

Euronav
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**SPECIAL REPORT OF THE BOARD OF DIRECTORS RELATING TO THE ISSUANCE OF *SUI*
GENERIS SECURITIES**

1 Introduction

The Board of Directors of Euronav NV (the “**Company**” or “**Euronav**”) has decided to draw up this report in relation to the issue of a hybrid type of securities (the “**Transaction**”) with a perpetual duration and following characteristics (the “**Securities**”):

- (i) the Securities will under Belgian law qualify as *sui generis* debt instruments, which are not governed by the Belgian Companies Code; and
- (ii) the Securities will be debt instruments but, for IAS/ IFRS purposes, they will qualify as equity.

The Transaction as well as the terms and conditions of the Securities are summarised in Section 3 of this report.

One of the contractual features attached to the Securities is that holders will be entitled to contribute the receivable incorporated in a Security to the Company’s capital by means of a contribution in kind (“*inbrengh in natura*”) in return for common shares in the Company’s capital to be issued at a fixed contribution price per new share. Also, Euronav will always have the option to pay interest in common shares. Furthermore, under certain circumstances described below, Euronav is also entitled to compel the Securities Holders to contribute the receivables represented by their Securities to the Company’s capital. The Securities holders’ contribution option and the Company’s contribution option as further detailed in Section 3.2.5 of this report will hereinafter be referred to as a “**Contribution Option**”.

The exercise of any of the Contribution Options or the payment of interest in shares will result in a capital increase and issuance of new shares by the Company in return for a contribution in kind, in which case the preferential subscription right of the existing shareholders does not come into play. Nevertheless, the Board of Directors is of the opinion that the Transaction merits a special report equivalent to the report required in case of a capital increase with cancellation of the preferential subscription rights of the existing shareholders as described in Articles 596 and 598 of the Belgian Companies Code.

Consequently, the Board has decided to draw up this special Board report in order to provide the existing shareholders with equivalent information and to provide background on the Transaction, to justify the issue price of the shares to be issued upon exercise of a Contribution Option and detail the financial consequences for the existing shareholders (relating to their respective shares in the profits and capital of the Company).

Furthermore the Board has also requested the auditor to issue a report in which the auditor confirms that the financial data in this report are fair. The auditor has issued its report on even date hereof.

2 Background and purpose of the Transaction

The tanker freight markets of the last 5 years have been very challenging. The company made a loss in 2009, 2011, 2012 and reported a loss for the first three quarters of 2013. The financial leverage of the company on a marked-to-market basis has deteriorated due to the loss of value of the assets. Nevertheless and unlike many of its peers the Company managed to avoid any breach of covenant and has kept a cash position above 100 million dollars. With the uncertainty of freight markets which could stay mediocre or become more favourable, the Company explored the possibilities to: (1) strengthen the balance sheet (both the equity and the cash), (2) diversify its funding sources and investor base, (3) build a working capital cushion and (4) be ready to fund potential acquisitions that may potentially arise in the near future. Shipping markets are difficult to predict but by nature are cyclical and volatile.

Since September 2013, the Company met with several external investors active in the shipping market to discuss equity raising opportunities. Few confirmed their appetite to invest directly in the shares of Euronav however under two conditions they would be more interested: (i) the investment should take the form of preferred perpetual securities (with a feature allowing investors to contribute the Securities to the Company's share capital), and (ii) the main shareholders should participate. The recent boost in the market and upturn of earnings per day on the spot market has created the right trigger for those investors to be seriously interested in investing in Euronav now.

In order to price appropriately the instrument, the board has looked at the three public securities that the Company currently has outstanding:

- (i) the Euronav share;
- (ii) the convertible bonds with maturity in 2015; and
- (iii) the convertible bonds with maturity in 2018.

As the conversion price of the bond maturing in 2015 is above EUR 16/share and far "out of the money", the option value of the instrument is quasi nihil and this bond can therefore be considered as a straight bond. The bond currently trades around 90% of its nominal value and the derived yield is above 17%. This helped the Company in pricing the upper side of the interest of the Securities (16.5%) as from year 8. The prior years were priced at a discounted coupon due to the fact that the contribution price (being the price at which new shares will be issued against contribution of the receivables resulting from the Securities) is priced at a small premium to the average of the last 30 calendar days.

This type of perpetual and hybrid security also had the great advantage to be issued very quickly compared to many other forms of equity or debt that were evaluated. The Company can therefore fully benefit from a window that has very recently opened due to the current better performance of shipping markets and tanker markets in particular.

The Company will use the proceeds from the Securities for general corporate purposes. The new resources will create a comfortable cushion against any breach of bank covenants for years to come in case of a continuation of difficult shipping markets. If markets were to recover promptly, the use of proceeds could also be there to look at opportunities that will require a stronger balance sheet.

