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The Independent Directors
Kelly + Partners Group Holdings Limited
Level 8, 32 Walker Street
North Sydney NSW 2060

21 September 2026

Subject: Acquisition of an asset from a related party / persons in a position of influence

Dear Independent Directors

Introduction

Loan account advanced by the Company to Mr Brett Kelly

1 On 30 October 2022, the Board of Kelly Partners Group Holdings Limited (KP+GH or the Company) approved a loan facility to Mr Brett Kelly (Mr Kelly), the Chairman, Chief Executive Officer and Executive Director of the Company. The facility is secured and personally guaranteed by Mr Kelly with interest charged at commercial rates.

2 On 16 April 2025, the Company, Mr Kelly and his related entity entered into a Secured Loan Agreement for the purpose of Mr Kelly's relocation to the United States of America (US). The facility limit was $6.5 million, and the repayment date was the earlier of:

(a) 18 months from the commencement date (i.e. October 2026); or

(b) five business days after the official listing day of the Company on a recognised stock exchange in the US.

A Deed of Variation was executed on 15 June 2026 with the repayment date extended to October 2028 (42 months from the commencement date).

3 Interest of 12.09% per annum is payable on the loan balance monthly in arrears. The loan is secured over shares in KP+GH held by Kelly Investments 1 Pty Ltd (an entity controlled by Mr Kelly and the guarantor of the loan).

4 The balance of Mr Kelly's loan account as at 30 June 2026 and 31 August 2026 was $6.390 million and $6.300 million respectively.

ESS Trust

5 In December 2019, the Company established the KPG EMP Share Plan Trust (ESS Trust) to remunerate KP+GH team members and senior executives through the grant of KP+GH shares.

In accordance with the operations of the Company's Employee Share Scheme (ESS) and Employee Incentive Plans (EIP), the Company does not issue new shares. The ESS Trust purchases KP+GH shares on market to satisfy the equity awards under the plans. The purchased shares are funded by loans from the operating business and loans from the Company. As at 30 June 2026, the ESS Trust:

(a) held 515,682 shares (having purchased 82,534 shares on market during the year ended 30 June 2026), of which 451,002 shares had been granted to employees and are unvested (with the remaining 64,680 shares available for allocation under the ESS and/or EIP)

(b) had a loan owing to the Company totalling $3.648 million ($3.134 million as at 30 June 2025). The loan funds advanced have been used over time to acquire KP+GH shares on market.

6 The KP+GH Board is currently considering the Company's EIP and long term incentives which will likely include awards to Directors (including Mr Kelly) and other senior Company executives. The ESS Trust will therefore have obligations with respect to granting a number of KP+GH ordinary shares under the Company's EIP. To facilitate the award of these shares, the ESS Trust would be required to purchase the requisite shares on market.

Proposed Transaction

7 The Company is currently proposing to delist from the Australian Securities Exchange (ASX) and relist on the Nasdaq. This proposal requires a number of steps to be undertaken which are set out in the Notice of Extraordinary General Meeting (Notice of Meeting) and Explanatory Memorandum in the form of the resolutions which KP+GH shareholders are being asked to consider:

(a) **Resolution 1** – KP+GH shareholder approval for removal from the official list of the ASX

(b) **Resolution 2** – amendments to Company's Constitution to establish Class B shares[1]

(c) **Resolution 3** – consolidation of existing ordinary shares on a 3:1 basis; and

(d) **Resolution 4** – approval of the acquisition of KP+GH shares from Mr Kelly's associated entity by the ESS Trust under ASX Listing Rule 10.1.

8 The above resolutions are interconditional, meaning that each resolution is conditional on the other three resolutions being passed. If any of the above resolutions are not passed, the remaining resolutions will not be passed and the proposed delisting from the ASX and relisting on the Nasdaq will not proceed.

9 Resolution 4 is being tabled to ensure that the Company complies with the Securities Exchange Act of 1934 (Exchange Act)[2]. Section 13(k) of the Exchange Act prohibits

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[1] Class B shares are to be issued to all KP+GH shareholders at no cost on a pro-rata basis of one Class B share for every 21 ordinary shares held (on a pre-consolidation basis, or one for every 7 on a post-consolidation basis). A Class B share will carry 10 votes on a poll and will not be freely transferable. Class B shares must be converted into ordinary shares (on a one-for-one basis) if they are to be sold.

[2] As amended by section 402 of the Sarbanes-Oxley Act of 2002 (SOX), a US federal legislation covering financial reporting and corporate governance.

companies registered with the US Securities and Exchange Commission from extending or maintaining credit to a director. Accordingly, the loan from the Company to Mr Kelly is required to be repaid.

10 To clear Mr Kelly's loan balance, it is proposed that the Company (through the ESS Trust) acquire ordinary KP+GH shares from Kelly Investments 1 Pty Ltd (Mr Kelly's associated entity) with a value equivalent to the balance of Mr Kelly's loan account ($6.325 million as at 31 July 2026) based on the market price of the shares at the date of acquisition[3] (the Proposed Transaction). The market price will be calculated on a standard 5-trading day volume weighted average price (VWAP) basis.

11 The parties to the transaction will enter into a tripartite deed to facilitate the Proposed Transaction whereby the purchase price to be paid by the ESS Trust, will be satisfied by a set-off against the loan of the same amount currently owed by Mr Kelly to the Company. No cash will be paid by the Company to Mr Kelly or his associated entity. Following the acquisition of Kelly Investments 1 Pty Ltd's shares by the ESS Trust, the loan to Mr Kelly will be extinguished in full and the ESS Trust's loan from the Company will increase by the same amount[4].

12 Under the Proposed Transaction, the ESS Trust will acquire a number of KP+GH shares equivalent to the balance of Mr Kelly's loan account divided by the 5-day trading VWAP as at the date of settlement. If the Proposed Transaction completes, the ESS Trust will hold these shares (in addition to those unallocated shares already held) to satisfy its existing employee awards that vest under the terms of the Company's EIP, and potential future awards to eligible employees and Directors (although no firm decision has been made by the Board as to any such future awards). In the absence of acquiring the shares from Mr Kelly the ESS Trust would otherwise need to acquire the shares on market.

13 The Proposed Transaction cannot proceed without the approval of those shareholders in KP+GH that are not associated with Mr Kelly (KP+GH Non-Associated Shareholders). Accordingly, KP+GH Non-Associated Shareholders will be asked to vote on the following resolution[5] with respect to the Proposed Transaction:

"That, subject to and conditional upon Resolutions 1, 2 and 3 being passed, for the purposes of ASX Listing Rule 10.1 and for all other purposes, Shareholders approve the acquisition by the Company (through the ESS Trust) of Ordinary Shares from Kelly Investments 1 Pty Ltd as trustee for the Kelly Family Trust 1, on the terms and conditions set out in the Explanatory Memorandum."

14 The resolution will be passed by a simple majority (i.e. 50%) of those KP+GH shareholders whose votes in favour of the transaction are not to be disregarded under ASX Listing Rule 14.11. Mr Kelly (or his nominee) and any other person who will obtain a material benefit as a result of the Proposed Transaction, are excluded from voting on the resolution.

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3 The acquisition of expected to complete within one month of the date of the Extraordinary General Meeting to approve the Proposed Transaction.

