

### 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.

## Secondary Offering Activity – 2008 vs. 2007

### Highlights

- Number of secondaries and aggregate funds raised drop by 39% and 68%, respectively
- £3.1b raised in secondary offerings during 2008....240% more than raised in IPOs
- 36% of AIM-listed companies completed secondary offerings during 2008
- Average size of secondary offerings shrinks by 50% to £5m as market remains cautious
- 2008 number, average size and distribution of secondary offerings reminiscent of 2005
- Market seen as shifting back to its original purpose of funding growth-oriented SMEs
- Access, or lack of access, to funds separate strong from weak and cleanses the market
- Outlook: H1 2009, very slow; H2 2009 modest recovery driven by the strong companies

The success of the secondary offering market on AIM is indisputable; however, that success should not be viewed in isolation, but rather through the lens of the broader market for AIM IPOs. 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. The effect on the IPO market was dramatic but the effect on the secondary offering market was more modest.

‘Operating companies’ captured 57% of the IPO funds raised during 2008 but only 32% during 2007. The comparable metrics for the secondary offering market were 81% during 2008 and 68% during 2007.

<b>All Companies</b>	IPO Funds Raised (in £ billions)	Secondary Offering Funds Raised (in £ billions)
2007	6.26	9.71
2008	0.92	3.13

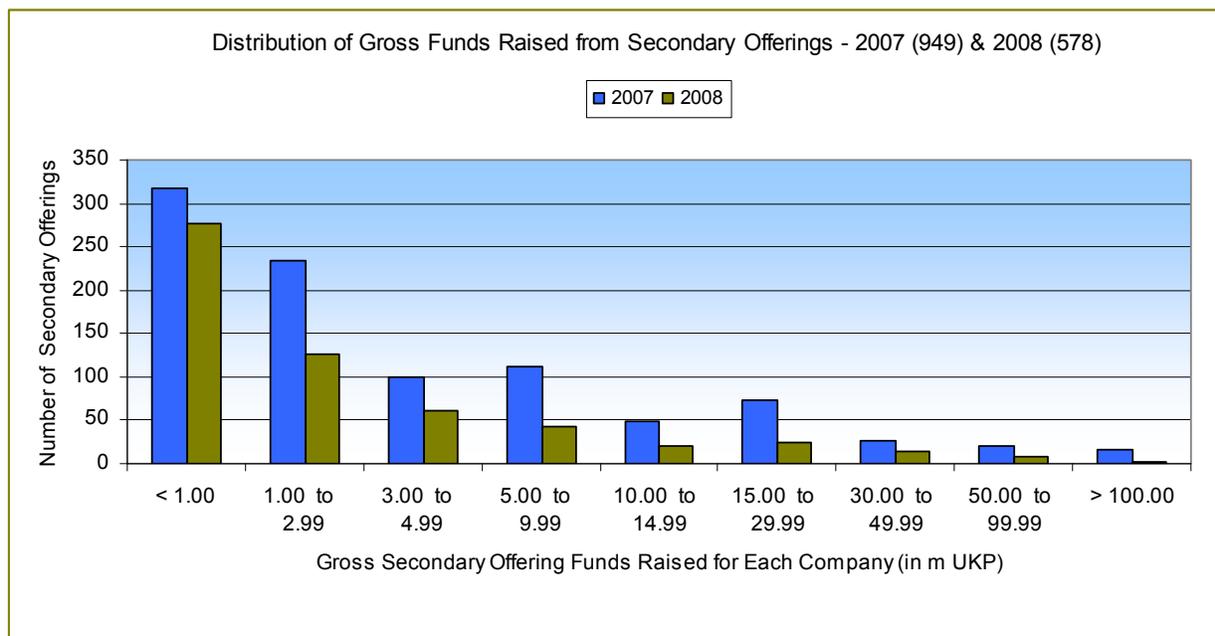
Exclusive of SPACs and Investment and Real Estate Funds:

<b>‘Operating Companies’</b>	IPO Funds Raised (in £ billions)	Secondary Offering Funds Raised (in £ billions)
2007	1.99	6.59
2008	0.52	2.54

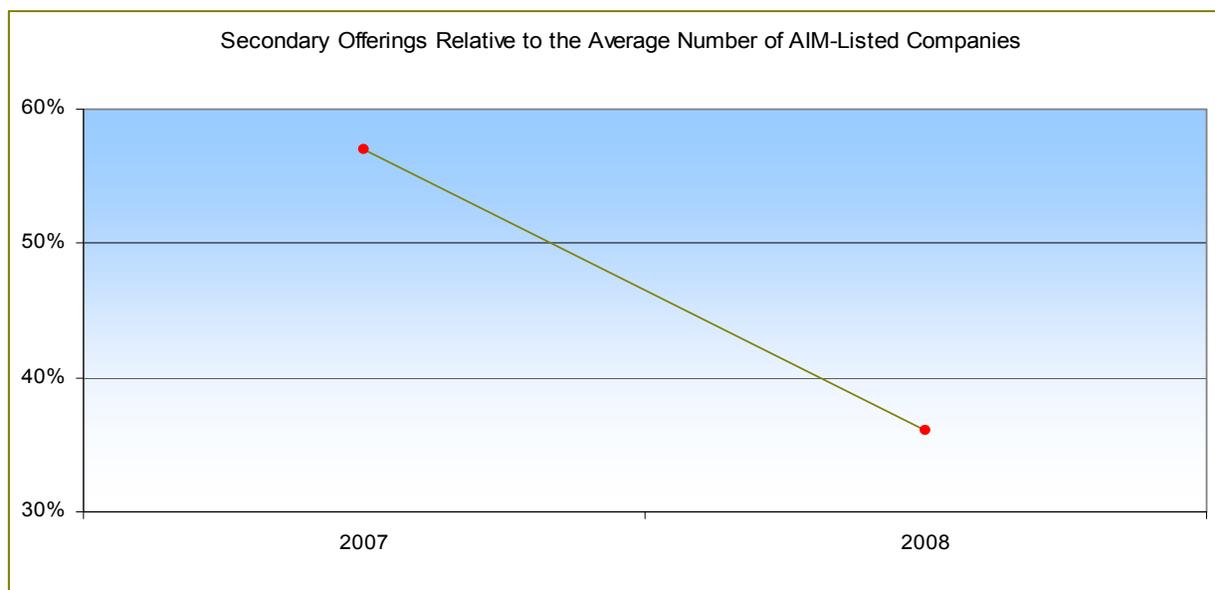
The average size of secondary offerings shrunk by 50% as the market remains cautious.

<b>All Companies</b>	Number of Secondary Offerings	Gross Funds Raised (in £ billions)	Average Funds Raised (in £ millions)
2007	949	9.71	10.23
2008	578	3.13	5.41

During 2008, 80% of all secondary offerings were for less than £5 million whereas 80% of all secondary offerings in 2007 were for less than £10 million, reflecting a cautious market. Interestingly, the number, average size and distribution of secondary offerings during 2008 is reminiscent of 2005, supporting the view that the market is shifting back to its original purpose of funding growth-oriented SMEs.



The relative number of companies that were able to complete secondary offerings during 2008 remains healthy at 36%; however, this does represent a decrease from 57% in 2007.



The outlook for 2009 is for secondary offering activity during H1 to be very slow with a modest recovery during H2. It is believed that the market will shift strongly back to its original purpose of funding growth-oriented SMEs and that access, or lack of access, to secondary offering funds during 2009 will separate the strong from the weak and ultimately cleanse the market.