

# AEI HEALTHCARE PORTFOLIO DST

*Four debt-free properties occupied by multi-billion dollar corporate tenants*

## Disclosure

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*Several photos throughout this brochure are of properties similar in appearance to the properties in the portfolio. Property photos are available in the Property Condition Report and Appraisal included with the Private Placement Memorandum.*

*This brochure is meant to be read in conjunction with the Private Placement Memorandum ("Memorandum"). A potential purchaser should review the Memorandum, Exhibits and all additional documents in their entirety before making a decision to purchase.*

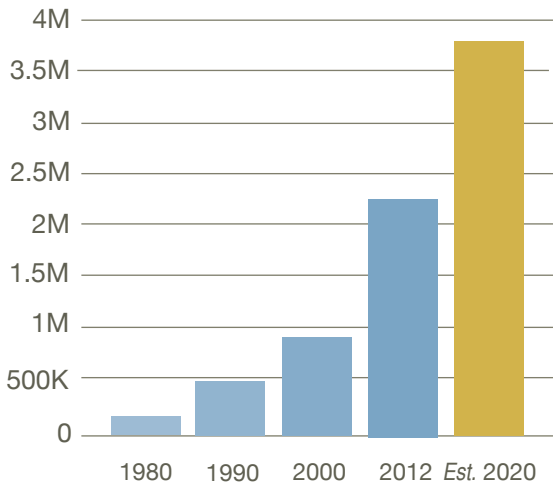
# Healthcare Real Estate

According to Marcus & Millichap Office Research Report, healthcare real estate continues to benefit from the strength of the healthcare industry itself. National health spending is projected to grow at an average rate of 5.6% per year through 2025, and 4.7% per year on a per capita basis. The healthcare sector is one of the strongest job generators in the American economy.

An aging population is increasing the need for medical services across the country. CBRE National Healthcare Real Estate Investor Update states that it is predicted that by the year 2060 the number of Americans aged 65 and older will more than double. Healthcare providers are moving toward a more patient-centered model, placing medical facilities in retail-like settings and into local communities, capitalizing on strong traffic and demographic patterns and providing patients with easier access to healthcare. Rising demand for healthcare services will bode well for the medical office building segment and buildings with modern amenities and flexible floor plans.

## The need for dialysis is predicted to double by 2020

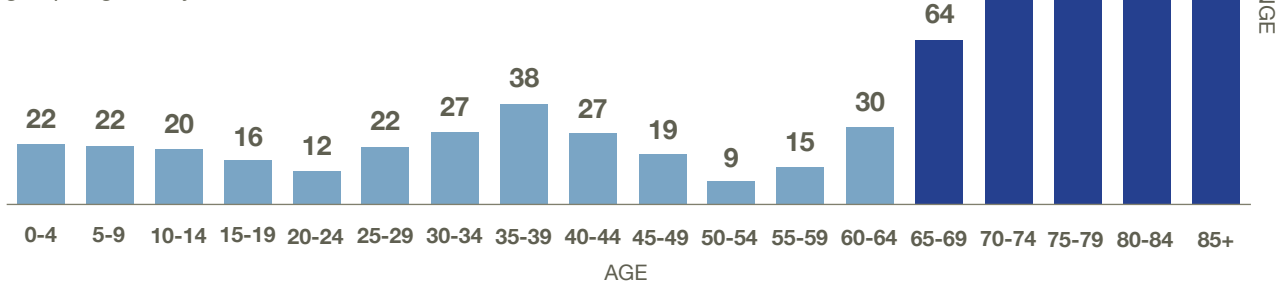
Number of dialysis patients worldwide by year.



Source: Marcus & Millichap Medical Office Research Report 2016, [aoa.acl.gov](http://aoa.acl.gov), [www.freseniusmedicalcare.org](http://www.freseniusmedicalcare.org); CBRE National Healthcare Real Estate Investor Update, 2016; [www.cms.gov](http://www.cms.gov)

## Percent change in population by age group between 2012 and 2060

The percentage change in population by age group is largest for the groups aged 65 years and older.



