**Euronav**
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# SPECIAL REPORT OF THE BOARD OF DIRECTORS PURSUANT TO ARTICLES 596 AND 598 OF THE COMPANIES CODE WITH RESPECT TO THE CANCELLATION OF THE PREFERENTIAL SUBSCRIPTION RIGHTS

## 1 Introduction

On 3 January 2014, Euronav NV (hereinafter "**Euronav**" or the "**Company**") and Maersk Tankers entered into an agreement relating to the acquisition by Euronav of Maersk's VLCC fleet, consisting of 15 vessels (the "**Transaction**").

On 6 January 2014, as part of the funding of the Transaction, the Company entered into subscription agreements with identified external investors in which they have committed to subscribe to a capital raise of the Company in an aggregate amount of USD 350,000,000. The board proposes to proceed with such capital raise as follows:

(a) the capital of the Company will first be increased with an amount equal to USD 49,999,867 pursuant to a decision of the board of directors within the framework of the authorised capital (the "**First Capital Increase**"); and

(b) second, the board will on the date of the First Capital Increase, decide to convene an extraordinary shareholders' meeting of Euronav, to which the board will propose a.o. to increase the capital of the Company with an amount equal to USD 300,000,133 in accordance with the applicable provisions of the Belgian Companies Code (the "**Second Capital Increase**");

(hereinafter jointly referred to as the "**Capital Increase**").

The external investors that have committed to subscribe to the Capital Increase are:

(a) York Capital Management (or funds managed by it);

(b) Golden Tree Asset Management (or funds managed by it);

(c) Blue Mountain Capital (or funds managed by it);

(d) Avenue Capital Group (or funds managed by it);

(e) Solus LP (or funds managed by it);

(f) BHR Capital LLC (or funds managed by it);

(g) Glendon Capital Management (or funds managed by it); and

(h) Mr. John Radziwill.

(hereinafter jointly referred to as the "**External Investors**").

The Capital Increase will consist of contributions in cash and will thus entail the cancellation of the preferential subscription rights of the existing shareholders to the benefit of the External Investors. Hence Articles 596 and 598 of the Companies Code will have to be complied with.

In accordance with Articles 596 and 598 of the Belgian Companies Code, the capital of Euronav can be increased with cancellation of the preferential subscription rights of the current shareholders of the Company for the benefit of identified investors, subject to compliance with the conditions set forth in such provisions of the Belgian Companies Code. In addition, a capital increase of the Company whereby the preferential subscription rights of the current shareholders are cancelled can be executed in the framework of the authorised capital (in accordance with Article 5 of Euronav's articles of association). The authorisation of the board to increase the share capital of the Company within the framework of the authorised capital was granted by the general meeting of shareholders of 10 May 2012 and is valid for a period of 5 years as from the publication of this resolution on 6 June 2012.

This special report has been drawn up in order to account for the First Capital Increase and to justify the cancellation of the preferential subscription rights of the existing shareholders in the framework of the First Capital Increase and in particular relating to the issue price and the financial consequences for the existing shareholders.

A separate report will be drawn up by the board of directors in respect of the Second Capital Increase. Given the connection between the First Capital Increase and the Second Capital Increase, the combined effect of both capital increases will also be set forth in this report, it being understood however that the realisation of the Second Capital Increase remains subject to the approval of an extraordinary shareholders' meeting of the Company.

## 2 Proposed Capital Increase

### 2.1 Purpose of the Capital Increase

The Transaction consists of an acquisition by Euronav of a VLCC fleet comprising 15 vessels from Maersk Tankers (the "**Fleet**") in return for a consideration of USD 980,000,000. This acquisition is of a strategic importance for the future of Euronav. The Fleet has an average age of 4 years whereas the Euronav fleet currently has an average age of 8 years. This acquisition will not only rejuvenate Euronav's fleet but will also fit Euronav's existing fleet composed of VLCC and Suezmax. The integration of the fleet into Euronav integrated systems of ship management and commercial management is expected to be seamless. The acquisition of the Fleet was a unique opportunity for Euronav to enlarge its existing fleet substantially because usually vessels are sold on an individual basis, sometimes in pair but rarely in fleet. Finally, as a result of the Transaction, Euronav will become a leading quoted company on the crude tanker space.