3 Main terms of the Transaction and the Securities

3.1 Transaction size and Subscribers

The Board of Directors has decided to issue the Securities for an aggregate nominal amount of USD 150,000,000, with a nominal amount of USD 2,500,000 per Security.

The 60 Securities so issued will be subscribed to by Saverco NV, Victrix NV and entities related to Tanklog Holdings Ltd (being the Company's main shareholders) and two external investors (GoldenTree and York Capital Management Europe) as follows:

- 3.1.1 Saverco NV will subscribe to 15 Securities for an aggregate amount of USD 37,500,000;
- 3.1.2 Victrix NV will subscribe to 5 Securities for an aggregate amount of USD 12,500,000;
- 3.1.3 entities related to Tanklog Holdings Ltd will subscribe to 20 Securities for an aggregate amount of USD 50,000,000;
- 3.1.4 Golden Tree (or funds managed by it) will subscribe to 10 Securities for an aggregate amount of USD 25,000,000; and
- 3.1.5 York Capital Management Europe (or funds managed by it) will subscribe to 10 Securities for an aggregate amount of USD 25,000,000.

On 15 December 2013 the Company entered into subscription agreements with each of the main shareholders and external investors that will subscribe to the Securities. The investors will be required to pay the subscription price for their Securities ultimately on 15 January 2014 and the Company will issue the Securities upon payment of the subscription price.

The Board of Directors of Euronav applied the conflict of interest procedure laid down in Article 523 of the Belgian Companies Code with regard to Marc Saverys (the controlling shareholder of Saverco NV), Peter Livanos as permanent representative of Tanklog Holdings Ltd., Virginie Saverys as permanent representative of Victrix NV and Ludwig Criel. Consequently none of these Directors has been involved in the deliberation or the decision making process regarding the issue of the Securities.

3.2 Main terms of the Securities:

3.2.1 Status

The Securities constitute direct unsecured obligations of the Company ranking *pari passu* with the 2009 Convertible Bonds and the 2013 Convertible Bonds (both as defined hereinafter).

3.2.2 Securities in dematerialised form and transfer

The Securities will be in dematerialised form in accordance with Article 468 of the Belgian Companies Code and will be represented by book entry in the records of the clearing system operated by the National Bank of Belgium (X/N system).

The Securities are transferable in whole or in part, it being understood that the transferee shall be an X-account holder within the NBB System.

3.2.3 Perpetual duration

The Securities will be perpetual debt instruments, i.e. debt instruments without a fixed maturity date. The Securities may be redeemed at the option of Euronav at any time after

1 January 2019 at nominal value plus interest accrued but not yet paid. The Securities holders will under no circumstances have a right to demand redemption of the Securities by Euronav.

3.2.4 Interest

The Securities will entitle the Securities holders to interests, which will, at the option of Euronav, be payable either in cash or in common Euronav shares.

Fixed annual interest rates have been determined. The rate that will be applicable in a given year, will, however, depend on (i) whether the interests will be paid in cash or in shares, and (ii) the year for which the interests must be paid (the interest rates increase gradually over time), as follows:

- (i) for the period from the Closing Date until 31 December 2018 (the “**First Period**”) an interest rate of 6,00% *per annum* shall apply, irrespective of whether the interest is paid in cash or whether the interest is paid in shares;
- (ii) for the period commencing on the first day after the First Period and ending on 31 December 2020 (x) an interest rate of 10% *per annum* shall apply if the Company elects to pay interest in cash or (y) an interest rate of 11,5% *per annum* if the Company elects to pay the interest in shares;
- (iii) for the period commencing on 1 January 2021 (x) an interest rate of 15% *per annum* shall apply if the Company elects to pay interest in cash or (y) an interest rate of 16,5% *per annum* if the Company elects to pay the interest in shares.

Payment of the interests in common Euronav shares will be structured as follows: if Euronav opts to pay the interests in shares, the Securities holders will have an obligation to contribute their receivables arising from the interests to Euronav’s capital by means of a contribution in kind in return for fully paid-up Euronav shares, to be issued at the Contribution Price as set forth below.

In case a Contribution Option is exercised before the first anniversary of the issuance of the Securities, the Securities holders shall be entitled to receive the interest amount for the entire period as from the issue date until the first anniversary of the issuance of the Securities, which amount will be paid, at the option of Euronav, in cash or in shares.

Any contribution in accordance with the Contribution Options after the first interest payment date entitles the Securities holders to the interest amount accrued but not yet paid, *pro rata* the time lapsed since the last interest payment date.

The decision of whether the interests will be paid in cash or in share shall be taken at the level of the Board of Directors, always in accordance with article 523 of the Belgian Companies Code.

