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

FORM 10-K

(Mark One)

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

For the fiscal year ended December 31, 2016

OR

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

For the transition period from ___________ to ___________

Commission file number **0-17686**

DIVALL INSURED INCOME PROPERTIES 2 LIMITED PARTNERSHIP
(Exact name of registrant as specified in its charter)

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

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

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

Securities registered pursuant to Section 12(b) of the Act: None

Securities registered pursuant to Section 12(g) of the Act: Limited Partnership Interests

Indicate by check mark whether the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes [ ] No [X]

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes [ ] No [X]

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes [X] No [ ]

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [ ]

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

Large accelerated filer [ ] Accelerated filer [ ] Non-accelerated filer [ ] Smaller Reporting Company [X]

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

The aggregate market value of the voting securities held by non-affiliates of the Registrant: The aggregate market value of limited partnership interests held by non-affiliates is not determinable since there is no public trading market for the limited partnership interests.

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PART I

Item 1. Business

Background

The Registrant, DiVall Insured Income Properties 2 Limited Partnership (the "Partnership"), is a limited partnership organized under the Wisconsin Uniform Limited Partnership Act pursuant to a Certificate of Limited Partnership dated as of November 20, 1987, and governed by a Limited Partnership Agreement, as amended from time to time (collectively, the "Partnership Agreement"). The Partnership is managed by its general partner, The Provo Group, Inc. ("TPG" or the "General Partner"). As of December 31, 2016, the Partnership had 1,419 limited partners owning an aggregate of 46,280.3 Limited Partnership Interests (the "Interests").

The Partnership is engaged in the business of owning and operating its investment portfolio of commercial real estate properties (each a "Property" and collectively, the "Properties"). At December 31, 2016, the Partnership owned 11 Properties, located in a total of four states. 10 of the Properties are leased on a triple net basis primarily to, and operated by, franchisees of national, regional and local fast food, family style, and casual/theme restaurants under long-term leases.

At December 31, 2016, eight of the 11 Properties were (and continue to be) leased to three Wendy's franchisees, with five of the Properties being leased to Wendgusta, LLC ("Wendgusta"), two of the Properties being leased to Wendcharles I, LLC ("Wendcharles I"), and one of the Properties being leased to Wendcharles II, LLC ("Wendcharles II"). An additional Property was leased to Wendgusta until its lease expired on November 6, 2016; this Property is currently vacant. Operating base rents from these nine leases during the year ended December 31, 2016 comprised approximately 85% of the total 2016 operating base rents. During the year ended December 31, 2016, additional percentage rents were also generated from these nine Wendy's properties and totaled $581,323. Additionally, those nine Properties exceeded 72% of the Partnership's total Properties, both by historical asset value and number. As a result of the previously reported lease extension notices received by the Partnership in January 2017, all eight of the Properties that are currently leased to Wendy's franchisees now feature a lease expiration date of November 6, 2026.

See Properties under Item 2 below for the table of all Properties and lease expirations and a discussion of Properties with significant developments during the year ended December 31, 2016.

During the process of leasing the Properties, the Partnership may experience competition from owners and managers of other properties. As a result, in connection with negotiating tenant leases, along with recognizing market conditions, the General Partner may offer rental concessions, or other inducements, which may have an adverse impact on the results of the Partnership's operations. The Partnership is also in competition with sellers of similar properties to locate suitable purchasers for its Properties.

The Partnership is scheduled to be dissolved on November 30, 2020, 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 Interests to dissolve the Partnership; or (d) the dissolution, bankruptcy, death, withdrawal, or incapacity of the last remaining General Partner, unless an additional General Partner is elected previously by a majority of the limited partners. During the second and third quarters of the eight odd numbered years from 2001 through 2015, 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 Interests did not vote in favor of any of the Consents. Therefore, the Partnership continues to operate as a going concern.

The Permanent Manager Agreement

The Permanent Manager Agreement ("PMA") was entered into on February 8, 1993, between the Partnership, DiVall 1 (which was dissolved in December 1998), DiVall 3 (which was dissolved in December 2003), the now former general partners, Gary J. DiVall and Paul E. Magnuson, their controlled affiliates, and TPG, naming TPG as the Permanent Manager. The PMA contains provisions allowing TPG to submit to the PMA, election of TPG as General Partner, and the issue of acceptance of the resignations of the former general partners to a vote of the limited partners through a solicitation of written consents.

TPG, as the General Partner, has been operating and managing the affairs of the Partnership in accordance with the provisions of the PMA and the Partnership Agreement since February 8, 1993.

Effective January 1, 2017, the PMA was renewed by the General Partner for a two-year period ending December 31, 2018. The PMA can be terminated earlier (a) by a vote at any time by a majority interest of the limited partners, (b) upon the dissolution and winding up of the Partnership, (c) upon the entry of an order of a court finding that TPG has engaged in fraud or other like misconduct or has shown itself to be incompetent in carrying out its duties under the Partnership Agreement, or (d) upon 60 days' written notice from TPG to the limited partners of the Partnership.

Advisory Board

The concept of the Advisory Board was first introduced by TPG during the solicitation of written consents seeking to elect TPG as the General Partner. The first Advisory Board was established in October 1993. Among other functions, the three-person Advisory Board has the following rights and duties: to review operational policies and practices; to review extraordinary transactions; to review internal financial controls and practices; and to review the performance of the independent auditors of the Partnership. The Advisory Board's powers are advisory only and the Advisory Board does not have the authority to direct management decisions or policies of the Partnership or remove the General Partner. The Advisory Board has full and free access to the Partnership's books and records, and individual Advisory Board members have the right to communicate directly with the limited partners concerning Partnership business. Members of the Advisory Board are compensated $1,500 annually and $500 for each quarterly meeting attended.

The Advisory Board currently consists of a broker dealer representative, William Arnold; and limited partners of the Partnership: Jesse Small and Albert Kramer. For a brief description of each Advisory Board member, refer to Item 10, Directors and Executive Officers of the Registrant.

No Employees; Location of Business Operations

The Partnership has no employees.

All of the Partnership's business is conducted in the United States.

Available Information

The Partnership is required to file with the SEC annual reports on Form 10-K, quarterly reports on Form 10-Q and current reports on Form 8-K, along with any related amendments and supplements to these periodic and current reports. The SEC maintains a website containing these reports and other information regarding our electronic filings at www.sec.gov. These reports may also be read and copied at the SEC's Public Reference Room at 100 F Street, NE, Washington, D.C. 20549. Further information about the operation of the Public Reference Room may be obtained by calling 1-800-SEC-0330.

We also make these reports and other information available either on or through our Internet Website at www.divallproperties.com as soon as reasonably practicable after such reports are available. Please note that any internet addresses provided in this Annual Report on Form 10-K are for information purposes only and are not intended to be hyperlinks. Accordingly, no information found and/or provided at such internet addresses is intended or deemed to be incorporated by reference herein.

Item 1A. Risk Factors

As a smaller reporting company, the Partnership is not required to disclose risk factors in its annual report on Form 10-K.

Item 1B. Unresolved Staff Comments

None.

Item 2. Properties

10 out of 11 Properties are leased to franchisees of national, regional and local fast food, family style and casual/theme restaurants. The eleventh Property was leased to a Wendy's franchisee until its lease expired in November 2016; this Property is currently vacant.

Original lease terms for the leased Properties are generally five to 20 years from their inception. All leases are triple-net, which require the tenant to pay all property operating costs including maintenance, repairs, utilities, property taxes, and insurance. A majority of the leases contain percentage rent provisions, which require the tenant to pay a specified percentage (five percent to eight percent) of gross sales above a threshold amount. None of the Properties are mortgaged. The Partnership owns the buildings and land, and all improvements for all the Properties, except for the Property leased to the franchisee of a Kentucky Fried Chicken restaurant ("KFC") in Santa Fe, New Mexico. KFC is located on land where the Partnership has entered into a long-term ground lease, as lessee, which is set to expire in 2018. The Partnership has the option to extend the ground lease for two additional ten year periods. The Partnership owns all improvements constructed on the land (including the building and improvements) until the termination of the ground lease, at which time all constructed improvements will become the land owner's property.

The Partnership owned the following Properties as of March 23, 2017:

Acquisition Date	Property Name & Address	Lessee	Purchase Price (1)	Operating Rental Per Annum	Lease Expiration Date	Renewal Options
10/10/88	Kentucky Fried Chicken (4) 1014 S St Francis Dr Santa Fe, NM	Palo Alto, Inc.	$ 451,230	$ 60,000	06-30-2018	None
12/22/88	Wendy's (5) 1721 Sam Rittenberg Blvd Charleston, SC	Wendcharles II, LLC	596,781	76,920	11-6-2026	(2)
12/22/88	Wendy's (6) 3013 Peach Orchard Rd Augusta, GA	Wendgusta, LLC	649,594	86,160	11-6-2026	None
02/21/89	Wendy's (6) 1901 Whiskey Rd Aiken, SC	Wendgusta, LLC	776,344	96,780	11-6-2026	None
02/21/89	Wendy's (6) 1730 Walton Way Augusta, GA	Wendgusta, LLC	728,813	96,780	11-6-2026	None
02/21/89	Wendy's (7) 343 Folly Rd Charleston, SC	Wendcharles I, LLC	528,125	70,200	11-6-2026	(2)
02/21/89	Wendy's (7) 361 Hwy 17 Bypass Mount Pleasant, SC	Wendcharles I, LLC	580,938	55,333	11-6-2026	(2)
03/14/89	Wendy's (6) 1004 Richland Ave Aiken, SC	Wendgusta, LLC	633,750	90,480	11-6-2026	None
12/29/89	Wendy's (6) 517 E Martintown Rd N Augusta, SC	Wendgusta, LLC	660,156	87,780	11-6-2026	None
12/29/89	VACANT (8) 3859 Washington Rd Martinez, GA	N/A	633,750	-	N/A	N/A
05/31/90	Applebee's 2770 Brice Rd Columbus, OH	RMH Franchise Corporation	1,434,434	147,697	10-31-2018	(3)
			$ 7,673,915	$ 868,130		

Footnotes:

(1) Purchase price includes all costs incurred by the Partnership to acquire the property.

(2) The tenant has the option to extend the lease an additional period of five years.

(3) The tenant has the option to extend the lease two additional periods of two years each.

(4) Ownership of lessee's interest is under a ground lease. The tenant is responsible for payment of all rent obligations under the ground lease.

(5) One of the 11 Properties owned as of December 31, 2016 was leased to Wendcharles II. Since more than 72% of the Properties, both by historical asset value and number are leased to Wendy's franchisees the financial status of the tenant may be considered relevant to investors. At the request of the Partnership, Wendcharles II provided it with a copy of its reviewed financial statements for the fiscal years ended December 25, 2016 and December 27, 2015. Those reviewed financial statements are attached to this Annual Report on Form 10-K as Exhibit 99.2.

(6) Five of the 11 Properties owned as of December 31, 2016 were leased to Wendgusta. Since more than 72% of the Properties, both by historical asset value and number, are leased to Wendy's franchisees, the financial status of the tenant may be considered relevant to investors. At the request of the Partnership, Wendgusta provided it with a copy of its reviewed financial statements for the fiscal years ended December 25, 2016 and December 27, 2015. Those reviewed financial statements are attached to this Annual Report on Form 10-K as Exhibit 99.0.

(7) Two of the 11 Properties owned by the Partnership as of December 31, 2016 were leased to Wendcharles I. Since more than 72% of the Properties, both by historical asset value and number, are leased to Wendy's franchisees, the financial status of the tenant may be considered relevant to investors. At the request of the Partnership, Wendcharles I provided it with a copy of its reviewed financial statements for the fiscal years ended December 25, 2016 and December 27, 2015. Those reviewed financial statements are attached to this Annual Report on Form 10-K as Exhibit 99.1.

(8) As further described below, the lease for this Property expired on November 6, 2016.

The following summarizes significant developments, by property, for Properties with such developments.

Former Wendy's – Martinez, GA Property

The lease for this Property expired on November 6, 2016, and the tenant vacated the Property.

Wendy's Franchisees - Lease Extension Notices

In January 2017, the Partnership received lease extension notices relating to seven of the eight Properties that are leased to Wendy's franchisees. Pursuant to such notices, each of Wendgusta, LLC, Wendcharles I, LLC and Wendcharles II, LLC exercised the option in their respective property leases to renew such lease for five years beyond the prior expiration date of November 6, 2021. As a result, all eight of the Properties that are leased to Wendy's franchisees now feature a lease expiration date of November 6, 2026.

Applebee's - Columbus, OH Property

On July 8, 2016, the tenant, RMH Franchise Corporation, and the Partnership agreed to a two-year extension of a lease for the Property operated as an Applebee's restaurant upon the exercise of an option to extend the lease. The lease now expires October 31, 2018 and the rent increased by 2% effective November 1, 2016, and will again increase by 2% effective November 1, 2017.

Formerly Owned Panda Buffet Restaurant - Grand Forks, ND Property

In 2009, the Partnership sold the Panda Buffet restaurant property located in Grand Forks, ND ("Panda Buffet") for $450,000. The buyer paid $150,000 at closing with the remaining balance of $300,000 being delivered in the form of a promissory note ("Buyers Note") to the Partnership. The maturity date of the Buyers Note was extended twice, and, as of the final maturity date of November 1, 2016, the Buyers Note was paid in full. A mortgage release was issued to the buyer. During the year ended December 31, 2016, payments received by the Partnership under the Buyers Note totaled $57,157 in principal and $2,093 in interest.

Other Property Information

Property taxes, general maintenance, insurance and ground rent on the Properties are the responsibility of the respective tenants. However, when a tenant fails to make the required tax payments or when a property becomes vacant (such as the Martinez, GA property, previously operated as a Wendy's restaurant), the Partnership makes the appropriate property tax payments to avoid possible foreclosure of the property. During a property vacancy, the Partnership pays for insurance and maintenance related to the vacant property.

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

Item 3. Legal Proceedings

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

Item 4. Mine Safety Disclosures

Not applicable.

PART II

Item 5. Market Price and Dividends on the Registrant's Common Equity and Related Stockholder Matters

(a) Although from time to time some Interests have been traded, there is no active public market for the Interests, and it is not anticipated that an active public market for the Interests will develop.

(b) As of March 16, 2017, there were 1,349 record holders of Interests.

(c) The Partnership does not pay dividends. However, the Partnership Agreement provides for net income and loss of the Partnership to be allocated on a quarterly basis, 99% to the limited partners and 1% to the General Partner. The Partnership Agreement provides for the distribution of net cash receipts and net proceeds to the limited partners and General Partner on a quarterly basis, subject to the limitations on distributions to the General Partner described in the Partnership Agreement. See Note 4 to the financial statements for further information. During 2016 and 2015, $970,000 and $1,390,000, respectively, were distributed in the aggregate to the limited partners. The General Partner received aggregate distributions of $3,006 and $3,097 in 2016 and 2015, respectively.

(d) The Partnership has no equity compensation plans under which equity securities of the Partnership have been issued or are reserved for issuance.

Item 6. Selected Financial Data

Not Applicable.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

CAUTIONARY STATEMENT

This Annual Report on Form 10-K 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 the Partnership's management based on its knowledge and understanding of the business and industry. Words such as "may," "anticipates," "expects," "intends," "plans," "believes," "seeks," "estimates," "would," "could," "should" and variations of these words and similar expressions are intended to identify forward-looking statements. Although we believe that the expectations reflected in these forward-looking statements are reasonable, we can give no assurance that these expectations will prove to have been correct. These statements are not guarantees of 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 any future period;
- our future sources of, and needs for, liquidity and capital resources;
- our expectations regarding economic and business conditions;
- our business strategies and our ability to grow our business;
- our decisions and policies with respect to the potential disposition of one or more Properties;
- our ability to collect rents on our leases;
- our ability to maintain relationships with our tenants, and when necessary identify new tenants; and
- our future capital expenditures.

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

Critical Accounting Policies and Estimates

The following discussion and analysis of financial condition and results of operations is based upon the Partnership's financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP"). The preparation of these financial statements requires persons performing the functions of the Partnership's 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 the General Partner'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 pertain to:

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. As a result, depreciated book value of real estate may not reflect the market value of real estate assets.

Revenue recognition- Rental revenue from investment properties is recognized on the straight-line basis over the life of the respective lease when collectability is assured. Percentage rents are accrued only when the tenant has reached the sales breakpoint stipulated in the lease.

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

Investment Properties

As of December 31, 2016, the Partnership owned 11 Properties, each currently containing a fully constructed fast-food or casual restaurant. One Property is located on a parcel of land which is subject to a ground lease (see Item 2 above). The current tenants are franchisees of casual restaurants and as a result the following are operated at the Properties: eight Wendy's restaurants, an Applebee's restaurant, and a KFC restaurant. As of November 6, 2016, the Property in Martinez, GA was vacant, and as of December 15, 2016, this Property was held for sale. The Properties are located in a total of four states.

Property taxes, general maintenance, insurance and ground rent on the Properties are the responsibility of the respective tenants. A more detailed discussion of tax payments, insurance and ground rent is provided in Item 2, and incorporated herein by this reference.

There were no building improvements capitalized during 2016 or 2015.

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

Further Information

A summary of significant developments as of December 31, 2016, by property, for properties with such developments, can be found in Item 2, Properties.

Net Income

Net income for the fiscal years ended December 31, 2016 and 2015 were $751,253 and $774,077, respectively. Net income per Interest for the fiscal years ended December 31, 2016 and 2015 were $16.07 and $16.56, respectively.

Net income for the fiscal years ended December 31, 2016 and 2015 included the results from both operations and discontinued operations. Assets disposed of or deemed to be classified as held for sale require the reclassification of current and previous years' operations to discontinued operations in accordance with GAAP applicable to "Accounting for the Impairment or Disposal of Long Lived Assets". As such, prior year operating results for those properties considered as held for sale or properties no longer considered for sale have been reclassified to conform to the current year presentation without effecting total net income. When properties are considered held for sale, depreciation of the properties is discontinued, and the properties are valued at the lower of the depreciated cost or fair value, less costs to dispose.

Results of Operations

Net income from continuing operations for the fiscal years ended December 31, 2016 and 2015 were $685,779 and $690,521, respectively. See the paragraphs below for further information as to variances in individual operating income and expense items.

