

SFL Corporation Ltd.

Subsidiaries Accounted For as 'Investment in associates'

Fourth Quarter 2019 Unaudited Preliminary Accounts

SFL Deepwater Ltd.

SFL Hercules Ltd.

SFL Linus Ltd.

SUBSIDIARIES ACCOUNTED FOR AS INVESTMENT IN ASSOCIATES

FOURTH QUARTER 2019 (UNAUDITED)

SFL Deepwater Ltd. (*West Taurus*)

INCOME STATEMENT <i>(in thousands of \$)</i>	Three months ended	
	Dec 31, 2019	Sep 30, 2019
Total operating revenue	4,478	4,671
Net operating income	4,478	4,671
Interest expense, related party	(1,271)	(1,271)
Interest expense, other	(2,131)	(2,358)
Other items	(4)	(40)
Net income	1,072	1,002

SUBSIDIARIES ACCOUNTED FOR AS INVESTMENT IN ASSOCIATES

FOURTH QUARTER 2019 (UNAUDITED)

SFL Deepwater Ltd. (*West Taurus*)

BALANCE SHEET <i>(in thousands of \$)</i>	Dec 31, 2019	Sep 30, 2019
ASSETS		
<i>Short term</i>		
Cash and cash equivalents	10,063	7,913
Due from related parties	2,844	2,782
Other current assets	16,140	15,775
<i>Long term</i>		
Investment in finance leases	286,222	290,440
Total assets	315,269	316,910
LIABILITIES AND STOCKHOLDERS' EQUITY		
<i>Short term</i>		
Short term and current portion of long term interest bearing debt	15,769	15,769
Amounts due to related parties - current	1,246	-
Other current liabilities	2,153	2,199
<i>Long term</i>		
Long term interest bearing debt	172,147	176,090
Amounts due to related parties - long term	113,000	112,970
Stockholders' equity	10,954	9,882
Total liabilities and stockholders' equity	315,269	316,910

SUBSIDIARIES ACCOUNTED FOR AS INVESTMENT IN ASSOCIATES

FOURTH QUARTER 2019 (UNAUDITED)

SFL Deepwater Ltd. (*West Taurus*)

STATEMENT OF CASHFLOWS <i>(in thousands of \$)</i>	Three months ended Dec 31, Sep 30, 2019 2019	
OPERATING ACTIVITIES Net income Adjustments to reconcile net income to net cash provided by operating activities: Other items Change in operating assets and liabilities Repayment of finance lease Net cash provided by (used in) operating activities	1,072 1,276 (108) 3,853 6,093	1,002 1,310 (7) 3,762 6,067
INVESTING ACTIVITIES Net cash provided by investing activities	-	-
FINANCING ACTIVITIES Repayments of long and short term debt Net cash used in financing activities	(3,943) (3,943)	(3,942) (3,942)
Net increase (decrease) in cash and cash equivalents Cash at beginning of period Cash and cash equivalents at period end	2,150 7,913 10,063	2,125 5,788 7,913

SUBSIDIARIES ACCOUNTED FOR AS INVESTMENT IN ASSOCIATES

FOURTH QUARTER 2019 (UNAUDITED)

SFL Hercules Ltd. (*West Hercules*)

INCOME STATEMENT <i>(in thousands of \$)</i>	Three months ended	
	Dec 31, 2019	Sep 30, 2019
Total operating revenue	4,334	4,508
Net operating income	4,334	4,508
Interest expense, related party	(900)	(900)
Interest expense, other	(2,420)	(2,674)
Other items	(347)	96
Net income	667	1,030

SUBSIDIARIES ACCOUNTED FOR AS INVESTMENT IN ASSOCIATES

FOURTH QUARTER 2019 (UNAUDITED)

SFL Hercules Ltd. (*West Hercules*)

