

Euronav

Naamloze vennootschap / Société Anonyme
De Gerlachekaai 20
2000 Antwerp
Register of Legal Entities Antwerp, division Antwerp
Company number: 0860.402.767

(the “**Company**”)

SPECIAL REPORT OF THE BOARD OF DIRECTORS IN ACCORDANCE WITH ARTICLE 602 OF THE BELGIAN COMPANIES CODE WITH RESPECT TO A CAPITAL INCREASE BY WAY OF A CONTRIBUTION IN KIND WITHIN THE FRAMEWORK OF THE AUTHORIZED CAPITAL

1 Introduction

The Board of Directors (the “**Board of Directors**”) proposes to increase the share capital of the Company, within the framework of the authorized capital, by way of a contribution in kind (the “**Capital Increase**”) as part of the structure of the proposed merger between the Company and Gener8 Maritime Inc. a company incorporated and existing under the laws of the Republic of the Marshall Islands, having its head office at 299 Park Avenue, 2nd Floor, New York, NY 10171, United States (“**Gener8**”) (the “**Merger**”).

This special report has been drawn up in accordance with Article 602 of the Belgian Companies Code (“**BCC**”). In accordance with this provision, this report sets out why the proposed contribution in kind and the capital increase are in the interest of the Company.

This special board report should be read together with the special report of the statutory auditor of the Company, KPMG Bedrijfsrevisoren civil CVBA, having its registered office at Luchthaven Brussel Nationaal 1K 1930 Zaventem, Belgium, represented for the purposes of such report by Ms. Patricia Leleu (the “**Statutory Auditor**”), attached hereto as Annex 1.

2 Capital Increase

2.1 Purpose of the Capital Increase - the Merger

The Company entered into an agreement and plan of merger (the “**Merger Agreement**”) with Gener8 and Euronav MI Inc., a company incorporated and existing under the laws of the Republic of the Marshall Islands and a wholly-owned subsidiary of the Company (“**Merger Sub**”). Subject to the terms and conditions of the Merger Agreement, including the effectiveness of an F-4 registration statement, the consent of Gener8’s lenders to assign certain debt facilities and the approval of the proposed merger by the shareholders meeting of Gener8, the latter has merged with the Merger Sub (such time the Merger got effective, the “**Effective Time**”). Following the Merger between Merger Sub and Gener8, Gener8 shall continue its corporate existence as the surviving corporation (the “**Surviving Corporation**”).

The consideration for the Merger to be paid to the shareholders of Gener8 (the “**Gener8 Shareholders**”) shall consist of new ordinary shares of the Company (the “**New Shares**”). Thereto, upon or around the Effective Time, the shares in the Surviving Corporation issued to the Gener8

Shareholders following the Merger shall be contributed to the Company resulting in a capital increase by contribution in kind of such shares in the Surviving Corporation.

The Board of Directors is of the opinion that it is important for the Company to seize this opportunity for consolidation in the shipping industry. The financial strength of the Company following the Merger will make the Company well placed to navigate the tanker cycle.

2.2 Structure of the Capital Increase

The Board of Directors wishes to increase the share capital of the Company within the framework of the authorized capital through a contribution in kind.

2.2.1 Description of the authorized capital

(i) Historic Use

By virtue of the resolution of the Company's extraordinary shareholders' meeting held on 13 May 2015, the Board of Directors has been expressly authorized until 19 June 2020 (*i.e.* a period of five years as from 19 June 2015, the date of publication of the relevant amendment of the articles of association) to increase the share capital in one or more times with a maximum of amount of USD 150,000,000. This amount corresponds to a maximum of 138,005,652 new shares in the Company, taking into account the current accounting par value of USD 1.086912 per share, which may be issued by the Board of Directors under its authorization.

In accordance with Article 603 of the BCC and article 5 of the Company's articles of association, within the abovementioned limits, the Board of Directors may decide to increase the share capital of the Company, either by way of a contribution in cash or a contribution in kind, or by way of an incorporation of reserves of any kind and/or issue premiums into the share capital, all the foregoing with or without the issuing of new shares (and in the former case, with or without a share premium). The Board of Directors may also issue convertible bonds or warrants.

