

SFL Corporation Ltd.

Subsidiaries Accounted For as 'Investment in associates'

Second Quarter 2020 Unaudited Preliminary Accounts

SFL Deepwater Ltd.

SFL Hercules Ltd.

SFL Linus Ltd.

SUBSIDIARIES ACCOUNTED FOR AS INVESTMENT IN ASSOCIATES

SECOND QUARTER 2020 (UNAUDITED)

SFL Deepwater Ltd. (*West Taurus*)

INCOME STATEMENT <i>(in thousands of \$)</i>	Three months ended	
	Jun 30, 2020	Mar 31, 2020
Total operating revenue	3,730	4,477
Net operating income	3,730	4,477
Interest expense, related party	(1,271)	(1,271)
Interest expense, other	(1,450)	(1,900)
Other items	(1,331)	(1,705)
Net loss	(322)	(399)

SUBSIDIARIES ACCOUNTED FOR AS INVESTMENT IN ASSOCIATES

SECOND QUARTER 2020 (UNAUDITED)

SFL Deepwater Ltd. (*West Taurus*)

BALANCE SHEET <i>(in thousands of \$)</i>	Jun 30, 2020	Mar 31, 2020
ASSETS		
<i>Short term</i>		
Cash and cash equivalents	14,812	8,366
Due from related parties	2,090	2,310
Other current assets	16,059	16,175
<i>Long term</i>		
Investment in finance leases	252,397	257,659
Total assets	285,358	284,510
LIABILITIES AND STOCKHOLDERS' EQUITY		
<i>Short term</i>		
Short term and current portion of long term interest bearing debt	15,769	11,827
Amounts due to related parties - current	3,723	2,526
Other current liabilities	1,863	1,890
<i>Long term</i>		
Long term interest bearing debt	164,263	168,205
Amounts due to related parties - long term	113,000	113,000
Stockholders' (deficit)/equity	(13,260)	(12,938)
Total liabilities and stockholders' (deficit)/equity	285,358	284,510

SUBSIDIARIES ACCOUNTED FOR AS INVESTMENT IN ASSOCIATES

SECOND QUARTER 2020 (UNAUDITED)

SFL Deepwater Ltd. (*West Taurus*)

STATEMENT OF CASHFLOWS <i>(in thousands of \$)</i>	Three months ended	
	Jun 30, 2020	Mar 31, 2020
OPERATING ACTIVITIES		
Net loss	(322)	(399)
Adjustments to reconcile net income to net cash provided by operating activities:		
Credit loss provision	1,404	1,696
Other items	1,197	1,280
Change in operating assets and liabilities	222	(244)
Repayment of finance lease	3,945	3,854
Net cash provided by (used in) operating activities	6,446	6,187
INVESTING ACTIVITIES		
Net cash provided by investing activities	-	-
FINANCING ACTIVITIES		
Repayments of long and short term debt	-	(7,884)
Net cash used in financing activities	-	(7,884)
Net increase (decrease) in cash and cash equivalents	6,446	(1,697)
Cash at beginning of period	8,366	10,063
Cash and cash equivalents at period end	14,812	8,366

SUBSIDIARIES ACCOUNTED FOR AS INVESTMENT IN ASSOCIATES

SECOND QUARTER 2020 (UNAUDITED)

SFL Hercules Ltd. (*West Hercules*)

INCOME STATEMENT <i>(in thousands of \$)</i>	Three months ended	
	Jun 30, 2020	Mar 31, 2020
Total operating revenue	3,947	4,210
Net operating income	3,947	4,210
Interest expense, related party	(900)	(900)
Interest expense, other	(1,695)	(2,217)
Other items	104	(208)
Net income	1,456	885

SUBSIDIARIES ACCOUNTED FOR AS INVESTMENT IN ASSOCIATES

SECOND QUARTER 2020 (UNAUDITED)

SFL Hercules Ltd. (*West Hercules*)