Fiscal year ended December 31, 2016 as compared to fiscal year ended December 31, 2015:

Operating Rental Income: Operating rental income for the fiscal years ended December 31, 2016 and 2015 was $1.461 million and $1.423 million, respectively. The rental income was comprised of monthly lease obligations per the tenant leases, and percentage rents obligations related to operating tenants who had reached their sales breakpoint. The slight increase in 2016 compared to 2015 is due to the continued increase in reported sales for tenants who had reached their sales breakpoint stipulated in their respective leases.

Management expects total base operating rental income to be approximately $890,000 for the 2017 fiscal year based on operating leases currently in place. Future operating rental income has the potential to either decrease or increase. Future operating rental income may decrease with a tenant default and/or we may reclassify certain additional properties as properties held for sale. Future operating rental income may also increase with additional rents due from tenants, if those tenants experience increased sales levels, which require the payment of additional rent to the Partnership. Operating percentage rents included in operating rental income in the fiscal years ended December 31, 2016 and 2015 were $571,073 and $536,088, respectively. Management expects percentage rents for the fiscal year ending December 31, 2017 to be comparable to those received in 2016 due to the expected continued increase in sales from the tenants operating Wendy's restaurants, offset by the loss of percentage rents from the restaurant in Martinez, GA that closed in November 2016.

Partnership Management Fees Expense: Partnership management fees expense for the fiscal years ended December 31, 2016 and 2015 were $267,246 and $266,266, respectively. The general partner receives a fee for managing the partnership, and this fee changes each year based on the Consumer Price Index. See Note 5, Transactions with General Partner and Its Affiliates, for further information.

Insurance Expense: Insurance expense for the fiscal years ended December 31, 2016 and 2015 was approximately $6,000. Insurance expense was comprised of general liability insurance. Each tenant is responsible for insurance protection and the Partnership only purchases property insurance for an individual property if the tenant cannot provide proof of insurance protection or due to a property vacancy. For the fiscal year ending December 31, 2017, management expects operating insurance expense to again be approximately $6,000. This amount could increase upon a property insurance default or vacancy by a tenant or an increase in the general liability insurance premium for the 2017/2018 insurance year, which is expected to be paid in the fourth quarter of 2017.

General and Administrative Expense: General and administrative expenses for the fiscal years ended December 31, 2016 and 2015 were $59,631 and $67,380, respectively. General and administrative expenses were comprised of management expense, state/city registration and annual report filing fees, office supplies and 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. Total operating general and administrative expenses for the fiscal year ended December 31, 2015 were higher than in the fiscal year ended December 31, 2016, primarily due to increased printing costs, outsourced XBRL expense, and outside storage costs. Management expects the total operating general and administrative expenses for the fiscal year ending December 31, 2017 to be marginally higher than for the fiscal year ended December 31, 2016 due to the costs to be incurred for the regular bi-annual consent solicitation scheduled for the third quarter of 2017.

Professional services: Professional services expenses for the fiscal years ended December 31, 2016 and 2015 were $287,921 and $244,738, respectively. Professional service expenses were primarily comprised of investor relations data processing, investor mailings processing, website design, legal, auditing and tax preparation fees, electronic tax filings, and SEC report conversion and processing fees. The variance in professional services expenses is primarily due to the cost of the property appraisals required as a result of costs incurred to comply with FINRA Rule 2340, and title searches which were completed in 2016. Legal fees were also higher during the fiscal year ended December 31, 2016 as a result of compliance with new obligations applicable to the Partnership under FINRA Rule 2340, the presentation of certain information included in account statements distributed to limited partners and other actions taken in connection with future property options. The General Partner anticipates that total professional services expenses for the fiscal year ending December 31, 2017 will be lower than incurred for the fiscal year ended December 31, 2016 as a result of lower appraisal, title search and legal fees.

Note Receivable Interest Income: Note receivable interest income for the fiscal years ended December 31, 2016 and 2015 was $2,093 and $6,454, respectively. The interest income was comprised of interest associated with the Buyers Note, which was paid in full as of November 1, 2016. See Item 2, Properties, for further information.

Results of Discontinued Operations

In accordance with FASB guidance for "Accounting for the Impairment or Disposal of Long Lived Assets", discontinued operations represent the operations of properties disposed of or classified as held for sale as well as any gain or loss recognized in their disposition. During the fiscal years ended December 31, 2016 and 2015, the Partnership recognized income from discontinued operations of $65,474 and $83,556, respectively. The income from discontinued operations was attributable to the Martinez, GA property which is held for sale as of December 15, 2016. See the components of discontinued operations included in the statements of income for the years ended December 31, 2016 and 2015 in Note 2 Investment Properties and Properties Held for Sale.

The General Partner anticipates that there will be approximately $16,000 in discontinued operations expenditures in 2017, since the Martinez, GA Property is classified as property held for sale.

Cash Flow Analysis

Net cash flows provided by continuing operating activities for the fiscal years ended December 31, 2016 and 2015 were $792,468 and $780,181, respectively. Cash flows from operating activities was higher in 2016 primarily due to the increase in accounts payable and accrued expenses which were partially offset by the payment of a leasing commission and the refund of the security deposit to the former tenant of the Martinez, GA property. Cash provided from discontinued operations for the fiscal years ended December 31, 2016 and 2015 were $78,480 and $97,253.

Property impairment write-downs, depreciation and amortization are non-cash items and do not affect the current operating cash flow of the Partnership or distributions to the limited partners.

Cash flows from investing activities for the fiscal years ended December 31, 2016 and 2015 were $55,636 and $57,923, respectively. These amounts were comprised entirely of note receivable principal payments and earnings from the indemnification trust account.

The Partnership anticipates paying approximately $91,000 in leasing commissions in 2017 related to the January 2017 option exercise of seven out of eight Wendy's leases. See Note 11, Subsequent events for more information.

For the fiscal year ended December 31, 2016, cash flows used in financing activities were $973,006 and consisted of aggregate limited partner distributions of $970,000 and General Partner distributions of $3,006. For the fiscal year ended December 31, 2015, cash flows used in financing activities were $1,393,097 and consisted of aggregate limited partner distributions of $1,390,000, and General Partner distributions of $3,097. Both limited partner and General Partner distributions have been, and will continue to be, made in accordance with the Partnership Agreement. Management anticipates that aggregate limited partner distributions will be approximately $800,000 during 2017, but this could increase in the event that proceeds are received from a property sale.

Liquidity and Capital Resources

The Partnership's cash balance was $200,369 at December 31, 2016. Cash of $100,000, which includes $10,773 in cash from the Partnership's receipt of principal and interest under the Buyers Note was used to fund the fourth quarter of 2016 aggregate distribution paid to limited partners in February of 2017. Cash of approximately $25,000 is anticipated to be used in 2017 for the payment of quarter-end accrued liabilities which are included in the balance sheets. The remainder represents amounts deemed necessary to allow the Partnership to operate normally.

The Partnership's principal demands for funds 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 fund liquidity and limited partner distributions. During the process of leasing the Properties, the Partnership may experience competition from owners and managers of other similarly situated properties. As a result, in connection with negotiating tenant leases, along with recognizing market conditions, management may offer rental concessions, or other inducements, which may have an adverse impact on the results of the Partnership's operations. The Partnership is also in competition with sellers of similar properties to locate suitable purchasers for its Properties. The two primary liquidity risks in the absence of mortgage debt are the Partnership's inability to collect rent receivables and near- 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 December 31, 2016 and 2015, the Properties were leased 91% and 100%, respectively. In addition, the Partnership collected 100% of its base rent from current operating tenants for the fiscal years ended December 31, 2016 and 2015, which we believe is a good indication of overall tenant quality and stability. There are no leases due to expire during 2017. In January 2017, the Partnership received lease extension notices relating to seven of the eight Properties that are leased to Wendy's franchisees. Pursuant to such notices, each of Wendgusta, LLC, Wendcharles I, LLC and Wendcharles II, LLC exercised the option in their respective property leases to renew such lease for five years beyond the prior expiration date of November 6, 2021. As a result, all eight of the Properties that are leased to Wendy's franchisees now feature a lease expiration date of November 6, 2026. See Item 2, Investment Properties for further information regarding Properties with significant developments.

Eight of the 11 Properties are operated as Wendy's fast food restaurants and are franchises of the international Wendy's Company. An additional Property was operated as a Wendy's restaurant until its lease expired on November 6, 2016. Operating base rents from these nine leases comprised approximately 85% of the total 2016 operating base rents included in operating rental income of the Partnership. During the year ended December 31, 2016, additional percentage rents totaled $581,323, all of which were unbilled and were accrued in relation to the Properties operated as Wendy's restaurants. Therefore, during 2016, the Partnership generated approximately 87% of its total operating revenues from those nine Properties.

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

Since the Properties are leased to restaurant tenants, the restaurant market is the major market segment with a material impact on Partnership operations. The success of customer marketing and the operating effectiveness of the Partnership's lessee's, will impact the Partnership's future operating success in a very competitive restaurant and food service marketplace.

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

The credit environment has continued to be difficult for certain borrowers. Fortunately, the Partnership has limited exposure to the credit markets, as the Partnership has no mortgage debt. The General Partner believes that the Partnership's liquid assets have been deposited with creditworthy financial institutions. However, the economic environment at any time and any lack of available credit could delay or inhibit the General Partner's ability to dispose of any of the Properties, or cause management to feel compelled to dispose of Properties for a lower than anticipated return. As a result, the General Partner continues to maintain an objective to preserve capital and sustain property values while from time to time disposing of certain of the Properties as appropriate.

Off-Balance Sheet Arrangements

The Partnership does not have any off-balance sheet arrangements that are reasonably likely to have a current or future material effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources.

Disposition Policies

The Partnership intends to hold the Properties until such time as sale or other disposition appears to be advantageous to achieve the Partnership's investment objectives or until it appears that such objectives will not be met. In deciding whether to sell a Property, management considers factors such as potential capital appreciation or depreciation, market and economic conditions and the general strength of the real estate market, cash flow and federal income tax considerations, including possible adverse federal income tax consequences to the limited partners. The General Partner may exercise its discretion as to whether and when to sell a Property, and there is no obligation to sell any of the Properties at any particular time, except upon Partnership termination currently scheduled for November 30, 2020 or if limited partners holding a majority of the Interests vote to liquidate and dissolve the Partnership in response to a formal consent solicitation to liquidate the Partnership.

Inflation

To the extent that tenants can pass through commodity inflation in their sales prices, the Partnership will benefit from additional percentage rent from increased sales. The majority of the Partnership's leases have percentage rental clauses. Revenues from operating percentage rentals represented 39% of operating rental income for the fiscal year ended December 31, 2016, and 38% of operating rental income for the fiscal years ended December 31, 2015. If, however, inflation causes sales to decrease, operating margins to deteriorate for lessees, or if expenses grow faster than revenues, then, inflation may well negatively impact the portfolio through tenant defaults.

Due to the "triple-net" nature of the property leases, asset values generally move inversely with interest rates.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

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

Item 8. Financial Statements and Supplementary Data

DIVALL INSURED INCOME PROPERTIES 2 LIMITED PARTNERSHIP
(A Wisconsin limited partnership)

INDEX TO FINANCIAL STATEMENTS AND SCHEDULE

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To The Partners
Divall Insured Income Properties 2 Limited Partnership

We have audited the accompanying balance sheets of Divall Insured Income Properties 2 Limited Partnership (a Wisconsin limited partnership) as of December 31, 2016 and 2015, and the related statements of income, partners' capital, and cash flows for each of the years in the two-years period ended December 31, 2016. Our audit also included the financial statement schedule of Divall Insured Income Properties 2 Limited Partnership listed in Item 15(a)(2). Divall Insured Income Properties 2 Limited Partnership's management is responsible for these financial statements. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States of America). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. The Partnership is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Divall Insured Income Properties 2 Limited Partnership as of December 31, 2016 and 2015 and the results of their operations, and their cash flows for each of the years in the two-years period ended December 31, 2016, in conformity with accounting principles generally accepted in the United States of America. Also, in our opinion, the related financial statement schedules, when considered in relation to the basic financial statements taken as a whole, present fairly in all material respects the information set forth therein.

RBSM LLP

New York, NY
March 23, 2017

New York, NY Washington DC Mumbai, India San Francisco, CA Las Vegas, NV Kansas City, KS Beijing, China Athens, Greece

Member: ANTEA International with affiliated offices worldwide

DIVALL INSURED INCOME PROPERTIES 2 LIMITED PARTNERSHIP

BALANCE SHEETS

December 31, 2016 and 2015

ASSETS

	December 31, 2016	December 31, 2015
INVESTMENT PROPERTIES: **(Note 2)**		
Land	$ 2,527,947	$ 2,794,122
Buildings	4,101,067	4,468,642
Accumulated depreciation	(3,621,157)	(3,802,913)
Net investment properties	$ 3,007,857	$ 3,459,851
OTHER ASSETS:		
Cash	$ 200,369	$ 246,791
Cash held in Indemnification Trust **(Note 8)**	454,692	453,171
Property tax cash escrow	-	3,931
Security deposits escrow	64,355	70,617
Rents and other receivables	581,324	549,289
Deferred tenant award proceeds escrow	107,095	126,523
Prepaid insurance	11,135	4,885
Utility deposit	6,530	-
Properties held for sale	317,151	-
Deferred charges, net	113,787	133,014
Note receivable **(Note 9)**	-	57,157
Total other assets	$ 1,856,438	$ 1,645,378
Total assets	$ 4,864,295	$ 5,105,229

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

DIVALL INSURED INCOME PROPERTIES 2 LIMITED PARTNERSHIP

BALANCE SHEETS

December 31, 2016 and 2015

LIABILITIES AND PARTNERS' CAPITAL

	December 31, 2016		December 31, 2015	
CURRENT LIABILITIES:				
Accounts payable and accrued expenses	$	25,399	$	13,353
Property tax payable		-		3,006
Due to General Partner **(Note 5)**		1,242		1,416
Deferred rent		106,077		128,024
Security deposits		64,340		70,440
Unearned rental income		5,000		5,000
Total current liabilities	$	202,058	$	221,239
CONTINGENCIES AND COMMITMENTS **(Notes 7 and 8)**				
PARTNERS' CAPITAL: **(Notes 1, 3 and 9)**				
General Partner -				
Cumulative net income (retained earnings)	$	358,441	$	350,928
Cumulative cash distributions		(148,698)		(145,692)
	$	209,743	$	205,236
Limited Partners (46,280.3 interests outstanding at December 31, 2016 and December 31, 2015)				
Capital contributions	$	46,280,300	$	46,280,300
Offering Costs		(6,921,832)		(6,921,832)
Cumulative net income (retained earnings)		41,851,523		41,107,783
Cumulative cash distributions		(75,917,268)		(74,947,268)
	$	5,292,723	$	5,518,983
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	$	4,662,237	$	4,883,990
Total liabilities and partners' capital	$	4,864,295	$	5,105,229

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

DIVALL INSURED INCOME PROPERTIES 2 LIMITED PARTNERSHIP

STATEMENTS OF INCOME

For the Years Ended December 31, 2016 and 2015

	2016	2015
OPERATING REVENUES:		
Rental income **(Note 4)**	$ 1,461,150	$ 1,423,269
TOTAL OPERATING REVENUES	$ 1,461,150	$ 1,423,269
EXPENSES:		
Partnership management fees **(Note 5)**	267,246	266,266
Insurance	5,862	5,862
General and administrative	59,631	67,380
Advisory Board fees and expenses	10,500	10,500
Professional services	287,921	244,738
Depreciation	124,141	124,142
Amortization	26,022	24,577
TOTAL OPERATING EXPENSES	781,323	743,465
OTHER INCOME		
Other interest income	3,859	4,202
Note receivable interest income **(Note 9)**	2,093	6,454
Other income	-	60
TOTAL OTHER INCOME	5,952	10,716
INCOME FROM CONTINUING OPERATIONS	685,779	690,520
INCOME FROM DISCONTINUED OPERATIONS **(Note 2)**	65,474	83,556
NET INCOME	$ 751,253	$ 774,077
NET INCOME- GENERAL PARTNER	$ 7,513	$ 7,740
NET INCOME- LIMITED PARTNERS	743,740	766,337
	$ 751,253	$ 774,077
PER LIMITED PARTNERSHIP INTEREST,		
Based on 46,280.3 interests outstanding:		
INCOME FROM CONTINUING OPERATIONS	$ 14.67	$ 14.77
INCOME FROM DISCONTINUED OPERATIONS	$ 1.40	$ 1.79
NET INCOME PER LIMITED PARTNERSHIP INTEREST	$ 16.07	$ 16.56

The accompanying notes are an integral part of these financial statement

DIVALL INSURED INCOME PROPERTIES 2 LIMITED PARTNERSHIP
STATEMENTS OF PARTNERS' CAPITAL
For the years ended December 31, 2016 and 2015

	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, 2014	$ 343,188	($ 142,595)	$ 200,593	$ 39,358,468	$40,341,446	($73,557,268)	($ 840,229)	$ 5,302,417	$ 5,503,010
Cash Distributions ($30.03 per limited partnership interest)	-	(3,097)	(3,097)	-		(1,390,000)	-	(1,390,000)	(1,393,097)
Net Income	7,740	-	7,740	-	766,337	-	-	766,337	774,077
BALANCE AT DECEMBER 31, 2015	$ 350,928	($ 145,692)	$ 205,236	$ 39,358,468	$41,107,783	($74,947,268)	($ 840,229)	$ 4,678,754	$ 4,883,990
Cash Distributions ($20.96 per limited partnership interest)	-	(3,006)	(3,006)	-	-	(970,000)	-	(970,000)	(973,006)
Net Income	7,513	-	7,513	-	743,740	-	-	743,740	751,253
BALANCE AT DECEMBER 31, 2016	$ 358,441	($ 148,698)	$ 209,743	$ 39,358,468	$41,851,523	($75,917,268)	($ 840,229)	$ 4,452,494	$ 4,662,237

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

DIVALL INSURED INCOME PROPERTIES 2 LIMITED PARTNERSHIP

STATEMENTS OF CASH FLOWS

For the Years Ended December 31, 2016 and 2015

		2016		2015
CASH FLOWS FROM OPERATING ACTIVITIES:				
Net income from continuing operations	$	685,779	$	690,521
Adjustments to reconcile net income to net cash from operating activities:				
Depreciation and amortization		150,163		148,719
Changes in operating assets and liabilities:				
Increase in rents and other receivables		(32,034)		(48,543)
Decrease in security deposit escrow		6,262		179
Decrease (increase) in property tax cash escrow		3,931		(1,400)
(Increase) decrease in prepaid insurance		(6,250)		2,712
Increase in utility deposit		(6,530)		-
Increase (decrease) in accounts payable and accrued expenses		12,045		(13,755)
(Decrease) increase in property tax payable		(3,006)		1,400
(Increase) decrease in deferred award escrow		(2,519)		2,186
Payment of leasing commission		(9,099)		-
Security deposit refund		(6,100)		-
(Decrease) in due to General Partner		(174)		(1,838)
Net cash from operating activities		792,468		780,181
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest applied to Indemnification Trust account		(1,521)		(259)
Note receivable, principal payment received		57,157		58,182
Net cash from investing activities		55,636		57,923
CASH FLOWS USED IN FINANCING ACTIVITIES:				
Cash distributions to Limited Partners		(970,000)		(1,390,000)
Cash distributions to General Partner		(3,006)		(3,097)
Net cash used in financing activities		(973,006)		(1,393,097)
CASH FROM DISCONTINUED OPERATIONS		78,480		97,253
NET (DECREASE) IN CASH		(46,422)		(457,740)
CASH AT BEGINNING OF YEAR		246,791		704,531
CASH AT END OF YEAR	$	200,369	$	246,791
Cash paid for interest	$	-	$	-
Cash paid for taxes	$	-	$	-
Non-cash investing and financing activities	$	-	$	-

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

1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES:

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 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 (the "Properties"). The Properties are leased on a triple net basis primarily to, and operated by, franchisors or franchisees of national, regional, and local retail chains under primarily long-term leases. The lessees are fast food, family style, and casual/theme restaurants. As of December 31, 2016, the Partnership owned 11 Properties, which are located in a total of four states.

