

inBrief



Opportunities in Dubai's Healthcare Sector

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Dubai is the fastest growing healthcare market within the GCC and is becoming an increasingly attractive sector for investors. In this inBrief article we explain the key drivers behind this growth and set out the options available to investors wishing to enter the Dubai healthcare market.

Growth

The growth in Dubai's healthcare market has largely been due to the following three key drivers:

1. Government support through the implementation of the Dubai Healthcare Strategy 2016-2021 (the **Healthcare Strategy**);
2. an under supply of medical centers, clinics and hospitals; and
3. an increasing demand for healthcare facilities due to population growth.

Under the Healthcare Strategy, Dubai is embarking on 15 strategic programs which will in turn generate significant opportunities for investors.

Of particular interest to investors will be Dubai's medical tourism program which focuses on the promotion of the development of medical tourism in Dubai and positioning Dubai as a global health tourism destination.

In addition, under the Healthcare Strategy, the governance framework of Dubai's healthcare sector is to be transformed and improved making it easier for investors to navigate. Currently, the healthcare sector is regulated by a number of government bodies, including the Ministry of Health and Prevention, the Insurance Authority and the Dubai Health Authority.

The government also aims to increase the level of healthcare in Dubai to ensure that international best practices are met. For example it is targeting 4.8 hospital beds per 1000 (rather than the

The Team



Charles Laubach

Partner

claubach@afриди-angell.com

Tel: +971 4 330 3900



Shahram Safai

Partner

ssafai@afриди-angell.com

Tel: +971 4 330 3900



James Bowden

Partner

jbowden@afриди-angell.com

Tel: +971 4 330 3900

current 2.1) which means Dubai is expected to see approximately seven hospitals built in the next eight years.

Options for Investors to Enter the Market

Public Private Partnerships: Pursuant to Dubai Law 22 of 2015 an investor may propose a public private partnership (PPP) with the government to build, finance and operate healthcare facilities. If accepted by the government, the government may directly contract with the investor without going to public tender for the project. The law permits a range of PPP models to be used, including concession agreements, build-operate-transfer, build-own-operate-transfer, build-transfer-operate, and manage and operate contracts.

Acquiring land and buildings: In Dubai, a foreign investor can acquire freehold title and long term leases of up to 99 years in designated areas in Dubai or in the free zones which can be used to build healthcare facilities with the requisite approvals. An owner or long-term lessor may also lease the land (or build then lease the land and buildings) to an operator in order to predictably monetize the investment.

Corporate investment or acquisition: The main factors for foreign investors to consider when investing in the healthcare sector in Dubai are the risk of litigation, the protection of intellectual property rights (for example, patents and any know-how concerning clinical processes and procedures), and the ongoing retention of quality medical professionals after the investment. Investors must also be aware that there are ownership restrictions for healthcare facilities. A foreign investor may only own a maximum of 49% of the share capital of a UAE limited liability company (being the most common form of body corporate used for such investment), with the remaining 51% being held by a UAE national (or a body corporate wholly owned by UAE nationals). A number of approvals must also be sought from the relevant authorities, including the Dubai Health Authority, which relate to both the licensing of the facility operator and approval of the facility design at each stage of design and construction. ■



Abdus Samad
Associate
asamad@afриди-angell.com
Tel: +971 4 330 3900



Tara Jamieson
Associate
tjamieson@afриди-angell.com
Tel: +971 4 330 3900



Anna White
Associate
awhite@afриди-angell.com
Tel: +971 4 330 3900

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