מסמך רישום

ELLOMAY CAPITAL LTD.

אלומיי קפיטל בע"מ

("**החברה**")

רישום למסחר של: 10,692,371 מניות רגילות רשומות על שם ונפרעות במלואן בנות 10 ש"ח ערך נקוב כל אחת (להלן: "**מניות רגילות**"); רישום למסחר של 85,655 מניות רגילות מוחזקות בידי החברה (מניות רדומות); וכן רישום למסחר של עד 1,102,207 מניות רגילות שינבעו ממימושם של כתבי אופציה (options and warrants) שאינם רשומים למסחר.

ניירות הערך של החברה רשומים למסחר בבורסה בארה"ב:

NYSE MKT LLC

סימן ניירות הערך של החברה בבורסה בארה"ב: ELLO

סימן ניירות הערך של החברה בבורסה לניירות ערך בתל-אביב: אלום

ניירות הערך של החברה יירשמו למסחר לפי הוראות פרק ה3 לחוק ניירות ערך, התשכ"ח–1968, ולפיכך דיווחי החברה יהיו בשפה האנגלית ותוכנם יהא בהתאם למתכונת הדיווח שלה בחו"ל.

תאריך: 22 באוקטובר, 2013

תוכן עניינים

חלק ראשון - כללי

חלק שני – מסמכים נוספים

7. דיווח שפרסמה החברה ביום 13 במאי, 2013 (FORM 6-K)

8. דיווח שפרסמה החברה ביום 18 ביוני, 2013 (FORM 6-K)

9. דיווח שפרסמה החברה ביום 3 ביולי, 2013 (FORM 6-K)

10. דיווח שפרסמה החברה ביום 24 ביולי, 2013 (FORM 6-K)

11. דיווח שפרסמה החברה ביום 1 באוגוסט, 2013 (FORM 6-K)

12. דיווח שפרסם בעל מניות בחברה ביום 5 באוגוסט, 2013 (SC 13G)

13. דיווח שפרסם בעל מניות בחברה ביום 12 באוגוסט, 2013 (SC 13G/A)

14. דיווח שפרסם בעל מניות בחברה ביום 15 באוגוסט, 2013 (SC 13G/A)

15. דיווח שפרסמה החברה ביום 3 בספטמבר, 2013 (FORM 6-K)

16. דיווח שפרסמו בעלי מניות בחברה ביום 3 בספטמבר, 2013 (SC 13D/A)

חלק ראשון

1. **שם החברה:** אלומיי קפיטל בע"מ ובאנגלית – Ellomay Capital Ltd.

2. **מקום התאגדות החברה:** ישראל.

3. **תאריך התאגדות החברה:** 29 ביולי, 1987.

4. **סוגי ניירות הערך שהנפיקה החברה:**

   4.1. מניות רגילות בנות 10 ש"ח ערך נקוב כל אחת.

   4.2. אופציות (options) שהוקצו לנושאי משרה של החברה.

   4.3. אופציות (warrants) שהוקצו לצדדים שלישיים.

5. **מקום רישום ניירות הערך למסחר:** NYSE MKT LLC.

6. **התאריך שבו נרשמו ניירות הערך לראשונה למסחר בבורסת NYSE MKT:** 22 באוגוסט, 2011.

7. **מידע אודות החברה:**

   7.1. מען משרד רשום: שדרות רוטשילד 9, תל אביב 6688112.

   7.2. מס' הטלפון ומס' הפקס בישראל: 03-7971111; 03-7971122.

8. **סימן ניירות הערך:**

   8.1. **בבורסה בחו"ל (NYSE MKT):** ELLO

   8.2. **בבורסה לניירות ערך בתל אביב בע"מ:** אלומ

9. **אנשי קשר של החברה:**

   9.1. **איש קשר עם גופי הפיקוח והאכיפה של הדין הזר:** קליה רובנבך (ווינטראוב), סמנכ"לית כספים.

   9.2. **כתובתו של איש הקשר:** שדרות רוטשילד 9, תל אביב 6688112.

   9.3. **מס' הטלפון ומס' הפקס של איש הקשר:** 03-7971111; 03-7971122.

   9.4. **איש קשר עם רשות ניירות ערך:** קליה רובנבך (ווינטראוב), סמנכ"לית כספים.

   9.5. **כתובתו של איש הקשר בישראל:** שדרות רוטשילד 9, תל אביב 6688112.

   9.6. **מס' טלפון ומס' פקס של איש הקשר בישראל:** 03-7971111; 03-7971122.

   9.7. **Transfer Agent:** Continental Stock Transfer & Trust Company.

10. **תיאור המניות:**

10.1. **הרכב ההון הרשום:** הון המניות הרשום של החברה מורכב מ- 17,000,000 מניות רגילות בנות 10 ש"ח ערך נקוב כל אחת.

10.2. **הרכב ההון המונפק:** הון המניות המונפק של החברה מורכב מ- 10,692,371 מניות רגילות בנות 10 ש"ח ערך נקוב כל אחת, רשומות על שם, מונפקות ונפרעות במלואן, מתוכן, נכון ל- 8 באוקטובר, 2013, 3,295,327 מניות רגילות חופשיות ללא מגבלות על סחירותן ו- 7,397,044 מניות רגילות נושאות Legend הכולל מגבלות במסחר בהתאם לדיני ניירות ערך בארצות הברית.[1] בנוסף, 85,655 מניות רגילות מוחזקות בידי החברה לאחר שנרכשו במסגרת רכישה חוזרת (מניות רדומות) אשר עם מכירתם לצדדים שלישיים על ידי החברה יישאו Legend הכולל מגבלות במסחר בהתאם לדיני ניירות ערך בארצות הברית.

נכון למועד מסמך רישום זה לחברה אין מניות בכורה בהון הרשום או המונפק. החברה מתחייבת, כי כל עוד מניותיה רשומות למסחר בבורסה בתל אביב, היא לא תוציא, לא תקצה ולא תנפיק מניות מסוג שונה מזה הרשום למסחר בבורסה בתל אביב, למעט בהקצאה המקיימת את הוראות סעיף 46ב(א)(1) לחוק ניירות ערך, התשכ"ח – 1968.

10.3. **כתבי אופציות למימוש למניות רגילות:** עד 793,780 מניות שינבעו ממימושן של כתבי אופציות (options) תחת תוכניות האופציות של החברה, אשר מיועדות להענקה לעובדים, יועצים, נותני שירותים, דירקטורים ונושאי משרה של החברה וחברות בנות:

10.3.1. **תוכנית אופציות 1998 לדירקטורים:** 1998 Share Option Plan for Non-Employee Directors (להלן: "**תוכנית 1998**"). נכון למועד מסמך הרישום, על פי תוכנית 1998 הוקצו כתבי אופציות לרכוש 23,502 מניות רגילות שנרשמו במסגרת Form S-8 אך טרם מומשו.

10.3.2. **תוכנית אופציות 2000:** 2000 Stock Option Plan (להלן: "**תוכנית 2000**"). נכון למועד מסמך הרישום, על פי תוכנית 2000 הוקצו כתבי אופציות לרכוש 132,285 מניות רגילות שנרשמו במסגרת Form S-8 אך טרם מומשו.

נכון לתאריך מסמך הרישום, ישנן 637,993 מניות רגילות אשר זמינות להקצאה תחת התוכניות האמורות לעיל.

כל 793,780 המניות הרגילות הניתנות להקצאה בהתאם לתוכניות האמורות לעיל נרשמו למסחר במסגרת טופסי S-8 ועל כן עם הקצאתן לא יישאו Legend המציין מגבלות על סחירותן על פי דיני ארצות הברית ולא תהיה מניעה לקיים בהן מסחר.

10.4. **כתבי אופציות (Warrants):** נכון למועד מסמך הרישום, החברה הקצתה כתבי אופציות (Warrants) בלתי סחירים הניתנים למימוש לעד 308,427 מניות רגילות של החברה שטרם מומשו. המניות הנובעות ממימוש כתבי אופציות אלו יהיו כפופות למגבלות על סחירותן על פי דיני ארצות הברית (ישאו Legend).

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[1] המניות הנושאות Legend הינן מניות שהונפקו ללא הגשת תשקיף לרשות ניירות ערך בארצות הברית בהתאם להוראות ה- Securities Act of 1933. ניתן להסיר את ה- Legend לאחר קבלת חוות דעת עורך דין כי מתקיים פטור מתשקיף או לאחר שיכללו המניות בתשקיף בהתאם להוראות ה- Securities Act of 1933.

11. **עיקרי הזכויות הנלוות למניות של החברה:**

החברה התאגדה על פי חוקי מדינת ישראל וכפופה לחוק החברות, התשנ"ט-1999 (להלן: "**חוק החברות**").

להלן תיאור של עיקרי הזכויות הנלוות למניות הרגילות של החברה שנפרעו במלואן, על פי תקנון החברה ותזכיר ההתאגדות שלה (להלן ביחד: "**מסמכי ההתאגדות**"):

האמור להלן הינו תיאור כוללני שאינו מתיימר להיות תיאור ממצה או פרשנות מוסמכת של הדין ואינו מהווה תחליף לעיון במסמכי ההתאגדות. בנוסף, תקציר זה אינו מתיימר לתאר את כל החוקים הפדראליים של ארצות הברית העוסקים בניירות ערך, את תקנות או כללי ה-Securities and Exchange Commission ("SEC") או את תקנות ה-NYSE MKT או מקורות נורמטיביים נוספים החלים אף הם על החברה ועל בעלי מניותיה.

11.1. **שוויון בזכויות ובחובות:** בהתאם למסמכי ההתאגדות, כל המניות הרגילות הינן זהות בזכויותיהן ובחובות המוטלות עליהן.

11.2. **הזכות להשתתף בחלוקת דיבידנדים ומניות הטבה:** בעלי מניות רגילות זכאים להשתתף בחלוקת דיבידנד ומניות הטבה על ידי החברה באופן יחסי להחזקותיהם במניות החברה שבגינן משולם דיבידנד או מוקצות מניות הטבה, בכפוף לזכויות מיוחדות או מוגבלות ככל שיוצמדו למניות בעתיד בהתאם לתקנון החברה או החוק החל (ראו סעיף 10.2 לעיל לענין מניות בכורה).

11.3. **זכויות בפירוק:** במקרה של פירוק החברה, ולאחר תשלום כל התחייבויות החברה, נכסיה של החברה יחולקו בין בעלי המניות באופן יחסי להחזקותיהם במניות החברה, בכפוף לדין החל ולזכויות מיוחדות או מגבלות שיוצמדו למניות, ככל שיוצמדו בעתיד.

11.4. **התנאים לשינוי הזכויות הנלוות למניה:** בהתאם למסמכי ההתאגדות, החברה רשאית לשנות את תקנונה בהחלטה שהתקבלה ברוב רגיל באסיפה כללית של החברה. היה והון המניות יחולק לסוגים שונים, הזכויות הצמודות למניה מסוג כלשהו תהיינה נתונות לשינוי רק אם יאושר השינוי ברוב רגיל גם באסיפה של בעלי מניות אותו סוג.

11.5. **אסיפות בעלי מניות:**

11.5.1. **זכות הצבעה:** כל מניה רגילה מקנה לבעליה קול אחד וזכות להצביע באסיפות הכלליות של החברה.

11.5.2. **זימון אסיפות:** אסיפה כללית שנתית תתקיים לפחות אחת לכל שנה קלנדרית, בתוך תקופה שלא תעלה על חמישה עשר (15) חודשים לאחר קיום האסיפה הכללית האחרונה, במועד ובמקום כפי שייקבע הדירקטוריון. דירקטוריון החברה רשאי, כל אימת שימצא לנכון, לכנס אסיפה כללית מיוחדת, במועד ובמקום כי שיקבע על ידי הדירקטוריון, ויהא מחויב לעשות כן על פי דרישה בכתב בהתאם לסעיף 63 לחוק החברות.

11.5.3. **הודעה על זימון אסיפה:** בכפוף לדרישות החוק ותקנות הבורסה בה רשומים ניירות הערך של החברה למסחר, החברה תפרסם הודעה על זימון אסיפה כללית כנדרש על פי דין לפחות ארבעה עשר יום טרם

מועד כינוס האסיפה הכללית. למעט במקרים בהם הדבר נדרש על פי הדין החל, החברה אינה מחוייבת להעביר הודעה בכתב לכל בעל מניות.

11.5.4. **מנין חוקי**: המניין החוקי לכינוס אסיפה כללית יתהווה בנוכחות שני בעלי מניות או יותר, נוכחים בעצמם או באמצעות שלוח, המחזיקים ביותר מ- 25% מזכויות ההצבעה בחברה. בהיעדר מנין חוקי, למעט במקרים בהם זומנה האסיפה בהתאם לסעיף 64 לחוק החברות, תדחה האסיפה לאותו מקום ולאותה שעה בשבוע שלאחר מכן. המנין החוקי לכינוס אסיפה כללית נדחית יתהווה בנוכחות שני בעלי מניות או יותר, נוכחים בעצמם או באמצעות שלוח.

11.5.5. **הרוב הנדרש לקבלת החלטות**:

(1) בכפוף להוראות החוק, החלטה של בעלי מניות תחשב כהחלטה שהתקבלה אם אושרה על ידי בעלי מניות, נוכחים בעצמם או באמצעות שלוח, המחזיקים יותר מ- 50% מזכויות ההצבעה הצמודות למניות שבעליהם נכחו בהצבעה, בעצמם או באמצעות שלוח, והשתתפו בהצבעה.

(2) למרות האמור לעיל, קובע תקנון החברה כי כל עוד הסכם בעלי המניות בין בעלי השליטה הנוכחיים בחברה הינו בתוקף, עם קבלת בקשה בכתב משני דירקטורים בנוגע לאחת מהפעולות או העסקאות המנויות להלן, יידרש אישורה של האסיפה הכללית לאותה פעולה או עסקה ברוב של לפחות 50.1% מההון המונפק של החברה או ברוב גבוה יותר הנדרש על פי חוק. הפעולות או העסקאות המניות בתקנון החברה בהקשר זה הינן: עסקאות של החברה או חברות בנות שלה עם נושאי משרה או מועמדים לדירקטוריון, עם בעל מניות המחזיק יותר מ- 5% מהון החברה, או עם קרוב מדרגה ראשונה או Affiliate של נושאי משרה, מועמדים או בעלי מניות כאמור. המונח Affiliate מוגדר בתקנון החברה, ביחס לצד לעסקה או פעולה כאמור, כל גוף שאותו צד לעסקה מחזיק באופן ישיר או עקיף ברוב הזכויות בו, כל גוף שבאופן ישיר או עקיף מחזיק ברוב הזכויות באותו צד או כל גוף אשר באופן ישיר או עקיף שולט או נשלט על ידי אותו צד (המונח שליטה מוגדר אף הוא בתקנון לצורך תחולת הוראה זו); תיקון למסמכי ההתאגדות; מיזוג או איחוד של החברה; שינוי מהותי בעסקי החברה; פירוק מרצון של החברה; אישור תקציב שנתי ותוכנית עסקית וכל חריגה מהותית מהם; וכל שינוי בזכויות החתימה בחברה.

11.6. **הדירקטוריון:**

11.6.1. **מבנה הדירקטוריון:** אלא אם נקבע אחרת בהחלטה שאומצה באסיפה כללית, מספר הדירקטורים בחברה לא יפחת מארבעה ולא יעלה על שמונה (לרבות הדירקטורים החיצוניים הנדרשים לכהן על פי חוק).

11.6.2. **מינוי והפסקת כהונה:** דירקטורים (למעט דירקטורים חיצוניים) נבחרים וכהונתם מופסקת באסיפה הכללית השנתית של בעלי מניות החברה בה ממונים דירקטורים חלף הדירקטורים הקיימים. כהונתו של דירקטור תופסק טרם פקיעתה כאמור עם קרות המקרים הבאים: (א) מוות, (ב) פשיטת רגל, (ג) אי כשירות משפטית, (ד) בתאריך הקבוע לכך בהחלטה למינוי הדירקטור, (ה) בתאריך הקבוע לכך בהחלטה או

הודעה על הפסקת הכהונה או בתאריך קבלת הודעה כאמור על ידי החברה, לפי המאוחר, (ו) בתאריך הקבוע לכך בהודעה בכתב על התפטרות או בתאריך קבלת הודעה כאמור על ידי החברה, לפי המאוחר, (ז) אם הדירקטור הורשע בגזר דין סופי בעבירה מסוג שמונע מאדם לכהן כדירקטור, כקבוע בחוק ו- (ח) אם בית משפט מוסמך מכריע על הפסקת הכהונה בהתאם להוראות החוק, בהחלטה שלא ניתן בגינה עיכוב ביצוע.

11.7. **הגנה מפני השתלטות:** נכון למועד מסמך הרישום מסמכי ההתאגדות של החברה אינם כוללים הוראות שמטרתם מניעת השתלטות עוינת כדוגמת "גלולת רעל". לחברה הסמכות להנפיק מניות בכורה ולקבוע את הזכויות הנלוות להן. נכון למועד מסמך רישום זה לא הונפקו מניות בכורה על ידי החברה ולחברה אין כוונה להנפיק מניות אלו. ראו גם את התחייבות החברה בסעיף 10.2 לעיל.

12. **אישור הבורסה לניירות ערך בתל אביב בע"מ:**

הבורסה לניירות ערך בתל אביב בע"מ נתנה את אישורה לרישום למסחר של כל המניות הקיימות בהון החברה כאמור בסעיף 10.2 לעיל וכן של המניות שיוקצו בעתיד כתוצאה ממימוש כתבי אופציות ו- Warrants כאמור בסעיפים 10.3 ו- 10.4 לעיל.

אין לראות באישור כאמור של הבורסה אישור לפרטים המובאים במסמך רישום זה, או לשלמותם ואין בו משום הבעת דעה על החברה או על טיבם של ניירות הערך הנרשמים על פי מסמך רישום זה.

חלק שני – מסמכים נוספים

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 20-F

(Mark One)

☐ **REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR (g) OF THE SECURITIES EXCHANGE ACT OF 1934**

OR

☑ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2012

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

OR

☐ **SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

Date of event requiring this shell company report…

For the transition period from _____ to _____

Commission File Number 001-35284

ELLOMAY CAPITAL LTD.

(Exact Name of Registrant as specified in its charter)

ISRAEL
(Jurisdiction of incorporation or organization)

9 Rothschild Boulevard, 2nd floor
Tel Aviv 66881, Israel
(Address of principal executive offices)

Kalia Weintraub, Chief Financial Officer
Tel: +972-3-797-1111; Facsimile: +972-3-797-1122
9 Rothschild Boulevard, 2nd floor
Tel Aviv 66881, Israel
(Name, Telephone, E-mail and/or Facsimile number and Address of Company Contact Person)

Securities registered or to be registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Ordinary Shares, par value NIS 10.00 per share	NYSE MKT

Securities registered or to be registered pursuant to Section 12(g) of the Act:

None

Title of Class

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act:

None

Title of Class

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report: 10,692,371[1] ordinary shares, NIS 10.00 par value per share.

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes ☐ No ☑

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934.

Yes ☐ No ☑

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes ☑ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes ☐ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ☐ Accelerated filer ☐ Non-accelerated filer ☑

[1] Does not include a total of 85,655 ordinary shares held at that date as treasury shares under Israeli law, all of which were repurchased by Ellomay. For so long as such treasury shares are owned by Ellomay they have no rights and, accordingly, are neither eligible to participate in or receive any future dividends which may be paid to Ellomay's shareholders nor are they entitled to participate in, be voted at or be counted as part of the quorum for, any meetings of Ellomay's shareholders

Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing:

U.S. GAAP ☐ International Financial Reporting Standards as issued by the International Accounting Standards Board ☑ Other ☐

If "Other" has been checked in response to the previous question, indicate by check mark which financial statement item the registrant has elected to follow.

Item 17 ☐ Item 18 ☐

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act):

Yes ☐ No ☑

Table of Contents

INTRODUCTION

The following is the Report on Form 20-F of Ellomay Capital Ltd. Unless the context in which such terms are used would require a different meaning, all references to "Ellomay," "us," "we," "our" or the "Company" refer to Ellomay Capital Ltd. and its consolidated subsidiaries.

All references to "$," "dollar," "US$" or "U.S. dollar" are to the legal currency of the United States of America, references to "NIS" or "New Israeli Shekel" are to the legal currency of Israel and references to "€," "Euro" or "EUR" are to the legal currency of the European Union.

We prepare our consolidated financial statements in accordance with International Financial Reporting Standards, or IFRS as issued by the International Accounting Standards Board, or IASB. For periods prior to January 1, 2009, our consolidated financial statements were prepared in accordance with generally accepted accounting principles in the United States, or U.S. GAAP.

All trademarks, service marks, trade names and registered marks used in this report are trademarks, trade names or registered marks of their respective owners.

Statements made in this Report concerning the contents of any agreement, contract or other document are summaries of such agreements, contracts or documents and are not complete description of all of their terms. If we filed any of these agreements, contracts or documents as exhibits to this Report or to any previous filing with the Securities and Exchange Commission, or SEC, you may read the document itself for a complete understanding of its terms.

FORWARD-LOOKING STATEMENTS

In addition to historical information, this report on Form 20-F contains forward-looking statements. Some of the statements under "Item 3.D: Risk Factors," "Item 4: Information on Ellomay," "Item 5: Operating and Financial Review and Prospects" and elsewhere in this report, constitute forward-looking statements. These statements relate to future events or other future financial performance, and are identified by terminology such as "may," "will," "should," "expect," "scheduled," "plan," "intend," "anticipate," "believe," "estimate," "aim," "potential," or "continue" or the negative of those terms or other comparable terminology, but the absence of these words does not mean that a statement is not forward-looking.

The forward-looking statements contained in this report are based on current expectations and beliefs concerning future developments and the potential effects on our business. There can be no assurance that future developments actually affecting us will be those anticipated. These forward-looking statements involve a number of risks, uncertainties or other assumptions that may cause actual results or performance to be materially different from those expressed or implied by these forward-looking statements, including the following:

- *the profitability of the photovoltaic market which we have entered;*
- *the market, economic and political factors in Italy, in Spain and generally in Europe, in Israel and worldwide;*
- *our contractors' technical, professional and financial ability to deliver on and comply with their operation and maintenance undertakings in connection with the operation of our photovoltaic plants;*
- *our ability to further familiarize ourselves and maintain expertise in the photovoltaic market and the energy market, and to track, monitor and manage the projects which we have undertaken;*
- *our ability to identify, evaluate and consummate additional suitable business opportunities and strategic alternatives;*
- *the price and market liquidity of our ordinary shares;*
- *the fact that we may be deemed to be an "investment company" under the Investment Company Act of 1940 under certain circumstances (including as a result of the investments of assets following the sale of our business), and the risk that we may be required to take certain actions with respect to the investment of our assets or the distribution of cash to shareholders in order to avoid being deemed an "investment company";*
- *our plans with respect to the management of our financial and other assets; and*
- *the possibility of future litigation.*

Assumptions relating to the foregoing involve judgment with respect to, among other things, future economic, competitive and market conditions, and future business decisions, all of which are difficult or impossible to predict accurately and many of which are beyond our control. In light of the significant uncertainties inherent in the forward-looking information included herein, the inclusion of such information should not be regarded as a representation by us or any other person that our objectives or plans will be achieved. Factors that could cause actual results to differ from our expectations or projections include the risks and uncertainties relating to our business described in this report under "Item 3.D: Risk Factors," "Item 4: Information on Ellomay," "Item 5: Operating and Financial Review and Prospects" and elsewhere in this report. In addition, new factors emerge from time to time, and it is not possible for management to predict all such factors, nor assess the impact of any such factor on our business or the extent to which any factor, or combination of factors, may cause results to differ materially from those contained in any forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements, which reflect management's analysis as of the date hereof. We undertake no obligation to publicly revise these forward-looking statements to reflect events or circumstances that arise after the date hereof, except as required by applicable law. In addition to the disclosure contained herein, readers should carefully review any disclosure of risks and uncertainties contained in other documents that we file from time to time with the SEC.

To the extent that this Report contains forward-looking statements (as distinct from historical information), we desire to take advantage of the safe harbor provisions of the Private Securities Litigation Reform Act of 1995 and we are therefore including this statement for the express purpose of availing ourselves of the protections of the safe harbor with respect to all forward-looking statements.

PART I

ITEM 1: Identity of Directors, Senior Management and Advisers

Not Applicable.

ITEM 2: Offer Statistics and Expected Timetable

Not Applicable.

ITEM 3: Key Information

A. Selected Financial Data

For the years ended December 31, 2009, 2010, 2011 and 2012, we have prepared our consolidated financial statements in accordance with IFRS, as issued by the IASB. For periods prior to January 1, 2009, our consolidated financial statements were prepared in accordance with U.S. GAAP. We have therefore adjusted our consolidated financial information at and for the year ended December 31, 2009, in accordance with IFRS 1, "First Time Adoption of IFRS," or IFRS 1, and financial information set forth in this annual report for the year ended December 31, 2009 may differ from information previously published.

We adopted IFRS for the first time in 2010 with a transition date of January 1, 2009.

In February 2008 we sold our wide format and super-wide format printing system business to Hewlett-Packard Company, or HP pursuant to an asset purchase agreement executed on December 9, 2007, or the Asset Purchase Agreement. The operating results and cash flows attributed to the digital wide format and super-wide format printing system business were presented in our statements of comprehensive income (loss) and cash flows as discontinued operations. Statements of financial position amounts related to this business are presented as assets and liabilities attributed to discontinued operations and are expected to be settled in one to two years.

The financial statements for the years ended December 31, 2008, 2009 and 2010 were audited by Kost Forer Gabbay & Kasierer, an independent registered public accounting firm and a member of Ernst & Young Global. The financial statements for the years ended December 31, 2011 and 2012 were audited by Somekh Chaikin, an independent registered public accounting firm and a member of KPMG International.

On June 9, 2011, we effected a one-for-ten reverse split of our ordinary shares as approved by our shareholders, or the Reverse Split. The Reverse Split caused each 10 ordinary shares, NIS 1.00 par value per share, to be converted into one ordinary share, NIS 10.00 par value per share. No fractional shares were issued as a result of the Reverse Split as all fractional shares resulting from the Reverse Split that were one-half share or more were increased to the next higher whole number of shares and all fractional shares that were less than one-half share were decreased to the next lower whole number of shares. As of June 8, 2011, there were 107,778,493 ordinary shares outstanding and after the Reverse Split there were 10,777,917 ordinary shares outstanding. Unless explicitly stated otherwise, all share prices and amounts are adjusted to account for the Reverse Split.

We currently own ten operating photovoltaic plants in Italy, with an aggregate output capacity of approximately 10.8 megawatt peak, or MWp, and 85% of one operational photovoltaic plant in Spain, with an output capacity of approximately 2.275 MWp, or, each, a PV Plant and, together, the PV Plants, and indirectly hold 7.5% of the equity of Dorad Energy Ltd., or Dorad, and funded approximately 10% of the total cash calls to the partners in the Yitzhak oil and gas exploration and drilling license in the Mediterranean sea, or the Yitzchak License. See "Item 4.A: History and Development of Ellomay" and "Item 4.B: Business Overview" for more information.

The following tables present our financial data as of the periods presented. The selected consolidated financial data set forth below should be read in conjunction with and is qualified by reference to our consolidated financial statements and the related notes, as well as "Item 5: Operating and Financial Review and Prospects."

In accordance with IFRS

The tables below set forth selected consolidated financial data under IFRS for the years ended December 31, 2009, 2010, 2011 and 2012. The information included in the tables has been derived from our audited consolidated financial statements set forth in "Item 18: Financial Statements."

Consolidated Statements of Comprehensive Income (Loss)
(in thousands of U.S. Dollars except per share and share data)

	For Year ended December 31,			
	2012	**2011**	**2010**	**2009**
Revenues	$ 8,890	$ 6,114	$ -	$ -
Operating expenses	1,954	1,391	-	-
Depreciation expenses	2,717	1,777	-	-
Gross profit	4,219	2,946	-	-
General and administrative expenses	3,110	3,102	3,211	1,931
Capital Loss	394	-	-	-
Operating Profit (Loss)	715	(156)	(3,211)	(1,931)
Financing income	696	1,971	1,076	1,366
Financing income (expenses) in connection with SWAP contracts	(2,157)	(2,601)	404	-
Financing expenses	(2,166)	(608)	(80)	(9)
Financing income (expenses), net	(3,627)	(1,238)	1,400	1,357
Company's share of losses of investee accounted for at equity	(232)	(596)	(66)	-
Loss before taxes on income	(3,144)	(1,990)	(1,877)	(574)
Tax benefit (taxes on income)	1,011	1,018	44	(69)
Loss from continuing operations	(2,133)	(972)	(1,833)	(643)
Income (loss) from discontinued operations, net	-	-	7,035	(376)
Net income (loss) for the year	(2,133)	(972)	5,202	(1,019)
Income (Loss) attributable to:				
Owners of the Company	(2,110)	(972)	5,202	(1,019)
Non-controlling interests	(23)	-	-	-
Net income (loss) for the year	(2,133)	(972)	5,202	(1,019)
Other comprehensive income (loss):				
Foreign currency translation adjustments	1,620	(3,698)	194	-
Total other comprehensive income (loss)	1,620	(3,698)	194	-
Total comprehensive income (loss)	$ (513)	$ (4,670)	$ 5,396	$ (1,019)
Basic net earnings (loss) per share:				
Loss from continuing operations	$ (0.2)	$ (0.09)	$ (0.2)	$ (0.1)
Earnings (loss) from discontinued operations	-	-	0.9	*) -
Net earnings (loss)	$ (0.2)	$ (0.09)	$ 0.7	$ (0.1)
Diluted net earnings (loss) per share:				
Loss from continuing operations	$ (0.2)	$ (0.09)	$ (0.2)	$ (0.1)
Earnings (loss) from discontinued operations	-	-	0.8	*) -
Net earnings (loss)	$ (0.2)	$ (0.09)	$ 0.6	$ (0.1)
Weighted average number of shares used for computing basic earnings (loss) per share	10,709,294	10,775,458	7,911,551	7,378,643
Weighted average number of shares used for computing diluted earnings (loss) per share	10,709,294	10,775,458	8,904,250	7,378,643

*) Less than $0.01

Other financial data (in thousands of U.S. Dollars)

	For Year ended December 31,			
	2012	2011	2010	2009
EBITDA from continuing operations[1]	$ 3,200	$ 1,025	$ (3,255)	$ (1,920)

_____

(1) EBITDA is a non-IFRS measure and is defined as earnings before financial expenses, net, interest, taxes, depreciation and amortization. We present this measure in order to enhance the understanding of our historical financial performance and to enable comparability between periods. While we consider EBITDA to be an important measure of comparative operating performance, EBITDA should not be considered in isolation or as a substitute for net income or other statement of operations or cash flow data prepared in accordance with IFRS as a measure of profitability or liquidity. EBITDA does not take into account our commitments, including capital expenditures and restricted cash and, accordingly, is not necessarily indicative of amounts that may be available for discretionary uses. Not all companies calculate EBITDA in the same manner, and the measure as presented may not be comparable to similarly-titled measures presented by other companies. Our EBITDA may not be indicative of our historic operating results; nor is it meant to be predictive of potential future results.

Reconciliation of Net income (loss) to EBITDA

	For Year ended December 31,			
	2012	2011	2010	2009
Net income (loss) for the year	$ (2,133)	$ (972)	$ 5,202	$ (1,019)
Financing expenses (income), net	3,627	1,238	(1,400)	(1,357)
Loss (income) from discontinued operations, net of tax	-	-	(7,035)	376
Income tax expenses (benefit)	(1,011)	(1,018)	(44)	69
Depreciation and amortization	2,717	1,777	22	11
EBITDA	$ 3,200	$ 1,025	$ (3,255)	$ (1,920)

Consolidated Statements of Financial Position Sheet Data (in thousands of U.S. Dollars except share data)

	At December 31,			
	2012	2011	2010	2009
Working capital	$ 27,977	$ 31,856	$ 71,756	$ 75,172
Total assets	$ 128,740	$ 126,392	$ 106,214	$ 76,432
Total liabilities	$ 45,626	$ 42,331	$ 17,648	$ 6,404
Total shareholders' equity	$ 83,114	$ 84,061	$ 88,566	$ 70,028
Capital stock (1)	$ 102,068	$ 102,534	$ 102,369	$ 89,227
Ordinary shares outstanding (1)	10,692,371	10,769,326	10,750,071	7,378,643

(1) Net of treasury shares. 85,655 ordinary shares that have been purchased according to a share buyback program that was authorized the Company's Board of Directors.

In accordance with U.S. GAAP

The tables below for the year ended December 31, 2008 set forth selected consolidated financial information under U.S. GAAP, which has been derived from our previously published audited consolidated financial statements for the year ending on such date.

Consolidated Statements of Income (Operations) Data
(in thousands of U.S. Dollars except per share and share data)

	Year ended December 31,
	2008
Revenues:	
Products	$ 10,568
Services	842
Total revenues	11,410
Cost of revenues:	
Products	7,927
Inventory write-off	197
	8,124
Services	2,862
Total cost of revenues	10,986
Gross profit	424
Operating expenses:	
Research and development, net	1,942
Selling and marketing	3,075
General and administrative	9,830
Doubtful accounts expenses (income)	368
Amortization of other intangible assets	-
Total operating expenses	15,215
Operating loss	(14,791)
Gain on sale of Company's business, net	95,137
Financial income (expenses), net	7,596
Income (loss) before taxes on income	87,942
Taxes on income	966
Net Income (loss)	$ 86,976
Basic earnings (loss) per share	$ 11.9
Diluted earnings (loss) per share	$ 10.1
Weighted average number of shares used for computing basic earnings (loss) per share	7,297,257
Weighted average number of shares used for computing diluted earnings (loss) per share	8,610,275

Consolidated Balance Sheet Data (in thousands of U.S. Dollars except share data)

	At December 31, 2008
Working capital (deficiency)	$ 76,119
Total assets	$ 78,278
Total liabilities	$ 7,349
Total shareholders' Equity (deficiency)	$ 70,929
Capital stock	$ 89,109
Ordinary shares outstanding	7,378,643

B. Capitalization and Indebtedness

Not Applicable.

C. Reasons for the Offer and Use of Proceeds

Not Applicable.

D. Risk Factors

Investing in our securities involves a high degree of risk and uncertainty. You should carefully consider the risks and uncertainties described below as well as the other information contained in this report before making an investment decision with respect to our securities. If any of the following risks actually occurs, our business, financial condition, prospects, results of operations and cash flows could be harmed. In such case, you may lose all or part of your original investment.

The risks described below are not the only risks we face. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial may also materially adversely affect our business, financial condition or results of operations.

Risks Related to our Business

Risks Related to the PV Plants

The majority of our PV Plants are located in Italy and our other 85% owned PV Plant is located in Spain and therefore the revenues derived from them mainly depend on payments received from Italian and Spanish governmental entities. The economic crisis in the European Union, specifically in Italy and in Spain, and measures taken in order to improve Italy's and Spain's financial position, may adversely affect the results of our operations. The global financial crisis that began in 2007 directly affected Italy's and Spain's growth and economy. The situation worsened during 2011 due to the debt crisis in various European Union countries in general and specifically in Italy, whose current debt is one of the highest in the euro zone and in Spain, who has one of the highest twin deficit, or combined budget and current account deficits, in the world. The debt crisis caused the resignation of Italy's prime minister and the replacement of Spain's government in November 2011. The recent elections held in Italy during February 2013 resulted in a political stalemate and as of March 1, 2013, a new government has not been formed yet. In addition, during 2012 and 2013, all three major credit rating agencies downgraded Italy's and Spain's debt and all provide for a "negative" outlook for the debt of these countries. The debt crisis also caused the Italian and Spanish governments to adopt various spending cuts and tax increases aimed at bolstering growth and increasing revenues for the repayment of debt. For example, during 2011 Spain implemented changes to its incentive scheme, including the reduction of subsidies through 2013 and the Spanish government adopted a new law in late 2012 that imposes a new revenue tax on electricity generating power plants. The adoption and implementation of these measures continued during 2012 and in September 2012 the European Central Bank pledged to buy unlimited amounts of bonds to lower interest rates for countries like Spain and Italy. However, both countries remain in a state of financial crisis. Although the incentive scheme in Italy is based on end-users payments and not directly on the Italian government's budget, we cannot assure you that the economic crisis will not cause changes to the Italian government's photovoltaic energy incentive schemes or that no additional changes will be made in Spain's photovoltaic energy incentive scheme. In addition, local governments in Italy have also commenced steps aimed at increasing revenues, including, but not limited to, increasing the real estate taxes during 2011 - 2013. There is no assurance that these measures and developments will assist in preventing a continued financial crisis in Italy and in Spain and that the Italian and Spanish governments and municipalities will not undertake additional measures that may directly or indirectly affect our operations and revenues.

Our business depends to a large extent on the availability of financial incentives. The reduction or elimination of government subsidies and economic incentives could reduce our profitability and adversely impact our revenues and growth prospects. Many countries, such as Germany, Spain, Italy, France, Portugal and Japan, offer substantial incentives to offset the cost of photovoltaic power systems in the form of feed-in tariffs, or FiT or other incentives to promote the use of solar energy and to reduce dependence on other forms of energy. These government incentives could potentially be reduced or eliminated altogether. In Italy currently, the Fourth Conto Energia and the Fifth Conto Energia (both as hereinafter defined) provide that in order to become eligible for the incentives, PV plants have to be registered in an *ad hoc* register held by GSE and may be admitted to the relevant incentives only on the basis of their ranking in such register, which ranking is to be determined in accordance with a number of applicable criteria, including the stage of operations or construction of the relevant PV plant and its capacity. In Spain, which also has a subsidy system for the photovoltaic industry, retroactive cuts of 30% to the feed-in tariffs were adopted in early 2011 by limiting the number of production hours that are eligible to receive the government's feed-in tariff. The Spanish RD 1578/2008, *inter alia*, sets power capacity limits, requires registration for the pre-assignment of tariff and sets quotas for aggregate installed power capacity. If the Italian government does not extend the incentive plan or elects to fix a certain cap for subsidized plants connected in the future and if the Spanish government elects to revise the incentive scheme retroactively, as it has done in the past, this will adversely affect the profitability from the PV Plants and from any new photovoltaic plants developed by us or existing photovoltaic plant acquired by us, and may prevent us from continuing to invest in the PV market in Italy or in Spain. In general, uncertainty about the introduction of, reduction in or elimination of incentives or delays or interruptions in the implementation of favorable laws could substantially affect our profitability and adversely affect our ability to continue and develop new photovoltaic plants.

Due to the uncertainty in the photovoltaic filed in Italy and in Spain, we may seek to primarily invest in photovoltaic plants that have already been connected to the Italian or Spanish national grid and are eligible to receive the applicable FiT, which may not be available on terms beneficial to us or at all. As many of the issues with respect to the future legislation and FiT incentive scheme in Italy and in Spain are currently unclear, acquisitions of photovoltaic plants that have already been constructed and are connected to the Italian or Spanish national grid currently provide more certainty as to their economic potential than plants that are still in the construction stage. As the secondary market of photovoltaic plants is not yet developed, it may be difficult for us to locate suitable opportunities and, even if located, the acquisition of an operating photovoltaic plant may require the investment of higher amounts on our part as these assets are generally more expensive. Our inability to locate and acquire additional photovoltaic plants and the higher cost of such photovoltaic plants may adversely affect our business and results of operations.

Existing regulations, and changes to such regulations, may present technical, regulatory and economic barriers to the construction and operation of our photovoltaic power plants, which may significantly reduce our profitability. Installation of photovoltaic power systems is subject to oversight and regulation in accordance with international, European, national and local ordinances, building codes, zoning, environmental protection regulation, utility interconnection requirements and other rules and regulations. For example, various governmental, municipal and other regulatory entities subject the installation and operation of the plants, and any other component of the PV Plants, to the issuance of relevant permits, licenses and authorizations. If such permits, licenses and authorizations are not issued, or are issued but not on a timely basis, this could result in the interruption, cessation or abandonment of one or more of our PV Plants, or may require making significant changes to one or more of our PV Plants, any of which may cause severe losses. These licenses and permits may be revoked by the authorities following their issuance in the event the authorities discover irregularities or deviations from the scope of the license or permit. For example, see our reference to the AU with respect to our Pedale PV Plant set forth in "Item 4.B: Material Effects of Government Regulations on the PV Plants."

New government regulations or utility policies pertaining to photovoltaic power systems are unpredictable and may result in significant additional expenses or delays and, as a result, could cause a significant reduction in profitability. For example, total installations caps in certain jurisdictions effectively limit the aggregate amount of power that is entitled to receive the prevailing FiT. The government regulations are also subject to judicial review that may void certain of the benefits or governmental incentives intended to expedite construction of photovoltaic plants.

We may not be able to consummate the acquisition of the Veneto PV Plants and are exposed to certain risks in the period following signing of the definitive agreements and prior to consummation of the acquisition. In January 2013, we executed a binding letter of intent for the acquisition of two photovoltaic plants located in the Veneto Region of Italy. The binding letter of intent provided for the execution of definitive agreements by January 31, 2013 and for a closing of the transactions within a 90-day period thereafter, subject to the fulfillment of certain customary closing conditions. However, as of the date of this report, the parties are still working towards finalizing the definitive agreements. In addition, the transaction is subject to approval of the creditors of the seller. In the event the definitive agreements will be signed, during the period between signing of the definitive agreements and consummation of the acquisition, we will be exposed to certain risks relating to the forfeiture of Euro 12.5M, the non-refundable portion of the consideration we will deposit concurrently with the execution of the definitive agreements. In the event the agreements are not finalized and the transactions are not consummated, or in the event certain risks materialize between signing of the definitive agreements and consummation of the acquisition, our results of operations and profitability will not include the results expected in connection with the acquisition of the Veneto photovoltaic plants and the portion of the consideration may be forfeited.

Success of the PV Plants, from their construction through their commissioning and ongoing commercial operation, depends to a large extent on the cooperation, reliability, solvency, and proper performance of the contractors we engage for the construction, operation and maintenance of our PV Plants, or the Contractors, and of the other third parties involved, including subcontractors, financing entities, the land developer and land owners, suppliers of parts and equipment, the energy grid regulator, governmental agencies and other potential purchasers of electricity, and the like. The PV Plants are a complex endeavor requiring timely input often of a highly specialized technical nature, from several parties, including without limitation, the main supplier and contemplated plant operator, other suppliers of relevant parts and materials, the land developer and land owners, subcontractors, financing entities, the Italian or Spanish government and related agencies both as subsidizer and as the purchaser of the electricity to be generated by the power plants and Italian energy regulators. In addition, as we do not operate and maintain our PV Plants, we depend on the representations, warranties and undertakings of the Contractors regarding, *inter alia*: the operation and maintenance of each of the PV Plants, the Contractors' expertise and experience, the use of high-quality materials, securing land use rights and obtaining applicable permits, obtaining the incentive agreement in order to secure the FiT for the production and delivery of power to the national electricity grid through our photovoltaic power plants, obtaining the power purchase agreement for the sale of the produced electricity to the energy company, obtaining the interconnection agreement with the national electricity grid operator, the commissioning of power plants that are fit for long-term use, strict compliance with applicable legal requirements, our Contractors' financial stability and the profitability of the venture. If the Contractors' representations or warranties are inaccurate or untrue, or if any of the Contractors defaults on its obligations, or provides us with a system that is not free from defect which causes a delay in the operation of one or more of the PV Plants, or if any of the other entities referred to herein fails to perform its obligations properly and on a timely basis or fails to grant us the required permits and certifications on a timely basis, at any point in connection with any of the PV Plants, this could result in the interruption, cessation or abandonment of the relevant PV Plant, or may require making significant changes to the project in connection with the relevant PV Plant, any of which may cause us severe losses. For example, see our reference to the insolvency of one of our Contractors set forth in "Item 4.B: Business Overview." There is also no assurance that we could locate an alternative contractor in the place of a deficient contractor in a timely manner and on commercially reasonable terms as several contractors in the field have ceased operations during recent years.

We are exposed to the possibility of damages to, or theft of, the various components of our photovoltaic plants. Such occurrences may cause disruptions in the production of electricity and additional financial expenses. During 2012, some of our Italian PV Plants suffered damages as a result of theft of panels and of damages to invertors caused due to bad weather conditions. Although such damages and theft is generally covered by the PV Plants' insurance policies, any such occurrences in the future may cause disruption in the production and measurement of electricity in connection with the relevant photovoltaic plant, may not all be covered by the insurance and may cause an increase in the premiums paid to our insurance companies, which may adversely affect our results of operations and profitability.

Our involvement and investment in future projects to build and operate photovoltaic plants similar to our PV Plants, in Italy, Spain or elsewhere, is substantially dependent on the applicable regulation and changes in regulation applicable to such projects in the locations we choose. Prior to entering into additional projects similar to the projects that involve the construction and operation of the PV Plants, we will have to ensure that the regulatory framework that will apply to the prospective projects and the thresholds set forth in such regulations (both with respect to timing and energy output) are such that the prospective projects are expected to yield the returns we are interested in. As these regulations are subject to changes, we cannot ensure that the current regulation will be applicable to any future projects and that we will meet the schedule and other requirements set forth in current and future regulations. Any changes in the incentive regime could significantly decrease the expected return on the investment in new projects (or certain projects that have commenced but are not yet in an advanced stage) and therefore our results of operations with respect to existing projects and our interest in new projects.

We only have a few years of experience and limited independent expertise in the field of photovoltaic power plants, and are therefore reliant on our professional advisors. We have limited experience and have limited independent expertise in the field of operations relating to the PV Plants, that is, the construction, installation, testing, commissioning, operation and maintenance of photovoltaic power plants and the supply of electricity to customers, whether in Italy, Spain or elsewhere. Although we have a representative in Italy who oversees the operation of our Italian PV Plants, we are still dependent upon our professional advisors (such as technical, legal and insurance experts). If the advice received from our professional advisors is inaccurate, incomplete or otherwise flawed, this could result in the inaccurate evaluation of the value and future prospects of a PV plant, which could adversely affect our results of operations.

We are dependent on the suppliers that supply the panels that will be installed in our photovoltaic plants. The lack of reliability of such suppliers or of their products, as well as such suppliers' insolvency, may have an adverse effect on our business. Our PV Plants' performance depends on the quality of the panels installed. One of the critical factors in the success of our PV Plants is the existence of reliable panel suppliers, who guarantee the performance and quality of the panels supplied. During 2011 and 2012, several of the manufacturers of photovoltaic panels became insolvent and certain others have gone through a consolidation process. Degradation in such performance above a certain minimum level is guaranteed by the panel suppliers and we receive undertakings from the Contractor with respect to minimum performances, however, if any of the suppliers is unreliable or becomes insolvent, it may default on warranty obligations, and such default may cause an interruption in our business or reduction in the generation of energy power, and thus may have an adverse effect on our profitability and results of operations.

Our ability to leverage our investment and to increase the return on our equity investments depends, *inter alia*, on our ability to obtain attractive financing from financial entities. Due to the crisis in the European financial markets in general, and in the Italian and Spanish financial markets specifically, obtaining financing from local banks is more difficult, and the terms on which such financing can be obtained are less favorable to the borrowers. Our ability to obtain financing and the terms of such financing, including interest rates, equity to debt ratio and timing of debt availability will significantly impact the return on our equity investments in the PV Plants. Due to the financial crisis in the European Union in general, and in countries like Greece, Spain and Italy specifically, the local Italian and Spanish banks have substantially limited the scope of financing available to commercial firms and the financing that is provided involves terms less favorable than terms provided prior to the financial crisis. In addition, obtaining financing for our PV Plants from financial institutions that are not located in Spain or in Italy is difficult due to such institutions' lack of familiarity with these markets and the underlying assets. Although we have entered into financing agreements with respect to six of the ten Italian PV Plants, there is no assurance that we will be able to procure financing for the remaining four PV Plants in Italy, our PV Plant in Spain or any PV plants we will acquire in the future, on terms favorable to us or at all. Our inability to obtain financing on favorable terms may cause the return on our investment in one or more of the PV Plants to decrease significantly.

In the event we will be unable to continuously comply with the obligations and undertakings, including with respect to financial covenants, which we undertook in connection with the financing of the PV Plants, our results of operations may be adversely affected. In connection with the financing of several of our PV Plants, we have entered into long-term agreements with outside sources of financing, including banks and a leasing company. The agreements that govern the provision of financing include, *inter alia*, undertakings and financial covenants that we are required to maintain for the duration of such financing agreements. In the event we fail to comply with any of these undertakings and covenants, we may be subject to penalties, future financing requirements, and, finally, to the acceleration of the repayment of debt. These occurrences may have an adverse affect on our financial position and results of operations and on our ability to obtain outside financing for other projects.

A drop in the retail price of conventional or other energy sources may negatively impact our ability to expand. The decision to provide regulatory incentives for the construction of photovoltaic power plants, including through the provision of FiT, is also driven by the price of electricity produced by solar power systems compared to the price of electricity produced by conventional or other energy sources. Fluctuations in economic and market conditions that impact the prices of conventional and non-solar alternative energy sources, such as decreases in the prices of oil and other fossil fuels, could cause the demand for solar power systems to decline, which would have a negative impact on our ability to expand our photovoltaic business should we wish to do so, and may cause a reduction in the governmental economic incentives.

Photovoltaic power plant installations have substantially increased over the past few years. The increasing demand for solar panels resulted in oversupply and a share decrease in the prices of solar panels. These events resulted in financial difficulties and consolidation of panel suppliers, which may lead to an increase in the prices of solar panels and other components of the system (such as invertors, steel and cables), impacting the profitability of constructing new photovoltaic plants and our ability to expand our business. Additionally, if there is a shortage of key components necessary for the production of the solar panels, that may constrain our revenue growth. The demand for solar panels and other components of the photovoltaic system might increase in the future subject to the economic condition and to changes in incentive schemes worldwide and in part due to the bankruptcy of several panel manufacturers and the financial difficulties and consolidation of others, resulting in an increase in the pricing of solar panels and other components of the system to the extent the supply of such equipment will not be sufficiently increased as well. Should we decide to expand the business and construct additional plants over time, such increases may adversely affect our profitability. Silicon is a dominant component of the solar panels, and although manufacturing abilities have increased over-time, any shortage of silicon, or any other material component necessary for the manufacture of the solar panels, may adversely affect our business.

