solco

Notice of Annual General Meeting

The Annual General Meeting of Solco Ltd (ACN 084 656 691) will be held at Nexia Perth, level 3, 88 William Street, Perth on 28 November 2014 at 10am (WST).

This Notice of Annual General Meeting should be read in its entirety. If Shareholders are in any doubt as to how they should vote, they should seek advice from their professional advisor prior to voting.

Shareholders should carefully consider the Independent Expert's Report prepared by Crowe Horwath for the purposes of the Shareholder approval required under section 611 (item 7) of the Corporations Act (Resolution 4). Crowe Horwath has concluded that the acquisition of the relevant interest is fair and reasonable.

Please contact the Company Secretary on + 61 8 9463 2463 or henko.vos@nexiaperth.com.au if you wish to discuss any matter concerning the Meeting.

Solco Ltd
ACN 084 656 691
Notice of Annual General Meeting

Notice is hereby given that the Annual General Meeting of the Shareholders of Solco Ltd will be held at Nexia Perth, level 3, 88 William Street, Perth on 28 November 2014 at 10am (WST) (**Meeting**).

The Explanatory Memorandum to this Notice of Meeting provides additional information on matters to be considered at the Meeting. The Explanatory Memorandum and Proxy Form form part of this Notice of Meeting.

Shareholders are urged to vote by attending the Meeting in person or by returning a completed Proxy Form. Instructions on how to complete a Proxy Form are set out in the Explanatory Memorandum.

Proxy Forms must be received by no later than 10am (WST) on 26 November 2014.

Terms and abbreviations used in this Notice and Explanatory Memorandum are defined in Schedule 1 of the Explanatory Memorandum.

Agenda

1 ANNUAL REPORT

To receive and consider the financial statements of the Company and the reports of the Directors and Auditors for the financial year ended 30 June 2014.

2 RESOLUTION 1 – REMUNERATION REPORT (NON-BINDING)

To consider, and if thought fit, to pass with or without amendment the following as an ordinary resolution:

"That for the purposes of section 250R(2) of the Corporations Act and for all other purposes, Shareholders adopt the Remuneration Report set out in the Directors' Report for the year ending 30 June 2014."

A voting exclusion statement is set out below.

3 RESOLUTION 2 – RE-ELECTION OF DIRECTOR – IAN CAMPBELL

To consider, and if thought fit, to pass with or without amendment the following as an ordinary resolution:

"That Ian Campbell, who retires in accordance with section 8.1(e)(2) of the Company's Constitution and, offers himself for re-election, be re-elected as a Director."

4 RESOLUTION 3 – CHANGE OF NATURE AND SCALE OF ACTIVITIES

To consider, and if thought fit, to pass with or without amendment the following as an ordinary resolution:

"That, subject to all Transaction Resolutions being passed and for the purposes of Listing Rule 11.1.2 and for all other purposes, approval is given for the Company to make a significant change to the nature and scale of the Company's activities, through the acquisition of the Go Group Assets, as set out in the Explanatory Memorandum."

A voting exclusion statement is set out below.

5 RESOLUTION 4 – ACQUISITION OF RELEVANT INTEREST BY URBAN GROUP AND WYTOWN

To consider, and if thought fit, to pass with or without amendment the following as an ordinary resolution:

"That, subject to all Transaction Resolutions being passed and for the purpose of section 611 (item 7) of the Corporations Act and for all other purposes, Shareholders approve the acquisition by:

(a) Urban Group and its associates of a relevant interest in up to 777,606,378 Shares to be issued under the Sale Agreement, including up to 150,000,000 Shares under the Underwriting Obligation, pursuant to which Urban Group's maximum voting power of the Company may become 79.13%; and

(b) Wytown and its associates of a relevant interest in up to 544,324,465 Shares to be issued under the Sale Agreement, including up to 105,000,000 Shares under the Underwriting Obligation, pursuant to which Wytown's maximum voting power of the Company may become 55.39%,

on the terms set out in the Explanatory Memorandum."

Shareholders should carefully consider the Independent Expert's Report prepared by Crowe Horwath. Crowe Horwath comments on the fairness and reasonableness of the Urban Group and Wytown Acquisitions to the non-associated Shareholders. Crowe Horwath has concluded that the Urban Group and Wytown Acquisitions are fair and reasonable to the non-associated Shareholders of the Company.

A voting exclusion statement is set out below.

6 RESOLUTION 5 – ELECTION OF DIRECTOR – BRIAN THOMAS

To consider, and if thought fit, to pass with or without amendment the following as an ordinary resolution:

"That, subject to all Transaction Resolutions being passed Brian Thomas, who has been nominated by the Directors for election at this Meeting in accordance with clause 8.1(l) of the Company's Constitution be elected as a Director."

7 RESOLUTION 6 – ELECTION OF DIRECTOR – ADAM PEARSE

To consider, and if thought fit, to pass with or without amendment the following as an ordinary resolution:

"That, subject to all Transaction Resolutions being passed Adam Pearse, who has been nominated by the Directors for election at this Meeting in accordance with clause 8.1(l) of the Company's Constitution be elected as a Director."

8 RESOLUTION 7 – ELECTION OF DIRECTOR - LUI PANGIARELLA

To consider, and if thought fit, to pass with or without amendment the following as an ordinary resolution:

"That, subject to all Transaction Resolutions being passed Lui Pangiarella, who has been nominated by the Directors for election at this Meeting in accordance with clause 8.1(l) of the Company's Constitution be elected as a Director."

9 RESOLUTION 8 - APPROVAL OF 10% PLACEMENT FACILITY

To consider and, if thought fit, to pass with or without amendment, as a special resolution the following:

"That, for the purposes of Listing Rule 7.1A and for all other purposes, Shareholders approve the issue of Equity Securities up to 10% of the issued capital of the Company (at the time of the issue) calculated in accordance with the formula prescribed in Listing Rule 7.1A.2 and on the terms and conditions in the Explanatory Memorandum."

A voting exclusion statement is set out below.

10 VOTING PROHIBITION AND EXCLUSION STATEMENTS

Corporations Act

The Corporations Act prohibits votes being cast on the following resolutions by any of the following persons:

Resolution	Persons Excluded from Voting
Resolution 1 – Remuneration Report (Non-Binding)	A vote on this Resolution must not be cast (in any capacity) by or on behalf of the following persons:

	(a) a member of the Key Management Personnel, details of whose remuneration are included in the Remuneration Report; or (b) a Closely Related Party of such member. However, a person described above may cast a vote on this Resolution as a proxy if the vote is not cast on behalf of a person described above and either: (a) the voter is appointed as a proxy by writing that specifies the way the proxy is to vote on this Resolution; or (b) the voter is the chair of the meeting and the appointment of the chair as proxy: (i) does not specify the way the proxy is to vote on this Resolution; and (ii) expressly authorises the chair to exercise the proxy even if this Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel for the Company.
Resolution 4 – Acquisition of relevant interest by Urban Group and Wytown	Votes cast in favour of the Resolution by the person proposing to make the acquisition (Urban Group and Wytown) and its associates and the persons (if any) from whom the acquisition is to be made and their associates.

Listing Rule 14.11

Under Listing Rule 14.11, the Company will disregard any votes cast on the following Resolutions by the following persons:

Resolution 3 – Change of nature and scale of activities	Persons who might obtain a benefit, except a benefit solely in the capacity as a holder of ordinary securities, if the Resolution is passed, and any associate of those persons.
Resolution 8 – Approval of 10% Placement Facility	Persons who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity as a holder of ordinary securities, if the Resolution is passed, and

an associate of that person.

However, the Company need not disregard a vote if:

(a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the direction on the Proxy Form; or

(b) it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

By order of the Board of Directors

Craig Vivian
Solco Ltd
27 October 2014

Solco Ltd
ACN 084 656 691
Explanatory Memorandum

1 INTRODUCTION

This Explanatory Memorandum has been prepared for the information of Shareholders in connection with the business to be conducted at the Meeting to be held at Nexia Perth, level 3, 88 William Street, Perth on 28 November 2014 at 10am (WST). The purpose of this Explanatory Memorandum is to provide information to Shareholders in deciding how to vote on the Resolutions set out in the Notice.

This Explanatory Memorandum should be read in conjunction with and forms part of the accompanying Notice, and includes the following:

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A Proxy Form is located at the end of Explanatory Memorandum.

Any forward looking statements in this Explanatory Memorandum are based on Solco's current expectations about future events. They are, however, subject to known and unknown risks, uncertainties and assumptions, many of which are outside the control of Solco and its Board, which could cause actual results, performance or achievements to differ materially from future results, performance or achievements expressed or implied by any such forward looking statements in this Explanatory Memorandum.

This Explanatory Memorandum does not take into account any person's investment objectives, financial situation or particular needs. If you are in any doubt about what to do in relation to the Meeting you should consult your financial or other professional adviser.

Please contact the Company Secretary on +61 8 9463 2463 or henko.vos@nexiaperth.com.au if you wish to discuss any matter concerning the Meeting.

2 ACTION TO BE TAKEN BY SHAREHOLDERS

Shareholders should read the Notice and this Explanatory Memorandum carefully before deciding how to vote on the Resolutions.

2.1 Proxies

All Shareholders are invited and encouraged to attend the Meeting. If a Shareholder is unable to attend in person, they can appoint a proxy to attend on their behalf by signing and returning the Proxy Form (attached to the Notice) to the Company in accordance with the instructions on the Proxy Form. The Company encourages Shareholders completing a Proxy Form to direct the proxy how to vote on each Resolution.

The Proxy Form must be received no later than 48 hours before the commencement of the Meeting, i.e. by no later than 10am (WST) on 26 November 2014. Any Proxy Form received after that time will not be valid for the Meeting.

A Proxy Form may be lodged in the following ways:

By Mail	GPO Box 2570 Perth 6001
By Facsimile	+61 9463 2499
By Hand	c/- Nexia Perth, level 3, 88 William Street, Perth
By Email	Henko.vos@nexpiaperth.com.au

Shareholders lodging a Proxy Form are not precluded from attending and voting in person at the Meeting.

2.2 Corporate representatives

Shareholders who are body corporates may appoint a person to act as their corporate representative at the Meeting by providing that person with a certificate or letter executed in accordance with the Corporations Act authorising him or her to act as the body corporate's representative. The authority may be sent to the Company and/or registry in advance of the Meeting or handed in at the Meeting when registering as a corporate representative.

An appointment of corporate representative form is available from the website of the Company's share registry (www.computershare.com).

2.3 Eligibility to vote

The Directors have determined that, for the purposes of voting at the Meeting, Shareholders are those persons who are the registered holders of Shares at 7pm (ESST) on 26 November 2014.

3 ANNUAL REPORT

There is no requirement for Shareholders to approve the Annual Report.

Shareholders will be offered the opportunity to:

(a) discuss the Annual Report for the financial year ended 30 June 2014 which is available on the ASX platform at www.asx.com.au; and

(b) ask questions about or make comment on the management of the Company.

The chair of the Meeting will allow reasonable opportunity for the Shareholders as a whole at the Meeting to ask the auditor or the auditor's representative questions relevant to:

(a) the conduct of the audit;

(b) the preparation and content of the auditor's report;

(c) accounting policies adopted by the Company in relation to the preparation of the financial statements; and

(d) the independence of the auditor in relation to the conduct of the audit.

In addition to taking questions at the Meeting, written questions to the Company's auditor about:

(e) the content of the auditor's report to be considered at the Meeting; and

(f) the conduct of the audit of the annual financial report to be considered at the Meeting,

may be submitted no later than 5 business days before the Meeting to the Company Secretary at the Company's registered office.

4 RESOLUTION 1 – REMUNERATION REPORT

The Remuneration Report is in the Directors' Report section of the Company's Annual Report.

By way of summary, the Remuneration Report:

(a) explains the Company's remuneration policy and the process for determining the remuneration of its Directors and executive officers;

(b) addresses the relationship between the Company's remuneration policy and the Company's performance; and

(c) sets out remuneration details for each Director and each of the Company's executives and group executives named in the Remuneration Report for the financial year ended 30 June 2014.

Section 250R(2) of the Corporations Act requires companies to put a resolution to their members that the Remuneration Report be adopted. The vote on this resolution is advisory only, however, and does not bind the Board or the Company. The Board will consider the outcome of the vote and comments made by Shareholders on the Remuneration Report at the Meeting when reviewing the Company's remuneration policies.

The Chairman will give Shareholders a reasonable opportunity to ask questions about or to make comments on the Remuneration Report.

Under the Corporations Act, if 25% or more of votes that are cast are voted against the adoption of the Remuneration Report at two consecutive annual general meetings, Shareholders will be required to vote at the second of those annual general meetings on a resolution that a further meeting is held at which all of the Company's Directors (other than the Managing Director) must go up for re-election.

Voting on Resolution 1 may be determined by a poll at the Meeting rather than a show of hands.

5 RESOLUTION 2 – RE-ELECTION OF DIRECTOR

5.1 Introduction

The Company's Constitution requires that one-third of the Directors retire by rotation at each annual general meeting and that Directors appointed by the Board hold office until the next annual general meeting.

Ian Campbell retires from office at this Meeting and offers himself for re-election. Details of Ian Campbell's qualifications and experience are set out in the Company's 2014 Annual Report.

5.2 Directors' recommendation

The Board (excluding Ian Campbell) recommends that Shareholders vote in favour of Resolution 2.

6 ACQUISITION OF THE GO GROUP ASSETS

6.1 Introduction

On 29 August 2014 the Company announced that it had entered into a binding agreement (**Sale Agreement**) with Urban Group to acquire the Go Group Assets (**Acquisition)** for approximately 615 million Shares, prior to a working capital adjustment (**Consideration Shares**). Urban Group also agreed to underwrite a pro rata non-renounceable entitlement offer (**Entitlement Offer**) for up to $3 million (the Acquisition and Entitlement Offer are together the **Transaction**).

The Company and Urban Group have subsequently agreed that the Entitlement Offer will be 1 New Share for each 1 existing Share held with an issue price of 2 cents; raising up to approximately $4.1 million, and that to effect the working capital adjustment, the number of Consideration Shares will be increased by approximately 12.4 million Shares to approximately 627 million Consideration Shares in total.

Assuming no Entitlement is taken up under the Entitlement Offer, the maximum number of Shares Urban Group will acquire is 777,606,378, or 79.13% of the Company's then issued Shares.

Urban Group has granted its directors and management an option, in an agreed proportion, to be transferred the Shares issued to Urban Group. Wytown Pty Ltd, an entity controlled by Mr Rod Harvey, holds 70% of Urban Group, and as a result will acquire up to 544,324,465 Shares, or up to 55.39% of the Company's Shares, if Wyton exercises its option.

As Urban Group and Wytown will acquire a relevant interest in more than 20% of the Company and as required by the Corporations Act, Solco has retained Crowe Horwath Corporate Finance (Aust) Ltd to prepare an independent expert's report opining on whether the acquisitions are fair and reasonable to Shareholders. Crowe Horwath opine that the acquisitions are fair and reasonable. A copy of their report is in schedule 4. Shareholders are encouraged to read the report in full and seek their own advice if they have any queries.

ASX has advised the Company that the Acquisition is a change of nature and scale for the purposes of the Listing Rules, so that the Company must re-comply with the admission requirements for ASX.

6.2 Background to the green energy market

Australian Governments have created a number of incentives to encourage the use of solar power and more efficient use of power more generally. These include:

(a) The Small-scale Renewable Energy Scheme (SRES)

The SRES, which is part of the Renewable Energy Target (RET), creates a financial incentive for owners to install eligible small-scale installations such as solar panel systems, through the issue of small-scale technology certificates (STCs). The number issued is based on the estimated amount of electricity in megawatt hours (MWh) the system generates over the course of its lifetime. A solar system may be eligible for Solar Credits which multiply the number of STCs the system can receive.

STCs can be assigned to a registered solar panel agent (such as a retailer or installer) in exchange for a financial benefit, such as a discount from the installation cost of the solar panel system. Renewable Energy Target liable entities (usually electricity retailers) have a legal obligation to buy and surrender STCs to the Clean Energy Regulator on a quarterly basis, giving STCs a market value.

(b) Feed-in tariffs

State Government feed-in tariff schemes under which electricity generated by solar photovoltaic (PV) systems is sold back to the grid.

In February 2014, the Government announced the review of the RET Scheme. The review was published on 28 August 2014. It considered that there was a strong case for winding back the SRES, through either closing the scheme immediately or accelerating the phase-out of the scheme. Modelling indicated that repeal of the SRES would have an immediate effect of reducing the installation rates of rooftop PV by at least 30 per cent and the number of solar water heaters by around 16 per cent. However, by the early 2020s, the rate of small-scale solar PV systems installed each year would recover to a rate similar to that if the SRES was left in place.

Alternatively, rather than ending the scheme immediately, closure of the scheme could be brought forward from 2030 to 2020. Under this approach, the review recommended additional measures to reduce the cost of the scheme, including earlier reductions in the levels of support (certificate deeming periods) provided for the installation of solar PV and solar water heater systems. The review also recommended reducing the size eligibility threshold for rooftop solar PV systems from no more than 100 kilowatts to no more than 10 kilowatts.

The Federal Government is yet to formally respond to the review.

Further information on the Australian energy market and regulatory changes is set out in the Independent Expert's Report.

6.3 Go Group

Introduction

Go Group consists of a group of businesses and assets established by Urban Group which together provide emerging energy technologies (e.g. solar, battery storage, energy management) in innovative customer products (e.g. solar PPAs, bundled energy retail contracts, STC aggregation) through two key brands – "GO Energy" and "CO2markets".

Further information on each of Go Group's businesses are set out in the Independent Expert's Report.

Go Energy

Go Energy is an electricity retailer that specialises in the supply of retail energy in the National Electricity Market in the east coast of Australia and locally owned generation in the form of Power Purchase Agreements (PPAs).

Go Energy owns and operates renewable small and medium scale solar power plants, and designs, constructs and finances solar Photo Voltaic (PV) systems, energy management, energy efficiency solutions, embedded networks and embedded generation for commercial/industrial, and small and medium enterprise businesses. Its comparative advantage is bundling self-generation solar systems and energy efficiency technologies into a seamless energy retail offer. This provides customers with a complete energy solution delivering lower cost energy today with price certainty for the future.

Go Energy generates its income through the sale of traditional retail energy and providing and installing solar systems, either stand alone or through PPAs. Under a PPA Go Energy installs a solar unit with a customer, and retains ownership and risk of the system and both sells electricity back to the customer. Returns from a PPA consist of upfront development fees and margins received over the term of the PPA.

To date, Go Energy has financed approximately $1m of solar PPAs. In August 2014 Go Energy received terms for a $25m financing facility with a non-bank financial institution to fund solar PPAs (**$25m Financing Facility**). Go Energy expects to sign financing agreements by December 2014.

Go Energy also holds energy retail and gas licenses.

Further information on GO Energy is at its website: www.goenergy.com.au.

CO2 Markets

Through its CO2 Markets brand, GO Group is a registered agent with the Clean Energy Regulator (CER) and is an accredited certificate provider (ACP) under the NSW Energy Savings Scheme (ESS). CO2 Markets assists both businesses and individuals across Australia to monetise their environmental certificates through the following services:

(a) Creation and trading of STC and Energy Savings Certificates (ESC), and trading of Victorian energy efficiency certificates (VEECs).

(b) Best available trading price and a variety of payment options.

(c) Highly automated online trading platform with iPhone and Android applications.

STCs purchased by CO2 Markets are sold for a fixed margin, with no exposure to the fluctuating price of STCs. CO2 Environmental Pty Limited has a $5m facility with a major Australian bank to finance the holding cost between purchasing and selling STCs.

CO2 Markets also arranges the provision of hedging and fixed pricing options, as well as advising on market trends and risk management. Further information on CO2 Markets is at its website: www.co2markets.com.au.

Go Quote

GO Quote is a recently established business that provides an online lead generation platform support for customers, including solar retailers and installers, with qualified leads from consumers. This platform has potential applications with various other consumer products.

CO2 Global

CO2 Global is a provider of procurement, quality control and quality assurance services for a range of solar and energy efficiency companies throughout Australia. CO2 Global also develops advanced PV, LED and energy storage products, provided under "white label" for its downstream clients.

CO2 Global has recently signed an exclusive distribution agreement with QBotix Inc, a manufacturer of robotic technology used for solar PV generation projects.

Mt Majura Solar Project

Urban Group has recently signed a memorandum of understanding to build, own and operate a 2.294 MW solar farm at Mt Majura, ACT. The project is expected to commence construction in January 2015. Total project cost is estimated at $7m. Go Group will finance this with a combination of project debt and equity, with the projected equity commitment estimated to be $2.8m (of which approximately $232,000 has been spent to date).

Urban Group's rights to the project form part of the Go Group Assets and will be acquired by the Go Group at Completion.

Financial information

Financial information on Go Group and Solco post the Acquisition is set out in the Independent Expert's Report.

6.4 Corporate chart

A corporate chart for Solco and its subsidiaries following the Acquisition is set out in schedule 3.

6.5 Urban Group and its intentions

Urban Group is an Australian-owned fully integrated energy company delivering cutting-edge energy efficiency solutions to commercial customers. Urban Group is headquartered on the NSW Central Coast and has offices in Sydney, Hong Kong, and Shanghai. Its annual turnover exceeded $250 million in FY2013 with continual growth across all aspects of the business.

Urban Group has provided Go Group with the following interim funding:

(a) Funding to advance the Mt Majura project, with the current balance approximately $232,000.

(b) Funding for PPAs installed by Go Group, with the current balance approximately $610,000.

(c) Funding for stock purchased by Go Group, with the current balance approximately $620,000.

Urban Group has, subject to the terms of the Sale Agreement, granted its directors and management (**Urban Group Optionholders**) an option to, following completion of the Transaction and in proportion as agreed by Urban Group, be transferred the Shares issued to Urban Group. As a result of the option, the voting power each Urban Group Optionholder will have in the Company in various circumstances is as follows:

	Wytown[1]	True Moores Pty Ltd ATF True Moores Trust[2]	D R Walker Management Pty Ltd ATF Walker Welsford Family Trust[3]
% of Consideration Shares and Shortfall Shares	70%	25%	5%
Assuming no Entitlement is taken up and all Shortfall Shares are issued to Urban Group	544,324,465 55.39%	194,401,595 19.78%	38,880,319 3.96%
Assuming 25% of the New Shares are issued to persons other than Urban Group	544,324,465 52.64%	194,401,595 18.80%	38,880,319 3.76%
Assuming 50% of the New Shares are issued to persons other than Urban Group	511,109,508 49.25%	182,539,110 17.59%	36,507,822 3.52%
Assuming 75% of the New Shares are issued to persons other than Urban Group	475,216,986 45.79%	169,720,352 16.35%	33,944,070 3.27%
Assuming 100% of the New Shares are issued to persons other than Urban Group	439,324,465 42.33%	156,901,595 15.12%	31,380,319 3.02%

[1] An entity controlled by Rod Harvey

[2] An entity controlled by Adam Pearse

[3] An entity controlled by Dean Walker

The Urban Group Optionholders have advised the Company that they are not associates.

Following completion of the Acquisition, Wytown has no intention to alter Go Group's current and proposed business activities.

6.6 Directors and management

Upon completion of the Acquisition, Urban Group may nominate three Directors and Mr David Richardson (the current chairman of the Solco) will resign. Urban Group has nominated Messrs Brian Thomas (Chairman elect), Adam Pearse (managing Director elect) and Lui Pangiarella to be appointed as Directors.

Details of the nominees are as following:

Brian Thomas BSc MBA SAFin MAICD MAusIMM (Chairman elect)

Mr Thomas is the principal of a corporate advisory practice working with small to mid-market capitalisation companies on corporate finance, mergers & acquisitions and investor relations. He is an experienced company director in both executive and non-executive roles in listed and unlisted companies.

A comprehensive knowledge of equity and debt capital markets, project finance, corporate advisory, investor relations and broader communications strategies was gained in a 15 year career in the financial services industry. He held a director level business development role with an Australian institutional bank and an international investment banking group after career as a corporate stockbroker sourcing and managing IPO's, equity capital market and M&A transactions.

Adam Pearse (managing Director elect)

Mr Pearse is currently Managing Director and Chief Executive Officer of Urban Group Australia Pty Ltd and GO Energy Pty Ltd. Mr Pearse has a particular interest and focus on securing new projects and business opportunities and is responsible for management, strategic direction and investor relations across the wider Urban group. With more than 22 years' experience in the construction, property development, investment and import industries, Mr Pearse has a unique skill and ability to find business opportunities which he has honed in a variety of industries. This has enabled him to create a market leading energy, certificate trading and renewables business.

Mr Pearse's business interests have been conducted nationally and internationally including extensive international trade experience gained from over 20 years of doing business with China and other countries throughout Asia.

Lui Pangiarella (non-executive Director elect)

Mr Pangiarella is an experienced executive and director, with a demonstrated track record of success working across a variety of sectors including retail, professional services, construction, sales and distribution (B2B) and manufacturing. His main areas of focus have included strategy, finance, and business and organisational development.

He possesses high level communication skills which have been used to create and develop strong stakeholder engagement and networks at the board, CEO and executive GM levels. Mr Pangiarella has proven expertise in developing and executing strategy and the development of people and organisational capability.

Critical to Mr Pangiarella's success throughout his professional career is his ability to clearly articulate the organisation's strategic direction. He has the ability to quickly and accurately analyse and understand commercial requirements, formulate strategies and drive execution. He is ethical and results-oriented and is passionate about growing organisations and the people within them.

Go Group's management

Go Group current employs approximately 35-40 staff, with the senior management team consisting of the following:

Warren Kember B.Com, MBA, CA (Chief Financial Officer)

Warren Kember was Chief Financial Officer of ASX-listed Australian Power and Gas Company Limited since September 18, 2006 and as its Interim Chief Executive Officer from September 2013 to April 2014. Prior to that, Mr Kember was Chief Financial Officer and Company Secretary of Australis Mining Corporation Ltd since December 6, 2004. He has over 20 years of professional and commercial experience as a chartered accountant. After an initial career with in audit with a large chartered firm and subsequently with an investment bank, Mr Kember had over 10 years' experience as Financial Officer for private and public companies.

Mr Kember has specialised in restructuring and business development roles, which have involved improving business processes, reporting systems and financial management. Mr Kember is a qualified chartered accountant and has an MBA from Australian Graduate School of Management, UNSW.

Emile Abdurahman B.Ec (General Manager, Business Development)

Mr Abdurahman is currently head of Business Development for Urban Group Energy Holdings. Mr Abdurahman has had more than 25 years of experience in finance and energy markets. From 2007 – 2011, Mr Abdurahman was responsible for Morgan Stanley's Asian Energy Trading Client Origination and Marketing business in Singapore. In July 2011, Mr Abdurahman returned to Australia and headed Morgan Stanley's Australian power, gas and emissions trading and origination business in Australia. In March 2012, Mr Abdurahman was appointed co-Chair of the Australian chapter of International Emissions Trading Association ("IETA"). He is also associate member of the Investor Group on Climate Change, Australia. He joined Urban Group in June 2013 to develop its renewable project development business. He has a B.Ec from University of Sydney.

Philip Livingston B.Sc, BA, MAICD (Chief Technology Officer)

Mr Livingston is currently Chief Technology Officer for Urban Group Energy Holdings. Previous to Mr Livingston's current position he founded ZincFinance, Australia's first solar leasing company which was later acquired by Solco. He also co-founded Sungrid, a Solar PV contract manufacturer acquired by the shareholders of Urban Group in January of 2013. Mr Livingston holds an MSc in Renewable Energy from Murdoch University in Western Australia and a BA in Environmental Policy with a minor in Sustainable Development and Environmental Economics from Rollins

College, Winter Park, Florida. Mr Livingston has thirteen years' experience in the renewable energy industry and has worked in business, not for profit, academic, government and research positions in Australia, the Philippines, and the U.S. Mr Livingston is a graduate and member of the Australian Institute of Company Directors and holds Non-Executive Director and advisory board positions in the field.

Neil Purser (Chief Operating Officer)

Mr Purser is currently Chief Operating Officer for Go Energy. Mr Purser's background is in sales, operations, IT services, and product and business development across the insurance, construction, government, telecommunications and energy sectors. Prior to his current role, Mr Purser enjoyed a ten year career at Energy Australia/Ausgrid in their energy services business, culminating in appointment as Executive General Manager – Energy Services and representation on the Ausgrid Executive Management in 2012 - 2013. Prior to that, an independent consultant in the telecommunications industry in both South East Asia and the Americas, working with many start-ups in deregulated markets. His core competencies lie in business development, financial planning, operations management, and product-to-market delivery.

6.7 Material terms of the Acquisition

The material terms of the Sale Agreement under which the Company will acquire the Go Group Assets from Urban Group are as follows:

(a) Solco will issue 627,606,378 Shares (inclusive of a working capital adjustment of 12,306,006 Shares) to acquire the Go Group Assets.

(b) The Transaction is conditional on, amongst other things:

   (i) Solco completing due diligence on the GO Group Assets, issuing Consideration Shares and obtaining (in writing) all required warranties and indemnities to its sole satisfaction no later than 24 October 2014 (this condition has been satisfied);

   (ii) Solco obtaining any shareholder and regulatory approvals (including, but not limited to, the compliance to the ASX Listing Rules and under item 7 of section 611 of the Corporations Act) and other third party approvals required to complete the Transaction;

   (iii) Solco raising a minimum of $3m (or such other amount as agreed by the Solco and the Urban Group) through the Entitlement Offer (this condition will be satisfied through the Underwriting Obligation);

   (iv) Urban Group completing due diligence on the Solco and the Consideration Shares and obtaining (in writing) all required warranties and indemnities to its sole satisfaction no later than 24 October 2014 (this condition has been satisfied);

(v) Urban Group and GO Group obtaining all shareholder and regulatory approvals and other third party approvals required to complete the Transaction; and

(vi) there being:

(A) no material adverse change to the Consideration Shares, the GO Group, or their businesses and assets;

(B) no material adverse change to Solco or its business or assets; or

(C) no material breach of any warranty given by either Urban Group or Solco.

(c) The Go Group will reimburse Urban Group:

(i) amounts paid by Urban Group for the Mt Majura project, with the reimbursement to be paid at completion of the Transaction from the proceeds of the Entitlement Offer;

(ii) amounts paid by Urban Group for stock purchased by Go Group, with the reimbursement to be paid as and when stock is sold by Go Group; and

(iii) amounts paid by Urban Group for PPAs, with the reimbursement to be paid when funds are available under the $25m Financing Facility.

(d) Urban Group will underwrite the Entitlement Offer for up to $3 million, subject to satisfaction of the conditions set out in paragraph 6.7(b) above.

(e) From completion Urban Group can nominate 3 persons to Solco's Board and one existing director will resign. The Board will then comprise of 5 Directors.

(f) Urban Group has given warranties customary to sale and purchase of a privately held company, including completeness and accuracy of information (including accounts for the year ending 30 June 2014 and forecasts), title to assets, and compliance with relevant laws. The warranties are subject to customary limitations and exclusions, including that any claim must be made within 12 months, and that the warrantors will only be liable for a claim where the aggregate amount of claims is between $50,000 and $7.5m. Warranty claims may be satisfied through the cancellation of Consideration Shares.

