

**SFL Corporation Ltd.**

Subsidiaries Accounted For as 'Investment in associates'

Third Quarter 2020 Unaudited Preliminary Accounts

**SFL Deepwater Ltd.**

**SFL Hercules Ltd.**

**SFL Linus Ltd.**

## SUBSIDIARIES ACCOUNTED FOR AS INVESTMENT IN ASSOCIATES

### THIRD QUARTER 2020 (UNAUDITED)

SFL Deepwater Ltd. (*West Taurus*)

INCOME STATEMENT <i>(in thousands of \$)</i>	Three months ended	
	Sep 30, 2020	Jun 30, 2020
Total operating revenue	3,627	3,730
<b>Net operating income</b>	<b>3,627</b>	<b>3,730</b>
Interest expense, related party	(1,271)	(1,271)
Interest expense, other	(1,230)	(1,450)
Other items	(6,379)	(1,331)
<b>Net loss</b>	<b>(5,253)</b>	<b>(322)</b>

**SUBSIDIARIES ACCOUNTED FOR AS INVESTMENT IN ASSOCIATES**

**THIRD QUARTER 2020 (UNAUDITED)**

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

<b>BALANCE SHEET</b> <i>(in thousands of \$)</i>	<b>Sep 30,</b> <b>2020</b>	<b>Jun 30,</b> <b>2020</b>
<b>ASSETS</b>		
<i>Short term</i>		
Cash and cash equivalents	17,254	14,812
Due from related parties	1,910	2,090
Other current assets	15,938	16,059
<i>Long term</i>		
Investment in direct financing lease	242,200	252,397
<b>Total assets</b>	<b>277,302</b>	<b>285,358</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
<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	4,883	3,723
Other current liabilities	1,843	1,863
<i>Long term</i>		
Long term interest bearing debt	160,320	164,263
Amounts due to related parties - long term	113,000	113,000
Stockholders' (deficit)/equity	(18,513)	(13,260)
<b>Total liabilities and stockholders' (deficit)/equity</b>	<b>277,302</b>	<b>285,358</b>

**SUBSIDIARIES ACCOUNTED FOR AS INVESTMENT IN ASSOCIATES**

**THIRD QUARTER 2020 (UNAUDITED)**

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

STATEMENT OF CASHFLOWS <i>(in thousands of \$)</i>	Three months ended	
	Sep 30, 2020	Jun 30, 2020
<b>OPERATING ACTIVITIES</b>		
Net loss	(5,253)	(322)
Adjustments to reconcile net income to net cash provided by operating activities:		
Credit loss provision	6,371	1,404
Other items	1,160	1,197
Change in operating assets and liabilities	(16)	222
Repayment of investment in direct financing lease	4,123	3,945
<b>Net cash provided by (used in) operating activities</b>	<b>6,385</b>	<b>6,446</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>2,442</b>	<b>6,446</b>
Cash at beginning of period	14,812	8,366
<b>Cash and cash equivalents at period end</b>	<b>17,254</b>	<b>14,812</b>

## SUBSIDIARIES ACCOUNTED FOR AS INVESTMENT IN ASSOCIATES

### THIRD QUARTER 2020 (UNAUDITED)

SFL Hercules Ltd. (*West Hercules*)

INCOME STATEMENT <i>(in thousands of \$)</i>	Three months ended	
	Sep 30, 2020	Jun 30, 2020
Total operating revenue	3,493	3,947
<b>Net operating income</b>	<b>3,493</b>	<b>3,947</b>
Interest expense, related party	(900)	(900)
Interest expense, other	(1,472)	(1,695)
Other items	(467)	104
<b>Net income</b>	<b>654</b>	<b>1,456</b>

**SUBSIDIARIES ACCOUNTED FOR AS INVESTMENT IN ASSOCIATES**

**THIRD QUARTER 2020 (UNAUDITED)**

SFL Hercules Ltd. (*West Hercules*)

<b>BALANCE SHEET</b> <i>(in thousands of \$)</i>	<b>Sep 30,</b> <b>2020</b>	<b>Jun 30,</b> <b>2020</b>
<b>ASSETS</b>		
<i>Short term</i>		
Cash and cash equivalents	2,247	-
Due from related parties	1,718	1,914
Other current assets	16,335	16,448
<i>Long term</i>		
Investment in direct financing lease	259,652	264,267
<b>Total assets</b>	<b>279,952</b>	<b>282,629</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
<i>Short term</i>		
Short term and current portion of long term interest bearing debt	16,154	16,154
Other current liabilities	895	958
<i>Long term</i>		
Long term interest bearing debt	173,654	177,692
Amounts due to related parties - long term	78,334	77,564
Stockholders' equity	10,915	10,261
<b>Total liabilities and stockholders' equity</b>	<b>279,952</b>	<b>282,629</b>

