

About AIM Advisers

AIM Advisers helps small and medium-sized, growth-oriented U.S. companies complete IPOs on the Alternative Investment Market (AIM) of the London Stock Exchange. AIM Advisers also provides a range of services to the 49 U.S.-based companies that are already listed on AIM.

Secondary Offering Activity – H1 2017

Highlights

- £1.7 billion (\$2.2 billion) was raised for AIM secondary offerings during H1 2017
 - 22% more than H1 2016 but 37% less than H2 2016
 - 2015 and 2016 were the two largest years for AIM secondary offerings since 2010
- £684 million (\$890 million) was raised for 18 AIM IPOs during H1 2017
 - 23% less than H1 2016 but 170% more than H2 2016
 - 4 of the 18 AIM IPOs were for U.S.-based companies
 - 6 of the 18 AIM IPOs included meaningful liquidity for selling shareholders
 - Selling shareholders raised \$450 million, a record 51% of the total
 - \$551 million raised in 2016 for what was then a record 37% of the total
- Unsurprisingly, 64% of the 1,000 companies listed on AIM are based in the UK
- Africa has 62 companies listed on AIM for 6%, the U.S. 49 for 5% and China 22 for 2%
- End-of-decade expectation is the U.S. will have more AIM-listed companies than Africa
 - Healthcare and technology-enabled businesses will be the main drivers
 - African IPOs are natural resource focused, sectors that are just starting to recover
 - China is in turmoil and investors fundamentally don't trust Chinese companies
- The U.S. is best placed to capitalize on and continue the internationalization of AIM
 - UK investors desire exposure to USD assets and revenue streams
 - UK investors seek high-quality, growth-oriented SMEs
- Average size of AIM secondary offerings during H1 2017 remains in the historical range

	H1 2015 - £7.86m (\$10.22m)	H2 2015 - £8.35m (\$10.86m)	
H1 2016 - £4.42m (\$5.75m)	H2 2016 - £8.04 (\$10.45m)	H1 2017 - £5.17 (\$6.72)	
- Consistent rise in the relative number of AIM-listed companies completing secondaries

H1 2015 - 28%	H2 2015 - 29%	H1 2016 - 30%	H2 2016 - 33%	H1 2017 - 34%
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- Distribution of AIM secondary offerings during H1 2017 is consistent with prior periods

< £3m - 69%	£3m - £10m - 16%	£10m - £50m - 14%	> £50m - 1%
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Since the London Stock Exchange launched AIM in 1995, an aggregate of £102 billion (\$133 billion) has been raised for growth-oriented SMEs, £42 billion (\$55 billion) for IPOs and £60 billion (\$78 billion) for Secondary Offerings.

	IPO Funds Raised (in £ millions)	Secondary Offering Funds Raised (in £ millions)
H1 2015	468	2,398
H2 2015	182	2,538
H1 2016	884	1,380
H2 2016	253	2,676
H1 2017	684	1,684
Total	2,471	10,676

The table above shows that gross funds raised for AIM IPOs during the first half of 2017 decreased by 23% compared to the first half of 2016 but surged by 170% compared to the second half of 2016. There were 18 AIM IPOs during the first half of 2017. Of particular note is the fact that four were for U.S.-based companies and six included meaningful liquidity events for selling shareholders who raised £346 million (\$450 million), accounting for a record 51% of the total. This follows on from 2016 when selling shareholders raised £424 million (\$551 million) for what was then a record 37% of the total, therefore, perhaps these levels of selling shareholder activity will persist.

The gross funds raised for AIM secondary offerings during the first half of 2017 increased by 22% compared to the first half of 2016 but decreased by 37% compared to the second half of 2016. The last two years saw the largest amounts raised on AIM for secondary offerings since 2010 with £4.9 billion (\$6.4 billion) raised in 2015 and £4.1 billion (\$5.3 billion) raised in 2016.

At the macro level for AIM, unsurprisingly, the UK is the main place of operation for more AIM-listed companies than any other country or continent. 64% of the 1,000 companies currently listed on AIM are based in the UK. Africa has 62 companies listed on AIM for a 6% share, the U.S. has 49 for 5% and China has 22 for 2%.

The end-of-decade expectation is that the U.S. will have more AIM-listed companies than Africa and will further extend its lead over China. Healthcare and technology-enabled businesses will be the main drivers, sectors that are particularly well represented in the U.S. The vast majority of African companies listed on AIM operate in the oil and gas and mining sectors which are just starting to recover. China is in turmoil and investors fundamentally don't trust Chinese companies.

