

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d)  
OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended: September 30, 2016

Commission File Number: 000-23778

AEI NET LEASE INCOME & GROWTH FUND XX LIMITED PARTNERSHIP  
(Exact name of registrant as specified in its charter)

State of Minnesota  
(State or other jurisdiction of  
incorporation or organization)

41-1729121  
(I.R.S. Employer  
Identification No.)

30 East 7<sup>th</sup> Street, Suite 1300  
St. Paul, Minnesota 55101  
(Address of principal executive offices)

(651) 227-7333  
(Registrant's telephone number)

Not Applicable

(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.  Yes  No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).  Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer  
 Non-accelerated filer

Accelerated filer  
 Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).  Yes  No

**AEI NET LEASE INCOME & GROWTH FUND XX LIMITED PARTNERSHIP**

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AEI NET LEASE INCOME & GROWTH FUND XX LIMITED PARTNERSHIP  
BALANCE SHEETS

ASSETS

	<u>September 30,</u> <u>2016</u>	<u>December 31,</u> <u>2015</u>
	(unaudited)	
<b>Current Assets:</b>		
Cash	\$ 1,248,947	\$ 3,069,560
Receivables	0	9,031
Total Current Assets	<u>1,248,947</u>	<u>3,078,591</u>
<b>Real Estate Investments:</b>		
Land	4,048,298	3,638,298
Buildings	9,841,947	8,754,233
Acquired Intangible Lease Assets	959,720	718,360
Real Estate Held for Investment, at cost	14,849,965	13,110,891
Accumulated Depreciation and Amortization	(3,179,486)	(2,864,425)
Real Estate Held for Investment, Net	<u>11,670,479</u>	<u>10,246,466</u>
Total Assets	<u>\$ 12,919,426</u>	<u>\$ 13,325,057</u>

LIABILITIES AND PARTNERS' CAPITAL

<b>Current Liabilities:</b>		
Payable to AEI Fund Management, Inc.	\$ 56,514	\$ 62,778
Distributions Payable	282,119	285,858
Unearned Rent	67,604	13,474
Total Current Liabilities	<u>406,237</u>	<u>362,110</u>
<b>Partners' Capital:</b>		
General Partners	10	4,508
Limited Partners – 24,000 Units authorized; 20,265 and 20,380 Units issued and outstanding as of 9/30/2016 and 12/31/2015, respectively	12,513,179	12,958,439
Total Partners' Capital	<u>12,513,189</u>	<u>12,962,947</u>
Total Liabilities and Partners' Capital	<u>\$ 12,919,426</u>	<u>\$ 13,325,057</u>

The accompanying Notes to Financial Statements are an integral part of these statements.

**AEI NET LEASE INCOME & GROWTH FUND XX LIMITED PARTNERSHIP**  
**STATEMENTS OF INCOME**  
(unaudited)

	<b>Three Months Ended September 30</b>		<b>Nine Months Ended September 30</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
<b>Rental Income</b>	\$ 344,428	\$ 319,154	\$ 1,028,149	\$ 978,329
<b>Expenses:</b>				
Partnership Administration – Affiliates	42,023	57,294	134,476	178,910
Partnership Administration and Property Management – Unrelated Parties	11,850	27,999	58,983	78,357
Property Acquisition	0	0	47,902	0
Depreciation and Amortization	99,043	86,148	293,539	258,444
Total Expenses	<u>152,916</u>	<u>171,441</u>	<u>534,900</u>	<u>515,711</u>
<b>Operating Income</b>	191,512	147,713	493,249	462,618
<b>Other Income:</b>				
Income from Equity Method Investment	0	11,374	0	441,123
Interest Income	822	2,171	2,641	4,830
Total Other Income	<u>822</u>	<u>13,545</u>	<u>2,641</u>	<u>445,953</u>
<b>Net Income</b>	<u>\$ 192,334</u>	<u>\$ 161,258</u>	<u>\$ 495,890</u>	<u>\$ 908,571</u>
<b>Net Income Allocated:</b>				
General Partners	\$ 1,923	\$ 1,613	\$ 4,959	\$ 9,086
Limited Partners	190,411	159,645	490,931	899,485
Total	<u>\$ 192,334</u>	<u>\$ 161,258</u>	<u>\$ 495,890</u>	<u>\$ 908,571</u>
<b>Net Income per Limited Partnership Unit</b>	<u>\$ 9.40</u>	<u>\$ 7.75</u>	<u>\$ 24.18</u>	<u>\$ 43.38</u>
Weighted Average Units Outstanding – Basic and Diluted	<u>20,265</u>	<u>20,608</u>	<u>20,303</u>	<u>20,735</u>

The accompanying Notes to Financial Statements are an integral part of these statements.