BALANCE SHEET <i>(in thousands of \$)</i>	Jun 30, 2020	Mar 31, 2020
ASSETS		
<i>Short term</i>		
Cash and cash equivalents	-	1,734
Due from related parties	1,914	2,011
Other current assets	16,448	16,558
<i>Long term</i>		
Investment in finance leases	264,267	268,305
Total assets	282,629	288,608
LIABILITIES AND STOCKHOLDERS' EQUITY		
<i>Short term</i>		
Short term and current portion of long term interest bearing debt	16,154	16,154
Amounts due to related parties - current	-	809
Other current liabilities	958	1,109
<i>Long term</i>		
Long term interest bearing debt	177,692	181,731
Amounts due to related parties - long term	77,564	80,000
Stockholders' equity	10,261	8,805
Total liabilities and stockholders' equity	282,629	288,608

SUBSIDIARIES ACCOUNTED FOR AS INVESTMENT IN ASSOCIATES

SECOND QUARTER 2020 (UNAUDITED)

SFL Hercules Ltd. (*West Hercules*)

STATEMENT OF CASHFLOWS <i>(in thousands of \$)</i>	Three months ended	
	Jun 30, 2020	Mar 31, 2020
OPERATING ACTIVITIES		
Net income	1,456	885
Adjustments to reconcile net income to net cash provided by operating activities:		
Credit loss provision	(70)	180
Other items	(3,245)	(2,614)
Change in operating assets and liabilities	(4)	(66)
Repayment of finance lease	4,168	4,076
Net cash provided by (used in) operating activities	2,305	2,461
INVESTING ACTIVITIES		
Net cash provided by investing activities	-	-
FINANCING ACTIVITIES		
Repayments of long and short term debt	(4,039)	(4,038)
Net cash used in financing activities	(4,039)	(4,038)
Net increase (decrease) in cash and cash equivalents	(1,734)	(1,577)
Cash at beginning of period	1,734	3,311
Cash and cash equivalents at period end	-	1,734

SUBSIDIARIES ACCOUNTED FOR AS INVESTMENT IN ASSOCIATES

SECOND QUARTER 2020 (UNAUDITED)

SFL Linus Ltd. (*West Linus*)

INCOME STATEMENT <i>(in thousands of \$)</i>	Three months ended	
	Jun 30,	Mar 31,
	2020	2020
Total operating revenue	5,804	6,147
Net operating income	5,804	6,147
Interest expense, related party	(1,361)	(1,361)
Interest expense, other	(1,880)	(2,563)
Other items	37	(197)
Net income	2,600	2,026

SUBSIDIARIES ACCOUNTED FOR AS INVESTMENT IN ASSOCIATES

SECOND QUARTER 2020 (UNAUDITED)

SFL Linus Ltd. (*West Linus*)

BALANCE SHEET <i>(in thousands of \$)</i>	Jun 30, 2020	Mar 31, 2020
ASSETS		
<i>Short term</i>		
Cash and cash equivalents	20	-
Due from related parties	131	131
Other current assets	14,658	14,412
<i>Long term</i>		
Investment in finance leases	351,806	355,522
Total assets	366,615	370,065
LIABILITIES AND STOCKHOLDERS' EQUITY		
<i>Short term</i>		
Short term and current portion of long term interest bearing debt	16,097	12,073
Amounts due to related parties - current	-	851
Other current liabilities	2,380	2,413
<i>Long term</i>		
Long term interest bearing debt	207,923	211,947
Amounts due to related parties - long term	115,834	121,000
Stockholders' equity	24,381	21,781
Total liabilities and stockholders' equity	366,615	370,065

SUBSIDIARIES ACCOUNTED FOR AS INVESTMENT IN ASSOCIATES

SECOND QUARTER 2020 (UNAUDITED)

SFL Linus Ltd. (*West Linus*)

STATEMENT OF CASHFLOWS <i>(in thousands of \$)</i>	Three months ended	
	Jun 30, 2020	Mar 31, 2020
OPERATING ACTIVITIES		
Net income	2,600	2,026
Adjustments to reconcile net income to net cash provided by operating activities:		
Credit loss provision	(17)	176
Other items	(6,017)	(6,541)
Change in operating assets and liabilities	(33)	(1)
Repayment of finance lease	3,487	3,429
Net cash provided by (used in) operating activities	20	(911)
INVESTING ACTIVITIES		
Net cash provided by investing activities	-	-
FINANCING ACTIVITIES		
Repayments of long and short term debt	-	(8,048)
Net cash used in financing activities	-	(8,048)
Net increase (decrease) in cash and cash equivalents	20	(8,959)
Cash at beginning of period	-	8,959
Cash and cash equivalents at period end	20	-