



TORM PLC

Incorporated under the Companies Act 2006 and registered in England and Wales with number 09818726

Admission to Listing of up to 68,614,131 A Shares in TORM plc with a nominal value of USD0.01 each

The following is an abstract of the industry description in the TORM Plc. prospectus (paragraph 6.4.1 “The product tanker segment”) provided by Fearnley Consultants AS. See also paragraph 23.1 “Reports from expert” provided at the end of this documents.

6.4.1 The product tanker segment

All of the information and data presented in this Part I – 6.4.1 “The product tanker segment” has been provided by Fearnley Consultants AS (“Fearnleys”). Fearnleys has advised that the statistical and graphical information contained in this Part I – 6.4.1 is drawn from its databases and other published and private industry sources. Such sources include data from the U.S. Energy Information Administration (“EIA”), the Joint Organisations Data Initiative (“JODI”), the International Energy Agency (“IEA”), the International Monetary Fund (“IMF”) and BP’s Statistical Review of World Energy. The Company does not have any knowledge that the information provided by Fearnleys is inaccurate in any material respect. In connection therewith, Fearnleys has advised that: (1) certain information in Fearnleys’ databases are derived from estimates or subjective judgments, (2) the information in the databases of other shipping data collection agencies may differ from the information in Fearnleys’ databases and (3) while Fearnleys has taken reasonable care in the compilation of the statistical and graphical information and believes it to be accurate and correct, data compilation is subject to limited audit and validation procedures. Although data is taken from the most recently available published sources, these sources do revise figures and forecasts from time to time.

Oil Tanker Overview

Oil tankers are divided into two main categories, namely crude tankers and product tankers. Crude tankers make up the larger part of the total oil tanker fleet in terms of cargo carrying capacity, accounting for about 70% of the total, with product tankers making up about 28% (the balance being made up of shuttle tankers). Product tankers have a similar design to crude tankers, the difference being the coating inside the tanks enable the product tankers to carry products that would otherwise be contaminated by and/or have an adverse impact on the steel tanks used when carrying crude oil. The specific material used for coating the tanks determines what types of products the vessels can carry. An epoxy coating enables vessels to carry various refined oil products, vegetable oils and easy chemicals. Tankers with epoxy coatings are referred to as “product tankers”, as no more advanced coating is required to compete in refined oil product trades. Vessels with more advanced coatings like MarineLine, zinc or stainless steel are normally employed in chemical trades.

Vessel Categories

Below is a general breakdown of the various vessel sizes measured by deadweight tonnes (“DWT”):

Table 6: Oil tanker categories

Crude Tanker Fleet:

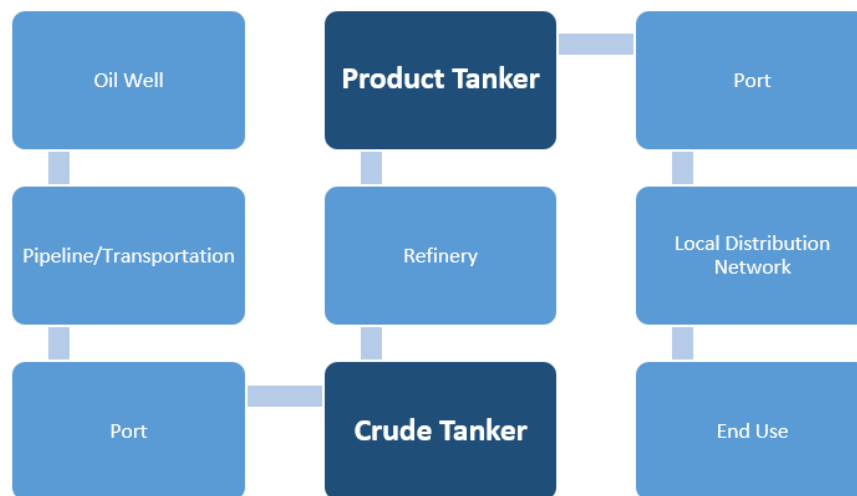
▪ Very Large Crude Carriers ("VLCC"):	200,000 DWT or greater
▪ Suezmax crude tankers:	125,000 – 199,999 DWT
▪ Aframax crude tankers:	85,000 – 124,999 DWT
▪ Panamax crude tankers:	55,000 – 84,999 DWT

Product Tanker Fleet:

▪ Long Range ("LR2") product tankers:	85,000 – 124,999 DWT
▪ Long Range ("LR1") product tankers:	60,000 – 84,999 DWT
▪ Medium Range ("MR") product tankers:	42,000 – 59,999 DWT
▪ Handysize product tankers:	25,000 – 41,999 DWT

Oil tankers serve as an important part of a larger integrated supply chain serving the consumer end markets. From the oil well, crude oil is transported either by pipeline or by other transportation means, often to a port from where it is shipped in a crude tanker to a refinery. The refined oil products are then often shipped by a product tanker to another port, from where they are distributed to various local suppliers and ultimately to the point of final consumption. This is one example of a supply chain process that can take many different forms.

Figure 1: Oil tankers position in the supply chain

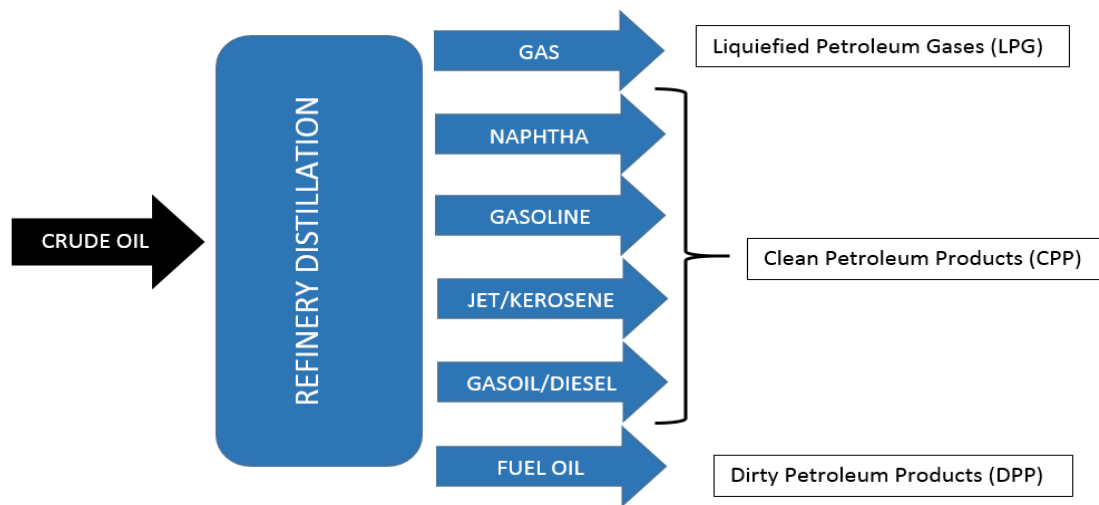


Source: Fearnleys

Historical Overview & Refining

Crude oil and refined crude products are the building blocks of modern society. A refined barrel of crude oil yields, amongst other products, gasoline to fuel cars, naphtha to make plastics, gasoil to heat homes and fuel generators, and fuel oil to power ships. Gasoline, gasoil, jet fuel and naphtha are examples of clean petroleum products ("CPP") while propane and butane are liquefied petroleum gases ("LPG"), and fuel oil is referred to as a dirty petroleum product ("DPP"). Refined oil products, especially CPP, are valuable outputs of a refinery's distillation column and are what give crude oil its inherent value. LPG are a by-product.

Figure 2: Basic refining overview



Source: Fearnleys

Historically, refineries were generally located close to the demand centres of developed nations. Since these countries often did not have enough domestic crude oil to feed their refineries, crude tankers were built to ship crude oil from oil producing nations in the Middle East, West Africa, and South America to industrialised nations in Europe, the Far East and the U.S. The need for product tankers emerged when the economies of industrialised countries outgrew their captive refining capacity and began importing key refined products from those nations with excess capacity, typically from regional suppliers.

CPP Seaborne Trade – From Regional to International

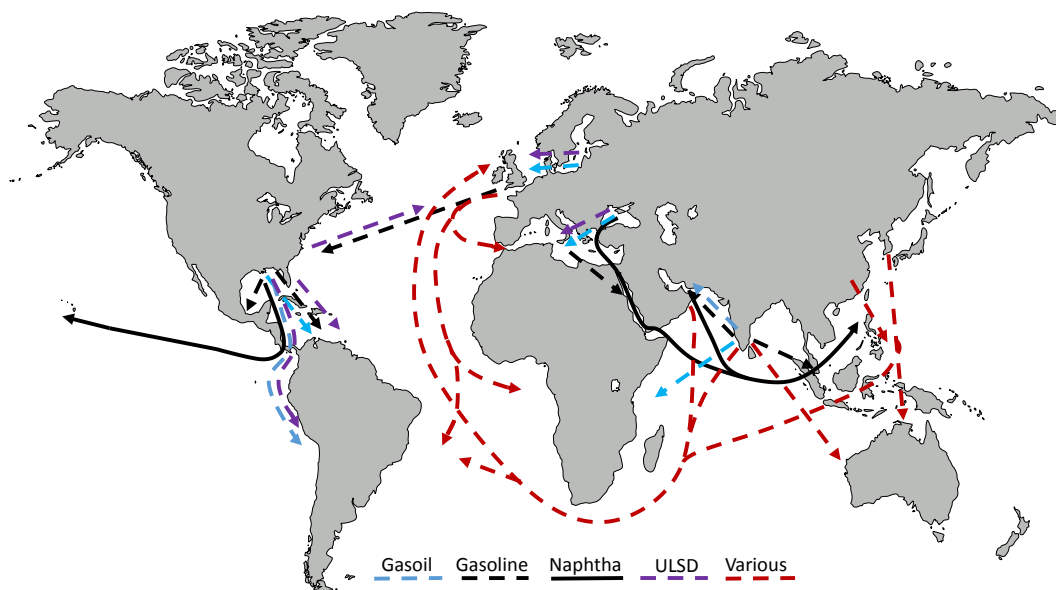
Growth in seaborne trade developed as volumes expanded and CPP began being traded over longer distances. One of the major drivers of this shift was U.S. demand for gasoline. Given legislative and environmental hurdles associated with constructing new refineries in the U.S. and strong oil consumption growth from the early 1980s to a peak in 2005, the U.S. began importing large amounts of gasoline from Europe and the Caribbean. This regional trade was serviced by medium ranged product tankers (“**MRs**”).

