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مكتب أبوظبي للاستثمار
ABU DHABI INVESTMENT OFFICE

Scale Up in **Abu Dhabi**



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About this guide

The guide offers an insight to business founders and funders who are planning to build and launch a startup in Abu Dhabi.

It guides them through the process of raising private capital, types of available investors and investment opportunities, options for listing in the Abu Dhabi Securities Exchange (ADX) and relevant case studies.



From the Chairman

Raising capital can be one of the most daunting challenges for a startup – but it doesn't have to be.

In Abu Dhabi, the capital of the United Arab Emirates (UAE), we have made it our mission to support **innovation-focused** companies looking to achieve long-term success here. This includes building robust capital markets that provide financing, alternative expansion plans and exit options for startups.

Abu Dhabi is among the easiest places to do business globally and one of the **world's top destinations** for investment. This has been made possible because of our leadership's strategic plan to create an ecosystem where startups and companies from around the world have access to the key elements they need to grow: **capital, market opportunities, talent and an enabling business environment**. Abu Dhabi is a launchpad for companies with global ambitions.

We are actively developing our capital markets by attracting the right founders and funders to our ecosystem and we want Abu Dhabi to be a part of your success story.

In this guide, we will take you through the different routes of raising capital from the emirate, including the benefits, considerations and process for each.

The Abu Dhabi Investment Office (ADIO) team is here to support you at every stage of your journey. Your success is our success. We are excited to connect you to the relevant tools, partnerships and opportunities so you can scale up and reach new heights.

H.E. Mohammed Ali Al Shorafa
Chairman, Abu Dhabi Department
of Economic Development



Private placement route

A private placement is a capital raising event involving the sale of shares or bonds to pre-selected investors. Compared to listing on an exchange, private placements are relatively unregulated as they involve a smaller number of chosen investors.

Private capital

It is increasingly common for startups to pursue the private route when it comes to raising capital for growth.

Why raise private capital?

Issuing in the private market offers your company numerous advantages.

- **Privacy and control:** Private issuances enable companies to remain private, limiting public disclosure and obligations to public shareholders.
- **Fewer regulatory requirements:** Relative to listing, private issuances are offered to a small group of select (and typically, more sophisticated) investors and are not subject to the same level of scrutiny and regulations.
- **Cost and time savings:** Private capital typically requires less legal documentation, reporting and other registration related fees, saving a company both cost and time.



Types of investors

Startups have a host of choices when it comes to raising capital in the private market. Fewer decisions are more important for a startup than determining which funding route and investor is most suitable for your company.



Angel investors

Coming in at pre-seed or seed stage, angel investors are typically high-net-worth individuals (HNWIs) who provide early support for startups in the form of equity funding, guidance and connections. There are also angel groups that are groups of angel investors who work together to evaluate and invest in startups.



Incubators and accelerators

While not strictly investors, startup incubators and accelerators can provide critical support for your company in the form of networking, mentorship, resources, as well as being a gateway to other investors. Some of these programmes, particularly those run by for-profit accelerators, also offer seed investment for an equity stake in startups. The Abu Dhabi Investment Office (ADIO) has partnered with [Microsoft for Startups](#) and [Plug and Play](#) to roll out startup enablement programmes including accelerators focused on local and regional startups, as well as different sectors.





Family offices

Family offices are **private wealth management** firms that invest on behalf of HNWIs or their extended family. They work in a similar manner to angel investors and angel groups but are less specialised in early-stage companies, although family offices are increasingly investing in startups.



Venture capitalists

Venture capital investment may come from HNWIs or companies that provide startups with **funding for a percentage of equity**. Typically, venture capitalists come in after seed rounds with big cheques and high levels of active involvement. In Abu Dhabi, startups gain access to venture capital funding from myriad sources, including [Mubadala Capital's Ventures](#) business and ADQ's [DisruptAD](#) platform.



Government support

Governments can provide a source of funding through grants and other support mechanisms, if the startup is involved in certain activities or sectors that can contribute to the nation's growth. The Abu Dhabi government continues to ramp up support for the private sector to supercharge the development of innovation by the private sector. Across the ecosystem, [Khalifa Fund](#) provides funding for local SMEs, [Hub71](#) helps to increase access to capital for startups and ADIO offers incentives to innovation-focused businesses in high-growth sectors.



What you should know before issuing a private placement

[DisruptAD](#) shares five tips every startup should know when seeking to employ a private placement:

1. Think like an investor

Put yourself in the shoes of the investor and think from their perspective. Ask yourself why they should care about your product and if you have an investable business case.

