG Partners, LLC and its affiliates (collectively, the “Bidder”) distributed an Agreement of Assignment and Transfer to limited partners (“Limited Partners”) of DiVall Insured Income Properties 2, L.P. (the “Partnership”), for the purpose of making a third-party tender offer to purchase up to 4.0% of the outstanding limited partnership units of the Partnership (“Units”), at a purchase price equal to \$205 per Unit, less transfer fees of \$50 per investor and less any distributions paid by the Partnership on or after November 9, 2020 (the “Offer”). A copy of the Offer was first delivered to the Partnership on December 3, 2020. Because the Offer seeks less than 4.9% of the outstanding Units, the Bidder did not file a Schedule TO with the Securities and Exchange Commission (“SEC”).

Pursuant to Rule 14e-2 under the Securities Exchange Act of 1934, as amended (the “Exchange Act”), the Partnership is obligated to take a position with respect to the Offer. Historically, in response to prior “mini-tender offers”, the Partnership has remained neutral. **In contrast, the Partnership does not recommend or endorse the current Offer. In view of the current estimated Net Unit Value (the “NUV”) of each Unit (as further detailed in Section 2 below), the Partnership recommends that Limited Partners not tender their Units in the Offer.**

The Partnership believes it is important that its Limited Partners understand the following information when considering the Offer or any other unsolicited offer.

1. Third-Party Sales:

The Partnership is not affiliated in any way with the Bidder, and the money that may be paid to Limited Partners for Units tendered in the Offer will not come from, or through, the Partnership. Once the Partnership receives sufficient evidence of a sale from both the seller and buyer directing the Partnership to transfer the Units, the Units are transferred to the buyer upon the approval of the General Partner, The Provo Group, Inc. (“TPG”). The Partnership will not be responsible for making sure any seller is paid. However, under the IRS Safe Harbor rules, in one year TPG can only approve the transfers of Units sold up to 2% of the total number of Partnership Units outstanding (46,280.30). We have already approved transfers aggregating approximately 1.8955% of the outstanding Units in 2020. Accordingly, the Partnership does not have the ability to approve the transfer of any additional Units until the year 2021, except for Units sold and transferred through a Qualified Matching Service (see Section 5 below).

With any unsolicited offer, it is important to thoroughly evaluate the terms and conditions. The fine print may be difficult to understand. For example, one area that could lead to confusion is who is entitled to receive (or get credit for) any distributions that occur before the sale is completed and any Unit is transferred to the Bidder.

The SEC has information for investors pertaining to mini-tender offers and has issued warnings about mini-tender offers. One SEC notice states: “Some bidders make mini-tender offers at below-market prices, hoping that they will catch investors off guard if the investors do not compare the offer price to the current market price.” Information from the SEC on min-tender offers can be found at www.sec.gov/answers/miniten.htm and <https://www.sec.gov/investor/pubs/minitend.htm>.

2. Purchase Price of Offer:

The Offer is based on a purchase price equal to \$205 per Unit, less transfer fees of \$50 per investor. The Bidder’s purchase price is also subject to downward adjustment in the event of any distributions paid by the Partnership on or after November 9, 2020. As we understand the Offer, distributions paid on or after November 9, 2020 will reduce the \$205 per Unit purchase price.

As the Partnership informed Limited Partners in a letter dated December 31, 2019, the Partnership estimated the NUV to approximate \$390 at December 31, 2019. More recently, pursuant to independent third-party appraised valuations conducted during 2020, the Partnership has estimated the NUV as of December 10, 2020 to be approximately \$490 per Unit.

The recent estimated NUV of approximately \$490 per Unit is 239% greater than the purchase price offered by the Bidder, before deducting transfer fees and any distributions paid. This valuation is subject to a number of limitations, which are disclosed in more detail in the Current Reports on Form 8-K the Partnership filed with the SEC on February 15, 2020 and December 14, 2020.

In addition, comparative transfer price information is available upon request to our Investor Relations Department. The Partnership’s records indicate that Units have recently traded in a range from \$330 to \$345 per Unit. The Partnership, however, makes no representation that these prices are fair or reasonable.

3. Current Cash Yield on Net Unit Value:

Since the Partnership's initial "investable" capital raise of \$39 million (net of \$7 million of syndication fees) in the early 1990's, the Partnership has distributed approximately \$79 million to investors, from both operations and strategic sales.

With the consummation of the six lease extensions on our Wendy's properties during 2020, we expect to be able to level out distributions in future years as \$518,000 of previous percentage rents (received annually) are expected to be received ratably as fixed rent monthly. Please refer to our website www.divallproperties.com for more information from the last two quarters' newsletters.

Our appraised values will likely increase based on long-term lease extensions and the conversion of variable rent (percentage rent) to fixed minimum rent. We expect the annual appraisals to be completed later this year with all the significant new lease activity factored into the appraised values.

Percentage Rents Earned in 2020 and Expected to Be Distributed February 2021

The Partnership historically has earned a significant amount of percentage rents annually, but receives payment from the respective tenants in the following January. The Partnership's distribution of these amounts is expected to occur with the 2020 fourth quarter distribution payable February 2021. The Partnership expects the February 2021 distribution to represent a substantial percentage of the entire distributions related to the 2020 fiscal year.

5. Qualified Matching Service:

Within the last several years, the Partnership instituted a "Qualified Matching Service" as defined in Section 1.7704-1(g) of the Treasury Regulations promulgated under Section 7704 of the Internal Revenue Code of 1986, which facilitates the transfer of up to 10% of the total interest in the Partnership's capital or profits provided certain requirements are met. This Qualified Matching Service provides for some liquidity, outside of a tender offer scenario, through which Units may be bought and sold.

¹ Because no formal market exists for the Units, actual sales prices may vary. In addition, there is no assurance that these values will be obtained upon the future sale of the Partnership's assets.

Once again, you are not required to tender your Units to the Bidder, and the Partnership recommends that you not tender your Units.

In the event you have questions or require additional information, please feel free to contact DiVall Investor Relations at the address or number(s) below:

MAIL: DiVall Investor Relations
c/o Phoenix American Financial Services, Inc.
2401 Kerner Blvd.
San Rafael, CA 94901

PHONE: 1-(844)-932-1769

FAX: 1-(415)-485-4553

Sincerely,

The Provo Group Inc., As General Partner of
DiVall Insured Income Properties 2, LP

By: */s/ Bruce A. Provo*

Bruce A. Provo, President