The other major driver in seaborne CPP trades developed as Asia increasingly became a global manufacturing hub, a trend that started with Japan and Korea, and later grew to include China as well as several other countries in the 1990s. The production of plastics at petrochemical facilities requires naphtha and LPG as feedstock. Asian refiners are limited in how much naphtha they produce. The shortfall was primarily met by refineries in the Middle East Gulf region and CPP tankers emerged to service this long haul trade with long ranged product tankers (“**LR1s**” or “**LR2s**”).

Figure 3: Key historic CPP trades



Figure 4: Selection of Current Complex Trade Patterns for CPP¹

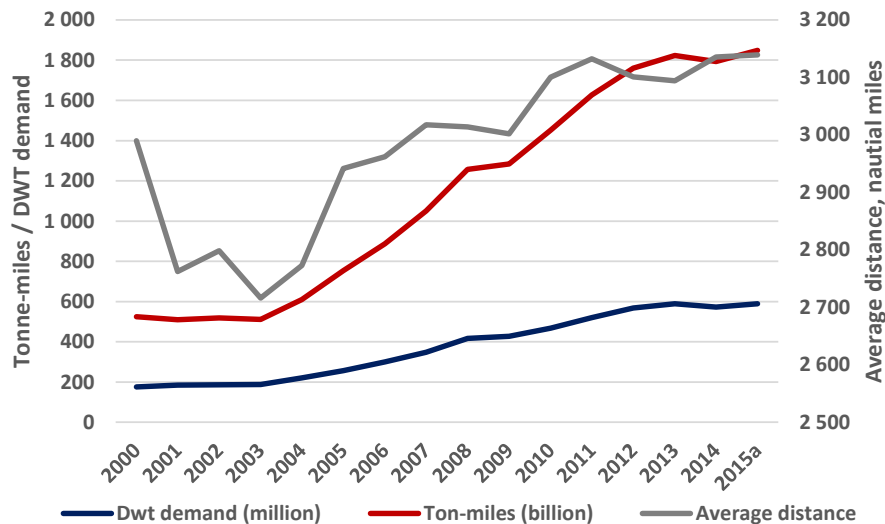


¹ The map only show a selection of current key CPP trades. Actual net of trade lanes and products are much more complex.

In the span of a few decades, trade in CPP has evolved from being almost exclusively regional to international and multi-faceted. Demand for product tankers is now not only based on regional excess supply or demand for a particular refined product, but is also speculative in nature with CPP trading globally based on international pricing differentials, or arbitrage trading. The development and adoption of international fuel specifications, such as ultra-low sulphur diesel (“**ULSD**”), allows oil majors and traders increasingly to move products globally. This adds to the distance product tankers travel and the length of time vessels are employed. As demand for product tankers is often described in terms of tonne-miles (tonnes carried multiplied by the distance travelled, in nautical miles), an increase in distance travelled is

positive for tanker demand. Similarly, an increase in volumes transported will also increase tonne-miles and vessel utilisation.

Figure 5: +50,000 dwt Product Tanker Demand Growth, 2000-2015



Source: Fearnleys. 2015a = Jan-Oct data annualised.

Fundamental changes in trading patterns that are affecting tonne-miles and product tanker demand include:

- The U.S., once a net importer of petroleum products has become a major supplier of gasoil/diesel, gasoline and, lately, growing volumes of condensates in the Atlantic Basin market;
- Emerging markets in South America and Africa with little or no refining capacity of their own require CPP to fuel their economies;
- The increasing number of mega-refineries, particularly in the Middle East, that are located closer to crude feedstock rather than demand centres is increasing tonne mile demand;
- The closure of inefficient European refineries, falling regional demand, and stricter fuel standards is creating a strong import and export market for various clean products;
- Russian CPP export ambitions are growing with several refineries undergoing expansion in the Russian Baltic;
- Refinery closures in Australia and Japan requiring imports to fill shortfalls in domestic supply;
- Storage terminal “plays” in Singapore and Malaysia are adding another layer of complexity to standard arbitrage trading;
- Global adoption of standardised CPP product specifications are increasing opportunities for global trading of CPP;
- Growth in triangulation and backhaul trades as the number of participants increases; and
- Diversification into certain chemical trades for qualified tonnage improve vessel utilisation.

These factors have created a complex network of global trades across the full range of petroleum products derived from the oil refining process.

A changing Landscape in CPP

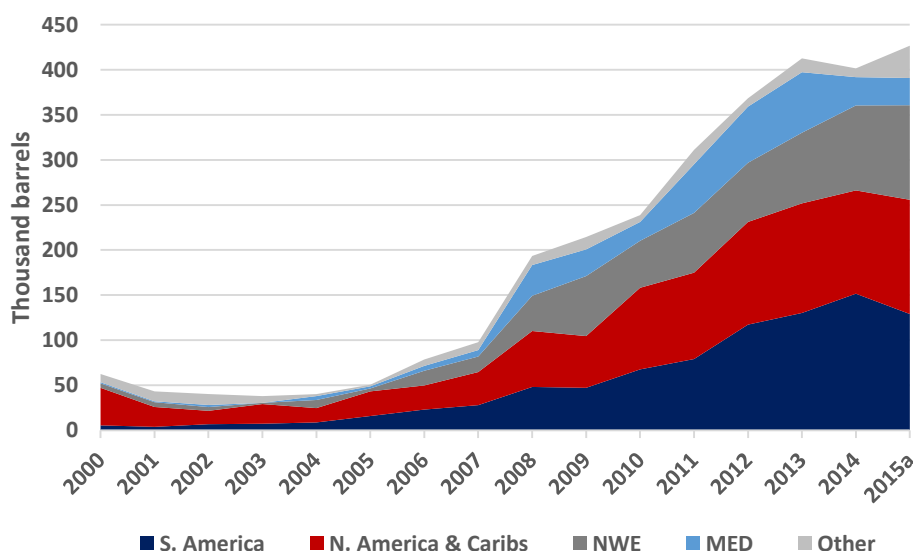
U.S. Exports

The development of horizontal drilling in conjunction with hydraulic fracturing to recover oil and natural gas from low-permeability geological reserves, in particular shale, has given the U.S. a drastically different energy profile. U.S. refiners have also made significant investments in their facilities in order to stay competitive, not only through expansions in standard refining but also through upgrades in secondary units that are able to extract more valuable “light end” product streams from a single barrel of oil. Another

benefit of shale oil production has been the growth in condensate production. Several refiners and producers are constructing condensate splitters to extract the naphtha, gasoil and jet fuel found in a typical condensate stream or lightly distilling the condensate. Condensates, as well as the naphtha, gasoil, and jet fuel are exported on product tankers.

Refinery upgrades, stagnating domestic CPP demand, advantageously priced feedstock from shale oil and Canadian tar sands, and the use of cheap domestic natural gas as refinery fuel to power refineries have spurred the recent growth in U.S. CPP exports. Distillate exports, particularly ULSD, have been the primary driver in CPP exports, but there has also been growth in gasoline, jet fuel, and naphtha exports.

Figure 6: U.S. Exports of Distillate Fuel Oil by Destination



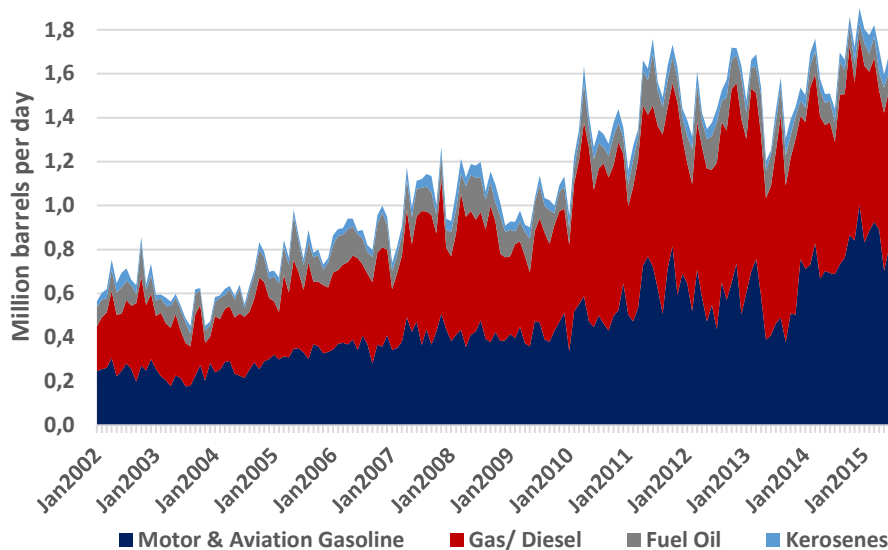
Source: U.S. Energy Information Administration. 2015a = Jan-Oct data annualised.

What was once a staple trade for MR product tankers, taking gasoline from European refineries to the U.S., has now reversed with the U.S. supplying Europe with ULSD. This trade is referred to as the backhaul, and many owners are able to increase earnings on their vessels by taking cargoes on the return leg instead of returning empty, known as ballasting back. The U.S. is also exporting ULSD, not only to regional buyers in North America and the Caribbean, but also increasingly to South American buyers, increasing product tanker tonne-mile demand.

South American Imports

In contrast to the U.S., refinery investments in South America have not kept pace with economic expansion. This has led to a jump in imports, primarily from the U.S., but also from suppliers in Europe, the Middle East, India and Asia.

