

# HSBC City Report: Abu Dhabi

The essence of past, present and future

Together we are  
**Abu Dhabi's**  
pioneering culture



Together we thrive





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# The Next Chapter of Abu Dhabi

## 1. Abu Dhabi's rapid growth trajectory

Over the past 50 years, Abu Dhabi has transformed into a global business, banking, cultural and hospitality hub and one of the key centres of the Middle East, North Africa, and Turkey (MENAT) region. Supported by its large oil reserves, the emirate has invested in successive cycles of construction and diversification, which have boosted the city's global appeal and influence. Oil and gas' share of GDP has fallen from 59.3% to 50.2% in the last 15 years, and the emirate continues to transition into technology and manufacturing roles serving East-West trade and investment corridors. <sup>1</sup>

Population (millions)

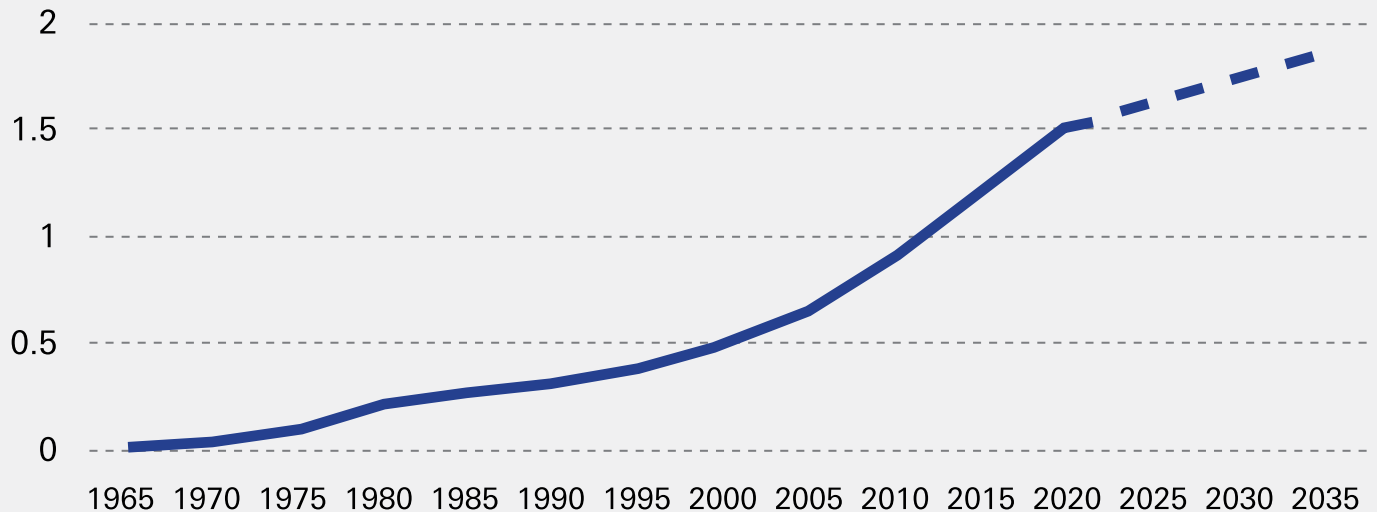


Figure 1. Population growth in Abu Dhabi; Source: UN

As a city Abu Dhabi's registered population **has surged from less than 50,000 in 1965 to nearly 1.5m in 2020**. Oil extraction and construction has prompted a long-term boom in immigration, and government reforms and policies have incentivised both highly skilled and lower skilled migration.

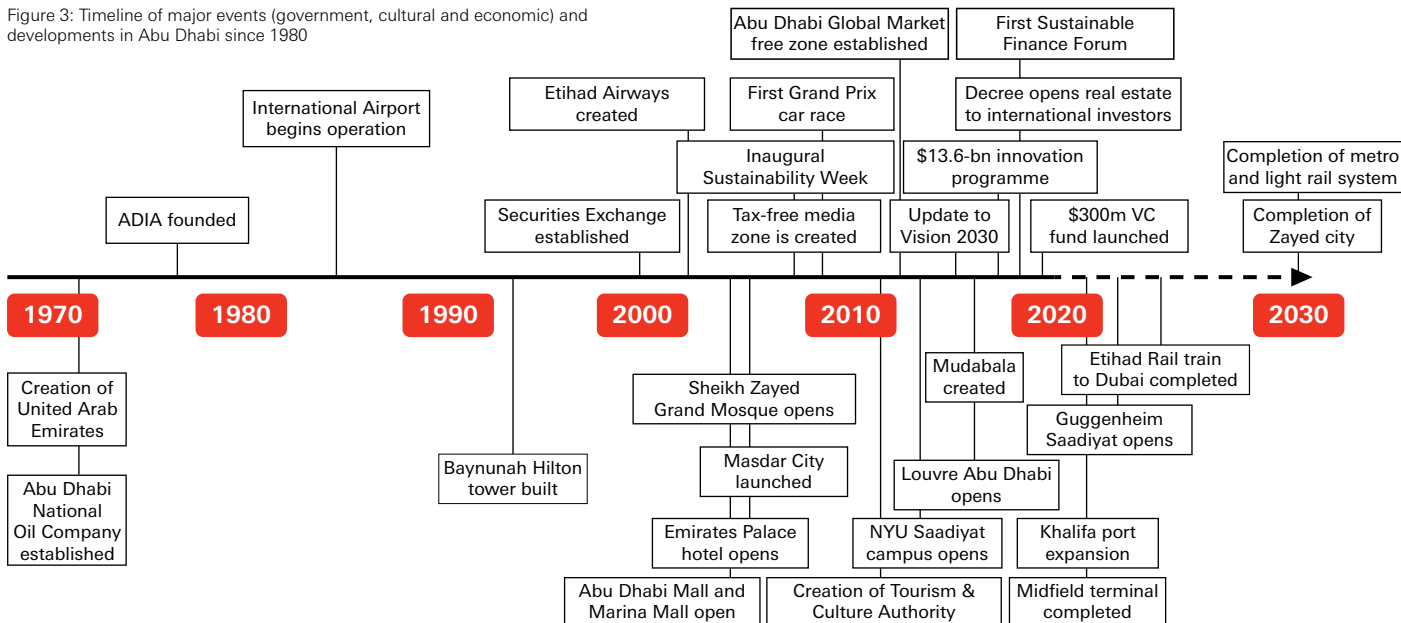
Figure 2: Evolution of built-up area in Abu Dhabi; Source: Google Earth



The **total built-up area of Abu Dhabi has grown rapidly from 34 km<sup>2</sup> in 1975 to over 760km<sup>2</sup>**, the size of Singapore and New York City. This reflects several cycles of fragmented neighbourhood development combined with densification, with urban growth management now a strong priority.

Abu Dhabi’s fast population growth and its under-managed process of urban change has led to new imperatives to improve environmental stewardship, especially to address desert urbanism challenges, access to freshwater, and neighbourhood integration. As Abu Dhabi looks to 2030 and beyond, a key agenda for the city is to balance social and economic development with environmental resilience.

Figure 3: Timeline of major events (government, cultural and economic) and developments in Abu Dhabi since 1980



## Abu Dhabi's global corridors and gateway roles

Abu Dhabi has gradually acquired a strategic position as an inter-continental hub for trade, talent and capital. It has evolved as a destination for talent through the opening of international branch campuses of multiple global universities, which fosters the talent base and international business links. Low-skilled migration flows from South Asia to Abu Dhabi has been supporting its domestic economy, and the emirate is now looking to attract much larger flows of high-skilled workers to boost its role in more specialised industries.