2. Be passionate

Investors want to see that you live and breathe your product. It's not enough to have a great idea – you need the passion that will provide the motivation and ambition to get you through the ups and downs that any startup will inevitably face.

3. Show your track record

There are two types of track record that you should show: your personal track record and your company's journey and achievements. Both are essential in proving what you bring to the table.

4. Build a winning team

Hire the best talent. Having the right people is more central to a startup's success than the product and investors will back a winning team with strong leadership.

5. Practise, practise, practise

Master your pitch. The substance of your pitch comes from everything you do leading up to the meeting. Make sure you do your research, know what makes the investor tick and align your interests.





Case study



Abu Dhabi-based Pure Harvest Smart Farms raises more than USD 200 million in growth funding

Pure Harvest Smart Farms is a home-grown, tech-enabled farming venture that uses **cutting-edge food production** systems to grow fresh fruits and vegetables in a climate-controlled environment, enabling year-round production anywhere, using less water than traditional farming methods. The Abu Dhabi-based startup has displayed impressive growth, boosted by its relentless focus on R&D and investment in smart technology.

As a capital-intensive business, Pure Harvest Smart Farms has continually sought investment to fund its growth, research and expansion. It has obtained various types of funding to support its ventures and plans at different stages.

In April 2020, Pure Harvest Smart Farms secured USD 20.6 million in Series A funding with an initial USD 10 million capital injection from Kuwaiti investment firm Wafra to support regional expansion. In line with its overseas ambitions, the startup sought funding and support from investors across the region.

That same year, Pure Harvest Smart Farms received financial and non-financial incentives from ADIO to invest in smart farming technologies in Abu Dhabi and build a production facility to grow higher quality, healthier food. The incentives were structured under ADIO's Innovation Programme, which supports innovative companies in Abu Dhabi's high-growth areas, one of these being agriculture technology.

A few months later, in March 2021, Pure Harvest Smart Farms announced that it raised USD 50 million through a Sukuk, an Islamic structured finance product similar to a bond that allows it to access yield-hungry investors through a Shariah-compliant financing structure.

To date, the startup has raised more than USD 200 million. The growth capital it received at various milestones has allowed Pure Harvest Smart Farms to embark on projects and partnerships that bring it closer to achieving its mission of growing high-quality, sustainably grown fresh produce year-round, anywhere.

For more information, visit:

pureharvest.ae

I would advise companies in the high-tech sector and entrepreneurs seeking a new market to look at Abu Dhabi because of the **incredible programmes** that exist to support you. What's also important is what you give and what you bring. We had a vision, we believed it would succeed and we brought that story to investors, many of whom backed us and made it possible to get where we are today. You need to do your homework as there is no shortcut to building a successful company.

Sky Kurtz,
Co-founder and CEO, Pure Harvest





Listing route

Listing your company's shares on a stock market is a way for startups to raise interest-free capital from the public. Depending on the exchange on which you choose to list, there will be specific requirements that you must meet and follow to be listed.

Listing on ADX



Established in 2000 as a Public Entity and later converting to Public Joint Stock Company (PJSC), ADX is a part of ADQ, one of the largest holding companies in the Middle East with a broad portfolio of major enterprises spanning key sectors of the emirate's economy.

The **Abu Dhabi Securities Exchange (ADX)** is a market for trading securities, including shares issued by Public Joint Stock Companies or Private Joint Stock Companies, bonds issued by governments or corporations, exchange traded funds and any other financial instruments approved by the UAE's Securities and Commodities Authority (SCA).

ADX is one of the region's leading exchanges, offering excellent services and systems for listed companies and investors alike.



Why list on ADX?

Listing on ADX offers your company the opportunity to access one of the world's largest **capital pools** and a broad investor base, against the backdrop of a stable economic environment.

- **Instant order execution:** ADX's state-of-the-art trading system is fully automated with ownership of transfer upon trade execution.
- **Access to investment capital:** ADX has almost 1 million registered investors, including the world's top 25 asset managers by AUM and nearly 9,000 institutional investors.
- **Boost to corporate visibility:** ADX is a leading financial centre in the GCC and MENA region.
- **Efficiency and market structure:** ADX operates with world-class best practices.

Value-added services and products

ADX's services are first in the region – application of blockchain technology in its services through e-voting at annual general meetings for listed companies, technical short selling, covered short selling securities lending and borrowing, various digitalised e-services and a highly advanced trade surveillance system.





