Compute for Equity

Business Plan & Operating Model

A multilateral clearing layer that makes energy, computing power and equity fungible — built in Abu Dhabi.

Energy → **Compute** → **Equity**

Prepared for
Hub71 — Cohort 20 (Hub71+ Digital Assets)

Version
1.0 — June 2026

Jurisdiction
Abu Dhabi Global Market (ADGM)

Classification
Strictly Confidential

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Executive Summary

Compute for Equity is a B2B multilateral clearing layer that makes three of the most strategic assets of the AI era — **renewable energy, computing power, and equity** — interoperable, priceable, and settleable against one another. AI startups acquire the compute they need by paying with equity rather than scarce cash; energy producers and datacenters convert idle capacity into ownership of the AI companies they power; and the platform clears, prices, and custodies every transaction under the legal certainty of the Abu Dhabi Global Market (ADGM).

~75%	5–10×	1.1%
of seed/Series A cash today is spent on third-party compute	retail markup of compute over its marginal energy + hardware cost	Hub71 Cohort 18 acceptance rate — the bar we are built to clear

0.1 The problem we remove

AI founders raise dilutive fiat capital and then hand most of it straight to hyperscalers to rent GPUs. Energy producers in the Gulf generate clean surplus power with no efficient path to capture the value of the intelligence it produces. And cross-asset value — energy, compute, equity — cannot move without the friction of dollars. The result is trillions in latent value locked because these assets are priced in silos.

0.2 What we build

A clearing house operating the **Compute-for-Equity (C4E)** model end to end: providers deposit verified energy and GPU credits (tokenized as standardized, on-chain real-world assets); our oracle prices compute, energy, and equity into one unit of account; deals are structured as **Compute SAFE notes** and cleared under ADGM rules; and credits and equity positions ultimately become tradable on a regulated secondary market. We are not abolishing money — we are building the settlement rail and unit of account for the AI economy.

0.3 Why Abu Dhabi, why now

This company can only be built here first. ADGM/FSRA operates the world's most advanced framework for tokenized securities and real-world assets; Abu Dhabi pairs the cheapest energy on earth with sovereign-scale compute; and the emirate is deploying AED 13 billion to become a fully AI-native government. Our model simultaneously relieves three national pains — the prohibitive cost of AI infrastructure for new ventures, the monetization of clean-energy surplus, and corporate carbon-compliance — while aligning precisely with the Hub71+ Digital Assets, Climate, and AI verticals.

0.4 Business model & the ask

Revenue is capital-light and scales with volume: a clearing take-rate on every settled transaction, oracle data subscriptions, treasury float on custodied credits, and origination fees. We are applying to Hub71+ Digital Assets (Cohort 20) and raising a pre-seed round to fund the pricing oracle, ADGM licensing via the regulatory sandbox, and our first ten cleared compute-for-equity deals.

READER'S NOTE

This plan is the comprehensive due-diligence backbone of the venture. The parts that follow establish the opportunity, the mechanism, the market, the tax and legal architecture, the financial model, the risk analysis, and the Hub71 fit. The technology & oracle architecture, 24-month roadmap, organization, and appendices are expanded in subsequent revisions.

PART I

The Opportunity & Hub71 Thesis

Abu Dhabi has assembled the capital, the regulation, and the raw inputs of the AI economy in a single jurisdiction. Compute for Equity is engineered to sit precisely at the intersection of those forces — and to clear the most competitive startup bar in the region.

1. The Hub71 ecosystem and the bar to entry

Founded in 2019 through a strategic partnership between the Government of Abu Dhabi, Mubadala Investment Company, and the Abu Dhabi Global Market (ADGM), Hub71 has become one of the most competitive and well-capitalized innovation hubs in the world. It operates as a soft-landing platform built to anchor high-growth companies across the MENA and South Asia corridor.

Selection criteria have become extraordinarily rigorous, reflecting unprecedented market maturity. The consolidated data from the Hub71 Access Programme Cohort 18, released on 4 June 2026, illustrates the bar that any successful application must clear.

Table 1 — Hub71 Cohort 18 admission metrics (June 2026)

Performance & admission metric	Consolidated Cohort 18 data
Applications received	2,453 startups
Startups selected	27 international startups
Acceptance rate	1.1% of total applications
Average prior funding	AED 31.2 million per selected company
Total cohort funding	~AED 844.7 million (record)
Headquarters of admitted companies	100% based outside the UAE
Sourced via partner / sovereign networks	31% of admissions

Two facts matter for our strategy. First, a 1.1% acceptance rate means the application is won on **strategic alignment and structural credibility**, not novelty alone. Second, 100% of admitted companies were headquartered outside the UAE: Hub71 actively rewards founders who relocate and build from Abu Dhabi — precisely our intent.

