

Private Credit at an Inflection Point

Recent months have brought meaningful stress to parts of the private credit market, from outright fraud and collateral misrepresentation to rapid valuation deterioration in portfolios, to acute liquidity pressures in large-scale fund structures.

These events have created a set of concerns that many investors are examining, including:

- Is the fund's collateral truly controlled and understood?
- Does the fund maintain suitable liquidity management and leverage usage?
- Is the lender protected by genuine asset-backed security or, alternatively, by cash flow or enterprise value assumptions?
- Are borrowers paying cash interest, or accumulating PIK obligations that mask deterioration?

Disciplined, collateral-focused boutique credit managers can continue to deliver attractive risk-adjusted returns, particularly in today's environment.

HOW GARRINGTON IS BUILT DIFFERENTLY

- **Smaller, simpler, more disciplined**, built deliberately to avoid the structural vulnerabilities exposed by recent events.
- **Managing private credit since 1999** through the GFC, a global pandemic, and multiple full credit cycles.
- **No negative rolling twelve-month return** since third-party capital management began in June 2015.
- **The boutique advantage**, a clearly defined mandate offers selectivity, depth of expertise, and the freedom to say no.

THE SCALE MISCONCEPTION

Scale is often mistaken for quality in private credit. Scale and discipline are not the same and conflating them can introduce risk.

THE BOUTIQUE ADVANTAGE

A boutique platform, when built with rigour and a clearly defined mandate, can offer distinct advantages, not in spite of being smaller, but because of it.

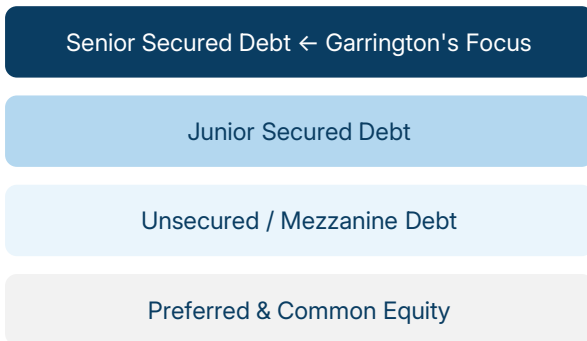
Collateral, Security & Underwriting

The most fundamental question in credit is not what a borrower might be worth, but what you can recover if everything goes wrong. Garrington's entire underwriting framework is built around that question.

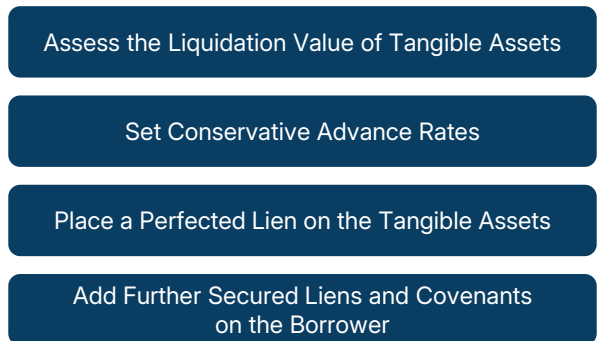
COLLATERAL PHILOSOPHY — WE LEND AGAINST REAL ASSETS

- We lend against tangible, independently verifiable assets: inventory, equipment, receivables, real estate, and secured loan portfolios.
- **No reliance on enterprise value projections or EBITDA multiples:** we lend against assets that can be independently valued, monitored, and liquidated.

CAPITAL STACK — OUR POSITION



OUR LENDING PROCESS



CORE STRUCTURAL PROTECTIONS

FIRST-POSITION LIENS

- Typically, **first-position liens** on the borrower's tangible assets.
- Strongest recovery claim in any insolvency or liquidation.
- Highest priority in the capital stack, **senior secured debt**.

SOLE SECURED LENDER

- Typically, we hold the **preferred position** as the only secured lender and have no competing lien holders to navigate in enforcement.
- **Direct relationships** with company ownership and management.

CONSERVATIVE ADVANCE RATES

- Calibrated against independently assessed forced liquidation values.
- Meaningful **capital buffer** maintained in all scenarios.

RIGOROUS MONITORING

- Financials, reporting, and **strict cash controls** required.
- Personal guarantees where appropriate.
- Financial covenants and active ongoing monitoring.

PORTFOLIO LTV — MEASURED AGAINST REALIZABLE COLLATERAL VALUE^{2,4}

- Target average gross portfolio yields of **13%+**².
- Weighted-average LTV historically ranged **50%–70%**; currently **55%**.

| 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 |
|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| 60.5% | 68.9% | 68.6% | 59.4% | 54.3% | 57.8% | 66.0% | 65.4% | 54.7% |

Calculated against independently assessed liquidation values. Current: 55%. Data unaudited, Jan 31, 2026. See footnote 4.

