

PROJECT DOLPHIN OVERVIEW OF FINANCING



TOTAL

1. Project Overview

Project Overview

- ▶ Strategic co-operation between three Gulf Cooperation Council countries (Qatar, UAE and Oman) — the first ever project involving production and processing of natural gas from Qatar's offshore North Field, and transportation of the processed gas by subsea pipeline to the UAE and Oman
- ▶ A joint venture among



51%



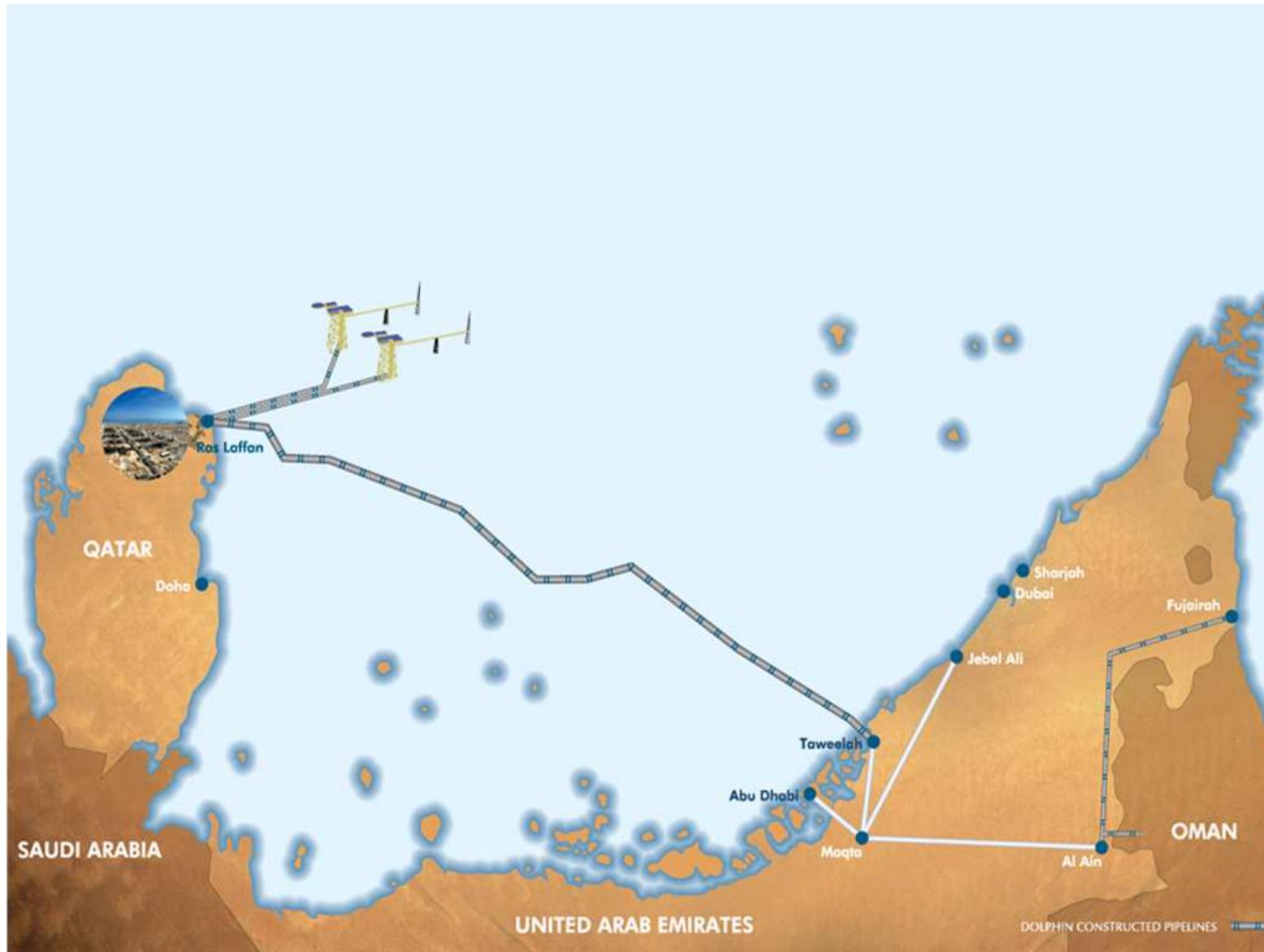
24.5%



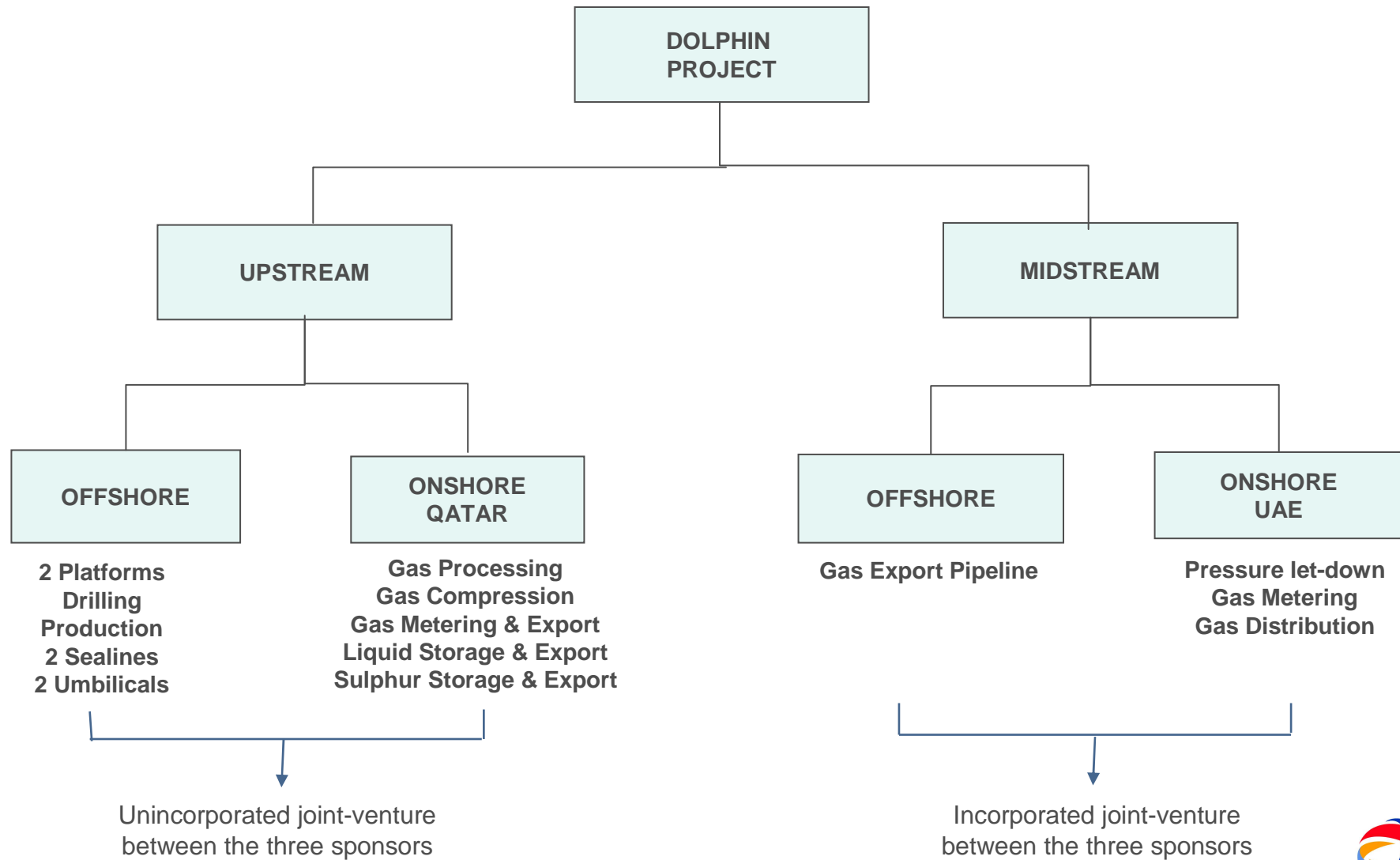
24.5%

- ▶ 2,000 million standard cubic feet per day of export gas, plus substantial volumes of associated products (low sulphur condensate, LPG, ethane and sulphur)