(g) The Company has given warranties customary to sale and purchase of an ASX listed company, including accuracy of information and compliance with relevant laws and the Listing Rules. The warranties are subject to customary limitations and exclusions, including that Solco will only be liable for a claim where the aggregate amount of claims is $50,000 or more.

(h) Urban Group will not transfer the Consideration Shares (whether through exercise of the option granted to the Urban Group Optionholders or otherwise) until the earlier of 30 September 2015 or the determination of any warranty claims made by the Company prior to 30 September 2015, subject to the Listing Rules.

6.8 Entitlement Offer and Prospectus

The Entitlement Offer consists of a non-renounceable offer of 1 New Share for every 1 existing Share held on the Record Date at an issue price of $0.02 per New Share. Shareholders with a registered address in Australia and New Zealand on the Record Date will be eligible to participate.

The Entitlement Offer will raise up to approximately $4.1 million (before costs) and is underwritten by Urban Group for up to $3 million (**Underwritten Amount**).

The Entitlement Offer is conditional upon the conditions set out in paragraph 6.7(b) above being satisfied. All applications received under the Entitlement Offer will relieve Urban Group of its Underwriting Obligation.

To minimise the effect on control of Solco, any Shortfall Shares will be allocated as follows:

(a) firstly to Eligible Shareholders who apply for Shortfall Shares in addition to their Entitlement and who at the Record Date hold less than 100,000 Shares, so that following the Entitlement Offer they will hold 100,000 Shares (giving them a parcel worth $2,000);

(b) secondly, to Eligible Shareholders who apply for Shortfall Shares in addition to their Entitlement with any oversubscriptions to be scaled back pro rata to the number of Shortfall Shares they applied for; and

(c) finally to the Urban Group.

Further details of the Entitlement Offer will be set out in a prospectus to be lodged with ASIC at least 4 business days prior to the Meeting (**Prospectus**). The Prospectus will be announced to ASX and, together with a personalised entitlement and acceptance form, sent to Eligible Shareholders shortly after the Record Date.

Shareholders who wish to review the Prospectus in advance of the Meeting and the Prospectus being sent to Eligible Shareholders will be able to obtain a copy of the Prospectus from www.asx.com.au or www.solco.com.au.

This Explanatory Memorandum is not an offer or invitation to subscribe for New Shares or other securities. Offers of New Securities under the Entitlement Offer will be made in, or accompanied by, the Prospectus. Eligible Shareholders should consider the Prospectus before deciding whether to acquire New Shares under the Entitlement Offer and will need to complete a personalised application form that will accompany the Prospectus if they wish to apply for New Shares.

ASX has granted a waiver so that the issue price under the Entitlement Offer can be $0.02 per New Share.

6.9 Use of funds

The funds available to the Company will be:

Funds available ($'000)	Underwritten Amount ($3m)	Full Subscription ($4.102m)
Cash on hand[1]	1,515	1,515
Funds raised under the Entitlement Offer	3,000	4,102
Total funds available	4,515	5,617

[1] Inclusive of debtors which are expected to be received prior to Completion.

The proposed use of funds raised will be:

Use of funds ($'000)	Underwritten Amount ($3m)	Full Subscription ($4.102m)
Capital expenditure (including software development)	450	1,000
Mt Majura (including reimbursement to Urban Group for interim funding)	2,800	2,800
Costs of the Transaction	150	150
Working capital	1,115	1,667
Total	4,515	5,617

In the event the Company raises more than the Underwritten Amount but not Full Subscription, the funds raised (after payment of expenses of the Offer) will be applied equally between capital expenditure and working capital.

This table is a statement of current intentions as at the date of this Explanatory Memorandum. As with any budget, intervening events and new circumstances have the potential to affect the way funds will be applied. The Board reserves the right to vary the way funds are applied on this basis

6.10 Pro-forma capital structure

The pro-forma capital structure of the Company following completion of the Acquisition and Entitlement Offer, is as follows:

Number of Shares	Underwritten Amount ($3m)	Full Subscription ($4.102m)
Shares currently on issue	205,100,124	205,100,124
Shares to be issued under the Sale Agreement	627,606,378	627,606,378
Shares to be issued under the Entitlement Offer	150,000,000	205,100,124
Total Shares on issue after the Transaction	982,706,502	1,037,806,626

See section 7 of the Independent Expert's Report for further information.

6.11 Effect of the Transaction on the Company and its financial position

A table setting out the pro-forma financial position of Solco following the Transaction, together with the notes which set out the adjusting items, is in section 7.2 of the Independent Expert's Report.

The table has not been prepared in accordance with Australian Accounting Standards, and is not a comprehensive statement of financial position.

6.12 Independent Expert's Report

The Company has retained Crowe Horwath to prepare an independent expert's report opining on whether the Urban Group and Wytown Acquisitions are fair and reasonable for Shareholders entitled to vote on Resolution 4.

Crowe Horwath have opined that the Urban Group and Wytown Acquisitions are fair and reasonable. Shareholders are urged to read the Independent Expert's Report and to seek their own advice if they have any queries.

6.13 Advantages and disadvantages of the Transaction

The Directors are of the view that the following non-exhaustive list of advantages may be relevant to a Shareholder's decision on how to vote on the Transaction Resolutions:

(a) The Transaction will result in the Company acquiring a profitable trading business with the potential for growth in the solar energy sector through, amongst other things, a $25m commitment to fund commercial solar PPAs.

(b) Go Group has an experienced management team.

(c) Under the Transaction the Company will raise between $3 million and $4.1 million.

(d) The increased number of Shares on issue and the increased profile and investor interest from a larger company with active businesses may result in increased liquidity for Shares.

(e) Having considered a number of investment and acquisition opportunities, the Board considers the Transaction to be superior and in the best interests of Shareholders.

(f) Shareholders with less than 100,000 Shares will be given priority to apply for Shortfall Shares. Having a marketable parcel will allow these Shareholders to sell their Shares on ASX.

(g) Eligible Shareholders have the right to apply for Shortfall in priority to Urban Group.

The Directors are of the view that the following non-exhaustive list of disadvantages may be relevant to a Shareholder's decision on how to vote on the Transaction Resolutions:

(a) The Transaction exposes the Company to a number of risks which relate to Go Group and its businesses. These are detailed in schedule 2 and include risks relating to retail energy markets, financing risks and regulatory risks.

(b) Urban Group will hold between 60.47% and 79.13% of the Company (depending upon the Entitlement take up by Shareholders and extent to which Shortfall Shares are issued to others), and Wytown, an entity controlled by Mr Rod Harvey, will hold between 42.33% and 55.39% of the Company.

(c) Whilst the Minimum Subscription will provide sufficient funds to meet the Company's immediate objectives following the Transaction, the Company is likely to raise further funds for growth. This is likely to dilute existing Shareholders.

The factors to be considered may not be limited to the above. Shareholders should have regard to their own personal circumstances and seek their own advice before deciding how to vote on the Transaction Resolutions and, if necessary, seek their own professional advice.

6.14 Risk factors

The Transaction is not risk free. Before deciding to approve Transaction Resolutions, Shareholders should read the Notice of Meeting and Explanatory Memorandum and consider the risks set out in schedule 2 in light of their personal circumstances and investment objectives (including financial and taxation issues) and seek professional advice if required.

6.15 Intentions of the Company if the Transaction is not approved and implemented

In the event Shareholders do not approve the Transaction Resolutions, the Company will continue to review and, if warrantied, seek to acquire assets which may add Shareholder value. This is likely to result in continued depletion of cash reserves to support that business and the Company may seek to raise additional capital to supplement existing working capital, which is likely to be dilutive to Shareholders who do not participate.

Furthermore, there is a risk that the Company's Shares will remain suspended from quotation until the Company is able to re-comply with Chapters 1 and 2 of the Listing Rules.

6.16 Indicative timetable

An indicative timetable for completion of the Transaction, including re-compliance with Chapters 1 and 2 of the Listing Rules is as follows:

Event	Date
Send Notice of Meeting	28 October 2014
Lodge Prospectus with ASX and ASIC (pre-open)	19 November 2014
Ex date for Entitlement Offer Shareholder Meeting	28 November 2014
Record Date for Entitlement Offer	2 December 2014
Dispatch Prospectus to Shareholders Open Entitlement Offer	4 December 2014
Close Entitlement Offer[1]	15 December 2014
Notify ASX of shortfall under the Entitlement Offer Urban Group applies for Shortfall Shares	17 December 2014
Completion of the Transaction Issue New Shares (including Shortfall Shares) Messrs Thomas, Pearse and Pangiarella appointed to Solco board and Mr David Richardson resigns	24 December 2014
Trading of Consideration Shares and New Shares commences	To be confirmed.

[1] The Directors may extend the Closing Date by giving at least 3 business days' notice to ASX prior to the closing date.

The dates are indicative only and may change, subject to the Companies Act and Listing Rules. The Company has sought a waiver of Listing Rule 7.15, so that the Record Date for the Entitlement Offer is two business days after the Shareholder

Meeting. An amended timetable will be announced in the event the waiver is not granted.

6.17 Other information

The Directors are each satisfied that this Explanatory Memorandum contains such information as will fully and fairly inform Shareholders of the matters to be considered and enable them to make a properly informed judgment on the Transaction Resolutions.

6.18 Inter-conditional Resolutions

Resolutions 3 to 7 (the Transaction Resolutions) are inter-conditional on each other. If one or more of these Resolutions are not passed, then the remaining Resolutions will be withdrawn and the Transaction will not proceed.

6.19 Directors' recommendation

For the reasons set out in section 6.13, the Board unanimously recommends that Shareholders vote in favour of the Transaction Resolutions. The Directors intent to vote all Shares they control in favour of all Transaction Resolutions.

7 RESOLUTION 3 – CHANGE IN NATURE AND SCALE OF ACTIVITIES

7.1 Introduction

Resolution 3 seeks approval from Shareholders for a change to the nature and scale of the Company's activities.

Details of the Transaction, including the Acquisition are set out in section 6 of this Explanatory Memorandum.

7.2 Listing Rule 11.1 requirements

ASX Listing Rule 11.1 provides that where an entity proposes to make a significant change, either directly or indirectly, to the nature or scale of its activities, it must provide full details to ASX as soon as practicable.

ASX Listing Rule 11.1.2 provides that, if ASX requires, the entity must get the approval of Shareholders and must comply with any requirements of ASX in relation to the Notice of Meeting.

ASX has advised the Company that the Acquisition amounts to a change of nature and scale of activities that requires Shareholder approval and re-compliance with the admission requirements of the Listing Rules.

In the event Shareholders approve the Transaction Resolutions the Company's Shares will remain suspended from quotation until the admission requirements of the Listing Rules are complied with.

8 RESOLUTION 4 – ACQUISITION OF RELEVANT INTEREST BY URBAN GROUP AND WYTOWN

8.1 Requirement for Shareholder approval

Section 606 of the Corporations Act prohibits a person acquiring a relevant interest in the issued voting shares of a company if, because of the acquisition, that person's or another person's voting power in the company increases to more than 20%, unless an exception applies.

By the issue of the Consideration Shares and underwriting the Entitlement Offer, Urban Group's voting power in the Company will increase from nil to a maximum of 79.13% and Wytown's voting power in the Company will increase from nil to a maximum of approximately 55.39%.

Section 611 of the Corporations Act sets out certain exceptions to the general prohibition and permits an increase in voting power over 20%, including if a company's shareholders approve the acquisition of shares which results in the increased voting power.

Section 611 of the Corporations Act and ASIC Regulatory Guide 74: *Acquisitions Approved by Members* set out the information to be given to shareholders in seeking approval under section 611 of the Corporations Act.

The Directors considered the acquisition of Shares under the Transaction by Urban Group to be reasonable in the circumstances if the Company and Urban Group were dealing at arm's length, so that Shareholder approval is not required under Chapter 2E of the Corporations Act.

8.2 Information required by Item 7 of Section 611 of the *Corporations Act*

(a) The identity of the person proposing to make the acquisition and their associates

The entities proposing to make the acquisitions are Urban Group and Wytown, an entity controlled by Rod Harvey.

(b) The maximum extent of the increase in that person's voting power in the entity that would result from the acquisition

Urban Group and Wytown currently have no voting power in the Company. Their voting power will increase to a maximum of 79.13% and 55.39% respectively, assuming no Shareholders take up their Entitlement and all Underwritten Shares are issued to the Urban Group Optionholders in proportion to their holdings in Urban Group.

(c) The voting power that person would have as a result of the acquisition

The maximum voting power Urban Group and Wytown will have as a result of the Urban Group and Wytown Acquisitions is 79.13% and 55.39% respectively.

(d) The maximum extent of the increase in the voting power of each of that person's associates that would result from the acquisition

Urban Group and Wytown's associates currently have no voting power in the Company. See section 8.2(b) for the voting power following the Urban Group and Wytown Acquisitions.

(e) The voting power that each of that person's associates would have as a result of the acquisition

See section 8.2(d).

8.3 Additional i nformation re quired by AS IC R egulatory G uide 7 4: A cquisitions approved by members

(a) An explanation of the reasons for the proposed acquisition

The reasons for the acquisitions are set out in section 6 of the Explanatory Memorandum.

(b) When the proposed acquisition is to occur

The timetable for the acquisition is set out in section 6.16.

(c) The material terms of the proposed acquisition

The material terms of the acquisitions are set out in section 6.7.

(d) Details of the terms of any other relevant agreement between Urban Group or Wytown and the Company (or any of their associates) that are conditional on (or directly or indirectly depends on) members' approval of the proposed acquisition

Other than as set out in section 6.7, there are no other relevant agreements between Urban Group or Wytown (or any of their associates) and the Company that are conditional on (or directly or indirectly depends on) members' approval of the acquisition.

(e) A statement of Urban Group and Wytown's and its associates' intentions regarding the future of the Company if Shareholders approve the acquisition.

See section 6.5.

Other than in the ordinary course of business, and after completion of the Transaction, neither Urban Group nor Wytown have any intention to:

(i) change the business of the Company;

(ii) inject further capital into the Company;

(iii) change the future employment of present employees of the Company;

(iv) other than under the Sale Agreement, adopt any proposal where assets will be transferred between the Company and either Urban Group or Wytown, or their associates; or

(v) redeploy the fixed assets of the Company.

(f) Any intention of Urban Group or Wytown to change the financial or dividend distribution policies of the Company

See section 6.5.

(g) The interests that any director has in the acquisition or any relevant agreement disclosed in section 8.3(d)

None of the current Directors of the Company have any interest in Urban Group or Wytown.

(h) The identity, associations (with the subscriber, purchaser or vendor and with any of their associates) and qualifications of any person who it is intended will become a director if the shareholders approve the acquisition and the interest that the proposed director has in the acquisition or any relevant agreement disclosed in section 8.3(d)

See sections 6.5 and 6.6.

8.4 Independent Experts Report

Under ASIC Regulatory Guide 74: *Acquisitions Approved by Members*, an independent expert's report is required for Resolution 4. The report must analyse whether the transaction is fair and reasonable and state the expert's opinion.

The Company has retained Crowe Horwath to prepare this report and Crowe Horwath has concluded that the Urban Group and Wytown Acquisitions are fair and reasonable to the Company's non-associated Shareholders. The report is in schedule 4 to this Explanatory Memorandum.

8.5 Urban Group and Wytown's existing voting power in the Company

Neither Urban Group nor Wytown have any relevant interest in the Company's Shares.

The extent to which Urban Group and Wytown's voting power will increase as a result of the acquisition will depend upon the extent to which Shareholders take up their Entitlement and Shortfall Shares are placed with persons other than Urban Group or Wytown.

A table setting out Urban and Wytown's relevant interest assuming various scenarios is at section 6.5.

8.6 Impact of the Urban Group and Wytown Acquisition on the Company's financial position and pro forma balance sheet

The impact of the acquisition on the Company's financial position is set out in section 6.9 and in the Independent Expert's Report.

8.7 Reasons why Shareholders should approve the Urban Group and Wytown Acquisition

The reasons why the Urban Group and Wytown Acquisition should be approved are set out in section 6.13 above.

8.8 Reasons why Shareholders should not approve the Urban Group and Wytown Acquisition

The reasons why the Urban Group and Wytown Acquisition should not be approved are set out in section 6.13 above.

8.9 Directors' recommendation

The Directors' recommendation and reasons is set out in section 6.19 above.

9 RESOLUTIONS 5 TO 7 – APPOINTMENT OF DIRECTORS

9.1 Introduction

In accordance with rule 8.1(l)(2) of the Company's Constitution, Messrs Brian Thomas, Adam Pearse and Lui Pangiarella have been nominated by the Directors for election at this Annual General Meeting. Mr David Richardson will retire as a Director of the Company at completion of the Acquisition. Subject to Shareholders approving Resolution 2, Messrs Ian Campbell and Craig Vivian will continue to act as Directors, so the Company will have a Board of 5.

9.2 Directors' recommendation

Having regard to the above, the Directors recommend that Shareholders approve Resolutions 5 to 7.

10 RESOLUTION 8 – APPROVAL OF 10% PLACEMENT FACILITY

10.1 General

The Company seeks Shareholder approval to issue Equity Securities up to 10% of its issued share capital through placements over a 12 month period following shareholder approval (10% Placement Facility).

The exact number of Equity Securities to be issued under the 10% Placement Facility will be determined in accordance with the formula prescribed in Listing Rule 7.1A.2 (refer to section 10.3(a) below).

10.2 Directors' recommendation

The Board unanimously recommends that Shareholders vote in favour of Resolution 8. This will allow the Company to issue securities and raise funds whilst preserving the Company's 15% annual limit permitted by Listing Rule 7.1.

10.3 Listing Rule 7.1A

Listing Rule 7.1A enables eligible entities to issue Equity Securities up to 10% of its issued share capital through placements over a 12 month period following shareholder approval by way of a special resolution. The 10% Placement Facility is in addition to the Company's 15% placement capacity under Listing Rule 7.1.

An eligible entity for the purposes of Listing Rule 7.1.A is an entity that is not included in the S&P/ASX 300 Index and has a market capitalization of $300 million or less. The Company is an eligible entity.

(a) Maximum number of Equity Securities which may be issued

The number of Equity Securities which may be issued, or agreed to be issued, under the 10% Placement Facility is prescribed in Listing Rule 7.1A.2 and is calculated as follows:

Number of Equity Securities = (A x D) - E

"A" the number of shares on issue 12 months before the date of issue or agreement:

(A) plus the number of fully paid shares issued in the 12 months under an exception in Listing Rule 7.2;

(B) plus the number of partly paid shares that become fully paid in the 12 months;

(C) plus the number of fully paid shares issued in the 12 months with approval of holders of shares under Listing Rule 7.1 and 7.4. This does not include an issue of fully paid shares under the entity's 15% placement capacity without shareholder approval;

(D) less the number of fully paid shares cancelled in the 12 months.

"D" is 10%

"E" is the number of Equity Securities issued or agreed to be issued under Listing Rule 7.1A.2 in the 12 months before the date of issue or agreement to issue that are not issued with the approval of shareholders under Listing Rule 7.1 or 7.4.

The actual number of Equity Securities that may be issued under Listing Rule 7.1A is calculated at the date of issue of the Equity Securities in accordance with the above formula.

The ability of an entity to issue Equity Securities under Listing Rule 7.1A is in addition to the entity's 15% placement capacity under Listing Rule 7.1

As the date of this Notice, the Company has on issue only one class of quoted securities, being 205,100,124 Shares, and is proposing to issue to up to a further 837,706,502 Shares under the Transaction (such Shares to be included in calculating the 10% Placement Facility).

As a result (assuming full subscription under the Entitlement Offer), the Company will have the capacity to issue up to:

(i) 155,670,994 Equity Securities under Listing Rule 7.1; and

(ii) subject to Shareholders approving the Transaction Resolutions and Resolution 8, 103,780,662 Equity Securities under Listing Rule 7.1A.

(b) Minimum Issue Price

The issue price of Equity Securities issued under Listing Rule 7.1A must be not less than 75% of the VWAP of Equity Securities in the same class calculated over the 15 Trading Days on which trades of Shares were recorded immediately before:

(i) the date on which the price at which the Equity Securities are to be issued is agreed; or

(ii) if the Equity Securities are not issued within 5 Trading Days of the date in paragraph (i) above, the date on which the Equity Securities are issued.

10.4 Specific information by Listing Rule 7.3A

For the purposes of Listing Rule 7.3A, the following information is provided about the proposed issue:

(a) The Equity Securities will be issued at an issue price of not less than 75% of the VWAP for the Company's Equity Securities over the 15 Trading Days on which trades of Shares were recorded immediately before:

(i) the date on which the price at which the Equity Securities are to be issued is agreed; or

(ii) if the Equity Securities are not issued within 5 Trading Days of the date in paragraph (i) above, the date on which the Equity Securities are issued.

(b) There is a risk of economic and voting dilution to existing Shareholders in approving the 10% Placement Facility, including the risks that:

(i) the market price for the Company's Equity Securities may be significantly lower of the date of the issue of the Equity Securities than when Shareholders approval the 10% Placement Facility; and

(ii) the Equity Securities may be issued at a price that is at a discount to the market price for the Company's Equity Securities on the issue date, or issued for non-cash consideration for the acquisition of a new asset.

Following is a table that sets out the potential dilution of existing Shareholders if Equity Securities are issued under the 10% Placement Facility:

Variable "A" in Listing Rule 7.1A.2[1]		Dilution		
		$0.01 50% decrease in Issue Price	$0.02 Issue Price	$0.04 100% increase in Issue Price
1,037,806,626 Current Variable A	10% Voting Dilution	103,780,662	103,780,662	103,780,662
	Funds Raised	$1,037,807	$2,075,613	$4,151,227
1,556,709,939 50% increase in current Variable A	10% Voting Dilution	155,670,994	155,670,994	155,670,994
	Funds Raised	$1,556,710	$3,113,420	$6,226,840
2,075,613,252 100% increase in current Variable A	10% Voting Dilution	207,561,325	207,561,325	207,561,325
	Funds Raised	$2,075,613	$4,151,227	$8,302,453

[1] This assumes a further 837,706,502 Shares are issued under the Transaction.

The table has been prepared on the following assumptions:

(i) The Transaction Resolutions are passed and the Transaction completes, with full subscription under the Entitlement Offer.

(ii) The Company issues, or agrees to issue, the maximum number of Equity Securities available under the 10% Placement Facility.

(iii) The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example as 10%.

(iv) The issue price is $0.02 being the issue price under the Entitlement Offer (**Issue Price**).

The table does not show an example of dilution that may be caused to a particular Shareholder by reason of placements under the 10% Placement Facility, based on that Shareholder's holding at the date of the Meeting.

The table shows only the effect of issues of Equity Securities under Listing Rule 7.1A, not under the 15% placement capacity under Listing Rule 7.1.

(c) The latest date by which Equity Securities may be issued is 12 months after the Meeting. Approval for the issue of Equity Securities under the 10% Placement Facility will cease to be valid in the event that Shareholders approve a transaction under Listing Rule 11.1.2 (a significant change to the nature or scale of activities or Listing Rule 11.2 (disposal of main undertaking).

(d) The Equity Securities may be issued for the following purposes:

(i) to raise funds, in which case the Company intends to use the funds raised towards an acquisition of new assets or investments (including expense associated with such acquisition), continued exploration and feasibility study expenditure on the Company's current assets and/or general working capital; or

(ii) in consideration of the acquisition of new resources assets and investments, in which case the Company will provide a valuation of the non-cash consideration as required by Listing Rule 7.1A.3.

The Company will comply with the disclosure obligations under Listing Rules 7.1A.4 and 3.10.5A upon issue of any Equity Securities.

(e) The Company is yet to identify the persons to whom Equity Securities will be issued to under the 10% Placement Facility. The Company's policy for allocating Equity Securities issued under the 10% Placement Facility will be determined on a case-by-case basis depending upon the purpose, and prevailing market conditions at the time, of any issue and having regard to factors including but not limited to the following:

(i) The fundraising methods available to the Company, including but not limited to, rights issue or other issue which may minimise dilution to Shareholders.

(ii) In the case of an asset or investment acquisition, the nature and circumstances of the acquisition.

(iii) The effect of the issue of the Equity Securities on the control of the Company.

(iv) The financial situation and solvency of the Company.

(v) Advice from corporate, financial and broking advisers (if applicable).

The subscribers may include vendors (in the case of any issue for non-cash consideration), existing substantial Shareholders and/or new Shareholders who are not related parties or associates of a related party of the Company.

(f) The Company has obtained Shareholder approval under Listing Rule 7.1A in its 2013 annual general meeting.

The Company has not issued any Equity Securities in the 12 months preceding the date of the Meeting. There was no dilution of the total number of Equity Securities on issue at the commencement of that 12 month period.

(g) A voting exclusion statement is included in the Notice.

At the date of the Notice, the Company has not approached any particular existing Shareholder or security holder or an identifiable class of existing security holder to participate in the issue of the Equity Securities, and no existing Shareholder's votes will be excluded under the voting exclusion in the Notice.

1 SCHEDULE 1 - DEFINITIONS

In this Notice and Explanatory Memorandum:

$25m Financing Facility	has the meaning given in section 6.3 of the Explanatory Memorandum.
10% Placement Capacity	has the meaning given in section 10.1 of the Explanatory Memorandum.
Acquisition	has the meaning given in section 6.1 of the Explanatory Memorandum.
ASX	means ASX Limited or the Australian Securities Exchange operated by ASX Limited, as the context requires.
ASIC	means the Australian Securities & Investments Commission.
Board	means the board of Directors.
Closely Related Party of a member of the Key Management Personnel	means a spouse or child of the member, a child of the member's spouse, a dependent of the member or the member's spouse, anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealing with the entity; company the member controls; or a person prescribed by the *Corporations Regulations 2001* (Cth).
Crowe Horwath	means Crowe Horwath Corporate Finance Pty Limited.
Company	means Solco Ltd (ACN 084 656 691).
Completion	means completion of the Transaction.
Consideration Shares	has the meaning given in section 6.1 of the Explanatory Memorandum.
Constitution	means the constitution of the Company as amended.
Corporations Act	means the *Corporations Act 2001* (Cth) as amended.
Director	means a director of the Company.
Eligible Shareholders	means Shareholders on the Record Date with an address in Australia or New Zealand.
Entitlement	means the number of New Shares each Shareholder is entitled to subscribe for under the Entitlement Offer.
Entitlement Offer	has the meaning given in section 6.1 of the Explanatory

Memorandum.

Equity Securities has the same meaning given in the Listing Rules.

Explanatory Memorandum means this explanatory memorandum.

Full Subscription means the full amount to be raised under the Entitlement Offer.

Go Energy means Go Energy Pty Limited (ABN 14 097 708 104).

Go Group means Go Energy (which owns 100% of the issued share capital in Go Energy Solar PPA Fund 1 Pty Ltd (ABN 67 167 461 092)); Go Energy Installations Pty Ltd (ABN 96 163 422 535); Go Quote Pty Limited (ABN 56 164 224 266); CO2 Global Exports Australia Pty Ltd (ABN 88 140 158 041); CO2 Environmental Trading Pty Ltd (ABN 97 164 484 093); and Go Energy Services Pty Ltd (ABN 69 153 221 268).

Go Group Assets means:

(a) 100% of the issued shares in:

 (i) Go Energy Pty Limited (ABN 14 097 708 104) (which owns 100% of the issued share capital in Go Energy Solar PPA Fund 1 Pty Ltd (ABN 67 167 461 092));

 (ii) Go Energy Installations Pty Ltd (ABN 96 163 422 535);

 (iii) Go Quote Pty Limited (ABN 56 164 224 266); and

 (iv) CO2 Global Exports Australia Pty Ltd (ABN 88 140 158 041);

(b) the business assets and intellectual property of CO2 Environmental Trading Pty Ltd (ABN 97 164 484 093);

(c) the intellectual property of Urban Group used by, or necessary for, the other businesses being vended in; and

(d) Urban Group's interest in the Mt Majura solar farm development project.

Independent Expert's Report means the independent expert's report prepared by Crowe Horwath for the purposes of Resolution 4.

Key Management has the same meaning as in the accounting standards and

Personnel	broadly includes those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any Director (whether executive or otherwise) of the Company.
Listing Rules	means the listing rules of the ASX.
Meeting or **Annual General Meeting**	means the meeting convened by this Notice (as adjourned from time to time).
New Share	means a new Share offered under the Entitlement Offer.
Notice	means this notice of meeting.
Option	means an option to be issued a Share.
PPA	means a power purchase agreement.
Prospectus	means the prospectus to be lodged with ASIC for the Entitlement Offer.
Proxy Form	means the proxy form attached to this Notice.
Record Date	means the record date for the Entitlement Offer as set out in the timetable in section 6.16 of the Explanatory Memorandum.
Remuneration Report	means the remuneration report of the Company included in the Directors' Report section of the Company's Annual Report.
Resolution	means a resolution set out in the Notice.
Sale Agreement	has the meaning given in section 6.1 of the Explanatory Memorandum, and includes variations to that agreement and (where the context requires) the term sheets with Urban Group, CO2 Environmental Trading Pty Ltd and Go Energy Services Pty Ltd which supplement the sale agreement entered into on 29 August 2014..
Share	means a fully paid ordinary share in the capital of the Company.
Shareholder	means a holder of a Share.
Shortfall Shares	means New Shares not subscribed for under the Entitlement Offer.
STC	means Small-scale Technology Certificates.

Trading Day	means a day determined by ASX to be a trading day in accordance with the Listing Rules.
Transaction	means the Acquisition and Entitlement Offer.
Transaction Resolutions	means Resolutions 3 to 7.
Underwritten Amount	has the meaning given in section 6.8 of the Explanatory Memorandum.
Underwriting Obligation	means the obligation contained in the Sale Agreement under which Urban Group will underwrite the Entitlement Offer up to the Underwritten Amount.
Underwritten Shares	means 150,000,000 Shares to be offered under the Entitlement Offer.
Urban Group	means Urban Group Energy Holdings Pty Limited (ABN: 87 152 632 927).
Urban Group Acquisition	means the acquisition by Urban Group of a relevant interest in 627,606,378 Consideration Shares and up to 150,000,000 Shortfall Shares.
Urban Group Optionholders	has the meaning given in section 6.5 of the Explanatory Memorandum.
VWAP	means volume weighted average price.
Wytown	means Wytown Pty Ltd ATF Rodney Frank Harvey Family Trust.
Wytown Acquisition	means the acquisition by Wytown of a relevant interest in 439,324,464 Consideration Shares and up to 105,000,000 Shortfall Shares.
WST	means Western Standard Time.

2 SCHEDULE 2 - RISKS

The Transaction is not risk free. Before deciding to approve the Transaction Resolutions, Shareholders should read the Notice of Meeting and Explanatory Memorandum and consider at least the following risks in light of their personal circumstances and investment objectives (including financial and taxation issues) and seek professional advice if required.

The operating and financial performance and position of the Company, the value of its Shares and the amount and timing of any dividends (if any) that the Company may pay will be influenced by a range of factors. Many of the risks set out below are beyond the control of the Company and the Directors. Accordingly, these factors may have a material effect on the Company's performance and profitability which may cause the market price of Shares to rise or fall over any given period.

The below risks are not intended to be exhaustive of the risk factors to which the Company is exposed.