Liquidity, Leverage & Portfolio Construction

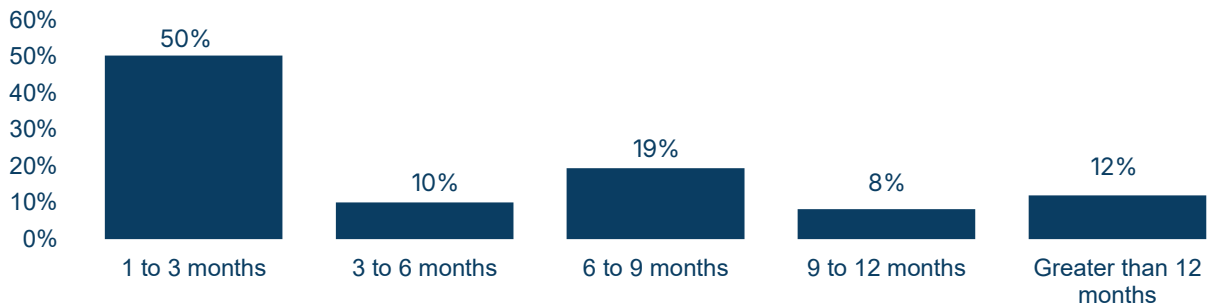
Some of the largest private credit platforms have operated with leverage ratios of 1x–1.5x debt-to-equity, while offering liquidity on a quarterly or less frequent basis for multi-year illiquid loans. Garrington's structure is built around the opposite principle.

SHORT DURATION, NATURAL LIQUIDITY, MODEST LEVERAGE



- Loan book constantly generates cash through natural repayments, amortization, and refinancing.
- Organic liquidity cycle aligned with monthly investor redemptions.
- Revolving credit facilities provide structural flexibility without introducing fragility.
- Leverage target of 0.5x — operating range 0.25x–0.75x — enhances returns without systemic risk.

LOAN PORTFOLIO MATURITIES^{2,3} — GARRINGTON COMPOSITE (JAN 31, 2026)



DEPLOYMENT DISCIPLINE — THE DISCIPLINE TO SAY NO

- **Capital is deployed selectively**, not to meet growth targets, but when risk and structure align.
- Capacity is **deliberately constrained**, both annually and in aggregate.
- When conditions are not appropriate, **capital is returned**, not forced into lower-quality opportunities.

This discipline is among **the most valuable protections we offer investors.**

WHERE SELECTIVITY IS POSSIBLE: THE SUB-\$30M MARKET

- Focus on **\$1M–\$30M loans**; a segment structurally underserved by large platforms.
- Large funds deploying \$10B+ per year **cannot efficiently originate small transactions**.
- Limited competition allows for **stronger terms, tighter structures, and lender control**.
- As a **sole or primary lender**, we set covenants, reporting standards, and advance rates.

The ability to say no is one of the most important protections in private credit.

Structure, Valuation & Transparency

GARRINGTON VS. TYPICAL LARGE BDC — KEY STRUCTURAL DIFFERENCES²

| Metric | Garrington ² | Large BDC (Typical) |
|------------------------|-------------------------------------|--|
| Debt-to-Equity | 0.44x (target 0.5x) | 0.9x – 1.25x |
| Weighted Avg. Maturity | ~200 days | 3–5 years |
| PIK Exposure | <5% | Growing (cash-to-PIK conversions rising) |
| Collateral Basis | Tangible assets at realizable value | Typically, cashflows or enterprise value |
| Loan Size | \$1M – \$30M | \$50M – \$500M+ |
| Investor Liquidity | Monthly (90-day notice) | Quarterly (often gated) |

CURRENT-PAY, CASH-GENERATING LOANS

- Almost all of our loans pay interest in cash on a monthly basis
- PIK exposure historically averages less than 1%² of the portfolio
- Cash-to-PIK conversions can mask deteriorating credit quality and
- Cash interest payments equals a real-time indicator of a borrower’s health

VALUATION DISCIPLINE & INDEPENDENT OVERSIGHT

A short-duration, tangible-collateral portfolio means valuations are inherently **stable and verifiable**.

Multiple overlapping, independent layers of oversight:

- Quarterly independent valuation engagements.
- Monthly reporting to investors.
- Ongoing transparency with bank credit facility providers, including annual field examinations.
- Annual audits of financial statements.

NAVs are accurate, fair, and appropriately current.