BALANCE SHEET <i>(in thousands of \$)</i>	Dec 31, 2019	Sep 30, 2019
ASSETS		
<i>Short term</i>		
Cash and cash equivalents	3,311	1,760
Due from related parties	2,585	2,519
Other current assets	16,749	16,669
<i>Long term</i>		
Investment in finance leases	273,621	277,773
Total assets	296,266	298,721
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	3,423	2,476
Other current liabilities	1,184	1,214
<i>Long term</i>		
Long term interest bearing debt	185,769	189,808
Amounts due to related parties - long term	80,000	80,000
Stockholders' equity	9,736	9,069
Total liabilities and stockholders' equity	296,266	298,721

SUBSIDIARIES ACCOUNTED FOR AS INVESTMENT IN ASSOCIATES

FOURTH QUARTER 2019 (UNAUDITED)

SFL Hercules Ltd. (*West Hercules*)

STATEMENT OF CASHFLOWS <i>(in thousands of \$)</i>	Three months ended	
	Dec 31, 2019	Sep 30, 2019
OPERATING ACTIVITIES		
Net income	667	1,030
Adjustments to reconcile net income to net cash provided by operating activities:		
Other items	947	804
Change in operating assets and liabilities	(96)	(14)
Repayment of finance lease	4,072	3,978
Net cash provided by (used in) operating activities	5,590	5,798
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	1,551	1,760
Cash at beginning of period	1,760	-
Cash and cash equivalents at period end	3,311	1,760

SUBSIDIARIES ACCOUNTED FOR AS INVESTMENT IN ASSOCIATES

FOURTH QUARTER 2019 (UNAUDITED)

SFL Linus Ltd. (*West Linus*)

INCOME STATEMENT <i>(in thousands of \$)</i>	Three months ended	
	Dec 31, 2019	Sep 30, 2019
Total operating revenue	6,317	6,545
Net operating income	6,317	6,545
Interest expense, related party	(1,361)	(1,361)
Interest expense, other	(2,786)	(3,071)
Other items	9	-
Net income	2,179	2,113

SUBSIDIARIES ACCOUNTED FOR AS INVESTMENT IN ASSOCIATES

FOURTH QUARTER 2019 (UNAUDITED)

SFL Linus Ltd. (*West Linus*)

BALANCE SHEET <i>(in thousands of \$)</i>	Dec 31, 2019	Sep 30, 2019
ASSETS		
<i>Short term</i>		
Cash and cash equivalents	8,959	5,982
Due from related parties	164	164
Other current assets	14,264	14,023
<i>Long term</i>		
Investment in finance leases	360,958	364,663
Total assets	384,345	384,832
LIABILITIES AND STOCKHOLDERS' EQUITY		
<i>Short term</i>		
Short term and current portion of long term interest bearing debt	16,097	16,097
Amounts due to related parties - current	7,392	6,031
Other current liabilities	2,414	2,417
<i>Long term</i>		
Long term interest bearing debt	215,971	219,995
Amounts due to related parties - long term	121,000	121,000
Stockholders' equity	21,471	19,292
Total liabilities and stockholders' equity	384,345	384,832

SUBSIDIARIES ACCOUNTED FOR AS INVESTMENT IN ASSOCIATES

FOURTH QUARTER 2019 (UNAUDITED)

SFL Linus Ltd. (*West Linus*)

STATEMENT OF CASHFLOWS <i>(in thousands of \$)</i>	Three months ended	
	Dec 31, 2019	Sep 30, 2019
OPERATING ACTIVITIES		
Net income	2,179	2,113
Adjustments to reconcile net income to net cash provided by operating activities:		
Other items	1,361	1,361
Change in operating assets and liabilities	(3)	(54)
Repayment of finance lease	3,464	3,406
Net cash provided by (used in) operating activities	7,001	6,826
INVESTING ACTIVITIES		
Net cash provided by investing activities	-	-
FINANCING ACTIVITIES		
Repayments of long and short term debt	(4,024)	(4,025)
Net cash used in financing activities	(4,024)	(4,025)
Net increase (decrease) in cash and cash equivalents	2,977	2,801
Cash at beginning of period	5,982	3,181
Cash and cash equivalents at period end	8,959	5,982