In addition to the Capital Increase, the Transaction (including the transaction costs and the short term working capital requirements resulting from the Transaction) will be funded with:

(a) up to USD 500,000,000 additional bank debt for which the Company is in negotiations with various banks;

(b) a mezzanine type of financing for an aggregate amount of up to USD 235,000,000 that is in the course of being structured; and

(c) USD 50,000,000 of Euronav's own cash funds.

## 2.2 Structure of the Capital Increase

Under the Transaction agreements between the Company and Maersk Tankers, Euronav has the obligation to make a deposit of 10% of the Transaction value and the vessels will be delivered to Euronav in a staggered manner as from February 2014 and Euronav will pay the agreed price for each of the vessels upon their delivery.

Such sequence of payments requires a quick capital injection. However, Euronav's authorised capital does not suffice to allow the Company to increase its capital (including issue premiums) with an aggregate amount of USD 350,000,000, taking into account the authorised capital required for a possible conversion of the convertible bonds that have been issued by the Company, as well as for possible contributions of the receivables representing the hybrid securities that will shortly be issued by the Company. On the other hand, convening an extraordinary shareholders' meeting would require too much time in light of the payments that will have to be made in the course of January 2014 and early February 2014.

Therefore, the board proposes that the Capital Increase will consist of two capital movements:

(a) the First Capital Increase for an aggregate amount equal to USD 49,999,867 to be decided by the board of directors on 6 January 2014 within the framework of the authorised capital first, with payment to be made by the External Investors that will subscribe to the First Capital Increase before 10 January 2014**.** The First Capital Increase will be finally determined after payment by the relevant External Investors. As a result of the First Capital Increase funds will be available to allow Euronav to make the payments that will become due first pursuant to the Transaction documentation;

(b) followed by the Second Capital Increase to be decided by an extraordinary shareholders' meeting of the Company for an aggregate amount equal to USD 300,000,133 which will cover for the remainder of the equity amount that will be raised by the Company in order to finance the Transaction.

Following External Investors will subscribe to the First Capital Increase as follows:

(a) York Capital Management (or funds managed by it) will subscribe to the First Capital Increase for an amount equal to USD 14,285,691 against issue of 1,563,879 new shares;

(b) Golden Tree Asset Management (or funds managed by it) will subscribe to the First Capital Increase for an amount equal to USD 9,285,668 against issue of 1,016,518 new shares;

(c) Blue Mountain Capital (or funds managed by it) will subscribe to the First Capital Increase for an amount equal to USD 11,571,400 against issue of 1,266,741 new shares;

(d) Avenue Capital Group (or funds managed by it) will subscribe to the First Capital Increase for an amount equal to USD 5,000,004 against issue of 547,359 new shares;

(e) Solus LP (or funds managed by it) will subscribe to the First Capital Increase for an amount equal to USD 4,285,701 against issue of 469,163 new shares;

(f) BHR Capital LLC (or funds managed by it) will subscribe to the First Capital Increase for an amount equal to USD 3,571,416 against issue of 390,969 new shares;

(g) Glendon Capital Management (or funds managed by it) will subscribe to the First Capital Increase for an amount equal to USD 571,417 against issue of 62,554 new shares; and

(h) Mr. Radziwill will subscribe to the First Capital Increase for an amount equal to USD 1,428,570 against issue of 156,388 new shares.