Abu Dhabi also plays a strategic role in promoting the UAE / China / India corridors. Abu Dhabi's major institutions such as Abu Dhabi Global Markets and Abu Dhabi Ports have signed partnerships with Chinese entities. Since 2017 more than 15 Chinese companies have also relocated in the Khalifa Industrial Zone.<sup>2</sup> In India, Abu Dhabi Investment Authority has also been a proactive investor in the infrastructure sector as well as major companies, reflecting the overall UAE strategy to invest in market leading businesses in Asia.

Major investment in port and airport capacity has is strengthening Abu Dhabi's position as an East-West junction box for trade and logistics. Khalifa port has seen an 80% year-on-year growth in the first half of 2019, with capacity to triple by 2030, to 15mn Twenty-foot Equivalent Units (TEUs) by 2030.<sup>3</sup> Improvements to trade links underpin investment and business activity, especially given its strategic location along the Belt and Road corridor.

## A diversifying population and economy

Foreign-born residents and non-citizens represent more than 80% of Abu Dhabi's population, with many from South Asia and working in construction or domestic services. The population is young, with nearly 68% of the population under 35 years old.<sup>4</sup>

To boost the share of non-oil GDP to 64% by 2030, Abu Dhabi's government is taking proactive steps to expand globally traded, capital-intensive industries such as petrochemicals, pharmaceuticals and life sciences, technology and logistics. Among a variety of spatial initiatives, Abu Dhabi has established a media tax-free media zone, twofour54, to facilitate business for the private sector.

In 2019, Abu Dhabi launched Ghadan 21, an accelerator program designed to diversify the economy through investment in businesses, innovation, people, eco-tourism, and boosting other revenues from accelerators. With a AED 50bn budget (US\$ 13.6 bn), Ghadan 21's initiatives aim to enhance the city's infrastructure for entrepreneurs, upgrade public systems and create a liveability advantage for the city, that can underpin a long-term transition to a high-skilled, talent-oriented knowledge economy.<sup>5</sup>









## Openness to new residents

In recent years, citizenship, nationality and resident rights for expatriates have been a focal point of UAE Government reforms. In 2019, the UAE introduced long-term residence visas, enabling expatriates to work and study without a national sponsor and own 100% of their businesses on the mainland. This reform is important to Abu Dhabi's diversification strategy as it encourages the retention of graduates and highly skilled talent and

emergence of new expatriate-owned businesses.

## Abu Dhabi's performance in the benchmarks globally and in the MENAT region

Abu Dhabi's long-term growth strategy has resulted it becoming the top ranked city in MENAT for economic competitiveness and future growth prospects, ranking 20th globally and among the top 40 global financial centres.<sup>6</sup> It is also an early adopter in the region of technology and smart services, and is rated 2nd in MENAT for quality of life.<sup>7</sup> Most performance trends are positive, yet globally its major challenges are to grow its role in talent, aviation and start-up development, all areas where it is currently well outside the top 50.

	Economic competitiveness & global research		Innovation & smartness		Internal infrastructure and connectivity		Global corridor capability			Quality of life
	AT Kearney Global Cities Index	Z-Yen global Financial Centres	StartupBlink Stratup Cities	IMD Smart Cities Index	Mori Memorial Foundation Global Power City Index: Railway Station	IESE Cities in Motion: Technology	Mori Memorial Foundation Global Power City	JLL Global 650: Number of air passengers	INSEAD Global Talent Competitiveness Index	Mercer Quality of Live Survey
Date	Jul-19	Mar-20	Jun-20	Sep-20	Dec-19	Jun-20	Dec-19	Dec-19	Jan-20	Mar-19
	Overall Competitiveness and future growth prospect	Actual and perceived strength of financial industry	Size, scale and growth trajectory of start-up ecosystem	Residents' perception of tech infrastructure and smart services to improve quality of life	Density of railway stations per km <sup>2</sup>	City wide digital technology adoption and quality of tech infrastructure	Port freight flows plus no. of cities from which direct cargo flights depart & arrive at city airport	No. of annual air passengers	Ingradients for attracting, retainig and growing a skilled talent base	Overall quality of life
Abu Dhabi global rank	20 <sup>th</sup> / 130	39 <sup>th</sup> / 102	315 <sup>th</sup> / 1000	42 <sup>nd</sup> / 109	-	12 <sup>th</sup> / 174	-	108 <sup>th</sup> / 541	65 <sup>th</sup> / 155	74 <sup>th</sup> / 231
Abu Dhabi regional rank	1 <sup>st</sup> / 18	3 <sup>rd</sup> / 11	12 <sup>th</sup> / 26	1 <sup>st</sup> / 7	-	2 <sup>nd</sup> / 17	-	6 <sup>th</sup> / >25	2 <sup>nd</sup> / 13	2 <sup>nd</sup> / 26
Trend					-		-			

Source: AT Kearney (2020). 'Global Cities Outlook Index'; Z-Yen/Long Finance (2020) 'Global Financial Centres Index 27'; Startup Blink (2020), 'Startup Ecosystem Rankings Report'; IMD (2020) 'Smart Cities Index'; Mori Memorial Foundation (2020) 'Global Power Cities Index'; IESE (2020), 'Cities in Motion Index'; JLL Cities Research Centre; INSEAD (2020) Global Talent Competitiveness Index; Mercer (2019) Quality of Life Survey

## 2. Key development issues for Abu Dhabi

### Innovation and entrepreneurship

For the past three years, Abu Dhabi has accelerated initiatives to boost its innovation ecosystem. From establishing innovation challenges, to funding opportunities and incentive packages, the emirate is trying to build niches in fintech, transport and health. Mudabala has invested US\$ 15bn to the Softbank Vision Fund to promote tech investment into the UAE.<sup>8</sup> In 2019, the Abu Dhabi government opened tech hub Hub71 in partnership with Abu Dhabi Global Market, Mubadala, Microsoft and SoftBank, who contributed to a US\$ 145mn VC fund to support growth ambitions of local tech start-ups.<sup>9</sup> A new social innovation hub also opened in 2020 to encourage start-ups focused on addressing social challenges.

To help create the path for business and enterprise investment, Abu Dhabi's local government introduced Ghadan21 as an economic development agenda to galvanise the innovation economy along three principles<sup>10</sup>:

#### Investing in business

by making license registration easier, and investing in businesses through direct and venture funds.

#### Investing in innovation

by creating new start-up space and co-working spaces, and facilitating crowdsourced innovation.

#### Investing in people

by launching a platform for social innovation through a social incubator programme, providing government backed loans for housing, and increasing the number of seats within schools.

Abu Dhabi also aims to capitalise on its location to grow its agritech economy through the Ghadan programme. Through a three-year AED 1-bn investment to subsidise and provide capital for agritech businesses, the government aims to establish the city's reputation as a leading global centre for agricultural innovation in desert environments.

### Abu Dhabi's role in the MENAT region and globally

Abu Dhabi is steadily establishing itself as an international cultural centre, through its strategy to accommodate prestigious and well-known museums such as the Louvre Abu Dhabi and the future Guggenheim. Abu Dhabi has also attracted international branch campuses for leading global universities, and continues to host major sports events such as the Abu Dhabi F1 Grand Prix and a growing Golf culture centre.

Abu Dhabi has also accumulated experience as a pioneer for the building of sustainable cities and advanced districts, led by the creation of Masdar City. This project was initiated in 2006 as a city built on the three pillars



of economic, social and environmental sustainability. The city has embraced a bold development agenda in the transition to 100% sustainability. When finished, Masdar will be run entirely on solar and renewable energy. Part of Masdar's growth strategy is to operate as a base for businesses focused on R&D around new types of sustainable living.