Guidelines for listing on ADX

A company seeking to list its securities on ADX must meet the following requirements:

- A Joint Stock Company
- Minimum paid-up capital of AED 25 million or 35% of issued capital
- Equal shareholders' rights for each category of shares issued
- Shareholders' equity equal to or higher than paid-up capital
- Annual (or more frequent) AGMs
- Publication of financials and business results in media prior to trading
- Any other conditions prescribed by SCA

ADX listing fees

- **AED 2,000** application fee
- **AED 30,000** for companies with capital of AED 500 million or less
- **AED 50,000** for companies with capital of AED 500 million up to AED 2 billion
- **AED 100,000** for companies with capital of more than AED 2 billion



Process for dual listing on ADX

Whether you are a local company or based in an Abu Dhabi free zone, the process for listing on ADX is straightforward.

01

Initiation and submission

Complete and submit your company's application together with payment of the prescribed fees.

02

Revision

ADX will consider your company's application. If the application is incomplete, your company will be notified of the need to complete it.

03

Approvals

If the application is approved, your company and ADX will be notified by means of an official letter.

04

Disclosure of financials and listing prospectus

ADX will inform your company of the items required to be published in the pre-listing disclosure.

05

Listing and ceremony

Your company will be issued the certificate of registration.



Listing on other stock exchanges

There are many factors that influence a startup's choice of which stock exchange to list on, including:

- Base of potential shareholders
- Accounting standards
- Type of exchange
- Listing and compliance costs
- Additional services provided by the exchange

There are benefits and considerations that will apply to your company depending on the exchange, so consider the factors which are crucial for you. In addition, you may choose to list your company's shares on more than one exchange.

The listing requirements are set by the authorities of the respective countries in which the exchange is located. Your company's application process will vary depending on the exchange you choose.





Case study



Abu Dhabi-headquartered Anghami lists on Nasdaq

Anghami, MENA's leading music streaming service headquartered in Abu Dhabi, was looking at a sustainable way to supercharge its growth, while becoming more independent. It assessed that it had a path to profitability and growth and hence a path to go public using a special purpose acquisition company (SPAC) to list on [Nasdaq](#) in the US, home to the largest capital market.

In March 2021, Anghami announced that it was going public via a merger with [Vistas Media Acquisition Company Inc.](#), a publicly traded SPAC with USD 100 million in trust. It will become the first tech company in the Middle East to list on Nasdaq, taking its place alongside the world's leading tech companies and as a beacon for other startups across the region.

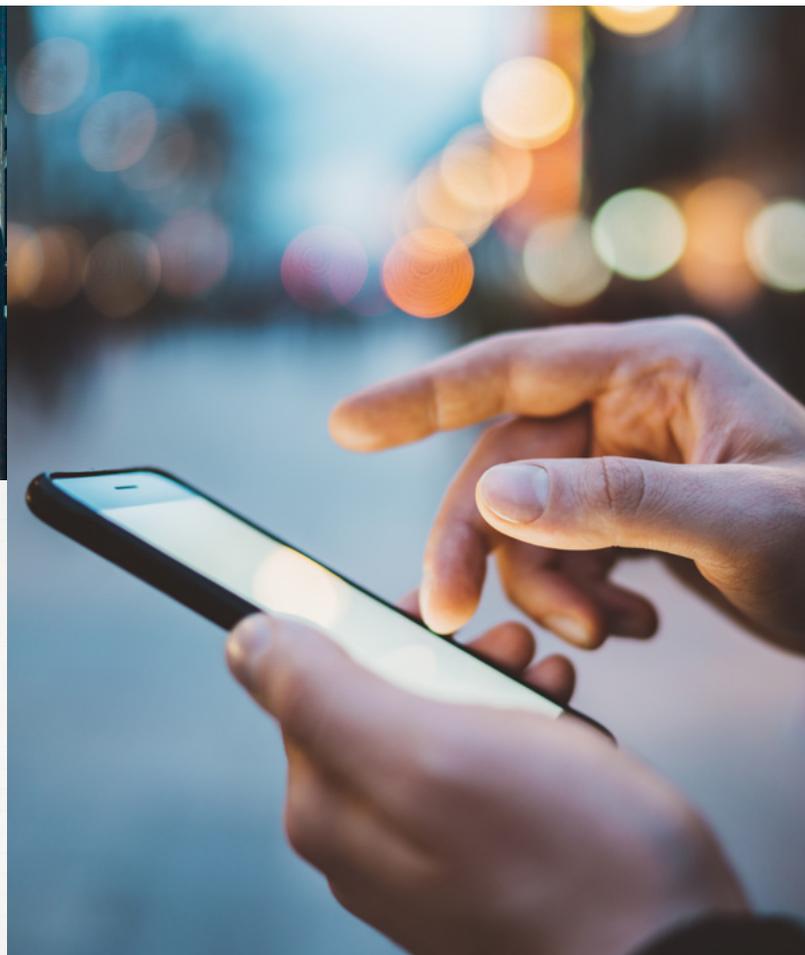
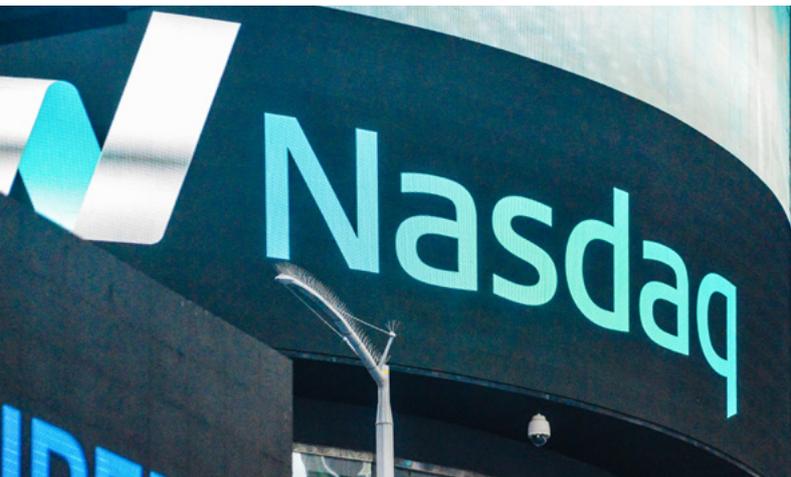
Abu Dhabi has supported Anghami's growth with the emirate's heavy investments in technology, established infrastructure, ecosystem support and access to talent.

