

# HSBC City Report: Dubai

The essence of past, present, and future



Together we are  
**Dubai's**  
constant re-invention



Together we thrive





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# The Next Chapter of Dubai

## 1. Dubai's Rapid Growth Trajectory

Year	Population
1965	43,000
1975	166,000
1985	345,000
1995	650,000
2005	1,268,000
2015	2,401,000
2025	3,095,000
2035	3,526,000



Figure 1. Population growth in Dubai & maps showing the scale of Dubai's urban growth from 1985 (L) to 2015 (R) Source: UN, Google Earth

High rates of **population growth** in Dubai over the past three decades have emerged in tandem with economic diversification away from oil, a multi-decade surge in real estate development driven by Government reforms and subsequent international migration and investment.

Since 1980, Dubai's population expanded at an average growth rate of **6% each year**, making it **one of the fastest growing cities in the world**. In 2020, Dubai's population exceeded 3 million people, representing a third of the total population of the United Arab Emirates. <sup>1</sup> The population of the metropolitan area is expected to grow at an average rate of 1.3% until 2035, which amounts to over 43,000 new residents each year. <sup>2</sup>

From **1970 – 2020, the built-up area of Dubai grew from 54km<sup>2</sup> in 1975 to over 970km<sup>2</sup>**. It is now home to the busiest international airport and ninth largest port in the world. Government reforms and policies have incentivised significant levels of population growth by attracting both highly skilled and lower skilled migrants.

This rate of population and urban expansion creates the challenge for Dubai to identify pathways for more sustainable and balanced growth. A key imperative for the city is to ensure that the continued supply of high-quality, low carbon transport infrastructure, continued supply of high-quality, low carbon transport infrastructure, diverse

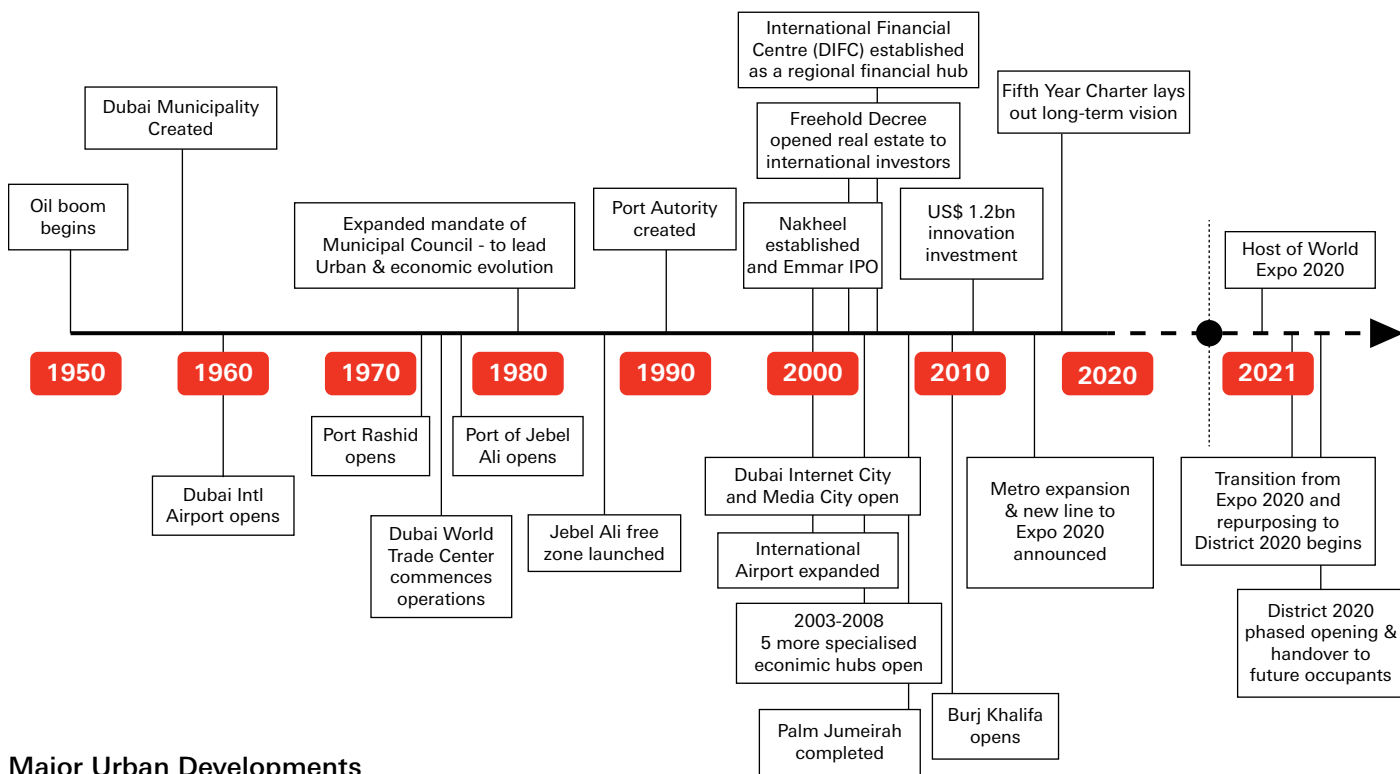
housing tenure, reliable public services and utilities keeps pace with the scale and changing geography of demand driven by population growth, rising incomes, and economic change.

