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: March 31, 2016

Commission File Number: 000-51823

AEI INCOME & GROWTH FUND 26 LLC
(Exact name of registrant as specified in its charter)

State of Delaware	41-2173048
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
30 East 7th Street, Suite 1300 St. Paul, Minnesota 55101	(651) 227-7333
(Address of principal executive offices)	(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. x Yes o 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). x Yes o 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.

o Large accelerated filer	o Accelerated filer
o Non-accelerated filer	x Smaller reporting company

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

AEI INCOME & GROWTH FUND 26 LLC

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AEI INCOME & GROWTH FUND 26 LLC
BALANCE SHEETS

ASSETS

	March 31, 2016 (unaudited)	December 31, 2015
Current Assets:		
Cash	$ 777,737	$ 2,331,283
Receivables	31,196	22,487
Total Current Assets	808,933	2,353,770
Real Estate Investments:		
Land	4,553,261	4,283,261
Buildings	9,849,009	8,532,777
Acquired Intangible Lease Assets	652,025	419,048
Real Estate Held for Investment, at cost	15,054,295	13,235,086
Accumulated Depreciation and Amortization	(2,718,902)	(2,612,458)
Real Estate Held for Investment, Net	12,335,393	10,622,628
Total Assets	$ 13,144,326	$ 12,976,398

LIABILITIES AND MEMBERS' EQUITY

	March 31, 2016 (unaudited)	December 31, 2015
Current Liabilities:		
Payable to AEI Fund Management, Inc.	$ 76,345	$ 12,271
Distributions Payable	236,083	235,250
Unearned Rent	33,781	0
Total Current Liabilities	346,209	247,521
Long-term Liabilities:		
Acquired Below-Market Lease Intangibles, Net	281,031	0
Members' Equity (Deficit):		
Managing Members	(1,554)	4,799
Limited Members – 10,000,000 Units authorized; 1,754,842 Units issued and outstanding as of 3/31/16 and 12/31/15	12,518,640	12,724,078
Total Members' Equity	12,517,086	12,728,877
Total Liabilities and Members' Equity	$ 13,144,326	$ 12,976,398

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

AEI INCOME & GROWTH FUND 26 LLC
STATEMENTS OF INCOME
(unaudited)

	Three Months Ended March 31	
	2016	**2015**
Rental Income	$ 246,957	$ 250,445
Expenses:		
LLC Administration – Affiliates	38,879	43,097
LLC Administration and Property Management – Unrelated Parties	25,011	15,682
Property Acquisition	55,172	42,761
Depreciation and Amortization	104,550	85,562
Total Expenses	223,612	187,102
Operating Income	23,345	63,343
Other Income:		
Income from Equity Method Investment	0	191,294
Interest Income	947	1,478
Total Other Income	947	192,772
Net Income	$ 24,292	$ 256,115
Net Income Allocated:		
Managing Members	$ 729	$ 4,229
Limited Members	23,563	251,886
Total	$ 24,292	$ 256,115
Net Income per LLC Unit	$ .01	$ .14
Weighted Average Units Outstanding – Basic and Diluted	1,754,842	1,771,597

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

AEI INCOME & GROWTH FUND 26 LLC
STATEMENTS OF CASH FLOWS
(unaudited)

	Three Months Ended March 31	
	2016	**2015**
Cash Flows from Operating Activities:		
Net Income	$ 24,292	$ 256,115
Adjustments to Reconcile Net Income To Net Cash Provided by Operating Activities:		
Depreciation and Amortization	103,980	85,562
Income from Equity Method Investment	0	(191,294)
(Increase) Decrease in Receivables	(8,709)	0
Increase (Decrease) in Payable to AEI Fund Management, Inc.	64,074	(8,379)
Increase (Decrease) in Unearned Rent	33,781	13,886
Total Adjustments	193,126	(100,225)
Net Cash Provided By (Used For) Operating Activities	217,418	155,890
Cash Flows from Investing Activities:		
Investments in Real Estate	(1,535,714)	(1,600,000)
Cash Paid for Equity Method Investment	0	(15,316)
Proceeds from Equity Method Investment	0	610,800
Net Cash Provided By (Used For) Investing Activities	(1,535,714)	(1,004,516)
Cash Flows from Financing Activities:		
Distributions Paid to Members	(235,250)	(513,860)
Net Increase (Decrease) in Cash	(1,553,546)	(1,362,486)
Cash, beginning of period	2,331,283	2,671,184
Cash, end of period	$ 777,737	$ 1,308,698
Supplemental Disclosure of Non-Cash Investing Activities:		
Contribution of Real Estate (at carrying value) in Exchange for Equity Method Investments	$ 0	$ 1,370,124

