



RIDGEBURY CRUDE TANKERS LLC

33 Riverside Ave
Westport CT 06880

QUARTERLY REPORT (UNAUDITED) – June 30, 2016

Westport, Connecticut, August 18, 2016

Ridgebury Crude Tankers reported operating results for the three and six month periods ended June 30, 2016.

Highlights:

- RT Holdings 2Q EBITDA \$25.8 million
- Ridgebury Crude 2Q EBITDA \$16.6 million
- 2Q Spot TCE Performance: Suezmax \$31,675 per day / Aframax \$23,245 per day
- 2Q on-hire performance: 99.7% (96.2% incl. scheduled dry dock/delivery)
- 3Q16 (Suezmax) 70% booked at TCE of approximately \$21,000 per day

RT Holdings						
	Second Quarter			Jan - Jun		
	Actual	Prior Year	Variance	Actual	Prior Year	Variance
Net Revenue	\$ 39.6	\$ 40.8	-3%	\$ 82.6	\$ 81.2	2%
Operating Expenses	(12.1)	(9.3)		(22.8)	(18.8)	
SG&A	(1.6)	(1.2)		(3.6)	(2.4)	
EBITDA	\$ 25.8	\$ 30.3	-15%	\$ 56.2	\$ 60.0	-6%

Ridgebury Crude Tankers						
	Second Quarter			Jan - Jun		
	Actual	Prior Year	Variance	Actual	Prior Year	Variance
Net Revenue	\$ 24.5	\$ 26.2	-6%	\$ 50.8	\$ 53.8	-6%
Operating Expenses	(6.8)	(5.3)		(12.5)	(10.7)	
SG&A	(1.1)	(0.8)		(2.1)	(1.6)	
EBITDA	\$ 16.7	\$ 20.0	-17%	\$ 36.2	\$ 41.6	-13%

Operating Metrics						
	Second Quarter			Jan - Jun		
	Suezmax	Aframax	Total	Suezmax	Aframax	Total
Utilized Days	656.4	180.0	836.4	1289.6	362.0	1651.6
Total Off-Hire Days	30.6	2.0	32.6	34.4	2.0	36.4
Utilization	95.5%	98.9%	96.2%	97.4%	99.5%	97.8%
Net Distribution \$/day	31,029	23,115		32,387	24,878	
Vessel Op costs \$/day	7,771	7,901		7,428	7,383	

Notes:

- As of 6/30/16, RT Holdings ("RTH") owned 2 Afra, 6 MR and 8 Suez tankers, plus 36% of Ridgebury V4 (4 VLCCs)
- As of 6/30/16, Ridgebury Crude Tankers LLC ("RCT" or "Ridgebury Crude") owned 8 Suezmax and 2 Aframax tankers.
- 2016 RCT includes 8 Suezmax and 2 Aframax; prior year includes 7 Suezmax and 1 Aframax
- RT Holdings presented using proportional consolidation (36%) of RV4 (RTH financial statements use full consolidation)

Summary

The second quarter market remained relatively strong, with spot TCE comparable to the first quarter though lower than the prior year. Ridgebury Crude's fleet of Suezmax tankers traded in the spot market during the period, while one of the two Aframax tankers was placed on time charter. Outside of the planned dry-docking of one vessel for a special survey, and the off-hire associated with the delivery of the newly-purchased *Ridgebury Alina L* prior to commencement of her initial time charter, the fleet experienced only two days of total off-hire time.

The general macro environment remained supportive during the quarter, with strong end-user demand in developed and emerging economies despite tepid global economic growth. Some negative trends emerged during the quarter, however, undermining the positive global picture and the expected summer rate recovery. These negative factors were lower refinery runs and refined product stock drawdowns, as well as erratic volumes in the Atlantic Basin, which had previously provided much of the ton-mile growth that had underpinned the strong market in 2015.

In this environment, Ridgebury Crude generated net revenue of \$24.5 million and EBITDA of \$16.7 million for the quarter, bringing first half net revenue to \$50.8 million and first half EBITDA to \$36.2 million. (Net revenue is net of voyage expenses).