Following External Investors will subscribe to the Second Capital Increase (subject to term sheet committed bank financing and mezzanine debt being in place as set forth above) as follows:

(a) York Capital Management (or funds managed by it) will subscribe to the Second Capital Increase for an amount equal to USD 85,714,317 against issue of 9,383,293 new shares;

(b) Golden Tree Asset Management (or funds managed by it) will subscribe to the Second Capital Increase for an amount equal to USD 55,714,329 against issue of 6,099,143 new shares;

(c) Blue Mountain Capital (or funds managed by it) will subscribe to the Second Capital Increase for an amount equal to USD 69,428,603 against issue of 7,600,468 new shares;

(d) Avenue Capital Group (or funds managed by it) will subscribe to the Second Capital Increase for an amount equal to USD 29,999,997 against issue of 3,284,151 new shares;

(e) Solus LP (or funds managed by it) will subscribe to the Second Capital Increase for an amount equal to USD 25,714,296 against issue of 2,814,988 new shares;

(f) BHR Capital (or funds managed by it) will subscribe to the Second Capital Increase for an amount equal to USD 21,428,577 against issue of 2,345,823 new shares;

(g) Glendon Capital Management will (or funds managed by it) subscribe to the Second Capital Increase for an amount equal to USD 3,428,584 against issue of 375,333 new shares; and

(h) Mr. Radziwill will subscribe to the Second Capital Increase for an amount equal to USD 8,571,429 against issue of 938,329 new shares.

In the framework of the proposed First Capital Increase, the board of directors intends to cancel the preferential subscription rights of the existing shareholders of the Company with a view to enable the External Investors to subscribe to the First Capital Increase as set forth above. Given the size and importance of the Transaction for Euronav, it was essential for Euronav to be certain that the entire equity part of the funding for the Transaction would be committed upfront. Hence, rather than raising its capital in the framework of a rights issue whereby the preferential subscription rights of the existing shareholders would be complied with, the board has decided to enter into subscription agreements in which the External Investors have taken up the commitment to subscribe to the First Capital Increase and the Second Capital Increase. With a view to enable the External Investors to subscribe to the First Capital Increase and the Second Capital Increase, the board proposes to cancel the preferential subscription rights of the existing shareholders of the Company.

## 2.3 Issue Price

As set forth in Section 2.2, all External Investors will subscribe to the First Capital Increase to be decided by the board of directors within the framework of the authorised capital and to the Second Capital Increase that will need to be approved by the extraordinary shareholders' meeting. A prerequisite for the External Investors to enter into subscription agreements that are binding on them as regards their subscription to the Capital Increase, was that they should know, at the moment of signing of the subscription agreements, how many newly issued shares they would acquire in return for their contribution in cash.

For this purpose and taking into account article 598 of the Companies Code, an issue price for the new shares has been fixed on the date of signing of the subscription agreements with the External Investors.

The issue price for the new shares will be EUR 6.70, which is more than the average of the closing prices of the Euronav share on NYSE Euronext Brussels during the thirty calendar days preceding the date of signing of the subscription agreements and deciding on the First Capital Increase (the "**Issue Price**").

Since the capital of the Company is expressed in USD and the shares of the Company are currently listed in EUR, a fixed EUR/USD exchange rate has also been fixed on the date of the subscription agreements for the purpose of the Capital Increase, namely EUR 1 = USD 1.3634 (the "**Fixed Exchange Rate**"). Expressed in USD, the Issue Price will thus amount to USD 9.13478.

The number of new shares to be issued to an External Investor as a result of the Capital Increase, shall be determined by dividing the amount for which it subscribes to the Capital Increase (either the First Capital Increase or the Second Capital Increase) by the Issue Price in USD.

The portion of the Issue Price per new share up to the accounting par value of USD 1.087 (being the USD equivalent of EUR 0.811) will be recorded on the "capital" account. The balance will be recorded on the "issue premium" account, which in the same manner as the Company's share capital, serves as guarantee for third parties and which, save for the possibility of contribution into capital, can only be decided on in accordance with the conditions required for an amendment of the articles of association.

### 2.4 The new shares

The new shares will not have a nominal value and will each represent the same fraction of the capital as the other outstanding shares of the Company.

The new shares will carry the same rights as all outstanding shares and will equally share in the results of the Company.

### 2.5 Listing and tradability

The new shares will be listed on NYSE Euronext Brussels and traded in EUR. A request for listing on NYSE Euronext Brussels will be made for the new shares and the effective listing will be subject to regulatory approval of a listing prospectus.

