

# DiVall Insured Income Properties 2, L.P.

## QUARTERLY NEWS

August 15, 2013

A Publication of The Provo Group, Inc.

SECOND QUARTER 2013

### ***Mt. Pleasant, SC Condemnation Award & Settlement***

As we reported to you in the last newsletter, the partnership settled with the County of Charleston, S.C., in the condemnation matter with respect to the partial taking of land for road improvements impacting our Wendy's property in Mt. Pleasant, S.C. The County's initial offer in 2010 was \$177,000. The final award was \$871,500. The contingent legal fees were \$147,250. During July 2013, the Landlord and Tenant finalized an agreement to share the Net Settlement proceeds of \$724,000 equally over the term of the lease, before option exercise. The Tenant share will be paid with an initial \$181,000 lump sum payment as of the effective date and monthly rent credits beginning August 1, 2013 of \$1,830 over the remaining ninety nine (99) months of the existing lease term in the aggregate amount of \$181,000. As part of the settlement, the Tenant has exercised one, five (5) year option at current rental rates without further award credits. The aggregate fixed rents for the exercised option term payable from Wendy's amount to \$386,615.

*As the title transferred to the County in June, 2013, the tax gain for this transaction will be recognized as of June 30. However, the proceeds from the sale are not expected to be received from the County until August. Accordingly, we will distribute available sale proceeds with third quarter operations on November 15, 2013.*

**If you intend to sell units after June 30, please be aware of the possible difference in tax recognition for this transaction and who will receive the corresponding distribution on a unit sale transaction.**

### ***DISTRIBUTION HIGHLIGHTS ...***

**\$115,000 (\$2.48 per unit)** will be distributed for the second quarter of 2013.

**Between \$1,629.97 and \$1,480.79** is the range of cumulative total distributions per unit from the first unit sold to the last unit sold before the offering closed (3/90), respectively. (Distributions are from both adjusted cash flow from operations and "net" cash activity from financing and investing activities).

The third quarter distribution, payable November 15, 2013, is currently estimated to be \$440,000 (\$9.50 per unit) which is about \$300,000 (\$6.50 per unit) greater than the initial projections of \$140,000 due to the Mt. Pleasant, SC Condemnation Award Settlement.

### ***ADDITIONAL FINANCIAL INFORMATION CAN BE ACCESSED ...***

For further Quarterly 2013 unaudited financial information, see the Partnership's interim financial reports filed on Form 10-Q. A copy of these filings and other public reports can be viewed and printed free of charge at the Partnership's website at [www.divallproperties.com](http://www.divallproperties.com) or at the SEC's website at [www.sec.gov](http://www.sec.gov). The Partnership's 2012 Annual Report on Form 10-K was filed with the SEC on March 22, 2013; the report can also be accessed via the websites.

### ***FORWARD LOOKING STATEMENTS***

*Forward-looking statements that were true at the time made may ultimately prove to be incorrect or false. Investors are cautioned not to place undue reliance on forward-looking statements, which reflect the Partnership's management's view only as of August 1, 2013, the date this newsletter was sent for printing and mail assembly. The Partnership 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 newsletter include changes in general economic conditions, changes in real estate conditions and markets, 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.*

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Property Highlights .....2

**QUESTIONS & ANSWERS**

- ❖ ***Is it too late in the 2013 Consent process for me to vote?***  
On July 19, 2013, the notice of internet availability letters were mailed to all investors of record as of May 31, 2013. The Consent Solicitation is open until August 31, 2013. You can contact DiVall Investor Relations (see below for their contact information) to request a consent card in order to vote.
- ❖ ***When can I expect to receive my next distribution mailing?***  
Your distribution correspondence for the Third Quarter of 2013 is scheduled to be mailed on November 15, 2013.
- ❖ ***When can I expect to receive my Partnership K-1?***  
According to IRS regulations, Management is not required to mail K-1's until April 15<sup>th</sup>, 2013. The 2012 K-1's were mailed in the first week March of 2013.
- ❖ ***What was the estimated December 31, 2012 Net Unit Value ("NUV")?***  
Management had estimated the December 31, 2012 Net Unit Value of each interest of the Partnership to approximate \$340, as noted in the letter mailed to investors on February 15, 2013. Please note that the estimated year-end NUV should be adjusted (reduced) for any subsequent property sale(s) or applicable impairment write-downs during the following year. As with any valuation methodology, the General Partner's 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 NUV, the Partnership can give no assurance that:
  - an investor would be able to resell his or her units at this 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 Partnership's units would trade at the estimated NUV per unit in a secondary market; or
  - the methodology used to estimate the Partnership's NUV per unit would be acceptable to FINRA or under ERISA for compliance with their respective reporting requirements.
- ❖ ***How can I obtain hard copies of Quarterly and Annual Reports or other SEC filings?***  
Please visit the Investor Relations page at the Partnership website at [www.divallproperties.com](http://www.divallproperties.com) or the SEC website at [www.sec.gov](http://www.sec.gov) to print a copy of the report(s) or contact Investor Relations.
- ❖ ***What is the meaning of the word "Insured" in the name of this investment?***  
In the offering materials from the late 1980's, sponsored by the former general partners, there was a representation (but no "guarantee") that the Partnership would seek to insure rents from vacant properties. Although, there was some initial availability of very restrictive and limited (one year) insurance, that availability vanished in the early 1990's.  
In other words, the former general partners were "fast and loose" with professing the concept of "Insured" and the next and final partnership they sold did not use the term in the investment's name.
- ❖ ***How do I have a question answered in the next Newsletter?***  
Please e-mail your specific question to Lynette DeRose at [lderoserose@tpgsystems.com](mailto:lderoserose@tpgsystems.com) or visit the Investor Relations page at [www.divallproperties.com](http://www.divallproperties.com).
- ❖ ***I've moved. How do I update my account registration?***  
Please mail or fax to DiVall Investor Relations a signed letter stating your new address and telephone number. Updates cannot be accepted over the telephone or via voicemail messages.
- ❖ ***If I have questions or comments, how can I reach DiVall Investor Relations?***  
You can reach DiVall Investor Relations at the address and/or number(s) listed below.

**CONTACT INFORMATION**

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

**PHONE:** 1-800-547-7686  
**FAX:** 1-415-485-4553