### Dubai’s global corridors and gateway roles

In the past 10 years, Dubai has risen to the ranks of global cities. The emirate has established itself at the crossroads of trade, talent and travel corridors. Dubai’s efforts to diversify its economy has contributed to a major increase in capital flowing to the city, facilitated by business reforms and strong national support. Dubai has cemented its position in global trade networks. Its port has seen 15m TEUs (Twenty Foot Equivalent) in 2018, a 30% increase compared to 2010, making Dubai the top 10 busiest port globally. <sup>3</sup>

Dubai is also major tourism hub and is the 7<sup>th</sup> top destination globally by number of international arrivals. <sup>4</sup> Having taken advantage of its position at the edge of three continents to become a leading interchange destination for long-haul international travel, its airport also handles 90million passengers yearly and nears full capacity. <sup>5</sup>

### Governmental, Cultural & Economic Events



### Major Urban Developments

Figure 2. Timeline of major events and developments in Dubai since 1950

## **Diverse Population**

Dubai consistently ranks among the most diverse cities in the world. It is home to the highest number of expatriates in the UAE, with only 15% of the population being native residents.<sup>6</sup> The remaining 85% is primarily Asian, with a large proportion of residents from India, Pakistan, Bangladesh and the Philippines. The large Asian workforce has been fundamental in construction in Dubai. A small but significant proportion of the non-Emirate population consists of expatriates from the UK, USA, Canada and Australia, who often occupy professional services and managerial positions in the city.

## **Diversified Economy**

Over the coming years, Dubai is committed to pro-actively strengthening the resilience of its economy by diversifying further away from oil towards high growth knowledge sectors and the innovation economy. Dubai has been reducing its dependency on oil since the 1970s but over the last decade, since the global financial crash, efforts to transform the economy have intensified. As of 2020, only 1% of Dubai's GDP was derived from oil, compared to over 50% five decades ago.<sup>7</sup> In Dubai, sectors ranging from advanced manufacturing to creative industries have emerged. They benefit from the clustering effect of the 11 Government-owned innovation locations designed to host similarly specialised firms in close proximity.

## **Open to new Residents**

In recent years, citizenship, nationality and resident's 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 in Dubai without a national sponsor and own 100% of their businesses on the mainland. This reform is fundamental to the city's economic diversification, as it encourages the retention of graduates and highly skilled talent and emergence of new expatriate-owned businesses. Potential to add new gold visa and the recent announcement in response to COVID-19 they are offering a one year- virtual work visa.

## **Dubai's performance in the global and regional context**

Dubai's major economic and business reforms have led to significant improvements in its economic competitiveness and status as a global hub. Business reforms are also supporting the city's innovation ecosystem. Dubai's global corridor capability remains stable.

	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 Startup 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	Ingredients for attracting, retaining and growing a skilled talent base	Overall quality of life
Dubai global rank	32 <sup>nd</sup> / 130	12 <sup>th</sup> / 102	99 <sup>th</sup> / 1000	43 <sup>rd</sup> / 109	47 <sup>th</sup> / 48	4 <sup>th</sup> / 174	4 <sup>th</sup> / 48	13 <sup>th</sup> / 541	51 <sup>st</sup> / 155	74 <sup>th</sup> / 231
Dubai regional rank	2 <sup>nd</sup> / 18	1 <sup>st</sup> / 11	4 <sup>th</sup> / 26	2 <sup>nd</sup> / 7	3 <sup>rd</sup> / 4	1 <sup>st</sup> / 17	1 <sup>st</sup> / 4	2 <sup>nd</sup> / >25	1 <sup>st</sup> / 13	1 <sup>st</sup> / 26
Trend										

Sources:

- **AT Kearney Global Cities Outlook Index:** <https://www. Kearney.com/documents/20152/2794549/A+Question+of+Talent%E2%80%94942019+Global+Cities+Report.pdf/106f30b1-83db-25b3-2802-fa04343a36e4?t=1561389512018>
- **Z-Yen Global Financial Centres:** [https://www.longfinance.net/media/documents/GFCI\\_27\\_Full\\_Report\\_2020.03.26\\_v1.1\\_.pdf](https://www.longfinance.net/media/documents/GFCI_27_Full_Report_2020.03.26_v1.1_.pdf)
- **Startup Blink Startup Cities:** <https://www.startupblink.com/>
- **IMD Smart Cities Index:** [https://www.imd.org/globalassets/wcc/docs/smart\\_city/smartcityindex\\_2020.pdf](https://www.imd.org/globalassets/wcc/docs/smart_city/smartcityindex_2020.pdf)
- **Mori Memorial Global Power Cities Index:** <http://www.mori-m-foundation.or.jp/english/ius2/gpci2/index.shtml>
- **IESE Cities in Motion Index:** <https://media.iese.edu/research/pdfs/ST-0542-E.pdf>
- **INSEAD Global Talent Competitiveness Index:** <https://www.insead.edu/sites/default/files/assets/dept/globalindices/docs/GTCI-2020-report.pdf>
- **Mercer Quality of Life Survey:** <https://mobilityexchange.mercer.com/insights/quality-of-living-rankings>

Note: the JLL data is not available publicly.

## 2. Key Development Issues for Dubai

### Entrepreneurship

Dubai has a long history as an international business leader but in the next phase, there is an opportunity to support more indigenous enterprise and innovation. Dubai has ripe conditions for innovation. These include the Emirati endowment of inventiveness, coupled with an extremely diverse talent pool, global connectivity, strategic location between South Asian and African markets and leading international universities.

However, entrepreneurship in Dubai has been stifled over the years by lengthy visa processes, high establishment costs and licensing fees, as well as the dominant presence of major global companies. This model was excellent for job creation and corporate investment, but proved inadequate in fostering a large scale enterprise community. There is now a consensus among government, venture capital investors and large innovative firms that their support for entrepreneurs will result in long-term economic growth and diversification for Dubai.

In the next phase entrepreneurs in Dubai will benefit from UAE Government's regulatory reforms, including more affordable business registrations and residency visas for entrepreneurs. These need to be matched with a venture finance and merchant banking capability to retain companies as they grow.<sup>8</sup>

### Dubai's Role in the MENAT Region

Dubai stands out among its peers in the MENAT region as one of the most progressive cities, both in terms of journey to economic diversification and its openness to multiculturalism and diversity. Dubai is more politically stable, secure, globally connected and visible than other cities in the region. These traits, as well as the city's

strategic location between Europe, Southern Asia and Africa, have led Dubai to become an open global trading centre.

It is also a magnet for expatriates - new government reforms have attracted a liberal cosmopolitan population, which the city services with a range of culture, leisure and entertainment venues, enabled by liberal and tolerant local by-laws. Over time, Dubai has been able to acquire some of the traits of a global city, such as an international outlook and a clear distinguishable brand.

