



Tractor Supply Company

164 LEE AVENUE, PIKEVILLE, KENTUCKY 41501



An offering by America's most experienced owner of all-cash, high-quality net leased properties.

Disclosure

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This brochure is meant to be read in conjunction with the Private Placement Memorandum ("Memorandum"). A potential investor should review the Memorandum, Exhibits and all additional documents in their entirety before making a decision to purchase. Potential investors should pay special attention to the Risks section in the Memorandum.

TIC OFFERING

1031 EXCHANGE

1

Dear Investor:

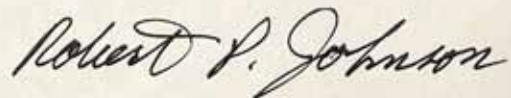
For real estate owners seeking high-quality property investment for direct ownership or to complete their 1031 exchanges, net leased commercial properties are one of the most sought-after assets. AEI has been specializing in commercial net lease property investments since 1974. As landlord for major American corporations, we've developed, owned, and managed more than 300 net lease properties in 39 states, representing the investment capital of more than 19,000 investors nationwide.

For TIC investors seeking direct asset ownership, a commercial income property under a long-term net lease to a name-brand corporate tenant is an attractive choice. AEI is a leader in the TIC industry. We were the first company in America to offer securitized TIC investments in 1992. We were the first company to receive a favorable Private Letter Ruling from the IRS with respect to the qualification of our TIC-1031 offerings as "like-kind" property. We are one of the most experienced sources of net lease property TIC offerings in the country.

This offering brings the optimal components of an AEI property together in one investment: a category leading tenant, Tractor Supply Company, a property in an ideal location and an attractive long-term net lease.

We look forward to sharing more information with you on this or other TIC-1031 properties.

Sincerely,



Robert P. Johnson
President/CEO
AEI Capital Corporation



INVESTMENT OVERVIEW

Tenant:	Tractor Supply Company	Year Built:	2008
Price:	\$4,672,130	Lot Size:	63,461 sq. ft. (2.53 Acres)
Cap Rate:	6.30%*	Lease Term:	7/21/2008 - 7/31/2023
Initial Distribution Rate:	5.90%*	Renewal Options:	4 5-year options
Annual Rent:	\$294,478*	Rental Increases:	10% every 5 years <i>(next increase 8/1/2013 and 8/1/2018)</i>
Gross Leasable Area:	19,097 sq. ft.		
Lease Type:	NN	Minimum Investment:	\$150,000

**Based on the 10% rental increase on 8/1/2013. Potential investors should review the Projected Cash-Flow, included as Exhibit "C" in the Memorandum, prior to making any purchase decisions.*



PROPERTY HIGHLIGHTS

Tenant:

- Tractor Supply Company - the largest operator of retail farm and ranch stores in the United States
- 1,176 Stores in 45 States*
- Annual revenues of \$4.7 Billion with over \$1.0 Billion in shareholder equity*
- Net income of \$276 Million*
- 45% revenue growth from 2009-2012

Location:

- Located in Pikeville, KY - an economic and service center for eastern Kentucky
- Across from US Highways 23, 460, 119 and KY Highway 80
- Located in Pikeville's largest retail development

Lease Terms:

- Long-term net lease – 10 years remaining on initial term**
- 10% rental increase every 5 years (next increase 8/1/2013 and 8/1/2018)
- 6.62% average cap rate over remaining lease term**

*As of 12/29/2012

**As of 8/1/2013



File Photo

SITE OVERVIEW

This Tractor Supply store is located in the largest commercial retail development in Pikeville, KY. The property is across from US Highways 23, 460, 119 and KY Highway 80 where an estimated 38,000 vehicles pass by daily. This area draws retail and dining patrons from eastern Kentucky, western Virginia and West Virginia. Surrounding businesses include Walmart, Lowe's, Food City, Staples, Applebee's and over 25 other national and regional retailers. The City of Pikeville has recently approved a \$5.0 Million bridge improvement project near the entrance to this development due to the high volume of traffic heading into this development from surrounding areas.





460

119

23

TRACTOR SUPPLY CO.