1.1 Symbiotic alignment with national priorities

The decisive factor in such a competitive process is demonstrating alignment with Abu Dhabi's industrial and governmental agenda. The administration is consolidating a **100% AI-native government** with a projected AED 13 billion budget, and is building sovereign AI infrastructure through G42's Inception initiative and the Technology Innovation Institute's large-scale Falcon models. This compute demand strains the regional energy matrix and collides with national decarbonization commitments — led by the Masdar–EWEC collaboration targeting **60% clean energy by 2035**.

THE WEDGE

Compute for Equity sits surgically at this intersection. A multilateral clearing house that enables direct exchange between renewable-energy credits, GPU compute, and equity resolves three structural pains at once: the prohibitive cost of AI infrastructure for new ventures, the need for liquidity and monetization of surplus for clean-energy producers, and corporate compliance with new national carbon rules.

2. Our thesis: three structural pains, one clearing layer

Every durable marketplace removes a specific, expensive friction for multiple parties simultaneously. Ours removes the friction of converting between the three scarce assets of the AI era.

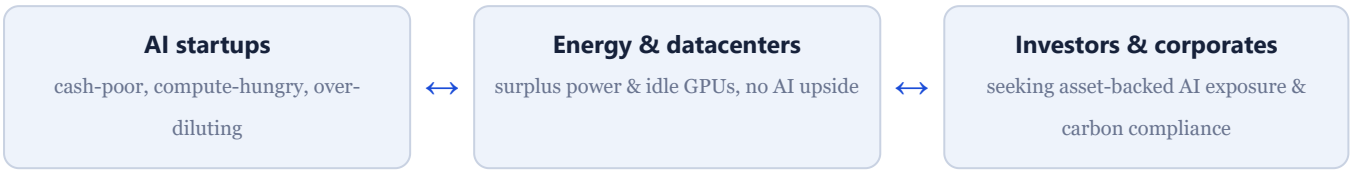

Figure 1 — The three constituencies our clearing layer connects.

The thesis is simple to state and hard to build: if energy, compute, and equity can be priced against one another and cleared with legal finality, then the dominant cost of building AI ceases to require dilutive fiat. The party that owns the conversion rail — pricing, clearing, custody — becomes the indispensable infrastructure of the AI economy. The remainder of this document specifies exactly how that rail works, how it is taxed, how it is structured legally, and why Abu Dhabi is the only place it can be built first.

PART II

The Compute-for-Equity (C4E) Model

The operating core of the company rests on the emerging Compute-for-Equity paradigm — a strategic evolution of the media-for-equity and services-for-equity models, applied to the most contested technological resource of the decade: computing power.

3. The structural inefficiency of AI venture capital

AI startups face a resource-allocation bottleneck that sabotages the efficiency of the traditional venture-capital model.

Up to **75% of the cheques raised in Seed and Series A rounds are passed directly to centralized cloud providers (hyperscalers)** to fund data processing and large-scale model inference. Founders are forced to burn dilutive fiat dollars to pay the operating margins of AWS, Azure, or Google Cloud — starving real product development. C4E resolves this inefficiency by replacing the need for fiat capital with direct supply contracts for processing capacity that convert into equity in the startup.

> **THE CORE REFRAME**
>
> The startup does not pay cash for compute. It issues a future-equity instrument; the compute provider receives ownership; and the platform clears the obligation. Capital that would have left the company as a margin payment to a hyperscaler instead stays inside the cap table as productive infrastructure.

4. Financial mechanics & arbitrage of tokenized credits

The model reached global scale through landmark moves — including the offering of USD 2 million in inference tokens to AI startups in a Y Combinator batch by major providers. For the supplier, C4E is a powerful marginal-cost arbitrage.

Table 2 — Traditional capital vs. the Compute-for-Equity mechanism

Structural component	Traditional capital investment	Compute-for-Equity (C4E)
Asset invested	Liquid fiat cash (USD / AED)	Processing credits / inference tokens (GPU)
Cost basis to the provider	1:1 parity (cost equals nominal outlay)	Marginal cost of running the GPUs — est. 10–20% of the retail price of the compute credits
Impact on founder cap table	Immediate dilution at a fixed round valuation	Gradual allocation tied to a technical-delivery schedule, minimizing early cash burn
Ecosystem lock-in	Startups migrate freely between clouds	Deep technical lock-in — architecture is optimized on partner infrastructure
Use of the resource	Flexible, but often diverted to third-party hardware costs	100% channeled to the product engine (training & inference)

Because the retail price platforms charge developers carries a margin **5–10× above the energy and hardware-depreciation cost** of the datacenter, a provider can acquire a meaningful equity stake for a fraction of the real cash cost. That spread is the economic engine that makes the entire clearing network attractive to the supply side.