Source: U.S. Census Bureau

# Investment Overview

AEI Healthcare Portfolio DST consists of a portfolio of four single-tenant, net leased properties owned through a Delaware Statutory Trust (DST) structured to be suitable for 1031 exchange investment. This offering is for accredited investors seeking stable, long-term income and tax deferral through a high-quality, fractional real estate investment.

- **Total offering:** \$21,748,000
- **Debt:** None (Debt-Free)
- **Initial annual distribution rate:** 5.09%
- **Distribution frequency:** Monthly
- **Average remaining lease term:** 14 years<sup>1</sup>
- **Anticipated exit strategy:** Liquidate 10 years after completion of offering period
- **Minimum investment:**
  - \$100,000 for a 1031 exchange
  - \$50,000 for a cash investment

<sup>1</sup>As of 3/1/2017, based on scheduled rental income over remaining lease terms.

“

Properties are acquired 100% all-cash. With no mortgage debt, they are not subject to the risks of debt servicing, refinancing, or foreclosure.

”

## Distribution Schedule

Year	Net Anticipated Distribution	Annual Distribution Rate <sup>3</sup>
2017 <sup>1</sup>	\$922,416	5.09%
2018	\$1,111,807	5.11%
2019	\$1,126,553	5.18%
2020	\$1,138,306	5.23%
2021	\$1,151,419	5.29%
2022	\$1,193,010	5.49%
2023	\$1,205,328	5.54%
2024	\$1,209,783	5.56%
2025	\$1,225,863	5.64%
2026	\$1,248,675	5.74%
2027 <sup>2</sup>	\$213,248	5.88%

<sup>1</sup>For the partial year 3/1/2017 - 12/31/2017.

<sup>2</sup>For the partial year 1/1/2027 - 2/28/2027.

<sup>3</sup>The Annual Distribution Rate is based on the total offering purchase price of \$21,748,000. This return does not include any federal, state, or other taxes an investor may be required to pay.

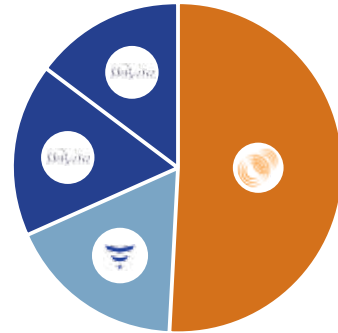
Potential purchasers should review the Projections of Operations for the Project and Return to Holders, included as Exhibit “D” in the Memorandum, prior to making any purchase decisions. There is no guarantee that cash flow, return of principal, or profits will be generated by the Project. The ability of each property to produce distributions of rental income is dependent on the tenant’s ability to pay rent and meet its other obligations under its respective lease.

# Portfolio Assets

## Highlights

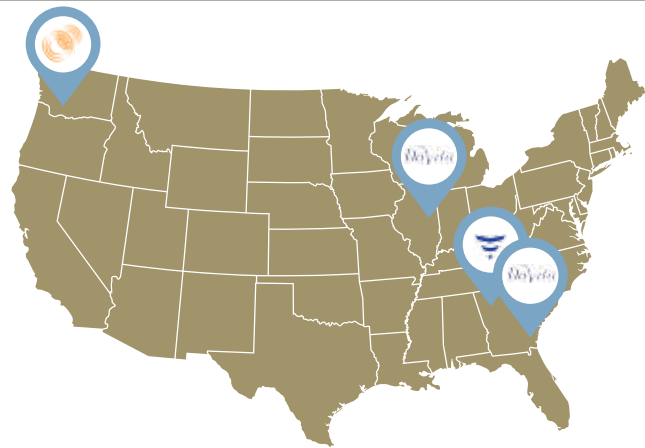
- Four distinct markets throughout the United States
- Each tenant operates in a specific medical sector
- Each property is net leased to an industry-leading corporate tenant
- All leases are long-term, full-faith and credit net leases

## Portfolio Composition



## National Diversification

Prior to purchase, each property and location was subjected to extensive due diligence to create a diversified portfolio of commercial properties leased to well-known companies in superior locations across the United States.



