

**SFL Corporation Ltd.**

Subsidiaries Accounted For as 'Investment in associates'

First Quarter 2020 Unaudited Preliminary Accounts

**SFL Deepwater Ltd.**

**SFL Hercules Ltd.**

**SFL Linus Ltd.**

## SUBSIDIARIES ACCOUNTED FOR AS INVESTMENT IN ASSOCIATES

### FIRST QUARTER 2020 (UNAUDITED)

SFL Deepwater Ltd. (*West Taurus*)

INCOME STATEMENT <i>(in thousands of \$)</i>	Three months ended	
	Mar 31, 2020	Dec 31, 2019
Total operating revenue	4,477	4,478
<b>Net operating income</b>	<b>4,477</b>	<b>4,478</b>
Interest expense, related party	(1,271)	(1,271)
Interest expense, other	(1,900)	(2,131)
Other items	(1,705)	(4)
<b>Net (loss)/income</b>	<b>(399)</b>	<b>1,072</b>

**SUBSIDIARIES ACCOUNTED FOR AS INVESTMENT IN ASSOCIATES**

**FIRST QUARTER 2020 (UNAUDITED)**

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

<b>BALANCE SHEET</b> <i>(in thousands of \$)</i>	<b>Mar 31,</b> <b>2020</b>	<b>Dec 31,</b> <b>2019</b>
<b>ASSETS</b>		
<i>Short term</i>		
Cash and cash equivalents	8,366	10,063
Due from related parties	2,310	2,844
Other current assets	16,175	16,140
<i>Long term</i>		
Investment in finance leases	257,659	286,222
<b>Total assets</b>	<b>284,510</b>	<b>315,269</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
<i>Short term</i>		
Short term and current portion of long term interest bearing debt	11,827	15,769
Amounts due to related parties - current	2,526	1,246
Other current liabilities	1,890	2,153
<i>Long term</i>		
Long term interest bearing debt	168,205	172,147
Amounts due to related parties - long term	113,000	113,000
Stockholders' (deficit)/equity	(12,938)	10,954
<b>Total liabilities and stockholders' (deficit)/equity</b>	<b>284,510</b>	<b>315,269</b>

**SUBSIDIARIES ACCOUNTED FOR AS INVESTMENT IN ASSOCIATES**

**FIRST QUARTER 2020 (UNAUDITED)**

*SFL Deepwater Ltd. (West Taurus )*

STATEMENT OF CASHFLOWS <i>(in thousands of \$)</i>	Three months ended	
	Mar 31,	Dec 31,
	2020	2019
<b>OPERATING ACTIVITIES</b>		
Net (loss)/income	(399)	1,072
Adjustments to reconcile net income to net cash provided by operating activities:		
Credit loss provision	1,696	-
Other items	1,280	1,276
Change in operating assets and liabilities	(244)	(108)
Repayment of finance lease	3,854	3,853
<b>Net cash provided by (used in) operating activities</b>	<b>6,187</b>	<b>6,093</b>
<b>INVESTING ACTIVITIES</b>		
<b>Net cash provided by investing activities</b>	-	-
<b>FINANCING ACTIVITIES</b>		
Repayments of long and short term debt	(7,884)	(3,943)
<b>Net cash used in financing activities</b>	<b>(7,884)</b>	<b>(3,943)</b>
Net increase (decrease) in cash and cash equivalents	<b>(1,697)</b>	<b>2,150</b>
Cash at beginning of period	10,063	7,913
<b>Cash and cash equivalents at period end</b>	<b>8,366</b>	<b>10,063</b>

## SUBSIDIARIES ACCOUNTED FOR AS INVESTMENT IN ASSOCIATES

### FIRST QUARTER 2020 (UNAUDITED)

SFL Hercules Ltd. (*West Hercules*)

INCOME STATEMENT <i>(in thousands of \$)</i>	Three months ended	
	Mar 31, 2020	Dec 31, 2019
Total operating revenue	4,210	4,334
<b>Net operating income</b>	<b>4,210</b>	<b>4,334</b>
Interest expense, related party	(900)	(900)
Interest expense, other	(2,217)	(2,420)
Other items	(208)	(347)
<b>Net income</b>	<b>885</b>	<b>667</b>