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

AEI INCOME & GROWTH FUND 26 LLC
STATEMENTS OF CHANGES IN MEMBERS' EQUITY (DEFICIT)
(unaudited)

	Managing Members	Limited Members	Total	Limited Member Units Outstanding
Balance, December 31, 2014	$ 12,599	$ 13,293,606	$ 13,306,205	1,771,596.5
Distributions Declared	(6,458)	(229,000)	(235,458)	
Net Income	4,229	251,886	256,115	
Balance, March 31, 2015	$ 10,370	$ 13,316,492	$ 13,326,862	1,771,596.5
Balance, December 31, 2015	$ 4,799	$ 12,724,078	$ 12,728,877	1,754,841.5
Distributions Declared	(7,082)	(229,001)	(236,083)	
Net Income	729	23,563	24,292	
Balance, March 31, 2016	$ (1,554)	$ 12,518,640	$ 12,517,086	1,754,841.5

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

(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 Income & Growth Fund 26 LLC ("Company"), a Limited Liability Company, was formed on March 14, 2005 to acquire and lease commercial properties to operating tenants. The Company's operations are managed by AEI Fund Management XXI, Inc. ("AFM"), the Managing Member. Robert P. Johnson, the President and sole director of AFM, serves as the Special Managing Member. 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 Company.

The terms of the offering called for a subscription price of $10 per LLC Unit, payable on acceptance of the offer. The Company commenced operations on April 3, 2006 when minimum subscriptions of 150,000 LLC Units ($1,500,000) were accepted. The offering terminated October 19, 2007, when the extended offering period expired. The Company received subscriptions for 1,832,736 Units. Under the terms of the Operating Agreement, the Limited Members and Managing Members contributed funds of $18,327,360 and $1,000, respectively. The Company shall continue until December 31, 2055, unless dissolved, terminated and liquidated prior to that date.

During operations, any Net Cash Flow, as defined, which the Managing Members determine to distribute will be distributed 97% to the Limited Members and 3% to the Managing Members. Distributions to Limited Members will be made pro rata by Units.

(2) Organization – (Continued)

Any Net Proceeds of Sale, as defined, from the sale or financing of properties which the Managing Members determine to distribute will, after provisions for debts and reserves, be paid in the following manner: (i) first, 99% to the Limited Members and 1% to the Managing Members until the Limited Members receive an amount equal to: (a) their Adjusted Capital Contribution plus (b) an amount equal to 6.5% 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 Members and 10% to the Managing Members. Distributions to the Limited Members 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 97% to the Limited Members and 3% to the Managing Members. Net losses from operations will be allocated 99% to the Limited Members and 1% to the Managing Members.

For tax purposes, profits arising from the sale, financing, or other disposition of property will be allocated in accordance with the Operating Agreement as follows: (i) first, to those Members with deficit balances in their capital accounts in an amount equal to the sum of such deficit balances; (ii) second, 99% to the Limited Members and 1% to the Managing Members until the aggregate balance in the Limited Members' capital accounts equals the sum of the Limited Members' Adjusted Capital Contributions plus an amount equal to 6.5% 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 Members and 10% to the Managing Members. Losses will be allocated 99% to the Limited Members and 1% to the Managing Members.

The Managing Members are not required to currently fund a deficit capital balance. Upon liquidation of the Company or withdrawal by a Managing Member, the Managing Members will contribute to the Company an amount equal to the lesser of the deficit balances in their capital accounts or 1.01% of the total capital contributions of the Limited Members over the amount previously contributed by the Managing Members.