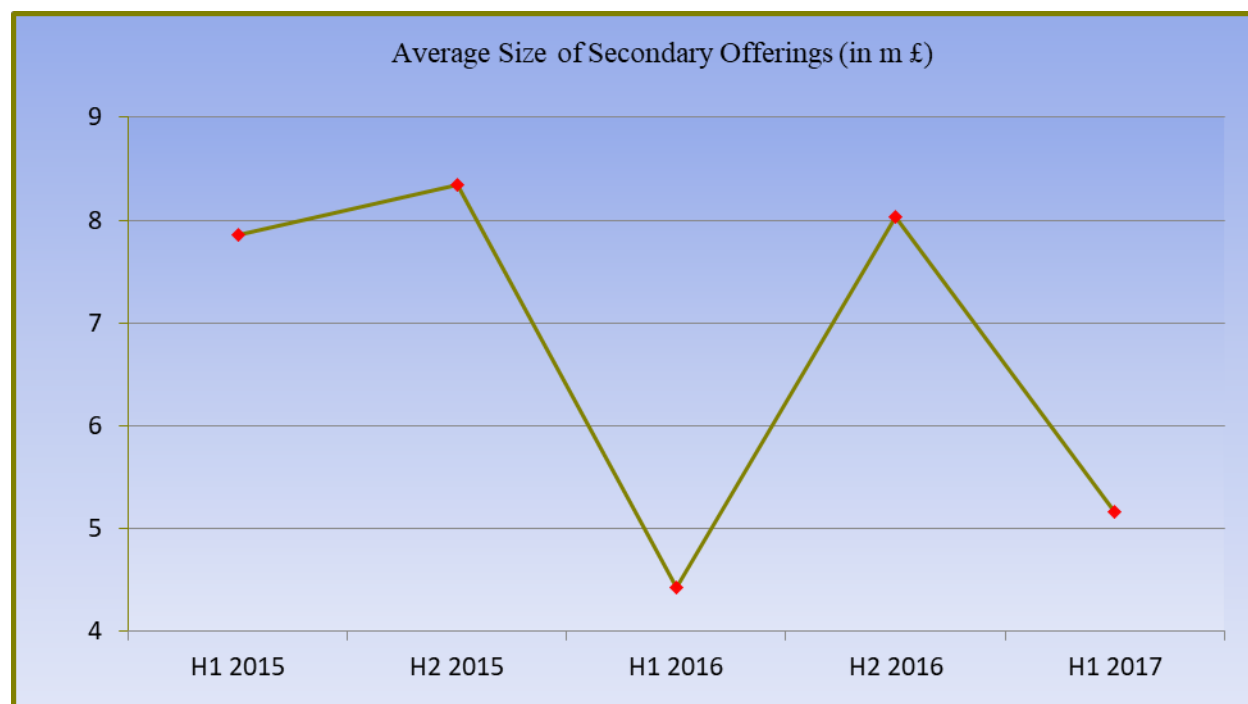
The U.S. is undoubtedly best placed to capitalize on and continue the internationalization of AIM. UK investors desire exposure to USD assets and revenue streams from high-quality, growth-oriented SMEs.

The table below shows that *gross funds raised from AIM secondary offerings* during the first half of 2017 increased by 22% compared to the first half of 2016 but decreased by 37% compared to the second half of 2016. The last two years saw the largest amounts raised for AIM secondary offerings since 2010 with £4.9 billion (\$6.4 billion) raised in 2015 and £4.1 billion (\$5.3 billion) raised in 2016. The allocation of capital tends to shift from IPOs to secondary offerings and vice versa given the mood of the markets. This has been true over the last five half-years as illustrated in the table on the previous page; whenever the IPO funds raised goes up or down the secondary offering funds raised moves in the opposite direction.

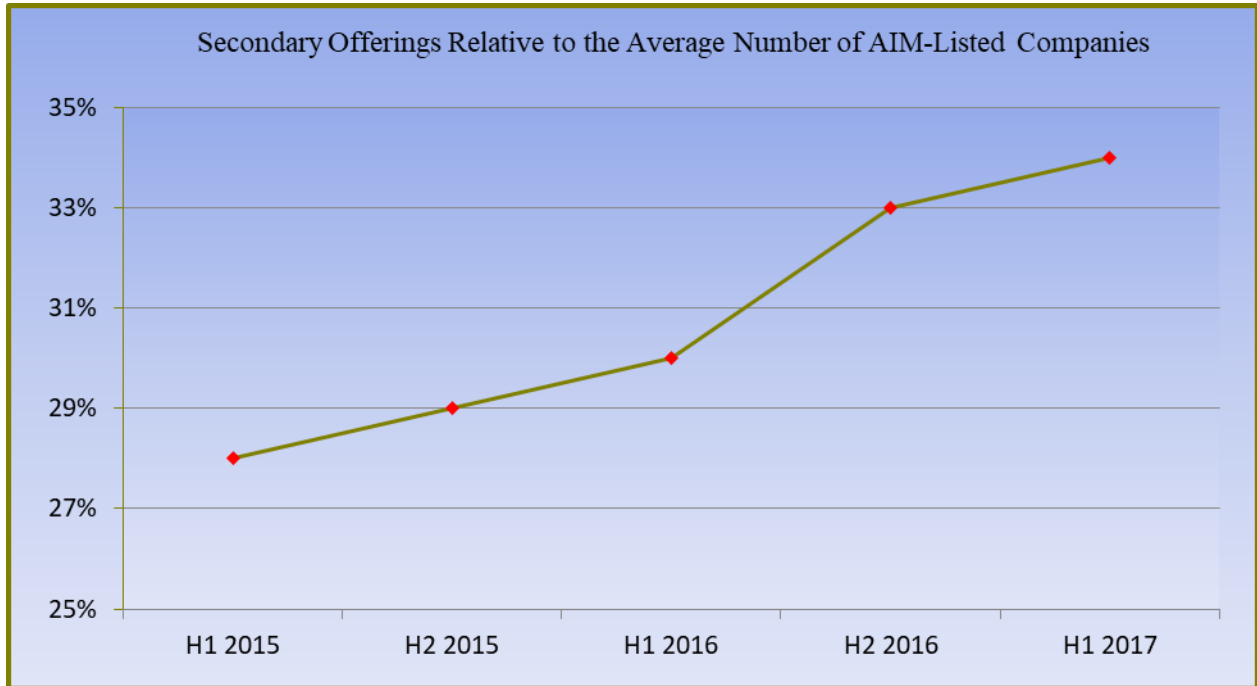
	Number of Secondaries*	Gross Funds Raised (in £ millions)	Average Funds Raised (in £ millions)
H1 2015	305	2,398	7.86
H2 2015	304	2,538	8.35
H1 2016	312	1,380	4.42
H2 2016	333	2,676	8.04
H1 2017	326	1,684	5.17
Total	1,580	10,676	6.76