Figure 7: Latin/South American Oil Products Import by Product Type



Source: Joint Organisations Data Initiative ("JODI")

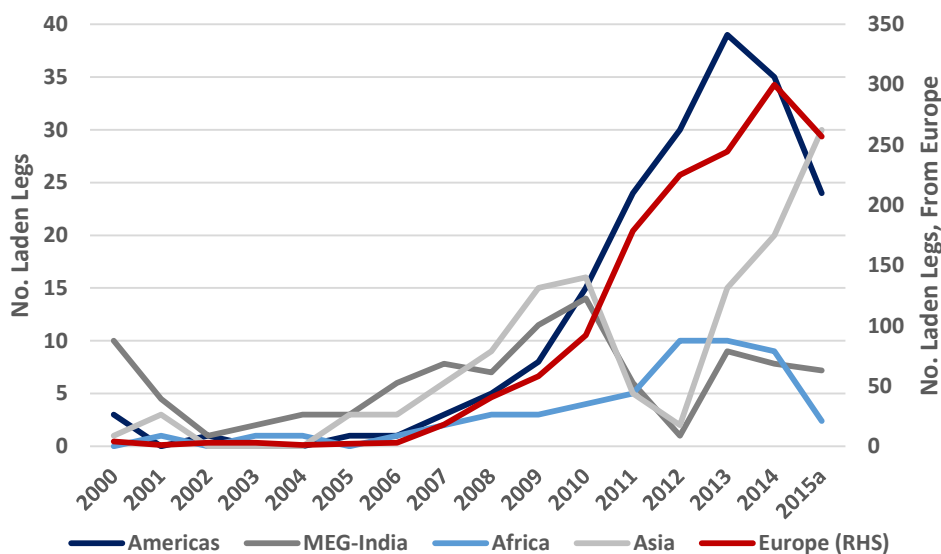
Although there are new refinery projects and upgrades planned in Brazil, Colombia, Ecuador, Peru, Venezuela and Nicaragua, many are either only in the planning stages, lack funding or are delayed for other reasons. The only meaningful capacity expected to be added in the period to 2020 in the region are the 165 kbpd Comperj refinery in Brazil (2017), and an EcoPetrol refinery currently expanding from 80 to 165 kbpd in Colombia. Based on the economic and oil consumption growth forecasts for the region by the International Monetary Fund and the International Energy Agency, imports are expected to continue to grow.

Fuelling West Africa

Refinery capacity in West Africa has not kept pace with the economic development seen in the region over the last few years, which has resulted in increasing volumes of CPP imports. The vast majority of these requirements, primarily gasoline, have been supplied by Europe. Over the past few years the region has also seen strong growth in cargoes coming from the Americas, and, recently, long-haul cargoes from the East. The West African markets have absorbed a substantial portion of gasoline volumes previously shipped from Europe to the U.S., once the backbone of MR demand in the Atlantic. For product tankers servicing this region, a West African discharge, to Togo for example, adds approximately 700 nautical miles compared to a Rotterdam to New York voyage. These longer distances support tonne-mile growth and increase product tanker demand.

Current refining capacity in West Africa is inefficient, small scale, outdated, and in many cases running at only a fraction of nameplate capacity. A new 500,000 barrel/day refinery was scheduled to come online in 2016 in the Lekki Free Trade Zone in Lagos, Nigeria. However, this is currently expected to be commissioned at earliest in 2020. The only other large-scale refinery project, the 200,000 barrel/day Lobito refinery in Angola, is slated for 2018/19 start-up, a decade after it was originally projected to come online. With only a small scale (50,000 bpd) refinery set to replace the Sogara refinery in Gabon, plus an upgrade at the Limbe, Cameroon refinery in the nearer term, these projects will fall short of supplying the petroleum product requirements forecast for the region by the International Energy Agency.

Figure 8: West African Product Tanker Imports (>50,000 dwt) by Export Area



Source: Fearnleys. 2015a = Jan-Oct data annualised.

The Middle East Refining Hub

One of the major shifts in global refining has been the emergence of export oriented mega-refineries. This shift away from small-scale, demand-centred refining to large-scale refining hubs has resulted in part from the standardisation of petroleum products (i.e. ULSD), falling trade barriers, advancement in refining technology, and the difficulty in building new “greenfield” refineries in the industrialised West. Many of these new mega-refineries have emerged in the Middle East and India.

For producers in the Middle East, vertical integration into the downstream refining market away from strict reliance on upstream crude exports has been an important natural hedge against crude oil price volatility. Many crude exporting nations in the Middle East have also had to import refined products which, since they are more expensive than crude, has put major strains on federal budgets, especially given subsidies on domestic fuel prices. Advances in refining technology have allowed for higher yields of more valuable, light end products, such as gasoline and diesel, from a single barrel of crude. From 2015 to 2020, the International Energy Agency forecasts refining capacity in the Middle East to grow by an estimated 16% to approximately 12 mbpd capacity.

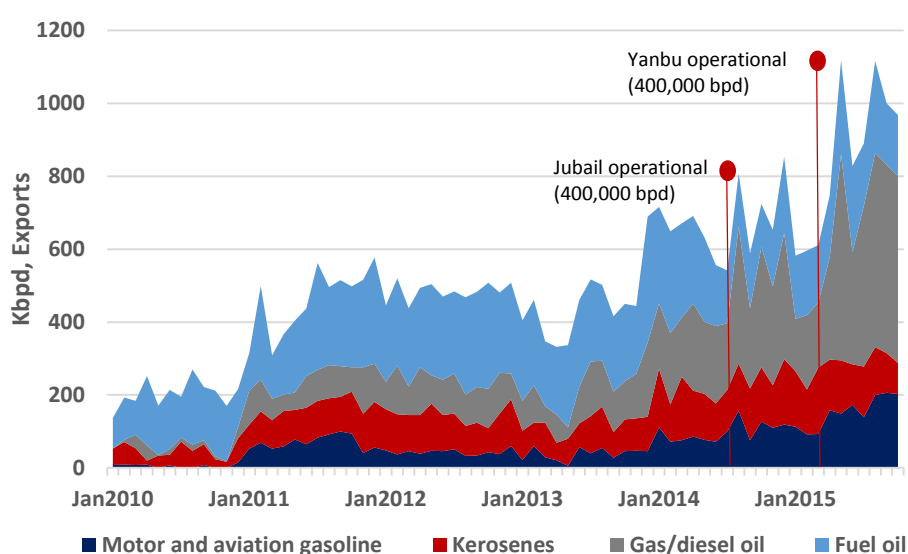
Table 7: Major Refinery Additions in the Middle East

<u>Country</u>	<u>Area</u>	<u>Schedule</u>	<u>Capacity b/d</u>
Saudi Arabia	Jubail	2014	400,000
	Yanbu	2015	400,000
	Jazan	2018	400,000
UAE	Ruwais	2015	420,000
	Fujairah	2018	200,000
Oman	DUQM	2019	230,000
Iran	Star/ Bandar Abbas	2017	360,000

Kuwait	Al-Zour	After 2020	610,000
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The model many Middle East producers are hoping to follow is of India's emergence as a refining export centre. Without any major crude oil reserves of their own, India began focusing on downstream production early on. Between 2000 and 2014, refining capacity almost doubled. A further 25% expansion is due to come online in the next three years, including a 300,000 bpd refinery currently starting up in Paradip, a 120 kbpd refinery in Cuddalore in 2016 and a 120 kbpd refinery in Kochi in 2018. India's export-oriented refineries, led by Reliance Industries, operate at close to (or above) 100% of nameplate capacity and export CPP to buyers in Asia, Europe, Africa, and South and North America. This focus on exports of high value refined petroleum products has enabled India to become a global outlet for refined oil products and is the largest tonne-mile driver for product tankers over 50,000dwt from the Middle East/India area.

Figure 9: Saudi Arabia Oil Products Export Development, 2010-2015



Source: Joint Organisations Data Initiative (JODI)

European Refining Uncertainty

European refineries struggled for years with dwindling refining margins as a result of the increasing cost of crude oil and falling regional demand. Additionally, stricter environmental regulations and cleaner burning fuel standards have added another layer of complexity to the European refining landscape. Producing low sulphur diesel, which Europe consumes more of compared to gasoline, requires either low sulphur crude which is relatively more expensive, or an investment in secondary refining units. Refinery upgrades are capital intensive and, given dwindling margins coupled with falling regional demand and competition from large-scale, modern refineries in the Middle East, India, and Asia, many small refineries have been forced to close production. Fourteen refineries with more than 2 million barrels of throughput capacity have been closed and turned to storage capacity in Europe since 2007, and the European refinery industry currently faces a structural imbalance as it produces too much gasoline and too little diesel.

For many industrialised nations, however, having some domestic refining capacity is of national strategic importance; therefore the closure of all refineries in Europe remains highly unlikely. Some of the larger, more integrated refineries in Europe have upgraded their facilities to remain competitive. Continued exports from these refineries on the back of pricing differentials and/or seasonal demand changes, combined with heavier reliance on imports, especially ULSD, can be expected.

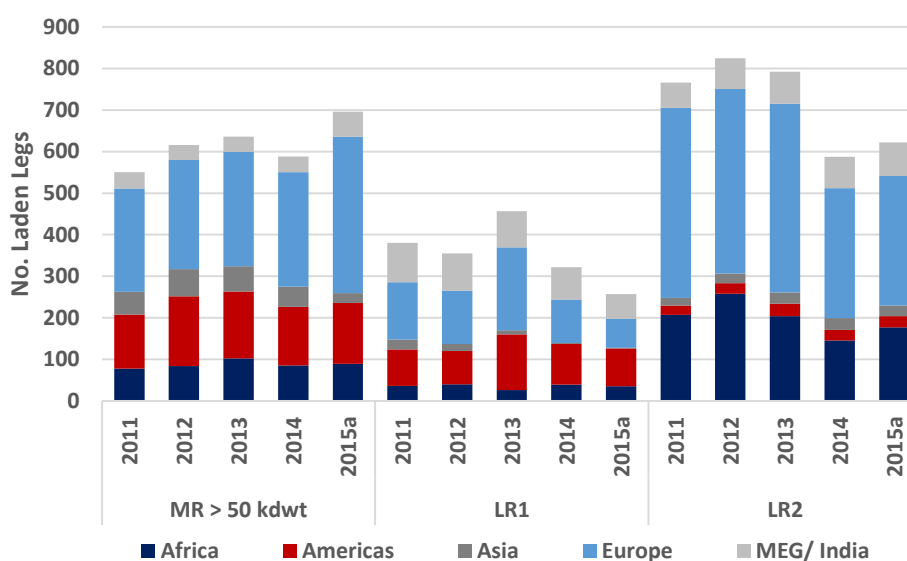
The past year's fall in oil prices offers smaller refiners in Europe and elsewhere some reprieve as lower input costs help support refining margins. However, this uplift on refining margins is normally short lived as increased refinery throughput increases the supply of CPP on the world markets, putting downward pressure on prices and, in turn, refining margins. However, the increased supply of CPP on the world

markets is a positive factor for tanker owners as volumes transported on product tankers rise, boosting tonne-miles.