5. Market precedents already formalizing the model

Compute-for-Equity is no longer experimental; it is being formalized into an investable asset class by institutional players.

Compute Capital Fund

A structured £50 million venture fund focused on AI startups across the UK, Europe, and the Middle East. It runs a hybrid thesis: cash co-investment plus an exclusive Compute-for-Equity layer giving direct access to CUDO's infrastructure (an official NVIDIA partner) with discounts of up to 50% on latest-generation GPUs (B200, GB300). LPs additionally benefit from industrial-scale structured operating discounts.

CoreWeave Ventures

The venture arm of the specialized AI cloud provider CoreWeave, structured specifically around flexible models that blend liquid-capital investment with hybrid barter of physical compute for equity stakes in pre-seed to Series A companies.

OpenAI × Y Combinator

The aggressive provision of inference-token credits to YC startups demonstrates that the world's leading AI labs already treat compute as a strategic currency for acquiring early exposure to the next generation of AI companies.

OUR POSITION

These precedents prove demand and validate the mechanism — but each is a single-provider, bilateral program. Compute for Equity is the first **multilateral, structured clearing hub** to scale the model across providers and assets in the MENA region, with a neutral pricing oracle and regulated settlement.

PART III

The Circular Barter Engine

The innovation is multilateral circular clearing in which the unit of exchange is decentralized and pegged to real assets of utility and physical infrastructure (DePIN) — energy, compute, and equity — rather than a state currency.

6. Multilateral clearing without fiat

Instead of relying on state-currency transactions, the ecosystem creates a closed-loop exchange network across three correlated Middle-East assets: renewable energy, computing capacity, and corporate equity.

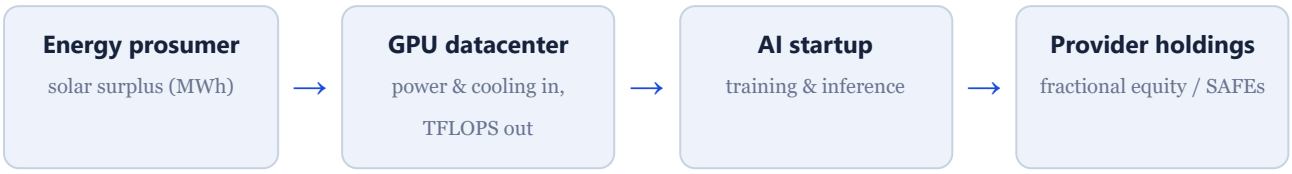

Figure 2 — The closed-loop barter circuit. The platform sits at the center as clearing, custody, and pricing oracle; equity flows back to energy and compute providers in proportion to inputs supplied.

6.1 Stage 1 — Energy for compute

A distributed solar-PV prosumer (for example, plants connected to the Masdar or EWEC grid) generates clean surplus electricity. Rather than selling it back to the grid at unfavorable tariffs, the surplus is directed on-chain to power partner GPU datacenters that require massive electricity and cooling. The producer is compensated in energy-utility tokens or transferable compute credits.

6.2 Stage 2 — Compute for startup

Datacenter operators receive the energy and make high-performance GPU processing slots available. The barter platform allocates that compute directly to Hub71 AI startups for model training and agentic automation.

6.3 Stage 3 — Equity for energy & compute

AI startups do not pay in cash. In return for the processing received, they issue convertible notes for future equity (structured SAFE notes) or tokens representing their economic rights to the barter platform. The platform custodies these instruments and settles the corporate obligations fractionally, distributing the accumulated equity back to the energy and compute providers in proportion to the inputs each supplied.

