

**SFL Corporation Ltd.**

Subsidiaries Accounted For as 'Investment in associates'

Fourth Quarter 2020 Unaudited Preliminary Accounts

**SFL Deepwater Ltd.**

**SFL Hercules Ltd.**

**SFL Linus Ltd.**

**River Box Holding Inc.**

**SUBSIDIARIES ACCOUNTED FOR AS INVESTMENT IN ASSOCIATES**

**FOURTH QUARTER 2020 (UNAUDITED)**

**SFL Deepwater Ltd. (*West Taurus*)**

<b>INCOME STATEMENT</b>	<b>Period ended</b>	<b>Three months ended</b>
<i>(in thousands of \$)</i>	<b>Oct 29,</b>	<b>Sep 30,</b>
	<b>2020</b>	<b>2020</b>
Total operating revenue	-	3,627
<b>Net operating income</b>	-	<b>3,627</b>
Interest expense, related party	-	(1,271)
Interest expense, other	(17)	(1,230)
Other items	(10)	(6,379)
<b>Net loss</b>	<b>(27)</b>	<b>(5,253)</b>

**SUBSIDIARIES ACCOUNTED FOR AS INVESTMENT IN ASSOCIATES**

**FOURTH QUARTER 2020 (UNAUDITED)**

SFL Deepwater Ltd. (*West Taurus*)

<b>BALANCE SHEET</b> <i>(in thousands of \$)</i>	<b>Oct 29, 2020</b>	<b>Sep 30, 2020</b>
<b>ASSETS</b>		
<i>Short term</i>		
Cash and cash equivalents	-	17,254
Due from related parties	-	1,910
Other current assets	-	15,938
<i>Long term</i>		
Investment in direct financing lease	-	242,200
<b>Total assets</b>	<b>-</b>	<b>277,302</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
<i>Short term</i>		
Short term and current portion of long term interest bearing debt	-	176,089
Amounts due to related parties - current	18,540	4,883
Other current liabilities	-	1,843
<i>Long term</i>		
Amounts due to related parties - long term	-	113,000
Stockholders' (deficit)/equity	(18,540)	(18,513)
<b>Total liabilities and stockholders' (deficit)/equity</b>	<b>-</b>	<b>277,302</b>

**SUBSIDIARIES ACCOUNTED FOR AS INVESTMENT IN ASSOCIATES**

**FOURTH QUARTER 2020 (UNAUDITED)**

SFL Deepwater Ltd. (*West Taurus*)

STATEMENT OF CASHFLOWS	Period ended	Three months ended
<i>(in thousands of \$)</i>	Oct 29, 2020	Sep 30, 2020
<b>OPERATING ACTIVITIES</b>		
Net loss	(27)	(5,253)
Adjustments to reconcile net income to net cash provided by operating activities:		
Credit loss provision	-	6,371
Other items	(17,293)	1,160
Change in operating assets and liabilities	66	(16)
Repayment of investment in direct financing lease	-	4,123
<b>Net cash provided by (used in) operating activities</b>	<b>(17,254)</b>	<b>6,385</b>
<b>INVESTING ACTIVITIES</b>		
<b>Net cash provided by investing activities</b>	-	-
<b>FINANCING ACTIVITIES</b>		
Repayments of long and short term debt	-	(3,943)
<b>Net cash used in financing activities</b>	-	<b>(3,943)</b>
Net increase (decrease) in cash and cash equivalents	<b>(17,254)</b>	<b>2,442</b>
Cash at beginning of period	17,254	14,812
<b>Cash and cash equivalents at period end</b>	-	<b>17,254</b>

**SUBSIDIARIES ACCOUNTED FOR AS INVESTMENT IN ASSOCIATES**

**FOURTH QUARTER 2020 (UNAUDITED)**

**SFL Linus Ltd. (*West Linus*)**

<b>INCOME STATEMENT</b>	<b>Period ended</b>	<b>Three months ended</b>
<i>(in thousands of \$)</i>	<b>Oct 29,</b>	<b>Sep 30,</b>
	<b>2020</b>	<b>2020</b>
Total operating revenue	1,589	5,125
<b>Net operating income</b>	<b>1,589</b>	<b>5,125</b>
Interest expense, related party	(429)	(1,361)
Interest expense, other	(512)	(1,676)
Other items	(293)	(607)
<b>Net income</b>	<b>355</b>	<b>1,481</b>

**SUBSIDIARIES ACCOUNTED FOR AS INVESTMENT IN ASSOCIATES**

**FOURTH QUARTER 2020 (UNAUDITED)**

SFL Linus Ltd. (*West Linus*)

