

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

## Secondary Offering Activity – 2017

### Highlights

- £5.0 billion (\$6.7 billion) was raised for AIM secondary offerings during 2017
  - 23% more than 2016
  - 2015 - 2017 were the three largest years for AIM secondary offerings since 2010
- £2.2 billion (\$2.9 billion) was raised for 51 AIM IPOs during 2017
  - 89% more than 2016
  - 4 of the 51 AIM IPOs were for U.S.-based companies
  - 21 of the 51 AIM IPOs included meaningful liquidity for selling shareholders
    - Selling shareholders raised \$1.3 billion, a record 44% of the total
    - \$564 million raised in 2016 for what was then a record 37% of the total
- Unsurprisingly, 65% of the 950 companies listed on AIM are based in the UK
- Africa has 61 companies listed on AIM for 6%, the U.S. 48 for 5% and China 20 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 2017 remained in the historical range  
 2015 - £8.11m (\$10.79m)      2016 - £6.29 (\$8.37m)      2017 - £7.87 (\$10.47)
- Relative number of AIM-listed companies completing secondaries increased slightly  
 2015 - 57%                          2016 - 64%                          2017 - 65%
- Relative number of AIM secondary offerings raising £3m - £50m increased noticeably  
 2015 - 27%                          2016 - 25%                          2017 - 31%

|              | IPO Funds Raised<br>(in £ millions) | Secondary Offering Funds Raised<br>(in £ millions) |
|--------------|-------------------------------------|--|
| 2015         | 650                                 | 4,936  |
| 2016         | 1,137                               | 4,056  |
| 2017         | 2,151                               | 4,995  |
| <b>Total</b> | <b>3,938</b>                        | <b>13,987</b>                                      |

Since the London Stock Exchange launched AIM in 1995, an aggregate of £106 billion (\$141 billion) has been raised for growth-oriented SMEs; £43 billion (\$57 billion) for IPOs and £63 billion (\$84 billion) for Secondary Offerings.

The table on the previous page shows that gross funds raised for AIM IPOs surged by 89%. Of particular note is the fact that four of the 51 IPOs were for U.S.-based companies and 21 of the 51 IPOs included meaningful liquidity events for selling shareholders who raised \$1.3 billion, accounting for a record 44% of the total. This follows on from 2016 when selling shareholders raised \$564 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 2017 increased by 23% compared to 2016. The largest amounts raised on AIM for secondary offerings since 2010 have all occurred over the last three years; £4.9 billion (\$6.5 billion) raised in 2015, £4.1 billion (\$5.5 billion) raised in 2016 and £5.0 billion (\$6.7 billion) raised in 2017.

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. 65% of the 950 companies currently listed on AIM are based in the UK. Africa has 61 companies listed on AIM for a 6% share, the U.S. has 48 for 5% and China has 20 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.