3.2.5 Contribution features

Contribution Option of the Holders

Holders of the Securities will at all times have an option to contribute the receivables representing their Securities; such option can only be exercised on all of the Securities held by a holder. This right of the Securities holders corresponds to a contractual obligation of the Company to increase its capital and issue new shares at the Contribution Price (as defined hereinafter) when and to the extent that Securities holders exercise their Contribution Option.

Contribution Option of the Company

The Company, on the other hand, will also have an option to require the Securities holders to contribute the receivables representing their Securities, however, only in case two cumulative conditions are met, being: (i) the volume weighted average stock price of the Company's shares on any 15 days within a 30 day period is more than EUR 6.7868 (or, in case of contribution after 1 January 2015 or 31 January 2016, respectively EUR 6.922536 or EUR 7.058272), and (ii) the Company's shares must be admitted to listing on the New York Stock Exchange or the Nasdaq Stock Exchange. If these conditions are met and the Company decides to exercise its Contribution Option, the Securities holders have an obligation to contribute the receivables representing their Securities to the capital of the Company. The Company can only require such mandatory contribution if it purports to all Securities. Such decision shall be taken at the level of the Board of Directors, always in accordance with article 523 of the Belgian Companies Code.

3.2.6 Merger Event

The terms of the Securities provide for an adjustment of the Contribution Price or a cash payment to the Securities holders in case of a merger involving the Company.

3.3 Contribution Price above the 30 day average Closing Price of the Euronav Share

The issue price per share issued upon exercise of a Contribution Option (the "**Contribution Price**") will be EUR 5.7760, which is higher than the average closing share price of the Euronav share on Euronext Brussels during the thirty calendar period preceding 15 December 2013, being the date on which the subscription agreements with the investors have been signed.

Since the capital of the Company is expressed in USD and the shares of the Company are currently listed in EUR, the Board of Directors has established a reference EUR/USD exchange rate with regard to the Transaction. This exchange rate is 1 EUR= 1.3727 USD (the "**Fixed Exchange Rate**").

The number of new shares to be issued to a Securities holder upon exercise of a Contribution Option attaching to any Security shall be determined by dividing the sum of the principal amounts (converted into EUR at the Fixed Exchange Rate) of all Securities held by the same Securities holder by the Contribution Price.

The portion of the Contribution Price per new share up to the accounting par value of USD 1.087 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.

The Contribution Price will be adjusted arithmetically in case of a consolidation or subdivision of the shares and if the Company issues new shares by way of capitalization of profits or reserves (including any share premium account), other than where any shares are issued to shareholders *in lieu of* dividend.

3.4 Capital increase and listing of new shares

Given the fact that the Contribution Options have a contractual nature, the Board of Directors will not utilise the authorised capital at the moment of the issuance of the Securities. The Company's capital will not be increased until and to the extent that (a) Contribution Option(s) is/are exercised.

In accordance with Article 5 of the articles of association of the Company, the Board of Directors is authorised to increase the share capital up to a maximum of USD 50,000,000 within the framework of the authorised capital. In case of an exercise of (a) Contribution Option(s), the Board will increase the Company's capital within the framework of the authorised capital. If the use of the authorised capital would not be possible based on Article 606, 1° of the Belgian Companies Code, the Company will hold an extraordinary shareholders' meeting to decide on the capital increase.

The issuance of the new shares upon exercise of (a) Contribution Option(s) will benefit from the exemption set forth in Article 18, §2, (g) of the Belgian law of 16 June 2006 concerning public offers of investment instruments and admission of investment instrument to trading on regulated markets.

The new shares that will be issued upon exercise of a Contribution Option will be in dematerialised form. They will carry the same rights as all outstanding shares as to dividends in the financial year during which the Contribution Option is exercised, if any, and in all subsequent financial years.

4 Consequences for the Company's existing shareholders

In this section the potential maximum dilution of the existing shareholders resulting from (i) the 2009 Convertible Bonds and the 2013 Convertible Bonds and (ii) the Contribution Options and payment of interest in shares within the framework of the Securities, both on the basis of the current number of shares and in the hypothesis that the 2009 Convertible Bonds and the 2013 Convertible Bonds have been converted into shares, will be shown.

The tables below are based on the existing situation that the Company has a registered capital on the date of this report of USD 57,804,387.17, represented by 53,182,210 shares. The accounting par value of the shares amounts to USD 1.087 or EUR 0.811.

4.1 Dilution resulting from conversion of the Existing Convertible Bonds

For information purposes, the table below shows the maximum dilution arising from full conversion of the convertible bonds that have been issued by the Company in 2009 (the "**2009 Convertible Bonds**") and 2013 (the "**2013 Convertible Bonds**"), given the fact that a gradually increasing conversion price has been determined for the 2013 Convertible Bonds, 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 – will be taken into account in the table below so as to show maximum dilution).