Anghami's Nasdaq listing bolsters Abu Dhabi's position as a developer and exporter of technology, highlighting the great strides it has made as an innovation hub

For more information, visit:
anghami.com

“ Abu Dhabi is well established as a business platform in a developed ecosystem with a **solid infrastructure** and deep access to **growth capital** as well as massive talent - it is ideally suited for our next phase of growth and very much a cultural fit with our Arab roots. We're proud to be a pioneer from Abu Dhabi to Nasdaq. ”

Elie Habib,
Co-Founder, Anghami





Dual listing

A dual listing refers to a company listing its shares on more than one exchange. This makes a company's shares available to investors on a number of trading platforms, increasing its potential investor base and access to capital.

The **Abu Dhabi Securities Exchange (ADX)** allows dual listings, in line with its commitment to addressing the specific and evolving requirements of issuers and investors. It allows your company to list your securities on its world-class trading platform, in addition to other markets.



Why dual list?

Dual listing provides a host of benefits for your company.

Larger investor base: Dual listing provides your company with access to a larger investor base and the potential to attract new capital.

Greater liquidity: Your company gains greater liquidity through the availability of a broad base of investors, which will reflect positively on the share price and company value.

Promotional opportunity: Publishing your company's financial reports and news in the media contributes to the promotion of your brand, products and services.

What to consider before dual listing?

Before choosing to dual list, consider that a dual listed company must comply with the listing requirements of all the stock exchanges on which it is listed on, as well as the laws of the countries in which the exchanges are located.





Requirements for dual listing on ADX

A company seeking to dual list its securities on ADX must meet the following requirements:

- A Joint Stock Company
- Minimum capital of AED 40 million with at least 100 shareholders
- BOD/AGM resolution of dual listing
- Two years record of audited financial statements
- Listing on main market of your home country
- Operating profits for the last two years
- Allowance of foreign ownership
- Fulfilment of working capital requirement for the next 12 months
- Any other conditions prescribed by the Securities and Commodities Authority

ADX dual listing fees

- **AED 30,000** for companies with capital of AED 500 million or less
- **AED 50,000** for companies with capital of AED 500 million up to AED 2 billion
- **AED 100,000** for companies with capital of more than AED 2 billion

For more information, visit:

adx.ae



We hope that you have found this guide useful.

The Abu Dhabi Investment Office's Investor Care team is ready to answer any further queries you may have.

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Special thanks

Throughout the creation of this guide, ADIO relied on contributions from the [Abu Dhabi Securities Exchange](#), [ADQ](#), [Anghami](#) and [Pure Harvest](#). We are grateful for their invaluable input.



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