AEI NET LEASE INCOME & GROWTH FUND XX LIMITED PARTNERSHIP  
STATEMENTS OF CASH FLOWS  
(unaudited)

	Nine Months Ended September 30	
	2016	2015
<b>Cash Flows from Operating Activities:</b>		
Net Income	\$ 495,890	\$ 908,571
Adjustments to Reconcile Net Income		
To Net Cash Provided by Operating Activities:		
Depreciation and Amortization	315,061	279,966
Income from Equity Method Investment	0	(441,123)
(Increase) Decrease in Receivables	9,031	(5,886)
Increase (Decrease) in Payable to AEI Fund Management, Inc.	(6,264)	(31,690)
Increase (Decrease) in Unearned Rent	54,130	39,458
Total Adjustments	<u>371,958</u>	<u>(159,275)</u>
Net Cash Provided By (Used For) Operating Activities	<u>867,848</u>	<u>749,296</u>
<b>Cash Flows from Investing Activities:</b>		
Investments in Real Estate	(1,739,074)	0
Cash Paid for Equity Method Investment	0	(13,585)
Proceeds from Equity Method Investment	0	1,679,580
Net Cash Provided By (Used For) Investing Activities	<u>(1,739,074)</u>	<u>1,665,995</u>
<b>Cash Flows from Financing Activities:</b>		
Distributions Paid to Partners	(850,093)	(874,962)
Repurchase of Partnership Units	(99,294)	(274,138)
Net Cash Provided By (Used For) Financing Activities	<u>(949,387)</u>	<u>(1,149,100)</u>
<b>Net Increase (Decrease) in Cash</b>	(1,820,613)	1,266,191
<b>Cash, beginning of period</b>	<u>3,069,560</u>	<u>1,830,155</u>
<b>Cash, end of period</b>	<u>\$ 1,248,947</u>	<u>\$ 3,096,346</u>
<b>Supplemental Disclosure of Non-Cash Investing Activities:</b>		
Contribution of Real Estate (at carrying value) in Exchange for Equity Method Investment	<u>\$ 0</u>	<u>\$ 1,231,125</u>

The accompanying Notes to Financial Statements are an integral part of these statements.

AEI NET LEASE INCOME & GROWTH FUND XX LIMITED PARTNERSHIP  
 STATEMENTS OF CHANGES IN PARTNERS' CAPITAL  
 (unaudited)

	<u>General Partners</u>	<u>Limited Partners</u>	<u>Total</u>	<u>Limited Partnership Units Outstanding</u>
<b>Balance, December 31, 2014</b>	\$ 7,047	\$ 13,527,552	\$ 13,534,599	20,986.82
Distributions Declared	(8,643)	(855,708)	(864,351)	
Repurchase of Partnership Units	(2,741)	(271,397)	(274,138)	(378.47)
Net Income	<u>9,086</u>	<u>899,485</u>	<u>908,571</u>	
<b>Balance, September 30, 2015</b>	<u>\$ 4,749</u>	<u>\$ 13,299,932</u>	<u>\$ 13,304,681</u>	<u>20,608.35</u>
<b>Balance, December 31, 2015</b>	\$ 4,508	\$ 12,958,439	\$ 12,962,947	20,380.05
Distributions Declared	(8,464)	(837,890)	(846,354)	
Repurchase of Partnership Units	(993)	(98,301)	(99,294)	(115.00)
Net Income	<u>4,959</u>	<u>490,931</u>	<u>495,890</u>	
<b>Balance, September 30, 2016</b>	<u>\$ 10</u>	<u>\$ 12,513,179</u>	<u>\$ 12,513,189</u>	<u>20,265.05</u>

The accompanying Notes to Financial Statements are an integral part of these statements.

**AEI NET LEASE INCOME & GROWTH FUND XX LIMITED PARTNERSHIP**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2016**  
(unaudited)

(1) The condensed statements included herein have been prepared by the registrant, without audit, pursuant to the rules and regulations of the Securities and Exchange Commission, and reflect all adjustments which are, in the opinion of management, necessary to a fair statement of the results of operations for the interim period, on a basis consistent with the annual audited statements. The adjustments made to these condensed statements consist only of normal recurring adjustments. Certain information, accounting policies, and footnote disclosures normally included in financial statements prepared in accordance with United States Generally Accepted Accounting Principles (US GAAP) have been condensed or omitted pursuant to such rules and regulations, although the registrant believes that the disclosures are adequate to make the information presented not misleading. It is suggested that these condensed financial statements be read in conjunction with the financial statements and the summary of significant accounting policies and notes thereto included in the registrant's latest annual report on Form 10-K.

**(2) Organization –**

AEI Net Lease Income & Growth Fund XX Limited Partnership ("Partnership") was formed to acquire and lease commercial properties to operating tenants. The Partnership's operations are managed by AEI Fund Management XX, Inc. ("AFM"), the Managing General Partner. Robert P. Johnson, the President and sole director of AFM, serves as the Individual General Partner. AFM is a wholly owned subsidiary of AEI Capital Corporation of which Mr. Johnson is the majority shareholder. AEI Fund Management, Inc. ("AEI"), an affiliate of AFM, performs the administrative and operating functions for the Partnership.

The terms of the Partnership offering called for a subscription price of \$1,000 per Limited Partnership Unit, payable on acceptance of the offer. The Partnership commenced operations on June 30, 1993 when minimum subscriptions of 1,500 Limited Partnership Units (\$1,500,000) were accepted. On January 19, 1995, the offering terminated when the maximum subscription limit of 24,000 Limited Partnership Units was reached. Under the terms of the Limited Partnership Agreement, the Limited Partners and General Partners contributed funds of \$24,000,000 and \$1,000, respectively.