### Connectivity Hub

Dubai has taken advantage of its position at the edge of three continents to become a global connectivity hub and leading interchange destination for long-haul international travel. As Dubai's International Airport nears full capacity, a second international airport is under expansion within the metropolitan area. Two phases of development on Al Maktoum airport development will culminate in have 5 runways, new terminals, state of the art concourses and stations to connect the airport to the city. By 2050, Al Maktoum is expected to be the world's largest airport in terms of passenger capacity and will replace Dubai International Airport as dominant hub in the region.<sup>9</sup> The airport is anticipated to reinforce long-term growth in tourism, trade, business and migration in Dubai.

### Urban Density and Land Use

Dubai's urban form is made up of multiple economic centres and nodes, each with a particular role and identity. The de-centralised urban approach has resulted in the development of Downtown Dubai, Business Bay, Dubai Marina, Festival City and other city centres.



In the coming years, a number of new centres will be added, including District 2020, Midtown by Deyaar Properties and Dubai Creek Harbour. <sup>10</sup> Density in Dubai is polarised, office development is generally compact and high density but residential density is low – sprawling housing developments have emerged because of population growth, increased wealth and few planning regulations, but there are concerns about the sustainability of this model. <sup>11</sup> Dubai's land use is largely separated into parcels, there are office and commercial districts, cultural zones and residential zones.

To optimise Dubai's development supply, a Supreme Committee for Real Estate planning was established in 2019 to develop a 10-year strategy for major real estate projects and ensure all future projects add real value to the national economy. Plans for the city's next cycle of development echo growing appetites for medium density, high amenity, mixed use development near public transport and special attention on public realm enhancements. Evidence of this is the emergence of plans for mixed-use towers and communities. <sup>12</sup>

## UAE Happiness Agenda

In 2016, the UAE's Smart Dubai agency launched the Happiness Agenda and became one of four countries to appoint a Minister of State for Happiness and Well-being to coordinate national efforts. The agenda aims to provide government agencies, private sector and non-profit organisations with the tools to foster happy and productive working environments. By 2021, the Government aims for the UAE to rank among the top 5 happiest countries in the world in the Happiness Index, which considers individual perceptions of satisfaction and standards of living. <sup>13</sup> Initiatives that have benefited employees in Dubai include:

- ◆ Manual to raise the standards of labourers' living environments
- ◆ Appointment of CEOs for Happiness in all government agencies
- ◆ Allocation of time for happiness related activities in the workplace
- ◆ New offices for happiness and positivity
- ◆ Inclusion of happiness levels in national surveys, reports and indexes



### 3. Existing Future Plans

A number of key plans and initiatives have been announced to guide Dubai's future development. The overarching aim of Dubai's series of long-term plans is to accelerate the transition towards the innovation economy, more renewable sources of energy and low carbon transport options. A number of more specialised long-term plans support an overarching Charter that sets out the Government's vision for the future of Dubai.

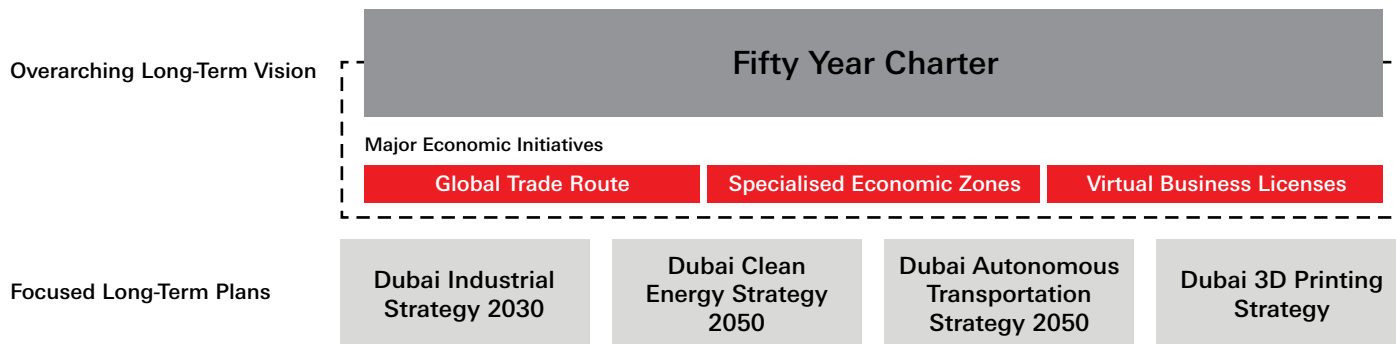


Figure 3. Landscape of Dubai's long-term planning series.

#### Fifty-Year Charter

In 2019, the Fifty-Year Charter for the future of Dubai was declared to mark five decades of Sheikh Mohammed bin Rashid Al Maktoum's service as the Vice-President and Prime Minister of the UAE and Ruler of Dubai. The Charter sets the emirate's agenda and vision for the next 50 years. It is designed to guide future decision making and support existing Government strategies that cover the same period. It combines major investment projects and policies to improve the sustainability of housing and the delivery of vital public services. Each year, the Charter will be refined to reflect the changing nature of challenges in the city.<sup>14</sup>

The Charter outlines nine key projects and programmes which intend to catalyse positive multipliers that will raise the quality of life for future generations to come and consolidate Dubai's reputation as a leading destination for investment and business set up. Three of the largest projects that are already underway include:

- ◆ **Dubai Silk Road:** Dubai will work with international governments to unite its global network of ports under a new trade route. The city will effectively become the gateway between the East and the West. Proposal prepared by the Ports, Customs and Free Zone Corporation was approved in 2019.
- ◆ **Network of Economic Zones:** Dubai will designate specialised economic zones across the city. Each zone will have a dedicated council that will organise and promote business activity and oversee investment and economic targets.