The Board of Directors is also authorized to amend the articles of association of the Company in accordance with the Capital Increase that has been effectuated in the framework of the authorized capital.

(ii) Availability of authorized capital and applicability in the context of the Contribution

On the date of this report, none of the authorized capital has been used by the Board of Directors. As a result, the full amount of USD 150,000,000 of the authorized capital is still available.

The contemplated Capital Increase, as further described in this section 2.2 of this report, by the proposed decision by the Board of Directors to issue up to 60,815,764 New Shares, is therefore still within the limits of the total authorisation of the authorized capital, which allows for the issuance of up to 138,005,652 new shares. Taking into account the accounting par value of USD 1.086912 per share at the date of this report, the contribution in kind would result in an increase of the share capital by USD 66,101,383.68 (plus a share premium of USD 487,322,068.72).

2.2.2 Description of the Contribution

Following the Effective Time of the Merger,

- (i) all 83,267,426 Gener8 common stocks (other than the Gener8 shares held by the Surviving Corporation, the Merger Sub and/or the Company and/or their subsidiaries (the “**Specified Company Shares**”)) issued and outstanding immediately prior to the Effective Time (the “**Gener8 Common Stock**”) shall be cancelled and automatically converted into 83,267,426 Surviving Corporation shares (on the basis of a 1:1 ratio); and
- (ii) each Gener8 restricted stock unit (“**RSU**”) shall become fully vested (including with respect to dividends and other distributions) in accordance with its terms and shall terminate and be cancelled and 362,613 Surviving Corporation shares (equal to the number of shares in Gener8 issuable under such RSU) shall be issued;

(the 83,630,039 Surviving Corporation shares referred to in (i) and (ii) each a “**Surviving Corporation Share**” and together the “**Contribution**”, and each holder of Gener8 Common Stock and each holder of RSU’s (other than the holders of Specified Company Shares) together the “**Contributors**”).

The Surviving Corporation shall, immediately upon the Effective Time, (a) deliver the Contribution to Computershare, acting as an exchange agent (the “**Exchange Agent**”), solely in the name and on behalf of and for the account and benefit of the Contributors and (b) each Contributor shall receive, in return for such Surviving Corporation Share, the right to receive New Shares at a pre-determined ratio as set out in further detail in section 2.2.3 below.

2.2.3 Description of the Consideration

The consideration for the Contribution shall consist of New Shares of the Company to be issued by the Company to the Contributors and to be delivered to the Exchange Agent acting in the name and on behalf of and for the account and benefit of the Contributors.

The number of New Shares to be issued to the Contributors and delivered to the Exchange Agent acting in the name and on behalf of and for the account and benefit of the Contributors has been established in the Merger Agreement at 0.7272 Company Shares per Surviving Corporation Share (the “**Ratio**”). The Ratio has been agreed upon taking into account a number of factors as set out in further detail in section 2.2.4 below.

On the basis of the Ratio, 60,815,764 New Shares will be issued by the Company to the Contributors and delivered to the Exchange Agent acting in the name and on behalf of and for the account and benefit of the Contributors

As the proposed Capital Increase consists of a contribution in kind, the preferential subscription right of the existing shareholders does not apply.

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.

2.2.4 Valuation Method

The Statutory Auditor, represented by Ms. Patricia Leleu, has issued a report in accordance with Article 602 BCC with respect to the capital increase by way of a contribution in kind, attached hereto as Annex 1.

The Board of Directors agrees with the conclusion of such special report of the Statutory Auditor. Both the special report of the Statutory Auditor and this Report will be deposited with the registrar of the commercial court of Antwerp in accordance with Article 75 of the BCC.

(i) Determination of the Ratio

In determining the Ratio, the Board of Directors of the Company considered different valuation methods: share price (as both companies are listed), comparables with selected public companies, Discounted Cash Flow and Net Asset Value (NAV). As often the case in the tanker shipping sector, the NAV valuation was deemed the most appropriate method to be used. Indeed the share price of the Company and Gener8 on the stock markets of respectively Euronext Brussels/NYSE and NYSE does not correctly reflect the value of the companies as such price is well below the net asset value of such companies, there are not a lot of peers listed and the cash flow is hard to predict by market participants. Therefore, the Ratio has been determined on the basis of the estimated net asset values of each company as per 31 December 2017.