The Partnership is scheduled to be dissolved on November 30, 2020, 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 previously by a majority of the limited partners. During the second and third quarters of the eight odd numbered years from 2001 through 2015, 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 Interests did not vote in favor of any of the Consents. Therefore, the Partnership continues to operate as a going concern.

Significant Accounting Policies

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

Rents and other receivables are comprised of billed but uncollected amounts due for monthly rents and other charges, and amounts due for scheduled rent increases for which rentals have been earned and will be collected in the future under the terms of the leases. Receivables are recorded at management's estimate of the amounts that will be collected.

As of December 31, 2016 and 2015 there were no values for allowance for doubtful accounts based on an analysis of specific accounts and historical experience.

The Partnership considers its operations to be in only one segment, the operation of a portfolio of commercial real estate leased on a triple net basis, and therefore no segment disclosure is made.

Depreciation of the Properties is provided on a straight-line basis over the estimated useful lives of the buildings and improvements.

Deferred charges represent leasing commissions paid when the Properties are leased and upon the negotiated extension of a lease. Leasing commissions are capitalized and amortized over the term of the lease. As of December 31, 2016 and 2015, accumulated amortization amounted to $186,850 and $158,524, respectively. Fully amortized deferred charges of $183,021, including related accumulated amortization, were removed from the balance sheets as of December 31, 2016.

Deferred tenant award proceeds escrow represents the portion of the award proceeds from the sale of the portion of the Mt. Pleasant, South Carolina property that are being paid to the tenant ratably over 99 months beginning August 1, 2013.

The Partnership generally maintains cash in federally insured accounts which, at times, may exceed federally insured limits. The Partnership has not experienced any losses in such accounts and does not believe it is exposed to any significant credit risk.

Financial instruments that potentially subject the Partnership to significant concentrations of credit risk consist primarily of cash investments and leases. As of December 31, 2016, eight of the Partnership's 11 Properties are leased to three significant tenants, Wendgusta, LLC ("Wendgusta"), Wendcharles I, LLC ("Wendcharles I") and Wendcharles II, LLC ("Wendcharles II"), all three of whom are Wendy's restaurant franchisees. The property lease(s) for these three tenants comprised approximately 51%, 17% and 9%, respectively, of the Partnership's total 2016 operating base rents reflected for the fiscal year ended December 31, 2016.

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America ("GAAP") requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities (and disclosure of contingent assets and liabilities) at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Assets disposed of or deemed to be classified as held for sale require the reclassification of current and previous years' operations to discontinued operations in accordance with GAAP applicable to "Accounting for the Impairment or Disposal of Long Lived Assets". As such, prior year operating results for those properties considered as held for sale or properties no longer considered for sale have been reclassified to conform to the current year presentation without affecting total income. When properties are considered held for sale, depreciation of the properties is discontinued, and the properties are valued at the lower of the depreciated cost or fair value, less costs to dispose. If circumstances arise that were previously considered unlikely, and, as a result, the property previously classified as held for sale is no longer to be sold, the property is reclassified as held and used. Such property is measured at the lower of its carrying amount (adjusted for any depreciation and amortization expense that would have been recognized had the property been continuously classified as held and used) or fair value at the date of the subsequent decision not to sell.

Assets are classified as held for sale, generally, when all criteria within GAAP applicable to "Accounting for the Impairment or Disposal of Long Lived Assets" have been met.

The Partnership periodically reviews its long-lived assets, primarily real estate, for impairment whenever events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable. The Partnership's review involves comparing current and future operating performance of the assets, the most significant of which is undiscounted operating cash flows, to the carrying value of the assets. Based on this analysis, a provision for possible loss is recognized, if any. There were no adjustments to carrying values for the fiscal years ended December 31, 2016 and 2015.

The Financial Accounting Standards Board ("FASB") guidance on "Fair Value Measurements and Disclosure", defines fair value, establishes a framework for measuring fair value and enhances disclosures about fair value measures required under other accounting pronouncements, but does not change existing guidance as to whether or not an instrument is carried at fair value. The adoption of the provisions of this FASB issuance, with respect to nonrecurring fair value measurements of nonfinancial assets and liabilities, including (but not limited to) the valuation of reporting units for the purpose of assessing goodwill impairment and the valuation of property and equipment when assessing long-lived asset impairment, did not have a material impact on how the Partnership estimated its fair value measurements but did result in increased disclosures about fair value measurements in the Partnership's financial statements as of and for the years ended December 31, 2016 and 2015. See Note 10 for further disclosure.

GAAP applicable to disclosure about fair value of financial instruments requires entities to disclose the fair value of all financial assets and liabilities for which it is practicable to estimate. Fair value is defined as the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The General Partner believes that the carrying value of the Partnership's assets (exclusive of the Properties) and liabilities approximate fair value due to the relatively short maturity of these instruments.

No provision for federal income taxes has been made, as any liability for such taxes would be that of the individual partners rather than the Partnership. At December 31, 2016, the tax basis of the Partnership's assets exceeded the amounts reported in the December 31, 2016 financial statements by approximately $6,756,398.

The following represents an unaudited reconciliation of net income as stated on the Partnership statements of income to net income for tax reporting purposes:

	2016 (Unaudited)	2015 (Unaudited)
Net income, per statements of income	$ 751,253	$ 774,077
Book to tax depreciation difference	(43,231)	(42,718)
Tax over (under) Book gain from asset disposition	-	-
Straight line rent adjustment	-	-
Penalties	-	-
Prepaid rent	(21,947)	(21,947)
Bad Debts	-	(25,483)
Other expense/deduction items with differences	-	-
Net income for tax reporting purposes	$ 686,075	$ 683,929

The Partnership is not subject to federal income tax because its income and losses are includable in the tax returns of its partners, but may be subject to certain state taxes. FASB has provided guidance for how uncertain tax positions should be recognized, measured, disclosed and presented in the financial statements. This requires the evaluation of tax positions taken or expected to be taken in the course of preparing the entity's tax returns to determine whether the tax positions are more-likely-than-not to be sustained when challenged or when examined by the applicable taxing authority. Management has determined that there were no material uncertain income tax positions. Tax returns filed by the Partnership generally are subject to examination by U.S. and state taxing authorities for the years ended after December 31, 2013.

In May 2011, the FASB issued ASU No. 2011-04, Fair Value Measurement Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in GAAP and IFRSs (ASU No. 2011-04"). ASU No. 2011-04 updates and further clarifies requirements in U.S. GAAP for measuring fair value and for disclosing information about fair value measurements. Additionally, ASU No. 2011-04 clarifies the FASB's intent about the application of existing fair value measurements. ASU No. 2011-04 is effective for interim and annual periods beginning after December 15, 2011 and is applied prospectively.

2. INVESTMENT PROPERTIES AND PROPERTY HELD FOR SALE:

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

As of December 31, 2016, the Partnership owned 11 Properties that contained fully constructed fast-food/casual dining restaurant facilities. The following are operated by tenants at the Properties: eight separate Wendy's restaurants, an Applebee's restaurant, and a KFC restaurant. Following lease expiration on November 6, 2016, the Martinez, GA Property is vacant. The 11 Properties are located in a total of four states.

A summary of significant developments as of December 31, 2016, by property, for properties with such developments, can be found in Item 2, Properties.

Discontinued Operations

During the fiscal years ended December 31, 2016 and 2015, the Partnership recognized income from discontinued operations of $65,474 and $83,556, respectively. The income from discontinued operations was attributable to the vacant Martinez, GA property held for sale as of December 15, 2016.

The components of property held for sale in the balance sheets as of December 31, 2016 and 2015 are outlined below:

	December 31, 2016	December 31, 2015
Balance Sheet:		
Land	$ 266,175	$ -
Buildings, net	50,976	-
Properties held for sale	$ 317,151	$ -

The components of discontinued operations included in the statements of income for the years ended December 31, 2016 and 2015 are outlined below:

	December 31, 2016	December 31, 2015
Revenues		
Base Rent	$ 71,483	$ 84,120
Percentage Rent	10,251	13,201
Total Revenues	$ 81,734	$ 97,321
Expenses		
Insurance	1,250	-
Property tax expense	872	-
Maintenance expense	1,132	-
Depreciation	10,702	11,214
Amortization	2,304	2,484
Other expenses	-	67
Total Expenses	$ 16,260	$ 13,765
Net Income from Discontinued Operations	$ 65,474	$ 83,556

3. PARTNERSHIP AGREEMENT:

The Limited Partnership Agreement, as amended from time to time (collectively, the “Partnership Agreement”) was amended, effective as of November 9, 2009, to extend the term of the Partnership to November 30, 2020, or until dissolution prior thereto pursuant to the consent of the majority of the outstanding limited partnership interests.

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 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.

4. LEASES:

Original lease terms for the majority of the leased Properties were generally five to 20 years from their inception. The leases generally provide for minimum rents and additional rents based upon percentages of gross sales in excess of specified breakpoints. The lessee is responsible for occupancy costs such as maintenance, insurance, real estate taxes, and utilities. Accordingly, these amounts are not reflected in the statements of income except in circumstances where, in the General Partner's opinion, the Partnership will be required to pay such costs to preserve its assets (i.e., payment of past-due real estate taxes). Management has determined that the leases are properly classified as operating leases; therefore, rental income is reported when earned on a straight-line basis and the cost of the property, excluding the cost of the land, is depreciated over its estimated useful life.

As of December 31, 2016, the aggregate minimum operating lease payments to be received under the current operating leases for the Properties are as follows:

Year ending December 31,

2017	$	871,084
2018		818,061
2019		660,433
2020		660,433
2021		572,960
Thereafter		374,808
	$	3,957,779

5. TRANSACTIONS WITH GENERAL PARTNER AND ITS AFFILIATES:

Pursuant to the terms of the Permanent Manager Agreement (the "PMA") executed in 1993 and renewed for an additional two-year term as of January 1, 2017, the General Partner receives a Base Fee for managing the Partnership equal to four percent of gross receipts, subject to an initial annual minimum amount of $159,000. The PMA also provides that the Partnership is responsible for reimbursement of the General Partner for office rent and related office overhead ("Expenses") up to an initial annual maximum of $13,250. Both the Base Fee and Expense reimbursement are subject to annual Consumer Price Index based adjustments. Effective March 1, 2016, the minimum annual Base Fee and the maximum Expense reimbursement increased by 0.12% from the prior year, which represents the allowable annual Consumer Price Index adjustment per the PMA. Therefore, as of March 1, 2016, the minimum monthly Base Fee paid by the Partnership was raised to $22,275 and the maximum monthly Expense reimbursement was increased to $1,797.

For purposes of computing the four percent overall fees, gross receipts include amounts recovered in connection with the misappropriation of assets by the former general partners and their affiliates. The fees received from the Partnership on the 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 years ended December 31, 2016 and 2015, are as follows:

	Incurred for the Year ended December 31, 2016	Incurred for the Year ended December 31, 2015
General Partner		
Management fees	$ 267,246	$ 266,266
Overhead allowance	21,560	21,482
Outsourced XBRL Fees	-	1,088
Leasing commissions	9,099	-
Reimbursement for out-of-pocket expenses	2,500	2,500
Cash distribution	3,006	3,097
	$ 303,411	$ 294,433

At December 31, 2016 and 2015, $1,242 and $1,416, respectively, were the distributions payable to the General Partner.

As of December 31, 2016, TPG Finance Corp. owned 200 Interests of the Partnership. The President of the General Partner, Bruce A. Provo, is also the President of TPG Finance Corp., but he is not a shareholder of TPG Finance Corp.

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

As of December 31, 2016, an Advisory Board Member, Jesse Small, beneficially owns greater than ten percent of the Partnership's outstanding limited partnership interests. Amounts paid to Mr. Small for the fiscal years ended December 31, 2016 and 2015 are as follows:

	December 31, 2016	December 31, 2015
Advisory Board Fees paid	$ 3,500	$ 3,500
	$ 3,500	$ 3,500

At December 31, 2016 and 2015, there were no outstanding Advisory Board fees accrued and payable to Mr. Small.

7. CONTINGENT LIABILITIES:

According to the Partnership Agreement, as amended, TPG, as General Partner, may receive a disposition fee not to exceed three percent of the contract price on the sale of the three original Partnerships' properties (See Note 2 for further information as to the original 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 Partnerships were made whole. In lieu of a disposition fee escrow, the fifty percent of all such disposition fees previously discussed were paid directly to a restoration account and then distributed among the three original Partnerships; whereby the Partnerships recorded the recoveries as income (See Note 2). After the recovery level of $4,500,000 was exceeded, fifty percent of the total disposition fee amount paid to the Partnerships recovery through the restoration account (in lieu of the disposition fee escrow) was refunded to TPG during March 1996. The remaining fifty percent amount allocated to the Partnership through the restoration account, and which was previously reflected as Partnership recovery income, may be owed to TPG if the $6,000,000 recovery level is met. As of December 31, 2016, 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.

8. PMA INDEMNIFICATION TRUST:

The PMA provides that TPG will be indemnified from any claims or expenses arising out of, or relating to, TPG serving as the General Partner, so long as such claims do not arise from fraudulent or criminal misconduct by TPG. The PMA provides that the Partnership fund this indemnification obligation by establishing a reserve of up to $250,000 of Partnership assets which would not be subject to the claims of the Partnership's creditors. An Indemnification Trust ("Trust") serving such purposes has been established at United Missouri Bank, N.A. The corpus of the Trust has been fully funded with Partnership assets. Funds are invested in U.S. Treasury securities. In addition, $204,692 of earnings has been credited to the Trust as of December 31, 2016. The rights of TPG to the Trust will 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.

9. NOTE RECEIVABLE:

In 2009, the Partnership sold the Panda Buffet restaurant property located in Grand Forks, ND ("Panda Buffet") for $450,000. The buyer paid $150,000 at closing with the remaining balance of $300,000 being delivered in the form of a promissory note ("Buyers Note") to the Partnership. The maturity date of the Buyers Note was extended twice, and, as of the final maturity date of November 1, 2016, the Buyers Note was paid in full. A mortgage release was issued to the buyer. During the year ended December 31, 2016, payments received by the Partnership under the Buyers Note totaled $57,157 in principal and $2,093 in interest.

10. FAIR VALUE DISCLOSURES

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

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

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

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

The fair value hierarchy is based on the lowest level of input that is significant to the fair value measurements. The Partnership's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment, and considers factors specific to the investment.

The Partnership assesses the levels of the Investments at each measurement date, and transfers between levels are recognized on the actual date of the event or change in circumstances that caused the transfer in accordance with the Partnership's accounting policy regarding the recognition of transfers between levels of the fair value hierarchy. For the years ended December 31, 2016 and 2015, there were no such transfers.

11. SUBSEQUENT EVENTS

In January 2017, the Partnership received lease extension notices relating to seven of the eight Properties that are leased to Wendy's franchisees. Pursuant to such notices, each of Wendgusta, LLC, Wendcharles I, LLC and Wendcharles II, LLC exercised the option in their respective property leases to renew such lease for five years beyond the prior expiration date of November 6, 2021. As a result, all eight of the Properties that are leased to Wendy's franchisees now feature a lease expiration date of November 6, 2026.

The aggregate minimum operating lease payments to be received under the operating leases for the Properties following the receipt of the lease extension notices are as follows:

Year ending December 31,

2017	$	871,084
2018		818,061
2019		660,433
2020		660,433
2021		663,725
Thereafter		3,309,543
	$	6,983,279

On February 15, 2017, the Partnership made a distribution to the limited partners of $100,000 in the aggregate, which amounted to $2.16 per limited partnership interest.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None.

Item 9A. Control and Procedures

Controls and Procedures

As of December 31, 2016, the Partnership's management, including the persons performing the functions of 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.

Management's Report on Internal Control over Financial Reporting

The Partnership's management is responsible for establishing and maintaining adequate internal control over financial reporting (as defined in Rule 13a-15(f) and 15d-15(f) under the Exchange Act). The Partnership's management assessed the effectiveness of the internal control over financial reporting as of December 31, 2016. In making this assessment, the Partnership's management used the criteria set forth in the original Framework issued in 2013, by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in Internal Control-Integrated Framework. The Partnership's management has concluded that, as of December 31, 2016, the internal control over financial reporting is effective based on these criteria. Further, there were no changes in the Partnership's internal control over financial reporting during the three months ended December 31, 2016, that have materially affected, or are reasonably likely to materially affect, the Partnership's internal control over financial reporting.

