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

FORM 8-K

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

Date of Report (Date of earliest event reported): February 15, 2023

DIVALL INSURED INCOME PROPERTIES 2, L.P.

(Exact name of registrant as specified in its charter)

Wisconsin
(State or Other Jurisdiction
of Incorporation)

000-17686
(Commission
File Number)

39-1606834
(IRS Employer
Identification Number)

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

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

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

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

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

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

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

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

Emerging growth company

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

Item 2.02. Results of Operations and Financial Condition

Attached to this Current Report on Form 8-K (this "Report") as Exhibit 99.1 is a copy of the 2022 Fourth Quarter Newsletter (the "Newsletter") sent by DiVall Insured Income Properties 2, LP (the "Partnership") to its limited partners (the "Limited Partners") on or about February 15, 2023. The Newsletter informs the Limited Partners of certain financial and distribution information and other events relevant to the Partnership for the fourth quarter of 2022, for the year ended December 31, 2022, and for certain events expected to occur in 2023.

Item 7.01. Regulation FD Disclosure

Attached to this Report as Exhibit 99.2 is a copy of a letter sent by the General Partner to the Limited Partners on or about February 15, 2023, in connection with, among other things, the Partnership's annual statement of the Net Asset Value ("NAV") of each Limited Partner Unit ("Unit"), being the Partnership's estimate of the NAV for purposes of the Employee Retirement Income Security Act, as amended ("ERISA"), which letter is incorporated by reference in its entirety into this report.

In order for qualified plans to report account values as required by ERISA, the Partnership provides an estimated NAV on an annual basis. As of December 31, 2022, the annual statement of NAV for our Limited Partners subject to ERISA was estimated to approximate \$515 per Unit. The estimated NAV was determined by the use of independent third-party appraised valuations conducted in December 2022. The annual statement of estimated NAV as provided to Limited Partners subject to ERISA, and as provided to certain other plan investors, is only an estimate and may not reflect the actual NAV. It should be noted that ERISA plan fiduciaries and IRA custodians may use estimated NAV valuations obtained from other sources, such as prices paid for the Units in secondary markets, and that such estimated Unit valuations may be lower than those estimated by the General Partner. As with any valuation methodology, the independent third-party appraised valuation methodology is based upon a number of estimates and assumptions that may not be accurate or complete. Different parties with different assumptions and estimates could derive a different estimated NAV. Accordingly, with respect to the estimated NAV, the Partnership can give no assurance that:

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

As provided in General Instruction B.2 to Form 8-K, the information furnished pursuant to Item 2.02. and Item 7.01 of this Report and the information contained in Exhibit 99.1 and Exhibit 99.2 shall not be deemed to be "filed" for the purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or otherwise subject to the liabilities of that section. Such information may only be incorporated by reference in another filing under the Exchange Act or the Securities Act of 1933, as amended (the "Securities Act"), if such subsequent filing specifically references this Report. In addition, the furnishing of information in this Report is not intended to, and does not, constitute a determination or admission by the Partnership that the information is material or complete.

Forward-Looking Statements

This Current Report on Form 8-K and the information contained in Exhibit 99.1 and Exhibit 99.2 incorporated herein contain forward-looking statements within the meaning of Section 27A of the Securities Act and Section 21E of the Exchange Act. Such forward-looking statements include statements describing the objectives, projections, estimates or future predictions of the Partnership's operations. These statements may be identified by the use of forward-looking terminology such as "anticipates," "believes," "could," "estimate," "expect," "will," or other variations on these terms. The Partnership cautions that by their nature forward-looking statements involve risk or uncertainty and that actual results may differ materially from those expressed in any forward-looking statements as a result of such risks and uncertainties, including but not limited to: changes in general economic conditions, changes in commercial real estate conditions and markets, inability of the General Partner to find a suitable purchaser for any marketed properties, inability to agree on an acceptable purchase price or contract terms, inability of current tenants to meet financial obligations, inability to obtain new tenants upon the expiration of existing leases, and the potential need to fund tenant improvements or other capital expenditures out of operating cash flow.

All forward-looking statements contained in Exhibit 99.1 and Exhibit 99.2 incorporated herein are expressly qualified in their entirety by this cautionary notice. The reader should not place undue reliance on such forward-looking statements, since the statements speak only as of the date that they are made and the Partnership has no obligation and does not undertake publicly to update, revise or correct any forward-looking statement for any reason.