### Connectivity hub

Abu Dhabi plays a strategic role in positioning the UAE as a gateway to the MENAT region, especially from Indian and Chinese hubs. The International Airport, 32 km away from the city centre, welcomes more than 20 million passengers annually. The port roles are also growing, connecting Abu Dhabi along maritime corridors to Asia. In 2016, China's COSCO Shipping Limited chose Khalifa Port as hub for its operations in the Middle East and is responsible for part of the port capacity expansion.<sup>11</sup>

In order to increase tourism in the region in line with Abu Dhabi's 2030 vision, a new terminal is under construction, the Midfield Terminal which will welcome up to 65 aircraft, and be able to handle around 8,500 passengers per hour for check in.<sup>12</sup> With 25,000 sqm dedicated to retail and food and beverage, the terminal has also been designed as its own retail destination and aims to make Abu Dhabi's airport the first choice airport for all Emirate residents.

### Urban density and land use

Abu Dhabi is having to re-engineer its urban form after 50 years of urban expansion. The city's spatial form consists of a CBD at the edge of the island, high-density buildings along the water, followed by mid to lower density residential buildings on the outskirts, as neighbourhoods have continued to form through different planning iterations.

Since 1964, urbanisation and land-use has been through at least three distinct cycles that has produced multiple centres and some dis-agglomeration as economic locations became separated.<sup>13</sup>

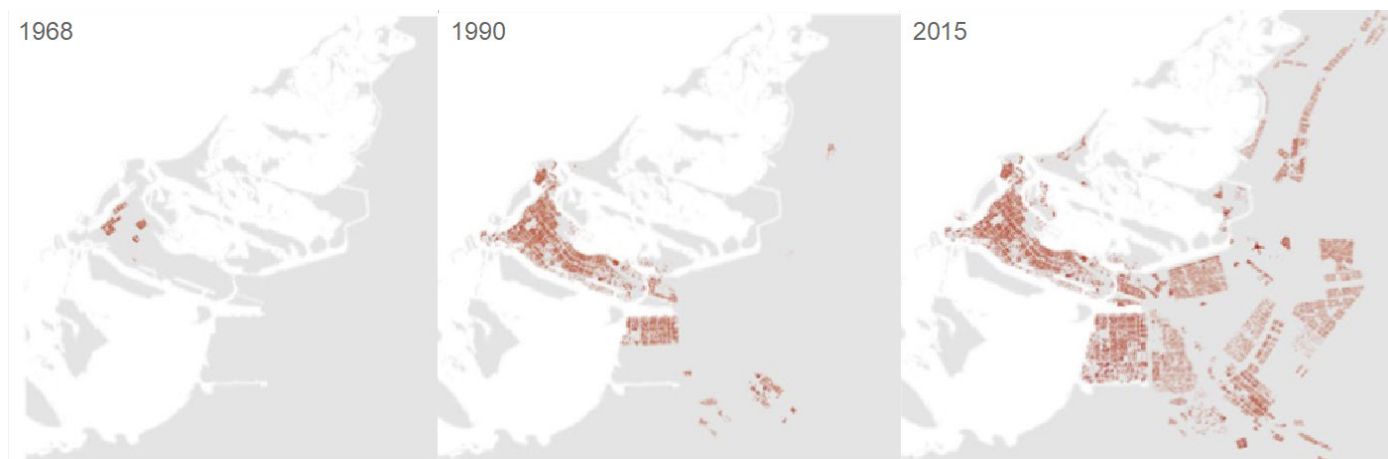


Figure 4: Abu Dhabi's spatial growth over time; Source: Alawadi, K., and Benkraouda, O. (2017)

Due to land constraints, a plan for a second district, known as Zayed City, will create a new CBD, planned circularly from a main park, and consisting of different specialised neighbourhoods connected via a transport spine, all zoned through strict planning codes. <sup>14</sup> This presents to chance to model a different kind of neighbourhood approach.

### 3. Existing future plans

Abu Dhabi's Vision 2030 aims to diversify the city economy and build a sustainable economy fuelled by fast-growing high-value industries. To achieve its vision, the plan lays out a number of key measures to optimise regulatory and legislative environments, as well as to create pathways for investment to reinvent the city.

Through key infrastructure and real estate development projects, Abu Dhabi aims to establish itself as a more all-round global destination, and develop its status as the primary gateway. Abu Dhabi is already investing strongly in expanding and upgrading its tourism and cultural amenities with significant projects such as the Saadiyat Island Cultural District, soon to be complemented with the Guggenheim Museum, the Yas South Development and the expansion of its airport.

#### Key projects

	Description	Cost (US\$)	Year of Completion
Yas South Development	A mixed-use development, the project includes Yas Bay, a public waterfront and entertainment district, a media-dedicated free zone as well as hotels and homes, and the city's first multipurpose sports arena (18,000 people).	US\$ 3.3 bn	2031
Midfield Terminal	Underpinning airport capacity growth to 30m passengers per year. Advanced design and technology contribute to streamlining operations and improving travel experience.	US\$ 3 bn	2021
Abu Dhabi Metro & Light rail	A 131 km-long, four-line metro project including two light rail lines and one bus rapid transit loop. The new lines will link the city centre with suburbs and satellite business centres.	US\$ 2 bn	2030
Reem Mall	Located within the residential district of Reem Island, the Mall will become a major leisure and retail destination, with the world's largest indoor snow park, more than 450 local and international brands, and an integrated e-commerce logistics hub.	US\$ 1.2 bn	2020

Khalifa Port Expansion	Raise capacity by 4 million (TEUs), create a 3-km quay wall as well as a new logistics hub, Khalifa Logistics, to ensure proper and efficient handling of merchandise.	US\$ 1 bn	2021
Zayed City	A 45 sqkm new city, laid out between two existing highways that will have a circular CBD, surrounded by new residential areas, all linked through public transport, including a new metro system. The new CBD will house governmental buildings, as well as space for the innovation economy.	US\$ 0.9 bn	2030
Guggenheim Abu Dhabi	A 50,000-sqft satellite Guggenheim museum annex designed by Frank Gehry to be part of the Saadiyat Island Cultural District, a square-mile complex just off the shore of Abu Dhabi island.	US\$ 0.7 bn	2022

Note: when the project cost was not in USD, exchange rates from October 2020 have been applied to convert to USD.

Source: Asteco (2020), 'New Brief: Regional Real Estate Updates', [https://www.asteco.com/eshot/newsbrief2020/pdf/Asteco\\_News\\_Brief\\_04.pdf](https://www.asteco.com/eshot/newsbrief2020/pdf/Asteco_News_Brief_04.pdf); R. Falconer (2019) 'New Midfield Terminal "redefining travel and reinforcing Abu Dhabi's position as a global hub."' Airport Business, <http://cdn1.pps-publications.com/airport-business-archive/2019/ab-winter-2019.pdf>; J. Aguinaldo (2018) 'Abu Dhabi tenders metro and light rail consultancy package', MEED, <https://www.meed.com/abu-dhabi-tenders-metro-and-light-rail-consultancy-package/>; UPAC (2019), 'Annual Report 2019', [http://www.upac.com.kw/pdf/AnnualReports/AnnualReport2019\\_Eng.pdf](http://www.upac.com.kw/pdf/AnnualReports/AnnualReport2019_Eng.pdf); Abu Dhabi Ports (2019), 'Abu Dhabi Ports announced AED 4bn expansion projects at Khalifa Port on its 7th Anniversary', <https://www.adports.ae/abu-dhabi-ports-announces-aed-4bn-expansion-projects-at-khalifa-port-on-its-7th-anniversary/>; A. Nagraj (2017), 'Abu Dhabi mega Dh3.3bn Zayed City project eyes 2020 completion', Gulf Business, <https://gulfbusiness.com/abu-dhabis-mega-dhs3-3bn-zayed-city-project-eyes-2020-completion/>; D. Dudley (2019), 'Saudi Arabia Joins the Gulf's Culture Race with Plans for Modern Art Museum', Forbes, <https://www.forbes.com/sites/dominicdudley/2019/10/22/saudi-modern-art-museum/#43fc18ca5790>