Aaron's **FOOD CITY**
Shoe Max

1st Commonwealth Bank
Dollar Tree

DOLLAR GENERAL

New Library
Burger King

Merrill Lynch
rue21
1st National Bank

Applebee's
McDonald's

STAPLES **HIBBETT SPORTS** **STIHL**
GameStop Penn Station Subs

WAL-MART

• Proposed development:
200 apartment units
200,000+ sq. ft. of retail,
expected completion: 2014

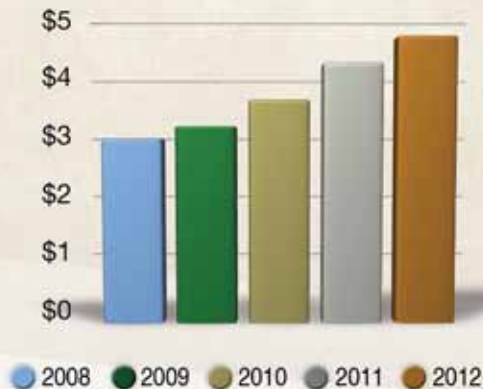
Potential investors should be aware only the Tractor Supply Company property is available for purchase as part of this offering. Additional photos and images of other retailer names and locations are included on this page for illustrative purpose only.

TENANT PROFILE

Tractor Supply Company is the largest operator of retail farm and ranch stores in the United States and has been operating since 1938. Over 1,175 stores are located in towns outside of major metropolitan markets and in rural communities in 45 states. It is focused on supplying the lifestyle needs of recreational farmers and ranchers and serving the maintenance needs of those who enjoy the rural lifestyle as well as tradesmen and small businesses. Tractor Supply serves its market by offering a diverse retail product mix consisting of livestock and pet products, hardware and tools, lawn and garden items, gifts and toys, as well as clothing and footwear.

Tractor Supply is a growing company with a long term goal of opening 2,100 stores nationwide. Total revenues have grown by 45% from 2009-2012. As of December 29, 2012, Tractor Supply Company had total revenue of \$4.7 Billion, shareholder equity of over \$1.0 Billion, and net income of \$276 Million.

Net Sales Growth *(In Millions)**



Growth of a \$100 investment in 2007*



*Source 2012 TSCO annual report

TSC TRACTOR SUPPLY CO[®]



INCOME SUMMARY

YEAR	ANNUAL BASE RENT	CAP RATE ⁽¹⁾	TAX EQUIVALENT CAP RATE ⁽²⁾
2013	\$278,861	6.30% ⁽³⁾	9.00%
2014	\$294,478	6.30%	9.00%
2015	\$294,478	6.30%	9.00%
2016	\$294,478	6.30%	9.00%
2017	\$294,478	6.30%	9.00%
2018	\$306,748	6.60%	9.40%
2019	\$323,926	6.90%	9.90%
2020	\$323,926	6.90%	9.90%
2021	\$323,926	6.90%	9.90%
2022	\$323,926	6.90%	9.90%
2023 ⁽⁴⁾	\$337,423	6.90%	9.90%
Option 1	\$356,319	7.60%	10.90%
Option 2	\$391,950	8.40%	12.00%
Option 3	\$431,145	9.20%	13.20%
Option 4	\$474,260	10.20%	14.50%

⁽¹⁾ The cap rate is calculated based on the annual base rent due and payable by the Tenant under the Lease. Potential investors should refer to the Projected Cash-Flow, included as Exhibit "C" in the Memorandum, for a complete breakdown of estimated expenses and distributions for this offering.

⁽²⁾ Assuming a 30% tax rate, this is the yield an investor would need to earn if they opted not to do a 1031 exchange and invested 30% less principal to equal the cash flow based on the corresponding cap rate projected in this offering.

⁽³⁾ As of 8/1/2013

⁽⁴⁾ Initial lease term expires 7/31/2023

EQUINE

FEED

ANIMAL HEALTH

TODAY'S FEED PRICES

Cattle Feeds		Poultry Feeds	
40% Crack Corn	1.15	100% Yellow Corn	1.15
40% Crack Corn	1.15	100% Yellow Corn	1.15
40% Crack Corn	1.15	100% Yellow Corn	1.15
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Horse Feeds

Senior

Mare & Foal

Performance

Cattle Treatment Builds For Healthy Feeds

PIKEVILLE MARKET OVERVIEW

Pikeville is located in the eastern part of Kentucky where US Highways 23, 460, 119 and KY Highway 80 all meet. US 23 is a major north-south connector route and is the most heavily traveled road south of Interstate 64 and east of Interstate 75, placing Pikeville within 150 miles of five major cities. Industries that are supported by Pikeville include medical, legal, education, mining, tourism, and retail. It hosts the region's largest medical center, a technical school, and a major university medical school.