TRANSPARENCY AS A CORE COMMITMENT

- Full visibility into **portfolio composition, security structures, and underwriting criteria**.
- **Direct access** to senior team members throughout due diligence and ongoing portfolio management
- **Transparency into the portfolio is not a feature; it is a founding principle.**

Proven Consistency Across Market Cycles

STRATEGY PERFORMANCE HIGHLIGHTS — SINCE INCEPTION (JUNE 2015)¹

8–12%

Target net annual returns

13%+

Typical gross portfolio yield²

<1%

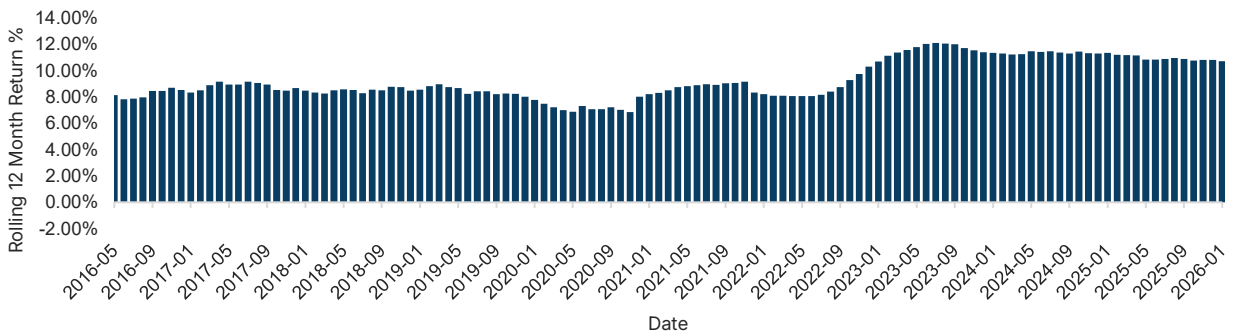
Avg. bad-debt expense (% net funded)

Zero

Negative rolling 12-month periods¹

Consistent Results are the Byproduct of Disciplined Lending

HISTORICAL PERFORMANCE — ROLLING 12-MONTH RETURN¹



HISTORICAL CREDIT IMPAIRMENT RATES⁵

| 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 |
|-------|-------|-------|-------|-------|-------|---------|-------|-------|-------|---------|
| 0.00% | 0.60% | 0.12% | 0.46% | 1.58% | 2.60% | (0.28%) | 0.17% | 0.61% | 0.39% | (0.35%) |

Conclusion

BUILT FOR THIS MOMENT

The scrutiny facing private credit today is warranted, and overdue. Investors are right to ask deeper questions around collateral, liquidity, transparency, and valuation, and managers have a responsibility to answer them with discipline.

This environment favours managers built on that discipline. Garrington's model was not designed for benign markets, but for exactly this type of environment, where structure matters, liquidity is tested, and underlying asset value becomes critical.

At Garrington, the answers to those questions have not changed in twenty-six years of managing private credit:

- First lien, asset-backed lending against tangible, independently verifiable collateral.
- Sole secured lender positions with no competing claims.
- Cash interest income collected monthly, no reliance on PIK accumulation.
- Conservative leverage and disciplined capacity management.

We win by not losing.

For further information: investors@garringtonprivatecredit.com

Important Notes

This material is for informational and discussion purposes only and is not intended to be, nor shall it be construed as, advice or any recommendation or an offer, or the solicitation of any offer, to buy or sell an interest in any security, by Garrington Group Inc. and Coral Cove Capital Ltd. or each of their respective affiliates (collectively "Garrington"), Garrington Private Credit Fund Ltd. or any private fund advised or sponsored by Garrington, Coral Cove Capital Ltd., or any of their respective affiliates (each a "Fund"). Any such offer or solicitation may be made only by delivery of the respective Fund confidential offering documents to qualified or accredited eligible investors. Prospective investors should rely solely on the delivery or review of such confidential offering documents in making any investment decision.

Any opinions, assumptions, assessments, statements or the like ("Statements") regarding future events or which are forward-looking, including regarding portfolio characteristics, constitute only subjective views, are based upon expectations or beliefs, should not be relied on, are subject to change due to a variety of factors, including fluctuating market conditions, and involve inherent risks and uncertainties, both general and specific, many of which cannot be predicted or quantified and are beyond the control of Garrington. For example, the use of the words "believe," "expect," "anticipate," "plan," "will," "intend" or other similar expressions identifies a forward-looking statement. Future evidence and actual results (including the actual composition and investment characteristics of the portfolio) could differ materially from those set forth in, contemplated by, or underlying these statements. Considering these risks and uncertainties, there can be no assurance that these statements are now or will prove to be accurate or complete in any way. Garrington undertakes no responsibility or obligation to revise or update such statements.