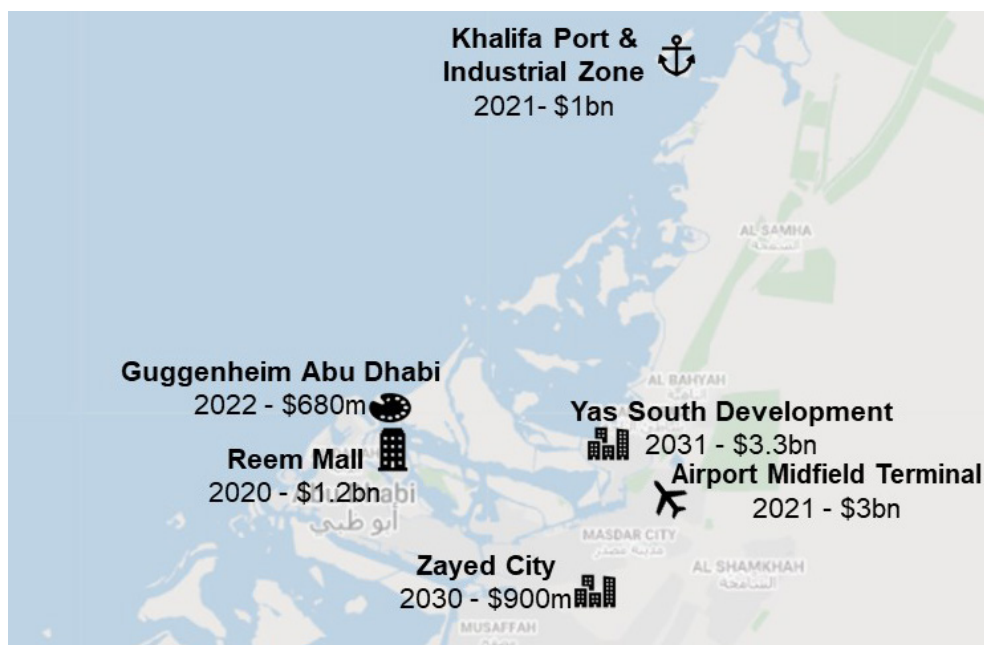
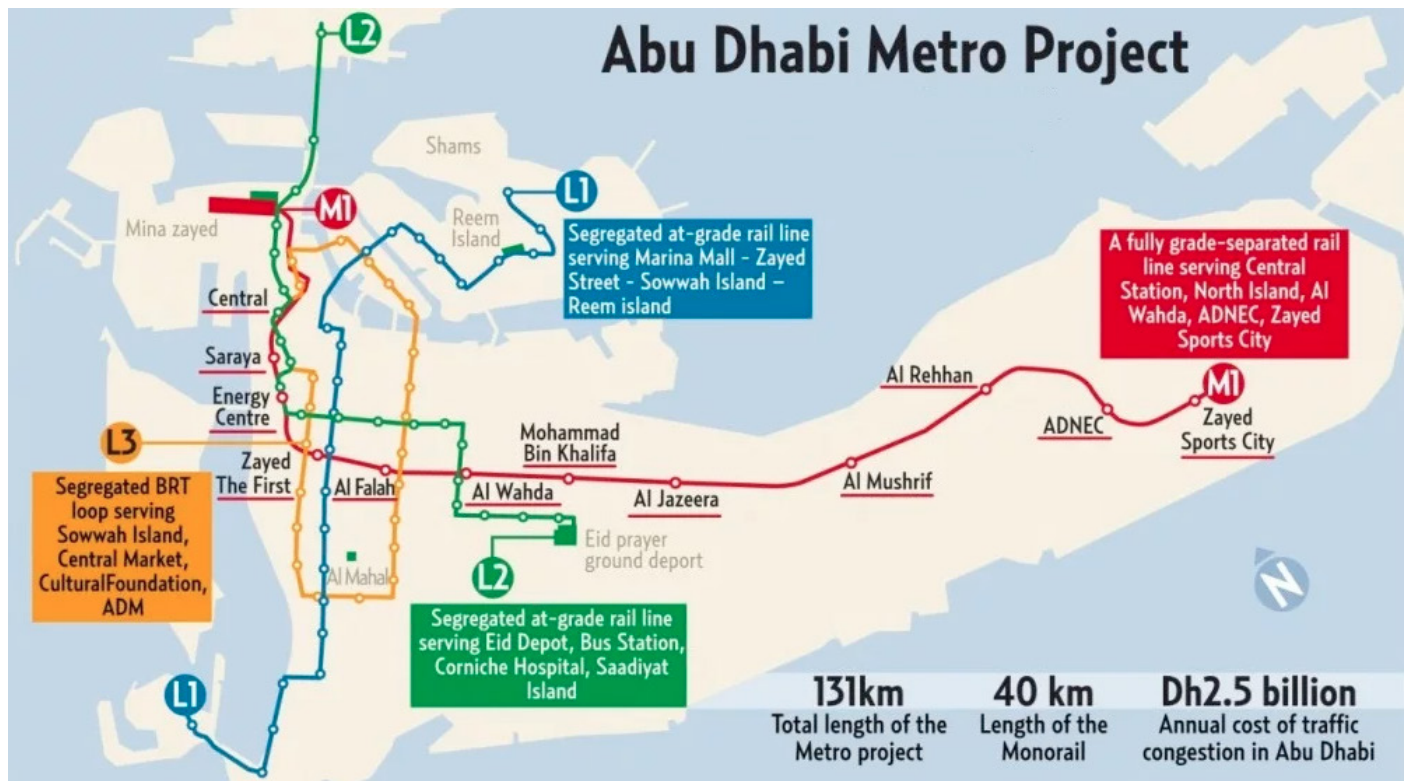


Figure 5: Map of Abu Dhabi key projects (US\$)

## Abu Dhabi metro and light rail

Central to its Transportation Mobility Management Strategy, Abu Dhabi aims to have its own substantial metro and light rail system that links the centre with key suburbs and specialised districts. This shows the commitment of government to encourage a change of behaviour towards sustainable modes of transport and reduce traffic congestion.

Figure 6: Map of Abu Dhabi Metro project <sup>15</sup>



### Technology adoption

“The innovation and optimal use of modern technologies and data is the cornerstone of establishing future cities which Abu Dhabi seeks to achieve in order to establish its position as a global centre for sustainable information infrastructure.”

**His Excellency Falah Mohammad Al Ahbabi,**  
Chairman of the Department of Municipalities and Transport in Abu Dhabi <sup>16</sup>

Abu Dhabi’s government has been at the forefront of the smart city agenda. Recognising the major benefits technologies can have to improve residents’ quality of life, the city has launched various smart initiatives such as a smart addressing platform using QR codes, a one-stop shop portal offering all government services to UAE’s citizens and visitors, and a 3D visualisation tool to monitor and enhance services across the city, developed in partnership with Orange. Abu Dhabi Ports has also launched a Smart Container Initiative aimed at cutting carbon emissions with the help of environmentally friendly technologies.