- ◆ **Virtual Commercial City:** A virtual city is being established to allow people who do not live in Dubai to conduct to apply for commercial licences. It will also allow investors to open bank accounts and gain e-residency permits. The Virtual Commercial City is a joint initiative of the Dubai Economy, Dubai International Financial Centre, General Directorate of Residency and Foreigners Affairs, Smart Dubai and the Supreme Legislation Committee.

Over the next decade, Dubai’s transport agency is expanding public transport network to help enable long-term plans and agendas to come into being. These plans extend back to 2013 and look forward to 2030, by which point the system is expected to have 197 stations across the metropolitan area and over 420km of track.<sup>15</sup>

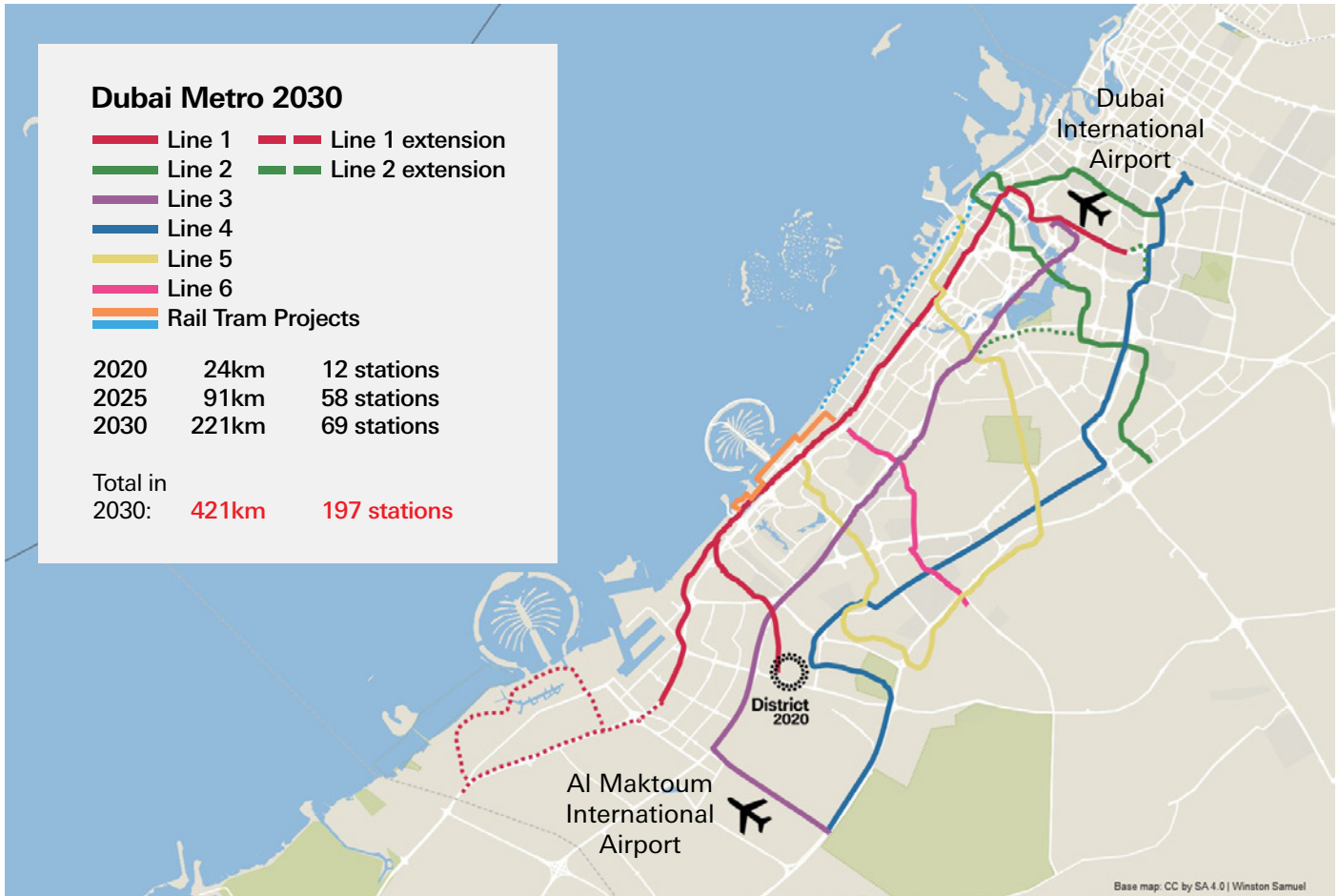


Figure 4. Dubai Metro 2030 plan.

## World Expo 2020 Programme

In 2021, Dubai will become the first city in the MENAT region to host the World Expo. The event will create a substantial boost for the national economy – over 275,000 jobs will be generated, US\$ 40 billion will be injected into the economy and a minimum of 25 million tourists are expected to visit. <sup>16</sup>

World Expo 2020 is located between Dubai and Abu Dhabi, within the Al Maktoum International Airport aerotropolis and the Dubai South development area. The US\$ 2.5 billion construction of a new metro line (Route 2020) connects the location to Dubai's wider public transport network. <sup>17</sup>

World Expo 2020 has the potential to set the foundations for Dubai's long-term economic growth, particularly if its legacy is efficiently managed.

## District 2020

The Government plans to repurpose over 80% of property and infrastructure built for the event into District 2020, over 2 million m<sup>2</sup> future-ready smart district. <sup>18</sup> The District will open in 2022 and is set to house over 145,000 residents and become an innovation location with a mix of Fortune 500 companies, SMEs, research institutions, accelerators, incubators, venture capital and supporting digital infrastructure.

The District 2020 will be an innovation ecosystem which will focus on science and sustainability, in both its construction phases and in its long-term economic strategy. It will introduce smart mobility (parking, automated public transport, smart shuttles) and will promote active mobility with pedestrianised streets and dedicated bike lanes. The commercial space will be shared by anchor tenants including Siemens and Merck, and academic and social institutions re-purposed from World Expo 2020 (e.g. Dubai Exhibition Centre will become a major conference centre, sustainability pavilion will be transformed into a science centre for children). District 2020's focus on sustainability aligns with the Fifty Year Charter's emphasis on using clean energy to generate electricity across the city, and its plan to encourage all developers to integrate solar panels into their development. District 2020 will inherit World Expo 2020's experimental solar tree structures, which are made using solar panels.