Item 9.01 Financial Statements and Exhibits

(d) Exhibits

The following exhibits are included with this Report:

- 99.1 [Fourth Quarter 2022 Newsletter of the Partnership.](#)
 - 99.2 [Letter to Limited Partners of DiVall Insured Income Properties 2, LP from the General Partner, distributed on or about February 15, 2023.](#)
 - 104 Cover Page Interactive Data File (embedded within the Inline XBRL document)
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SIGNATURES

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

DiVall Insured Income Properties 2, LP
(Registrant)

Date: February 15, 2023

By: /s/ Lynette L. DeRose
Lynette L. DeRose
Chief Financial Officer

DiVall Insured Income Properties 2, L.P.

Quarterly News

February 15, 2023

ORIGINAL INVESTOR INVESTMENT REVIEW

We thought it would be a helpful prospective for original investors (from 1988-1990) to understand how much of their investment actually was placed in real estate or available to them after the original general partners deceptive activities. I think this is why when The Provo Group assumed operational authority in February, 1993 as well as being elected general partner in May, 1993, so many investors feared they had lost all their investment.

	<u>Total</u>	<u>Per Unit</u>
Original capital invested	\$46,280,300	\$1,000
Syndication fees	(6,921,832)	(150)
Diverted funds by Original G.P.'s	(4,500,000)	(97)
Distributions to Original G.P.'s through 1992	(1,547,742)	(33)
Estimated capital available for real estate investment	<u>\$33,310,756</u>	<u>\$720</u>
Capital received from sales of properties	(23,427,135)	(506)
Net Remaining Initial Investment by Original Partners in R.E. assets	<u>\$9,883,362</u>	<u>\$214</u>
Net Asset Value ("NAV") as of December 31, 2022	<u>\$23,834,200</u>	<u>\$515</u>
Distributions from Operations (only)	<u>\$59,925,133</u>	<u>\$1,295</u>

The story of the above summary is straightforward... An original investor experienced only \$720/unit invested in real estate.

This investor has received \$506/unit returned from sales. The current NAV is \$515/unit, which would recover all of the initial \$1,000/unit investment. Additionally, the original investment has received operating distributions of \$1,295/unit.

ORIGINAL INVESTOR BASIS UPON SALE

The properties have all been fully depreciated and accordingly, the only tax basis available would be associated with the cost of land.

	<u>Total</u>	<u>Per Unit</u>
Remaining portfolio's land value	\$2,564,128	\$55
Estimated NAV value upon sale of portfolio	23,834,200	515
Gain on sale for original investors	<u>\$21,270,072</u>	<u>\$460</u>
Capital gain tax rate plus estimated recapture of depreciation rates - blended @ 30% (for illustration purposes only)	(6,381,022)	(138)
Net Proceeds after tax (est.)	<u>\$14,889,050</u>	<u>\$322</u>
Estimated Operating Distribution for 2023	<u>\$1,000,000</u>	<u>\$22</u>

The purpose of the above projection (as estimated) demonstrates that even if an original investor received \$515/unit upon a liquidation, the investor might receive \$322/unit after capital gain and recapture taxes. As we expect to distribute at least \$22/unit in 2023, the investor would need a 6.8% yield (with inflation protection) to replace current income and increased percentage rents from tenant sales growth.

DISTRIBUTION HIGHLIGHTS

\$475,000 (\$10.26 per unit) will be distributed for the fourth quarter of 2022 on or about February 15, 2023.

Since the Partnership's initial "investable" capital raise of \$33 million (net of \$13 million of syndication fees and original G.P.'s shenanigans) in the late 1980's; the Partnership has distributed approximately \$83 million to investors, from both operations and strategic sales.

NET ASSET VALUE ("NAV")

Our NAV decreased from \$520/unit as of 12/31/21 to \$515/unit as of 12/31/22. Frankly, I was surprised. With the Federal Reserve action on interest rates as well as our sale of Walton Way and a return of capital distribution of \$31/unit, one would expect a lower NAV.

My question to the appraiser ...

Q. The cap rate comparison was a pleasant surprise considering Fed activity. Is it more representative of sales supporting high fixed rents with a positive impact on cap rates compared to 2021?

A. (from independent appraiser) Yep, and honestly net leased deals have not been impacted like other assets. Investors are still looking for safe bets and net leased deals are attractive.