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

This Annual Report on Form 10-K does not include an attestation report of the Partnership's registered public accounting firm regarding internal control over financial reporting. As a non-accelerated filer, management's report was not subject to attestation by the Partnership's registered public accounting firm pursuant to rules in the Dodd Frank Act that permit the Partnership to provide only management's report in this Annual Report on Form 10-K.

Item 9B. Other Information

None.

PART III

Item 10. Directors and Executive Officers of the Registrant

The Partnership itself does not have any employees, executive officers or directors and, therefore, has no board committees.

The General Partner of the Partnership is TPG. TPG's principal office is located at 1100 Main Street, Suite 1830, Kansas City, Missouri 64105. TPG was elected General Partner by vote of the Limited Partners effective on May 26, 1993. Prior to such date, TPG had been managing the Partnership since February 8, 1993, under the terms of the PMA, which remains in effect. See Items 1 and 13 hereof for additional information about the PMA and the election of TPG as General Partner.

The executive officer and director of the General Partner who controls the affairs of the Partnership is:

Bruce A. Provo, Age 66 - President, Founder and Director, TPG.

Mr. Provo has been involved in the management of real estate and other asset portfolios since 1979. TPG was founded by Mr. Provo in 1985 and he has served as its President since its formation. TPG's focus has been to provide professional real estate services to outside clients. Since the founding of TPG in 1985, Mr. Provo has also founded various entities engaged in unique businesses such as Rescue Services, Owner Representation, Asset Management, Managed Financial and Accounting Systems, Investments, and Virtual Resort Services. The entities are generally grouped under an informal umbrella known as The Provo Group of Companies. Since TPG was appointed General Partner to the Partnership in 1993, Mr. Provo has been primarily responsible for making management, leasing and disposition decisions on behalf of the Partnership.

From 1982 to 1986, Mr. Provo also served as President and Chief Operating Officer of the North Kansas City Development Company ("NKCDC"), North Kansas City, Missouri. NKCDC was founded in 1903 and the assets of the company were sold in December 1985 for $102,500,000. NKCDC owned commercial and industrial properties, including an office park and a retail district, as well as apartment complexes, motels, recreational facilities, fast food restaurants, and other properties. NKCDC's holdings consisted of over 100 separate properties and constituted approximately 20% of the privately held real property in North Kansas City, Missouri (a four-square mile municipality). Following the sale of the company's real estate, Mr. Provo served as the President, Chief Executive Officer and Liquidating Trustee of NKCDC from 1986 to 1991.

Mr. Provo graduated from Miami University, Oxford, Ohio in 1972 with a B.S. in Accounting. He became a Certified Public Accountant in 1974 and was a manager in the banking and financial services division of Arthur Andersen LLP prior to joining Rubloff Development Corporation in 1979. From 1979 through 1985, Mr. Provo served as Vice President - Finance and then as President of Rubloff Development Corporation.

The members of the Advisory Board of the Partnership are identified below. The Advisory Board provides guidance to management of the Partnership; however, it does not have the express power or authority to oversee and direct the operations of the Partnership and its members are not deemed "Directors" or "Executive Officers" of the Partnership.

William Arnold - Investment Broker. Mr. Arnold works as an independent financial planner, real estate broker and investment advisor. Mr. Arnold received a MSLA Master of Science Landscape Architecture from the University of Wisconsin and is a Certified Financial Planner. Mr. Arnold is a part of the brokerage community and the Partnership believes that as an Advisory Board member, he generally represents the views of the brokerage community.

Jesse Small – CPA. Mr. Small has been a tax and business consultant in Hallandale, FL for more than 30 years. Mr. Small has a Master's Degree in Economics. Mr. Small is a Limited Partner, and the Partnership believes that as an Advisory Board member, he generally represents the views of Limited Partners. During the past five years after retiring from the accounting profession, Mr. Small has been developing property on the east and west coast of Florida.

Albert Kramer - Retired. Mr. Kramer is now retired, but previously worked as Tax Litigation Manager for Phillips Petroleum Company, now known as ConocoPhillips. His education includes undergraduate and MBA degrees from Harvard and a J.D. Degree from South Texas College of Law. Mr. Kramer is a Limited Partner, and the Partnership believes that as an Advisory Board member he generally represents the views of Limited Partners.

Code of Ethics

The Partnership has no executive officers or any employees and, accordingly, has not adopted a formal code of ethics.

Mr. Provo and TPG require that all personnel, including all employees, officers and directors of TPG: engage in honest and ethical conduct; ensure full, fair, accurate, timely and understandable disclosure; comply with all applicable governmental laws, rules and regulations; and report to Mr. Provo any deviation from these principles. Because TPG has two employees (including Mr. Provo), and because Mr. Provo is the ultimate decision maker in all instances, TPG has not adopted a formal code of ethics. Mr. Provo, as Chief Executive Officer and Chairman of the Board of Directors of TPG, negotiates and resolves all conflicts to the best of his ability and determines appropriate actions if necessary to deter violations and promote accountability, consistent with his fiduciary obligations to TPG and the fiduciary obligations of TPG to the Partnership.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Exchange Act requires the officers and directors of TPG, and persons who own 10% or more of the Interests, to report their beneficial ownership of such Interests to the SEC. Their initial reports are required to be filed using the SEC's Form 3, and they are required to report subsequent purchases, sales, and other changes using the SEC's Form 4, which must be filed within two business days of most transactions. Officers, directors, and persons owning more than 10% of the Interests are required by SEC regulations to furnish the Partnership with copies of all of reports they file pursuant to Section 16(a).

As of December 31, 2016, Jesse Small was a beneficial owner of more than 10% of the outstanding Partnership Interests. Six Forms 4, which in total reported a total of twelve transactions effected during 2016, were filed late by Mr. Small in 2016.

Item 11. Executive Compensation

The Partnership has not paid any executive compensation to the General Partner or to the directors and officers of the General Partner. The person that performs the role of principal financial officer of the Partnership is a consultant to the General Partner and receives fees from the General Partner (but not directly from the Partnership) pursuant to that relationship. The General Partner's participation in the income of the Partnership is set forth in the Partnership Agreement, as amended. The General Partner received management fees and expense reimbursements during the year.

See Item 13, below, and Note 6 to the Financial Statements in Item 8 hereof for further discussion of payments by the Partnership to the General Partner and the former general partners. The principal executive officer of the General Partner is not directly compensated by the Partnership for controlling the affairs of the Partnership.

Item 12. Security Ownership of Certain Beneficial Owners and Management

(a) The following table sets forth certain information with respect to such beneficial ownership of the Partnership as of March 16, 2017. Based on information known to the Partnership and filed with the SEC, the following persons are known to beneficially own 5% or more of the outstanding Interests as follows:

Title of Class	Name and Address of Beneficial Owner	Interests Beneficially Owned	Percentage of Interests Outstanding (1)
Limited Partnership Interest	Jesse Small (3) 401 NW 10th Terrace Hallandale, FL33009	7,377.44(2)	15.94%
Limited Partnership Interest	Ira Gaines 7000 N 16th St Suite 120 #503 Phoenix, AZ 85020	3,356.83(4)	7.25%

(1) Based on 46,280.3 Interests outstanding as of March 16, 2017.

(2) Based on Form 4s filed with the SEC in December of 2016.

(3) Jesse Small may be deemed to beneficially own such voting and investment power over the Interests listed in the table above.

(4) Includes 1,972.80 Interests Mr. Gaines has a direct ownership in through a trust, and also includes 1,384.03 Interests which Mr. Gaines has an indirect ownership interest in and which he may be deemed to beneficially own under Exchange Act Rule 13d-3.

(b) As of December 31, 2016, the General Partner did not own any Interests. Below is the beneficial ownership of the person that performs the functions of the principal executive of the General Partner.

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

(1) A beneficial owner of a security includes a person who, directly or indirectly, has or shares voting or investment power with respect to such security. Voting power is the power to vote or direct the voting of the security and investment power is the power to dispose or direct the disposition of the security.

(2) Bruce A. Provo is deemed to have beneficial ownership of all of the Interests held by TPG Finance Corp. due to his control as President of TPG Finance Corp.

(3) Bruce A. Provo may be deemed to beneficially own with the Interests listed above due to such voting and investment power.

(4) Based on 46,280.3 Interests outstanding as of December 31, 2016.

(c) Management knows of no contractual arrangements, the operation or the terms of which may at a subsequent date result in a change in control of the Partnership, except for provisions in the PMA.

Item 13. Certain Relationships and Related Transactions and Director Independence

Pursuant to the terms of the PMA, the General Partner receives a Base Fee for managing the Partnership equal to four percent of gross receipts, subject to a $159,000 minimum, annually. The PMA also provides that the Partnership is responsible for reimbursement for office rent and related office overhead (“Expenses”) up to a maximum of $13,250 annually. Both the Base Fee and Expense reimbursement are subject to annual Consumer Price Index based adjustments. Effective March 1, 2016, the minimum annual Base Fee and the maximum Expense reimbursement increased by 0.12% from the prior year, which represents the allowable annual Consumer Price Index adjustment per the PMA. Therefore, as of March 1, 2016, the minimum monthly Base Fee paid by the Partnership was raised to $22,275 and the maximum monthly Expense reimbursement was raised to $1,797.

Additionally, TPG, or its affiliates, are allowed up to one-half of the commissions customarily charged by other brokers in arm’s-length sales transactions involving comparable properties in the same geographic area, but such TPG commissions are not to exceed three percent of the contract price on the sale of an investment property. The payment of a portion of such fees is subordinated to TPG’s success at recovering the funds misappropriated by the former general partners. See Note 8 to the financial statements for further information.

The PMA had an original expiration date of December 31, 2002. The term of the PMA has been extended multiple times and is currently set to expire on December 31, 2018. The PMA can be terminated earlier (a) by a vote at any time by a majority in interest of the Limited Partners, (b) upon the dissolution and winding up of the Partnership, (c) upon the entry of an order of a court finding that TPG has engaged in fraud or other like misconduct or has shown itself to be incompetent in carrying out its duties under the Partnership Agreement, or (d) upon sixty (60) days written notice from TPG to the Limited Partners of the Partnership. Upon termination of the PMA, other than by the voluntary action of TPG, TPG will be paid a termination fee of one month's Base Fee allocable to the Partnership, subject to a minimum of $13,250. In the event that TPG is terminated by action of a substitute general partner, TPG shall also receive, as part of this termination fee, 4% of any proceeds recovered with respect to the obligations of the former general partners, whenever such proceeds are collected.

Under the PMA, TPG will be indemnified by the Partnership, DiVall and Magnuson, and their controlled affiliates, and held harmless from all claims of any party to the Partnership Agreement and from any third party including, without limitation, the Limited Partners of the Partnership, for any and all liabilities, damages, costs and expenses, including reasonable attorneys' fees, arising from or related to claims relating to or arising from the PMA or its status as Permanent Manager. The indemnification does not extend to claims arising from fraud or criminal misconduct of TPG as established by court findings. To the extent possible, the Partnership is to provide TPG with appropriate errors and omissions, officer's liability or similar insurance coverage, at no cost to TPG. In addition, TPG was granted the right to establish an Indemnification Trust in an original amount, not to exceed $250,000, solely for the purpose of funding such indemnification obligations. Once a determination has been made that no such claims can or will be made against TPG, the balance of the Trust will become unrestricted property of the Partnership. The corpus of the Trust has been fully funded with Partnership assets.

Advisory Board Member Independence

Although not "directors" or "officers" of the Partnership, the Partnership does evaluate whether the members of the Advisory Board are "independent" by evaluating whether each member has any relationships or has engaged in any transactions that, in the opinion of the General Partner, would interfere with any Advisory Board member's exercise of independent judgment with respect to matters concerning the Partnership. As a part of this evaluation the General Partner considers, among other things, transactions and relationships between any member of the Advisory Board or any member of his family and the Partnership. The General Partner believes that each of Messrs. Arnold, Small and Kramer are "independent".

The Partnership paid and/or accrued the following to the General Partner and its affiliates in 2016 and 2015:

	Incurred for the Year ended December 31, 2016	Incurred for the Year ended December 31, 2015
Management fees	$ 267,246	$ 266,266
Overhead allowance	21,560	21,482
Outsourced XBRL Fees	-	1,088
Leasing commissions	9,099	-
Direct Cost Reimbursement	2,500	2,500
Cash Distributions	3,006	3,097
	$ 303,411	$ 294,433

Item 14. Principal Accountant Firm Fees and Services

RBSM, LLP serves as the Partnership's independent registered public accountants.

Audit Fees

Aggregate billings during the fiscal years ended December 31, 2016 and 2015, for audit and interim review services provided to the Partnership by its principal accounting firm, RBSM, LLP, amounted to $47,400 for each year. Aggregate billings during the fiscal year ended December 31, 2015 for audit and interim review services provided by McGladrey through December 2, 2014 amounted to $1,500.

Audit-Related Fees

For the fiscal years ended December 31, 2016 and 2015, neither McGladrey nor RBSM, LLP performed any assurance and related services that were reasonably related to the performance of the audit or interim reviews.

Tax Fees

Tax compliance services billed during the fiscal years ended December 31, 2016 and 2015 were $26,000 and $27,150, respectively, provided by McGladrey.

All Other Fees

For the fiscal years ended December 31, 2016 and 2015, neither McGladrey nor RBSM, LLP performed any management consulting or other services for the Partnership.

PART IV

Item 15. Exhibits and Financial Statement Schedule

(a) 1. Financial Statements

The following financial statements of DiVall Insured Income Properties 2 Limited Partnership are included in Part II, Item 8 of this Annual report on Form 10-K:

Report of Independent Registered Public Accounting Firm

Balance Sheets, December 31, 2016 and 2015

Statements of Income for the Years Ended December 31, 2016 and 2015

Statements of Partners' Capital for the Years Ended December 31, 2016 and 2015

Statements of Cash Flows for the Years Ended December 31, 2016 and 2015

Notes to Financial Statements

2. Financial Statement Schedule

Schedule III – Investment Properties and Accumulated Depreciation, December 31, 2016

All other schedules for which provision is made in the applicable accounting regulation of the Securities and Exchange Commission are not required under the related instruction or are inapplicable and, therefore, have been omitted.

3. Listing of Exhibits

3.1 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.

3.2 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), and incorporated herein by reference.

3.3 Amendment to Amended Agreement of Limited Partnership dated as of February 8, 1993, filed as Exhibit 3.3 to the Partnership's 10-K for the year ended December 31, 1992, Commission File 0-17686, and incorporated herein by reference.

3.4 Amendment to Amended Agreement of Limited Partnership dated as of May 26, 1993, filed as Exhibit 3.4 to the Partnership's 10-K for the year ended December 31, 1993, Commission File 0-17686, and incorporated herein by reference.

3.5 Amendment to Amended Agreement of Limited Partnership dated as of June 30, 1994, filed as Exhibit 3.5 to the Partnership's 10-K for the year ended December 31, 1994, Commission File 0-17686, and incorporated herein by reference.

3.6 Amendment to Amended Agreement of Limited Partnership dated as of November 9, 2009, filed as Exhibit 4.1 to the Partnership Quarterly Report on Form 10-Q filed November 12, 2009, Commission File 0-17686, and incorporated herein by reference.

3.7 Certificate of Limited Partnership dated November 20, 1987. Commission File 0-17686, filed March 22, 2013, and incorporated herein by reference.

10.0 Permanent Manager Agreement filed as an exhibit to the Current Report on Form 8-K dated January 22, 1993, Commission File 33-18794, and incorporated herein by reference.

31.1 Sarbanes Oxley Section 302 Certifications.

31.2 Sarbanes Oxley Section 302 Certifications.

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

99.0 Reviewed Financial Statements of Wendgusta, LLC for the fiscal years ended December 25, 2016 and December 27, 2015 prepared by Vrona & Van Schuyler, CPAs, PLLC.

99.1 Reviewed Financial Statements of Wendcharles I, LLC for the fiscal years ended December 25, 2016 and December 27, 2015 prepared by Vrona &Van Schuyler, CPAs, PLLC.

99.2 Reviewed Financial Statements of Wendcharles II, LLC for the fiscal years ended December 25, 2016 and December 27, 2015 prepared by Vrona &Van Schuyler, CPAs, PLLC.

101 The following materials from the Partnership's Annual Report on Form 10-K for the year ended, formatted in XBRL (Extensible Business Reporting Language): (i) Balance Sheets at December 31, 2016 and December 31, 2015, (ii) Statements of Income for the years ended December 31, 2016 and 2015, (iii) Statement of Cash Flows for the years ended December 31, 2016 and 2015, and (v) Notes to the Condensed Financial Statements.