The NAV coupled with the opportunity to combine two tanker fleets with good prospects for stronger combined growth resulted in (i) a valuation of Gener8 of USD 592,289,663.33 (the “**Gener8 Valuation**”) and (ii) a valuation of the Company of USD 1,538,234,099.15 (the “**Euronav Valuation**”). The Ratio has been determined on the basis of the Gener8 Valuation on a per share basis and the Euronav Valuation on a per share basis as set out in the table below and adjusted for some items negotiated between the two parties:

(\$mm)	Gener8	Euronav
Total Fleet Value	1,741	1,852
Other	--	410.6
Total Asset Value	1,741	2,263
Adjusted Net Debt	1,199	810
Adjusted Net Working Capital	70	95
Estimated Transaction Expenses	(20)	(10)
NAV	592	1,538
Diluted Shares Outstanding (mm in shares)	83.8	158.2
NAV / Share (\$)	7.07	9.72
Gener8 NAV Contribution (%)	27.8%	--
Euronav NAV Contribution (%)	--	72.2%
Exchange Ratio (x)	0.7272	

The Total Fleet Value was derived from independent broker's valuation. The Adjusted Net Debt is the Debt outstanding as shown on the balance sheet filed at the end of the second quarter 2017 with the SEC. The item "other" comprised the value of the fixed income contracts (time charter and services contract) at the time of the discussions. The board of directors also looked at some of the leading sector analysts that follow the Company and their reaction and analysis at the time of announcing the transaction noting no significant change in their target price for the Company's shares.

(ii) Valuation of the Contribution

At the Effective Time, the Contribution is valued at USD 553,423,452.40 million, i.e. the product of the 60,815,764 New Shares and the closing share price of the Company ordinary shares on the NYSE of USD 9.10 on June 11, 2018, representing the value of the Consideration received by the Contributors for their Contribution in exchange for the fixed number of New Shares as determined by the Ratio as set out above.

2.2.5 Issue Price

The issue price per New Share amounts to (rounded down) USD 9.10 (the "Issue Price") and is determined as the closing share price of Company ordinary shares on the NYSE on June 11, 2018.

2.2.6 Amount of the Capital Increase

The amount of the equity increase shall be recorded in USD and is determined by multiplying the Issue Price by the number of New Shares, amounting to USD 553,423,452.40 .

The portion of the Issue Price per New Share up to the accounting par value of USD 1.086912, will be recorded on the "capital" account, i.e. an aggregate amount of (rounded down) USD 66,101,383.68. The balance of the Issue Price per share, i.e. an aggregate amount of (rounded) USD 487,322,068.72, will be recorded (as share premium) on a non-available reserve account that can only be reduced or transferred by a decision of the shareholders' meeting adopted in the manner required for amending the articles of association.

The share capital of the Company currently amounts to USD 173,046,122.14, represented by 159,208,949 shares without nominal value, each representing 1/159,208,949th of the registered capital. Following the proposed Capital Increase, the share capital of the Company will be increased to USD 239,147,505.82 represented by 220,024,713 shares without nominal value, each representing 1/220,024,713th of the registered capital.

2.3 Listing and tradability of the New Shares

The Company shall use its best efforts to have the New Shares admitted to trading on Euronext Brussels and NYSE as soon as reasonably practicable following the date of issuance of the New Shares. Upon issuance the New Shares shall only be tradable on NYSE.

3 Consequences for the Company's existing shareholders

The dilution and effect on the equity value of the Company that will result from the Capital Increase (including the share premium) are indicatively set out in the tables below.

The tables are based on the existing situation that the Company has a registered capital on the date of this report of USD 173,046,122.14, represented by 159,208,949 shares.

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

The table below shows the dilution of voting power and liquidation and dividend rights that will result from the Capital Increase:

Number of shares before the Capital Increase	Number of shares to be issued as a result of the Capital Increase	Dilution of the existing shareholders
159,208,949	60,815,764	27,64%

3.2 Effect of the Contribution on the equity of the Company

Following the Contribution, the equity of the Company shall increase with an amount equal to the amount of the Capital Increase and share premium increase, i.e. USD 553,423,452.40. The table below shows the dilutive effect of the Capital Increase on the equity of the Company.