4 This loan being an extension of the facility already in place between the ESS Trust and the Company.

5 None of the above resolutions will take effect unless all three resolutions are passed.

Purpose of the report

15 The Proposed Transaction is considered to be a transaction with persons in a position of influence under ASX Listing Rule 10.1[6], and must be approved by way of an ordinary resolution (at a general meeting) by KP+GH Non-Associated Shareholders. ASX Listing Rule 10.5.10 requires the notice of meeting sent to shareholders to include a report from an independent expert's report (IER) stating whether the transaction is "fair and reasonable" to KP+GH Non-Associated Shareholders.

16 Accordingly, the Independent Directors[7] have requested that Lonergan Edwards & Associates Limited (LEA) prepare an IER stating whether, in our opinion, the Proposed Transaction is fair and reasonable to KP+GH Non-Associated Shareholders and the reasons for that opinion.

17 Our report will accompany the Notice of Meeting and Explanatory Memorandum to be sent to KP+GH Non-Associated Shareholders[8].

18 LEA is independent of KP+GH and Mr Kelly (including his associates) and has no involvement or other interest in the Proposed Transaction.

Summary of opinion

19 LEA has concluded that the Proposed Transaction is fair and reasonable to KP+GH Non-Associated Shareholders, in the absence of a superior proposal. We have formed this opinion for the reasons set out below.

Assessment of "fairness" and "reasonableness"

20 Pursuant to Australian Securities & Investments Commission (ASIC) Regulatory Guide 111 – *Content of expert reports* (RG 111)[9], a proposed related party transaction:

(a) is "fair" if the value of the financial benefit to be provided by the entity to the related party (in this case, the consideration to be provided by the ESS Trust) is equal to or less than the value of the assets to be acquired (in this case, the parcel of KP+GH shares). This comparison is required to be made assuming an arm's length transaction between knowledgeable and willing, but not anxious parties

(b) is "reasonable" if it is "fair". A related party transaction may also be "reasonable" despite being "not fair" if the expert believes there are other reasons for non-associated shareholders to vote for the proposal.

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6 As it involves the acquisition of a substantial asset (i.e. ordinary shares in KP+GH with a value of more than 5% of the book value of the equity in KP+GH as reported in the latest set of accounts provided to the ASX) by the ESS Trust from Mr Kelly (and his associates) who is both a related party and a substantial (i.e. 10% or more) shareholder in the Company.

7 That is, the Directors of KP+GH that are not associated with Mr Kelly.

8 For the avoidance of doubt, we have not been engaged to, and do not express any opinion (whether express or implied), on any of the other resolutions (i.e. Resolutions 1, 2 or 3) set out in the Notice of Meeting and Explanatory Memorandum.

9 Which sets out the assessment framework to which an expert must adhere in evaluating the merits of a transaction.

Fairness

21 The number of KP+GH shares to be acquired from Mr Kelly (via Kelly Investments 1 Pty Ltd) by the Company (via the ESS Trust) is not fixed at the date of this report. It will be determined at completion by the following formula:

Share acquisition formula

$$Number\ of\ shares\ to\ be\ acquired = \frac{Loan\ balance\ at\ completion}{5\ day\ VWAP\ of\ KP + GH\ at\ completion}$$

22 Accordingly, whilst the dollar value of the consideration to be provided by the ESS Trust will equal the loan balance at completion, the size of the share parcel (by number and as a percentage of shares on issue) cannot be known with certainty and will vary based upon both the loan balance and the traded price of KP+GH (namely, the 5-day VWAP).

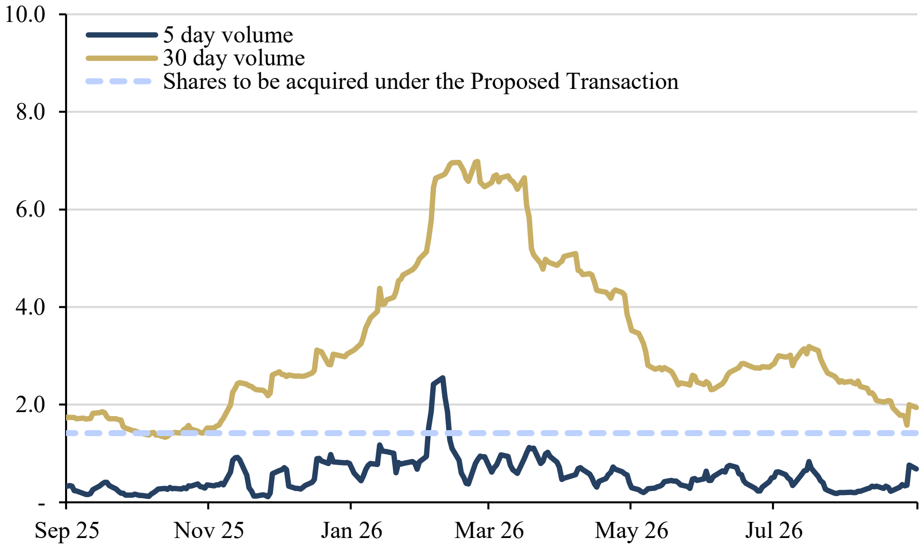
23 Given that there is a range of plausible outcomes (rather than a single fixed outcome) as to the size of the parcel, in our opinion, "fairness" should be assessed by reference to the mechanics of the above formula and whether the price per share that the formula requires the ESS Trust to pay (i.e. the 5-day VWAP) lies within the range of values that a knowledgeable and willing, but not anxious buyer (WBNAB) and seller (WBNAS) would agree to transact on a per share basis for, importantly, a parcel of shares of broadly equivalent size to that contemplated under the Proposed Transaction and having regard to the liquidity and characteristics of KP+GH shares.

24 As at 31 August 2026, Mr Kelly's loan balance was approximately \$6.300 million. Based upon this balance and the 5-day VWAP to 31 August 2026 of \$4.462 per share, the indicative number of shares that would be acquired by the ESS Trust totals 1.412 million. This represents circa 3% of the total KP+GH shares on issue as at 31 August 2026 and some 89% of the total volume of KP+GH shares traded in the 1 month ended 31 August 2026 (some 25% of the total volume of shares traded in the 3 months ended 31 August 2026).

25 Based on the above, we note that the indicative volume of shares KP+GH shares to be acquired by the ESS Trust under the Proposed Transaction generally exceed the 5-day average trading volume during the period set out above and has ranged from around 20% to 110% (average of 55%) of the 30 day trading volumes:

Liquidity in KP+GH shares relative to shares to be acquired under Proposed Transaction

Shares traded (millions) – 1 September 2025 to 31 August 2026



Source: FactSet and LEA analysis.

26 Given the liquidity of KP+GH shares (based on recent trading volumes), a sale by a WBNAS of a parcel of this size on market would likely place downward pressure on the quoted price and, as a result, would likely be priced at a discount to the prevailing market price to compensate buyers for liquidity risk and market impact. This is commonly referred to as a "block discount".

27 Conversely, a WBNAB seeking to acquire a volume of shares equivalent to the Company's loan balance with Mr Kelly would, if purchasing on market over a reasonable period, likely incur a premium to the pre-purchase prevailing market price. Accumulating a position of this size would place upward pressure on the quoted price, particularly where daily turnover is low and the buyer's demand is visible. In practice, a WBNAB would therefore expect to pay an average price above the pre-purchase prevailing market price.

