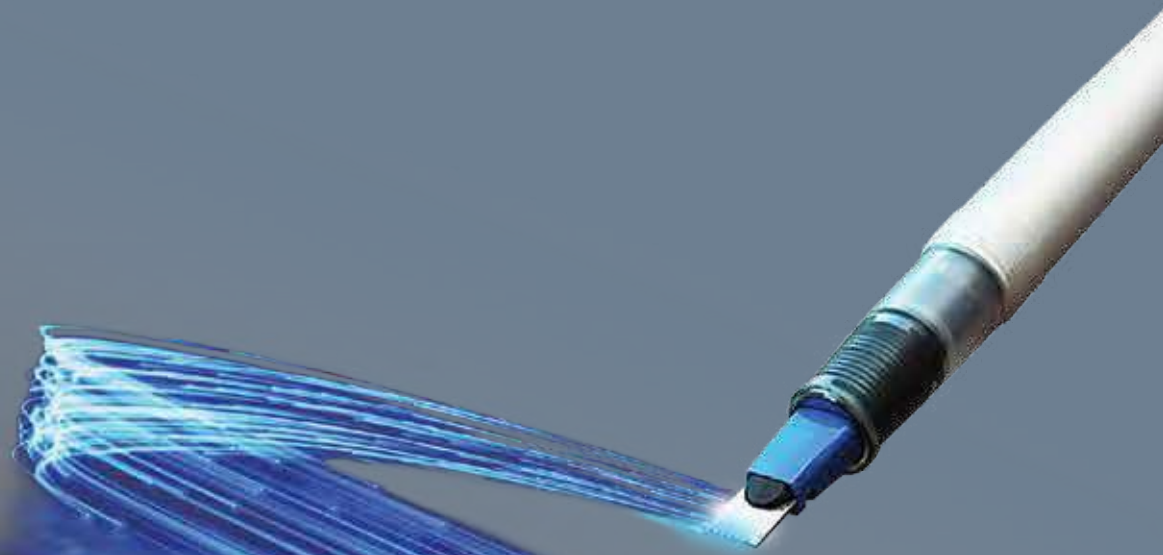


DFM GUIDE ON IPO COMMUNICATIONS

A best practices guide on communicating
to investors pre, during and post an IPO



For more information contact:

Corporate Communications
Business Development Division
Dubai Financial Market
T: 04 305 5219 / 5315
E: corpcomms@dfm.ae

DISCLAIMER

This publication is for informational and educational purposes only and is not intended to provide financial, investment, legal, accounting or other corporate advice. This guide should not be treated as a substitute for specific professional advice, it should not be solely relied upon in this regard and should not be considered to make any investment decisions.

Dubai Financial Market (DFM) accepts no liability for the content of this guide. The chapters, case studies and text presented in this guide solely reflect the opinion of the contributors. Names, organizations and company names referred to may be the trademarks of their respective owners. Any reference and diagrams used in this guide are for illustration purposes and example only.

DFM does not warrant or make any representations concerning the accuracy, completeness or liability of the guide's content or relating to any content or information on any website linked to this guide. The users should refer to the laws and regulations specified in their jurisdictions and should consult directly with an investment advisor in their jurisdiction or other advisors, before acting on any information in this guide.

Published: November 2015. Revised: September 2016

CONTRIBUTORS

Dubai Financial Market would like to thank all its contributors for sharing their valuable expertise in this guide.

Jonathan Smith Director	ASDA'A Burson-Marsteller	www.asdaabm.com
Liam Turner Deputy Director		
Nicola Hooper Partner	Bell Pottinger	www.bellpottinger.com
Rupert Young Partner	Brunswick Group	www.brunswickgroup.com
Shyrose Osman VP – Head of Corporate Communications	Dubai Financial Market	www.dfm.ae
John Hobday Senior Managing Director	FTI Consulting	www.fticonsulting.com
Andrew Tarbuck Partner	Latham & Watkins LLP	www.lw.com

CONTENTS

1	PREFACE	01
2	THE IPO LANDSCAPE	03
3	SHAPING THE RIGHT EQUITY STORY AND MESSAGES	05
4	THE IMPORTANCE OF AN INTEGRATED IPO COMMUNICATIONS STRATEGY	07
5	LEGAL FRAMEWORK FOR COMMUNICATIONS	11
6	IPO COMMUNICATIONS ROADMAP	15
7	POST-LISTING COMMUNICATIONS	17
8	CRITICAL COMMUNICATIONS FACTORS FOR AN IPO	19
9	SUPPORTING INFORMATION: EMAAR MALLS IPO CASE STUDY	21
	CRISIS RESPONSE FRAMEWORK	25



His Excellency Essa Kazim
Chairman
Dubai Financial Market (DFM)

IN A DYNAMIC MARKETPLACE WHERE INVESTORS ARE EAGER TO STAY ABREAST OF THEIR CURRENT OR POTENTIAL INVESTMENTS, EFFECTIVE COMMUNICATION WITH STAKEHOLDERS PLAYS A CRUCIAL ROLE IN MAINTAINING AND STRENGTHENING THE RELATIONSHIP AND CREATING A FAIR AND TRANSPARENT ENVIRONMENT FOR CAPITAL MARKET’S ACTIVITIES.

At DFM, we have been actively cooperating with our listed companies as well as potential issuers to embrace best practices on disclosure, Investor Relations and Corporate Governance. We have always encouraged companies to actively connect with the stakeholders, avoiding any sort of information voids, and adopt a two-way rather than one-way communication strategy, meaning listening to stakeholders and considering their feedback.

We have joined hands with a number of international public relations/corporate communications and legal firms to collaborate with the DFM in developing an informative guide to effective IPO communications. The main objective of this guide is to provide potential issuers with a practical handbook to develop their communication plans whether pre, during or post-IPO. This guide identifies best practices for communications and explains the key elements of effective communication with stakeholders, which is an enduring process that companies need to constantly address in the best possible way.

Based on our experience and consistent interaction with potential issuers and investors, one of the key learnings was that preparation and planning are critical to a successful IPO. To some business owners/senior management, communication is merely necessary from the listing day or, at best case, from the start of the IPO subscription and onwards, however quite the opposite, this process has to begin long ahead of any planned IPO.

We have been inspired to publish this guide in the wake of the huge interest we received from potential issuers who wanted

to utilize various DFM tools and models developed over the past few years. In fact, these tools have been successfully deployed by our issuers during the implementation of IPOs in 2014 and 2015, whether before the IPO in order to educate potential investors or during the implementation stage through our first of its kind eIPO platform or after the listing through an array of DFM issuer services. We initiated a dynamic integrated communications approach for IPOs through our sophisticated communication models and tools which have changed the way issuers can reach out to investors and provide not only an effective gateway to connect with potential investors, but more importantly, with the knowledge and experience to shape their IPO communication plans.