During operations, any Net Cash Flow, as defined, which the General Partners determine to distribute will be distributed 90% to the Limited Partners and 10% to the General Partners; provided, however, that such distributions to the General Partners will be subordinated to the Limited Partners first receiving an annual, noncumulative distribution of Net Cash Flow equal to 10% of their Adjusted Capital Contribution, as defined, and, provided further, that in no event will the General Partners receive less than 1% of such Net Cash Flow per annum. Distributions to Limited Partners will be made pro rata by Units.

**AEI NET LEASE INCOME & GROWTH FUND XX LIMITED PARTNERSHIP**  
**NOTES TO FINANCIAL STATEMENTS**  
**(Continued)**

**(2) Organization – (Continued)**

Any Net Proceeds of Sale, as defined, from the sale or financing of properties which the General Partners determine to distribute will, after provisions for debts and reserves, be paid in the following manner: (i) first, 99% to the Limited Partners and 1% to the General Partners until the Limited Partners receive an amount equal to: (a) their Adjusted Capital Contribution plus (b) an amount equal to 12% of their Adjusted Capital Contribution per annum, cumulative but not compounded, to the extent not previously distributed from Net Cash Flow; (ii) any remaining balance will be distributed 90% to the Limited Partners and 10% to the General Partners. Distributions to the Limited Partners will be made pro rata by Units.

For tax purposes, profits from operations, other than profits attributable to the sale, exchange, financing, refinancing or other disposition of property, will be allocated first in the same ratio in which, and to the extent, Net Cash Flow is distributed to the Partners for such year. Any additional profits will be allocated in the same ratio as the last dollar of Net Cash Flow is distributed. Net losses from operations will be allocated 99% to the Limited Partners and 1% to the General Partners.

For tax purposes, profits arising from the sale, financing, or other disposition of property will be allocated in accordance with the Partnership Agreement as follows: (i) first, to those partners with deficit balances in their capital accounts in an amount equal to the sum of such deficit balances; (ii) second, 99% to the Limited Partners and 1% to the General Partners until the aggregate balance in the Limited Partners' capital accounts equals the sum of the Limited Partners' Adjusted Capital Contributions plus an amount equal to 12% of their Adjusted Capital Contributions per annum, cumulative but not compounded, to the extent not previously allocated; (iii) third, the balance of any remaining gain will then be allocated 90% to the Limited Partners and 10% to the General Partners. Losses will be allocated 98% to the Limited Partners and 2% to the General Partners.

The General Partners are not required to currently fund a deficit capital balance. Upon liquidation of the Partnership or withdrawal by a General Partner, the General Partners will contribute to the Partnership an amount equal to the lesser of the deficit balances in their capital accounts or 1% of total Limited Partners' and General Partners' capital contributions.

In June 2014, the Managing General Partner mailed a Consent Statement (Proxy) seeking the consent of the Limited Partners to continue the Partnership for an additional 60 months or to initiate the final disposition, liquidation and distribution of all of the Partnership's properties and assets within 24 to 36 months. Approval of either proposal required the affirmative vote of holders of a majority of the outstanding units. On July 23, 2014, the votes were counted and neither proposal received the required majority vote. As a result, the Partnership will not liquidate and will continue in operation until the Limited Partners vote to authorize the sale of all of the Partnership's properties or December 31, 2043, as stated in the Limited Partnership Agreement. However, in approximately five years, the Managing General Partner expects to again submit the question to liquidate to a vote by the Limited Partners.



**AEI NET LEASE INCOME & GROWTH FUND XX LIMITED PARTNERSHIP**  
**NOTES TO FINANCIAL STATEMENTS**  
**(Continued)**

**(3) Real Estate Investments –**

On January 8, 2016, the Partnership purchased a Dollar Tree store in Indianapolis, Indiana for \$1,739,074. The Partnership allocated \$241,360 of the purchase price to Acquired Intangible Lease Assets, representing in-place lease intangibles. The Partnership incurred \$47,902 of acquisition expenses related to the purchase that were expensed. The property is leased to Dollar Tree Stores, Inc. under a Lease Agreement with a remaining primary term of 9.7 years (as of the date of purchase) and annual rent of \$117,387.

For the nine months ended September 30, 2016 and 2015, the value of in-place lease intangibles amortized to expense was \$49,001 and \$32,355 and the decrease to rental income for above-market leases was \$21,522 and \$21,522, respectively. For lease intangibles not held for sale as of September 30, 2016, the weighted average remaining life is 94 months for in-place lease intangibles and 69 months for above-market leases. The estimated amortization expense is \$68,108 and the estimated decrease to rental income is \$28,696 for each of the next five succeeding years.

The Partnership owned a 40.1354% interest in a HomeTown Buffet restaurant in Albuquerque, New Mexico. The remaining interests in this property were owned by unrelated third parties, who owned the property with the Partnership as tenants-in-common. On January 31, 2011, the lease term expired and the tenant returned possession of the property to the owners. The owners listed the property for lease or sale with a real estate broker in the Albuquerque area. While the property was vacant, the Partnership was responsible for its 40.1354% share of real estate taxes and other costs associated with maintaining the property.