28 In this context, the 5-day VWAP (or, alternatively, the closing price immediately prior to completion) represents an appropriate reference point for the "starting" market value of KP+GH shares for both parties. On the one hand, a WBNAS selling a block of this size would typically realise a price below this reference point (i.e. a discount). On the other hand, a WBNAB accumulating an equivalent position would typically pay a price above this reference point (i.e. a premium). The true arm's length negotiated price for a parcel of this size would therefore be expected to fall somewhere within the range bounded by these outcomes.

29 The Proposed Transaction fixes the price per share at the 5-day VWAP as at completion. This price lies between the discounted proceeds a WBNAS would likely receive in a block trade and the premium that a WBNAB would likely pay in order to accumulate an equivalent position on market. In other words:

(a) Mr Kelly receives more per share than he would likely realise via a block trade in a thin market; and

(b) the ESS Trust would pay less per share than the average price it would likely incur if it were to acquire an equivalent number of shares on market over time.

30 Both parties are therefore better off transacting with each other at the 5-day VWAP than pursuing their respective alternatives in the open market.

31 Where within the range the parties would ultimately settle in a negotiated outcome would depend on their relative bargaining power, timing constraints and alternative options. However, given the liquidity issues and the likely size of the parcel relative to normal trading volumes, it is reasonable to conclude that the 5-day VWAP falls within the range of prices that a WBNAB and WBNAS might agree for a parcel of shares of broadly equivalent size to that contemplated under the Proposed Transaction.

32 Given the above, in our opinion, the adoption of a-5 day VWAP for the market price per share is fair, and therefore in turn the Proposed Transaction is "fair" to KP+GH Non-Associated Shareholders when assessed in accordance with the guidelines set out in RG 111.

Reasonableness

33 Pursuant to RG 111, the Proposed Transaction is "reasonable" if it is "fair". Consequently, in our opinion, the Proposed Transaction is also "reasonable" to KP+GH Non-Associated Shareholders.

Other factors

34 Notwithstanding the regulatory requirement to conclude that the Proposed Transaction is reasonable solely because it is fair, we have also outlined below a range of other factors that may be relevant for KP+GH Non-Associated Shareholders in forming their view in respect of the Proposed Transaction, including:

(a) the impact of the ESS Trust holding a residual parcel of shares in the Company and the requirements for the purchase of KP+GH shares by the ESS Trust under the terms of the Company's ESS and EIP

(b) the potential market price impacts of an on market sale of shares by Mr Kelly to clear his loan account

(c) the implications for KP+GH if the Proposed Transaction does not proceed.

ESS Trust shares

35 We understand that the specific equity awards that the KP+GH Board propose to grant as a result of the proposed Nasdaq listing and the longer term ESS / EIP are still under consideration and have not yet been approved. However, it is expected that the ESS Trust's requirements for the purchase KP+GH shares for award equity will be broadly consistent with the number of shares expected to be purchased under the Proposed Transaction. Any residual shares will be held by the ESS Trust to satisfy the EIP currently being considered by the KP+GH Board. We understand that this program seeks to reward KP+GH Directors and senior executives for their contribution to and achievement of specified growth and share price targets.

Mr Kelly's position as founder and a substantial shareholder

36 We have assessed the fairness of the Proposed Transaction assuming a hypothetical WBNAS of a parcel of KP+GH shares. However, given Mr Kelly's position as founder, Chairman, Chief Executive Officer and Executive Director and substantial shareholder of KP+GH, the sale of a parcel of shares with value equivalent to Mr Kelly's loan account balance with the Company, may act as a negative signal to the market which could place further downward pressure on the KP+GH share price.

37 The Proposed Transaction reduces the risk of this negative price impact on KP+GH shares for KP+GH Non-Associated Shareholders.

Implications if the Proposed Transaction does not proceed

38 Prima facie, if the Proposed Transaction does not proceed, KP+GH will be unable to list on the Nasdaq as it will not comply with the Exchange Act and SOX requirements, which prohibit US-listed companies extending or maintaining credit to a director.

39 Further, we note that the four Resolutions being put to KP+GH shareholders in the Notice of Meeting are interconditional. That is, each Resolution is conditional on the other three Resolutions being passed, and none of the Resolutions can take effect unless all four are passed. Therefore, if the Proposed Transaction is not approved, the wider proposal to delist from the ASX and relist on the Nasdaq cannot not proceed.

General

40 This report contains general financial product advice only and has been prepared without taking into account the personal objectives, financial situations or needs of individual KP+GH Non-Associated Shareholders. Accordingly, before acting in relation to the Proposed Transaction, KP+GH Non-Associated Shareholders should have regard to their own objectives, financial situation and needs. KP+GH Non-Associated Shareholders should also read the Notice of Meeting and Explanatory Memorandum that has been issued by KP+GH in relation to (inter alia) the Proposed Transaction.

41 Furthermore, this report does not constitute advice or a recommendation (inferred or otherwise) as to whether KP+GH Non-Associated Shareholders should vote for, or against, the Proposed Transaction. This is a matter for individual KP+GH Non-Associated Shareholders based upon their own views as to value, their expectations about future economic and market conditions and their particular personal circumstances. If KP+GH Non-Associated Shareholders are in doubt about the action they should take in relation to the Proposed Transaction or matters dealt with in this report, KP+GH Non-Associated Shareholders should seek independent professional advice.

42 For further details as to our basis of assessment and information about KP+GH, we recommend that KP+GH shareholders read the remainder of our report.

Yours faithfully

Julie Planinic
Authorised Representative

Nathan Toscan
Authorised Representative

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Appendices

I Scope of our report

Purpose

Corporations Act

43 Chapter 2E of the *Corporations Act 2001* (Cth) (Corporations Act) prohibits (in all but limited circumstances[10]) a public company from "giving a financial benefit" to a "related party" without the approval of the securityholders that are not a party to the transaction. Giving a financial benefit to a related party includes buying an asset from or selling an asset to a related party.

44 Whilst there is no specific requirement for an IER under the Corporations Act, the notice of meeting sent to securityholders must include all information that is reasonably required in order for the securityholders to decide whether it is in their best interests to pass the proposed resolution.

45 The Proposed Transaction is considered to be a related party transaction under Chapter 2E due to the significant interest that Mr Kelly has in KP+GH. However, the Company has indicated that it will not seek to obtain securityholder approval of the Proposed Transaction on the basis that the "arm's length terms" exemption in s210 of the Corporations Act applies.

ASX Listing Rules

46 ASX Listing Rule 10 – *Transactions with persons in a position of influence* (specifically Rule 10.1) states that an entity must ensure that it does not acquire a substantial asset from or dispose of a substantial asset to (amongst others) a related party, or a substantial securityholder[11], or associates of either without the approval of the holders of the entity's ordinary securities. Such approval must be obtained by way of an ordinary resolution at a general meeting and must be passed by securityholders who are not associated with the related party / substantial securityholder etc. (i.e. the non-associated securityholders).

47 ASX Listing Rule 10.2 states that an asset is substantial if its value, or the value of the consideration for it, is 5% or more of the book value of the equity interests of the entity as set out in the latest accounts provided to the ASX under the ASX Listing Rules.