DIVALL INSURED INCOME PROPERTIES 2 LIMITED PARTNERSHIP
SCHEDULE III – INVESTMENT PROPERTIES AND ACCUMULATED DEPRECIATION
DECEMBER 31, 2016

		Initial Cost to Partnership			Gross Amount at which Carried at End of Year						
Property	Encumbrances	Land	Building and Improvements	Costs Capitalized Subsequent to Acquisitions	Land	Building and Improvements	Total	Accumulated Depreciation	Date of Construction	Date Acquired	Life on which Depreciation in latest statement is computed (years)
Santa Fe, NM	$ -	$ -	$ 451,230	$ -	$ -	$ 451,230	$ 451,230	$ 403,811	-	10/10/1988	31.5
Augusta, GA (1)	-	215,416	434,177	-	213,226	434,176	647,402	388,856	-	12/22/1988	31.5
Charleston, SC	-	273,619	323,162	-	273,619	323,162	596,781	289,428	-	12/22/1988	31.5
Aiken, SC	-	402,549	373,795	-	402,549	373,795	776,344	333,768	-	2/21/1989	31.5
Augusta, GA	-	332,154	396,659	-	332,154	396,659	728,813	354,184	-	2/21/1989	31.5
Mt. Pleasant, SC (2)	-	286,060	294,878	-	252,069	294,878	546,947	263,302	-	2/21/1989	31.5
Charleston, SC	-	273,625	254,500	-	273,625	254,500	528,125	227,248	-	2/21/1989	31.5
Aiken, SC	-	178,521	455,229	-	178,521	455,229	633,750	406,482	-	3/14/1989	31.5
North Augusta, SC	-	250,859	409,297	-	250,859	409,297	660,156	353,105	-	12/29/1989	31.5
Martinez, GA (3)	-	266,175	367,575	-	-	-	-	-	-	12/29/1989	31.5
Columbus, OH	-	351,325	708,141	-	351,325	708,141	1,059,466	600,973	-	6/1/1990	31.5
	$ -	$2,830,303	$ 4,468,643	$ -	$2,527,947	$ 4,101,067	$6,629,014	$ 3,621,157			

(1) In the Fourth Quarter of 2001, a portion of the land was purchased from the Partnership by the County Commission for utility and maintenance easement.
(2) In the Third Quarter of 2013, a portion of the land was sold to the City of Charleston for right of way purposes.
(3) In the Fourth Quarter of 2016, the property was classified as held for sale

DIVALL INSURED INCOME PROPERTIES 2 LIMITED PARTNERSHIP

SCHEDULE III – INVESTMENT PROPERTIES AND ACCUMULATED DEPRECIATION

DECEMBER 31, 2016
(B) Reconciliation of "Investment Properties and Accumulated Depreciation":

Investment Properties	Year Ended December 31, 2016	Year Ended December 31, 2015	Accumulated Depreciation	Year Ended December 31, 2016	Year Ended December 31, 2015
Balance at beginning of year	$ 7,262,764	$ 7,262,764	Balance at beginning of year	$ 3,802,913	$ 3,667,557
Additions:			Additions charged to costs and expenses	134,843	135,356
Deletions:					
Vacant- Martinez, GA property held for sale (1)	(633,750)	-	Vacant- Martinez, GA property held for sale (1)	(316,599)	-
Balance at end of year	$ 6,629,014	$ 7,262,764	Balance at end of year	$ 3,621,157	$ 3,802,913

(1) In the Fourth Quarter of 2016, the property was classified as held for sale

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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, L.P.

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

By: */s/ Lynette L. DeRose*
Chief Financial Officer of the Partnership

(principal financial officer and principal accounting officer of the registrant)

By: THE PROVO GROUP, INC., General Partner

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

Dated: [March 23, 2017]

Pursuant to the requirements of the Securities Exchange Act of 1934, the report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

By: */s/ Bruce A. Provo*
President, Chief Executive Officer and Director of
The Provo Group, Inc., the General Partner of the Partnership

By: */s/ Caroline E. Provo*
Director of The Provo Group, Inc., the General
Partner of the Partnership

Date: [March 23, 2017]

Exhibit 31.1

**DIVALL INSURED INCOME PROPERTIES 2
LIMITED PARTNERSHIP**

CERTIFICATIONS

I, Lynette L. DeRose, certify that:

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

2. Based on my knowledge, this annual 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: March 23, 2017

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 annual report on Form 10-K of DiVall Insured Income Properties 2 Limited Partnership;

2. Based on my knowledge, this annual 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: March 23, 2017

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 the Annual Report on Form 10-K of the Company for the period ended December 31, 2016 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: March 23, 2017

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.

VRONA & VAN SCHUYLER CPAS, PLLC
CERTIFIED PUBLIC ACCOUNTANTS

WENDGUSTA, LLC
FINANCIAL STATEMENTS- INCOME TAX BASIS
DECEMBER 25, 2016 AND DECEMBER 27, 2015

VRONA & VAN SCHUYLER CPAS, PLLC
CERTIFIED PUBLIC ACCOUNTANTS
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240 LONG BEACH ROAD
ISLAND PARK, NY 11558-1541

232 MADISON AVE., 3RD FL
NEW YORK, NY 10016-2901

To the Members
Wendgusta, LLC
27 Central Ave.
Cortland, NY 13045

We have reviewed the accompanying financial statements of Wendgusta, LLC which comprise the statement of assets, liabilities and members' capital—income tax basis as of December 25, 2016 and December 27, 2015, and the related statements of revenues and expenses—income tax basis, changes in members' capital—income tax basis and cash flows—income tax basis for the years then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly we do not express such an opinion.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the basis of accounting the company uses for income tax purposes; this includes determining that the basis of accounting the company uses for income tax purposes is an acceptable basis for the preparation of financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement whether due to fraud or error.

Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with the income tax basis of accounting. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountant's Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with the basis of accounting the company uses for income tax purposes.

February 1, 2017

VRONA & VAN SCHUYLER CPAS, PLLC
CERTIFIED PUBLIC ACCOUNTANTS

Basis of Accounting

We draw attention to Note 1B of the financial statements, which describes the basis of accounting. The financial statements are prepared in accordance with the basis of accounting the company uses for income tax purposes, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our conclusion is not modified with respect to this matter.

Vrona & Van Schuyler CPAs, PLLC

Certified Public Accountants

February 1, 2017

VRONA & VAN SCHUYLER CPAS, PLLC
CERTIFIED PUBLIC ACCOUNTANTS

Wendgusta, LLC
Statements of Assets, Liabilities and Members' Capital - Income Tax Basis
December 25, 2016 and December 27, 2015

ASSETS

	2016	2015
Current Assets:		
Cash - (Note 1J)	$ 1,355,647	$ 1,280,712
Inventories - (Note 1C)	78,819	80,043
Prepaid expenses and other current assets	48,825	83,179
Total Current Assets	1,483,291	1,443,934
Property and Equipment- net of accumulated depreciation - (Notes 1D and 2)	1,170,688	976,308
Others Assets:		
Goodwill, net of accumulated amortization of $3,765,898 in 2016 and $3,375,418 in 2015. - (Note 1E)	1,964,757	2,581,209
Loan cost, net of accumulated amortization of $37,741 in 2016 and $27,448 in 2015. - (Note 1G)	65,186	75,479
Tech fees, net of accumulated amortization of $2,568 in 2016 and $1,816 in 2015. - (Note 1F)	12,432	13,184
Deposits	16,792	16,666
Total Other Assets	2,059,167	2,686,538
TOTAL ASSETS	$ 4,713,146	$ 5,106,780

LIABILITIES AND MEMBERS' CAPITAL

	2016	2015
Current Liabilities		
Current maturities of long-term debt - (Note 3)	$ 500,289	$ 444,738
Accounts payable, accrued expenses and taxes payable - (Note 1M)	1,340,731	1,126,303
Total Current Liabilities	1,841,020	1,571,041
Long term liabilities:		
Long-term debt, less current maturities - (Note 3)	2,755,659	3,254,482
Total Liabilities	4,596,679	4,825,523
Commitments & Contingencies - (Notes 3, 4, 5, and 7)	-	-
Members' Capital - (Notes 1A, 5A, 6B and 6C)	116,467	281,257
TOTAL LIABILITIES & MEMBERS' CAPITAL	$ 4,713,146	$ 5,106,780

See independent accountants' review report and notes to the financial statements.

Wendgusta, LLC
Statements of Revenues and Expenses- Income Tax Basis
For the Years Ended December 25, 2016 and December 27, 2015

	2016	2015
Sales - net	$ 15,754,616	$ 15,259,792
Cost of Sales - net	4,567,414	4,636,876
Gross Profit	11,187,202	10,622,916
Labor Expenses	4,542,345	4,429,048
Store Operating and Occupancy Expenses	2,628,114	2,626,474
General and Administrative Expenses	789,340	749,650
Advertising Expenses - (Note 4A)	722,285	730,408
Royalty Expense - (Note 4A)	630,185	610,392
Depreciation & Amortization - (Notes 1D, 1E, 1F, and 1G)	1,025,759	761,293
Interest Expense - (Note 3)	101,761	105,272
Total Operating Expenses	10,439,789	10,012,537
Operating Income	747,413	610,379
Loss on store closing - (Note 1A)	(249,182)	-
Gain / (Loss) on sale (disposal) of Assets	(82,179)	(28,348)
Interest and other income	38,508	43,022
Excess (deficiency) of Revenues over expenses - (Note 1H)	$ 454,560	$ 625,053

See independent accountants' review report and notes to the financial statements.

Wendgusta, LLC
Statements of Changes in Members' Capital- Income Tax Basis
For the Years Ended December 25, 2016 and December 27, 2015

Members' Capital (deficit) December 28, 2014	$ 162,804
Excess of Revenues over expenses for the year ended December 27, 2015	625,053
Distributions to Members	(484,600)
Purchase of Member's interest	(22,000)
Members' Capital (deficit) December 27, 2015	281,257
Excess of Revenues over expenses for the year ended December 25, 2016	454,560
Distributions paid to Members	(611,350)
Purchase of Member's interest	(8,000)
Members' Capital (deficit) December 25, 2016	$ 116,467

Wendgusta, LLC
Statements of Cash Flows- Income Tax Basis
For the Years Ended December 25, 2016 and December 27, 2015

	2016	2015
Cash Flows for Operating Activities:		
Excess (deficiency) of revenues over expenses	$ 454,560	$ 625,053
Adjustments to reconcile net Cash Provided by Operating Activities		
Depreciation / Amortization	1,025,759	761,293
(Gain) / Loss on (sale) / disposal of assets	82,179	28,348
Loss on store closure	249,182	-
Increase (decrease) in cash attributed to changes in Assets & Liabilities		
Decrease (Increase)in inventories	1,224	(16,408)
Decrease (Increase) in prepaid expenses & other current assets	(15,646)	221
Increase (decrease) in accounts payable & accrued expenses and taxes payable	214,428	79,853
Total Adjustments	1,557,125	853,307
Net Cash Provided by Operating Activities	2,011,685	1,478,360
Cash Flows from Investing Activities:		
Capital Expenditures, tangible & intangible	(874,502)	(358,677)
Proceeds on sale of equipment	500	-
Security deposits received (paid)	(126)	104
Net Cash Provided by Investing Activities	(874,128)	(358,573)
Cash Flows from Financing Activities:		
Repayments of note payable	(443,272)	(425,916)
Members' distributions	(611,350)	(484,600)
Purchase of member's interest	(8,000)	(22,000)
Net Cash Provided by Financing Activities	(1,062,622)	(932,516)
Net Increase (Decrease) in Cash	74,935	187,271
Cash, beginning of Year	1,280,712	1,093,441
Cash, End of Year	$ 1,355,647	$ 1,280,712
Supplemental Information:		
Interest Paid During the Year	$ 102,093	$ 107,873

See independent accountants' review report and notes to the financial statements.

Wendgusta, LLC
Notes to the Financial Statements
December 25, 2016 and December 27, 2015

Note 1 - Summary of Significant Accounting Policies

(A) The Company:

Wendgusta, LLC was formed on May 16, 2007 pursuant to the Georgia Limited Liability Company Act to acquire, own and operate eleven existing Wendy's Old Fashioned Hamburger Restaurants in Augusta and Martinez, Georgia and Aiken and North Augusta, South Carolina. The restaurants were acquired from one seller for an aggregate purchase price of $7,650,000, plus various adjustments in the net aggregate amount of approximately $50,000. The Company recorded goodwill in the amount of approximately $6,527,000. The purchase price was financed principally by a $7,250,000 equipment loan from General Electric Capital Corporation, ("GECC") with the balance provided by capital contributions of the members. The acquisition closed on July 2, 2007. (See Note 3).

In October 2007 the Company closed the Dean Bridge Road restaurant.

In October 2017 the Company closed the Washington Road restaurant in Martinez, Georgia.

The Company currently operates nine restaurants, all of which are leased. (See Note 4B).

The Company is to continue in perpetuity, except it is to be dissolved as a result of the sale of all business operations or the sale of all or substantially all of its assets, in each of such cases upon the receipt of the consideration therefor in cash or the reduction to cash of non-cash consideration, or upon the occurrence of certain events as set forth in the operating agreement. (See Note 5B).

(B) Income Tax Basis of Accounting:

The accompanying financial statements have been prepared on the same basis of accounting used for the Company's federal income tax return, another comprehensive basis of accounting, differing in certain respects from generally accepted accounting principles. Accordingly, the accompanying financial statements are not intended to present financial position and results of operations in accordance with generally accepted accounting principles.

(C) Inventories:

Inventories represent food and supplies and are stated at cost.

Wendgusta, LLC
Notes to the Financial Statements
December 25, 2016 and December 27, 2015

Note 1 - Summary of Significant Accounting Policies - (Continued)

(D) Property, Equipment & Depreciation:

Property and equipment are stated at cost. Depreciation is provided by application of the straight-line method over useful lives as follows:

Leasehold Improvements	15 to 39	Years
Restaurant and office equipment	5 to 7	Years
Automobile	5	Years
Land Improvements	15	Years

If it had qualifying property placed in service during the year, the Company has taken additional depreciation deductions in accordance with the federal government's enactment of the Economic Stimulus Act of 2008, amended by the American Recovery and Reinvestment Act of 2009, The Small Business Jobs Act of 2010, and the Tax Relief, Unemployment Insurance Reauthorization and Job Creation Act of 2010.

(E) Goodwill:

Goodwill, representing the excess of the purchase price over the fair value of the assets acquired, is amortized over fifteen years.

(F) Technical Assistance Fees:

The company capitalized the technical assistance fees previously paid to Wendy's International. These fees are amortized over fifteen years.

(G) Loan Costs:

The Company capitalized the costs incurred in obtaining the acquisition debt. These costs are amortized over the life of the loan.

Wendgusta, LLC
Notes to the Financial Statements
December 25, 2016 and December 27, 2015

Note 1 - Summary of Significant Accounting Policies - (Continued)

(H) Income Taxes:

The Company was organized as a Limited Liability Company under the laws of Georgia and is not subject to any federal or state income tax. For federal, Georgia and South Carolina income tax purposes, the Company is treated as a partnership. Accordingly, each member is required to report on his federal and applicable state income tax return his distributive share of all items of income, gain, loss, deduction, credit and tax preference of the Company for any taxable year, whether or not any cash distribution has been or will be made to such member.

The Company's tax returns are subject to examination by the Federal and State taxing authorities. The tax laws, rules and regulations governing these returns are complex, technical and subject to varying interpretations. If an examination required the Corporation to make adjustments, the profit or loss that is allocated to the members would be adjusted accordingly. Management believes the Company is no longer subject to tax examinations for the years prior to 2013.

Although income tax rules are used to determine the timing of the reporting revenues and expenses, non-taxable revenues and non-deductible expenses are included in the determination of net income in the accompanying financial statements.

(I) Fiscal Year:

The Company's annual accounting period is a fiscal year ending on the last Sunday of December.

(J) Cash:

The Company maintains its cash in various banks. The accounts at each bank are guaranteed by the Federal Deposit Insurance Corporation, to a maximum of $250,000. At any time during the year, the cash balance may exceed $250,000.

(K) Use of Estimates:

The preparation of financial statements in conformity with the income tax accrual basis of accounting requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from these estimates.

(L) Advertising:

The Company expenses all advertising costs when incurred.

Wendgusta, LLC
Notes to the Financial Statements
December 25, 2016 and December 27, 2015

Note 1 - Summary of Significant Accounting Policies - (Continued)

(M) Sales Tax:

The Company collects sales tax and remits to the states of Georgia and South Carolina. The liability is reflected in taxes payable on the balance sheet.

Note 2 - Property and Equipment

Property and equipment consist of the following:

	2016	2015
Restaurant and office equipment	$ 2,249,116	$ 2,225,084
Automobile	13,823	13,413
Leasehold Improvements	1,751,838	1,643,461
Construction in Progress	50,000	-
Land Improvements	221,841	165,113
Total	4,286,619	4,047,071
Less: Accumulated Depreciation	3,115,931	3,070,763
Property & Equipment, Net	$ 1,170,688	$ 976,308

Note 3 - Long Term Debt

At the time of the acquisition closing, the Company borrowed $7,250,000 from GECC. The loan maturity date was August 1, 2016 and was payable in monthly installments assuming a 13.5 year amortization period with a balloon payment due at maturity. In December 2009 the Company made an additional principal payment of $491,190 reducing the amount owed to $6,000,000 and restructured the terms of the loan. The loan bore interest at a rate of LIBOR plus 4.5% and was payable in monthly installments based upon a 12.5 year amortization with a balloon payment of approximately $2,050,919 plus interest due on January 1, 2019. The loan was repaid in April 2013.

On April 19, 2013 the Company refinanced the GECC loan with a new note from Wells Fargo for $4,800,000. Repayment terms are monthly principal payments of $33,202 plus interest at 2.417% with a balloon payment of approximately $2,638,000 due April 3, 2018.

The future principal payments are as follows:

2017	$ 500,289
2018	2,755,659
	$ 3,255,948

See independent accountants' review report.

Wendgusta, LLC
Notes to the Financial Statements
December 25, 2016 and December 27, 2015

Note 4 - Commitments and Contingencies

(A) Franchise Agreement Commitments:

The Company is the franchisee for the nine Wendy's restaurants it owns and operates. The franchise agreements obligate the Company to pay to Wendy's International a monthly royalty equal to 4% of the gross sales of each restaurant, or $250, whichever is greater. The Company must also pay to Wendy's National Advertising Program 3.5% of the gross sales and spend not less than .5% of the gross sales of each restaurant for local and regional advertising.

(B) Minimum Operating Lease Commitments:

The lease for the restaurant located at 517 Martintown Road in North Augusta expires on November 6, 2021. The annual rent is $87,780. In addition the Company is required to pay percentage rent equal to 7% of gross sales in excess of $746,181.

The lease for the restaurant located at 1730 Walton Way in Augusta expires on November 6, 2021. The annual rent is $96,780. In addition the Company is required to pay percentage rent equal to 7% of gross sales in excess of $768,937.

The lease for the restaurant located at 2738 Washington Road in Augusta had a primary term that expired on October 31, 2004. The current term expires on October 31, 2019 and includes one remaining five-year renewal options. The annual rent is $71,573 for all terms of the lease. In addition the Company is required to pay percentage rent equal to 5% of gross sales in excess of $900,000.