We are pleased to introduce this guide as the most recent contribution from DFM in line with our commitment to further reinforce the position of Dubai as a dynamic capital market hub and centre of excellence. We deeply believe that this guide will create an invaluable reference tool that sheds light on ways to develop IPO communication plans which effectively contribute in disseminating key messages consistently and provide the necessary information on the investment and equity story of any potential issuer to all stakeholders including international institutions, regional and local investors and the wider financial community.

To this end, we sincerely thank our market participants, issuers and advisors whose valuable feedback and experience with the DFM led to the development of the first IPO Communications Guide globally from a regional exchange.



2. THE IPO LANDSCAPE

SINCE THE GREEN SHOOTS OF RECOVERY FOLLOWING THE GLOBAL DOWNTURN BEGAN TO EMERGE, THE MIDDLE EASTERN MARKETS HAVE DEMONSTRATED STEADY GROWTH, DECREASED VOLATILITY AND AN IMPROVEMENT IN INVESTMENT APPETITE. COUPLED WITH SIGNIFICANT POOLS OF LIQUIDITY AND THE POTENTIAL FOR ABOVE-INFLATION INVESTMENT RETURNS, THE LANDSCAPE FOR MENA IPOs LOOKS POSITIVE.

The recent uptick in activity on DFM and other Middle Eastern exchanges can be attributed to our Government and regulator's efforts to relax legislation to encourage domestic IPOs. This action created a positive environment for book-building and increased the likelihood of IPOs being successfully priced and completed. Indeed, according to the Ernst & Young Global IPO Trends report, in 2014 Q4 97% of MENA IPOs were priced within or above the initial pricing range. The study also found that EMEIA Main Market IPOs averaged first-day returns of 12.5%.

Looking at the wider GCC environment, the MSCI upgrade of the UAE and Qatar, and KSA's decision to open up to foreign investment all served to attract greater attention from the international investment community as they weigh up their options globally. As a result, despite demonstrating 10% fewer deals across the region in Q4'14 compared to the previous quarter, proceeds increased 74%, on the back of a run of a number of large domestic IPOs.

While a sharp slide in oil prices and simmering geopolitics continues to send reverberations across GCC markets, overall, positive sentiment remains and as a result regional companies continue to explore the possibility of listing on a local market, such as the DFM.

Conducting an IPO is a constructive way of enabling an organisation to reach the next level of growth. It announces to the business community that a company has achieved significant success to allow listing. It also enhances credibility within its value chain. Listing a company provides increased capital and liquidity for the business to reinvest, therefore

improving its financial position and the ability to respond to market opportunities. As such, many of the emerging entrepreneurial companies that have completed this exercise have gone on to become major global organisations.

However, embarking on an IPO also presents a number of challenges. On the surface, the transformation from a private to public company is straightforward. New legislation and several revised regulatory requirements have made progress in improving governance requirements for IPOs and therefore companies need to be mindful of the steps they need to take when conducting a transaction. This coincides with an environment of significant market volatility and heightened investor scrutiny.

The key to countering these challenges is formulating a clearly defined equity story and a solid communications campaign. Every management team conducting an IPO should be able to articulate a compelling investment case that includes company information, management projections, financial data and strategic guidance. This narrative should distil the most important elements of the offer into a compelling reason for an investor to become a shareholder. While institutional investors are likely to hear from the company's management team directly, investment commentators, including both buy and sell side analysts, and the financial media, are a strong influence.

[Retail investors rely heavily on these market commentators, particularly the media, to inform their investment decisions. Developing a solid communications strategy that is controlled in a consistent manner can have a positive impact on the success of an IPO.](#)

By ensuring the organisation, and therefore stock, appeals to investors, the company is better positioned to counter the effect of tricky market conditions. Brand value is often viewed as an intangible asset and research suggests this can impact stock prices. If formulated correctly, a strong equity story can significantly add to the company's brand equity and value. This allows the company to apply a premium to its shares. The trick in crafting this message, is keeping it simple.

As a result, it is crucial that as an organisation commences its IPO journey, it instructs a strong and experienced Public Relations Team within its pool of advisors. In order to be able to form the most effective equity story, respond to the media, and establish a narrative for life as a publicly listed company, a PR team should comprise of highly capable and specialised professionals that have clearly defined roles and a clear set of objectives.

BRAND VALUE IS OFTEN VIEWED AS AN INTANGIBLE ASSET AND RESEARCH SUGGESTS THIS CAN IMPACT STOCK PRICES

The key element of a successful PR strategy is consistency throughout the IPO campaign. Whether the medium at each of the listing milestones is a press conference, or a press release announcing the 'intention to float', the pricing of the shares, or the listing itself, each communication should support the management team in articulating their story.

One of the most difficult elements of the PR role is media management. A crucial role of the PR team is to ensure that coverage in prominent publications, broadcast channels, and social media channels is managed so that it generates positive awareness and interest among both prospective institutional and retail investors. The most important part of their job however is to address any negative issues that may affect the success of the listing, both related to the company, and within a wider context.

While much of the focus when communicating an equity story is placed on external audiences, internal stakeholders shouldn't be forgotten. A company should always keep its employees informed and reassured.

Concerns about a change in ownership, and potential new structures can be unsettling. If employees feel included and positive about the listing, when relevant, they can become brand ambassadors and help communicate the equity story all along the value chain. This is particularly helpful in maintaining share price momentum post-listing.

In addition to managing the communications strategy before and during a listing, once an IPO is complete and trading has commenced, effort must be made to maintain stock price momentum and keep new shareholders informed. This element is often forgotten in the aftermath of achieving a successful listing, but it is vital if the legacy of a positive IPO is to endure. To do this, the PR and internal communications/investor relations teams are responsible for ensuring that the equity story remains consistent and is updated as growth plans are announced and targets achieved.

Activities such as investor days and analyst briefings, as well as generating further media coverage, are all key components of a communications campaign post-listing, and should be deployed as soon as a company's shares start trading.

Beyond major events, the internal communications/investor relations team and PR firm should advise management on the tone and components of day to day regulatory statements to ensure compliance with public disclosure rules.

As with most significant decisions, timing and preparation are everything. Each area of the company that is involved in taking a company public – whether it is the management team, general counsel, the auditor, banker, PR firm, or employee, has a role to play in achieving a successful listing. Whilst the management team are the face of the listing, the team behind them are responsible for developing the tools to execute each stage.

[An IPO is a significant milestone in the life of any organisation. It is a challenging process but the potential rewards for all stakeholders are significant. A communications team should be seen as a key advisor to management. By not communicating the equity story correctly, a company runs the risk of leaving investors in the dark.](#)

3. SHAPING THE RIGHT EQUITY STORY AND MESSAGES

ACCORDING TO THE STRATEGIST DR VEIT ETZOLD, A GOOD EQUITY STORY TURNS A COMPANY INTO SOMETHING TANGIBLE. IT STIMULATES THE IMAGINATION OF POTENTIAL INVESTORS WHICH IN TURN BUMPS UP THE VALUE OF THE COMPANY.

