

Why is AIM successful?



AIM at 31 December 2011

- 1143 companies (of which 225 non-UK)
- Market capitalisation of £62 billion
- 3290 companies have joined AIM since 1995, raising £77 billion
- In 2012, 90 companies joined AIM, raising £609 million
- Existing companies raised £3.7 billion
- Best year for admissions: 2005 (519 companies)
- Best year for funds raised: 2007 (£16.2 billion)

Economic impact

In 2009, UK incorporated AIM companies:

- employed over 250,000 full time equivalent employees
- Wider effect supporting a further 320,000 FTEs
- contributed £12 billion to UK GDP
- contributed £1.8 billion taxation revenues

Source: Economic impact of AIM and the role of fiscal incentives, Grant Thornton and the London Stock Exchange plc

AIM at 31 December 2011 - sectors

- Total market capitalisation: £62 billion
- Oil and gas producers £13.9 billion
- Mining £ 9.6 billion
- Investment and financial £10.4 billion
- Over 30 other sectors: £28.1 billion

Factors behind the growth of AIM – difficult or impossible to replicate

- Timing - benign economic environment and the effects of globalisation
- Long established equity culture in the UK
- Investment infrastructure – professionals, investors, financial advisers, media and service providers
- Large and deep investor pool in the world's largest international financial market
- Oil and Gas, Mining industry – tradition, expertise and eclipsing Vancouver
- Real estate and Funds
- The Private Equity community

Investors

Investor	Number of investments	Value of investments (EUR million)
Blackrock	141	2,188
Fidelity	86	1,025
Invesco	55	863
Lloyds Banking Group	56	800
Prudential	43	774
Henderson Global Investors	167	732
Capital Group Companies	35	694
Challice Limited	1	602
Citvic Nominees	5	581
JPMorgan Chase	64	523

Source: GCI Institutional Investors in AIM survey 2011

Factors behind the growth of AIM - easier to replicate

- AIM designated markets
- Transfers from the UK Main Market – Peter and Paul?
- Tax efficient investment vehicles – EIS and VCT

Regulatory Differences between AIM and the Main Market

- Nominated adviser (Nomad) required at all times - Sponsor for Main market admissions only
- AIM Admission document v Prospectus
- approved by Nomad and is not pre-vetted by Exchange or UKLA
- No minimum size requirement
- No minimum financial history required
- No formal requirement for shares to be held in public hands
- Compliance with the AIM Rules for Companies - Listing Rules
- AIM has no formal limit on non-preemptive share issues (v 5%)
- AIM: tax advantages of "unquoted" shares

EIS

- **A summary only - not taxation advice**
- A tax scheme available to individuals
- Relief against income tax (from 6 April 2011: 30% of value invested up to a maximum of £500,000 invested)
- Capital Gains Tax exemption
- Loss relief against income election
- Company must be small, independent and "unquoted"
- Company must not have an excluded trade (eg real estate)
- Over £7 billion raised via EIS for eligible companies from 1993/4 to 2007/8¹

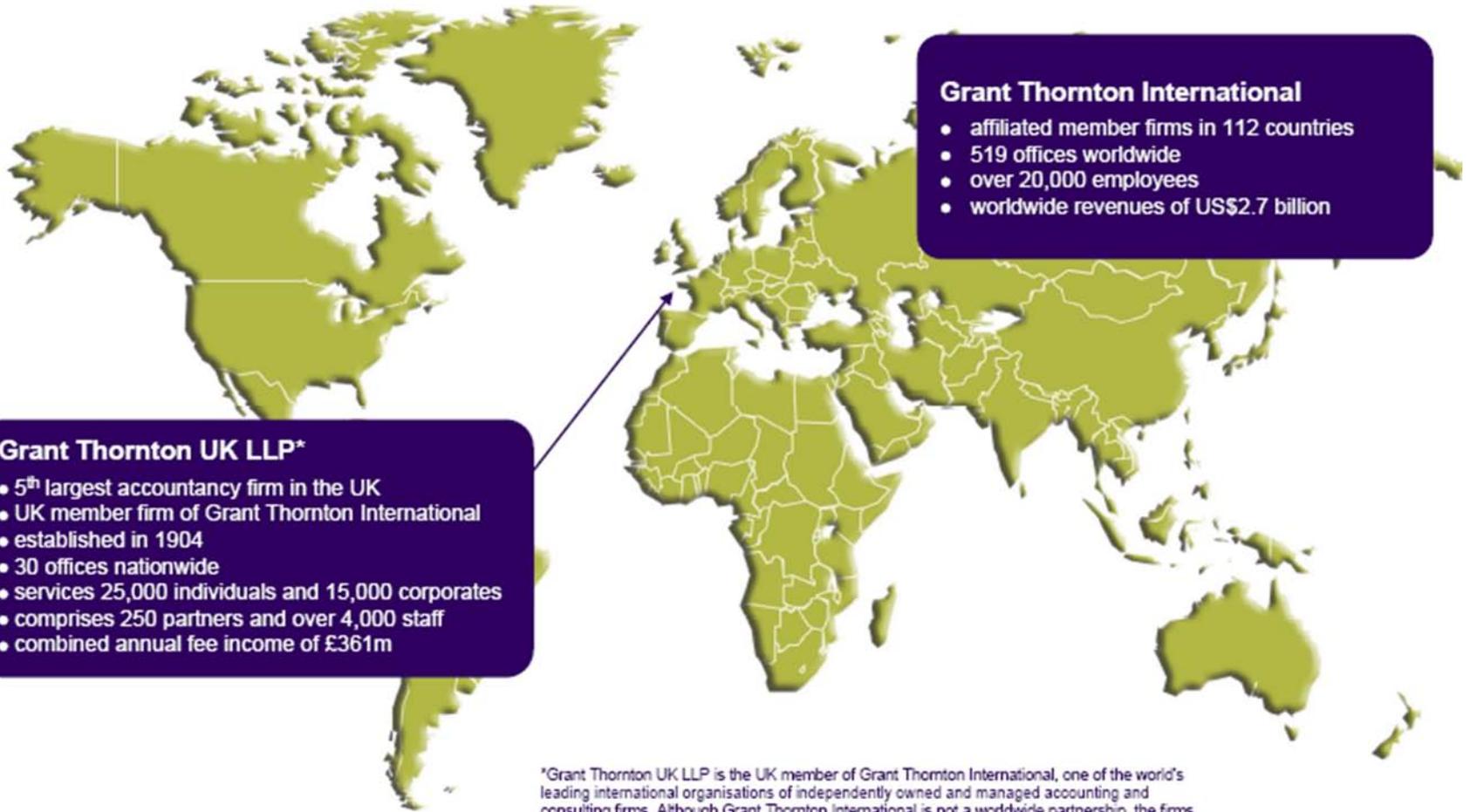
¹ Source: Economic impact of AIM and the role of fiscal incentives, Grant Thornton and the London Stock Exchange plc

Venture Capital Trusts

- **A summary only - not taxation advice**
- Indirect investment in a range of companies¹
- Similar tax reliefs to EIS
- £200,000 subscription limit in one tax year
- Similar criteria apply to investee companies
- Over £3.6 billion raised via VCTs 1995 to 2010¹

¹Source: Economic impact of AIM and the role of fiscal incentives, Grant Thornton and the London Stock Exchange plc

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Thank you

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