



EXMAR

Public Limited Company

De Gerlachekaai 20

2000 Antwerp

Register of Companies Antwerp

VAT: BE 0860.409.202

Special report by the board of directors in accordance with articles 583 and 596 in conjunction with article 598 of the Belgian Company Code.

Introduction

Pursuant to article 583, respectively article 596 in conjunction with article 598 of the Belgian Company Code the board of directors of Exmar NV, a public limited company, which is making a call on public savings and which is established at De Gerlachekaai 20, 2000 Antwerp, (referred to hereafter as the “**Company**”), has drawn up this report concerning:

- the proposal to issue a subordinated convertible bond loan in favour of Sofina NV with registered office at Industriestraat 31, 1040 Brussels and with company registration number (Register of Companies Brussels) 403.219.397 or in favour of a subsidiary company to be designated by Sofina NV within the meaning of article 6 of the Belgian Company Code (“**Sofina**”); and
- in connection with the proposed issue (the “**Operation**”), the proposal to withdraw the pre-emption right of the Company’s existing shareholders in favour of Sofina.

This special report has been drawn up in order to provide detailed justification for the Operation as well as to justify withdrawing the pre-emption rights of the existing shareholders within the framework of the Operation and it makes special reference to the issue price and to the financial consequences for the existing shareholders.

The report by the board of directors should be read together with the report by the Company's Board of Statutory Auditors drawn up pursuant to article 596 in conjunction with article 598 of the Belgian Company Code.

Decision to be taken by the board of directors to perform the Operation

In accordance with article 5 of the articles of association the Company's board of directors is authorised to increase the nominal capital within the framework of the permitted capital by a maximum sum of USD 10,782,000. This authorisation was granted by the general meeting of 20 June 2003 and is valid for a period of 5 years dating from the publication of that decision on 30 June 2003.

On 10 November 2006 the board of directors made use of this possibility for the first time in order to proceed with an increase in the nominal capital to the sum of USD 4,768,000 and to charge USD 91,545,904 to the premium on capital stock account by issuing 3,200,000 new shares. This transaction was carried out by means of a private placement to a large group of institutional investors.

Pursuant to article 5 of the articles of association, within the limits of the permitted capital, the board of directors is also authorised to issue convertible bonds or warrants and in that connection to decide to withdraw the pre-emption right in favour of one or more specific persons other than the members of the Company's personnel or its subsidiary companies.

Consequently, with a view to accomplishing the Operation, the board of directors wishes to make use for a second time of the authorisation in respect of the permitted capital.

Proposed operation and modalities

The board of directors proposes to issue convertible bonds for a total value of EUR 49,999,953.60 within the framework of the Company's permitted capital and to do so no earlier than on 25 January 2007.

The board of directors has resolved to issue the convertible bonds to Sofina and consequently to withdraw the pre-emption right of the shareholders in favour of Sofina.

The principal modalities of Operation may be summarised as follows:

- Period of validity and due date

The convertible bonds have a maximum period of validity of five years dating from their issue by the Company as follows:

- if no request for conversion is made by at the latest the third anniversary of the issue of the convertible bonds in accordance with the provisions in respect of

conversion as explained hereinafter, the convertible bonds are repayable at 100 % of their nominal value on the fourth anniversary of their issue;

- in such a case however the Company has the option not to pay back the convertible bonds on the fourth anniversary of their issue and opt to pay back the convertible bonds at 100 % of their nominal value no later than on the fifth anniversary of their issue. In that case the interest rate is increased to 5 % per annum with retroactive effect from the day following the third anniversary of the issue of the convertible bonds;

- at its discretion, the Company has the right to pay back all or part of the outstanding convertible bonds prematurely from the fourth year after issue at 100 % of their nominal value on condition that Sofina is notified at least 1 month in advance and such with due observance of article 492 of the Belgian Company Code.

- Form

The convertible bonds are registered bonds and cannot be converted into bearer shares.

- Number of convertible bonds

The number of convertible bonds being issued is equal to EUR 49,999,953.60 divided by the Conversion Rate.

The Conversion Rate is equal to EUR 28.20, and consequently 1,773,048 convertible bonds are being issued. The Conversion Rate starts from the assumption that the stock price of the Exmar share (average of the last thirty days) on the day of the issue is situated between EUR 22 and EUR 25. Should this not be the case, then the board of directors will not decide to issue convertible bonds.

- Principal sum

The convertible bonds are being issued at 100 % of their nominal value, being EUR 49,999,953.60 per bond divided by the number of convertible bonds issued.