A powerful equity story therefore needs to go further than simply outlining the financial proposition. It needs to convince investors of the vision, the business model, the strength of the management team and most importantly the potential to create value.

Amazon is a great example of how a company with low profitability successfully engaged and won over investors. CEO Jeff Bezos's vision was to grow to be the biggest e-commerce site on the internet before becoming profitable. The investors shared this vision and after it went public in early 1997 it took Amazon over four years until it achieved profitability. Before its first quarter of profitability in Q4 2001, Amazon had raised nearly \$1.5 billion of equity and over \$2.0 billion of debt (Source: Vie Carratt).

In theory, every company going through an IPO should be able to articulate a compelling investment case with ease. In practice, shaping an equity story from reams of company information, management projections and financial data is a daunting challenge that must be prioritised early on in the IPO process.

Given that the source material is drawn from a prospectus that may run to many tens of thousands of words, shaping the equity story is more an exercise in editing than copywriting. It is about distilling the most important elements of an offering down to the essence of why an investor might want to subscribe. This is particularly important for retail investors who do not have the benefit of a roadshow or time with the company's management to fully understand the nuances of the offering.

The equity story should be clear, compelling and entirely consistent with the information provided in the prospectus. It

will highlight perhaps as few as two or three standout elements of the investment opportunity. It might draw on the company's proven track record or the potential of its business model to capitalise on a fast growth sector. It might look at the size of the offering or how it provides unique access to a sector not currently available in the market.

The equity story of a company needs to cover, beyond the financial data, the following key components to be convincing to new shareholders:

- Market positioning, young or mature, its size and industry sector, some markets are more fashionable than others
- Innovative products differentiating the company
- Transparency and predictability of the business model
- Transparency and predictability of the company
- Competitive positioning - Which joint ventures and partnerships support the company (for example supplier contracts)?
- Ability of the management team

Once agreed and cleared by the legal team, the equity story should become a common language for all communications around the IPO. Spokespeople and key employees should be trained so that being able to articulate the investment opportunity in a matter of seconds becomes second nature. Communications materials such as the quarterly investor presentations, website, press releases and FAQs should all share a common watermark linking back to the equity story.

All too often, a simple equity story is lost within the complexity of a prospectus. Articulating the essence of an investment opportunity is not easy, but it is a challenge any company hoping to successfully complete an IPO must overcome.



4. THE IMPORTANCE OF AN INTEGRATED IPO COMMUNICATIONS STRATEGY

BECOMING A PUBLICLY LISTED COMPANY IS A MAJOR TRANSITION FOR ANY COMPANY, AND THERE ARE PARTICULAR CHALLENGES FOR COMPANIES IN THE MIDDLE EAST. REGULATORY, TRANSPARENCY AND GOVERNANCE REQUIREMENTS; ALONG WITH CULTURAL AND LANGUAGE CONSIDERATIONS AND A HEIGHTENED INTEREST FROM A VARIETY OF STAKEHOLDERS ALL ADD TO THE IMPORTANCE OF AN INTEGRATED IPO COMMUNICATIONS STRATEGY.

When an Issuer is working towards an IPO, it is critical that it not only has a compelling story to tell but that the narrative remains consistent to all the stakeholders it is trying to attract; institutional, high-net-worth (HNW), and to the wider investment community such as stockbrokers and media. Each will be forming an opinion about the offering as an investment opportunity and the messaging is critical to the success of the listing.

In today's increasingly interconnected world, the investment community gets its information from varied sources and channels, so an Issuer needs to ensure it has an integrated communications approach with consistent messaging. Issuers need to have a good understanding of the variety of stakeholders involved and utilise a range of communication channels available to effectively reach each stakeholder group.

To ensure the integrated communications programme is as effective as possible, the communications team needs to be involved in the IPO process early on and work closely with the Issuer's senior management team, the advisory team, the receiving banks and the exchange to consolidate communications activities to investors. By working in collaboration, the communications team can develop a well thought through integrated communications strategy with strong consistent messages managed across various communication channels and stakeholder groups, to drive interest in the Offer.

An integrated IPO communications strategy encompasses four important communications milestones that companies should address during its IPO journey:



SECURING THE BASE



BUILDING BRAND AWARENESS AND PROFILE RAISING



IPO COMMUNICATIONS: ITF TO LISTING



LIFE AS A PUBLIC COMPANY

1. SECURING THE BASE

After the decision to IPO has been made, it is imperative to review existing communications and put in place a robust communications framework including the following elements:

STAKEHOLDER MAP AND PERCEPTION AUDIT	The start of the IPO journey is a good time to map out your stakeholders and understand what they think about you. This will help refine and tailor your core messages, address any issues and identify any perception gaps
KEY MESSAGE FRAMEWORK	A set of clear and concise messages should be developed which should be used as the base for all communications. This will ensure consistency and will improve trust and confidence
COMMUNICATIONS POLICY, PROTOCOLS AND GUIDELINES	From the outset it is important to set out guidelines for dealing with the media and other stakeholders. A critical element of this will be guidelines for social media. A throwaway comment or tweet by a member of staff could have big implications for the company's reputation and potentially impact the IPO process
DEDICATED SPOKESPERSON	Deciding and appointing an official spokesperson is crucial for the IPO communication activities pre, during and post listing, to effectively communicate the equity story to key stakeholders and be available for presentations and media interviews
MEDIA AND PRESENTATION TRAINING	Once you have the key messages in place you need to be able to communicate them effectively. This requires training, preparation and regular rehearsal
INTERNAL COMMUNICATIONS AND EMPLOYEE ENGAGEMENT	Stock market flotation can often be an unsettling time for employees. Changes in ownership structure, increased media coverage and distracted management ensure that timely and reassuring communication is critical in keeping operational management focused on running the business and employees hard at work. Employees should not hear about the IPO from a newspaper or social media site. It is also important to make them part of the process rather than alienate them. An Issuer needs to develop a well-considered internal communications plan, which includes guidelines for speaking to the media and other external audiences, presentations at employee gatherings, emails, frequently asked questions' documents, company intranet/HR portal announcements
COMMUNICATIONS MATERIALS	Alongside the key message framework, listing companies will need to develop communications collateral including comprehensive Q&As; fact sheets; information about products and services; corporate brochures; presentations, brand guidelines, press releases, advertising and creative materials such as biographies and corporate videos
INVESTOR WEBSITE	Developing a best-in-class investor website is a regulatory requirement, an important medium for investors and also an opportunity to reflect the company's brand and personality. This is a particularly important channel in the Middle East, where many retail investors will visit the listing company's website to find out details of the subscription and to get updates on the IPO. The Issuer's website is the first source that investors as well as third-party commentators will turn to for information. An Issuer should consider updating its website and possibly creating a dedicated IPO microsite to include details of the management team, the history of the business, all IPO and corporate news announcements, contact information, how to subscribe to the IPO, downloadable frequently asked questions/fact sheet, and the Prospectus once approved by the relevant regulator. After the listing, the IPO microsite can easily be transformed into a dedicated Investor Relations (IR) portal which can provide further and more detailed information including stock data and financial presentations, short videos from the Chairman/CEO/CFO accompanying each quarterly financial statement. Visually enhanced, downloadable fact sheets which brings to life key statistics and milestones, inclusion of full biographies of Board of Directors and senior management, links to the exchange website company profile page, links to social media and more. Please refer to the DFM Investor Relations guide downloadable at www.dfm.ae for further details
CRISIS AND ISSUES PLANS	Having a plan for when things don't go to plan is essential. There are a number of issues that can impact an IPO and identifying and planning for potential reputational risks is imperative. This includes both the company and wider macro-economic factors that may influence investor demand. A crisis response framework would need to be put in place. <i>See sample framework on page 25</i>