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 convertible bonds	Conversion price	Fixed EUR/USD exchange rate	Maximum number of shares to be issued upon full conversion of the convertible bonds	Maximum dilution of existing shareholders
250 for the 2009 Convertible Bonds; and 1,162 for the 2013 Convertible Bonds	EUR 16.2838 per 2009 Convertible Bond; and minimum EUR 4.60 per 2013 Convertible Bond	1.4228 for the 2009 Convertible Bonds; and 1.3349 for the 2013 Convertible Bonds	1,079,047 for the 2009 Convertible Bonds; and 18,923,417 for the 2013 Convertible Bonds	27.33%

4.2 Dilution resulting from the Contribution Options attached to the Securities and Payment of Interests in Shares without conversion of the Existing Convertible Bonds

The tables below show the dilution that will result from contribution of the receivables representing all of the Securities that will be issued (i.e., a nominal value of USD 150,000,000) plus payment of interests in shares each year during a period of five years.

The Fixed Exchange Rate is 1 EUR = 1.3727 USD.

The Contribution Price will amount to EUR 5.7760 or USD 7.9287. 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 6.8417 (or EUR 4.9650).

In case of issue of new shares upon exercise of the Contribution Options and the payment of interest in shares during the first five years as from the issuance of the Securities, the voting rights of the existing shareholders as well as their liquidation and dividend rights will be subject to dilution as set forth in the tables below. It should however be noted in this respect that the Securities, due to their perpetual character, can remain outstanding for a longer period than such five year period and that the potential dilution of the existing shareholders will increase as a result of the fact that Euronav shall at all times have the option to pay the interest in shares and that the interest rate increases after such five year period as set forth in Section 3.2.4 of this report. It should be noted however that as from 1 January 2019 (i.e. after approximately 5 years) Euronav shall also have the option to redeem the Securities (plus interests accrued but not yet paid) in cash.

Current number of shares	Contribution Price	Fixed EUR/USD exchange rate	Maximum number of shares to be issued upon full contribution of Securities and payment of interests in shares during 5 years	Maximum dilution of existing shareholders for the first 5 years
53,182,210	5.7760 EUR 7.9287 USD	1 EUR = 1.3727 USD	18,918,575 for contribution of principal amount of USD 150,000,000; and 5,675,571 for payment of interests in shares	31.62%

The below table shows the maximum dilution resulting from the exercise of the Contribution Options and the payment of interests in shares for each year during the first 5 years after the issue of the Securities.

Contribution date	31/01/2015	31/01/2016	31/01/2017	31/01/2018	31/01/2019
Nominal amount	150 mio USD				
Number of new shares following contribution of nominal amount	18,918,575	18,918,575	18,918,575	18,918,575	18,918,575
Shares issued due to payment of interest in shares in previous years	1,135,114	2,270,229	3,405,343	4,540,457	5,675,571
Total new shares	20,053,689	21,188,803	22,323,917	23,459,031	24,594,145
Dilution of existing shareholders	27.38%	28.49%	29.57%	30.61%	31.62%

4.3 Dilution of voting power and of liquidation and dividend rights taking into account the maximum number of shares which may be issued upon conversion of the convertible bonds issued by the Company

The table below shows the dilution resulting from the exercise of the Contribution Options and the payment of interests in shares in accordance with the terms of the Securities in the hypothesis that all of the 2009 Convertible Bonds and the 2013 Convertible Bonds have been converted.

Number of shares taking into account full conversion of Convertible Bonds	Contribution Price of the Securities	Fixed EUR/USD exchange rate	Maximum number of shares to be issued upon full contribution of Securities and payment of interests in shares during 5 years	Maximum dilution of existing shareholders for the first five years
73,185,562	5.7760 EUR 7.9287 USD	1 EUR = 1.3727 USD	18,918,575 for contribution of principal amount of USD 150,000,000; and 5,675,571 for payment of interests in shares during 5 years	25.15%

The below table shows the maximum dilution resulting from the exercise of the Contribution Options and the payment of interests in shares for each year during the first 5 years after the issue of the Securities in the hypothesis that all 2009 Convertible Bonds and the 2013 Convertible Bonds have been converted.

Contribution date	31/01/2015	31/01/2016	31/01/2017	31/01/2018	31/01/2019
New shares after contribution nominal of the Securities	18,918,575	18,918,575	18,918,575	18,918,575	18,918,575
Shares issued due to payment of interest in shares in previous years	1,135,114	2,270,229	3,405,343	4,540,457	5,675,571
Total new shares issued including those of outstanding convertible bonds	40,056,153	41,191,267	42,326,381	43,461,496	44,596,609
Dilution due to the Securities only	21.50%	22,45%	23,37%	24,27%	25.15%

Antwerp, 15 December 2013

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