### Masdar City

Masdar City, a project started in 2006, has become an advanced city district. It has a centralised power usage monitoring system and all buildings are powered by renewable energy. It is a car-free city, with autonomous shuttles Navya operating since October 2018. An ambitious sustainable city, Masdar has attracted world-renown tech companies that work closely with developing sustainable solutions (International Renewable Energy Agency, Siemens, Honeywell, Saint-Gobain, Emirates Nuclear Energy Corporation) and also has an incubator dedicated to clean tech.

The Department of Urban Planning and Municipalities has launched the pilot phase of the five-year plan for Smart Cities and Artificial Intelligence (2018 – 2022) named Zayed Smart City Project. It uses emerging technologies to manage infrastructure such as traffic management, smart grid upgrades, etc. Zayed City’s infrastructure, built by Abu Dhabi General Services Company (Musanada), is estimated to cost is estimated at AED 3.3bn and should be completed by the end of 2020. <sup>17</sup>

## 4. COVID-19 and the next cycle for Abu Dhabi

Recent announcement from UAE government NCEMA, the UAE ranked 1st in the number of tests per capita during the months of July and August 2020. More than 2 million test carried out in labs in the country, the eight highest number in the world.

The world changed radically since early 2020, the global pandemic has resulted in millions of cases and hundreds of thousands of fatalities so far. Without a vaccine or efficient curative treatment, countries across the world implemented stringent lockdown and social distancing measures to contain the health crisis. These measures are having a major impact on the economy.

COVID-19 is expected to have a number of long term socio-economic implications that may re- shape the way companies and individuals consume, create value and interact:

### Spatial: shared spaces & systems

**Geo-spatial: changed behaviour impacts on public transport, mass-gathering activities, contact-free economy and global urbanisation trends**

- New social attitudes of physical distancing and facemask wearing are bringing a new shared spaces management doctrine

### New social contract

**Increased awareness and demand for more managed globalisation and inclusion of social responsibility**

- New global social contract with more inclusion and a focus on tackling inequalities

### Geo-political long-term impacts

**Geo-political implications on global governance and globalisation will depend on medical response and resulting recession and shape and speed of economic recovery**

- Potential re-consideration of extensive international integration of trade and people flows towards a managed globalisation, more diversification and re-localisation of strategic activities with enduring influence of state intervention

### Climate change and sustainable economy

**Better awareness of climate change challenges and the need for a more sustainable economy and infrastructure with a better environmental footprint on ecosystems**

- The COVID-19 crisis is accelerating the change in consumption behaviour and broadening the public support for a cleaner economy and for environmental responsibility

### Supply chain and flows of trade

**New imperative for resilient and diversified supply chains and trade relationships**

- Diversification of the supply chain, potential re-localisation and leveraging digital supply networks to maximise supply chain resilience

### Digital transformation and 'servicisation' trend

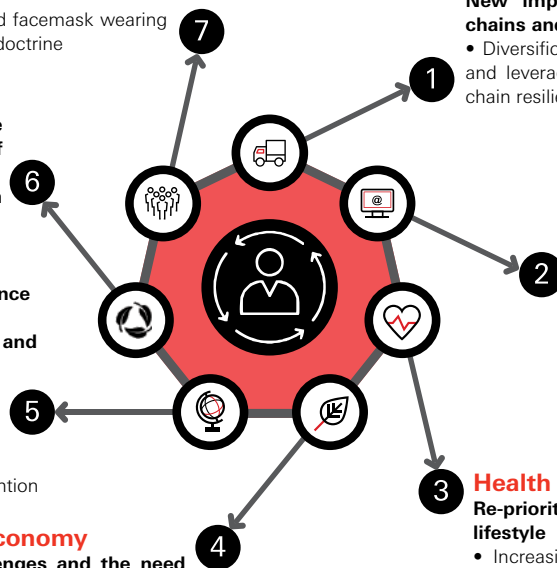
**Acceleration of digital transformation, contact-free, and "as a service" trends**

- Remote working, distance learning, online media content, telemedicine and ecommerce are among the key winners' industries post COVID-19

### Health and wellness

**Re-prioritisation of health, wellness and balanced lifestyle**

- Increasing awareness and demand for healthy life and good nutrition as well as health safety and access to quality medical care



## Reinvented flows of trade and resilient supply chains

As highly globalised and specialised supply chains have proven not to be the most resilient model, there is a new imperative for more diversified supply chains and trade relationships. The current debate suggests global cities could see near or re-localisation of production facilities for priority industries and increasing use of digital supply networks and AI to ensure maximum supply chain resilience. The wholesale re-shoring of supply chains is unlikely in all scenarios. There is also uncertainty about the full spectrum of industries that may return, but in the mid-term global cities are prioritising the return of:

- ◆ **Essential goods:** It is likely that pandemic essentials such as health supply chains for vaccines, medicines, pharmaceuticals and protective equipment production, and food and beverages, will re-localise, especially as the risk of future becoming part of the collective awareness and planning in global cities.
- ◆ **Industries with existing skills base:** More localised production may revolve around the industries in which city regions already have a specialist skills base and facilities that they can build up.

## Digital transformation and revised business models

This pandemic has fuelled the rapid acceleration of the digital transformation in cities. In the last couple of months, with most global cities under lockdown, cities have skipped a whole cycle of digitalisation. We have leapt into as-a-service economies, home delivery platforms, new online content, e-commerce, distance learning, distance fitness, telemedicine and widespread adjustment to working and digitally socialising from home. As we adjust to the new normal, the longevity of these trends could have huge implications for real estate, mobility and spatial flows between city centres and city fringes.

## The re-prioritisation of health, wellbeing, and happiness

The COVID19 crisis has re-articulated the supreme importance of human health and planetary health. There is renewed focus on truly universal access to healthy and balanced lifestyles, nutritious produce, public space for exercise and quality medical care. In particular, there is growing appetite for combined policies and approaches towards health, climate and biodiversity. The sum effect is an inevitable demand for more public-health related spending, including better basic insurance coverage, improved medical infrastructure and the flexibility of hospital capacity to be ramped up if needed. We are likely also to observe the rapid development of remote healthcare, including the increasing use of telemedicine and adoption of digital and remote healthcare technologies incl. tele-health, tracking devices, monitoring apps, connected and wearable consumer healthcare devices.

## Sustainability as the driver of innovation

As more people stay inside to protect public health and shift to using more sustainable forms of transport, the world has observed a significant short-term improvement in air quality and small contractions in the collective environmental footprint. There is amplified awareness of the severity of the climate change challenge and the urgent need for more sustainable economies and infrastructure. There is refusal to compromise on the sustainability of the food system, wildfires, flooding, rising sea levels and the plasticisation of the ocean. COVID-19 is accelerating changes in consumption and broadening the public support for an environmentally responsible future. As we look towards the new normal, city and business leaders are unanimous in their ambition not to return to the pre-COVID-19 economy but to use the crisis as a catalyst for a more diversified, more equitable, cleaner and greener reinvention. There is more pressure than ever before for governments to produce de-carbonising low-emission tech pathways, by investing in green energy, power efficiency and optimised storage. There is optimism that cities around the world could adopt and adjust to some

of these 'better' behaviours for the long-term.

### **New spatial patterns**

The COVID-19 crisis has had dramatic impacts on the way people move around and share cities. Due to travel restrictions, lockdown measures and working from home, there have been steep declines in the movement within and between cities. In many cities, new social attitudes of physical distancing and facemask wearing are making way for a new shared spaces management doctrine.