48 ASX Listing Rule 10.5.10 requires that the notice of general meeting to include a report from an independent expert stating whether the proposed transaction is fair and reasonable to the non-associated holders of the entity's ordinary securities.

49 Mr Kelly (including his associates) is both a related party of KP+GH, by virtue of the fact that he is a Director of the Company, and a substantial shareholder in KP+GH. The Proposed Transaction also involves the acquisition of a substantial asset, because the value of the KP+GH shares to be acquired from Mr Kelly (or his nominee) by the ESS Trust exceeds 5% of the book value of the equity in KP+GH as at 30 June 2026, being the latest set of accounts lodged with the ASX (as at the date of this report).

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[10] For example, if the financial benefit is considered to be given on "arm's length terms".

[11] A substantial securityholder is a person that holds a relevant interest in the entity of 10% or more (or has held the same at any time in the last six months).

50 Accordingly, there is a requirement for KP+GH to not only obtain the approval of the shareholders in the Company that are not associated with Mr Kelly (i.e. KP+GH Non-Associated Shareholders) but also to commission a report from an independent expert stating whether the Proposed Transaction is "fair and reasonable" to KP+GH Non-Associated Shareholders.

Our engagement

51 Given the above, the Independent Directors of KP+GH have requested that LEA prepare an IER stating whether, in our opinion, the Proposed Transaction is fair and reasonable to KP+GH Non-Associated Shareholders and the reasons for that opinion.

52 Our report will accompany the Notice of Meeting and Explanatory Memorandum to be sent to KP+GH Non-Associated Shareholders[12].

53 It should also be noted that this report is general financial product advice only and has been prepared without taking into account the personal objectives, financial situations or needs of individual KP+GH Non-Associated Shareholders. Accordingly, before acting in relation to the Proposed Transaction, KP+GH Non-Associated Shareholders should have regard to their own objectives, financial situation and needs. KP+GH Non-Associated Shareholders should also read the Notice of Meeting and Explanatory Memorandum that has been issued by KP+GH in relation to (inter alia) the Proposed Transaction.

54 Furthermore, this report does not constitute advice or a recommendation (inferred or otherwise) as to whether KP+GH Non-Associated Shareholders should vote for, or against, the Proposed Transaction. This is a matter for individual KP+GH Non-Associated Shareholders based upon their own views as to value, their expectations about future economic and market conditions and their particular personal circumstances. If KP+GH Non-Associated Shareholders are in doubt about the action they should take in relation to the Proposed Transaction or matters dealt with in this report, KP+GH Non-Associated Shareholders should seek independent professional advice.

Basis of assessment

55 In preparing our report, we have given due consideration to the ASX Listing Rules and Regulatory Guides issued by ASIC, particularly RG 111, which sets out the assessment framework to which an expert must adhere in evaluating the merits of a transaction, and Regulatory Guide 76 – *Related party transactions* (RG 76).

56 The ASX Listing Rules do not define the meaning of or describe the test to be applied in determining whether a related party transaction is "fair and reasonable". We note, however, that RG 111 expressly states that the expert's evaluation of a related party transaction (whether for the purposes of Chapter 2E of the Corporations Act or ASX Listing Rule 10.1) should be based upon a separate assessment of "fairness" and "reasonableness". RG 111 further states that the transaction should not be assessed simply by reference to the advantages and disadvantages of the transaction (as ASIC does not consider this to provide shareholders with sufficient valuation information).

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12 For the avoidance of doubt, we have not been engaged to, and do not express any opinion (whether express or implied), on any of the other Resolutions set out in the Notice of Meeting and Explanatory Memorandum.

57 RG 111 provides that a proposed related party transaction:

(a) is "fair" if the value of the financial benefit to be provided by the entity to the related party (in this case, the consideration to be provided by the ESS Trust) is equal to or less than the value of the asset to be acquired (in this case, the parcel of KP+GH shares). This comparison is required to be made assuming an arm's length transaction between knowledgeable and willing, but not anxious parties

(b) is "reasonable" if it is "fair". A related party transaction may also be "reasonable" if, despite being "not fair", the expert believes there are sufficient reasons for non-associated secuirtyholders to vote for the proposal.

58 Given the above, in our opinion, the most appropriate basis upon which to evaluate whether the Proposed Transaction is "fair and reasonable" to KP+GH Non-Associated Shareholders is to consider:

(a) the value of the shares to be purchased by the ESS Trust (on behalf of the Company) from Mr Kelly

(b) the value of the consideration to be paid by the ESS Trust to Mr Kelly (which will be applied to clear the Company's loan receivable from Mr Kelly)

(c) the extent to which (a) and (b) differ in order to assess whether the Proposed Transaction is "fair"

(d) the impact of the ESS Trust holding a residual parcel of shares in the Company and the requirements for the purchase of KP+GH shares by the ESS Trust under the terms of the Company's ESS and EIP

(e) the potential market price impacts of an on market sale of shares by Mr Kelly to clear his loan account

(f) the implications for KP+GH if the Proposed Transaction does not proceed.

Limitations and reliance on information

59 Our opinions are based on the economic, share market, financial and other conditions and expectations prevailing at the date of this report. Such conditions can change significantly over relatively short periods of time.

60 Our report is also based upon financial and other information provided by KP+GH and its advisers. We understand the accounting and other financial information that was provided to us has been prepared in accordance with the Australian equivalents to International Financial Reporting Standards. We have considered and relied upon this information and believe that the information provided is reliable, complete and not misleading and we have no reason to believe that material facts have been withheld.

61 The information provided was evaluated through analysis, enquiry and review to the extent considered appropriate for the purpose of forming our opinion. However, we do not warrant that our enquiries have identified or verified all of the matters which an audit, extensive examination or "due diligence" investigation might disclose. Whilst LEA has made what it considers to be appropriate enquiries for the purpose of forming its opinion, "due diligence"

of the type undertaken by companies and their advisers in relation to (for example) prospectuses or profit forecasts is beyond the scope of an IER.

62 Accordingly, this report and the opinions expressed therein should be considered more in the nature of an overall review of the commercial and financial implications of the transactions, rather than a comprehensive audit or investigation of detailed matters. Further, this report and the opinions therein, must be considered as a whole. Selecting specific sections or opinions without context or considering all factors together, could create a misleading or incorrect view or opinion.

63 An important part of the information base used in forming an opinion of the kind expressed in this report is comprised of the opinions and judgement of management of the relevant companies. This type of information has also been evaluated through analysis, enquiry and review to the extent practical. However, it must be recognised that such information is not always capable of external verification or validation.

64 In forming our opinion, we have also assumed that:

(a) the information set out in the Notice of Meeting and Explanatory Memorandum (in respect of the Proposed Transaction) is complete, accurate and fairly presented in all material respects

(b) if the Proposed Transaction becomes legally effective, it will be implemented in accordance with the terms of the tripartite deed between the Company, the ESS Trust and Mr Kelly (or his nominee) for the sale and transfer of the Shares to the ESS Trust (as described in the Notice of Meeting and Explanatory Memorandum).

II Profile of KP+GH

Overview

65 KP+GH is a chartered accounting network that operates 43 offices primarily located in Australia as well as the US, Ireland, India, the Philippines and Hong Kong. The Company provides accounting, taxation, audit and wealth management services to over 25,000 active clients across diverse industries, specialising in the small to medium sized enterprise market. KP+GH utilises an owner-operator structure which involves all offices / businesses having partners who are part owners of their respective businesses. As at 30 June 2026, KP+GH had a team of 711 people, including 105 operating partners.