The lease for the restaurant located at 1004 Richland Avenue in Aiken expires on November 6, 2021. The annual rent is $90,480. In addition the Company is required to pay percentage rent equal to 7% of gross sales in excess of $752,048.

The lease for the restaurant located at 3342 Wrightsboro Road in Augusta had a primary term that expired on October 31, 2004. The current term expires on October 31, 2019 and includes one remaining five-year renewal option. The annual rent is $68,581 for all terms of the lease. In addition the Company is required to pay percentage rent equal to 5% of gross sales in excess of $687,458.

The lease for the restaurant located at 3013 Peach Orchard Road in Augusta expires on November 6, 2021. The annual rent is $86,160. In addition the Company is required to pay percentage rent equal to 7% of gross sales in excess of $744,784.

Wendgusta, LLC
Notes to the Financial Statements
December 25, 2016 and December 27, 2015

Note 4 - Commitments and Contingencies - (Continued)

(B) Minimum Operating Lease Commitments: (Continued)

The lease for the restaurant located at 1901 Whiskey Road in Aiken expires on November 6, 2021. The annual rent is $96,780. In addition the Company is required to pay percentage rent equal to 7% of gross sales in excess of $960,000.

The lease for the restaurant located at 449 Walton Way in Augusta had a primary term that expired on February 28, 2003. The current term expires on February 28, 2018. The annual rent is $96,600 for all terms of the lease. In addition the Company is required to pay percentage rent equal to 6% of gross sales less base rent.

The lease for the restaurant located at 430 South Belair Road in Augusta has a primary term that expires on November 30, 2025 and includes two five-year renewal options. The annual rent is $163,958 through November 30, 2017. At that time and on each one year anniversary thereafter, annual rent will be increased by the previous year's annual rent multiplied by 1.5%.

Rent expense was $1,344,811 in 2016 and $1,324,292 in 2015 including percentage rent of $416,857 in 2016 and $386,091 in 2015.

Future annual minimum rentals are as follows:

2017	$	858,897
2018		780,859
2019		743,900
2020		629,642
2021		563,520
Thereafter		707,856
	$	4,284,674

Wendgusta, LLC
Notes to the Financial Statements
December 25, 2016 and December 27, 2015

Note 4 - Commitments and Contingencies - (Continued)

(C) Financial and Operational Advisory Services Agreement:

At the closing, the Company entered into a financial and operational advisory services agreement with its two managing members and another individual. The agreement provides for these three individuals to: (I) consult with and advise the Company on applicable financial and/or operational matters; and (ii) if required by the Company's debt, lease or franchise agreements, to which they are signatories, to remain ready, willing and able to maintain such status for the benefit of the Company, except where such guarantees are not needed; and (iii) remain able to provide such additional personal guarantees as, within their sole discretion, may reasonably be necessary to maintain the business of the Company. The initial term ended December 31, 2010 and is automatically renewable annually thereafter, as long as the Company remains in business. The agreement also provides for the reimbursement of reasonable expenses incurred by the individuals in fulfilling their duties. Fees paid pursuant to this agreement aggregated $84,000 in 2016 and $84,000 in 2015. (See Note 6A).

Note 5 - Capitalization and Operating Agreement

(A) Capitalization

The Company's initial capitalization consisted of 800 units, of which 24 and 21 were sold to two managing members at $25 per unit, or $1,125 in the aggregate, and 80 units were sold to the third managing member at $125 per unit, or $10,000 in the aggregate. Of the remaining 675 units, 192 were sold at $25 per unit, or $4,800 in the aggregate, and 483 units were sold at per unit contributions of $4,500 totaling $2,173,500. All contributions totaled $2,189,425. (See Note 5B).

In 2009 the Company required each member to contribute $1,000 per unit of membership interest as an additional capital contribution. The proceeds were used in part to reduce the loan to GECC. (See Notes 3 and 6B).

Wendgusta, LLC
Notes to the Financial Statements
December 25, 2016 and December 27, 2015

Note 5 - Capitalization and Operating Agreement - (Continued)

(B) Operating Agreement:

All purchasers of membership interests are parties to the Company's operating agreement which provides for the capitalization and operation of the Company, distributions to members and transfers of interests. Members' consents representing 75% of all membership interests are required for the following actions: Change in the operating agreement; voluntary dissolution; sale or exchange of substantially all assets; merger or consolidation; incurrence of debt or refinancing other than in the ordinary course of business or in connection with entering new or unrelated businesses; and removal of a manager, for cause. Members are not required to make up negative capital accounts. Distributions either from cash flow generated by operations or capital transactions (as defined) other than capital contributions are made at the sole discretion of the managers, acting unanimously. Managers are elected by the members. Outside liens against membership interests are prohibited. For permitted transfers of membership interests, book value is equal to assets less liabilities using- the income tax method/accrual basis of accounting.

Members wishing to sell their interests shall submit their request in writing, together with appropriate documentation seeing for the terms of such sale, to the managing members, who within thirty days and at their sole discretion, shall approve or disapprove of such sale. If not approved, the managing members within fourteen additional days may elect to have the Company purchase the offered units at the stated terms. Such action by the managing members is to be by simple majority. If the managing members determine that the offered interests are not to be redeemed by the Company, then the interests shall be offered to the remaining members of the Company, pro-rata at the same offered terms, who will have 14 additional days to purchase the offered shares. If the interests are not purchased by the members, then they may be sold to the third-party purchaser at the offered terms, but the purchaser must become bound by the terms of the operating agreement. Membership interests may also be transferred to family members or trusts or by reason of death or incompetence.

In the event of a termination of a member's interest by death, retirement, resignation, expulsion, bankruptcy, incompetence, or in the case of a member that is not a natural person - dissolution, the Company must be dissolved unless it is continued by the consent of all the remaining members. Non-consenting members are deemed to offer and authorized representatives or trustees of deceased or bankrupt members may offer the applicable membership interest, first to the Company, and then to the consenting (continuing) members. In such case, the offered interests must be purchased by either the Company or one or more of the consenting members. Such purchases, unless made by the Company, are to be made pro-rata to the existing interests of purchasing members, unless they agree otherwise or there is only one purchasing member.

Wendgusta, LLC
Notes to the Financial Statements
December 25, 2016 and December 27, 2015

Note 5 - Capitalization and Operating Agreement - (Continued)

(B) Operating Agreement: (Continued)

In any event, all offered interest of non-consenting members or by the estate, trustee, etc. of deceased or bankrupt members, etc. must be purchased by the Company or one or more consenting members or the Company must be dissolved and liquidated.

Note 6 - Related Party Transactions

(A) Financial and Operational Advisory Services:

The Company paid two of its three managing members and a third individual a total of $84,000 in 2016 and $84,000 in 2015 pursuant to a financial and operational advisory services agreement. (See Note 4C).

(B) Additional Capital Contributions:

During 2009 additional capital contributions of $1,000 per unit of membership interest were received by the Company for a total of $796,000.

(C) Redemption of Membership Interest:

In July 2008 the Company redeemed one member's .25% membership interest for $2,000.

In March 2009 the Company redeemed one member's .13% membership interest for $2,000.

In October 2009 the Company redeemed one member's .13% membership interest for $3,600.

In 2010 the Company redeemed four members' 2.62% combined membership interest for an aggregate price of $103,000.

In 2012 the Company redeemed four members' 5.93% combined membership for an aggregate price of $89,700.

In April 2015 the Company redeemed one member's .53% membership interest for $22,000.

In August 2015 the Company redeemed one member's .13% membership interest for $8,000.

Wendgusta, LLC
Notes to the Financial Statements
December 25, 2016 and December 27, 2015

Note 7 - Pension Plan

The Company maintains a qualified cash or deferred compensation plan under section 401(k) of the Internal Revenue Code for all full-time employees meeting certain service requirements. Under the plan, employees may elect to defer up to (15%) of their salary, subject to Internal Revenue Service limits. A discretionary matching contribution may be made by the Company and added to each participant's account. Company contributions for the plan amounted to $2,162 for 2016 and $2,669 for 2015.

Note 8 - Subsequent Events

Subsequent events have been evaluated through the date the financial statements were issued, as reflected on the independent accountant's review report.

VRONA & VAN SCHUYLER CPAs, PLLC
CERTIFIED PUBLIC ACCOUNTANTS

WENDCHARLES I, LLC
FINANCIAL STATEMENTS- INCOME TAX BASIS
DECEMBER 25, 2016 AND DECEMBER 27, 2015

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232 MADISON AVE., 3RD FL
NEW YORK, NY 10016-2901

To the Members
Wendcharles I, LLC
27 Central Ave.
Cortland, NY 13045

We have reviewed the accompanying financial statements of Wendcharles I, LLC which comprise the statement of assets, liabilities and members' capital—income tax basis as of December 25, 2016 and December 27, 2015, and the related statements of revenues and expenses—income tax basis, changes in members' capital—income tax basis and cash flows—income tax basis for the years then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly we do not express such an opinion.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the basis of accounting the company uses for income tax purposes; this includes determining that the basis of accounting the company uses for income tax purposes is an acceptable basis for the preparation of financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement whether due to fraud or error.

Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with the income tax basis of accounting. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountant's Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with the basis of accounting the company uses for income tax purposes.

February 1, 2017

Vrona & Van Schuyler CPAs, PLLC
Certified Public Accountants

Basis of Accounting

We draw attention to Note 1B of the financial statements, which describes the basis of accounting. The financial statements are prepared in accordance with the basis of accounting the company uses for income tax purposes, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our conclusion is not modified with respect to this matter.

Vrona & Van Schuyler CPAs, PLLC

Certified Public Accountants

February 1, 2017

Wendcharles I, LLC
Statements of Assets, Liabilities and Members' Capital - Income Tax Basis
December 25, 2016 and December 27, 2015

ASSETS	2016	2015
Current Assets:		
Cash - (Note 1I)	$ 1,065,731	$ 865,250
Inventories - (Note 1C)	63,631	64,769
Prepaid expenses and other current assets	-	6,414
Total Current Assets	1,129,362	936,433
Property and Equipment, net of accumulated depreciation (Notes 1D and 2)	791,097	560,957
Others Assets:		
Goodwill, net of accumulated amortization of $646,810 in 2016 and $491,576 in 2015. - (Note 1E)	905,546	983,163
Technical Assistance Fee, net of accumulated amortization of $63 in 2016 and $0 in 2015. - (Note 1F)	3,687	-
Deposits	11,190	11,190
Total Other Assets	920,423	994,353
TOTAL ASSETS	$ 2,840,882	$ 2,491,743

LIABILITIES AND MEMBERS' CAPITAL	2016	2015
Current Liabilities		
Current maturities of long-term debt - (Note 3)	$ 58,629	$ 64,925
Accounts Payable, accrued expenses, and taxes payable - (Note 1L)	761,680	758,509
Total Current Liabilities	820,309	823,434
Long-term liabilities:		
Deferred rent credit	7,417	8,417
Long-term debt, less current maturities - (Note 3)	384,360	145,873
Total Long-term liabilities	391,777	154,290
Total Liabilities	1,212,086	977,724
Commitments & Contingencies - (Notes 3, 4, 5 and 7)	-	-
Members' Capital - (Notes 1A, 5 and 6B)	1,628,796	1,514,019
TOTAL LIABILITIES & MEMBERS' CAPITAL	$ 2,840,882	$ 2,491,743

See independent accountants' review report and notes to the financial.

Wendcharles I, LLC
Statements of Revenue and Expenses - Income Tax Basis
For the Years Ended December 25, 2016 and December 26, 2015

	2016	2015
Sales - net	$ 11,297,270	$ 10,870,897
Cost of Sales - net	3,098,083	3,166,937
Gross Profit	8,199,187	7,703,960
Labor Expenses	3,328,850	3,246,489
Store Operating and Occupancy Expenses	2,044,487	1,976,089
General and Administrative Expenses	643,350	702,124
Advertising Expenses - (Notes 4A)	537,367	546,318
Royalty Expense - (Note 4A)	449,015	434,836
Depreciation & Amortization - (Notes 1D, 1E and 1F)	508,439	210,954
Interest Expense - (Note 3)	42,290	42,512
Total Operating Expenses	7,553,798	7,159,322
Operating Income	645,389	544,638
Gain / (Loss) on sale (disposal) of Assets	(50,555)	(3,487)
Interest & Other Income	14,283	17,068
Excess (deficiency) of Revenues over expenses	$ 609,117	$ 558,219

See independent accountants' review report and notes to the financial.

Wendcharles I, LLC
Statement of Changes in Members' Capital - Income Tax Basis
For the Years Ended December 25, 2016 and December 25, 2015

Members' Capital (deficit) December 28, 2014	$ 1,224,610
Excess of Revenues over expenses for the year ended Dcember 27, 2015	558,219
Redemption of Members' interest	(109,000)
Capital Contribution, December 27, 2015	5,000
Distributions paid to Members	(164,810)
Members' Capital (deficit) December 27, 2015	1,514,019
Excess of Revenues over expenses for the year ended December 25, 2016	609,117
Distributions paid to Members	(494,340)
Members' Capital (deficit) December 25, 2016	$ 1,628,796

See independent accountants' review report and notes to the financial.

Wendcharles I, LLC
Statements of Cash Flows - Income Tax Basis
For the Years Ended December 25, 2016 and December 27, 2015

	2016	2015
Cash Flows for Operating Activities:		
Excess (deficiency) of revenues over expenses	$ 609,117	$ 558,219
Adjustments to reconcile net Cash Provided by Operating Activities		
Depreciation / Amortization	508,439	210,954
(Gain) / Loss on (sale) / disposal of assets	50,555	3,487
Increase (decrease) in cash attributed to changes in Assets & Liabilities		
Decrease (Increase)in inventories	1,138	(12,883)
Decrease (Increase) in prepaid expenses & other current assets	(40,031)	2,063
Increase (decrease) in accounts payable & accrued expenses and taxes	2,171	1,231
Total Adjustments	522,272	204,852
Net Cash Provided by Operating Activities	1,131,389	763,071
Cash Flows from Investing Activities:		
Capital Expenditures, tangible & intangible	(668,759)	(79,044)
Net Cash Provided by Investing Activities	(668,759)	(79,044)
Cash Flows from Financing Activities:		
Redemption of members' interest	-	(109,000)
Repayments of note payable	(67,809)	(61,380)
Proceeds from Long Term Debt	300,000	-
Members' distributions	(494,340)	(164,810)
Members' capital contributions	-	5,000
Net Cash Provided by Financing Activities	(262,149)	(330,190)
Net Increase (Decrease) in Cash	200,481	353,837
Cash, beginning of Year	865,250	511,413
Cash, End of Year	$ 1,065,731	$ 865,250
Supplemental Information:		
Interest Paid During the Year	$ 42,301	$ 42,713

See independent accountants' review report and notes to the financial.

Wendcharles I, LLC
Notes to the Financial Statements
December 25, 2016 and December 27, 2015

Note 1 - Summary of Significant Accounting Policies

(A) The Company:

Wendcharles I, LLC was formed on June 24, 2008 pursuant to the South Carolina Code of Laws to acquire, own and operate eleven existing Wendy's Old Fashioned Hamburger Restaurants in the Charleston, South Carolina metropolitan area. As part of the same overall transaction, another South Carolina limited liability company, Wendcharles II, LLC, affiliated with the Company by certain common management and ownership interests, acquired six other existing Wendy's Old Fashioned Hamburger Restaurants in and proximate to North Charleston. The restaurants were all acquired from one unrelated seller for an aggregate purchase price of $5,760,000, less net adjustments to the Company of approximately $14,000. The Company's recorded goodwill in the amount of approximately $4,060.000. The purchase price was financed principally by a $3,500,000 loan from Bank of America, with the balance provided by capital contributions of the members. The acquisition closed and restaurant operations commenced on September 16, 2008.

The leases for the eleven leasehold estates, all in South Carolina, were assigned to the Company from different lessors. Four locations each are in Charleston and North Charleston and three are in Mt. Pleasant as follows: Charleston: 1721 Sam Rittenberg Blvd; 194 Cannon Street; 343 Folly Road; and 5275 International Blvd; North Charleston: 4113 Rivers Avenue; 5115 Dorchester Rd; 9145 University Blvd; and 4892 Ashley Phosphate Road; Mt Pleasant: 361 Highway 17 By-Pass; 935 Chuck Dawley Boulevard; and 596 Long Point Road. (See Note 4B).

On December 26, 2011 the Company sold its Sam Rittenberg Boulevard location to Wendcharles II, LLC, a related party.

In 2013 the Company closed its 5115 Dorchester Road store and sold its 4892 Ashley Phosphate Road store to Wendcharles II, LLC.

In 2014 the Company closed its 194 Cannon Street location.

The Company is to continue in perpetuity, except it is to be dissolved as a result of the sale of all business operations or the sale of all or substantially all of its assets, in each of such cases upon the receipt of the consideration therefor in cash or the reduction to cash of non-cash consideration, or upon the occurrence of certain events as set forth in the operating agreement. (See Note 5B).

The Company currently operates seven restaurants, all of which are leased. (See Note 4B)

Wendcharles I, LLC
Notes to the Financial Statements
December 25, 2016 and December 27, 2015

Note 1 - Summary of Significant Accounting Policies - (Continued)

(B) Income Tax Basis of Accounting:

The accompanying financial statements have been prepared on the same basis of accounting used for the Company's federal income tax return, another comprehensive basis of accounting, differing in certain respects from generally accepted accounting principles. Accordingly, the accompanying financial statements are not intended to present financial position and results of operations in accordance with generally accepted accounting principles.

(C) Inventories:

Inventories represent food and supplies and are stated at cost.

(D) Property, Equipment & Depreciation:

Property and equipment are stated at cost. Depreciation is provided by application of the straight-line method over useful lives as follows:

Land Improvements	15	Years
Leasehold Improvements	15 to 39	Years
Restaurant & Office Equipment	5	Years
Automobile	5	Years

If it had qualifying property placed in service during the year, the Company has taken additional depreciation deductions in accordance with the federal government's enactment of the Economic Stimulus Act of 2008, amended by the American Recovery and Reinvestment Act of 2009, The Small Business Jobs Act of 2010, and the Tax Relief, Unemployment Insurance Reauthorization and Job Creation Act of 2010.

