

DiVall Insured Income Properties 2, L.P.

Quarterly News

2016 Second Quarter Distribution will be \$110,000, or \$2.38 per unit

The 2016 second quarter distribution was budgeted to be \$140,000, or about \$3.03 per unit. Due to FINRA Rule 2340, which, in part, now requires current appraisals on all properties, we will instead be distributing \$110,000 or about \$2.38 per unit.

Our first quarter distribution was \$50,000 higher than budgeted due to lower expenses in the first quarter of 2016 compared to prior years, therefore, on a net basis, year-to-date distributions are \$20,000, or about \$0.43 per unit higher than initially projected through June 30, 2016.

The appraisals required under FINRA Rule 2340, which cost \$27,500, were completed in mid-June, and their results support our annual net unit value calculation that was distributed earlier this year.

On July 8, 2016, we received notice from our tenant that operates an Applebee's of its election to exercise its option to extend their lease an additional two years. That lease is now due to expire on October 31, 2018. The rent for this property will increase by 2% annually on November 1, 2016 and 2017, without any adjustment to the percentage rent breakpoint for this lease.

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Distribution Highlights...

- **\$110,000 (\$2.38 per unit)** will be distributed for the second quarter of 2016 on or about August 15, 2016.
- Since the partnership's initial capital raise of \$46 million in the early 1990's, the partnership has distributed approximately \$75 million to investors, from both operations and strategic sales.

Additional financial information can be accessed...

For further Quarterly 2016 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 2015 Annual Report on Form 10-K was filed with the SEC on March 25, 2016, which also can be accessed via the websites listed.

FORWARD LOOKING STATEMENTS

Forward-looking statements may differ materially from actual results. Investors are cautioned not to place undue reliance on forward-looking statements, which reflect the Partnership's management's view only as of August 15, 2016, 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.

QUESTIONS & ANSWERS

- ❖ ***When can I expect to receive my next distribution mailing?***
Your distribution correspondence for the Third Quarter of 2016 is scheduled to be mailed on or about November 15, 2016.
- ❖ ***When will the Partnership mail the 2015 K-1's?***
2015 K-1's were mailed to investors in the first week of March 2016.
- ❖ ***What was the estimated December 31, 2015 Net Unit Value ("NUV")?***
Management has estimated the December 31, 2015 Net Unit Value of each interest of the Partnership to approximate \$340. 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 or the SEC website at 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 lderos@theprovgroup.com or visit the Investor Relations page at 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

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