2.1 Risks specific to GO Group

(a) Reliance on staff and management capability

Go Group is dependent on the experience and talent of key management and staff to support the management of its business. Its inability to retain or recruit key personnel can have a negative impact on its business.

(b) Growth

Go Group's ability to grow its business depends on its ability to: secure new customer sales (retail electricity, gas and solar PPA contracts), identify new generation projects, commercialise new energy technology trends successfully, and convert its pipeline of opportunities. Any number of factors may affect the group's ability to manage its future growth successfully.

(c) Concentration of Shareholding

After completing the Transaction, Urban Group will own up to 79.13% of the Shares of the Company. It will be in a position to exert influence on the election of Directors and approval of transactions. Its interests may differ from interests of the Company's senior management and other Shareholders.

(d) Actions of competitors

Go Group operates in a competitive market segment and there are a number of service providers offering competing products and services. Aggressive competition for market share may result in margins contracting in the industry impacting commercial returns.

2.2 Risks specific to retail energy markets

(a) Spot price risk

Go Group sells power to its customers on a fixed price contract basis. To the extent to which it has to buy power or gas from the wholesale electricity or gas markets, it will buy on a spot price basis. To the extent to which Go Group does not have sufficient hedges in place, Go Group's financial performance will be affected if, on average, spot prices are higher than its fixed contract prices. Adverse weather conditions or generator outage may result in unforeseen increases in spot prices. For electricity markets, it is Go Group's policy to hedge a substantial component of its pricing risk. However, there is no guarantee that it will not be exposed to electricity spot price volatility. In gas markets, Go Group is passing all price risk through to its customers and except for credit/contractual and operations risks (explained later), it has limited exposure to spot gas price risk. However, there is no guarantee that it may not be exposed to financial losses from spot price risk.

(b) Load volume risk

GO Group's contracts are not for fixed volume. Customers only pay for the electricity which they consume. There is a risk if there is a mismatch between actual customer demand and hedges which Go Group has in place. Variations between forecast and actual loads give rise to spot price risk. Whilst Go Group uses sophisticated load pricing models and risk management systems to analyse and minimise this exposure, there is no guarantee that it will not suffer financial loss from load volume mismatches.

(c) Retail contracting risk

The average duration of retail electricity and gas contracts is less than 3 years. Other than for solar PPAs, where the term is substantially longer (from 5 to 25 years), there is no certainty that Go Group will be able to enter into new retail contracts with those customers when the retail contract period ends nor any certainty regarding sales prices and volumes that applies to retail contract renewals.

(d) Risk management and trading systems

Go Group has implemented policies and procedures to manage risk of trading operations including: hedging limits, contract management procedures, management of market, trading or operational risk. Effective risk management relies on key staff, systems and adherence to policies and procedures. There is no guarantee that Go Group's current or future trading or risk management will prevent occurrence of situations resulting in financial losses.

2.3 Risks specific to financial markets

(a) Liquidity and funding risk

Go Group relies mostly on non-recourse funding facilities to fund its businesses - STC aggregation, solar PPA and utility-scale solar PV projects businesses. The average funding term for Go Group's current facilities is 10 years which is sufficient to meet the paybacks of most of its PPA or project returns. However, there is no guarantee that funding will be available to meet all of Go Group's requirements.

(b) Foreign exchange risk

Go Group imports technology and products from overseas, principally from China and USA and, primarily denoted in USD. Whilst Go Group hedges its spot and 0-3 month forward price exposure, a substantial collapse in AUD/USD exchange rate may result either directly in financial losses or, indirectly in making our customer pricing uncompetitive against domestic competitors who are not exposed to foreign exchange risks.

(c) Interest rate risk

An increase in interest rates on debt facilities may result in reductions in cash flows available to Go Group businesses and resulting distributions to equity investors. However, Go Group's current facilities are either fixed rate for the tenor of facility (e.g solar PPAs and solar PV projects) or allow rate fluctuations to be passed through in customer pricing (e.g STC aggregation facility).

(d) Credit and counterparty default risk

Go Group businesses, GO energy and CO2 Markets, are parties to customer sales and counterparty hedge contracts representing a significant portion of revenues. It is exposed to default of payments due under these contracts. While Go Group has well developed credit and collection policies and procedures with a focus on highly rated counterparties, there is no guarantee that these customers and counterparties will not be able to meet their financial obligations.

2.4 Regulatory Risks

(a) Renewable Energy Target (**RET**)

Go Group businesses depend on the continuation of the current Government policy support for the RET and its market mechanisms. If the RET or these market mechanisms were abolished or substantially reduced in scope, some Go Group businesses would not be viable at all (e.g CO2 Markets). Others, such as Go Group, would remain viable but have their profitability adversely impacted.

(b) Licencing

Go Group must hold and comply with certain licence conditions to undertake its businesses. Any failure to maintain those licences or changes in eligibility would adversely impact Go Group's ability to offer services or products to customers or manage its risks commercially.

2.5 PPA and project risks

(a) PPA and project risks

Go Group derives development fees from the development and construction of power generation, especially solar – both small scale (PPAs) and large utility scale projects. If Go Group's pipeline of projects is delayed or cancelled, these development fees may not be realised. Similarly Go Group earns returns over the life of a project if production and cost levels are maintained in accordance with the original business investment case especially after PPA or project debt is repaid. These returns may not materialise where projects do not perform in accordance with the original business case.

(b) Offtake pricing risks

Go Group's ability to deliver PPAs or future generation projects is dependent on securing sufficiently attractive customer PPA tariffs or offtake agreements. Changes in market conditions or failure to secure sufficiently attractive PPA or offtake prices may hinder growth in demand or prevent a project from proceeding.

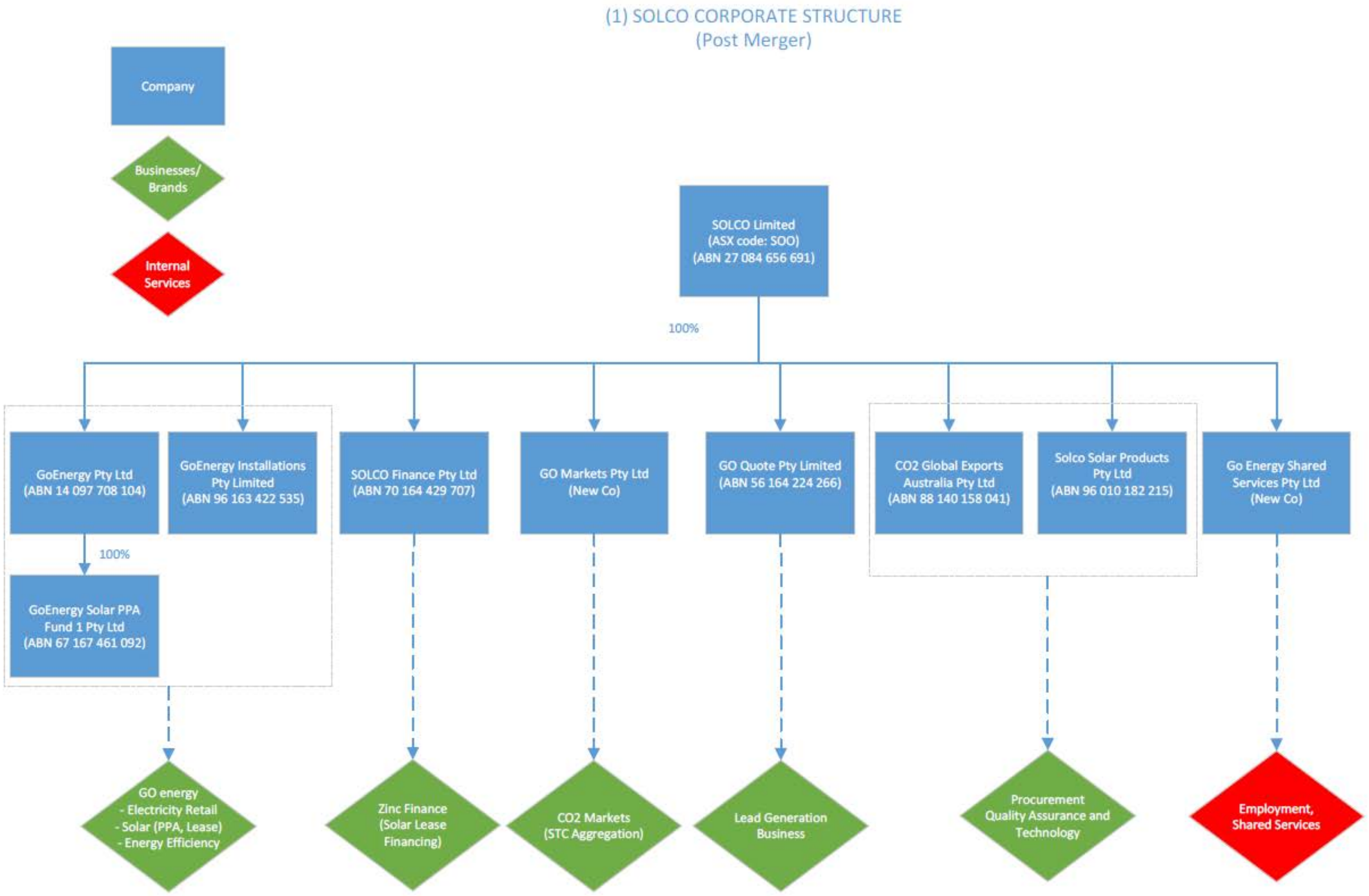
(c) Construction risks

Projects are exposed to risks that project is not completed on time, on budget or in accordance with specifications, given the complexity of power systems and specialised technology. While the Go Group uses high quality engineering, procurement and construction (EPC) partners and installers under mostly fixed price contract terms with specified liquidated damages, it cannot guarantee that these outcomes will not result in some financial losses.

2.6 General risks

Approving an activity for the purposes of Chapter 11 of the Listing Rules will result in the Company's Shares being suspended from quotation under Chapters 1 and 2 of the Listing Rules (the requirements to admission on ASX) are satisfied. There is a risk that, in the event the requirements are not satisfied that the Company's Shares may be suspended for a period longer than that proposed in this Explanatory Memorandum.

3 SCHEDULE 3 – CORPORATE CHART FOLLOWING COMPLETION OF THE TRANSACTION



Crowe Horwath™

SOLCO LTD
ABN 27 084 656 691

INDEPENDENT EXPERT'S REPORT

We conclude the Proposed Transaction is fair and reasonable for the shareholders of Solco Ltd whose votes are not to be disregarded.

24 October 2014

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24 October 2014

The Independent Directors
Solco Ltd
C/- Nexia Perth
Level 3, 88 William Street
PERTH WA 6104

The Independent Directors,

RE: INDEPENDENT EXPERT'S REPORT (THE "REPORT")

1 Introduction

1.1 Overview of the Proposed Transaction

On 29 August 2014, Solco Ltd ("**Solco**" or "**the Company**") announced it had signed a binding term sheet to acquire certain companies, businesses and assets from Urban Group Energy Holdings Pty Ltd ("**UGEH**") ("**Proposed Transaction**"). Solco and UGEH are collectively referred to as "**the Parties**", or post the Proposed Transaction, "**the Combined Entity**".

The UGEH companies, businesses and assets to be vended in as part of the Proposed Transaction are:

- 100% of the issued shares in:
  - GoEnergy Pty Ltd ("**Go Energy**"), which owns 100% of the issued share capital in GoEnergy Solar PPA Fund 1 Pty Ltd ("**Solar PPA Fund 1**");
  - GoEnergy Installations Pty Ltd ("**Go Energy Installations**");
  - GO Quote Pty Ltd ("**GO Quote**"); and
  - CO2 Global Exports Australia Pty Ltd ("**CO2 Global**");
- the business assets and Intellectual Property ("**IP**") of CO2 Environmental Trading Pty Ltd (trading as "**CO2 Markets**");
- the business assets and IP of GoEnergy Services Pty Ltd ("**Go Energy Services**") used by, or necessary for, the other businesses being vended in (including certain staff, cars, computers and contracts);
- the IP of UGEH used by, or necessary for, the other businesses being vended in; and
- UGEH's Mt Majura solar farm development project ("**Mt Majura Solar Project**").

The above are collectively referred to as the "**Urban Assets**" or "**Go Group of businesses**"). A group structure diagram for UGEH is provided at Section 6.1.2.

The Proposed Transaction will involve the following interdependent issuances of shares:

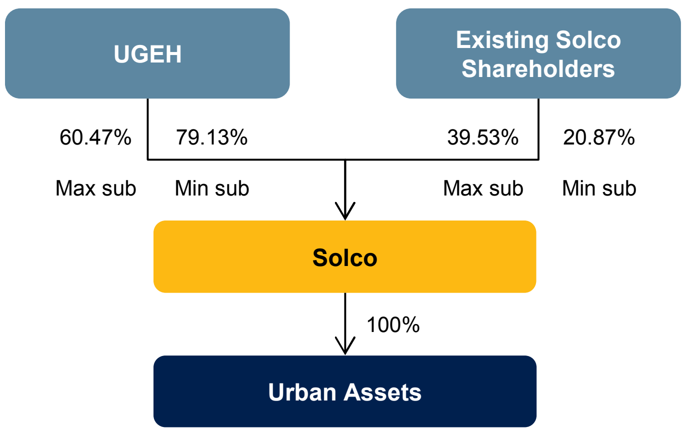
- 615,300,372 ordinary shares to UGEH as consideration for vending in the Urban Assets ("**Consideration Shares**");
- 12,306,006 ordinary shares to UGEH shareholders in relation to an agreed working capital adjustment in respect of Solco's estimated working capital position at completion of the Proposed Transaction ("**Working Capital Shares**"); and
- between 150,000,000 and 205,100,124 ordinary shares in relation to a non-renounceable entitlement offer ("**Entitlement Offer Shares**") to raise between $3 million and approximately $4.1 million ("**Proposed Entitlement Offer**")[1]. The funds will be used for working capital purposes, predominantly to fund UGEH's Mt Majura Solar Project. UGEH will underwrite $3 million of the Proposed Entitlement Offer.

If the Proposed Transaction is approved, all the shares summarised above will be issued. If the Proposed Transaction is not approved, none of the shares summarised above will be issued.

Summarised below are the post transaction shareholdings in the Combined Entity if the Proposed Transaction is implemented, under the following scenarios:

a. ***The minimum dilutionary scenario for existing Solco shareholders:*** existing Solco shareholders take up the maximum subscription under the Proposed Entitlement Offer and are issued with an additional 205,100,124 Solco shares; and

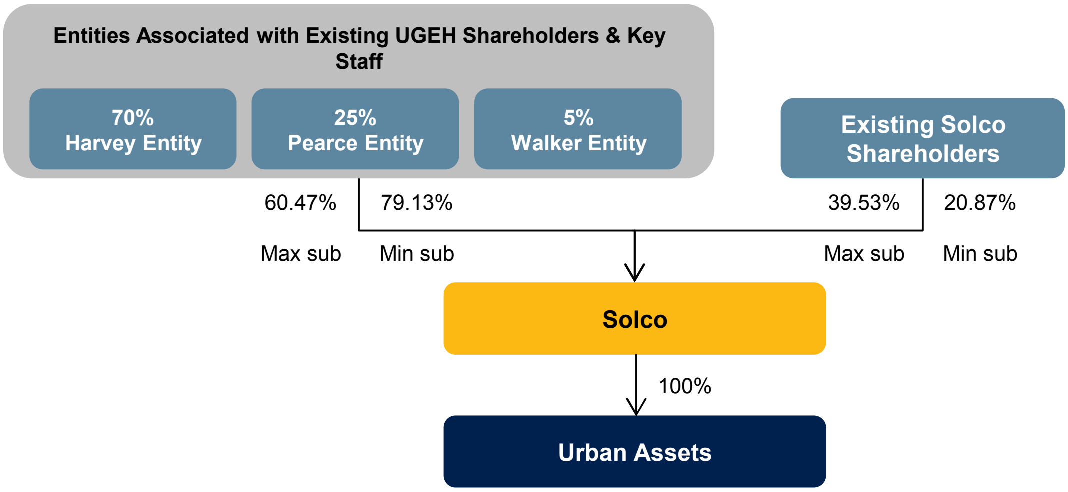
b. ***The likely maximum dilutionary scenario for existing Solco shareholders:*** no Solco shareholders take up their entitlements under the Proposed Entitlement Offer and UGEH is issued with the underwritten component of the Proposed Entitlement Offer, being 150,000,000 Solco shares.



The above scenarios assume UGEH will only take up the underwritten portion of the Proposed Entitlement Offer. Under these scenarios, UGEH will acquire between 60.47% and 79.13% of the shares in Solco.

[1] The Directors of Solco advise Solco's spread requirements will be met as part of the Proposed Entitlement Offer. ASX Listing Rules require an ASX listed entity to have between at least 300 and 400 shareholders (depending on the entity's circumstances) each with a marketable parcel of shares (at least $2,000).

UGEH has entered into arrangements to grant call options over the Consideration Shares, Working Capital Shares and Entitlement Offer Shares to entities controlled by existing owners and key staff of UGEH (being Mr Rod Harvey, Mr Adam Pearce and Mr Dean Walker). Summarised below are the post transaction shareholdings in the Combined Entity assuming these options are exercised:



Mr Harvey's maximum effective interest in the shares of the Combined Entity post transaction will be 55.4%.

This Report has been prepared based on the actual number of Solco shares outstanding as at the date of this Report. We understand a 10 for 1 share consolidation may be required. Such a share consolidation would not impact our opinion in respect of the Proposed Transaction. A share consolidation would only impact, on a pro-rata basis, the number of shares outstanding, the number of shares to be issued and the values per share determined in this Report.

1.2 Purpose of the Report

If the Proposed Transaction is implemented, Solco will issue securities where:

- UGEH's interest will move from below to above 20% (prior to the options granted to UGEH's existing owners and key staff being exercised); and
- Mr Harvey's effective interest will move from below to above 20% (assuming the options granted to UGEH's existing owners and key staff are exercised).

As set out in Section 3, Solco is seeking shareholder approval of the above changes in ownership interests under Section 611(7) of the Corporations Act 2001 (the "**Act**"). Additionally, Solco is seeking shareholder approval of the Proposed Transaction in respect of Australian Securities Exchange ("**ASX**") Listing Rule 11.

The Directors of Solco have appointed Crowe Horwath Corporate Finance (Aust) Ltd ("**Crowe Horwath**") to prepare an Independent Expert's Report to assist shareholders of the Company to form a view as to whether to approve the Proposed Transaction.

This Report will form part of Solco's Notice of Meeting ("**Notice of Meeting**") to be sent to shareholders.

1.3 Approach to Our Assessment

In forming our opinion on whether or not the terms of the Proposed Transaction are fair for Solco shareholders, we adopted a notionally combined entity approach as outlined in paragraph 31 of Regulatory Guide 111 'Content of Expert Reports' ("**Regulatory Guide 111**") issued by the Australian Securities and Investments Commission ("**ASIC**"). This approach involved comparing:

- the value of shares in Solco pre-implementation of the Proposed Transaction, on a controlling basis; and
- the value of shares in the Combined Entity post-implementation of the Proposed Transaction, on a minority interest basis, since existing Solco shareholders will hold a minority interest in the Combined Entity post transaction.

On the basis the Parties are targeting to complete the Proposed Transaction before the end of the year 2014 calendar year, we adopted a valuation date of 31 December 2014 for the purpose of this Report.

Due to uncertainty associated with proposed changes to the Renewable Energy Target ("**RET**"), we valued the Urban Assets (and the Combined Entity) under two scenarios:

- assuming no changes to the RET are implemented; and
- assuming the announced changes to the RET are implemented (refer Section 4.4.1).

In assessing whether the Proposed Transaction is reasonable, we first considered whether the Proposed Transaction is fair. Additionally, we have compared the potential advantages and disadvantages of the Proposed Transaction to Solco shareholders, and assessed whether the advantages outweigh the disadvantages. The advantages and disadvantages in relation to the Proposed Transaction are summarised in Section 1.6 and discussed in detail in Section 11.4.

Under Regulatory Guide 111, an offer is deemed to be "reasonable" if it is fair, however, an offer might also be reasonable if, despite being "not fair", the expert believes that there are sufficient reasons for non-associated shareholders to accept the offer in the absence of a superior alternative.

Additionally, we have given due consideration to relevant matters in other guidelines, including Regulatory Guide 112 'Independence of Experts' ("**Regulatory Guide 112**") issued by ASIC.

1.4 The Proposed Transaction is Fair and Reasonable

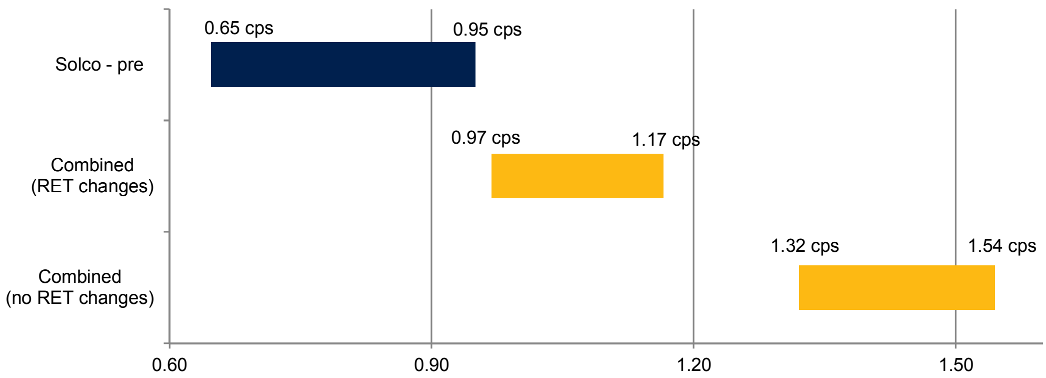
In our opinion, the Proposed Transaction is fair and reasonable for the shareholders of Solco.

Our fairness and reasonableness assessment for the Proposed Transaction is set out below.

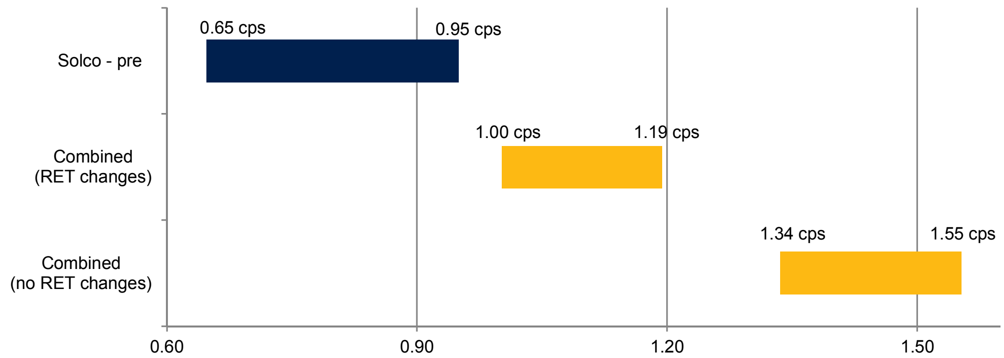
1.5 The Proposed Transaction is Fair

Summarised below is a comparison of the assessed values per share both before and after the Proposed Transaction under both valuation scenarios.

Fairness Comparison - Minimum Entitlement Offer Subscription



Fairness Comparison - Maximum Entitlement Offer Subscription



We note:

- Under the RET changes as announced scenario, the assessed value per share of the Combined Entity post-implementation of the Proposed Transaction (on a minority basis) is greater than the assessed value per share of Solco pre-implementation of the Proposed Transaction (on a controlling basis); and

- Under the no RET changes scenario, the assessed value per share of the Combined Entity post-implementation of the Proposed Transaction (on a minority basis) is greater than the assessed value per share of Solco pre-implementation of the Proposed Transaction (on a controlling basis).

On this basis, in our opinion, the Proposed Transaction is fair for Solco's shareholders.

For the avoidance of doubt, the value attributed to the shares in the Combined Entity post transaction does not reflect our opinion of the potential share price of Solco post transaction, rather, it reflects the valuation concepts required for the purpose of this Report only.

1.6 The Proposed Transaction is Reasonable

Since the Proposed Transaction is fair, it is also reasonable.

Notwithstanding the Proposed Transaction is fair, in our opinion, the advantages also outweigh the disadvantages of the Proposed Transaction.

1.6.1 Advantages to Solco shareholders from the Proposed Transaction

The primary advantages to the shareholders of Solco in proceeding with the Proposed Transaction are as follows.

a) *The Proposed Transaction, as a whole, is fair*

As set out above, in our opinion, the Proposed Transaction is fair.

b) *The Urban Assets being vended are diluted by the Proposed Entitlement Offer and Solco's working capital adjustment mechanism*

Under the fairness assessment framework required by Regulatory Guide 111, the Urban Assets being vended in are diluted by the Proposed Entitlement Offer and Solco's working capital deficiency. In the absence of shares issued under the Proposed Entitlement Offer and the working capital adjustment mechanism, the Proposed Transaction would be fairer. Summarised below is the implied value attributed to the Urban Assets (for the purpose of this Report) in exchange for shares issued to UGEH:

Urban Assets Implied Value per Shares of Urban Assets					
		No RET changes		RET changes	
		Low	High	Low	High
Value of Urban Assets on acquisition	($000s)	12,096	13,503	7,773	9,117
Total shares issued to Urban Shareholders	(#)	615,300,372	615,300,372	615,300,372	615,300,372
Value per share of Urban Assets vended in - controlling basis	(cps)	**1.97**	**2.19**	**1.26**	**1.48**

We note Solco shares traded at a Volume Weighted Average Price ("**VWAP**") of 0.94 cents and 0.95 cents per share during the three and six month periods prior to the announcement of the Proposed Transaction, respectively.

c) *UGEH is underwriting $3 million of the Proposed Entitlement Offer at an issue price of 2 cents per share*

UGEH's underwriting arrangement means that UGEH will participate in the Proposed Entitlement Offer at an issue price of 2 cents per share.

d) *Acquisition of trading businesses with significant potential upside*

Solco currently has no actively trading businesses. The Proposed Transaction will result in Solco acquiring several actively trading businesses, which have Management projections in excess of those adopted for the purpose of preparing this Report. While we analysed and considered UGEH Management's projections for the Urban Assets we attributed value to, our resultant valuation does not represent UGEH Management's forecast, nor is it our forecast for the same time periods. It reflects our assessment of underlying assumptions and resultant future cash flows in terms of what is reasonable for the purpose of this Report.

e) Acquisition of businesses and assets to which no value has been attributed

We only attributed value to CO2 Markets, Go Energy and the GO Quote platform. We did not attempt to attribute value to the Mt Majura Solar Project or either of the businesses operated by CO2 Global Exports.

f) Shareholders of Solco will potentially benefit from substantial historical investments in the Urban Assets

UGEH has invested a significant amount of money in developing its various businesses and IP. If the Proposed Transaction is implemented, Solco shareholders stand to benefit from those investments in the future, without having incurred the sunk costs.

g) Go Energy has secured substantial financial commitments for projects

In August 2014, Go Energy received terms for a $25 million commitment from a financier to fund commercial solar Power Purchase Agreements (**"PPAs"**). Go Energy is currently finalising the funding facility documentation. This is expected to be completed by mid-December 2014.

h) Ownership of shares in a larger company with potentially greater liquidity

The Proposed Transaction will result in the Combined Entity having a larger market capitalisation and shareholder base than Solco prior to the Proposed Transaction. Accordingly, shares held in the Combined Entity may be more liquid than shares currently held in Solco.

i) No superior alternative proposal has emerged

At the date of this Report, no superior alternative proposal to the Proposed Transaction had been announced and the Directors of Solco had no knowledge of the existence of any such proposals.

j) The Directors of Solco intend to vote in favour of the Proposed Transaction

The Directors of Solco have advised they unanimously recommend the Proposed Transaction, and that in their opinion, the Proposed Transaction will give Solco's shareholders the opportunity to participate in a potentially significant energy and renewables company.

k) Solco has limited time to find suitable acquisitions or delist from the ASX

Solco's existing cash balance and asset base will only allow it to search for suitable acquisitions for a relatively short period of time, or face delisting from the ASX. The Proposed Transaction represents an immediate acquisition opportunity in a similar industry to that of Solco's prior operations.

1.6.2 Disadvantages to Solco shareholders from the Proposed Transaction

The primary disadvantages to the shareholders of Solco in proceeding with the Proposed Transaction are as follows.

***a)* Dilution of Solco shareholders' current holdings**

By accepting the Proposed Transaction, shares will be issued to UGEH, which will have a significant dilutionary effect on current Solco shareholders' ownership in the Combined Entity, however, the combined asset position and market capitalisation of the Combined Entity will also be significantly larger.

b) Potential emergence of a controlling shareholder

Depending on the shortfall associated with the Proposed Entitlement Offer, the Proposed Transaction may result in Mr Harvey obtaining an interest in the Combined Entity in excess of 50%. Mr Harvey's maximum effective interest in the shares of the Combined Entity post transaction is 55.4%.

c) UGEH representatives will control Solco's Board of Directors

Under the mechanics of the Proposed Transaction, UGEH will have three Board representatives, compared to Solco's two.

d) Uncertainty in respect of the solar energy sector

Whilst the Urban Assets have operational history and a pipeline of future projects, there is no guarantee in respect of their future performance.

e) Spot price risk in respect of Go Energy buying grid energy

Go Energy Grid is exposed to risk in respect of the future price of grid energy. Go Energy hedges a substantial portion of future grid energy purchases, however, there is no guarantee the business will not be exposed to spot price risk on unhedged positions. Additionally, hedged positions may result in financial outcomes that are not as favourable as the spot market (albeit hedged positions provide greater certainty and accordingly less risk). Notwithstanding the above, Go Energy's financial models include volatilities related to spot price risk.

f) Load volume risk in respect of certain Go Energy contracts

Whilst commercial and industrial customers of Go Energy (Solar and Grid) are contracted for minimum volumes, other customers are not. In respect of these contracts, there is risk of a mismatch between hedged positions and actual customer demand. Whilst Go Energy uses sophisticated load pricing models and risk management systems, there is no guarantee that load volume mismatches and resultant financial loss will not occur. Notwithstanding the above, Go Energy's financial models include volatilities related to load volume risk.

g) Future changes consumption volumes and costs related to PPAs

Go Energy Solar is exposed to risk that consumption volumes and costs may deviate from the business case at the time of contracting with customers.

h) Changes in market conditions impacting attractiveness of PPAs

Changes in market conditions or failure to secure sufficiently attractive offtake prices may impact the growth of Go Energy.

i) Potential requirement for additional future capital

Whilst the Proposed Transaction appears to satisfy the Combined Entity's short term cash requirements, additional future capital may be required. Any additional future equity capital raised may be dilutionary to shareholders at that time.

j) Potential for a superior opportunity to emerge

The non-associated shareholders of Solco may consider that a superior alternative opportunity to the Proposed Transaction will emerge. The Directors of Solco are of the opinion that the Proposed Transaction is superior to other opportunities and alternative proposals that have previously emerged.

1.7 Other

This letter is a summary of Crowe Horwath's opinion on the Proposed Transaction. This letter should be read in conjunction with the detailed Report and appendices as attached. Unless the context requires otherwise, references to "we", "our" and similar terms refer to Crowe Horwath.

Our limitations and reliance on information, including unaudited financial statements, is set out in Section 3.5.