2. BUILDING BRAND AWARENESS AND PROFILE RAISING

While financial fundamentals and the core management team will always be key factors for investors, the company brand can play a significant role in strengthening an equity story, by defining the vision and values and creating an emotional connection with key audiences that could influence the investor decision-making process. According to an Ernst & Young global study, institutional investors attribute an average of 40% of their IPO investment decisions to non-financial measures, one of which is brand strength, ranked 4th in importance. In fact, 59% of investors consider brand strength and market position in their top 5 choices. (Source: BrandTaxi)

Maintaining a consistent level of noise about a company, its products, services, proposition and management team is important to establish a strong brand profile well in advance of the formal IPO announcement.

Well placed communication activities including attendance at appropriate events, advertising campaigns and coordinated media relations through articles and press releases will raise the brand profile of the company and its key people. A good public profile can not only drive awareness, it can support confidence and enhance trust with key stakeholders in the run up to the IPO.

3. IPO COMMUNICATIONS: ITF TO LISTING

Usually about three months before the IPO, communications should begin to adapt and increase disseminating messages which support the IPO process and emphasise the equity story. This begins with the ‘intention to float’ (ITF) announcement and continues through a series of set piece announcements until the listing day.

Media

Reaching key media efficiently and effectively will set the tone of the campaign and importantly ensures there is sufficient company information communicated in a timely and transparent manner which will support driving interest in and demand for the shares during the IPO and post listing. An Issuer needs to consider national, international, trade and business media, across print, broadcast or online in order to ensure it reaches all potential investors. Institutional investors tend to be influenced by the more sophisticated financial media such as Reuters, Bloomberg, The Financial Times, Asharq Al Awsat and the Wall Street Journal, whereas the local UAE newspapers are critical in reaching the retail investment community.

An Issuer’s media programme should involve a combination of written and verbal communication in Arabic and English. The main written medium will be press statements; outlining the rationale, key investment messages and IPO process allowing journalists to convey the story accurately. Verbal communications will centre on a potential press conference when the IPO is launched and ongoing dialogue to ensure messages and milestones are understood. Creative photography and imagery carried by the media can also play a part in helping to generate awareness and profile. The company can also track the media coverage by requesting media monitoring reports and should continue this practice once listed.

Social media can be an effective way of creating buzz around an Issuer’s IPO. Simple and effective tactics include an IPO countdown campaign, using striking imagery to showcase products and creating infographics to explain a business model.

Investor Roadshow

Institutional investors interested in the offer are given the opportunity to meet first with the broker’s analysts and later the

Issuers’ management team. An Issuer’s investment banking/ broking advisors will usually manage this process, including the development of the roadshow meeting timetable and the presentation. The communications team can add value by commenting on the presentation to ensure messaging is expressed powerfully and consistently. In addition they can help presenters rehearse their slides and help them articulate answers to the most likely questions.

Brokers & sell-side analysts

It is important that local stock brokers and their analysts understand the details of the Offer and are kept informed of the process as it develops, as they will help stimulate demand for the shares both in the primary and the secondary market especially for high-net-worth and retail investors.

An Issuer can hold analyst and broker days or even consider working with the DFM to host a Company Focus Week, a dedicated outreach programme of activities providing investors and brokers with a unique opportunity to hear first-hand from senior representatives of listed companies on their achievements, equity story and prospects, or hold a smaller focused group meeting with leading brokers in DFM.

Brokers and analysts will also influence the media throughout the IPO and will be active in giving their views hence an Issuer should look to encourage their support.

Advertising

Issuers undertaking a DFM listing are required to place prospectus adverts in newspapers at specific moments (subject to regulatory guidelines and approval) to ensure retail investors are aware of the offer and able to subscribe (full details of what is required of the Issuer are included in Chapter 5 - Legal Framework for Communications). Some Issuers also consider additional count-down advertising to drive retail investor subscription in the run up to the end of the Offer period.

The Receiving Banks should be encouraged to market directly to their current clients as well as use point of sale leaflets, fliers and adverts. They can also use tools such as ATM adverts to stimulate interest and SMS alerts to remind them of subscription deadlines.

An integrated IPO communications plan should include a range of activities including the development of frequently asked

Questions, Call Centre training, brand campaigns, web banners on exchanges’ sites, SMS activities and supportive events to communicate the messages consistently to institutional and retail investors. Exchanges, such as the DFM, provide such tools, hence it is important in this phase for the company to utilise all channels at its disposal and to establish a close collaboration with the chosen exchange. Chapter 6 – IPO Communications Roadmap covers the activities in more detail.

4. LIFE AS A PUBLIC COMPANY

It may sound obvious but maintaining a strong company profile after an IPO is paramount. Companies should have a planned communications programme prepared for the coming six to twelve months, that includes both regulatory disclosure requirements and initiatives to drive corporate and brand newsflow.

Key considerations for communications include:

- Understanding the regulatory disclosure requirements (See Chapter 5 - Legal Framework for Communications)
- Increasing the understanding of future opportunities and growth potential - this is particularly important to investors and new shareholders
- Differentiating the company story from competing investment opportunities
- Continuing to demonstrate the strength of management in depth – again this is important to investors and shareholders
- Encouraging sell-side analyst coverage
- Building trust and confidence with stakeholders
- Maintaining consistent brand communications
- Developing an Investor Relations programme of activities

See more details on Post Listing Communications in Chapter 7.

Having a good communications strategy in place will ensure that investors and stakeholders have a better understanding of a company, its proposition, key management and future prospects. This is particularly important in the Middle East region, with its own cultural, language, regulatory and investor nuances. Good communications can significantly increase the success of a flotation, improving investor take up of the subscription and supporting the performance of the company once it’s listed.