## Overview

Operator	Location	Percent of Portfolio <sup>1</sup>	Tenant/Guarantor Annual Revenue	Lease Expiration	Gross Rent (As of 3/1/17)	Rent Escalators
Fresenius	Braselton, GA	17.4%	\$12.88 Billion <sup>2</sup>	7/31/2029	\$211,688	2.5% every year
DaVita, Inc.	Danville, IL	14.7%	\$14.74 Billion <sup>2</sup>	10/31/2031	\$164,039	10.0% every 5 years
DaVita, Inc.	Evans, GA	16.9%	\$14.74 Billion <sup>2</sup>	8/31/2031	\$187,891	10.0% every 5 years
BioLife	Lacey, WA	51.0%	\$6.15 Billion <sup>2</sup>	5/31/2031	\$619,636	3.0% every 3 years

<sup>1</sup>Based on property purchase amount. | <sup>2</sup>Based on the most recent audited annual report.

# BioLife Plasma Services

## About the Tenant:

*Baxalta Inc.*

BioLife Plasma Services is an industry leader for the collection of high-quality plasma that is processed into life-saving therapies. The company operates numerous state-of-the-art plasma collection facilities throughout the United States and Austria.

Baxalta Inc., the parent company of BioLife Plasma Services, is the lease guarantor. Baxalta is a leading biopharmaceutical company that advances innovative therapies in hematology, immunology, oncology for the treatment of hemophilia, bleeding disorders, immune deficiencies, alpha-1 antitrypsin deficiency, and other chronic diseases. Baxalta's global net sales totaled \$6.15 Billion in 2015, an increase of 3.3% over 2014 and has a total equity of \$3.9 Billion. In June of 2016, Baxalta completed a \$32 Billion merger with Shire Pharmaceuticals, creating what it called the global market leader in rare diseases and other specialized disorders.

*Source: [www.baxalta.com](http://www.baxalta.com)*

*Please refer to the tenant details in the PPM for a full description of the tenant.*

## Location:

*8530 Martin Way SE, Lacey, Washington*

Lacey is located in the northern part of Thurston County south of Seattle. Thurston County has exceeded Washington's overall rate of growth since the 1960s, ranking it as one of the fastest growing counties in the state. Seattle, for the third consecutive year, has been placed among the Top 5 big cities for population growth.

The property is located less than a one-half mile southeast of Interstate 5, which provides direct access to the cities of Olympia and Seattle. It is located in a dense single-family residential area and only blocks away from several major retailers including Costco and The Home Depot.

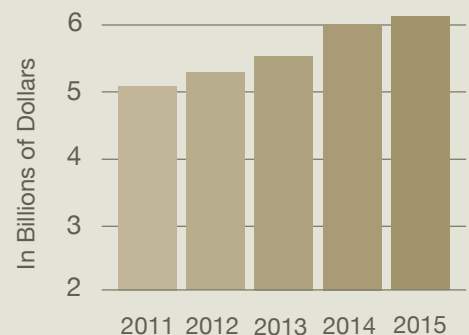
*Source: Hottle Appraisal, US Census Bureau*



## Industry Leader

Baxalta is the global market leader in rare diseases and other specialized disorders.

## BAXALTA REVENUE GROWTH





ALL EXTERIOR AND INTERIOR PHOTOS ARE REPRESENTATIVE.

# Fresenius Medical Care

## About the Tenant:

*Fresenius Medical Care Ag & Co KGaA  
(NYSE: FMS)*

Fresenius Medical Care Ag & Co KGaA is the world's largest integrated provider of products and services for individuals undergoing dialysis treatment due to chronic kidney failure, a condition that affects more than 2.6 million individuals worldwide. With more than 3,360 kidney dialysis clinics in approximately 45 countries, Fresenius provides treatment to nearly 300,000 patients. FMS is also the world's pre-eminent provider of dialysis products such as hemodialysis machines, dialyzers and related disposable products.

