



RIDGEBURY CRUDE TANKERS LLC

33 Riverside Ave
Westport CT 06880

QUARTERLY REPORT (UNAUDITED) – June 30, 2015

Westport, Connecticut, August 20, 2015

Ridgebury Crude Tankers LLC (“RCT” or “Ridgebury Crude”) is the owner of seven Suezmax tankers and one Aframax tanker and is the issuer of a Senior Secured Bond. RCT is an indirect wholly-owned subsidiary of RT Holdings (“RTH” or “RT Holdings”), which in total owns two Aframax tankers, six MR product tankers and seven Suezmax tankers. The primary purpose of this report is to discuss the results of RCT, but the report also includes some summary information and discussion of RT Holdings, which is a Guarantor of the bond.

Summary

The second quarter of 2015 was marked by favorable market conditions in all of Ridgebury’s vessel segments. High global oil production, low bunker fuel prices, strong refining margins and longer voyages contributed to strong tanker demand, against a backdrop of minimal fleet growth. This produced the best first half rate environment since 2008, including during a summer period that is typically weak.

With its entire fleet deployed in the spot market during the first half, RT Holdings (consisting of the Suezmax, Aframax and MR fleets) generated second quarter revenue of \$41.2 million and EBITDA of \$30.0 million, for first half revenue of \$81.9 million and EBITDA of \$59.4 million.

Ridgebury Crude (issuer of the Senior Secured bond and owner of seven Suezmax tankers and one Aframax tanker) generated revenue of \$26.5 million and EBITDA of \$20.0 million for the quarter, with revenue of \$54.3 million and EBITDA of \$41.5 million for the six months ended June 30.

Highlights:

- Seven spot market Suezmax vessels earned gross TCE of \$40,000 per day and net distribution of \$38,800 per day (net of all pool fees and commissions)
- 15.2 off-hire days out of 637 including one scheduled intermediate survey
- Third quarter of 2015 is 72% booked at TCE of approximately \$40,500 per day
- The Aframax vessel Ridgebury Sally B was purchased on June 30, 2015 using excess cash

On June 24th, Bondholders approved an amendment to the Ridgebury Crude bond agreement to permit the acquisition of Aframax vessels. On June 30th, RCT purchased Ridgebury Yankee LLC, the single purpose owner of the Aframax *Ridgebury Sally B*, from Ridgebury Aframax Tankers, another subsidiary company of RT Holdings. Because the acquired company was under common control, US GAAP required that the results of Ridgebury Yankee LLC be consolidated for the entire period. Results of RCT therefore include \$5.0 million in revenue and \$3.6 million in EBITDA from Ridgebury Sally B for the first half, although the vessel was not acquired until period end.

Outlook

The first half of 2015 has been the strongest for Suezmaxes since 2008. Low oil prices caused by continued high production generated strong refinery margins globally, minimizing refinery turnarounds and encouraging high refinery throughput and crude demand.