7. Token equilibrium dynamics

To guarantee transactional stability without speculative volatility, the platform uses a proprietary model that reflects real demand for hardware and clean energy. The intrinsic utility value of the platform's internal clearing token is parameterized as:

$$T_{val} = \frac{C_{util} \cdot E_{surp}}{\mathcal{V} \cdot \sigma_{reg}}$$

$\mathbf{T_{val}}$ — intrinsic value of the platform's clearing token · $\mathbf{C_{util}}$ — active GPU compute transacted (TFLOPS·hour) · $\mathbf{E_{surp}}$ — tokenized renewable surplus injected into the local grid · $\mathcal{V}$ — velocity of token circulation within the barter network · $\boldsymbol{\sigma_{reg}}$ — regulatory & tax-compliance friction coefficient

The intuition: token value rises with genuine, settled utility (real compute and real clean energy moving through the network) and falls with circulation velocity and regulatory friction. Anchoring value to delivered utility rather than speculation is what allows the clearing unit to function as a stable accounting medium between energy, compute, and equity — the precondition for any party to trust it as a settlement instrument.

PART IV

Market & Industry Analysis

Compute for Equity sits at the convergence of three markets that are each large, fast-growing, and — critically — being born at the same moment in the same jurisdiction: compute financing, real-world-asset tokenization, and regulated carbon.

8. The three converging markets

Our addressable opportunity is not a single category but the intersection of three. Each is independently validated; their overlap is unoccupied.

US$490B
AI infrastructure financing gap

US$10B+
GPU-as-collateral credit, <2 yrs old

US$4B+
RWA being tokenized in ADGM

Table 7 — The three markets we sit between

Market	What it is	Signal of momentum
Compute financing	Debt and structured credit collateralized by GPUs and compute capacity	GPU-as-collateral grew from zero to US$10B+ in under two years
RWA tokenization	On-chain representation of real-world assets and securities	Private-equity tokenization is ADGM's fastest-growing segment; US$4B+ in pipeline
Regulated carbon	Compliance & voluntary carbon credits, exchange-cleared	UAE Cabinet Resolution No. 67 mandates offsetting for 500k+ tCO_2e emitters

9. Sizing: TAM, SAM, SOM

We size bottom-up from the value that flows through compute-for-equity and credit-for-equity transactions, then apply our clearing take-rate. Figures below are directional and are refined in the financial model.

Table 8 — Market sizing (illustrative, clearing-fee basis)

Layer	Definition	Annual cleared value	Fee pool @ ~1.5%
TAM	All compute, energy & private-equity value exchangeable in the global AI economy	US$120B+	US$1.8B+
SAM	Compute-for-equity & tokenized-credit flows in MENA + South Asia under ADGM-compatible law	US$6–9B	US$90–135M
SOM (3 yr)	Cleared volume across Hub71-anchored startups, partner datacenters & energy producers	US$150–300M	US$2.3–4.5M

ANCHOR

Hub71 alone hosts 400+ startups that have collectively raised over US$4B. If even a fraction of their compute spend is routed through compute-for-equity, our beachhead SOM is reachable without leaving the ecosystem.

10. Demand drivers & timing

- **Compute scarcity & cost.** GPU access is the binding constraint on AI; founders will trade equity to secure it.
- **Energy abundance seeking yield.** Gulf producers have surplus low-cost power and sovereign mandates to monetize it productively.
- **Regulatory readiness.** ADGM/FSRA frameworks for digital securities, FRTs and tokenized RWA went live through 2025–2026 — the rails exist now.
- **Carbon compliance.** Cabinet Resolution No. 67 creates forced demand for credible, exchange-cleared offsets.
- **Sovereign capital intent.** MGX, Mubadala and G42 are explicitly funding non-dollar AI-settlement infrastructure.

11. Customer segments

Table 9 — Segments, what they bring, and what they take

Segment	Brings to the network	Takes from the network
AI startups (demand)	Equity (tokenized SAFEs)	Compute + energy without cash burn
Datacenters (supply)	GPU-hours at marginal cost	Equity upside + utilization of idle capacity
Energy producers (supply)	Surplus MWh + green guarantees	Yield + equity exposure to AI
Corporates (compliance)	Carbon-credit demand	Offsets + AI equity exposure
Funds & family offices	Liquidity + co-investment	Asset-backed AI exposure, secondary liquidity

PART V

Tax & VAT on Barter Transactions (UAE)

The most dangerous and common mistake of Web3 founders is to assume that transactions without a fiat cash flow fall outside the tax net. To be accepted by Hub71 and the ADGM, the plan must address barter taxation head-on — and turn compliance into a credibility signal.

12. FTA Public Clarification VATP042

The UAE tax framework was materially updated by the Federal Tax Authority's (FTA) issuance of Public Clarification VATP042.

Under UAE VAT rules based on Federal Decree-Law No. 8 of 2017, barter operations are characterized as **two separate and independent taxable supplies**:

- The delivery of compute / energy from the platform to the startup is a VAT-triggering event.
- The issuance of equity or tokens by the startup to the platform is a VAT-triggering event.