(3) Real Estate Investments –

On March 17, 2015, the Company purchased a Zales store in Enid, Oklahoma for $1,600,000. The Company allocated $256,370 of the purchase price to Acquired Intangible Lease Assets, representing in-place lease intangibles of $183,764 and above-market lease intangibles of $72,606. The Company incurred $48,817 of acquisition expenses related to the purchase that were expensed. The property is leased to Zale Delaware, Inc. under a Lease Agreement with a remaining primary term of 9.6 years (as of the date of purchase) and annual rent of $105,600.

(3) Real Estate Investments – (Continued)

On February 3, 2016, the Company purchased a Dollar Tree store in West Point, Mississippi for $1,535,714. The Company allocated $232,977 of the purchase price to Acquired Intangible Lease Assets, representing in-place lease intangibles, and allocated $283,495 to Acquired Below-Market Lease Intangibles. The Company incurred $55,172 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 and annual rent of $107,500.

For the three months ended March 31, 2016 and 2015, the value of in-place lease intangibles amortized to expense was $10,117 and $3,298, the decrease to rental income for above-market leases was $1,894 and $0, and the increase to rental income for below-market leases was $2,464 and $0, respectively. For lease intangibles not held for sale as of March 31, 2016, the weighted average remaining life is 116 months for in-place lease intangibles, 103 months for above-market leases and 114 months for below-market leases. The estimated amortization expense is $56,680, the estimated decrease to rental income for above-market leases is $7,576 and the estimated increase to rental income for below-market leases is $29,584 for each of the next five succeeding years.

In November 2015, the Company entered into an agreement to sell its 40% interest in the Sports Authority store in Wichita, Kansas to an unrelated third party. The sale is subject to contingencies, including a long due diligence period, and may not be completed. If the sale is completed, the Company expects to receive net sale proceeds of approximately $1,190,000. If the sale is not completed, the owners anticipate they will seek a new tenant for the property after the current tenant vacates the property.

On March 2, 2016, the tenant of the Sports Authority store, TSA Stores, Inc., and its parent company, The Sports Authority, Inc., the guarantor of the lease, filed for Chapter 11 bankruptcy reorganization. As of March 31, 2016, the tenant owed $37,522 of past due rent, which was not accrued for financial reporting purposes. The tenant has indicated that after conducting a closing sale over the next 30 to 90 days, the tenant will file a motion with the bankruptcy court to reject the lease and return possession of the property to the owners. When this occurs, the Company will become responsible for its 40% share of real estate taxes and other costs associated with maintaining the property until the property is sold or leased to a new tenant. The annual rent from this property represents approximately 19% of the total annual rent of the Fund's property portfolio. The loss of rent and increased expenses related to this property will decrease the Fund's cash flow and may cause the Fund to reduce its distribution rate per Unit. The bankruptcy filing by the tenant has no effect on the buyer's interest in purchasing the property.

Based on its long-lived asset valuation analysis, the Company determined the Sports Authority store was impaired. As a result, in the fourth quarter of 2015, a charge to operations for real estate impairment of $445,828 was recognized, which was the difference between the carrying value at December 31, 2015 of $1,635,828 and the estimated fair value of $1,190,000. The charge was recorded against the cost of the land and building.

(4) Equity Method Investment –

On January 22, 2015, to facilitate the sale of its 53% interest in the Tractor Supply Company store in Starkville, Mississippi, the Company 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 10.18% 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 89.82% 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 Company 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 Company and affiliated entities. As of December 31, 2015, the Company 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 Company'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 consisted of the following:

	ANLP II
Activity from January 22, 2015 to March 31, 2015:	
Real Estate Contributed (at carrying value)	$ 1,370,124
Cash Contributed	15,316
Net Income – Rental Activity	18,582
Net Income – Gain on Sale of Real Estate	172,712
Distributions from Net Rental Income	(18,582)
Proceeds from Sale of Class B Interests	(592,218)
Equity Method Investment at March 31, 2015	965,934
Activity After March 31, 2015:	
Net Income – Rental Activity	10,352
Net Income – Gain on Sale of Real Estate	313,341
Distributions from Net Rental Income	(10,352)
Proceeds from Sale of Class B Interests	(1,279,275)
Equity Method Investment at December 31, 2015	$ 0

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

AEI Fund Management, Inc. performs the administrative and operating functions for the Company. 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) Members' Capital –

For the three months ended March 31, 2016 and 2015, the Company declared distributions of $236,083 and $235,458, respectively. The Limited Members received distributions of $229,001 and $229,000 and the Managing Members received distributions of $7,082 and $6,458 for the periods, respectively. The Limited Members' distributions represented $.13 and $.13 per LLC Unit outstanding using 1,754,842 and 1,771,597 weighted average Units in 2016 and 2015, respectively. The distributions represented $.01 and $.13 per Unit of Net Income and $.12 and $0 per Unit of return of contributed capital in 2016 and 2015, respectively.