The nominal value of the convertible bonds is equal to EUR 28.20.

- Interest rate of the convertible bonds

The interest rate is 3 % per annum calculated on the basis of a year of 365 days and on the nominal value of each of the convertible bonds and enters into effect on the date of issue of the convertible bonds.

If the repayment has not taken place on the fourth anniversary of the issue of the convertible bonds, then, with retroactive effect from the day after the third anniversary of the convertible bonds, the interest rate will be increased to 5 % per annum (on the basis of a year of 365 days).

The interest is payable half-yearly on 31 July and 31 January of each year and for the first time on 31 July 2007.

The interest is owed on a pro rata basis in the event of premature repayment. In the event of conversion no interest is owed for the current half year in which the conversion is requested.

The interest is payable in cash and is not capitalised.

- Transferability

The convertible bonds are not transferable save to a subsidiary company of Sofina NV or following written agreement from the Company. Consequently no quotation is being requested for the convertible bonds.

- Subordinated character

The payment of the convertible bonds in principal sum and interest is subordinated to all other existing and future (including conditional and any future) debts of the Company.

- No sureties

By way of surety for the repayment of the convertible bonds or the payment of interest with respect to the convertible bonds no collateral whatsoever is being provided.

- Conversion - principle

A holder of a convertible bond is entitled to request the conversion of the outstanding principal sum of his convertible bond(s) into shares issued by the Company, which represent the nominal capital of the Company, which are fully paid up and which enjoy the same rights (including participation in the profit for the entire financial year of their issue) as the existing shares issued by the Company.

Conversion takes place during the conversion period and at the Conversion Rate as specified hereinafter.

The shares issued by the Company by virtue of conversion of the convertible bonds will be quoted on Euronext Brussels and an application for permission for

quotation on Euronext Brussels will be submitted prior to their conversion. No VVPR strips will be created for the shares arising by virtue of conversion.

A holder or holders of the convertible bonds has the choice to do the conversion in one go or in two. If he opts to do the conversion in 2 phases, then in each conversion half of the totally issued convertible bonds must be converted. If several holders of convertible bonds exist, then if need be they will take the necessary measures.

- Conversion Rate and EUR - USD exchange rate

The Conversion Rate at which the convertible bonds can be converted into shares is equal to EUR 28.20.

As stated, the Operation starts from the hypothesis that the average of the closing prices of the Company's share listed on Euronext Brussels of the thirty days prior to the issue of the convertible bonds (the "Average") is between EUR 22 and EUR 25 per share. Should this not be the case, then the board of directors will not decide to issue convertible bonds.

The board of directors points out that the average of the closing prices of the Company's shares on Euronext Brussels of the thirty days prior to the date of this report is EUR 23.23.

The Conversion Rate will always be more than the Average. In determining the Conversion Rate of EUR 28.20 the board of directors wishes to ensure that the conversion takes place with a clear premium in respect of the Average that lies between EUR 22 and EUR 25.

The board of directors refers to the Conversion Rate, which is established in accordance with this provision, as the "**Conversion Rate**".

The capital increase which will be established by virtue of the conversion in accordance with the Conversion Rate, while allowing for the EUR - USD exchange rate as determined hereinafter, will be charged as follows:

- to the "Capital" account up to the amount of the unit-of-account value of the share at the time of the conversion; and

- for any remaining balance, to the "Premium on capital stock" account, which in the same manner as the capital constitutes the guarantee of third parties and, save for the possibility of converting into capital, use of which may only be made with due observance of the conditions for amending the articles of association.

Since the capital of the Company is expressed in USD but the share lists in EUR, a reference exchange rate will be established on the day of the Conversion by

reference to a declaration to be supplied by a Belgian financial institution on that day.

- Conversion period

The convertible bonds can be converted by means of a request to that end to the Company in the period from 11 November 2007 up to and including 31 January 2010, but with the exception of:

- the period running from the financial year close (at present 31 December - in the event of a change of the Company's financial year the Company and holder(s) of the convertible bonds will consult about adjusting the conversion periods to suit) until payment of the dividend as decided by the annual meeting or until the annual meeting if it is decided not to issue a dividend;

- during the closed periods relating to insider trading in accordance with the Company's Corporate Governance Charter.

- Late payment interest

Any sum owed and payable by the Company by virtue of the convertible bonds that has not been paid on the due date, will be increased legally and without proof of default by an interest equal to Euribor 3 months plus 500 base points on the basis of a year of 365 days dating from the due date until the date of payment.