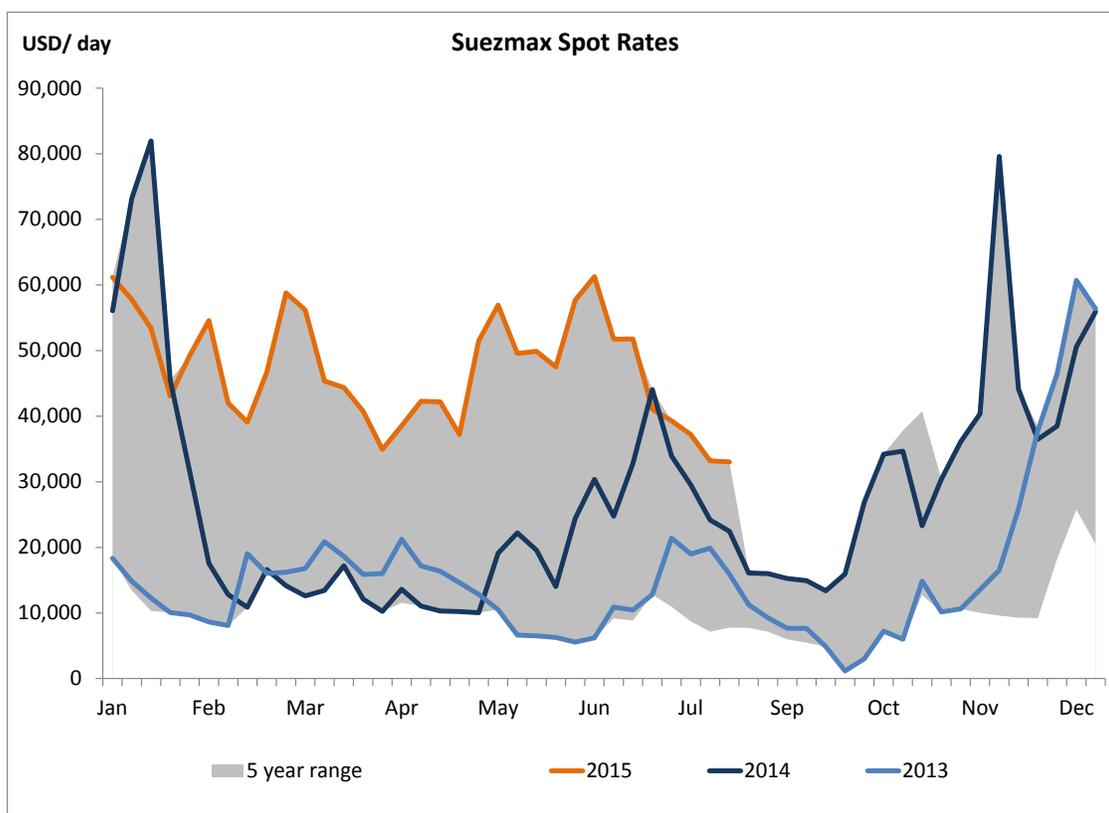
According to the most recent IEA report, the oil market is likely to remain oversupplied through the second half of 2016, which should generate continued favorable conditions in the Suezmax market, particularly with no significant fleet growth forecast for the coming 12 months.

Notwithstanding this strong medium term outlook, the spot market has weakened considerably into August for all crude asset classes, following the counter-seasonally strong conditions of June and July. The immediate driver of the weakness appears to be reduced refinery throughput due to seasonal turnarounds, lower margins and oversupply of some finished products. Ridgebury Crude expects this weakness to be temporary.

With 72% of Suezmax vessel days booked at average TCE rates of \$40,500 per day (compared to \$22,450 per day in the prior year quarter), no significant off-hire expected, as well as the addition of the Aframax *Ridgebury Sally B* to Ridgebury Crude's fleet, Ridgebury Crude should report strong results again for the third quarter. Management anticipates EBITDA in the range of \$18 to \$21 million for Ridgebury Crude, and \$27 to \$30 million for RT Holdings.

Suezmax Freight Market

The strong market rally that began in the fourth quarter of 2014 continued in 2015, with broker assessed spot routes over the first half of 2015 averaging \$48,530 per day, the highest since 2008. The market finally succumbed to an overdue seasonal decline in late July, which has continued into August.



Source: Clarksons, Ridgebury

Management believes that the length of the rally and the delayed seasonal correction indicate a favorable balance in the freight markets. Oil market observers including IEA and OPEC indicate that the lower oil price environment has generated a strong demand response in both emerging and developed markets. IEA has continued to revise demand estimates upwards and currently estimates global oil demand to grow by 1.6 mb/d in 2015, about twice the growth rate of 2014. End user demand continues to be complemented by storage driven demand, which the IEA projects to continue through 2016. This comes during a period of lengthening voyage routes (e.g. West Africa – Far East) and historically low vessel supply growth (less than 1% during the first half of 2015.)