As part of the distributions discussed above, the Company distributed net sale proceeds of $30,303 in 2015. The Limited Members received distributions of $30,000 and the Managing Members received distributions of $303. The Limited Members' distributions represented $0.02 per Unit.

(7) Fair Value Measurements –

Fair value, as defined by US GAAP, is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or most advantageous market. US GAAP establishes a hierarchy in determining the fair value of an asset or liability. The fair value hierarchy has three levels of inputs, both observable and unobservable. US GAAP requires the utilization of the lowest possible level of input to determine fair value. Level 1 inputs include quoted market prices in an active market for identical assets or liabilities. Level 2 inputs are market data, other than Level 1 inputs, that are observable either directly or indirectly. Level 2 inputs include quoted market prices for similar assets or liabilities, quoted market prices in an inactive market, and other observable information that can be corroborated by market data. Level 3 inputs are unobservable and corroborated by little or no market data.

At March 31, 2016 and December 31, 2015, the Company had no financial assets or liabilities measured at fair value on a recurring basis or nonrecurring basis that would require disclosure. The Company had the following nonfinancial assets measured on a nonrecurring basis that were recorded at fair value during 2016 and 2015.

The Sports Authority store in Wichita, Kansas with a carrying amount of $1,635,828 at December 31, 2015, was written down to its estimated fair value of $1,190,000 after completing our long-lived asset valuation analysis. The resulting impairment charge of $445,828 was included in earnings for the fourth quarter of 2015. The fair value of the property was based upon a signed purchase agreement, which is considered a Level 3 input in the valuation hierarchy.

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 Company's financial condition and results of operations, including the following:

— Market and economic conditions which affect the value of the properties the Company 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 Members;
— resolution by the Managing Members of conflicts with which they may be confronted;
— the success of the Managing Members 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 Company operate.

Application of Critical Accounting Policies

The Company'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 Company'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 Company's assets and liabilities, or the results of reported operations, will be affected if management's estimates or assumptions prove inaccurate.

Management of the Company 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 the managing member of the Company.

Allocation of Purchase Price of Acquired Properties

Upon acquisition of real properties, the Company 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.

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 term of the respective leases. Below market leases will be amortized as an adjustment of rental income over the remaining terms 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 Company tests long-lived assets for recoverability when events or changes in circumstances indicate that the carrying value may not be recoverable. For properties the Company 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.

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 Company reimburses these expenses subject to detailed limitations contained in the Operating Agreement.

Results of Operations

For the three months ended March 31, 2016 and 2015, the Company recognized rental income of $246,957 and $250,445, respectively. In 2016, rental income decreased due to the sale of one property in 2015 and rent that was not received from the tenant of the Sports Authority store, as discussed below. These decreases in rental income were partially offset by additional rent received from one property acquisition in 2015 and one acquisition in 2016, and a rent increase on one property. Based on the scheduled rent for the properties as of April 30, 2016, the Company expects to recognize rental income of approximately $1,014,000 in 2016. For the Sports Authority store, only rent received from the tenant through the date of filing was included in this amount, due to the uncertainty of collecting the remaining scheduled rent for 2016.

For the three months ended March 31, 2016 and 2015, the Company incurred LLC administration expenses from affiliated parties of $38,879 and $43,097, respectively. These administration expenses include costs associated with the management of the properties, processing distributions, reporting requirements and communicating with the Limited Members. During the same periods, the Company incurred LLC administration and property management expenses from unrelated parties of $25,011 and $15,682, 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. These expenses were higher in 2016, when compared to 2015, as a result of expenses related to the Sports Authority store.