CRITICAL

Even if the net cash settled is zero, **both parties are legally obliged to issue a commercial VAT invoice, compute the 5% tax, report the operation, and remit the tax due.** Treating a barter as a non-event is the single fastest way to fail ADGM/FTA scrutiny.

13. Three-tier valuation for tax

If a "compute-for-equity" transaction has no explicit cash value, how is the 5% VAT computed? The FTA imposes a mandatory three-tier methodology to establish the taxable base of barter invoices.

Table 3 — Mandatory valuation hierarchy for barter VAT

Tier	Basis	Application
1 — Open Market Value	The monetary value the same GPU processing or energy package would command on the open UAE market between unrelated parties under normal commercial circumstances	If an H100 GPU slot is supplied, the VAT base is the prevailing retail market price of that processing
2 — Comparable Supply	The price charged for comparable technical services in the UAE market	Used when the asset or inference model is bespoke and has no direct market price
3 — Replacement Cost	The verified cost of replicating the infrastructure or service via an unrelated third party	Used as the fallback when no comparable references exist

14. Cashless invoicing — worked example

If the platform supplies compute with a market value of AED 50,000 in exchange for startup equity of the same value, the operational invoicing works as follows.

Table 4 — Reciprocal VAT invoicing on an AED 50,000 barter

Party & supply	Net	VAT (5%)	Gross
Platform → Startup (compute capacity)	AED 47,619.05	AED 2,380.95	AED 50,000.00
Startup → Platform (equity instrument)	AED 47,619.05	AED 2,380.95	AED 50,000.00

Both parties record the output tax in their respective FTA returns. Where eligible, each offsets input VAT against output VAT — neutralizing the effective cash outlay while guaranteeing full legality under audit. The platform's invoicing engine automates this reciprocal generation for every cleared deal.

15. Federal VAT penalty regime

Ignoring tax invoicing under the argument of being a "pure blockchain project" exposes the operation to heavy federal penalties under FTA audit.

Table 5 — Applicable federal VAT penalties

Type of VAT breach	Applicable federal penalty
Omission of barter transactions from the return	15% of the omitted tax difference, plus 1% per month cumulative until rectified
Late payment of VAT due	14% annual late-interest rate, accrued monthly
Failure to issue a formal VAT invoice	Administrative penalty of AED 1,000 per case (escalating to AED 20,000 on recurrence)

WHY THIS MATTERS TO THE COMMITTEE

Presenting full VATP042 compliance — reciprocal 5% invoices on an Open Market Value basis — signals operational maturity to a committee staffed by sovereign-fund operators. It converts the riskiest perceived attribute of a barter network into a mark of seriousness.

PART VI

Legal Structuring in the ADGM

To make the direct exchange of compute for equity contractually enforceable under UAE corporate law, the company adopts internationally-recognized structures available only inside the Abu Dhabi Global Market.

16. Why ADGM is indispensable

The issuance of convertible notes and equity instruments based on future promises is legally unworkable in the UAE mainland.

Mainland-domiciled companies face severe legal ambiguity over the validity of instruments that automatically convert debt into equity for contributions that are not direct cash deposits into share capital. The ADGM, operating entirely under English Common Law, provides full protection for the use of **SAFEs (Simple Agreements for Future Equity)**. ADGM courts recognize and enforce SAFE-related contractual disputes identically to the courts of Delaware or London.

> **BOTTOM LINE**
>
> ADGM is not a tax convenience — it is the only UAE venue where the core instrument of our model (compute converting to equity) is enforceable with the legal certainty international investors require.

17. The Compute SAFE Note

A traditional SAFE assumes the investor wires fiat cash to the startup on a settlement date. In the C4E model the instrument is adapted into a Compute SAFE Note, with redefined trigger clauses.

17.1 Substituting the purchase amount

Instead of recording a cash contribution, the SAFE stipulates a "Non-Monetary Computational Infrastructure Investment." The contract ties the SAFE's value to the systematic, audited release of compute volumes (expressed in TFLOPS·hour, dedicated CPU/GPU capacity, or API inference-token credits) that the platform provides to the startup.

17.2 Conversion triggers

The compute SAFE converts into preferred shares of the startup at the next qualified priced equity financing, subject to a stipulated Valuation Cap and Discount Rate — exactly as in a classic SAFE.

17.3 Monitoring & compute SLAs

To protect the AI startup against downtime or obsolete hardware supplied by the platform, the SAFE embeds technical-audit clauses. If GPU servers fail to deliver the minimum required compute performance or breach the service-level agreement (SLA), the contractual contribution is suspended — pausing the founders' future dilution until performance is restored.