## 4. COVID-19 and the next cycle for Dubai

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

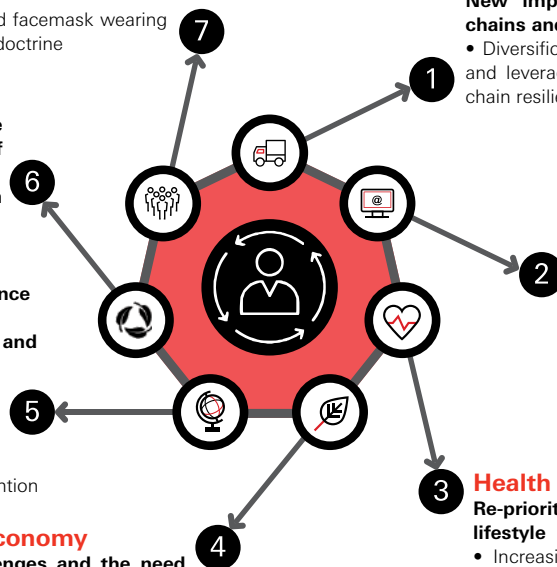
**Acceleration of digital transformation, contact-free, and "as a service" trends**

- 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 Dubai

### ◆ **Government of Dubai US\$ 2bn bond – a testament of international investors’ trust in Dubai’s credit story and the resilience of its economy.**

In Sep 2020, The Government of Dubai announced the successful completion of a USD2bn bond issuance, marking Dubai’s successful return to the international debt capital markets since 2014. This issuance was in line with the determinants of the financial policy pursued by the emirate, which was based on financial sustainability and continued spending on vital infrastructure projects. HSBC acted as a Joint Lead Manager and Bookrunner on this as well as all other USD public issuances in the international capital markets by the Government of Dubai since 2010, a testimony to our long standing relationship with the Government. With c.84% placed outside the MENA region, the geographic diversity of the book and overwhelming demand are a testament of international investors’ trust in Dubai’s credit story and the resilience of its economy.

### ◆ **Dubai Airports and Airport Financing Company FZE (FINCO) – to support the Emirate on expanding its infrastructure capacity given Dubai’s steady growth and strategic location**

Dubai’s strategic geographical location, passenger traffic demand in Dubai has grown steadily over the last 50 years transforming Dubai International Airport (“DXB”) into the largest international airport in the world. Given the growing traffic demands, the Emirate is expanding its infrastructure capacity with the development of the Al Maktoum International Airport (with an estimated capacity of 150 million passengers). FINCO is a financing platform set up by the Government of Dubai in 2017 to fund the

expansion and development of Dubai International Airport and Al Maktoum International Airport.

In Jun-2017, HSBC advised the Department of Finance (“DoF”), Investment Corporation of Dubai (“ICD”) and Dubai Aviation City Corporation (“DACC”) on the establishment of a new funding platform, Airport Financing Company FZE (“FINCO”) to raise up to c. USD25bn over the next 12 years for the expansion of DXB and development of a new airport, Al Maktoum International Airport (“DWC”), (together “Dubai Airports”). HSBC also acted as Sole Financial Adviser and Mandated Lead Arranger on the debut USD3 billion financing to FINCO. Subsequently, in 2018 and 2020, FINCO mandated HSBC as Sole Financial Advisor to further re-evaluate and optimize the Passenger Tariff given the changes in capex requirements as well as external factors such as the COVID-19 pandemic.

### ◆ **Port & Free Zone FZE (PFZW) and DP World – enabling DP World privatisation, establishing a Sustainable Development Financing Framework for DP World and Green financing to achieve its transformation from a global port operator to the world’s leading infrastructure led, global supply chain solutions provider.**

In July 2020, HSBC acted as Mandated Lead Arranger and Bookrunner on a US\$ 9 billion bank debt facility for Port & Free Zone FZE (PFZW), funding the cash component required to take private DP World PLC (DPW) from the Nasdaq Dubai stock exchange, refinancing existing debt and to make payments to Dubai World (shareholder of PFZW). Following the delisting, DPW became a wholly owned subsidiary of PFZW, which is owned by the Government of Dubai through Dubai World. DPW is



one of the largest and most geographically diversified logistics, marine and inland container terminal operators in the world with a portfolio comprising of 120 business segments in over 50 countries. DPW's board of directors ("the Board") envision a strategy whereby DPW will be transformed from a global port operator to the world's leading infrastructure led, global supply chain solutions provider.

In July 2020, HSBC also acted as Joint Lead Manager and Active Bookrunner on DP World's inaugural US\$ 1.5 billion Perp NC 5.5-year Corporate Hybrid Sukuk. The transaction marks a successful return to the debt capital markets since its main shareholder stated its intention to de-list DP World and return the company to 100% indirect ownership by the Government of Dubai. The transaction represents the first international corporate hybrid in sukuk format as well as the largest corporate hybrid transaction issued in the MENA region to date.

In 2019, HSBC acted as Sole Structuring Agent for establishing a Sustainable Development Financing Framework for DP World, to enable DP World to issue Green, Social or Sustainability Bonds / Sukuks.

In 2018, HSBC acted as the Mandated Lead Arranger for a US\$ 2bn Senior Unsecured Green Revolving Credit Facility for DP World Limited (DP World). The transaction consisted of an amendment and extension of DP World's existing 2014 US\$ 2bn RCF. Key amendments included a reset of the tenor to 5 years from amendment date and the introduction of a green margin grid linked to carbon emissions. A "green" sustainable finance feature was introduced to the facility, whereby a margin reduction was triggered upon DP World reaching a certain Carbon Intensity (CI) Ratio score. The Carbon Intensity Ratio (CI) means, with respect to each financial year, the ration of (a) CO<sub>2</sub>e Emissions in such financial year to (b) the number of Consolidated TEUs in such financial year.