For the three months ended March 31, 2016, the Company incurred property acquisition expenses of $55,172 related to the purchase of the Dollar Tree store in West Point, Mississippi. For the three months ended March 31, 2015, the Company incurred property acquisition expenses of $42,761 related to the purchase of the Zales store in Enid, Oklahoma.

In November 2015, the Company entered into an agreement to sell its 40% interest in the Sports Authority store in Wichita, Kansas to an unrelated third party. The sale is subject to contingencies, including a long due diligence period, and may not be completed. If the sale is completed, the Company expects to receive net sale proceeds of approximately $1,190,000. If the sale is not completed, the owners anticipate they will seek a new tenant for the property after the current tenant vacates the property.

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

On March 2, 2016, the tenant of the Sports Authority store, TSA Stores, Inc., and its parent company, The Sports Authority, Inc., the guarantor of the lease, filed for Chapter 11 bankruptcy reorganization. As of March 31, 2016, the tenant owed $37,522 of past due rent, which was not accrued for financial reporting purposes. The tenant has indicated that after conducting a closing sale over the next 30 to 90 days, the tenant will file a motion with the bankruptcy court to reject the lease and return possession of the property to the owners. When this occurs, the Company will become responsible for its 40% share of real estate taxes and other costs associated with maintaining the property until the property is sold or leased to a new tenant. The annual rent from this property represents approximately 19% of the total annual rent of the Fund's property portfolio. The loss of rent and increased expenses related to this property will decrease the Fund's cash flow and may cause the Fund to reduce its distribution rate per Unit. The bankruptcy filing by the tenant has no effect on the buyer's interest in purchasing the property.

Based on its long-lived asset valuation analysis, the Company determined the Sports Authority store was impaired. As a result, in the fourth quarter of 2015, a charge to operations for real estate impairment of $445,828 was recognized, which was the difference between the carrying value at December 31, 2015 of $1,635,828 and the estimated fair value of $1,190,000. The charge was recorded against the cost of the land and building.

On January 22, 2015, to facilitate the sale of its 53% interest in the Tractor Supply Company store in Starkville, Mississippi, the Company 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 10.18% 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 89.82% 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 Company 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 Company and affiliated entities. As of December 31, 2015, the Company 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 Company'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 three months ended March 31, 2015, the Company's share of the net income of ANLP II was $191,294.

For the three months ended March 31, 2016 and 2015, the Company recognized interest income of $947 and $1,478, respectively.

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 three months ended March 31, 2016, the Company's cash balances decreased $1,553,546 as a result of cash used to purchase property and distributions paid to the Members in excess of cash generated from operating activities. During the three months ended March 31, 2015, the Company's cash balances decreased $1,362,486 as a result of cash used to purchase property, cash paid for an equity method investment, and distributions paid to the Members in excess of cash generated from operating activities, which were partially offset by proceeds received from an equity method investment.

Net cash provided by operating activities increased from $155,890 in 2015 to $217,418 in 2016 as a result of net timing differences in the collection of payments from the tenants and the payment of expenses, which were partially offset by a decrease in total rental and interest income in 2016 and an increase in LLC administration and property management expenses in 2016. During 2016 and 2015, cash from operations was reduced by $55,172 and $42,761, respectively, 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 Company’s Operating Agreement, acquisition expenses were funded with proceeds from property sales.

The major components of the Company'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 three months ended March 31, 2016 and 2015, the Company expended $1,535,714 and $1,600,000, respectively, to invest in real properties as the Company reinvested cash generated from property sales. During the three months ended March 31, 2015, the Company paid cash for an equity method investment of $15,316, and received proceeds from an equity method investment of $610,800, respectively. All but a small portion of these proceeds were generated from the sale of the Tractor Supply Company store as discussed above.

On March 17, 2015, the Company purchased a Zales store in Enid, Oklahoma for $1,600,000. The property is leased to Zale Delaware, Inc. under a Lease Agreement with a remaining primary term of 9.6 years (as of the date of purchase) and annual rent of $105,600.

On February 3, 2016, the Company purchased a Dollar Tree store in West Point, Mississippi for $1,535,714. The property is leased to Dollar Tree Stores, Inc. under a Lease Agreement with a remaining primary term of 9.7 years and annual rent of $107,500.