RT Holdings (consisting of the Ridgebury Suezmax, Aframax, MR and pro rata VLCC fleets) generated second quarter net revenue of \$39.6 million and EBITDA of \$25.8 million. RT Holdings results continued to be bolstered by strong cash flow from the investment in Ridgebury V4 Investments, the owner of four VLCCs.

Ridgebury Crude generated \$17.6 million in Cash Flow from Operations during the quarter, holding a cash balance (restricted and unrestricted) of \$25.5 million at the end of the quarter.

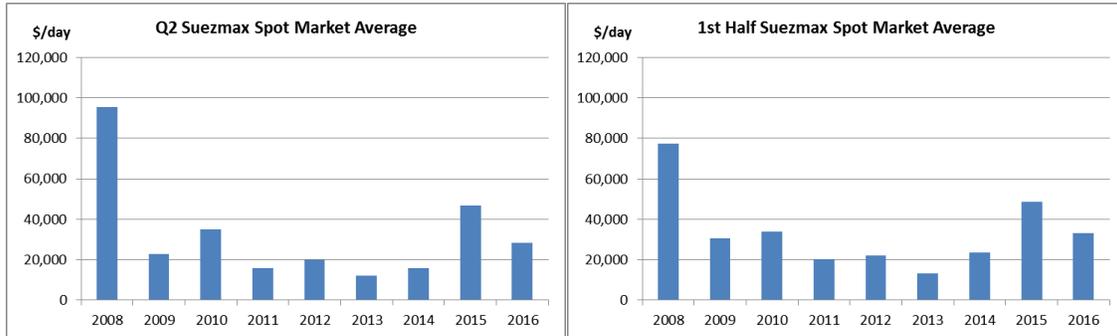
Outlook

Rates in all tanker segments have generally been on a downward trend through the third quarter. Some of the headwinds include production outages in the Atlantic Basin (particularly Nigeria and Venezuela), a dynamic that has cut ton mile demand and left the region with too much vessel tonnage, especially in the Suezmax segment. The Arabian Gulf region has generally been more robust, with continued high shipment volumes from Iraq and Saudi Arabia. The market re-entry of Iran has provided less of a boost than expected, as shipments have moved heavily to Europe, a shorter ton-mile route. Meanwhile, although end user demand remains strong and growing, weaker refinery margins have led to lighter throughput, with demand met from high refined product stockpiles.

Currently, 70% of the third quarter is booked at approximately \$21,000 per day for the company's Suezmax tankers, and 53% of the quarter at \$16,340 for the single spot Aframax tanker (the second Aframax tanker is on time charter at \$24,150 per day). These figures are likely to soften as the remaining days are booked. Management forecasts third quarter EBITDA of \$9 – \$11 million for Ridgebury Crude Tankers and \$15 - \$18 million for RT Holdings.

