

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 76 U.S.-based companies that are already listed on AIM.

IPO Activity – 2008 vs. 2007

Highlights

- Number of IPOs and aggregate funds raised drop by 79% and 85%, respectively
- Decreases for ‘operating companies’ slightly less at 76% and 74%, respectively
- Average funds raised for ‘operating companies’ increases slightly to £19m
- 75% of IPOs in both years raise between £3m and £100m
- First time since 2005 that majority of funds raised (57%) was for ‘operating companies’
- Substantial decrease in IPO dilution of existing shareholders of ‘operating companies’
2007 – 34% 2008 – 25%
- Very selective market with funds available for high quality companies at less dilution
- Market seen as shifting back to its original purpose of funding growth-oriented SMEs
- Outlook: H1 2009, very slow; H2 2009, tepid recovery with a strong flight to quality

The trend which began in 2006, and continued throughout 2007, of a significant number of Special Purpose Acquisition Corporations (SPACs) and Investment and Real Estate Funds completing IPOs on AIM, has largely come to an end. During 2008, only 10 Investment Funds and one Real Estate Fund completed IPOs with no SPAC IPOs. These ‘investment vehicles’ cause the overall market metrics to be misleading.

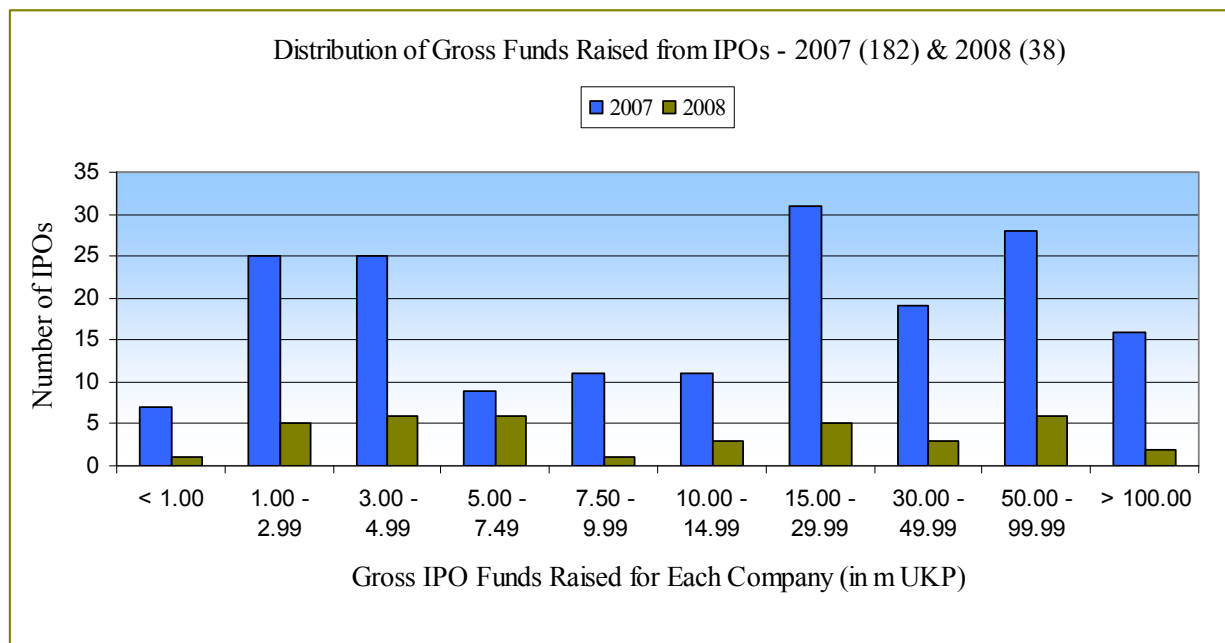
The key takeaway from comparing the tables below is that only 61% of the IPOs during 2007 were for ‘operating companies’ and those companies only captured 32% of the gross funds raised. During 2008, 71% of the IPOs were for ‘operating companies’ and, for the first time since 2005, they captured a majority (57%) of the gross funds raised.

All Companies	Number of IPOs	Gross Funds Raised (in £ billions)	Average Funds Raised (in £ millions)
2007	182	6.26	34
2008	38	0.92	24

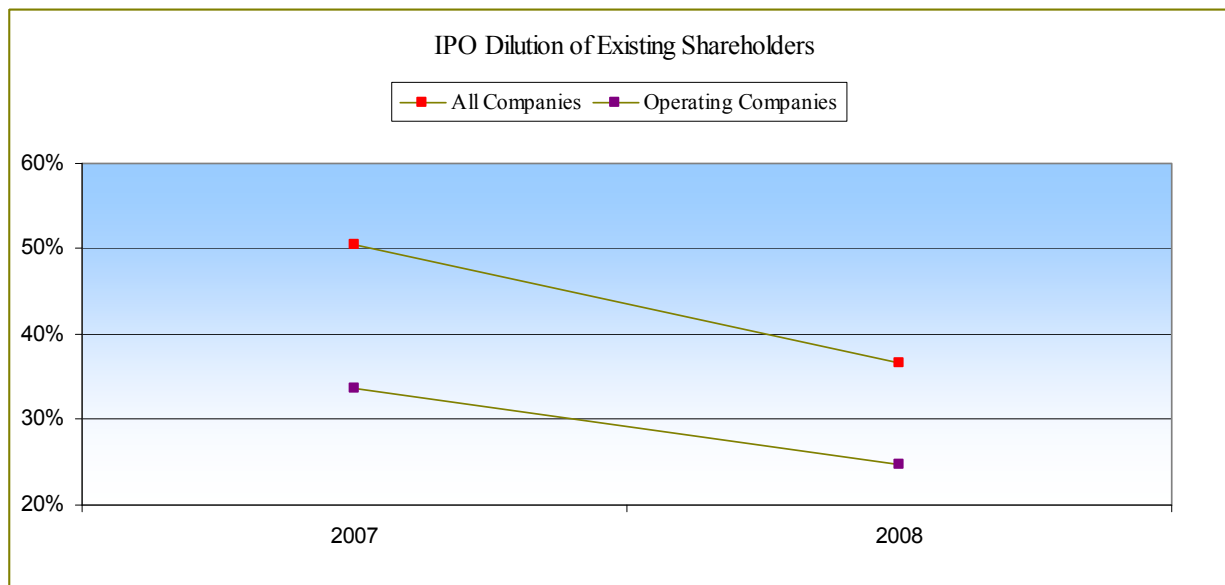
Exclusive of SPACs and Investment and Real Estate Funds:

‘Operating Companies’	Number of IPOs	Gross Funds Raised (in £ billions)	Average Funds Raised (in £ millions)
2007	111	1.99	18
2008	27	0.52	19

Notwithstanding the bifurcation of the IPO market between ‘investment vehicles’ and ‘operating companies’, 75% of the IPOs in each year raised between £3 and £100 million.



While AIM has certainly not been immune to the global slowdown in IPOs, the codification of the AIM Rules for Nominated Advisers in early 2007 has increased the scrutiny of prospective new entrants by Nomads since the Nomad vouches to the London Stock Exchange as to a company’s suitability for admission to AIM. Consequently, the quality of the companies being admitted to AIM has increased and, as a result, the IPO dilution of existing shareholders has decreased.



The outlook for 2009 is for IPO activity during H1 to be very slow with a tepid recovery during H2. It is believed that the market will shift strongly back to its original purpose of funding growth-oriented SMEs and that there will be an extreme flight to quality with IPO fundraisings for more mature ‘operating companies’ pushing up above £20 million.