In August 2015, the Partnership and the other co-owners of the property entered into an agreement to sell the HomeTown Buffet restaurant in Albuquerque, New Mexico to an unrelated third party. On November 10, 2015, the sale closed with the Partnership receiving net proceeds of \$296,779, which resulted in a net gain of \$38,658. At the time of sale, the cost and related accumulated depreciation was \$470,329 and \$212,208, respectively.

In December 2014, the Partnership and three of the other co-owners of the HomeTown Buffet restaurant (the "Plaintiffs") commenced legal action against a fourth co-owner ("Defendant") for breach of contract related to a prior attempt to sell the property. The Plaintiffs are suing to recover damages and attorney's fees. In July 2015, the judge ruled that the Defendant had breached the contract. On March 24, 2016, the judge heard the Plaintiffs' motion for summary judgment as to damages. The judge ruled that the Plaintiffs are entitled to attorney's fees, but declined to award damages until additional proof of damages can be provided. The Partnership's share of the legal and other costs incurred related to the legal action (\$89,295 through December 31, 2015) were expensed in 2015. In the first nine months of 2016, the Partnership incurred additional costs of \$11,202 that were expensed. The Plaintiffs will attempt to collect the judgment from the Defendant. Unless the Defendant voluntarily pays the judgment, which is unlikely, the timing and ability to collect the judgment are uncertain at this time. As a result, the Partnership did not accrue a receivable for the judgment amount.

**AEI NET LEASE INCOME & GROWTH FUND XX LIMITED PARTNERSHIP**  
**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

**(4) Equity Method Investment –**

On January 22, 2015, to facilitate the sale of its 47% interest in the Tractor Supply Company store in Starkville, Mississippi, the Partnership contributed the property via a limited liability company to AEI Net Lease Portfolio II DST ("ANLP II"), a Delaware statutory trust ("DST"), in exchange for 9.03% of the Class B ownership interests in ANLP II. The remaining interest in the property, owned by an affiliated entity, along with three other properties owned by two other affiliated entities, were also contributed to ANLP II in exchange for 90.97% of the Class B ownership interests in ANLP II. In addition, cash was contributed for working capital. A DST is a recognized mechanism for selling property to investors who are looking for replacement real estate to complete like-kind exchanges under Section 1031 of the Internal Revenue Code. As investors purchased Class A ownership interests in ANLP II, the proceeds received were used to redeem, on a one-for-one basis, the Class B ownership interests of the Partnership and affiliated entities. From January 28, 2015 to July 15, 2015, ANLP II sold 100% of its Class A ownership interests to investors and redeemed 100% of the Class B ownership interests from the Partnership and affiliated entities. As of December 31, 2015, the Partnership had no ongoing interest in ANLP II.

The investment in ANLP II was recorded using the equity method of accounting in the accompanying financial statements. Under the equity method, the investment in ANLP II was stated at cost and adjusted for the Partnership's share of net income or losses and reduced by proceeds received from the sale of the Class B ownership interests of ANLP II as well as distributions from net rental income. During 2015, the investment balance consists of the following:

Activity from January 28, 2015 to September 30, 2015:	
Real Estate Contributed (at carrying value)	\$ 1,231,125
Cash Contributed	13,585
Net Income – Rental Activity	25,654
Net Income – Gain on Sale of Real Estate	415,469
Distributions from Net Rental Income	(25,654)
Proceeds from Sale of Class B Interests	<u>(1,653,926)</u>
Equity Method Investment at September 30, 2015	6,253
Activity After September 30, 2015:	
Net Income – Rental Activity	5
Net Income – Gain on Sale of Real Estate	(103)
Distributions from Net Rental Income	(5)
Proceeds from Sale of Class B Interests	<u>(6,150)</u>
Equity Method Investment at December 31, 2015	<u><u>\$ 0</u></u>

**AEI NET LEASE INCOME & GROWTH FUND XX LIMITED PARTNERSHIP**  
**NOTES TO FINANCIAL STATEMENTS**  
**(Continued)**

**(5) Payable to AEI Fund Management, Inc. –**

AEI Fund Management, Inc. performs the administrative and operating functions for the Partnership. The payable to AEI Fund Management represents the balance due for those services. This balance is non-interest bearing and unsecured and is to be paid in the normal course of business.

**(6) Partners' Capital –**

For the nine months ended September 30, 2016 and 2015, the Partnership declared distributions of \$846,354 and \$864,351, respectively. The Limited Partners received distributions of \$837,890 and \$855,708 and the General Partners received distributions of \$8,464 and \$8,643 for the periods, respectively. The Limited Partners' distributions represented \$41.27 and \$41.27 per Limited Partnership Unit outstanding using 20,303 and 20,735 weighted average Units in 2016 and 2015, respectively. The distributions represented \$19.33 and \$30.21 per Unit of Net Income and \$21.94 and \$11.06 per Unit of return of contributed capital in 2016 and 2015, respectively.

As part of the distributions discussed above, the Partnership distributed net sale proceeds of \$107,756 and \$365,420 in 2016 and 2015, respectively. The Limited Partners received distributions of \$106,678 and \$361,766 and the General Partners received distributions of \$1,078 and \$3,654 for the periods, respectively. The Limited Partners' distributions represented \$5.26 and \$17.55 per Unit for the periods, respectively.