- Authorisation of directors

The board of directors intends to authorise two members of the board of directors acting jointly to have the conversion of convertible bonds authenticated, to enter those sums to the "Capital" account and, as the case may be to the "Premiums on capital stock" account, which correspond with the number of newly issued shares and the premium applicable to them, as well as to amend the articles of association as regards the amount of the capital, the number of shares issued and the history of the capital.

Justification of the Operation

1) Choice of the subordinated convertible bond as instrument

Issuing subordinated convertible bonds enables the Company to finance itself at a lower cost than by borrowing from a financial institution as well as at a lower cost than in the case of issuing ordinary bonds.

This favourable cost arises from the fact that a subscriber to convertible bonds has the possibility to subscribe for shares in the Company at a predetermined price (in this case the Conversion Rate), which may possibly be below the price of the shares at the time of

conversion. In this way the subscriber does not run any risk of a fall in the price of the shares since he can also opt not to proceed with conversion and obtain repayment of the bond.

Such a low financing cost can also translate into a benefit for the Company's existing shareholders. After all, in principle and assuming circumstances remain otherwise unchanged, lower costs lead to a better result, which can benefit the existing shareholders during the entire period of validity of the convertible bond loan.

Furthermore, the technique of subordination creates additional confidence among the Company's existing external financiers.

The board of directors points out that a basic interest rate of 3 % is to be observed for the Operation, which is about 2 % lower than the Company's cost of financing over 4 years.

For this reason the board of directors considers it an opportunity that Sofina has been found to be prepared to subscribe to the subordinated convertible bond loan under these conditions.

2) Purposes of the additional resources for the Company

The board of directors believes that issuing a subordinated convertible bond loan is desirable in order further to strengthen the Company's cash resources and, in the event of conversion, its equity capital.

The Company has a need for liquid assets in order to be able to expand existing projects and develop new projects, which fit in with the Company's continuing growth.

Within the framework of this need for liquid assets, on 10 November 2006 a successful capital increase was already realised through the issue of 3,200,000 new shares subscribed to by a broad group of institutional investors.

In order to be able to develop the Company's activities further in optimum fashion, following the aforementioned capital increase there remains a need for additional resources with a view to successfully realising the planned projects.

The resources generated by the Operation will be utilised for among other things the following definite projects:

- the further expansion of the LNGRV fleet and the LPG fleet (for which new ships have already been ordered);
- the OPTI-EX project in the offshore division;
- possible expansion of the service provision in the European gas market.

Consequently the board of directors has judged that issuing the convertible bond loan to Sofina reconciles the need for financing the Company with the interests of its existing shareholders.

Withdrawal of the pre-emption right

The board of directors intends to withdraw the pre-emption right of the existing shareholders in favour of Sofina.

The board of directors is of the opinion that withdrawing the pre-emption right provides the Company with the possibility of (i) seizing the opportunity that Sofina wishes to do the Operation and of (ii) acquiring such additional resources, which put the Company in the position to ensure its further growth. This procedure also offers the advantage of minimising the transaction costs.

In view of the fact that Sofina has shown interest in completing the Operation soon, it is neither desirable nor in the Company's interest to wait for those periods of time to lapse, which must be respected in the case of an issue with pre-emption right, the result of which is moreover uncertain.

Thus withdrawing the pre-emption right of the existing shareholders in favour of Sofina is in the interest of the Company.

Consequences of the Operation for the Company's existing shareholders

The table below gives an indicative explanation of the financial consequences and the dilution effect of the capital increase, which may possibly come about following the conversion of the convertible bonds.

The table below is based on the following hypotheses:

- all convertible bonds are converted into shares; and
- the Conversion Rate is equal to EUR 28.20.

Issuing new shares will dilute the voting rights and the liquidation and dividend rights as shown in the following table:

Maximum number of shares which will be issued within the framework of the capital increase following conversion	1,773,048
Number of shares before the capital increase	35,700,000
Number of shares after the capital increase	37,473,048

Maximum dilution	4.73 %

On the basis of the foregoing hypotheses, issuing shares by virtue of converting all of the convertible bonds, in terms of voting rights and participation in profit and liquidity surplus, will result in a maximum dilution of 4.73 % for the existing shareholders.

Drawn up in Antwerp on 8 January 2007

The Board of directors

Authenticated,
Antwerp, 9 January 2007

Patrick De Brabandere
Director

Ludwig Criel
Director