Many cities are considering how to manage and organise urban spaces with new public health requirements in mind. Concerns have been echoed about the collective reputation and narrative of cities in the next cycle. The risks associated with density, proximity, public transport and global exchange are currently more widely asserted than the benefits (economic, social, environmental). This places a collective challenge for cities and their civic and business advocates to emphatically communicate:

- ◆ the essential role of cities in the next cycle
- ◆ the link between national economic success and success of urban economies
- ◆ the role that urban innovation eco-systems play in producing and financing the next cycle of discoveries
- ◆ the need for reinvestment in city systems such as mobility, real estate, health, energy and leisure

### **Managed globalisation**

Multiple geopolitical shifts are emerging as critical issues in the response to COVID-19. There is a new relationship between citizens and government because of more national level intervention. COVID-19 crisis has largely demonstrated the importance of having a stable government which could lead to more confidence government. These dimensions may play into the shift to more managed globalisation, which will see stricter

guidelines on who and what enters countries and moves across borders, and may reinforce the trend towards re-localisation. Much of this disruption may be temporary but the crisis is likely to have a lasting impact on political governance, global dynamics around relationships between developed and emerging countries, and new forms of globalisation and flows of trade and people.

### **A new social contract?**

Many global city regions are preparing for a whole cycle of behaviour change and of perception change about the virtues of cities to national economies and population that may outlast the public health impacts of the virus. One of the positives of the shared experience of this pandemic is the increased sense of social responsibility and evidence of more and more people helping each other, and a desire to move forward together. However, it is impossible to ignore the social, economic and racial inequalities that have been magnified and must be addressed as a priority.

In the coming months and years, we may observe the inclusion of social responsibility, as well as climatic and planetary considerations. For instance, lockdown and restrictive anti-stockpiling measures in supermarkets push customers to be more considerate paving the way to a more local and sustainable economy and lower waste attitudes. It will also likely result in the prioritisation of universal access to healthcare, with renewed focus on inclusion and tackling inequality. These social imperatives will shape many dimensions of the new normal.

Crises are harbingers of evolution and great times for reprioritisation, innovation, and thinking out of the box. As the scientific research is progressing and the medical response is improving, a number of sectors are 're-opening', bringing new ideas, business models, and opportunities for the mid- and long-term. This 'new normal' produces a new set of business and investment opportunities across numerous sectors and geographies.



## 5. HSBC a key partner in the sustainable evolution of Abu Dhabi

- ◆ **Abu Dhabi National Oil Company's (ADNOC) long-term real estate investment partnership with an Apollo-led consortium – reaffirms the positioning of ADNOC, Abu Dhabi and UAE as the go-to investment destination.**

In September 2020, ADNOC and Apollo-led consortium entered into a US\$ 5.5bn real estate investment partnership.<sup>18</sup> As per the agreement, Abu Dhabi Property Leasing Holding Company RSC Limited (ADPLHC), owned by ADNOC (51%) and the consortium (49%), will hold the lease rights to the selected assets for 24 years and leverage the rental income streams from select ADNOC real estate assets. The transaction values the underlying real estate portfolio at US\$ 5.5bn, generating proceeds of US\$ 2.7bn for ADNOC. This partnership allows ADNOC to unlock and monetize significant value from its non-oil and gas strategic infrastructure assets and reinvest into its core business to deliver further growth and realize greater returns. The Agreement is a continuation of ADNOC's smart growth strategy to attract FDI into the UAE and to partner with leading global investors as it builds on recent successful infrastructure transactions. For Apollo, the investment presents a unique opportunity to access high-quality lease assets with a superior, risk-adjusted return profile, and lock in long-term, recurring and stable cash flows. It reaffirms the positioning of ADNOC, Abu Dhabi and UAE as the go-to investment destination and reinforces the credibility and quality of ADNOC's world class infrastructure and smart oil production strategy. HSBC acted as financial advisor to ADNOC on this transaction, one of the largest ever real estate M&A deal in MENAT.

- ◆ **Safe Care Medical Industries supply chain overhaul – instrumental in keeping medical supplies running during the COVID-19 pandemic.**

In August 2020, HSBC's banking support enable Safe Care Medical Industries to keep personal protective equipment supplies in hospitals during the COVID-19 pandemic. Safe Care Medical Industries, the largest distributor of medical consumables for hospitals in the UAE, had to switch its focus to the local production of personal protective products during COVID-19 pandemic due to a slump in sales of its pre-COVID-19 medical products for hospitals and sudden shortages in protective gear supplies from its key partners in China, India and the US. Safe Care, which partners Bin Ali Medical Supplies, had to overhaul its strategy and diversify its supplier base, shifting initially to Turkey, and later to Thailand and Indonesia. To support the community, the company also began to manufacture personal protective products, such as face masks and gloves, in its new UAE facility. It is now building a new line to further expand its production in the country. HSBC provided advanced payments facilities to relieve the cash flow pressure on Safe Care allowing it access to multiple suppliers. HSBC also provided loan support to Safe Care to complete its UAE factory to support community during COVID-19. HSBC's funding for a fully automated warehouse was also instrumental in keeping medical supplies running during the pandemic.

- ◆ **Acquisition bridge financing to GIP-backed consortium for acquiring a 49% stake in Abu Dhabi National Oil Company's (ADNOC) gas pipeline assets – to support ADNOC's ongoing delivery of its value creation strategy.**

In July 2020, HSBC acted as Senior Mandated Lead Arranger, Sole Hedge Structuring Bank, Joint Hedging Coordinator and Market Risk Execution Bank on the associated hedging, on a US\$ 8 billion acquisition bridge financing for a consortium<sup>19</sup> composed of leading infrastructure investors and operators, sovereign wealth and pension funds: Global Infrastructure Partners (GIP), Brookfield Asset Management, Singapore's sovereign wealth fund GIC Pte Ltd (GIC), Ontario Teachers' Pension Plan (OTPP), NH Investment & Securities (NHI&S) and Snam (collectively the 'Consortium').<sup>19</sup> The proceeds of the financing partly funded the acquisition of a 49% stake in a system of 38 onshore gas pipelines (982.3km) in the UAE from Abu Dhabi National Oil Company (ADNOC). This transaction, valued at US\$ 20.7 billion, is the single largest global energy infrastructure deal year-to-date (and the region's largest energy investment), and marks the continued success in ADNOC's ongoing delivery of its value creation strategy announced in 2017. For the Consortium members, this transaction represents a unique opportunity to invest in quality energy infrastructure assets with a low-risk profile that generate stable cash flows.

- ◆ **China Railway Construction Corporation (CRCC) and the UAE's National Projects and Construction (NPC) Joint Venture's working capital financing for the construction contract for Etihad Rail's Package D – to support one of the UAE's transformative infrastructure projects as well as connect UAE and China, two of the world's most exciting economies.**

Etihad Rail Package D involves the construction of a 145-kilometre railway line connecting the ports of Fujairah and Khorfakkan to the Pan-Emirates network at the Dubai border with Sharjah, opening up connections to Dubai, Abu Dhabi, and the UAE border with Saudi Arabia. The iconic project will connect key centres of trade and commerce across

the UAE, catalysing the growth of the nation's economy. An unincorporated joint venture (JV) between China Railway Construction Corporation (CRCC) and the UAE's National Projects and Construction (NPC) company was awarded the contract by Etihad Rail in December 2019. In June 2020, HSBC provided the CRCC-NPC JV with a comprehensive \$558 million package of guarantees, trade, supply chain and receivables, finance cash management, and foreign exchange solutions to enable them to successfully complete the railway line.<sup>20</sup>

- ◆ **Emirate of Abu Dhabi's US\$ 7.0bn Bond Offering – to optimize the capital structure of the Emirate and support the Abu Dhabi Economic Vision 2030.**