(E) Goodwill:

Goodwill, representing the excess of the purchase price over the fair value of the assets acquired, is amortized over fifteen years.

(F) Technical Assistance Fees:

The technical assistance fees paid to Wendy's International are capitalized and amortized on a straight-line basis over fifteen years.

Wendcharles I, LLC
Notes to the Financial Statements
December 25, 2016 and December 27, 2015

Note 1 - Summary of Significant Accounting Policies - (Continued)

(G) Income Taxes:

The Company was organized as a limited liability company under the laws of South Carolina and is not subject to any federal income tax. Instead, each member is required to report on his federal and applicable state income tax return his distributive share of all items of income, gain, loss, deduction, credit and tax preference of the Company for any taxable year, whether or not any actual cash distribution has been or will be made to such member.

The Company's tax returns are subject to examination by the Federal and State taxing authorities. The tax laws, rules and regulations governing these returns are complex, technical and subject to varying interpretations. If an examination required the Company to make adjustments, the profit or loss is allocated to the members would be adjusted accordingly. Management believes the Company is no longer subject to tax examinations for the years prior to 2013.

Although income tax rules are used to determine the timing of the reporting revenues and expenses, non-taxable revenues and non-deductible expenses are included in the determination of net income in the accompanying financial statements.

(H) Fiscal Year:

The Company's annual accounting period is a fiscal year ending on the last Sunday of December.

(I) Cash:

The Company maintains its cash in various banks. The accounts at each bank are guaranteed by the Federal Deposit Insurance Corporation, to a maximum of $250,000. At any time during the year, the cash balance may exceed $250,000.

(J) Use of Estimates:

The preparation of financial statements in conformity with the income tax accrual basis of accounting requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from these estimates.

(K) Advertising:

The Company expenses all advertising costs when incurred.

Wendcharles I, LLC
Notes to the Financial Statements
December 25, 2016 and December 27, 2015

Note 1 - Summary of Significant Accounting Policies - (Continued)

(L) Sales Tax:

The Company collects sales tax and remits to the state of South Carolina. The liability is reflected in taxes payable on the balance sheet.

Note 2 - Property and Equipment

Property and equipment consist of the following:

	2016	2015
Land Improvements	$ 303,572	$ 220,466
Leasehold Improvements	1,187,513	977,820
Construction in Progress	46,445	-
Restaurant & Office Equipment	1,627,992	1,502,036
Automobile	13,514	13,514
Total	3,179,036	2,713,836
Less: Accumulated Depreciation	(2,387,938)	(2,152,879)
Property & Equipment, Net	$ 791,097	$ 560,957

Note 3 - Long Term Debt

In April 2012 the Company borrowed $180,000 from Wendcapital LLC, a related party. Repayment terms are $1,757 per month for 144 months at an interest rate of 6%. Additional interest may be charged if certain performance based sales are realized. (See Note 6C)

The future principal payments are as follows:

2017	$ 13,970
2018	14,832
2019	15,746
2020	16,718
2021	17,749
Thereafter	45,793
	$ 124,808

The Company borrowed $150,000 from M&T Bank in May of 2014 for equipment. Repayment terms are $4,414 per month for 36 months including interest at 3.25%.

Wendcharles I, LLC
Notes to the Financial Statements
December 25, 2016 and December 27, 2015

Note 3 - Long Term Debt - (Continued)

The future principal payments are as follows:

2017		21,851
	$	21,851

On October 1, 2016 the Company borrowed $300,000 from Wendcapital III, LLC a related party. Repayment terms are $3,331 per month including interest at 6% for ten years. Additional interest may be charged in certain performance based sale are realized. (See Note 6C)

The future principal payments are as follows:

2017	$	22,808
2018		24,215
2019		25,708
2020		27,294
2021		28,977
Thereafter		167,328
	$	296,330

Note 4 - Commitments and Contingencies

(A) Franchise Agreement Commitments:

The Company is the franchisee for the seven Wendy's restaurants it owns and operates. The franchise agreements obligate the Company to pay to Wendy's International a monthly royalty fee equal to 4% of the gross monthly sales of each restaurant, or $250, whichever is greater. The Company must also pay to Wendy's National Advertising Program 3.5% of the gross sales and spend not less than .5% of the gross sales of each restaurant for local and regional advertising.

(B) Minimum Operating Lease Commitments:

The lease for the restaurant located at 4113 Rivers Ave in North Charleston has a primary term that expires on March 31, 2025 and includes two five-year renewal options. The Current annual rent for the lease is $108,054 through March 31, 2017. At that time and on each April 1 thereafter, annual rent will be increased by the previous year's annual rent multiplied by 1%.

Wendcharles I, LLC
Notes to the Financial Statements
December 25, 2016 and December 27, 2015

Note 4 - Commitments and Contingencies - (Continued)

(B) Minimum Operating Lease Commitments: (Continued)

The lease for the restaurant located at 343 Folly Road in Charleston has a primary term that expires on November 6, 2021 and includes two five-year renewal options. The annual rent is $70,200 for all terms of the lease. In addition the Company is required to pay percentage rent equal to 7% of gross sales in excess of $589,488.

The lease for the restaurant located at 361 Hwy 17 Bypass in Mt. Pleasant has a primary term that expires on November 6, 2021 and includes two five-year renewal options. The annual rent is $55,333 for all terms of the lease. In addition the Company is required to pay percentage rent equal to 7% of gross sales in excess of $750,000. In 2013 part of the land was condemned and the Company received $181,061 in proceeds. The lease was amended to reflect this change. The Company recognized a gain of $90,508.

The lease for the restaurant located at 935 Chuck Dawley Blvd in Mt. Pleasant had a primary term that expired on September 9, 1996. The current term expires on September 9, 2026. The annual rent is $105,745 for the remainder of the current term. At that time and on each September 1 thereafter, annual rent will be increased by the previous year's annual rent multiplied by 3%. In addition the Company is required to pay percentage rent equal to 6% of gross sales in excess of base rent.

The lease for the restaurant located at 9145 University Blvd in North Charleston has a primary term that expires on March 31,2025 and includes two five-year renewal options. The current annual rent for the lease is $110,831 through March 31, 2017. At that time and on each April 1 thereafter, annual rent will be increased by the previous years' annual rent multiplied by 1%.

The lease for the restaurant located at 596 Long Point Road in Mt. Pleasant has a primary term that expires on March 31, 2025 and includes two five-year renewal options. The current annual rent for the lease is $101,280 through March 31, 2017. At that time and on each April 1 thereafter, annual rent will be increased by the previous year's annual rent multiplied by 1%.

The lease for the restaurant located at 5275 International Blvd in North Charleston has a primary term that expires on April 30, 2027 and includes four five-year renewal options. The current annual rent for the lease is $129,150 through June 30, 2018. At that time and on each five year anniversary thereafter, annual rent will be increased by the previous year's annual rent multiplied by 5%.

The Company is required to pay all realty taxes, insurance, routine maintenance and common charges for the above leases.

Wendcharles I, LLC
Notes to the Financial Statements
December 25, 2016 and December 27, 2015

Note 4 - Commitments and Contingencies - (Continued)

(B) Minimum Operating Lease Commitments: (Continued)

Rent expense was $817,079 in 2016 and $798,037 in 2015 including percentage rent of $143,095 in 2016 and $130,123 in 2015.

Future annual minimum rentals are as follows:

2017	$	682,995
2018		689,449
2019		695,936
2020		699,226
2021		688,886
Thereafter		2,570,695
	$	6,027,187

(C) Financial and Operational Advisory Services Agreement:

The Company entered into a financial and operational advisory services agreement with its two managing members. The agreement provides for these individuals to consult and advise the Company on applicable financial and/or operational matters and if required by the Company's debt, lease or franchise agreements, to which they are signatories, to remain ready, willing and able to maintain such status for the benefit of the Company, except where such guarantees are not needed; and remain able to provide such additional personal guarantees as, within their sole discretion, may reasonably be necessary to maintain the business of the Company. The initial term was for three years and is automatically renewable annually thereafter, as long as the Company remains in business. The agreement also provides for the reimbursement of reasonable expenses incurred by the individuals in fulfilling their duties. (See Note 6A).

Note 5 - Capitalization and Operating Agreement

(A) Capitalization

The Company's initial capitalization consisted of 800 units, of which 42 and 32 were sold to two managing members at $100 per unit, or $7,400 in the aggregate, and 80 units were sold to the third managing member at $125 per unit, or $10,000 in the aggregate. Of the remaining 646 unites, 67 were sold at $100 per unit, or $6,700 in the aggregate, and 579 units were sold at per unit contributions of $4,700 totaling $2,721,300. All contributions totaled $2,745,400. (See Note 5B).

In 2014 the Company issued 700 new units for an aggregate capital contribution of $1,400,000.

Wendcharles I, LLC
Notes to the Financial Statements
December 25, 2016 and December 27, 2015

Note 5 - Capitalization and Operating Agreement - (Continued)

(B) Operating Agreement:

All purchasers of membership interests are parties to the Company's operating agreement which provides for the capitalization and operation of the Company, distributions to members and transfers of interests. Members' consents representing 75% of all membership interests are required for the following actions: Change in the operating agreement; voluntary dissolution; sale or exchange of substantially all assets; merger or consolidation; incurrence of debt or refinancing other that in the ordinary course of business or in connection with entering new or unrelated businesses; and removal of a manger, for cause. Members are not required to make up negative capital accounts. Distributions either from cash flow generated by operations or capital transactions (as defined) other than capital contributions are made at the sole discretion of the managers, acting unanimously. Managers are elected by the members. Outside liens against membership interests are prohibited. For permitted transfers of membership interests, book value is equal to assets less liabilities using the income tax method/accrual basis of accounting.

Members wishing to sell their interests shall submit their request in writing, together with appropriate documentation setting forth the terms of such sale, to the managing members, who within thirty days and at their sole discretion, shall approve or disapprove of such sale. If not approved, the managing members within fourteen additional days may elect to have the Company purchase the offered units at the stated terms. Such action by the managing members is to be by simple majority. If the managing members determine that the offered interests are not to be redeemed by the Company, then the interests shall be offered to the remaining members of the Company, pro-rata at the same offered terms, who will have 14 additional days to purchase the offered shares. If the interests are not purchased by the members, then they may be sold to the third-party purchaser at the offered terms, but the purchaser must become bound by the terms of the operating agreement. Membership interests may also be transferred to family members or trusts or by reason of death or incompetence.

In the event of a termination of a member's interest by death, retirement, resignation, expulsion, bankruptcy, incompetence, or in the case of a member that is not a natural person - dissolution, the Company must be dissolved unless it is continued by the consent of all the remaining members. Non-consenting members are deemed to offer and authorized representatives or trustees of deceased or bankrupt members may offer the applicable membership interest, first to the Company, and then to the consenting (continuing) members. In such case, the offered interests must be purchased by either the Company or one or more of the consenting members. Such purchases, unless made by the Company, are to be made pro-rata to the existing interests of purchasing members, unless they agree otherwise or there is only one purchasing member.

Wendcharles I, LLC
Notes to the Financial Statements
December 25, 2016 and December 27, 2015

Note 5 - Capitalization and Operating Agreement - (Continued)

(B) Operating Agreement:

In any event, all offered interest of non-consenting members or by the estate, trustee, etc. of deceased or bankrupt members, etc. must be purchased by the Company or one or more consenting members or the Company must be dissolved and liquidated.

Note 6- Related Party Transactions

(A) Financial and Operational Advisory Services:

The Company paid two of its three managing members and a third individual a total of $43,200 in 2016 and $43,200 in 2015 pursuant to a financial and operational advisory services agreement. (See Note 4C).

(B) Redemption of Membership Interest:

In October 2009 the Company redeemed one member's .125% membership interest for $2,000.

In April 2015 the Company redeemed the former president's share for $105,000 which represented a 5.93% interest in the Company.

In April 2015 the Company redeemed one members .145% membership interest for $4,000.

In May 2015 the Company issued a 5.53% membership interest for $5,000 to its new manager.

(C) Note Payable:

The Company borrowed from Wencapital, LLC and Wendcapital III, LLC. All Companies have common owners; however they are not under common control.

Note 7 - Pension Plan

The Company maintains a qualified cash or deferred compensation plan under section 401(k) of the Internal Revenue Code for all full-time employees meeting certain service requirements. Under the plan, employees may elect to defer up to (15%) of their salary, subject to Internal Revenue Service limits. A discretionary matching contribution may be made by the Company and added to each participant's account. Company contributions for the plan amounted to $512 for 2016 and $0 for 2015.

Wendcharles I, LLC
Notes to the Financial Statements
December 25, 2016 and December 27, 2015

Note 8 - Subsequent Events

Subsequent events have been evaluated through the date the financial statements were issued, as reflected on the independent accountant's review report.

VRONA & VAN SCHUYLER CPAS, PLLC
CERTIFIED PUBLIC ACCOUNTANTS

WENDCHARLES II, LLC
FINANCIAL STATEMENTS- INCOME TAX BASIS
DECEMBER 25, 2016 AND DECEMBER 27,2015

VRONA & VAN SCHUYLER CPAS, PLLC
CERTIFIED PUBLIC ACCOUNTANTS
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240 LONG BEACH ROAD
ISLAND PARK, NY 11558-1541

232 MADISON AVE., 3RD FL
NEW YORK, NY 10016-2901

To the Members
Wendcharles II, LLC
27 Central Ave.
Cortland, NY 13045

We have reviewed the accompanying financial statements of Wendcharles II, LLC which comprise the statement of assets, liabilities and members' capital—income tax basis as of December 25, 2016 and December 27, 2015, and the related statements of revenues and expenses—income tax basis, changes in members' capital—income tax basis and cash flows—income tax basis for the years then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly we do not express such an opinion.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the basis of accounting the company uses for income tax purposes; this includes determining that the basis of accounting the company uses for income tax purposes is an acceptable basis for the preparation of financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement whether due to fraud or error.

Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with the income tax basis of accounting. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountant's Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with the basis of accounting the company uses for income tax purposes.

February 1, 2017

VRONA & VAN SCHUYLER CPAs, PLLC
CERTIFIED PUBLIC ACCOUNTANTS

Basis of Accounting

We draw attention to Note 1B of the financial statements, which describes the basis of accounting. The financial statements are prepared in accordance with the basis of accounting the company uses for income tax purposes, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our conclusion is not modified with respect to this matter.

Vrona & Van Schuyler CPAs, PLLC

Certified Public Accountants

February 1, 2017

Wendcharles II, LLC
Statements of Assets, Liabilities and Members' Capital (Deficit) - Income Tax Basis
December 25, 2016 and December 27, 2015

ASSETS

	2016	2015
Current Assets:		
Cash - (Note 1I)	$ 1,583,871	$ 1,590,759
Inventories - (Note 1C)	74,570	67,523
Prepaid expenses and other current assets	950	-
Total Current Assets	1,659,391	1,658,282
Property and Equipment, net of accumuilated depreciation - (Notes 1D and 2)	959,809	878,309
Others Assets:		
Goodwill, net of accumulated amortization of $901,971 in 2016 and $778,082 in 2015. - (Note 1E)	957,294	1,081,183
Deposits	6,075	6,075
Total Other Assets	963,369	1,087,258
TOTAL ASSETS	$ 3,582,570	$ 3,623,849

LIABILITIES AND MEMBERS' CAPITAL

	2016	2015
Current Liabilities		
Current maturities of long-term debt - (Note 3)	$ 55,315	$ 73,215
Accounts Payable, accrued expenses, and taxes payable - (Note 1L)	994,387	1,005,756
Total Current Liabilities	1,049,701	1,078,971
Long-term liabilities:		
Long-term debt, less current maturities - (Note 3)	359,187	411,950
Total Long-term liabilities	359,187	411,950
Total Liabilities	1,408,888	1,490,921
Commiments & Contingencies - (Notes 3, 4, 5 and 7)	-	-
Members' Capital - (Notes 1A, 5 and 6B)	2,173,682	2,132,928
TOTAL LIABILITIES & MEMBERS' CAPITAL	$ 3,582,570	$ 3,623,849

See independent accountants' review report and notes to the financial statements.

VRONA & VAN SCHUYLER CPAS, PLLC
CERTIFIED PUBLIC ACCOUNTANTS

Wendcharles II, LLC
Statements of Revenues and Expenses - Income Tax Basis
For the Years Ended December 25, 2016 and December 27, 2015

	2016	2015
Sales - net	$ 13,966,173	$ 13,544,762
Cost of Sales - net	4,051,271	4,111,977
Gross Profit	9,914,902	9,432,785
Labor Expenses	3,988,891	3,766,968
Store Operating and Occupancy Expenses	2,390,800	2,345,332
General and Administrative Expenses	774,854	644,034
Advertising Expenses - (Note 4A)	643,429	646,050
Royalty Expense - (Note 4A)	551,173	541,786
Depreciation & Amortization - (Notes 1D, 1E and 1F)	618,107	452,749
Interest Expense - (Note 3)	100,395	104,152
Total Operating Expenses	9,067,649	8,501,071
Operating Income	847,253	931,714
Gain / (Loss) on sale (disposal) of Assets	(81,624)	(32,308)
Interest & Other Income	16,435	19,552
Excess (deficiency) of Revenues over expenses	$ 782,064	$ 918,958

See independent accountants' review report and notes to the financial statements.