Existing situation before the Capital Increase as per 31 December 2017

Number of shares before the Capital Increase	159,208,949
Equity attributable to Owners of the Company ¹	USD 1,846,360,113
Equity value per share before the contribution-in-kind (rounded down)	USD 11.597

Effect of the Contribution

Number of shares after the Capital Increase	220,024,713
Amount of the Contribution	USD 553,423,452.40
Equity attributable to Owners of the Company following the Contribution	USD 2,399,783,565.40
Equity value per share after the Contribution (rounded down)	USD 10.906

4 Interest of the Company in the Contribution and in the Capital Increase

The Company contemplates a Merger with Gener8 to seize the opportunity to combine two tanker fleets with good prospects. The contemplated Merger will bring together two complementary fleets of tankers and create the largest independent VLCC fleet in the world. It represents a unique opportunity for the Company to materially increase its size and scale so that it is better positioned to benefit from a

¹ On the basis of the line item 'Equity attributable to Owners of the Company' as set out in the consolidated Annual Report over the financial year 2017.

cyclical recovery, without ordering new vessels and adding to the total supply of tankers globally. The Company will have a significant presence across adjacent tanker segments, which is expected to provide for enhanced customer relationships and increased vessel utilization.

Structuring the consideration to be paid for the Merger as a capital increase by way of a contribution in kind allows the Company to effectuate the Merger on a share-for-share basis without having to include a cash component, resulting in a stronger equity position through the Capital Increase. The structure is expected to result in enhanced access to equity and debt capital and to result in overall capital markets benefits associated with a larger market capitalization, including increased free float and stock liquidity.

Taking into account the abovementioned considerations, the Board of Directors is of the opinion that the proposed contribution in kind and the Capital Increase are in the interest of the Company.

5 Conclusion

In accordance with Article 602 of the BCC, the Board of Directors is of the opinion that the proposed Capital Increase by way of a contribution in kind in the framework of the authorized capital is in the Company's interest.

The Board of Directors acknowledges that the Statutory Auditor is of the opinion that:

“The capital increase of Euronav NV by means of a contribution-in-kind in the framework of the authorized capital consists of a contribution of 83,630,039 shares of the Surviving Corporation i.e. the legal entity resulting from the merger between Gener8 Maritime Inc., a company incorporated and existing under the laws of the Republic of the Marshall Islands, having its head office at 299 Park Avenue, 2nd Floor, New York, NY 10171, United States and Euronav MI Inc., a corporation organized under the laws of the Republic of the Marshall Islands and a direct wholly-owned subsidiary of Euronav NV for an amount of USD 66,101,383.68. In addition, Euronav's share premium will be increased by USD 487,322,068.72.

On the basis of our work performed, we are of the opinion that:

- the transaction was verified in accordance with the professional standards on the control of contributions-in-kind and quasi contributions issued by the “Institut des Réviseurs d’Entreprises / Instituut van de Bedrijfsrevisoren” and the Board of Directors of the Company is responsible for the valuation of the assets to be contributed and for determining the number of shares to be issued in exchange for the contribution-in-kind;*
- the description of each item contributed complies with the normal requirements in respect to accuracy and clarity;*
- the valuation methods adopted by the parties are justified by the economic conditions and result in contributed values which at least correspond to the number and par value and, where appropriate, to the share premium of the shares to be issued in compensation, so that the contribution-in-kind is not overstated.*

The remuneration of the contribution-in-kind consists of 60,815,764 shares of Euronav NV, without nominal value of 1.086912 each.

These shares:

- *have the same rights and obligations as the existing shares of Euronav NV;*
- *participate in the results of Euronav NV as from January 1, 2018;*

No other advantages was granted.”

Hence the Board of Directors does not dissent from the conclusion of the Statutory Auditor.

The Capital Increase is subject to the approval by the Board of Directors’ meeting to be held on or around 12 June 2018.

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Done on 12 June 2018, in Antwerp,

The directors,

Carl Steen
Director of Euronav NV

Patrick Rodgers
Director of Euronav NV

Annex 1: Report of the Statutory Auditor

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