◆ **Tabreed's acquisition of an 80% equity stake in Downtown DCP, Emaar Properties' Downtown Dubai cooling concessions – strategic acquisition to expand in Dubai and provide critical district cooling services to iconic buildings in Dubai.**

In April 2020, Tabreed announced its successful acquisition of an 80% stake in Emaar Properties' Downtown Dubai cooling concessions, (Downtown DCP) for a consideration of AED2.48bn. Transaction perimeter includes 4 plants with an ultimate concession capacity of 235kRT and 150kRT connected capacity. The plants provide critical district cooling services to iconic buildings in Dubai such as the Dubai Mall, the Burj Khalifa, Dubai Opera and The Address Hotels, on the basis of long-term contracts. The transaction provides a strategic and transformational opportunity for Tabreed to become the 2nd largest DC player in Dubai in terms of cooling capacity, the largest DC market in the world as well as creates a long-term, strategic partnership with Emaar, the leading real estate company in the region. The 4 DC plants are similar to the other 80 high quality DC plants that Tabreed owns and operates in the GCC. HSBC acted as the Sole Financial Adviser, Ratings Adviser, Escrow Agent and Facility Agent to Tabreed and the transaction highlights the strength of HSBC's relationship with Tabreed and its leading shareholders: Mubadala (42%) and Engie (40%).

◆ **Merex – Meraas and Brookfield Joint Venture in UAE – marking Brookfield's debut retail investment in the MENA region and the first time international capital of this profile has invested in income-producing real estate in the UAE.**

In December 2019, HSBC acted as Joint Underwriter, JGC, JBR, MLA and Security Agent on the structuring and acquisition financing of Merex, the landmark c.US\$ 1.4 billion retail real estate JV between Brookfield and Meraas. The JV will own, manage and operate a prime income producing

retail investment portfolio in Dubai. HSBC also acted as Financial Adviser to Brookfield on its equity investment in Merex. The transaction benefits from an innovative, well-structured non-recourse real estate financing with an international standard covenant package, which attracted strong demand from local / international banks under a syndication process jointly managed by HSBC. This transaction represents a series of firsts: the first-ever acquisition financing of an international standard in the UAE real estate sector, Brookfield's debut retail investment in the MENA region and critically, marks the first time international capital of this profile has invested in income-producing real estate in the UAE. Meraas, a Dubai-based holding company engaging in real estate activity, tourism, hospitality, retail, healthcare, F&B, leisure and entertainment, is 99% owned by The Engineer's Office, which is 100% owned by HH Sheikh Mohammed Bin Rashid Al Maktoum, and 1% by HH Sheikh Hamdan Bin Mohammed Bin Rashid Al Maktoum.

◆ **Majid Al Futtaim Holding (MAF) – the world's first benchmark Islamic green corporate bond and Green Finance Framework highlights the group's strong focus on green issues and a commitment to be net positive in energy and water consumption by 2040.**

In October 2019, With HSBC as sole green structuring adviser, MAF issued the world's first benchmark-size Green Sukuk by a corporate. Since 1992, UAE-based lifestyle conglomerate MAF has been a trendsetter in retail, leisure and entertainment, and a leader with regards to sustainability in its region. With its ground-breaking US\$ 600 million, 10-year Green Sukuk, issued from the Middle East and North Africa (MENA), the group with a focus on green issues and a commitment to be net positive in energy and water consumption by 2040, notched up another world first. With HSBC's global expertise in sustainable finance, MAF has issued the world's

first benchmark Islamic green corporate bond, with strong demand from investors keen to see more issuances from the region covering environmental, social and governance standards (ESG). HSBC's long track record in the green bond space was demonstrated as it assisted MAF in developing its Green Finance Framework to reflect the company's sustainability policies, while also aligning it with the green bond principles set out by the International Capital Market Association. Similar to the May 2019 Green Sukuk, the net proceeds of the issuance will be allocated towards eligible green investments in green buildings, energy efficiency, water and wastewater management, and renewable energy in accordance with MAF's Green Finance Framework. HSBC was the sole green structuring adviser for the deal, and acted additionally as joint global coordinator, joint lead manager and joint book runner. HSBC is the only international bank to have been on both green issuances by MAF, a testament to our superior sustainable finance platform.

In May 2019, HSBC acted as sole Green Structuring Advisor, Joint Global Coordinator, Joint Lead Manager, and Joint Bookrunner on a US\$ 600m 10-year RegS only Green Sukuk issuance. The landmark offering achieved a number of milestones including being the first green transaction from a non-financial institution in the MENA region, and the first benchmark-size green Sukuk by a corporate globally. HSBC assisted MAF in developing its Green Finance Framework to reflect the Company's sustainability policies while also aligning it with the ICMA green bond principles. The proceeds of the issuances are to be allocated towards eligible green investments in green buildings, energy efficiency, water and wastewater management, and renewable energy.

◆ **Landmark Group's 'first-of-its-kind' dual-platform blockchain transaction – marks a major step forward in the Middle East's retail industry adopting blockchain**

In June 2019, Landmark group and HSBC execute 'first-of-its-kind' dual-platform blockchain transaction that connected two independently-built blockchain platforms, proving their interoperability. The transaction involved a shipment from Bee Dee Industries based in Hong Kong to Babyshop, Landmark Group's retail brand based in the UAE. HSBC used the Voltron platform to issue a letter of credit, while the Landmark Group's ReChainME platform enabled inter-platform connectivity. Key participants of the supply chain were allowed to view the relevant documents and track shipment progress in real time. The trial led to a 40% reduction in the overall time required to complete the transaction compared to conventional means. It also helped reduce the need for paper, as retail supply chains typically involve large numbers of paper documents that are screened and updated at multiple touch-points. Connecting two complementary blockchain platforms is a significant milestone in the development of this technology. The technology aids in improving speed to market efficiency and opens up multiple opportunities in the retail sector.