Our ability to produce solar power is dependent upon the magnitude and duration of sunlight as well as other meteorological factors. The power production has a seasonal cycle, and adverse meteorological conditions can have a material impact on the plant's output and could result in production of electricity below expected output, which in turn could adversely affect our profitability.

As electric power accounts for a growing share of overall energy use, the market for solar energy is intensely competitive and rapidly evolving. Many of our competitors who strive to construct new photovoltaic power plants have established more prominent market positions and are more experienced in this field. If we fail to attract and retain ongoing relationships with photovoltaic plants developers, we will be unable to reach additional agreements for the development and operation of additional photovoltaic plants. This could adversely impact our revenues and growth prospects.

Delays in the construction of the PV Plants or in the filing of the required documentation with the authorities whether in Italy, Spain or elsewhere may result in loss of our eligibility to receive feed-in-tariffs or impede our ability to obtain financing at terms beneficial to us, or at all, and therefore may have an adverse effect on our results of operations and business. Although all of our PV Plants are currently fully constructed and connected to the applicable national grid, we have experienced delays in the completion of the construction or connection to the Italian national grid in connection with five of our PV Plants, which did not result in changes of the applicable FiT. In the event we acquire additional PV Plants that are not fully constructed, delays in construction and filing of documentation could cause a delay in connection to the grid and the application of a different, lower, FiT. Although the contracts that govern the construction of these PV Plants include a system of liquidated damages and price reductions that apply in the event of delays or loss of certain FiT, these remedies are limited and may not completely offset the damages caused to us. Our limited ability to protect ourselves against damages caused due to delays, as well as any additional delays with respect to the PV Plants or other PV plants we may acquire in the future, may have an adverse effect on our results of operations and business.

We and any of the respective Contractors may become subject to claims of infringement or misappropriation of the intellectual property rights of others with respect to the system components used in the PV Plants, which could prohibit us from implementing and profiting from the PV Plants as contemplated, require us and the respective Contractor to purchase licenses from third parties or to develop non-infringing alternatives and subject us and the respective Contractor to substantial monetary damages and injunctive relief. The solar photovoltaic industry is characterized by the existence of patents that could result in litigation based on allegations of patent infringement. The owners of these patents may assert that the manufacture, use, import, or sale of any part or component of the PV Plants, or the PV Plants as a whole, infringes one or more claims of their patents. Whether or not such claims and applications are valid, any infringement or misappropriation claim could result in significant costs, substantial damages and an interruption, suspension or cessation of any or all of the PV Plants. Even if the holders of the patents do not succeed in their claims of misappropriation or infringement, the litigation process involving patent infringement is very expensive and lengthy and sometimes involves temporary injunctions and could therefore materially affect our profitability and operating results.

Risks Relating to Our Investment in Dori Energy

We hold a minority stake in Dori Energy, who, in turn, holds a minority stake in Dorad. Therefore, we have no control on the operations and actions of Dorad. Following the consummation of the Dori Investment in January 2011, we currently hold 40% of the equity of Dori Energy (both as defined in "Item 4.B: Business Overview") who, in turn, holds 18.75% of Dorad. Although we entered into a shareholders' agreement with Dori Energy and the other shareholder of Dori Energy, U. Dori Group Ltd., or the Dori SHA, providing us with joint control of Dori Energy, should differences of opinion as to the management, prospects and operations of Dori Energy arise, such differences may limit our ability to direct the operations of Dori Energy. In addition, Dori Energy holds a minority stake in Dorad and as of the date hereof is entitled to nominate only one director in Dorad, which, according to the Dori SHA, we are entitled to nominate. Although we have one representative on the Dorad board of directors, we have no control over Dorad's operations. These factors may potentially adversely impact the business and operations of Dorad and Dori Energy in a manner that is adverse to us.

The Dori Energy Shareholders Agreement contains restrictions on our right to transfer our holdings in Dori Energy, which may make it difficult for us to terminate our involvement with Dori Energy. The Dori SHA contains several restrictions on our ability to transfer our holdings in Dori Energy, including a "restriction period" during which we are not allowed to transfer our holdings in Dori Energy (other than to permitted transferees) and, thereafter, certain mechanisms such as a right of first refusal. The aforesaid restrictions may make it difficult for us to terminate our involvement with Dori Energy should we elect to do so and may adversely affect the return on our investment in Dori Energy.

Non-compliance of the other shareholder of Dori Energy with its undertakings in connection with the financing of Dorad's operations may require us to infuse finance to Dori Energy, which may adversely affect the return on our investment in Dori Energy. The Dori Investment Agreement (as defined in "Item 4.B: Business Overview") contains various undertakings by the Dori Group in connection with the financing of Dori Energy's financial obligations to Dorad, including an undertaking to provide financing should financing not be obtained from certain outside sources. In addition, in connection with a financing agreement with Israel Discount Bank Ltd., Ellomay Energy LP and the Dori Group undertook to extend their pro rata share of any funding required by Dorad from Dori Energy in the future. During 2012, as a result of differences between us and the Dori Group with respect to financing obligations of Dori Energy, we agreed to amend the Dori Investment Agreement as more fully described in "Item 4.B: Business Overview." However, there can be no assurance that we will be able to reach a resolution with respect to other potential differences and disputes that may arise in the future. Noncompliance by the Dori Group with respect to this or any of its other undertakings to us and to Dori Energy in the Dori Investment Agreement or in the agreement with Israel Discount Bank Ltd. may impose additional financing requirements on us or result in a default of Dori Energy with respect to its undertakings to finance Dorad, which may adversely affect the return on our investment in Dori Energy.

Dorad, which is currently the only substantial asset held by Dori Energy, is involved in a complex project that includes the construction and thereafter the management of the Dorad power plant, and its successful operations and profitability is dependent on a variety of factors, many of which are not within Dorad's control. Dorad is involved in the construction of a combined cycle power plant based on natural gas, with a production capacity of approximately 800 MW, or the Dorad Project, on the premises of the Eilat-Ashkelon Pipeline Company, or EAPC, located south of Ashkelon, Israel. The Dorad Project is subject to various complex agreements with third parties (the Israeli Electric Company, or IEI, the contractor, suppliers, private customers, etc.) and to regulatory restrictions and guidelines in connection with, among other issues, the tariffs to be paid by the IEI to Dorad for the energy produced. Various factors and events, both during the construction period of the Dorad Project and during the operations of the power plant, may materially adversely affect Dorad's results of operations and profitability and, in turn, have a material adverse effect on Dori Energy's and our results of operations and profitability. These factors and events include:

- The Dorad Project is in the construction phase and during such period Dorad is exposed to various risks, including, without limitation, in connection with noncompliance or breach by the contractor involved in the construction, noncompliance by Dorad or any of its shareholders with their undertaking to finance the Dorad Project, which may result, *inter alia*, in fines and penalties being imposed on Dorad, defects or delays in the construction due to the contractor or outside events and delays in supply of equipment required for the construction of the Dorad Project;

- Following the construction of the Dorad Project, and during the operation of the power plant, the profitability of Dorad will depend, among other things, on the income from other end-users that may purchase energy directly from Dorad based on tariffs negotiated between Dorad and such end-users. In addition, the profitability of Dorad will also depend on the tariff that will be paid to it by the IEI, which is governed by Israeli regulation and is therefore subject to changes and updates in the future that may not necessarily involve negotiations or consultations with Dorad, and on the balance and mixture of sales to end-users and to the IEI. The competitive landscape, involving both the IEI and other private energy producers, is also a factor that is expected to have bearing on the profitability of Dorad;

- Dorad's operations are mainly financed by a consortium of financing entities pursuant to a long-term credit facility and such credit facility provides for pre-approval by the consortium of certain of Dorad's actions and contracts with third parties. Changes in the credit ratings of Dorad and its shareholders, non-compliance with financing and other covenants, delays in provision of required pre-approvals or disagreements with the financial entities and additional factors may affect the prevailing interest rates and may adversely affect Dorad's operations and profitability;

The Dorad Project is located in Ashkelon, a town in the southern part of Israel, in proximity to the Gaza Strip. The location of the Dorad Project is within range of missile strikes from the Gaza Strip. In recent years, there has been an escalation in violence and missile attacks from the Gaza Strip, including an eight day period in November 2012 more than 1,500 missiles were fired from Gaza Strip to Northern and Central Israel. This attack disrupted the work on the Dorad Project, which resumed after the missile strikes ceased. Any such further attacks to the area or any direct damage to the location of the Dorad Project may disrupt the construction of the Dorad Project and thereafter its operations, and may cause financial losses and delays; and

- Dorad entered into a long-term gas supply agreement with Tamar (as defined in "Item 4.B" Business Overview"), which is subject to several conditions to closing and requires regulatory and other consents. This agreement includes a "take or pay" mechanism that may result in Dorad paying for gas that is not actually required for its operations. In addition, as Tamar is currently Dorad's sole supplier of gas and Dorad will depend on the timely, continuous and uninterrupted supply of gas from Tamar and on the existence of sufficient reserves throughout the term of the agreement with Tamar. In the event the conditions to closing of the agreement with Tamar are not met or waived by the parties or any of the required consents is delayed or withheld, Dorad's ability to commence operations using natural gas and therefore its results of operations will be adversely affected. In addition, following the closing of the Agreement with Tamar, in the event Dorad will be required to pay for gas that it does not need or in the event of any delays, disruptions or shortages in the gas supply from Tamar, Dorad's results of operations could be adversely affected.

Risks Related to our Other Activities

Investing and operating in the oil and gas exploration and drilling field, in Israel and in general, is a highly speculative activity, involving a variety of risks, which may, individually or in the aggregate, result in the loss of all of our investments in the field and adversely affect the results of our operations and our profitability. During 2011 we entered into farmout agreements with respects to four oil and gas explorations and drilling licenses, but the transfer to us of the rights in such licenses under said agreements has not been approved by the Petroleum Commissioner in the Israeli Ministry of Energy and Oil Resources. Moreover, all four licenses have expired and the Petroleum Commissioner announced that they will not be renewed. In addition, in January 2012 we farmed in to 20% of the Yitzhak License. The Yitzhak JOA (as defined under "Item 4.A: History and Development of Ellomay") provides that we may, until we have invested an amount of $2 million, reduce our investments and thereby reduce our holdings in the Yitzchak license. To date, we funded approximately $554,000 which only represents 10% of the total cash calls to the partners in the Yitzhak license expenses. At this stage, exploratory drilling has not yet commenced by the current holders of the Yitzhak License and the holders of the Yitzhak License have finalized their review of the results of 2D and 3D seismic studies performed in the area of the Yitzchak License and of a prospective resources report. Our investment and possible future operations in the Israeli oil and gas exploration and drilling field involves, inter alia, the following risks:

· Exploring and developing oil and gas wells involves substantial financial expenses and a high probability of loss of the entire investment. The current research tools do not provide accurate estimates concerning the scope and location of oil and gas reservoirs or the ability to produce commercial quantities of oil or gas from existing reservoirs. Future exploration and development expenditures made by us, if any, may not result in the discovery of commercial quantities of oil or gas in the Yitzchak License or in any properties we may acquire some or all of the rights to in the future. If we are unable to find commercially exploitable quantities of oil and gas in the Yitzchak License or in any properties we may acquire in the future, or if we are unable to commercially extract such quantities we may find in any properties we will lose the entire amount invested in such activity, which may adversely affect the results of our operations and profitability;

- Oil and gas explorations and drilling are subject to extensive Israeli government regulations, both in connection with the operations and with the treatment of any future income from such operations (such as requirements in connection with taxes and royalties), which may be changed from time to time. In addition, many actions that are required to be undertaken in connection with the Yitzchak License operations, such as geological and geophysical works and drilling, require the continuation of the Yitzchak License and the issuance of permits and obtaining of consents from various regulatory entities and third parties. We cannot ensure that there will not be any adverse changes in applicable regulation or that the holders of the Yitzchak License, including us, will be able to timely obtain all of the required permits and consents and that such permits and consents, if obtained, will not contain conditions that are adverse to us. Any adverse changes in legislation, inability to obtain required permits and consents or adverse conditions included in permits or consents may cause the continued oil and gas operations to become commercially unproductive, delay or prevent the operations in connection with the Yitzchak License, thereby causing the loss of our investment in the Yitzchak License and adversely affecting our results of operations;

- The cost of oil and gas explorations and development is substantial and uncertain and we may be required to invest additional funds in the Yitzchak License in the future in order to maintain our holdings. In the event we will not have sufficient funds, or will not be able to obtain additional funds from outside sources on terms acceptable to us or at all, or we choose not to continue investing in the Yitzchak License and in other oil and gas exploration and drilling licenses, our holdings in the Yitzchak License will be diluted and our involvement in the oil and gas exploration field will be limited. In addition, in the event the other holders of the Yitzchak License will not be able to, or will choose not to, invest additional funds they are required to invest, and the other holders of the Yitzchak License will not be able to cover that shortage of funds or to locate additional financing sources, the operations of the Yitzchak License may not commence or may abruptly cease and such delays or cessation may cause the Israeli governmental authorities to revoke or suspend the license due to the holders' inability to meet the milestones and timeline required in connection with the license. In addition, due to recent negative results in several of the Israeli exploration licenses, it is difficult for entities that operate in this field to raise funds in the Israeli capital markets. Based on public disclosures to various regulatory authorities during the recent months, the financial condition and resources of Adira, the main partner in the Yitzchak License, have deteriorated and it is in dispute with some of its partners in another license, an issue that caused us to record a loss in the amount of our aggregate investment in the Yitzchak License;

- Drilling for oil and gas involves additional numerous risks and drilling operations may be curtailed, delayed or cancelled as a result of a variety of factors beyond our control, including unexpected drilling conditions, pressure or irregularities in formations, equipment failures or accidents, operation failures causing, among other things, leaks or explosions, adverse weather conditions and natural disasters, and shortages or delays in the availability of drilling rigs or crews and the delivery of equipment; and

- The gas exploration and drilling field in Israel is highly competitive, and many of our competitors for available properties, such as Delek Drillings, Avner Oil and Gas, Isramco and others, are large, well-known oil and gas companies backed by shareholders and owners with available funds and expertise that are beyond those that we currently have. Our inability to enter further into the oil and gas explorations and drilling field in Israel will limit the allocation of the risks we undertake in that field and any loss in the Yitzchak License will adversely affect our results of operations. In addition, recent drillings in other licenses granted by the Israeli government have not been successful, resulting in lower interest of potential investors and potential holders of participation rights, limiting our options to obtain financing for additional activities in the field or to locate potential partners for other available licenses.

We may not be successful in identifying and evaluating additional suitable business opportunities in the fields that we are concentrating on. Except with respect to the agreements necessary or incidental to the PV Plants such as our recent binding Veneto Letter of Intent (as hereinafter defined and subject to execution of definitive agreements), the investments in Dori Energy and the Yitzchak License, we do not have an agreement or understanding with any third party with respect to our future operations. There can be no assurance that we will be successful in identifying and evaluating suitable business opportunities and we expect to incur expenses in connection with this identification and evaluation process, whether or not such process results in an investment of our funds. We may enter into an investment agreement in a business entity having no significant operating history or other negative characteristics such as having limited earnings or no potential for immediate earnings, limited assets and negative net worth. We may also pursue business opportunities that will not necessarily provide us with significant financial benefits in the short or long term. In the event that we complete an investment, the success of our operations will be dependent upon the performance of management of the target company (or the ability to successfully outsource certain management functions) and our ability to retain such management and numerous other factors, some of which are beyond our control. There is no assurance that we will be able to negotiate a business combination on terms favorable to us, or at all.

If we do not conduct an adequate due diligence investigation of a target business, we may be required to subsequently take write-downs or write-offs, restructuring, and impairment or other charges that could have a significant negative effect on our financial condition, results of operations and our stock price, which could cause you to lose some or all of your investment. We must conduct a due diligence investigation of target businesses that we would intend to acquire. Intensive due diligence is time consuming and expensive due to the operations, accounting, finance and legal professionals who must be involved in the due diligence process, such that in practice our due diligence efforts may be more limited in scope and extent. Even if we conduct extensive due diligence on a target business, we cannot assure you that this due diligence will reveal all material issues that may affect a particular target business, or that factors outside the control of the target business and outside of our control will not later arise. If our due diligence review fails to identify issues specific to a target business, industry or the environment in which the target business operates, we may be forced to later write-down or write-off assets, restructure our operations, or incur impairment or other charges that could result in losses. Even though these charges may be non-cash items and may not have an immediate impact on our liquidity, the fact that we report charges of this nature could contribute to negative market perceptions about us or our ordinary shares.

The current general economic and business conditions around the world and any subsequent economic downturn may adversely affect our ability to consummate a business combination, the prospects of any business we may acquire and the trading price of our ordinary shares. Since mid-2008, due to the severity of the crisis affecting financial institutions throughout the world, the rising costs of various commodities, the limited growth and economic development throughout the world, as well as the recession, the general economic and business conditions in many countries around the world worsened, affecting, among other things, credit ratings of borrowers, the perceived and actual credit risks faced by lenders and purchasers of debt securities, the solvency of trade partners, market entities' appetite for risk, the spending habits of consumers, the ability to procure financing. This crisis disproportionately affected Europe during 2011 and 2012 and many European economies, including Italy and Spain. Despite signs of possible recovery in the United States (where we presently have no operations), there is no assurance that this financial crisis will improve or be resolved over the short, medium or long term, or that the recession will be overcome in its entirety in the near or far future, or that any of the trends associated with such recession will be reversed in whole or in part. Furthermore, if any further economic downturns ensue, this may adversely affect our ability to procure financing required for prospective business combinations, the value of businesses we acquire and our financial condition and results of operations. In addition, if such further economic downturn will occur, it may also affect the trading prices of securities in various capital markets around the world and may significantly and adversely affect the trading price of our ordinary shares.

We may not be able to consummate investments and acquisitions that will be beneficial to our shareholders. We expect to encounter significant competition from entities having a business objective similar to ours, including our existing competitors in the solar energy field. Many of these potential competitors are well established and have extensive experience in identifying and effecting business opportunities in the renewable energy field. Such entities may possess greater technical, human and other resources than we do and our financial resources may be relatively limited when contrasted with those of many of these competitors.

Our ability to successfully effect business combinations or acquisitions and to be successful thereafter will be significantly dependent upon the efforts of our key personnel. Several of our key personnel allocate their time to other businesses. Our ability to successfully effect a business combination or acquisition is dependent upon the efforts of our key personnel, including Shlomo Nehama, our chairman of the board, Ran Fridrich, a director and our Chief Executive Officer, Hemi Raphael, a member of our board, and other members of our board of directors. Although we have entered into a Management Services Agreement with entities affiliated with three of our board members, Messrs. Nehama, Fridrich and Raphael, these directors and our other directors are not required to commit their full time to our affairs, which could create a conflict of interest when allocating their time between our operations and their other commitments. If our directors' other business affairs require them to devote more substantial amounts of time to such affairs, it could limit their ability to devote time to our affairs and could have a negative impact on our ability to consummate a business combination.

As a substantial part of our business is currently located in Europe, we are subject to a variety of additional risks that may negatively impact our operations. We currently have substantial operations in Italy and may make additional investments in businesses, located outside of Israel or the United States. Due to these operations and any additional future investments, we are subject to special considerations or risks associated with companies operating in the other jurisdiction, including rules and regulations, currency conversion, corporate withholding taxes, tariffs and trade barriers, regulations related to customs and import/export matters, different payment cycles, tax issues, such as tax law changes and variations in tax laws as compared to Israel and the United States, currency fluctuations and exchange controls, challenges in collecting accounts receivable, cultural and language differences, employment regulations, crime, strikes, riots, civil disturbances, terrorist attacks and wars and deterioration of political relations with Israel. The PV Plants subject us to a number of these risks, as well as the requirement to comply with Italian, Spanish and European Union law. We cannot assure you that we would be able to adequately address these additional risks. If we were unable to do so, our operations might suffer.

Currency and interest rate fluctuations may affect the value of our assets and our interest payment obligations and decrease our earnings. Substantially all of our cash and cash equivalents and short-term deposits are held in US$. However, our investments in equity accounted investees so far have been, and some of our retained assets and liabilities in our subsidiaries in Italy and Spain are, denominated in other currencies (Euro and NIS). In addition, the financing we have obtained in connection with six of our PV Plants bears interest that is based on EURIBOR rate and therefore our repayment obligations and undertakings may be affected by adverse movements in the interest rates. Although we attempt to manage these risks by entering into hedging transactions as more fully explained in "Item 11: Quantitative and Qualitative Disclosures About Market Risk," we cannot ensure that we will manage to eliminate these risks in their entirety and the devaluation of the United States Dollar against the Euro or the NIS, other currency fluctuations and interest rate fluctuations may decrease the value of our assets and could impact our business.

Risks Relating to the Results and Effects of the HP Transaction

We are likely to be characterized as a passive foreign investment company. Our U.S. shareholders may suffer adverse tax consequences. Under the PFIC rules, for any taxable year that our passive income or our assets that produce passive income exceed specified levels, we will be characterized as a passive foreign investment company for U.S. federal income tax purposes. This characterization could result in adverse U.S. tax consequences for our U.S. shareholders, which may include having certain distributions on our ordinary shares and gains realized on the sale of our ordinary shares treated as ordinary income, rather than as capital gains income, and having potentially punitive interest charges apply to the proceeds of sales of our ordinary shares and certain distributions.

Based on our income and/or assets, we believe that we were a PFIC with respect to any U.S. shareholder that held our shares in 2008, 2009 and 2010. We also believe, based on our assets, that it is likely that we were a PFIC with respect to U.S. shareholders that held our ordinary shares in 2011 and 2012. Since the determination of our PFIC status in 2013 (for shareholders that acquire our ordinary shares in 2013) depends on the type of assets we hold during the year and the income derived from such assets, we cannot determine as of yet whether or not we will be a PFIC for the 2013 tax year.

Certain elections may be made to reduce or eliminate the adverse impact of the PFIC rules for holders of our shares, but these elections may be detrimental to the shareholder under certain circumstances. The PFIC rules are extremely complex and U.S. investors are urged to consult independent tax advisers regarding the potential consequences to them of our classification as a PFIC. For a more detailed discussion of the consequences of our being classified as a PFIC, see "Item 10.E: Taxation" under the caption "U.S. Tax Considerations Regarding Ordinary Shares."

We may be deemed to be an "investment company" under the Investment Company Act of 1940, which could subject us to material adverse consequences. As a result of the HP Transaction, we could be deemed to be an "investment company" under the Investment Company Act of 1940, as amended, or the "Investment Company Act", if we invest more than 40% of our assets in "investment securities," as defined in the Investment Company Act. Investments in securities of majority owned subsidiaries (defined for these purposes as companies in which we control 50% or more of the voting securities) are not "investment securities" for purposes of this definition. As we still maintain a significant portion of our assets in cash and cash equivalents and not all of our investments are in majority owned securities, unless we limit the nature of our investments of our cash assets to cash and cash equivalents (which are generally not "investment securities"), succeed in making strategic "controlling" investments and continue to monitor our investments that may be deemed to be "investment securities," we may be deemed to be an "investment company." We do not believe that our holdings in the PV Plants would be considered "investment securities," as we control the PV Plants via wholly-owned subsidiaries and we do not believe that the current fair value of our short-term deposits and holdings in Dori Energy (all as more fully set forth under "Item 4.A: History and Development of Ellomay" and "Item 4.B: Business Overview"), all of which may be deemed to be "investment securities," would result in our being deemed to be an "investment company." If we were deemed to be an "investment company," we would not be permitted to register under the Investment Company Act without an order from the SEC permitting us to register because we are incorporated outside of the United States and, prior to being permitted to register, we would not be permitted to publicly offer or promote our securities in the United States. Even if we were permitted to register, it would subject us to additional commitments and regulatory compliance. Investments in cash and cash equivalents might not be as favorable to us as other investments we might make if we were not potentially subject to regulation under the Investment Company Act. We seek to conduct our operations, including by way of investing our cash and cash equivalents, to the extent possible, so as not to become subject to regulation under the Investment Company Act. In addition, because we are actively engaged in exploring and considering strategic investments and business opportunities, and in fact the majority of our investments to date (mainly in the Italian and Spanish photovoltaic power plants markets) were made through a controlling investment, we do not believe that we are currently engaged in "investment company" activities or business.

Risks Relating to our Ordinary Shares

You may have difficulty enforcing U.S. judgments against us in Israel. We are organized under the laws of Israel and our headquarters are in Israel. Most of our officers and directors reside outside of the United States. Therefore, it may be difficult to effect service of process upon us or any of these persons within the United States. In addition, you may not be able to enforce any judgment obtained in the U.S. against us or any of such persons in Israel and in any event will be required to file a request with an Israeli court for recognition or enforcement of any non-Israeli judgment. Subject to certain time limitations, executory judgments of a United States court for liquidated damages in civil matters may be enforced by an Israeli court, provided that: (i) the judgment was obtained after due process before a court of competent jurisdiction, that recognizes and enforces similar judgments of Israeli courts and according to the rules of private international law currently prevailing in Israel, (ii) adequate service of process was effected and the defendant had a reasonable opportunity to be heard, (iii) the judgment and its enforcement are not contrary to the law, public policy, security or sovereignty of the State of Israel, (iv) the judgment was not obtained by fraud and does not conflict with any other valid judgment in the same matter between the same parties, (v) the judgment is no longer appealable, and (vi) an action between the same parties in the same matter is not pending in any Israeli court at the time the lawsuit is instituted in the foreign court. If a foreign judgment is enforced by an Israeli court, it will be payable in Israeli currency. You may not be able to enforce civil actions under U.S. securities laws if you file a lawsuit in Israel.

Provisions of Israeli law may delay, prevent or make difficult an acquisition of Ellomay or a controlling position in Ellomay, which could prevent a change of control and, therefore, depress the price of our shares. Israeli corporate law regulates mergers, requires tender offers for acquisitions of shares above specified thresholds, requires special approvals for transactions involving directors, officers or significant shareholders and regulates other matters that may be relevant to these types of transactions. Furthermore, Israeli tax considerations may make potential transactions unappealing to us or to some of our shareholders. These provisions of Israeli law may delay, prevent or make difficult an acquisition of Ellomay, which could prevent a change of control and therefore depress the price of our shares.

We have undergone, and will in the future undergo, tax audits and may have to make material payments to tax authorities at the conclusion of these audits. Prior to the sale of our business to HP, we conducted business globally and a substantial part of our operations was conducted in various countries and our past tax obligations were not assumed or purchased by HP as part of the business sold. Since the execution of the contracts in connection with the PV Plants and our other investments, we now also conduct our business globally (currently in Israel, Italy and Spain). Our domestic and international tax liabilities are subject to the allocation of revenues and expenses in different jurisdictions and the timing of recognizing revenues and expenses. Additionally, the amount of income taxes paid is subject to our interpretation of applicable laws in the jurisdictions in which we file. Not all of the tax returns of our operations in other countries and in Israel are final and we will be subject to further audit and assessment by the applicable tax authorities. While we believe we comply with applicable income tax laws, there can be no assurance that a governing tax authority will not have a different interpretation of the law and assess us with additional taxes, as a result of which our future results may be adversely affected.

We are controlled by a small number of shareholders, who may make decisions with which you may disagree and which may also prevent a change of control via purchases in the market. Currently, a group of investors comprised of Kanir Joint Investments (2005) Limited Partnership, or Kanir and S. Nechama Investments (2008) Ltd., or Nechama Investments, hold an aggregate of 59.8% of our outstanding ordinary shares. Shlomo Nehama, our Chairman of the Board who controls Nechama Investments holds directly an additional 4.4% of our outstanding ordinary shares, Ran Fridrich, our CEO and a member of our Board of Directors, holds directly an additional 1.4% of our outstanding ordinary shares and Hemi Raphael, a member of our Board of Directors who, together with Ran Fridrich, controls the general partner of Kanir, directly and indirectly holds an additional 4.3% of our outstanding ordinary shares. Therefore, acting together, these shareholders could exercise significant influence over our business, including with respect to the election of our directors and the approval of change in control and other material transactions. This concentration of control may have the effect of delaying or preventing changes in control or changes in management, or limiting the ability of our other shareholders to approve transactions that they may deem to be in their best interest. Moreover, our Second Amended and Restated Articles includes the casting vote provided to our Chairman of the Board under certain circumstances and the ability of members of our Board to demand that certain issues be approved by our shareholders, requiring a special majority, all as more fully described in "Item 10.B: Memorandum of Association and Second Amended and Restated Articles," may have the effect of delaying or preventing certain changes and corporate actions that would otherwise benefit our shareholders.

Our ordinary shares are listed on the NYSE MKT and our non-compliance with the continued listing requirements of the NYSE MKT could cause the delisting of our ordinary shares, the market liquidity and analyst coverage of our ordinary shares is very limited. Our ordinary shares are traded on the NYSE MKT under the symbol "ELLO." Prior to the listing of our ordinary shares on the NYSE MKT on August 22, 2011, our ordinary shares were quoted on the over-the-counter market in the OTCQB market, which is operated by OTC Markets, Inc. The NYSE MKT requires listed companies to comply with continued listing requirements, including with respect to stockholders' equity, distribution of shares and low selling price. There can be no assurance that the Company will continue to qualify for listing on the NYSE MKT. If the Company's ordinary shares are delisted from the NYSE MKT, trading in our ordinary shares could be conducted on an electronic bulletin board such as the OTC Bulletin Board, which could affect the liquidity of our ordinary shares and the ability of the shareholders to sell their ordinary shares in the secondary market, which, in turn, may adversely affect the market price of our ordinary shares. In addition, our ordinary shares are not yet regularly covered by securities analysts and the media and the liquidity of our ordinary shares is very limited. Such limited liquidity could result in lower prices for our ordinary shares than might otherwise prevail and in larger spreads between the bid and asked prices for our ordinary shares. These issues could materially impair our ability to raise funds through the issuance of our ordinary shares in the securities markets.

We do not intend to pay cash dividends in the near future. We have not paid any cash dividends on our ordinary shares to date and do not intend to pay cash dividends in the near future. The payment of dividends will depend on our revenues and earnings, if any, capital requirements, general financial condition and applicable legal constraints in connection with distribution of profits and will be within the discretion of our then-board of directors. As a result, any gains on an investment in our ordinary shares will need to come through appreciation of the value of such shares.

Our stock price has decreased significantly in the past and may continue to be volatile, which could adversely affect the market liquidity of our ordinary shares and our ability to raise additional funds. Our ordinary shares have experienced substantial price volatility, particularly as there is still very limited volume of trading in our ordinary shares and every transaction performed significantly influences the market price. Although our ordinary shares have been listed on the NYSE MKT since August 22, 2011, there is still limited liquidity and limited analyst coverage of our business and prospects, and these circumstances, combined with the general economic and political conditions, cause the market price for our ordinary shares to continue to be volatile. The continuance of such factors and other factors relating to our business may materially adversely affect the market price of our ordinary shares in the future. Additionally, volatility or a lack of positive performance in the price of our ordinary shares may adversely affect our ability to retain or attract key employees, many of whom are generally granted stock options as part of their compensation package, and negatively affect our ability to raise funds through both debt and equity, discourage potential customers and partners from doing business with us, and could result in a material adverse effect on our business, financial condition, and results of operations.

If we fail to maintain effective disclosure controls and procedures and internal controls over financial reporting in accordance with Sections 302 and 404 of the Sarbanes-Oxley Act, our business, operating results and share price could be materially adversely affected. The Sarbanes-Oxley Act of 2002 imposes certain duties on us and our executives and directors. Our efforts to comply with the requirements of Section 404 of the Sarbanes-Oxley Act of 2002 have resulted in increased general and administrative expense and a diversion of management time and attention, and we expect these efforts to require the continued commitment of resources. Pursuant to the requirements of Sections 302 and 404 of the Sarbanes-Oxley Act of 2002, our management is required to design and evaluate the effectiveness of our disclosure controls and procedures and of our internal control over financial reporting as of the end of the fiscal year that is the subject of this report. We cannot predict the outcome of our testing in future periods. In addition to procedures already implemented in coneection with our PV Plants and other investments, we may in the future need to implement new procedures for internal control over financial reporting in connection with our current business or any other operating business we may acquire. We may also experience higher than anticipated operating expenses and fees in this context. If we are unable to implement these changes effectively or efficiently, or if our internal controls are found to be ineffective in future periods, it could harm our financial reporting or financial results and impact the market price of our ordinary shares.

ITEM 4: Information on Ellomay

A. History and Development of Ellomay

Our legal and commercial name is Ellomay Capital Ltd. Our office is located at 9 Rothschild Boulevard, 2nd floor, Tel-Aviv 66881, Israel, and our telephone number is +972-3-7971111. Our registered agent in the United States is CT Corporation System, 111 Eight Avenue, New York, New York 10011.

We were incorporated as an Israeli corporation under the name Nur Advertisement Industries 1987 Ltd. on July 29, 1987. On August 1, 1993, we changed our name to NUR Advanced Technologies Ltd., on November 16, 1997 we again changed our name to NUR Macroprinters Ltd. and on April 7, 2008, in connection with the closing of the sale of our business to HP, we again changed our name to Ellomay Capital Ltd. Our corporate governance is controlled by the Israeli Companies Law, 1999, as amended, or the Companies Law.

Our ordinary shares are currently listed on the NYSE MKT under the trading symbol "ELLO."

Recent Developments

PV Plants

On March 12, 2012, Ellomay Spain S.L., a company in which we indirectly own 85% of the outstanding shares, or Ellomay Spain, entered into share purchase agreements and an asset purchase agreement, or, together, the Rinconada II Agreements, with Conergy España, S.L.U, or Conergy España, in connection with the acquisition of a photovoltaic plant with fixed technology located in Municipality of Córdoba, Andalusia, Spain with a total nominal output of approximately 1.89 MWp, and a peak power output of approximately 2.275 MWp, or the Rinconada II PV Plant",and of related licenses. The remaining 15% of the outstanding shares of Ellomay Spain are held by a Spanish company engaged in providing construction, operating and maintenance services for photovoltaic plants in Europe and elsewhere, whose subsidiary has built and is currently providing operation and maintenance services for several of our Italian PV Plants. The transactions contemplated under the Rinconada II Agreements were consummated on July 1, 2012. The Rinconada II PV Plant is constructed and operational and has been connected to the Spanish national grid since July 2010. The Rinconada II PV Plant is entitled to receive the Spanish special economic regime for renewable energies. Pursuant to the Rinconada II Agreements, Ellomay Spain purchased all of the outstanding shares of Spanish companies holding the licenses to produce electricity in the Rinconada PV II Plant and also separately purchased the Rinconada II PV Plant. The consideration paid by Ellomay Spain in connection with the acquisition of the Rinconada II PV Plant and the related licenses, including all applicable taxes and expenses, amounted to approximately Euro 7 million.

In January 2013, we entered into a binding Letter of Intent, or the Veneto Letter of Intent, for the purchase of two Italian companies, each of which holds a photovoltaic (solar) site with fixed technology in the Veneto Region, Italy (Northern Italy), or, together, the Veneto PV Plants. The Veneto PV Plants have an aggregate capacity of approximately 12MWp are fully constructed and operating and were connected to the Italian national grid in August 2011 under the applicable Feed-in-Tariff (0.238 Euro/kWh). Each of the Italian companies that hold the Veneto PV Plants (Soleco S.r.l and Tecnoenergy S.r.l) is wholly-owned by a German company that has recently entered into insolvency proceedings, or the Veneto Seller. According to the Veneto Letter of Intent, we or one of our wholly-owned subsidiaries shall purchase all the outstanding shares of the two Italian companies, as well as their existing shareholder loans and amounts due to an entity related to the Veneto Seller, in consideration for an aggregate purchase price of approximately Euro 25.5 million (approximately $34 million) (based on a transaction cut-off date of September 30, 2012). The Veneto Letter of Intent provides for the execution of definitive agreements by January 31, 2013, however, the parties have not yet executed such definitive agreements and are in an advanced stage of negotiations and finalization of the detailed Veneto definitive agreements, or the Veneto Agreements. Pursuant to the Veneto Letter of Intent, upon the execution of the Veneto Agreements, we shall deposit in a trust account a nonrefundable deposit of Euro 12.5 million on account of the purchase price. Within 90 days thereafter, subject to the fulfillment of certain customary conditions precedent, the final closing of the transaction shall take place, in which we are to pay the remaining amount of up to Euro 13 million on account of the purchase price (after calculation of applicable deductions (if any)). According to the Veneto Letter of Intent, to the extent that the balance of the purchase price will not be paid by us and provided all other conditions have been satisfied, then the Veneto Seller may either extend the 90 day deadline or unilaterally terminate the Veneto Agreements and request that the nonrefundable deposit be released to it from the trust account. The Veneto Letter of Intent provides that we will not be able to terminate the Veneto Agreements if we are unable to obtain financing. Therefore, we are in the process of negotiating financing for part of the purchase price. The receipt of such financing, as well as its terms and conditions, will affect the level of profitability and attractiveness of the purchase and our financial flexibility. In March 2013, certain creditors of the Veneto Seller approached the German court requesting that the transaction be subject to approval of the creditors of the Veneto Seller and the court granted their request. *Therefore, at this point there can be no assurance as to whether and when the Veneto Agreements will be finalized and executed and as to the fulfillment of all relevant conditions to closing that will be set forth therein.*

Investments in Israel

Adira Farm-out Agreement in connection with the Yitzchak License

On December 5, 2011 Ellomay Oil and Gas 2011 LP, or Ellomay Oil and Gas, a limited partnership whose general partner is a wholly-owned subsidiary of Ellomay, entered into a Farm-out Agreement, or the Yitzchak Farm-out Agreement, with Adira Energy Israel Ltd., an energy exploration company for oil and gas in Israel, or Adira, a wholly-owned subsidiary of Adira Energy Ltd. (TSXV: ADL, OTCBB: ADENF, FRANKFURT: AORLB8) for the farm-in of Ellomay Oil and Gas to 20% of the participating interests in the Yitzchak License.

In April 2012, Ellomay Oil and Gas filed a prospectus with the Israeli Securities Authority and the Tel Aviv Stock Exchange for the sale of units and options. The public offering was not consummated due to prevailing market terms. Following this development, and in light of the financial situation of Adira, as reflected in public filings of Adira and of its partner in another license, we decided to fund only 10% of the cash calls made to date. Therefore, as of March 1, 2013 we funded approximately $554,000, which only represents 10% of the total cash calls to the partners in the Yitzhak license expenses. At this stage, exploratory drilling has not yet commenced by the current holders of the Yitzhak License and in light of the precarious financial situation of Adira we identified a required impairment of our investment in the Yitzhak License and recorded a loss of approximately $554,000 as of December 31, 2012. We expect to continue to assess the status of the Yitchak project and determine the extent of future funding according to our business assessments. For more information concerning the Yitzchak Farm-out Agreement see "Item 4.B: Business Overview – Agreements in the Israeli Oil and Gas Sector."

Dorad's Gas Supply Agreement with Tamar

On October 15, 2012, Dorad entered into an agreement, or the Tamar Agreement, with the partners in the "Tamar" license, located in the Mediterranean Sea off the coast of Israel, or Tamar. For more information concerning the Tamar Agreement see Item 4.B. Business Overview – Agreement with Tamar."

Addendum to the Dori Investment Agreement

On October 24, 2012 the parties to the Dori Investment Agreement executed an addendum to the Dori Investment Agreement, or the Dori Addendum, that updated the terms of the options granted to Ellomay Energy to acquire up to an additional 10% of Dori Energy's outstanding shares and the undertakings of Dori Energy's shareholders in connection with the financing of investments in Dorad. For more information see "Item 4.B: Business Overview – Our Investment in Dori Energy."

Principal Capital Expenditures and Divestitures

During 2010, 2011, 2012 and up to March 1, 2013, we made or accrued capital expenditures of an aggregate amount of approximately $58.1 million in connection with the Italian and Spanish PV Plants, net of penalties due to delay in connection to the national grid of some of the PV Plants and net of $0.9 million assets disposed as a result of panels stolen from one of our PV Plants and invertors damaged due to bad weather conditions in another PV Plant, partially to be reimbursed by the existing insurance policies in the amount of $0.435 million. Our aggregate capital expenditure in connection with the acquisition of shares in U. Dori Energy Infrastructure Ltd. is $19.7 million and our aggregate capital expenditure in connection with the Yitzchak License up to March 1, 2013 amount to approximately $0.554 million. As of March 1, 2013 we have in progress principal capital expenditures (that were not accrued as of December 31, 2012 or paid prior to March 1, 2013) in connection with the Veneto PV Plants (subject to execution of the Veneto Agreements) in the amount of approximately $34 million and approximately $5 million in connection with our holdings in Dori Energy.

For information on our financing activities please refer to "Item 4.B: Business Overview" and "Item 5: Operating and Financial Review and Prospects."

B. Business Overview

We are in the business of energy and infrastructure and our operations currently mainly include production of renewable and clean energy. We own eleven photovoltaic plants that are connected to their respective national grids and operating as follows: (i) ten photovoltaic plants in Italy with an aggregate capacity of approximately 10.8 MWp and (ii) 85% of one photovoltaic plant in Spain with a capacity of approximately 2.275 MWp. In addition, we indirectly own 7.5% of Dorad (including an option to increase our holdings under certain conditions to 9.375%).

Our current plan of operation is to operate in the Italian and Spanish PV field and to manage our investments in the Israeli market and, with respect to the remaining funds we hold, to identify and evaluate additional suitable business opportunities in the energy and infrastructure fields, including in the renewable energy field, through the direct or indirect investment in energy manufacturing plants, the acquisition of all or part of an existing business, pursuing business combinations or otherwise.

PV Plants

Photovoltaic Industry Background

Electric power accounts for a growing share of overall energy use. While a majority of the world's current electricity supply is generated from fossil fuels such as coal, oil and natural gas, these traditional energy sources face a number of challenges including rising prices, security concerns over dependence on imports from a limited number of countries, and growing environmental concerns over the climate change risks associated with power generation using fossil fuels. As a result of these and other challenges facing traditional energy sources, governments, businesses and consumers are increasingly supporting the development of alternative energy sources, including solar energy.

Solar energy is one of the most direct and unlimited energy sources. It is the underlying energy source for renewable fuel sources, including biomass fuels and hydroelectric energy. By extracting energy directly from the sun and converting it into an immediately usable form, either as heat or electricity, intermediate steps are eliminated.

The most common ways that solar energy can be converted into usable forms of energy are either through the photovoltaic effect (generating electricity from photons) or by generating heat (solar thermal energy).

Global trends in the industry

According to EPIA (European Photovoltaic Industry Association) the solar power market has grown significantly in the past decade. Despite the rapid growth, solar energy constitutes only a small fraction of the world's energy output and therefore may have significant growth potential. According to EPIA, the global photovoltaic new installations in 2011 reached 29.7 GW leading to an aggregate total installed capacity of 70GS that may reach a total capacity of 155 GW by 2016 as a function of the amount of incentives that are in place, such as FiT, further explained in "Item 4.B: Material Effects of Government Regulations on the PV Plants."

Anatomy of a Solar Power Plant

Solar power systems convert the energy in sunlight directly into electrical energy within solar cells based on the photovoltaic effect. Multiple solar cells, which produce DC power, are electrically interconnected into solar panels. A typical solar panel may have several dozens of individual solar cells. Multiple solar panels are electrically wired together and are electrically wired to an inverter, which converts the power from DC to AC and interconnects with the utility grid.

Solar electric cells convert light energy into electricity at the atomic level. The conversion efficiency of a solar electric cell is defined as the ratio of the sunlight energy that hits the cell divided by the electrical energy that is produced by the cell. The earliest solar electric devices converted about 1%-2% of sunlight energy into electric energy. Current solar electric devices convert 5%-25% of light energy into electric energy (the overall efficiency for solar panels is lower than solar cells because of the panel frame and gaps between solar cells), and current mass produced panel systems are substantially less expensive than earlier systems. Effort in the industry is currently being directed towards the development of new solar cell technology to reduce per watt costs and increase area efficiencies.

Solar electric panels are composed of multiple solar cells, along with the necessary internal wiring, aluminum and glass framework, and external electrical connections.

Inverters convert the DC power from solar panels to the AC power used in buildings. Grid-tie inverters synchronize to utility voltage and frequency and only operate when utility power is stable (in the case of a power failure these grid-tie inverters shut down to safeguard utility personnel from possible harm during repairs). Inverters also operate to maximize the power extracted from the solar panels, regulating the voltage and current output of the solar array based on sun intensity.

Monitoring. There are two basic approaches to access information on the performance of a solar power system. The most accurate and reliable approach is to collect the solar power performance data locally from the counters and the inverter with a hard-wired connection and then transmit that data via the internet to a centralized database. Data on the performance of a system can then be accessed from any device with a web browser, including personal computers and cell phones. As an alternative to web-based remote monitoring, most commercial inverters have a digital display on the inverter itself that shows performance data and can also display this data on a nearby personal computer with a hard-wired or wireless connection.

Tracker Technology vs. Fixed Technology

As described above, some of our PV Plants use fixed solar panels while others use panels equipped with single or dual axis tracking technology. Tracking technology is used to minimize the angle of incidence between the incoming light and a photovoltaic panel. As photovoltaic panels accept direct and diffuse light energy and panels using tracking technology always gather the available direct light, the amount of energy produced by such panels, compared to panels with a fixed amount of installed power generating capacity, is higher. As the double axis trackers allow the photovoltaic production to stay closer to maximum capacity for many additional hours, an increase of approximately 20% (single) - 30% (dual) of the photovoltaic modules plane irradiation can be estimated.

Solar Power Benefits

The direct conversion of light into energy offers the following benefits compared to conventional energy sources:

- Economic - An increase in solar power generation will reduce dependence on fossil fuels. Worldwide demand for electricity is expected to nearly double by 2025, according to the U.S. Department of Energy. Additionally, according to International Energy Agency, over 60% of the world's electricity is generated from fossil fuels such as coal, natural gas and oil. The combination of declining finite fossil fuel energy resources and increasing energy demand is depleting natural resources as well as driving up electricity costs, underscoring the need for reliable renewable energy production. Solar power systems are renewable energy sources that rely on the sun as an energy source and do not require a fossil fuel supply. As such, they are well positioned to offer a sustainable long-term alternative means of power generation. Once a solar power system is installed, the cost of generating electricity is relatively stable over the lifespan of the system. There are no risks that fuel prices will escalate or fuel shortages will develop, although cash paybacks for systems range depending on the level of incentives, electric rates, annualized sun intensity, installation costs and derogation in the efficiency of the panels.

- Convenience - Solar power systems can be installed on a wide range of sites, including small residential roofs, the ground, covered parking structures and large industrial buildings. Most solar power systems also have few, if any, moving parts and are generally guaranteed to operate for 20-25 years, resulting in low maintenance and operating costs and reliability compared to other forms of power generation.

- Environmental - Solar power is one of the cleanest electric generation sources, capable of generating electricity without air or water emissions, noise, vibration, habitat impact or waste generation. In particular, solar power does not generate greenhouse gases that contribute to global climate change or other air pollutants, as power generation based on fossil fuel combustion does, and does not generate radioactive or other wastes as nuclear power and coal combustion do. It is anticipated that greenhouse gas regulation will increase the costs and constrain the development of fossil fuel based electric generation and increase the attractiveness of solar power as a renewable electricity source.

- Security - Producing solar power improves energy security both on an international level (by reducing fossil energy purchases from hostile countries) and a local level (by reducing power strains on local electrical transmission and distribution systems).

These benefits have impacted our decision to enter into the solar photovoltaic market. We believe escalating fuel costs, environmental concerns and energy security make it likely that the demand for solar power production will continue to grow. Many countries, including Italy and Spain, have put incentive programs in place that directly spur the installation of grid-tied solar power systems. For further information please see "Item 4.B: Material Effects of Government Regulations on the PV Plants."

There are several risk factors associated with the photovoltaic market. See "Item 3.D: Risk Factors - Risks Relating to the PV Plants."

Our Photovoltaic Plants

The following table includes information concerning our PV Plants:

PV Plant Title	Capacity	Location	Technology of Panels	Connection to Grid	FiT (€/kWh) [1]	Revenue in 2012 (in thousands)
“Troia 8”	995.67 kWp	Province of Foggia, Municipality of Troia, Puglia region, Italy	Fix	January 14, 2011	0.346	$800
“Troia 9”	995.67 kWp	Province of Foggia, Municipality of Troia, Puglia region, Italy	Fix	January 14, 2011	0.346	$816
“Del Bianco”	734.40 kWp	Province of Macerata, Municipality of Cingoli, Marche region, Italy	Fix	April 1, 2011	0.346	$480
“Giaché”	730.01 kWp	Province of Ancona, Municipality of Filotrano, Marche region, Italy	Duel Axes Tracker	April 14, 2011	0.346	$665
“Costantini”	734.40 kWp	Province of Ancona, Municipality of Senigallia, Marche region, Italy	Fix	April 27, 2011	0.346	$526
“Massaccesi”	749.7 kWp	Province of Ancona, Municipality of Arcevia, Marche region, Italy	Duel Axes Tracker	April 29, 2011	0.346	$671
“Galatina”	994.43 kWp	Province of Lecce, Municipality of Galatina, Puglia region, Italy	Fix	May 25, 2011	0.346	$637

PV Plant Title	Capacity	Location	Technology of Panels	Connection to Grid	FiT (€/kWh) [1]	Revenue in 2012 (in thousands)
"Pedale (Corato)"[2]	2,993 kWp	Province of Bari, Municipality of Corato, Puglia region, Italy	Single Axes Tracker	May 31, 2011	0.289	$2,514
"Acquafresca"	947.6 kWp	Province of Barletta-Andria-Trani, Municipality of Minervino Murge, Puglia region, Italy	Fix	June 2011	0.291	$654
"D'Angella"	930.5 kWp	Province of Barletta-Andria-Trani, Municipality of Minervino Murge, Puglia region, Italy	Fix	June 2011	0.291	$624
"Rinconada II"[3]	2,275 kWp	Municipality of Córdoba, Andalusia, Spain	Fix	July 2010	0.3223 [4]	$503[5]

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1. In addition to the FiT payment, the Italian PV Plants are eligible to receive the price paid for the electricity generated by the plant ("ritiro dedicato") equal to the applicable electricity spot price. PV plants with a capacity under 1 MW are eligible to receive a minimum spot price guarantee. The spot price changes in accordance to the hour, area and rates of demand and supply. In 2012 the spot price ranged between Euro 0.0783 – 0.1027 per kWh and the terms and limitations of the minimum spot price guarantee change on an annual basis. The spot price for 2013 is expected to range between Euro 0.0806 – 0.1058 per kWh.