For the avoidance of doubt:

- the term "FY" refers the years ended 30 June; and
- "cps" refers to cents per share.

Yours faithfully

Crowe Horwath

CROWE HORWATH CORPORATE FINANCE (AUST) LTD

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2 The Proposed Transaction

2.1 Overview of the Proposed Transaction

On 29 August 2014, Solco announced it had signed a binding term sheet to acquire the Urban Assets. The Urban Assets comprise:

- 100% of the issued shares in:
  - Go Energy, which owns 100% of the issued share capital in Solar PPA Fund 1;
  - Go Energy Installations;
  - GO Quote; and
  - CO2 Global.
- The business assets and IP of CO2 Markets;
- The business assets and IP of GO Energy Services used by, or necessary for, the other businesses being vended in (including certain staff, cars, computers and contracts);
- The IP of UGEH used by, or necessary for, the other businesses being vended in; and
- The Mt Majura Solar Project.

2.2 Proposed Issuances of Shares

2.2.1 Consideration Shares

Solco will issue 615,300,372 ordinary shares to UGEH as consideration for the acquisition of the Urban Assets.

2.2.2 Working Capital Shares

Under the terms of the Proposed Transaction, Solco must retain a minimum cash balance of at least $1.5 million at completion, with the number of consideration shares to be issued to UGEH to be adjusted upwards or downwards depending upon actual working capital at completion of the Proposed Transaction ("**Working Capital Adjustment**"). The Parties have agreed that 12,306,006 ordinary shares will be issued to UGEH under the Working Capital Adjustment.

2.2.3 Entitlement Offer Shares

Solco is also proposing a non-renounceable entitlement offer. Under the Proposed Entitlement Offer, Solco will issue between 150,000,000 and 205,100,124 ordinary shares to raise between $3 million and approximately $4.1 million[2]. The funds will be used for working capital purposes, predominantly to fund UGEH's Mt Majura Solar Project. UGEH will underwrite $3 million of the Proposed Entitlement Offer.

[2] The Directors of Solco advise Solco's spread requirements will be met as part of the Proposed Entitlement Offer. ASX Listing Rules require an ASX listed entity to have between at least 300 and 400 shareholders (depending on the entity's circumstances) each with a marketable parcel of shares (at least $2,000).

2.3 Post Transaction Shareholdings and Group Structure

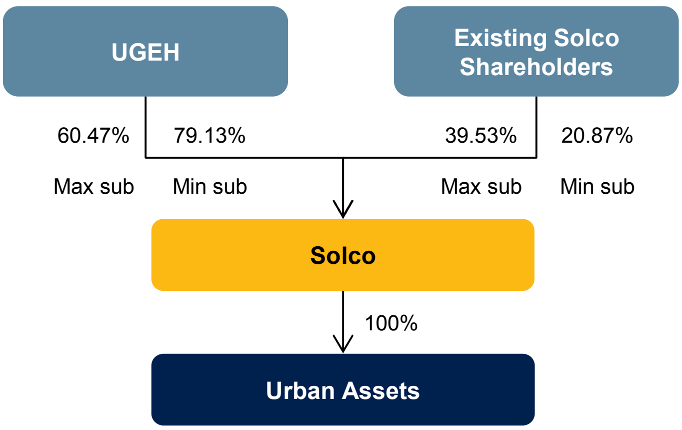
Summarised below are the post transaction shareholdings in the Combined Entity if the Proposed Transaction is implemented, under the following scenarios:

a. ***The minimum dilutionary scenario for existing Solco shareholders:*** existing Solco shareholders take up the maximum subscription under the Proposed Entitlement Offer and are issued with an additional 205,100,124 Solco shares; and

b. ***The likely maximum dilutionary scenario for existing Solco shareholders:*** no Solco shareholders take up their entitlements under the Proposed Entitlement Offer and UGEH is issued with the underwritten component of the Proposed Entitlement Offer, being 150,000,000 Solco shares.

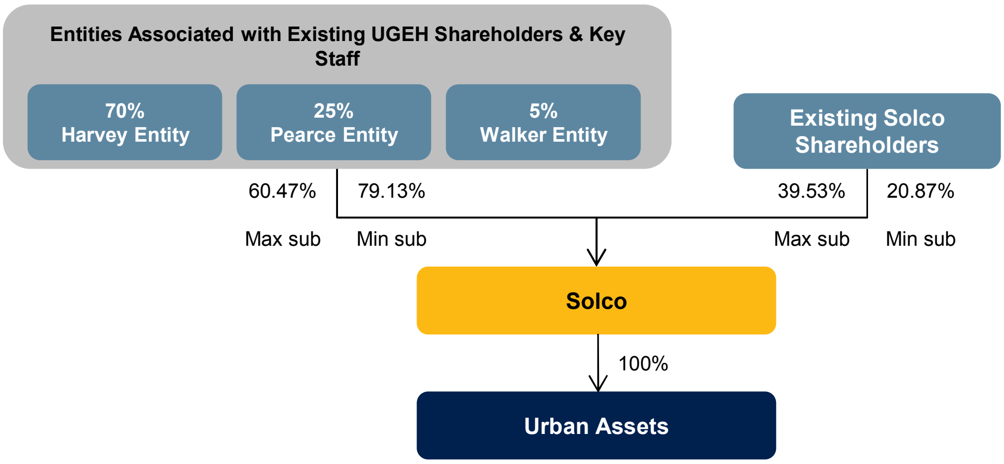
Proposed Transaction Illustrative Shareholdings	Maximum Entitlement Offer Subscription			Minimum Entitlement Offer Subscription		
	Existing	UGEH	Total	Existing	UGEH	Total
Current # shares on issue	205,100,124	-	205,100,124	205,100,124	-	205,100,124
Shares issued to UGEH as consideration	-	615,300,372	615,300,372	-	615,300,372	615,300,372
Shares issued to UGEH under Entitlement Offer	-	-	-	-	150,000,000	150,000,000
Shares issued to existing Solco Shareholders under Entitlement Offer	205,100,124	-	205,100,124	-	-	-
Total shares outstanding	**410,200,248**	**615,300,372**	**1,025,500,620**	**205,100,124**	**765,300,372**	**970,400,496**
% holding	*40.00%*	*60.00%*	*100.00%*	*21.14%*	*78.86%*	*100.00%*
Working Capital Adjustment to shares to be issued to UGEH		12,306,006	12,306,006		12,306,006	12,306,006
Total shares outstanding - post working capital adjustment	**410,200,248**	**627,606,378**	**1,037,806,626**	**205,100,124**	**777,606,378**	**982,706,502**
% holding	*39.53%*	*60.47%*	*100.00%*	*20.87%*	*79.13%*	*100.00%*

The diagram below summarises the post Proposed Transaction structure of the Combined Entity on this basis, immediately post the Proposed Transaction on the basis of the above scenarios:



The above scenarios assume UGEH will only take up the underwritten portion of the Proposed Entitlement Offer. Under these scenarios, UGEH will acquire between 60.47% and 79.13% of the shares in Solco.

UGEH has entered into arrangements to grant call options over the Consideration Shares, Working Capital Shares and Entitlement Offer Shares to entities controlled by existing owners and key staff of UGEH (being Mr Rod Harvey, Mr Adam Pearce and Mr Dean Walker). Summarised below are the post-transaction shareholdings in the Combined Entity assuming these options are exercised:



Mr Harvey's maximum effective interest in the shares of the Combined Entity post transaction will be 55.4%.

This Report has been prepared based on the actual number of Solco shares outstanding as at the date of this Report. We understand a 10 for 1 share consolidation may be required. Such a share consolidation would not impact our opinion in respect of the Proposed Transaction. A share consolidation would only impact, on a pro-rata basis, the number of shares outstanding, the number of shares to be issued and the values per share determined in this Report.

2.4 Conditions Precedent

The Share Sale Agreement includes the following conditions precedent:

- ***Shareholder approval:*** approval of all resolutions related to the Proposed Transaction by Solco's shareholders; and

- ***Independent Expert's Report:*** commissioning an Independent Expert's Report to form part of the Notice of Meeting.

2.5 Proposed Board Structure

As at the date of this report, Solco's Directors are:

- Mr David Richardson (Non-Executive Chairman);

- Mr Ian Campbell (Non-Executive Director); and

- Mr Craig Vivian (Non-Executive Director).

Under the terms of the Proposed Transaction, one existing Director will resign and UGEH has nominated the following three persons to Solco's board:

- Mr Brian Thomas (Chairman elect);

- Mr Adam Pearse (current Managing Director of UGEH and Managing Director elect); and

- Mr Lui Pangiarella (Non-Executive Director elect).

Profiles of the nominated Directors are included in the Notice of Meeting.

3 Scope of Report

3.1 Purpose of the Report

If the Proposed Transaction is implemented, Solco will issue securities where:

- UGEH's interest will move from below to above 20% (assuming the options granted to UGEH's existing owners and key staff are not exercised); and
- Mr Harvey's effective interest will move from below to above 20% (assuming the options granted to UGEH's existing owners and key staff are exercised).

As set out below, Solco is seeking shareholder approval of the above changes in ownership interests under Section 611(7) of the Act. Additionally, Solco is seeking shareholder approval of the Proposed Transaction in respect of Listing Rule 11.

The Independent Directors of Solco have appointed Crowe Horwath to prepare an Independent Expert's Report to assist shareholders of the Company to form a view as to whether to approve the Proposed Transaction.

The ultimate decision of voting for or against the Proposed Transaction should be based on each Solco shareholder's assessment of their own circumstances. The factors which Solco shareholders should have regard to in making this assessment include (but are not limited to) their risk profile, expectations as to the value of Solco shares and future stock market conditions.

Solco shareholders should read the Explanatory Statement issued by Solco in relation to the Proposed Transaction. If Solco shareholders are in doubt about the action they should take in relation to the Proposed Transaction, they should seek independent professional advice.

3.2 Corporations Act 2001

Subject to certain exceptions, Section 606(1) of the Corporations Act 2001 (the "**Act**") ("**Section 606**") does not allow a person to acquire voting shares in a public company if that person's or someone else's voting power in the Company increases, either from 20% or below to more than 20%, or any increase from a starting point that is above 20% and below 90%.

Section 611(7) of the Act ("**Section 611**") requires that, in the absence of an offer in which all shareholders can participate, any allotment of shares resulting in a person holding in excess of 20 percent of the issued share capital of the company must be approved by the shareholders who are not participating in the proposed allotment.

Section 611 provides an exemption to Section 606 if the transaction is approved by a resolution at a General Meeting of the Company's shareholders.

Solco is seeking exemption under Section 611 through approval by the non-associated shareholders.

3.3 ASX Listing Rule 11

The ASX has advised Solco that the Proposed Transaction amounts to a change in the nature and scale of Solco's activities that requires shareholder approval under Listing Rule 11.

3.4 Basis of Evaluation

In evaluating the fairness and reasonableness of the Proposed Transaction, we have considered the requirements of the Act and relevant Regulatory Guides issued by ASIC, which provides guidance on interpretation.

This Report takes into account the provisions of Regulatory Guide 111 issued by ASIC which states that if a company issues securities and, as a consequence, the allottee acquires over 20% of the company, the transaction should be analysed as if it were a takeover bid.

Regulatory Guide 111 distinguishes "fair" from "reasonable" and considers:

- An offer to be "fair" if the value of the offer is equal to or greater than the value of the securities subject to the offer. This comparison should be made assuming 100% ownership of the "target" and irrespective of whether the consideration is scrip or cash. The expert should not consider the percentage held by the "bidder" or its associates in the target when making this comparison.

- An offer to be "reasonable" if it is fair. It might also be reasonable if, despite being "not fair", the expert believes that there are sufficient reasons for non-associated shareholders to accept the offer in the absence of a superior alternative.

For the purposes of this Report, Crowe Horwath has treated "fair" and "reasonable" as separate concepts.

In forming our opinion on whether or not the terms of the Proposed Transaction are fair and reasonable for Solco shareholders, we have adopted a notionally combined entity approach as outlined in paragraph 31 of Regulatory Guide 111. This approach involved comparing:

- the value of shares in Solco pre-implementation of the Proposed Transaction, on a controlling basis;

- the value of shares in the Combined Entity post-implementation of the Proposed Transaction, on a minority interest basis, since existing Solco shareholders will hold a minority interest in the Combined Entity post transaction; and

- the likely advantages and disadvantages of the terms of the Proposed Transaction for Solco and its shareholders.

The advantages and disadvantages in relation to the Proposed Transaction are discussed in detail in Section 11.4 and are summarised in Section 1.6.

Additionally, we have given due consideration to relevant matters in other guidelines, including Regulatory Guide 112 issued by ASIC.

3.5 Limitations and Reliance on Information

3.5.1 Overview

Crowe Horwath's opinion is based on economic, share market, business and trading conditions prevailing at the date of this Report. These conditions can change significantly over relatively short periods. If they did change materially, the valuation and our opinion could vary significantly. Should we become aware of any factors that alter our assumptions as given, we reserve the right to alter our Report.

This Report is based upon financial and non-financial information provided by Solco, UGEH and their advisers. Crowe Horwath has used and relied on this information for the purposes of its analysis.

Crowe Horwath has considered and relied upon the information provided by Solco and UGEH and has no reason to believe that any material facts have been withheld. The information provided to Crowe Horwath has been evaluated through analysis, inquiry and review for the purposes of forming an opinion as to whether the Proposed Transaction is fair and reasonable to the shareholders of Solco. Crowe Horwath does not warrant that its inquiries have identified or verified all of the matters that an audit, extensive examination or due diligence investigation might disclose.

To the extent that there are legal issues relating to assets, properties, or business interests or issues relating to compliance with applicable laws, continuous disclosure rules, regulations, and policies, Crowe Horwath:

- assumes no responsibility and offers no legal opinion or interpretation on any issue; and
- has generally assumed that matters such as title, compliance with laws and regulations and contracts in place are in good standing and will remain so and that there are no legal proceedings, other than as publicly disclosed.

3.5.2 Reliance on Unaudited Information

Since the Urban Assets being vended in represent only a portion of the existing UGEH business, the Management financial statements related to the Urban Assets are in the process of being reviewed for the purpose of the Investigating Accountant's Report ("**IAR**") that will accompany the Prospectus.

Management of UGEH reconstructed financial statements for the Urban Assets, based on:

- audited financial statements for Go Energy for FY12, FY13 and FY14;
- reconstructed financial statements for CO2 Markets for FY12, FY13 and FY14, compiled by UGEH's external accountants; and
- a range of Management financial statements covering the remaining periods and relevant entities and assets.

We analysed UGEH's reconstruction of the financial statements for reasonableness, however, we did not audit or verify them. The reconstructed Management financial statements were prepared with care and due diligence, and in our opinion, based on our analysis, it is reasonable to adopt them for the purpose of this Report.

We note the ultimate financial statements connected to the IAR may differ materially from the reconstructed Management financial statements. If materially so, our fairness and reasonableness conclusions may be impacted.

4 Industry Overview

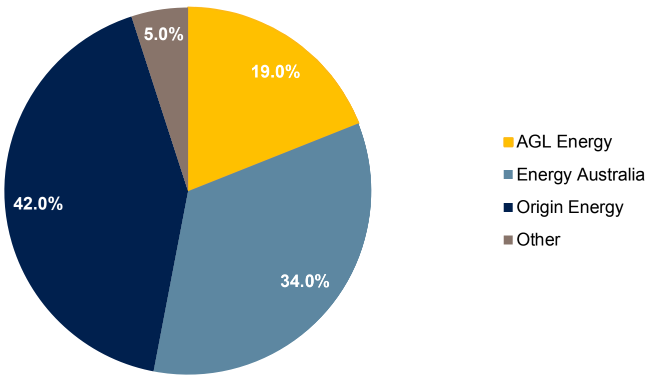
4.1 Industry Overview

The Urban Assets being vended in operate within the Green Energy Market in Australia, specifically:

- retailing and distributing electricity (Go Energy Solar and Go Energy Grid);
- providing integrated efficient energy solutions (Go Energy Solar); and
- creating and trading Small-scale Technology Certificates ("**STCs**") (CO2 Markets).

As a retailer and distributor of electricity, Go Energy operates within the Electricity Retailing industry in Australia, as defined by IBISWorld[3], which includes upstream generation activities of the largest players in the industry. Businesses operating in this industry secure the supply of electricity through power distributions systems and facilitate the delivery of electricity to end users through electricity transport networks.

According to the Australian Energy Market Commission ("**AEMC**"), market concentration for the Electricity Retailing Industry in New South Wales (excluding upstream activities) is high, with the top three industry participants accounting for 95% of electricity retailing revenues.



Source: AEMC Final Report, 3 October 2013

Go Energy and CO2 Markets also operate in the energy consulting and certificate generation subsectors of the Australian energy sector.

4.2 Historical Demand, Cost & Revenue Drivers

Demand for electricity generally follows macroeconomic drivers such as population growth and business activity growth. According to IBISWorld, per capita growth in energy demand has declined over the past five years to FY15(f) due to a decline in demand from major markets such as manufacturing, increasing environmental awareness and Government assistance packages to incentivise households to invest in energy efficiency measures and renewables. Notwithstanding the reduction in overall demand, there has been a shift in demand away from traditional energy sources toward to renewable sources such as wind, hydro and solar.

[3] Electricity Retailing in Australia, IBISWorld, September 2014

As overall demand continues to decrease, the overall industry's cost base has increased due to rising transport costs, in particular tariffs on transmission and distribution networks. These transport costs are largely fixed and the assets are regulated to make certain the cost of maintaining and constructing the networks is recovered through tariffs. This has limited the ability of retailers to increase profit margins.

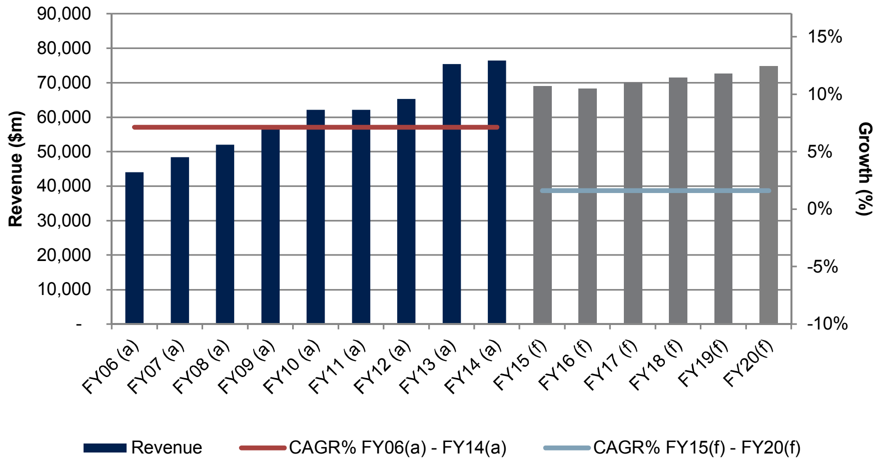
Since electricity is a homogenous product, consumers make purchasing decisions based on the cost of energy. Accordingly, price competition in the industry is strong. Industry participants compete on the ability to effectively manage their exposure to energy market prices and network costs to compete with other operators in offering consumers the lowest price.

4.3 Historical & Forecast Growth – Electricity Retailers (including upstream activities)

4.3.1 Overview

Summarised below is the historical and forecast revenue of Australian energy retailers (including upstream activities) for the period FY06(a) to FY20(f).

Revenues - Electricity Retailers (including upstream activities)



Source: IBISWorld

4.3.2 Historic Growth

Revenues for the electricity retailers grew at a Compound Annual Growth Rate ("**CAGR**") of approximately 5.9% over the five years to FY14(a). The industry's revenue growth is heavily reliant on increasing demand from major markets and the industry's ability to pass on increases in input costs to consumers. This is evident in the implementation of carbon pricing in 2012, where a fixed price was intended to apply for three years. The intended carbon tax was introduced at $23 per tonne of carbon dioxide emitted, with an increase in the price of 2.5% per year in real terms. In 2014, following a change in the Federal Government, the carbon tax was repealed, effectively reducing the cost of electricity generation, which 'is anticipated to' be passed through the supply chain to electricity users. The repeal of the carbon tax is expected to reduce industry revenue in FY15(f) by approximately 9.7%.

4.3.3 Forecast Growth

The industry is expected to continue experiencing volatile conditions due to recent changes in regulations and policies for the industry. IBISWorld expects industry revenues will grow at a CAGR of 1.6% over the five years to FY20(f), assuming there are no further material changes in Government policy during this time.

4.4 Renewable Impacts

4.4.1 Proposed Changes to the Renewable Energy Target

Emission focused legislation plays a critical role within the Electricity Retailing industry. Apart from the carbon emissions trading scheme mentioned above, the RET was implemented to incentivise the industry to invest in renewable generation capacity both directly and indirectly and reduce carbon emissions in the industry. This policy was implemented to encourage the Electricity Retailing industry towards renewable energy generation due to the high price of fossil fuel based energy and the environmental impacts of carbon emissions.

The RET scheme provides electricity retailers the ability to purchase renewable energy certificates to meet certain targets regarding the share of renewable generation in their portfolios.

The RET scheme was designed in 2010 to ensure 20% of Australia's electricity comes from renewable sources by 2020. The scheme has two components:

- ***the Small-scale Renewable Energy Scheme ("SRES"):*** which is relevant to CO2 Markets and Go Energy Solar; and

- ***the Large-scale Renewable Energy Target ("LRET"):*** which is not relevant to CO2 Markets or Go Energy Solar, but impacts utility-scale projects such as the Mt Majura Project.

The RET scheme underwent an Independent Panel Review in August 2014 which, included the following SRES recommendations:

- ***Option 1:*** Abolition of the SRES. No indication as to the timing of the abolition was provided; and

- ***Option 2:*** An acceleration of the phase-out of the SRES with last year of operation brought forward from 2030 to 2020. This option recommends reducing the period for which rooftop solar photovoltaic ("**PV**") system certificates can be generated from 15 to 10 years (once the changes are implemented), and a further year per annum from 2016 onwards. The option also recommends the reduction in current system size eligibility thresholds for rooftop solar PV systems from 100 kilowatt ("**KW**") to 10KW.

In respect of potential outcomes:

- with gaining global environmental awareness, it is widely considered unlikely the RET will be abandoned;

- on 8 October 2014, various news articles suggested the Federal Cabinet had ruled out the above Option 2 method for down-scaling the SRES; and

- it is likely that further certainty in respect of the RET, and the implementation of any changes, will not materialise until the next Federal election.

4.4.2 Solar Substitution

The cost of solar panels has decreased during the past few years due to reduced demand as energy efficiency incentives implemented by the Federal Government have been wound back.

A threat to traditional electricity retailers is household consumers seeking solar power as a substitution to traditional energy sources. Solar substitutes benefit both CO2 Markets and Go Energy Solar from both a volume and pricing perspective going forward.

4.5 Conclusion

Whilst the broader electricity retailing and its related industries are expected to encounter mixed trading conditions over the next five years, opportunities exist in respect of renewable sources of energy, particularly solar. Notwithstanding, uncertainty still exists with respect to the RET and carbon pricing. The Urban Assets being vended in are exposed to a range of aspects of the Australian energy market, which will position the Combined Entity to benefit from certain opportunities as they present themselves. Equally, the Combined Entity will be exposed to the risks summarised above.

5 Profile of Solco

5.1 Background

5.1.1 Overview

Solco is an ASX listed shell company with no material operating activities. Solco listed on the ASX in 2000, has recently divested the last of its operational business and is searching for acquisition opportunities.

5.1.2 Initial Business Activities

The Company was founded in Perth in 1998 trading then as Solar Energy Systems. Solco's principal business activity at this time was the development of renewable energy (solar pump) technology that it manufactured and sold under its 'SunMill' brand.

Solco acquired Solco Industries Pty Ltd and Poly Tuff Pty Ltd in 2004, companies which manufactured and distributed polymer solar hot water systems. The primary product line of the Company was plastic solar hot water systems. The Company also licenced its systems and IP to manufacturers and distributors in overseas markets.

Management advised this business activity was not sustainable despite various expansion attempts as a result of increased competition from Australian manufacturers of steel hot water systems, as well as import pressure from China, combined with efficiency difficulties encountered by Solco in their manufacturing process.

5.1.3 Expanded & Restructured Business Activities

Solco expanded its capabilities acquiring Choice Electric Co (Aust) Pty Ltd in 2005, a major distributor of solar power panels and associated renewable energy products. The manufacturing business was restructured in 2006 and the Company shut down its facilities in Malta, Portugal and Malaysia. Solco shifted its main focus to PV panel wholesale distribution at this time.

Solco established its direct-to-customer system integration business, or Engineering, Procurement, Construction and Maintenance business in 2010 to better position it for growth in the "downstream" energy services market and distributed generation. The business delivered professional services to national customers in the commercial-scale grid-connected and off-grid power and water markets. However, due to challenges in the solar PV market, Solco restructured its distribution business to focus on pumping and off-grid markets in 2012.

Solco further diversified in 2013, with the establishment of a finance business, a financial services company offering solar customers (commercial and residential) solar leasing products through a national reseller network. The purpose of the establishment of the finance business was to drive growth of solar / distributed generation through Solco's reseller network by providing access to more "PV-friendly" capital and streamlined approval processes due to the niche nature of the market. Due to a lack of wholesale funding, Solco ceased development of its finance business in 2014.

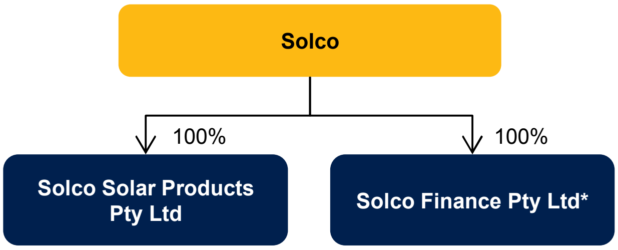
5.1.4 Exit from Wholesale Pumping & PV Business

Solco announced on 15 May 2014 that it had agreed terms with a subsidiary of FPW Holdings Pty Ltd, trading as Fire Power Water Group, to sell the majority of its remaining pumping and solar PV stock. The transaction, which was approved by shareholders on 25 June 2014, represented the Company's exit from the wholesale pumping and PV business.

Management advised the reason for exiting the wholesale pumping and PV business was due to the continuing downturn of the renewable energy sector and uncertainty around Government legislation relating to the sector.

5.2 Group Structure

Summarised below is the group structure of Solco prior to the Proposed Transaction:



** Established 23 June 2013*

Source: Solco's FY14 Annual Report

Solco previously had other subsidiaries which have since been deregistered.

Whilst Solco Solar Products Pty Ltd ("**SSP**") and Solco Finance Pty Ltd ("**Solco Finance**") are not actively trading businesses, they represent the current activities of Solco as described above.

5.3 Key Events

Key events since inception are summarised below.

Solco Ltd History of Key Events since Inception	
Date	**Milestone**
1998	▪ Solco founded. ▪ The Company trades as Solar Energy Systems.
2000	▪ Solco lists on the ASX.
2004	▪ Solco acquired Solco Industries Pty Ltd and Poly Tuff Pty Ltd.
2005	▪ Solco acquires Choice Electric Co (Aust) Pty Ltd.
2006	▪ Restructuring of Solco's manufacturing business, focus shifted to distribution.
2010	▪ Solco establishes its system integration business.
2012	▪ Solco faces further structural challenges in the solar PV market which forces a restructure to focus on pumping and off-grid markets.
2013	▪ Finance business established.
15 May 2014	▪ Solco reaches agreement with a subsidiary of FPW Holdings Pty Ltd, trading as Fire Power Water Group, to sell the majority of its remaining pumping and solar PV stock.
25 June 2014	▪ The transaction is approved by shareholders and represents the Company's exit from the wholesale pumping and PV business.
29 August 2014	▪ Proposed Transaction announced.

Source: Directors of Solco

5.4 Financial Performance

Summarised below is the historical financial performance of Solco for FY12, FY13 and FY14.

Solco Ltd Statement of Financial Performance ($000s)	Notes	FY12	FY13	FY14
Total income	**1**	**22,934**	**10,188**	**5,288**
Gross profit	**2**	**898**	**1,854**	**955**
Other income	3	4	47	17
Expenses	4	(6,905)	(4,453)	(3,401)
Reported EBITDA	**5**	**(6,003)**	**(2,552)**	**(2,429)**
Depreciation & amortisation	6	(120)	(217)	(29)
Reported EBIT		**(6,123)**	**(2,769)**	**(2,458)**
Net interest	7	11	21	18
NPBT		**(6,112)**	**(2,748)**	**(2,440)**
Income tax benefit (expense)	8	1,734	(2,857)	-
NPAT		**(4,378)**	**(5,605)**	**(2,440)**

Source: FY13 and FY14 Audited Financial Statements

In relation to the financial performance of Solco, we note:

- Solco currently has no actively trading businesses;
- total income decreased over the past three years as a result of Solco restructuring and then exiting its various business activities; and
- Solco has incurred losses in each year analysed.

Notes:

1. ***Sales:*** decreased at a CAGR of negative 52.0% from FY12 to FY14 as a result of restructuring of operations and eventual exit from the wholesale pumping and PV businesses.

2. ***Gross profit:*** represented 3.9%, 18.2% and 18.1% of total income in FY12, FY13 and FY14, respectively. The variances in gross margin was due to the differing business operations in each period.

3. ***Other income:*** was relatively immaterial in each analysis period.

4. ***Expenses:*** comprised employee benefit expenses, advertising, allowance for bad and doubtful debts, research and development expenses, company overhead expenses and impairment of goodwill, inventory and intangibles. Expenses as a percentage of total income was 30.1%, 43.7% and 64.3% in FY12, FY13 and FY14, respectively. The fluctuations in expenses was due to the differing business operations in each period.

5. ***Reported EBITDA***: represented a loss in each analysis period.

6. ***Depreciation & amortisation:*** comprised depreciation in relation to plant and equipment, leased motor vehicles and software, as well as amortisation in relation to goodwill and other consolidated intellectual property.

7. ***Net interest***: represented the net interest received from cash and interest and other finance costs paid.

8. ***Income tax benefit / (expense):*** reflects the reconciliation of prima facie income tax expenses / benefits in each period to tax related adjustments as set out in the audited financial statements.

5.5 Financial Position

Summarised below is the historical financial position of Solco as at 30 June 2012, 30 June 2013 and 30 June 2014.

Solco Ltd Statement of Financial Position ($000s)	Notes	30-Jun-12	30-Jun-13	30-Jun-14
Assets				
Cash & cash equivalents	1	3,487	2,329	1,242
Trade & other receivables	2	2,285	667	1,013
Inventories	2	3,533	1,577	20
Other assets	3	76	53	64
Total current assets		9,381	4,626	2,339
Property, plant & equipment	4	326	90	24
Intangible assets	5	505	108	-
Other assets	6	87	57	-
Deferred tax asset	7	2,866	-	-
Total non current assets		3,784	255	24
Total assets		**13,165**	**4,881**	**2,363**
Liabilities				
Trade & other payables	2	2,319	506	370
Provisions	8	180	193	220
Income tax payable		617	-	-
Derivative financial instruments		34	-	-
Total current liabilities		3,150	699	590
Provisions	9	483	170	138
Total non current liabilities		483	170	138
Total liabilities		**3,633**	**869**	**728**
Net assets		**9,532**	**4,012**	**1,635**
Equity				
Issued capital	10	19,812	19,830	19,830
Reserves	11	30	97	94
Accumulated losses	12	(10,310)	(15,915)	(18,289)
Total equity		**9,532**	**4,012**	**1,635**

Source: FY13 and FY14 Audited Financial Statements

In relation to the financial position of Solco, we note:

- Solco currently has no actively trading businesses;
- Solco's assets have decreased over the three years under review as a result of Solco restructuring and then exiting its various business activities; and
- Accumulated losses have increased as a result of Solco incurring losses in each of the analysis periods.