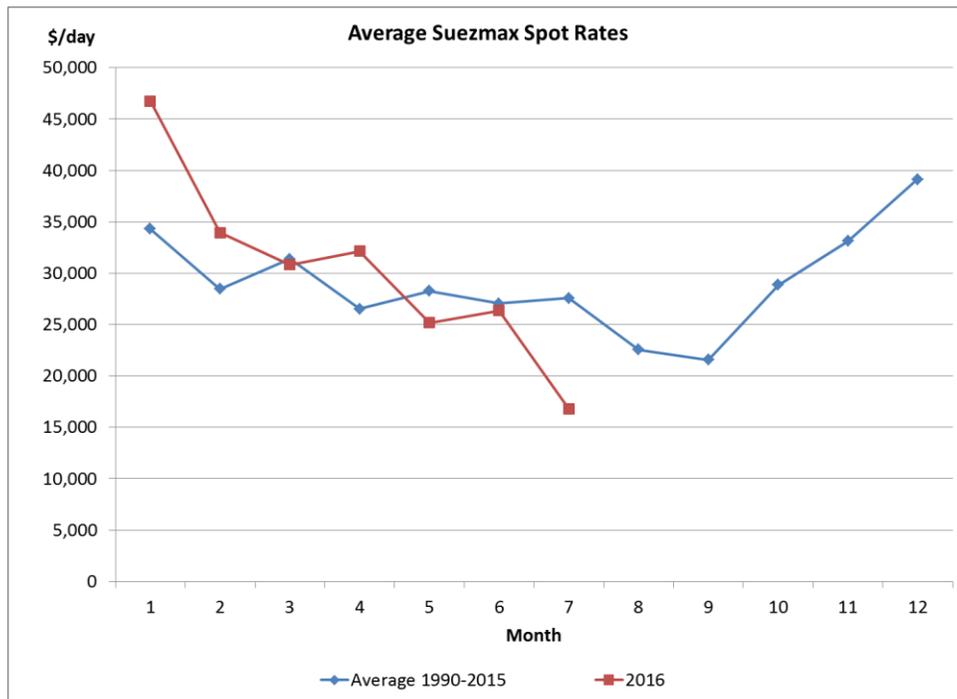
Suezmax Freight Market

Spot rates held up reasonably well during the second quarter, averaging ~\$28,000 per day according to broker estimates of reference routes, with Ridgebury's pool ships outperforming this benchmark at \$31,675 per day.



Source: Clarksons

During the third quarter, however, rates have seen a consistent downward trend. Management believes that continued strong end user demand has been filled in greater part with draws from existing refined product stocks, while refinery throughput has decreased in most regions. This dynamic has exacerbated typical seasonal weakness. As shown in the charts below, although rates in 2016 have generally followed the historical average trend of the past 25 years, the summer downturn has been more pronounced. Ridgebury expects the market to recover in the fourth quarter of 2016 and first quarter of 2017, in line with historical seasonality.

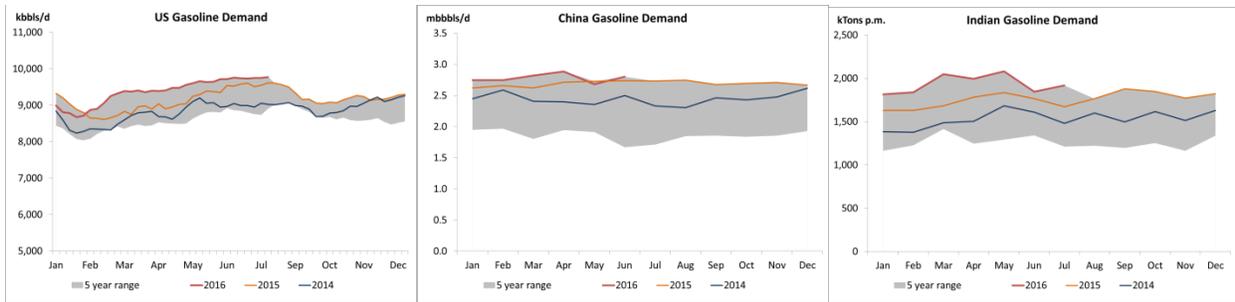


Source: Clarksons, Ridgebury

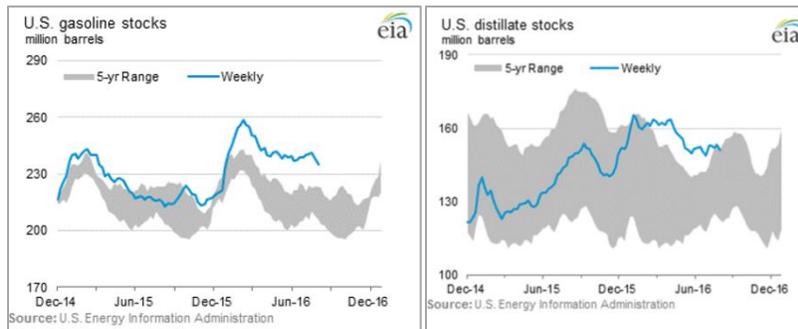
The record high stockpiles of crude and products and the upcoming vessel deliveries remain the two primary concerns. As noted below, stockpiles are reducing, while the IEA and other energy analysts suggest that the oil market is getting closer to being in balance.