**SUBSIDIARIES ACCOUNTED FOR AS INVESTMENT IN ASSOCIATES**

**THIRD QUARTER 2020 (UNAUDITED)**

SFL Hercules Ltd. (*West Hercules*)

STATEMENT OF CASHFLOWS <i>(in thousands of \$)</i>	Three months ended	
	Sep 30, 2020	Jun 30, 2020
<b>OPERATING ACTIVITIES</b>		
Net income	654	1,456
Adjustments to reconcile net income to net cash provided by operating activities:		
Credit loss provision	456	(70)
Other items	770	(3,245)
Change in operating assets and liabilities	53	(4)
Repayment of investment in direct financing lease	4,352	4,168
<b>Net cash provided by (used in) operating activities</b>	<b>6,285</b>	<b>2,305</b>
<b>INVESTING ACTIVITIES</b>		
<b>Net cash provided by investing activities</b>	-	-
<b>FINANCING ACTIVITIES</b>		
Repayments of long and short term debt	(4,038)	(4,039)
<b>Net cash used in financing activities</b>	<b>(4,038)</b>	<b>(4,039)</b>
Net increase (decrease) in cash and cash equivalents	<b>2,247</b>	<b>(1,734)</b>
Cash at beginning of period	-	1,734
<b>Cash and cash equivalents at period end</b>	<b>2,247</b>	-

**SUBSIDIARIES ACCOUNTED FOR AS INVESTMENT IN ASSOCIATES**

**THIRD QUARTER 2020 (UNAUDITED)**

SFL Linus Ltd. (*West Linus*)

<b>INCOME STATEMENT</b> <i>(in thousands of \$)</i>	<b>Three months ended</b>	
	<b>Sep 30,</b> <b>2020</b>	<b>Jun 30,</b> <b>2020</b>
Total operating revenue	5,125	5,804
<b>Net operating income</b>	<b>5,125</b>	<b>5,804</b>
Interest expense, related party	(1,361)	(1,361)
Interest expense, other	(1,676)	(1,880)
Other items	(607)	37
<b>Net income</b>	<b>1,481</b>	<b>2,600</b>



**SUBSIDIARIES ACCOUNTED FOR AS INVESTMENT IN ASSOCIATES**

**THIRD QUARTER 2020 (UNAUDITED)**

SFL Linus Ltd. (*West Linus*)

<b>BALANCE SHEET</b> <i>(in thousands of \$)</i>	<b>Sep 30,</b> <b>2020</b>	<b>Jun 30,</b> <b>2020</b>
<b>ASSETS</b>		
<i>Short term</i>		
Cash and cash equivalents	2,864	20
Due from related parties	121	131
Other current assets	14,908	14,658
<i>Long term</i>		
Investment in direct financing lease	347,409	351,806
<b>Total assets</b>	<b>365,302</b>	<b>366,615</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
<i>Short term</i>		
Short term and current portion of long term interest bearing debt	16,097	16,097
Other current liabilities	2,379	2,380
<i>Long term</i>		
Long term interest bearing debt	203,898	207,923
Amounts due to related parties - long term	117,066	115,834
Stockholders' equity	25,862	24,381
<b>Total liabilities and stockholders' equity</b>	<b>365,302</b>	<b>366,615</b>

**SUBSIDIARIES ACCOUNTED FOR AS INVESTMENT IN ASSOCIATES**

**THIRD QUARTER 2020 (UNAUDITED)**

SFL Linus Ltd. (*West Linus*)

STATEMENT OF CASHFLOWS <i>(in thousands of \$)</i>	Three months ended	
	Sep 30, 2020	Jun 30, 2020
<b>OPERATING ACTIVITIES</b>		
Net income	1,481	2,600
Adjustments to reconcile net income to net cash provided by operating activities:		
Credit loss provision	514	(17)
Other items	1,232	(6,017)
Change in operating assets and liabilities	-	(33)
Repayment of investment in direct financing lease	3,642	3,487
<b>Net cash provided by (used in) operating activities</b>	<b>6,869</b>	<b>20</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>2,844</b>	<b>20</b>
Cash at beginning of period	20	-
<b>Cash and cash equivalents at period end</b>	<b>2,864</b>	<b>20</b>