2. See disclosure concerning the suspension of this PV Plant's AU under "Material Effects of Government Regulations on the Italian PV Plants" below.

3. This PV Plant is 85% owned by us.

4. Linked to the Spanish consumer price index minus twenty-five basic points until December 31, 2012 and minus fifty basic points onwards.

5. As the acquisition of this PV Plant was consummated during 2012, the revenues generated from this PV Plant during 2012 are no necessarily indicative of future annual revenues from this PV Plant.

The construction and operation of photovoltaic plants entail the engagement of Contractors, in order to build, assemble, install, test, commission, operate and maintain the photovoltaic power plants, for the benefit of our wholly-owned subsidiaries.

Each of the PV Plants is constructed and operates on the basis of the following agreements:

- an Engineering Procurement & Construction projects Contract, or an EPC Contract, which governs the installation, testing and commissioning of a photovoltaic plant by the respective Contractor;
- an Operation and Maintenance, or O&M, Agreement, which governs the operation and maintenance of the photovoltaic plant by the respective Contractor;
- when applicable, an agreement between the owner of the photovoltaic plant and the Contractor, whereby the panels required for the construction of the photovoltaic plant will be purchased by such owner directly from a third party supplier of such panels, and then transferred to the Contractor;
- a number of ancillary agreements, including:
    - one or more "surface rights agreements" with the land owners, which provide the terms and conditions for the lease of land on which the photovoltaic plants are constructed and operated;
    - with respect to our Italian PV Plants –
        - standard "incentive agreements" with Gestore dei Servizi Elettrici, or GSE, Italy's energy regulation agency responsible, *inter alia*, for incentivizing and developing renewable energy sources in Italy and purchasing energy and re-selling it on the electricity market. Under such agreement, it is anticipated that GSE will grant the applicable FiT governing the purchase of electricity (FiTs are further detailed in "Item 4.B: Material Effects of Government Regulations on the Italian PV Plants");
        - one or more "power purchase agreements" with GSE, specifying the power output to be purchased by GSE for resale and the consideration in respect thereof (in the event of sale via the "Dedicated Withdrawal System" as more fully described under "Item 4.B: Material Effects of Government Regulations on the Italian PV Plants"); and
        - one or more "interconnection agreements" with the Enel Distribuzione S.p.A, or ENEL, the Italian national electricity grid operator, which provide the terms and conditions for the connection to the Italian national grid.

- with respect to our Spanish PV Plant –

    - Standard "power evacuation agreements" with the Spanish power distribution grid company Endesa Distribución Eléctrica, S.L.U., or Endesa, regarding the rights and obligations of each party, concerning, inter alia, the evacuation of the power generated in the facility to the grid; and

    - Standard "representation agreements" with an entity that will represent the PV Principal in its dealings with the Spanish National Energy Commission, or CNE, and the bid system managed by the operator of the market, Operador del Mercado Ibérico de Energía, Polo Español, S.A., or OMEL, who are responsible for payment of the FiT as more fully set described under "Item 4.B: Material Effects of Government Regulations on the Spanish PV Plants." The representation agreements in connection with Rinconada II are with Nexus Energía, S.A.

- optionally, one or more "project financing agreements" with financing entities, as were already executed with respect to several of the PV Plants and as more fully described below, and as may be executed in the future with respect to one or more of the remaining PV Plants;

- a stock purchase agreement in the event we acquire an existing company that owns a photovoltaic plant that is under construction or is already constructed.

Our aggregate investment connection with the PV Plants is approximately Euro 44.1 million (excluding the annual operation and maintenance costs and net of assets disposed in the amount of approximately $0.6 million).

As all of our PV Plants are operational, the summaries below describe the material terms of the O&M Agreements executed in connection with such PV Plants. The EPC Contracts and forms of O&M Agreements executed in connection with the Del Bianco and Giaché PV Plants were filed with the SEC as exhibits to our annual report on Form 20-F for the fiscal year ended December 31, 2009 and the EPC Contract executed in connection with the Pedale (Corato) PV Plant was filed with the SEC as an exhibit to our annual report on Form 20-F for the fiscal year ended December 31, 2010.

Operation and Maintenance Agreements

General

As mentioned above, each of the PV Plants is operated and maintained by a local contractor pursuant to an O&M Agreement executed between such Contractor and our subsidiary that owns the PV Plant, or the PV Principal. Each O&M Agreement sets out the terms under which each of the Contractors is to operate and maintain the PV Plant once it becomes operational, i.e. starting from the issuance of a Provisional Acceptance Certificate pursuant to the applicable EPC Contracts and for a period of 20 years thereafter in Italy and 25 years in Spain.

A technical adviser, appointed by the PV Principal or the Financing Entity, is responsible for monitoring the performance of the services, or the Technical Adviser. Our current Technical Adviser in Italy is a leading technical firm in Italy which appears in the Italian banks' white list.

Currently many EPC companies provide O&M services to photovoltaic plants and we expect that, if required, we will be able to replace some or all of our current O&M Contractors with other contractors and service providers. However, we cannot ensure that if such replacement shall take place we will be able to receive the same warranties from the new contractor.

The Contractor of four of our photovoltaic plants (Del Bianco, Giache, Constantini and Massaccesi) has recently entered into insolvency proceedings that are subject to an arrangement with its creditors. We therefore currently closely monitor the operations of these PV Plants and are trying to locate new Contractors to replace the existing Contractor.

The Services

Each O&M Agreement governs the provision of the following services: (i) Subscription Services, which include Preventive Maintenance Services (maintenance services such as cleaning of panels and taking care of vegetation, surveillance, remote supervision of operation and full operational status of the PV Plant) and Corrective Maintenance Services (services to correct incidents arising at the PV Plant or to remedy any anomaly in the operation of the PV Plant), and (ii) Non-Subscription Services, which are all services that are outside of the scope of the Subscription Services. In some cases, certain engagement agreements are executed by us directly with service providers (such as internet, security services, etc.)

The Consideration

Based on the range of services offered by the Contractor, the annual consideration for the Subscription Services varies from Euro 19,000 to Euro 45,000 per MWp (linked to the Italian inflation rate or the Spanish Consumer Price Index) for each of the PV Plants, paid in the majority of the PV Plants on a quarterly basis. The Subscription Services fee is fixed and the Contractor is not entitled to request an increase in the price due to the occurrence of unforeseen circumstances. This annual consideration does not include the price of the insurance policies to be obtained by the PV Principal to the extent they have an exposure, including all risk insurance policies.

Contractor's Obligations, Representations and Warranties

The Contractor's obligations under the O&M Agreement include, *inter alia*, the duty to diligently perform the operation and maintenance services in compliance with the applicable law and permits in a workmanlike manner and using the most advanced technologies, to contract for adequate insurance with the PV Principal and the Financing Entity as additional insured parties, to guarantee the availability of spare parts and replenish the inventory as needed, and to assist the PV Principal and the Financing Entity in dealing with the authorities by providing the necessary information required by such authorities. The Contractor represents and warrants, *inter alia*, that it holds the necessary permits and authorizations, and that it has the necessary skills and experience to perform the services contemplated by the O&M Agreement.

Guarantees

The Contractor is usually required (either under the O&M Agreement or under a separate agreement) to provide an insurance bond, satisfactory to both the PV Principal and the Financing Entity, for an amount equal to 15% - 100% of the annual applicable price, or the O&M Guarantee, to be renewed annually.

Termination

Each party may terminate the O&M Agreement (to the extent applicable, after obtaining the approval of the financing entity) if the other is in breach of any of its obligations that remains uncured for 30 days following written notice thereof.

The O&M Agreement is terminated if the Contractor is liquidated or becomes bankrupt or insolvent, and on other similar grounds, unless the PV Principal is willing to continue the O&M Agreement.

The O&M Agreements also provide the parties the option to withdraw from the agreement other than in the event of a breach by the other party, subject to certain advance notice requirements.

Competition

Our competitors are mostly other entities that seek land and contractors to construct new power plants on their behalf or seek to purchase existing photovoltaic power plants due to the changing regulatory regime relating to newly built photovoltaic plants. The market for solar energy is intensely competitive and rapidly evolving, and many of our competitors who strive to construct new solar power plants have established more prominent market positions and are more experienced in this field. Our competitors in this market include Etrion Corporation (ETX.TO), Sunflower Sustainable Investments Ltd. (SNFL.TA), Enlight Renewable Energy Ltd. (ENLT.TA), Energixs Renewable Energies Ltd. (ENRG.TA), Allerion Cleanpower S.p.A., Origis Energy and Foresight Group. If we fail to attract and retain ongoing relationships with solar plants developers, we will be unable to reach additional agreements for the development and operation of additional solar plants, should we wish to do so.

Seasonality

Solar power production has a seasonal cycle due to its dependency on the direct and indirect sunlight and the effect the amount of sunlight has on the output of energy produced. Although we received the technical calculation of the average production recorded in the area of each of our PV Plants from our technical advisors and incorporated such data into our financial models, adverse meteorological conditions can have a material impact on the PV Plants' output and could result in production of electricity below expected output.

Sources and Availability of Components of the Solar Power Plant

As noted above, the construction of our PV Plants entails the assembly of solar panels and inverters that are purchased from third party suppliers. One of the critical factors in the success of our PV Plants is the existence of reliable panel suppliers, who guaranty the performance and quality of the panels supplied. Degradation in such performance above a certain minimum level is guaranteed by the panel suppliers, however, if any of the suppliers is unreliable or becomes insolvent, it may default on warranty obligations. In addition, as photovoltaic plants installations have increased over the past few years, the demand for such components has also increased. To the extent such increase in demand continues and is not met by a sufficient increase in supply, the availability of such components may decrease and the prices may increase.

There are currently sufficient numbers of solar panel manufacturers at sufficient quality and we are not currently dependent on one or more specific suppliers.

In addition, silicon is a dominant component of the solar panels, and although manufacturing abilities have increased over-time, any shortage of silicon, or any other material component necessary for the manufacture of the solar panels, may adversely affect our business.

Material Effects of Government Regulations on the PV Plants

The construction and operation of the PV Plants is subject to complex legislation covering, *inter alia*, building permits, licenses and the governmental long-term incentive scheme. The following is a brief summary of the regulations applicable to our PV Plants.

Material Effects of Government Regulations on the Italian PV Plants

The regulatory framework surrounding the Italian PV Plants consists of legislation at the Italian national and local level. Relevant European legislation has been incorporated into Italian legislation, as described below.

National Legislation

(i) Construction Authorizations

Construction of the PV Plants is subject to receipt of appropriate construction authorizations, pursuant to Legislative Decree no. 380 of 2001, or Decree 380, and Legislative Decree 29 December 2003 no. 387, or Decree 387, the latter of which implements European Directive no. 77 of 2001 on the promotion of electricity produced from renewable energy sources in the internal electricity market.

Decree 387 aims to promote renewable energies, *inter alia* by simplifying the procedures required to commence constructions. In particular, it regulates the so-called *Autorizzazione Unica*, or AU, in relation to renewable energy plants. The AU is an authorization issued by the Region in which the construction is to take place, or by other local competent authorities, and which joins together all permits, authorizations and opinions that would otherwise be necessary to begin construction (such as, building licenses, landscape authorizations, permits for the interconnection facilities, etc.). The only authorization not included in the AU is the environmental impact assessment (*valutazione di impatto ambientale*, or VIA, see below), which needs to be obtained before the AU procedure is started. The AU is issued following a procedure called *Conferenza di Servizi* in which all relevant entities and authorities participate. Such procedure is expected to be completed within 180 days of the filing of the relevant application, but such term is not mandatory and cannot entirely be relied upon.

Decree 380, which is the general law on building administrative procedures, provides another track for obtaining the construction permit. Pursuant to this decree, the construction authorization can be obtained through a *permesso di costruire*, or the Building Permit, which is an express authorization granted by the competent municipality. Upon positive outcome of the municipality's review, the Building Permit is granted. Works must start, under penalty of forfeiture of the Building Permit, within one year following the date of issuance, and must be completed within the following three years.

Decree 380 also regulates the so-called *Dichiarazione di inizio attività*, or DIA, procedure. DIA is a self-certification process whereby the applicant declares that the project in question complies with all relevant requirements and conditions. The competent authority can deny the authorization within 30 days of receipt of DIA; should such a denial not be issued within such term - which is mandatory - the authorization shall be deemed granted and the applicant is allowed to start the works. The DIA procedure can be used in relation to plants whose power is lower than 20 kW. Since the expected power output of the PV Plants exceeds 20kW, the DIA is not available for the PV Plants. With the entry into force of the Romani Decree on March 29, 2011, which implemented European applicable directives (in particular, directive no. 28 of 2009), the DIA procedure has been replaced, with respect to plants fed by renewable energy sources, by the so called *procedura abilitativa semplificata*, or PAS, according to which, very similarly to the DIA procedure, an applicant can start construction of a plant after 30 days of the filing of the application with the competent Municipality provided that the latter has in such time not raised objections and/or requested integrations. With respect to photovoltaic plants, under the Romani Decree the PAS applies to plants with a power up to 20 kWp, and regions can increase such threshold up to 1 MWp.

With particular regard to the Puglia Region, for a certain period of time the limitations of the DIA procedure were not applicable due to regional legislation that had increased the abovementioned limits of power; however, this has been superseded by a new Regional Law (no. 25 of 2012) that has implemented the provisions introduced by the Romani Decree on PAS (see the relevant section below).

The Italian PV Plants rely on one AU, three DIAs and six Building Permits. Pedale is the PV Plant that relies on the AU. Please see below for more information on the suspension of Pedale's AU.

(ii) Connection to the National Grid

The procedures for the connection to the national grid are provided by the Authority for Electric Energy and Gas, or AEEG. Currently, the procedure to be followed for the connection is regulated by the AEEG Resolution no. 99 of 2008 (*Testo Integrato delle Connessioni Attive*, or TICA) which replaces previous legislation and has subsequently been integrated and partially amended by AEEG Resolutions no. 124/2010 and 125/2010. According to TICA, an application for connection must be filed with the competent local grid operator, after which the latter notifies the applicant the estimated time for connection, or STMC. The STMC shall be accepted within 45 days of issuance. However, in order for the authorization to the connection to become definitive, all relevant authorization procedures (such as easements, ministerial *nulla osta*, etc.) must be successfully completed.

There are three alternative modalities to sell electricity:

- by way of sale on the electricity market (Italian Power Exchange IPEX), the so called "Borsa Elettrica";
- through bilateral contracts with wholesale dealers; and
- via the so-called "Dedicated Withdrawal Plant" introduced by AEEG Resolution no. 280/07 and subsequent amendments. This is the most common way of selling electricity, as it affords direct and quick negotiations with the national energy handler (GSE), which will in turn deal with energy buyers on the market. We sell electricity though this method.

Regional Regulation Applicable to the Marche Region

Marche Regional Law no. 7 of 2004 requires certain types of projects to be subjected to an Environmental Impact Assessment, or the VIA Procedure, and states that the VIA Procedure is expressly excluded for photovoltaic plants whose surface is less than 5000 m^2 (unless such plants are not listed as national protected areas pursuant to law no. 394 of December 6th 1991). Specific provisions prevent constructors from avoiding such limits by building various plants with a surface of less than 5.000 m^2.

In addition, Regional Law no. 7 of 2004 has been amended by Law no. 99 of 2009, which specifies that the VIA Procedure is expressly excluded for plants with a nominal power lower than 1 MW. In the case of the PV Plants, the target nominal power for each PV Plant is less than 1 MW, such that the PV Plants are expected to be exempt from the VIA Procedure.

Regional Regulation Applicable to the Puglia Region

Regional Law 19 February 2008 no. 1 has established that the construction of renewable energy plants in Puglia whose power capacity is up to 1 MW can be authorized with DIA (without prejudice to applicable provisions on environmental impact assessment), in the case of photovoltaic plants located on industrial, commercial and service buildings, and/or located on the ground within industrial, commercial and service parks.

In this regard, by *Circolare* no. 38/8763 the Puglia Region pointed out the so-called "cluster issue" (i.e. group of plants whose capacity is lower than 1 MW each, located in the same agricultural area and authorized by means of DIAs, rather than under the AU procedure), providing that if plants cannot be deemed as single plants, the simplified DIA procedure shall be considered elusive of Legislative Decree no. 387/2003 and therefore the AU Procedure should be followed. The *Circolare* identified as signals to the occurrence of a cluster: (i) single point of connection for more than one plant; (ii) same landowner(s) for adjacent plants; or (iii) same economic and industrial initiative (i.e. same directors or shareholders, same developer, etc.).

Regional Law 21 October 2008 no. 31 has subsequently provided a new regulation of the terms according to which the DIA procedure can be used in connection with plants having nominal power up to 1 MWp. Said law applies to DIA which have become effective after 7 November 2008 and provides that the commencement of the works concerning photovoltaic plants, whose power ranges from 20 kW up to 1 MW to be built on agricultural lands, can be authorized by way of DIA, provided that:

- the area to be enslaved (*asservimento*) is at least twice the size of the radiant surface; and
- the portion of the plot of land which is not occupied by the photovoltaic plant is used exclusively for agricultural activities.

However, on March 26, 2010 Regional Law no. 31/2008 was annulled by the Constitutional Court in so far as, contrary to what is set forth in Legislative Decree no. 387/2003, it increases up to 1 MWp the maximum power threshold (20 kW) established by Law no. 244/2007 for application of the DIA procedure. DIA issued according to Regional Law no. 31/2008 can therefore be voided on the basis of the Constitutional Court judgment provided that they are successfully challenged by a third party having an interest or by the administrative bodies acting in self-protection ("*autotutela*"). As noted above, three of the PV Plants rely on DIAs that were issued under Regional Law 31/2008; however, as those PV Plants are already built and have been operating for the past several months, the period for a challenge by third parties or administrative bodies are deemed to have expired.

By Regional Law no. 25, issued on September 24, 2012, further regulations have been introduced particularly with the aim of implementing the Romani Decree provisions at regional level. In particular, Regional Law no. 25:

(i) confirmed and further regulated the provisions of the *Circolare* no. 38/8763 regarding the cluster issue;
(ii) implemented and extended the provisions of the Romani Decree by providing that the PAS applies to photovoltaic plants with power up to 200 kWp,and in particular cases (contaminated areas such as industrial areas, dumps and quarries), up to 1 MWp; and
(iii) provided new requirements as to the procedure of application for the AU, including the requirement to submit an audited business plan together with the application.

The Incentive Tariff System for Photovoltaic Plants

The Italian government promotes renewable energies by providing certain incentives. In particular, with Ministerial Decree 19.2.2007, or the Second Conto Energia, the production of renewable electric energy from photovoltaic sources has been promoted by granting a fixed FiT for a period of 20 years from connection of PV plants. The FiT is determined with reference to the nominal power of the plant, the characteristics of the plant (plants are divided into non-integrated; partially integrated and architecturally integrated) and the year on which the plant has been connected to the grid. The FiT provided for by the Second Conto Energia are as follows:

Nominal Power kWp	**Non-Integrated**	**Partially Integrated**	**Arch. Integrated**
1 kW ≤ P ≤ 3 kW	0.40 Euro/kWh	0.44 Euro/kWh	0.49 Euro/kWh
3 kW < P ≤ 20 kW	0.38 Euro/kWh	0.42 Euro/kWh	0.46 Euro/kWh
P > 20 kW	0.36 Euro/kWh[1]	0.40 Euro/kWh	0.44 Euro/kWh

[1] With regard to the Italian PV Plants under the Second Conto Energia the tariffs equal to € 0.346/kWh.

The figures above refer to plants which started operation within December 31, 2008. For plants which commence operation between January 1, 2010 and December 31, 2010, the FiT will be reduced by 2% for each calendar year following 2008.

Pursuant to Ministerial Decree 6 August 2010, or the Third Conto Energia, a fixed FiT is granted for a period of 20 years from the date on which the plant is connected to the grid in relation to plants that enter into operation after December 31, 2010 and until December 31, 2013. The FiT provided for by the Third Conto Energia are as follows:

	A		B		C	
Nominal Power	Plants entered in operation after December 31, 2010 and by April 30, 2011		Plants entered in operation after April 30, 2011 and by August 31, 2011		Plants entered in operation after August 31, 2011 and by December 31, 2011	
	PV plants on buildings	Other PV plants	PV plants on buildings	Other PV plants	PV plants on buildings	Other PV plants
[kW]	[€ /kWh]	[€/kWh]	[€/kWh]	[€/kWh]	[€/kWh]	[€/kWh]
1 ≤ P ≤ 3	0.402	0.362	0.391	0.347	0.380	0.333
3< P ≤20	0.377	0.339	0.360	0.322	0.342	0.304
20< P ≤200	0.358	0.321	0.341	0.309	0.323	0.285
200< P ≤1000	0.355	0.314	0.335	0.303	0.314	0.266
1000<P≤5000	0.351	0.313	0.327	0.289[2]	0.302	0.264
P>5000	0.333	0.297	0.311	0.275	0.287	0.251

[1] With regard to the Italian PV Plant under the Third Conto Energia the tariff is equal to € 0.289/kWh.

The plants entering into operation in 2012 and 2013 will be granted the tariff referred to in column C above deducted by 6% each year.

The FiT is payable by GSE upon the grant of an incentive agreement between the producer and GSE. Notwithstanding the foregoing, the first payment of the FiT to the producer is made retroactively, 6 months following connection to the national grid.

However, the Romani Decree provides that the Third Conto Energia shall apply only to photovoltaic plants whose grid connection has been achieved by May 31, 2011.

The Romani Decree provides that, starting from its entry into force, ground mounted PV plants installed on agricultural lands, will benefit from incentives, provided that:

a) the power capacity of the plant is not higher than 1 MW and - in the case of lands owned by the same owner - the PV plants are installed at a distance of at least 2 km; and

b) the installation of the PV plants does not cover more than 10% of the surface of agricultural land which is available to the applicant.

Such provisions shall not apply to ground mounted PV plants installed on agricultural lands provided either that they have been admitted to incentives within the date of entry into force of the Romani Decree, or the authorization for the construction of the PV plant was obtained, or the application there for submitted, by January 1, 2011; and provided that in any case the PV plant commences operations within one year from the date of entry into force of the Romani Decree. However, all PV Plants have already been connected to the national grid and, except for the Acquafresca and D'Angella PV Plants, have already been awarded the incentives agreed under the relevant EPC Contract.

As an implementation to the Romani Decree, a new Decree was issued on 5 May 2011, or the Fourth Conto Energia, setting out the new FiT for PV plants entering into operations after May 31, 2011.

The three following tables provide the FiT that will apply to PV plants entering into operations from June 1, 2011 until December 31, 2012 on the basis of the Fourth Conto Energia:

	June 2011		July 2011		August 2011	
	PV plants on buildings	Other plants	PV plants on buildings	Other PV plants	PV plants on buildings	Other PV plants
	[€/kWh]	[€/kWh]	[€/kWh]	[€/kWh]	[€/kWh]	[€/kWh]
1≤P≤3	0.387	0.344	0.379	0.337	0.368	0.327
3<P≤20	0.356	0.319	0.349	0.312	0.339	0.303
20<P≤200	0.338	0.306	0.331	0.300	0.321	0.291
200<P≤1000	0.325	0.291[4]	0.315	0.276	0.303	0.263
1000<P≤5000	0.314	0.277	0.298	0.264	0.280	0.250
P>5000	0.299	0.264	0.284	0.251	0.269	0.238

[1] With regard to the Italian PV Plant under the Forth Conto Energia the tariff is equal to € 0.291/kWh.

	September 2011		October 2011		November 2011		December 2011	
	PV plants on buildings	Other PV plants	PV plants on buildings	Other PV plants	PV plants on buildings	Other PV plants	PV plants on buildings	Other PV plants
	[€/kWh]	[€/kWh]	[€/kWh]	[€/kWh]	[€/kWh]	[€/kWh]	[€/kWh]	[€/kWh]
1≤P≤3	0.361	0.316	0.345	0.302	0.320	0.281	0.298	0.261
3<P≤20	0.325	0.289	0.310	0.276	0.288	0.256	0.268	0.238
20<P≤200	0.307	0.271	0.293	0.258	0.272	0.240	0.253	0.224
200<P≤1000	0.298	0.245	0.285	0.233.	0.265	0.210	0.246	0.189
1000<P≤5000	0.278	0.243	0.256	0.223	0.233	0.201	0.212	0.181
P>5000	0.264	0.231	0.243	0.212	0.221	0.191	0.199	0.172

	January – June 2012		July – December 2012	
	PV plants on buildings	Other PV plants	PV plants on buildings	Other PV plants
	[€/kWh]	[€/kWh]	[€/kWh]	[€/kWh]
1≤P≤3	0.274	0.240	0.252	0.221
3<P≤20	0.247	0.219	0.227	0.202
20<P≤200	0.233	0.206	0.214	0.189
200<P≤1000	0.224	0.172	0.202	0.155
1000<P≤5000	0.182	0.156	0.164	0.140
P>5000	0.171	0.148	0.154	0.133

The following table provides the FiT and the relevant reduction, which will apply to PV plants which will enter into operation after December 31, 2012 on the basis of the Fourth Conto Energia. Please note that commencing January 1, 2013 the FiT will include the price paid for the electricity generated by the plant ("*ritiro dedicato*").

	PV plants on building		Other PV plants	
	Omni-comprehensive tariff	Auto-consumption premium	Omni-comprehensive tariff	Auto-consumption premium
	[€/kWh]	[€/kWh]	[€/kWh]	[€/kWh]
1≤P≤3	0.375	0.230	0.346	0.201
3<P≤20	0.352	0.207	0.329	0.184
20<P≤200	0.299	0.195	0.276	0.172
200<P≤1000	0.281	0.183	0.239	0.141
1000<P≤5000	0.227	0.149	0.205	0.127
P>5000	0.218	0.140	0.199	0.121

In the first quarter of 2012, the Liberalizzazioni Decree was adopted. Article 65 of the Liberalizzazioni Decree, *inter alia*, provides that ground based PV plants located in agricultural areas will not be granted the FiT provided by the Romani Decree, unless they: (i) obtained the authorization for the construction of the PV plant or filed the application for the authorization by March 25, 2012 (i.e., the date of entry into force of the Decree conversion law), (ii) commence operations by September 21, 2012 (i.e, 180 days of the date of entry into force of the Decree conversion law), and (iii) complied with the Romani Decree requirements set forth above with respect to the power capacity of the plant, the distance between the PV plants and the percentage coverage of agricultural land of the PV plant. This provision applies the Romani Decree requirements to PV plants that were already authorized or applied for authorization by March 25, 2012 (while other PV plants will not be eligible for incentives). However, Article 65 of the Liberalizzazioni Decree also provides (by way of reference to the Romani Decree) that the incentive shall be granted to PV plants that do not meet the requirements in preceding item (iii) if they have obtained the authorization for the construction of the PV plant or filed the application for the authorization by January 1, 2011, provided that they commence operations within 60 days of March 25, 2012. This in particular applies to the Acquafresca and D'Angella Plants, which applied for the authorization prior to January 1, 2011 and already commenced operations.

The Fourth Conto Energia has been replaced by a new decree signed on July 6, 2012 entered into force on July 11, 2012, also known as Fifth Conto Energia. The Fifth Conto Energia sets out a new system of incentives granted to plants fed by renewable energy sources and, with some exceptions, applies to photovoltaic plants that commenced opperations starting from August 27, 2012. The main provisions introduced by the Fifth Conto Energia are:

(i) new (generally lower than the Fourth Conto Energia and decreasing every six months) tariffs, comprising both the incentives and the sale of electric energy (so called "omni-comprehensive tariffs");
(ii) the provision for "large" photovoltaic plants of a register in which the same must be enrolled in order to qualify for the grant of the incentives;
(iii) bonuses for photovoltaic plants whose components are manufactured in European Union countries; and
(iv) bonuses for photovoltaic plants on buildings replacing asbestos roofs.

The Fifth Conto Energia shall cease to be effective 30 days after the communication by the Italian Energy Authority that a cumulative amount equal to 6.7 billion Euros of annual cost for incentives granted to photovoltaic plants has been reached. According to GSE, in December 2012 such cumulated annual cost had exceeded 6.5 billion Euros.

Law 228 of 2012 (so called *Legge di Stabilità 2013*, approved on December 24, 2012) has subsequently provided some time extensions in connection with the benefits of the Fourth Conto Energia incentives. In particular, an extension of the deadline for the commencement of operations to March 31, 2013 has been provided for photovoltaic plants installed on public buildings or on areas owned by the public administration whose authorization has been already obtained as at the date of the law; furthermore, an extension to June 30, 2013 has been provided for photovoltaic plants of the same kind that are subject to the so called *valutazione di impatto ambientale* (environmental screening), and to October 31, 2013 if the relevant authorization has been obtained after March 31, 2013.

Other Renewable Energy Incentives

Legislative Decree no. 79 of 1999 implements the so-called "priority of dispatch" principle to the marketing of renewable energies, which means that the demand for electricity must be first satisfied by renewable energies.

In other words, in light of the increasing demand of energy, the sale of the total output of power plants fuelled by renewable sources is required by law, and the government must buy power from solar power plants that wish to sell to it, before it can buy the remainder of its power needs from fossil fuel energy resources.

Suspension of Pedale's AU

Following the acquisition of Pedale it became clear that the Contractor had implemented a variation in the layout as compared to the initially authorized project. Pedale's technical advisor advised, however, that the variation could not be deemed substantial as it actually reduced the surface occupied by the PV Plant, thus having a lighter environmental impact.

Following discussions with local authorities, the municipality formally accepted the variation by issuing a *nulla osta*. Furthermore, the Contractor filed a specific implied-consent permit procedure to which the municipality did not raise any objections within the prescribed deadline.

However, on February 21, 2012 Pedale received a letter from the Region notifying it that the AU issued in connection with Pedale was suspended, mainly due to the implementation of the aforementioned building variation, and that an internal process that may lead to the revocation of the AU has commenced. Following receipt of this letter, Pedale appointed a local administrative counsel with the aim to deal with the Region on behalf of Pedale during the suspension procedure and argue in favor of the validity of the AU. This local counsel opined that the AU should be deemed valid and, in any case, the variation should be approved as it is not substantial. This has also been stated in a letter sent on behalf of Pedale to the Region. The local counsel also pointed out that in his opinion, pending the suspension of the AU, it is not required that the operation of the Pedale PV Plant be suspended, and indeed the PV Plant is operating as of the date hereof.

On April 18, 2012, the Region informed Pedale that, without prejudice to an assessment of the lawfulness of the variation, the abovementioned suspension was revoked.

On June 7, 2012, a new *conferenza di servizi* was held in order to issue a new AU that would approve the layout of the Pedale PV Plant including the variation referred to above. The *conferenza di servizi* was concluded with positive opinion of all involved entities.

However, after the positive conclusion of the *conferenza di servizi*, on November 5, 2012 Pedale received a letter from the Region whereby the latter informed that based on art. 15 of the Regional Law 25 of 2012 a technical assessment of the compliance of the variation with applicable regulations was required and requested that the competent municipality carried out such assessment. Despite the fact that the local counsel opined that the variation should be approved, the Municipality completed such assessment on December 7, 2012, by issuing a *nullaosta* confirming the lawfulness of the variation other than an administrative sanction equal to Euro 516.

Under the EPC Contract applicable to Pedale, the Contractor is liable for the full suitability of the permits (including the AU). Suspension of the AU will entitle the relevant PV Principal (without prejudice to any further remedies) to terminate the EPC Contract for reasons attributable to the Contractor. The PV Principal has sent a letter to the Contactor reserving the right to terminate the EPC Contract within 120 days following receipt of the AU suspension letter.

Material Effects of Government Regulations on the Spanish PV Plants

General legal framework

The power production from renewable energy sources in Spain benefits from economic incentives under the so called "Special Regime."

Royal Decree 661/2007, of May 25, 2007, or RD 661/2007, sets forth the general basis of the economic regime for any power production installation in the Special Regime regardless the technology (e.g. wind, thermosolar, photovoltaic, etc.). Royal Decree 1578/2008, of September 26, 2008, or RD 1578/2008, sets forth the procedure for the assignation of the feed-in tariff to PV solar plants commissioned after September 29, 2008 (the limit date under RD 661/2007).

Additionally, Royal Decree-law 2/2013, of February 1, 2013, or RD-L 2/2013, which entered into force on February 2, 2013, sets forth certain amendments to the update of the feed-in tariff and the alternative schemes concerning the consideration for the electricity produced under the Special Regime. RD-L 2/2013 has not reduced the FiT, but it has changed the Consumer Price Index (*IPC*) of reference for the purposes of the annual updated of the FiT, as further explained below in under "*Update of the feed in tariff*".

Economic incentives of the Special Regime

Pursuant to RD 661/2007, the consideration for the electricity produced under the Special Regime may be paid by means of three different alternative schemes to be elected by the producer:

(a) As a consequence of selling the electricity produced at the feed-in tariff;

(b) As a consequence of selling the electricity produced on the wholesale power production market managed by the market operator (OMEL) at the market price; or

(c) As a consequence of selling the electricity produced at the price negotiated between the parties in a bilateral or forward contract, entered into by a producer and an off-taker.

Pursuant to Article 3 of RD 2/2013, power production facilities under the payment scheme described in paragraph (b) shall not be entitled to switch from such scheme to the other schemes described in paragraph (a) and (c). Rinconada II is under the feed-in tariff, that is, the scheme of paragraph (a) above.

Any power production facility in the Special Regime that is not within the scope of paragraph (b) above remains entitled to choose between the feed-in tariff and the market price and may switch from one scheme to the other provided that a minimum period of one year has elapsed between one scheme and the other.

Feed in tariff applicable to PV solar plants under RD 1578/2008

RD 661/2007 embodies the general framework of the economic regime applicable to any PV solar technology and regulates the terms of the feed-in tariff applicable to PV solar plants commissioned on or before September 29, 2008. The economic regime set forth in RD 661/2007 is also applicable to the electricity produced by PV solar plants commissioned after September 29, 2008, except for (i) the requirements to the access to the feed-in tariff (i.e. the requirement of registration in the Pre-assignation Registry (as hereinafter defined) in order to qualify for the relevant feed-in tariff, as further explained below), which are different to those requirements established pursuant to the RD 1578/2008 and (ii) the values of the feed-in tariff applicable to PV solar technology.

RD 1578/2008 has introduced significant changes in the economic regime for the PV solar technology, including: (i) the establishment of a new classification of PV solar plants and setting of new power capacity limits, (ii) creation of the Registry for the Pre-assignation of tariff ("*Registro de Preasignacion de Retribución*"), or the Pre-assignation Registry, and (iii) setting forth new quotas of aggregate installed power capacity for PV solar technology and new feed-in tariff values which are directly connected with the Pre-assignation Registry.

Classification of PV solar plants

RD 1578/2008 establishes a new classification of PV solar plants distinguishing between two categories (article 3 RD 1578/2008):

(a) Type I – PV solar roof plants (or plants developed in similar surfaces); and

(b) Type II – Any other type of PV solar plants (mainly, ground PV solar plants).

Power capacity limits for PV solar plants under RD 1578/2008

The maximum capacity for the PV solar plants included in Type I shall not exceed 2MW and for plants included in Type II, the installed capacity shall not exceed 10 MW.

The criterion for the calculation of the power capacity of a given PV solar plant under RD 1578/2008 differs from that established in RD 661/2007. Pursuant to article 10 of RD 1578/2008 the power installed capacity of a PV solar plant is calculated as follows: Solar PV production units which are located in cadastral references with the same initial fourteen digits shall be considered as one single plant; hence their capacities shall be added together, and solar PV production units which are connected to the same point of the distribution or transportation network, or which have a common feed-in line, shall be considered as one single plant, hence their capacities shall be added together.

Access to the feed-in tariff

In order to be entitled to obtain the feed-in tariff of RD 1578/2008 any PV solar project (regardless of its type) shall be recorded with the Pre-Assignation Registry which is managed by the Spanish Ministry of Industry, Tourism and Commerce, or MITYC. The registration in the Pre-assignation Registry does not eliminate the mandatory registration of the relevant PV solar plant in the Administrative Registry of Installations under the Special Regime, or RIPRE.

In addition to the abovementioned registration, RD 1578/2008 also requires that within 16 months from the date of its registration in the Pre-assignation Registry the commissioning of the PV solar plant will be completed and the PV solar plant will start to sell the electricity produced. Otherwise the plant shall not be entitled to the feed-in tariff.

For registration purposes, the Spanish Government issues a call for registration for each following quarter (i.e. the call for registration takes place 4 times a year). The call for registration includes the maximum power capacity (in MW) that will be pre-assigned for that specific quarter and remunerated at the feed-in-tariff, as well as the feed-in-tariff, which decreases from quarter to quarter (i.e. the feed-in-tariff of the second quarter is lower than the feed-in-tariff of the first quarter).

The Pre-Assignation Registry is currently suspended pursuant to Royal Decree-Law of 1/2012, dated January 27, 2012. Thus, at the moment, no further PV solar technology developments are possible under the feed in tariff scheme.

Limitations on the feed-in tariff

Various regulations currently limit the right to receive the feed in tariff scheme. Royal Decree 1565/2010, of November 19, 2010 limits the right to receive the feed-in tariff to the first 30 years of the exploitation of a PV solar plant. Royal Decree-Law 14/2010 of December 23, 2010 provides that any given PV solar facility is only entitled to receive the feed in tariff for a certain amount of equivalent hours depending on the Climatic Solar Zone where the relevant facility is located. In accordance with the scope of application of the aforementioned regulations, the amendments include PV plants already commissioned at the date of entry into force of the said regulations in addition to future PV plants. Thus, the amendments introduced are retroactive concerning any PV plants which were already in operation when the regulations were approved.

Update of the feed in tariff

Pursuant to Article 12 of RD 1578/2008, feed-in tariffs shall be updated annually, starting on January 1 of the second year following the quarter in which they were established, according to the formulas and criteria set forth in Article 44.1 of RD 661/2007. Pursuant to Article 44 of RD 661/2007, feed-in tariffs and premiums shall be annually updated taking as a reference the increase of the Consumer Price Index (IPC) minus twenty-five basic points until December 31, 2012 and minus fifty basic points onwards.

Pursuant to Article 1 of RD-L 2/2013, the IPC of reference shall be the IPC calculated on constant taxes and without considering non-processed foods and energy (before the entry into force of RD-L 2/2013, the IPC of reference was the general IPC).

The last update of the feed-in tariff for PV Solar plants under RD 661/2007 was adopted by means of Order ITC/3519/2009 of December 28, 2009.

New taxation of the feed in tariff

The Spanish Parliament has recently enacted the Spanish Law 15/2012, dated December 27, 2012, or Law 15/2012, on fiscal measures for the sustainability of the energy sector, which entered into force on January 1, 2013.

Law 15/2012 sets forth a new tax on energy generation with the following criteria:

(a) **Taxable event**: generation of electric energy and its transmission to the grid;

(b) **Taxable income**: total amount received in terms of feed in tariff;

(c) **Tax rate**: 7%;

(d) **Taxpayer**: titleholder of the taxable event, i.e., the person which is entitled to generate electric energy and transfer such energy to the grid;

(e) **Tax period and accruing**: the tax period is the natural year and the tax is accrued each December 31;

(f) **Tax payment terms**: the taxpayers are obliged to issue a final self-settlement of the tax amount and to pay such amount within the following month of November as from the accruing of the tax. Therefore, the first self-settlement and payment shall be satisfied during November 2013; and

(g) **Interim tax payments**: the taxpayers are also required to transfer interim tax payments to the account of the final self-settlement within the first twenty calendar days of May, September, November and February of the following year, and corresponding to the periods of three, six, nine and twelve months of each year, respectively, and in accordance with the rules to be issued by the Ministry of Treasury and Public Bodies.

General licensing procedure for PV Solar plants in the region of Andalusia

The inclusion of a PV Solar plant in the Special Regime implies that the PV Solar plant is prima facie entitled to receive the economic benefits of the Special Regime, as its main characteristics fulfill the legal requirements set-forth in Article 27 of Law 54/1997 of November 27, 1997 on the Electricity Sector, or Law 54/1997. The Resolution in which the PV Solar plant is included in the Special Regime is to be granted by the Regional Energy Department.

Bank Guarantee

Pursuant to Section 7 of Regional Decree 50/2008 of February 19, 2008, regulating the administrative procedures of PV Solar plants to be located in he Autonomous Region of Andalusia, or Decree 50/2008, enacted in accordance to section 66 bis of Royal Decree 1955/2000, of December 1, 2000, regulating the transmission, distribution, trading and supply activities and authorisation procedures for electrical power facilities, a bank guarantee in benefit of the Regional Economy and Finance Department of a total amount equivalent to Euro 500 per kW of installed capacity is required to secure the connection point of a PV solar plant to the power grid during the licensing procedure.

Assignment of the connection point by the power distribution company

The manager of the power distribution grid of the area is responsible for granting access and connection to the power grid to new power installations to be erected in its influence area. The assignment of the connection point implies that the PV Solar Plant is entitled to inject the electricity output into the grid in a specific connection point.

Administrative authorization and execution project.

The construction and operation of a PV Solar plant within the Special Regime is subject to the prior awarding of an administrative authorization and execution of a project approval by the Autonomous Region of Andalusia.

Pursuant to section 11 of Decree 50/2008 the administrative authorization and the execution project approval may be granted by a sole administrative decision ("*resolución administrativa única*").

Apart from the abovementioned obligations, the construction and operation of a solar PV solar plant in the Region of Andalusia requires the granting of the appropriate authorizations, licenses and permits from the relevant Regional Environmental Department, as well as certain town and country planning licenses to be obtained from the City Council where the solar PV solar plant is to be located.

Once the solar PV plant has been granted with the relevant authorizations and licenses required by the applicable regulations, the PV solar plant may be registered with the Pre-Assignation Registry and therefore be able to benefit from the tariff established by RD 1578/2008; provided that the Plant is finally registered in the RIPRE and has started selling electricity within 16 months following the date of publication in the MITYC web page of the registration of the PV Installations in the Pre-assignation Registry.

After completion of the construction works of a PV solar plant, the owner shall apply for the Official Commissioning Record ("*acta de puesta en servicio*") issued by the Regional Energy Department, which entitles the relevant company to run the PV Solar plant and to sell the power output. Provided that the Official Commissioning Record was obtained, the PV Solar plant shall apply for the Final Registration of the PV installations in RIPRE. The Final Registration in RIPRE is a prerequisite for a PV Solar plant to sell the power output under the Special Regime.

Additionally, Spanish Royal Decree-law 29/2012, dated December 28, 2012, or RD-L 29/2012, which deals with several measures in the fields of employment, social welfare and economy, sets forth in its Article 8 a new provision related with the loss of the feed in tariff in the event of PV plants which were not duly concluded by the maximum term for Final Registration of the PV plants in RIPRE. Pursuant to Article 8 of RD-L 29/2012, a PV installation shall be deemed as duly concluded by the maximum term for Final Registration of the PV installation in RIPRE in the following cases:

(a) When all the necessary evacuation facilities (e.g. aerial or subterranean lines, transformation centers, etc.) are fully executed and commissioned;

(b) When all the equipment for the generation of electricity are fully executed and commissioned; and

(c) When the whole solar field is duly executed and commissioned.

In the event a PV plant does not meet any of the above mentioned conditions, the titleholder of the PV plant may lose its right to the feed in tariff and thus to sell the power output under the Special Regime, but it will remain entitled to sell the generated energy under the ordinary regime and therefore under market prices.

Likewise, following the adoption of Article 8 of RD-L 29/2012, any equipment of the PV plant whatsoever (i) not expressly foreseen in the execution project approved and taken into consideration for the Official Commissioning Record ("*acta de puesta en servicio*") and (ii) not covered by the granting of an authorization for amendment of the execution project before the relevant Public Authority, shall not be considered as part of the PV plant and therefore shall not be entitled to the feed in tariff. In such cases, the energy generated by means of the relevant equipment of the PV plants shall be paid in market prices.

In either case, any measures taken by the Public Authorities shall be preceded by an official inspection by the National Energy Commission (*Comisión Nacional de Energía*) and the issuance of an administrative procedure by the Spanish National Directorate-General of Energy Policy and Mines (*Dirección General de Política Energética y Minas*) in which the titleholder of the PV plant shall be entitled to make statements or address written pleadings.

Rinconada II

Rinconada II is fully commissioned and is currently entitled to receive a feed-in tariff of 30.71893 c€/kWh, corresponding to the second quarter of year 2009 of the Pre-assignation Registry, in exchange for the electricity produced, limited to a total amount of 1,632 equivalent hours of production, during the first 30 year of its operation. Rinconada II has been awarded with all the permits and licenses required to its construction and exploitation.

The new tax on energy generation set forth in Law 15/2012 is fully applicable to Rinconada II. The taxpayers are Ellomay Spain, S.L. and the 21 Spanish affiliates entirely owned by Ellomay Spain, S.L.

Our Holdings in Dori Energy

General

U. Dori Energy Infrastructures Ltd., or Dori Energy, is an Israeli private company in which we hold 40%. The remaining 60% are held by U. Dori Group Ltd., or the Dori Group. Dori Energy's main asset is its holdings of 18.75% of Dorad.

Our Investment in Dori Energy

On November 25, 2010, Ellomay Clean Energy Ltd., or Ellomay Energy, our wholly-owned subsidiary, entered into an Investment Agreement, or the Dori Investment Agreement, with the Dori Group and Dori Energy, with respect to an investment by Ellomay Energy in Dori Energy. Pursuant to the terms of the Dori Investment Agreement Ellomay Energy invested a total amount of NIS 50 million (approximately $14.1 million) in Dori Energy, and received a 40% stake in Dori Energy's share capital. The transaction contemplated by the Dori Investment Agreement, or the Dori Investment, was consummated on January 27, 2011, or the Dori Closing Date. Following the Dori Closing Date, the holdings of Ellomay Energy in Dori Energy were transferred to Ellomay Clean Energy Limited Partnership, or Ellomay Energy LP, an Israeli limited partnership whose general partner is Ellomay Energy and whose sole limited partner is us. Ellomay Energy LP replaced Ellomay Energy with respect to the Dori Investment Agreement and the Dori SHA.

Ellomay Energy was also granted an option to acquire additional shares of Dori Energy, or the Dori Option, which, if exercised, will increase Ellomay Energy's percentage holding in Dori Energy to 49% and, subject to the obtainment of certain regulatory approvals – to 50%. The original terms of the Dori Option provided for an exercise price of NIS 2.5 million for each 1% of Dori Energy's issued and outstanding share capital and for an exercise period for the first tranche of the Dori Option, applicable to 9% of Dori Energy's issued and outstanding share capital, or the First Tranche, commencing on the Dori Closing Date and ending six (6) months after the completion and delivery of the Dorad Project. Subject to the full exercise of the First Tranche, the second tranche of the Option, applicable to an additional 1% of Dori Energy's issued and outstanding share capital (on a fully diluted basis), is exercisable commencing six (6) months after the completion and delivery of the Dorad Project and ending twenty four (24) months thereafter.

On October 24, 2012 the parties to the Dori Investment Agreement executed an addendum to the Dori Investment Agreement, or the Dori Addendum. The Dori Addendum updated the terms of the Dori Option as follows: (i) the exercise period for the First Tranche was extended so that the period will end twelve (12) months following the completion and delivery of the Dorad Project, and (ii) the exercise price of the Dori Option (for both tranches) was reduced to NIS 2.4 million for each 1% of Dori Energy's issued and outstanding share capital (on a fully diluted basis). The other terms of the Dori Option remained unchanged. The Dori Addendum further updated the undertaking of Dori Energy's shareholders in connection with the financing of investments in Dorad by clarifying that in the event Dori Energy does not obtain outside financing, each of Dori Group and Ellomay Energy LP will invest its share of the required amounts, pro rata to their holdings in Dori Energy, replacing the Dori Group's undertaking to provide debt financing to Dori Energy in the event Dori Energy does not obtain outside financing.

Concurrently with the execution of the Dori Investment Agreement, Ellomay Energy, Dori Energy and Dori Group have also entered into the Dori SHA that became effective upon the Dori Closing Date. The Dori SHA provides that each of Dori Group and Ellomay Energy is entitled to nominate two directors (out of a total of four directors) in Dori Energy. The Dori SHA also grants each of Dori Group and Ellomay Energy with equal rights to nominate directors in Dorad, provided that in the event Dori Energy is entitled to nominate only one director in Dorad, such director shall be nominated by Ellomay Energy for so long as Ellomay Energy holds at least 30% of Dori Energy. The Dori SHA further includes customary provisions with respect to restrictions on transfer of shares, a reciprocal right of first refusal, tag along, principles for the implementation of a BMBY separation mechanism, veto rights, etc.

Dori Energy LP's representative on Dorad's board of directors is currently Mr. Hemi Raphael, who is also a member of our Board of Directors. To date, Ellomay Energy extended a total shareholders loan to Dori Energy in the amount of approximately $6.7 million.

The Dorad Project

The Dorad Project entails the construction of a combined cycle power plant based on natural gas, with a production capacity of approximately 800 MW, on the premises of the Eilat-Ashkelon Pipeline Company (EAPC) located south of Ashkelon. The electricity produced is expected to be sold to end-users throughout Israel and to the National Electrical Grid. The transmission of electricity to the end-users shall be done via the existing transmission and distribution grid, in accordance with the provisions of the Electricity Sector Law and its Regulations, and the Standards and the tariffs determined by the Public Utility Authority - Electricity. The Dorad power plant will be based on combined cycle technology using natural gas. The combined cycle configuration is a modern technology to produce electricity, where gas turbines serve as the prime mover. After combustion in the gas turbine to produce electricity, the hot gases from the gas turbine exhaust are directed through an additional heat exchanger to produce steam. The steam powers a steam turbine connected to a generator, which produces additional electric energy.