For the second quarter of 2015 net pool distributions to Ridgebury's Suezmax spot vessels (after deducting pool fees and commissions) were approximately \$38,800 per day, a slight decrease from the first quarter result of \$39,800 per day, but a very strong performance considering seasonal factors. Management believes that Ridgebury's spot performance compared favorably with that of other owners and pools during the quarter, although results from most owners including Ridgebury trailed paper and broker-calculated benchmarks.

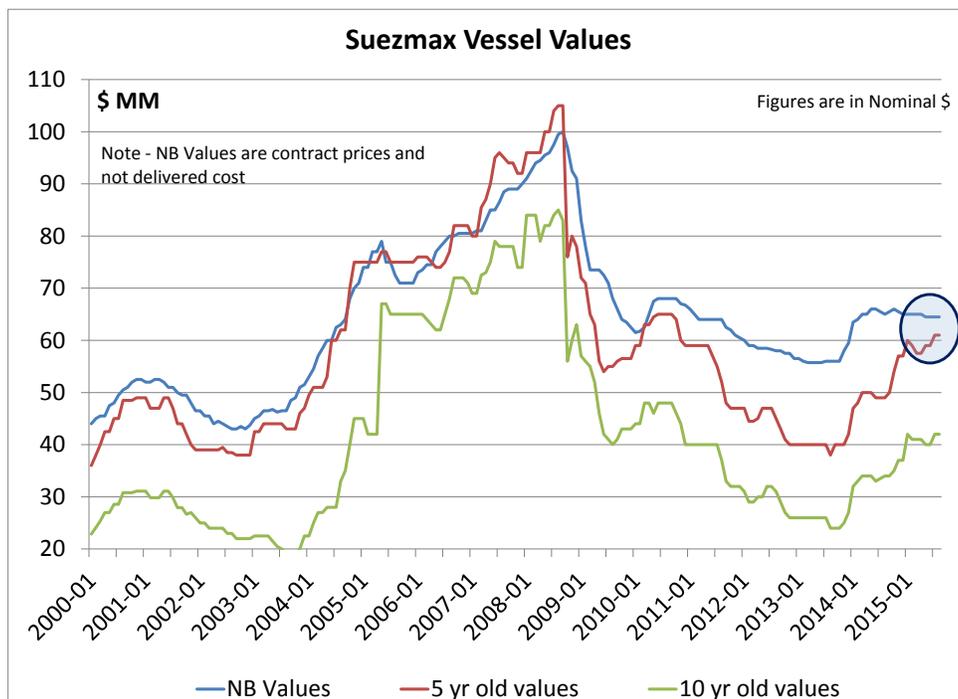
Suezmax Asset Market

Until late July, the market was characterized by low volume and a large bid-ask spread. There has been substantial debate as to whether the lack of transactions came from potential buyers' lack of capital and long-term conviction, or from sellers' unwillingness to part with ships generating such high cash flow. In recent weeks, however, a few transactions have helped to define the market:

- Late-July sale of four Samsung-built sister vessels at an *en bloc* price of \$244 million. The transaction values a 5-year of Korean-built ship at \$61 million (vs. \$58 million VesselsValue)
- Early-August sale of the Principal Maritime Suezmax fleet to Teekay Tankers for \$662 million. Valuation appears to be slightly above VesselsValue assessments.
- One-ship sale of 2003-built SCF Valdai at a price of \$35.5 million, substantially higher than VesselsValue assessment of \$30.4 million.

Without reading too much into a small number of transactions, we believe that these results indicate third-party assessments of older ships continue to trail market reality. Sellers see little risk in continuing to hold older assets which are generating high cash yields, while buyers see the opportunity to amortize any purchase price rapidly. Meanwhile, the larger transactions indicate interest and competition for quality modern tonnage, but also highlight the challenge to create a strong competitive dynamic for the sale of a large fleet, a dynamic which runs contrary to the traditional notion of a "fleet premium."