For Europe, inter-regional trade continues to be the area's most important trade route. However, the Russian Baltic, North Africa, the U.S., the Middle East, and India are all filling in for the shortfall caused by the closure of regional refining capacity and the European refinery industry's structural imbalance.

Similar to the U.S., the Baltic Sea and parts of the North Sea in Northern Europe are designated as an Emission Control Area for which, from 1 January 2015, the allowable sulphur level emitted from ships were reduced from 1% to 0.1%. This may lead to an increase in gasoil/diesel demand. As Europe is already a heavy diesel/gasoil importer, the added demand will need to be met by supplies from Russia, the U.S., the Middle East, India and Asia.

Figure 10: European Product Tanker Imports by Export Area and Vessel Type (MR only for +50,000 dwt)



Source: Fearnleys. 2015a = Jan-Oct tracking data annualised. MR not covering the smallest sizes. Includes Product Tanker vessels that have traded crude oil and dirty products.

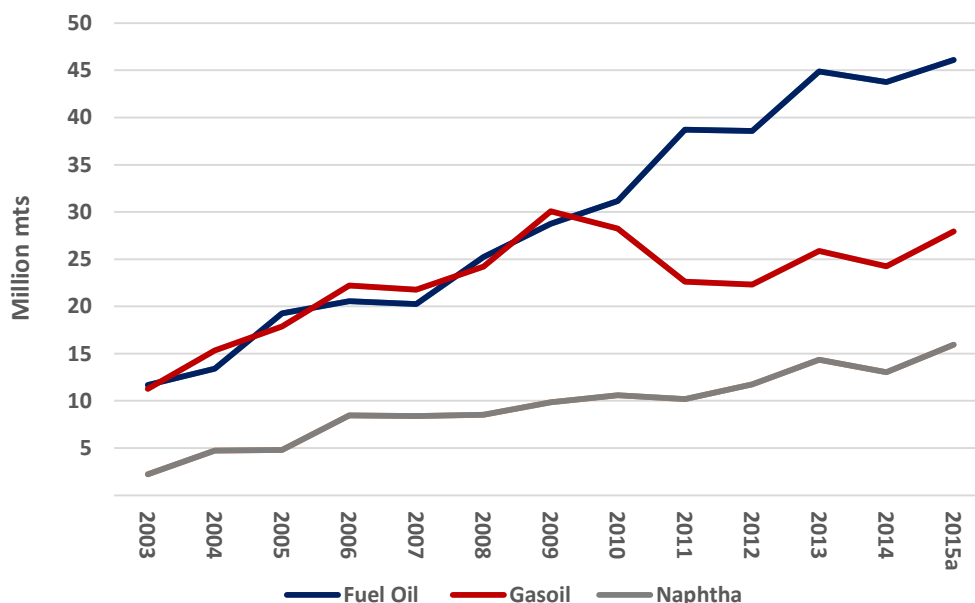
Russian Product Exports

One of the largest suppliers of diesel to Europe, especially ULSD, is the Russian Federation. In recent years, growing volumes in Russia have been an important source of volume growth for product tankers in Europe, including the smaller Handysize product tankers.

In 2015, the Russian Government unveiled tax reforms that would incentivise refiners to export higher-end distillates, especially diesel. By 2016, the export duty on diesel will fall to 40% of the export duty on crude, while the export duty on fuel oil will increase to 82%. This change in the Russian tax structure is aimed at getting domestic refiners to upgrade their units in order to produce higher end products like ULSD, instead of subsidising primary refining through lower taxes on fuel oil exports.

In the wake of the tax reforms, Russian refiners have invested in secondary capacity, including hydrocrackers and delayed cokers, to maximise low sulphur diesel refining yields. The new gasoil/diesel output may continue to go to European buyers, which could deter longer haul volumes and put downward pressure on overall tonne-miles. However, Russia is implementing stricter emissions standards and will adopt ULSD by 2016, and the amount of excess capacity that will be available for export is dependent on how many domestic refinery upgrades are completed in the coming years. In addition several Russian oil pipeline upgrades are planned in the medium term, including the Yug pipeline project, which will go from Syzran to Novorossiysk and have a transportation capacity of 8.7 million tonnes per annum. At present, the project is planned to be completed in 2020, with commissioning of the first stage of the project expected in 2016. An upgrade of the Sever pipeline (which ends in the port of Primorsk) is also expected to be undertaken, with a view to increasing its annual capacity to 17 million tonnes per annum by 2017, and 25 million tonnes per annum by 2018.

Figure 11: Russian Fuel Oil, Gasoil, and Naphtha Exports



Source: Nefte Transport. 2015a = Jan-Oct data annualised.

Asian Supply and Demand Growth

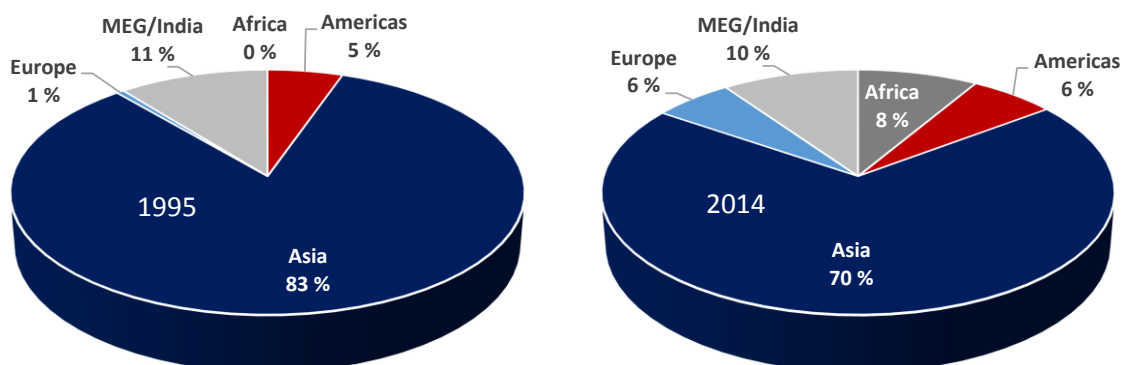
Refining capacity in Asia has evolved tremendously over the past decade. Refinery closures in Australia and Japan caused capacity to shrink by about 35% in Australia and about 25% in Japan between 2000 and 2014, while China increased capacity by over 160% during the same period. Today, China has the world's second largest refining capacity after the U.S., and a new recent trend has been exports of surplus products. The net effect has been an increase in capacity of about 50% since 2000, but as more closures are expected in Japan, new projects in the region overall are expected to increase capacity moderately going forward. Asia has grown to be a vital market for product tankers accounting for 27.3% of all product tanker (>50,000dwt) liftings in 2014, up from 16.3% in 1995. In 1995, 83.4% of the cargoes from Asian exporters ended up in an Asian port. Since then cargoes have increasingly been sold on even longer hauls with only 69.8% of cargoes ending up in an Asian port in 2014. The Asian market has been especially vital for MR tankers that are able to take multiple cargoes on multiple legs, known as triangulation trading, thus increasing vessel earnings.

Figure 12: Typical Triangulation Trade in Asia



Source: Fearnleys

Figure 13: Asia Product Tanker Export Liftings (>50,000 dwt), by Discharge Region – 1995 vs 2014 Comparison¹



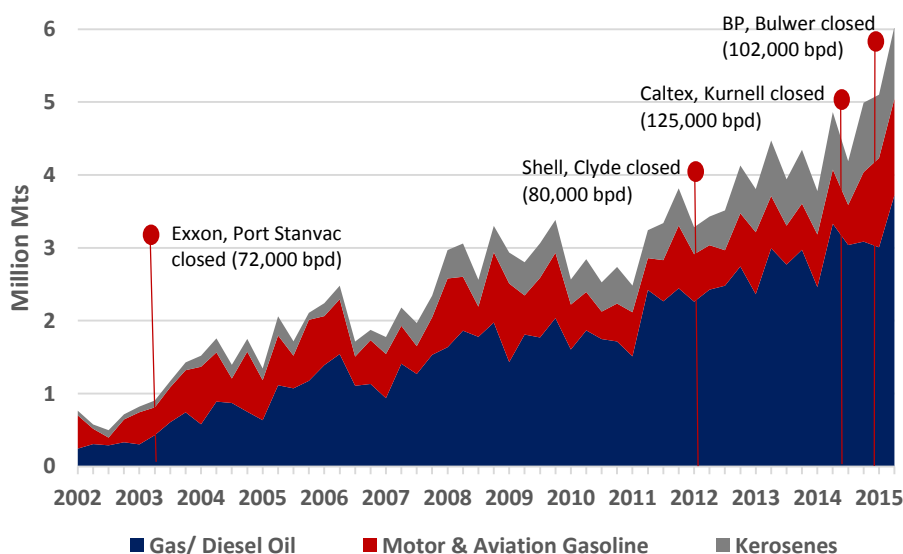
¹ Measured as % of cargo liftings. Measured in tonne-miles intra-Asia trading accounted for 60% in 1995 and 40.5% in 2014.

Source: Fearnleys

Australian CPP Imports

With another two Australian refineries closed in 2014, taking another 30% of domestic capacity offline, Australia is becoming ever more reliant on product imports. In the period between 2002 and 2014, gasoline and diesel imports increased by about 550%, from 2.25 million metric tonnes in 2002 to 14.88 million metric tonnes in 2014. The 2014 closure of BP's Bulwer Island refinery (102,000 barrels/day) and Caltex's Kurnell (125,000 barrels/day) refinery, and their conversion to import and storage terminals, will see continued growth in imports into both Queensland and New South Wales especially. The majority of the growing volumes have been sourced from Singapore, Japan and South Korea, while more recently imports from India have also increased. Exports from these regional suppliers, coupled with the flexibility to get into as many as 18 separate ports throughout Australia, has given MRs the majority of this growing trade.

Figure 14: Australian Gasoline, Diesel & Kerosene Imports



Source: JODI

Storage and Arbitrage Plays

Another important trend that has developed in the transportation of CPP is the growth in storage and arbitrage opportunities which have increased as a result of nations adopting similar fuel requirements and refining technology that produces fuels with similar specifications.