In April 2020, the Emirate successfully returned to the international debt capital markets since its last issuance in September 2019, making its first public issuance out of the UAE following COVID-19 volatility across global markets. The offering is part of Abu Dhabi's medium-term strategy that aims to optimize the capital structure of the Emirate and support the Abu Dhabi Economic Vision 2030 by tapping into diverse funding sources whilst maintaining the current credit ratings. The 30-year bonds were well received by international investors, who accounted for 98% of the final geographical allocation in the tranche, showcasing trust in Abu Dhabi's ability to deliver sustained, long-term economic growth. HSBC acted as a Joint Lead Manager and Bookrunner on the transaction, which marked HSBC's third consecutive US\$ bond mandate by the Emirate of Abu Dhabi.<sup>21</sup>

- ◆ **National Central Cooling Company PJSC's (Tabreed) US\$ 692m multi-tranche Conventional and Islamic Acquisition Financing – to support its clients with holistic financing solutions for strategic investments.**

Prefunded solely by HSBC in March 2020 the Facility was used to finance a strategic acquisition of an 80% stake in Emaar District Cooling's Downtown Dubai business (Downtown DCP) The acquisition allowed Tabreed to significantly increase its market share, whilst providing access to significant growth opportunities in Dubai. Subscribed to by a diverse group of nine international regional and local banks, the Facility allowed Tabreed to expand its relationship banking group as well as diversify its sources of capital. HSBC acted as Underwriter Bookrunner IMLA, Global Facility Agent and Conventional Facility Agent. This transaction further reinforces HSBC's strong relationship with Tabreed and its major shareholders Mubadala and Engie. It also demonstrates HSBC's capabilities to support its clients with holistic financing solutions for strategic transformational investments.

◆ **ADNOC US\$ 3bn Export Credit Agency backed financing – to support its overseas energy and infrastructure projects.**

In February 2020, ADNOC embarked on a multi-ECA financing programme, one of the largest globally, and appointed HSBC as the Global ECA Coordinating Adviser to support on the US\$ 3bn Korea Trade Insurance Corporation (K-Sure) covered financing. K-Sure is the official ECA of the Republic of Korea and ADNOC's debut ECA-backed financing is K-Sure's largest 'untied' financing to date. Under the untied financing programme, K-Sure provides support, which is not directly linked to specific Korean export contracts but recognizes, and promotes, wider cooperation between Korean exporters and the borrower.

◆ **Mamoura Diversified Global Holdings US\$ 3.5bn multi tranche bond as part of its Global Medium-Term Note Programme – First ever UAE corporate Formosa issuance.**

In October 2019, Mamoura Diversified Global Holding PJSC, formerly known as Mubadala Development Holding Company, took advantage of historically low cost of funding to approach the debt capital market and issued a U.S. dollar-denominated multi-tranche bonds in aggregate size of US\$ 3.5 billion as part of its Global Medium-Term Note Programme. The issuance was three times oversubscribed, with strong demand across the three tranches. Mamoura successfully accessed new pockets of liquidity and for the first time issued a 30-year bond with a Formosa component, a first for Mubadala and for any corporate in MENA region. HSBC acted as a Joint Lead Manager and Joint Bookrunner on the transaction. HSBC also was one of only three Joint Lead Managers to have acted on the 30-year Formosa offering.

◆ **Abu Dhabi National Oil Company's (ADNOC) partnership with Eni and OMV in Refining and Trading – a landmark strategic partnership representing a major milestone in ADNOC's transformation plan and downstream strategy.**

In January 2019, ADNOC announced strategic partnership in ADNOC Refining (AR) with Italy based Eni S.p.A (Eni) and Austria based OMV Group (OMV) with Eni and OMV acquiring 20% and 15% stake respectively. The agreements valued AR at an Enterprise Value of US\$19.3bn resulting in US\$ 5.8bn cash proceeds for ADNOC.<sup>22</sup> ADNOC Refining is the largest Refining complex in the Middle East and the fourth largest in the world. As part of the partnership agreements, a global Trading Joint Venture (TJV) will also be formed by ADNOC, Eni and OMV. TJV will be the sole international exporter of AR's products, with export volumes equivalent to c.70% of throughput. The transaction supported ADNOC's strategy of driving greater efficiencies across its operations, improving its assets and maximizing value through partnerships, and utilise

Eni and OMV's extensive operational know-how and global trading experience. The TJV would accelerate the development of ADNOC's trading capabilities and enable ADNOC's objective of unlocking even more value from every barrel of oil. HSBC acted as a financial advisor for ADNOC leveraging HSBC's global network to access key decision makers at potential partners.

◆ **AED3.1bn / US\$ 851m IPO of ADNOC Distribution – a strategically important and landmark IPO for ADNOC Group and the ADX**

In December 2017, ADNOC group floated 10% stake in ADNOC Distribution, UAE's leading fuel distributor and the largest market share in the wholesale segment, in an IPO on the Abu Dhabi Securities Exchange (ADX). It marked a further step in ADNOC's new value creation strategy, and the more proactive management of its portfolio of assets and capital, to unlock value and drive growth. The IPO had a numbers of firsts including:

- First IPO of an ADNOC company
- First IPO on ADX in the last 6 years; largest IPO on ADX in last 10 years
- First ever international offering on the ADX
- First IPO on the ADX using a Book Building process

It was a transformative transaction for the ADX – helping facilitate the further development and growth of the ADX. HSBC acted as Joint Global Coordinator and was the only bank in the syndicate with the platform to market and deliver to local, regional and international investors.

◆ **Abu Dhabi Crude Oil Pipeline US\$ 3bn bond issuance – enabled ADNOC to access the international debt capital market for the first time.**

In October 2017, HSBC acted as Joint Global Coordinator for offering of US\$ 3,037m Senior Secured Dual Tranche Bond.<sup>23</sup> The offering was

a strategic issuance for the region benefitting from a unique but replicable structure for future pipeline financings, whilst creating a liquid issuance benchmark. The transaction enabled ADNOC to access the international debt capital market for the first time, thus opening an increased range of highly compelling and viable options for the long-term strategic financing of the ADNOC Group. It was one of the largest single currency corporate bond offerings in the Middle East.

◆ **HSBC acted as financial adviser to Mubadala on the sale of a 40% stake in Tabreed to ENGIE – to support Tabreed's growth leveraging ENGIE's world-class expertise in low-carbon district energy**

In June 2017, HSBC acted as Financial Adviser to Mubadala on the sale of a 40% stake in Tabreed to ENGIE for c.US\$ 775m.<sup>24</sup> Tabreed provides innovative cooling solutions to iconic infrastructure projects in the United Arab Emirates (UAE) and across the Gulf Cooperation Council (GCC), enabling the region's economic development. Headquartered in France, ENGIE is a multinational energy leader and expert operator in the business of electricity, natural gas and energy services with a successful heritage spanning over a century. The transaction will help ENGIE to consolidate its presence in the MENA region and in turn share its expertise in district energy systems with Tabreed. ENGIE will support Tabreed's growth by contributing to delivering massively and efficiently low-carbon energy, building on ENGIE's 30-year experience in the GCC countries and world-class expertise in district energy.

◆ **Raising finance for Barakah Nuclear Power Project – UAE's first nuclear power project expected to offset more than 21m tonnes of greenhouse emissions a year, when fully operational.**

The 5.6GW Barakah nuclear power plant (NPP) under-construction in the Dhafra Region of Abu Dhabi is the first nuclear power project in the United Arab Emirates (UAE) as well as in the entire Arab world. The project is being jointly developed by Emirates Nuclear Energy Corporation (ENEC) and the reactor supplier Korea Electric Power Corporation (KEPCO). In October 2016, the nuclear power project secured financing worth US\$ 24.4bn, supported by the Export-Import Bank of Korea (Kexim) and the Abu Dhabi government. Korea Electric Power Corp (KEPCO), the prime contractor for the project, had been working with ENEC since 2009 to build the four 1,400MW nuclear reactors that were being constructed at the Barakah plant. The Barakah NPP is expected to serve a quarter of UAE's total electricity demand while offsetting more than 21 million tonnes of greenhouse emissions a year, when fully operational. <sup>25</sup> In August 2020, The first unit of Abu Dhabi's nuclear power plant has been connected to the UAE electricity grid. HSBC acted as the financial advisor to Emirates Nuclear Energy Corp (ENEC), as a Commercial Facility Lender, a Commercial Facility Agent and as a EBL Intercreditor Agent.