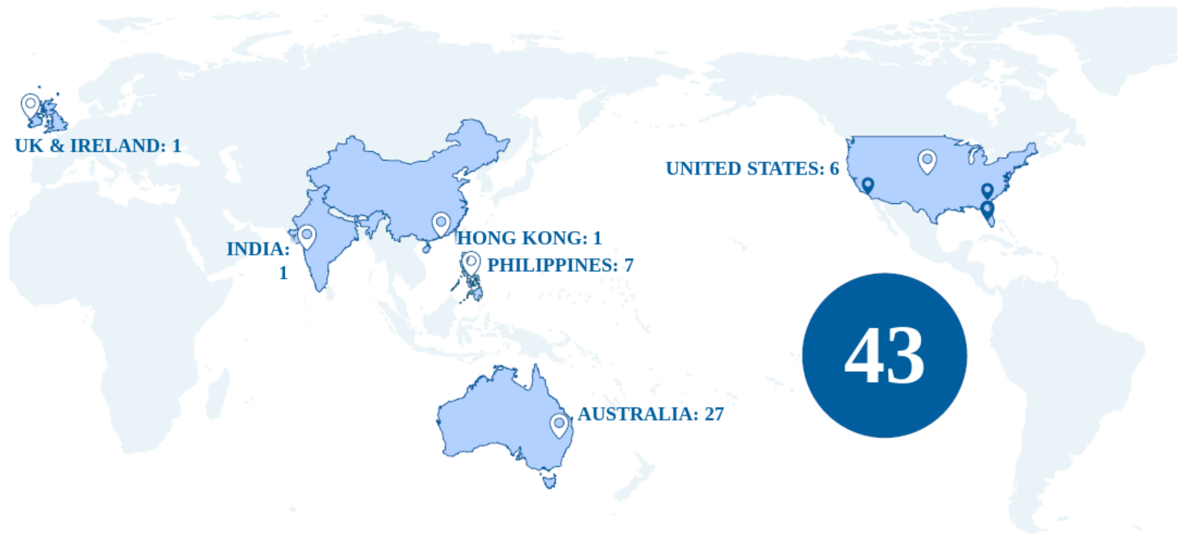
History and current network

66 The origins of KP+GH date back to 2006 when the business was founded in North Sydney by Mr Kelly, his wife Rebecca Kelly, Scott Elwin, Ada Poon and Craig Bullock. Over the following 10 years, KP+GH expanded its network through a combination of acquisitions of established accounting firms and the establishment of new greenfield businesses. By the time of its initial public offering in 2017, KP+GH operated from a network of 14 locations across Greater Sydney, an office in Hong Kong, and had a total team of 192 team members, which included 38 operating partners. On 21 June 2017, KP+GH listed on the ASX at an issue price of $1.00 per share, raising $7.3 million.

67 Since listing on the ASX, KP+GH has significantly accelerated its acquisition program, averaging around 7 partnership acquisitions per year, compared to around one per year prior to listing. In addition, the Company has recently expanded beyond its Australian base, entering the US market in 2023 initially through acquisitions of accounting firms in California and subsequently Florida and other states, and in 2025, expanded into the United Kingdom (UK) and Ireland. More recently, KP+GH has also expanded into the Philippines through the acquisition of a controlling stake in an outsourced services business which provides administration assistants, bookkeepers and accountants and has commenced a strategic partnership with Hello Ai Collective Limited, a specialist artificial intelligence consultancy headquartered in the UK.

68 KP+GH currently operates from 43 office locations across Australia, the US, Ireland, India, the Philippines and Hong Kong, as set out below:

KP+GH – locations



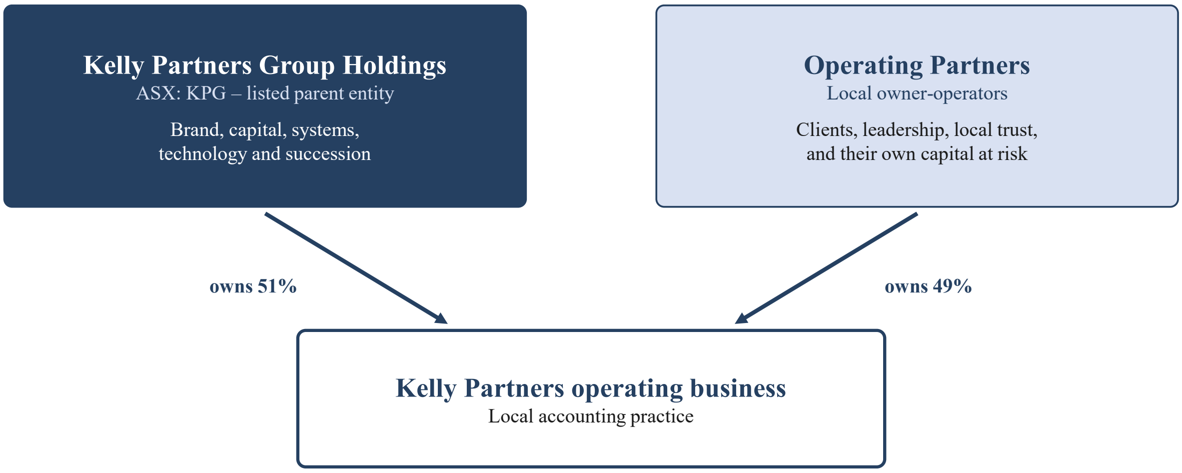
Source: KP+GH FY26 presentation.

Partner-Owner-Driver model

69 Under the Partner-Owner-Driver model, each KP+GH operating business is jointly owned by KP+GH and the relevant local operating partners. KP+GH holds a controlling 51% interest and contributes the brand, capital, systems and technology, together with a succession pathway for retiring partners. The operating partners hold the remaining 49%, which they acquire with their own capital and hold at their own risk and are responsible for client relationships and the leadership of the business at a local level. The profits of each operating business are shared between KP+GH and the operating partners in proportion to their respective equity interests (i.e. 51% and 49%). Operating partners are therefore remunerated principally through their equity participation rather than by way of performance-based bonuses, with this alignment of ownership and management supporting partner retention and the long-term stability of each operating business.