Storage tanks enable refiners, oil majors and traders not only to profit from regional price differentials, but also forward price discrepancies. Thus, industry players can buy oil products on international markets, store them, and wait to re-sell them at higher prices elsewhere. At times, onshore storage capacity may be limited while forward price discrepancies incentives further stock building, and during such periods demand for vessels to store oil products at sea is common. This was particularly seen in 2008-2010 but has also been increasingly seen over the past year.

This adds a further layer of flexibility to regular arbitrage trading and has been a source of additional tonne-mile demand. Singapore and to a growing degree Malaysia are becoming major storage hubs for CPP, providing a further boost to intra-Asia product tanker trades.

Flexible Trading in Specialty Cargoes

Both MR and Handysize product tankers are flexible due to their size, but can also be very complex in their design. These vessels are often built to carry multiple grades of cargoes and have epoxy tank coatings to protect the steel the tanks are made of as well as to make cleaning between cargoes easier. In addition most modern MR and Handysize Product Tankers are equipped with chemical carrying capacity ("**IMO-class**"), providing added flexibility to trade in vegetable/edible oils as well as some easy chemicals.

The largest (by volume) vegetable/edible oils moved globally include palm oil, which is shipped from South-east Asia to Europe, the Middle East, India and Asia, and soybean oil, which is exported primarily from Argentina and Brazil to the Far East, the Middle East Gulf and Europe. Easy chemicals refer to chemicals that are normally shipped in larger lot sizes and can be carried aboard IMO-class product tankers. Examples of easy chemicals include caustic soda solution, urea ammonium nitrate ("**UAN**"), fatty acid methyl esters (also known as biodiesel) and methyl tertiary butyl ether ("**MTBE**"). Having the flexibility to trade in easy chemical and vegetable/edible oil cargoes can increase vessel utilisation and earnings potential.

Some MR and Handysize owners with IMO-classed ships trade in easy chemicals almost exclusively while others are able to alternate between easy chemicals and clean petroleum products. Although flexible trading in easy chemicals and CPP can offer strong earnings potential, strategic planning is required to comply with previous cargo requirements for vegetable/edible oils, as well as strong operational expertise in tank cleaning to avoid cargo contamination.

Product Tanker Fleet

The fundamental changes in the supply and demand of petroleum products have had an impact on product tanker shipping. Historically, long haul movements were primarily crude oil being shipped to various refineries while refined petroleum products were traded more regionally on smaller tankers. As volumes of refined products and the distance they travelled grew, the size of product tankers increased correspondingly. Today, the product tanker fleet can be broken down into the following size segments.

Medium Range ("**MR**") tankers were given their name by servicing medium distance trades, such as Europe or the Caribbean to the U.S. East Coast, while Handysize ships dominated on shorter legs such as intra-Europe or intra-Asian trades. Long Range ("**LR**") tankers, as the name suggests, took on the longest voyages, such as carrying naphtha from the Middle East to Asia.

Table 8: Product Tanker Fleet Overview (as at 1 January 2016)

SEGMENT	SIZE (DWT)	FLEET SIZE (NO. OF VESSELS)	FLEET SIZE (1,000 DWT)	AVERAGE AGE
HANDYSIZE	25,000-41,999	624	22,778	11.7
MR	42,000-59,999	1,261	61,020	8.9
LR1	60,000-84,999	352	25,767	9.3
LR2	85,000-124,999	254	27,657	9.0

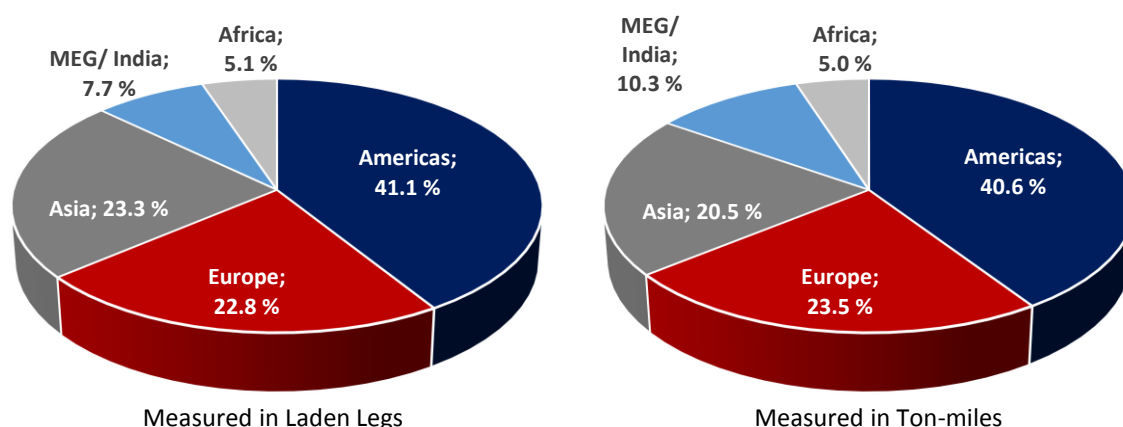
Excluding Chemical and Shuttle Tankers. The number of LR2 vessels excludes some registered as coated vessels, as their coating is believed to no longer fulfil requirements after trading in the dirty market for too long.

Source: Fearnleys

MR

The MR is one of the most popular tanker types due to its flexibility, both in terms of size and trading opportunities, as well as from an investment perspective. For investors, the MR's flexibility as well as liquidity due to the size of the fleet and number of owners, make it a natural entry point into the product tanker market. The MR segment of the product tanker fleet has seen more ordering and investment relative to other clean tanker segments. For example, during 2013 and 2014, orders for 299 MRs were placed, compared to 27 LR1s and 81 LR2s. This marked an exceptional period of ordering. However, during 2015 orders for 85 MRs were placed compared to 75 in 2012. The average for the last 10 years has been 110 MR order placements per year.

Figure 15: 2014 MR (>50,000dwt) Exports by Load Area



Source: Fearnleys

For trading, the MR size allows it to call on smaller and shallower ports, while at the same time providing the capability to carry multiple cargos such as clean and dirty petroleum products as well as easy chemicals and vegetable/edible oils for some of the more modern MRs. This is also the class of tankers that has seen the largest change in size and specifications. The oldest MRs are now often referred to as Handysize ships, as their deadweight has grown from approximately 27,000 dwt to approximately 55,000 dwt for the largest currently delivered and on order. Today, many of the larger MR vessels trade in the Atlantic Basin, carrying ULSD to South America or gasoline from Europe to the U.S., while the smaller MR (<45,000dwt) and Handysize vessels engage in more regional intra-Europe, intra-Middle East and intra-Asia trade (note that the definition of a small MR vessel and a large Handysize can be the same in deadweight tonne capacity, depending on source).

Table 9: Typical Product Tanker Cargo Sizes and Trades

SEGMENT	SIZE (DWT)	TYPICAL LOT SIZE (MTS)	MAJOR TRADES
HANDYSIZE	25,000-41,999	18,000-30,000	▪ Cross UK-Continent ▪ Baltic-UK-Continent ▪ Cross-Mediterranean ▪ Mediterranean – West Africa ▪ Inter-Middle East ▪ Caribs/USG regional trade ▪ Intra-Asia
MR	42,000-59,999	30,000-38,000	▪ Europe to U.S. ▪ U.S. to Europe ▪ Europe to West Africa ▪ U.S. to South and Central America ▪ Trade Inter-Europe ▪ Trade Inter-Asia (including Australia) ▪ Trade Inter-Middle East and/or India

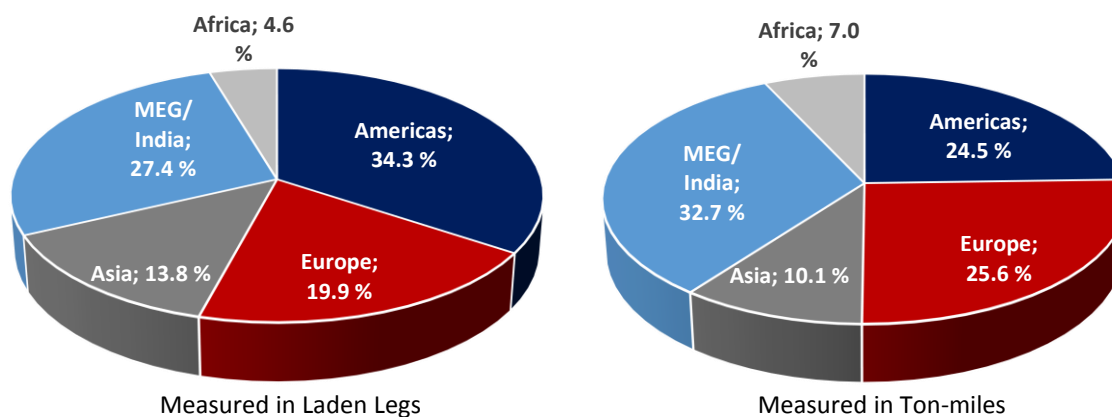
SEGMENT	SIZE (DWT)	TYPICAL LOT SIZE (MTS)	MAJOR TRADES
			▪ Middle East to Southeast Asia ▪ West Coast India to Southeast Asia
LR1	60,000-84,999	55,000-60,000	▪ Europe to West Africa ▪ Europe to U.S. ▪ U.S. to South America ▪ Middle East, Red Sea and/or West Coast India to Southeast Asia ▪ Middle East, Red Sea and/or West Coast India to Far East
LR2	85,000-124,999	75,000-80,000	▪ Middle East, Red Sea and/or West Coast India to Far East ▪ Middle East, Red Sea and/or West Coast India to Continental Europe and the Mediterranean Sea ▪ Europe to Far East ▪ Trade Inter-Europe ▪ Trade Inter-Asia

Source: Fearnleys

LR1

LR1s are similar in dimension to the crude oil carrying Panamax tankers between 60,000 dwt and 85,000 dwt. Modern LR1s are almost exclusively around 75,000 dwt with very similar dimensions which is unique to the LR1 segment, particularly when compared to the vast size variances seen in the MR segment. While the +50,000 dwt MRs mainly trade in the West, with 65% of the cargo liftings generated by Atlantic basin exports in 2014, and the LR2s mainly trade in the East, LR1s are able to compete both East and West of the Suez Canal. In the Americas and West Africa, the LR1 size is the largest that can be used in many of the ports due to draft limitations, among other things. Similar to the LR2s, a portion of the LR1 fleet is active in DPP trading.