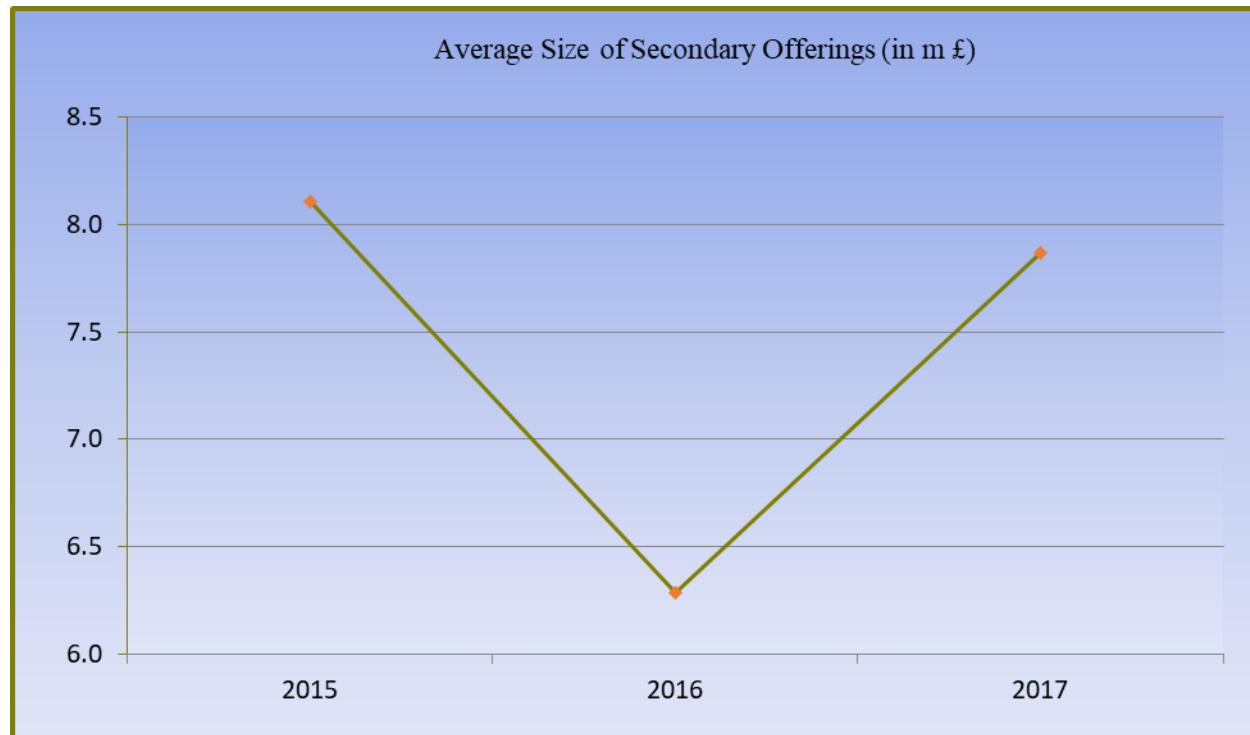
The U.S. is undoubtedly best placed to capitalize on and continue the internationalization of AIM. UK investors desire exposure to USD assets and revenue streams from high-quality, growth-oriented SMEs.

The table below shows that **gross funds raised from AIM secondary offerings** during 2017 increased by 23% compared to 2016. The largest amounts raised on AIM for secondary offerings since 2010 have all occurred over the last three years.

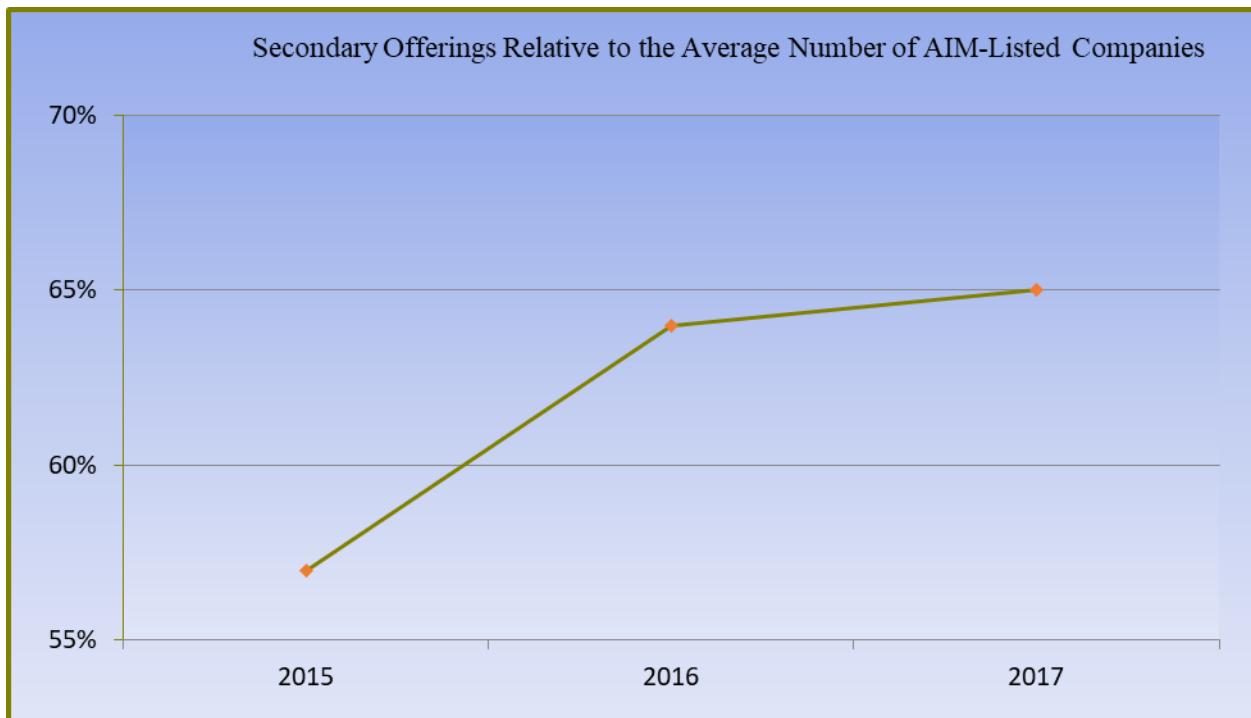
|              | Number of Secondaries* | Gross Funds Raised (in £ millions) | Average Funds Raised (in £ millions) |
|--------------|------------------------|------------------------------------|--------------------------------------|
| 2015         | 609                    | 4,936                              | 8.11                                 |
| 2016         | 645                    | 4,056                              | 6.29                                 |
| 2017         | 635                    | 4,995                              | 7.87                                 |
| <b>Total</b> | <b>1,889</b>           | <b>13,987</b>                      | <b>7.40</b>                          |