Fresenius Medical Care Holdings, Inc. (FMCH), is the guarantor the lease and is the North American subsidiary of FMS. FMCH employs approximately 60,000 people. In 2016, FMCH reported revenues of \$12.88 Billion.

*Source: [www.freseniusmedicalcare.com](http://www.freseniusmedicalcare.com)*

*Please refer to the tenant details in the PPM for a full description of the tenant.*

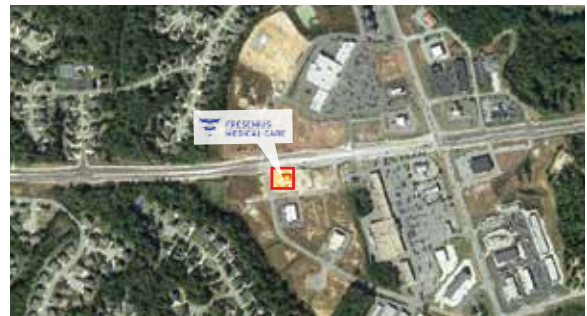
## Location:

*2349 Sparta Way, Braselton, GA*

Braselton is located in the southern part of Hall County, approximately forty-miles northeast of Atlanta. The population of Braselton grew 26% between the years of 2010-2015 largely due to its close proximity to Atlanta. Sixteen FORTUNE 500 companies are headquartered in Atlanta and it is home to the world's busiest and most efficient airport.

The property is located approximately seven-miles northwest of downtown Braselton along Route 347 which provides direct access to the heavily traveled Interstate 985. The Northeast Georgia Medical Center-Braselton location is just three miles down the road from the property.

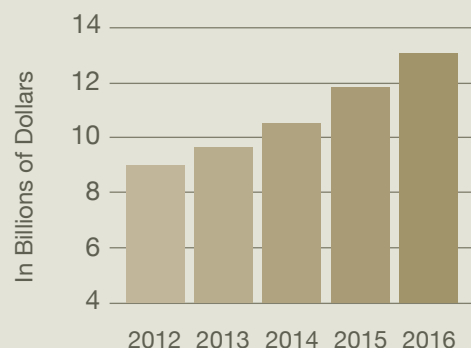
*Source: Hottle Appraisal, US Census Bureau*



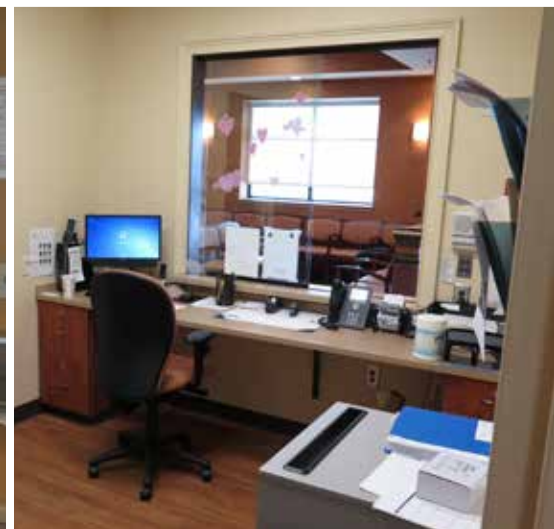
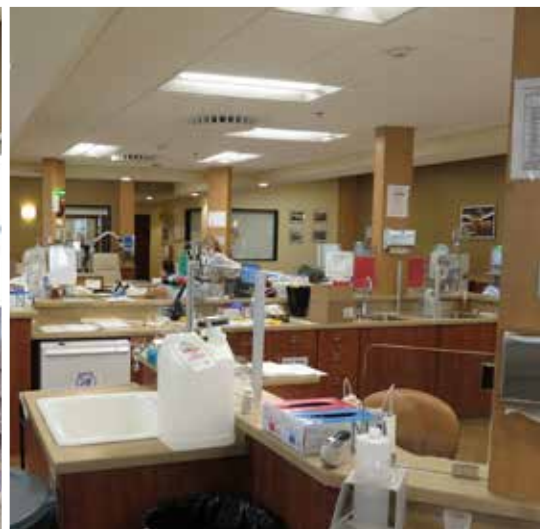
## A Service In Demand

Fresenius Medical Care is the industry leader in a sector that is projected to grow by almost 50% in the next five years.