70 A diagrammatic overview of KP+GH Partner-Owner-Driver model is set out below:

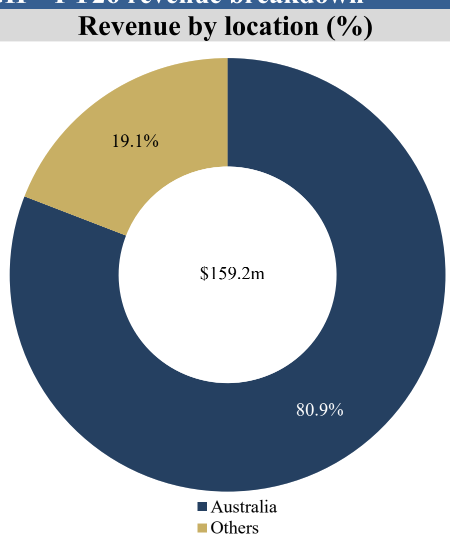
KP+GH – Partner-Owner-Driver model

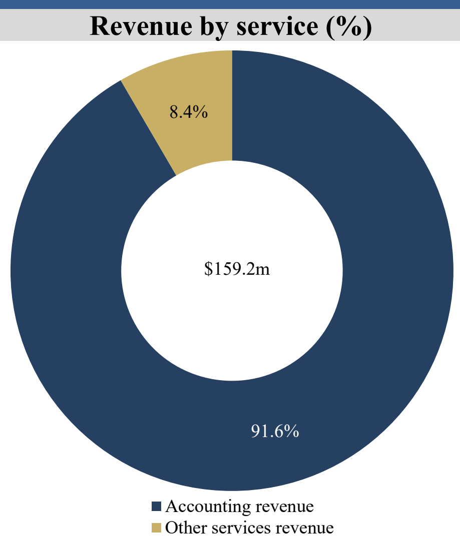


Revenue mix by service and location

71 KP+GH primarily generates its revenue from its Australian accounting practices, however, it also derives a reasonable portion of revenue from its international operations and other professional services as set out below:

KP+GH – FY26 revenue breakdown





Source: KP+GH FY26 Annual Report.

Financial performance

72 As KP+GH holds a controlling 51% interest in the majority of businesses in its network, for financial reporting purposes KP+GH consolidates 100% of the revenue, expenses and profit from these operating businesses, with the portion attributable to the operating partners (which hold the remaining 49%) recognised as non-controlling interests.

73 A summary of the reported consolidated financial performance of KP+GH for the three years ended 30 June 2026 (FY26) is set out below

KP+GH – summary of consolidated financial performance[(1)]	FY24 $m	FY25 $m	FY26 $m
Professional services revenue	108.1	134.6	159.2
Other income	1.0	1.6	2.0
Total revenue and other income	109.2	136.2	161.2
Employment and related expenses	(54.2)	(66.0)	(81.5)
Occupancy costs	(1.4)	(1.7)	(2.8)
Other expenses	(17.5)	(26.5)	(29.1)
Business acquisition and restructuring costs	(2.6)	(2.7)	(2.0)
Depreciation and amortisation expense	(12.1)	(14.5)	(16.8)
Finance costs	(5.8)	(7.0)	(9.0)
Total expenses	(93.6)	(118.4)	(141.2)
Profit before income tax from continuing operations	15.6	17.8	20.0
Income tax expense	(2.1)	(1.3)	(2.3)
Profit after income tax from discontinued operations[(2)]	0.7	-	-
Net profit after tax (NPAT)	14.2	16.4	17.6
Less NPAT attributable to non-controlling interests	(10.7)	(13.0)	(14.1)
NPAT attributable to KP+GH shareholders	3.5	3.4	3.5

Note:
1 Rounding differences may exist.
2 In December 2023, KP+GH sold its Central Coast and Hunter Region private wealth and life insurance businesses and in June 2024 sold its Northern Beaches retail wealth business.
Source: KP+GH FY25 and FY26 Annual Reports.

74 In addition to the above, we set out a summary of the adjusted NPAT (NPATA) attributable to KP+GH shareholders as disclosed in the Company's recent results presentations:

KP+GH – underlying NPATA[(1)]	FY24 $m	FY25 $m	FY26 $m
Statutory NPAT attributable to KP+GH shareholders	3.5	3.4	3.5
Add back amortisation	2.9	3.6	4.8
Add back share of non-recurring income / expenses[(2)]	1.8	2.0	2.4
Underlying NPATA attributable to KP+GH shareholders	8.0	9.1	10.8
Underlying NPATA margin	*7.3%*	*6.7%*	*6.8%*

Note:
1 Rounding differences may exist.
2 Primarily relate to one-off acquisition and strategic review costs. Further details of these items are set out in KP+GH results presentations.
Source: KP+GH FY25 and FY26 results presentations.

75 The recent revenue growth achieved by KP+GH has largely been driven by contributions from recently completed acquisitions, in addition to some organic growth. While statutory earnings have been impacted by the Company's recent international expansions, underlying NPATA margins have remained relatively consistent over the period set out above.

Financial position

76 The consolidated financial position of KP+GH as at 30 June 2025 and 30 June 2026 is set out below:

KP+GH – summary of consolidated financial position[1]	30 Jun 25 $m	30 Jun 26 $m
Cash and cash equivalents	6.9	3.9
Trade and other receivables	19.0	20.2
Accrued income	8.1	9.1
Property, plant and equipment (PP&E)	13.0	13.7
Right-of-use (ROU) assets	26.9	31.9
Intangible assets	101.8	122.8
Non-current assets classified as held for sale	-	2.1
Loans to related parties	7.3	10.0
Other financial assets	13.1	12.9
Other assets	2.7	3.2
Total assets	199.0	229.9
Trade and other payables	(8.8)	(10.6)
Contract liabilities	(5.1)	(5.6)
Borrowings	(64.1)	(73.5)
Related party loans	(1.2)	(1.2)
Lease liabilities	(31.9)	(37.4)
Current tax liabilities	(2.2)	(3.9)
Deferred tax liabilities	(1.6)	(1.7)
Provisions	(5.8)	(6.7)
Contingent consideration	(7.0)	(11.3)
Other financial liabilities	(4.6)	(5.3)
Total liabilities	(132.5)	(157.2)
Net assets	66.5	72.7
Non-controlling interests[2]	(38.1)	(42.4)
Net assets attributable to KP+GH shareholders	28.4	30.2

Note:
1 Rounding differences may exist.
2 Relate to the interests in KP+GH operating businesses which are consolidated for financial reporting purposes but are held by operating partners (i.e. the 49% interest not held by KP+GH).
Source: KP+GH FY26 annual report.

77 In regard to the above, we note the following:

(a) **Property, plant and equipment (PP&E)** – primarily comprises land and buildings, leasehold improvements and plant and equipment (net of accumulated depreciation):

KP+GH – PP&E[1]	30 Jun 25 $m	30 Jun 26 $m
Land and buildings	3.9	1.9
Leasehold improvements	5.1	8.0
Plant and equipment	3.4	3.3
Motor vehicles	0.7	0.5
Total PP&E[1]	13.0	13.7

Note:
1 Excludes amounts attributable to the property at Unit 141, 39 Eastlake Parade, Kingston ACT (Canberra Property) and related leasehold improvements, which was classified as held for sale as at 30 June 2026.