On April 1, 2016, the Partnership repurchased a total of 115.00 Units for \$98,301 from three Limited Partners in accordance with the Partnership Agreement. On April 1, 2015, the Partnership repurchased a total of 378.47 Units for \$271,397 from 32 Limited Partners. The Partnership acquired these Units using Net Cash Flow from operations. The repurchases increase the remaining Limited Partners' ownership interest in the Partnership. As a result of these repurchases and pursuant to the Partnership Agreement, the General Partners received distributions of \$993 and \$2,741 in 2016 and 2015, respectively.

**(7) Fair Value Measurements –**

As of September 30, 2016 and December 31, 2015, the Partnership had no assets or liabilities measured at fair value on a recurring basis or nonrecurring basis.

**ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL  
CONDITION AND RESULTS OF OPERATIONS.**

This section contains "forward-looking statements" which represent management's expectations or beliefs concerning future events, including statements regarding anticipated application of cash, expected returns from rental income, growth in revenue, the sufficiency of cash to meet operating expenses, rates of distribution, and other matters. These, and other forward-looking statements, should be evaluated in the context of a number of factors that may affect the Partnership's financial condition and results of operations, including the following:

- Market and economic conditions which affect the value of the properties the Partnership owns and the cash from rental income such properties generate;
- the federal income tax consequences of rental income, deductions, gain on sales and other items and the effects of these consequences for the Partners;
- resolution by the General Partners of conflicts with which they may be confronted;
- the success of the General Partners of locating properties with favorable risk return characteristics;
- the effect of tenant defaults; and
- the condition of the industries in which the tenants of properties owned by the Partnership operate.

**Application of Critical Accounting Policies**

The Partnership's financial statements have been prepared in accordance with US GAAP. Preparing the financial statements requires management to use judgment in the application of these accounting policies, including making estimates and assumptions. These judgments will affect the reported amounts of the Partnership's assets and liabilities and the disclosure of contingent assets and liabilities as of the dates of the financial statements and will affect the reported amounts of revenue and expenses during the reporting periods. It is possible that the carrying amount of the Partnership's assets and liabilities, or the results of reported operations, will be affected if management's estimates or assumptions prove inaccurate.

Management of the Partnership evaluates the following accounting estimates on an ongoing basis, and has discussed the development and selection of these estimates and the management discussion and analysis disclosures regarding them with managing partner of the Partnership.

***Allocation of Purchase Price of Acquired Properties***

Upon acquisition of real properties, the Partnership records them in the financial statements at cost. The purchase price is allocated to tangible assets, consisting of land and building, and to identified intangible assets and liabilities, which may include the value of above market and below market leases and the value of in-place leases. The allocation of the purchase price is based upon the fair value of each component of the property. Although independent appraisals may be used to assist in the determination of fair value, in many cases these values will be based upon management's assessment of each property, the selling prices of comparable properties and the discounted value of cash flows from the asset.

**ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS. (Continued)**

The fair values of above market and below market in-place leases will be recorded based on the present value (using an interest rate which reflects the risks associated with the leases acquired) of the difference between (i) the contractual amounts to be paid pursuant to the in-place leases and (ii) an estimate of fair market lease rates for the corresponding in-place leases measured over a period equal to the non-cancelable term of the lease including any bargain renewal periods. The above market and below market lease values will be capitalized as intangible lease assets or liabilities. Above market lease values will be amortized as an adjustment of rental income over the remaining terms of the respective leases. Below market leases will be amortized as an adjustment of rental income over the remaining term of the respective leases, including any bargain renewal periods. If a lease were to be terminated prior to its stated expiration, all unamortized amounts of above market and below market in-place lease values relating to that lease would be recorded as an adjustment to rental income.

The fair values of in-place leases will include estimated direct costs associated with obtaining a new tenant, and opportunity costs associated with lost rentals which are avoided by acquiring an in-place lease. Direct costs associated with obtaining a new tenant may include commissions, tenant improvements, and other direct costs and are estimated, in part, by management's consideration of current market costs to execute a similar lease. These direct costs will be included in intangible lease assets on the balance sheet and will be amortized to expense over the remaining term of the respective leases. The value of opportunity costs will be calculated using the contractual amounts to be paid pursuant to the in-place leases over a market absorption period for a similar lease. These intangibles will be included in intangible lease assets on the balance sheet and will be amortized to expense over the remaining term of the respective leases. If a lease were to be terminated prior to its stated expiration, all unamortized amounts of in-place lease assets relating to that lease would be expensed.

The determination of the fair values of the assets and liabilities acquired will require the use of significant assumptions with regard to the current market rental rates, rental growth rates, discount and capitalization rates, interest rates and other variables. If management's estimates or assumptions prove inaccurate, the result would be an inaccurate allocation of purchase price, which could impact the amount of reported net income.

***Carrying Value of Properties***

Properties are carried at original cost, less accumulated depreciation and amortization. The Partnership tests long-lived assets for recoverability when events or changes in circumstances indicate that the carrying value may not be recoverable. For properties the Partnership will hold and operate, management determines whether impairment has occurred by comparing the property's probability-weighted future undiscounted cash flows to its current carrying value. For properties held for sale, management determines whether impairment has occurred by comparing the property's estimated fair value less cost to sell to its current carrying value. If the carrying value is greater than the net realizable value, an impairment loss is recorded to reduce the carrying value of the property to its net realizable value. Changes in these assumptions or analysis may cause material changes in the carrying value of the properties.

**ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS. (Continued)**

***Allocation of Expenses***

AEI Fund Management, Inc. allocates expenses to each of the funds they manage primarily on the basis of the number of hours devoted by their employees to each fund's affairs. They also allocate expenses at the end of each month that are not directly related to a fund's operations based upon the number of investors in the fund and the fund's capitalization relative to other funds they manage. The Partnership reimburses these expenses subject to detailed limitations contained in the Partnership Agreement.

**Results of Operations**

For the nine months ended September 30, 2016 and 2015, the Partnership recognized rental income of \$1,028,149 and \$978,329, respectively. In 2016, rental income increased due to additional rent received from one property acquisition in 2016 and a rent increase on two properties. These increases were partially offset by decreases in rental income due to the sale of one property in 2015 and rent received from a prior tenant's bankruptcy plan in 2015. Based on the scheduled rent for the properties as of October 31, 2016, the Partnership expects to recognize rental income from continuing operations of approximately \$1,376,000 and \$1,312,000 in 2016 and 2017, respectively.

For the nine months ended September 30, 2016 and 2015, the Partnership incurred Partnership administration expenses from affiliated parties of \$134,476 and \$178,910, respectively. These administration expenses include costs associated with the management of the properties, processing distributions, reporting requirements and communicating with the Limited Partners. During the same periods, the Partnership incurred Partnership administration and property management expenses from unrelated parties of \$58,983 and \$78,357, respectively. These expenses represent direct payments to third parties for legal and filing fees, direct administrative costs, outside audit costs, taxes, insurance and other property costs.

For the nine months ended September 30, 2016, the Partnership incurred property acquisition expenses of \$47,902 related to the purchase of the Dollar Tree store in Indianapolis, Indiana.

The Partnership owned a 40.1354% interest in a HomeTown Buffet restaurant in Albuquerque, New Mexico. The remaining interests in this property were owned by unrelated third parties, who owned the property with the Partnership as tenants-in-common. On January 31, 2011, the lease term expired and the tenant returned possession of the property to the owners. The owners listed the property for lease or sale with a real estate broker in the Albuquerque area. While the property was vacant, the Partnership was responsible for its 40.1354% share of real estate taxes and other costs associated with maintaining the property.

In August 2015, the Partnership and the other co-owners of the property entered into an agreement to sell the HomeTown Buffet restaurant in Albuquerque, New Mexico to an unrelated third party. On November 10, 2015, the sale closed with the Partnership receiving net proceeds of \$296,779, which resulted in a net gain of \$38,658. At the time of sale, the cost and related accumulated depreciation was \$470,329 and \$212,208, respectively.

**ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS. (Continued)**

In December 2014, the Partnership and three of the other co-owners of the HomeTown Buffet restaurant (the "Plaintiffs") commenced legal action against a fourth co-owner ("Defendant") for breach of contract related to a prior attempt to sell the property. The Plaintiffs are suing to recover damages and attorney's fees. In July 2015, the judge ruled that the Defendant had breached the contract. On March 24, 2016, the judge heard the Plaintiffs' motion for summary judgment as to damages. The judge ruled that the Plaintiffs are entitled to attorney's fees, but declined to award damages until additional proof of damages can be provided. The Partnership's share of the legal and other costs incurred related to the legal action (\$89,295 through December 31, 2015) were expensed in 2015. In the first nine months of 2016, the Partnership incurred additional costs of \$11,202 that were expensed. The Plaintiffs will attempt to collect the judgment from the Defendant. Unless the Defendant voluntarily pays the judgment, which is unlikely, the timing and ability to collect the judgment are uncertain at this time. As a result, the Partnership did not accrue a receivable for the judgment amount.

On January 22, 2015, to facilitate the sale of its 47% interest in the Tractor Supply Company store in Starkville, Mississippi, the Partnership contributed the property via a limited liability company to AEI Net Lease Portfolio II DST ("ANLP II"), a Delaware statutory trust ("DST"), in exchange for 9.03% of the Class B ownership interests in ANLP II. The remaining interest in the property, owned by an affiliated entity, along with three other properties owned by two other affiliated entities, were also contributed to ANLP II in exchange for 90.97% of the Class B ownership interests in ANLP II. In addition, cash was contributed for working capital. A DST is a recognized mechanism for selling property to investors who are looking for replacement real estate to complete like-kind exchanges under Section 1031 of the Internal Revenue Code. As investors purchased Class A ownership interests in ANLP II, the proceeds received were used to redeem, on a one-for-one basis, the Class B ownership interests of the Partnership and affiliated entities. From January 28, 2015 to July 15, 2015, ANLP II sold 100% of its Class A ownership interests to investors and redeemed 100% of the Class B ownership interests from the Partnership and affiliated entities. As of December 31, 2015, the Partnership had no ongoing interest in ANLP II.

The investment in ANLP II was recorded using the equity method of accounting in the accompanying financial statements. Under the equity method, the investment in ANLP II was stated at cost and adjusted for the Partnership's share of net income or losses and reduced by proceeds received from the sale of the Class B ownership interests of ANLP II as well as distributions from net rental income. For the nine months ended September 30, 2015, the Partnership's share of the net income of ANLP II was \$441,123.