Newbuilding prices remain flat to slightly down in recent months, and the discount between newbuilding and five year old values has narrowed significantly in the past 18 months. Yards remain hungry for tanker orders to replace declining backlog in other vessel segments and offshore drilling business. Meanwhile, owners see much greater earnings visibility in the near term and are thus willing to purchase a 5 year old at only a slight discount to a newbuild order price.



Ridgebury Crude Tankers – Preliminary Unaudited Financial Performance

Results from Operations

Second quarter Suezmax revenue of \$24.0 million reflected 621.8 days for the Suezmax fleet at \$38,800 per day (net of pool fees and commissions). This was a decline of \$1.2 million from the first quarter, on 7.4 fewer revenue days and slightly lower rates. Aframax TCE revenue was \$30,050 during the quarter.

For the six months ended June, total Suezmax vessel revenue of \$49.3 million reflected pool distributions (net of fees and commissions) of \$39,100 per day per ship, or a gross TCE of about \$40,300 per day, while Aframax TCE revenue was approximately \$30,000 per day.

Off-hire of 15.2 days in the second quarter was higher than anticipated, following only 0.8 days off-hire during the first quarter, and included the scheduled intermediate survey for *Ridgebury Astari*. Management expects on-hire performance to improve significantly during the second half, with no dry dock or intermediate surveys due during the remainder of 2015.

Vessel operating expenses of approximately \$7,100 per day during the second quarter reduced the figure to \$7,400 per day for the year to date period, approximately in line with budget and a level that management believes to be very competitive for a Suezmax fleet. Expenses for repairs and spare parts have declined meaningfully as Ridgebury Crude has finished tackling the deferred maintenance and upgrading needs associated with taking over vessels from previous owners. During the quarter Ridgebury added a Cyprus-based technical superintendent to work closely with Ridgebury Crude's third-party technical managers also based there. Management expects that the fleet should operate approximately at budgeted levels for the remainder of the year. Nevertheless, in the current high freight environment we will continue to spend as required to maintain high on-hire performance.

EBITDA was approximately \$20.0 million for the quarter, with net income of \$12.1 million after depreciation, amortization and bond interest. For the first half, EBITDA was \$41.5 million and net income was \$25.6 million.

Balance Sheet Items

As of June 30, Ridgebury Crude Tankers had \$18.3 million in cash (including restricted cash), representing the balance following the cash purchase of the *Ridgebury Sally B*, a 2003-built Aframax on the final day of the end of the quarter. The purchase required cash of about \$21.3 million, representing a vessel purchase price \$20.0 million plus related working capital. Current liabilities of \$5.9 million included \$3.8 million of accrued interest, and were comparable to \$6.1 million at year end. Fixed assets reflect the addition of the *Ridgebury Sally B*.

Ridgebury Crude has no financial debt apart from the \$200 million remaining balance of the Senior Secured Bond placed March 20, 2014. Management expects to redeem an additional \$10 million at par on September 20, 2015. Management considers that Ridgebury Crude has sufficient liquidity from operations, reserves and additional shareholders' funds to meet its obligations as they come due.

Cash Flow

Ridgebury Crude generated cash flow from operations of approximately \$30.3 million for the first six months of 2015. Cash was used for the purchase of the Ridgebury Sally B (\$20.0 million plus \$1.3 million associated working capital) and the redemption of \$10.0 million principal amount of bonds at par.

Outlook

Ridgebury expects to report continued solid results for the third quarter. Although rates have fallen during August, the majority of the quarter has been booked in a stronger environment, so that 72% of the quarter is locked in at approximately \$40,500 per day TCE. Management currently estimates third quarter EBITDA between \$18 and \$21 million. This estimate is dependent on rates achieved for the 31% remaining unfixed days. Ridgebury Crude continues to anticipate a strong winter season.

Other Significant Events

The proposed amendment to the Bond Agreement allowing RCT to purchase Aframax tankers with Excess Cash was adopted by Bondholders on June 24th, with 93.64% of the votes. RCT purchased the *Ridgebury Sally B* on June 30th, and expects to buy the *Ridgebury Alice M* in late 2015 or early 2016.