* This is the number of discrete secondary offering transactions. Some companies completed more than one secondary offering per half-year.

The *average size of AIM secondary offerings* during the first half of 2017 remained in the historical range as shown in the table above and the chart below.

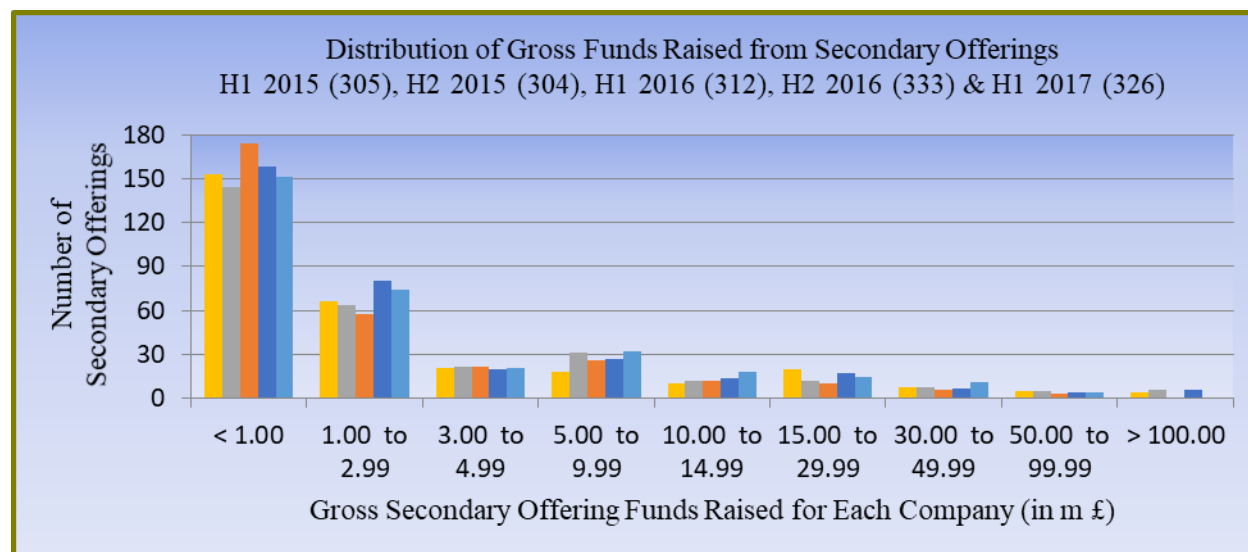


The chart below shows that there has been a consistent rise in the *relative number of AIM-listed companies completing secondary offerings*, from 28% during the first half of 2015 to 34% during the first half of 2017. The robustness of AIM's secondary offering market is indisputable, which is the litmus test of success for a stock exchange focused on growth-oriented SMEs.



The table below illustrates the *distribution of gross funds raised from AIM secondary offerings*. The first half of 2017 is consistent with the majority of the prior half-years with the first half of 2016 being the outlier with a skewness towards smaller secondary offerings. The chart below the table provides more detail with the first half of 2016 in orange.

(in £ millions)	H1 2015	H2 2015	H1 2016	H2 2016	H1 2017
< 3	72%	68%	74%	72%	69%
3 - 10	13%	17%	16%	14%	16%
10 - 50	12%	11%	9%	11%	14%
> 50	3%	4%	1%	3%	1%



AIM now largely consists of two classes of growth-oriented SMEs; those that are very close to self-sustainability and only require small cash injections and those that have achieved significant scale and are using AIM's secondary offering market to raise substantial amounts of additional capital to aggressively acquire competitive and complementary businesses.