◆ **Mastercard's US\$ 300 million cornerstone investment in Network International's (NI) IPO – a strategic partnership to accelerate digital payments growth in Africa and Middle East**

In March 2019, HSBC acted as sole Financial Adviser to Mastercard Inc (Mastercard) on a US\$ 300 million cornerstone investment in Network International's (NI) planned London IPO. NI, an affiliate of Dubai's largest lender Emirates NBD, is a leading provider of digital payment services in the Middle East and Africa. The companies have also agreed to enter into a strategic partnership to accelerate digital payments growth in Africa and Middle East. Network International sits at the heart of the Middle East and Africa's payments ecosystem, the world's most under-penetrated payments market, providing investors with the unique opportunity to

benefit from the rapid structural shift from cash to digital payments. Mastercard will pay, or invest through, Network International to develop and deliver innovation to expand product areas and drive further digital adoption in these regions. The two firms will also establish shared development products and cross-referral arrangements for products for financial institutions and merchants, including cyber and intelligence tools and tokenisation solutions.

◆ **Government of Dubai, Department of Finance – extension of the red line of Dubai Metro – to provide public transport connections for an additional 270,000 residents which will assist in reducing car emissions across the emirate**

In 2018, HSBC acted as Mandated Lead Arranger, Original Lender and Documentation Bank for a financing package totalling US\$ 2.52bn to finance the extension of the Dubai Metro. In June 2016, the Roads and Transport Authority (RTA) awarded a US\$ 2.9bn design and build contract to a consortium consisting of Alstom Transport SA, Acciona Infraestructuras SA and Gulermak for the extension of the red line of the Dubai Metro. The project is a major expansion of the Dubai Metro, starting at Nakheel Harbour & Tower metro station and extending 15 km to the World Expo 2020 site in Dubai comprising of 11.8 km of elevated track and 3.2 km underground. The extended route will provide public transport connections for an additional 270,000 residents which will assist in reducing car emissions across the emirate. This is only the second ECA financing for the Department of Finance after the Dubai Tram project.

In 2012, HSBC was Mandated Lead Arranger for COFACE and ONDD facilities and COFACE Agent for a multi-sourced ECA-supported and dual-currency Islamic Ijara financing amounting to US\$ 675m in respect of the US\$ 3.475bn Dubai Tram Project. The project was awarded by the Government of

Dubai's Road and Transport Authority (RTA) to a consortium of Alstom Transport and Besix. The Dubai Tram project is a high profile infrastructure project in Dubai which has provided Dubai with the latest tram technology available and integrate closely with the existing Dubai Metro network. It is the first tram system in the GCC region and has delivered significant social and economic benefits including easing of road traffic congestion. The landmark ECA supported financing for the UAE and Dubai and the first ECA financing by the Government of Dubai itself.

◆ **Dubai World Trade Centre – to support the next phase of the Dubai World Trade Centre One Central development**

During 2016-2018, HSBC has acted as Structuring Bank, Mandated Lead Arranger and Agent Bank for Dubai World Trade Centre LLC ("DWTC") for three UK Export Finance ("UKEF") supported facilities for development of the Once Central. These financings were raised for construction of four office towers and one hotel, as part of the Once Central developments.

◆ **Emirates Airline's first ever Sukuk guaranteed by ECA – offer innovative financing solutions for our clients.**

In 2015, HSBC acted as Joint Structuring Agent and Joint Lead Manager for Emirates on its US\$ 913.026mn 10-year 2.471% Sukuk transaction, guaranteed by ECGD. The transaction is unique on a number of fronts. It was the first ever Sukuk guaranteed by any Export Credit Agency (ECA), it was the largest ECA-wrapped debt capital markets transaction in the aviation sector, it was also the first time that ECGD guarantee the funding with such a lengthy period in advance of the delivery of the aircraft. As the sole documentation bank, and the liaison bank with ECGD, this transaction demonstrated HSBC strong capabilities in sourcing and executing innovative financing solutions for

our clients. HSBC was instrumental in securing the largest orders, allowing the US\$ 913.026mn transaction to proceed and achieve pricing in line with previous ECGD guaranteed bonds.

◆ **Living Business Programme – Corporate Resilience in a Changing World and enable UAE to transform from a resource-led economy to an ideas-led economy**

In February 2020, HSBC launched the 'Living Business Programme' in the UAE, an already proven programme live in Hong Kong. The programme targets businesses with annual revenues of US\$20 million – US\$ 50 million and up-skills leaders in ESG-linked practices across: business resilience, cost reduction, growth of revenue, staff engagement, investment attractiveness and corporate reputation. Within the UAE - a scale market for HSBC - SMEs are the backbone of economy. In Dubai alone, they represent over 95% of all establishments, account for 42% of the workforce and contribute around 40% to the total value add generated in Dubai's economy, according to The Ministry of Economy. With this factored in, there is a growing imperative for corporations to establish frameworks that monitor their ESG activities and contribute to the UAE's wider sustainability goals, as highlighted in Vision 2021 and the upcoming World Expo 2020 agenda.

◆ **C3 Social Impact Accelerator 2020 – commitment to support the communities and foster entrepreneurs in the region**

C3 helps thousands of social enterprises in emerging markets to become financially sustainable, scale up and demonstrate positive impact on society and the environment. HSBC is proud to partner with C3 and launched the second edition of C3 Social Impact Accelerator programme. The programme addresses key milestones in the journey of a social entrepreneur and focuses primarily on helping entrepreneurs maximize their social and environmental impact on

the community. In 2020, C3 received more than 600 applicants from 8 countries in the MENAT Region (Algeria, Bahrain, Egypt, KSA, Kuwait, Oman, Turkey and UAE) and 24 finalists were selected from diverse sectors such as education, healthcare, renewables and retail contributing to the UN Sustainable Development Goals. The finalists participated in a 3-month virtual program and attended interactive workshops, connected with impact investors and venture capitalists and got support from social impact practitioners and senior experts from blue chip companies. There has been a 700+ % increase in applications across 8 markets, up from 4, for in second year of the programme - a testament to growing needs of social entrepreneurs.