5. LEGAL FRAMEWORK FOR COMMUNICATIONS

A COMPANY THAT IS SEEKING TO MAKE AN INITIAL PUBLIC OFFERING (“IPO”) ON THE DUBAI FINANCIAL MARKET (“DFM”) NEEDS TO INTERNALLY ENCOURAGE AN ETHICAL AND CULTURAL SHIFT IN MIND-SET TOWARDS GREATER TRANSPARENCY AND DISCLOSURE TO ALL STAKEHOLDERS. HOWEVER, BEYOND THIS PRINCIPLES-BASED DEVELOPMENT, THERE ARE EXPRESS LEGAL AND REGULATORY REQUIREMENTS THAT A LISTED COMPANY MUST COMPLY WITH IN RELATION TO WHAT IS COMMUNICATED TO POTENTIAL INVESTORS AT THE IPO STAGE AND FOR THE REST OF ITS LIFE AS A LISTED COMPANY.

The legal and regulatory framework for disclosure and transparency can be summarized as follows:

THE FINANCIAL SERVICES REGULATOR	THE STOCK EXCHANGE	LAW
The Securities & Commodities Authority	The Dubai Financial Market	The Commercial Companies Law as amended by Federal Law No.2 of 2015 and Federal Law No.4 of 2000 concerning the Emirates Securities & Commodities Authority and Markets

The legal and regulatory requirements relating to disclosure and transparency for a company wishing to IPO on the DFM and be listed by The Securities & Commodities Authority (“SCA”) can be separated into two distinct phases:

- **PRE-IPO** – press announcements and prospectus
- **POST-IPO** – ongoing disclosure of price sensitive information, periodical financial information and annual reports

PRE-IPO

An invitation for public subscription of a company’s shares that wishes to IPO on the DFM must be published in two local daily newspapers (including one Arabic-language newspaper) at least five days prior to the commencement of the share subscription period.

The company must also prepare a prospectus for the benefit of prospective investors, the contents of which are the responsibility of the founders and board members. The contents of the prospectus must be in the format of the SCA’s Form B-1-5 which sets out precisely what is required to be disclosed to potential investors. In summary, it includes a description of the business of the company, financial information of the company, details of the share subscription, the company’s management and articles of association. This is of course the minimum requirements for prospectus disclosure in the United Arab Emirates and companies wishing to IPO are encouraged to include in their prospectus all information that an investor would reasonably expect to see in order to make an informed assessment of the assets and liabilities of the company.

Investors who make it their business to invest in securities (institutional investors – commonly asset managers, financial institutions, pension and life funds, for example) usually expect to see more information about a company that wishes to IPO and this can lead to two prospectuses being prepared by the company: one for institutional investors comprising a long form international offering circular (in the English language) and one for retail investors in the United Arab Emirates being an SCA-compliant local prospectus in the Arabic language. For example, this was the case in the Emaar Malls IPO of 2014. It should be particularly noted that, in the event of an offering by a UAE company in or into the United States under Rule 144A of the United States Securities Act 1933, the level of prospectus disclosure required is much higher because of the statutory liability in the United States of the underwriters to the IPO.

If a company is wishing to target institutional investors in its IPO then it is common, prior to the IPO, for the senior management of the company to “roadshow” the company in front of an agreed number of institutional investors who are essentially the clients of the underwriters of the IPO. This involves the preparation and making of an investor presentation which is a detailed PowerPoint presentation with summary details of the company. From a legal perspective, the information in the investor presentation should not be different to the information contained in the final prospectus so as to ensure equality of information to all potential investors.

At least 10 days prior to being listed on the DFM, the company which has been approved to list by SCA, must publish its annual and interim financial statements, and a summary of the board of director’s report submitted with its application for listing in two Arabic-language daily newspapers in the UAE and, if non-UAE nationals will be permitted to trade in its shares, one English-language daily newspaper. This is a requirement of both the DFM and SCA.

POST-IPO

Specific requirements for ongoing public disclosure by companies listed on the DFM to the market are as follows:

- A company must disclose and notify the SCA and the DFM of any material information that may affect the price of its shares. If requested to do so, a company is required to publish any explanatory information relating to it that is necessary to ensure the integrity of trading in its shares and investor confidence. If a change occurs to a significant matter discussed in a press announcement, a company is required to issue a new announcement reflecting the changed situation. A company may request an exception to its disclosure obligations in certain circumstances if the disclosure would be seriously damaging to the company.
- A company must notify the SCA and the DFM of the dates of any board meeting at which matters affecting the prices of its securities (such as dividend distributions, capital reductions or increases, stock splits or stock buybacks) are to be discussed and of the decisions taken thereon. If such a meeting is scheduled during trading hours, trading in the company's securities will be suspended until the market is notified of the resulting decisions.
- A company must notify both the SCA and the DFM of any change in the number of shares held by its directors, any trades carried out by board members or executive managers, any significant asset purchases or sales and any changes to board membership or executive management. A company must notify the SCA and the DFM of persons who own more than 5% of its shares. It is worth mentioning that this information is automatically published on the DFM website as per the sharebook status for public access.
- The chairman, members of the board of directors of a company, the general manager and any of its employees are not allowed to deal in the company's shares unless they first disclose, through the market, the purchase/sale transaction, the quantity and the prices of the securities and obtain approval of the DFM for the transaction.
- Individuals and companies are required to disclose to the DFM if they, on their own or collectively with any affiliate, parent company or subsidiary, hold 5% or more of the shares of a listed company or hold 10% or more of the shares of a parent, subsidiary or allied company of a listed company. The company is required to disclose every 1% increase or decrease after this threshold, while compelling every such natural person or corporate wishing to acquire more shares to take such stake up to 30% or more of the company's shares, to notify the market of their interest before completing a purchase order. The SCA may withhold the purchase order if it has reason to believe that such a purchase order may harm its interests or the national economy.
- A company must provide to the SCA and the DFM copies of all printed materials to be distributed to shareholders and any amendments to its articles of association.
- A company must provide to the SCA and the DFM an audited annual report within 90 days of the end of each financial year and half-yearly and quarterly financial statements reviewed by an external auditor within 45 days of the end of each relevant period. The reports must be in English and in Arabic and must include board and auditor reports as well as other disclosure documents. Unaudited preliminary financial statements must be provided to the SCA and the DFM within 45 days of the end of the financial year.
- The financial statements must be accompanied by a management report on the company's business activities during the relevant period. If the company notifies the DFM of a potential compliance difficulty, the DFM may grant a compliance exemption at its discretion on a case-by-case basis.
- A company must submit to its shareholders prior to its annual general assembly and the SCA a corporate governance report on an annual basis including a description of the company's corporate governance policies, any violations and steps taken in response, the composition of the board of directors and the annual review of the company's internal control systems, as well as an undertaking by the board regarding its responsibility for the internal control systems.
- A company must also implement an internal control system to monitor the company's financial affairs, transactions and risk management. The company must conduct a yearly review of the internal control system and report the results to shareholders.
- It should also be noted that Directors of listed companies are subject to 'close periods' when they are not able to buy or sell shares in the listed company owned by them. This ensures the company does not give signals to the market about trading ahead of its results announcements. A close period is:
 - 15 days prior to the end of each quarter until quarterly financial statements are disclosed;
 - and
 - Ten business days prior to the announcement of any significant information which would result in the share price increasing or decreasing, unless the information was a result of sudden unforeseen circumstances reporting.