RT Holdings established Ridgebury V4 Investments to purchase 4 Samsung-built VLCCs pursuant to a purchase contract signed June 15, 2015. Ridgebury V4 raised funding from Ridgebury and non-related institutional investors, successfully closing a \$150 million equity financing round on July 15, 2015.

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FORWARD LOOKING STATEMENTS

This earnings release contains forward-looking statements which reflect management's views with respect to future events and performance, and which are based on a number of assumptions as well as market information and analysis derived from third parties. These forward-looking statements include statements regarding tanker market fundamentals, global oil supply and demand fundamentals, changing trading patterns, future vessel supply and scrapping. Factors that could cause Ridgebury Crude's results to differ materially from management's forward-looking statements include the following: changes to global demand for oil and refined products; changes to global oil production; location of oil production and demand; changing industry regulation; changing environmental laws; higher or lower levels of new vessel ordering and vessel scrapping; vessel design innovations that make Ridgebury Crude's vessels less competitive; changes to laws and regulations; changes to interest rates and financial markets; unforeseen offhire, drydocking or other expenses; pool underperformance; counterparty non-performance or default; and security risks and war. RCT expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statements contained herein to reflect any change in Ridgebury Crude's expectations with respect thereto or any change in events, conditions, or circumstances on which any such statement is based.

RIDGEBURY CRUDE TANKERS LLC
SUMMARY UNAUDITED FINANCIAL INFORMATION
(In US Dollars)

SUMMARY CONSOLIDATED STATEMENTS OF INCOME	3 months ended June 30, 2015	6 months ended 30-Jun-15
Revenues		
Net pool revenues	26,451,641	54,317,016
Time charter revenues	-	-
Voyage charter revenues	-	-
Total revenues	<u>26,451,641</u>	<u>54,317,016</u>
Operating expenses		
Voyage expenses	313,500	476,040
Vessel operating expense	5,279,118	10,693,576
General and administrative	839,151	1,566,434
Depreciation and amortization	3,582,780	7,164,282
Total operating expenses	<u>10,014,549</u>	<u>19,900,332</u>
Income from operations	16,437,092	34,416,684
Interest expense and financing cost	4,342,268	8,805,127
Net income (loss)	<u>12,094,824</u>	<u>25,611,557</u>
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SUMMARY BALANCE SHEET	Balances at June 30, 2015	
Assets		
Cash	10,781,316	
Accounts receivable	4,742,791	
Prepaid expenses, including pool working capital	10,106,446	
Bunkers and lubes inventory	890,757	
Total current assets	<u>26,521,310</u>	
Vessels and equipment, net	285,675,214	
Deferred drydock costs, net	921,930	
Deferred financing costs, net	3,297,036	
Restricted Cash	7,500,000	
Total assets	<u>323,915,490</u>	
Liabilities and members equity		
Accounts payable and accrued interest	5,861,888	
Senior secured bond	200,000,000	
Members equity	118,053,601	
Total liabilities and equity	<u>323,915,489</u>	

RIDGEBURY CRUDE TANKERS LLC
SUMMARY UNAUDITED FINANCIAL INFORMATION
(In US Dollars)

SUMMARY CASH FLOWS	3 months ended June 30, 2015	6 months ended June 30, 2015
Cash flow provided by/(used in) operating activities		
Net operating cash flow	19,259,290	30,266,743
Cash flow provided by/(used in) investing activities		
Additions to vessels and equipment	(63,214)	(91,214)
Acquisition of subsidiary	(21,282,410)	(21,282,410)
Cash flow provided by/(used in) financing activities		
Contributions from members	-	-
Repayment of senior secured bond	-	(10,000,000)
Deferred financing costs	-	-
Net cash flow provided by/(used in) financing activities	-	(10,000,000)
Net increase in cash	(2,086,334)	(1,106,881)
Cash balance beginning	12,867,650	11,888,197
Cash balance ending	<u>10,781,316</u>	<u>10,781,316</u>