◆ **Connected Fintech – DIFC Fintech Hive – supporting as a founding partner for over 3 years providing an environment where start-ups can test their innovations under regulatory supervision.**

The FinTech Hive is a financial technology accelerator programme run by the Dubai International Finance Centre (DIFC) which allows startups the opportunity to test, develop and adapt their solutions to meet the needs of customers in the financial services and insurance sectors. The programme consists of a 14-week curriculum, where finalists receive access to accelerator programmes, mentorship from leading financial institutions such as HSBC, a dedicated space to work, and a community of like-minded individuals, to help bring their innovative ideas to life. As a founding partner of DIFC FinTech Hive accelerator program in UAE, HSBC has been directly supporting FinTechs for over 3 years in the region. Innovation hubs, such as the DIFC FinTech Hive, have been partnering with local and international banks in the country to provide an environment where start-ups can test their innovations under regulatory supervision. HSBC offers a three-month mentorship programme, tailored to the needs of

start-up participants. The programme has also been an ideal platform for HSBC to develop commercial partnerships with start-ups that may have solutions which can be adopted by the bank's businesses. HSBC sees a symbiotic relationship in which it provides a regulated environment, extensive client network, capital and liquidity rules, and the necessary prudential framework in which FinTechs can deploy innovation, agility and ability to deliver at pace.

◆ **Tatawwar – to help students innovate for a shared future.**

Tatawwar, meaning “To Develop” in Arabic, is an exciting, interactive programme brought to you by HSBC in partnership with Potential.com. The programme brings together students, schools, parents and the business community to help innovate for a shared future. It gives students the chance to practice important business skills, understand sustainable commitments, connect with the corporate world, and hear from some extraordinary professionals along the way. In 2020, the program would provide 200 semi-finalists with the opportunity to prototype workshops with a team of experts in each country, top 20 finalists with one-month online acceleration programme prior to the finals and 3 winners with crowdfunding support to develop the prototype and commercialise their product, showcase their product in the UK Pavilion during World EXPO 2020 in Dubai and cash prizes.

◆ **HSBC announced COVID-19 charity projects in Middle East – to help an estimated 80,000 people impacted by COVID-19 and also help hospital workers in the frontline fight against the virus.**

In April 2020, HSBC announced contributions to a range of projects in Algeria, Bahrain, Egypt, Kuwait, Oman, Qatar, and the UAE to help an estimated 80,000 underprivileged individuals and families impacted by COVID-19 by getting them food,

medicine and education resources. HSBC's disbursements in MENAT will account for US\$ 1.2 million of the US\$ 25 million global fund and underpin the bank's existing long-term community programmes. US\$ 505,000 has been allocated to projects in the UAE, which is expected to reach around 13,720 people. HSBC MENAT's student-focused future skills programme will pivot to be delivered remotely, using e-learning channels, while its entrepreneur-targeted programmes, such as the Social Impact Accelerator C3 and the TiE Mentorship Programme, will also adopt virtual and online sessions.

#### ◆ **World Expo 2020 Dubai – HSBC has announced UK Pavilion sponsorship at Expo 2020 Dubai**

The first World Expo to be held in the Middle East, Africa and South Asia (MEASA) region, and largest ever event to take place in the Arab world, World Expo 2020 Dubai will welcome 192 countries, plus businesses, multilateral organisations and educational establishments. The theme for World Expo 2020 Dubai - Connecting Minds, Creating the Future - seeks to engage people to recognise the potential of what can be achieved when meaningful collaborations and partnerships are forged. The theme recognises that today's challenges are far too complex to be solved in isolation, and that the creation of sustainable solutions to global problems demands readiness to reach out across geographies, institutional boundaries, industry clusters, cultures, and disciplines. HSBC will be a founding partner of the UK pavilion for World Expo 2020 Dubai, promoting the power of international connectivity at the world's biggest showcase of global innovation, creativity and collaboration. World Expo 2020 Dubai would provide a platform for exposing UK business to millions of visitors, open British firms to new opportunities and connect them with potential partners and customers. HSBC's commitment to connect customers to opportunities that enable economies to thrive and people to fulfil their ambitions aligns with the UK pavilion's theme of 'Innovating for a Shared Future'. The global mega event will now run from 1 October 2021 to 31 March 2022, a delay that allows all participants to safely navigate the impact of COVID-19.



# Endnotes

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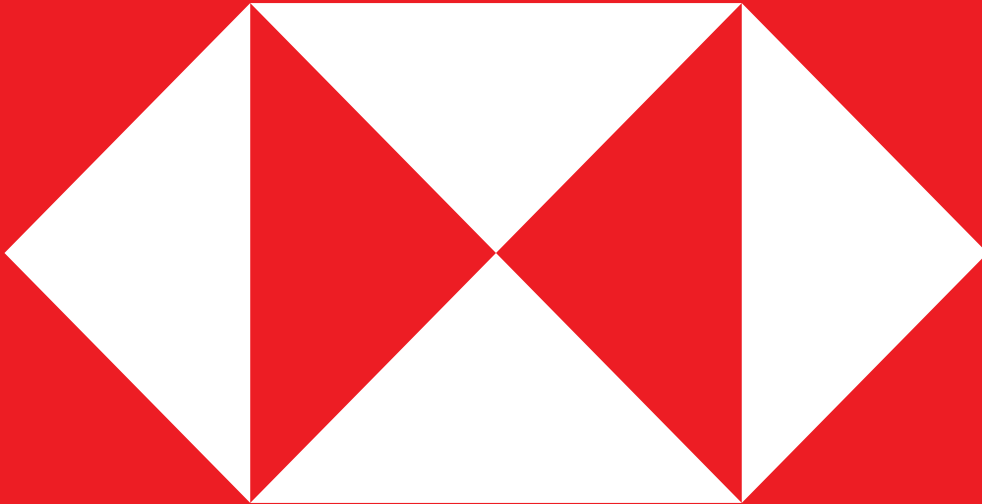
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