The investor relations function of a company listed on the DFM should be fully aware of the company's legal and regulatory disclosure obligations and be jointly responsible for ensuring timely disclosure of information by the company to the market. Efficient and effective internal control systems are integral to the ability of a company and its IR team to provide timely, accurate and detailed disclosure. Many of the key events which are the cornerstones of the IR function's calendar, such as the annual general assembly and annual reports, are actually required as a matter of law and regulation.

Understanding the ongoing legal and regulatory disclosure requirements of a company listed on the DFM is extremely important to ensure full compliance with all such requirements. It should be noted that a person could be liable to a fine and/or imprisonment for providing false information or dealing in securities when in possession of undisclosed price sensitive information (insider trading). Also, a failure to comply with the ongoing disclosure obligations can lead to a public warning, fines or a suspension or cancellation of the company's listing.

For full details on the latest DFM Listing & Disclosure Transparency instructions, email: Listing&Disclosure@dfm.ae

6. IPO COMMUNICATIONS ROADMAP

THERE IS A PARADOX AT THE HEART OF EVERY IPO COMMUNICATIONS PROGRAMME: YOU WANT TO MAXIMISE PUBLICITY AND HAVE AS MUCH PUBLIC ENDORSEMENT OF THE OFFER AS POSSIBLE, BUT THE AUDIENCE YOU ACTUALLY CARE ABOUT IS OFTEN SMALLER THAN THE TOTAL READERSHIP OF ALL THE MEDIA YOU MIGHT TARGET.

With this in mind, issuers are well advised to consider direct marketing tactics that specifically target investors, brokers and others with the traditional investment community.

The most efficient method for doing this is to consider the

support you can receive as an issuer from the exchange you have chosen to list on. Here in Dubai, the DFM has a number of options that issuers can consider to help raise the profile of their IPO, some of these options are highlighted in the IPO Communications Roadmap and described below.

SMS COMMUNICATIONS

Issuers can utilise the DFM SMS distribution service which offers a unique opportunity to communicate short messages to targeted investors based on IPO subscription demographics by investor-type. With this data, issuers can plan a campaign to support their official announcements or invitations by designing SMS messages that go to a targeted pool of investors. For example, they can alert investors to the opening of the offer, warn them of an imminent close and remind them of useful information such as where they can subscribe, or direct them to the company's IPO webpages. A newspaper advertisement may or may not be seen by investors – an SMS nearly always will be.

DFM COMPANY FOCUS WEEK

The trading floor of the DFM is one of the most vibrant rooms in Dubai. Often packed with journalists, brokers and investors, it's a noisy bellwether of market sentiment. The DFM offers options for companies to take over a section of the floor with branded signage, company representatives can be on site to relay key messages and hand out information about the IPO, or other investment material. Why just rely on the media to pass on a message to investors when you can reach out to them on the floor of the region's most bustling capital market?

BROKER RELATIONS

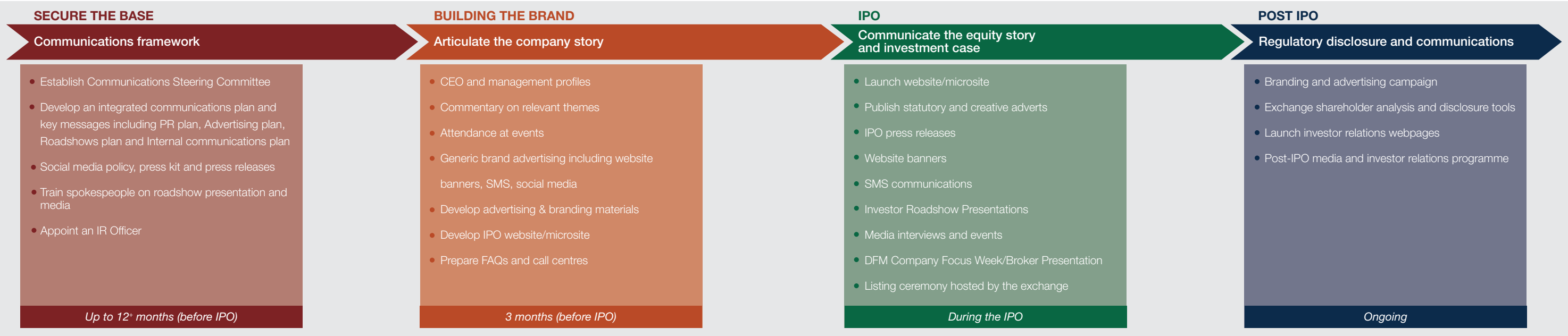
The DFM team have terrific relationships with the exchange's brokers. Many of whom have offices within the trading floor. Through these relationships, issuers can target brokers through leaflet drops and presentations. There is a captive audience who wants to be able to tell their clients more about upcoming share offers, they want to hear from you – and the DFM are more than happy to facilitate the event/communication without of course being part of the discussion.

CALL CENTRE TRAINING

For bigger offers with a large retail element, much of the communications efforts need to be in education and information provision on how to subscribe to the IPO for investors. A call centre is one effective way to address this – and of course the DFM can help here. The Issuer is encouraged to train its Call Centre team in preparation of the Company IPO which is where the FAQs documents come in useful. The DFM can assist in training the respective company's Call Centre (whether in-house or outsourced) on DFM investor related queries such as the logistics of obtaining a DFM Investor Number which is mandatory for any IPO on the DFM.

WEB MARKETING

A portion of the IPO marketing budget must be spent online. At the very least a detailed IPO website must be prepared as it will be one of the first things an aspiring investor will look for. One way of driving traffic to the website, as well as raising awareness of an IPO is seeking advertising space on the DFM's website. The DFM has a very experienced corporate communications team that can explain how such a system works and then work with the IT departments of the company, or its web hosts, to ensure seamless links between the various sites.



These direct marketing initiatives will never replace a PR and advertising programme for an IPO, but they can add a considerable amount. Whether its page views of the IPO website, or text messages going direct to the biggest investors on the exchange, or getting your senior management in front of brokers, the DFM team is there to help.