<b>BALANCE SHEET</b> <i>(in thousands of \$)</i>	<b>Oct 29, 2020</b>	<b>Sep 30, 2020</b>
<b>ASSETS</b>		
<i>Short term</i>		
Cash and cash equivalents	-	2,864
Due from related parties	26,217	121
Other current assets	-	14,908
<i>Long term</i>		
Investment in direct financing lease	-	347,409
<b>Total assets</b>	<b>26,217</b>	<b>365,302</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
<i>Short term</i>		
Short term and current portion of long term interest bearing debt	-	16,097
Other current liabilities	-	2,379
<i>Long term</i>		
Long term interest bearing debt	-	203,898
Amounts due to related parties - long term	-	117,066
Stockholders' equity	26,217	25,862
<b>Total liabilities and stockholders' equity</b>	<b>26,217</b>	<b>365,302</b>

**SUBSIDIARIES ACCOUNTED FOR AS INVESTMENT IN ASSOCIATES**

**FOURTH QUARTER 2020 (UNAUDITED)**

SFL Linus Ltd. (*West Linus*)

STATEMENT OF CASHFLOWS	Period ended	Three months ended
<i>(in thousands of \$)</i>	Oct 29, 2020	Sep 30, 2020
<b>OPERATING ACTIVITIES</b>		
Net income	355	1,481
Adjustments to reconcile net income to net cash provided by operating activities:		
Credit loss provision	313	514
Other items	(1,970)	1,232
Change in operating assets and liabilities	(2,457)	-
Repayment of investment in direct financing lease	895	3,642
<b>Net cash provided by (used in) operating activities</b>	<b>(2,864)</b>	<b>6,869</b>
<b>INVESTING ACTIVITIES</b>		
<b>Net cash provided by investing activities</b>	-	-
<b>FINANCING ACTIVITIES</b>		
Repayments of long and short term debt	-	(4,025)
<b>Net cash used in financing activities</b>	-	<b>(4,025)</b>
Net increase (decrease) in cash and cash equivalents	<b>(2,864)</b>	<b>2,844</b>
Cash at beginning of period	2,864	20
<b>Cash and cash equivalents at period end</b>	-	<b>2,864</b>

**SUBSIDIARIES ACCOUNTED FOR AS INVESTMENT IN ASSOCIATES**

**FOURTH QUARTER 2020 (UNAUDITED)**

SFL Hercules Ltd. (*West Hercules*)

<b>INCOME STATEMENT</b> <i>(in thousands of \$)</i>	<b>Three months ended</b>	
	<b>Dec 31,</b> <b>2020</b>	<b>Sep 30,</b> <b>2020</b>
Total operating revenue	3,421	3,493
<b>Net operating income</b>	<b>3,421</b>	<b>3,493</b>
Interest expense, related party	(900)	(900)
Interest expense, other	(1,402)	(1,472)
Other items	(289)	(467)
<b>Net income</b>	<b>830</b>	<b>654</b>



**SUBSIDIARIES ACCOUNTED FOR AS INVESTMENT IN ASSOCIATES**

**FOURTH QUARTER 2020 (UNAUDITED)**

SFL Hercules Ltd. (*West Hercules*)

<b>BALANCE SHEET</b> <i>(in thousands of \$)</i>	<b>Dec 31,</b> <b>2020</b>	<b>Sep 30,</b> <b>2020</b>
<b>ASSETS</b>		
<i>Short term</i>		
Cash and cash equivalents	4,343	2,247
Due from related parties	1,429	1,718
Other current assets	16,516	16,335
<i>Long term</i>		
Investment in direct financing lease	255,053	259,652
<b>Total assets</b>	<b>277,341</b>	<b>279,952</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
<i>Short term</i>		
Short term and current portion of long term interest bearing debt	185,769	189,808
Other current liabilities	917	895
<i>Long term</i>		
Amounts due to related parties - long term	78,910	78,334
Stockholders' equity	11,745	10,915
<b>Total liabilities and stockholders' equity</b>	<b>277,341</b>	<b>279,952</b>

**SUBSIDIARIES ACCOUNTED FOR AS INVESTMENT IN ASSOCIATES**

**FOURTH QUARTER 2020 (UNAUDITED)**

SFL Hercules Ltd. (*West Hercules*)