18. Governance: DLT Foundation + SPVs

The structuring roadmap uses a bifurcated governance model that separates protocol governance from the ownership of physical assets.

Table 6 — Bifurcated legal architecture

Vehicle	Role	Why
ADGM DLT Foundation	Decentralized management and issuance of the barter-token protocol	The world's first legal structure purpose-built for DAO / protocol-foundation governance; keeps the compute-token treasury neutral, secure, and ring-fenced from subsidiary operating risk
Special Purpose Vehicles (SPVs)	Hold and isolate the physical GPU and solar assets	Risk isolation — physical-infrastructure liabilities never touch the protocol treasury or the clearing entity
Compute-SAFE contracts	Govern each compute-for-equity deal	Enforceable under English Common Law within ADGM

This separation is deliberate: protocol value (the token and clearing logic) lives in a neutral foundation, while depreciating, liability-bearing hardware lives in bankruptcy-remote SPVs. Investors gain exposure to the network without inheriting datacenter operating risk.

PART VII

Hub71+ Vertical Alignment & Sovereign Synergy

To win admission, the company must show how it serves the strategic agenda of all three Hub71+ acceleration verticals at once — Digital Assets, Climate, and AI.

19. Hub71+ Digital Assets & tokenization

Because the platform clears multilateral obligations via utility tokens and tokenized equity, the project fully satisfies the Digital Assets vertical. The ADGM offers two exclusive advantages to operationalize it.

19.1 FSRA regulation of Digital Securities

The ADGM treats tokenized equity directly as **Digital Securities**, applying traditional financial-protection rules under a secure DLT infrastructure. Our tokenized SAFEs and equity instruments are therefore regulated instruments, not unregulated tokens.

19.2 The DLT Foundations framework

The protocol that issues and audits the barter tokens can be structured under the ADGM's pioneering DLT Foundations law — the first global legal framework for DAO and protocol-foundation governance — ensuring the compute-token treasury operates neutrally and is shielded from subsidiary operating risk.

20. Hub71+ Climate & the corporate carbon market

Abu Dhabi's green transition created concrete obligations for large emitters — and a market our platform serves directly.

Under **UAE Cabinet Resolution No. 67**, all large industrial corporations, power companies, and energy generators whose annual emissions reach or exceed **500,000 tonnes of CO_2-equivalent** must register in the National Registry of Carbon Credits (NRCC) and offset their emissions.

20.1 Tokenization of green assets

Voluntary carbon credits or renewable-energy guarantees of origin (generated by Masdar or EWEC solar farms) are tokenized on-chain at 1:1 parity with the physical certificates registered with official international issuers such as Verra or Gold Standard.

20.2 Settlement via ACX Abu Dhabi

The platform connects natively to the **ACX (AirCarbon Exchange)** ecosystem. Based in the ADGM, ACX is the world's first fully-regulated voluntary carbon exchange operating under FSRA Recognised Investment Exchange (RIE) and Recognised Clearing House (RCH) licenses. Abu Dhabi industrial corporations can transfer ACX-audited carbon credits into the barter network in exchange for equity in promising local AI startups — meeting their corporate sustainability targets while funding AI.

The issuance of green credits for distributed solar generation can be formalized as:

$$\Phi_{offset} = \sum_{j=1..M} E_j \cdot (\Gamma_{grid} - \Gamma_{solar}) \cdot (1 - \delta_j)$$

Φ_{offset} — total carbon credits generated and credited on-chain · E_j — clean PV energy injected at solar node j (MWh) · Γ_{grid} — average marginal emission factor of conventional grid electricity · Γ_{solar} — life-cycle emissions of solar PV generation (often negligible) · δ_j — annual efficiency-degradation coefficient of the silicon cells at node j

21. Hub71+ AI & strengthening AI startups

By activating the Hub71+ AI vertical, the company positions itself in direct partnership with G42, AI71, and the broader Mubadala ecosystem.

Rather than demanding direct government cash grants, the platform offers an optimization engine for idle compute assets. Hub71 AI startups gain subsidized GPU infrastructure, drastically reducing CapEx and OpEx, extending their financial runway, and increasing survival odds — all without aggressive dilution. The sovereign ecosystem gains a capital-efficient mechanism to keep its portfolio companies alive and compute-rich.

PART VIII

Financial Model

Compute for Equity is a capital-light clearing business: revenue scales with settled volume, not headcount. The figures below are an illustrative base case; assumptions are stated explicitly and are the levers to calibrate with design-partner data.