◆ **Al Ghurair Iron & Steel LLC (AGIS), part of the Saif Al Ghurair Group (SAG), the largest flat steel rolling & hot-dip galvanizing complex in the GCC region – meeting the increasing demand for galvanized steel to construct many of the iconic projects in the UAE and GCC region.**

AGIS, a joint venture of SAG, UAE and Nippon Steel Corporation, Japan, is located strategically in the Industrial City of Abu Dhabi (ICAD), Mussafah, Abu Dhabi, the 500,000TPA facility caters to the requirement of the construction, fabrication & other non-automotive industries primarily in the MENA region. The convenience of being close to the seaports of Abu Dhabi & Jebel Ali is seen in the ease of shipments to all parts of the world – both in containers and by break bulk. With a presence in

over 20 countries, AGIS covers all of the key steel markets in the region, from emerging to mature. The high quality of the products has established AGIS as a strong brand in the MENA markets, where the consumers have the ease of getting their material delivered at their doorstep straight from the Mill. With the progress on various projects within the region, demand of galvanized steel has increased over time and AGIS has been instrumental in supporting the construction demands of the region including many of major iconic projects in the UAE and GCC such as:

#### UAE

- Central Market Tower T2 and T3
- Deerfields Mall Shahama
- Command of Military Works UAE Armed forces Hangar at Abu Dhabi Airport
- Al Raha Beach Development
- Dragon Mart -2, Dubai
- Bourouge-3, Ruwais
- AX466 Hangar – Dubai Airport Expansion phase-3
- Cleaveland Clinic, Abu Dhabi
- Al Ain Stadium and Mixed use development
- Etisalat Data centre (Khalifa A)
- Al Habtoor Palace Hotel Complex
- Abu Dhabi Marina Bloom
- EXPO 2020 – SA14 Expo Village / Parcel 10 & 11
- Finland Pavilion – EXPO 2020
- Australian Pavilion – EXPO 2020
- Mirdiff City Centre
- Souq Extra Mall
- Korea Pavilion – EXPO 2020

#### GCC

- Doha International airport
- Kuwait International airport (new airport extension)

HSBC relationship started with SAG Group in 2006, when it helped AGIS initially with plant set up of its 200,000 tons p.a. Galvanised Steel plant in Abu

Dhabi, after successful operation HSBC extended working capital facilities to support the company in importing the raw materials and support the company's cash flows. HSBC has also provided a wide range of products over the years as per client requirements including Global Cash Management as well as Global market and trade solutions that have helped AGIS to grow.

◆ **Ittihad Paper Mill (IPM), a part of Ittihad International Investment and their iconic Greenfield Project in Abu Dhabi – supporting the local economy by enhancing UAE paper production and diversify away from O&G.**

The flagship plant is the largest state-of-the-art Uncoated Wood Free (UWF) paper production facility in the MENA and Indian subcontinent region which enabled Abu Dhabi economy to diversify its revenue streams by exporting locally manufactured paper (different sizes) which was an imported commodity into the region. IPM is now fully operational and is selling its products locally as well as internationally through a volume based offtake with CNG (Central National Gottesman). Pulp is sourced to manufacture paper from Certified Forests Pulp manufacturers globally. HSBC arranged the ECA backed facilities for the largest state-of-the-art paper mill and supported the local economy by enhancing UAE paper production and diversify away from O&G. ECA provider and financier was Finnvera, a Finnish Export Credit Agency, whereas the plant and machinery was manufactured by Valmet – a leading paper production machinery provider globally. The UAE, UK and Finland were involved in the Cross border deal.

◆ **Financing support to Metito, the largest privately owned water and wastewater treatment company in the Middle East – who is contributing to the region's sustainability through water preservation, responsible consumption and wastewater recycling and reuse.**

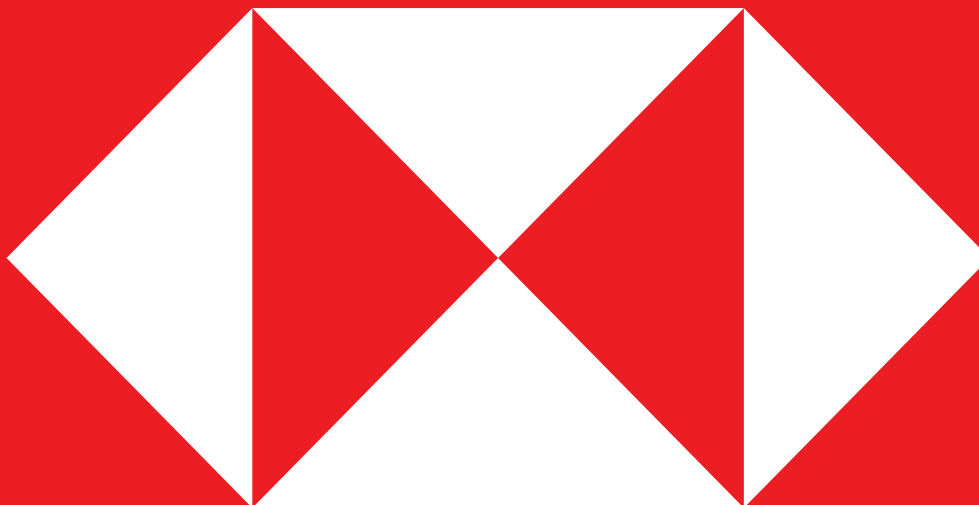
UAE based Metito is a global leader and provider of choice for sustainable water management solutions with over 60 years of experience and an iconic portfolio of projects including the Integrated Sewerage System in Tarif city area and Bida'a Al Mutawa in the Western Region (2014) as well as the Saadiyat Sewerage Treatment Plant in Saadiyat Island (2009) in Abu Dhabi. Abu Dhabi Sewerage Services Company (ADSSC), which is working to enhance the economic, sustainable and integrated development of Abu Dhabi, chose Metito for design, supply, installation and commissioning of 4 x 2000m<sup>3</sup>/day STP at Mirfa, 800m<sup>3</sup>/day STP at Mutawa to upgrade the efficiency of sewage system to meet the growth demands of Abu Dhabi. Earlier, Metito was also chosen to construct and put into operation a new sewage treatment plant to serve the Saadiyat Island, a world-class leisure, residential, business and cultural hub. The Saadiyat STP treats sewage generated on the island and the treated water is then used for irrigation purposes to maintain the green environment in the island. HSBC UAE has supported Metito on these projects by providing working capital facilities (LCs/Guarantees) which enabled them to complete the project.

◆ **Strong collaboration with Abu Dhabi Global Market (ADGM), an award-winning international financial centre and free zone – promoting cross border dialogue.**

HSBC promoted the UAE-France Corridor by organizing a French treasury event in collaboration with ADGM inviting key large French multinationals. HSBC worked with the ADGM on setting up their sustainability framework and taxonomy. HSBC also invited ADGM to be a key speaker in HSBC's MENA/China roadshow aimed at promoting cross border collaboration between both countries. Besides, HSBC has been engaged in discussions to collaborate with ADGM on its VC and Fintech proposition.

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