7. POST-LISTING COMMUNICATIONS

A COMPANY’S LISTING IS JUST THE BEGINNING OF A NEW CHAPTER. BY GOING PUBLIC, IT IS COMMITTING TO INCREASED TRANSPARENCY AND INVESTOR SCRUTINY. ONGOING CLEAR AND CONSISTENT COMMUNICATION CAN INCREASE INVESTOR CONFIDENCE AND REMOVE PERCEIVED UNCERTAINTIES RELATING TO A COMPANY’S PERFORMANCE AND FINANCES.

Once listed, companies need to develop a good process for communicating with the capital markets and investors. Through timely disclosure, a company can demonstrate its commitment to transparency and accountability. Developing a Disclosure Policy and Management & Board reporting mechanisms is imperative to ensure mandatory regulatory requirements are satisfactorily fulfilled and effectively monitored throughout the process.

Chapter 5, Legal Framework for Communications, covers DFM disclosure guidelines and what is required of a DFM listed company.

The Investor Relations and PR teams have an important role to play in working with the management team to build shareholder value and stakeholders’ trust by ensuring there is a controlled and coordinated approach to communication.

Generating newsflow

Beyond the minimum market disclosure requirements, a Company should use its listing to communicate regularly with the investment community to ensure the shares are appropriately valued. It should continue the momentum from the IPO to build brand loyalty and relationships with not just investors and investment commentators but also with

customers, employees, regulators and industry bodies. This can be done by thinking strategically about how milestones and developments such as contract wins, senior appointments and geographic expansion can be communicated to the market.

The most frequently used communication tool is the press release, or for price sensitive announcements a stock exchange statement. However, in recent years a profoundly different communications environment has emerged, which has transformed the climate in which businesses operate. Digital, global, real-time, transparent, flat and interactive - the new public information space is having a disruptive impact on companies and the way they speak to their stakeholders. This means companies need to think about various different channels and how best to use them – from Twitter to LinkedIn, employee gatherings to conferences, investor documentaries to infographics and websites to webcasts – companies need to build a communications plan that is right for the business and its stakeholders.

Meanwhile, a company needs to be ready to handle critical issues that can have an impact on business success. From a profit warning to an operational crisis, it is imperative that companies prepare for these moments and are able to respond quickly and clearly to the market to protect their reputation and maintain investor trust.

Investor Relations

- The appointment of an Investor Relations Officer (IRO) or person responsible for managing investor relations is mandatory for DFM listed companies according to SCA requirements. This appointment plays an important role in developing relationships with the investment community. Regular dialogue with investors, sell-side analysts and financial media can help the Board and senior management team understand perceptions and adjust communications protocols and practices. The IRO is best appointed ahead of the IPO so he or she can start developing relationships with the most influential members of the investment community and help manage the IPO process. After listing they are responsible for ensuring the correct disclosure of company information and liaising directly with the stock exchange. IROs work closely with corporate communications to ensure consistent public messaging and a seamless interface with the market.
- Developing an Investor Relations Programme is paramount. The programme of activities include regular investor meetings, conference calls with both analysts and media, web casts, investor roadshows, Annual Reports, Annual General Meetings (AGMs), IR website, corporate videos and more, all of which are explained in more detail within the DFM Investor Relations guide downloadable at www.dfm.ae.

Exchange tools

It is vital companies focus on developing a greater understanding of their investors’ behaviour and market perception. Exchanges such as the DFM focus on encouraging their listed companies to embrace international best practices in investor relations and provide various online tools and channels to communicate regularly with investors.

Once listed, companies should continuously measure, monitor and analyse the investment activity of its shareholders, share price movement and broker performance by utilising tools such as eSAR, an electronic shareholder analysis tool from the DFM. Listed companies should focus on increasing transparency and frequency of communications to investors by submitting disclosures instantly online using EFSAH, a DFM online disclosure tool to disseminate timely company news and announcements. When distributing dividends, companies can swiftly execute the distribution by utilising an electronic dividend payment method, such as DFM’s iVESTOR, which replaces the traditional dividend cheque method.

Most importantly, the Issuer should continue the momentum generated during the IPO. The listed company should strengthen its profile amongst investors, media and the wider financial community going forward, and participate actively with the exchange, whether it’s through DFM International Investor Roadshows, regular broker presentations or having an active online presence, company visibility and transparency is paramount.

IT IS VITAL COMPANIES FOCUS ON DEVELOPING A GREATER UNDERSTANDING OF THEIR INVESTORS’ BEHAVIOUR AND MARKET PERCEPTION.

8. CRITICAL COMMUNICATIONS FACTORS FOR AN IPO

IN SUMMARY, WE KNOW FOR THOSE COMPANIES CONSIDERING AN IPO, IT REPRESENTS A MAJOR MILESTONE IN A COMPANY’S CORPORATE LIFE AND PROVIDES THE OPPORTUNITY TO GENERATE SIGNIFICANT AWARENESS NOT ONLY WITH INVESTORS BUT ACROSS THE MEDIA BOTH REGIONALLY AS WELL AS INTERNATIONALLY.

There are significant upsides to such a prolific event but there is a major responsibility on the company to communicate in such a way which balances the promotion of its business with the regulatory environment in which it will operate.

The gatekeepers in this scenario are the company’s management team, who should be custodians of all internal and external communications. The leak of confidential/sensitive information to the media during an IPO for example can prompt an investigation by the regulator which could lead to major repercussions. The fact that we live in the age of social media is all the more worrying as a crisis can be literally just moments away.

From a communications perspective, there are a number of guidelines outlined in this guide which companies should be mindful of as they embark upon an IPO.

1. First and foremost, **no IPO related information should be divulged externally in advance of an official announcement.**
2. **Key spokespeople should be agreed in advance.** These individuals should be the only people authorised to interact with the media and who should be fully briefed on what can and cannot be said. This will ensure that all communications with the market is compliant, co-ordinated and controlled. Company employees including senior management or decision makers should all be communicated in this regard and follow the guidelines to avoid any confusion in the market place. This includes training the company call centre in IPO query handling.

3. This discipline should be supported by a **well-developed company narrative** which explains the company’s business, strategy and long term prospects to both potential investors as well as wider stakeholders. A company’s communications advisor usually plays a key role here and often has the responsibility for the following work streams:
 - IPO communications strategy & message development
 - Drafting internal and external communications material for key stakeholders
 - Creating investor-focused presentation slides and fact sheets
 - Preparing management for investors and media meetings
 - Supporting wider marketing efforts to support pricing & share placement with investors
 - Facilitating wider media interviews and profile opportunities
 - Working with the exchange, such as the DFM, to maximise impact with brokers and investors
 - Providing ongoing communication planning and support once shares begin trading

4. From a **digital and online perspective**, a company’s website should be invested in as it should reflect the strength of its business and investment proposition as it will be the first port of call for investors, customers and suppliers. It should have clear information on the company’s background, management team, operations, products and services, as well as an IPO section which details pertinent information for investors and aligned audiences.

