

**Submission Data File**

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<b>Filer CIK*</b>	0000825788 (DIVALL INSURED INCOME PROPERTIES 2 LIMITED PARTNERSHIP)
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Confirming Copy	No
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Elected not to use extended transition period	No
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**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):** November 26, 2019

**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 75<sup>th</sup> Street, Suite 100  
Prairie Village, Kansas 66208**  
(Address of principal executive offices)

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

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

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

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

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
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 7.01. Regulation FD Disclosure

On November 26, 2019, DiVall Insured Income Properties 2, L.P. (the “Partnership”) received notice of an unsolicited mini-tender offer from CMG Partners, LLC (“CMG”) to purchase units of the Partnership (the “Units”) from limited partners of the Partnership (the “Limited Partners”) at a price of \$201 per Unit, less transfer fees of \$50 per investor and less any distributions paid on or after November 14, 2019.

Although the Partnership historically remained neutral in response to prior mini-tender offers, the Partnership recommends that the Limited Partners reject CMG’s current mini-tender offer, as disclosed in the Partnership’s letter to the Limited Partners dated December 4, 2019 (the “Letter to Limited Partners”) providing further information regarding the mini-tender offer by CMG. Among other things, the Letter to Limited Partners discloses the estimated Net Unit Value (the “NUV”) of each Unit as of December 4, 2019. Pursuant to independent third-party appraised valuations conducted during 2018, the estimated NUV as of December 4, 2019 was approximately \$380 per Unit.

As previously disclosed, in order for qualified plans to report account values as required by the Employee Retirement Income Security Act, as amended (“ERISA”), the Partnership annually provides an estimated NUV. As previously disseminated to Limited Partners by the Partnership, the annual statement of NUV for Limited Partners subject to ERISA was estimated to approximate \$380 per Unit as of December 31, 2018, as determined by the use of independent third-party appraised valuations conducted during 2018.

The estimated NUV as of each of December 4, 2019 and December 31, 2018 is only an estimate and may not reflect the actual NUV. As with any valuation methodology, the independent third-party appraised valuation methodology is based upon a number of estimates and assumptions that may not be accurate or complete. Different parties with different assumptions and estimates could derive a different estimated NUV. Accordingly, with respect to the estimated NUVs, the Partnership can give no assurance that:

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

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

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

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

## Item 9.01 Financial Statements and Exhibits

### (d) Exhibits

99.1 [Letter to Limited Partners.](#)

## **Forward-Looking Statements**

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

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

**SIGNATURES**

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

**DiVall Insured Income Properties 2, L.P.**

By: The Provo Group, Inc., General Partner

Date: December 4, 2019

By: /s/ Bruce A. Provo

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

**Exhibit 99.1**

December 4, 2019

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

Ladies and Gentlemen:

On or about November 14, 2019, CMG Partners, LLC and its affiliates (collectively, the “Bidder”) distributed an Agreement of Assignment and Transfer to limited partners (“Limited Partners”) of DiVall Insured Income Properties 2, L.P. (the “Partnership”), for the purpose of making a third-party tender offer to purchase up to 4.0% of the outstanding limited partnership units of the Partnership (“Units”), at a purchase price equal to \$201 per Unit, less transfer fees of \$50 per investor and less any distributions paid by the Partnership on or after November 14, 2019 (the “Offer”). A copy of the Offer was first delivered to the Partnership on November 26, 2019. Because the Offer seeks less than 4.9% of the outstanding Units, the Bidder did not file a Schedule TO with the Securities and Exchange Commission (“SEC”).

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

The Offer permits Limited Partners to withdraw and rescind any acceptance of the Offer within 10 days following the date you executed the transfer document. **Therefore, if you have already accepted the Offer, the Partnership recommends that you immediately contact the Bidder to withdraw and rescind that acceptance in writing.**

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

1. Third-Party Sales:

The Partnership is not affiliated in any way with the Bidder, and the money that may be paid to Limited Partners for Units tendered in the Offer will not come from, or through, the Partnership. Once the Partnership receives sufficient evidence of a sale from both the seller and buyer directing the Partnership to transfer the Units, the Units are transferred to the buyer upon the approval of the General Partner, The Provo Group, Inc. (“TPG”). The Partnership will not be responsible for making sure any seller is paid. However, under the IRS Safe Harbor rules, in one year TPG can only approve the transfers of Units sold up to 2% of the total number of Partnership Units outstanding (46,280.30). We have already approved transfers aggregating approximately 1.9989% of the outstanding Units in 2019. Accordingly, the Partnership does not have the ability to approve the transfer of any additional Units until the year 2020, except for Units sold and transferred through a Qualified Matching Service (see Section 5 below).