Notes:

1. ***Cash & cash equivalents:*** comprises cash at bank.

2. ***Working capital:*** comprises trade and other receivables, inventories and trade and other payables:

   a. ***Trade & other receivables:*** includes an allowance for doubtful debts. The Directors of Solco advised there has since been no change to the amounts presented in the audited financial statements.
   b. ***Inventories:*** Solco's Directors advised the inventory balance as at 30 June 2014 represents surplus racking inventory which is currently at a clearing house to be sold at auction.
   c. ***Trade & other payables:*** comprises trade payables, employee entitlements and other payables.

3. ***Other current assets:*** comprises commercial prepayments and deposits held as security for Solco's two warehouse leases.

4. ***Property, plant & equipment:*** comprises plant and equipment and motor vehicles.

5. ***Intangible assets:*** represented goodwill and other consolidated intellectual property as at 30 June 2012 and 30 June 2013. In FY14, Solco acquired intellectual property and other assets related to establishing the finance business. However, when the wholesale pumping and PV businesses were sold, Solco impaired all intangible assets.

6. ***Other non-current assets:*** comprised deposits as at 30 June 2012 and 30 June 2013.

7. ***Deferred tax asset:*** as at 30 June 2012 related to the net of temporary differences as set out in the audited financial statements.

8. ***Current provisions:*** as at 30 June 2014 comprises a warranty and onerous lease contracts. Solco recognised a provision for onerous contracts relating to its warehouse leases, as the unavoidable costs of meeting the lease obligations under these contracts exceeded the economic benefits expected to be received.

9. ***Non-current provisions:*** comprises a provision for the estimated warranty claims in respect of products sold which are still under warranty as at 30 June 2014. This provision is estimated based on historical warranty claim information and any recent trends that may suggest future claims could differ from historical amounts. This amount also includes a post-sale service provision.

10. ***Issued capital:*** represents 205,100,124 ordinary shares on issue.

11. ***Reserves:*** represents equity-settled employee benefits which arose on the grant of share options to directors, executives and senior employees.

12. ***Accumulated losses:*** reflects the retained losses of Solco net of current year earnings and $66k in respect of lapsed options in FY14.

5.6 Cash Flow Statement

Summarised below are the historical cash flows of Solco for the periods FY12, FY13 and FY14.

Solco Ltd Statement of Cash Flows ($000s)	Notes	FY12	FY13	FY14
Cash flows from operating activities				
Receipts from customers		27,168	12,940	5,531
Payments to suppliers and employees		(30,162)	(13,423)	(6,592)
Interest & other costs of finance paid		(58)	(40)	(6)
Interest received		94	72	32
Income tax paid		(141)	(617)	-
Net cash used in operating activities	**1**	**(3,099)**	**(1,068)**	**(1,035)**
Cash flows from investing activities				
Payments for intangible assets	**2**	-	(108)	(50)
Payments for property, plant & equipment	**3**	(195)	18	(1)
Proceeds from the sale of property, plant & equipment	**3**	6	-	-
Net cash used in investing activities		**(189)**	**(90)**	**(51)**
Net decrease in cash & cash equivalents		**(3,288)**	**(1,158)**	**(1,086)**
Cash & cash equivalents at the beginning of the financial		6,775	3,487	2,328
Cash & cash equivalents at the end of the financial year		**3,487**	**2,329**	**1,242**

Source: FY13 and FY14 Audited Financial Statements

In relation to the statement of cash flows for Solco, we note:

- Solco currently has no actively trading businesses;
- Cash inflows have reduced over the period under review as a result of Solco winding down and then exiting from its various business activities; and
- Solco did not undertake any financing activities over the analysis period.

Notes:

1. ***Net cash used in operating activities:*** represented an outflow of cash in each period under review as a result of declining receipts from customers.
2. ***Payments for intangible assets:*** in FY13 and FY14 related to intellectual property acquired to help establish its financing business. These assets were fully impaired in FY14.
3. ***Payments for and proceeds from sale of property, plant & equipment:*** related to additions, disposals and write offs of plant and equipment, and motor vehicles over the period under review.

5.7 Shares Outstanding

5.7.1 Top 10 Largest Shareholders

Summarised below are Solco's largest shareholders as at 1 September 2014, which remains unchanged as at the date of this Report.

Solco Ltd Top 10 Largest Shareholders - Pre Transaction			
Rank	**Shareholder**	**Shares Outstanding**	**% Total**
1	Gypsy Hill Pty Ltd*	93,769,391	45.7%
2	JP Morgan Nominees Australia Limited	22,025,942	10.7%
3	Dr Paul Francis Morton	5,585,627	2.7%
4	Mr Anthony Craig Coles	5,000,000	2.4%
5	Running Water Limited	3,000,000	1.5%
6	National Nominees Limited	1,919,729	0.9%
7	HBD Services Pty Ltd	1,500,000	0.7%
8	Gallery Gordon Pty Ltd	1,400,000	0.7%
9	Mrs Anne Elizabeth Morton	1,045,636	0.5%
10	Brooksfield Capital Pty Ltd	1,000,000	0.5%
Top 10 largest shareholders		**136,246,325**	**66.4%**
Shares held by other shareholders		68,853,799	33.6%
Total shares outstanding		**205,100,124**	**100.0%**

Source: Share register as at 1 September 2014 provided Management of Solco
** Gypsy Hill Pty Limited is a company associated with Mr David Richardson, Non-Executive Chairman of Solco.*

Shareholdings in the Combined Entity, if the Proposed Transaction is approved, are set out in Section 7.3.

5.7.2 Shares Issued Since 1 July 2011

Summarised below are new issues of Solco shares since 1 July 2011, both being related to Solco's Long Term Incentive Plan ("**LTIP**") for key employees.

Solco Ltd Shares Issued since 1 July 2011				
Date	**Shareholder**	**Funds raised**	**Issue price**	**Shares**
20-Nov-12	Issue of fully paid ordinary shares pursuant to the Solco Tax Exempt Employee Share Scheme	$17,963	3.7 cps	486,486
7-Mar-13	Issue of fully paid ordinary shares to CEO pursuant to the Solco Long Term Incentive Scheme	nil	2.4 cps	5,000,000

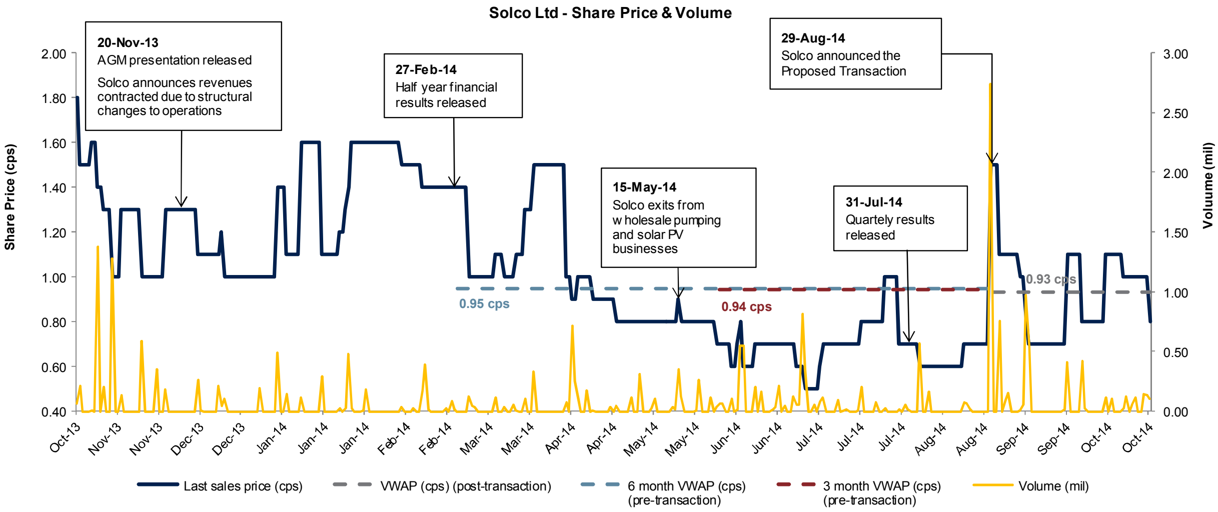
Source: FY12, FY13 and FY14 statutory accounts, ASX Appendix 3B announcements

The March 2013 shares were issued to Mr Anthony Craig Coles (former Chief Executive Officer) under a limited recourse loan which is payable five years from the date of issue. For accounting purposes, the loan is treated as an equity reserve due to its limited recourse nature, since effectively it does not ever need to be repaid.

Mr Coles was made redundant on 11 July 2014, as a result of the sale of Solco's wholesale pumping and PV business. For the avoidance of doubt, due to the limited recourse nature of the loan, it is not repayable and will be cancelled on 11 January 2015.

5.8 Share Price Analysis

During the past 12 months, Solco's share price traded at a high of 1.8 cents per share (in Oct 2013), a low of 0.5 cents per share (in June 2014) and a VWAP of approximately 1.04 cents per share, as indicated in the chart below.



Source: Capital IQ

Summarised below is additional information with respect to trading in Solco shares on a monthly basis during the past 12 months, including the volume of shares traded and low, high and VWAP share prices.

Solco Ltd Recent Share Trading Activity					
Period	Share Price (cents)			Volume Traded	
	Low	High	VWAP	Total	%
Oct to date	0.800	1.200	1.000	900,850	0.810%
Sep-14	0.700	1.500	0.911	3,446,830	3.101%
Aug-14	0.600	1.700	1.282	3,636,120	3.271%
Jul-14	0.600	1.000	0.740	693,590	0.624%
Jun-14	0.500	0.800	0.645	3,353,060	3.016%
May-14	0.700	0.900	0.813	1,510,800	1.359%
Apr-14	0.800	1.000	0.913	1,516,410	1.364%
Mar-14	1.000	1.500	1.247	835,050	0.751%
Feb-14	1.400	1.500	1.407	771,620	0.694%
Jan-14	1.100	1.600	1.344	1,311,590	1.180%
Dec-13	1.000	1.400	1.194	1,316,220	1.184%
Nov-13	1.000	1.300	1.056	2,727,080	2.453%
Oct-13	1.400	2.000	1.462	1,863,780	1.677%

Source: Capital IQ

The percentage of volume traded was calculated against the free float balance of shares outstanding, being total shares outstanding excluding shares beneficially owned by Mr David Richardson, Non-Executive Chairman of Solco.

Notwithstanding the small volume of Solco shares traded:

- during the past 12 months, Solco's share price traded at a low of 0.50 cents per share (in June 2014), a high of 1.80 cents per share (in October 2013, when Solco still had actively trading businesses) and a VWAP of 1.04 cents per share;
- during the three and six months pre announcement of the Proposed Transaction, Solco's share price traded at a VWAP of 0.94 and 0.95 cents per share respectively;
- the volume of trading in Solco's shares increased just prior to and post the announcement of the Proposed Transaction on 29 August 2014; and
- post announcement of the Proposed Transaction, Solco shares have traded at a VWAP of 0.93 cents per share.

6 Profile of Urban Assets

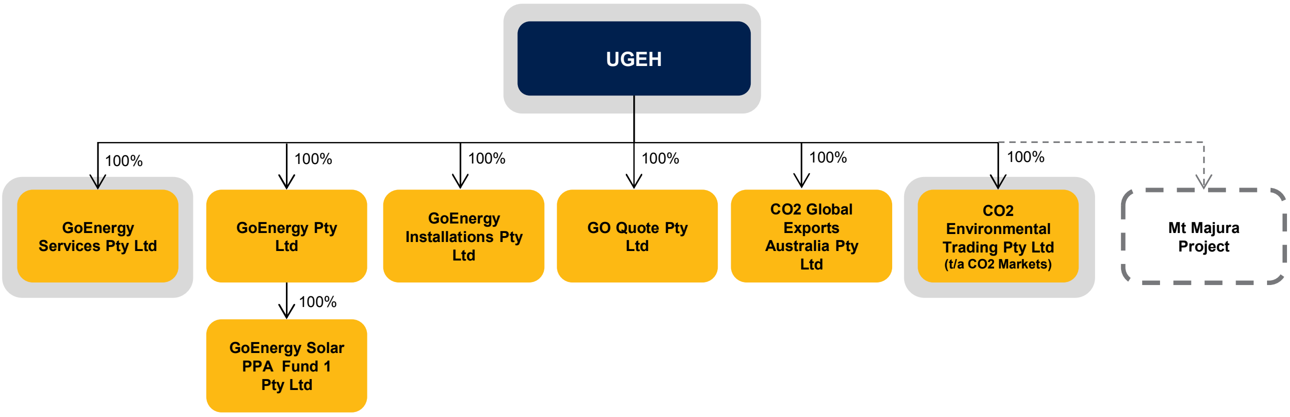
6.1 Background

6.1.1 Overview

UGEH is a provider of integrated efficient energy solutions, a retailer and distributor of electricity, and a creator and trader of STCs.

6.1.2 Group Structure

Summarised below is the UGEH group structure relevant to the Urban Assets (Go Group of businesses) being vended in to the Combined Entity under the Proposed Transaction. Where the diagram is shaded grey, business assets and IP are being acquired as opposed to legal entities:



Source: Transaction documentation

6.2 Key Operating Businesses

6.2.1 CO2 Markets

CO2 Environmental Trading, an aggregator and trader of environmental certificates, was established in 2011 and operates under the name CO2 Markets. CO2 Markets is a registered agent with the Clean Energy Regulator ("**CER**") and is an Accredited Certificate Provider ("**ACP**") under the New South Wales Energy Savings Scheme.

As an aggregator of certificates, CO2 Markets provides customers (both installers and end-users, i.e. businesses and home owners) with a paperless submission system (online portal) with respect to the energy certificates which have been generated from the customer's installation of an energy saving project (either PV solar or solar water heating ("**SWH**") installation). This online portal also links with a mobile installer application for iPhones, allowing for real time aggregation of certificates.

CO2 Markets sells pre-registered STCs to a major Australian bank at a fixed margin less financing costs. Since CO2 Markets trades STCs on a margin basis, it is not exposed to STC price fluctuations (spot price risk).

According to Clearview Trader, as at 1 July 2014, CO2 Markets was the second largest STC aggregator.

6.2.2 Go Energy

Go Energy was established in 2010 and operates as an electricity retailer which designs, constructs and finances solar PV systems, and provides energy management and efficiency solutions to commercial, industrial and small enterprise businesses. The Go Energy business has undergone a number of restructures. Although Go Energy has operated for several years, the operations were simplified and streamlined to the current business model in November 2013.

Go Energy's key operating activities include:

- Providing and arranging installation of solar systems, stand alone or under a PPA ("**Solar Business**", or "**Go Energy Solar**");
- Energy retailing ("**Grid Business**" , or "**Go Energy Grid**"); and
- Other activities, including providing energy efficient products and efficiency solutions and management.

Go Energy's customers range in size, including:

- Small to medium enterprises ("**SMEs**"); and
- Commercial & industrial ("**C&I**").

Solar Business

Through the Solar Business, Go Energy operates as a full service Solar Generating Unit ("**SGU**") provider, tailored to Australian commercial enterprises. Go Energy provides SGUs stand alone, or through a PPA.

A PPA is an arrangement between Go Energy and a customer whereby Go Energy provides and arranges for the installation of an SGU and provides the customer with electricity produced by that SGU at a cheaper rate than grid electricity for a term of 10 to 25 years. There is no upfront fee payable by the customer for the purchase and installation of the SGU, and electricity pricing is linked to the customer's consumption profile. The SGU is owned and maintained by Go Energy and Go Energy is also liable for the long term warranty of the SGU and full parts replacement. At the end of the agreement, the SGU is either removed or recontracted on an annual basis.

Key aspects of a PPA arrangement are:

- Go Energy arranges the installation of the SGU for the customer;
- Rights to the creation of STCs generated by the SGU are assigned from the customer to CO2 Markets in return for a reduction in installation costs payable for the SGU (there is no net upfront fee to the customer);
- Go Energy sources asset backed financing from a non-bank financial institution through white labelling; and
- Go Energy receives an upfront development fee recouped from the financier and 'tail' income over the life of the PPA. Apart from the upfront development fee, the majority of the income received by Go Energy during the tail is received towards the end of the tail period.

In August 2014, Go Energy received terms for a $25 million commitment from a financier to fund commercial solar PPAs. Go Energy is currently finalising the funding facility documentation. This is expected to be completed by mid-December 2014.

Grid Business

Go Energy also provides retail energy contracts (i.e. grid electricity connection) to customers and is a registered electricity retailer with the Australian Energy Market Operator ("**AEMO**"). Go Energy receives a retail margin on these contracts.

6.3 Other Businesses & Key Projects being Vended In

6.3.1 GO Quote

GO Quote Pty Ltd is a recently established lead generation business which provides free online solar installation quotes to residential customers and solar installers. GO Quote receives a fee from companies wishing to submit their quote for consideration by customers.

GO Quote acquired its key software platform ("**GO Quote Platform**") under a Deed of Assignment from Netswitch Pty Ltd on 19 September 2014. This arrangement involved the assignment of all IP rights to GO Quote in respect of the platform. GO Quote paid Netswitch a total of $167,000 in respect of the GO Quote Platform.

6.3.2 CO2 Global

As at the date of this report, CO2 Global holds licence agreements for the distribution of various technologies and products in Australia and New Zealand. On 17 January 2014, a subsidiary of UGEH entered into a binding heads of agreement with Amperex Technology Limited ("**ATL**"), a company which has developed and is in the process of developing a variety of energy efficient and battery storage products. Under the agreement, ATL appointed the subsidiary as its exclusive distribution agent in Australia and New Zealand. As part of the Proposed Transaction, this agreement is being transferred to CO2 Global. On 10 October 2014, CO2 Global executed an exclusive distribution agreement with Qbotix, Inc ("**Qbotix's**") for the rights to distribute Qbotix's robotic tracking systems technology in Australia, with the first pilots to be used on Go Energy projects. Additionally, on 1 October 2014, a Hong Kong based quality assurance business was transferred to CO2 Global and will form part of the Proposed Transaction.

6.3.3 Mt Majura Solar Project

On 18 July 2014, UGEH executed a Memorandum of Understanding ("**MOU**") with Solar Fields Pty Ltd and Solar Choice Pty Ltd for UGEH to build, own and operate a 2.294 megawatt solar farm located at Mt Majura (approximately 10km from Canberra) using Qbotix technology and supported by the Australian Capital Territory ("**ACT**") Government's 20 year medium scale renewable energy feed-in tariff. The project is expected to commence construction in January 2015. The total project cost is $7 million. The Go Group of businesses will finance this project with a combination of debt and equity. The equity component is estimated to be $2.8 million and will be funded by the Proposed Entitlement Offer. UGEH proposes to assign its rights under the project to the Go Group of businesses.

6.3.4 Go Energy Installations

Go Energy Installations has been established to arrange the installation of SGUs.

6.3.5 Go Energy Services

Go Energy Services employees staff and performs administrative functions for the UGEH Group in return for management fees equal to the costs Go Energy Services incurs. The assets being acquired by Solco as part of the Proposed Transaction were transferred to Go Energy on 31 August 2014 and are included in the aggregated financials presented below.

6.4 Key Events

Key events since inception are summarised below.

UGEH History of Key Events since Inception		
Financial Period	**Entity**	**Milestone**
Prior to FY12	Go Energy	▪ Company was originally registered in August 2001, renamed Go Energy Pty Ltd on 22 May 2012. ▪ Obtained NSW Gas Licence in October 2005. ▪ Obtained QLD Electricity Retail License in January 2007. ▪ Obtained ACT Gas & Electricity Licences and NSW Electricity Retail license in September 2011.
	CO2 Global	▪ Company was registered as IMetro Holdings Pty Ltd in October 2009 and subsequently renamed as CO2 Global Exports Australia Pty Ltd on 8 August 2013.
FY12	Go Energy	▪ Obtained SA Gas and Electricity License and Tasmania Electricity License in July 2012. ▪ Obtained VIC Electricity License in November 2012. ▪ Obtained AFS licence in December 2012.
FY13	Go Energy Installations	▪ Company was originally registered as UGE Installations Pty Ltd in April 2013 and renamed Go Energy Installations Pty Ltd on 3 June 2014.
	GO Quote	▪ Company was originally registered as UGE Services Pty Ltd in June 2013 and renamed into GO Quote Pty Ltd on 23 January 2014.
	Go Energy	▪ Company commenced Energy Retail and successfully introduced Solar Power Purchase Arrangements contracts.
FY14	Go Energy	▪ Merged electricity retail, solar & energy efficiency businesses under one brand ("Go Energy") in December 2013. ▪ Had over $1 million of PPAs on balance sheet. ▪ Executed MOU for construction of Australia's first 2.3 megawatt solar PV power plant in ACT – Mt Majura Project – in July 2014.
	CO2 Markets	▪ Rated second largest STC aggregator in Australia in June 2014.
FY15	Go Energy	▪ Secured $25 million commitment to fund commercial solar PPAs with non-bank financial institution in August 2014. ▪ Obtained approval from AEMO for Small Scale Generation and Aggregation Licence in October 2014. ▪ Initiated first retail gas contract with Go Energy Pool Pass Through Product Pilot Program.
	UGEH	▪ Announced Proposed Transaction on 29 August 2014. ▪ Relocated into Milsons Point, Sydney office.
	CO2 Global	▪ Executed exclusive Distribution Rights Agreement for Qbotix robotic tracking technology for Australia.
	GO Quote	▪ Purchased all relevant IP from Netswitch in relation to GO Quote Platform in September 2014. ▪ Commenced active marketing door-knocking campaign, employing 10 sales staff members in September 2014. ▪ GO Quote portal goes live with 160 registered users and commenced operations in September 2014.

Source: UGEH Management

6.5 Financial Information

6.5.1 Historical Financial Information

Management of UGEH reconstructed financial statements for the Urban Assets, based on:

- audited financial statements for Go Energy for FY12, FY13 and FY14;
- reconstructed financial statements for CO2 Markets for FY12, FY13 and FY14, compiled by UGEH's external accountants; and
- a range of Management financial statements covering the remaining periods and relevant entities and assets.

We analysed UGEH's reconstruction of the financial statements for reasonableness, however, we did not audit or verify them. The reconstructed Management financial statements were prepared with care and due diligence, and in our opinion, based on our analysis, it is reasonable to adopt them for the purpose of this Report.

6.5.2 Forecast Financial Information

The forecast financial information presented in this Report does not represent UGEH Management's forecast, nor is it our forecast for the same time periods. The information presented reflects our assessment of underlying assumptions and resultant future cash flows in terms of what is reasonable for the purpose of this Report.

Actual results could be greater or less than the figures presented as a result of changing economic conditions, management altering strategies or competitive forces. Likewise, one-off or abnormal income or expense items could contribute to the difference between actual and forecast results.

The forecast figures presented below exclude the impact of the proposed RET changes. We separately factored these potential changes into our valuation.

6.6 Financial Performance

6.6.1 Aggregated Historical Financial Performance of the Urban Assets

Summarised below is the aggregated historical financial performance related to the Urban Assets being vended in as part of the Proposed Transaction for FY12, FY13 and FY14, as provided by Management of UGEH.

UGEH Historical Financial Performance ($000s)			
	FY12	FY13	FY14
Revenue			
CO2 Markets*	3,998	6,221	4,344
Go Energy	-	84	360
Go Quote	-	-	-
CO2 Global	-	-	-
Go Installations	-	-	144
Total revenue	**3,998**	**6,305**	**4,848**
Gross profit			
CO2 Markets	3,767	5,990	4,344
Go Energy	-	84	(24)
Go Quote	-	-	-
CO2 Global	-	-	-
Go Installations	-	(4)	65
Total gross profit	**3,767**	**6,070**	**4,385**
Net profit			
CO2 Markets	3,222	5,374	3,394
Go Energy	-	(1,847)	(3,103)
Go Quote	-	-	39
CO2 Global	(4)	(2)	(8)
Go Installations	-	(18)	12
Total net profit	**3,218**	**3,507**	**334**

Source: Refer Section 6.5.1;
** - net sales*

Notes:

- ***Go Energy Services:*** the costs incurred by Go Energy Services in servicing the operating entities have been factored in to the above figures for each entity.

- ***CO2 Markets:***

  - The above financial performance for CO2 Markets aggregates the historical financial performance of the following UGEH businesses (which going forward, will operate as CO2 Environmental Trading, trading as CO2 Markets):

    - CO2 Markets;
    - CO2 Environmental Trading; and
    - UGE Environmental Trading.

  - UEGH's external accountants compiled reconstructed financial statements for CO2 Markets for FY12, FY13 and FY14. The reconstructed revenues reflect an estimate of net sales (as opposed to gross sales) based on actual volumes traded and an average net sales margin achieved from trading certificates in these periods. Management advised that historically, CO2 Markets accumulated certificates and sold them on market based on Management determined trades at various points in time. CO2 Markets now trades certificates at a fixed margin as they are generated (based on standard contract terms with customers).

  - net sales spiked during FY13 due to an increase in the volume of STCs traded as a result of a change in the STC multiplier (refer Section 6.6.3 below).

  - Cost of sales were reconstructed based on brokerage and registration fees payable.

  - Expenses predominantly comprised salaries and wages, consulting and management fees, as well as advertising and marketing and other operating expenses.

- ***Go Energy:***

  - Total income comprised income from voltage optimisation, PPAs, income from assignment of STCs, retail energy income and freight.

  - Expenses predominantly comprised consulting and management fees, advertising and marketing expenses, licence and registration fees as well as other operating expenses. Expenses in FY14 included an impairment charge of approximately $743,000 (in respect of development costs relating to various items of IP developed by Go Energy) and well as other non-recurring early stage expenses related to establishing Go Energy's infrastructure and risk management systems, including legal fees.

- ***GO Quote, CO2 Global and Go Installations:*** did not have material operational revenues and earnings over the analysis period.

6.6.2 Historical & Forecast Analysis of CO2 Markets, Go Energy Solar & Go Energy Grid

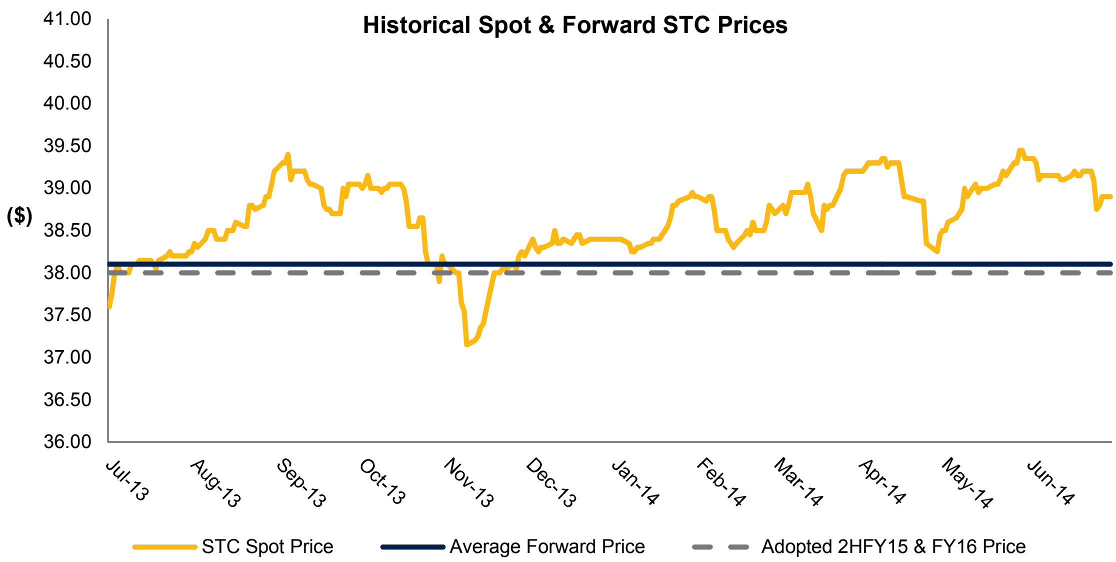
The analysis and figures presented in the sections below are on a business as usual basis, assuming the proposed RET changes are not implemented. We address the impact of the proposed RET changes in our valuation of the Urban Assets in Section 10.

6.6.3 CO2 Markets - Historical & Forecast Analysis

Gross Sales Prices

For the avoidance of doubt, the analysis below reflects gross sales prices (as opposed to the net sales recognised in the financial statements of CO2 Markets under accounting concepts per Section 6.6.1).

Summarised below are the historical spot prices of STCs for FY14, as well as an illustration of the average forward STC price for FY15:



Source: Management of UGEH, forward data sourced from TFS Energy

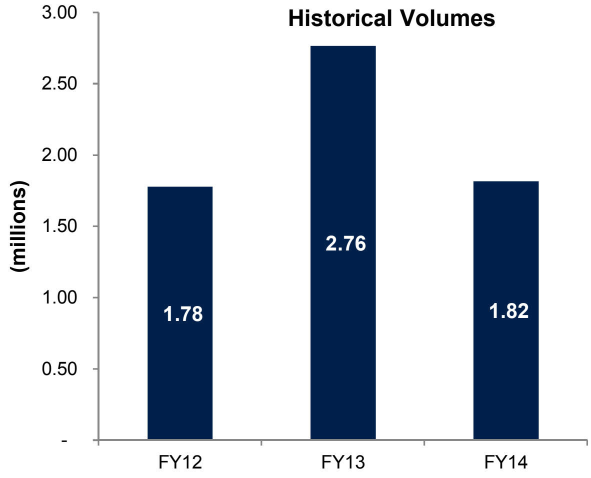
Notes:

- The spot price for STCs ranged between \$37.15 and \$39.45, averaging \$38.64 across the analysis period; and
- The forward spot prices quoted by UGEH's certificate broker ranged for FY15 ranged between \$37.60 and \$38.75, averaging \$38.10.

Based on the above, we adopted an STC price of \$38.00 in our calculations for the purpose of this Report. Notwithstanding, as discussed in Section 6.2.1, CO2 Markets makes a fixed margin on trading STCs (less financing costs) and therefore is not exposed to STC price fluctuations.