Figure 16: 2014 LR1 Exports by Load Area



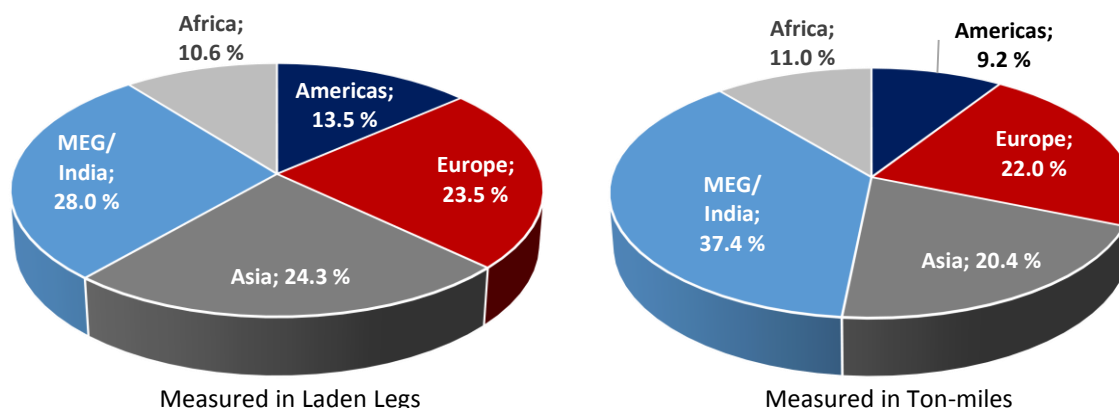
Fearnleys

Source:

LR2

LR2s are the largest of product tankers, varying in size from 85,000 dwt to 125,000 dwt. They are similar in size to an Aframax crude oil tanker, and as product tankers, can carry both dirty (crude oil, fuel oil) and clean petroleum products. LR2s compete directly with Aframax on key dirty trades. However, Aframax cannot compete with LR2s for clean cargoes, as they lack the requisite coated tanks. Due to their large size, LR2s have historically traded between the Middle East and Asia, but also Europe.

Figure 17: 2014 LR2 Exports by Load Area



Source: Fearnleys

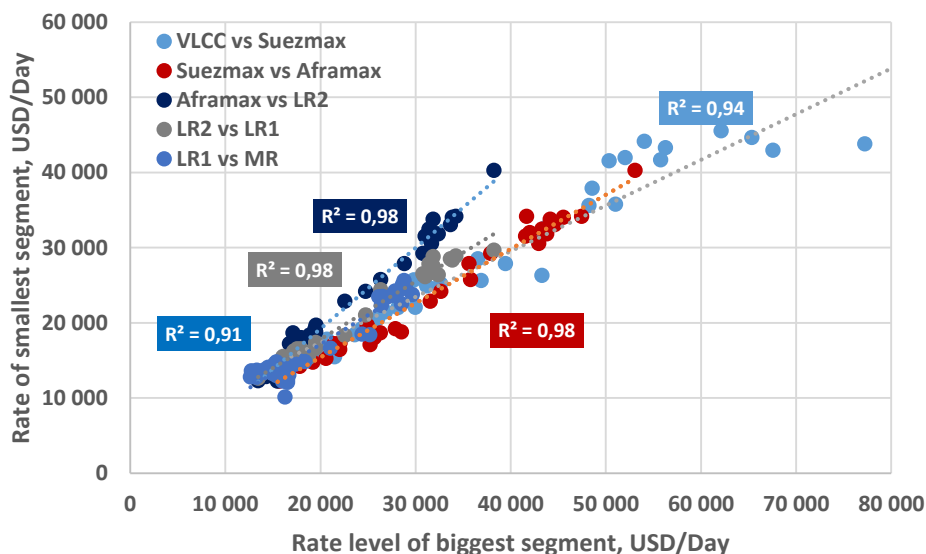
Today, LR2s engage in more global trades as changing trading patterns produce long haul movements of several grades of CPP to Eastern and Western destinations. At the same time, the increasing inclusion of crude oil and fuel oil cargoes is leading LR2s to engage in more regional trade as they compete directly with Aframax tonnage. However, MRs and LR1s will continue to have an advantage over LR2s in the U.S., South America and West Africa as many ports in these areas have restrictions based on the vessels' deadweight, draft, length, or width (beam).

Product Tankers versus Crude Tankers

Due to their coated tanks, Product Tankers can also trade in the DPP/Crude market, and switching typically occurs if one of the markets yields better than the other. The barrier to switch from CPP to DPP/Crude may vary from owner to owner though. After trading in the DPP/Crude market a product tanker needs to go through tank cleaning, which has a cost, or to carry at least three condensate cargoes, to avoid contamination of the first CPP cargo after switching back. Normally it is the larger owners/pools that switch back and forth as this often achieves economies of scale on the cleaning cost or they may have better access to condensate cargoes, while smaller owners often see higher barriers to switching. Primarily it is the LR sizes that switch, although this also occurs in the MR segment. Although limited in scale, crude tankers may also trade CPP on their very first voyage, typically from Asia to the West, as the newbuildings are most often delivered out of Asian yards.

Historically crude tanker and product tanker earnings show good correlation. Both segments are driven by some of the same elements such as economic growth, refinery additions and oil prices, but the correlation is strengthened further by the product tankers switching. As about 70% of the total tanker fleet above 35,000 dwt, measured in transportation capacity, are crude tankers and the product tanker fleet accounts for less than 30%, the product tanker outlook can depend on the crude tanker outlook and the spill-over effects from that largest group of transportation capacity. If the crude tanker outlook is strong some of the product tanker fleet can be expected to switch to DPP/Crude trading which reduces the effective fleet growth versus what would otherwise be expected from newbuilding deliveries less scrapping, and vice versa.

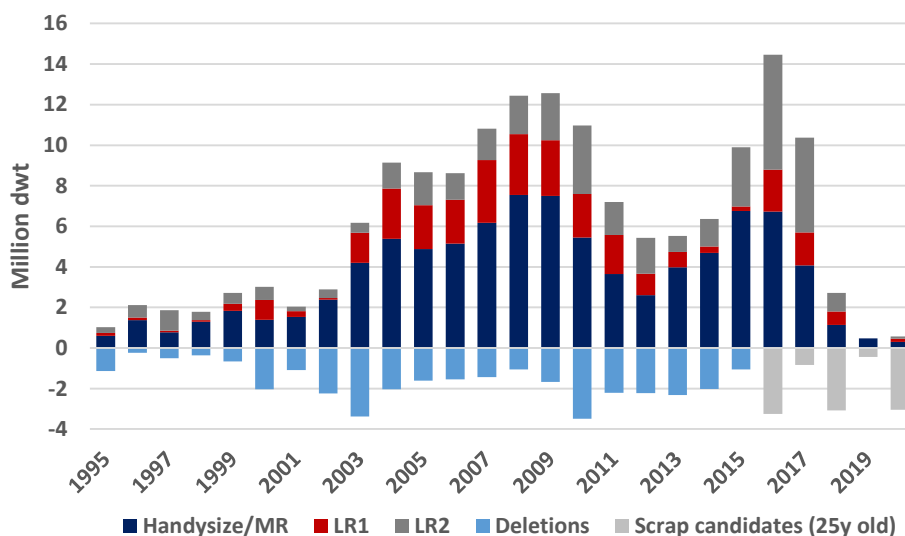
Figure 18: Tanker Segment Correlation, 1-year Time Charter Rates Quarterly 2005-2015 USD/day



Product Tanker Fleet Development

The product tanker fleet has grown significantly over the past decade, driven by not only increased CPP demand but also changes in ownership structure, regulations, technology and operating requirements. Fleet expansion, starting in 2003 with deliveries representing almost 12% of the existing fleet and averaging 13% yearly until 2010, can be linked to several factors, including global economic growth led by Asia Pacific economies, strong U.S. gasoline imports, rising oil prices and low interest rates spurring investment. Scrapping during this period was broadly consistent with the natural phasing out of older tonnage and the regulatory removal of single hull vessels. Scrapping accelerated in 2009 and 2010 following the financial crisis but has since stabilised. The average age for vessels scrapped between 2000 and 2014 was 27 years for MRs, 26 for LR1s, and 24 for LR2s.

Figure 19: Deliveries and Scrapping, 1995-2015, plus Orderbook and Scrap candidates 2016-2020 as at 1 January 2016



Product Tanker Orderbook

Demand for new vessels is affected by current and anticipated spot and charter market conditions. The orderbook for new vessels includes the number of known shipbuilding contracts and is indicative of how global vessel supply may develop in the next few years.

Table 10: Product Tanker Orderbook (as at 1 January 2016)

SEGMENT	FLEET SIZE (NO. OF VESSELS)	FLEET SIZE (1,000 DWT)	NO. VESSELS ON ORDER	TOTAL DWT ON ORDER (1,000)	ORDERBOOK AS % OF EXISTING FLEET
HANDYSIZE	624	22,778	47	1,587	7.0%
MR	1,261	61,020	204	10,197	16.7%
LR1	352	25,767	61	4,519	17.5%
LR2	254	27,657	100	11,362	41.1%

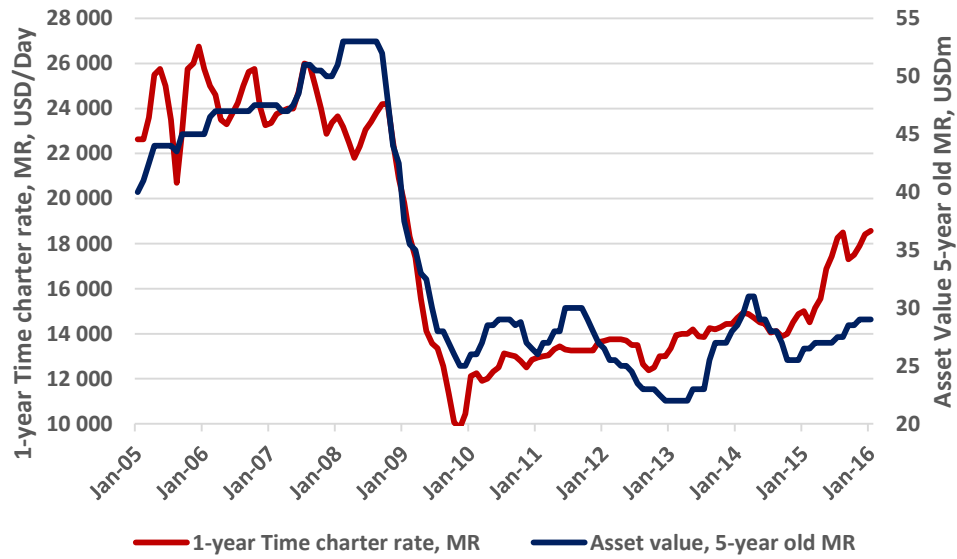
Excludes Chemical and Shuttle Tankers. The number of LR2 vessels excludes some registered as coated vessels, as their coating is believed to no longer fulfil requirements after trading in the dirty market for too long.