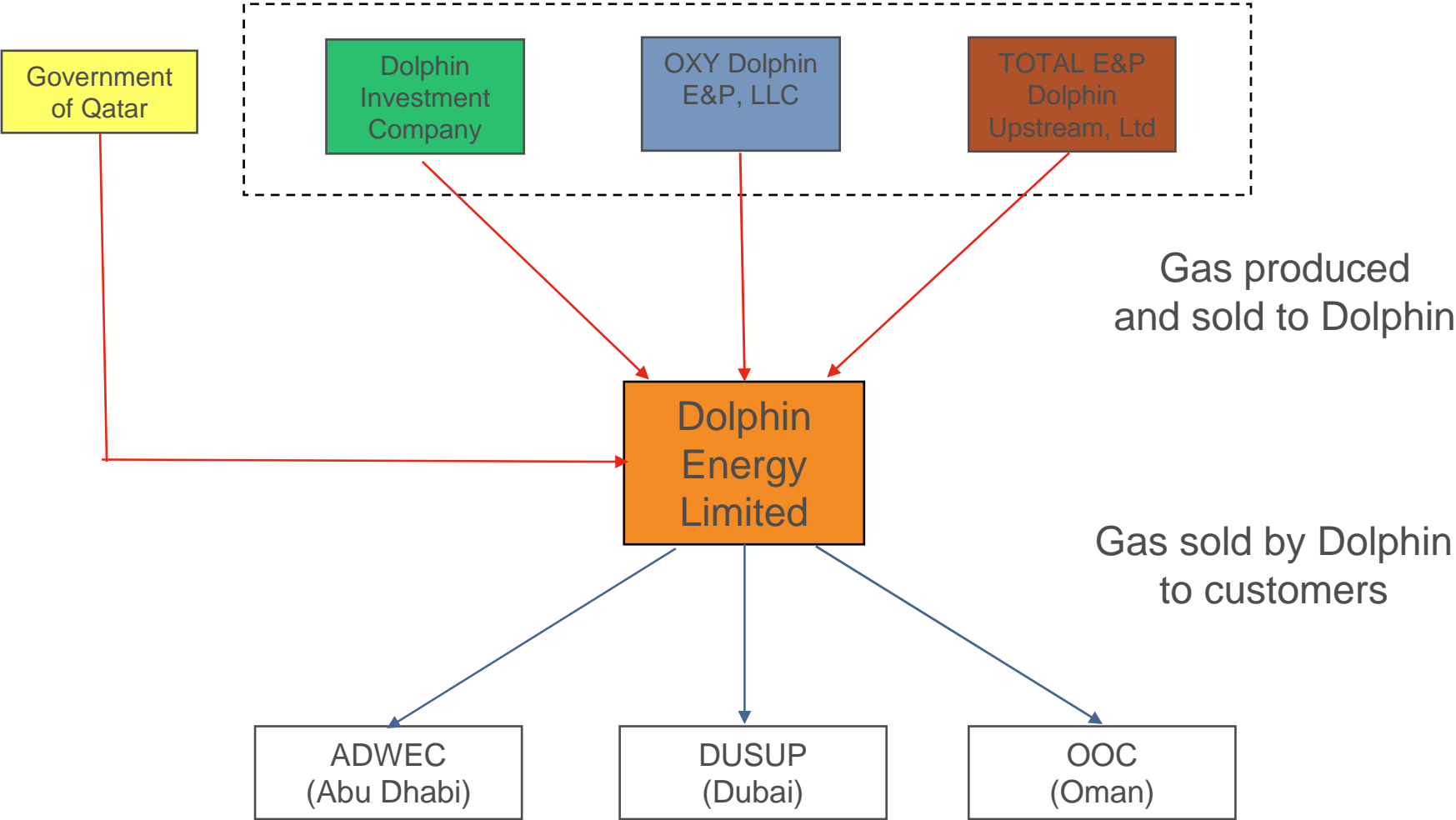




TOTAL



Dolphin Commercial Framework



2. Financing

2005 Financing

▶ \$3,450 million of debt

- \$2,450 million conventional facility raised from a syndicate of commercial banks in July 2005
- \$1,000 million Islamic facility raised from a syndicate of banks in September 2005
 - 5 initial Islamic Financiers
 - 9 joined later as participants
 - Main Islamic financier : Dubai Islamic Bank

▶ Recourse to shareholders

- Both facilities are guaranteed by Mubadala, TOTAL and Oxy on a several basis pro rata to their interest in the project

▶ Purpose

- \$1,000 million Islamic facility to finance the construction of the midstream facilities
- \$2,450 million conventional facility to finance the construction of the upstream facilities



Islamic Facility

- ▶ Economic terms mirror those of conventional debt
- ▶ Classical structure of asset back financing

- Sale and forward lease back
- Istisna'a Agreement

Islamic Financers employ DEL to develop and build the assets for delivery following completion

- Forward Lease Agreement

Lease of the Istisna'a assets to DEL upon delivery and payment of Rental Payments calculated on a LIBOR plus mark-up basis

- Service Agency Agreement

DEL agrees (i) to carry out all Major Maintenance for the Lease Banks, in return for a fee and reimbursement of expenses; (ii) indemnify the Lease banks in respect of all claim's arising from the ownership of the Istisna'a assets other than those resulting from their gross negligence or willful default.

- Undertaking to Sell

The Lease banks are required and agree to sell the Istina'a assets to DEL when all outstanding amounts have been paid.

3. Selection of encountered issues

- ▶ **Pros and cons of adding an Islamic tranche to the financing**
- ▶ **Selection of assets to be financed**
- ▶ **Sharia compliance**
- ▶ **No typical intercreditor issues encountered in Islamic/conventional co-financings**
- ▶ **Issues related to ownership of assets by Islamic Financiers**
 - Indemnity provided by DEL
 - Impact on Sponsors' guarantees
 - Credit risk taken on Islamic financiers
- ▶ **Tax issues, e.g. withholding tax on Rental Payments vs Interest**