Volumes

Summarised below are the historical volume of certificates traded by CO2 Markets:



Source: Management of UGEH

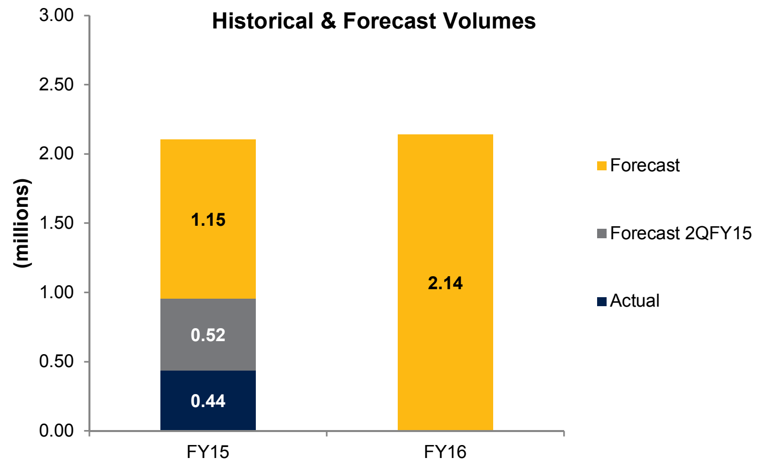
The increase in STCs traded during FY13 resulted from a spike of industry activity as a result of the announcement on 16 November 2012 of the phase out of the STC multiplier[4]. As a consequence of the phase out, the multiple available for STC credits reduced from two times as at 1 July 2012, to one times (i.e. no multiplier) from 1 January 2013 onwards.

In respect of STC volumes:

- CO2 Markets traded approximately 444,000 STCs during the first quarter of FY15;
- based on recent activity and the current pipeline, Management of UGEH expect CO2 Markets will trade approximately 520,000 STCs during the second quarter of FY15 (a quarterly growth rate of 18%);
- based on a growth rate of only 10% for the remainder of FY15, CO2 Markets would trade a total of approximately 1,060,000 STCs during the second half of FY15 (or 2.0 million STCs during the full year FY15);
- based on an annual growth rate of only 10%, CO2 Markets would trade a total of approximately 2.2 million STCs during FY16;
- notwithstanding the decline in organic growth rates adopted above, organic growth for CO2 Markets could accelerate due to solar substitution trends (refer Section 4.4) and potential synergies associated with Solco's contact network; and
- if current growth rates were maintained, CO2 Markets would generate STC volumes of 2.1 million in FY15 and 2.5 million in FY16.

[4] Prior to 1 January 2013, the solar credits mechanism provided additional support for installations of small-scale solar PV by multiplying the number of certificates these systems would usually create under the RET scheme

Management of UGEH forecast STC volumes of 2,102,990 and 2,141,400 for FY15 and FY16, as set out below:



Source: Management of UGEH; includes rounding

Based on our analysis, we consider the forecast volumes provided by Management of UGEH to be reasonable for the purpose of this Report.

Cost of Sales

As discussed above, CO2 Markets sells pre-registered STCs to a major Australian bank at a fixed margin less financing costs, as the pre-registered STCs are generated, resulting in net sales as reported in CO2 Markets financial statements. The sales margins adopted in this Report are consistent with the sales margins locked in via customer contracts and arrangements with the Australian bank. Since CO2 Markets trades STCs on a margin basis, it is not exposed to STC price fluctuations (spot price risk).

CO2 Markets also incurs brokerage and registration costs per transaction. We adopted assumptions for these costs consistent with those costs on an historical basis.

Expenses

Summarised below are the historical and forecast expenses of CO2 Markets:

CO2 Markets Expense Analysis	FY12	FY13	FY14	FY15	FY16
Combined Salaries (incl. oncosts), Consulting / Mgmt fees	494,970	469,108	577,770	723,895	631,098
Bonuses & Incentives	-	13,106	-	43,097	46,890
Advertising & Marketing	-	47,128	103,527	88,100	102,300
Other	6,362	60,185	47,621	88,074	132,707
Bank Charges	102	1,456	10,032	1,377	1,377
Information Technology	23,168	12,247	109,489	83,386	192,140
Licences, Dues, Subscriptions & Fees	160	12,739	38,287	918	10,251
Total Expenses	**524,762**	**615,969**	**886,726**	**1,028,848**	**1,116,763**

Notes:

- we analysed expense categories and changes in expenses; and
- forecast expenses are consistent with underlying business drivers.

Based on the above, we adopted the expense forecasts set out above.

6.6.4 Go Energy Solar - Historical & Forecast Analysis

We analysed Go Energy Solar's project pipeline, recent run rate, pricing model and expense assumptions, and scaled back UGEH's Management's projections in adopting forecast assumptions for Go Energy Solar for the purpose of this Report.

At the time of this Report, Go Energy Solar had 67 advanced pipeline projects that comprised:

- 4 recently signed PPA contracts, some covering multiple sites and installations;
- 20 recently signed authorisations to proceed, which entail preliminary agreement to terms and pricing by customers and will result in revenues even if the potential customer do not proceed; and
- 43 recently signed short form contracts which provide these potential customers with a two year option to take up PPAs on agreed pricing and terms, and would protect these customers from received a reduced level of STCs if negative RET changes eventuate within the two year period.

Additionally, UGEH recently increased its internal sales force from half of a full time equivalent to four and a half across both Go Energy Solar and Go Energy Grid in order to achieve this advanced pipeline and support increased sales going forward.

Based on our analysis, we adopted the following key forecast variables:

- an average of 28 new solar projects per month in 2HFY15 and an average of 32 new solar projects per month in FY16 (based on wound back probabilities relating to the current pipeline and run rate for Go Energy Solar);
- average upfront revenues per solar PPA project and solar project without a PPA, consistent with the historical averages and standard contract terms;
- average cost of sales per solar PPA project and solar project without a PPA, consistent with the historical averages and standard contract terms; and
- overhead expenses based on current operational metrics modelled the growth of Go Energy Solar on a bottom up basis.

6.6.5 *Go Energy Grid - Historical & Forecast Analysis*

We analysed Go Energy Grid's project pipeline, recent run rate, pricing model and expense assumptions, and scaled back UGEH's Management's projections in adopting forecast assumptions for Go Energy Grid for the purpose of this Report.

In terms of pipeline at the time of this Report, Go Energy Grid had 31 advanced pipeline projects that comprised:

- 27 recently signed grid contracts, some covering multiple sites, 11 of which were signed up in the first week of October; and
- 4 recently signed authorisations to proceed, which entail preliminary agreement to terms and pricing by customers and will result in revenues even if the potential customer do not proceed.

Additionally, UEGH recently increased its internal sales force from half of a full time equivalent to four and a half across both Go Energy Solar and Go Energy Grid in order to achieve this advanced pipeline and support increased sales going forward.

Based on our analysis, we adopted the following key forecast variables:

- 33 new grid projects per month in 2HFY15 and FY16;
- average revenues per grid project consistent with the historical averages and standard contract terms of Go Energy Grid;
- average cost of sales per grid project consistent with the historical averages and standard contract terms of Go Energy Grid; and
- overhead expenses based on current operational metrics modelled the growth of Go Energy Grid on a bottom up basis.

6.7 Financial Position

6.7.1 Aggregated Historical Financial Position of the Urban Assets

Summarised below is a pro-forma aggregated financial position of certain Urban Assets being vended in as part of the Proposed Transaction as at 30 June 2014.

Urban Assets Statement of Financial Position ($000s)	
	Aggregated
Assets	
Cash & cash equivalents	221
Trade & other receivables	1,540
Inventories	2,004
Other assets	49
Total current assets	3,814
Property, plant & equipment	1,293
Intangible assets	1,083
Total non current assets	2,376
Total assets	**6,190**
Liabilities	
Trade & other payables	2,040
Lease & hire purchase	978
Provisions	206
Total current liabilities	3,224
Total liabilities	**3,224**
Net assets	**2,966**

Source: Refer Section 6.5.1, 31 August 2014 balances were utilised for Go Energy Services

Notes:

- ***Go Energy Services:*** The assets and liabilities of Go Energy Services being vended in as part of the Proposed Transaction include motor vehicles, software, office furniture and equipment, and employee entitlements. These assets and liabilities were transferred from Go Energy Services to Go Energy on 31 August 2014.

- ***Intangible assets:*** represent development costs in respect of various software based platforms. Additionally, Go Energy had previously had capitalised energy licences at cost of $9.5 million. This amount was provided for in full based on a recoverable value assessment in 2010.

- ***CO2 Markets:*** is not included in the above financial performance. Notwithstanding, CO2 Markets has only a nominal level of net assets.

- ***Go Energy Solar:***:

  - holds inventories related to inverters and other SGU spare parts;

  - historically recognised SGUs as on its balance sheet as property, plant and equipment; and

  - historically funded SGUs as finance leases. Under the new funding model, no additional finance leases will be entered into.

7 Profile of Combined Entity

7.1 Overview

If the Proposed Transaction is approved, the Combined Entity will reflect the combined net assets and operations of Solco and the Urban Assets.

Additionally, the ownership of the Combined Entity will be impacted by capital raised and shares issued under the Proposed Entitlement Offer.

7.2 Pro-forma Net Tangible Assets

Summarised below is the pro-forma financial position of the Combined Entity if the Proposed Transaction is approved based on an aggregation of the reported net tangible assets of Solco, the Urban Assets being vended in and pro-forma impacts associated with the Proposed Transaction (including cash burn, capital to be raised (assuming a minimum and maximum Entitlement Offer subscription) and other impacts).

Combined Entity
Pro-forma Net Tangible Assets ($000s)

	Notes	Solco	Urban Assets		Combined Entity	Capital raising proceeds		Combined Entity	
		30-Jun-14	30-Jun-14	Net asset adjustments	(excl. Capital raising proceeds)	Minimum Entitlement Offer Subscription	Maximum Entitlement Offer Subscription	Minimum Entitlement Offer Subscription	Maximum Entitlement Offer Subscription
Assets									
Cash & cash equivalents	1	1,242	221	(503)	960	3,000	4,102	3,960	5,062
Trade & other receivables	2	1,013	1,540	115	2,668	-	-	2,668	2,668
Inventories	3	20	2,004	26	2,050	-	-	2,050	2,050
Other assets		64	49	-	113	-	-	113	113
Total current assets		2,339	3,814	(363)	5,791	3,000	4,102	8,791	9,893
Property, plant & equipment		24	1,293	-	1,317	-	-	1,317	1,317
Intangible assets	4	-	1,083	(1,083)	-	-	-	-	-
Total non current assets		24	2,376	(1,083)	1,317	-	-	1,317	1,317
Total assets		**2,363**	**6,190**	**(1,446)**	**7,108**	**3,000**	**4,102**	**10,108**	**11,210**
Liabilities									
Trade & other payables		370	2,040	-	2,410	-	-	2,410	2,410
Provisions	5	220	206	30	456	-	-	456	456
Lease & hire purchase	6	-	978	-	978	-	-	978	978
Total current liabilities		590	3,224	30	3,844	-	-	3,844	3,844
Provisions		138	-	-	138	-	-	138	138
Total non current liabilities		138	-	-	138	-	-	138	138
Total liabilities		**728**	**3,224**	**30**	**3,982**	**-**	**-**	**3,982**	**3,982**
Net assets / net tangible assets		**1,635**	**2,966**	**(1,476)**	**3,126**	**3,000**	**4,102**	**6,126**	**7,228**

Source: Solco's FY14 Audited financial statements, Section 6.5.1 & Crowe Horwath Analysis

The above is an aggregation for the purpose of this Report only. It is not intended to reflect a comprehensive statement of financial position in accordance with Australian Accounting Standards. We understand an IAR will accompany the Prospectus.

For the avoidance of doubt, the above excludes:

- Intangible assets of Solco and UGEH; and
- Reverse acquisition accounting associated with the Proposed Transaction (including any goodwill on reverse acquisition or bargain purchase).

Notes:

1. Directors of Solco have estimated cash to be used by Solco between 1 July 2014 and 31 December 2014 to be approximately $503,000;

2. Directors advised Solco sold inventory to Power Pumps and Engineering Pty Ltd (trading as Reaqua) and has not been paid for this inventory. The outstanding receivable is $356,799. Under the terms of the arrangement, Solco is entitled to receive interest for every month the amount remains unpaid. To 31 December 2014, potential interest is $229,259;

3. Directors advised Solco would receive additional proceeds on sale of stock written down over the written down value of this stock as at 30 June 2014;

4. Adjustment to remove intangible assets;

5. Relates to additional warranty provisions which the Management of Solco and UGEH have agreed to be approximately $30,000 more than what was provided for in Solco's the statement of financial position as at 30 June 2014; and

6. Historically, Go Energy Solar entered into finance leases in respect of SGUs. Under the new business model, no additional finance leases will be entered into.

7.3 Shares Outstanding

Summarised below are the post transaction shareholdings in the Combined Entity if the Proposed Transaction is implemented, under the following scenarios:

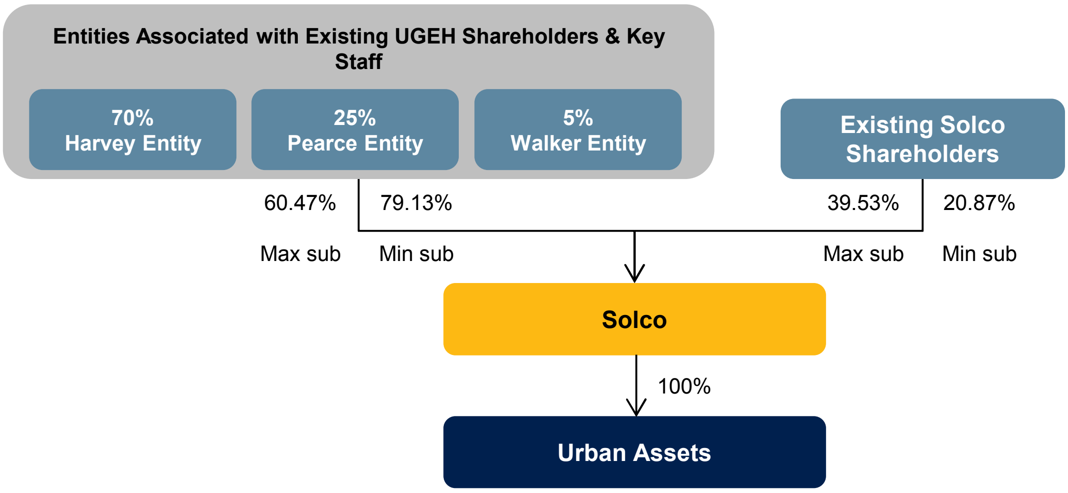
a. ***The minimum dilutionary scenario for existing Solco shareholders:*** existing Solco shareholders take up the maximum subscription under the Proposed Entitlement Offer and are issued with an additional 205,100,124 Solco shares; and

b. ***The likely maximum dilutionary scenario for existing Solco shareholders:*** no Solco shareholders take up their entitlements under the Proposed Entitlement Offer and UGEH is issued with the underwritten component of the Proposed Entitlement Offer, being 150,000,000 Solco shares.

Proposed Transaction
Illustrative Shareholdings

	Maximum Entitlement Offer Subscription			Minimum Entitlement Offer Subscription		
	Existing	UGEH	Total	Existing	UGEH	Total
Current # shares on issue	205,100,124	-	205,100,124	205,100,124	-	205,100,124
Shares issued to UGEH as consideration	-	615,300,372	615,300,372	-	615,300,372	615,300,372
Shares issued to UGEH under Entitlement Offer	-	-	-	-	150,000,000	150,000,000
Shares issued to existing Solco Shareholders under Entitlement Offer	205,100,124	-	205,100,124	-	-	-
Total shares outstanding	**410,200,248**	**615,300,372**	**1,025,500,620**	**205,100,124**	**765,300,372**	**970,400,496**
% holding	*40.00%*	*60.00%*	*100.00%*	*21.14%*	*78.86%*	*100.00%*
Working Capital Adjustment to shares to be issued to UGEH		12,306,006	12,306,006		12,306,006	12,306,006
Total shares outstanding - post working capital adjustment	**410,200,248**	**627,606,378**	**1,037,806,626**	**205,100,124**	**777,606,378**	**982,706,502**
% holding	*39.53%*	*60.47%*	*100.00%*	*20.87%*	*79.13%*	*100.00%*

Summarised below are the post-transaction shareholdings in the Combined Entity assuming the options to be issued to UGEH's existing owners and key staff are exercised:



Mr Harvey's maximum effective interest in the shares of the Combined Entity post transaction will be 55.4%.

8 Valuation Methodology

8.1 Overview

The best determinant of value is the price at which the business or a comparable business or an equity interest in that business has been bought or sold in an arm's length transaction. In its absence, estimates of value are made using methodologies that infer value from other available evidence.

In order to calculate the fair market value of shares in Solco and the Combined Entity, we have considered the following generally accepted valuation methodologies.

8.2 Asset Based Methods

Asset based methods estimate the market value of a company's shares based on the realisable value of its identifiable net assets. Asset based methods include:

- net tangible assets;
- orderly realisation of assets; and
- liquidation of assets.

The ***net assets method*** is based on the value of the assets of the business less certain liabilities, at book values, adjusted to market value.

The ***orderly realisation of assets method*** estimates fair market value by determining the amount that would be distributed to shareholders assuming the Company is wound up in an orderly manner realising a reasonable market value for assets.

The ***liquidation method*** is similar to the orderly realisation of assets method except for the fact that the liquidation method assumes the assets are sold in a shorter period, under a "distressed seller" scenario.

These approaches ignore the possibility that a company's value could exceed the realisable value of its assets. Asset based methods are appropriate when companies are not profitable, not actively trading or a significant proportion of a company's assets are liquid.

8.3 Market Based Methods

Market based methods estimate a company's fair market value by considering the market price of transactions in its shares or the market value and valuation metrics of comparable companies. Market based methods include:

- capitalisation of maintainable earnings;
- analysis of a company's recent share trading history; and
- industry specific methods.

The ***capitalisation of maintainable earnings method*** estimates fair market value by multiplying the Company's future maintainable earnings by an appropriate capitalisation multiple. An appropriate earnings multiple is derived from price earnings multiples and market transactions involving comparable companies. The capitalisation of maintainable earnings method is appropriate where the Company's earnings are relatively stable and comparable companies have similar cost structures and growth profiles.

The ***most recent share trading history*** provides strong evidence of the fair market value of the shares in a company where they are publicly traded in an informed and liquid market.

Industry specific methods estimate market value using industry benchmarks. These methods generally provide less persuasive evidence on market value of a company, as they may not account for company specific factors. Industry specific methods are only used as a cross check to the primary valuation methodology.

8.4 Discounted Cash Flow Method

The discounted cash flow method estimates market value by discounting a company's future cash flows to their present value. This method is appropriate where a projection of future cash flows can be made with a reasonable degree of confidence (for a period of three to five years if available). The discounted cash flow method is commonly used to value early stage companies or projects with a finite life.

8.5 Selection of Methodologies

In selecting our valuation methodology, we considered:

- that Solco has no actively trading businesses;
- the financial position of Solco as at 30 June 2014;
- transactions impacting the net assets of Solco during the period 1 July 2014 to 31 December 2014;
- historic and forecast financial information available for each the key operating businesses being vended in by UGEH, being CO2 Markets, Go Energy Solar and Go Energy Grid;
- the price paid by GO Quote to acquire the IP rights related to the GO Quote Platform; and
- the impact of the Proposed Entitlement Offer.

8.5.1 Solco

In valuing the shares in Solco prior to the Proposed Transaction, we adopted a net asset methodology as our primary valuation methodology since Solco did not have any actively trading businesses at the time of this Report.

As a cross check to our primary valuation methodology, we analysed historical share trades involving Solco shares.

Due to the absence of an actively trading business, it was not appropriate to adopt either a capitalisation of future maintainable earnings methodology or discounted cash flow methodology in valuing the shares in Solco prior to the Proposed Transaction.

8.5.2 Combined Entity

Due to the various discreet businesses and assets being vended in under the Proposed Transaction, we adopted a sum of the parts approach in valuing the shares in the Combined Entity post the Proposed Transaction. We attributed value to the following components of the Combined Entity post the Proposed Transaction:

- Solco;
- the Urban Assets being vended in;
- the impact of the Proposed Entitlement Offer; and
- the impact of a minority discount applied to the Combined Entity.

In respect of the Urban Assets, we attributed value to the:

- CO2 Markets business;
- Go Energy business; and
- GO Quote platform.

Due to uncertainty associated with proposed changes to the RET, we valued the Urban Assets (and the Combined Entity) under two scenarios:

- assuming no changes to the RET are implemented; and
- assuming the announced changes to the RET are implemented (refer Section 4.4.1).

9 Valuation of Solco

9.1 Valuation Summary

On the basis the Parties are targeting to complete the Proposed Transaction before the end of the 2014 calendar year, we adopted a valuation date of 31 December 2014.

Based on Solco's estimated net assets, we assessed the value of Solco shares pre-implementation of the Proposed Transaction and on a controlling basis to be between 0.68 cents per share and 0.89 cents per share.

9.2 Net Assets

We calculated the estimated net assets of Solco prior to the Proposed Transaction based on:

- Solco's audited balance sheet as at 30 June 2014;
- transactions impacting the net assets of Solco between 1 July 2014 and 31 December 2014; and
- an assessment of the value of Solco as an ASX-listed shell.

In our opinion, the value of Solco's net assets reflects the controlling value of the equity in Solco.

Adopting the above methodology, summarised below is our assessment of Solco's net assets on a controlling basis:

Solco Ltd Equity Value - Controlling Basis ($000s)			
	Notes	Low	High
Net assets as at 30 June 2014	1	1,635	1,635
Add: Additional proceeds received on sale of written down stock	2	26	26
Less: Additional warranty provisions	3	(30)	(30)
Add: Potential interest on Reaqua receivable	4	-	229
Less: Cash burn to 31 December that impacts net assets	5	(503)	(503)
Add: Implied value of ASX shell	6	200	400
Estimated equity value prior to the Proposed Transaction		**1,328**	**1,757**

Source: audited balance sheet as at 30 June 2014, Management of Solco and Crowe Horwath calculations.

Notes:

1. Comprises the net assets of Solco per the audited financial statements as at 30 June 2014.
2. Directors advised Solco would receive additional proceeds on sale of stock written down over the written down value of this stock as at 30 June 2014.
3. Relates to additional warranty provisions which the Directors of Solco and UGEH have agreed to be approximately $30,000 more than what was provided for in the statement of financial position as at 30 June 2014.
4. Directors advised Solco sold inventory to Power Pumps and Engineering Pty Ltd (trading as Reaqua) and has not been paid for this inventory. Under the terms of this deal, Solco is entitled to receive interest for every month the amount remains unpaid.
5. Directors of Solco have estimated cash to be used by Solco between 1 July 2014 and 31 December 2014, inclusive of transaction costs and ASX listing fee, to be approximately $503,000. We analysed the composition of these costs.

6. Dependent on prevailing share market conditions, it is possible for shareholders in companies in a similar position to Solco to approve the acquisition of a business in exchange for issuing shares that represent a controlling interest in the ASX listed company (i.e. a back door listing). These transactions implicitly attribute a value to the "shell" company, which can be up to around $500,000.

   One of the factors that influences potential acquirers or backdoor listing vehicles is the number of shareholders on the register, and the related spread of those shareholders. Generally, the greater the shareholder spread, the more attractive the "shell" company, as there would be less of a need to raise additional capital to meet ASX spread requirements.

   In the case of Solco, approximately 1,147 of 1,317 shareholders hold less than a marketable parcel of shares ($2,000 worth of shares). For the purpose of our report, we therefore adopted a value for the listed shell of $200,000 to $400,000.

9.3 Net Assets per Share

Summarised below are the estimated net assets of Solco per share:

Solco Ltd Estimated Net Assets per Share - Controlling Basis	Notes	Metric		
Estimated equity value prior to the Proposed Transaction	1	($000s)	1,328	1,757
Shares outstanding prior to Proposed Transaction	2	(#)	205,100,124	205,100,124
Estimated net assets per share (controlling basis)		**(cents)**	**0.65**	**0.86**

Notes:

1. Refer Section 9.2.
2. Being the total number of Solco shares outstanding as at the date of this report.

9.4 Recent Share Trading History

9.4.1 Methodology

This methodology relies on the market price of a company's shares reflecting all available information to willing but not anxious buyers and sellers acting at arm's length. The market value of listed shares on the ASX is influenced by many factors, including but not limited to:

- the value of the underlying assets of the company, including intangibles;
- the industry in which the company operates;
- managerial skills within the company;
- liquidity of the particular stock, as indicated by share trading volumes;
- future expectations for the company;
- the prevailing market and economic conditions; and
- supply and demand for the shares.

A change in these perceptions can significantly affect share value over a relatively short period.

9.4.2 Conclusion on Recent Share Trading History

As detailed in Section 5.8, Solco's shares traded at a VWAP of 0.94 cents and 0.95 cents per share in the three and six month periods prior to the announcement of the Proposed Transaction, respectively (notwithstanding the small volume of Solco shares traded).

9.5 Conclusion on Value

In assessing the value of Solco shares pre-implementation of the Proposed Transaction and on a controlling basis we adopted:

- ***Low scenario:*** the estimated net assets of Solco as at 31 December 2014, which we assessed the to be 0.65 cents per share; and
- ***High scenario:*** the VWAP of Solco shares for the six months prior to the announcement of the Proposed Transaction, being 0.95 cents per share (this exceeds our high valuation on a net assets basis, being 0.86 cents per share).

10 Valuation of the Combined Entity

10.1 Valuation Summary

10.1.1 Approach

On the basis the Parties are targeting to complete the Proposed Transaction before the end of the 2014 calendar year, we adopted a valuation date of 31 December 2014.

We valued the Combined Entity using a sum of the parts approach. We attributed value to the following components of the Combined Entity post the Proposed Transaction:

- Solco;
- the Urban Assets being vended in;
- the impact of the Proposed Entitlement Offer; and
- the impact of a minority discount applied to the Combined Entity.

In respect of the Urban Assets, we attributed value to the:

- CO2 Markets business;
- Go Energy business; and
- GO Quote platform.

Due to uncertainty associated with proposed changes to the RET, we valued the Urban Assets (and the Combined Entity) under two scenarios:

- assuming no changes to the RET are implemented; and
- assuming the announced changes to the RET are implemented (refer Section 4.4.1).

For the avoidance of doubt, we did not attribute any value to the following Urban Assets for the purposes of this Report:

- Mt Majura Solar Project; or
- any of CO2 Global activities, projects or businesses.

10.1.2 Conclusion on Value

Assuming a minimum subscription under the Entitlement Offer, we assessed the value of shares in the Combined Entity post-implementation of the Proposed Transaction and on a minority basis to be between:

- 1.32 cents per share and 1.54 cents per share assuming no changes to the RET are implemented; and
- 0.97 cents per share and 1.17 cents per share assuming the announced changes to the RET are implemented.

Assuming a maximum subscription under the Entitlement Offer, we assessed the value of shares in the Combined Entity post-implementation of the Proposed Transaction and on a minority basis assuming a maximum subscription under the Entitlement Offer to be between:

- 1.34 cents per share and 1.55 cents per share assuming no changes to the RET are implemented; and
- 1.00 cents per share and 1.19 cents per share assuming the announced changes to the RET are implemented.

10.2 Value of Solco

We assessed the value of shares in Solco pre-implementation of the Proposed Transaction and on a controlling basis to be between 0.65 cents per share and 0.95 cents per share, as detailed in Section 9.

10.3 Value of the Urban Assets

We attributed value to the following Urban Assets (post-implementation of the Proposed Transaction and on a controlling basis) for the purpose of this Report:

Urban Assets Equity Value - Controlling Basis ($000s)					
	Ref	No RET changes		RET changes	
		Low	High	Low	High
CO2 Markets	Section 10.4	3,527,038	3,571,756	1,721,902	1,743,520
Go Energy	Section 10.5	8,401,845	9,764,598	5,883,972	7,206,581
Go Quote Platform	Section 10.8	166,646	166,646	166,646	166,646
Total equity value		**12,095,530**	**13,503,001**	**7,772,521**	**9,116,747**

For the avoidance of doubt, we did not attribute any value to the following Urban Assets for the purposes of this Report:

- Mt Majura Solar Project; or
- any of CO2 Global activities, projects or businesses.

10.4 Value of CO2 Markets

10.4.1 Approach

In valuing CO2 Markets, we:

- adopted a set of cash flow forecasts for a period of only 18 months (notwithstanding, the business is expected to continue trading well beyond this timeframe). We adopted an 18 month forecast period as a conservative measure in light of the potential RET changes; and
- performed a discounted cash flow calculation on the forecast cash flows based on an appropriate discount rate to calculate a Net Present Value ("**NPV**"). We adopted monthly discounting.

It is important to match the type of discount rate adopted to the cash flows adopted in order to calculate either an enterprise value or an equity value. We adopted post-debt[5], post-tax, nominal cash flows and a post-tax cost of equity discount rate to calculate the equity value of CO2 Markets on a controlling basis. Apart from inventory (STC) finance, CO2 Markets does not have any external borrowings. We have assumed this continues at least into the medium term as it would be difficult for CO2 Markets to obtain additional debt funding due to uncertainties associated with the RET changes.

10.4.2 Cash Flows

Our analysis in respect of historical and forecast variables adopted is set out at Section 6.6.3.

For the avoidance of doubt, the cost of CO2 Market's inventory funding is included in the cash flows adopted.

10.4.2.1 No RET Changes

For the no RET changes scenario, we adopted the cash flow forecasts prepared by Management of UGEH, which were consistent with:

- historical volumes of STCs traded by CO2 Markets;
- historical, current and forward market prices for STCs; and
- the historical financial performance of CO2 Markets.

10.4.2.2 RET Changes

For the RET changes scenario, we scaled back the revenue forecasts to reflect the anticipated impact should the Option 2 RET changes be implemented as announced (refer Section 4.4.1). This adjustment was based on the estimated revenue impact associated with the proposed reduction in the number of years for which STCs can be obtained, being:

- ***2HFY15:*** a 33% reduction in the base case revenue forecasts; and
- ***FY16:*** a 40% reduction in the base case revenue forecasts.

[5] Post-debt – being post draw-downs, repayments and interest related to borrowings.

10.4.2.3 Cash Flows Adopted

As we adopted controlling cash flows, our valuation of CO2 Markets is on a controlling basis.

By adopting cash flow forecasts for only 18 months, we factored forecast risk into the cash flows we adopted.

Summarised below are the adopted cash flow forecasts for CO2 Markets. The cash flow forecasts reflect the volume, price and expense projections summarised above, together with timing impacts:

CO2 Markets Cash Flows Adopted ($000s)						
	3QFY15	4QFY15	1QFY16	2QFY16	3QFY16	4QFY16
No RET changes						
Total inflows	23,730,908	27,522,006	23,015,224	23,854,637	25,338,587	27,467,074
Cost of sales outflows	(22,581,751)	(26,204,752)	(21,943,985)	(22,725,988)	(24,119,232)	(26,157,522)
Overheads & other costs	(222,500)	(289,960)	(271,424)	(295,422)	(252,304)	(302,591)
Tax	(366,728)	(143,626)	(267,894)	(267,894)	(267,894)	(267,894)
Net cash flow	**559,929**	**883,668**	**531,921**	**565,333**	**699,157**	**739,067**
RET changes						
Total inflows	15,820,605	18,348,004	13,809,134	14,312,782	15,203,152	16,480,244
Cost of sales outflows	(15,054,500)	(17,469,834)	(13,175,029)	(13,635,593)	(14,471,539)	(15,694,513)
Overheads & other costs	(222,500)	(289,960)	(271,424)	(295,422)	(252,304)	(302,591)
Tax	(306,266)	(83,164)	(127,233)	(127,233)	(127,233)	(127,233)
Net cash flow	**237,339**	**505,045**	**235,448**	**254,534**	**352,075**	**355,907**

10.4.3 Discount Rate

We calculated a post-tax cost of equity discount rate for CO2 Markets of 15.5% to 17.5%, as detailed at Appendix 4.