For the nine months ended September 30, 2016 and 2015, the Partnership recognized interest income of \$2,641 and \$4,830, respectively.

**ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS. (Continued)**

Management believes inflation has not significantly affected income from operations. Leases may contain rent increases, based on the increase in the Consumer Price Index over a specified period, which will result in an increase in rental income over the term of the leases. Inflation also may cause the real estate to appreciate in value. However, inflation and changing prices may have an adverse impact on the operating margins of the properties' tenants, which could impair their ability to pay rent and subsequently reduce the Net Cash Flow available for distributions.

**Liquidity and Capital Resources**

During the nine months ended September 30, 2016, the Partnership's cash balances decreased \$1,820,613 as a result of cash used to purchase property, and distributions paid to the Partners and cash used to repurchase Units in excess of cash generated from operating activities. During the nine months ended September 30, 2015, the Partnership's cash balances increased \$1,266,191 as a result of proceeds received from an equity method investment, which were partially offset by cash paid for an equity method investment, and distributions paid to the Partners and cash used to repurchase Units in excess of cash generated from operating activities.

Net cash provided by operating activities increased from \$749,296 in 2015 to \$867,848 in 2016 as a result of an increase in total rental and interest income in 2016, a decrease in Partnership administration and property management expenses in 2016 and net timing differences in the collection of payments from the tenants and the payment of expenses. During 2016, cash from operations was reduced by \$47,902 of acquisition expenses related to the purchase of real estate. Pursuant to accounting guidance, these expenses were reflected as operating cash outflows. However, pursuant to the Partnership Agreement, acquisition expenses were funded with proceeds from property sales.

The major components of the Partnership's cash flow from investing activities are investments in real estate and proceeds from the sale of real estate, including proceeds from an equity method investment. During the nine months ended September 30, 2016, the Partnership expended \$1,739,074 to invest in real properties as the Partnership reinvested cash generated from property sales. During the nine months ended September 30, 2015, the Partnership paid cash for an equity method investment of \$13,585, and received proceeds from an equity method investment of \$1,679,580. All but a small portion of these proceeds were generated from the sale of the Tractor Supply Company store as discussed above.

On January 8, 2016, the Partnership purchased a Dollar Tree store in Indianapolis, Indiana for \$1,739,074. The property is leased to Dollar Tree Stores, Inc. under a Lease Agreement with a remaining primary term of 9.7 years (as of the date of purchase) and annual rent of \$117,387.

The Partnership's primary use of cash flow, other than investment in real estate, is distribution payments to Partners and cash used to repurchase Units. The Partnership declares its regular quarterly distributions before the end of each quarter and pays the distribution in the first week after the end of each quarter. The Partnership attempts to maintain a stable distribution rate from quarter to quarter. The Partnership may repurchase tendered Units on April 1st and October 1st of each year subject to limitations.



**ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS. (Continued)**

For the nine months ended September 30, 2016 and 2015, the Partnership declared distributions of \$846,354 and \$864,351, respectively, which were distributed 99% to the Limited Partners and 1% to the General Partners. The Limited Partners received distributions of \$837,890 and \$855,708 and the General Partners received distributions of \$8,464 and \$8,643 for the periods, respectively.

As part of the distributions discussed above, the Partnership distributed net sale proceeds of \$107,756 and \$365,420 in 2016 and 2015, respectively. The Limited Partners received distributions of \$106,678 and \$361,766 and the General Partners received distributions of \$1,078 and \$3,654 for the periods, respectively. The Limited Partners' distributions represented \$5.26 and \$17.55 per Unit for the periods, respectively.

The Partnership may repurchase Units from Limited Partners who have tendered their Units to the Partnership. Such Units may be acquired at a discount. The Partnership will not be obligated to purchase in any year any number of Units that, when aggregated with all other transfers of Units that have occurred since the beginning of the same calendar year (excluding Permitted Transfers as defined in the Partnership Agreement), would exceed 5% of the total number of Units outstanding on January 1 of such year. In no event shall the Partnership be obligated to purchase Units if, in the sole discretion of the Managing General Partner, such purchase would impair the capital or operation of the Partnership.

On April 1, 2016, the Partnership repurchased a total of 115.00 Units for \$98,301 from three Limited Partners in accordance with the Partnership Agreement. On April 1, 2015, the Partnership repurchased a total of 378.47 Units for \$271,397 from 32 Limited Partners. The Partnership acquired these Units using Net Cash Flow from operations. The repurchases increase the remaining Limited Partners' ownership interest in the Partnership. As a result of these repurchases and pursuant to the Partnership Agreement, the General Partners received distributions of \$993 and \$2,741 in 2016 and 2015, respectively.

The continuing rent payments from the properties, together with cash generated from property sales, should be adequate to fund continuing distributions and meet other Partnership obligations on both a short-term and long-term basis.

**Off-Balance Sheet Arrangements**

As of September 30, 2016 and December 31, 2015, the Partnership had no material off-balance sheet arrangements that had or are reasonably likely to have current or future effects on its financial condition, results of operations, liquidity or capital resources.