### FMCH REVENUE GROWTH







ALL EXTERIOR AND INTERIOR PHOTOS ARE OF ACTUAL LOCATION.

# DaVita, Inc.

## About the Tenant:

(NYSE: DVA)

DaVita, Inc. was founded in 1994 and is a leading provider of dialysis services in the United States. The company specializes in the treatment of patients with chronic kidney failure and end-stage renal disease. DVA also operates DaVita Rx, a pharmacy that provides oral medications to patients with end-stage renal disease. As of December 31, 2016, DaVita Kidney Care operated or provided administrative services at 2,350 outpatient dialysis centers located in the United States, serving nearly 200,000 patients. The company also operated 154 outpatient dialysis centers located in eleven countries outside the United States.

DVA is headquartered in Denver, Colorado and employs more than 50,000 team members. As of December 2016, DVA had total revenues of \$14.7 Billion, net income of \$880 Million, and total equity of \$4.6 Billion.

Source: [www.davita.com](http://www.davita.com)

Please refer to the tenant details in the PPM for a full description of the tenant.

## Evans, Georgia



## Danville, Illinois

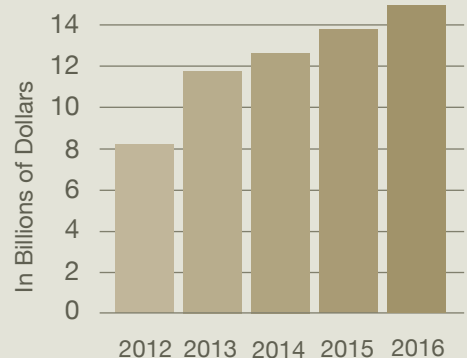


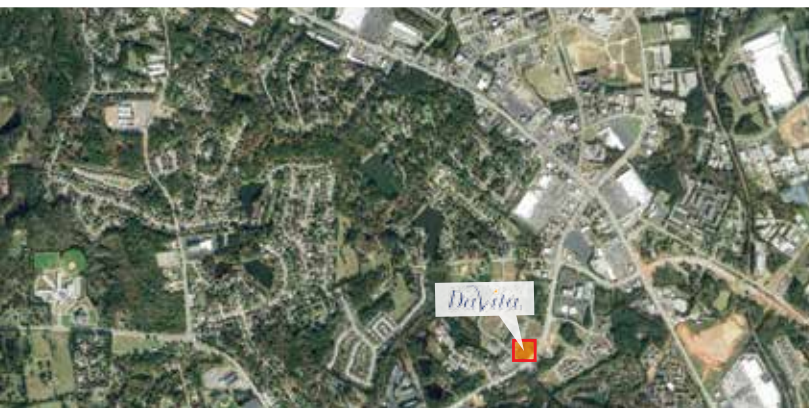
ALL EXTERIOR AND INTERIOR PHOTOS ARE OF ACTUAL LOCATIONS.

## Industry Leader

DaVita, Inc. is a leading provider of dialysis services in the United States.

## DVA REVENUE GROWTH





## Location:

*401 Town Park Boulevard, Evans, GA*

Evans is located in the southeast portion of Columbia County. The county of Columbia is the second largest metropolitan area in Georgia and serves as the regional center for education, healthcare, recreation, and retail which are the driving forces for the area economy. Evans is an affluent suburb of Augusta, which serves as the healthcare nexus for an 18-county area and is a leader in both care and research.