We calculated this discount rate based on analysis of the required rates of return of ASX listed businesses operating in the renewable energy and energy retail sectors, combined with adjustments to reflect the comparative attributes of CO2 Markets.

Our adopted discount rate reflects the forecast risk we factored into the cash flows.

10.4.4 Equity Value on a Controlling Basis

Based on the cash flows and discount rates detailed above, we calculated the equity value of CO2 Markets on a controlling basis as summarised below:

CO2 Markets Equity Value - Controlling Basis ($000s)				
	No RET changes		RET changes	
	Low	High	Low	High
Equity value - controlling basis	3,527,038	3,571,756	1,721,902	1,743,520

10.4.5 Cross Check

As a cross check, we analysed the FY16 EBITDA multiple implied by our primary valuation of CO2 Markets, as summarised below:

CO2 Markets Cross Check ($000s)				
	No RET changes		RET changes	
	Low	High	Low	High
Enterprise value	3,527,038	3,571,756	1,721,902	1,743,520
Forecast FY16 EBITDA	3,571,917	3,571,917	1,696,447	1,696,447
Implied FY16 EBITDA multiple	**1.0x**	**1.0x**	**1.0x**	**1.0x**

In our opinion, the implied FY16 EBITDA multiples of around one times support the relatively conservative (low) nature of our primary valuation of CO2 Markets, particularly since we expect CO2 Markets to generate EBITDA for at least 18 months.

10.5 Value of Go Energy

We assessed the value of Go Energy post-implementation of the Proposed Transaction and on a controlling basis as summarised below:

Go Energy Equity Value - Controlling Basis ($000s)					
	Ref	No RET changes		RET changes	
		Low	High	Low	High
Solar	Section 10.6	7,340,798	8,526,692	4,822,925	5,968,674
Grid	Section 10.7	1,061,047	1,237,907	1,061,047	1,237,907
Total equity value		**8,401,845**	**9,764,598**	**5,883,972**	**7,206,581**

10.6 Value of Go Energy Solar

10.6.1 Approach

In valuing Go Energy Solar, we:

- adopted a set of cash flow forecasts for a period of only 18 months (notwithstanding the business is expected to continue trading well beyond this timeframe). We adopted an 18 month forecast period as a conservative measure in light of the potential RET changes;
- adopted a set of future tail benefits related to the sales in each month (up to 18 months only); and
- performed a discounted cash flow calculation on the forecast cash flows and future tail benefits based on an appropriate discount rate to calculate a NPV. We adopted monthly discounting.

We adopted post-debt, post-tax, nominal cash flows and a post-tax cost of equity discount rate to calculate the equity value of Go Energy Solar on a controlling basis. Historically, Go Energy Solar entered into finance leases in respect of SGUs. Under the new business model, no additional finance leases will be entered into. We have assumed that no additional borrowing arrangements are entered into at least into the medium term as it would be difficult for Go Energy Solar to obtain debt funding due to uncertainties associated with the RET changes.

10.6.2 Cash Flows

Our analysis in respect of historical and forecast variables adopted is set out at Section 6.6.4.

10.6.2.1 No RET Changes

Based on our analysis, we adopted the following key forecast variables:

- an average installation size of 50KW;
- an average of 28 new solar projects per month in 2HFY15 and an average of 32 new solar projects per month in FY16 (based on wound back probabilities relating to the current pipeline and run rate for Go Energy Solar);
- average upfront revenues per solar PPA project and solar project without a PPA, consistent with the historical averages and standard contract terms;
- average cost of sales per solar PPA project and solar project without a PPA, consistent with the historical averages and standard contract terms; and
- overhead expenses based on current operational metrics modelled the growth of Go Energy Solar on a bottom up basis.

10.6.2.2 RET Changes

For the RET changes scenario, we scaled back the revenue forecasts to reflect the anticipated impact should the Option 2 RET changes be implemented as announced (refer Section 4.4.1). This adjustment was based on the estimated revenue impact associated with the proposed reduction in the number of years for which STCs can be obtained, being:

- ***2HFY15:*** a 33% reduction in the base case revenue forecasts; and
- ***FY16:*** a 40% reduction in the base case revenue forecasts.

10.6.2.3 Cash Flows Adopted

As we adopted controlling cash flows, our valuation of Go Energy Solar is on a controlling basis.

By adopting cash flow forecasts for only 18 months (inclusive of tails related to this period), we factored forecast risk into the cash flows we adopted.

Summarised below are the adopted cash flow forecasts for Go Energy Solar. The cash flow forecasts reflect the volume, price and expense projections summarised above, together with timing impacts:

Go Energy - Solar Cash Flows Adopted ($000s)	3QFY15	4QFY15	1QFY16	2QFY16	3QFY16	4QFY16
Cumulative installations	62	165	283	385	486	551
No RET changes						
Total inflows	5,085,017	11,598,663	11,251,258	12,390,044	9,506,961	10,609,034
Cost of sales outflows	(4,569,976)	(9,946,643)	(9,485,633)	(10,402,349)	(7,959,636)	(8,452,753)
Overheads & other costs	(915,459)	(1,244,592)	(1,293,380)	(1,483,191)	(1,255,555)	(1,447,189)
Tax	(158,639)	(158,639)	(59,171)	(59,171)	(59,171)	(59,171)
Net cash flow - before tails	**(559,057)**	**248,789**	**413,074**	**445,333**	**232,599**	**649,920**
Present value of future tails related to period sales	867,422	1,419,292	1,651,439	1,406,781	1,406,781	907,735
Total cash flows & tails	**308,366**	**1,668,081**	**2,064,513**	**1,852,114**	**1,639,380**	**1,557,656**
RET changes						
Total inflows	3,390,011	7,732,442	6,938,907	7,434,026	5,704,177	6,365,420
Cost of sales outflows	(3,041,759)	(6,605,759)	(5,792,148)	(6,241,410)	(4,775,782)	(5,071,652)
Overheads & other costs	(915,459)	(1,244,592)	(1,293,380)	(1,483,191)	(1,255,555)	(1,447,189)
Tax	(389)	(389)	17,692	17,692	17,692	17,692
Net cash flow - before tails	**(567,596)**	**(118,297)**	**(128,928)**	**(272,882)**	**(309,468)**	**(135,729)**
Present value of future tails related to period sales	867,422	1,419,292	1,651,439	1,406,781	1,406,781	907,735
Total cash flows & tails	**299,827**	**1,300,995**	**1,522,510**	**1,133,899**	**1,097,314**	**772,007**

10.6.3 Discount Rate

We calculated a post-tax cost of equity discount rate for Go Energy Solar of 16.9% to 18.9%, as detailed at Appendix 4.

We calculated this discount rate based on analysis of the required rates of return of ASX listed businesses operating in the renewable energy and energy retail sectors, combined with adjustments to reflect the comparative attributes of Go Energy Solar.

Our adopted discount rate reflects the forecast risk we factored into the cash flows.

10.6.4 Equity Value on a Controlling Basis

Based on the cash flows and discount rates detailed above, we calculated the equity value of Go Energy Solar on a controlling basis to be:

Go Energy - Solar Equity Value - Controlling Basis ($000s)	No RET changes		RET changes	
	Low	High	Low	High
Equity value - controlling basis	7,340,798	8,526,692	4,822,925	5,968,674

10.6.5 Cross Check

Due to the large component of future cash flows to be derived by Go Energy Solar from the latter stages of the 15 year tails, there was no appropriate valuation cross check, as a discounted cash flow methodology is the only appropriate methodology to adopt in the circumstances.

10.7 Value of Go Energy Grid

10.7.1 Approach

In valuing Go Energy Grid, we:

- adopted a set of cash flow forecasts for a period of 18 months as this was the period for which Management forecasts were available;
- adopted a terminal value[6] in respect of Go Energy Grid, on the basis that this business will continue operating beyond 18 months as a going concern; and
- performed a discounted cash flow calculation on the forecast cash flows and terminal value based on an appropriate discount rate to calculate a NPV. We adopted monthly discounting.

We adopted post-debt, post-tax, nominal cash flows and a post-tax cost of equity discount rate to calculate the equity value of Go Energy Grid on a controlling basis. Go Energy Grid does not have any external borrowings. We have assumed this continues at least into the medium term until the business is more established.

10.7.2 Cash Flows

Our analysis in respect of historical and forecast variables adopted is set out at Section 6.6.5.

10.7.2.1 Overview

Based on our analysis, we adopted the following key forecast variables:

- 33 new grid projects per month in 2HFY15 and FY16;
- average revenues per grid project consistent with the historical averages and standard contract terms of Go Energy Grid;
- average cost of sales per grid project consistent with the historical averages and standard contract terms of Go Energy Grid; and
- overhead expenses based on current operational metrics modelled the growth of Go Energy Grid on a bottom up basis.

For the avoidance of doubt, unlike CO2 Markets and Go Energy Solar, Go Energy Grid will not be impacted by the proposed RET changes.

10.7.2.2 Cash Flows Adopted

As we adopted controlling cash flows, our valuation of Go Energy Grid is on a controlling basis.

By adopting cash flow forecasts for only 18 months, we factored forecast risk into the cash flows we adopted.

[6] A terminal value represents the value of a series of cash flows beyond the forecast period.

Summarised below are the adopted cash flow forecasts for Go Energy Grid. The cash flow forecasts reflect the volume, price and expense projections summarised above, together with timing impacts:

Go Energy - Grid Cash Flows Adopted ($000s)	3QFY15	4QFY15	1QFY16	2QFY16	3QFY16	4QFY16
Total inflows	1,873,663	2,861,134	3,848,605	4,836,076	5,823,547	6,811,017
Cost of sales outflows	(1,745,930)	(2,630,233)	(3,514,535)	(4,398,837)	(5,283,140)	(6,167,442)
Overheads & other costs	(243,088)	(330,485)	(343,440)	(393,842)	(333,396)	(384,282)
Tax	1,139	1,139	(65,854)	(65,854)	(65,854)	(65,854)
Net cash flow - pre TV	**(114,216)**	**(98,445)**	**(75,224)**	**(22,457)**	**141,157**	**193,440**
Terminal value	-	-	-	-	-	1,453,477
Net cash flow - post TV	**(114,216)**	**(98,445)**	**(75,224)**	**(22,457)**	**141,157**	**1,646,917**

10.7.2.3 Terminal Value

We calculated a terminal value for Go Energy Grid using the constant growth perpetuity formula. Under this methodology, the terminal value at time n is calculated as the net cash flow for the period ended n+1 divided by the discount rate adopted less the terminal growth rate:

Present Value(n) = Cash Flow(n+1) / (Discount Rate – Terminal Growth Rate)

We adopted the following variables to calculate a terminal value for Go Energy Grid:

- ***Cash flow n+1:*** being equivalent to the post-tax cash flow for FY16 on the basis we assumed no growth (to establish a conservative (low) valuation);
- ***Discount rate:*** the average post-tax cost of equity discount rate 16.3%, as discussed below; and
- ***Terminal growth rate:*** nil (a terminal growth rate of nil provides a lower terminal value and is considered a conservative approach).

10.7.3 Discount Rate

We calculated a post-tax cost of equity discount rate for Go Energy Grid of 15.3% to 17.3%, as detailed at Appendix 4.

We calculated this discount rate based on analysis of the required rates of return of ASX listed businesses operating in the renewable energy and energy retail sectors, combined with adjustments to reflect the comparative attributes of Go Energy Grid.

Our adopted discount rate reflects the forecast risk we factored into the cash flows.

10.7.4 Equity Value on a Controlling Basis

Based on the cash flows and discount rates detailed above, we calculated the equity value of Go Energy Grid on a controlling basis, as summarised below:

Go Energy - Grid Equity Value - Controlling Basis ($000s)	Low	High
Equity value - controlling basis	1,061,047	1,237,907

10.7.5 Cross Check

As a cross check, we analysed the FY16 EBITDA multiple implied by our primary valuation of Go Energy Grid, as summarised below:

Go Energy - Grid Cross Check ($000s)	Low	High
Enterprise value	1,061,047	1,237,907
Forecast FY16 EBITDA	878,049	878,049
Implied FY16 EBITDA multiple	**1.2x**	**1.4x**

In our opinion, the implied FY16 EBITDA multiples of 1.2 to 1.4 times supports the relatively conservative (low) nature of our primary valuation of Go Energy Grid, particularly since we expect Go Energy Grid to generate EBITDA beyond FY16. The primary reason for such a low valuation is that we have not factored in any growth of the business beyond FY16.

10.8 Value of GO Quote Platform

We assessed the value of the GO Quote Platform to be $166,646, being the price paid by GO Quote to acquire the IP rights associated with the platform from Netswitch, an unrelated party (refer Section 6.3.1).

10.9 Impact of Proposed Entitlement Offer

As set out in Section 1, Solco will raise between $3 million and approximately $4.1 million from the Proposed Entitlement Offer.

10.10 Conclusion on Value

10.10.1 Minority Discount

In determining the minority discount, we considered:

- that control premiums in Australia are typically in the range of 30% to 40%, inclusive of synergistic and special value, which equates to minority discounts of approximately 23% to 29%;
- Mr Harvey may obtain control of Solco as a result of the Proposed Transaction; and
- on the basis the Proposed Transaction involves an inactive business (Solco), in our opinion, it excludes any material synergistic or special value.

Based on the above, we adopted a minority discount for the Combined Entity of 15% to 20%.

10.10.2 Value of the Combined Entity on a Minority Basis

Based on the controlling value of our sum of the parts valuations and the minority discount detailed above, summarised below is the equity value we attributed to the Combined Entity post the Proposed Transaction and on a minority basis for the purpose of this Report:

Combined Entity Equity Value - Minority Interest Basis - Minimum Entitlement Offer Subscription ($000s)					
	Ref	No RET changes		RET changes	
		Low	High	Low	High
Value of Solco pre Proposed Transaction	Section 9.2	1,328	1,757	1,328	1,757
Remove shell premium included in Solco valuation	Section 9.2	(200)	(400)	(200)	(400)
Value of Urban Assets on acquisition	Section 10.3	12,096	13,503	7,773	9,117
Proceeds from Proposed Entitlement Offer	Section 10.9	3,000	3,000	3,000	3,000
Equity value of Combined Entity - controlling basis		**16,224**	**17,860**	**11,901**	**13,474**
Minority discount		20%	15%	20%	15%
Equity value of Combined Entity - minority basis		**12,979**	**15,181**	**9,521**	**11,453**

Combined Entity Equity Value - Minority Interest Basis - Maximum Entitlement Offer Subscription ($000s)					
	Ref	No RET changes		RET changes	
		Low	High	Low	High
Value of Solco pre Proposed Transaction	Section 9.2	1,328	1,757	1,328	1,757
Remove shell premium included in Solco valuation	Section 9.2	(200)	(400)	(200)	(400)
Value of Urban Assets on acquisition	Section 10.3	12,096	13,503	7,773	9,117
Proceeds from Proposed Entitlement Offer	Section 10.9	4,102	4,102	4,102	4,102
Equity value of Combined Entity - controlling basis		**17,326**	**18,962**	**13,003**	**14,576**
Minority discount		20%	15%	20%	15%
Equity value of Combined Entity - minority basis		**13,861**	**16,118**	**10,402**	**12,390**

On the basis the Combined Entity will have several actively trading businesses, we excluded the premium attributed to Solco as an ASX listed shell prior to the Proposed Transaction.

For the avoidance of doubt, we did not attribute any value to the following Urban Assets for the purposes of this Report:

- Mt Majura Solar Project; or
- any of CO2 Global activities, projects or businesses.

10.10.3 Value per share of the Combined Entity on a Minority Basis

Based on the equity value attributed to the Combined Entity post the Proposed Transaction and on a minority basis as summarised above, and the total shares outstanding post the Proposed Transaction, summarised below is the value per share of the Combined Entity, post the Proposed Transaction for the purpose of this Report:

Combined Entity Value per Share - Minority Interest Basis - Minimum Subscription under Entitlement Offer					
		No RET changes		RET changes	
		Low	High	Low	High
Equity value of Combined Entity - minority basis	($000s)	12,979	15,181	9,521	11,453
Shares outstanding - post Proposed Transaction	(#)	982,706,502	982,706,502	982,706,502	982,706,502
Value per share - post Proposed Transaction	**(cps)**	**1.32**	**1.54**	**0.97**	**1.17**

Combined Entity Value per Share - Minority Interest Basis - Maximum Subscription under Entitlement Offer					
		No RET changes		RET changes	
		Low	High	Low	High
Equity value of Combined Entity - minority basis	($000s)	13,861	16,118	10,402	12,390
Shares outstanding - post Proposed Transaction	(#)	1,037,806,626	1,037,806,626	1,037,806,626	1,037,806,626
Value per share - post Proposed Transaction	**(cps)**	**1.34**	**1.55**	**1.00**	**1.19**

11 Evaluation of the Proposed Transaction

11.1 Approach

In evaluating whether the Proposed Transaction is fair for the shareholders of Solco, we have compared the value of Solco shares pre-implementation of the Proposed Transaction on a controlling basis to the value of shares in the Combined Entity post-implementation of the Proposed Transaction on a minority interest basis.

In assessing if the Proposed Transaction is reasonable we have first considered whether the Proposed Transaction is fair. Additionally, we have compared the potential advantages and disadvantages of the Proposed Transaction to the shareholders of Solco, and we have determined whether the advantages outweigh the disadvantages.

Under Regulatory Guide 111 an offer is deemed to be "reasonable" if it is fair, however, an offer might also be reasonable if, despite being "not fair", the expert believes that there are sufficient reasons for non-associated shareholders to accept the offer in the absence of a superior alternative.

11.2 The Proposed Transaction is Fair and Reasonable

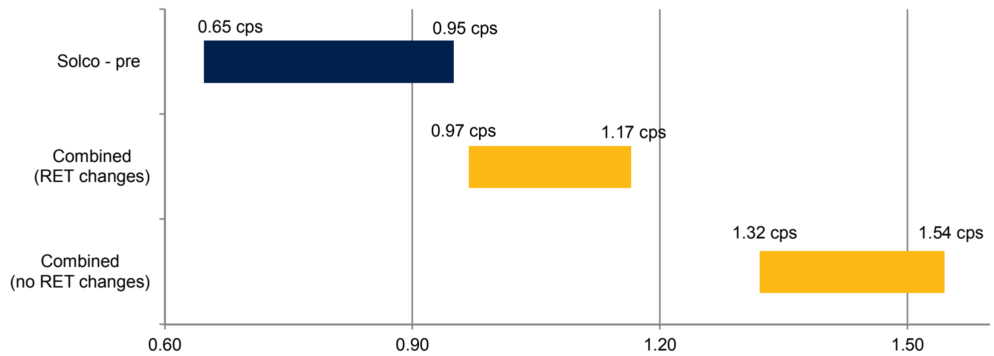
In our opinion, the Proposed Transaction is fair and reasonable for the shareholders of Solco.

Our fairness and reasonableness assessment for the Proposed Transaction is set out below.

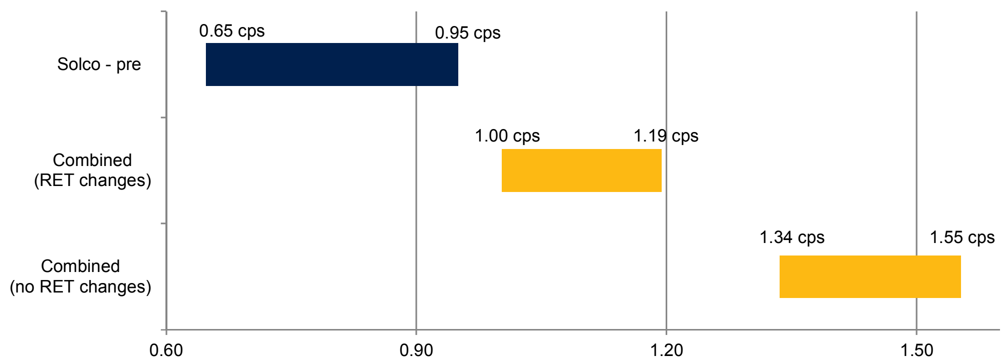
11.3 The Proposed Transaction is Fair

Summarised below is a comparison of the assessed values per share both before and after the Proposed Transaction under both valuation scenarios.

Fairness Comparison - Minimum Entitlement Offer Subscription



Fairness Comparison - Maximum Entitlement Offer Subscription



We note:

- Under the RET changes as announced scenario, the assessed value per share of the Combined Entity post-implementation of the Proposed Transaction (on a minority basis) is greater than or within the range of the assessed value per share of Solco pre-implementation of the Proposed Transaction (on a controlling basis); and
- Under the no RET changes scenario, the assessed value per share of the Combined Entity post-implementation of the Proposed Transaction (on a minority basis) is greater than the assessed value per share of Solco pre-implementation of the Proposed Transaction (on a controlling basis).

On this basis, in our opinion, the Proposed Transaction is fair for Solco's shareholders.

For the avoidance of doubt, the value attributed to the shares in the Combined Entity post transaction does not reflect our opinion of the potential share price of Solco post transaction, rather, it reflects the valuation concepts required for the purpose of this Report only.

11.4 The Proposed Transaction is Reasonable

Since the Proposed Transaction is fair, it is also reasonable.

Notwithstanding the Proposed Transaction is fair, in our opinion, the advantages also outweigh the disadvantages of the Proposed Transaction.

11.4.1 Advantages to Solco shareholders from the Proposed Transaction

The primary advantages to the shareholders of Solco in proceeding with the Proposed Transaction are as follows.

a) The Proposed Transaction, as a whole, is fair

As set out above, in our opinion, the Proposed Transaction is fair.

b) The Urban Assets being vended are diluted by the Proposed Entitlement Offer and Solco's working capital adjustment mechanism

Under the fairness assessment framework required by Regulatory Guide 111, the Urban Assets being vended in are diluted by the Proposed Entitlement Offer and Solco's working capital deficiency. In the absence of shares issued under the Proposed Entitlement Offer and the working capital adjustment mechanism, the Proposed Transaction would be fairer. Summarised below is the implied value attributed to the Urban Assets (for the purpose of this Report) in exchange for shares issued to UGEH:

Urban Assets Implied Value per Shares of Urban Assets					
		No RET changes		RET changes	
		Low	High	Low	High
Value of Urban Assets on acquisition	($000s)	12,096	13,503	7,773	9,117
Total shares issued to Urban Shareholders	(#)	615,300,372	615,300,372	615,300,372	615,300,372
Value per share of Urban Assets vended in - controlling basis	(cps)	**1.97**	**2.19**	**1.26**	**1.48**

We note Solco shares traded at a VWAP of 0.94 cents and 0.95 cents per share during the three and six month periods prior to the announcement of the Proposed Transaction, respectively.

c) UGEH is underwriting $3 million of the Proposed Entitlement Offer at an issue price of 2 cents per share

UGEH's underwriting arrangement means that UGEH will participate in the Proposed Entitlement Offer at an issue price of 2 cents per share.

d) Acquisition of trading businesses with significant potential upside

Solco currently has no actively trading businesses. The Proposed Transaction will result in Solco acquiring several actively trading businesses, which have Management projections in excess of those adopted for the purpose of preparing this Report. While we analysed and considered UGEH Management's projections for the Urban Assets we attributed value to, our resultant valuation does not represent UGEH Management's forecast, nor is it our forecast for the same time periods. It reflects our assessment of underlying assumptions and resultant future cash flows in terms of what is reasonable for the purpose of this Report.

e) Acquisition of businesses and assets to which no value has been attributed

We only attributed value to CO2 Markets, Go Energy and the GO Quote platform. We did not attempt to attribute value to the Mt Majura Solar Project or either of the businesses operated by CO2 Global Exports.

f) Shareholders of Solco will potentially benefit from substantial historical investments in the Urban Assets

UGEH has invested a significant amount of money in developing its various businesses and IP. If the Proposed Transaction is implemented, Solco shareholders stand to benefit from those investments in the future, without having incurred the sunk costs.

g) Go Energy has secured substantial financial commitments for projects

In August 2014, Go Energy received terms for a $25 million commitment from a financier to fund commercial solar Power Purchase Agreements (**"PPAs"**). Go Energy is currently finalising the funding facility documentation. This is expected to be completed by mid-December 2014.

h) Ownership of shares in a larger company with potentially greater liquidity

The Proposed Transaction will result in the Combined Entity having a larger market capitalisation and shareholder base than Solco prior to the Proposed Transaction. Accordingly, shares held in the Combined Entity may be more liquid than shares currently held in Solco.

i) No superior alternative proposal has emerged

At the date of this Report, no superior alternative proposal to the Proposed Transaction had been announced and the Directors of Solco had no knowledge of the existence of any such proposals.

j) The Directors of Solco intend to vote in favour of the Proposed Transaction

The Directors of Solco have advised they unanimously recommend the Proposed Transaction, and that in their opinion, the Proposed Transaction will give Solco's shareholders the opportunity to participate in a potentially significant energy and renewables company.

k) Solco has limited time to find suitable acquisitions or delist from the ASX

Solco's existing cash balance and asset base will only allow it search for suitable acquisitions for a relatively short period of time, or face delisting from the ASX. The Proposed Transaction represents an immediate acquisition opportunity in a similar industry to that of Solco's prior operations.

11.4.2 Disadvantages to Solco shareholders from the Proposed Transaction

The primary disadvantages to the shareholders of Solco in proceeding with the Proposed Transaction are as follows.

a) Dilution of Solco shareholders' current holdings

By accepting the Proposed Transaction, shares will be issued to UGEH, which will have a significant dilutionary effect on current Soclo shareholders' ownership in the Combined Entity, however, the combined asset position and market capitalisation of the Combined Entity will also be significantly larger.

b) Potential emergence of a controlling shareholder

Depending on the shortfall associated with the Proposed Entitlement Offer, the Proposed Transaction may result in Mr Harvey obtaining an interest in the Combined Entity in excess of 50%. Mr Harvey's maximum effective interest in the shares of the Combined Entity post transaction is 55.4%.

c) UGEH representatives will control Solco's Board of Directors

Under the mechanics of the Proposed Transaction, UGEH will have three Board representatives, compared to Solco's two.

d) Uncertainty in respect of the solar energy sector

Whilst the Urban Assets have operational history and a pipeline of future projects, there is no guarantee in respect of their future performance.

e) Spot price risk in respect of Go Energy buying grid energy

Go Energy Grid is exposed to risk in respect of the future price of grid energy. Go Energy hedges a substantial portion of future grid energy purchases, however, there is no guarantee the business will not be exposed to spot price risk on unhedged positions. Additionally, hedged positions may result in financial outcomes that are not as favourable as the spot market (albeit hedged positions provide greater certainty and accordingly less risk). Notwithstanding the above, Go Energy's financial models include volatilities related to spot price risk.

f) Load volume risk in respect of certain Go Energy contracts

Whilst commercial and industrial customers of Go Energy (Solar and Grid) are contracted for minimum volumes, other customers are not. In respect of these contracts, there is risk of a mismatch between hedged positions and actual customer demand. Whilst Go Energy uses sophisticated load pricing models and risk management systems, there is no guarantee that load volume mismatches and resultant financial loss will not occur. Notwithstanding the above, Go Energy's financial models include volatilities related to load volume risk.

g) Future changes consumption volumes and costs related to PPAs

Go Energy Solar is exposed to risk that consumption volumes and costs may deviate from the business case at the time of contracting with customers.

h) Changes in market conditions impacting attractiveness of PPAs

Changes in market conditions or failure to secure sufficiently attractive offtake prices may impact the growth of Go Energy.

i) Potential requirement for additional future capital

Whilst the Proposed Transaction appears to satisfy the Combined Entity's short term cash requirements, additional future capital may be required. Any additional future equity capital raised may be dilutionary to shareholders at that time.

j) Potential for a superior opportunity to emerge

The non-associated shareholders of Solco may consider that a superior alternative opportunity to the Proposed Transaction will emerge. The Directors of Solco are of the opinion that the Proposed Transaction is superior to other opportunities and alternative proposals that have previously emerged.

12 Qualifications, Declarations and Consents

12.1 Qualifications

Crowe Horwath provides corporate finance services in relation to mergers and acquisitions, capital raisings, corporate restructuring and financial matters generally. One of its activities is the preparation of company and business valuations and the provision of independent advice and expert reports concerning mergers and acquisitions, takeovers and capital reconstructions.

The executives responsible for preparing this Report on behalf of Crowe Horwath are Mr Andrew Fressl, B.Com, CA, F.Fin and Mr Nathan Timosevski, B.Bus, CA, A.Fin. Both Andrew and Nathan have significant experience in relevant corporate advisory matters. Both are Representatives in accordance with the Australian Financial Services Licence No. 239170 held by Crowe Horwath under the Corporations Act 2001 (Cth).

12.2 Disclaimers

It is not intended that this report be used or relied upon for any purpose other than as an expression of Crowe Horwath's opinion as to whether the Proposed Transaction is fair and reasonable to the shareholders of Solco. Crowe Horwath expressly disclaims any liability to any person who relies or purports to rely on the report for any other purpose and to any other party who relies or purports to rely on the report for any purpose.

This Report has been prepared by Crowe Horwath with care and diligence and statements and opinions given by Crowe Horwath in this report are given in good faith and in the belief on reasonable grounds that such statements and opinions are correct and not misleading. However, no responsibility is accepted by Crowe Horwath or any of its officers or employees for errors or omissions however arising in the preparation of this report, provided that this shall not absolve Crowe Horwath from liability arising from an opinion expressed recklessly or in bad faith.

12.3 Declarations

Crowe Horwath does not have at the date of this report nor has had any shareholding in or other relationship with Solco or UGEH that could reasonably be regarded as capable of affecting its ability to provide an unbiased opinion in relation to the Proposed Transaction. Crowe Horwath had no part in the formulation of the Proposed Transaction. Crowe Horwath's only role has been the preparation of this Independent Expert's Report. Crowe Horwath considers itself independent in terms of Regulatory Guide 112 issued by ASIC on 30 October 2007.

Crowe Horwath will receive a fee in the vicinity of $50,000 (plus GST) based on time costs for the preparation of this report. This fee is not contingent on the outcome of the Proposed Transaction. Crowe Horwath will receive no other benefit for the preparation of this report.

Solco has agreed that to the extent permitted by law that it will indemnify Crowe Horwath employees and officers in respect of any liability suffered or incurred as a result of or arising out of the preparation of this Report. This indemnity will not apply in respect of any conduct involving negligence or wilful misconduct. Solco has also agreed to indemnify Crowe Horwath and its employees and officers for time spent and reasonable legal costs and expenses incurred in relation to any inquiry or proceeding initiated by any person except where Crowe Horwath or its employees and officers are found liable for or guilty of conduct involving negligence or wilful misconduct in which case Crowe Horwath shall bear such costs.

Advance drafts of this report (and parts of it) were provided to Solco and its advisers. Certain changes were made to this report as a result of the circulation of the draft report. There was no alteration to the methodology, valuation of either Solco or the Combined Entity, conclusions or recommendations made to Solco shareholders as a result of issuing the drafts.

12.4 Consents

Crowe Horwath consents to the issuing of this report in the form and context in which it is to be included in the Proposed Transaction documentation to be sent to Solco shareholders. Neither the whole nor any part of this report nor any reference thereto may be included in any other document without the prior written consent of Crowe Horwath as to the form and context in which it appears.