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

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

2. Purchase Price of Offer:

The Offer is based on a purchase price equal to \$201 per Unit, less transfer fees of \$50 per investor. The Bidder’s purchase price is also subject to downward adjustment in the event of any distributions paid by the Partnership on or after November 14, 2019. As we understand the Offer, distributions paid on or after November 14, 2019 will reduce the \$201 per Unit purchase price.

As the Partnership informed Limited Partners in a letter dated December 31, 2018, the Partnership estimated the NUV to approximate \$380 at December 31, 2018. More recently, pursuant to independent third-party appraised valuations conducted during 2017, the Partnership has estimated the NUV as of December 3, 2019 to approximate \$380 per Unit.

The recent estimated NUV of approximately \$380 per Unit is 89% greater than the purchase price offered by the Bidder, before deducting transfer fees and any distributions paid. This valuation is subject to a number of limitations, which are disclosed in more detail in the Forms 8-K the Partnership filed with the SEC on November 9, 2017 and February 15, 2018.

In addition, comparative transfer price information is available upon request to our Investor Relations Department. The Partnership’s records indicate that Units have recently traded in a range from \$280 to \$300 per Unit. The Partnership, however, makes no representation that these prices are fair or reasonable.

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3. Current Cash Yield on Net Unit Value:

Since the Partnership's capital raise of approximately \$46 million in the early 1990s, the Partnership has distributed approximately \$78 million to investors, from both operations and strategic sales. The General Partner anticipates (but does not guarantee) that, assuming the continuation of the Partnership, the Partnership's portfolio of properties could continue to generate net distributable income in line with historical performance for at least the next five (5) years. We expect cash distributions to total \$23.28 per Unit in 2020 or a 6.1% cash yield on the estimated internal Net Unit Value \$380<sup>1</sup> per Unit as of the date of this letter.

Since the Partnership's assets are depreciable real property, some of the distributable net income may be tax sheltered, leading to a slightly higher "after tax" rate of return.

In today's generally low interest rate environment, these returns compare favorably to alternative investments of similar risk profiles into which Limited Partners could re-invest their after-tax sale proceeds from a sale of their Units.

4. Percentage Rents Earned in 2019 and Expected to Be Distributed February 2020

The Partnership earns a significant amount of rent percentage rents annually, but receives payment from the respective tenants in the following January. Because the Partnership expects to receive the 2019 percentage rents in January 2020, the Partnership's distribution of these significant amounts is not expected to occur until the fourth quarter 2019 distribution payable February 2020. The Partnership expects the February 2020 distribution to represent in excess of 45% of the Partnership's total distributions paid in 2020. For example, the Partnership distributed \$500,000, or \$10.80 per Unit, in January 2019. **If your units are tendered this percentage rent distribution payable in 2020, but earned in 2019, will inure to the benefit of the Bidder.**

5. Qualified Matching Service:

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

6. Termination Scheduled for 2020:

The Partnership is currently scheduled to liquidate in 2020, although it is possible this liquidation deadline may be extended if the Limited Partners vote to amend the Limited Partnership Agreement of the Partnership during our bi-annual consent to sell circularization.

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

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**Once again, you are not required to tender your Units to the Bidder, and the Partnership recommends that you not tender your Units. If you have agreed to tender your Units, we recommend that you contact the Bidder immediately and withdraw and rescind your tender in writing.**

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

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

**PHONE:** 1-(844) 932-1769

**FAX:** 1-(415)-485-4553

Sincerely,

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

By: */s/ Bruce A. Provo*

Bruce A. Provo, President

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