Dorad has entered into a credit facility agreement with a consortium lead by Bank Hapoalim Ltd., and financial closing of the Dorad Project was reached on January 27, 2011.

The Dorad power plant is currently under construction and is expected to commence operations in December 2013. The Dorad power plant will be a bi-fuel plant, using natural gas as the main fuel and diesel oil in the event of an emergency.

The Israeli Electricity Market

The Israeli electricity market is dominated by the IEI, which manufactures and sells almost all of the electricity consumed in Israel and by the Palestinian Authority and had an installed capacity of 12,785 MW as of December 31, 2011. In recent years, various private manufacturers received energy production licenses from the Public Utilities Authority – Electricity. These private manufacturers include, among others, OPC, which is expected to have a production capacity of approximately 440 MW, and Dalia Power Energies Ltd., which is expected to have a production capacity of approximately 870 MW. Both OPC and Dalia Power have not commenced operations as of December 31, 2012.

Prospective Customers

Based on information received from Dorad, Dorad entered into long term (between 10-15 years) electricity supply agreements with various end-users for an aggregate of 650 MW. Some of these agreements are still subject to the approval of Dorad's financing consortium. The end-users include the Israeli Ministry of Defense, food manufacturers (Ossem and Strauss), hotel chains (Isrotel and Fattal), and others.

Sources and Availability of Raw Materials for the Operations of the Dorad Power Plant

Agreement with EMG

Dorad previously executed a gas sale agreement for the supply of natural gas for its operations with the Egyptian company, EMG. In early 2011, riots in Egypt have led to political instability and to the resignation of the President of Egypt and the appointment of a new government. In addition, during 2011 several explosions of gas pipelines at the Egyptian National Grid in Sinai occurred causing the halt of supply of natural gas from Egypt for various periods pending repair of the gas pipelines.

Based on information provided to Dori Energy by Dorad, on April 22, 2012 Dorad received a letter from EMG indicating that on April 19, 2012 the Egyptian energy companies with which EMG entered into a Gas Supply and Purchase Agreement, or GSPA (Egyptian General Petroleum Corporation and Egyptian Natural Gas Holding Company, or, together, the Egyptian Gas Companies), delivered a notice to EMG purporting to terminate their agreement with EMG and on June 21, 2012 an additional letter from EMG was received indicating that while the termination attempt of the GSPA was unlawful and in bad faith, on May 9, 2012, EMG found itself with little practical alternative but to accept the Egyptian Gas Companies' repudiation of the GSPA, resulting in the termination of the GSPA at common law. Such additional letter from EMG further indicated that EMG continues to explore the possibility of alternative gas supply as a result of the aforementioned termination of the GSPA. Further to the these events, Dorad notified EMG, in a letter of which copy was delivered to us on August 6, 2012, that the natural gas delivery agreement dated December 12, 2007 (as amended) by and between Dorad and EMG has been terminated with immediate effect and demanded that EMG shall refund the $3 million advance payments made by Dorad, in addition to interest accrued thereon, and shall compensate Dorad for its losses arising from the breaches of the aforesaid agreement. Our share in this amount was recorded as a loss as of December 31, 2012.

Agreement with Tamar

On October 15, 2012, Dorad entered into the Tamar Agreement. Pursuant to the information received from Dorad, subject to the fulfillment of certain conditions precedent that are set forth in the Tamar Agreement, Dorad will purchase natural gas from Tamar for purposes of operating the Dorad power plant and the main terms of the Tamar Agreement are as follows:

- Tamar has committed to supply natural gas to Dorad in an aggregate quantity of up to approximately 11.2 billion cubic meters (BCM), or the Total Contract Quantity, in accordance with the conditions set forth in the Tamar Agreement.

- The Tamar Agreement will terminate on the earlier to occur of: (i) sixteen (16) years following the commencement of delivery of natural gas to the Dorad power plant or (ii) the date on which Dorad will consume the Total Contract Quantity in its entirety. Each of the parties to the Tamar Agreement has the right to extend the Tamar Agreement until the earlier of: (i) an additional year provided certain conditions set forth in the Tamar Agreement were met, or (ii) the date upon which Dorad consumes the Total Contract Quantity in its entirety.

- Dorad has committed to purchase or pay for ("take or pay") a minimum annual quantity of natural gas in a scope and in accordance with a mechanism set forth in the Tamar Agreement.

- The Tamar Agreement grants Dorad the option to reduce the minimum annual quantity so that it will not exceed 50% of the average annual gas quantity that Dorad will actually consume in the three years preceding the notice of exercise of the option, subject to adjustments set forth in the Tamar Agreement. The reduction of the minimum annual quantity will be followed by a reduction of the other contractual quantities set forth in the Tamar Agreement. The option described herein is exercisable during the period commencing as of the later of: (i) the end of the fifth year after the commencement of delivery of natural gas to Dorad in accordance with the Tamar Agreement or (ii) January 1, 2018, and ending on the later of: (i) the end of the seventh year after the commencement of delivery of natural gas to Dorad in accordance with the Tamar Agreement or (ii) December 31, 2020. In the event Dorad exercises this option, the quantity will be reduced at the end of a one year period from the date of the notice and until the termination of the Tamar Agreement.

- During an interim period, that will commence upon the fulfillment of conditions set forth in the Tamar Agreement, or the Interim Period, the natural gas supply to Dorad will be subject to the quantities of natural gas available to Tamar at the time following the supply of natural gas to customers of the "Yam Tethys" project and other customers of Tamar that have executed natural gas supply agreements with Tamar prior to the execution of the Tamar Agreement. The Interim Period will end after (and to the extent) Tamar completes a project to expand the supply capacity of the natural gas treatment and transmission system from Tamar, expected to be completed by January 2016, subject to the fulfillment of conditions set forth in the Tamar Agreement, or the Expansion Project. In the event the conditions for the completion of the Expansion Project are not fulfilled, or the Expansion Project is not completed by the dates set forth in the Agreement, Dorad shall be entitled to terminate the Tamar Agreement. Upon completion of the Expansion Project, the minimum capacity set forth in the Tamar Agreement will increase and the Total Contract Quantity will increase respectively up to approximately 13.2 BCM.

- The natural gas price set forth in the Tamar Agreement is linked to the rate of electricity production as determined from time to time by the Israeli Public Utility Authority – Electricity, which includes a "floor price."

- As set forth in the notice received from Dorad, Dorad estimates that the aggregate value of the Tamar Agreement (based on its assessment of the gas prices, after the linkage pursuant to the formula set forth in the Tamar Agreement, and of the quantity of natural gas that will be acquired over the term of the Agreement) may amount to approximately US$3.5 billion, assuming that the Total Contract Quantity will be increased to approximately 13.2 BCM and assuming that the option for the reduction of the minimum gas quantities as set forth above will not be exercised by Dorad. The actual value will depend on various factors, including the quantity of natural gas actually purchased and the electricity production rates and accordingly there can be no assurance as to the aggregate value of the Tamar Agreement.

- Dorad may be required to provide Tamar with guarantees or securities in the amounts and subject to the conditions set forth in the Agreement.

- The Tamar Agreement includes additional provisions and undertakings as customary in agreements of this type such as compensation mechanisms in the event of shortage in supply, the quality of the natural gas, limitation of liability, etc.

The Tamar Agreement includes several conditions precedent mainly relating to the receipt of approval from the Israeli Public Utility Authority – Electricity, the receipt of approval from the Israeli Antitrust Authority and the receipt of approval from Dorad's financing entities.

Material Effects of Government Regulations on Dorad's Operations

The regulatory framework applicable to the production of electricity by the private sector in Israel is provided under the Israeli Electricity Sector Law, 1996, or the Electricity Law, and the regulations promulgated thereunder, including the Electricity Market Regulations (Terms and procedures for the granting of a license and the duties of the Licensee), 1997, the Electricity Market Principles (Transactions with the supplier of an essential service), 2000, and the Electricity Market Regulations (Conventional Private Electricity Manufacturer), 2005. In addition, standards, guidelines and other instructions published by the Israeli Public Utilities Authority – Electricity (established pursuant to Section 21 of the Electricity Law, or the Authority) and\or by the Israeli Electric Company also apply to the production of electricity by the private sector in Israel.

In February 2010, the Authority granted Dorad a Conditional License, as defined by the Electricity Market Regulations (Conventional Private Electricity Manufacturer), 2005, or the Conditional License) for the construction of a natural gas (and alternative fuel for back up purposes) operated power plant in Ashkelon, Israel for the production of electricity, with an installed production capacity of 760-850 MWp. The Conditional License includes several conditions precedent to the entitlement of the holder of the Conditional License to produce and sell electricity to the Israeli Electric Company. The Conditional License shall be valid for a period of fifty four (54) months commencing from the date of its approval by the Israeli Minister of National Infrastructures, subject to compliance, by Dorad, with the milestones set forth therein, and the other provisions set forth therein. If Dorad shall comply with all the conditions and meet all the milestones, as detailed in the Conditional License, it is expected to be granted with a permanent electricity production license under the Conditional License. In September 2010, Dorad received a draft approval of conditional tariffs from the Authority that sets forth the tariffs applicable to the Dorad Project throughout the period of its operation.

In addition, in July 2009, the Licensing Authority of the National Planning and Construction Board for National Infrastructure established pursuant to the Israeli Zoning and Construction Law, 1996, or the Construction Law, granted a building permit with respect to the Dorad Project (Building License No. 2-01-2008), as required pursuant to the Construction Law.

Material Effects of Government Regulations - General

Investment Company Act of 1940

Regulation under the Investment Company Act governs almost every aspect of a registered investment company's operations and can be very onerous. The Investment Company Act, among other things, limits an investment company's capital structure, borrowing practices and transactions between an investment company and its affiliates, and restricts the issuance of traditional options, warrants and incentive compensation arrangements, imposes requirements concerning the composition of an investment company's board of directors and requires shareholder approval of certain policy changes. In addition, contracts made in violation of the Investment Company Act are void.

An investment company organized outside of the United States is not permitted to register under the Investment Company Act without an order from the SEC permitting it to register and, prior to being permitted to register, it is not permitted to publicly offer or promote its securities in the United States.

We do not believe that our current asset structure results in our being deemed to be an "investment company," as we control the Italian PV Plants via wholly-owned subsidiaries and Rinconada II through an 85% held subsidiary and the current fair value of our short-term deposits and holdings in Dori Energy do not in our judgment exceed 40% of our aggregate assets, excluding our assets held in cash and cash equivalents. If we were deemed to be an "investment company," we would not be permitted to register under the Investment Company Act without an order from the SEC permitting us to register because we are incorporated outside of the United States and, prior to being permitted to register, we would not be permitted to publicly offer or promote our securities in the United States. Even if we were permitted to register, it would subject us to additional commitments and regulatory compliance. Investments in cash and cash equivalents or in other assets that are not deemed to be "investment securities" might not be as favorable to us as other investments we might make if we were not potentially subject to regulation under the Investment Company Act. We seek to conduct our operations, including by way of investing our cash and cash equivalents, to the extent possible, so as not to become subject to regulation under the Investment Company Act. In addition, because we are actively engaged in exploring and considering strategic investments and business opportunities, and in fact have entered the Italian and Spanish photovoltaic power plants markets through controlling

Shell Company Status

Following the consummation of the HP Transaction, we ceased conducting any operating activity and substantially all of our assets consisted of cash and cash equivalents. Accordingly, we may have been deemed to be a "shell company," defined by Rule 12b-2 promulgated under the Securities Exchange Act of 1934 as (1) a company that has no or nominal operations; and (2) either: (i) no or nominal assets; (ii) assets consisting solely of cash and cash equivalents; or (iii) assets consisting of any amount of cash and cash equivalents and nominal other assets.

Our characterization as a "shell company" subjected us to various restrictions and requirements under the U.S. Securities Laws. For example, in the event we consummated a transaction that caused us to cease being a "shell company," we were required to file a report on Form 20-F within four business days of the closing of such transaction. We filed such Form 20-F that included full disclosure with respect to the PV Plants and our post-transaction status on March 10, 2010, following the execution of the EPC Contracts in connection with the Del Bianco and Costantini PV Plants.

Therefore, we believe that since the execution of the EPC Contracts on March 4, 2010, we have ceased being a "shell company." However, as noted below, the fact that we previously could have been deemed to be a "shell company" continues to affect us in certain ways.

During the period in which we were deemed to be a "shell company" and for a period of sixty days thereafter, we could not use any Form S-8 we have on file in order to enable the issuance of our shares and the resale of such shares by our employees.

In addition, pursuant to the provisions of Rule 144(i) promulgated under the Securities Exchange Act of 1934, shares issued by us at the time we were deemed to be a "shell company" and thereafter can only be resold pursuant to the general provisions of Rule 144 subject to the additional conditions included in Rule 144(i), requiring that a one-year period elapse since the date in which we file our "Form 10 information" (March 10, 2010) and that we have filed all reports and other materials required to be filed by Section 13 or 15(d) of the Exchange Act, as applicable, during the twelve month period preceding the use of Rule 144 for resale of such shares. These continuing restrictions may limit our ability to, among other things, raise capital via the private placement of our shares.

Agreements in the Israeli Oil and Gas Sector

Adira Farm-out Agreement in connection with the Yitzchak License

On December 5, 2011 Ellomay Oil and Gas 2011 LP, or Ellomay Oil and Gas, a limited partnership whose general partner is a wholly-owned subsidiary of Ellomay, entered into the Yitzchak Farm-out Agreement, with Adira for the farm-in of Ellomay Oil and Gas to 20% of the participating interests in the Yitzchak License. The Yitzchak License covers a total area of approximately 127.7 square kilometers (or 31,555 acres) and is in relatively shallow water with depths between 60 and 250 meters.

As published by Adira, simultaneously with the execution of the Yitzchak Farm-out Agreement, Adira entered into a farm-out agreement with the AGR Group, or AGR, to farm-out 5% in the Yitzchak License to AGR as Lead Operator in accordance with Israeli regulations applying to an "Operator" with the continued involvement of Adira as co-operator and formalized a letter of intent with Brownstone Energy Inc., or Brownstone, in respect of the Yitzchak License, enabling the formal registration of Brownstone's 15% participating interest in the Israeli Petroleum Registry. In October 2012, Adira also published the farm-out of 10% in the Yitzchak License to Tohar Hashemesh Ltd., which is subject to regulatory approvals.

Pursuant to the Yitzchak Farm-out Agreement, at the closing of the transactions contemplated by the Farm-out Agreement, Ellomay Oil and Gas will reimburse Adira for its proportionate share of the costs incurred by Adira to date of closing plus interest of LIBOR + 1%. This amount is currently expected to be approximately US$320,000. Ellomay Oil and Gas will also pay Adira a 3% overriding royalty interest, or ORRI, on Ellomay Oil and Gas's share of revenues from sold petroleum until repayment of Ellomay Oil and Gas's expenditures in the work program plus interest of LIBOR + 1%, and 4.5% ORRI following such repayment.

In addition, each of Ellomay Oil and Gas and the other holders of the participating interests in the License is required to bear and pay its respective share of all of the expenditures approved in relation to the License and to bear and pay its share of the carried interest with respect to AGR's 5% participating interest (such payments will be reimbursed to Ellomay Oil and Gas by AGR from its proceeds for oil and gas attributed to its interest in the Yitzchak License).

Subject to professional assessments as to the prospects for successful exploration, Ellomay Oil and Gas further committed to finance its share of the anticipated expenditures in an amount of up to $2 million, less the amount that will be paid at closing as reimbursement of expenses. Thereafter, if Ellomay Oil and Gas does not contribute its share of expenditures in excess of such $2 million, it will be permitted to sell its participating interest to a third party and, if not sold, its holdings in the Yitzchak License would be diluted pro rata to the total expenditures in connection with the Yitzchak License. Our decision to invest funds beyond the $2 million will likely be influenced by our ability to obtain financing for such additional investment from outside sources and the terms of such financing.

Subject to the terms and conditions set out in the Adira Farm-out Agreement, in the event Adira solicits a strategic investor into the Yitzchak License, Ellomay Oil and Gas will reduce its participating interests pro rata to the entry of such investor.

The transaction contemplated by the Yitzchak Farm-out Agreement was consummated on January 9, 2012. The holders of the Yitzchak License executed a Joint Operating Agreement, or the Yitzchak JOA, in September 2012. The Yitzhak JOA provides that we may, until we have invested an amount of $2 million, reduce our investments and thereby reduce our holdings in the Yitzchak license. To date, we funded approximately $554,000, which only represents 10% of the total cash calls to the partners in the Yitzhak license expenses. We expect to continue to assess the status of the Yitchak project and determine the extent of future funding according to our business assessments. *Therefore, we do not believe that our involvement with the Yitzchak Licenses is material to us as of the date of filing of this annual report.*

Delek Farmout Agreements

On February 22, 2011, or the Licenses Effective Date, we entered into two Farmout Agreements, or the Delek Farmout Agreements, contemplating the acquisition of participating interests in four exploration licenses, or the Exploration Licenses, as follows: (i) a Farmout Agreement among Delek Drilling Limited Partnership, or Delek, Avner Oil Exploration Limited Partnership, or Avner, and us contemplating the acquisition by us of 10% of the participating interests in each of the "337/Aviah" and "338/Qeren" drilling licenses, or, respectively, the Aviah License and the Qeren License; and (ii) a Farmout Agreement among Delek, Avenr, Noble Energy Mediterranean Ltd., or Noble, and us contemplating the acquisition by us of 15% of the participating interests in each of the "Ruth D" and "Alon E" drilling licenses, or, respectively, the Ruth License and the Alon License (the transferors of the participating interests are referred to herein as Farmors and the transferees of the participating interests are referred to herein as Farmees).

The consideration that we anticipated paying in connection with the acquisition of the participating interests was an aggregate of approximately $710,000 as reimbursement for past expenditures incurred by the Farmors in connection with operations under the Exploration Licenses until the Licenses Effective Date (which does not include reimbursement of additional expenses that were to be billed to us during the period between the Licenses Effective Date and the closing of the transactions contemplated by the Delek Farmout Agreements). In connection with the Delek Farmout Agreements, we also entered into Overriding Royalty Deeds with the Farmors, providing them with an aggregate overriding royalty interest of 3% of the participating interest per each Exploration License, we granted to each of the Farmors a one-time option to convert part or all of their participating interests in any of the Exploration Licenses, but not more than 3.33% in aggregate with respect to the Aviah License and the Qeren License and 15% in the aggregate with respect to the Ruth License and Alon License, into overriding royalty interests and we entered into Joint Operating Agreements, or JOAs, with the other holders of the Aviah License and Qeren License, and with ATP Oil & Gas Corporation (NASDAQ: ATPG) as operator and into novation agreements related to the Ruth License and Alon License, under which we joined the existing JOAs among the Farmors and Noble as operator.

The transactions contemplated by the Delek Farmout Agreements were not consummated to date. In December 2011, the Israeli Petroleum Commissioner published its decision not to extend the terms of the Aviah License, the Qeren License, the Ruth License and the Alon License and all four licenses have expired and the Petroleum Commissioner announced that they will not be renewed. The current owners of these licenses have announced that they are considering taking legal action in connection with the termination of the licenses but we cannot at this stage estimate or foresee which actions will be taken by the current owners of these licenses as a result of such decision, if any, and what effect these actions will have on the likelihood of the consummation of the transactions. *As these transactions were not consummated, as of March 1, 2013, we made no expenditures in connection with these licenses. Therefore, we do not believe that our current involvement with these licenses is material to us as of the date of filing of this annual report.*

C. Organizational Structure

Our Italian PV Plants are held by the following Italian companies, wholly-owned by Ellomay Luxembourg Holdings S.àr.l. (a Luxemburg company), which, in turn, is wholly-owned by us: (i) Ellomay PV One S.r.l., (ii) Ellomay PV Two S.r.l., (iii) Ellomay PV Five S.r.l., (iv) Ellomay PV Six S.r.l., (v) Ellomay PV Seven S.r.l (formerly Energy Resources Galatina S.r.l.), (vi) Pedale S.r.l., (vii) Luma Solar S.r.l. and (viii) Murgia Solar S.r.l. Our Spanish PV Plant is held by Ellomay Spain S.L., a Spanish company 85% owned by Ellomay Luxemburg. Ellomay Spain owns 21 Spanish companies, each holding a 90 kW solar installation portion of the Riconada II, the first named Energía Solar Fotovoltaica Parque 15, S.L. and the others bear a similar name with references to different numbers (16-34 and 69).

Our holdings in Dori Energy are held by Ellomay Clean Energy Limited Partnership, an Israeli limited partnership whose general partner is Ellomay Clean Energy Ltd., a company incorporated under the laws of the State of Israel wholly-owned by us.

D. Property, Plants and Equipment

Our office space of approximately 306 square meters is located in Tel Aviv, Israel. This lease was due to expire in April 2013 and we extended it by an additional year until April 2014. We have additional options to extend the lease until April 2016. We sub-lease a small part of our office space to a company controlled by Mr. Shlomo Nehama, at a price per square meter based on the price that we pay under our leases. This sub-lease agreement was approved by our Board of Directors.

The PV Plants are located in Italy and in Spain. Pursuant to the building right agreements executed by our subsidiaries that are PV Principals in connection with the PV Plants, our subsidiaries own the PV Plants and received the right to maintain the PV Plant on the land on which they are located, or the Lands). The ownership of the Lands remains with the relevant owners of the Lands who are the grantors of the building rights under the respective building right agreements. In the case of the Galatina Plant our subsidiary owns the land on which the PV Plant is built. The following table provides information with respect to the Lands and the PV Plants:

PV Plant	Size of Property	Location	Owners of the PV Plants/Lands
"Troia 8"	2.42.15 hectares	Province of Foggia, Municipality of Troia, Puglia region	PV Plant owned by Leasint and leased to Ellomay Six S.r.l. / Building right granted to Ellomay PV Six S.r.l. from owners
"Troia 9"	2.39.23 hectares	Province of Foggia, Municipality of Troia, Puglia region	PV Plant owned by Leasint and leased to Ellomay Five S.r.l. / Building right granted to Ellomay PV Five S.r.l. from owners
"Del Bianco"	2.44.96 hectares	Province of Macerata, Municipality of Cingoli, Marche region	PV Plant owned by Ellomay PV One S.r.l./ Building right granted to Ellomay PV One S.r.l. from owners
"Giaché"	3.87.00 hectares	Province of Ancona, Municipality of Filotrano, Marche region	PV Plant owned by Ellomay PV Two S.r.l. / Building right granted to Ellomay PV Two S.r.l. from owners

PV Plant	Size of Property	Location	Owners of the PV Plants/Lands
"Costantini"	2.25.76 hectares	Province of Ancona, Municipality of Senigallia, Marche region	PV Plant owned by Ellomay PV One S.r.l. / Building right granted to Ellomay PV One S.r.l. from owners
"Massaccesi"	3,60,60 hectares	Province of Ancona, Municipality of Arcevia, Marche region	PV Plant owned by Ellomay PV Two S.r.l. / Building right granted to Ellomay PV Two S.r.l. from owners
"Galatina"	4.00.00 hectares	Province of Lecce, Municipality of Galatina, Puglia region	PV Plant and Land owned by Energy Resources Galatina S.r.l.
"Pedale (Corato)"	13.59.52 hectares	Province of Bari, Municipality of Corato, Puglia region	Building Right granted to Pedale S.r.l. that will own the PV Plant once constructed/ Land held by owners and leased to Pedale S.r.l.
"Acquafresca"	3.38.26 hectares	Province of Barletta-Trani, Municipality of Minervino Murge, Puglia region	Building Right granted to Murgia Solar S.r.l. owns the PV Plant. Land held by owners and leased to Murgia Solar S.r.l.
"D'Angella"	3.79.570 hectares	Province of Barletta-Trani, Municipality of Minervino Murge, Puglia region	Building Right granted to Luma Solar S.r.l. that owns the PV Plant. Land held by owners and leased to Luma Solar S.r.l.
"Rinconada II"[1]	81,103 m²	Municipality of Córdoba, Andalusia, Spain	Building Right granted to Ellomay Spain S.L. that owns the PV Plant. Land held by owners and leased to Ellomay Spain S.L.

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1. This PV Plant is 85% owned by us.

For more information concerning the use of the properties in connection with the PV Plants, see "Item 4.A: History and Development of Ellomay" and "Item 4.B: Business Overview" above.

ITEM 4A: Unresolved Staff Comments

Not Applicable.

ITEM 5: Operating and Financial Review and Prospects

The following discussion and analysis is based on and should be read in conjunction with our consolidated financial statements, including the related notes, and the other financial information included in this annual report. The following discussion contains forward-looking statements that reflect our current plans, estimates and beliefs and involve risks and uncertainties. Our actual results may differ materially from those discussed in the forward-looking statements. Factors that could cause or contribute to such differences include those discussed below and elsewhere in this annual report.

Our financial statements have been prepared in accordance with IFRS, which differ in certain significant respects from U.S. GAAP.

As we have commenced acquiring new operations in March 2010, our Italian PV Plants began operations during 2011 and we acquired 85% of the Riconada II PV Plant in Spain during 2012, the data presented in our consolidated financial statements and in our discussion below are not indicative of our future operating results or financial position.

A. Operating Results

General

We are involved in the production of renewable energy through our ownership of the PV Plants in Italy and Spain. As of March 1, 2013, all of our PV Plants, with an aggregate capacity of approximately 10.8 MWp in Italy and of approximately 2.275 MWp in Spain (owned by an 85% held subsidiary), are connected to the applicable national grid and operating. In addition, we recently executed a binding letter of intent for the acquisition of shares of Italian companies that hold photovoltaic plants located in the Veneto Region of Italy with an aggregate capacity of approximately 12MWp but have not executed the definitive agreements yet and therefore have not consummated this transaction as of March 1, 2013. We also made several investments in Israel, mainly in the energy manufacturing and energy related field. See “Item 4.A: History and Development of Ellomay” and “Item 4.B: Business Overview” for more information.

Our current plan of operation is to operate in the Italian and Spanish PV field and to manage our investments in the Israeli market and, with respect to the remaining funds we hold, to identify and evaluate additional suitable business opportunities in the energy and infrastructure fields, including in the renewable energy field, through the direct or indirect investment in energy manufacturing plants, the acquisition of all or part of an existing business, pursuing business combinations or otherwise.

The sale of our wide-format printing business to Hewlett-Packard Company, and several of its subsidiaries, was consummated on February 29, 2008. The aggregate consideration in connection with the HP Transaction amounted to $122.6 million. Of the total consideration, $0.5 million was withheld in connection with the obligation of one our subsidiaries that were sold to HP with respect to the government grants and $14.5 million was deposited into an escrow account to secure our indemnity obligations. Following the submission of the claims and responses and negotiations between us and HP in connection with the funds deposited in the escrow account, we executed a settlement agreement with HP on July 27, 2010 and received approximately $7.2 million (plus accrued interest) out of the $14.5 million that were deposited in the escrow account and the $0.5 million that were previously withheld.

Adoption of IFRS

We adopted IFRS as issued by the IASB in 2010. Our transition date to IFRS under First Time Adoption of International Financial Reporting Standards was January 1, 2009.

Critical Accounting Policies and Estimates

Our significant accounting policies are more fully described in Note 2 to our consolidated financial statements. Certain accounting principles require us to make certain estimates, judgments and assumptions that affect the reported amounts recognized in the financial statements. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods. Estimates and underlying assumptions are reviewed on an ongoing basis. The changes in accounting estimates are recognized in the period of the change in estimate. The key assumptions made in the financial statements concerning uncertainties at the balance sheet date and the critical estimates computed by us that may cause a material adjustment to the carrying amounts of assets and liabilities within the next financial year are the following:

Legal claims

When assessing the possible outcomes of legal claims that were filed against us and our subsidiaries, we and our subsidiaries relied on the assessments of our legal counsel. The assessments of our legal counsel are based on the best of their professional judgment, and take into consideration the current stage of the proceedings and the legal experience accumulated with respect to the various matters. As the results of the claims will ultimately be determined by the courts, they may be different from such assessments.

Classification of leases

In order to determine whether to classify a lease as a finance or operating lease, we evaluate whether the lease transfers substantially all the risks and benefits incidental to ownership of the leased asset. In this respect, we evaluate such criteria as the existence of a "bargain" purchase option, the lease term in relation to the economic life of the asset and the present value of the minimum lease payments in relation to the fair value of the asset.

Uncertain Tax positions

We recognize a provision for tax uncertainties. In determining the amount of the provision, assumptions and estimates are made in relation to the probability that the position will be sustained upon examination and the amount that is likely of being realized upon settlement, using the facts, circumstances, and information available at the reporting date. We record additional tax charges in a period in which it determines that a recorded tax liability is less than it expects ultimate assessment to be. The application of tax laws and regulations is subject to legal and factual interpretation, judgment and uncertainty. Tax laws and regulations themselves are subject to change as a result of changes in fiscal policy, changes in legislation, the evaluation of regulations and court rulings. Therefore, the actual tax liability may be materially different from our estimates, which could result in the need to record additional tax liabilities or potentially reverse previously recorded tax liabilities.

Purchase price allocation

We are required to allocate the purchase price of investment in investees to the assets and liabilities of the investee, on the basis of their estimated fair value. In material acquisitions we engage independent valuers to assist us in determining the fair values of these assets and liabilities. This valuation requires management to use significant estimates and assumptions. The intangible assets that were recognized with the assistance of valuers include the customer portfolio. Critical estimates that were used to value certain assets include, inter alia, the cash flows expected from the customer portfolio Management's assessments regarding the fair value and useful life are based on assumptions management considered reasonable, but involve uncertainty, therefore actual results may be different.

Fair value measurement of non-trading derivatives

Within the scope of the valuation of derivative not traded on an active market, we make assumptions about unobserved data using valuation model.

Results of Operations

On June 9, 2011, we effected a one-for-ten reverse share split. All share and per share data for periods prior to that date have been retroactively adjusted to reflect this reverse share split.

Year Ended December 31, 2012 Compared with Year Ended December 31, 2011

Revenues were approximately $8.9 million for the year ended December 31, 2012, compared to $6.1 million for the year ended December 31, 2011. Operating expenses were approximately $2 million for the year ended December 31, 2012, compared to $1.4 million for the year ended December 31, 2011. Depreciation expenses were approximately $2.7 million for the year ended December 31, 2012, compared to $1.8 million for the year ended December 31, 2011. These increases resulted from the operations of our Italian PV Plants that were connected to the Italian national grid during the six months ended June 30, 2011 and the operations of our Spanish PV Plant acquired on July 1, 2012.

General and administrative expenses were approximately $3.1 million for each of the years ended December 31, 2012 and December 31, 2011. General and administrative expenses for the year ended December 31, 2012 include a disposal of fixed assets due to theft and damages to components of two of our PV Plants and income from insurance policies in connection with these events.

Capital loss was approximately $0.4 million for the year ended December 31, 2012, compared to $0 for the year ended December 31, 2011. The Capital loss recorded during 2012 is mainly attributable to the sale of holdings in connection with an MVNO project we decided not to continue holding and to the impairment of our investment in the Yitzhak License.

Financing income was approximately $0.7 million in the year ended December 31, 2012, compared to approximately $2 million in the year ended December 31, 2011. This decrease in financing income was mainly attributable to gain from exchange rate differences net that were recognized in 2011.

Financing expenses were approximately $4.3 million in the year ended December 31, 2012, compared to approximately $3.2 million in the year ended December 31, 2011. This increase in financing expenses was mainly attributable to increased expenses from exchange rate differences in 2012 on cash and cash equivalents and short-term bank loans denominated in foreign currencies and to the interest expenses on our short-term loans and borrowings, financial lease obligations and long-term bank loans.

Share of losses of equity accounted investees was approximately $0.2 million in the year ended December 31, 2012, compared to approximately $0.6 million in the year ended December 31, 2011. This decrease was primarily due to the sale of our holdings in connection with an MVNO project we decided not to continue holding.

Tax benefit was approximately $1 million in each of the years ended December 31, 2012 and December 31, 2011. Tax benefit for the year ended December 31, 2012 is mainly attributable to reversal of tax provisions made in prior years.

Loss attributable to non-controlling interests was approximately $20,000 in the year ended December 31, 2012, compared to $0 loss in the year ended December 31, 2011. This increase was primarily due to the operations of our Spanish PV Plant acquired on July 1, 2012.

Other comprehensive income from foreign currency translation differences from foreign operation were approximately $1.6 million in the year ended December 31, 2012, compared to a loss of approximately $3.7 million in the year ended December 31, 2011. The changes for the years ended December 31, 2012 and December 31, 2011 were primarily due to the operations of our Italian and Spanish PV Plants and our investment in Dori Energy. Loss from foreign currency translation differences in 2011 resulted from the devaluation of the Euro against the U.S. dollar, and in connection with the closing of our investment in Dori Energy in January 2011 resulting from the devaluation of the NIS against the U.S. dollar. Income from foreign currency translation differences in the year ended December 31, 2012 resulted from the revaluation of the Euro against the U.S. dollar and the revaluation of the NIS against the U.S. dollar during 2012. Appreciation of the Euro against the U.S. dollar was approximately 2% during 2012, compared to a devaluation of the Euro against the U.S. dollar of approximately 3.2% during 2011. During 2012 the appreciation of the NIS against the U.S. dollar was approximately 2.3%, compared to a depreciation of the NIS against the U.S. dollar of approximately 7.1% during 2011.

Our total comprehensive loss for the year ended December 31, 2012 was approximately $0.5 million, compared to a loss of approximately $4.7 million in the year ended December 31, 2011. The net loss for the year ended December 31, 2012 was primarily due to the fair value measurement of swap contracts, partially offset by foreign currency translation differences.

Year Ended December 31, 2011 Compared with Year Ended December 31, 2010

Revenues were approximately $6.1 million for the year ended December 31, 2011, compared to $0 for the year ended December 31, 2010. Operating expenses were approximately $3.2 million for the year ended December 31, 2011, compared to $0 for the year ended December 31, 2010. This increase was due to the commencement of operations of our Italian PV Plants subsequent to January 1, 2011.

General and administrative expenses were approximately $3.1 million for the year ended December 31, 2011, compared to approximately $3.2 million for the year ended December 31, 2010. This decrease was primarily due to decreased due diligence related expenses as a result of our increased knowledge in the Italian PV market and less due diligence processes that did not mature into transactions.

Financing expenses, net were approximately $1.2 million in the year ended December 31, 2011. Financial income, net was approximately $1.4 million in the year ended December 31, 2010. This increase in financing expenses was mainly attributable to the fair value measurement of swap contracts and option to purchase additional shares of Dori Energy and to the interest expenses on our short-term loans and borrowings, financial lease obligations and long-term bank loans.

Share of losses of equity accounted investees was approximately $0.6 million in the year ended December 31, 2011, compared to approximately $70,000 in the year ended December 31, 2010. This increase was due to the closing of our investment in Dori Energy in January 2011.

Tax benefit was approximately $1 million in the year ended December 31, 2011, compared to approximately $40,000 in the year ended December 31, 2010. The tax benefit during the year ended December 31, 2011 is primarily attributable to tax assessments that have reached their statute of limitation decreasing the amount of unrecognized tax benefit.

Profit from discontinued operations was $0 for the year ended December 31, 2011, compared to approximately $7 million for the year ended December 31, 2010. The income in the year ended December 31, 2010 was due to the release of funds from the escrow account in connection with the HP Transaction, net of related expenses.

Other comprehensive loss from foreign currency translation differences from foreign operation were approximately $3.7 million in the year ended December 31, 2011, compared to approximately $0.2 million income in the year ended December 31, 2010. The loss for the year ended December 31, 2011 was primarily due to our operations in the Italian PV field and resulted from the devaluation of the Euro against the U.S. dollar and due to the closing of our investment in Dori Energy in January 2011 resulting from the appreciation of the NIS against the U.S. dollar. The income for the year ended December 31, 2010 was primarily due to our operations in the Italian PV field and resulted from the appreciation of the Euro against the U.S. dollar. During the year ended December 31, 2011, the devaluation of the Euro against the U.S. dollar was approximately 3.2% compared to appreciation of approximately 7.7% during the period since the beginning of our operations in the Italian PV field during 2010 and until December 31, 2010. During 2011 the depreciation of the NIS against the U.S. dollar was approximately 7.1%, compared to an appreciation of the NIS against the U.S. dollar of approximately 6.4% during 2010.

Our total comprehensive loss for the year ended December 31, 2011 was approximately $4.7 million, compared to income of approximately $5.4 million in the year ended December 31, 2010. The net loss for the year ended December 31, 2011 was primarily due to other comprehensive loss from foreign currency translation differences in connection with our foreign operations. The net income for the year ended December 31, 2010 was primarily due to the release of funds from the escrow account following the execution of the settlement agreement with HP described above.

Impact of Inflation and Fluctuation of Currencies

The annual rate of inflation in Israel was 2.7% in the year ended December 31, 2010, it decreased to 2.6% in the year ended December 31, 2011 and further decreased to 1.6% in the year ended December 31, 2012.

Substantially all of our cash and cash equivalents and short-term deposits are held in US$. We currently conduct our business in Italy, Spain and in Israel and a significant portion of our expenses is in Euro and NIS. We therefore are affected by changes in the prevailing Euro/U.S. dollar and NIS/U.S. dollar exchange rates. We cannot predict the rate of appreciation/depreciation of the NIS or the Euro against the U.S. dollar in the future, and whether these changes will have a material adverse effect on our finances and operations.

The table below set forth the annual rates of appreciation (or depreciation) of the NIS against the U.S. dollar and of the U.S. dollar against the Euro.

	Year ended December 31,		
	2012	**2011**	**2010**
Appreciation (Depreciation) of the NIS against the U.S. dollar	2.3%	(7.1)%	6.4%
Appreciation (Depreciation) of the Euro against the U.S. dollar	2%	(3.2)%	(7.4)%

The representative dollar exchange rate was Euro 1.33 for one U.S. dollar on December 31, 2010, Euro 1.29 for one U.S. dollar on December 31, 2011 and Euro 1.32 for one U.S. dollar on December 31, 2012. The average exchange rates for converting the Euro to U.S. dollars during the years ended December 31, 2010, 2011 and 2012 were Euro 1.33, 1.39 and 1.28 for one U.S. dollar, respectively. The exchange rate as of March 1, 2013 was Euro 1.23 for one U.S. dollar.

The representative dollar exchange rate was NIS 3.549 for one U.S. dollar on December 31, 2010, NIS 3.821 for one U.S. dollar on December 31, 2011 and NIS 3.733 for one U.S. dollar on December 31, 2012. The average exchange rates for converting the New Israeli Shekel to U.S. dollars during the years ended December 31, 2010, 2011 and 2012 were NIS 3.733, 3.579 and 3.858 for one U.S. dollar, respectively. The exchange rate as of March 1, 2013 was NIS 3.723 for one U.S. dollar.

Substantially all of our cash and cash equivalents and short-term deposits are held in US$. Therefore, we believe that the currency of the primary economic environment in which we operate is the U.S. dollar. Thus, the U.S. dollar is our reporting and functional currency. However, the functional currency of our Italian and Spanish subsidiaries is the Euro and the functional currency of our investment accounted under the equity method in Israel is the NIS. When a company's functional currency differs from its parent's functional currency that entity represents a foreign operation whose financial statements are translated so that they can be included in the consolidated financial statements as follows:

(a) Assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet.

(b) Income and expenses for each period presented in the statement of comprehensive income (loss) are translated at average exchange rates for the presented periods; however, if exchange rates fluctuate significantly, income and expenses are translated at the exchange rates at the date of the transactions.

(c) Share capital, capital reserves and other changes in capital are translated at the exchange rate prevailing at the date of issuance.

(d) Retained earnings are translated based on the opening balance translated at the exchange rate at that date and other relevant transactions during the period are translated as described in (b) and (c) above.

(e) All resulting translation differences are recognized as a separate component of other comprehensive income (loss) in equity "adjustments arising from translating financial statement of foreign operations."

On a total or partial disposal of a foreign operation, the relevant part of the other comprehensive income (loss) is recognized in the statement of comprehensive income (loss).

Intergroup loans for which settlement is neither planned nor likely to occur in the foreseeable future are, in substance, a part of the investment in that foreign operation and are accounted for as part of the investment and the exchange differences arising on these loans are recognized in the same component of equity as discussed in (e) above.

For information concerning hedging transactions entered into in connection with our PV operations in Italy and in Spain, see "Item 11: Quantitative and Qualitative Disclosures About Market Risk."

Governmental Economic, Fiscal, Monetary or Political Policies or Factors that have or could Materially Affect our Operations or Investments by U.S. Shareholders

Governmental Regulations Affecting the Operations of our PV Plants

Our PV Plants are subject to comprehensive regulation and we sell the electricity produced by our PV Plants for rates determined by governmental legislation and to local governmental entities. Any change in the legislation that affects PV plants such as our PV Plants could materially adversely affect our results of operations. The recent economic crisis in Europe and specifically in Italy and Spain could cause the applicable legislator to reduce benefits provided to operators of PV plants or to revise the Feed-in-Tariff system that currently governs the sale of electricity in Italy and Spain. For more information see "Item 3.D: Risk Factors - Risks Related to the PV Plants" and "Item 4.B: Material Effects of Government Regulations on the PV Plants."

Effective Israeli Corporate Tax Rate

Israeli companies are generally subject to company tax on their taxable income. The applicable rate was 26% in 2009, 25% in 2010 and 24% in 2011, and was scheduled to be reduced gradually to 18% by 2016. However, due to recent amendments to the Israeli Income Tax Ordinance, the rate commencing January 1, 2012 has been set at 25%.

As of December 31, 2012, we had tax loss carry-forwards in the amount of approximately NIS 104 million (approximately $28 million). Under current Israeli tax laws, tax loss carry-forwards do not expire and may be offset against future taxable income.

B. Liquidity and Capital Resources

As of March 1, 2013, we held approximately $31 million in cash and cash equivalents, approximately $3.2 million in short-term restricted cash, approximately $5.3 million in short-term deposits and approximately $3.3 million in long-term restricted cash. The decrease in cash and cash equivalents since December 31, 2012 is mainly attributable to shareholders loans extended to Dori Energy and repayment of loans in connection with our Italian PV Plants.

Although we now hold the aforementioned funds, we may need additional funds if we seek to acquire certain new businesses and operations. If we are unable to raise funds through public or private financing of debt or equity, we will be unable to fund certain business combinations that could ultimately improve our financial results. We cannot ensure that additional financing will be available on commercially reasonable terms or at all.

We entered into the Leasing Agreements with Leasint, the Finance Agreement with Centrobanca and the Loan Agreement with UniCredit in connection with the financing of six of our PV Plants and into the Discount Bank Agreement in connection with the financing of our portion of Dori Energy's obligations to Dorad (all as defined and more fully described below). We also secured short term bank financing in connection with the financing of our PV operations from Leumi USA. We currently have no commitments for additional financing, however we intend to finance the remainder of our PV Plants and a portion of the consideration for the Veneto PV Plants, subject to the finalization and execution of the Veneto Agreements, by bank loans or other means of financing. For more information see "Item 4.A: Information on Ellomay - History and Development of Ellomay – Recent developments," in connection with the execution of the binding letter of intent to acquire the Vento PV Plants.

In our opinion, our working capital is sufficient for our present requirements.

We currently invest our excess cash in cash and cash equivalents that are highly liquid and in short term deposits.

At December 31, 2012 we had approximately $33.2 million cash and cash equivalents, compared with approximately $28.9 million of cash and cash equivalents at December 31, 2011 and approximately $76.6 million cash and cash equivalents at December 31, 2010.

As of December 31, 2012, we had recorded commitments for capital expenditures in the amount of approximately $10.9 million for services that were substantially preformed in connection with agreements entered into during 2010 through 2011 (calculated net of penalties due to delay in connection to the national grid of some of the PV Plants accrued by December 31, 2012). We anticipate to use our cash assets and financing from third party financing entities (especially in connection with the financing of our Italian PV Plants) in order to meet such commitments.

We executed several project finance agreements in connection with six of the PV Plants and may in the future exercise additional project finance agreements with respect to one or more of the remaining PV Plants. The following is a brief description of the project finance agreements that exist in connection with several of the PV Plants.

Leasint

On December 31, 2010, Ellomay PV Five S.r.l. and Ellomay PV Six S.r.l., our wholly-owned Italian subsidiaries that are the PV Principal for the Troia 9 and Troia 8 PV Plants, respectively, entered into Financial Leasing Agreements, or the Leasing Agreements, with Leasint S.p.A., or Leasint.

Pursuant to the Leasing Agreements, each of Ellomay PV Five and Ellomay PV Six sold the PV Plants owned by them for an aggregate of Euro 3.795 million before applicable VAT (such amount included payments to the EPC Contractors) and Leasint, in turn, leases the PV Plant to each of these entities in consideration for (i) a down-payment equal to approximately 21% of the consideration and (ii) monthly payments of approximately Euro 20,000 commencing 210 days following the transfer of ownership of the relevant PV Plant to Leasint, for the duration of the Leasing Agreement (17 years), representing a nominal annual interest rate of 3.43%. The monthly payments are linked to the monthly EURIBOR (Euro Interbank Offered Rate). At the end of term of the Leasing Agreement, each of the respective subsidiaries has the option to purchase the PV Plant from Leasint for 1% of the consideration.

The Leasing Agreements provide that the PV Principals shall be responsible and liable to Leasint for the acceptance of the plant and for the adherence with applicable laws, and the PV Principals shall undertake any risk in connection with the PV Plant, including, *inter alia*, the operation and the maintenance of the PV system. The Leasing Agreements also include indemnification undertakings towards Leasint and further provides Leasint with the rights to independently verify the correct performance of the works.

The Leasing Agreements may not be assigned by the PV Principals. In connection with the Leasing Agreements, the relevant PV Principals assigned their rights to receive credits from GSE to Leasint (to be used for payment of the monthly installments).

In connection with the Leasing Agreements, Ellomay Luxemburg, our wholly-owned subsidiary and the parent company of Ellomay PV Five and Ellomay PV Six, (i) undertook not to transfer its holdings in these companies without the prior written consent of Leasint, (ii) provided a pledge on the shares it holds in such companies in favor of Leasint in order to guarantee the obligations of these companies under the respective Leasing Agreement and (iii) agreed to the subordination of any receivables it may be entitled to receive from these companies. In connection with the Leasing Agreements and the foregoing undertakings by Ellomay Luxemburg, we undertook not to transfer more than 20% of our holdings of Ellomay Luxemburg without the prior written consent of Leasint.

As of December 31, 2012, all available funds under the Leasing Agreements, amounting to approximately Euro 6 million, were utilized.

Centrobanca

On February 17, 2011, Ellomay PV One S.r.l., our wholly-owned Italian subsidiary that is the PV Principal for the Del Bianco and Costantini PV Plants, entered into a project finance facilities credit agreement, or the Finance Agreement, with Centrobanca – Banca di Credito Finanziario e Mobiliare S.p.A., or Centrobanca.

Pursuant to the Finance Agreement, Ellomay PV One received two lines of credit in the aggregate amount of Euro 4.65 million divided into:

(i) a Senior Loan, to be applied to the costs of construction of the PV Plants (up to 80% of the relevant amount), in the amount of Euro 4.1 million, accruing interest at the EURIBOR rate, increased by a margin of 200 basis points per annum, repaid semi annually with a maturity date of December 31, 2027; and

(ii) a VAT Line, for payment of VAT due on the costs of construction in the amount of Euro 0.55 million, accruing interest at the EURIBOR rate, increased by 160 basis points per annum, repaid in one payment until December 31, 2013.

The Finance Agreement also requires the payment of commitment fees per annum, calculated as a certain percentage of the undrawn and un-cancelled amount of both the Senior Loan and the VAT Line and certain additional payments, including an arranging fee and an annual agency fee.

The Finance Agreement provides for a defaults interest that will accrue upon the occurrence of certain events, including a delay in payments, acceleration, termination and withdrawal. The outstanding loans may be prepaid on predetermined dates, upon payment of a fee equal to 2% of the prepaid amount. The Finance Agreement also provides for mandatory prepayment upon the occurrence of certain events, including in the event the present value of cash flow available for debt services/debt outstanding (the Loan Life Coverage Ratio) is lower than a pre-determined ratio and in the event of a change of more than 49% of the ownership of Ellomay PV One (unless Centrobanca resolves to maintain the financing in force based on the identity and undertakings of the new shareholder). The Finance Agreement includes various customary representations, warranties and covenants, including covenants to maintain certain financial ratios.

No amount re-paid or pre-paid under the Finance Agreement may be re-borrowed by Ellomay PV One. Ellomay PV One may not transfer any of the credits or other rights or obligations under the Finance Agreement without the prior consent of Centrobanca.

In connection with the Finance Agreement, Ellomay PV One provided securities to Centrobanca, including a mortgage on the PV Plants and an assignment of receivables deriving from the project contracts (including the agreements with GSE) and VAT credits (to be used for repayment of the outstanding loans).

In connection with the Finance Agreement, Ellomay Luxemburg, our wholly-owned subsidiary and the parent company of Ellomay PV One (i) provided a pledge on the shares it holds in this company in favor of Centrobanca in order to guarantee the obligations of this company under the Finance Agreement and related documents, (ii) agreed to the subordination of any receivables it may be entitled to receive from these companies and (iii) entered into an equity contribution agreement with Ellomay PV One. In connection with the Finance Agreement and the foregoing undertakings by Ellomay Luxemburg, we undertook to Ellomay Luxemburg that for so long as we remain its sole shareholder and it remains the sole shareholder of the Ellomay PV One and if it does not have sufficient funds, we will provide it with sums necessary to enable Ellomay Luxembourg to contribute equity to Ellomay PV One in order to, *inter alia*, cover part of the costs of the PV Project and ensure that the Debt/Equity Ratio meets the requirements of the Finance Agreement.