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

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

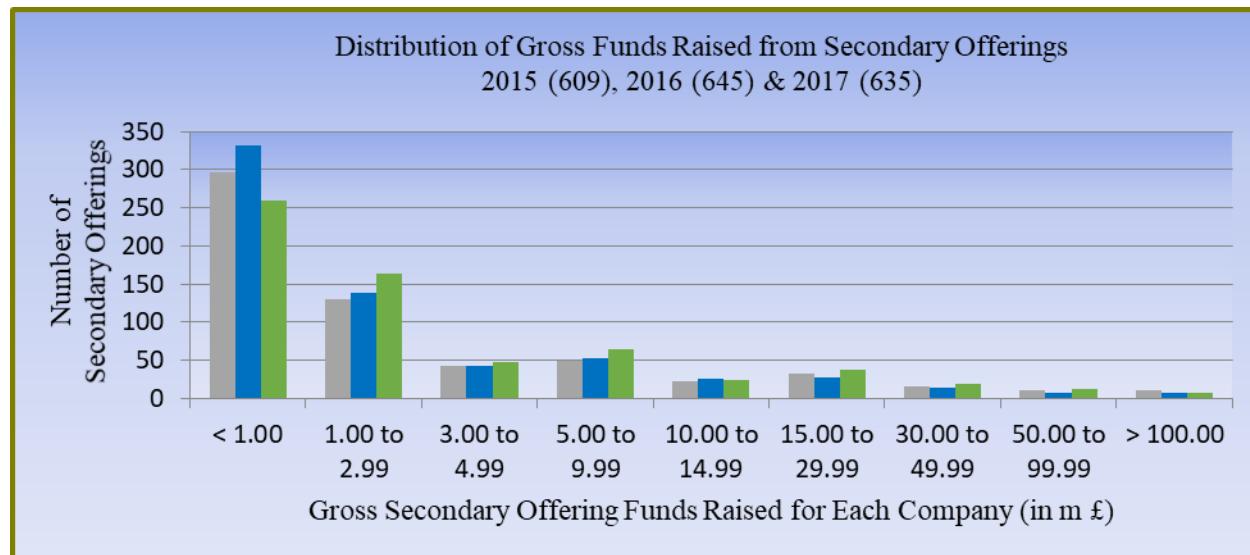


The chart below shows that the ***relative number of AIM-listed companies completing secondary offerings*** during 2017 increased slightly to 65%. The robustness of AIM's secondary offering market is indisputable, which is the litmus test of success for a stock exchange focused on growth-oriented SMEs.



The table below illustrates the ***distribution of gross funds raised from AIM secondary offerings***. The relative number of AIM secondary offerings raising between £3 million and £50 million increased noticeably to 31% during 2017 from only 25% in 2016. The chart below the table provides more detail with the green bars illustrating the fact that with the largest relative increases occurred in the £5 - £10 million and £15 - £30 million ranges.

| (in £ millions) | 2015 | 2016 | 2017 |
|-----------------|------|------|------|
| < 3             | 70%  | 73%  | 66%  |
| 3 - 10          | 15%  | 15%  | 18%  |
| 10 - 50         | 12%  | 10%  | 13%  |
| > 50            | 3%   | 2%   | 3%   |



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 for organic growth and/or to aggressively acquire competitive and complementary businesses.