The MR fleet accounts for 44% of the total product tanker fleet, measured in transportation capacity/ dead weight tonne. The orderbook for MRs as a percentage of the total fleet has declined from a peak of approximately 50% during 2007 and 2008 to about 16.7% as at January 2016. The LR2 segment has the largest orderbook measured in percent of existing fleet, being approximately 41.1% as at January 2016. Following low interest in 2012-2013, the past year has seen increased interest for LR1 newbuildings and the orderbook to existing fleet ratio has reached 17.5%.

Newbuilding and Second-hand Prices

Vessel second-hand asset prices are highly influenced by the spot and time charter markets as well as newbuilding prices. Freight rates improved markedly in 2014 and 2015 with spot rates reaching their highest levels since 2008. In spite of this, newbuilding prices weakened from 2014. Shipyards have various input costs such as the price of steel, propulsion systems, labour and equipment. Additionally, the overall number of shipyards and slot availability for each yard, together with exchange rates, influences prices. Even though the tanker markets were strong in 2015, other markets were sluggish (Offshore, Dry Bulk, Container vessels), deterring overall shipping investment and releasing additional slot capacity and putting downward pressure on newbuilding prices. Overall, this dampened the otherwise positive second-hand price development in 2015, driven by stronger earnings.

Figure 20: Second-Hand Asset Value, 5-year old MR, versus 1-year Time Charter Earnings.



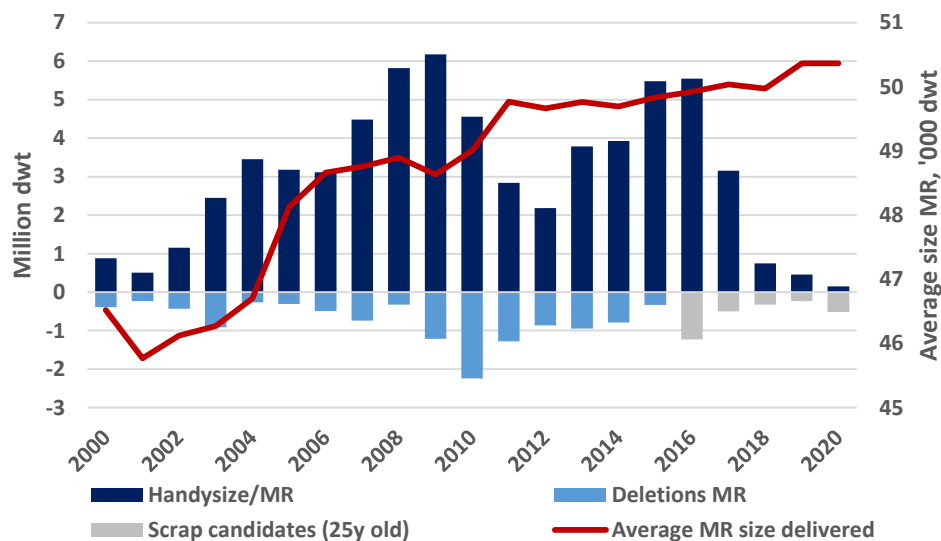
Currently, the cost of building a new 52,000dwt MR is approximately USD35.0m. Any major orders in the short term are likely to be for new “eco” designs that claim fairly substantial fuel savings (in a high bunker-price scenario) and scheduled delivery slots would most likely be for the second half of 2017.

Table 11: MR Asset Values, Annual Averages

YEAR	NEWBUILD VALUE	PROMPT RESALE	5 YEAR OLD VALUES	10 YEAR OLD VALUES
	USDm	USDm	USDm	USDm
2004	35		34	27
2005	42		44	35
2006	45	55	47	37
2007	49	58	49	39
2008	50	60	51	40
2009	40	36	30	24
2010	36	35	28	22
2011	36	36	28	19
2012	34	32	24	16
2013	34	36	24	16
2014	37	37	28	19
2015	36	37	27	19

Source: Fearnleys

Figure 21: MR Fleet Profile by Year Delivered and Average Vessel Size Delivered



Source: Fearnleys. 2016-2020 reflects the scheduled orderbook as of 1 January 2016.

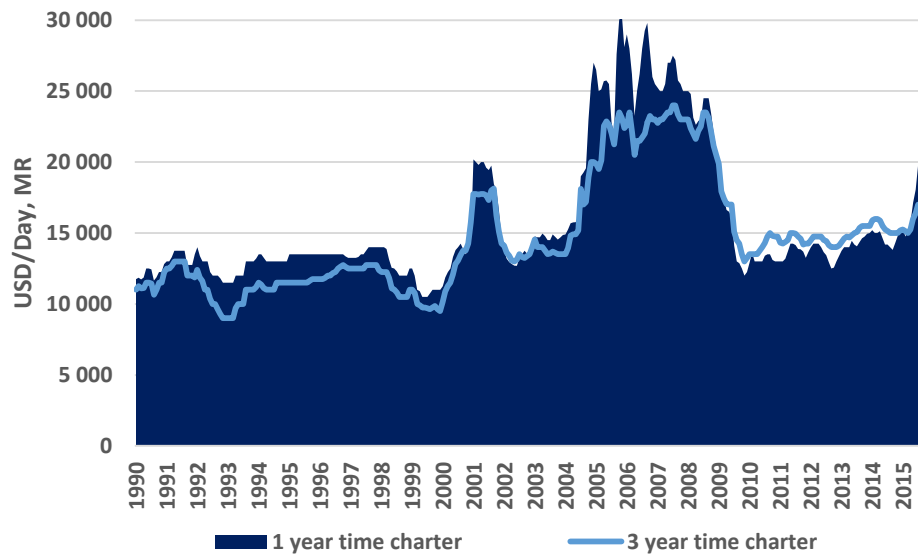
Product Tanker Rates

Historically, product tanker rates have seen both high cyclical and seasonal volatility.

From 2003, the tanker market, including product tankers, experienced its strongest earnings cycle in its history. China's entry into the world economy not only created new demand from China but also fuelled optimism and economic growth elsewhere that strengthened world oil consumption considerably. For the product tanker segment, the Asian and, more recently, the Middle Eastern export oriented mega-refineries began competing with the established European and U.S. refineries. Meanwhile tanker owners moved away from their historic practice of ordering newbuildings on speculation. Consequently there was limited yard capacity available to meet the rising new demand for vessels from 2003, while both volumes and average distance grew significantly during the years that followed. From 2004 to 2008 the 1-year time charter earnings for MR product tankers averaged a historic high of USD25,000/day.

This earnings super-cycle lasted until the global economic crisis hit the world economy from late 2008. During the super-cycle the industry has built a substantial orderbook of tankers for delivery over the 2009-2012 period. The high fleet growth that followed, combined with the slower oil demand post the financial crisis in 2008 and, eventually, the demand destruction due to high oil prices from late 2010, took the tanker market into a period from 2009 to 2013 when freight rates were low. In 2014 the market slowly started a recovery. This accelerated in 2015 as lower oil prices sparked stronger oil consumption, and three new export oriented mega-refineries were added over a short period of time in the Middle East. Product tanker demand was further supported by strengthening refinery margins and latterly by demand for floating storage capacity for oil products, as onshore storage capacity became a bottleneck compared with the strong refinery runs.

Figure 22: 1-Year Time Charter Rate, MR 47,000 dwt Product Tanker



Source: Fearnleys

Adding to the cyclical nature of the tanker market, there are also seasonal trends that can cause substantial volatility. Winter in the northern hemisphere is a strong seasonal demand driver for oil products for heating and thus freight rates often improve in the winter months. Hazardous winter conditions in the form of rough seas, fog, and in some cases, ice conditions in port can cause vessel delays, thus reducing vessel availability, and causing freight rates to firm. For gasoline, demand peaks during the summer driving season in the U.S. while naphtha demand picks up in Asia during late summer as the manufacturing season picks up.

Published freight rates are normally quoted on a roundtrip basis, meaning the shipment of a cargo to a given destination with the vessel subsequently returning to the load region empty. Today, however, many product tankers, especially MRs, are able to pick up other cargoes instead of returning empty, referred to as backhaul and triangulation trades. A backhaul can significantly increase vessel earnings and this is typically seen in the Atlantic with an MR, for example, taking gasoline from the UK-Continent to the U.S. East Coast and then picking up a diesel cargo on the U.S. Gulf Coast and discharging that in the UK or continental Europe (UKC/USEC/USGC/UKC Combo). Triangulation, particularly in Asia, gives daily returns closer to one year time charters as opposed to published single voyage freight rates. With countries adopting similar fuel specifications, increased exports from new and existing refineries, as well as storage and arbitrage plays, one can expect increased backhaul and triangulation for the product tanker fleet going forward.