Pikeville is the county seat of Pike County, the largest county in Kentucky. Pikeville has a population of approximately 7,000 and serves as an economic and service center for the surrounding area of over 245,000 residents. According to population demographic data provided by ESRI, Inc., 86% of these residents are considered rural to midland. This demographic segment takes pride in their homes, lawns, and vehicles, and households are likely to own riding mowers, garden tractors, and tillers. Pet and livestock ownership is also very common among this demographic.



PIKEVILLE ECONOMIC DEVELOPMENT PROJECTS

The Pikeville Medical Center, a major employer in the area, has seen revenue growth of over 90% since 2006 as surrounding communities as far as West Virginia and Virginia increasingly rely on their state-of-the-art capabilities. This increase in demand has fueled a recent and continued economic expansion throughout Pikeville. Currently there are over \$300 Million in economic development projects underway including a large scale addition to the Medical Center, the construction of a new judicial center which will house regional courts, a library and conference center, a major expansion to the University of Pikeville medical school, and a 400 acre housing development. Additionally, a 204 unit apartment and 200,000+ square foot retail development project is planned just to the north of the existing Tractor Supply site.



East Kentucky Expo Center
\$29 Million project completed in 2005



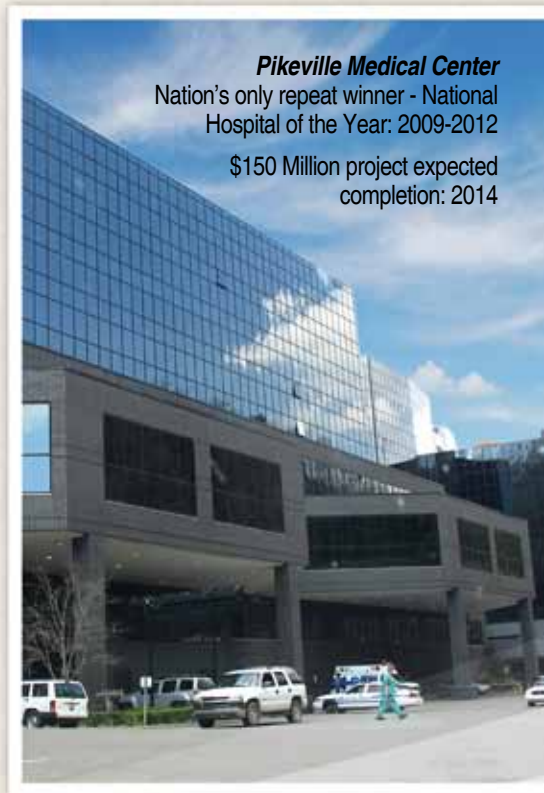
University of Pikeville College of Medicine
\$34 Million project completed in 2012



Judicial Center
\$35 Million project expected completion: 2013



Pikeville Library & Conference Center
Currently under construction – Located directly north of Tractor Supply Co. property



Pikeville Medical Center
Nation's only repeat winner - National Hospital of the Year: 2009-2012
\$150 Million project expected completion: 2014

ABOUT AEI



Founded in 1970, AEI is one of America's oldest sponsors of net lease real estate investment programs and a leader in the TIC-1031 exchange industry. AEI is a national source of high quality,

commercial real estate for property owners engaged in 1031 tax-deferred property exchanges. AEI has specialized in developing, evaluating and purchasing these types of properties for nearly four decades and offers a portfolio of name-brand, net leased commercial retail properties.

Why come to AEI for your TIC or 1031 properties?

Exceptional service. If this is your first 1031 property exchange or TIC purchase, we make every effort to ensure that you fully understand

the transaction. Our experienced professionals are available to assist you at each step.

Stability and quality. AEI offers quality, single tenant properties – freestanding real estate occupied by creditworthy corporate tenants under long-term net leases.

Acquisition expertise. AEI has performed institutional-grade due diligence on every property we own. Acquiring property from AEI can reduce this time-consuming, labor-intensive aspect of your property selection process and provide a higher level of expertise than you may be able to provide yourself.

Post-purchase services. After your property purchase is complete, AEI can provide the following services:

- Accounting and distribution of rental income
- Year-end 1099 forms for tax reporting
- Assisting with any management concerns you may have about your property
- Monitoring lease compliance, tax and insurance payments, and property maintenance by the tenant



AEI CAPITAL CORPORATION

Quality Properties. Quality Performance. Since 1970.

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