Social media platforms play a key role in disseminating vital news, announcements and disclosures swiftly to investors and can help build a database of potential investors. The DFM Twitter feed, for example, disseminates timely listed company disclosures and market announcements, hence any relevant company tweets can easily and instantly be shared on the company’s social media feeds.

5. Once a company files for IPO, lawyers can often be conservative preferring businesses to have limited visibility outside of key announcements. However, having a strong, well-managed public profile in advance of an IPO is beneficial and will support the overall awareness generated by the IPO media coverage. From a management perspective, high profile IPOs usually price higher in the range and trade higher on trading. Effective communication is therefore critical.
6. Once a company does ‘go public’ there are strict guidelines on how **‘price sensitive’ news**, which can affect a share price, is treated (see Chapter 5 – Legal Framework for Communications). Most importantly, a company’s employees should not have ‘selective’ access to such information before full disclosure to all shareholders. The penalties for this type of breach, especially if information is used to trade is severe and can include prison time. It is imperative therefore, that on listing, strict disclosure policies are circulated to all internal audiences to explain the rules and avoid any potential opportunities for insider trading.

7. The company should have a comprehensive **crisis communication plan** prepared. Although unlikely, it is vitally important to have a response framework in place so any issue can be controlled swiftly and effectively, see sample framework shown on page 25.
8. **Remember the IPO is just the beginning of the process.** The ‘after-market,’ when shares begin to trade is as important as the IPO itself. Key to a company’s success, as a listed business, will be its financial performance in addition to how its on-going performance is understood and perceived by both investors and the media. A communications strategy therefore should be agreed upon at the outset as a public company and continued in-order to provide the market with consistent newsflow and market updates.

In terms of advice, central to a successful IPO is appointing a team of trusted advisors with a proven track record, to work closely with the internal communications/investor relations team and the exchange.

FOR MANAGEMENT, THE OLD ADAGE REMAINS TRUE - ‘IT CAN TAKE YEARS TO BUILD A REPUTATION AND ONLY MINUTES TO RUIN IT!’

SUPPORTING INFORMATION:

EMAAR MALLS IPO CASE STUDY

ASDA'A BURSON-MARSTELLER (ABM) WAS THE COMMUNICATIONS ADVISOR TO EMAAR MALLS ON THE ENTIRE IPO PROCESS, FROM START THROUGH TO THE COMPANY'S FIRST SIX MONTHS TRADING ON THE DUBAI FINANCIAL MARKET (DFM).

ABM was instrumental in communicating all aspects of the flotation to investors – utilising both English and Arabic language channels.

The Emaar Malls flotation is held as a shining example of how a company can successfully IPO on one of the region's exchanges.

Context
In Autumn 2014, ABM advised Emaar Malls on its high-profile IPO, at the time, the largest in the Middle East since 2007.

The IPO was a landmark event for the UAE capital markets and, for the first time, combined an international institutional tranche with a local retail tranche in the same offering on the DFM. Emaar Malls was seeking to raise at least AED 5.3 billion (US\$ 1.44 billion).

Research and Insights
Given the prominent nature of the transaction, it was essential that positive key messages were disseminated and skepticism on issues including the offer structure, competition supply, market turbulence and liquidity were firmly rebutted.

Due to the lack of IPOs in the preceding seven years, there was also a need to educate the retail investor community in the GCC region, and particularly in the UAE, about the IPO process and how they could participate in the Emaar Malls listing.

This took the form of a concerted investors relations engagement programme.

- Key Issues**
- Largest listing on any UAE market for over seven years
 - High expectations from a local and global audience
 - IR programme to inform and educate GCC retail investors

Strategy
The communications strategy was to employ a controlled media campaign built around the key milestones of the transaction, which addressed the pertinent issues early in the process and targeted the salient audience through the national, regional and international media and social media.

The plan implemented was intended to create a sense of excitement around the offer and build momentum, while carefully setting and managing expectations.

- Core elements of strategy**
- Deliver a media engagement campaign targeting UAE, GCC and international media
 - Raise awareness of the retail and institutional offer process and structure
 - Prepare the management of Emaar Malls for engagement with all stakeholders
 - Design and create the 'IPO Centre' microsite to become the first point of call for all investors

Tactics
To build momentum and promote Emaar Malls at every stage of the IPO process:



Pre Intention to Float (ITF)

- Appraise all investors on recent successes at Emaar Malls, the strength of the business and growth potential;
- Inform the media of Emaar Malls’ recent achievements;
- Promote the plans for future growth at the Dubai Mall and other Emaar Malls entities;
- Familiarise media with Emaar Malls senior management.

ITF & Retail Offer

- Raise awareness of the offer, the structure and timetable;
- Explain the rationale of the transaction for both the benefit of Emaar Properties and Emaar Malls;
- Educate stakeholders about the business, performance and opportunities;
- Highlight the size of the retail offer and explain the book-build process to retail investors;
- Clearly explain the application process, the timetable and pricing.

Price range until listing

- Communicate the results of the offer and pricing;
- Manage messaging around demand ahead of pricing;
- Celebrate success of the issue and promote Emaar Malls as an independent, listed business;
- Highlight importance of Emaar Malls to UAE capital markets.

Post-IPO Communications

- Build on corporate awareness and understanding created during IPO process and extend media and analyst relationships;
- Promote good corporate governance and deliver best practice financial public and investor relations, while advancing the UAE’s reputation as a global financial centre.

Effectiveness and Results

The Emaar Malls IPO was hailed as a success by the media and key stakeholders. The institutional tranche was 30x oversubscribed while the individual tranche was 20x oversubscribed, both at the very top end of the price range.

This raised AED 5.8 billion (\$ 1.6 billion) giving the business a market capitalisation of AED 37.7 billion (\$ 10.3 billion) at time of listing.

On the first day of trading, Emaar Malls’ share price closed more than 12 percent up as the positive momentum generated by the PR campaign before and during the IPO continued to create demand in the investor community.

For example purposes only. See Disclaimer.



SUPPORTING INFORMATION:

CRISIS RESPONSE FRAMEWORK

THERE ARE A NUMBER OF ISSUES THAT CAN IMPACT AN IPO AND IDENTIFYING AND PLANNING FOR POTENTIAL REPUTATIONAL RISKS IS IMPERATIVE. THIS INCLUDES BOTH THE COMPANY AND WIDER MACRO-ECONOMIC FACTORS THAT .MAY INFLUENCE INVESTOR DEMAND. A CRISIS RESPONSE FRAMEWORK SUCH AS THE BELOW WOULD NEED TO BE PUT IN PLACE