Wendcharles II, LLC
Statement of Changes in Members' Capital (Deficit) - Income Tax Basis
For the Years Ended December 25, 2016 and December 27, 2015

Members' Capital (deficit) December 28, 2014	$ 1,721,790
Excess of Revenues over expenses for the year ended Dcember 27, 2015	918,958
Distributions paid to Members	(499,820)
Purchase of Members' interest	(8,000)
Members' Capital (deficit) December 27. 2015	2,132,928
Excess of Revenues over expenses for the year ended December 25, 2016	782,064
Distributions paid to Members	(729,310)
Purchase of Members' interest	(12,000)
Members' Capital (deficit) December 25, 2016	$ 2,173,682

VRONA & VAN SCHUYLER CPAS, PLLC
CERTIFIED PUBLIC ACCOUNTANTS

Wendcharles II, LLC
Statements of Cash Flows - Income Tax Basis
For the Years Ended December 25, 2016 and December 27, 2015

	2016	2015
Cash Flows for Operating Activities:		
Excess (deficiency) of revenues over expenses	$ 782,064	$ 918,958
Adjustments to reconcile net Cash Provided by Operating Activities		
Depreciation / Amortization	618,107	452,749
(Gain) / Loss on (sale) / disposal of assets	81,624	32,308
Increase (decrease) in cash attributed to changes in Assets & Liabilities		
Decrease (Increase)in inventories	(7,047)	763
Decrease (Increase) in prepaid expenses & other current assets	(21,039)	-
Increase (Decrease) in accounts payable & accrued expenses and taxes	(11,369)	136,616
Total Adjustments	660,276	622,436
Net Cash Provided by Operating Activities	1,442,340	1,541,394
Cash Flows from Investing Activities:		
Capital Expenditures, tangible & intangible	(637,254)	(306,533)
Net Cash Provided by Investing Activities	(637,254)	(306,533)
Cash Flows from Financing Activities:		
Redemption of members' interest	(12,000)	(8,000)
Repayments of note payable	(70,664)	(67,086)
Members' distributions	(729,310)	(499,820)
Net Cash Provided by Financing Activities	(811,974)	(574,906)
Net Increase (Decrease) in Cash	(6,888)	659,955
Cash, beginning of Year	1,590,759	930,804
Cash, End of Year	$ 1,583,871	$ 1,590,759
Supplemental Information:		
Interest Paid During the Year	$ 92,929	$ 42,713

See independent accountants' review report and notes to the financial statements.

Wendcharles II, LLC
Notes to the Financial Statements
December 25, 2016 and December 27, 2015

Note 1 - Summary of Significant Accounting Policies

(A) The Company:

Wendcharles I, LLC was formed on June 24, 2008 pursuant to the South Carolina Code of Laws to acquire, own and operate six existing Wendy's Old Fashioned Hamburger Restaurants in the Charleston, South Carolina metropolitan area. As part of the same overall transaction, another South Carolina limited liability company, Wendcharles I, LLC, affiliated with the Company by certain common management and ownership interests, acquired eleven other existing Wendy's Old Fashioned Hamburger Restaurants in and proximate to North Charleston. The restaurants were all acquired from one unrelated seller for an aggregate purchase price of $5,760,000, less net adjustments to the Company of approximately $14,000. The Company's recorded goodwill in the amount of approximately $4,060,000. The purchase price was financed principally by a $3,500,000 loan from Bank of America, with the balance provided by capital contributions of the members. The acquisition closed and restaurant operations commenced on September 16, 2008.

The leases for the six leasehold estates, all in South Carolina, were assigned to the Company from different lessors. Two locations each are in Goose Creek and Summerville and one is in North Charleston and Moncks Corner as follows: Goose Creek: 101 Red Bank Road; and 601 St. James Avenue; Summerville: 740 North Main Street; and 10012 Dorchester Road; North Charleston: 7440 Northwoods Boulevard; and Moncks Corner: 515 North Highway 52.

The Company is to continue in perpetuity, except is to be dissolved as a result of the sale of all business operations or the sale of all or substantially all of its assets, in each of such cases upon the receipt of the consideration, or upon the occurrence of certain events as set for in the operating agreement. (See Note 5B).

On December 26, 2011 the Company purchased the assets for a restaurant located at Sam Rittenberg Boulevard in Charleston, North Carolina from Wendcharles I, LLC, a related party. The Company also assumed the lease for the property.

In 2013 the Company purchased the assets for a restaurant located at 4892 Ashley Phosphate Road in North Charleston, North Carolina from Wendcharles I, LLC, a related party. The Company also assumed the lease for the property.

The Company currently operates eight restaurants, all of which are leased. (See Note 4B).

Wendcharles II, LLC
Notes to the Financial Statements
December 25, 2016 and December 27, 2015

Note 1 - Summary of Significant Accounting Policies - (Continued)

(B) Income Tax Basis of Accounting:

The accompanying financial statements have been prepared on the same basis of accounting used for the Company's federal income tax return, another comprehensive basis of accounting, differing in certain respects from generally accepted accounting principles. Accordingly, the accompanying financial statements are not intended to present financial position and results of operations in accordance with generally accepted accounting principles.

(C) Inventories:

Inventories represent food and supplies and are stated at cost.

(D) Property, Equipment & Depreciation:

Property and equipment are stated at cost. Depreciation is provided by application of the straight-line method over useful lives as follows:

Land Improvements	15	Years
Leasehold Improvements	15 to 39	Years
Restaurant equipment	5 to 7	Years

If it had qualifying property placed in service during the year, the Company has taken additional depreciation deductions in accordance with the federal government's enactment of the Economic Stimulus Act of 2008, amended by the American Recovery and Reinvestment Act of 2009, The Small Business Jobs Act of 2010, and the Tax Relief, Unemployment Insurance Reauthorization and Job Creation Act of 2010.

(E) Goodwill:

Goodwill, representing the excess of the purchase price over the fair value of the assets acquired, is amortized over fifteen years.

(F) Deferred Costs:

The Company capitalized the costs incurred in obtaining its financing and its leases. These costs were amortized over the life of the loan.

Wendcharles II, LLC
Notes to the Financial Statements
December 25, 2016 and December 27, 2015

Note 1 - Summary of Significant Accounting Policies - (Continued)

(G) Income Taxes:

The Company was organized as a limited liability company under the laws of South Carolina and is not subject to any federal income tax. Instead, each member is required to report on his federal and applicable state income tax return his distributive share of all items of income, gain, loss, deduction, credit and tax preference of the Company for any taxable year, whether or not any actual cash distribution has been or will be made to such member.

The Company's tax returns are subject to examination by the Federal and State taxing authorities. The tax laws, rules and regulations governing these returns are complex, technical and subject to varying interpretations. If an examination required the Company to make adjustments, the profit or loss is allocated to the shareholders would be adjusted accordingly. Management believes the Company is no longer subject to tax examinations for the years prior to 2013.

Although income tax rules are used to determine the timing of the reporting revenues and expenses, non-taxable revenues and non-deductible expenses are included in the determination of net income in the accompanying financial statements.

(H) Fiscal Year:

The Company's annual accounting period is a fiscal year ending on the last Sunday of December.

(I) Cash:

The Company maintains its cash in various banks. The accounts at each bank are guaranteed by the Federal Deposit Insurance Corporation, to a maximum of $250,000. At any time during the year, the cash balance may exceed $250,000.

(J) Use of Estimates:

The preparation of financial statements in conformity with the income tax accrual basis of accounting requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from these estimates.

(K) Advertising:

The Company expenses all advertising costs when incurred.

Wendcharles II, LLC
Notes to the Financial Statements
December 25, 2016 and December 27, 2015

Note 1 - Summary of Significant Accounting Policies - (Continued)

(L) Sales Tax:

The Company collects sales tax and remits to the state of South Carolina. The liability is reflected in taxes payable on the balance sheet.

Note 2 - Property and Equipment

Property and equipment consist of the following:

		2016		2015
Land Improvements	$	346,689	$	315,986
Construction in Progress		20,089		-
Leasehold Improvements		1,283,105		1,135,356
Restaurant & Office Equipment		1,863,212		1,835,140
Total		3,513,094		3,286,482
Less: Accumulated Depreciation		2,553,285		2,408,173
Property & Equipment, Net	$	959,809	$	878,309

Note 3 - Long-Term Debt

In August and October 2012 the Company borrowed two $180,000 notes from Wendcapital LLC for renovations. Each note has a repayment term of $1,757 per month which includes interest at 6%. Each loan matures on August 1, 2024. Additional interest may be charged if certain performance based sales are realized. (See Note 6C).

The future principal payments are as follows:

2017	$	26,568
2018		29,006
2019		30,795
2020		32,694
2021		34,893
Thereafter		105,704
	$	259,660

In April 2014 the Company borrowed $180,000 from Wendcapital II, LLC a related party. Repayment terms are $1,998 per month which includes interest at a rate of 6% for 120 months. Additional interest may be charged if certain sales performance goals are met. (See Note 6C).

Wendcharles II, LLC
Notes to the Financial Statements
December 25, 2016 and December 27, 2015

Note 3 - Long-Term Debt - (Continued)

The future principal payments are as follows:

2017	$	15,894
2018		16,874
2019		17,915
2020		19,020
2021		20,193
Thereafter		52,093
	$	141,987

In May 2014 the Company borrowed $88,093 from M&T Bank for equipment. Repayment terms are $2,597 per month which includes interest at a rate of 4% for 36 months.

The future principal payments are as follows:

2017	$	12,853
	$	12,853

Notes 4 - Commitments and Contingencies

(A) Franchise Agreement Commitments:

The Company is the franchisee for the eight Wendy's restaurants it owns and operates. The franchise agreements obligate the Company to pay to Wendy's International a monthly royalty fee equal to 4% of the gross monthly sales of each restaurant, or $250, whichever is greater. The Company must also pay to Wendy's National Advertising Program 3.5% of the gross sales and spend not less than .5% of the gross sales of each restaurant for local and regional advertising.

(B) Minimum Operating Lease Commitments:

The lease for the restaurant located at 101 Red Bank road in Goose Creek has a primary term that expires on December 31, 2032 and includes two five-year renewal options. The annual rent for the lease is $96,000. In addition the Company is required to pay percentage rent equal to 10% of gross sales in excess of $1,150,000.

The lease for the restaurant located at 740 North Main Street in Summerville had a primary term that expired on June 20, 2004. The current term expires on June 20, 2019 and includes one remaining five-year renewal option. The annual rent is $67,628 for all terms of the lease.

Wendcharles II, LLC
Notes to the Financial Statements
December 25, 2016 and December 27, 2015

Notes 4 - Commitments and Contingencies - (Continued)

(B) Minimum Operating Lease Commitments: (Continued)

The lease for the restaurant located at 10012 Dorchester Road in Summerville had a primary term that expired on April 30, 1995. The current term expires on April 30, 2020 and has four five-year renewal options. The current annual rent for the lease is $63,000 through April 30, 2020. At that time and on each five year anniversary thereafter, annual rent will be increased by the previous year's annual rent multiplied by 8%. In addition the Company is required to pay percentage rent equal to 6% of gross sales in excess of base rent.

The lease for the restaurant located at 7440 Northwoods Blvd in North Charleston has a primary term that expires on November 8, 2020 and includes two ten year renewal options. The current annual rent for the lease is $129,399 through November 9, 2020. At that time and on each five year anniversary thereafter, annual rent will be increased by the previous year's annual rent multiplied by 5%. In addition the Company is required to pay percentage rent equal to 6% of gross sales in excess of base rent.

The lease for the restaurant located at 601 St. James Avenue in Goose Creek has a primary term that expires on March 31, 2025 and includes two five- year renewal options. The current annual rent for the lease is $111,277 through March 31, 2017. At that time and on each April 1 thereafter, annual rent will be increased by the previous year's annual rent multiplied by 1%.

The lease for the restaurant located at 515 North Highway 52 in Moncks Corner has a primary term that expires on November 30, 2025 and includes two five-year renewal options. The current annual rent for the lease is $136,583 through November 30, 2017. On each December 1 thereafter, annual rent will be increased by the previous year's annual rent multiplied by 1.5%.

The lease for the restaurant located at 1721 Sam Rittenberg Boulevard in Charleston has a primary term that expires on November 6, 2021 and includes two five-year renewal options. The annual rent is $76,920. In addition the Company is required to pay percentage rent equal to 7% of gross sales.

The lease for the restaurant located at 4892 Ashley Phosphate Road in North Charleston has a primary term that expires on March 31, 2025 and includes two five year renewal options. The current annual rent is $105,278 through April 1, 2017. At that time and every one year anniversary thereafter, annual rent will be increased by the previous year's annual rent multiplied by 1%.

The Company is required to pay all realty taxes, insurance, routine maintenance and common charges for the above leases.

Wendcharles II, LLC
Notes to the Financial Statements
December 25, 2016 and December 27, 2015

Notes 4 - Commitments and Contingencies - (Continued)

(B) Minimum Operating Lease Commitments: (Continued)

Rent expense was $922,600 in 2016 and $908,552 in 2015 including percentage rent of $138,902 in 2016 and $136,962 in 2015.

Future annual minimum rentals are as follows:

2017	$	787,878
2018		792,111
2019		760,723
2020		672,417
2021		539,974
Thereafter		2,397,204
	$	5,950,307

(C) Financial and Operational Advisory Services Agreement:

The Company entered into a financial and operational advisory services agreement with its two managing members. The agreement provides for these individuals to consult and advise the Company on applicable financial and/or operational matters and if required by the Company's debt, lease or franchise agreements, to which they are signatories, to remain ready, willing and able to maintain such status for the benefit of the Company, except where such guarantees are not needed; and remain able to provide such additional personal guarantees as, within their sole discretion, may reasonably be necessary to maintain the business of the Company. The initial term was for three years and is automatically renewable annually thereafter, as long as the Company remains in business. The agreement also provides for the reimbursement of reasonable expenses incurred by the individuals in fulfilling their duties. (See Note 6A).

Financial and operating advisory services fees totaled $91,200 in 2016 and $19,200 in 2015.

Note 5 - Capitalization and Operating Agreement

(A) Capitalization:

The Company's initial capitalization consisted of 800 unites, of which 42 and 32 were sold to two managing members at $100 per unit, or $7,400 in the aggregate, and 64 units were sold to the third managing member at $156 per unit, or $10,000 in the aggregate. Of the remaining 646 unites, 83 were sold at $100 per unit, or $8,300 in the aggregate, and 579 units were sold at per unit contributions of $2,300 totaling $1,331,700. All contributions totaled $1,357,400. (See Note 5B).

Wendcharles II, LLC
Notes to the Financial Statements
December 25, 2016 and December 27, 2015

Note 5 - Capitalization and Operating Agreement - (Continued)

(A) Capitalization: (Continued)

In March of 2013 the Company issued 795 additional units, of which 731 were sold to the members at $2,000 per unit, or $1,462,000 in the aggregate. 64 units were issued to its' President at no cost.

(B) Operating Agreement:

All purchasers of membership interests are parties to the Company's operating agreement which provides for the capitalization and operation of the Company, distributions to members and transfers of interests. Members' consents representing 75% of all membership interests are required for the following actions: Change in the operating agreement; voluntary dissolution; sale or exchange of substantially all assets; merger or consolidation; incurrence of debt or refinancing other that in the ordinary course of business or in connection with entering new or unrelated businesses; and removal of a manger, for cause. Members are not required to make up negative capital accounts. Distributions either from cash flow generated by operations or capital transactions (as defined) other than capital contributions are made at the sole discretion of the managers, acting unanimously. Managers are elected by the members. Outside liens against membership interests are prohibited. For permitted transfers of membership interests, book value is equal to assets less liabilities using the income tax method/accrual basis of accounting.

Members wishing to sell their interests shall submit their request in writing, together with appropriate documentation setting forth the terms of such sale, to the managing members, who within thirty days and at their sole discretion, shall approve or disapprove of such sale. If not approved, the managing members within fourteen additional days may elect to have the Company purchase the offered units at the stated terms. Such action by the managing members is to be by simple majority. If the managing members determine that the offered interests are not to be redeemed by the Company, then the interests shall be offered to the remaining members of the Company, pro-rata at the same offered terms, who will have 14 additional days to purchase the offered shares. If the interests are not purchased by the members, then they may be sold to the third-party purchaser at the offered terms, but the purchaser must become bound by the terms of the operating agreement. Membership interests may also be transferred to family members or trusts or by reason of death or incompetence.

Wendcharles II, LLC
Notes to the Financial Statements
December 25, 2016 and December 27, 2015

Note 5 - Capitalization and Operating Agreement - (Continued)

(B) Operating Agreement: (Continued)

In the event of a termination of a member's interest by death, retirement, resignation, expulsion, bankruptcy, incompetence, or in the case of a member that is not a natural person - dissolution, the Company must be dissolved unless it is continued by the consent of all the remaining members. Non-consenting members are deemed to offer and authorized representatives or trustees of deceased or bankrupt members may offer the applicable membership interest, first to the Company, and then to the consenting (continuing) members. In such case, the offered interests must be purchased by either the Company or one or more of the consenting members. Such purchases, unless made by the Company, are to be made pro-rata to the existing interests of purchasing members, unless they agree otherwise or there is only one purchasing member.

In any event, all offered interest of non-consenting members or by the estate, trustee, etc. of deceased or bankrupt members, etc. must be purchased by the Company or one or more consenting members or the Company must be dissolved and liquidated.

Note 6 - Related Party Transactions

(A) Financial and Operational Advisory Services:

The Company paid two of its three managing members and a third individual a total of $91,200 in 2016 and $19,200 in 2015 pursuant to a financial and operational advisory services agreement. (See

(B) Redemption of Membership Interest:

In March 2009 the Company redeemed one member's .13% membership interest for $500.

In January 2010 the Company redeemed one member's .13% membership interest for $1,500.

In December 2011 the Company redeemed one member's .13% membership interest for $1,500.

In March 2013 the Company redeemed one members .13% membership interest for $3,300.

In April 2013 the Company redeemed one member's .13% membership interest for $2,000.

In April 2014 the Company redeemed one member's .13% membership interest for $2,500.

In April 2015 the Company redeemed one member's .13% membership interest for $8,000.

Wendcharles II, LLC
Notes to the Financial Statements
December 25, 2016 and December 27, 2015

Note 6 - Related Party Transactions - (Continued)

(B) Redemption of Membership Interest: (Continued)

In August 2016 the Company redeemed one member's .13% membership interest for $8,000.

(C) The Company, Wencapital, LLC and WendCapital II, LLC have certain common equity interests; however, they are not under common control.

Note 7 - Pension Plan

The Company maintains a qualified cash or deferred compensation plan under section 401(k) of the Internal Revenue Code for all full-time employees meeting certain service requirements. Under the plan, employees may elect to defer up to (15%) of their salary, subject to Internal Revenue Service limits. A discretionary matching contribution may be made by the Company and added to each participant's account. Company contributions for the plan amounted to $10 for 2016 and $8 for 2015.

Note 8 - Subsequent Events

Subsequent events have been evaluated through the date the financial statements were issued, as reflected on the independent accountant's review report.