(b) **ROU assets** – primarily comprise leased land and buildings:

KP+GH – ROU assets	30 Jun 25 $m	30 Jun 26 $m
Land and buildings	26.8	31.8
Plant and equipment	0.2	0.1
Total ROU assets	26.9	31.9

(c) **Intangibles** – the majority of KP+GH's intangible assets relate to goodwill and customer relationships recognised upon the acquisitions of accounting firms and other professional practices:

KP+GH – intangibles	30 Jun 25 $m	30 Jun 26 $m
Goodwill	60.0	78.6
Customer relationships	37.9	40.5
Brand names and intellectual property	3.3	3.3
Computer software and other intangible assets	0.6	0.5
Total intangibles	101.8	122.8

(a) **Loans to related parties** – comprises loans to Mr Kelly and the ESS Trust:

KP+GH – related party loans	30 Jun 25 $m	30 Jun 26 $m
Loans to director (Mr Kelly)	4.2	6.4
Loans to ESS Trust	3.1	3.6
Total loans to related parties	7.3	10.0

Regarding the above, we note that:

(i) **Loans to director** – on 30 October 2022, the KP+GH Board approved a loan facility to Mr Kelly. The loan facility is secured and personally guaranteed by Mr Kelly and interest is charged at commercial rates. Further details of this loan facility (which will be repaid under the Proposed Transaction) is set out at paragraphs 1 to 4

(ii) **Loans to ESS Trust** – in December 2019, the KP+GH Board approved the establishment of the ESS and EIP. The plans are designed to assist in the attraction, motivation, retention and reward of employees by allowing them to participate in the overall success and growth of the Company. A number of operating businesses and the Company have loaned amounts to the ESS Trust as part of the ESS, which have been used to acquire shares in KP+GH. During FY26, a total of 82,534 shares in KP+GH were purchased on market for $492,618 and the total loans provided to the ESS Trust increased to $3.6 million

(b) **Other financial assets** – predominately relate to loans to partners as set out below:

KP+GH – other financial assets	30 Jun 25 $m	30 Jun 26 $m
Loans to partners	13.1	12.6
Loans to third parties	-	0.3
Total	13.1	12.9

Loans to partners primarily represents monies loaned to operating partners to assist them with their purchase of their equity interest in the operating businesses (i.e. the 49% interest which is not held by KP+GH). These loans are generally repaid over a 4-8 year period, typically from partner profit distributions. The funds for these partner loans are typically sourced from external borrowings drawn by the specific operating business to which the partner loan relates, which are shown as financial liabilities on the consolidated balance sheet of KP+GH

(c) **other assets** – comprise prepayments, deposits and other assets as set out below:

KP+GH – other assets	30 Jun 25 $m	30 Jun 26 $m
Prepayments	1.1	1.9
Deposits	0.7	1.2
Other	0.9	0.1
Total other assets	2.7	3.2

(d) **borrowings** – KP+GH has borrowing facilities in place with Westpac Banking Corporation for all of its operating businesses, which consist of overdraft facilities, term loans, bank guarantees and other ancillary facilities.

KP+GH – borrowings	30 Jun 25 $m	30 Jun 26 $m
Bank overdrafts	(7.7)	(7.5)
Bank loans	(56.4)	(66.0)
Total borrowings	(64.1)	(73.5)

(e) **related party loans** – relates to a loan advanced from the Kelly Partners Investment Office Special Opportunities Fund #2 (a related entity) to a wholly owned subsidiary of KP+GH to assist with the purchase of the Canberra Property

(f) **contingent consideration** – relates to contingent components of the purchase price of completed acquisitions and are subject to the achievement of certain targets

(g) **other financial liabilities** – comprise the following:

KP+GH – other financial liabilities		
	30 Jun 25 $m	**30 Jun 26 $m**
Loans from partners	(4.3)	(4.1)
Loans from others	(0.4)	(1.2)
Total	(4.6)	(5.3)

Regarding the above, we note that:

(i) as indicated above, loans from partners relate to amounts which have been borrowed and on lent to partners to assist them with their purchase of equity in KP+GH operating businesses

(ii) loans from others primarily relate to working capital loans provided by vendors to KP+GH operating businesses per the terms of the business acquisition and are generally repaid at the same time as the payment of any contingent consideration.

Share capital and performance

78 As at 31 August 2026, KP+GH had 45.3 million fully paid ordinary shares on issue. Of these, 0.52 million are held by the ESS Trust of which 0.45 million have been granted to employees but have not yet vested.

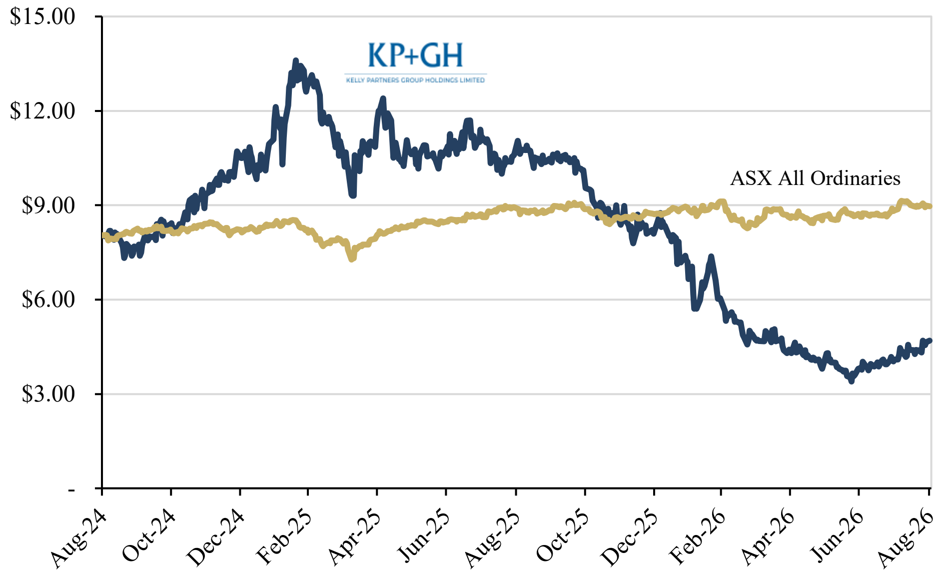
Substantial shareholders

79 As at 31 August 2026, the sole substantial shareholder in KP+GH was Kelly Investments 1 Pty Limited (an entity controlled by Mr Kelly), with a relevant interest of some 14.051 million shares, representing some 31.04% of total shares on issue.

Share price performance

80 The following chart illustrates the movement in the share price of KP+GH from 31 August 2024 to 31 August 2026:

KP+GH – share price history[1]
31 August 2024 to 31 August 2026



Note:
1 Based on closing prices. The ASX All Ordinaries Index has been rebased to the KP+GH' last traded price on 31 August 2024, being $8.04.
Source: FactSet.

Liquidity in KP+GH shares

81 The liquidity in KP+GH shares based on trading on the ASX over the 12 month period prior to 31 August 2026 is set out below:

KP+GH – liquidity in shares

Period	Start date	End date	No of shares traded 000	WANOS[1] outstanding 000	Implied level of liquidity Period[2] %	Annual[3] %
1 month	1 Aug 26	31 Aug 26	1,585	45,275	3.5	42.6
3 months	1 Jun 26	31 Aug 26	5,570	45,275	12.3	49.3
6 months	4 Mar 26	31 Aug 26	12,556	45,275	27.7	56.2
1 year	1 Sep 25	31 Aug 26	27,902	45,275	61.6	61.8

Note:
1 Weighted average number of shares outstanding (WANOS) during relevant period.
2 Number of shares traded during the period divided by WANOS.
3 Implied annualised figure based upon implied level of liquidity for the period.
Source: FactSet and LEA analysis.

82 As shown in the table above, the annualised share turnover in KP+GH has been in the range of approximately 40% to 60%, with liquidity reducing in recent times. We note that liquidity is impacted by the relatively large parcel of shares held by Mr Kelly (and his related entity).

A Financial Services Guide

Lonergan Edwards & Associates Limited

1 Lonergan Edwards & Associates Limited (ABN 53 095 445 560) (LEA) is a specialist valuation firm which provides valuation advice, valuation reports and independent expert's reports (IER) in relation to takeovers and mergers, commercial litigation, tax and stamp duty matters, assessments of economic loss, commercial and regulatory disputes.