The buildup in product stockpiles earlier this year has been attributed by energy analysts to the milder 2015-16 winter which led to an increase in middle distillate stocks, leading refiners to switch earlier into gasoline production in anticipation of the northern hemisphere driving season. Although gasoline demand in key regions remained strong as shown in the charts below, the buildup of stocks was even greater, pushing down refinery margins and consequently reducing refinery throughput. As the charts show stockpiles are now declining and management believes that this drawdown should trigger a seasonal turnaround leading to an improvement in rates later this year.

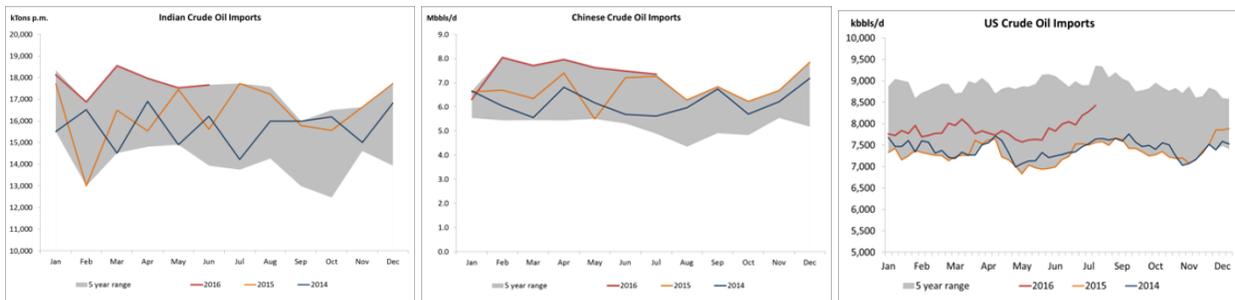
Strong Gasoline Demand



Decreasing Product Stockpiles



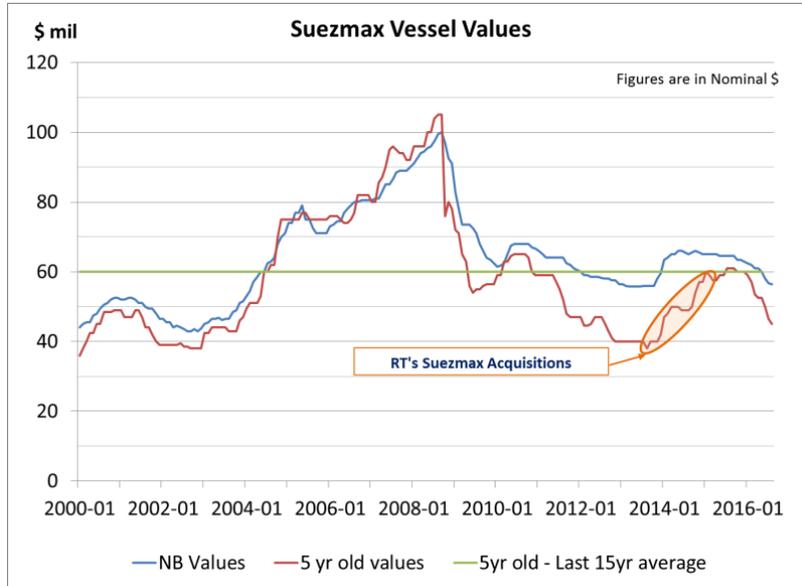
Crude Imports Remain Above 2015



Source: EIA, Government Statistics

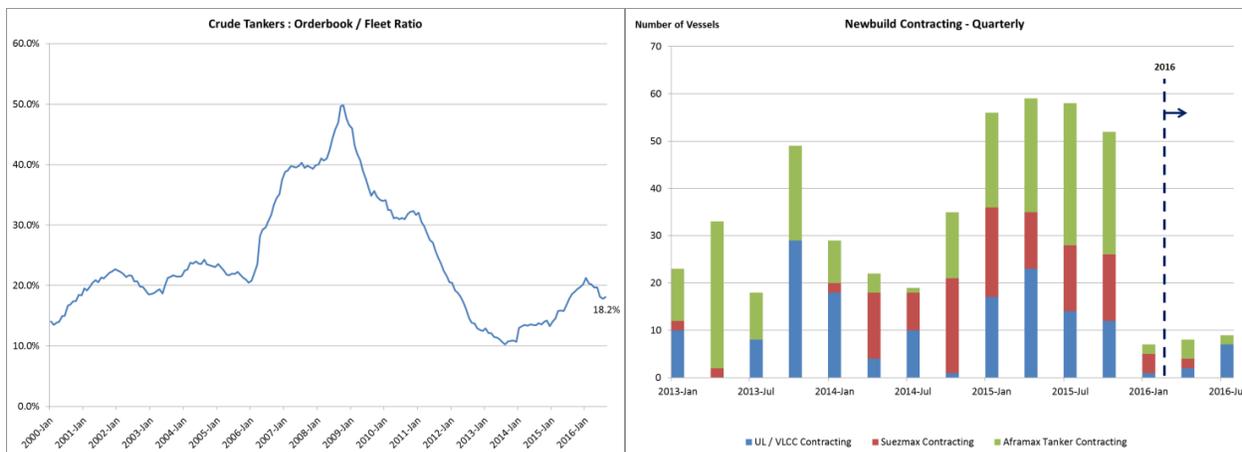
Suezmax Asset Market

Since our last report the sale and purchase market has remained illiquid with only one reported transaction, a 2002-built vessel reported sold at \$30.7 million. Nevertheless, broker-assessed values softened significantly as a reflection of the current weak charter environment. While there has also been some softening in newbuilding values, management believes that the financial distress at major shipyards has prevented them from accepting below cost orders, and a lack of institutional debt and equity capital has limited the number of owners in a position to place orders even at historically attractive prices.



Source: Clarksons

Thus management views the overall crude tanker orderbook as manageable by historical standards at about 18.2% of the fleet. More importantly, contracting has come to a virtual halt during 2016, despite the aggressive efforts by shipyards, with ordering so far in 2016 down 85% versus the comparable prior year period.



Ridgebury Crude Tankers – Preliminary Unaudited Financial Performance