## 3 Consequences for the Company's existing shareholders

In this section the potential maximum dilution of the existing shareholders resulting from the issuance of new shares in the framework of the First Capital Increase and the Second Capital Increase will be shown based on the number of shares in Euronav NV on the date of this report. It is understood that between the date of this report and the date on which the extraordinary meeting will decide on the Second Capital Increase, the existing number of shares may vary due to the conversion of existing convertible bonds, the contribution of receivables representing Hybrid Securities (as defined hereinafter) or for other reasons. Any change in the existing number of shares will have an impact on the dilution resulting from the First and the Second Capital Increase.

For information purposes, section 3.1 sets forth the potential dilution resulting from (i) conversion of the convertible bonds issued by the Company in 2009 and 2013 (the "**2009 Convertible Bonds**" and the "**2013 Convertible Bonds**"), (ii) contribution of the receivables representing all hybrid securities that will shortly be issued by the Company in return for shares (the "**Hybrid Securities**") and (iii) the payment of interests for such hybrid securities in shares during a period of 5 consecutive years.

Furthermore, section 3.3 addresses the effect of the First Capital Increase and the Second Capital Increase on the net asset value per Euronav share.

The tables below are based on the existing situation that the Company has a registered capital on the date of this report of USD 58,936,522.32, represented by 54,223,817 shares. The accounting par value of the shares amounts to USD 1.087 or EUR 0.811.

## 3.1 Dilution resulting from conversion of the existing Convertible Bonds, contribution of receivables representing Hybrid Securities and payment of interests in shares for Hybrid Securities during a period of 5 years

For information purposes, the table below shows the maximum dilution arising from full conversion of the 2009 Convertible Bonds and the 2013 Convertible Bonds as well as from the contribution of the receivables representing all Hybrid Securities to the Company's capital in return for shares and payment of interests for the Hybrid Securities in shares during a period of 5 consecutive years.

It should be noted that the current conversion price of both the 2009 Convertible Bonds and the 2013 Convertible Bonds is subject to adjustment because the Issue Price lies below 95% of the current market price (as defined in the terms and conditions of the 2009 Convertible Bonds and the 2013 Convertible Bonds).

Therefore the tables below reflect the dilution resulting from the 2009 Convertible Bonds and the 2013 Convertible Bonds based on the adjusted conversion price as follows:

(i) the conversion price of the 2009 Convertible Bonds shall, after adjustment, be lowered to USD 22.156800; and

(ii) given that a gradually increasing conversion price has been determined for the 2013 Convertible Bonds, the adjustment will be applied to the lowest conversion price at which the 2013 Convertible Bonds can possibly be converted as from the date of this report – which is the current conversion price, resulting in a conversion price of USD 5.876018 after adjustment.

The fixed exchange rate applicable in case of conversion of the 2009 Convertible Bonds is EUR 1 = USD 1.4228.

The fixed exchange rate applicable in case of conversion of the 2013 Convertible Bonds is EUR 1 = USD 1.3349.

| Number of outstanding securities which may give rise to dilution for existing shareholders | Conversion price / Contribution price | Fixed EUR/USD exchange rate | Maximum number of shares to be issued upon full conversion of the convertible bonds / contribution of receivables representing all Hybrid Securities and payment of interests in shares during 5 years | Maximum dilution of existing shareholders |
|---|---|---|---|---|
| 250 for the 2009 Convertible Bonds;<br>1,098 for the 2013 Convertible Bonds*; and<br>60 for the Hybrid Securities | EUR 15.572674 per 2009 Convertible Bond;<br>minimum EUR 4.401841 per 2013 Convertible Bond; and<br>USD 7.928715 per Hybrid Security | 1.4228 for the 2009 Convertible Bonds;<br>1.3349 for the 2013 Convertible Bonds; and<br>1.3727 for the Hybrid Securities | 1,128,321 for the 2009 Convertible Bonds;<br>18,686,125 for the 2013 Convertible Bonds; and<br>24,594,146 for the Hybrid Securities | 45,02% |

*a conversion notice for up to 349 2013 Convertible Bonds has been received by the Company. The new shares to be issued upon conversion of these 2013 Convertible Bonds are expected to be issued on 10 January 2014.