22. Modeling assumptions

Table 10 — Base-case assumptions

Assumption	Value	Note
Clearing take-rate	1.5%	On gross cleared value (GMV)
Origination fee	0.5%	On supply listed by providers
Oracle data subscription (ARR/seat)	US$24k	Funds, lenders, datacenters
Treasury float yield	3.0%	On credits in custody during settlement
Average deal size	US$250k	Compute-for-equity, growing over time
Gross margin	~85%	Software/clearing economics

23. Revenue streams & unit economics

Four compounding streams, each tied to volume rather than fixed cost.

Table 11 — Revenue streams

Stream	Driver	Why it compounds
Clearing fee	GMV settled	Grows with every new provider & startup on-platform
Oracle data	Subscriber seats	Network data improves the model, widening the moat
Treasury float	Credits in custody	Scales with settlement volume
Origination fees	Listed supply	Two-sided: paid by energy & compute providers

UNIT ECONOMICS — ONE US$250K DEAL

Clearing fee (1.5%) US$3,750 + origination (0.5%) US$1,250 + float on ~30-day custody ≈ US$600 ⇒ ~US$5,600 net revenue per cleared deal, at ~85% gross margin. Ten deals in the first cohort ≈ US$56k; the model scales with deal count and average size.

24. Five-year projection

Table 12 — Illustrative P&L (US$, base case)

Metric	Y1	Y2	Y3	Y4	Y5
Deals cleared	15	90	380	1,100	2,600
GMV cleared	3.8M	27M	133M	440M	1.14B
Revenue	0.12M	0.9M	4.4M	15.0M	40.0M
Gross profit	0.10M	0.77M	3.7M	12.8M	34.0M
Operating costs	(1.6M)	(3.2M)	(6.5M)	(11.0M)	(20.0M)
EBITDA	(1.5M)	(2.4M)	(2.8M)	1.8M	14.0M

Break-even around Year 4 as cleared volume crosses the fixed-cost base; Year 5 EBITDA margin ~35% reflects clearing-business operating leverage.

25. Cost structure & headcount

Table 13 — Operating cost build

Bucket	Y1	Y3	Y5
Engineering & oracle R&D	0.7M	3.0M	9.0M
Legal, compliance & ADGM licensing	0.4M	1.2M	3.0M
BD & partnerships	0.3M	1.5M	5.0M
G&A & operations	0.2M	0.8M	3.0M
Headcount (FTE)	6	22	55

26. Funding requirement & use of funds

Table 14 — Pre-seed use of funds

Use	Allocation
Pricing oracle R&D (core IP)	35%
ADGM licensing & regulatory sandbox	25%
Design-partner integrations & first 10 deals	20%
Founding team & key hires	15%
Contingency	5%

Hub71+ Digital Assets provides AED 250k cash + AED 250k in-kind via SAFE; the pre-seed round complements this to fund the items above through the first cleared deals.

27. Scenario analysis

Table 15 — Year-5 outcomes by scenario

Scenario	GMV cleared	Revenue	EBITDA
Bear slow regulatory + supply ramp	350M	12M	2M
Base as modeled	1.14B	40M	14M
Bull sovereign anchor + carbon flows	2.6B	95M	42M

PART IX

Risk Analysis & Mitigation

A clearing layer for novel asset classes carries real risk. Naming each risk precisely — and showing a credible mitigation — is itself a credibility signal to a sovereign-fund committee.

28. Risk register

Likelihood (L) and Impact (I) rated Low / Med / High.

Table 16 — Principal risks and mitigations

Risk	L	I	Mitigation
Regulatory — securities treatment of tokenized equity	Med	High	Enter via ADGM/FSRA sandbox; B2B Professional-Client framing; outside counsel from day one
Oracle valuation — mispricing compute vs energy vs equity	Med	High	Three-tier Open-Market-Value methodology; conservative caps; independent valuation review; model audit trail
GPU obsolescence — hardware depreciates before value realizes	High	Med	Depreciation curves in the oracle; short settlement windows; SLA clauses pausing dilution on under-delivery
Liquidity / cold-start — two-sided marketplace	Med	Med	Anchor design partners (1 energy + 1 datacenter + 3 startups) before launch; Hub71 ecosystem as demand
Counterparty / custody — default or asset loss	Low	High	Bankruptcy-remote SPVs; regulated custody; clearing-house default waterfall
Tax — VAT non-compliance on barter	Low	Med	Automated reciprocal VATP042 invoicing on every deal (see Part on VAT)
Security — smart-contract / treasury exploit	Med	High	Audited contracts; DLT Foundation governance; phased treasury limits; bug bounty
Concentration — over-reliance on one sovereign partner	Med	Med	Diversify providers across the Gulf + South Asia corridor