Results from Operations

Total second quarter revenue for Ridgebury Crude was \$24.5 million (net of voyage expenses), a decrease of 7% versus the first quarter and a decrease of 6% from the comparable quarter of 2015. The decrease during the quarter was driven by lower charter rates, partially offset by about 40 days revenue from the recently acquired *Ridgebury Alina L*. Versus the prior year, the addition of one Aframax tanker for the full quarter and one Suezmax for 40 days compensated for rate decreases of about 20% versus prior year.

Net TCE Revenue of \$20.4 million for the eight Suezmax vessels reflected 617 spot revenue days and a net daily distribution of \$31,650, and 39 days on time charter at \$24,000 per day for the *Ridgebury Alina L*. The spot result was down 6.8% from the prior quarter and 18.5% from the second quarter of 2015. Net TCE Revenue of \$4.2 million from two Aframax vessels reflected 180 revenue days at \$23,115 per day (net of pool fees and commissions). The pool result was down 13% from the previous quarter.

Fleet operating performance remained strong, in line with expectations. During the quarter the eight Suezmax tankers were 100% on hire excluding the 19 days of budgeted drydock time for *Ridgebury Mary Selena* and about 10 days of off-hire time following delivery of the *Ridgebury Alina L*. Operating cost of \$7,771 per day was slightly above the budget of \$7,377 per day, consistent with management expectations as outlined in the prior quarterly report given the fleet maintenance schedule and including some minimal takeover cost associated with *Ridgebury Alina L*. Full year operating cost is in line with budget at \$7,428 per day.

The two Aframax vessels experienced a total of 2 off-hire days during the period, generating 180 days of revenue. Operating expenses of \$7,900 per day were above budget due to some required main engine cylinder liner replacements.