Appendix 1 – Financial Services Guide

Dated of issue: 24 October 2014

General Advice – Independent Expert's Report

This Financial Services Guide is designed to help retail clients make a decision as to their use of the relevant general financial product advice; to ensure that we comply with our obligations as a financial services licensee; and to provide you with information on:

- how we and our associates are paid;
- any potential conflict of interest we may have; and
- our internal and external dispute resolution procedures and how you can access them.

Introduction

Crowe Horwath Corporate Finance (Aust) Ltd, ABN 95 001 508 363 has been engaged to issue general financial product advice in the form of an Independent Expert's Report for inclusion in a disclosure or other document in relation to the issuing of a financial product.

Who is responsible for the financial services provided to me?

Crowe Horwath Corporate Finance (Aust) Ltd holds an Australian Financial Services Licence No. 239170 and is responsible for the financial services provided by it and its Authorised Representatives, including authorising the distribution of this Financial Services Guide.

Crowe Horwath Corporate Finance (Aust) Ltd is wholly owned by Crowe Horwath Australasia Ltd and operates as part of the business advisory and professional accounting practice of Crowe Horwath.

General Financial Product Advice

In the Independent Expert's Report we provide general financial product advice, not personal financial product advice, because the advice has been prepared without taking into account your personal objectives, financial situation or needs.

You should, before acting on the advice, consider the appropriateness of the advice, having regard to your objectives, financial situation and needs.

What kinds of financial services are you authorised to provide to me?

We are authorised to provide advice on, and deal in, the following classes of financial products to wholesale and retail clients:

1. Provide financial product advice for the following classes of financial products:
   a) derivatives; and
   b) securities.
2. Deal in a financial product by:
   a) issuing, applying for, acquiring, varying or disposing of a financial product in respect of the following classes of financial products:
      i. derivatives,
   b) applying for, acquiring, varying or disposing of a financial product on behalf of another person in respect of the following classes of products:
      i. derivatives; and
      ii. securities.

Independent Expert's Reports

We provide financial product advice by issuing an Independent Expert's Report in connection with a financial product of another person or entity. Our Report includes a description of the circumstances of our engagement and identifies the person or entity who has engaged us. You have not engaged us directly but you will be provided with a copy of the Report due to your connection to the matters in respect of which we have been engaged to report.

Any report we provide is provided on our own behalf as an Australian Financial Services Licensee authorised to provide the financial product advice contained in the Report.

Do you have any relationships or associations with financial product issuers?

Crowe Horwath Corporate Finance (Aust) Ltd and any of its associated entities may at any time provide professional or financial services to financial product issuers in the ordinary course of our business.

How is Crowe Horwath Corporate Finance (Aust) Ltd paid to produce an Independent Expert's Report?

We will charge a fee in the vicinity of $50,000 excluding GST for providing this Independent Expert's Report. This fee will be paid by the person or entity which engages us to provide the Report. The fee has not affected the opinion we have expressed in the Report.

Except for this fee, neither Crowe Horwath Corporate Finance (Aust) Ltd, nor any of its principals, employees or related entities, receives any pecuniary benefit or other benefit, directly or indirectly, for or in connection with the provision of the Report.

Does Crowe Horwath Corporate Finance (Aust) Ltd get paid for referring clients to invest in the products associated with your Independent Expert's Reports?

We do not pay commissions or provide any other benefits to any person for referring clients to us in connection with the Independent Expert's Report that we are engaged to provide.

We do not receive commissions or any other benefits for referring clients in connection with the underlying financial product and/or financial service that is the subject of the reports we are engaged to provide.

Do I pay for the financial services provided?

You do not pay us a fee for the production of the Independent Expert's Report. It is the responsibility of the person or entity which engaged our services to produce the Report to meet this cost.

Who can I complain to if I have a complaint about the financial services provided?

If you have any complaint about the service provided to you, you should take the following steps:

Contact us and tell us about your complaint.

If your complaint is not satisfactorily resolved within three business days, please contact the Complaints Officer on (02) 9262 2155, or put your complaint in writing and send it to us at:

The Complaints Officer
Crowe Horwath Corporate Finance (Aust) Ltd
Level 15, 1 O'Connell St
SYDNEY NSW 2000

If you still do not get a satisfactory outcome you can contact the Financial Ombudsman Service (FOS) of which Crowe Horwath is a member. FOS can be contacted on 1300 780 808 or you can write to them at GPO Box 3, Melbourne, Victoria 3001.

ASIC has a freecall Infoline on 1300 300 630 which you may also use to make a complaint or obtain information about your rights.

If you have any further questions about the financial services Crowe Horwath Corporate Finance (Aust) Ltd provides, please contact our office on (02) 9262 2155.

Appendix 2 – Glossary

Defined Term	Meaning
ACP	Accredited Certificate Provider
Act	Corporations Act 2001
AEMC	Australian Energy Market Commission
AEMO	Australian Energy Market Operator
ASIC	Australian Securities and Investments Commission
ASX	Australian Securities Exchange
ATL	Amperex Technology Limited
C&I	Commercial & industrial
CAGR	Compound annual growth rate
CAPM	Capital asset pricing model
CER	Clean Energy Regulator
CO2 Global	CO2 Global Exports Australia Pty Ltd
CO2 Markets	CO2 Environmental Trading Pty Ltd
Combined Entity	Solco & UGEH post the Proposed Transaction
Consideration Shares	615,300,372 ordinary shares issued to UGEH shareholders as consideration as part of the Proposed Transaction for vending in the Urban Assets
Crowe Horwath	Crowe Horwath Corporate Finance (Aust) Ltd
Entitlement Offer Shares	Between 150,000,000 and 205,100,124 in ordinary shares issued in relation to a non-renounceable entitlement offer connected with the Proposed Transaction
Go Energy	GoEnergy Pty Ltd
Go Energy Installations	GoEnergy Installations Pty Ltd
Go Energy Services	GoEnergy Services Pty Ltd
Go Group of businesses	UGEH entities, businesses and other assets being acquired as part of the Proposed Transaction (otherwise referred to as the Urban Assets)
GO Quote	GO Quote Pty Ltd
GO Quote Platform	Key software platform assigned from Netswitch to GO Quote

Grid Business	Energy retailing business of Go Energy
IAR	Investigating Accountant's Report
IP	Intellection Property
KW	Kilowatt
LRET	Large-scale renewable energy target
LTIP	Long term incentive plan
Mt Majura Solar Project	UGEH's Mt Majura solar farm development project
MOU	Memorandum of Understanding
MRP	Market risk premium
Notice of Meeting	Solco's Notice of Meeting regarding the Proposed Transaction
NPV	Net present value
Parties	Solco & UGEH
PPAs	Power Purchase Agreements
Proposed Entitlement Offer	Issuance of between 150,000,000 and 205,100,124 ordinary shares in relation to a non-renounceable entitlement offer to raise between $3 million and approximately $4.1 million
Proposed Transaction	Acquisition by Solco of certain companies and businesses from UGEH announced 29 August 2014
PV	Photovoltaic
Regulatory Guide 111	Regulatory Guide 111 'Content of Expert Reports'
Regulatory Guide 112	Regulatory Guide 112 'Independence of Experts'
Report	Independent Expert's Report
RET	Renewable Energy Target
Section 606	Section 606(1) of the Act
Section 611	Section 611(7) of the Act
SGU	Solar Generating Unit
SMEs	Small to medium enterprises
Solar Business	Go Energy's business which provides and arranges installation of solar systems
Solar PPA Fund 1	GoEnergy PPA Fund 1 Pty Ltd
Solco Finance	Solco Finance Pty Ltd

Solco or the Company	Solco Ltd
SRES	Small-scale renewable energy scheme
SRP	Specific risk premium
SSP	Solco Solar Products Pty Ltd
STCs	Small-scale technology certificates
SWH	Solar water heating
UGEH	Urban Group Energy Holdings Pty Ltd
Urban Assets	UGEH entities, businesses and other assets being acquired as part of the Proposed Transaction (otherwise referred to as the Go Group of businesses)
VWAP	Volume weighted average price
Working Capital Adjustment	Number of additional shares issued to UGEH under terms of the Proposed Transaction which will be adjusted upwards or downwards based on a minimum cash balance held by Solco at completion of $1.5 million
Working Capital Shares	an estimated 12,306,006 ordinary shares issued to UGEH shareholders in relation to a Working Capital Adjustment in respect of Solco's estimated working capital position at completion of the Proposed Transaction

Appendix 3 – Sources of Information

Sources of information utilised and relied upon in the preparation of this Report include:

Proposed Transaction Documentation

- ASX announcements related to the Proposed Transaction;
- Draft Notice of Meeting;
- Acquisition structure document;
- Pre term sheet agreement; and
- Binding Term Sheet dated 26 August 2014 and signed 27 August 2014.

Solco

- Audited financial statements for FY13 and FY14;
- Management accounts for the months ended 31 July 2014 and 31 August 2014;
- Estimated cash burn to 31 December 2014 prepared by the Directors of Solco;
- Top 20 shareholders summary as at 1 September 2014;
- Shareholdings summary as at 31 August 2014; and
- Discussions & correspondence with the Directors of Solco.

Urban Assets

- Audited financial statements for Go Energy for FY13 and FY14;
- Reconstructed financial performance (including working papers) for CO2 Markets for FY12, FY13 and FY14 prepared by UGEH's accountants;
- FY15 and FY16 forecast cash flow models prepared by UGEH Management;
- Management accounts for FY12, FY13 and FY14 for entities relating to the Urban Assets;
- Monthly Management accounts for the year-to-date FY15 for Go Energy;
- Summary of assets transferred to Go Energy from Go Energy Services in August 2014;
- Employee entitlements for Go Services as at 30 September 2014;
- IP summary prepared by UGEH Management;
- Example customer contracts;
- PPA Licence Agreement Terms & Conditions;
- Copies of Go Energy's energy licenses;

- Go Energy and CO2 Markets Presentation to Solco dated 1 July 2014;
- Deed of Assignment between Netswitch Pty Ltd and GO Quote dated 19 September 2014;
- Various information provided by UGEH Management in relation to the Mt Majura project;
- Installed & commissioned projects as at 22 August 2014 and 19 September 2014;
- Year-to-date FY15 STC volumes and prices for CO2 Markets;
- Best Price Guarantee Terms & Conditions (Go Energy);
- Go Energy Pipeline;
- UGEH Website: www.urbangroupenergy.com.au; and
- Discussions & correspondence with the Management of UGEH.

Industry & Economic Research

- STC spot prices from 2 January 2013 to 2 July 2014 provided by UGEH Management;
- Indicative Forward Market STC Prices, provided by TFS Energy;
- IBISWorld industry research;
- Capital IQ financial research;
- Australian Energy Market Commission Final Report, 3 October 2013; and
- Various publications regarding the RET scheme recommendations and potential outcomes.

Appendix 4 – Assessment of Discount Rates

Approach

We calculated the post-tax cost of equity for CO2 Markets, Go Energy Solar and Go Energy Grid as set out below.

Cost of Equity

We calculated the cost of equity for CO2 Markets, Go Energy Solar and Go Energy Grid using the Capital Asset Pricing Model ("**CAPM**") as summarised in the formula below:

$$K_e = R_f + \beta * (R_m - R_f) + SRP$$

Where:

R_f	=	Risk free rate of return, typically based on long-term government bond rates
β	=	Beta of the asset being valued, being the sensitivity of its returns to the returns generated by the market
R_m	=	The expected return on the market
SRP	=	Specific risk premium, reflecting factors not captured by the beta

In applying the CAPM, we adopted the following variables:

- ***R_f:*** 4.3%, being the average 10 year Australian Government Bond rate over the past five years;
- ***Betas:*** refer below;
- ***[R_m – R_f] or Market Risk Premiums ("MRPs"):*** 6%, being the generally accepted long term MRP for Australia[7]; and
- ***Specific risk premiums ("SRPs"):*** as set out below:

Urban Assets Specific Risk Premium Considerations						
	CO2 Markets		Go Energy Solar		Go Energy Grid	
Size	✓		✓		✓ ✓ ✓	
Specific business risks & lack of diversification	✓		✓ ✓		✓ ✓	
Conclusion on SRP	**4.0%**	**6.0%**	**6.0%**	**8.0%**	**8.0%**	**10.0%**

[7] Kaplan / FINSIA, Advanced Valuation Course - states that risk premiums of 5% to 7% are typically adopted in Australia

Beta Assessment

Beta is a measure of the systematic risk of a company's investments which cannot be diversified away, measured against the market portfolio.

A company's systematic risk is impacted by the level of gearing employed by the company. Analysis and adjustments can be made to estimate the impact of gearing on a company's observed (equity) beta. This process is referred to as ungearing the beta, or calculating the asset beta.

Comparable Company Asset Betas

Summarised below are size metrics and betas of Australian-listed companies that provide renewable energy and energy consulting services, and energy retailing:

Urban Assets Comparable Company Betas					
Company Name	Market cap (A$m)	Revenue LTM (A$m)	Equity Beta	Debt to equity	Asset Beta
Renewable Energy & Energy Consulting					
Infigen Energy	177	338.8	0.9x	n/m	0.9x
Carnegie Wave Energy Limited	83	1.6	1.5x	5.2%	1.5x
Energy Action Limited	78	25.6	1.0x	n/m	1.0x
EnviroMission Limited	32	0.2	0.9x	3.2%	0.8x
Geodynamics Limited	21	-	1.7x	n/m	1.7x
Anaeco Ltd	18	0.2	0.4x	8.6%	0.4x
SWW Energy Limited	5	0.0	0.9x	n/m	0.9x
Astivita Limited	3	13.3	2.1x	101.1%	1.3x
Jatenergy Limited	2	0.6	0.6x	6.8%	0.6x
Average			**1.1x**	**25.0%**	**1.0x**
Energy Retailers					
Origin Energy Limited	17,140	14,568	0.9x	46.8%	0.7x
AGL Energy Limited	7,892	9,543	0.5x	40.4%	0.4x
Energy Developments Ltd.	864	413	0.4x	79.0%	0.3x
Average			**0.6x**	**55.4%**	**0.5x**

Source: Capital IQ

We also identified Greenearth Energy Limited, Mission NewEnergy Limited, Tamawood Limited, Ecosave Holdings Limited, AFT Corporation Limited and Green Invest Ltd as comparable companies, but did not include them in our analysis as they did not provide meaningful beta information.

Adopted Equity Betas

Based on the beta information summarised above, we adopted the following asset (or ungeared) betas:

- ***CO2 Markets:*** 1.0 times, being the average asset beta of the renewable energy and energy consulting companies;
- ***Go Energy Solar:*** 1.0 times, being the average asset beta of the renewable energy and energy consulting companies; and
- ***Go Energy Grid:*** 0.5 times, being the average asset beta of the energy retailers.

We also adopted the following level of gearing for each business going forward:

- ***CO2 Markets:*** based on analysis of CO2 Markets' financing arrangements, we adopted a debt to total capital ratio of 25% (which equates to a debt to equity ratio of 33%);
- ***Go Energy Solar:*** based on Go Energy Solar's existing level of finance liabilities (per Section 6.7.1), we adopted a debt to equity ratio of 12%; and
- ***Go Energy Grid:*** we adopted a debt to total capital ratio of 0% as discussed in Section 10.

Accordingly, we calculated and adopted the following equity (or re-geared) betas for the businesses:

- ***CO2 Markets:*** 1.2 times;
- ***Go Energy Solar:*** 1.1 times; and
- ***Go Energy Grid:*** 0.5 times.

Calculated Cost of Equity

Based on the above, set out below is the post-tax cost of equity we calculated for CO2 Markets, Go Energy Solar and Go Energy Grid:

Urban Assets Post-Tax Cost of Equity	CO2 Markets		Go Energy Solar		Go Energy Grid	
	Low	High	Low	High	Low	High
Risk free rate	4.3%	4.3%	4.3%	4.3%	4.3%	4.3%
Equity beta	1.2 x	1.2 x	1.1 x	1.1 x	0.5 x	0.5 x
Market risk premium	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%
Specific risk premium	4.0%	6.0%	6.0%	8.0%	8.0%	10.0%
Post-tax cost of equity	**15.5%**	**17.5%**	**16.9%**	**18.9%**	**15.3%**	**17.3%**

Appendix 5 – Comparable Company Descriptions

Refer next two pages.

Urban Assets
Comparable Company Descriptions

Company name	Primary Industry	Geographic location	Business description	Energy products	Energy consulting	Renewable energy	Energy certificates	Energy retailer	Energy generation
Renewable Energy & Energy Consulting									
Infigen Energy	Renewable Electricity	Australia	Infigen Energy, a specialist renewable energy company, develops, constructs, owns, and operates renewable energy generation assets. It owns interests in 24 wind farms, including 6 operating wind farms with a total installed capacity of 557 MW in Australia, and 18 operating wind farms with a total installed capacity of 1,089 MW in the United States, as well as a pipeline of wind and solar renewable energy developments. The company was founded in 2003 and is headquartered in Sydney, Australia.	Y (Solar)	Y	Y (Solar)	N	N	Y (Development)
Carnegie Wave Energy Limited	Independent Power Producers and Energy Traders	Australia	Carnegie Wave Energy Limited develops and commercialises the CETO wave energy technology that converts ocean wave energy into zero-emission renewable power and desalinated freshwater worldwide. The company primarily focuses on the design and construction of the Perth Wave Energy project located in Garden Island, Western Australia. Its projects also include the CETO 6 project, Ireland Wave Energy project, and Desalination project. The company is based in North Fremantle, Australia.	N	N	Y	N	N	N
Energy Action Limited	Research and Consulting Services	Australia	Energy Action Limited, together with its subsidiaries, provides integrated energy management services to the commercial and industrial customers in Australia. The company offers electricity and gas procurement services, energy monitoring services, and sustainability services. It primarily operates the Australian Energy Exchange, an online, real time, and reverse auctions platform. The company also offers Activ8, an energy monitoring and contract management service, which includes energy consumption monitoring and costing, energy emissions monitoring, contract administration, detailed technical reporting, desktop energy efficiency review, and additional reporting and monitoring services. In addition, it provides project advisory services, which include metering intelligence, sub metering, and carbon footprint measurement and reduction advice services, as well as supports in auditing, project feasibility studies, and onsite power generation projects. Further, the company offers assessments, retro commissions, and building tuning; environmental performance monitoring; ratings of NABERS and Green Star; lighting design and review; and building performance simulation and new building design assistance services. The company serves manufacturing, mining, hospitality, health and aged care, education, and retail industries; and property, food and beverage, and finance sectors, as well as property owners and commercial property firms. Energy Action Limited was founded in 2000 and is headquartered in Parramatta, Australia.	Y	Y	N	N	N	N
EnviroMission Limited	Renewable Electricity	Australia	EnviroMission Limited is engaged in the development of solar tower renewable energy technology primarily in Australia and the United States. The company is headquartered in South Melbourne, Australia.	N	N	Y (Solar)	N	N	N
Geodynamics Limited	Renewable Electricity	Australia	Geodynamics Limited explores and develops geothermal energy in Australia and the Solomon Islands. It focuses on the development of zero emissions, renewable energy generation from enhanced geothermal systems (EGS). The company holds interests in Innamincka (EGS) project located in the Cooper Basin, South Australia; the Queensland Exploration project located in the Queensland; and Hunter Valley Exploration project located in the Hunter Valley, New South Wales. It also holds an interest in Gove Direct Heat Geothermal project located in the Gove Peninsula, Northern Territory. Geodynamics Limited was founded in 2000 and is headquartered in Milton, Australia.	N	N	Y	N	N	Y (Development)
Anaeco Ltd	Environmental and Facilities Services	Australia	AnaeCo Limited develops and commercialises a process for the treatment of organic municipal solid waste in Australia. The company offers AnaeCo system, a waste treatment solution for municipal solid waste market, which delivers waste from landfill, recovers recyclables, produces organic fertilisers, and generates renewable energy. Its AnaeCo system consists of three components, including AnaeCo Materials Recovery Facility, a receival and recovery system, incorporating wet separation of organics, to recover materials, such as ferrous and non-ferrous metals, and recyclable plastics and glass, as well as feedstock for bioconversion; DiCOM Bioconversion Facility, a patented hybrid biological process inside a closed vessel that accelerates the natural bioconversion cycles for production of biogas and stabilised organic fertiliser; and AnaeCo Process Control System, a combination of software algorithms and hardware components to control the entire waste management and recovery system. AnaeCo Limited was founded in 1998 and is based in Bentley, Australia.	N	N	Y	N	N	Y
SWW Energy Limited	Oil and Gas Refining and Marketing	Australia	SWW Energy Limited engages in the research, development, and production of renewable energy. It primarily focuses on developing technologies to refine waste water containing a polymer/ oil and other industrial wastes into biodiesel or biofuel. The company, formerly known as Solverdi WorldWide Limited, is based in Perth, Australia.	N	N	Y	N	N	Y
Astivita Limited	Trading Companies and Distributors	Australia	AstiVita Limited imports and distributes household products, appliances, and renewable energy products in Australia. It offers bathroom and kitchen products, photovoltaic panels, energy efficiency hot water systems, and Italian cooking appliances. The company was formerly known as AstiVita Renewables Limited and changed its name to Astivita Limited in December 2013. AstiVita Limited is based in Acacia Ridge, Australia.	Y (Solar)	N	Y	N	N	N
Jatenergy Limited	Oil and Gas Exploration and Production	Australia	Jatenergy Limited develops conventional and renewable energy projects with a focus on exploration and production of coal from Indonesia, and on producing crude oil from Indonesian oil seeds plantation. The company's coal projects include the 80% owned Katingan project covering 5000 hectares located to the northwest of Palangkaraya in South Kalimantan; the 100% owned Atan Bara project covering 200 hectares in the north Panajam Pasir regency of East Kalimantan; and the 30% owned Jongkang I and II projects comprising 100 hectares in Kalimantan. It also owns 2000 hectares of oil-producing plants, Jatropha curcas, in Central Java. The company was formerly known as Jatoil Limited. Jatenergy Limited is based in Pyrmont, Australia.	N	N	Y	N	N	Y (Development)

Urban Assets
Comparable Company Descriptions

Company name	Primary Industry	Geographic location	Business description	Energy products	Energy consulting	Renewable energy	Energy certificates	Energy retailer	Energy generation
Energy Retailers									
Origin Energy Limited	Integrated Oil and Gas	Australia	Origin Energy Limited, an integrated energy company, engages in oil and gas exploration and production business primarily in Australia and New Zealand. It operates through Energy Markets, Exploration & Production, LNG, and Contact Energy segments. The company is also involved in the generation of electricity; and the wholesale and retail sale of electricity and gas. It owns interests in the BassGas project in Victoria; the Kupe Gas project in New Zealand; the Otway Gas project in Victoria; and coal seam gas fields Queensland, as well as other onshore production facilities located in the Surat and Bowen Basins in Queensland, the Perth Basin in Western Australia, and the Taranaki Basin in New Zealand. The company's product portfolio comprises electricity and natural gas; green energy, which includes green power, gas, and renewable energy certificates; origin smart that tracks and manages the electricity usage; solar power; hot water solutions, including solar hot water systems, hot water solutions, centralized hot water systems, and hot water service visit; and heating and cooling products comprising split system air conditioners, space heating, ducted evaporative cooling, ducted heating, and ducted reverse cycle air conditioning products. It also offers electric vehicle charging products; and LPG. In addition, the company generates electricity through natural gas, black coal, diesel, wind, geothermal, hydro, and solar technologies. Origin Energy Limited serves approximately 4.3 million electricity, natural gas, LPG, and green energy customers in Australia; and has generation portfolios with approximately 5,900 megawatts of capacity. It also provides electricity, gas, and LPG to approximately 566,000 commercial and residential customers; and has a generation portfolio of 2,218 MW in New Zealand. The company is headquartered in Sydney, Australia.	Y (Solar)	N	Y	N	Y	Y
AGL Energy Limited	Multi-Utilities	Australia	AGL Energy Limited operates as an integrated renewable energy company in Australia. The company operates through four segments: Retail Energy, Merchant Energy, Upstream Gas, and Investments. It buys and sells natural gas, electricity, and energy-related products and services to residential and business customers; constructs and/or operates power generation and energy processing infrastructure; develops natural gas storage facilities; and explores, extracts, produces, and sells natural gas. The company also provides energy efficiency and carbon management services; invests in, explores, develops, and produces gas tenements; and develops and operates gas storage facilities. In addition, it is involved in the design, manufacture, and distribution of new and reconditioned steam boilers, commercial and industrial hot and warm water boilers, condensing heaters, and thermal oil boilers; design, manufacture, installation, and service of power factor correction equipment; and design and implementation of gas infrastructure solutions, as well as asset development services. Its thermal and renewable generation portfolio includes the 2,210 megawatts Loy Yang A power station and adjacent brown coalmine; 1,280 megawatts gas fired Torrens Island power station; 150 megawatts gas fired Somerton power station; and 795 megawatts of hydro power generation facility with hydro, wind, landfill gas, and biomass as renewable resources. The company markets and sells natural gas, electricity, and energy related products and services to approximately 3.8 million residential, small business, and commercial customers in Victoria, South Australia, Queensland, and New South Wales. The company is based in North Sydney, Australia.	Y	N	Y	N	Y	Y
Energy Developments Ltd.	Independent Power Producers and Energy Traders	Australia	Energy Developments Limited develops and operates power generation projects. It is involved in the project development, finance, design, operation, and maintenance of power generating and energy delivery projects. The company generates power through a range of fuel sources comprising remote energy, natural gas, compressed natural gas, liquefied natural gas, diesel, landfill gas, and waste coal mine gas. In addition, it generates and sells environmental credits in international, national, and state-based schemes; and provides greenhouse gas emissions energy and remote energy solutions. The company owns and operates 82 power stations with a generation capacity of approximately 880 MW in Australia, the United States, and Europe. It offers and sells electricity to direct customers, including electricity retailers and mining companies; public companies or government bodies; and landfill site owners. The company is headquartered in Eight Mile Plains, Australia.	N	N	Y	Y	Y	Y

Solco Limited
ACN 084 656 691

FOR ALL ENQUIRIES CALL:
+61 8 9463 2463

ALL CORRESPONDENCE TO:
Company Secretary

YOUR VOTE IS IMPORTANT. FOR YOUR VOTE TO BE EFFECTIVE IT MUST BE RECORDED BEFORE 10AM (WST), 26 NOVEMBER 2014

TO VOTE BY COMPLETING THE PROXY FORM

STEP 1 Appointment of Proxy

Indicate here who you want to appoint as your Proxy

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box. If you wish to appoint someone other than the Chairman of the Meeting as your proxy please write the full name of that individual or body corporate. If you leave this section blank, or your named proxy does not attend the meeting, the Chairman of the Meeting will be your proxy. A proxy need not be a security holder of the company. Do not write the name of the issuer company or the registered securityholder in the space.

Proxy which is a Body Corporate

Where a body corporate is appointed as your proxy, the representative of that body corporate attending the meeting must have provided an 'Appointment of Corporate Representative' prior to admission. An Appointment of Corporate Representative form can be obtained from the company's securities registry.

Appointment of a Second Proxy

You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning the company's securities registry or you may copy this form.

To appoint a second proxy you must:

(a) complete two Proxy Forms. On each Proxy Form state the percentage of your voting rights or the number of securities applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded.

(b) return both forms together in the same envelope.

STEP 2 Voting Directions to your Proxy

You can tell your Proxy how to vote.

To direct your proxy how to vote, place a mark in one of the boxes opposite each item of business. All your securities will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of securities you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on a given item, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

STEP 3 Sign the Form

The form **must** be signed as follows:

Individual: This form is to be signed by the securityholder.

Joint Holding: where the holding is in more than one name, all the securityholders must sign.

Power of Attorney: to sign under a Power of Attorney, you must have already lodged it with the registry. Alternatively, attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: this form must be signed by a Director jointly with either another Director or a Company Secretary. Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. **Please indicate the office held by signing in the appropriate place**.

STEP 4 Lodgement of a Proxy

This Proxy Form (and any Power of Attorney under which it is signed) must be received at an address given below not later than 48 hours before the commencement of the meeting (**10am (WST) on 26 November 2014**). Any Proxy Form received after that time will not be valid for the scheduled meeting.

Proxies may be lodged using the reply paid envelope or:

BY MAIL - **GPO Box 2570 Perth 6001**

BY EMAIL - henko.vos@nexiaperth.com.au

IN PERSON - **Nexia Perth, level 3, 88 Williams Street, Perth**

Attending the Meeting

If you wish to attend the meeting please bring this form with you to assist registration.

Shareholder Details

Name:………………………………………………………………….

Address:…………………………………………………………………….

Contact Name……………………………………………...

Contact Number………………………………………… ..

STEP 1 - Appointment of Proxy

I/We being a member/s of Solco Limited and entitled to attend and vote hereby appoint

☐ the Chairman of the Meeting (mark with an 'X') **OR** ☐

If you are not appointing the Chairman of the Meeting as your proxy please write here the full name of the individual or body corporate (excluding the registered Securityholder) you are appointing as your proxy.

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy at the Annual General Meeting of Solco Limited to be held at Nexia Perth, level 3, 88 William Street, Perth on **28 November 2014 at 10 am** (**WST**) and at any adjournment of that meeting, to act on my/our behalf and to vote in accordance with the following directions or if no directions have been given, as the proxy sees fit.

The Chairman will vote all undirected proxies in favour of all Resolutions.

If you mark the abstain box for a particular item, you are directing your proxy not to vote on that item on a show of hands or on a poll and that your Shares are not to be counted in computing the required majority on a poll.

Chairman authorised to exercise undirected proxies on remuneration related resolutions: Where I/we have appointed the Chairman of the Meeting as my/our proxy (or the Chairman becomes my/our proxy by default), I/we expressly authorise the Chairman to exercise my/our proxy on Resolution 1 (to adopt the Remuneration Report) (except where I/we have indicated a different voting intention below) even though Resolution 1 (to adopt the Remuneration Report) is connected directly with the remuneration of a member of key management personnel for the Company, which includes the Chairman.

If two proxies are being appointed, the proportion of voting rights this proxy represents is _______________%

STEP 2 - Voting directions to your Proxy – please mark ☒ to indicate your directions

Ordinary Business		For	Against	Abstain
Resolution 1	Remuneration Report (Non-Binding)	☐	☐	☐
Resolution 2	Re-election of Director – Mr Ian Campbell	☐	☐	☐
Resolution 3	Change of nature and scale of activities	☐	☐	☐
Resolution 4	Acquisition of relevant interest by Urban Group and Wytown	☐	☐	☐
Resolution 5	Election of Director - Brian Thomas	☐	☐	☐
Resolution 6	Election of Director - Adam Pearse	☐	☐	☐
Resolution 7	Election of Director - Lui Pangiarella	☐	☐	☐
Resolution 8	Approval of 10% Placement Facility	☐	☐	☐

STEP 3 - Please sign here

This section *must* be signed in accordance with the instructions overleaf to enable your directions to be implemented.

Individual or Securityholder 1	Securityholder 2	Securityholder 3
Sole Director and Sole Company Secretary	Director	Director/Company Secretary

Contact Name______________________________ Contact Telephone _________________________________