The Company's primary use of cash flow, other than investment in real estate, is distribution payments to Members and cash used to repurchase Units. The Company 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 Company attempts to maintain a stable distribution rate from quarter to quarter. The Company may repurchase tendered Units on April 1st and October 1st of each year subject to limitations.

For the three months ended March 31, 2016 and 2015, the Company declared distributions of $236,083 and $235,458, respectively. Pursuant to the Operating Agreement, distributions of Net Cash Flow were allocated 97% to the Limited Members and 3% to the Managing Members. Distributions of Net Proceeds of Sale were allocated 99% to the Limited Members and 1% to the Managing Members. The Limited Members received distributions of $229,001 and $229,000 and the Managing Members received distributions of $7,082 and $6,458 for the periods, respectively. In December 2014, the Company declared a special distribution of net sale proceeds of $277,778 which was paid in the first week of January 2015 and resulted in higher distributions paid in 2015.

As part of the distributions discussed above, the Company distributed net sale proceeds of $30,303 in 2015. The Limited Members received distributions of $30,000 and the Managing Members received distributions of $303. The Limited Members’ distributions represented $0.02 per Unit.

The Company may repurchase Units from Limited Members who have tendered their Units to the Company. Such Units may be acquired at a discount. The Company will not be obligated to purchase in any year more than 2% of the total number of Units outstanding on January 1 of such year. In no event shall the Company be obligated to purchase Units if, in the sole discretion of the Managing Member, such purchase would impair the capital or operation of the Company. During the three months ended March 31, 2016 and 2015, the Company did not repurchase any Units from the Limited Members.

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

Off-Balance Sheet Arrangements

As of March 31, 2016 and December 31, 2015, the Company 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 Member of the Company 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 Member 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 Member, 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 Company is a party or of which the Company'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 Operating Agreement, each Limited Member has the right to present Units to the Company for purchase by submitting notice to the Managing Member during January or July of each year. The purchase price of the Units is equal to 85% 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 Member in accordance with the provisions of the Operating Agreement. The purchase price is equal to 100% of the net asset value per Unit in the case of Units of a deceased investor, who purchased the Units in the initial offering and who is a natural person, including Units held by an investor that is an IRA or other qualified plan for which the deceased person was the primary beneficiary, or Units held by an investor that is a grantor trust for which the deceased person was the grantor.

Units tendered to the Company during January and July may be repurchased on April 1st and October 1st, respectively, of each year subject to the following limitations. The Company will not be obligated to purchase in any year more than 2% of the total number of Units outstanding on January 1 of such year. In no event shall the Company be obligated to purchase Units if, in the sole discretion of the Managing Member, such purchase would impair the capital or operation of the Company. During the period covered by this report, the Company 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 Managing Member 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 Managing Member 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 Managing Member 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: May 11, 2016

AEI Income & Growth Fund 26 LLC

By: AEI Fund Management XXI, Inc.

Its: Managing Member

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)

Exhibit 31.1

CERTIFICATIONS

I, Robert P. Johnson, certify that:

1. I have reviewed this quarterly report on Form 10-Q of AEI Income & Growth Fund 26 LLC;

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: May 11, 2016

/s/ ROBERT P JOHNSON
Robert P. Johnson, President
AEI Fund Management XXI, Inc.
Managing General Partner

Exhibit 31.2

CERTIFICATIONS

I, Patrick W. Keene, certify that:

1. I have reviewed this quarterly report on Form 10-Q of AEI Income & Growth Fund 26 LLC;

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: May 11, 2016

/s/ PATRICK W KEENE
Patrick W. Keene, Chief Financial Officer
AEI Fund Management XXI, Inc.
Managing General Partner

Exhibit 32

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 Income & Growth Fund 26 LLC (the “Company”) on Form 10-Q for the period ended March 31, 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 XXI, Inc., the Managing Member of the Company, and Patrick W. Keene, Chief Financial Officer of AEI Fund Management XXI, 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 Company.

/s/ ROBERT P JOHNSON
Robert P. Johnson, President
AEI Fund Management XXI, Inc.
Managing General Partner
May 11, 2016

/s/ PATRICK W KEENE
Patrick W. Keene, Chief Financial Officer
AEI Fund Management XXI, Inc.
Managing General Partner
May 11, 2016