The *Ridgebury Mary Selena* was successfully dry docked in Singapore and was out of service for 19 days, in line with budget.

EBITDA was approximately \$16.7 million for the quarter, with net income of \$8.3 million for the quarter and \$19.8 million for the six months ended June 30, 2016.

Balance Sheet Items

As of June 30, Ridgebury Crude Tankers had \$25.5 million in cash (consisting of \$18.0 million unrestricted cash and \$7.5 million restricted cash). This cash balance reflected the purchase of *Ridgebury Alina L* using \$22.5 million in Excess Cash during the quarter.

Fixed Assets increased from \$297.3 million at March 31 to \$315.6 million as of June 30, as a result of the vessel purchase during the quarter, less depreciation.

The Senior Secured Bond outstanding balance remained \$190 million, down from \$210 million at issuance. Management expects Ridgebury Crude to redeem a further \$10 million at par on September 20, 2016, the final prepayment permitted under the bond agreement. Ridgebury Crude has no other financial debt.

Cash Flow

Ridgebury Crude generated cash flow from operations of approximately \$17.6 million during the quarter, reflecting net income of \$8.3 million, non-cash depreciation of \$4.1 million, amortization of financing cost of \$0.5 million and accrued quarterly interest expense of \$3.6 million, which will be paid with the semi-annual interest payment on September 20, 2016.

Outlook

Ridgebury expects some further softening during the remainder of the third quarter. The quarter is currently 70% booked at TCE rates averaging \$21,000 per day, but with current conditions weaker, the figure is likely to soften. Management currently estimates third quarter EBITDA between \$15 and \$18 million for RT Holdings and between \$9 and \$11 million for Ridgebury Crude Tankers.

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

SUMMARY CONSOLIDATED STATEMENTS OF INCOME	3 months ended Jun 30, 2016	6 months ended Jun 30, 2016
Revenues		
Net pool revenues	22,124,916	48,502,469
Time charter revenues	2,782,169	2,782,169
Voyage charter revenues	-	-
Total revenues	<u>24,907,085</u>	<u>51,284,638</u>
Operating expenses		
Voyage expenses	378,676	512,979
Vessel operating expense	6,776,496	12,521,598
General and administrative	1,123,242	2,116,639
Depreciation and amortization	4,207,915	8,141,464
Total operating expenses	<u>12,486,329</u>	<u>23,292,680</u>
Income from operations	12,420,756	27,991,958
Interest expense and financing cost	4,119,522	8,231,132
Net income (loss)	<u>8,301,234</u>	<u>19,760,826</u>
SUMMARY BALANCE SHEET	Balances at Jun 30, 2016	
Assets		
Cash	18,018,957	
Accounts receivable	6,018,269	
Prepaid expenses, including pool working capital	10,623,324	
Bunkers and lubes inventory	1,211,537	
Total current assets	<u>35,872,087</u>	
Vessels and equipment, net	314,956,318	
Deferred drydock costs, net	681,426	
Deferred financing costs, net	1,263,448	
Restricted Cash	7,500,000	
Total assets	<u>360,273,279</u>	
Liabilities and members equity		
Accounts payable and accrued interest	6,592,566	
Senior secured bond	190,000,000	
Members equity	163,680,714	
Total liabilities and equity	<u>360,273,280</u>	

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

SUMMARY CASH FLOWS	3 months ended Jun 30, 2016	6 months ended Jun 30, 2016
Cash flow provided by/(used in) operating activities		
Net operating cash flow	17,643,603	30,356,174
Cash flow provided by/(used in) investing activities		
Additions to vessels and equipment	(22,500,000)	(22,500,000)
Cash flow provided by/(used in) financing activities		
Contributions from members	-	-
Repayment of senior secured bond	-	-
Deferred financing costs	-	-
Net cash flow provided by/(used in) financing activities	-	-
Net increase in cash	(4,856,397)	7,856,174
Cash balance beginning	22,875,354	10,162,783
Cash balance ending	<u>18,018,957</u>	<u>18,018,957</u>
Memo: EBITDA	16,628,671	36,133,422

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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.