Table 12: MR Yearly Average Freight Rates and 1 Year Time Charter Rates, Annual Averages

YEAR	AVERAGE TIME CHARTER EQUIVALENT				Average 1 Year Time Charter
	Singapore/Japan	Caribbean/ USG-USEC	UKC/USEC	UKC/USEC/USGC /UKC Combo	
	USD/Day	USD/Day	USD/Day	USD/Day	
2001	19,400	21,900	17,600	-	18,900
2002	9,800	9,900	9,500	-	13,300
2003	15,100	15,300	16,000	-	14,700
2004	18,900	21,500	22,500	-	18,900
2005	21,300	23,100	23,500	-	26,200
2006	16,600	20,800	21,000	-	27,000
2007	14,000	20,700	22,000	-	26,000
2008	13,400	17,200	23,000	-	23,500
2009	1,700	4,000	6,500	-	13,800
2010	2,900	5,100	8,400	-	12,500
2011	2,600	7,200	7,900	-	13,200
2012	3,000	7,600	7,200	-	13,300
2013	5,700	11,700	9,000	16,800	14,000
2014	3,700		16,900	15,700	14,400
2015	13,600		18,800	24,800	16,900

Source: Fearnleys

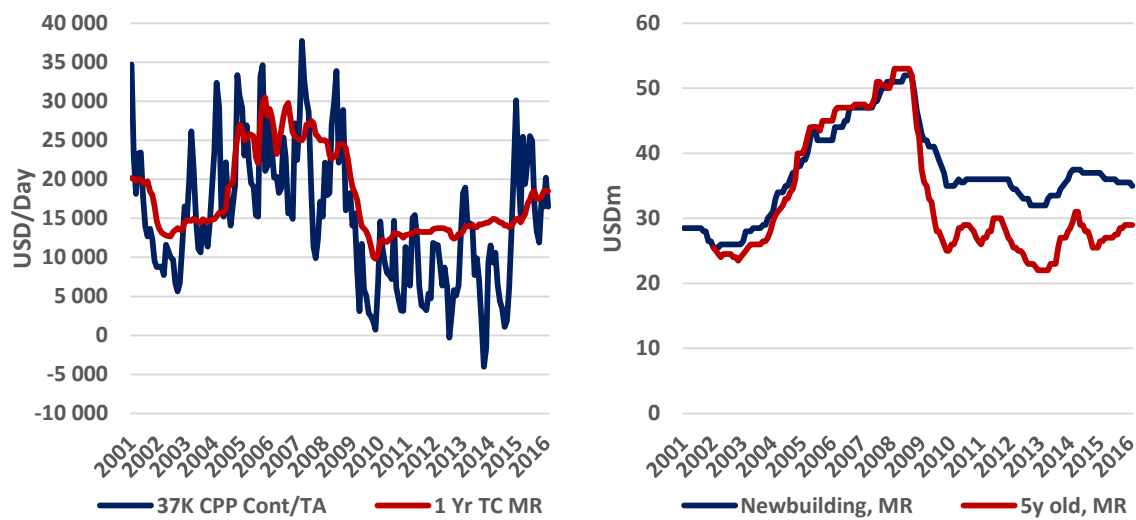
Time charter rates are generally less volatile than spot rates since they are fixed for a longer period of time, typically from a few months to several years. In the spot market, rates reflect the immediate underlying conditions in vessel supply and demand and are thus prone to greater volatility.

Table 13: LR2 & LR1 Yearly Average Freight Rates and 1 Year Time Charter Rates, Annual Averages

YEAR	AVERAGE TIME CHARTER EQUIVALENT				
	LR2 MEG/Japan	LR1 MEG/Japan	LR2 1-year Time Charter	LR1 1-year Time Charter	
	USD/Day	USD/Day	USD/Day	USD/Day	
2001	40,000	29,200	-	-	
2002	19,400	15,100	-	-	
2003	32,000	23,400	-	-	
2004	40,800	33,100	-	27,900	
2005	41,800	34,800	-	31,200	
2006	31,500	27,300	33,000	28,100	
2007	23,300	23,300	31,500	27,600	
2008	41,400	32,200	34,000	27,800	
2009	15,800	12,100	20,000	18,500	
2010	14,400	10,100	18,700	16,300	
2011	9,800	6,600	16,700	14,750	
2012	9,800	7,800	13,600	13,000	
2013	9,300	8,400	15,700	14,700	
2014	17,000	13,500	17,100	15,700	
2015	28,200	23,200	26,200	22,700	

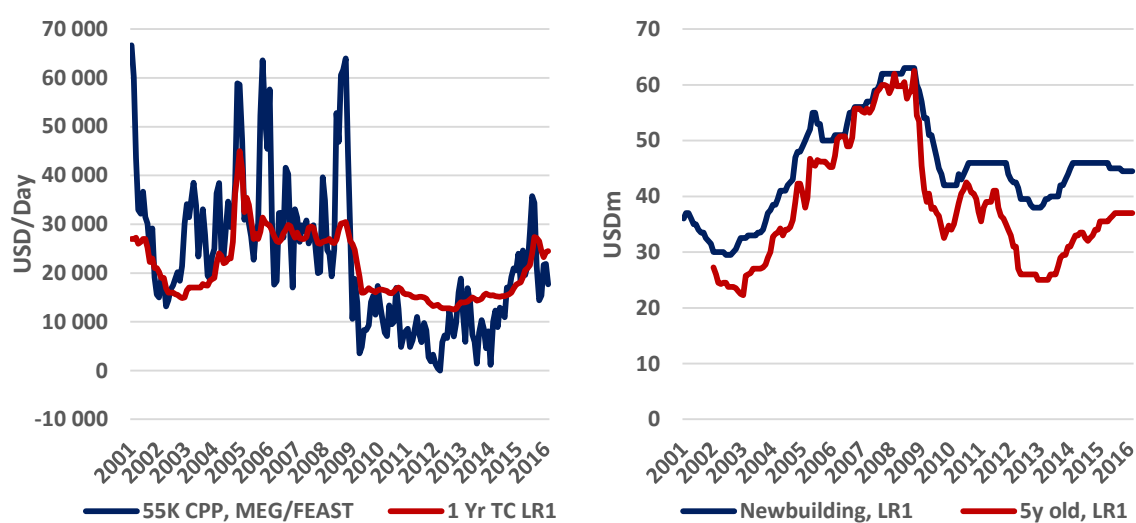
Source: Fearnleys

Figure 23: MR UKC/USEC Spot Freight Rates vs. 1 Year Time Charter Rates | Asset Values



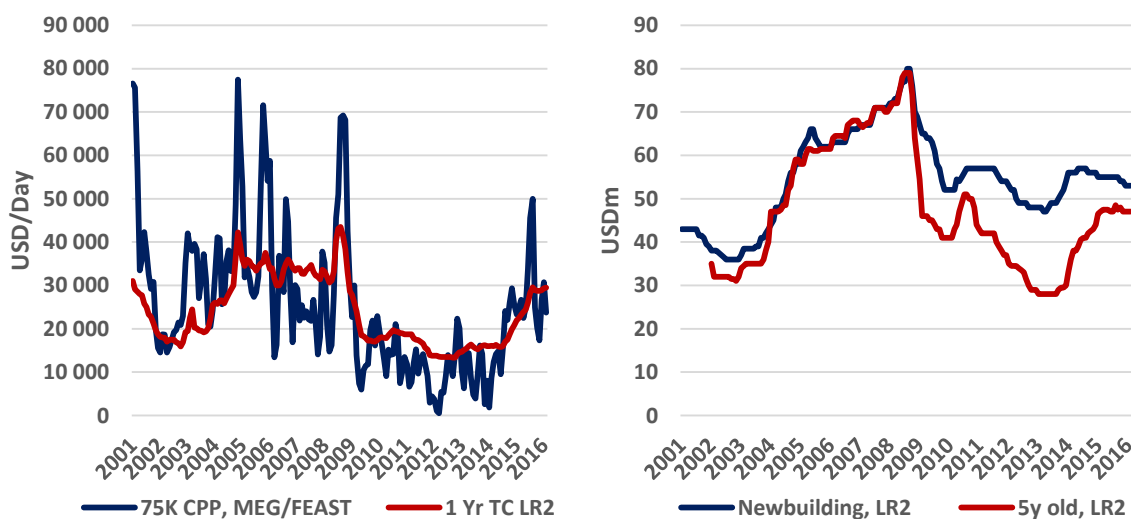
Source: Fearnleys

Figure 24: LR1 MEG/FEAST Spot Freight Rates vs. 1 Year Time Charters | Asset Values



Source: Fearnleys

Figure 25: LR2 MEG/FEAST Spot Freight Rates vs. 1 Year Time Charter Rates | Asset Values



Source: Fearnleys

---end of 6.4.1 "The product tankers segment"---

The following is an abstract of paragraph 23.1 "Reports from expert" in the TORM Plc. prospectus concerning expert declarations.

23.1. Reports from experts

Fearnley Consultants AS

All of the information and data presented in Part 1-6.4.1 "The product tanker segment" has been provided by Fearnley Consultants AS ("**Fearnley Consultants**"). Fearnley Consultants has advised that the statistical and graphical information contained in that section is drawn from its databases and other published and private industry sources. Such sources include data from the U.S. Energy Information Administration, or EIA, the Joint organisations Data Initiative, or JODI, the International Energy Agency, or IEA, the International Monetary Fund, or IMF, and BP's Statistical Review of World Energy. In connection therewith, Fearnley Consultants has advised that: (1) certain information in Fearnley Consultants' databases are derived from estimates or subjective judgments, (2) the information in the databases of other shipping data collection agencies may differ from the information in Fearnley Consultants databases and (3) while Fearnley Consultants has taken reasonable care in the compilation of the statistical and graphical information and believes it to be accurate and correct, data compilation is subject to limited audit and validation procedures. Although data is taken from the most recently available published sources, these sources do revise figures and forecasts from time to time.

Fearnley Consultants of Grev Wedels plass 9, Oslo, Norway, are commercial shipping-related consultants who have been engaged in maritime research and the accumulation of commercial maritime data since the early 1960s. Fearnley Consultants has no material interest in the Group.

Fearnley Consultants has given and not withdrawn its written consent to the issue of this prospectus, with its name included within it, and to the inclusion of the information set out in Part 1-6.4.1 "The product tanker segment" in this prospectus. For the purposes of Prospectus Rule 5.5.3R(2)(f) Fearnley Consultants accepts responsibility for the information contained in that section and those parts of the prospectus which include references to that section and declares that to the best knowledge and belief of Fearnley Consultants, having taken all reasonable care to ensure that such is the case, the information contained in that section is in accordance with the facts and does not omit anything likely to affect the import of such information.

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