29. Key assumptions to validate

- That providers will accept equity in lieu of cash at the marginal-cost arbitrage we model (validate with one datacenter LOI).
- That the oracle can price cross-asset conversions within tolerances acceptable to both sides (validate with a pricing pilot).
- That FSRA will admit the model to its sandbox on the timeline assumed (validate via pre-application engagement).
- That carbon-credit demand under Cabinet Resolution No. 67 routes through our network (validate with one corporate emitter).

30. Regulatory & counterparty deep-dive

The two highest-impact risks share a single mitigation strategy: **structure for the regulator first**. By domiciling in ADGM, using a DLT Foundation for the protocol and SPVs for physical assets, restricting participation to Professional Clients, and clearing every barter with full VATP042 invoicing, the company converts its riskiest attributes — tokenized securities and cashless settlement — into evidence of operational maturity. The default waterfall and bankruptcy-remote custody ensure that the failure of any single counterparty does not propagate to the clearing entity or the protocol treasury.

PART X

Winning the Selection: Pitch Strategy

Admission with this project requires a pitch surgically calibrated for a committee of sovereign-fund operators — operationally precise, institutionally fluent, and free of ideological framing.

31. Calibrating the pitch for a sovereign committee

31.1 Avoid utopian disintermediation language

The pitch must not lean on the ideological narrative of "eliminating conventional banking." The committee is composed of sovereign-fund managers. Position the company instead as a **"Decentralized Liquidity and Allocative-Optimization Engine for Infrastructure Assets (GPU and Renewable Energy)."** The marketing focus is the economics generated: up to **75% reduction in AI hardware cost** for startups and increased yield for clean-energy producers.

31.2 Cite the global C4E precedents

Demonstrate that C4E is not a theoretical blockchain thesis but a consolidating practice — naming OpenAI's strategy with Y Combinator, Compute Capital's £50 million specialized fund, and CoreWeave Ventures' operations. Position the company as the first structured multilateral hub to scale the model in the MENA region.

31.3 Prove tax & regulatory alignment

Present full compliance with FTA Public Clarification VATP042 prominently in the financial plan. Make clear that for every compute-for-equity exchange the platform issues 5% VAT invoices on an Open Market Value basis — eliminating fiscal risk and demonstrating serious operational maturity.

32. The legal architecture & client framing

32.1 ADGM-based structuring

The structuring narrative should detail the bifurcated governance model: an ADGM **DLT Foundation** for decentralized issuance and management of the barter-token protocol, alongside **SPVs** to hold and risk-isolate the physical GPU and solar assets, all underpinned by **Compute-SAFE** notes governed by English Common Law.

32.2 B2B / professional-client framing

Make explicit that the barter platform operates exclusively in a corporate B2B environment, restricting participants who transact equity or security tokens to entities classified as **Deemed or Assessed Professional Clients** of the ADGM. This removes the incidence of stringent retail regulation and dispenses with the need to publish complex financial prospectuses for each transaction.

> **THE ONE-SENTENCE POSITIONING**
>
> "Compute for Equity is the regulated, ADGM-domiciled clearing layer that lets Abu Dhabi's surplus energy and compute be exchanged for equity in the region's AI startups — cutting AI infrastructure costs by up to 75%, monetizing clean-energy surplus, and helping corporates meet carbon obligations, all under FSRA-grade compliance."

33. Forthcoming sections

This revision now covers the opportunity, the C4E mechanism, the market, tax (VATP042), ADGM legal structuring, vertical alignment, the financial model, and risk. The following sections are scheduled for the next expansions toward the full due-diligence dossier:

- **Technology & the pricing oracle** — data inputs, conversion methodology, model architecture, smart-contract design, and security.
- **24-month operating roadmap** — ADGM sandbox application, first ten cleared deals, secondary-market launch, with quarterly milestones and KPI gates.
- **Organization & hiring plan** — founding team, regulatory and quant hires, advisory board, governance.
- **Detailed process playbooks** — deal lifecycle, KYC/KYB onboarding, custody and settlement, dispute resolution.
- **Appendices** — glossary, sample Compute-SAFE term sheet, year-by-year financial detail, and bibliography.

STATUS

Document under active expansion toward the full dossier. Each revision adds parts and is re-rendered to PDF; the latest version is the canonical download.