As of December 31, 2012 all available funds under the Finance Agreement, amounting to approximately Euro 4.4 million, were utilized.

Unicredit

On December 20, 2011, Ellomay PV Two S.r.l., our wholly-owned Italian subsidiary that is the PV Principal for the Giaché and Massaccesi PV Plants, entered into a loan agreement, or the Loan Agreement, with Unicredit S.p.A., or Unicredit. Pursuant to the Loan Agreement, Ellomay PV Two received a line of credit up to an amount of Euro 5.047 million bearing interest at the EURIBOR 6 month rate plus a range of 5.15%-5.35% per annum, depending on the period in which interest is accrued during the term of the Loan Agreement. The principal and interest on the loan are repaid semi-annually. The final maturity date of this loan is December 31, 2029.

The Loan Agreement provides for a default interest that will accrue upon a delay in payments. The outstanding loans may be prepaid subject to the provision of a prepayment notice and the requirement for prepayment of amounts that are not less than certain thresholds set forth in the Loan Agreement. The Loan Agreement also provides for mandatory prepayment upon the occurrence of certain events, including in the event the borrower receives insurance or indemnity compensation and in the event of a change in control of the borrower without Unicredit's consent. The Loan Agreement includes various customary representations, warranties and covenants, including covenants to maintain certain financial ratios.

No amount re-paid or pre-paid under the Loan Agreement may be re-borrowed by Ellomay PV Two. Ellomay PV Two may not transfer any of the credits or other rights or obligations under the Loan Agreement.

In connection with the Loan Agreement, Ellomay PV Two provided securities to Unicredit, including a mortgage on the PV Plants and an assignment of receivables deriving from the project contracts (including the agreements with GSE, credits resulting from the EPC Contracts and O&M Agreements and insurances).

In connection with the Loan Agreement, Ellomay Luxemburg, our wholly-owned subsidiary and the parent company of Ellomay PV Two (i) provided a pledge on the shares it holds in this company in favor of Unicredit in order to guarantee the obligations of this company under the Loan Agreement and related documents and (ii) agreed to the subordination of any receivables it may be entitled to receive from Ellomay PV Two. In addition, we and Ellomay Luxemburg entered into an equity contribution agreement with Ellomay PV Two and Unicredit that provides for Ellomay Luxemburg's obligation to contribute funds to Ellomay PV Two and our obligation to cure Ellomay Luxemburg's failure to do so, both under limited circumstances (certain additional project costs and failure of Ellomay PV Two to deliver warranty bonds under the Loan Agreement) and for limited amounts.

As of December 31, 2012 all available funds under the Loan Agreement, amounting to approximately Euro 5 million, were utilized.

Discount Bank

Concurrently with the consummation of the Dori Investment, Dori Energy entered into an agreement with Israel Discount Bank Ltd., or Discount Bank and the Discount Bank Agreement, pursuant to which Discount Bank extended to Dorad, as per Dori Energy's request, a NIS 120 million (approximately $34 million) bank guarantee that was required to allow Dori Energy to extend its pro rata share of the equity required by Dorad for the power plant project. Ellomay Energy and we guaranteed, jointly and severally, 40% of the liabilities of Dori Energy towards Discount Bank under the Discount Bank Agreement. In addition, each of Ellomay Energy and U. Dori also pledged their holdings in Dori Energy in favor of Discount Bank as a security for the fulfillment of Dori Energy's obligations to Discount Bank under the Discount Bank Agreement. The term of this guarantee was extended twice, each time for one additional year, and in the agreement authorizing such extension, each of Ellomay Energy LP and the Dori Group undertook to Discount Bank, that in the event Dorad requires funding from Dori Energy for the construction of Dorad's power plant project pursuant to the agreement between Dorad and its shareholders, each of Ellomay Energy LP and the Dori Group shall extend to Dori Energy its pro rata share of such funding. Therefore, we may be required by Discount Bank to extend additional funding to Dori Energy in the future.

Cash flows

The following table summarizes our cash flows for the periods presented:

	Year ended December 31,		
	2012	2011	2010
	(U.S. dollars in thousands)		
Net cash (used in) provided by operating activities	$ 5,906	$ (3,042)	$ (4,867)
Net cash (used in) provided by investing activities	(1,850)	(62,797)	(12,159)
Net cash provided by (used in) financing activities	(34)	21,021	18,314
Exchange differences on balances of cash and cash equivalents	353	(2,848)	15
Net (decrease) increase in cash and cash equivalents	4,375	(47,666)	1,303
Cash and cash equivalents at beginning of period	28,917	76,583	75,280
Cash and cash equivalents at end of period	33,292	28,917	76,583

Operating activities

In the year ended December 31, 2012, we had a net loss from continuing operations of $2.1 million. Net cash provided by operating activities was approximately $5.9 million, primarily due to collection of revenue from the sale of electricity by our PV Plants.

In the year ended December 31, 2011, we had a net loss from continuing operations of approximately $1 million. Net cash used in operating activities was approximately $3.1 million.

In the year ended December 31, 2010, we had a net loss from continuing operations of approximately $1.8 million. Net cash used in operating activities was approximately $4.9 million.

Investing activities

Net cash used in investing activities was approximately $1.8 million in the year ended December 31, 2012, primarily due to the acquisition of our Spanish PV Plant and our additional investments in Dori Energy via the extension of shareholder loans, net of proceeds from short-term deposits and restricted cash.

Net cash used in investing activities was approximately $62.8 million in the year ended December 31, 2011, primarily due to the purchase of property and equipment in connection with our PV Plants, the investment in Dori Energy and the investment in restricted cash and short term bank deposits.

Net cash used in investing activities was approximately $12.2 million in the year ended December 31, 2010, primarily due to the execution of the transactions for the construction and operation of the photovoltaic plants in Italy and the investment in Dori Energy as detailed in Item 4.

Financing activities

Net cash used in financing activities in the year ended December 31, 2012 was approximately $30,000, deriving primarily from the utilization of the Unicredit loan in January 2012, net of short term and long term loans repayments. For more information concerning these financing agreements see “Item 4.B: Business Overview” and for more information concerning hedging transactions undertaken in connection with these financing agreements see “Item 11: Quantitative and Qualitative Disclosures About Market Risk.”

Net cash provided by financing activities in the year ended December 31, 2011 was approximately $21 million, deriving primarily from financing agreements entered in connection with the financing of our PV Plants.

Net cash provided by financing activities in the year ended December 31, 2010 was approximately $18.3 million, deriving primarily from the issuance of shares following the exercise of warrants and the Leasing Agreements with Leasint. For more information concerning the Leasing Agreements see “Item 4.B: Business Overview” and for more information concerning hedging transactions undertaken in connection with financings granted at EURIBOR linked interest and in connection with our exposure to changes in fair value of our other loans and borrowings, as a result of changes in the interest rates, see “Item 11: Quantitative and Qualitative Disclosures About Market Risk.”

We did not enter into any financing agreement during 2012.

During 2011, we entered into the Loan Agreement with Unicredit in connection with the financing of two of our PV Plants, we entered into the Finance Agreement with Centrobanca in connection with the financing of two of our PV Plants and we entered into a short term financing agreement with Leumi USA. As of December 31, 2012 we utilized approximately Euro 6 million, Euro 5 million, Euro 4.4 million and Euro 4.5 million out of the aggregate amount available under the Leasing Agreements with Leasint, the Finance Agreement with Centrobanca, the Loan Agreement with Unicredit and the Leumi USA short term financing agreement, respectively. For more information concerning the terms of the financing agreements in connection with our PV Plants see “Item 4.B: Business Overview" and notes 9, 10 and 11 to the financial statements.

As of December 31, 2012 we were not in default of any financial covenants under the agreements with Unicredit, Centrobanca, Leasint and Leumi USA.

As of December 31, 2012, our total current assets amounted to approximately $51.2 million, out of which approximately $33.2 million was in cash and cash equivalents and $5.3 in short-term deposits, compared with total current liabilities of approximately $23.2 million. Our assets held in cash equivalents are held in money market accounts and short-term deposits, all of which are highly liquid investments that are readily convertible to cash with original maturities of three months or less at the date acquired.

As of December 31, 2011, our total current assets amounted to approximately $61.6 million, out of which approximately $28.9 million was in cash and cash equivalents and $10 million in short-term deposits, compared with total current liabilities of approximately $29.7 million. Our assets held in cash equivalents are held in money market accounts and short-term deposits, all of which are highly liquid investments that are readily convertible to cash with original maturities of three months or less at the date acquired.

As of December 31, 2010, our total current assets amounted to approximately $79.5 million, out of which $76.6 million was in cash and cash equivalents, compared with total current liabilities of approximately $7.8 million.

The decrease in our cash and short-term deposits balance is mainly attributable to the amounts invested in new operations, repayment of loans and general and administrative expenses net of cash provided by financing activities and collected in connection with the sale of electricity.

Outstanding Warrants

As of March 1, 2013, there were no outstanding warrants to purchase our ordinary shares.

C. Research and Development, Patents and Licenses, etc.

We have not conducted any research and development activities in the years ended December 31, 2010, 2011 and 2012.

D. Trend Information

We operate in the Italian and Spanish photovoltaic markets and in the Israeli energy market through our ownership of ten PV Plants in Italy, one PV Plant in Spain (85% owned by us), 40% of the issued and outstanding shares of Dori Energy and funded approximately 10% of the participating interests in the Yitzchak License. Our Italian PV Plants have been operational and connected to the Italian national grid throughout 2012. However, as we acquired our Spanish PV Plant only during 2012 our results for 2012 do not reflect a full year of operations of such PV Plant and the Dorad power plant is still under construction. Our current plan of operation is to operate in the Italian and Spanish PV field and to manage our investments in the Israeli market and, with respect to the remaining funds we hold, to identify and evaluate additional suitable business opportunities in the energy and infrastructure fields, including in the renewable energy field, through the direct or indirect investment in energy manufacturing plants, the acquisition of all or part of an existing business, pursuing business combinations or otherwise. There is no assurance that any of these alternatives will be pursued or, if one is pursued, the timing thereof, the terms on which it would occur, the type of industry that will be involved and the success of such activity. Therefore, our financial data reported in this report is not necessarily indicative of our future operating results or financial position.

Our business and revenue growth from the transactions in the Italian and Spanish photovoltaic market depends, among other factors, on seasonality. Revenue tends to be lower in the winter, primarily because of adverse weather conditions. The growth of our solar business in Italy and Spain is affected significantly by government subsidies and economic incentives. Our ability to continue to leverage the investment in this market, may affect the profitability of the transactions. See “Item 3.D: Risk Factors - Risks Related to the Italian PV Plants” and “Item 4.B: Business Overview.”

E. Off-Balance Sheet Arrangements

We are not a party to any material off-balance sheet arrangements. In addition we have no unconsolidated special purpose financing or partnership entities that are likely to create material contingent obligations.

F. Tabular Disclosure of Contractual Obligations

The following table of our material contractual obligations as of December 31, 2012, summarizes the aggregate effect that these obligations are expected to have on our cash flows in the periods indicated:

	Payments due by period (in thousands of U.S. dollars)				
Contractual Obligations*	**Total**	**Less than 1 year**	**1 – 3 years**	**3 – 5 years**	**more than 5 years**
Loans and Borrowings (1)	$ 5,980	$ 5,980	$ -	$ -	$ -
Finance lease obligations (1)	9,441	621	620	1,857	6,343
Long-term loans (1)	18,311	1,341	1,039	4,457	11,477
Long-term rent obligations (2)	3,859	267	267	267	3,058
Other long-term liabilities (3)	3,827	-	-	-	3,827
Total	$ 37,591	$ 7,942	$ 1,659	$ 6,311	21,679

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* For contractual obligations related to our investment in the Italian and Spanish photovoltaic market, please refer to Item 4.

(1) These amounts include future payment of interest.

(2) Includes land lease agreements of our Italian subsidiaries. Rent until April 2013 of our offices in Tel Aviv is also included.

(3) Consists mainly of balance amounts relating to SWAP contracts.

ITEM 6: Directors, Senior Management and Employees

A. Directors and Senior Management

The following table sets forth certain information with respect to our directors and senior management, as of March 1, 2013:

Name	Age	Position with Ellomay
Shlomo Nehama(1)(2)	58	Chairman of the Board of Directors
Ran Fridrich(1)(2)(3)	60	Director and Chief Executive Officer
Hemi Raphael(1)(2)	61	Director
Anita Leviant(1)(3)(4)	58	Director
Oded Akselrod(4)(5)(6)	66	Director
Barry Ben Zeev(4)(5)(6)(7)	61	Director
Mordechai Bignitz(4)(5)(6)(7)	61	Director
Kalia Weintraub	34	Chief Financial Officer
Eran Zupnik	44	EVP of Business Development

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(1) Elected pursuant to the Shareholders Agreement, dated as of March 24, 2008, between S. Nechama Investments (2008) Ltd. and Kanir Joint Investments (2005) Limited Partnership (See "Item 7.A: Major Shareholders").
(2) Provides management services to the Company pursuant to a Management Services Agreement (See "Item 6.B: Compensation").
(3) Member of our Advisory Committee.
(4) Independent Director pursuant to the NYSE MKT rules.
(5) Member of our Audit Committee.
(6) Member of our Compensation Committee.
(7) External Director and independent director pursuant to the Companies Law.

The address of each of our executive officers and directors is c/o Ellomay Capital Ltd., 9 Rothschild Boulevard, 2nd floor, Tel Aviv 66881, Israel.

Shlomo Nehama has served as a director and Chairman of the Board of Ellomay since March 2008. From 1998 to 2007, Mr. Nehama served as the Chairman of the Board of Bank Hapoalim B.M., one of largest Israeli banks. In 1997, together with the late Ted Arison, he organized a group of American and Israeli investors who purchased Bank Hapoalim from the State of Israel. From 1992 to 2006, Mr. Nehama served as the Chief Executive Officer of Arison Investments. From 1982 to 1992, Mr. Nehama was a partner and joint managing director of Eshed Engineers, a management consulting firm. He also serves as a director in several philanthropic academic institutions, on a voluntary basis. Mr. Nehama is a graduate of the Technion - Institute of Technology in Haifa, Israel, where he earned a degree in Industrial Management and Engineering. Mr. Nehama received an honorary doctorate from the Technion for his contribution to the strengthening of the Israeli economy.

Ran Fridrich has served as a director of Ellomay since March 2008, as our interim chief executive officer since January 2009, and as our chief executive officer since December 2009. Mr. Fridrich is the co-founder and executive director of Oristan, Investment Manager, an investment manager of CDO Equity and Mezzanine Funds and a Distress Fund, established in June 2004. In addition, Mr. Fridrich is a consultant to Capstone Investments, CDO Repackage Program, since January 2005. In January 2001 Mr. Fridrich founded the Proprietary Investment Advisory in Israel, an entity focused on fixed income securities, CDO investments and credit default swap transactions, and served as its investment advisor through January 2004. Prior to that, Mr. Fridrich served as the chief executive officer of two packaging and printing Israeli companies, Lito Ziv, a public company, from 1999 until 2001 and Mirkam Packaging Ltd. from 1983 until 1999. Mr. Fridrich also serves as a director of Cargal Ltd. since September 2002. Mr. Fridrich is a graduate of the Senior Executive Program of Tel Aviv University.

Hemi Raphael has served as a director of Ellomay since June 2006. Mr. Raphael is an entrepreneur and a businessman involved in various real estate and financial investments. Mr. Raphael also serves as a director of Cargal Ltd. since May 2004 and of Dorad Energy Ltd. Prior thereto, from 1984 to 1994, Mr. Raphael was an active lawyer and later partner at the law firm of Goldberg Raphael & Co. Mr. Raphael holds an LLB degree from the School of Law at the Hebrew University of Jerusalem and he is a member of the Israeli Bar Association and the California Bar Association.

Anita Leviant has served as a director of Ellomay since March 2008. Ms. Leviant heads LA Global Consulting, a practice specializing in consulting and leading global and financial projects and cross border transactions between companies and /or individuals. For a period of twenty years, until 2005, Ms. Leviant held several senior positions with Hapoalim Banking group including EVP Deputy Head of Hapoalim Europe and Global Private Banking and EVP General Global Counsel of the group, and served as a director in the overseas subsidiaries of Bank Hapoalim. Prior to that, Ms. Leviant was an associate in GAFNI & CO. Law Offices in Tel Aviv where she specialized in Liquidation, Receivership and Commercial Law and was also a Research Assistant to the Law School Dean in the Tel Aviv University specialized in Private International Law. Ms. Leviant holds a LL.B degree from Tel Aviv University Law School and is a member of both the Israeli and the New York State Bars. Ms. Leviant currently also serves as President of the Israel-British Chamber of Commerce, Council Member of the UK- Israel Tech Council, Board Member of the Federation of Bi-Lateral Chambers of Commerce and a Co-Founder and Head of the Advisory Board of the Center for Arbitration and Dispute Resolutions Ltd.

Oded Akselrod has served as a director of Ellomay since February 2002. Mr. Akselrod serves as a business advisor to corporations and investment funds in Israel. Mr. Akselrod was the general manager of the Investment Corp. of United Mizrahi Bank Ltd., a wholly owned subsidiary of United Mizrahi Bank Ltd. that was merged into United Mizrahi Bank Ltd. on October 2004. Prior to joining the Investment Corp. of United Mizrahi Bank, from 1994 to 1997, Mr. Akselrod held the position of general manager of Apex-Leumi Partners Ltd. as well as Investment Advisor of Israel Growth Fund. Prior thereto, from 1991 to 1994, Mr. Akselrod served as general manager of Leumi & Co. Investment Bankers Ltd. Mr. Akselrod began his career in various managerial positions in the Bank Leumi Group including: member of the management team of Bank Leumi, deputy head of the international division, head of the commercial lending department of the banking division, member of all credit committees at the Bank, assistant to Bank Leumi's CEO and head of the international lending division of Bank Leumi Trust Company of New York. Mr. Akselrod holds a Bachelor's degree in Agriculture Economics from Hebrew University, Jerusalem and an MBA degree from Tel Aviv University. Mr. Akselrod is also a director of Gadish Global Ltd., Gadish Investments in Provident Funds Ltd. and Geva Dor Investments Ltd.

Barry Ben Zeev has served as an external director of Ellomay since December 30, 2009. Mr. Ben Zeev is a business strategic consultant. From 1978 to 2008, Mr. Ben Zeev served in various positions with Bank Hapoalim. During 2008, he served as the bank's Deputy CEO and as its CFO, in charge of the financial division. From 2001 to 2007, he served as the bank's Deputy CEO in charge first of the private international banking division and then of the client asset management division. Mr. Ben Zeev has served on the board of many companies, including as a director on the board of the Israeli Stock Exchange in 2006-2007. He currently serves as a director of Partner Communications Ltd. (NASDAQ and TASE: PTNR), Kali Equity Markets, Hiron-Trade Investments & Industries Buildings Ltd. (TASE: HRON) and Poalim Asset Management (UK) Ltd., a subsidiary of Bank Hapoalim B.M. and on the advisory board of the Bereishit Fund. Mr. Ben Zeev holds an MBA from Tel-Aviv University specializing in financing, and a BA in Economics from Tel-Aviv University.

Mordechai Bignitz has served as an external director of Ellomay since December 20, 2011. Mr. Bignitz is involved in economic and financial consulting and investment management and currently serves as the chairman of the investment committee of Migdal Capital Markets, one of Israel's largest investment houses. From 2009 to 2011, Mr. Bignitz served as CEO of Geffen Green Energy Ltd., an Israeli private company. From 2006 to 2010, Mr. Bignitz served as a director of Leader Capital Markets Ltd. (TASE: LDRC) and from 2007 to 2010 he served as a director of Leader Holdings & Investments Ltd. (TASE: LDER). From 2004 to 2007, Mr. Bignitz served as CEO of Advanced Paradigm Technology. From 1992 to 2004, Mr. Bignitz served as director and CFO of DS Capital Markets. From 1994 to 1996, Mr. Bignitz served as Managing Director of Dovrat, Shrem & Co. Trading Ltd. From 1991 to 1994 Mr. Bignitz served as Vice President and CFO of Dovrat Shrem & Co. and prior to that he served as Vice President of Clal Retail Chains (a subsidiary of the Clal Group) and Vice President & CFO of Clal Real Estate Ltd. Mr. Bignitz serves as a director of Israel Financial Levers (IFL) Ltd. (TASE: LVR). Mr. Bignitz is a CPA, holds a BA in Accounting and Economics from Tel-Aviv University and completed the Executive Program in Management and Strategy in Retail at Babson College in Boston. Mr. Bignitz qualifies as an external director according to the Companies Law.

Kalia Weintraub has served as our chief financial officer since January 2009. Prior to her appointment as our chief financial officer, Ms. Weintraub served as our corporate controller from January 2007 and was responsible, among her other duties, for the preparation of all financial reports. Prior to joining Ellomay, she worked as a certified public accountant in the AABS High-Tech practice division of the Israeli accounting firm of Kost Forer Gabbay & Kasierer, an affiliate of the international public accounting firm Ernst & Young, from 2005 through 2007 and in the audit division of the Israeli accounting firm of Brightman Almagor Zohar, an affiliate of the international public accounting firm Deloitte, from 2003 to 2004. Ms. Weintraub holds a B.A. in Economics and Accounting and an M.B.A. from the Tel Aviv University and is licensed as a CPA in Israel.

Eran Zupnik has served as our EVP of Business Development since November 2008. Prior to joining Ellomay, Eran was a mergers and acquisitions lawyer in New York with Skadden Arps Slate Meagher & Flom LLP, one of the world's leading law firms. At Skadden, Eran led and advised US and International clients in more than 150 cross-border merger and acquisition transactions as well as securities offerings. Prior to Skadden, Eran was a consultant with the business advisory services group of PricewaterhouseCoopers LLP in Boston. Eran received his LLB and BA in Business Administration from the College of Management in Israel. He was admitted to both the New York and Israeli bar and is also a certified public accountant.

There are no family relationships among any of the directors or members of senior management named above.

B. Compensation

Salaries, fees, commissions and bonuses paid or accrued with respect to all of our directors and senior management as a group in the fiscal year ended December 31, 2012 was approximately $0.6 million, including an amount of approximately $30,000 related to pension, retirement and other similar benefits. These figures do not include the compensation of Messrs. Shlomo Nehama, Ran Fridrich and Hemi Raphael, all of whom are members of our Board that are currently compensated pursuant to the Management Services Agreement (see "Item 10.C: Material Contracts") and have, in connection with such agreement, waived their right to receive the compensation, including options, paid to our directors. In addition, Mr. Fridrich, who first served as our Interim Chief Executive Officer and is now our Chief Executive Officer, serves as our Chief Executive Officer as part of the management services provided pursuant to the Management Services Agreement, and agreed not to receive any additional compensation or other benefits beyond the fees paid in connection with the Management Services Agreement.

Other than options granted to members of our Board of Directors and the grant of options to one of our senior employees, we did not grant any options to purchase ordinary shares in 2012. For information concerning options granted during 2012 see "Item 6.E: Share Ownership."

In December 2008, following the approval of our Audit Committee, Board of Directors and shareholders, we entered into a management services agreement with Kanir and with Meisaf Blue & White Holdings Ltd., or Meisaf, a private company controlled by Shlomo Nehama, effective as of March 31, 2008, the date of appointment of Messrs. Fridrich and Nehama as members of our Board. In consideration for the performance of the management services and the board services under the terms of the management services agreement, we agreed to pay Kanir and Meisaf, in equal parts and quarterly, an aggregate annual services fee in the amount of $250,000 plus value added tax pursuant to applicable law. Messrs. Nehama, Fridrich and Raphael waived any right to additional remuneration for their service as members of our board of directors. For more information see "Item 10.C: Material Contracts."

As approved by our shareholders, we pay our non-executive directors (Anita Leviant, Oded Akselrod, Barry Ben Zeev and Mordechai Bignitz) remuneration for their services as directors. During 2010 and thereafter, based on the approval by our shareholders at our annual general meeting of shareholders held on December 30, 2009 and on June 20, 2012, our current and future directors have been and would in the following years be paid the minimum fees permitted by the Companies Regulations (Rules for Compensation and Expenses of External Directors), 5760-2000, or the Compensation Regulations. The Compensation Regulations set forth a range of fees that may be paid by Israeli public companies to their external directors, depending upon each company's equity based on the most recent financial statements. The current minimum cash amounts permitted to be paid to our external directors pursuant to the Compensation Regulations, are an annual fee of NIS 51,745 (equivalent to approximately $13,899) and an attendance fee of NIS 1,830 (equivalent to approximately $492) per meeting (board or committee). These amounts are updated twice a year based on increases in the Israeli Consumer Price Index. According to the Compensation Regulations, which we apply to all our non-executive directors, the directors are entitled to 60% of the meeting fee if they participated at the meeting by teleconference and not in person, and to 50% of the meeting fee if resolutions were approved in writing, without convening a meeting.

Each of these non-executive directors (Anita Leviant, Oded Akselrod, Barry Ben Zeev and Mordechai Bignitz) also receives an annual grant of options to purchase 1,000 ordinary shares under the terms and conditions set forth in our 1998 Share Option Plan for Non-Employee Directors, or the 1998 Plan. The 1998 Plan provides for grants of options to purchase ordinary shares to our non-employee directors. The 1998 Plan, as amended, is administered, subject to Board approval, by the Compensation Committee and our Board. An aggregate amount of not more than 75,000 ordinary shares is reserved for grants under the 1998 Plan. The original expiration date of the 1998 Plan pursuant to its terms was December 8, 2008 (10 years after its adoption). At the general meeting of our shareholders, held on January 31, 2008, the term of the 1998 Plan was extended and as a result it will expire on December 8, 2018, unless earlier terminated by our Board.

Under the 1998 Plan, each non-employee director that served on the 1998 "Grant Date," as defined below, automatically received an option to purchase 1,000 ordinary shares on such Grant Date and will receive an option to purchase an additional 1,000 ordinary shares on each subsequent Grant Date thereafter, provided that he or she is a non-employee director on the Grant Date and has remained a non-employee director for the entire period since the previous Grant Date. The "Grant Date" means, with respect to 1998, October 26, 1998, and with respect to each subsequent year, August 1 of such year. Directors first elected or appointed after the 1998 Grant Date, will automatically receive on such director's first day as a director an option to purchase up to 1,000 ordinary shares pro-rated based on the number of full months of service between the prior Grant Date and the next Grant Date. Each such non-employee director would also automatically receive, on each subsequent Grant Date, an option to purchase 1,000 ordinary shares provided that he or she is a non-employee director on the Grant Date and has served as a non-employee director for the entire period since his or her previous Grant Date.

The exercise price of the option shares under the 1998 Plan is 100% of the fair market of such ordinary shares at the applicable Grant Date. The fair market value means, as of any date, the average closing bid and sale prices of the ordinary shares for the date in question as furnished by the National Association of Securities Dealers, Inc. through Nasdaq or any similar organization if Nasdaq is no longer reporting such information, or such other market on which the ordinary shares are then traded, or if not then traded, as determined in good faith (using customary valuation methods) by resolution of the members of our Board of Directors, based on the best information available to it. The exercise price is required to be paid in cash.

The term of each option granted under the 1998 Plan is 10 years from the applicable date of grant and such options may be terminated earlier upon certain circumstances, such as the expiration of three months from the date of the director's termination of service on our Board (subject to extension pursuant to the terms of the 1998 Plan). All options granted under the 1998 Plan vest immediately upon the date of grant.

The options granted would be subject to restrictions on transfer, sale or hypothecation. All options and ordinary shares issuable upon the exercise of options granted to our non-employee directors could be withheld until the payment of taxes due (if any) with respect to the grant and exercise of such options.

For a description of a recent amendment to the Companies Law that affects the structure and approval process of directors and executive officers' terms of service and employment see "Item 6.C: Board Practices; Committees of the Board of Directors; Compensation Committee."

C. Board Practices

We are a "controlled company" as defined in Section 801 of the NYSE MKT Company Guide. As a result, we are exempt from certain of the NYSE MKT corporate governance requirements, including the requirement that a majority of the board of directors be independent, the requirement applicable to the nomination process of directors and the requirements applicable to the determination or recommendation of executive compensation by a committee comprised of independent directors or by a majority of the independent directors and the additional requirements approved by the SEC on January 11, 2013 concerning compensation committee independence, compensation advisor engagement and independence.

According to the provisions of our Second Amended and Restated Articles, or the Articles, and the Companies Law, our Board convenes in accordance with our requirements, and is required to convene at least once every three months. Furthermore, the Companies Law provides that the board of directors may also pass resolutions without actually convening, provided that all the directors entitled to participate in the discussion and vote on a matter that is brought for resolution agree not to convene for discussion of the matter.

Officers serve at the discretion of the Board or until their successors are appointed.

Terms of Directors

Our Board currently consists of seven members, including two external directors. Pursuant to our Articles, unless otherwise prescribed by resolution adopted at a general meeting of our shareholders, our Board shall consist of not less than four (4) nor more than eight (8) directors (including the external directors). Except for our two external directors, the members of our Board are elected annually at our annual shareholders' meeting and remain in office until the next annual shareholders' meeting, unless the director has previously resigned, vacated his office, or was removed in accordance with the Articles. The most recent annual meeting was held on June 20, 2012. In addition, the Board may elect additional members to the Board, to serve until the next shareholders' meeting, so long as the number of directors on the Board does not exceed the maximum number established according to our Articles.

The members of our Board do not receive any additional remuneration upon termination of their services as directors.

External Directors

We are subject to the provisions of the Companies Law, which requires that we, as a public company, have at least two external directors.

Under the Companies Law, a person may not be appointed as an external director if he or his relative, partner, employer or any entity under his control has or had during the two years preceding the date of appointment any affiliation with the company, any entity controlling the company or any entity controlled by the company or by this controlling entity or, in a company that does not have a controlling shareholder, in the event that he has affiliation, at the time of his appointment, to the chairman of the board, chief executive officer, a 5% shareholder or the highest ranking officer in the financial field. The term "affiliation" includes: an employment relationship, a business or professional relationship maintained on a regular basis, control, and service as an office holder. No person can serve as an external director if the person's position or other business creates, or may create, conflicts of interest with the person's responsibilities as an external director, or if the person is an employee of the Israel Securities Authority or of an Israeli stock exchange. In addition, an individual may not be appointed as an external director if she or he, or her or his relative, partner, employer, supervisor, or an entity she or he controls, has other than negligible business or professional relations with any of the persons with which the external director may not be affiliated, even if such relations are not routine, or if she or he received any consideration, directly or indirectly, in addition to the remuneration to which she or he are entitled and to reimbursement of expenses, for acting as a director in the company. The Compensation Regulations set the range of compensation and the terms of other compensation that may be paid to statutory external directors.

Pursuant to the Companies Law, the election of an external director for the initial term requires the affirmative vote of a majority of the shares present, in person or by proxy, and voting on the matter, provided that either: (i) at least a majority of the shares of non-controlling shareholders and shareholders who do not have a personal interest in the resolution (excluding a personal interest that is not related to a relationship with the controlling shareholders) are voted in favor of the election of the external director, or (ii) the total number of shares of non-controlling shareholders and of shareholders who do not have a personal interest in the resolution (excluding a personal interest that is not related to a relationship with the controlling shareholders) voted against the election of the external director does not exceed two percent of the outstanding voting power in the company.

The initial term of an external director is three years. An external director may be re-elected to serve for two additional three-year terms in one of the two following methods: (i) the board of directors proposed the nomination of the external director for an additional term and her or his appointment is approved by the shareholders in the manner required to appoint external directors for an initial term as set forth above, or (ii) in the event a shareholder holding 1% or more of the voting rights nominates the external director for an additional term, the nomination is required to be approved by a majority of the votes cast by the shareholders of the company; provided that: (x) the votes of controlling shareholders, the votes of shareholders who have a personal interest in the approval of the appointment of the external director, other than a personal interest that is not as a result of such shareholder's connections to the controlling shareholder, and abstaining votes are excluded from the counting of votes and (y) the aggregate votes cast by shareholders in favor of the nomination that are counted for purposes of calculating the majority exceeds 2% of the voting rights in the company.

All of the external directors of a company must be members of its audit committee and compensation committee and at least one external director is required to serve on every committee authorized to exercise any of the powers of the board of directors. Our external directors are currently Barry Ben Zeev and Mordechai Bignitz.

Under the Companies Law an external director cannot be dismissed from office unless: (i) the board of directors determines that the external director no longer meets the statutory requirements for holding the office, or that the external director is in breach of the external director's fiduciary duties and the shareholders vote, by the same majority required for the appointment, to remove the external director after the external director has been given the opportunity to present his or her position; (ii) a court determines, upon a request of a director or a shareholder, that the external director no longer meets the statutory requirements of an external director or that the external director is in breach of his or her fiduciary duties to the company; or (iii) a court determines, upon a request of the company or a director, shareholder or creditor of the company, that the external director is unable to fulfill his or her duty or has been convicted of specified crimes. For a period of two years following the termination of services as an external director, the company, its controlling shareholder and any entity the controlling shareholder controls may not provide any benefit to such former external director, directly or indirectly. The prohibited benefits include the appointment as an office holder in the company or the controlled entity, employment of, or receipt of professional services from, the former external director for compensation, including through an entity such former external director controls. The same prohibition applies to the former external director's spouse and child for the same two-year period and to other relatives of the external director for a period of one year following the termination of services as an external director.

The Companies Law requires that at least one of the external directors have "Accounting and Financial Expertise" and the other external directors have "Professional Competence." Under the applicable regulations, a director having accounting and financial expertise is a person who, due to his or her education, experience and talents is highly skilled in respect of, and understands, business-accounting matters and financial reports in a manner that enables him or her to understand in depth the company's financial statements and to stimulate discussion regarding the manner in which the financial data is presented. Under the applicable regulations, a director having professional competence is a person who has an academic degree in either economics, business administration, accounting, law or public administration or an academic degree in an area relevant to the company's business, or has at least five years experience in a senior position in the business management of a corporation with a substantial scope of business, in a senior position in the public service or a senior position in the field of the company's main business. Our Board determined that both Barry Ben Zeev and Mordechai Bignitz have the requisite accounting and financial expertise.

Our Board further determined that at least two directors out of the whole Board shall be required to have accounting and financial expertise pursuant to the requirements of the Companies Law and previously determined that Shlomo Nehama shall be designated as an additional accounting and financial expert.

Independent Directors Pursuant to the Companies Law

In addition to the external director, the Companies Law includes another category of directors, which is the "independent" director. An independent director is either an external director or a director appointed or classified as such who meets the same non-affiliation criteria as an external director, as determined by the company's audit committee, and who has not served as a director of the company for more than nine consecutive years. For these purposes, ceasing to serve as a director for a period of two years or less would not be deemed to sever the consecutive nature of such director's service.

Pursuant to the Companies Law, we, as a public company, may include in our articles of association a provision providing that a specified number of our directors be independent directors or may adopt a standard provision providing that a majority of our directors be independent directors or, if there is a controlling shareholder or a 25% or more shareholder, that at least one-third of our directors be independent directors.

We have not included a provision requiring that a certain percentage of the members of our Board be independent directors.

Independent Directors pursuant to the NYSE MKT Requirements

In general, the NYSE MKT Company Guide requires that a NYSE MKT-listed company have a majority of independent directors on its board of directors and its audit committee must consist solely of independent directors, as defined under the NYSE MKT Company Guide. Because we are a "controlled company" as defined in Section 801 of the NYSE MKT Company Guide, we are exempt from this requirement. If the "controlled company" exemption would cease to be available to us under the NYSE MKT Company Guide, we may instead elect to follow Israeli law.

Our Board determined that four of the members of our Board, Messrs. Akselrod, Ben Zeev and Bignitz and Ms. Leviant, are "independent" within the meaning of Section 803A of the NYSE MKT Company Guide.

Alternate Directors

Our Articles provide that, subject to the Board's approval, a director may appoint an individual, by written notice to us, to serve as an alternate director. The following persons may not be appointed nor serve as an alternate director: (i) a person not qualified to be appointed as a director, (ii) an actual director, or (iii) another alternate director. Any alternate director shall have all of the rights and obligations of the director appointing him or her, except the power to appoint an alternate (unless the instrument appointing him or her expressly provides otherwise). The alternate director may not act at any meeting at which the director appointing him or her is present. Unless the appointing director limits the time period or scope of any such appointment, such appointment is effective for all purposes and for an indefinite time, but will expire upon the expiration of the appointing director's term. There are currently no alternate directors.

Duties of Office Holders and Approval of Certain Actions and Transactions under the Companies Law

The Companies Law codifies the duty of care and fiduciary duties that an office holder has to our company. An "office holder" is defined under the Companies Law as a general manager, chief business manager, vice general manager, any other person assuming the responsibilities of any of the foregoing positions without regard to such person's title, and a director, or manager directly subordinate to the general manager. Each person identified as a director or member of our senior management in the first table in the Item is an office holder.

The duty of care requires an office holder to act at a level of care that a reasonable office holder in the same position would employ under the same circumstances. This includes the duty to utilize reasonable means to obtain (i) information regarding the appropriateness of a given action brought for his or her approval or performed by the office holder by virtue of his or her position and (ii) all other information of importance pertaining to the foregoing actions.

The duty of loyalty includes avoiding any conflict of interest between the office holder's position in the company and his or her personal affairs or other positions, avoiding any competition with the company, avoiding exploiting any business opportunity of the company in order to receive personal gain for himself or herself or for others, and disclosing to the company any information or documents relating to the company's affairs which the office holder has received due to his or her position as such. A company can approve actions by an office holder that could be deemed to be in breach of his or her duty of loyalty provided that: (i) the office holder acted in good faith and the action or its approval do not prejudice the company's interests, and (ii) the office holder disclosed to the company, a reasonable time prior to the discussion of the approval, the nature of his or her personal interest in the action, including any material fact or document. The approval of such actions is obtained based on the requirements for approval of transactions in which an office holder has a personal interest. The Companies Law provides that for purposes of determining the approval process, "actions" (defined as any legal action or inaction) are treated as "transactions" and "material actions" (defined as an action that may materially affect the company's profitability, assets or liabilities) are treated as "extraordinary transactions." An "extraordinary transaction" is defined as a transaction that is not in the ordinary course of business, not on market terms, or that is likely to have a material impact on the company's profitability, assets or liabilities. One of the roles of the audit committee under the Companies Law is to determine whether a transaction is or is not an extraordinary transaction. The approval process of such transactions and extraordinary transactions is set forth below. The Companies Law requires that an office holder of a company promptly disclose to the company's board of directors any personal interest that he or she may have, and all related material information known to him or her in connection with any existing or proposed transaction by the company. This disclosure must be made by the office holder, whether orally or in writing, no later than the first meeting of the company's board of directors which discusses the particular transaction.

An office holder is deemed to have a "personal interest" if he has a personal interest in an act or transaction of a company, including a personal interest of his relative or of a corporation in which such office holder or his relative are a 5% or greater shareholder, but excluding a personal interest stemming from the fact of a shareholding in the company. The term "personal interest" also includes a personal interest of a person voting pursuant to a proxy provided to him from another person even if such other person does not have a personal interest and the vote of a person that received a proxy from a shareholder that has a personal interest is viewed as a vote of the shareholder with the personal interest, all whether the discretion with respect to the voting is held by the person voting or not.

Any transaction or action, whether material or extraordinary or not, cannot be approved unless they are not adverse to the company's interests. In the case of a transaction that is not an extraordinary transaction or an action that is not a material action, after the office holder complies with the above disclosure requirements, only board approval is required. In the case of an extraordinary transaction or a material action, the company's audit committee and board of directors, and, under certain circumstances, the shareholders of the company, must approve the action or transaction, in addition to any approval stipulated by the articles of the company.

For a discussion concerning the determination whether an action is material or not an whether a transaction is extraordinary or not and for a review on the approval process for the terms of services of officers, see "Committees of the Board of Directors – Audit Committee" below.

A director who has a personal interest in a matter that is considered at a meeting of the board of directors or the audit committee may not be present at this meeting or vote on this matter, provided that an office holder who has a personal interest may be present for the presentation of the transaction in the event the chairman of the audit committee or the chairman of the board, as the case may be, determine that she or he are required for the presentation of the transaction, unless a majority of the members of the board of directors or audit committee, as the case may be, have a personal interest in the matter, in which case they may all be present and vote. In the event a majority of the members of the board of directors have a personal interest in a matter, such matter must be also approved by the shareholders of the company.

Committees of the Board of Directors

Audit Committee

Under the Companies Law, we, as a public company, are required to have an audit committee. The Audit Committee must be comprised of at least three members of the Board, including all of the external directors. In addition, the Companies Law requires that the majority of the members of the audit committee be "independent" (as such term is defined under the Israeli Companies Law) and that the chairman of the audit committee be an external director. The Companies Law further provides that the following may not be members of the audit committee: (a) the chairman of the board of directors; (b) any director employed by or providing services on an ongoing basis to the company, to a controlling shareholder of the company or an entity controlled by a controlling shareholder of the company; (c) a director who derives most of its income from a controlling shareholder; and (d) a controlling shareholder or any relative of a controlling shareholder.

Our Audit Committee, acting pursuant to a written charter adopted based on the requirements of the Companies Law, the rules promulgated under the Exchange Act and the NYSE MKT Company Guide, currently consists of Barry Ben Zeev, who is also the chairman of the Audit Committee, Mordechai Bignitz and Oded Akselrod. The members of our Audit Committee satisfy the respective "independence" requirements of the Securities and Exchange Commission, NYSE MKT and Israeli law for audit committee members.

The Companies Law provides that the roles of an audit committee are as follows: (i) monitoring deficiencies in the business management of a company, including by consulting with the internal auditor or independent accountants and suggesting methods of correction of such deficiencies to the board of directors, (ii) determining whether or not certain related party actions and transactions and actions taken by office holders that are "material actions" or "extraordinary transactions" in connection with their approval procedures as more fully described above, (iii) determining whether to approve actions and transactions that require audit committee approval under the Companies Law, (iv) assessing the company's internal audit system and the performance of its internal auditor and whether the internal auditor has the resources and tools required to it for the performance of its role, taking into account, among others, the special needs and size of the company, (v) examining the scope of work and compensation of the company's independent auditor and (vi) setting procedures in connection with the method of dealing with complaints of employees regarding defects in the management of the company's business and with the protection that will be provided to employees who have complained.

The actions and transactions that require audit committee approval pursuant to the Companies Law are: (i) proposed extraordinary transactions to which we intend to be a party in which an office holder has a direct or indirect personal interest, (ii) actions or arrangements which may otherwise be deemed to constitute a breach of fiduciary duty or of the duty of care of an office holder to us, (iii) certain transactions and extraordinary transaction of the company in which a "controlling shareholder," that is, a shareholder holding the ability to direct the actions of the company, other than by virtue of being a director or holding a position with the company, including a shareholder holding twenty five percent or more of the voting rights of the company if there is no other shareholder holding over fifty percent of the voting rights of the company, has a personal interest, including certain transactions with a relative of the controlling shareholder and (iv) certain private placements of the company's shares. In certain circumstances, some of the matters referred to above may also require shareholder approval. For more information concerning the approvals required in connection with transactions in which a controlling shareholder has a personal interest, see "Item 10.B: Memorandum of Association and Second Amended and Restated Articles."

An audit committee may not approve an action or transaction with a controlling shareholder or with an office holder or in which they have a personal interest unless at the time of approval its composition is as required by the Companies Law.

Our Audit Committee provides assistance to our Board in fulfilling its legal and fiduciary obligations in matters involving our accounting, auditing, financial reporting, internal control and legal compliance functions by approving the services performed by our independent accountants and reviewing their reports regarding our accounting practices and systems of internal accounting controls. Under the Sarbanes-Oxley Act of 2002, the Audit Committee is also responsible for the appointment, compensation, retention and oversight of our independent accountants and takes those actions as it deems necessary to satisfy itself that the accountants are independent of management. However, under the Companies Law the appointment of independent auditors requires the approval of our shareholders, accordingly, the appointment of the independent auditors is approved and recommended to the shareholders by our Audit Committee and Board and ratified by the shareholders. Furthermore, pursuant to our Articles, our shareholders have the authority to determine the compensation of the independent auditors (or empower the Board to establish their remuneration, as they have in the general meeting held on June 20, 2012) and such compensation is approved by our Board following a recommendation of the Audit Committee.

The Audit Committee discussed with the independent registered public accounting firm the matters covered by Statement on Auditing Standards No. 114, as well as their independence, and was satisfied as to the independent registered public accounting firm's compliance with said standards.

Compensation Committee

Our Compensation Committee currently consists of Barry Ben Zeev, Mordechai Bignitz and Oded Akselrod.

Amendment No. 20 to the Companies Law

On December 12, 2012, amendment no. 20 to the Companies Law, or Amendment No. 20, became effective. Amendment No. 20 revised the approval process of arrangements with "office holders" (as defined above) as to their terms of service or employment, including the grant of an exemption, insurance, undertaking to indemnify or indemnification, retirement bonuses and any other benefit, payment or undertaking to pay any such amounts, given due to service or employment, or together, Terms of Service and Employment.

Amendment No. 20 requires the board of directors of a public company to appoint a compensation committee that shall consist of no less than three members, that will include all of external directors (which will constitute a majority of its members of the committee), and that the remainder of the members of the compensation committee be directors whose terms of service and employment were determined pursuant to the Compensation Regulations. In addition, Amendment No. 20 imposes the same restrictions on the actions and membership in the compensation committee as are discussed above under "Audit Committee" with respect to, among other things, the requirement that an external director serve as the chairman of the committee and the list of persons who may not serve on the committee.

Amendment No. 20 sets forth the roles of the compensation committee as follows: (i) to recommend to the board on a compensation policy for Office Holders and to recommend to the board, once every three years, on the approval of the continued validity of the compensation policy for a period that was determined for a period exceeding three years; (ii) to recommend to the board to update the compensation policy from time to time and to examine its implementation; (iii) to determine whether to approve the Terms of Service and Employment of Office Holders that require the committee's approval; and (iv) to exempt a transaction from the requirement for shareholders approval (as more fully described below).

Compensation Policy

Amendment No. 20 requires the board of directors of a public company to adopt a policy with respect to the Terms of Service and Employment of office holders, or the Compensation Policy, on or before September 12, 2013, after taking into consideration the recommendations of the compensation committee. Amendment No. 20 further provides for the approval of the Compensation Policy by the company's shareholders with a "special majority" requirement, i.e. the affirmative vote of the holders of a majority of the shares present, in person or by proxy, and voting on the matter provided that at least one of the following conditions is met: (i) the shares voting in favor of the matter include at least a majority of the shares voted by shareholders who are not controlling shareholders and who do not have a personal interest in the approval of the Compensation Policy (or the transaction, as the case may be) or (ii) the total number of shares voted against the Compensation Policy by shareholders referenced under (i) does not exceed 2% of the company's outstanding voting rights.

Amendment No. 20 provides that a company's board of directors may approve a Compensation Policy even in the event it was rejected by the shareholders; provided that the compensation committee and thereafter the board of directors resolved, based on explanations that will be set forth in the resolutions, and after an additional discussion concerning the Compensation Policy, that the approval of the Compensation Policy in spite of the objection of the company's shareholders is for the benefit of the company.

A Compensation Policy for a period exceeding three years is required to go through the complete approval process once every three years. In addition, the board of directors is required to periodically examine the Compensation Policy and the need for adjustments based on the considerations in determining a Compensation Policy in the event of a material change in the circumstances prevailing during the adoption of the Compensation Policy or for other reasons.

Amendment No. 20 provides that the Compensation Policy will be determined, among other things, in accordance with the following considerations: (i) the advancement of the company's goals, its work plan and its policy with a long term view; (ii) the creation of appropriate incentives for the office holders of the company, considering, among other things, the risk management policy of the company; (iii) the size of the company and the nature of its operations; and (iv) in connection with the Terms of Service and Employment that include variable components – the contribution of the office holder to the achievement of the company's goal and to the maximization of its profits, all with a long term view and in accordance with the position of the Office Holder.

In addition, Amendment No. 20 requires that a Compensation Policy include, among other things, references to the following issues: (i) the education, skills, expertise, professional experience and accomplishments of the office holder; (ii) the office holder's position, areas of responsibility and previous compensation agreements executed with him or her; (iii) the proportion between the Terms of Service and Employment of the office holder to the compensation of the other employees of the company and of contractor workers employed by the company, and specifically the proportion to the average and median compensation of such employees and the affect of the disparity between them on the employment relationships in the company; (iv) in the event the Terms of Service and Employment include variable components – the possibility to reduce the variable components based on the board of director's discretion and the possibility to set a "ceiling" for the value of exercise of capital variable components that are not paid in cash; and (v) in the event the Terms of Service and Employment include Retirement Bonuses – the period of service or employment of the office holder, his or her Terms of Service and Employment during such period, the company's performance during the period, the contribution of the office holder to the achievement of the company's goals and to the maximization of its profits and the circumstances of the office holder's retirement.

Amendment No. 20 also requires that the Compensation Policy include the following instructions: (i) in connection with variable components in the Terms of Service and Employment – (a) basing the components on performance with a long-term view, and based on measurable criteria; provided that a company may determine that a non-material portion of the aforementioned components will be granted based on criteria that is not measurable taking into consideration the contribution of the office holder to the company; and (b) the proportion between the variable and fixed components, and a ceiling for the value of the variable components on the date of payment; provided that with respect to capital variable components and are not paid in cash – a ceiling for their value on the date of grant; (ii) a provision requiring that the office holder repay the company, under terms set forth in the Compensation Policy, amounts that were paid to him as part of the Terms of Service and Employment, if they were paid to him based on data that turned out to be wring and were restated in the company's financial statements; (iii) the holding period or minimum vesting of capital variable components in the Terms of Service and Employment, with reference to appropriate incentives with a long-term view; and (iv) a ceiling for retirement payments.

Approval Process of Terms of Service and Employment of Office Holders

Amendment No. 20 revised the method of approval of Terms of Service and Employment of office holders. However, in the event of an update of the existing Terms of Service and Employment of an office holder who is not a member of the board of directors that the compensation committee confirms is not material in relation to the existing transaction, the approval of the compensation committee is sufficient.