**ITEM 3. QUANTITATIVE & QUALITATIVE DISCLOSURES ABOUT MARKET RISK.**

Not required for a smaller reporting company.

**ITEM 4. CONTROLS AND PROCEDURES.**

(a) Disclosure Controls and Procedures.

Under the supervision and with the participation of management, including its President and Chief Financial Officer, the Managing General Partner of the Partnership evaluated the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rule 13a-15(e) under the Securities Exchange Act of 1934 (the "Exchange Act")). Based upon that evaluation, the President and Chief Financial Officer of the Managing General Partner concluded that, as of the end of the period covered by this report, our disclosure controls and procedures were effective in ensuring that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in applicable rules and forms and that such information is accumulated and communicated to management, including the President and Chief Financial Officer of the Managing General Partner, in a manner that allows timely decisions regarding required disclosure.

(b) Changes in Internal Control Over Financial Reporting.

During the most recent period covered by this report, there has been no change in our internal control over financial reporting (as defined in Rule 13a-15(f) under the Exchange Act) that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

**PART II – OTHER INFORMATION**

**ITEM 1. LEGAL PROCEEDINGS.**

There are no material pending legal proceedings to which the Partnership is a party or of which the Partnership's property is subject.

**ITEM 1A. RISK FACTORS.**

Not required for a smaller reporting company.

**ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES & USE OF PROCEEDS.**

(a) None.

(b) Not applicable.

(c) Pursuant to Section 7.7 of the Partnership Agreement, as amended, each Limited Partner has the right to present Units to the Partnership for purchase by submitting notice to the Managing General Partner during January or July of each year. The purchase price of the Units is equal to 90% of the net asset value per Unit, as of the first business day of January or July of each year, as determined by the Managing General Partner in accordance with the provisions of the Partnership Agreement. Units tendered to the Partnership during January and July may be repurchased on April 1<sup>st</sup> and October 1<sup>st</sup>, respectively, of each year subject to the following limitations. The Partnership will not be obligated to purchase in any year any number of Units that, when aggregated with all other transfers of Units that have occurred since the beginning of the same calendar year (excluding Permitted Transfers as defined in the Partnership Agreement), would exceed 5% of the total number of Units outstanding on January 1 of such year. In no event shall the Partnership be obligated to purchase Units if, in the sole discretion of the Managing General Partner, such purchase would impair the capital or operation of the Partnership. During the period covered by this report, the Partnership did not purchase any Units.

**ITEM 3. DEFAULTS UPON SENIOR SECURITIES.**

None.

**ITEM 4. MINE SAFETY DISCLOSURES.**

Not Applicable.

**ITEM 5. OTHER INFORMATION.**

None.

**ITEM 6. EXHIBITS.**

- 31.1 Certification of Chief Executive Officer of General Partner pursuant to Rule 15d-14(a)(17 CFR 240.15d-14(a)) and Section 302 of the Sarbanes-Oxley Act of 2002.
- 31.2 Certification of Chief Financial Officer of General Partner pursuant to Rule 15d-14(a)(17 CFR 240.15d-14(a)) and Section 302 of the Sarbanes-Oxley Act of 2002.
- 32 Certification of Chief Executive Officer and Chief Financial Officer of General Partner pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

**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 thereunto duly authorized.

Dated: November 9, 2016

AEI Net Lease Income & Growth Fund XX  
Limited Partnership  
By: AEI Fund Management XX, Inc.  
Its: Managing General Partner

By: /s/ ROBERT P JOHNSON  
Robert P. Johnson  
President  
(Principal Executive Officer)

By: /s/ PATRICK W KEENE  
Patrick W. Keene  
Chief Financial Officer  
(Principal Accounting Officer)

## CERTIFICATIONS

I, Robert P. Johnson, certify that:

1. I have reviewed this quarterly report on Form 10-Q of AEI Net Lease Income & Growth Fund XX Limited Partnership;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 9, 2016

/s/ ROBERT P JOHNSON

Robert P. Johnson, President  
AEI Fund Management XX, Inc.  
Managing General Partner

## CERTIFICATIONS

I, Patrick W. Keene, certify that:

1. I have reviewed this quarterly report on Form 10-Q of AEI Net Lease Income & Growth Fund XX Limited Partnership;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 9, 2016

/s/ PATRICK W KEENE

Patrick W. Keene, Chief Financial Officer  
AEI Fund Management XX, Inc.  
Managing General Partner

**CERTIFICATION PURSUANT TO  
18 U.S.C. §1350,  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of AEI Net Lease Income & Growth Fund XX Limited Partnership (the "Partnership") on Form 10-Q for the period ended September 30, 2016, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned, Robert P. Johnson, President of AEI Fund Management XX, Inc., the Managing General Partner of the Partnership, and Patrick W. Keene, Chief Financial Officer of AEI Fund Management XX, Inc., each certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Partnership.

/s/ ROBERT P JOHNSON

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Robert P. Johnson, President  
AEI Fund Management XX, Inc.  
Managing General Partner  
November 9, 2016

/s/ PATRICK W KEENE

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Patrick W. Keene, Chief Financial Officer  
AEI Fund Management XX, Inc.  
Managing General Partner  
November 9, 2016