For more detailed information regarding the potential dilution resulting from the Hybrid Securities, reference is made to the special board report made up by the board of directors on 15 December 2013.

### 3.2 Dilution resulting from the Capital Increase based on the current number of shares

The tables below show the dilution that will result from the First Capital Increase and, if approved by the extraordinary shareholders' meeting, the Second Capital Increase.

The Fixed Exchange Rate is EUR 1 = USD 1.3634.

The Issue Price will amount to EUR 6.70 or USD 9.13478. Taking into account a USD 1.087 (or EUR 0.811) accounting par value per new share, the issue premium per new share will amount to USD 8.04778 (or EUR 5.889).

The voting rights of the existing shareholders as well as their liquidation and dividend rights will, as a result of the First Capital Increase, be subject to dilution as set forth in the table below.

| **Current number of shares** | **Issue Price** | **Number of shares to be issued as a result of the First Capital Increase** | **Dilution of existing shareholders** |
|---|---|---|---|
| 54,223,817 | EUR 6.70<br>USD 9.13478 | 5,473,571 | 9.17% |

The voting rights of the existing shareholders as well as their liquidation and dividend rights will, as a result of the combination of the First Capital Increase and the Second Capital Increase (if approved by the Company's extraordinary shareholders' meeting), be subject to dilution as set forth in the tables below.

| **Current number of shares** | **Issue Price** | **Number of shares to be issued as a result of the First Capital Increase and the Second Capital Increase** | **Dilution of existing shareholders** |
|---|---|---|---|
| 54,223,817 | EUR 6.70<br>USD 9.13478 | 38,315,099 | 41.40 |

### 3.3 Effect of the Capital Increase on the value per Euronav Share

The Capital Increase will have an effect on the value per Euronav share as follows:[1]

<u>Existing situation before the Capital Increase</u>

| | |
|---|---|
| Number of shares before the Capital Increase | 54,223,817 |
| Total Equity as at 30 June 2013* | USD 832,511,670 |
| Net asset value per share before the Capital Increase based on the total equity as at 30 June 2013 | USD 15.35 |

*30 June is the most recent date on which the total equity of Euronav has been calculated and audited in accordance with IFRS. Given the considerable lapse of time between 30 June 2013 and the date of this report, the amount of the total equity shown in this table and used in the tables below showing the effect of the Capital Increase is indicative only.

<u>Effect of the First Capital Increase</u>

| | |
|---|---|
| Number of shares after the First Capital Increase | 59,697,388 |
| Amount of the First Capital Increase | USD 49,999,867 |
| Total Equity after the First Capital Increase | USD 882,511,546 |
| Net asset value per share after the First Capital Increase | USD 14.78 |

The dilution of the net asset value per Euronav share resulting from the First Capital Increase thus amounts to 3.71%

[1] The effect shown in the tables does not take into account any effect of the conversion of the 2009 Convertible Bonds or the 2013 Convertible Bonds nor the effect of the contribution of Hybrid Securities or payment of interests in shares in respect of the Hybrid Securities.

Combined Effect of the First Capital Increase and the Second Capital Increase (if approved by the shareholders' meeting)

| | |
|---|---|
| Number of shares after the First Capital Increase and the Second Capital Increase | 92,538,916 |
| Sum of the amounts of the First Capital Increase and the Second Capital Increase | USD 350,000,000 |
| Total Equity after the First Capital Increase and the Second Capital Increase | USD 1,182,511,670 |
| Net asset value per share after the First Capital Increase and the Second Capital Increase | USD 12.78 |

The combined dilution of the net asset value per Euronav share resulting from the First Capital Increase and the Second Capital Increase (if approved by the shareholders' meeting) thus amounts to 16,74%

### 3.4 Statutory Auditor's report

The statutory auditor of the Company has been requested to issue a report in accordance with Articles 596 and 598 of the Companies Code.

Antwerp, 6 January 2014

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Alexander Drouliscos — Director

Patrick Rodgers — Director