Amendment No. 20 provides that the process for approval of Terms of Service and Employment of office holders as follows:

- With respect to an office holder who is not the chief executive officer, a director, a controlling shareholder or a relative of the controlling shareholder:
    - In the event the transaction is in accordance with the Compensation Policy – approval (in the following order) of: (i) compensation committee and (ii) board of directors.
    - In the event the transaction is not in accordance with the Compensation Policy – approval, in special cases (in the following order), of: (i) compensation committee, (ii) board of directors and (iii) the company's shareholders, by the "special majority" described above in connection with the approval of the Compensation Policy. Under these circumstances, the compensation committee and board of directors are still required to approve the transaction based on the criteria applicable to a Compensation Policy as described above. In the event the company's shareholders do not approve the compensation of the office holder, the compensation committee and board of directors may still approve the transaction, in special cases and with detailed reasons and after discussion and examining the rejection of the company's shareholders.

- With respect to a company's chief executive officer:
    - In the event the transaction is in accordance with the Compensation Policy - approval (in the following order) of: (i) compensation committee, (ii) board of directors and (iii) the company's shareholders with the "special majority" described above in connection with the approval of the Compensation Policy.
    - In the event the transaction is not in accordance with the Compensation Policy – the approval process and requirements are the same as the approval process for such a transaction with an office holder who is not the CEO, a controlling shareholder or a relative of the controlling shareholder.
    - Amendment No. 20 includes an exception from the shareholder approval requirement in connection with the approval of a transaction with a CEO candidate, subject to certain conditions. In addition, in the event the company's shareholders do not approve the compensation of the CEO, the compensation committee and board of directors may still approve the transaction, in special cases and with detailed reasons and after discussion and examining the rejection of the company's shareholders.
- With respect to a director who is not a controlling shareholder or a relative of the controlling shareholder:
    - In the event the transaction is in accordance with the Compensation Policy – approval (in the following order) of: (i) compensation committee, (ii) board of directors and (iii) the company's shareholders with a regular majority.
    - In the event the transaction is not in accordance with the Compensation Policy – the approval process and requirements are the same as the approval process for such a transaction with an office holder who is not the CEO, a controlling shareholder or a relative of the controlling shareholder (other than the possibility to override the shareholders' resolution).
- With respect to a controlling shareholder or a relative of a controlling shareholder:
    - In the event the transaction is in accordance with the Compensation Policy - approval (in the following order) of: (i) compensation committee, (ii) board of directors and (iii) the company's shareholders with the "special majority" described above in connection with the approval of the Compensation Policy.

- In the event the transaction is not in accordance with the Compensation Policy: the approval process and requirements are the same as the approval process for such a transaction with an office holder who is not the CEO, a controlling shareholder or a relative of the controlling shareholder (other than the possibility to override the shareholders' resolution).

Amendment No. 20 also includes certain transitional provisions that apply to approval of Terms of Service and Employment of office holders prior to the adoption of a Compensation Policy.

Our Compensation Committee replaced our former Stock Option and Compensation Committee that was established to administer and oversee the allocation and distribution of stock options under our stock option plans.

Advisory Committee

Our Advisory Committee is responsible for, among other things, reviewing developments in corporate governance requirements and practices and other regulatory developments and recommending guidelines and policies to our Board in such areas and evaluating and providing recommendations to our Board with respect to such matters as are requested by our Board from time to time. The Advisory Committee is presently composed of two members: Ran Fridrich and Anita Leviant.

Indemnification, Exemption and Insurance of Executive Officers and Directors

Consistent with and subject to the provisions of the Companies Law, our Articles permit us to procure insurance coverage for our office holders, exempt them from certain liabilities and indemnify them, to the fullest extent permitted by law.

A recent amendment to the Israeli Securities Law, 5728-1968, or the Securities Law, and a corresponding amendment to the Companies Law, authorize the Israeli Securities Authority to impose administrative sanctions against companies and their office holders for certain violations of the Israeli Securities Law or the Companies Law.

These sanctions include monetary sanctions and certain restrictions on serving as a director or senior officer of a public company for certain periods of time. The maximum amount of the monetary sanctions that could be imposed upon individuals is a fine of NIS 1,000,000 (equivalent to approximately US$268,601), plus payments to persons who suffered damages as a result of the violation in an amount equal to the higher of: (i) compensation for damages suffered by all injured persons, up to 20% of the fine imposed on the violator, or (ii) the amount of profits earned or losses avoided by the violator as a result of the violation, up to the amount of the applicable monetary sanction.

The aforementioned amendments to the Companies Law and the Securities Law generally provide that a company cannot indemnify or provide liability insurance to cover monetary sanctions. However, these amendments do permit reimbursement by indemnification and insurance of specific liabilities. Specifically, legal expenses (including attorneys' fees) incurred by an individual in the applicable administrative enforcement proceeding and any compensation payable to injured parties for damages suffered by them as described in clause (i) of the immediately preceding paragraph are permitted to be reimbursed via indemnification or insurance, provided that such reimbursements are permitted by the company's articles of association. At our shareholders meeting held on June 20, 2012, our shareholders approved amendments to our Articles to permit us to indemnify and insure the liability of our office holder to the fullest extent permitted by the new amendments to the Companies Law and the Securities Law.

Indemnification

As permitted by the Companies Law, our Articles provide that we may indemnify an office holder in respect of a liability or expense which is imposed on him or incurred by him as a result of an action taken in his capacity as an office holder of the Company in connection with the following: (a) monetary liability imposed on him in favor of a third party by a judgment, including a settlement or a decision of an arbitrator which is given the force of a judgment by court order, (b) reasonable litigation expenses, including legal fees, incurred by the office holder as a result of an investigation or proceeding instituted against such office holder by a competent authority, which investigation or proceeding has ended without the filing of an indictment or in the imposition of financial liability in lieu of a criminal proceeding, or has ended in the imposition of a financial obligation in lieu of a criminal proceeding for an offence that does not require proof of criminal intent or in connection with an administrative enforcement proceeding or a financial sanction (without derogating from the generality of the foregoing, such expenses will include a payment imposed on the office holder in favor of an injured party as set forth in Section 52[54](a)(1)(a) of the Securities Law, and expenses that the office holder incurred in connection with a proceeding under Chapters H'3, H'4 or I'1 of the Securities Law, including reasonable legal expenses, which term includes attorney fees), and (c) reasonable litigation expenses, including legal fees, which the office holder has incurred or is obliged to pay by the court in proceedings commenced against him by the Company or in its name or by any other person, or pursuant to criminal charges of which he is acquitted or criminal charges pursuant to which he is convicted of an offence which does not require proof of criminal intent. Our Articles authorize us, from time to time and subject to any provision of the law, to undertake in advance to indemnify an office holder for any of the following: (i) any liability as set out in (a) above, provided that the undertaking to indemnify is limited to the classes of events which in the opinion of our Board can be anticipated in light of our activities at the time of giving the indemnification undertaking, and for an amount and/or criteria which our Board has determined are reasonable in the circumstances and, the events and the amounts or criteria that our Board deem reasonable in the circumstances at the time of giving of the undertaking are stated in the undertaking; or (ii) any liability stated in (b) or (c) above. Our Articles also authorize us to indemnify an office holder after the occurrence of the event which is the subject of the indemnity and with respect to any matter permitted by applicable law.

At the annual shareholders meeting held on June 20, 2012, our shareholders authorized us to revise the indemnification and insurance provisions of our Articles to reflect recent amendments to the Companies Law and Securities Law and further authorized us, following the approval of our Audit Committee and Board, to provide indemnification undertakings to each of our current and future directors and officers that reflect the revisions to the Articles. Such approval also included the requisite majority required to approve the provision of indemnification undertakings to our Board members who are also deemed to be "controlling shareholders," Messrs. Nehama, Fridrich and Raphael.

The indemnification undertaking is limited to certain categories of events and the aggregate indemnification amount that we shall pay (in addition to sums payable by insurance companies) for monetary liabilities imposed on, or incurred by, the director or officer pursuant to all the indemnification undertakings issued by us to our directors and officers, may not exceed an amount equal to the higher of: (i) fifty percent (50%) of our net equity at the time of indemnification, as reflected on our most recent financial statements at such time, or (ii) our annual revenue in the year prior to the time of indemnification.

In such indemnification agreements, we also, among other things, undertake to (i) produce collateral, security, bond or any other guarantee that the director or officer may be required to produce as a result of any interim legal procedure (other than criminal procedures involving the proof of criminal thought), all up to the maximum indemnification amount set forth above; and (ii) maintain a liability insurance policy with a reputable insurer to the extent permitted by the Companies Law, for all of our directors and officers, in a total amount of not less than $10 million during the period the recipient of the indemnity undertaking serves as a member of our board of directors or as an officer and for a period of seven years thereafter.

Based on the approvals of our Audit Committee, Board and shareholders, any of our future directors shall also receive such indemnification agreement.

Exemption

Under the Companies Law, an Israeli company may not exempt an office holder from liability for a breach of his duty of loyalty, but may exempt in advance an office holder from his liability to the company, in whole or in part, for a breach of his duty of care, provided that in no event shall a director be exempt from any liability for damages caused as a result of a breach of his duty of care to the company in the event of a "distribution" (as defined in the Companies Law). Our Articles authorize us to, subject to the provisions of the Companies Law, exempt an office holder from all or part of such office holder's responsibility or liability for damages caused to us due to any breach of such office holder's duty of care towards us.

At the annual shareholders meeting held on October 27, 2004, our shareholders authorized us to exempt our directors and officers in advance from liability to us, in whole or in part, for a breach of the duty of care. The form of exemption letter was approved at the annual shareholders meeting held on October 27, 2005 and amendments were approved at the annual shareholders meeting held on December 30, 2009. We have extended such exemption letters to all our directors and some officers. With respect to our directors, Shlomo Nehama, Ran Fridrich and Hemi Raphael, special shareholder approval was sought and received, as they are deemed to be "controlling shareholders" and further approval and ratification of the exemption to such directors was received in our annual shareholder meeting held on June 20, 2012. Based on the approvals of our Audit Committee, Board and shareholders, any of our future directors shall also receive such exemption letter.

Insurance

As permitted by the Companies Law, our Articles provide that we may enter into an agreement for the insurance of the liability of an office holder, in whole or in part, with respect to any liability which may imposed upon such office holder as a result of an act performed by same office holder in his capacity as an office holder of the Company, for any of the following: (a) a breach of a cautionary duty toward the Company or toward another person; (b) a breach of a fiduciary duty toward the Company, provided the office holder acted in good faith and has had reasonable ground to assume that the act would not be detrimental to the Company; (c) a monetary liability imposed upon an office holder toward another; and (d) reasonable litigation expenses, including attorney fees, incurred by the office holder as a result of an administrative enforcement proceeding instituted against him (without derogating from the generality of the foregoing, such expenses will include a payment imposed on the office holder in favor of an injured party as set forth in Section 52[54](a)(1)(a) of the Securities Law and expenses that the office holder incurred in connection with a proceeding under Chapters H'3, H'4 or I'1 of the Securities Law, including reasonable legal expenses, which term includes attorney fees). Our Articles further permit us to enter into such an agreement with respect to any other matter in respect of which it is permitted or will be permitted under applicable law to insure the liability of an office holder in the Company.

As stated above, in the indemnification undertakings recently approved by our Audit Committee, Board and shareholders and provided to our directors and officers, we have undertaken to maintain a liability insurance policy with a reputable insurer to the extent permitted by the Companies Law, for all of our directors and officers, in a total amount of not less than $10 million during the period the recipient of the indemnity undertaking serves as a member of our board of directors or as an officer, and for a period of seven years thereafter. Based on such undertaking, we have obtained directors' and officers' liability insurance covering our directors and officers.

Limitations on Indemnification, Exemption and Insurance

The Companies Law provides that a company may not exempt or indemnify an office holder nor enter into an insurance contract which would provide coverage for liability incurred as a result of any of the following: (a) a breach by the office holder of his or her duty of loyalty (however, a company may insure and indemnify against such breach if the office acted in good faith and had reasonable cause to assume that his act would not prejudice the company's interests); (b) a breach by the office holder of his or her duty of care if the breach was done intentionally or recklessly, unless made in negligence only; (c) any act of omission done with the intent to derive an illegal personal benefit; or (d) any fine, civil fine, monetary sanction or penalty levied against the office holder. According to the Securities Law, a company cannot insure or indemnify an office holder for an Administrative Enforcement procedure, regarding payments to victims of the infringement or for expenses expended by the officer with respect to certain proceedings held concerning him or her, including reasonable litigation expenses and legal fees.

Internal Auditor

Under the Companies Law, our Board is required to appoint an internal auditor proposed by the Audit Committee. The role of the internal auditor is to examine, among other things, whether our activities comply with the law and orderly business procedure. The internal auditor may not be an interested party or office holder, or a relative of any interested party or office holder, and may not be a member of our independent auditor firm. The Companies Law defines the term "interested party" to include a person who holds 5% or more of the company's outstanding share capital or voting rights, a person who has the right to appoint one or more directors or the general manager, or any person who serves as a director or as the general manager. Pursuant to our Articles, our Audit Committee reviews and approval the work program of our internal auditor. Mr. Doron Cohen of Fahn, Kanne & Co., an Israeli accounting firm, serves as our internal auditor.

D. Employees

As of December 31, 2012, we had eleven (11) employees and independent contractors compared to nine (9) employees and independent contractors as of December 31, 2011 and seven (7) employees and independent contractors as of December 31, 2010. All of our employees and independent contractors, as of December 31, 2012, were in management, finance and administration and all, other than one independent contractor located in Italy, were located in Israel.

All of our employees who have access to confidential information are required to sign a non-disclosure agreement covering all of our confidential information that they might possess or to which they might have access.

We believe our relations with employees are satisfactory. We have never experienced a strike or work stoppage. We believe our future success will depend, in part, on our ability to continue to attract, retain, motivate and develop highly qualified personnel.

Israeli labor laws and regulations are applicable to our employees located in Israel. Israeli labor laws govern, among other things, the length of the workday, minimum wages for employees, procedures for hiring and dismissing employees, annual leave and sick days. In addition, the Israeli Severance Pay Law, 1963, or the Severance Pay Law, generally requires the payment of severance pay equal to one month's salary, based on the most recent salary, for each year of employment or a pro rated portion thereof upon the termination of employment of an employee. Unless otherwise indicated in the employment agreement or otherwise required by applicable law and labor orders, the employee is not entitled to severance pay in the event she or he willingly resigns. In order to fund, or partially fund as hereinafter explained, any future liability in connection with severance pay, we make payments equal to 8.33% of the employee's salary every month, to various managers' insurance policies or similar financial instruments.

In the event the employment agreement with an employee provides that the provisions of Section 14 of the Severance Pay Law will apply, our contributions for severance pay are in lieu of our severance liability and the employee is entitled to receive such contributions whether her or his employment is terminated by us or she or he resigns. Therefore, upon fulfillment of our obligation to make a monthly contribution to the managers' insurance policies or similar financial instruments in the amount of 8.33% of the employee's monthly salary and of the other terms of the relevant permit with respect to this arrangement, no additional payments must later be made to the employee on account of severance pay upon termination of the employment relationship. As required by Israeli law, our employees are also provided with a contribution toward their retirement that amounts to 10% of wages, of which the employee and the employer each contribute half. Furthermore, Israeli employees and employers are required to pay predetermined sums to the National Insurance Institute, which is similar to the United States Social Security Administration, and additional sums towards compulsory health insurance.

E. Share Ownership

Beneficial Ownership of Executive Officers and Directors

The following table sets forth certain information regarding the beneficial ownership of our ordinary shares as of March 1, 2013, of (i) each of our directors and (ii) each member of our senior management. All of the information with respect to beneficial ownership of the ordinary shares is given to the best of our knowledge and has been furnished in part by the respective directors and members of senior management. All exercise prices and amounts are adjusted to account for the Reverse Split.

Name of Beneficial Owner	Number of Shares Beneficially Held (1)	Percent of Class
Shlomo Nehama(2)(5)	4,016,842	37.6%
Hemi Raphael (3)(4)(5)	454,524	4.3%
Ran Fridrich(4)(5)	148,567	1.4%
Anita Leviant(6)	*	*
Oded Akselrod(6)	*	*
Barry Ben Zeev(6)	*	*
Mordechai Bignitz(6)	*	*
Eran Zupnik(7)	132,172	1.2%
Kalia Weintraub	-	-

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* Less than one percent of the outstanding ordinary shares.

(1) As used in this table, "beneficial ownership" means the sole or shared power to vote or direct the voting or to dispose or direct the disposition of any security. For purposes of this table, a person is deemed to be the beneficial owner of securities that can be acquired within 60 days from March 1, 2013 through the exercise of any option or warrant. Ordinary shares subject to options or warrants that are currently exercisable or exercisable within 60 days are deemed outstanding for computing the ownership percentage of the person holding such options or warrants, but are not deemed outstanding for computing the ownership percentage of any other person. The amounts and percentages are based upon 10,692,371 ordinary shares outstanding as of March 1, 2013. This number of outstanding ordinary shares does not include a total of 85,655 ordinary shares held at that date as treasury shares under Israeli law, all of which were repurchased by us. For so long as such treasury shares are owned by us they have no rights and, accordingly, are neither eligible to participate in or receive any future dividends which may be paid to our shareholders nor are they entitled to participate in, be voted at or be counted as part of the quorum for, any meetings of our shareholders.

(2) According to information provided by the holders, the 4,016,842 ordinary shares beneficially owned by Mr. Nehama consist of: (i) 3,551,869 ordinary shares held by S. Nechama Investments (2008) Ltd., an Israeli company, or Nechama Investments, which constitute approximately 33.2% of our outstanding ordinary shares, and (ii) 464,973 ordinary shares held directly by Mr. Nehama, which constitute approximately 4.4% of our outstanding ordinary shares. Mr. Nehama, as the sole officer, director and shareholder of Nechama Investments, may be deemed to indirectly beneficially own any ordinary shares beneficially owned by Nechama Investments, which constitute (together with the shares held directly by him) approximately 37.6% of our outstanding ordinary shares.

(3) The 454,524 ordinary shares beneficially owned by Mr. Raphael consist of: (i) 314,514 ordinary shares held by a BVI private company wholly-owned by Mr. Raphael, which constitute approximately 2.9% of our outstanding shares and (ii) 140,010 ordinary shares held directly by Mr. Raphael, which constitute approximately 1.3% of our outstanding shares. Mr. Raphael, as the sole officer, director and shareholder of such private company, may be deemed to indirectly beneficially own any ordinary shares beneficially owned by such private company, which constitute (together with the shares held directly by him) approximately 4.3% of our outstanding ordinary shares.

(4) By virtue of their positions as sole directors of Kanir Investments Ltd., or Kanir Ltd., the general partner in Kanir Joint Investments (2005) Limited Partnership, or Kanir, Mr. Raphael's position as majority shareholder of Kanir Ltd. and their position as limited partners in Kanir, Hemi Raphael and Ran Fridrich may be deemed to also indirectly beneficially own the 2,841,440 ordinary shares beneficially owned by Kanir, which constitute, together with their holdings, 30.8% and 28%, respectively, of our outstanding ordinary shares. Messrs. Raphael and Fridrich disclaim beneficial ownership of the shares held by Kanir, except to the extent of their respective pecuniary interest therein, if any.

(5) By virtue of the 2008 Shareholders Agreement between Nechama Investments and Kanir (see "Item 7.A: Major Shareholders"), Mr. Nehama, Nechama Investments, Kanir and Messrs. Raphael and Fridrich may be deemed to be members of a group that holds shared voting power with respect to 6,393,309 ordinary shares, which together constitute approximately 59.8% of our outstanding ordinary shares, and holds shared dispositive power with respect to 5,356,878 ordinary shares, which constitute 50.1% of our outstanding ordinary shares. Accordingly, taking into account the shares directly held by Messrs. Nehama, Raphael (taking into account also shares held by the private company wholly-owned by him) and Fridrich, they may be deemed to beneficially own approximately 64.1%, 64% and 61.2%, respectively, of the outstanding ordinary shares. Mr. Nehama and Nechama Investments both disclaim beneficial ownership of the ordinary shares beneficially owned by Kanir and Kanir Ltd., Kanir and Messrs. Raphael and Fridrich all disclaim beneficial ownership of the shares held by Nechama Investments.

(6) Our directors who are not subject to Management Services Agreement also hold outstanding options, all of which are currently exercisable. The directors hold, in the aggregate, options exercisable into 19,502 ordinary shares, which are all currently exercisable.

(7) Consists of options currently exercisable or that will become exercisable within 60 days from March 1, 2013.

Our directors currently hold, in the aggregate, options exercisable into 19,502 ordinary shares. The 19,502 options have a weighted average exercise price of approximately $5.8 per share and have expiration dates until 2022. Under the 1998 Plan, Oded Akselrod, one of the members of our Board, was granted options to purchase 1,000 ordinary shares on December 30, 2004 and on August 1 of each of the years 2005-2012. Anita Leviant, one of the members of our Board, was granted options to purchase 1,333 shares on August 1, 2008 and was also granted options to purchase 1,000 shares on August 1 of each of the years 2009 - 2012. Barry Ben Zeev, an external director who was appointed on December 30, 2009, was granted 586 options on the date of his appointment and was also granted options to purchase 1,000 ordinary shares on August 1 of each of the years 2010 - 2012. Mordechai Bignitz, our external director appointed on December 20, 2011 was granted 583 options on the date of his appointment and was also granted options to purchase 1,000 ordinary shares on August 1, 2012. The exercise price for the underlying shares of such options is the "Fair Market Value" (as defined in the 1998 Plan) of our ordinary shares at the date of grant. The options expire ten years after their grant date. The options granted to directors under the 1998 Plan are not subject to vesting requirements and have an exercise price ranging from $3.1 to $9.2 per share, with various expiration dates.

Only one of our officers currently holds options to purchase our ordinary shares. On January 4, 2009, Eran Zupnik, EVP of Business Development, was granted options to purchase 132,053 ordinary shares, at an adjusted exercise price of $8.5 per ordinary share. 16.67% of these options vested 6 months after the grant date, with a further 8.33% vesting at the end of every three-month period thereafter. As of March 1, 2013 all of these options have vested. Additionally, such officer was granted the entitlement to receive 1.125% of any securities (shares, warrants or options, other than shares underlying securities that existed at the time of execution of his employment agreement) we issue under the same terms and conditions of the issuance (however, the vesting schedule of the additional options shall in any event be 1/12 at the end of every three month period for an aggregate vesting period of 36 months). As a result of the issuance of options to directors during 2009 (as detailed above), Eran Zupnik received options to purchase 45 ordinary shares on August 1, 2009 and options to purchase seven (7) ordinary shares on December 30, 2009, at an exercise price identical to that of the directors ($4.7 and $6.3, respectively). As a result of the issuance of options to directors in 2010 (as detailed above), Eran Zupnik received additional options to purchase 45 ordinary shares on August 1, 2010, at an exercise price identical to that of the directors ($5.9). As a result of issuances of options to directors during 2011 (as detailed above), Eran Zupnik received additional options to purchase 45 ordinary shares on August 1, 2011 and options to purchase seven (7) ordinary shares on January 3, 2012, at an exercise price identical to that of the directors ($7 and $5.55, respectively). As a result of issuances of options to directors during 2012 (as detailed above), Eran Zupnik received additional options to purchase 45 ordinary shares on August 1, 2012 at an exercise price identical to that of the directors ($5.24). All of the options granted to Mr. Zupnik were granted under our 2000 Stock Option Plan and expire ten years after their grant date.

Outstanding Options

Immediately prior to the consummation of the HP Transaction, there were outstanding options to purchase 1,007,940 of our ordinary shares that were granted to our employees. In connection with the HP Transaction, the vesting of all such employee options was accelerated and all became immediately exercisable upon consummation of the sale of our business to HP on February 29, 2008. As more fully described herein, 989,355 of such options were thereafter purchased by us and cancelled in July 2008. Any options not repurchased (due to their relatively high exercise price) expired during 2008 pursuant to their terms and the terms of the 2000 Stock Option Plan.

1998 Share Option Plan for Non-Employee Directors

For more information concerning our 1998 Share Option Plan for Non-Employee Directors see "Item 6.B: Compensation."

As of March 1, 2013, there were 19,502 outstanding options under the 1998 Plan. As of January 1, 2012, December 31, 2012 and March 1, 2013, there were 45,414, 47,081 and 47,081 ordinary shares, respectively, available for future grants under the 1998 Plan.

2000 Stock Option Plan

In 2000, we adopted the 2000 Stock Option Plan, or the 2000 Plan, to provide for grants of service and non-employee options to purchase ordinary shares to our officers, employees, directors and consultants. The 2000 Plan provides that it may be administered by the Board, or by a committee appointed by the Board, and is currently administered by our Board.

At the annual shareholders meetings held on November 18, 2003 and October 27, 2004, our shareholders approved increases in the number of ordinary shares authorized for issuance under the 2000 Plan (as amended) to 299,759. At the annual shareholders meeting held on October 27, 2005, our shareholders approved an additional increase in the number of ordinary shares authorized for issuance under the 2000 Plan (as amended) by 1,450,000, from 299,759 to 1,749,759 and by the number of ordinary shares underlying options surrendered (except in the case of surrender for the exercise into shares) or which cease to be exercisable under our 1995 Israeli Stock Option Plan and 1997 Stock Option Plan, together, the 1995 and 1997 Plans. The additional number of ordinary shares underlying options cancelled under the 1995 and 1997 Plans increased the number of ordinary shares authorized for issuance under the 2000 Plan by 22,700 from 1,749,759 to 1,772,459. Section 12 of the 2000 Plan provided originally that the 2000 Plan will expire on August 31, 2008, unless previously terminated or extended by the Board. At our Board meeting held on June 23, 2008, our Board resolved to amend Section 12 of the 2000 Plan to extend its term until August 31, 2018.

Our Board has broad discretion to determine the persons entitled to receive options under the 2000 Plan, the terms and conditions on which options are granted, and the number of ordinary shares subject thereto. Our Board delegated to our management its authority to issue ordinary shares issuable upon exercise of options under the 2000 Plan. The exercise price of the options under the 2000 Plan is determined by our Stock Option and Compensation Committee, provided, however, that the exercise price of any option granted shall not be less than eighty percent (80%) of the stock value at the date of grant of such options. The stock value at any time is equal to the then current fair market value of our ordinary shares. For purposes of the 2000 Plan (as amended), the fair market value means, as of any date, the last reported closing price of the ordinary shares on such principal securities exchange on the most recent prior date on which a sale of the ordinary shares took place.

Our Board determines the term of each option granted under the 2000 Plan, including the vesting period; provided, however, that the term of an option shall not be for more than 10 years. Unless otherwise agreed by the parties, upon termination of employment, all unvested options lapse, and generally within three months from such termination all vested but not-exercised options shall lapse.

The options granted are subject to restrictions on transfer, sale or hypothecation. Options and ordinary shares issuable upon the exercise of options granted to our Israeli employees are held in a trust until the payment of all taxes due with respect to the grant and exercise (if any) of such options.

We have elected the benefits available under the "capital gains" alternative of Section 102 of the Israeli Tax Ordinance. Pursuant to this election, capital gains derived by employees arising from the sale of shares acquired as a result of the exercise of options granted to them under Section 102, will be subject to a flat capital gains tax rate of 25% (instead of the gains being taxed as salary income at the employee's marginal tax rate). However, as a result of this election, we will no longer be allowed to claim as an expense for tax purposes the amounts credited to such employees as a benefit when the related capital gains tax is payable by them, as we were previously entitled to do. We may change the election from time to time, as permitted by the Tax Ordinance. There are various conditions that must be met in order to qualify for these benefits, including registration of the options in the name of a trustee, or the Trustee, for each of the employees who is granted options. Each option, and any ordinary shares acquired upon the exercise of the option, must be held by the Trustee for a period commencing on the date of grant and ending no earlier than 24 months after the date of grant.

As of March 1, 2013, there are 132,240 outstanding options under the 2000 Plan. As a result of the repurchase and cancellation or expiration of all outstanding options under the 2000 Plan following the consummation of the HP Transaction and the reduction in the number of shares reserved for issuance under such plan as a result of such cancellation or expiration, the number of additional ordinary shares available for issuance under the 2000 Plan, as of January 1, 2012, December 31, 2012 and March 1, 2013, was 595,009, 594,964 and 594,964, respectively.

ITEM 7: Major Shareholders and Related Party Transactions

A. Major Shareholders

The following table sets forth information regarding the beneficial ownership of our ordinary shares as of March 1, 2013, by each person known by us to be the beneficial owner of more than 5% of our ordinary shares. Each of our shareholders has identical voting rights with respect to its shares. All of the information with respect to beneficial ownership of the ordinary shares is given to the best of our knowledge.

	Ordinary Shares Beneficially Owned[1]	Percentage of Ordinary Shares Beneficially Owned
Shlomo Nehama (2)(5)	4,016,842	37.6%
Kanir Joint Investments (2005) Limited Partnership ("Kanir") (3)(4)(5)(6)	2,841,440	26.6%
Zohar Zisapel (7)	841,976	7.9%

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(1) As used in this table, "beneficial ownership" means the sole or shared power to vote or direct the voting or to dispose or direct the disposition of any security as determined pursuant to Rule 13d-3 promulgated under the U.S. Securities Exchange Act of 1934, as amended. For purposes of this table, a person is deemed to be the beneficial owner of securities that can be acquired within 60 days from March 1, 2013 through the exercise of any option or warrant. Ordinary shares subject to options or warrants that are currently exercisable or exercisable within 60 days are deemed outstanding for computing the ownership percentage of the person holding such options or warrants, but are not deemed outstanding for computing the ownership percentage of any other person. The amounts and percentages are based on a total of 10,692,371 ordinary shares outstanding as of March 1, 2013. This number of outstanding ordinary shares does not include a total of 85,655 ordinary shares held at that date as treasury shares under Israeli law, all of which were repurchased by us. For so long as such treasury shares are owned by us they have no rights and, accordingly, are neither eligible to participate in or receive any future dividends which may be paid to our shareholders nor are they entitled to participate in, be voted at or be counted as part of the quorum for, any meetings of our shareholders.

(2) According to information provided by the holders, the 4,016,842 ordinary shares beneficially owned by Mr. Nehama consist of: (i) 3,551,869 ordinary shares held by Nechama Investments, which constitute approximately 33.2% of our outstanding ordinary shares and (ii) 464,973 ordinary shares and held directly by Mr. Nehama, which constitute approximately 4.4% of our outstanding ordinary shares. Mr. Nehama, as the sole officer, director and shareholder of Nechama Investments, may be deemed to indirectly beneficially own any ordinary shares owned by Nechama Investments, which constitute (together with his shares) approximately 37.6% of our outstanding ordinary shares.

(3) According to information provided by the holder, Kanir is an Israeli limited partnership. Kanir Ltd., in its capacity as the general partner of Kanir, has the voting and dispositive power over the ordinary shares directly beneficially owned by Kanir. As a result, Kanir Ltd. may be deemed to indirectly beneficially own the ordinary shares beneficially owned by Kanir. Messrs. Hemi Raphael and Ran Fridrich, who are members of our Board of Directors, are the sole directors of Kanir Ltd. and Mr. Raphael is a majority shareholder of Kanir Ltd. As a result, Messrs. Raphael and Fridrich may be deemed to indirectly beneficially own the ordinary shares beneficially owned by Kanir, which constitute, together with their holdings as set forth in footnote (4), 30.8% and 28%, respectively, of our outstanding ordinary shares. Kanir Ltd. and Messrs. Raphael and Fridrich disclaim beneficial ownership of such ordinary shares except to the extent of their respective pecuniary interest therein, if any.

(4) According to information provided by Hemi Raphael, Mr. Raphael beneficially owns 454,524 ordinary shares, consisting of: (i) 314,514 ordinary shares held by a BVI private company wholly-owned by Mr. Raphael, which constitute approximately 2.9% of our outstanding shares and (ii) 140,010 ordinary shares held directly by Mr. Raphael, which constitute approximately 1.3% of our outstanding shares. Mr. Raphael, as the sole officer, director and shareholder of such private company, may be deemed to indirectly beneficially own any ordinary shares beneficially owned by such private company, which constitute (together with the shares held directly by him) approximately 4.3% of our outstanding ordinary shares. According to information provided by Mr. Fridrich, Mr. Fridrich directly owns 148,567 ordinary shares, which constitute approximately 1.4% of our outstanding shares.

(5) By virtue of the 2008 Shareholders Agreement, Mr. Nehama, Nechama Investments, Kanir, Kanir Ltd., and Messrs. Raphael and Fridrich may be deemed to be members of a group that holds shared voting power with respect to 6,393,309 ordinary shares, which constitute approximately 59.8% of our outstanding ordinary shares, and holds shared dispositive power with respect to 5,356,878 ordinary shares, which constitute 50.1% of the outstanding ordinary shares. Accordingly, taking into account the shares directly held by Messrs. Nehama, Raphael (taking into account also shares held by the private company wholly-owned by him) and Fridrich, they may be deemed to beneficially own approximately 64.1%, 64% and 61.2%, respectively, of our outstanding ordinary shares. Each of Mr. Nehama and Nechama Investments disclaims beneficial ownership of the ordinary shares beneficially owned by Kanir. Each of Kanir, Kanir Ltd. and Messrs. Raphael and Fridrich disclaims beneficial ownership of the ordinary shares beneficially owned by Nechama Investments. A copy of the 2008 Shareholders Agreement was filed with the SEC on March 31, 2008 as Exhibit 14 to an amendment to a Schedule 13D and is not incorporated by reference herein.

(6) Based upon a Schedule 13D/A filed with the SEC on December 22, 2010, on previous Schedule 13D filings by the persons referenced herein and on other information known to us. Bonstar, an Israeli company, currently holds 233,258 ordinary shares, which constitute approximately 2.2% of the outstanding ordinary shares. Bonstar is a limited partner of Kanir and assisted Kanir in the financing of the purchase of some of its ordinary shares. Accordingly, Bonstar may be deemed to be a member of a group with Kanir and its affiliates, although there are no agreements between Bonstar and either of such persons and entities with respect to the ordinary shares beneficially owned by each of them. Mr. Joseph Mor and Mr. Ishay Mor are the sole shareholders of Bonstar and Mr. Joseph Mor serves as the sole director of Bonstar. Messrs. Joseph Mor and Ishay Mor also hold, through a company jointly held by them, 175,000 ordinary shares, which constitute approximately 1.6% of the outstanding ordinary shares. By virtue of their control over Bonstar and the other company, Messrs. Joseph Mor and Ishay Mor may be deemed to indirectly beneficially own the 408,258 ordinary shares beneficially owned by Bonstar and by the other company, which constitute approximately 3.8% of the ordinary shares. Each of Bonstar and Messrs. Joseph Mor and Ishay Mor disclaims beneficial ownership of the ordinary shares beneficially owned by Kanir and Nechama Investments, except to the extent of their respective pecuniary interest therein, if any.

(7) Based solely upon, and qualified in its entirety with reference to, a Schedule 13G/A filed with the SEC on January 24, 2013, reporting holdings as of December 31, 2012. According to the information included in such Schedule 13G/A, Zohar Zisapel is an Israeli citizen. The holdings of Mr. Zisapel consist of: (i) 841,726 ordinary shares held by the Mr. Zisapel and (ii) 250 ordinary shares held of record by Lomsha Ltd., an Israeli company controlled by Mr. Zisapel.

Significant Changes in the Ownership of Major Shareholders

In March 2010, Weiss Asset Management LP filed an amendment to its Schedule 13G with the SEC, noting that its holdings in our ordinary shares have decreased below 5%.

In October 2010, warrants to purchase 1,285,714 ordinary shares were exercised by Kanir and warrants to purchase 1,285,714 ordinary shares were exercised by Nechama Investments, all at an exercise price of $4 per share. In December 2010, warrants to purchase 423,677 were exercised by Shlomo Nehama, warrants to purchase 291,633 were exercised by Bank Leumi and warrants to purchase 84,691 were exercised by Bonstar, all at an exercise price of $3.5 per share. In January 2011, warrants to purchase 27,778 ordinary shares, at an exercise price of $6.5 per share, were exercised by one of the participants in the private placement held in 2007. As a result of these warrant exercises, the beneficial ownership of Shlomo Nehama and Kanir changed to 37.4% and 33.5%, respectively (due to the increase in the outstanding shares and the method of calculation of beneficial ownership).

In February 2012, Kanir transferred an aggregate of 751,658 ordinary shares to Hemi Raphael, a company controlled by Hemi Raphael, Ran Fridrich and Bonstar. As a result of such transfers, the beneficial ownership of Kanir decreased to 26.6%.

Record Holders

Based on a review of the information provided to us by our transfer agent and controlling shareholders, as of March 1, 2013, there were 59* record holders of ordinary shares, of which 25 represented United States* record holders holding approximately 30.47% of our outstanding ordinary shares (including approximately 29.87% of our outstanding ordinary shares held by the Depository Trust Company). This does not reflect persons or entities that hold ordinary shares in nominee or "street name" through various brokerage firms.

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* Including the Depository Trust Company.

2008 Shareholders Agreement

Pursuant to public filings made and information provided by Kanir and Nechama Investments and their affiliates, on March 24, 2008, Kanir and Nechama Investments entered into a shareholders agreement, or the 2008 Shareholders Agreement, with respect to their holdings of our ordinary shares. The following summary is based on public filings made by the parties to the 2008 Shareholders Agreement, which include a more detailed description of the 2008 Shareholders Agreement and a copy of such agreement and that are not incorporated by reference herein.

The parties to the 2008 Shareholders Agreement agreed to vote all our ordinary shares held by them as provided in the 2008 Shareholders Agreement. Where the 2008 Shareholders Agreement is silent as to a matter brought before our shareholders, the parties will agree in advance as to how they will vote. In the event that the parties do not reach an agreement regarding any such matter, they will vote all of their ordinary shares against such matter. In addition, the parties agreed to use their best efforts to amend our articles to require that, if so requested by at least two of our directors, certain matters, such as related party transactions and any material change in the scope of our business, will require the approval of a simple majority of the outstanding ordinary shares. At our annual shareholders meeting held on December 30, 2008, our shareholders approved the adoption of our Second Amended and Restated Articles, as requested by Kanir and Nechama Investments and that includes, among other things, the revisions contemplated in the 2008 Shareholders Agreement. For more information, see "Item 10.B: Memorandum of Association and Second Amended and Restated Articles."

The parties to the 2008 Shareholders Agreement further agreed to use their best efforts to ensure that the composition of our Board will be in accordance with the agreements set forth therein.

The 2008 Shareholders Agreement also contains certain agreements with respect to the ordinary shares held by each party that constitute, from time to time, 25.05% of the outstanding ordinary shares and, in the aggregate, 50.1% of the outstanding ordinary shares (these shares are defined in the 2008 Shareholders Agreement as the Restricted Shares), including a lock-up period, right of first refusal, tag along and a buy/sell notice mechanism.

The parties to the 2008 Shareholders Agreement agreed not to enter into any additional voting or similar agreements with any of our other shareholders during the term of the 2008 Shareholders Agreement, which will be in effect so long as (i) the parties hold more than 50% of our outstanding ordinary shares or (ii) each of the parties holds all of its Restricted Shares (unless the lending bank of the parties to the 2008 Shareholders Agreement forecloses on its pledge on the Restricted Shares of either party, causing the immediate termination of the 2008 Shareholders Agreement).

Encumbrances Placed on our Securities

Pursuant to public filings made and information provided by Kanir and Nechama Investments and their affiliates, on March 27, 2008, each of Kanir and Nechama Investments entered into a separate five-year loan agreement with Israel Discount Bank Ltd. in order to finance the purchase of our ordinary shares and warrants to purchase our ordinary shares. As collateral for the loans, Israel Discount Bank Ltd. received a first-priority pledge over 2,692,892 ordinary shares, or 25.2% of the outstanding ordinary shares, held by Kanir and over 2,692,893 ordinary shares, or 25.2% of the outstanding ordinary shares, held by Nechama Investments. A default of either of Kanir and Nechama Investments under their agreements with Israel Discount Bank Ltd. could cause a foreclosure with respect to our ordinary shares subject to the pledge to such bank, which could result in a change of control of Ellomay. A summary of the loan agreement was filed by Kanir and Nechama Investments with the SEC on March 31, 2008 as Exhibit 17 to an amendment to a Schedule 13D and is not incorporated by reference herein.

B. Related Party Transactions

On December 30, 2008, following the approval of our Audit Committee, Board of Directors and shareholders, we entered into a management services agreement with Kanir and Meisaf, effective as of March 31, 2008, the date of appointment of Messrs. Fridrich and Nehama as members of our Board. In consideration of the performance of the management services and the board services under the terms of the management services agreement we agreed to pay Kanir and Meisaf, in equal parts in and quarterly payments, an aggregate annual services fee in the amount of $250,000 plus value added tax pursuant to applicable law. The management services agreement was initially in effect until the earlier of: (i) the second anniversary of the effective date of the Agreement (March 31, 2010) or (ii) the termination of service of either of the Kanir and Nechama Investments affiliates on our Board of Directors. The term of the management services agreement was extended for one-year periods at our annual meetings of shareholders held on December 30, 2009 and December 22, 2010. Our Audit Committee, Board of Directors and our shareholders, at our annual meeting of shareholders held on December 20, 2011, approved a three-year extension to the management services agreement, so that it shall remain in effect until the earlier of: (i) March 31, 2015, or (ii) the termination of service of either of the Kanir and Nechama Investments affiliates on our Board of Directors.

For a further discussion of transactions and balances with related parties see "Item 6.B: Compensation," "Item 6.C: Board Practices" under "Indemnification, Exemption and Insurance of Executive Officers and Directors," “Item 10.C: Material Contracts” and Note 14 to our consolidated financial statements, which are included as a part of this report.

C. Interests of Experts and Counsel

Not Applicable.

ITEM 8: Financial Information

A. Consolidated Statements and Other Financial Information.

Consolidated Statements

Our consolidated financial statements are set forth in Item 18.

Legal Proceedings

The U.S. dollar amounts presented below are based on applicable conversion rates in effect as of December 31, 2012.

During 2002, a customer filed a lawsuit in China against our subsidiary alleging bad quality of products. The court ruled on April 2003 that the subsidiary should reimburse the customer with the amount of approximately $0.284 million. Following an appeal filed by the subsidiary, the court ruled in September 2003 in favor of the end-user. The subsidiary is in the process of liquidation since 2003 and has no assets; therefore the plaintiff has no remedy against the subsidiary. In October 2011 the customer declared its creditor's rights as part of the process of the liquidation of the subsidiary in an aggregate amount of approximately $0.386 million, which includes interest up to the date of their demand. We responded rejecting the allegations made and the demands for payment by us of our subsidiary's alleged debts. Based on management's estimation and the assessment of our legal counsel, it is unlikely that we will be required to pay the amount ruled against the subsidiary in China. Therefore, no provision was recorded with respect to this claim.

In December 2003, Imagens Digitais Ltda., a client of NUR Do Brazil Ltda., filed a suit against NUR Do Brazil Ltda. and NUR America in Brazil, alleging that a machine purchased by it failed to perform. Imagens was seeking reimbursement of the purchase price paid by it in the amount of approximately $0.29 million. During 2006 we filed a counterclaim for the collection of unpaid invoices, which was settled between the parties in May 2010. In January 2010 the court dismissed the client's suit and in June 2010 the client filed an appeal. In October 2010, following a motion filed by the defendant, the court decided to increase the amount of the claim (as legal expenses are determined based on the original amount of the claim) and an appeal filed by the customer in connection with this decision is currently pending. Based on management's estimation and the assessment of our legal counsel, no provision was recorded with respect to the client's claim.

In February 2007 a claim was filed against us and one of our former officers by a person claiming to have been an agent of the company in West Africa for commissions on sales of printers. The claim is for NIS 3 million ($0.804 million). We filed a statement of defense denying all claims, both with respect to the causes of action and with respect to the factual allegations in the claim. The plaintiff filed a motion with the Court to strike our Statement of Defense, which was rejected. The plaintiff filed an appeal to the Supreme Court. That motion was rejected in July 2010. In October 2012, the district court rendered its ruling and rejected the plaintiff's claims in their entirety. In November 2012 an appeal was filed in the Supreme Court by the plaintiff. Written summaries will be submitted by the plaintiffs and by the defendants by September 2013 and November 4, 2013, respectively, and the plaintiffs may submit a response to the defendants' summaries by December 2013. A hearing has been scheduled at the Supreme Court for March 5, 2014. Based on management estimation and the assessment of its legal counsel no provision was recorded with respect to this claim.

In September 2010 a claim was filed with the Court of Brescia, Italy against us and against HP and several of its subsidiaries by a former client asking the declaration of invalidity or voidness or termination of the supply of agreements in connection with 5 printers purchased between 2004-2006 alleging the defectiveness of the printers (in particular, the lack of the essential safety qualifications and relevant certifications) and requesting damages in the aggregate amount of approximately Euro 2.5 million plus VAT (approximately $3.295 million plus VAT). We were sued based on past ownership of the seller of the printers, NUR Europe (which was sold to HP). We required that HP pay our legal fees in connection with this claim based on the settlement agreement executed with HP in July 2010. The parties reached a settlement in November 2012 and the case was dismissed. In addition, the Company reached a settlement with HP concerning the payment of legal fees.

We may from time to time become a party to various legal proceedings in the ordinary course of our business.

Dividends

We do not anticipate that we will pay any cash dividend on our ordinary shares in the foreseeable future. Dividends, if any, may be paid in New Israeli Shekel or other currencies. Dividends paid in New Israeli Shekel to shareholders outside Israel will be converted to U.S. dollars, on the basis of the exchange rate prevailing at the date of payment.

B. Significant Changes

Except as otherwise disclosed in this report, no significant changes have occurred since December 31, 2012.

ITEM 9: The Offer and Listing

A. Offer and Listing Details

Stock Price History

The prices set forth below are high and low closing market prices for our ordinary shares as reported by OTC Markets, Inc. and the NYSE MKT, as applicable, for the fiscal year ended December 31 of each year indicated below, for each fiscal quarter indicated below, and for each month for the last six-month period. Such quotations reflect inter-dealer prices, without retail markup, markdown, or commission and may not necessarily represent actual transactions. Our ordinary shares were listed on the NYSE MKT under the symbol “ELLO” on August 22, 2011 and until such date were quoted in the over-the-counter market in the OTCQB market under the symbol “EMYCF.PK.”

All share prices have been retroactively adjusted to reflect the one-for-ten reverse share split effected on June 9, 2011.

	High (US)	Low (US)
Year		
2008	$ 7.5	$ 4.7
2009	6.6	4.5
2010	7.5	5.1
2011	8.00	5.41
2012	7.7	4.25
2011		
First Quarter	$ 7.2	$ 6.2
Second Quarter	8.0	6.0
Third Quarter	7.09	5.98
Fourth Quarter	6.00	5.41
2012		
First Quarter	$ 6.55	$ 5.37
Second Quarter	7.70	5.64
Third Quarter	6.00	4.25
Fourth Quarter	6.00	4.95
2013		
First Quarter (through March 20, 2013)	$ 7.47	$ 6.10
Most Recent Six Months		
February 2013	$ 7.06	$ 6.45
January 2013	6.77	6.10
December 2012	6.00	5.55
November 2012	6.00	5.20
October 2012	5.10	4.95
September 2012	5.06	4.25

Due to the limited period since the listing of our ordinary shares on the NYSE MKT, our ordinary shares are not yet regularly covered by securities analysts and the media and the liquidity of our ordinary shares is very limited. Such limited liquidity could result in lower prices for our ordinary shares than might otherwise prevail and in larger spreads between the bid and asked prices for our ordinary shares.

B. Plan of Distribution

Not Applicable.

C. Markets

Our ordinary shares were listed on the NYSE MKT on August 22, 2011. Our trading symbol is “ELLO.”

Our ordinary shares were traded on The NASDAQ National Market between October 1995 and July 2003, traded on The NASDAQ Capital Market between July 2003 and May 2005 and quoted on the over the counter market in OTCQB market, operated by OTC Markets, Inc. until August 19, 2011.

D. Selling Shareholders

Not Applicable.

E. Dilution

Not Applicable.

F. Expenses of the Issue

Not Applicable.

ITEM 10: Additional Information

A. Share Capital

Not Applicable.

B. Memorandum of Association and Second Amended and Restated Articles

Set forth below is a brief description of certain provisions contained in the Memorandum of Association, the Second Amended and Restated Articles, adopted by our shareholders at our general meeting held on December 30, 2008, as amended through June 20, 2012, as well as certain statutory provisions of Israeli law. The Memorandum of Association and the Articles are incorporated by reference herein. The description of certain provisions does not purport to be a complete summary of these provisions and is qualified in its entirety by reference to such exhibits and to Israeli law.

Authorized Share Capital

Our authorized share capital is one hundred seventy million (170,000,000) New Israeli Shekels, divided into seventeen million (17,000,000) ordinary shares, NIS 10.00 par value per share.

Due to the fact that we were incorporated prior to 1999, the year the Companies Law was enacted, a special majority of 75% of the shares voting on the matter is generally required in order to amend our Memorandum, however, pursuant to our Memorandum, changes to our capital structure, such as an increase in our authorized capital, only require the vote of a majority of the shares voting on the matter.

As approved at our annual general meeting held on December 22, 2010, following the approval of our Board of Directors, we effected a ten-for-one reverse share split of our ordinary shares on June 9, 2011. All fractional shares resulting from such reverse split which were one-half share or more were increased to the next higher whole number of shares and all fractional shares which were less than one-half share were decreased to the next lower whole number of shares. The purpose of the reverse share split was to increase the price of our ordinary shares in order to enable us to meet the minimum bid price initial listing requirements of the NYSE MKT.

Purpose and Objective

We are a public company registered under the Companies Law as Ellomay Capital Ltd., registration number 52-003986-8. Pursuant to Article 3.1 of our Articles, our objective is to undertake any lawful activity, including any objective set forth in our Memorandum of Association. Pursuant to Article 3.2 of our Articles, our purpose is to operate in accordance with commercial considerations with the intentions of generating profits. In addition, we may contribute reasonable amounts for any suitable purpose even if such contributions do not fall within our business considerations. The Board may determine the amounts of the contributions, the purpose for which the contribution is to be made, and the recipients of any such contribution.