Note on Terminology

For readability, this document uses "we," "our," "us," and "Garrington" as shorthand to describe the consolidated investment approach of the Garrington Private Credit Strategy. In practice, this approach is implemented through a number of legally separate entities, each with distinct roles and responsibilities — including Garrington Group Inc. (the "Credit Advisor"), which originates, underwrites, and manages the underlying loan portfolios; the special purpose investment vehicles ("SPVs") that hold those portfolios; the investor-facing fund vehicles through which capital is deployed; and their respective Investment Managers, which are responsible for fund operations, investor servicing, and regulatory oversight.

These entities are not affiliates of one another in all cases, and references to "we" or "Garrington" should not be read as implying that any single entity performs all of the functions described, or that Garrington Group Inc. acts as Investment Manager of any fund vehicle.

Prospective and existing investors should refer to the applicable confidential offering memorandum for a complete description of the fund structure, the roles of each party, and the terms of investment.

Note on Heritage

References to Garrington's history of "managing private credit since 1999" reflect the origins of Garrington Group Inc., which traces its roots to Liquid Capital Corp., a North American factoring and working-capital financing platform founded in 1999. The current principals of Garrington acquired the operating assets of Liquid Capital in 2019, integrating its origination, underwriting, and servicing operations under the Garrington Group umbrella. While the institutional knowledge, lending platform, and client relationships developed since 1999 inform Garrington's current approach, the Strategy has a formal inception date of June 2015.

Important Information

1. The “Historical Performance - Garrington Private Debt Strategy” and the “Annualized return since inception” shown from January 1, 2021, to present are of the Garrington Private Credit Fund (the “Fund”) Class I Shares net of all fees and expenses. The performance results from June 1, 2015 to December 31, 2020 is of Garrington’s performance history which is based on an asset-weighted composite comprised of transactions managed by Garrington in various Special Purpose Vehicles (the “Garrington SPV’s”) (the “Performance Composite”) during this period. The Performance Composite has been calculated net of all fees and expenses. The Performance Composite calculations have been reduced by an additional 0.75% management fee and a performance fee of 20% over an 8% hurdle rate (with a catch-up) to properly reflect the fees of the Class I shares of the Fund. Collectively, the historical Fund Performance and the Performance Composite are the Strategy’s “Related Performance”. There may be material differences between the returns of the Strategy and the Related Performance, including, but not limited to the structure, redemption provisions, fees, use of leverage, taxes, currency hedging, foreign exchange, loan portfolios not being identical, cash flows and asset size. Related Performance results have inherent limitations, some of which are described above, so there may be material differences between the Related Performance results and the actual record subsequently achieved by the Strategy. The Fund changed its name from the Coral Cove Private Credit Fund to the Garrington Private Credit Fund on July 17, 2024.
2. All figures and data regarding the Garrington Private Credit Strategy portfolio are unaudited and derived from unaudited data as at the date indicated herein. All data and calculations are for the Garrington overall portfolios as at January 31, 2026, are subject to change and may slightly vary depending on which Garrington Fund is investing. As of February 1, 2026, the Strategy is invested in a portfolio of loans which may differ by individual positions and/or percentage weightings from the data as indicated in this section due to ongoing portfolio transactions.
3. Calculated as loan balance/estimated collateral value. Collateral values are unaudited and may reflect a range, depending on valuation methodologies, including Use Value, Orderly Liquidation and Forced Liquidation valuations. Collateral calculations are typically limited to the assets held directly by the borrower or for which the Strategy is directly entitled to. As at Jan 31, 2026, for two lender-to-lender transactions, an “Economic LTV” is utilized, which represents a modeled, expected-case estimate of proportional exposure to downstream borrower collateral. For these calculations, the LTV is calculated as the advance rate against the lender finance loan portfolio, multiplied by the weighted-average borrower-level LTV of that portfolio.
4. Based on the legal maturity date of the loan. Loans are subject to being renewed and/or extended. Factoring facilities are typically by way of ongoing purchase and sale agreements for the factoring of receivables and may not have an explicit maturity date, but an estimated average period of 90 days has been used for the full collection of factored receivables and maturity time of factoring facilities.
5. Historical Credit Impairment Rates represent the provision for credit losses as a percentage of average quarterly Net Funds Employed (“NFE”) for each period, comprising write-offs net of recoveries and amounts provisioned as substantially uncollectable in respect of accounts in work-out, as recorded in audited accounting records. At certain times, net recoveries exceeding write-offs and provisions may result in a negative credit impairment rate.