The property has direct access to Highway 20, which is a major travel route to Atlanta and Columbus, South Carolina. The property is approximately one-quarter mile from the Evans Medical Group, which is the major hospital for the Central Savannah River Area.

*Source: Hottle Appraisal*

## Location:

*26 E. West Newell Road, Danville, IL*

Danville is located in east central Illinois approximately 30 minutes east of Champaign. The backbone of Danville is based in the industrial sector, with the manufacturing industry employing the majority of the community.

The property is located off of Illinois Route 1, which runs through downtown Danville and provides direct access to Interstate 74. It is located near numerous retail and medical properties, including Menards and Walmart. The surrounding neighborhood is strengthened by quality housing, a thriving healthcare system, and easy access to local parks and recreation areas.

*Source: Hottle Appraisal*

# About The Sponsor

AEI is one of America's most experienced sponsors of commercial property investment programs for both investment and 1031 exchange purposes. For more than 40 years, AEI has sponsored more than 130 net leased property offerings representing the investment capital of more than 20,000 investors nationwide. Nearly all of AEI's net lease property offerings have been structured without debt to provide investors with a lower risk investment opportunity. AEI investments are managed by a professional team of real estate, investment, financial, and legal experts. Generally considered to be the first securities firm in America to offer a securitized 1031 exchange solution, AEI offered its first fractional 1031 exchange investment in 1992. AEI was also the first to apply for, and receive, a favorable private letter ruling from the IRS affirming the use of securitized real estate as replacement property in a 1031 exchange.

## Investment Strategy

- **Debt-free:** With no mortgage debt, properties are not subject to the risk of interest rate fluctuations or foreclosure.
- **Long-term net leases:** Tenants pay for most or all property expenses, such as: taxes, insurance and maintenance, which helps to create income stability for the property owners.
- **Creditworthy tenants:** AEI's leases represent a company-wide obligation of the corporate tenants.
- **Rental increases:** Rental escalators, when present, can serve to increase income over time.
- **Location:** Major corporate tenants typically occupy quality commercial locations.
- **Diversification:** Owning properties in multiple industries and markets can help create a diversified portfolio.

*Potential purchasers should be aware that no investment strategy can guarantee a profit or protect against loss.*



“ AEI is one of America's most experienced sponsors of commercial property investment programs for investment and 1031 exchange purposes. ”

# Risks

An investment in an Interest is speculative and involves substantial risk. It is suitable only for purchasers who have adequate financial means, desire a relatively long-term investment, will not need immediate liquidity from their investment and could afford to lose their entire investment. Purchasers must read and carefully consider the discussion set forth in the section of the Private Placement Memorandum captioned “Risk Factors.” The risks involved with an investment in the Interests include, but are not limited to:

- Risks associated with investment in real estate
- Environmental risks of owning real estate
- Lack of liquidity
- Competition
- The inflexibility of the Delaware Statutory Trust as a vehicle to own real estate
- The potential need to transfer the Trust Estate (as defined the Trust Agreement, attached to the Memorandum) to a Springing LLC (as defined in the Memorandum)
- Conflicts of interest associated with the Manager, the Depositor, and affiliates
- Each property being 100% leased to a single tenant
- Lack of diversification of investment
- Reliance on the Delaware Trustee and the Manager to operate and manage the Project and the Trust
- Limited reserves held by the Trust
- Tax risks including Section 1031, federal, state and local taxes

The information in this brochure does not constitute an offer to sell or a solicitation of an offer to buy any security. Such offers can be made only by the Offering Memorandum. This is not intended to be a complete list of risks associated with a DST investment and 1031 exchange transaction. This is only a summary of select risk factors to consider. For more details about these and other risks, please reference the specific Private Placement Memorandum for the DST in which you may invest. Investments are suitable for accredited investors only. Investors should consult with their personal tax advisor, financial advisor, and legal counsel prior to investing.



*Quality People. Quality Performance. Since 1970.*