Five of our six extended Wendy's had a combined appraised value increase of \$1,150,000 (\$25/unit) or 6.7% over 2021. The sales of these properties grew by \$300,000 year-over-year or an additional \$0.45/unit of percentage rents.

SALE OF REMAINING PROPERTIES

As we have indicated in the past, the partnership liquidation will be progressive; beginning with the most difficult property sales, based on lease duration (1 Applebee's and 1 Wendy's). After those sales, the "package" of six extended Wendy's leases should be attractive to large institutional investors versus one-off properties attracting small investors who create amplified returns with leverage (debt). Obviously, the debt factor in single property sales has become a difficult element at today's elevated interest rates.

WIND-UP AND LIQUIDATION OF PARTNERSHIP

The liquidation of a partnership, particularly a publicly registered (SEC) partnership; is not as simple as a sale of a stock or bond in which an investor buys and sells, settles within days and receives a handy Form 1099 for tax year-end. The corporation continues to exist and files taxes at the corporate level. Any IRS audits and adjustments can be handled at the corporate level. With a partnership, issuing Form K-1's at the individual investor level, all profit/loss or gain/loss is passed through on a pro-rata basis to the investor as would any tax adjustments years after filing annual tax returns. Someone has to be around to manage the process of extricating the partnership from SEC reporting; IRS claims; investor needs of investor databases and continuing existence for "incurred but not reported" claims from property purchasers and investors both original and secondary market purchasers. In the next newsletter we will layout the type of wind-up timeline one can expect from the liquidation of a public partnership. We've done both DiVall 1 and DiVall 3, so we have experience and war stories.

COMPUTERSHARE

You have recently received a "welcome package" from Computershare. You might be curious why we would move investor relations at this time considering liquidation efforts. There are a few points:

1. Our 27-year relationship with Phoenix American out of San Francisco, was financially abusive, with no reasonable possibility of reduced costs at a fixed annual amount, particularly important during the wind-up years.
2. Computershare provides us state-of-the-art investor services at a fixed annual rate for three years at an annual savings of close to \$1.50/unit.

We encourage all investors to take advantage of the reporting sophistication of Computershare (online individual portals like Ameritrade or Schwab) as well as ACH distribution payments to assure deposit receipt of distributions on the date issued. (I imagine many of us have had poor experiences with the USPS).

-BRUCE PROVO

COMPUTERSHARE CONTACT INFORMATION:

PHONE INQUIRIES:

UNIT HOLDERS:

1-866-637-9460 (US, Canada, PR)
1-781-575-2428 (Toll Non-US)

BROKERS:

1-866-690-8162 (Toll free US)
1-781-575-4019 (Toll Non-US)

US MAIL:

Computershare
P.O. Box 43007
Providence, RI 02940-3007

EMAIL: web.queries@computershare.com

BY OVERNIGHT DELIVERY:

Computershare
150 Royall Street, Suite 101
Canton, MA 02021

Access to Additional Financial Information

For further quarterly 2022 unaudited financial information, see the Partnership's interim financial reports filed as part of the Partnership's Form 10-Q. A copy of this filing and other public reports can be viewed and printed free of charge at the Partnership's website at www.divallproperties.com or at the SEC's website at www.sec.gov. The Partnership's 2021 Annual Report on Form 10-K was filed with the SEC on March 31, 2022, which also can be accessed via the websites listed.



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TPG CEO, Inc.
Rescue Services
TPG Financial, Inc.
Owner Representation
TPG Management, Inc.
Asset Management
TPG, Inc.
Administrative Services
TPG Sanibel Holiday, L.C.
Virtual Resort Services
TPG Capital, Inc.
Investments

Chicago, Illinois Office
708.857.5760

Sanibel, Florida Office
239.472.6565

December 31, 2022

**Re: DiVall Insured Income Properties 2, L.P.
(the "Partnership")**

Dear Limited Partner:

Each limited partner who has a qualified plan is subject to annual reporting requirements under the Employee Retirement Income Security Act of 1974 (ERISA).

To assist you in filing this information for your investment in DiVall Insured Income Properties 2 Limited Partnership, we have estimated the **Net Asset Value** of each interest of the Partnership to approximate \$515 at December 31, 2022.

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

If you have any questions or need additional assistance, please contact Investor Relations at 866-637-9460.

Sincerely,
The Provo Group, Inc., General Partner

By: 
Bruce A. Provo, its President