Board of Directors

Under the Companies Law, our Board is authorized to determine our strategy and supervise the performance of the duties and actions of our chief executive officer. Our Board may not delegate to a committee of the Board or the chief executive officer the right to decide on certain of the authorities vested in it, including determination of our strategy, distributions, certain issuances of securities and approval of financial reports. The powers conferred upon the Board are vested in the Board as a collective body and not in each one or more of the directors individually. Unless otherwise set forth in a resolution of the shareholders, our Articles provide that our Board shall consist of not less than four (4) nor more than eight (8) directors (including any external directors whose appointment is mandated under the Companies Law).

Pursuant to the Companies Law, publicly traded companies must appoint at least two external directors to serve on their board of directors and audit committee. For further information concerning external directors see "Item 6.C: Board Practices."

The Companies Law codifies the fiduciary duties that an office holder has to a company. An office holder's fiduciary duties consist of a duty of loyalty and a duty of care. For more information concerning these duties, the approval process of certain transactions and other board practices see "Item 6.C: Board Practices."

Our directors cannot vote approve compensation to themselves or any members of their body without the approval of our compensation committee and our shareholders. For more details concerning the approval process of Terms of Service and Employment of office holders see "Item 6.C: Board Practices" under "Compensation Committee." Borrowing powers exercisable by the directors are not specifically outlined in our Articles.

No person shall be disqualified to serve as a director by reason of his not holding our shares in. Additionally, our Articles do not provide for an age in which directors are required to retire.

Rights of Shareholders

No preemptive rights are granted to holders of our ordinary shares under the Articles or the Companies Law. Each ordinary share is entitled to one vote on all matters to be voted on by shareholders, including the election of directors.

The directors are elected annually at a general meeting of shareholders and remain in office until the next annual meeting at which time they retire, unless their office is previously vacated as provided in the Articles. A retiring director may be reelected. If no directors are elected at the annual meeting, all of the retiring directors remain in office pending their replacement at a general meeting. Holders of the ordinary shares do not have cumulative voting rights in the election of directors. Consequently, the holders of ordinary shares in the aggregate conferring more than 50% of the voting power, represented in person or by proxy, will have the power to elect all the directors. On March 24, 2008, in connection with the purchase of a controlling interest of our ordinary shares, Nechama Investments and Kanir entered into the 2008 Shareholders Agreement. Under the 2008 Shareholders Agreement, both parties agreed to vote all of our shares held by them as provided in the agreement and, where the agreement is silent, as the parties shall agree prior to any meeting of our shareholders. In addition, the 2008 Shareholders Agreement provides that in the event the parties do not reach an agreement regarding certain resolution proposed to our shareholders meeting, the parties shall vote all of their shares against such proposed resolution. For further information with respect to the 2008 Shareholders Agreement, see "Item 7.A: Major Shareholders" under the caption "2008 Shareholders Agreement."

Following the adoption of the Articles at our general meeting of shareholders held on December 30, 2008, Article 25.5 provides that for so long as the 2008 Shareholders Agreement is in effect, at the written request of any two directors with respect to any proposed action or transaction (including certain related party transactions, any amendments to our Memorandum of Association or Articles, any merger or consolidation of the Company, any material change in the scope of our business, the voluntary liquidation or dissolution of the Company, approval of annual budget or business plan and material deviations therefrom and any change in signatory rights on behalf of the Company), such action or transaction shall require the approval of our general meeting by a resolution supported by members present, in person or by proxy, vested with at least 50.1% of our outstanding shares, or by such higher approval threshold as may be required by Israeli law.

Chairman of the Board

Our Articles provide that our Chairman of the Board shall have no casting vote, unless (i) the Chairman of the Board is then Mr. Shlomo Nehama and (ii) Nechama Investments, together with any Affiliates (as defined in our Articles) thereof, then holds at least 25.05% of our outstanding shares. Our Articles further provide that, notwithstanding the foregoing, in case Mr. Shlomo Nehama elects to exercise his casting vote in respect of a specific resolution brought before our Board, or the Triggering Resolution, then (a) prior to such exercise, Nechama Investments shall be required to trigger the "Buy Me Buy You" mechanism set forth in the 2008 Shareholders Agreement as an Offering Party (as defined in the 2008 Shareholders Agreement), whereby the Triggering Resolution will be pending until the consummation of the sale of the Restricted Shares (as defined in the 2008 Shareholders Agreement) of one party to the 2008 Shareholders Agreement to the other party of the 2008 Shareholders Agreement in accordance with such "Buy Me Buy You" mechanism; and (b) in the event that three (3) of the members of our Board so require, the Triggering Resolution shall be conditioned upon the approval of our General Meeting pursuant to Article 25.1 of the Articles (requiring a special majority of 50.1% of our outstanding shares). Upon a transfer of the Restricted Shares by Kanir to third party in accordance with the terms of the 2008 Shareholders Agreement, the casting vote of the Chairman of the Board shall expire.

Dividends and Liquidation Rights

Our Board of Directors is authorized to declare dividends, subject to applicable law. Dividends may be paid only out of profits and other surplus, as defined in the Companies Law, as of the end of the most recent financial statements or as accrued over a period of two years, whichever is higher. Alternatively, if we do not have sufficient profits or other surplus, then permission to effect a distribution can be granted by order of an Israeli court. In any event, a distribution is permitted only if there is no reasonable concern that the distribution will prevent us from satisfying our existing and foreseeable obligations as they become due.

Upon recommendation by the Board, dividends may be paid, in whole or in part, by the distribution of certain of our specific assets, of our shares or debentures, or shares or debentures of any other company, or in any combination of such manners. Subject to special or restricted rights conferred upon the holders of shares as to dividends, if any, the dividends shall be distributed in accordance with our paid-up capital attributable to the shares for which the dividend has been declared. Our obligation to pay dividends or any other amount in respect of shares may be set-off against any indebtedness, however arising, liquidated or non-liquidated, of the person entitled to receive the dividend. Any dividend unclaimed within the period of seven years from the date stipulated for its payment shall be forfeited and returned to us, unless otherwise directed by our Board. In the event of the winding up of Ellomay, then, after satisfaction of liabilities to creditors and subject to provisions of any applicable law and to any special or restricted rights attached to a share, our assets in excess of our liabilities will be distributed among the shareholders in proportion to the paid-up capital attributable to the shares in respect of which the distribution is being made. Dividend and liquidation right may be affected by the grant of preferential dividends or distribution rights to the holders of a class of shares with preferential rights that may be authorized in the future.

Redemption Provisions

We may, subject to any applicable law, issue redeemable securities and then redeem them.

Liability to Capital Calls

The liability of our shareholders for the indebtedness of the Company is limited to payment of the nominal value of the shares held by them.

Certain Transactions with Controlling Persons

No provision in the Articles discriminates against an existing or prospective holder of securities, as a result of such shareholder owning a substantial amount of shares. However, the Companies Law extends the disclosure requirements applicable to office holders as described in "Item 6.C: Board Practices," to a controlling shareholder in a public company. For purposes of the issues described in these paragraphs, the Companies Law defines a controlling shareholder a shareholder who can direct the activities of the company, including a person who holds 25% or more of the voting rights at the company's general meeting, provided there is no other person that holds more than 50% of the voting rights in such company. If two or more shareholders are interested parties in the same transaction, their shareholdings are combined for the purposes of calculating the percentages held by them. If two or more shareholders are parties to a voting agreement, their interests are also generally combined for the purposes of calculating percentages.

"Extraordinary Transactions" (as such term is defined by the Companies Law and as set forth in "Item 6.C: Board Practices") of a public company with its controlling shareholder or with another person if the controlling shareholder has a personal interest in such transaction, including certain private offering of securities in which the controlling shareholder has a personal interest, a transaction between a company and a controlling shareholder or her or his relative, directly or indirectly, including through a company controlled by her or him, relating to the receipt by the company of services from her or him, and, if such controlling shareholder or her or his relative are office holders, a transaction in connection with their Terms of Service and Employment or, if he or she is an employee of the company and not an office holder, a transaction of the company with such person in connection with his or her employment by the company, all require the approval of the audit committee, the board of directors and the shareholders. The shareholders approval of such a transaction requires a simple majority approval and the fulfillment of one of the following conditions: (i) at least a majority of the votes cast by shareholders who have no personal interest in the transaction and who vote on the matter are voted in favor of the transaction, or (ii) the votes cast by shareholders who have no personal interest in the transaction voted against the transaction do not represent more than two percent of the voting rights in the company. In addition, any such transaction with a term that exceeds three years requires approval as described above every three years, unless (with respect only to extraordinary transactions and not to other transactions that require the special approval process) the audit committee approves that a longer term is reasonable under the circumstances. For more information concerning the approval process and requirements in connection with the Terms of Service and Employment of controlling shareholders and their relatives see "Item 6.C: Board Practices" under "Compensation Committee."

Pursuant to the Companies Regulations (Relief from Related Party Transactions), 2000, promulgated under the Companies Law, or the Relief Regulations, certain extraordinary transactions between a company and its controlling shareholder(s), certain undertakings of a company to its directors in connection with their terms of service and certain transactions between a company and its controlling shareholder(s) or their relatives in their capacity as office holders or employees of the company may be approved, if the conditions set forth in such regulations are met, without the requirement to obtain shareholder approval. The Relief Regulations require that the company's audit committee and board of directors determine that the conditions set forth in the Relief Regulations are met. One of the alternative conditions for approving an extraordinary transaction with a controlling shareholder is that such transaction only benefits the company. Another available condition is that the transaction is in the ordinary course of business, on market terms, and does not harm the company. The relief provided by the Relief Regulations will not be available if one or more shareholders holding at least 1% of the issued and outstanding share capital of the company or of the company's voting rights objects to the use by the company of such relief, provided that such objection is submitted to the company in writing not later than fourteen (14) days from the date in which the company reported the adoption of the resolution pursuant to the Relief Regulations to its shareholders. If such objection is duly and timely submitted, then the transaction or compensation arrangement will require shareholders' approval as detailed above.

Changing Rights Attached to Shares

According to our Articles, in order to change the rights attached to any class of shares, unless otherwise provided by the terms of the class, such change must be adopted by a general meeting of the shareholders and by a separate general meeting of the holders of the affected class by the majority that is generally required for the amendment of the Articles or, if higher, the Memorandum. The provisions of the Articles relating to General Meetings of our shareholders shall apply, mutatis mutandis, to any separate General Meeting of the holders of the shares of a specific class; provided, however, that the requisite quorum at any such separate General Meeting shall be one or more members present in person or by proxy and holding not less than thirty three and one third percent (33 1/3%) of the issued shares of such class.

Pursuant to the Companies Law, the quorum requirement for General Meetings and for separate General Meetings for holders of a specific class may be satisfied with the presence of at least two members present in person or by proxy and holding not less than 25% of the outstanding shares, or the shares of such class, as the case may be.

Annual and Extraordinary Meetings of our Shareholders

Pursuant to the Companies Law, an annual meeting of shareholders must be held once in every calendar year at such time (within a period of not more than fifteen months after the preceding annual meeting) and at such place as may be determined by the board of directors. The board of directors may, at any time, convene extraordinary general meetings of shareholders, and shall be obligated to do so upon receipt of a requisition in writing from any of the following: (i) two directors or one quarter of the directors holding office; (ii) one or more shareholders holding at least 5% of the issued capital and at least 1% of the voting rights in the Company; or (iii) one or more shareholders holding at least 5% of the voting rights in the Company. A requisition must detail the objects for which the meeting must be convened and shall be signed by the persons requisitioning it and sent to the Company's registered office. When the board of directors is required to convene a special meeting, it shall do so within 21 days of the requisition being submitted. In the event the board of directors does not convene the extraordinary meeting despite the receipt of a valid requisition, the persons requisitioning the meeting may convene the meeting themselves, provided that such meeting shall not be held more than three months following the delivery of the requisition and will be convened, to the extent possible, in the same manner as general meetings are convened by the board of directors.

Prior to any general meeting a written notice thereof shall be made public as required by Israeli law. The Articles provide that we shall not be required to deliver notice to each shareholder, except as may be specifically required by Israeli law. The Articles further provide that a notice by us of a general meeting that is published in one international wire service shall be deemed to have been duly given on the date of such publication.

Two or more members present in person or by proxy and holding shares conferring in the aggregate more than 25% of the total voting power attached to our shares shall constitute a quorum at general meetings. If a meeting is adjourned due to the lack of a quorum, any two shareholders, present in person or by proxy at the subsequent adjourned meeting, will constitute a quorum. Unless provided otherwise by the terms of issue of the shares, no member shall be entitled to be present or vote at a general meeting (or to be counted as part of the quorum) unless all amounts due as of the date designated for same general meeting with respect to his shares were paid. A resolution shall be deemed adopted if the requisite quorum is present and the resolution is supported by members present, in person or by proxy, vested with more than fifty percent (50%) of the total voting power attached to the shares whose holders were present, in person or by proxy, at such meeting and voted thereon, or such other percentage required by law or set forth in the Articles from time to time.

Limitations on the Rights to Own Securities in Our Company

Our Memorandum of Association and Articles and the laws of the State of Israel do not restrict in any way the ownership or voting of ordinary shares by non-residents, except that shares held by citizens of countries which are in a state of war with Israel will not confer any rights to their holders unless the Ministry of Finance consents otherwise.

Anti-takeover Provisions; Mergers and Acquisitions under Israeli Law

The Companies Law permits merger transactions with the approval of each party's board of directors and generally requires shareholder approval as well. A merger with a wholly owned subsidiary does not require approval of the target company's shareholders. A merger does not require approval of the surviving company's shareholders if: (i) the merger does not require the adoption of amendments to the surviving company's memorandum of association or articles and (ii) the surviving company does not issue more than 20% of its voting power in connection with the merger and as a result of the issuance no shareholder would become a controlling shareholder (for this purpose any securities convertible into shares of the surviving company that such person holds or that are issued to him in the course of the merger are deemed to have been converted or exercised). Shareholder approval of the surviving company would nevertheless be required if the other party to the merger, or a person holding more than 25% of the outstanding voting shares or means of appointing the board of directors of the other party to the merger, holds any shares of the surviving company. In accordance with the Companies Law, our Articles provide that a merger may be approved at a shareholders meeting by a majority of the voting power represented at the meeting, in person or by proxy, and voting on that resolution. The Companies Law provides that in determining whether the required majority has approved the merger, shares held by the other party to the merger, any person holding at least 25% of the outstanding voting shares or means of appointing the board of directors of the other party to the merger, or the relatives or companies controlled by these persons, are excluded from the vote. As described above, our Articles currently provide, under certain circumstances, including a merger of the Company, that two directors may require that, in addition to the majority prescribed by the Companies Law, a merger be approved by a resolution supported by shareholders present, in person or by proxy, vested with at least 50.1% of our outstanding shares. For additional voting requirements that may apply to us pursuant to Article 25.5 of our Articles in connection with a proposed merger see "Rights of Shareholders" above.

Under the Companies Law, a merging company must inform its creditors of the proposed merger. Any creditor of a party to the merger may seek a court order blocking the merger, if there is a reasonable concern that the surviving company will not be able to satisfy all of the obligations of the parties to the merger. Moreover, a merger may not be completed until at least 50 days have passed from the time that a merger proposal was filed with the Israeli Registrar of Companies and 30 days have passed from the shareholder approval of the merger in each merging company.

The Companies Law provides that an acquisition of shares in a public company must be made by means of a tender offer if as a result of the acquisition the purchaser would become a 25% or greater shareholder of the company. This rule does not apply if there is already another 25% or greater shareholder of the company. Similarly, the Companies Law provides that an acquisition of shares in a public company must be made by means of a tender offer if as a result of the acquisition the purchaser would hold greater than a 45% interest in the company, unless there is another shareholder holding more than a 45% interest in the company. These requirements do not apply if, in general, the acquisition: (1) was made in a private placement that received shareholder approval as a private placement and was meant to grant the purchaser 25% or more of the voting rights of a company in which no other shareholder holds 25% or more of the voting rights, or to grant the purchaser more than 45% of the voting rights of a company in which no other shareholder holds more than 45% of the voting rights, (2) was from a 25% or greater shareholder of the company which resulted in the acquiror becoming a 25% or greater shareholder of the company, or (3) was from a shareholder holding more than a 45% interest in the company which resulted in the acquiror becoming a holder of more than a 45% interest in the company.

If, as a result of an acquisition of shares, the acquiror will hold more than 90% of a company's outstanding shares, the acquisition must be made by means of a tender offer for all of the outstanding shares, or a full tender offer. A full tender offer is accepted if either: (i) holders of less than 5% of the outstanding shares do not accept the tender offer and more than half of the offerees who do not have a personal interest in accepting the tender offer accepted it, or (ii) holders of less than 2% of the outstanding shares do not accept the tender offer. If the full tender offer is not accepted, then the acquiror may not acquire shares in the tender offer that will cause his shareholding to exceed 90% of the outstanding shares.

The Companies Law provides for appraisal rights in the event a full tender offer is accepted if the shareholder files a request with the court within six months following the consummation of a full tender offer. The acquirer may provide in the tender offer documents that any shareholder that accepted the offer and tendered his shares will not be entitled to appraisal rights.

Duties of Shareholders and of Controlling Shareholders

Under the Companies Law, a shareholder has a duty to act in good faith towards the company and other shareholders and to refrain from abusing his or her power in the company including, among other things, when voting in a general meeting of shareholders or in a class meeting on the following matters:

- any amendment to the articles;
- an increase in the company's authorized share capital;
- a merger; or
- approval of related party transactions that require shareholder approval.

A shareholder also has a general duty to refrain from depriving any other shareholders of their rights as shareholders.

In addition, a duty to act with fairness towards the company is imposed on: (i) anyone who controls a company, i.e. a person that has the ability to direct the activity of a company, excluding an ability deriving merely from holding an officer or director or another office in the company (a person shall be presumed to control a corporation if he or she holds half or more of certain means of control, i.e. rights to vote at a general meeting and the right to appoint directors or general manager), (ii) any shareholder who knows that it possesses the power to determine the outcome of a shareholder vote and (iii) any shareholder who has the power to appoint or prevent the appointment of an office holder in the company. The Companies Law does not describe the substance of this duty of fairness.

C. Material Contracts

Management Services Agreement with Kanir and Meisaf

At the annual shareholders meeting held on December 30, 2008, our shareholders approved the terms of a management services agreement among us, Kanir and Meisaf, effective as of March 31, 2008, or the Management Services Agreement.

The Management Services Agreement provides, among other things, that Meisaf and Kanir, through their employees, officers and directors, will assist us in connection with the process of identifying and evaluating opportunities to acquire operations, otherwise provide us with management services and advise and provide assistance to our management concerning our affairs and business. It is further agreed that the management services will be provided primarily by Messrs. Nehama, Fridrich and Raphael.

In addition, the Management Services Agreement notes that Kanir's and Meisaf's representatives on our Board of Directors, Messrs. Nehama, Fridrich and Raphael, or other affiliates of such entities, serve and will continue to serve on our Board of Directors. In providing the Board services, the directors and the Chairman of the Board will be subject to any and all fiduciary and other duties applicable to them under law and under our Articles and they are required to dedicate as much time as reasonably necessary for the proper performance of such services.

In consideration of the performance of the management services and the Board services, we have agreed to pay to Meisaf and Kanir, in equal parts, an aggregate annual fee in the amount of $250,000, to be paid on a quarterly basis. Meisaf and Kanir will also be entitled to receive reimbursement for reasonable out-of-pocket business expenses borne by them in connection with the provision of the services, as customary in the Company. In connection with the Management Services Agreement, the Board representatives of Kanir and Mr. Nehama waived any director fees and options to purchase our ordinary shares they may be entitled to as a result of their service on our Board.

The Management Services Agreement was initially in effect until the earlier of: (i) the second anniversary of the effective date of the Agreement (March 31, 2010) or (ii) the termination of service of either of the Kanir and Nechama Investments affiliates on our Board of Directors. However, our Audit Committee, Board of Directors and finally our shareholders, at the annual meetings of shareholders held on December 30, 2009 and on December 22, 2010, approved a one-year extension to the Management Services Agreement. Our Audit Committee, Board and our shareholders, at our annual meeting of shareholders held on December 20, 2011, approved a three-year extension to the Management Agreement, so that it shall remain in effect until the earlier of: (i) March 31, 2015, or (ii) the termination of service of either of the Kanir and Nechama Investments affiliates on our Board of Directors. Any revision or amendment of the Management Services Agreement, or extension of its term, will require the approvals set forth under applicable law and our Articles.

The foregoing description of the Management Agreement is only a summary and does not purport to be complete and is qualified by reference to the full text of the Management Agreement filed by us as Exhibit 4.5 under Item 19.

Agreements in connection with the Investment in Dori Energy

Summaries of the material agreements executed in connection with our investment in Dori Energy are included as Exhibits 4.14, 4.15 and 4.16 under Item 19, a summary of the Dori Addendum is included in "Item 4.B: Business Overview" and updates in connection with the Discount Agreement are included in "Item 5.B: Liquidity and Capital Resources."

D. Exchange Controls

Dividends, if any, paid by us to the holders of our ordinary shares, and any amounts payable upon our dissolution, liquidation or winding up, as well as the proceeds of any sale in Israel of our ordinary shares to an Israeli resident, may be paid in non-Israeli currency. If these amounts are paid in Israeli currency, they may be converted into U.S. dollars at the rate of exchange prevailing at the time of conversion. However, legislation remains in effect pursuant to which currency controls can be imposed by administrative action at any time.

The State of Israel does not restrict in any way the ownership or voting of ordinary shares of Israeli entities by non-residents of Israel, except with respect to subjects of countries that are in a state of war with Israel. In addition, there are currently no limitations on our ability to import and export capital.

E. Taxation

Israeli Taxation

The following is a summary of the material Israeli tax consequences and Israeli foreign exchange regulations as they relate to our shareholders and us. To the extent that the discussion is based on new tax or other legislation that has not been subject to judicial or administrative interpretation, there can be no assurance that the views expressed in the discussion will be accepted by the tax or other authorities in question. **The discussion is not intended, and should not be construed, as legal or professional tax advice and is not exhaustive of all possible tax considerations.**

General Corporate Tax Structure

On July 14, 2009, the Knesset passed the Economic Efficiency Law (Legislation Amendments for Implementation of the 2009 and 2010 Economic Plan) – 2009, which provided, inter alia, a gradual reduction in the company tax rate to 18% as from the 2016 tax year. In accordance with the aforementioned amendments, the company tax rate in 2010 and 2011 was 25% and 24%, respectively.

On December 5, 2011 the Knesset approved the Law to Change the Tax Burden (Legislative Amendments) – 2011. According to the law the tax reduction that was provided in the Economic Efficiency Law, as aforementioned, was cancelled and the company tax rate will be 25% as from 2012.

Capital Gains Tax on Sales of Our Ordinary Shares

Israeli law generally imposes a capital gains tax on the sale of any capital assets by residents of Israel, as defined for Israeli tax purposes, and on the sale of assets located in Israel, including shares in Israeli companies, by both residents and non-residents of Israel, unless a specific exemption is available or unless a tax treaty between Israel and the shareholder's country of residence provides otherwise. The law distinguishes between real gain and inflationary surplus. The inflationary surplus is a portion of the total capital gain, which is equivalent to the increase of the relevant asset's purchase price, which is attributable to the increase in the Israeli consumer price index between the date of purchase and the date of sale. The real gain is the excess of the total capital gain over the inflationary surplus.

Taxation of Israeli Residents

The tax rate applicable to capital gains derived from the sale of shares, whether listed on a stock market or not, is 25% for Israeli individuals, unless such shareholder claims a deduction for financing expenses in connection with such shares, in which case the gain will generally be taxed at a rate of 30%. Additionally, if such shareholder is considered a "significant shareholder" at any time during the 12-month period preceding such sale (i.e., such shareholder holds directly or indirectly, including jointly with others, at least 10% of any means of control in the company) the tax rate will be 30%. Israeli companies are subject to the corporate tax rate on capital gains derived from the sale of shares, unless such companies were not subject to the Adjustments Law (or certain regulations) at the time of publication of the aforementioned amendment to the Tax Ordinance, in which case the applicable tax rate is 25%. However, different tax rates may apply to dealers in securities and shareholders who acquired their shares prior to an initial public offering.

Taxation of Non-Israeli Residents

Non-Israeli residents are generally exempt from Israeli capital gains tax on any gains derived from the sale of shares of Israeli companies publicly traded on a recognized stock market outside of Israel, provided such shareholders did not acquire their shares prior to the issuer's initial public offering and that the gains did not derive from a permanent establishment of such shareholders in Israel and that such shareholders are not subject to the Inflationary Adjustments Law. However, non-Israeli corporations will not be entitled to such exemption if an Israeli resident (i) has a controlling interest of 25% or more in such non-Israeli corporation, or (ii) is the beneficiary or is entitled to 25% or more of the revenues or profits of such non-Israeli corporation, whether directly or indirectly.

In addition, the sale, exchange or disposition of our ordinary shares by a shareholder who is a U.S. resident (for purposes of the U.S.-Israel Tax Treaty) holding ordinary shares as a capital asset is also exempt from Israeli capital gains tax under the U.S.-Israel Tax Treaty unless either (i) the shareholder holds, directly or indirectly, shares representing 10% or more of our voting power during any part of the 12-month period preceding such sale or (ii) the capital gains arising from such sale are attributable to a permanent establishment of the shareholder located in Israel. If the above conditions are not met, the U.S. resident would be subject to Israeli tax, to the extent applicable; however, under the U.S.-Israel Tax Treaty, the gain would be treated as foreign source income for United States foreign tax credit purposes and such U.S. resident would be permitted to claim a credit for such taxes against the United States income tax imposed on such sale, exchange or disposition, subject to the limitations under the United States federal income tax laws applicable to foreign tax credits.

U.S. Tax Considerations Regarding Ordinary Shares

The following is a general summary of the material United States federal income tax consequences relating to the acquisition, ownership and disposition of our ordinary shares by an investor that holds those shares as capital assets within the meaning of Section 1221 of the Internal Revenue Code of 1986, as amended, or the Code. The summary is based on the tax laws of the United States, and existing final, temporary and proposed Treasury Regulations, Revenue Rulings and judicial decisions, as in effect on the date hereof, all of which are subject to prospective and retroactive changes, and to differing interpretations. The summary does not purport to address all federal income tax consequences that may be relevant to particular investors, and does not take into account the specific circumstances of any particular investors, some of which (such as tax-exempt entities, banks and financial institutions, insurance companies, real estate investment trusts, regulated investment companies, broker-dealers, traders in securities that elect to use a mark-to-market method of accounting for their securities holdings, investors liable for alternative minimum tax, investors that own or are treated as owning 10% or more of our voting stock, investors that hold ordinary shares as part of a straddle, hedge, conversion transaction or other integrated transaction, U.S. expatriates and investors whose functional currency is not the U.S. dollar) may be subject to special tax rules. ACCORDINGLY, PERSONS CONSIDERING THE PURCHASE OF ORDINARY SHARES SHOULD CONSULT THEIR OWN TAX ADVISORS CONCERNING THE APPLICATION OF UNITED STATES FEDERAL INCOME TAX LAWS, AS WELL AS THE LAWS OF ANY STATE, LOCAL OR FOREIGN TAXING JURISDICTION, TO THEIR PARTICULAR SITUATIONS.

For purposes of this discussion, a "U.S. Holder" is any beneficial owner of shares of our ordinary shares that, for U.S. federal income tax purposes, is:

(1) an individual citizen or resident of the United States,

(2) a corporation or other entity taxable as a corporation for U.S. federal income tax purposes organized in or under the laws of the United States or any political subdivision thereof,

(3) an estate the income of which is subject to U.S. federal income tax without regard to its source, or

(4) a trust, if such trust was in existence on August 20, 1996 and has validly elected to be treated as a U.S. person for U.S. federal income tax purposes, or if (a) a court within the U.S. can exercise primary supervision over its administration and (b) one or more U.S. persons have the authority to control all of the substantial decisions of such trust.

If a partnership (including for this purpose any entity treated as a partnership for U.S. tax purposes) is a beneficial owner of shares of our ordinary shares, the U.S. tax treatment of a partner in the partnership will generally depend on the status of the partner and the activities of the partnership. A holder of shares of our ordinary shares that is a partnership and partners in such partnership should consult their individual tax advisors about the U.S. federal income tax consequences of holding and disposing of shares of our ordinary shares.

A "Non-U.S. Holder" is any beneficial owner of our ordinary shares that is not a U.S. Holder and is not a partnership (or its partners).

Taxation of U.S. Holders

Distributions on Ordinary Shares. Subject to the discussion in "Passive Foreign Investment Companies" below, distributions made by us with respect to ordinary shares generally will constitute dividends for federal income tax purposes and will be taxable to a U.S. Holder as a dividend to the extent of our undistributed current or accumulated earnings and profits (as determined for United States federal income tax purposes). Distributions in excess of our current and accumulated earnings and profits will be treated first as a nontaxable return of capital reducing the U.S. Holder's tax basis in the ordinary shares, thus increasing the amount of any gain (or reducing the amount of any loss) which might be realized by such Holder upon the sale or exchange of such ordinary shares. Any such distributions in excess of the U.S. Holder's tax basis in the ordinary shares will be treated as capital gain to the U.S. Holder and will be either long term or short term capital gain depending upon the U.S. Holder's federal income tax holding period for the ordinary shares. Dividends paid by us generally will not be eligible for the dividends received deduction available to certain United States corporate shareholders under Code Sections 243 and 245. If you are a noncorporate U.S. Holder, dividends paid to you will be taxable to you at a maximum rate of 20% provided that you hold ordinary shares for more than 60 days during the 120-day period beginning 60 days before the ex-dividend date and meet other holding period requirements.

A dividend paid in New Israeli Shekel will be included in gross income in a U.S. dollar amount based on the Israeli NIS/U.S. dollar exchange rate in effect on the date the dividend is included in the income of the U.S. Holder, regardless of whether the payment, in fact, is converted into U.S. dollars. Generally, any gain or loss resulting from currency exchange fluctuations during the period from the date the dividend payment is included in the gross income of a U.S. Holder through the date that payment is converted into U.S. dollars (or otherwise disposed of) will be treated as U.S. source ordinary income or loss and will not be eligible for the special tax rate applicable to qualified dividend income.

Subject to certain conditions and limitations, any Israeli withholding tax imposed upon distributions which constitute dividends under United States income tax law will be eligible for credit against a U.S. Holder's federal income tax liability. Alternatively, a U.S. Holder may claim a deduction for such amount, but only for a year in which a U.S. Holder elects to do so with respect to all foreign income taxes. The overall limitation on foreign taxes eligible for credit is calculated separately with respect to specific classes of income. For this purpose, dividends distributed with respect to our ordinary shares will generally constitute "passive income."

Sale or Exchange of Ordinary Shares. Subject to the discussion in "Passive Foreign Investment Companies" below, a U.S. Holder of ordinary shares generally will recognize capital gain or loss upon the sale or exchange of the ordinary shares measured by the difference between the amount realized and the U.S. Holder's tax basis in the ordinary shares. Gain or loss will be computed separately for each block of shares sold (shares acquired separately at different times and prices). The deductibility of capital losses is restricted and generally may only be used to reduce capital gains to the extent thereof. However, individual taxpayers generally may deduct annually $3,000 of capital losses in excess of their capital gains.

Medicare Contribution. Beginning after December 31, 2012, high-income individuals, estates and trusts generally will be subject to a 3.8% Medicare tax (in addition to otherwise applicable federal income tax) on their investment income and gain, with limited exceptions. You should consult with your tax advisor regarding the effect, if any, of this tax on your ownership and disposition of our ordinary shares.

Passive Foreign Investment Company. A foreign corporation generally will be treated as a "passive foreign investment company," or PFIC, if, after applying certain "look-through" rules, either (i) 75% or more of its gross income is passive income or (ii) 50% or more of the average value of its assets is attributable to assets that produce or are held to produce passive income. Passive income for this purpose generally includes dividends, interest, rents, royalties and gains from securities and commodities transactions. The look-through rules require a foreign corporation that owns at least 25%, by value, of the stock of another corporation to treat a proportionate amount of assets and income as held or received directly by the foreign corporation. We must make a separate determination each year as to whether we are a PFIC. As a result, our PFIC status may change. The determination of whether or not we are a PFIC depends on the composition of our income and assets, including goodwill, from time to time.

Based on our income and/or assets, we believe that we were a PFIC from 2008 through 2010. In addition, based on our assets, we believe that it is likely that we were a PFIC in 2011 and 2012 as well. Since PFIC shares are subject to the PFIC rules even in future years in which we are no longer a PFIC, our ordinary shares will be PFIC shares with respect to any U.S. shareholder that held our shares in 2008, 2009 and 2010, 2011 and likely 2012.

U.S. Holders who own our ordinary shares during the taxable year in which we are a PFIC generally will be subject to increased U.S. tax liabilities and reporting requirements for that taxable year and all succeeding years, regardless of whether we continue to meet the income or asset test for PFIC status, although shareholder elections may apply in certain circumstances. U.S. Holders should consult their own tax advisors regarding our status as a PFIC and the consequences of investment in a PFIC.

If we are a PFIC for any taxable year during which you hold ordinary shares, you will be subject to special tax rules with respect to any "excess distribution" that you receive and any gain you realize from a sale or other disposition (including a pledge) of the ordinary shares, unless you make a "mark-to-market" election as discussed below. Distributions you receive in a taxable year that are greater than 125% of the average annual distributions you received during the shorter of the three preceding taxable years or your holding period for the ordinary shares will be treated as an excess distribution. Under these special tax rules:

(1) the excess distribution or gain will be allocated ratably over your holding period for the ordinary shares,

(2) the amount allocated to the current taxable year, and any taxable year prior to the first taxable year in which we were a PFIC, will be treated as ordinary income, and

(3) the amount allocated to each other year will be subject to tax at the highest tax rate in effect for that year and the interest charge generally applicable to underpayments of tax will be imposed on the resulting tax attributable to each such year.

The tax liability for amounts allocated to years prior to the year of disposition or "excess distribution" cannot be offset by any net operating losses, and gains (but not losses) realized on the sale of the ordinary shares cannot be treated as capital, even if you hold the ordinary shares as capital assets.

You may not avoid taxation under the rules described above by making a "qualified electing fund" election to include your share of our income on a current basis because we do not presently intend to prepare or provide information necessary to make such election.

Alternatively, a U.S. Holder of "marketable stock" in a PFIC may make a mark-to-market election for stock of a PFIC to elect out of the tax treatment discussed three paragraphs above. If you make a mark-to-market election for the ordinary shares, you will include in income each year an amount equal to the excess, if any, of the fair market value of the ordinary shares as of the close of your taxable year over your adjusted basis in such ordinary shares. You are allowed a deduction for the excess, if any, of the adjusted basis of the ordinary shares over their fair market value as of the close of the taxable year. However, deductions are allowable only to the extent of any net mark-to-market gains on the stock included in your income for prior taxable years. Amounts included in your income under a mark-to-market election, as well as gain on the actual sale or other disposition of the ordinary shares, are treated as ordinary income. Ordinary loss treatment also applies to the deductible portion of any mark-to-market loss on the ordinary shares, as well as to any loss realized on the actual sale or disposition of the ordinary shares, to the extent that the amount of such loss does not exceed the net mark-to-market gains previously included for such ordinary shares. Your basis in the ordinary shares will be adjusted to reflect any such income or loss amounts. The tax rules that apply to distributions by corporations which are not passive foreign investment companies generally would apply to distributions by us.

The mark-to-market election is available only for stock which is regularly traded on a national securities exchange that is registered with the Securities and Exchange Commission or on Nasdaq, or an exchange or market that the U.S. Secretary of the Treasury determines has rules sufficient to ensure that the market price represents a legitimate and sound fair market value. Please consult your tax advisor as to the availability of the mark-to-market election, based on the exchange on which we trade and the amount of trading of our shares, and the tax ramifications of such election (including the special rules that may apply to the gain realized in the year of the election).

Please consult your tax advisor as to the availability of the mark-to-market election, and the tax ramifications of such election (including the special rules that may apply to the gain realized in the year of the election).

Dividends paid by a PFIC (or by a company that was a PFIC in the year preceding the dividend) are not "qualified dividend income" for purposes of the preferential tax rate on dividends discussed above.

Special limitations may apply to use of foreign tax credits arising in connection with distributions on PFIC shares as to which you should consult your tax advisor.

If you hold ordinary shares in any year in which we are a PFIC, you would be required to file Internal Revenue Service Form 8621 regarding distributions received on the ordinary shares and any gain realized on the disposition of the ordinary shares as well as under certain other circumstances.

Annual reporting will be required by every PFIC shareholder when Treasury regulations are published. Please consult your tax advisor regarding your PFIC shareholder reporting obligation in connection with your investment.

United States return disclosure obligations (and related penalties) are imposed on U.S. individuals who hold certain specified foreign financial assets in excess of certain dollar thresholds. The definition of specified foreign financial assets would include our ordinary shares, unless they are held in an account at a domestic financial institution. Please consult with your tax advisor regarding the requirements of filing IRS Form 8938 under these rules.

Taxation of Non-U.S. Holders

Distributions on Ordinary Shares. Distributions made with respect to our ordinary shares to non-U.S. Holders who are not engaged in the conduct of a trade or business within the United States generally will not be subject to United States withholding tax.

Sale or Exchange of Ordinary Shares. A non-U.S. Holder will not be subject to United States federal income tax on any gain realized upon the sale or exchange of ordinary shares unless (i) the gain is effectively connected with a trade or business in the United States of the non-U.S. Holder, or (ii) the non-U.S. Holder is an individual who was present in the United States for 183 days or more in the taxable year of the disposition and other conditions exist.

United States Business. Dividends and gains that are effectively connected with a Non-U.S. Holder's conduct of a trade or business in the United States generally will be subject to tax in the same manner as they would be for U.S. Holder. Effectively connected dividends and gains received by a corporate Non-U.S. Holder may also be subject to an additional branch profits tax at a 30% rate or a lower tax treaty rate.

Backup Withholding and Information Reporting

In general, information reporting requirements will apply to dividends in respect of our ordinary shares or the proceeds received on the sale, exchange or redemption of our ordinary shares paid within the United States (and in certain cases, outside the United States) to U.S. Holders other than certain exempt recipients, such as corporations, and backup withholding tax may apply to such amounts if the U.S. Holder fails to provide an accurate taxpayer identification number or to report interest and dividends required to be shown on its U.S. federal income tax returns. The amount of any backup withholding from a payment to a U.S. Holder will be allowed as credit against the U.S. Holder's U.S. federal income tax liability provided that the appropriate returns are filed.

A Non-U.S. Holder generally may eliminate the requirement for information reporting and backup withholding by providing certification of its foreign status to the payor, under penalties of perjury, on IRS Form W-8BEN.

F. Dividends and Paying Agents

Not Applicable.

G. Statement by Experts

Not Applicable.

H. Documents on Display

We are subject to certain of the reporting requirements of the Securities and Exchange Act of 1934, as amended, or the Exchange Act, as applicable to "foreign private issuers" as defined in Rule 3b-4 under the Exchange Act. As a foreign private issuer, we are exempt from certain provisions of the Exchange Act. Accordingly, our proxy solicitations are not subject to the disclosure and procedural requirements of Regulation 14A under the Exchange Act, and transactions in our equity securities by our officers and directors are exempt from reporting and the "short-swing" profit recovery provisions contained in Section 16 of the Exchange Act. In addition, we are not required under the Exchange Act to file periodic reports and financial statements as frequently or as promptly as U.S. companies whose securities are registered under the Exchange Act. However, we file with the Securities and Exchange Commission an annual report on Form 20-F containing financial statements audited by an independent accounting firm. We also submit to the Securities and Exchange Commission reports on Form 6-K containing (among other things) press releases and unaudited financial information. We post our annual report on Form 20-F on our website (http://www.ellomay.com) promptly following the filing of our annual report with the Securities and Exchange Commission. The information on our website is not incorporated by reference into this annual report.

Any statement in this report about any of our contracts or other documents is not necessarily complete. If the contract or document is filed as an exhibit to this report or any of our annual reports or to a registration statement or other documents filed by us, the contract or document is deemed to modify the description contained in this report. You must review the exhibits themselves for a complete description of the contract or document. In the event any of the documents that are filed as exhibits to our annual reports are not in English, the original language version is on file in our offices and is available upon request.

You may review a copy of our filings with the SEC, including exhibits and schedules, and obtain copies of such materials at the SEC's public reference room at Room 1580, 100 F Street, N.E, Washington, D.C. 20549. You may call the SEC at 1-800-SEC-0330 for further information on the public reference room. The SEC maintains an Internet site (http://www.sec.gov) that contains reports, proxy and information statements and other information regarding registrants that we file electronically with the SEC. These SEC filings are also available to the public from commercial document retrieval services.

I. Subsidiary Information

Not applicable.

ITEM 11: Quantitative and Qualitative Disclosures About Market Risk

We are exposed to a variety of risks, including foreign currency fluctuations and changes in interest rates. We regularly assess currency and interest rate risks to minimize any adverse effects on our business as a result of those factors and periodically use hedging transactions in order to attempt to limit the impact of such changes.

Inflation and Fluctuation of Currencies

See "Item 5.A: Impact of Inflation and Fluctuation of Currencies." As the functional currency of our investment in the Italian and Spanish PV Plants is EUR, in order to manage the foreign exchange risk resulting from our PV operations we executed several forward transactions, three of which were realized during 2012 - one of approximately 1 million Euro with the exchange rate of 1.332 EUR/USD, another of approximately 1.9 million Euro with the exchange rate of 1.328 EUR/USD and another of approximately 5 million Euro with the exchange rate of 1.26 EUR/USD. These forward transactions were closed as of December 31, 2012 and resulted in a gain of approximately $ 0.1 million. During August and September 2012 we executed several additional forward transactions in the aggregate of approximately 2.5 million Euro with the exchange rates ranging 1.256 – 1.289 EUR/USD. These forward transactions will expire in February 2013.

Interest Rate

As noted under "Item 4.B: Business Overview," we entered into the Leasing Agreements with Leasint on December 30, 2010 ,the Finance Agreement with Centrobanca on February 17, 2011 and the Loan Agreement with Unicredit on December 20, 2011. The amounts received in connection with these Agreements are based on EURIBOR rate and therefore we may be affected by adverse movements in interest rates.

In order to manage and limit the interest-rate risk resulting from financing secured or about to be secured from local financing institutions in Italy for our PV operations, we executed the following swap transactions:

A Euro 8 million interest swap transaction with a decreasing notional principle amount based on the amortization table. The interest swap transaction is for a period of 17 years, amortized semi-annually (Euro 250,000) every payment date commencing on March 7, 2011, whereby we are the fixed rate payer (the fixed rate is set at 2.67%) and the financing institute is the floating rate payer.

A Euro 10 million interest swap transaction with a decreasing notional principle amount based on the amortization table. The interest swap transaction is for a period of 17 years, amortized quarterly (Euro 149,253.73) every payment date commencing on October 3, 2011, whereby we are the fixed rate payer (the fixed rate is set at 3.595%) and the financing institute is the floating rate payer.

A Euro 3.75 million interest swap transaction. The interest swap transaction is for a period of 15 years, semi-annually. Every payment date commencing on June 30, 2012, whereby we are the fixed rate payer (the fixed rate is set at 3.52%).

In February 2012, a Euro 5.046 million interest swap transaction, with a decreasing notional principle amount based on the amortization table. The interest swap transaction is for a period of 18 years, semi-annually. Every payment date commencing on June 30, 2012 and until December 31, 2016, whereby we are the fixed rate payer (the fixed rate is set at 1.723%). Every payment date commencing on December 31, 2016 and until December 31, 2029, whereby we are the fixed rate payer (the fixed rate is set at 3.353%).

Sensitivity analysis

A change as of December 31, 2012 in the exchange rates of the following Euro against the USD, as indicated below would have increased (decreased) profit or loss and equity by the amounts shown below (after tax). This analysis is based on foreign currency exchange rate that we considered to be reasonably possible at the end of the reporting period. The analysis assumes that all other variables, in particular interest rates, remain constant.

	December 31, 2012			
	Increase		Decrease	
	Profit or loss	Equity	Profit or loss	Equity
	US$ thousands			
Change in the exchange rate of:				
5% in the Euro	(295)	(295)	295	295
5% in NIS	27	27	(27)	(27)

A change in interest rate would have increased (decreased) profit or loss by the amounts shown below:

	December 31, 2012 Profit or loss US$ thousands	December 31, 2011 Profit or loss US$ thousands
Increase of 1%	**198**	99
Increase of 3%	**749**	298
Decrease of 1%	**(344)**	(99)
Decrease of 3%	**(653)**	(239)

In addition, as a significant portion of our assets are cash and short-term U.S. dollar-denominated deposits with a U.S. bank. We carefully monitor the banking institutions that we use with respect to their exposure to the current financial market situation. Other than that, the major market risk is currently the potential decline in the U.S. monetary interest rate that would impact our results of operations.

The goal of our hedging transactions as detailed above is to limit the impact of exchange rate and interest rate fluctuations on our transactions denominated in U.S. dollars. We do not hold derivative financial instruments for trading purposes. Nevertheless, under IFRS, we are required to treat our hedges as though they were speculative investments. As a result, we are required to value these hedge positions at the end of each fiscal period and record a gain or loss equal to the difference in their market value from the last balance sheet date. Accordingly, these differences could result in significant fluctuations in our reported net income. We will consider executing further hedging transactions in the future.

We do not otherwise believe the disclosure required by Item 11 of this report to be material to us.

ITEM 12: Description of Securities Other Than Equity Securities

Not Applicable.

PART II

ITEM 13: Defaults, Dividend Arrearages and Delinquencies

Not Applicable.

ITEM 14: Material Modifications to the Rights of Security Holders and Use of Proceeds

Not applicable.

ITEM 15: Controls and Procedures

(a) Disclosure Controls and Procedures

Our chief executive officer and chief financial officer, after evaluating the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934, as amended) as of the end of the period covered by this annual report, have concluded that, as of such date, our disclosure controls and procedures were effective to ensure that the information required in the reports that we file or submit under the Securities Exchange Act of 1934, as amended, is recorded, processed, summarized and reported, within the time periods specified in the SEC's rules and forms, and such information is accumulated and communicated to our management, including our chief executive officer and chief financial officer, as appropriate to allow timely decisions regarding required disclosure.

(b) Management's Annual Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting. Internal control over financial reporting is defined in Rule 13a-15(f) promulgated under the Securities Exchange Act of 1934 as a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles and includes those policies and procedures that:

(i) pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of the assets of the company;

(ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and

(iii) provide reasonable assurance regarding prevention or timely protection of unauthorized acquisition, use or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Projections of any evaluation of effectiveness to future periods are subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Our management assessed the effectiveness of our internal control over financial reporting as of December 31, 2012. In making this assessment, our management used the criteria in Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Based on this assessment, our Chief Executive Officer and Chief Financial Officer have concluded that, as of December 31, 2012, our internal control over financial reporting is effective based on those criteria.

(c) Attestation Report of the Registered Public Accounting Firm

Not Applicable.

(d) Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting that occurred during the year ended December 31, 2012 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

ITEM 16: Reserved

ITEM 16A: Audit Committee Financial Expert

In February 2010, our Board determined that it has at least one Audit Committee financial expert, as defined in Item 16A of Form 20-F, serving on the Audit Committee. Barry Ben Zeev has been designated as the Audit Committee financial expert and was also determined to be "independent" under the applicable SEC and NYSE MKT regulations. For additional information regarding Barry Ben Zeev's financial experience, see "Item 6: Directors and Senior Management."

ITEM 16B: Code of Ethics

We adopted a code of business conduct and ethics which is applicable to all of our officers, directors and employees, including our principal executive, financial and accounting officers and persons performing similar functions, or the Code of Ethics.

The Code of Ethics, in its current form, is posted on our website at the following web address: http://www.ellomay.com/files/company/CodeofConduct-clean.pdf. We will provide a copy of the Code of Ethics to any person, without charge, upon written request addressed to our Chief Financial Officer at our office in Tel Aviv, Israel.

There are no substantive amendments to, or waivers from, the provisions of the Code of Ethics that are required to be disclosed.

ITEM 16C: Principal Accountant Fees and Services

Fees paid to the Independent Registered Public Accounting Firm

Somekh Chaikin, an independent registered public accounting firm and a member of KPMG International, served as our principal independent registered public accounting firm since December 2011. Kost Forer Gabbay & Kasierer, a member of Ernst & Young Global, has served as our independent registered public accounting firm during 2011 until the appointment of Somekh Chaikin.

The following table sets forth, for each of the years indicated, the aggregate fees paid for professional audit services and other services rendered by our principal independent registered public accounting firms.

	2012	2011
Audit Fees(1)	$ 87	$ 93
Audit-Related Fees(2)		-
Tax Fees(3)	$ 32	$ 23
All Other Fees		-
Total	$ 119	$ 116

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(1) Professional services rendered by our independent registered public accounting firm for the audit of our annual financial statements or services that are normally provided by the accountants in connection with statutory and regulatory filings or engagements.
(2) Professional services related to due diligence investigations.
(3) Professional services rendered by our independent registered public accounting firm for international and local tax compliance, tax advice services and tax planning.

Audit Committee's pre-approval policies and procedures

Our Audit Committee nominates and engages our registered public accounting firm to audit our financial statements. See also the description under the heading in "Item 6.C: Board Practices." In July 2003, our Audit Committee also adopted a policy requiring management to obtain the Audit Committee's approval before engaging our independent auditors worldwide to provide any other audit or permitted non-audit services to us. Pursuant to this policy, which is designed to assure that such engagements do not impair the independence of our auditors, the Audit Committee pre-approves all specific audit and non-audit services and related fees in the categories audit service, audit-related service and tax services that may be performed by our independent auditors worldwide.

ITEM 16D: Exemptions from the Listing Standards for Audit Committees

Not Applicable.