**SUBSIDIARIES ACCOUNTED FOR AS INVESTMENT IN ASSOCIATES**

**FIRST QUARTER 2020 (UNAUDITED)**

*SFL Hercules Ltd. (West Hercules)*

<b>BALANCE SHEET</b> <i>(in thousands of \$)</i>	<b>Mar 31,</b> <b>2020</b>	<b>Dec 31,</b> <b>2019</b>
<b>ASSETS</b>		
<i>Short term</i>		
Cash and cash equivalents	1,734	3,311
Due from related parties	2,011	2,585
Other current assets	16,558	16,749
<i>Long term</i>		
Investment in finance leases	268,305	273,621
<b>Total assets</b>	<b>288,608</b>	<b>296,266</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
Amounts due to related parties - current	809	3,423
Other current liabilities	1,109	1,184
<i>Long term</i>		
Long term interest bearing debt	181,731	185,769
Amounts due to related parties - long term	80,000	80,000
Stockholders' equity	8,805	9,736
<b>Total liabilities and stockholders' equity</b>	<b>288,608</b>	<b>296,266</b>

## SUBSIDIARIES ACCOUNTED FOR AS INVESTMENT IN ASSOCIATES

### FIRST QUARTER 2020 (UNAUDITED)

SFL Hercules Ltd. (*West Hercules*)

STATEMENT OF CASHFLOWS	Three months ended	
<i>(in thousands of \$)</i>	Mar 31, 2020	Dec 31, 2019
<b>OPERATING ACTIVITIES</b>		
Net income	885	667
Adjustments to reconcile net income to net cash provided by operating activities:		
Credit loss provision	180	-
Other items	(2,614)	947
Change in operating assets and liabilities	(66)	(96)
Repayment of finance lease	4,076	4,072
<b>Net cash provided by (used in) operating activities</b>	<b>2,461</b>	<b>5,590</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>(1,577)</b>	<b>1,551</b>
Cash at beginning of period	3,311	1,760
<b>Cash and cash equivalents at period end</b>	<b>1,734</b>	<b>3,311</b>

**SUBSIDIARIES ACCOUNTED FOR AS INVESTMENT IN ASSOCIATES**

**FIRST QUARTER 2020 (UNAUDITED)**

*SFL Linus Ltd. (West Linus)*

<b>INCOME STATEMENT</b> <i>(in thousands of \$)</i>	<b>Three months ended</b>	
	<b>Mar 31,</b> <b>2020</b>	<b>Dec 31,</b> <b>2019</b>
Total operating revenue	6,147	6,317
<b>Net operating income</b>	<b>6,147</b>	<b>6,317</b>
Interest expense, related party	(1,361)	(1,361)
Interest expense, other	(2,563)	(2,786)
Other items	(197)	9
<b>Net income</b>	<b>2,026</b>	<b>2,179</b>



## SUBSIDIARIES ACCOUNTED FOR AS INVESTMENT IN ASSOCIATES

### FIRST QUARTER 2020 (UNAUDITED)

SFL Linus Ltd. (*West Linus*)

BALANCE SHEET <i>(in thousands of \$)</i>	Mar 31, 2020	Dec 31, 2019
<b>ASSETS</b>		
<i>Short term</i>		
Cash and cash equivalents	-	8,959
Due from related parties	131	164
Other current assets	14,412	14,264
<i>Long term</i>		
Investment in finance leases	355,522	360,958
<b>Total assets</b>	<b>370,065</b>	<b>384,345</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
<i>Short term</i>		
Short term and current portion of long term interest bearing debt	12,073	16,097
Amounts due to related parties - current	851	7,392
Other current liabilities	2,413	2,414
<i>Long term</i>		
Long term interest bearing debt	211,947	215,971
Amounts due to related parties - long term	121,000	121,000
Stockholders' equity	21,781	21,471
<b>Total liabilities and stockholders' equity</b>	<b>370,065</b>	<b>384,345</b>

**SUBSIDIARIES ACCOUNTED FOR AS INVESTMENT IN ASSOCIATES**

**FIRST QUARTER 2020 (UNAUDITED)**

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

<b>STATEMENT OF CASHFLOWS</b> <i>(in thousands of \$)</i>	<b>Three months ended</b>	
	<b>Mar 31, 2020</b>	<b>Dec 31, 2019</b>
<b>OPERATING ACTIVITIES</b>		
Net income	2,026	2,179
Adjustments to reconcile net income to net cash provided by operating activities:		
Credit loss provision	176	-
Other items	(6,541)	1,361
Change in operating assets and liabilities	(1)	(3)
Repayment of finance lease	3,429	3,464
<b>Net cash provided by (used in) operating activities</b>	<b>(911)</b>	<b>7,001</b>
<b>INVESTING ACTIVITIES</b>		
<b>Net cash provided by investing activities</b>	-	-
<b>FINANCING ACTIVITIES</b>		
Repayments of long and short term debt	(8,048)	(4,024)
<b>Net cash used in financing activities</b>	<b>(8,048)</b>	<b>(4,024)</b>
Net increase (decrease) in cash and cash equivalents	<b>(8,959)</b>	<b>2,977</b>
Cash at beginning of period	8,959	5,982
<b>Cash and cash equivalents at period end</b>	-	<b>8,959</b>