2 LEA holds Australian Financial Services Licence No. 246532, which authorises it to provide a broad range of financial services to retail and wholesale clients, including providing financial product advice in relation to various financial products such as securities, derivatives, interests in managed investment schemes, superannuation products, debentures, stocks and bonds.

Financial Services Guide

3 LEA has been engaged by KP+GH to provide general financial product advice in the form of an IER in relation to the Proposed Transaction. The *Corporations Act 2001* (Cth) (Corporations Act) requires that LEA include this Financial Services Guide (FSG) with our IER.

4 This FSG is designed to assist retail clients in their use of the general financial product advice contained in the IER. This FSG contains information about LEA generally, the financial services we are licensed to provide, the remuneration we may receive in connection with the preparation of the IER, and if complaints against us ever arise how they will be dealt with.

General financial product advice

5 The IER contains general financial product advice only and has been prepared without taking into account your personal objectives, financial situation or needs. You should consider your own objectives, financial situation and needs when assessing the suitability of the IER to your situation. You may wish to obtain personal financial product advice from the holder of an Australian Financial Services Licence to assist you in this assessment.

Fees, commissions and other benefits we may receive

6 LEA charges fees to produce reports, including this IER. These fees are negotiated and agreed with the entity who engages LEA to provide a report. Fees are charged on an hourly basis or as a fixed amount depending on the terms of the agreement with the entity who engages us. In the preparation of this IER, LEA is entitled to receive a fee estimated at $75,000 plus GST.

7 Neither LEA nor its directors and officers receives any commissions or other benefits, except for the fees for services referred to above.

8 All of our employees receive a salary. Our employees are eligible for bonuses based on overall performance and the firm's profitability, and do not receive any commissions or other benefits arising directly from services provided to our clients. The remuneration paid to our directors reflects their individual contribution to the company and covers all aspects of

performance. Our directors do not receive any commissions or other benefits arising directly from services provided to our clients.

9 We do not pay commissions or provide other benefits to other parties for referring prospective clients to us.

Complaints

10 If you have a complaint, please raise it with us first. LEA can be contacted by sending a letter to the following address:

Level 7
64 Castlereagh Street
Sydney NSW 2000

11 We will endeavour to satisfactorily resolve your complaint in a timely manner. Please note that LEA is only responsible for the preparation of this IER. Complaints or questions about the Notice of Meeting and Explanatory Memorandum should not be directed to LEA as it is not responsible for the preparation of these documents.

12 If we are not able to resolve your complaint to your satisfaction within 30 days of your written notification, you are entitled to have your matter referred to the Australian Financial Complaints Authority (AFCA), an external complaints resolution service. You will not be charged for using the AFCA service.

Compensation arrangements

13 LEA has professional indemnity insurance cover under its professional indemnity insurance policy. This policy meets the compensation arrangement requirements of the Corporations Act.

Appendix B

B Qualifications, declarations and consents

Qualifications

1 LEA is a licensed investment adviser under the Corporations Act. LEA's authorised representatives have extensive experience in the field of corporate finance, particularly in relation to the valuation of shares and businesses and have prepared hundreds of IERs.

2 This report was prepared by Ms Julie Planinic and Mr Nathan Toscan, who are each authorised representatives of LEA. Ms Planinic and Mr Toscan have over 26 years and 24 years' experience respectively in the provision of valuation advice (and related advisory services).

Declarations

3 This report has been prepared at the request of the Independent Directors of KP+GH to accompany the Notice of Meeting and Explanatory Memorandum to be sent to KP+GH Non-Associated Shareholders. It is not intended that this report serve any purpose other than as an expression of our opinion as to whether or not the Proposed Transaction is fair and reasonable to KP+GH Non-Associated Shareholders[13].

4 LEA expressly disclaims any liability to any KP+GH Non-Associated Shareholder who relies or purports to rely on our report for any other purpose and to any other party who relies or purports to rely on our report for any purpose whatsoever.

Interests

5 At the date of this report, neither LEA, Ms Planinic nor Mr Toscan have any interest in the outcome of the Proposed Transaction. With the exception of the fee shown in Appendix A, LEA will not receive any other benefits, either directly or indirectly, for or in connection with the preparation of this report.

6 LEA has, within the previous two years, prepared valuations of individual practice interests within the KP+GH network (i.e. individual office operations). Aside from these valuations, LEA has not, within the previous two years, had any other business or professional relationship with Mr Kelly (including his associates) or KP+GH (or any of its related parties), and holds no any financial or other interest that could reasonably be regarded as capable of affecting its ability to provide an unbiased opinion in relation to the Proposed Transaction.

7 We have considered the matters described in ASIC RG 112 – *Independence of experts*, and consider that there are no circumstances that, in our view, would constitute a conflict of interest or would impair our ability to provide objective independent assistance in this engagement.

8 LEA had no part in the formulation of the Proposed Transaction. Its only role has been the preparation of this report.

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[13] For the avoidance of doubt, we have not been engaged to, and do not express any opinion (whether express or implied), on any of the other resolutions set out in the Notice of Meeting and Explanatory Memorandum.

Indemnification

9 As a condition of LEA's agreement to prepare this report, KP+GH agrees to indemnify LEA in relation to any claim arising from or in connection with its reliance on information or documentation provided by or on behalf of KP+GH which is false or misleading or omits material particulars or arising from any failure to supply relevant documents or information.

Consents

10 LEA consents to the inclusion of this report in the form and context in which it is included in the Notice of Meeting and Explanatory Memorandum.

Appendix C

C Glossary

Term	Meaning
ASIC	Australian Securities & Investments Commission
ASX	Australian Securities Exchange
Canberra Property	Unit 141, 39 Eastlake Parade, Kingston ACT
Corporations Act	*Corporations Act 2001* (Cth)
EIP	Employee Incentive Plan
ESS	Employee Share Scheme
ESS Trust	KPG EMP Share Plan Trust
Exchange Act	Securities Exchange Act of 1934
FSG	Financial Services Guide
FY	Financial year
IER	Independent expert's report
Independent Directors	The Directors of KP+GH that are not associated with Mr Kelly
KP+GH / Company	Kelly + Partners Group Holdings Limited
KP+GH Non-Associated Shareholders	Shareholders in KP+GH that are not associated with Mr Kelly
LEA	Lonergan Edwards & Associates Limited
Mr Kelly	Mr Brett Kelly
Notice of Meeting	Notice of Extraordinary General Meeting
NPAT	Net profit after tax
NPATA	Adjusted NPAT
PP&E	Property, plant and equipment
Proposed Transaction	ESS Trust's acquisition of shares from Mr Kelly at a value equivalent to the balance of Mr Kelly's loan account based on the market price of the shares at the date of acquisition
RG 111	Regulatory Guideline 111 – *Content of expert reports*
RG 76	Regulatory Guide 76 – *Related party transactions*
ROU	Right of use
SOX	Sarbanes-Oxley Act of 2002
UK	United Kingdom
US	United States of America
VWAP	Volume weighted average price
WANOS	Weighted average number of shares
WBNAB	Willing but not anxious buyer
WBNAS	Willing but not anxious seller