STATEMENT OF CASHFLOWS <i>(in thousands of \$)</i>	Three months ended	
	Dec 31, 2020	Sep 30, 2020
<b>OPERATING ACTIVITIES</b>		
Net income	830	654
Adjustments to reconcile net income to net cash provided by operating activities:		
Credit loss provision	254	456
Other items	576	770
Change in operating assets and liabilities	322	53
Repayment of investment in direct financing lease	4,153	4,352
<b>Net cash provided by (used in) operating activities</b>	<b>6,135</b>	<b>6,285</b>
<b>INVESTING ACTIVITIES</b>		
<b>Net cash provided by investing activities</b>	-	-
<b>FINANCING ACTIVITIES</b>		
Repayments of long and short term debt	(4,039)	(4,038)
<b>Net cash used in financing activities</b>	<b>(4,039)</b>	<b>(4,038)</b>
Net increase (decrease) in cash and cash equivalents	<b>2,096</b>	<b>2,247</b>
Cash at beginning of period	2,247	-
<b>Cash and cash equivalents at period end</b>	<b>4,343</b>	<b>2,247</b>

## SUBSIDIARIES ACCOUNTED FOR AS INVESTMENT IN ASSOCIATES

### FOURTH QUARTER 2020 (UNAUDITED)

River Box Holding Inc. (*MSC Reef, MSC Erica, MSC Viviana & MSC Anna*)

River Box Holding Inc. was deconsolidated on December 31, 2020. SFL Corp Ltd. owns the 49.9% of River Box Holding Inc.

INCOME STATEMENT <i>(in thousands of \$)</i>	Three months ended Dec 31, 2020	
	100%	49.9%
Total operating revenue	-	-
<b>Net operating income</b>	-	-
Interest expense, related party	-	-
Interest expense, other	-	-
Other items	-	-
<b>Net loss</b>	-	-

## SUBSIDIARIES ACCOUNTED FOR AS INVESTMENT IN ASSOCIATES

### FOURTH QUARTER 2020 (UNAUDITED)

**River Box Holding Inc. (MSC Reef, MSC Erica, MSC Viviana & MSC Anna)**

**River Box Holding Inc. was deconsolidated on December 31, 2020. SFL Corp Ltd. owns the 49.9% of River Box Holding Inc.**

<b>BALANCE SHEET</b> <i>(in thousands of \$)</i>	<b>Three months ended Dec 31,</b> <b>2020</b>	
	<b>100%</b>	<b>49.9%</b>
<b>ASSETS</b>		
<i>Short term</i>		
Cash and cash equivalents	2,859	1,427
Due from related parties		
Other current assets	22,141	11,048
<i>Long term</i>		
Investment in direct financing lease	518,767	258,865
<b>Total assets</b>	<b>543,767</b>	<b>271,340</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
<i>Short term</i>		
Finance lease liability - current	22,329	11,142
Other current liabilities	2,860	1,427
<i>Long term</i>		
Amounts due to related parties - long term	45,000	22,455
Finance lease liability - long term	442,412	220,764
Stockholders' (deficit)/equity	31,166	15,552
<b>Total liabilities and stockholders' (deficit)/equity</b>	<b>543,767</b>	<b>271,340</b>

## SUBSIDIARIES ACCOUNTED FOR AS INVESTMENT IN ASSOCIATES

### FOURTH QUARTER 2020 (UNAUDITED)

River Box Holding Inc. (MSC Reef, MSC Erica, MSC Viviana & MSC Anna)

River Box Holding Inc. was deconsolidated on December 31, 2020. SFL Corp Ltd. owns the 49.9% of River Box Holding Inc.

STATEMENT OF CASHFLOWS	Three months ended Dec 31, 2020	
<i>(in thousands of \$)</i>	100%	49.9%
<b>OPERATING ACTIVITIES</b>		
Net income	-	-
Adjustments to reconcile net income to net cash provided by operating activities:		
Credit loss provision	-	-
Other items	2,859	1,427
Change in operating assets and liabilities	-	-
Repayment of investment in direct financing lease	-	-
<b>Net cash provided by (used in) operating activities</b>	<b>2,859</b>	<b>1,427</b>
<b>INVESTING ACTIVITIES</b>		
<b>Net cash provided by investing activities</b>	-	-
<b>FINANCING ACTIVITIES</b>		
Repayments of long and short term debt	-	-
<b>Net cash used in financing activities</b>	-	-
Net increase (decrease) in cash and cash equivalents	<b>2,859</b>	1,427
Cash at beginning of period		-
<b>Cash and cash equivalents at period end</b>	<b>2,859</b>	<b>1,427</b>