ITEM 16E: Purchase of Equity Securities by the Company and Affiliated Purchasers

On September 25, 2011, our Board of Directors approved the repurchase of up to $3 million of our ordinary shares to be made from time to time in the open market. This buyback program was valid until the end of 2012. The timing, volume and nature of share repurchases were at the sole discretion of our management, subject to the funds available for share repurchases under the Companies Law, and were dependent on market conditions, the price and availability of our ordinary shares, applicable securities laws and other factors. The Companies Law generally considers the repurchase of securities by a company as a "distribution" and requires such distribution to comply with the criteria applicable to distribution of dividends (for more information on such criteria see "Item 10.B: Memorandum of Association and Second Amended and Restated Articles"). The buyback program did not obligate us to acquire a specific number of shares in any period, and could be modified, suspended, extended or discontinued at any time, without prior notice. Due to Israeli regulatory considerations with respect to the funds available for share repurchases, we ceased repurchasing ordinary shares commencing July 1, 2012 and until the expiration date of the buyback program.

The following table sets forth the information with respect to repurchases of our ordinary shares during the year ended December 31, 2012. We believe all of these repurchases were made in full compliance with the anti-manipulation provisions of Rule 10b-18 promulgated under the Exchange Act.

Period	(a) Total Number of Shares Purchased [1]	(b) Average Price Paid per Share [2]	(c) Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	(d) Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs [3]
January 1 – January 31	9,350	$ 5.8388	9,350	$ 2,897,000
February 1 – February 29	5,600	$ 5.8837	5,600	$ 2,864,000
March 1 – March 31	34,522	$ 5.8539	34,522	$ 2,659,000
April 1 – April 30	21,748	$ 6.6967	21,748	$ 2,516,000
May 1 – May 31	4,635	$ 6.1252	4,635	$ 2,488,000
June 1 – June 30	1,000	$ 5.7868	1,000	$ 2,482,000
July 1 - July 31[4]	100	$ 5.9999	100	$ 0
Total	**76,955**		**76,955**	

(1) All ordinary shares were repurchased pursuant to the share buyback program approved in September 2011 and were made in open-market transactions.
(2) In U.S. dollars. The average price per share excludes commissions.
(3) In U.S. dollars. As noted above the buyback program reflected in the table terminated at the end of 2012 and we ceased repurchases on July 1, 2012. An aggregate amount of 85,655 ordinary shares were repurchased in connection with this program.
(4) The information included herein represents a trade made on June 29, 2012 that settled on July 5, 2012.

ITEM 16F: Change in Registrant's Certifying Accountants

There has been no change in our independent accountants during the two most recent fiscal years or any subsequent interim period, except as previously reported in our Annual Report on Form 20-F for the fiscal year ended December 31, 2011, and there have been no disagreements of the type required to be disclosed by Item 16F(b).

ITEM 16G: Corporate Governance

NYSE MKT Company Guide and Home Country Laws

Section 110 of the NYSE MKT Company Guide provides that the NYSE MKT will consider the laws, customs and practices of an issuer's country of domicile, to the extent not contrary to the federal securities laws, regarding such matters as: (i) the election and composition of the board of directors; (ii) the issuance of quarterly earnings statements; (iii) shareholder approval requirements; and (iv) quorum requirements for shareholder meetings. If we wish to seek relief under these provisions we are required to provide written certification from independent local counsel that the non-complying practice is not prohibited by our home country law.

Our corporate governance practices currently differ from those followed by U.S. companies listed on the NYSE MKT in connection with the quorum required for shareholders meetings. While the NYSE MKT Company Guide requires a quorum for shareholder meetings of at least 33-1/3% of our outstanding ordinary shares, our Articles, as permitted by the Companies Law, provide for a quorum of two or more shareholders holding more than 25% of the total voting power attached to our shares and for a quorum of any two shareholders, present in person or by proxy at the subsequent adjourned meeting. For more information concerning the quorum requirements for shareholders meetings and adjourned shareholders meetings see "Item 10.B: Memorandum of Association and Second Amended and Restated Articles."

In addition, under the Companies Law we may not be required to obtain shareholder approval for certain issuances of shares in excess of 20% of our outstanding shares, as would be required in certain circumstances by the NYSE MKT Company Guide. At this time, we do not have any intention to enter into any such transaction; however, we may in the future do so and opt to comply with the Companies Law, which may not require shareholder approval. Any such determination to follow the Companies Law's requirements rather than the standards applicable to U.S. companies listed on NYSE MKT will be made by us based on the circumstances existing at the time approval is required.

Controlled Company

By virtue of the 2008 Shareholders Agreement, we are a "controlled company" as defined in Section 801 of the NYSE MKT Company Guide. As a result, we are exempt from certain of the NYSE MKT corporate governance requirements, including the requirement that a majority of the board of directors be independent, the requirement applicable to the nomination process of directors and the requirements applicable to the determination or recommendation of executive compensation by a committee comprised of independent directors or by a majority of the independent directors. We follow the requirements of the Companies Law with respect to these issues, including the requirement that we appoint two external directors, all as more fully described in "Item 6.C: Board Practices."

If the "controlled company" exemptions would cease to be available to us under the NYSE MKT Company Guide, we may elect to follow "home country laws" (i.e. Israeli law) instead of some or all of the applicable NYSE MKT Company Guide requirements as described above.

ITEM 16H: Mine Safety Disclosure

Not Applicable.

PART III

ITEM 17: Financial Statements

Not Applicable.

ITEM 18: Financial Statements

See Financial Statements included at the end of this report.

ITEM 19: Exhibits

Number	Description
1.1	Memorandum of Association of the Registrant (translated from Hebrew), reflecting amendments through June 9, 2011*
1.2	Second Amended and Restated Articles of the Registrant, reflecting amendments through June 20, 2012
2.1	Specimen Certificate for ordinary shares(1)
4.1	1998 Share Option Plan for Non-Employee Directors
4.2	2000 Stock Option Plan
4.3	Form of Indemnification Agreement between the Registrant and its officers and directors
4.4	Form of Exemption Letter between the Registrant and its officers and directors
4.5	Management Services Agreement, by and among the Registrant, Kanir Joint Investments (2005) Limited Partnership and Meisaf Blue & White Holdings Ltd., effective as of March 31, 2008(2)
4.6	Engineering Procurement & Construction Contract for the Construction of a Photovoltaic System in Cingoli, between Ellomay PV One S.R.L. and Ecoware S.p.A., dated March 4, 2010 (portions translated from Italian)(3)*
4.7	Engineering Procurement & Construction Contract for the Construction of a Photovoltaic System in Senigallia, between Ellomay PV One S.R.L. and Ecoware S.p.A., dated March 4, 2010 (portions translated from Italian)(3)*
4.8	Side Agreement, between Ellomay PV One S.R.L. and Ecoware S.p.A., dated March 5, 2010(4)
4.9	Giaché Building Right Agreement (summary of Italian version)(5)*
4.10	Massaccesi Building Right Agreement (summary of Italian version)(5)*
4.11	Settlement Agreement and Release, dated July 27, 2010, between Ellomay Capital Limited and Hewlett-Packard Company(5)
4.12	Troia 8 Building Right Agreement (summary of Italian version)(5)*
4.13	Troia 9 Building Right Agreement (summary of Italian version)(5)*
4.14	Investment Agreement, among U. Dori Group Ltd., U. Dori Energy Infrastructures Ltd. and Ellomay Clean Energy Ltd. , dated November 25, 2010 (summary of Hebrew version)(5)*
4.15	Shareholders Agreement, among U. Dori Group Ltd., Ellomay Clean Energy Ltd. and U. Dori Energy Infrastructures Ltd., dated November 25, 2010 (summary of Hebrew version)(5)*
4.16	Agreement, between U. Dori Energy Infrastructures Ltd. and Israel Discount Bank Ltd., dated January 26, 2011 (summary of Hebrew version)(5)*
4.17	Engineering Procurement & Construction Contract for the Construction of a Photovoltaic Plant, between Urbe Techno S.r.l. and Pedale S.r.l., dated March 25, 2011 (portions translated or summarized from Italian)(includes a summary of the Building Rights Agreement)(5)*
4.18	Acquafresca Building Right Agreement (summary of Italian version)(1)*
4.19	D'Angella Building Right Agreement (summary of Italian version)(1)*

Number	Description
4.20	Rinconada II Building Right Agreement (summary of Spanish version)(1)*
8	List of Subsidiaries of the Registrant
12.1	Certification of Principal Executive Officer required by Rule 13a-14(a) and Rule 15d-14(a) (Section 302 Certification)
12.2	Certification of Principal Financial Officer required by Rule 13a-14(a) and Rule 15d-14(a) (Section 302 Certification)
13	Certification of Principal Executive Officer and Principal Financial Officer required by Rule 13a-14(b) and Rule 15d-14(b) (Section 906 Certification)
15.1	Consent of Somekh Chaikin
15.2	Consent of BDO
15.3	Consent of Kost Forer Gabbay & Kasierer

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* The original language version is on file with the Registrant and is available upon request.

(1) Previously filed with the Registrant's Form 20-F for the year ended December 31, 2011 and incorporated by reference herein.
(2) Previously filed with the Registrant's Form 6-K dated December 1, 2008 and incorporated by reference herein.
(3) Previously filed with Amendment No. 2 to the Registrant's Form 20-F for the year ended December 31, 2009 and incorporated by reference herein.
(4) Previously filed with the Registrant's Form 20-F for the year ended December 31, 2009 and incorporated by reference herein.
(5) Previously filed with the Registrant's Form 20-F for the year ended December 31, 2010 and incorporated by reference herein.

SIGNATURES

The registrant hereby certifies that it meets all of the requirements for filing on Form 20-F and that it has duly caused and authorized the undersigned to sign this annual report on its behalf.

Ellomay Capital Ltd.

By: /s/ *Ran Fridrich*
Ran Fridrich
Chief Executive Officer and Director

Dated: March 25, 2013

Ellomay Capital Ltd. and its Subsidiaries

Consolidated Financial Statements
As at December 31, 2012

Consolidated Financial Statements as at December 31, 2012

Contents

Report of Independent Registered Public Accounting Firm

The Board of Directors and Shareholders
Ellomay Capital Ltd.

We have audited the accompanying consolidated statements of financial position of Ellomay Capital Ltd. and its subsidiaries (hereinafter the "Company") as of December 31, 2012 and 2011, and the related consolidated statements of comprehensive income (loss), changes in equity and cash flows for each of the years in the two-year period ended December 31, 2012. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We did not audit the financial statements of a consolidated subsidiary which statements reflect total assets constituting 8 percent and total revenues constituting 6 percent in 2012 of the related consolidated totals. Those financial statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for such company, is based solely on the reports of the other auditor.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall financial statement presentation. We believe that our audits and the report of the other auditors provide a reasonable basis for our opinion.

In our opinion based on our audits and the report of other auditors, the consolidated financial statement referred to above present fairly, in all material respects, the consolidated financial position of the Company as of December 31, 2012 and 2011 and the consolidated results of their operations and their cash flows for each of the years in the two-year period ended December 31, 2012, in conformity with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board.

/s/ Somekh Chaikin
Somekh Chaikin
Certified Public Accountants (Isr.)
Member firm of KPMG International

Tel-Aviv, Israel
March 25, 2013

[BDO Auditores, S.L. letterhead]

Report of Independent Registered Public Accounting Firm

The Board of Directors and Shareholders

Ellomay Capital Ltd.

We have audited the accompanying consolidated statement of financial position of Ellomay Spain, S.L. and subsidiaries as of December 31, 2012, and the related consolidated statement of comprehensive loss, consolidated changes in equity and consolidated cash flows for the six month period then ended. These consolidated financial statements are the responsibility of the Ellomay Spain, S.L. management. Our responsibility is to express an opinion on this consolidated financial statement based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but nor for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall financial statements presentation. We believe that our audit provide a reasonable basis for our opinion.

In our opinion the consolidated financial statement referred to above present fairly, in all material respects, the consolidated financial position of Ellomay Spain, S.L. and subsidiaries as of December 31, 2012 and the consolidated results of its operations and its cash flow for the six month period then ended, in conformity with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board.

/s/ BDO Auditores, S.L.
BDO Auditores S.L.

Madrid, Spain
March 22, 2013

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders of

ELLOMAY CAPITAL LTD.

We have audited the accompanying consolidated statements of comprehensive income, changes in equity and cash flows of Ellomay Capital Ltd. (the "Company") and its subsidiaries for the year ended December 31, 2010. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. We were not engaged to perform an audit of the Company's internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated results of operations of the Company and its subsidiaries and their cash flows for the year ended December 31, 2010, in conformity with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB").

/s/ Kost Forer Gabbay & Kasierer
KOST FORER GABBAY & KASIERER
A Member of Ernst & Young Global

Tel-Aviv, Israel
April 14, 2011

Consolidated Statements of Financial Position as at

	Note	December 31 2012	December 31 2011
		US$ in thousands	
Assets			
Current assets:			
Cash and cash equivalents	3	**33,292**	28,917
Short-term deposits		**5,290**	10,000
Restricted cash	4	**8,085**	15,688
Trade receivables		**95**	88
Other receivables and prepaid expenses	5	**4,436**	6,875
		51,198	61,568
Non-current assets			
Investment in equity accounted investees	6	**19,198**	12,995
Financial asset	6	**485**	52
Property, plant and equipment	7	**53,860**	48,638
Restricted cash	4	**3,253**	2,974
Other assets		**746**	165
		77,542	64,824
Total assets		**128,740**	126,392
Liabilities and Equity			
Current liabilities			
Loans and borrowings	9	**7,044**	12,129
Accounts payable		**1,926**	2,790
Accrued expenses and other payables	8	**14,051**	14,593
Liabilities attributed to discontinued operations	1B	**200**	200
		23,221	29,712
Non-current liabilities			
Finance lease obligations	10	**6,898**	6,114
Long-term loans	11	**11,680**	5,115
Other long-term liabilities	12	**3,827**	1,344
Excess of losses over investment in equity accounted investee		**-**	46
		22,405	12,619
Total liabilities		**45,626**	42,331
Equity			
Share capital		**26,180**	26,180
Share premium		**76,410**	76,403
Treasury shares		**(522)**	(49)
Reserves		**(1,884)**	(3,504)
Accumulated deficit		**(17,079)**	(14,969)
Attributed to owners of the Company's equity rights		**83,105**	84,061
Non-Controlling Interest		**9**	
Total equity		**83,114**	84,061
Total liabilities and equity		**128,740**	126,392

The accompanying notes are an integral part of the consolidated financial statements.

Consolidated Statement of Comprehensive Income (Loss)

	Note	For the year ended December 31		
		2012	2011	2010
		US$ in thousands (except per share data)		
Revenues		**8,890**	6,114	-
Operating expenses		**(1,954)**	(1,391)	-
Depreciation expenses	**17B**	**(2,717)**	(1,777)	-
Gross profit		**4,219**	2,946	-
General and administrative expenses	**17C**	**(3,110)**	(3,102)	(3,211)
Capital loss		**(394)**	-	-
Operating Profit (Loss)		**715**	(156)	(3,211)
Financing income	**17A**	**696**	1,971	1,076
Financing income (expenses) in connection with SWAP contracts	**17A**	**(2,157)**	(2,601)	404
Financing expenses	**17A**	**(2,166)**	(608)	(80)
Financing income (expenses), net		**(3,627)**	(1,238)	1,400
Company's share of losses of investee accounted for at equity		**(232)**	(596)	(66)
Loss before taxes on income		**(3,144)**	(1,990)	(1,877)
Tax benefit	**18**	**1,011**	1,018	44
Loss from continuing operations		**(2,133)**	(972)	(1,833)
Income from discontinued operations, net of tax		**-**	-	7,035
Net income (loss) for the year		**(2,133)**	(972)	5,202
Income (Loss) attributable to:				
Owners of the Company		**(2,110)**	(972)	5,202
Non-controlling interests		**(23)**	-	-
Net income (loss) for the year		**(2,133)**	(972)	5,202
Other comprehensive income (loss)				
Foreign currency translation adjustments		**1,620**	(3,698)	194
Total other comprehensive income (loss)		**1,620**	(3,698)	194
Total comprehensive income (loss)		**(513)**	(4,670)	5,396
Basic net earnings (loss) per share				
Loss from continuing operations		**(0.2)**	(0.09)	*(0.2)
Earnings from discontinued operations		**-**	-	*0.9
Net earnings (loss)	**19**	**(0.2)**	(0.09)	*0.7
Diluted net earnings (loss) per share				
Loss from continuing operations		**(0.2)**	(0.09)	*(0.2)
Earnings from discontinued operations		**-**	-	*0.8
Net earnings (loss)	**19**	**(0.2)**	(0.09)	*0.6

* Adjusted for 1:10 reverse split – see Note 15E.

The accompanying notes are an integral part of the consolidated financial statements.

Consolidated Statements of Changes in Equity

	Attributable to owners of the Company						Non-controlling interests	Total Equity
	Share capital	Share premium	Accumulated deficit	Treasury shares	Translation reserve from Foreign Operations	Total		
	US$ in thousands							
Balance as at January 1, 2012	**26,180**	**76,403**	**(14,969)**	**(49)**	**(3,504)**	**84,061**	**-**	**84,061**
Loss for the year	-	-	**(2,110)**	-	-	**(2,110)**	**(23)**	**(2,133)**
Other comprehensive loss	-	-	-	-	**1,620**	**1,620**	*****	**1,620**
Total comprehensive loss	-	-	**(2,210)**	-	**1,620**	**(490)**	**(23)**	**(513)**
Transactions with owners of the Company, recognized directly in equity:								
Treasury shares	-	-	-	**(473)**	-	**(473)**	-	**(473)**
Cost of share-based	**-**	**7**	-	-	-	**7**	**-**	**7**
Payment								
Non-controlling interests in respect of business combination	-	-	-	-	-	-	**32**	**32**
Balance as at December 31, 2012	**26,180**	**76,410**	**(17,079)**	**(522)**	**(1,884)**	**83,105**	**9**	**83,114**
Balance as at January 1, 2011	26,103	76,266	(13,997)	-	194	88,566	-	88,566
Loss for the year	-	-	(972)	-	-	(972)	-	(972)
Other comprehensive loss	-	-	-	-	(3,698)	(3,698)	-	(3,698)
Total comprehensive loss	-	-	(972)	-	(3,698)	(4,670)	-	(4,670)
Transactions with owners of the Company, recognized directly in equity:								
Treasury shares	-	-	-	(49)	-	(49)	-	(49)
Exercise of warrants	77	105	-	-	-	182	-	182
Cost of share-based payments	-	32	-	-	-	32	-	32
Balance as at December 31, 2011	**26,180**	**76,403**	**(14,969)**	**(49)**	**(3,504)**	**84,061**	**-**	**84,061**
Balance as at January 1, 2010	16,820	72,407	(19,199)	-	-	70,028	-	70,028
Net income	-	-	5,202	-	-	5,202	-	5,202
Other comprehensive	-	-	-	-	-	-	-	-
Income	-	-	-	-	194	194	-	194
Total comprehensive income	-	-	5,202	-	194	5,396	-	5,396
Transactions with owners of the Company, recognized directly in equity:								
Exercise of warrants	9,283	3,803	-	-	-	13,086	-	13,086
Cost of share-based payments	-	56	-	-	-	56	-	56
Balance as at December 31, 2010	26,103	76,266	(13,997)	-	194	88,566	-	88,566

* Less than $1 thousand

The accompanying notes are an integral part of the consolidated financial statements.

Consolidated Statements of Cash Flows

	For the year ended December 31		
	2012	**2011**	**2010**
		US$ in thousands	
Cash flows from operating activities			
Net income (loss)	**(2,133)**	(972)	5,202
Income from discontinued operations	**-**	-	(7,035)
Loss from continuing operations	**(2,133)**	(972)	(1,833)
Adjustments for:			
Depreciation	**2,717**	1,777	22
Loss from disposal of fixed assets, net of insurance income	**338**	-	-
Interest income, net	**(438)**	(436)	(611)
Interest received	**553**	582	412
Interest paid	**(1,274)**	(322)	-
Taxes on income paid	**(55)**	-	-
Increase (decrease) in derivatives	**2,068**	2,326	(404)
Cost of share-based payment	**7**	32	56
Share of losses of investee accounted for at equity method	**232**	596	66
Capital loss	**394**	-	-
Deferred tax	**(197)**	(144)	-
Decrease (increase) in other receivable and prepaid expenses	**4,278**	(6,285)	(2,424)
Increase in trade receivables	**(1)**	(95)	-
Decrease (increase) in other assets	**(11)**	345	(373)
Increase in accrued severance pay, net	**6**	17	-
Increase (decrease) in accounts payable	**(122)**	(35)	2,815
Decrease in other payables and accrued expenses	**(456)**	(540)	(2,161)
	8,039	(2,182)	(2,602)
Net cash used in operating activities from continuing operations	**5,906**	(3,154)	(4,435)
Net cash provided by (used in) operating activities from discontinued operations	**-**	112	(432)
Net cash provided by (used in) operating activities	**5,906**	(3,042)	(4,867)

The accompanying notes are an integral part of the consolidated financial statements.

Condensed Consolidated Interim Statements of Cash Flows (cont'd)

	For the year ended December 31		
	2012	**2011**	**2010**
		US$ in thousands	
Cash flows from investing activities:			
Purchase of property and equipment	**(1,212)**	(24,937)	(14,765)
Acquisition of subsidiary, net of cash acquired (see note 6F)	**(6,472)**	-	-
Advance on account of investment	**-**	-	(3,546)
Investment in equity accounted investees	**(6,481)**	(10,765)	-
Disposal of an investee accounted for at equity method	**114**	-	-
Investment (proceeds) from long-term deposits, net	**4,710**	-	(400)
Settlement of forward contract	**112**	465	-
Deposit (proceeds) from restricted cash, net	**7,379**	(17,560)	(728)
Investment (Proceeds) from short-term bank deposits	**-**	(10,000)	-
Net cash used in investing activities from continuing operations	**(1,850)**	(62,797)	(19,439)
Net cash generated from investing activities from discontinued operations	**-**	-	7,280
Net cash provided by (used in) investing activities	**(1,850)**	(62,797)	(12,159)
Cash flows from financing activities:			
Short-term loans, net	**(5,821)**	12,914	-
Repayment of Long-term loans and financial lease obligation	**(1,286)**	-	-
Treasury shares	**(473)**	(49)	-
Proceeds of financial lease obligation	**1,086**	2,166	5,228
Proceeds of long-term loans	**6,460**	5,808	-
Proceeds from warrants exercised	**-**	182	13,086
Net cash provided by (used in) financing activities from continuing operations	**(34)**	21,021	18,314
Net cash generated from financing activities	**(34)**	21,021	18,314
Exchange differences on balances of cash and cash equivalents	**353**	(2,848)	15
Increase (decrease) in cash and cash equivalents	**4,375**	(47,666)	1,303
Cash and cash equivalents at the beginning of year	**28,917**	76,583	75,280
Cash and cash equivalents at the end of the year	**33,292**	28,917	76,583

The accompanying notes are an integral part of the consolidated financial statements.

Note 1 – General

A. Ellomay Capital Ltd. (hereinafter - the "Company") (formerly: NUR Macroprinters Ltd.), an Israeli Company that operates in the photovoltaic industry in Italy and Spain and has invested in several Israeli entities and whose plan of operation is to operate in the Italian and Spanish PV field and manage its investments in the Israeli market and with respect to the remaining funds the Company holds, to identify and evaluate additional suitable business opportunities in the energy and infrastructure fields, including in the renewable energy field, through direct or indirect investment in energy manufacturing plants and through acquisition of all or part of an existing business, pursuing business combinations or otherwise.

The securities of the Company are listed on the NYSE MKT. The address of the Company's registered office is 9 Rothschild Blvd., Tel Aviv, Israel.

B. Until February 29, 2008, the Company and its subsidiaries developed, manufactured, sold and provided support services for digital wide format and super-wide format printing systems for on-demand, short-run printing as well as related consumable products. On February 29, 2008 the sale of this business to Hewlett-Packard Company ("HP" and the "HP Transaction") was consummated. The aggregate consideration in connection with the HP Transaction amounted to $122.6 million. Of the total consideration, an amount of $0.5 million was withheld in connection with the obligation of one our subsidiaries that were sold to HP with respect to the government grants and an amount of $14.5 million was deposited into an escrow account to secure our indemnity obligations. Following the submission of the claims and responses and negotiations between us and HP in connection with the funds deposited in the escrow account, the Company executed a settlement agreement with HP on July 27, 2010 and received approximately $7.2 million (plus accrued interest) out of the $14.5 million that were deposited in the escrow account.

As of December 31, 2012, the Company has an accrued liability of approximately $ 200 thousands in connection with payments it expects to make to some of its former employees as part of the compensation previously approved in connection with the HP Transaction.

Assets and liabilities amounts, operating results and cash flows attributed to the digital wide format and super-wide format printing business were presented as discontinued operations and are expected to be settled in one to two years.

The breakdown of current assets and liabilities attributed to discontinued operations of the Company is as follows:

	December 31 2012	December 31 2011
	US$ thousands	US$ thousands
Liabilities		
Accrued expenses and other liabilities	**200**	200
Total Liabilities	**200**	200

Note 1 – General (cont'd)

C. Definitions:

In these financial statements:

IFRS - Standards and interpretations that were adopted by the International Accounting Standards Board ("IASB") and which include International Financial Reporting Standards and International Accounting Standards ("IAS") along with the interpretations to these standards of the International Financial Reporting Interpretations Committee ("IFRIC") or interpretations of the Standing Interpretations Committee ("SIC"), respectively.

Subsidiaries/consolidated companies - Companies that are controlled by the Company (as defined in IAS 27 (2008)) and whose accounts are consolidated with those of the Company.

Investee companies - Companies over which the Company has significant influence and that are not subsidiaries and are accounted for in these consolidated financial statements in accordance with the equity method of accounting.

Related party - Within its meaning in IAS 24 (2009), "Related Party Disclosures".

Dollar - The US dollar.

Note 2 – Significant Accounting Policies

A. Basis of preparation of the financial statements

1. The consolidated financial statements of the Company as of December 31, 2012 have been prepared in accordance with International Financial Reporting Standards (IFRS), as issued by the IASB.

   The Company adopted IFRS for the first time in 2010, with the date of transition to IFRS being January 1, 2009.

   The consolidated financial statements were authorized for issue on March 25, 2013.

2. Consistent accounting policies

   The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements. They also have been applied in preparing an opening IFRS balance sheet as of January 1, 2009, for the purposes of the transition to IFRS, as required by first time adoption of IFRS (IFRS 1).

Note 2 – Significant Accounting Policies (cont'd)

A. Basis of preparation of the financial statements (cont'd)

3. Measurement basis

The consolidated financial statements have been prepared on the historical cost basis, except for the following:

(i) Investment in investee accounted for using the equity method;

(ii) Derivative financial instruments at fair value through profit or loss; and

(iii) Provision for tax uncertainties

B. Significant accounting judgments, estimates and assumptions used in the preparation of the financial statements

The preparation of the Company's consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts recognized in the financial statements. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods. Estimates and underlying assumptions are reviewed on an ongoing basis. The changes in accounting estimates are recognized in the period of the change in estimate.

The key assumptions made in the financial statements concerning uncertainties at the balance sheet date and the critical estimates computed by the Company that may cause a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Legal claims
When assessing the possible outcomes of legal claims that were filed against the Company and its subsidiaries, the Company relied on the assessments of legal counsel. The assessments of legal counsel are based on the best of their professional judgment, and take into consideration the current stage of the proceedings and the legal experience accumulated with respect to the various matters. As the results of the claims will ultimately be determined by the courts, they may be different from such estimates. See Note 13D.

Note 2 – Significant Accounting Policies (cont'd)

B. Significant accounting judgments, estimates and assumptions used in the preparation of the financial statements (cont'd)

Classification of leases:
In order to determine whether to classify a lease as finance or operating lease, the Company evaluates whether the lease transfers substantially all the risks and benefits incidental to ownership of the leased asset. In this respect, the Company evaluates such criteria as the existence of a "bargain" purchase option, the lease term in relation to the economic life of the asset and the present value of the minimum lease payments in relation to the fair value of the asset.

Uncertain tax positions:
The Company recognizes a provision for tax uncertainties. In determining the amount of the provision, assumptions and estimates are made in relation to the probability that the position will be sustained upon examination and the amount that is likely to be realized upon settlement, using the facts, circumstances, and information available at the reporting date. The Company records an additional tax charge in a period in which it determines that a recorded tax liability is less than it expects ultimate assessment to be. The application of tax laws and regulations is subject to legal and factual interpretation, judgment and uncertainty. Tax laws and regulations themselves are subject to change as a result of changes in fiscal policy, changes in legislation, the evaluation of regulations and court rulings. Therefore, the actual tax liability may be materially different from the Company's estimates, which could result in the need to record additional tax liabilities or potentially reverse previously recorded tax liabilities.

Purchase price allocation:
The Company is required to allocate the purchase price of investment in an investee to the assets and liabilities of this investee, on the basis of its estimated fair value. In material acquisitions the Company engages independent valuers to assist it in determining the fair value of these assets and liabilities. This valuation requires management to use significant estimates and assumptions. The intangible assets that were recognized with the assistance of valuers include the customer portfolio. Critical estimates that were used to value certain assets include, inter alia, the cash flows expected from the customer portfolio. Management's assessments regarding the fair value and useful life are based on assumptions management considered reasonable, but involve uncertainty, therefore actual results may be different. See Note 6A(1) and 6F.

Fair value measurement of non-trading derivatives
Within the scope of the valuation of derivative not traded on an active market, management makes assumptions about unobserved data using valuation model. For information on a sensitivity analysis of level 3 financial instruments carried at fair value see Note 20F (5) regarding financial instruments.

Note 2 – Significant Accounting Policies (cont'd)

C. Functional and presentation currency

1. These consolidated financial statements are presented in US dollar which is the Company's functional currency, and have been rounded to the nearest thousand. The US dollar is the currency that represents the principal economic environment in which the Company operates.

2. The functional currency is examined for the Company and for each of the subsidiaries separately. The functional currency of the Company's Italian and Spanish subsidiaries' was determined to be the EURO and for the equity investment it was determined to be the NIS.

   When a company's functional currency differs from parent's functional currency, that entity represents a foreign operation whose financial statements are translated so that they can be included in the consolidated financial statements as follows:

   a) Assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet.

   b) Income and expenses for each period presented in the statement of comprehensive income (loss) are translated at average exchange rates for the presented periods; however, if exchange rates fluctuate significantly, income and expenses are translated at the exchange rates at the date of the transactions.

   c) Share capital, capital reserves and other changes in capital are translated at the exchange rate prevailing at the date of issuance.

   d) Retained earnings are translated based on the opening balance translated at the exchange rate at that date and other relevant transactions during the period are translated as described in b) and c) above.

   e) All resulting translation differences are recognized as a separate component of other comprehensive income (loss) in equity "foreign currency transaction adjustments".

   On a total or partial disposal of a foreign operation, the relevant part of the other comprehensive income (loss) is recognized in the statement of comprehensive income (loss).

   Intergroup loans for which settlement is neither planned nor likely to occur in the foreseeable future are, in substance, a part of the investment in that foreign operation and are accounted for as part of the investment and the exchange differences arising on these loans are recognized in the same component of equity as discussed in e) above.

3. Transactions, assets and liabilities in foreign currency:

   Transactions denominated in foreign currency (other than the functional currency) are recorded on initial recognition at the exchange rate at the date of the transaction. After initial recognition, monetary assets and liabilities denominated in foreign currency are translated at the end of each reporting period into the functional currency at the exchange rate at that date. Exchange differences, other than those capitalized to qualifying assets or carried to equity in hedging transactions, are recognized in profit or loss. Non-monetary assets and liabilities measured at cost are translated at the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currency and measured at fair value are translated into the functional currency using the exchange rate prevailing at the date when the fair value was determined.

Note 2 – Significant Accounting Policies (cont'd)

D. Change in classification

During the current year the Company changed the income statement classification of depreciation expense on certain office space from general and administrative expense to operating expenses to reflect more appropriately the way in which economic benefits are derived from the use of the office space.

Comparative amounts were reclassified for consistency, which resulted in $ 23 thousand being reclassified from general and administrative expenses to selling and marketing expenses in 2011.

This classification did not have any effect on the profit (loss) for the year.

E. Basis of consolidation and equity method accounting

1. Subsidiaries

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as of December 31, 2012 and 2011. The Company holds 100% of all subsidiaries, except for Ellomay Spain which is held at 85%. See Note 6F.

2. Transactions eliminated upon consolidation

Intercompany balances and transactions, and any unrealized income and expenses arising from Intercompany transactions, are eliminated in preparing the consolidated financial statements. Unrealized gains arising from transactions with associates and jointly controlled entities are eliminated against the investment to the extent of the Company's interest in these investments. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

3. Investment in associates entities (equity accounted investees**)**

Associates are those entities in which the Company has significant influence, but not control, over the financial and operating policies. In assessing significant influence, potential voting rights that are currently exercisable or convertible into shares of the investee are taken into account.

Note 2 – Significant Accounting Policies (cont'd)

E. Basis of consolidation and equity method accounting (cont'd)

Associates entities are accounted for using the equity method (equity accounted investees) and are recognized initially at cost. The cost of the investment includes transaction costs. When a company first obtains significant influence in an investment that was accounted for as available-for-sale until the date of obtaining significant influence, accumulated other comprehensive income in respect of that investment is transferred at that date to profit or loss. The consolidated financial statements include the Company's share of the income and expenses in profit or loss and of other comprehensive income of equity accounted investees, after adjustments to align the accounting policies with those of the Company, from the date that significant influence commences until the date that significant influence ceases.

When the Company's share of losses exceeds its interest in an equity accounted investee, the carrying amount of that interest, including any long-term interests that form a part thereof, is reduced to zero. When the Company's share of long-term interests that form a part of the investment in the investee is different from its share in the investee's equity, the Company continues to recognize its share of the investee's losses, after the equity investment was reduced to zero, according to its economic interest in the long-term interests,. The recognition of further losses is discontinued except to the extent that the Company has an obligation or has made payments on behalf of the investee.

4. Business combinations

The Company implements the acquisition method to all business combinations. The acquisition date is the date on which the acquirer obtains control over the acquiree. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that are currently exercisable are taken into account. The Company exercises discretion in determining the acquisition date and whether control has been obtained.

The consideration transferred includes the fair value of the assets transferred to the previous owners of the acquiree, the liabilities incurred by the acquirer to the previous owners of the acquiree and equity instruments that were issued by the Company. In a step acquisition, the difference between the acquisition date fair value of the Company's pre-existing equity rights in the acquiree and the carrying amount at that date is recognized in profit or loss under other income or expenses.

Costs associated with the acquisition that were incurred by the acquirer in the business combination such as: finder's fees, advisory, legal, valuation and other professional or consulting fees, other than those associated with an issue of debt or equity instruments connected to the business combination, are expensed in the period the services are received.

Note 2 – Significant Accounting Policies (cont'd)

E. Basis of consolidation and equity method accounting (cont'd)

5. Non-controlling interests

Non-controlling interests comprise the equity of a subsidiary that cannot be attributed, directly or indirectly, to the parent company.

Measurement of non-controlling interests on the date of the business combination

Non-controlling interests that are instruments that give rise to a present ownership interest and entitle the holder to a share of net assets in the event of liquidation (for example: ordinary shares), are measured at the date of the business combination at their proportionate interest in the identifiable assets and liabilities of the acquiree, on a transaction-by-transaction basis.

Allocation of comprehensive income to the shareholders

Profit or loss and any part of other comprehensive income are allocated to the owners of the Company and the non-controlling interests. Total comprehensive income is allocated to the owners of the Company and the non-controlling interests even if the result is a negative balance of non-controlling interests.

F. Cash and cash equivalents

Cash and cash equivalents are comprised of cash at hand, and unrestricted short-term deposits with original maturity of three months or less from the date of acquisition, that are redeemable on demand without penalty and that form part of the Company's cash management. Cash and cash equivalents value is as provided by bank statements and due to the short maturity approximates the fair value.

G. Short term deposits

Short-term bank deposits are deposits with an original maturity of more than three months but less than one year from the date of deposit.

Note 2 – Significant Accounting Policies (cont'd)

H. Property, plant and equipment

(1) Recognition and measurement

Property, plant and equipment items are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset.

Project licenses included in the cost of photovoltaic plants.

(2) Depreciation

Depreciation is a systematic allocation of the depreciable amount of an asset over its useful life. The depreciable amount is the cost of the asset, or other amount substituted for cost, less its residual value.

An asset is depreciated from the date it is ready for use, meaning the date it reaches the location and condition required for it to operate in the manner intended by management.

Depreciation is recognized in profit or loss on a straight-line basis over the estimated useful lives of each part of the fixed asset item, as this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. Leased assets under finance lease agreements including lands are depreciated over the shorter of the lease term and their useful lives, unless it is reasonably certain that the Company will obtain ownership by the end of the lease term.

The estimated useful lives are as follows:

	%	Mainly %
Office furniture and equipment	6-33	33
Photovoltaic plants in Spain	4	4
Photovoltaic plants in Italy	5	5
Leasehold improvements	Over the shorter of the lease period or the life of the asset	7

Depreciation methods and, useful lives are reviewed at each financial year-end and adjusted if appropriate.

The estimated useful life of the project licenses that are carried at cost of photovoltaic plants is 20 years for the Italian subsidiaries and 25 years for the Spanish subsidiary.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognized. The asset's residual values, useful lives and methods of depreciation are reviewed, and adjusted if appropriate, at each financial year end.

Note 2 - Significant Accounting Policies (cont'd)

I. Financial instruments

Non-derivative Financial assets:

The Company's financial assets include cash and cash equivalents, short term and long term deposits, restricted cash, trade receivables and other receivables and prepaid expenses.

The Company initially recognizes loans and receivables and deposits on the date that they are created. Financial assets are derecognized when the contractual rights of the Company to the cash flows from the asset expire, or the Company transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred.

Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses.

Loans and receivables comprise cash and cash equivalents, trade and other receivables.

Cash and cash equivalents include cash balances available for immediate use and call deposits. Cash equivalents include short-term highly liquid investments (with original maturities of three months or less) that are readily convertible into known amounts of cash and are exposed to insignificant risks of change in value.

Financial liabilities:

The Company has the following financial liabilities: loans and borrowings, accounts payables, accrued expenses and other payables, finance lease obligation, long-term loans and other long term liabilities.

All other financial liabilities are recognized initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument. Financial liabilities (other than financial liabilities at fair value through profit or loss) are recognized initially at fair value plus any directly attributable transaction costs (such as loan raising costs). Subsequent to initial recognition, interest-bearing loans and borrowings are measured based on their terms at amortized cost using the effective interest method, taking into account directly attributed transaction costs. Short term borrowings (such as other payables) are measured based on their terms, normally at face value. Financial liabilities are derecognized when the obligation of the Company, as specified in the agreement, expires or when it is discharged or cancelled.

Note 2 - Significant Accounting Policies (cont'd)

I. Financial instruments (cont'd)

Derivative financial instruments

The Company holds derivative financial instruments to economically hedge its interest rate risk exposures, and an option to acquire additional shares in investee.

Economic hedges:

Hedge accounting is not applied to derivative instruments that economically hedge financial assets and liabilities denominated in foreign currencies. Changes in the fair value of such derivatives are recognized in profit or loss under financing income or expenses.

Share capital:

Ordinary shares

Incremental costs directly attributable to the issue of ordinary shares and share options are recognized as a deduction from equity.

Treasury shares

When share capital recognized as equity is repurchased by the Company, the amount of the consideration paid, which includes directly attributable costs, net of any tax effects, is recognized as a deduction from equity. Repurchased shares are classified as treasury shares. When treasury shares are sold or reissued subsequently, the amount received is recognized as an increase in equity, and the resulting surplus on the transaction is carried to share premium, whereas a deficit on the transaction is deducted from retained earnings.

J. Impairment of non-financial assets

The Company evaluates the need to record an impairment of the carrying amount of non-financial assets whenever events or changes in circumstances indicate that the carrying amount is not recoverable. If the carrying amount of non-financial assets exceeds their recoverable amount, the assets are reduced to their recoverable amount. The recoverable amount is the higher of fair value less costs of sale and value in use. In measuring value in use, the expected future cash flows are discounted using a pre-tax discount rate that reflects the risks specific to the asset. The recoverable amount of an asset that does not generate independent cash flows is determined for the cash-generating unit to which the asset belongs. Impairment losses are recognized in profit or loss.

An impairment loss of an asset, other than goodwill, is reversed only if there have been changes in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. Reversal of an impairment loss, as above, shall not be increased above the lower of the carrying amount that would have been determined (net of depreciation or amortization) had no impairment loss been recognized for the asset in prior years and its recoverable amount. The reversal of impairment loss of an asset presented at cost is recognized in profit or loss.

Note 2 - Significant Accounting Policies (cont'd)

K. Share-based payment transactions

The Company's employees and directors are entitled to remuneration in the form of equity-settled share-based payment transactions. The Company applies the provisions of IFRS 2, "*Share-Based Payment*".

The cost of equity-settled transactions with employees and directors is measured at the fair value of the equity instruments at the date on which they are granted. The fair value is determined by using the Black-Scholes option-pricing model taking into account the terms and conditions upon which the instruments were granted, additional details are included in Note 16.

The cost of equity-settled transactions is recognized in profit or loss, together with a corresponding increase in share premium, over the period in which the service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (the "vesting date"). The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of equity instruments that will ultimately vest.

L. Employees benefits

1. Short-term employee benefits:

Short-term employee benefits include salaries, paid annual leave, paid sick leave, recreation and social security contributions and are recognized as expenses as the services are rendered. A liability in respect of a cash bonus is recognized when the Company has a legal or constructive obligation to make such payment as a result of past service rendered by an employee and a reliable estimate of the amount can be made.

2. Post-employment benefits:

The plans are normally financed by contributions to insurance companies and classified as defined contribution plan or as defined benefit plan.

The Company has defined contribution plans pursuant to Section 14 to the Israeli Severance Pay Law, 5723-1963 (the "Severance Pay Law") under which the Company pays fixed contributions and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient amounts to pay all employee benefits relating to employee service in the current and prior periods. Contributions to the defined contribution plan in respect of severance or retirement pay are recognized as an expense when contributed simultaneously with receiving the employee's services and no additional provision is required in the financial statements.

The Company also operates a defined benefit plan in respect of severance pay pursuant to the Severance Pay Law. According to the Severance Pay Law, employees are entitled to severance pay upon dismissal or retirement.

Note 2 - Significant Accounting Policies (cont'd)

L. Employees benefits (cont'd)

The Company makes current deposits in respect of severance pay obligation to pay compensation to certain of its employees in its pension funds and insurance companies (the "plan assets"). Plan assets are not available to the Company's own creditors and cannot be returned directly to the Company.

The liability for employee benefits presented in the statement of financial position presents the present value of the defined benefit obligation less the fair value of the plan assets, less past service costs.

M. Leases

The criteria for classifying leases as finance or operating leases depend on the substance of the agreements and classification is made at the inception of the lease.

Operating leases:

Lease agreements are classified as an operating lease if they do not transfer substantially all the risks and benefits incidental to ownership of the leased asset.

Payments made under operating leases are recognized in the statement of comprehensive income (loss) on a straight-line basis over the term of the lease, including the option period, when on the date of the transaction it was reasonably certain that the option will be exercised.

Finance leases:

Finance leases transfer to the Company substantially all the risks and benefits incident to ownership of the leased asset. The leased assets are presented in the statement of financial position. The liability for lease payments is presented at its present value and the lease payments are apportioned between finance charges and a reduction of the lease obligation using the effective interest method.

N. Revenue recognition

Revenue is measured according to the fair value of the consideration that was received and/or the consideration the Company is entitled to receive from the sale of electricity in the ordinary course of business.

Revenues from the sale of electricity are recognized when the units of power produced are transferred to the power company at connection points on the basis of a counter reading. Revenues in respect of power produced and transferred to the power company in the period between the most recent meter reading and the date of the statement of financial position, are included based on an estimate.

Seasonality:

Solar power production has a seasonal cycle due to its dependency on the direct and indirect sunlight and the effect the amount of sunlight has on the output of energy produced. Thus, low radiation levels during the winter months decrease power production.

Note 2 - Significant Accounting Policies (cont'd)

O. Income tax

Income tax comprises of current and deferred taxes. The tax results in respect of current or deferred taxes are recognized in the statement of comprehensive income (loss) except to the extent that the tax arises from items which are recognized directly in equity. In such cases, the tax effect is also recognized in the relevant item in equity.

Deferred income taxes are computed in respect of temporary differences between the carrying amounts in the financial statements and the amounts attributed for tax purposes, except for a limited number of exceptions.

Temporary differences (such as carry forward losses) for which deferred tax assets have not been recognized are reassessed and deferred tax assets are recognized to the extent that their recoverability has become probable. Any resulting reduction or reversal is recognized in the line item, "tax benefit (taxes on income)".

Deferred tax balances are measured at the tax rates that are expected to apply to the period when the taxes are reversed in profit or loss, comprehensive income or equity, based on tax laws that have been enacted or substantively enacted by the balance sheet date.

P. Earnings (loss) per share

The earnings (loss) per share are computed by dividing the net income attributable to the Company's shareholders by the weighted-average number of shares outstanding during the period. Calculation of the basic earnings (loss) per share includes only shares actually outstanding during the period. Potential ordinary shares (convertible securities, such as, warrants and employee options) are included in calculation of the diluted earnings (loss) per share only if their impact dilutes the earnings (loss) per share in that their conversion reduces the earnings per share or increases the loss per share from continuing operations. In addition, potential ordinary shares converted during the period are included in calculation of the diluted earnings (loss) per share only up to the conversion date, and from this date forward they are included in calculation of the basic earnings (loss) per share. Earnings (loss) per share have been retroactively restated in comparative period to reflect the reverse split.

Q. Financial income and expenses

Financial income includes interest income on bank deposits, an increase in the fair value of financial instruments recognized at fair value through profit or loss, exchange rate differences. Interest income is recognized as it accrues in profit or loss.

Financial expenses include bank charges and exchange rate differences.

Gains and losses on exchange rate differences are reported on a net basis.

Note 2 - Significant Accounting Policies (cont'd)

R. Provisions

A provision in accordance with IAS 37 is recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect is material, provisions are measured according to the estimated future cash flows discounted using a pre-tax interest rate that reflects the market assessments of the time value of money and, where appropriate, those risks specific to the liability.

Legal claims:

A provision for claims is recognized when the Company has a present legal or constructive obligation as a result of a past event, it is more likely than not that an outflow of resources embodying economic benefits will be required by the Company to settle the obligation and a reliable estimate can be made of the amount of the obligation. For further details, refer to Note 13D.

S. Discontinued operations

A discontinued operation is a component of an entity that either has been disposed of or is classified as held for sale and represents a separate major line of business or geographic area of operations. The operating results relating to the discontinued operations are separately presented in the statement of comprehensive income (loss), and in the statement of cash flow.

T. Standards issued but not yet effective:

(1) IFRS 9 (2010), *Financial Instruments* ("the Standard") – The Standard is one of the stages in a comprehensive project to replace IAS 39 Financial Instruments: Recognition and Measurement ("IAS 39") and it replaces the requirements included in IAS 39 regarding the classification and measurement of financial assets and financial liabilities.

In accordance with the Standard, there are two principal categories for measuring financial assets: amortized cost and fair value, with the basis of classification for debt instruments being the entity's business model for managing financial assets and the contractual cash flow characteristics of the financial asset.

The Standard is effective for annual periods beginning on or after January 1, 2015 but may be applied earlier. The Company has not yet commenced examining the effects of adopting the Standard on its financial statements.

Note 2 - Significant Accounting Policies (cont'd)

T. Standards issued but not yet effective (cont'd):

(2) **IFRS 10 Consolidated Financial Statements ("IFRS 10").** IFRS 10 replaces the requirements of IAS 27 Consolidated and Separate Financial Statements ("IAS 27") and the requirements of SIC-12 Consolidation – Special Purpose Entities ("SIC 12") with respect to the consolidation of financial statements, so that the requirements of IAS 27 will continue to be valid only for separate financial statements.

IFRS 10 introduces a new single control model for determining whether an investor controls an investee and should therefore consolidate it. This model is implemented with respect to all investees. According to the model, an investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with that investee, has the ability to affect those returns through its power over that investee and there is a link between power and returns.

IFRS 10 is applicable retrospectively (with a certain relief) for annual periods beginning on or after January 1, 2013. Early adoption is permitted providing that disclosure is provided and that the entire new suite of standards is early adopted, meaning also the additional standards that were issued at the same time – IFRS 11 Joint Arrangements, IFRS 12 Disclosure of Involvement with Other Entities, IAS 27 (2011) and IAS 28 (2011).

IFRS 10 is not expected to have a material effect on the Company's financial statements.

(3) **IFRS 11 Joint Arrangements ("IFRS 11").** IFRS 11 replaces the requirements of IAS 31 Interests in Joint Ventures ("IAS 31") and amends part of the requirements in IAS 28 Investments in Associates. IFRS 11 defines a joint arrangement as an arrangement over which two or more parties have joint control (as defined in IFRS 10). Joint arrangements are divided into two types: a joint operation and a joint venture.

IFRS 11 is applicable retrospectively for annual periods beginning on or after January 1, 2013, but there are specific requirements for retrospective implementation in certain cases. IFRS 11 is not expected to have a material effect on the Company's financial statements.

(4) **IFRS 13 Fair Value Measurement ("IFRS 13").** IFRS 13 replaces the fair value measurement guidance contained in individual IFRSs with a single source of fair value measurement guidance. It defines fair value, establishes a framework for measuring fair value and sets out disclosure requirements for fair value measurements. IFRS 13 does not introduce new requirements to measure assets or liabilities at fair value. IFRS 13 is applicable prospectively for annual periods beginning on or after January 1, 2013. Earlier application is permitted with disclosure of that fact. IFRS 13 is not expected to have a material effect on the Company's financial statements.

Note 2 - Significant Accounting Policies (cont'd)

T. Standards issued but not yet effective: (cont'd)

(5) Amendment to IAS 1, Presentation of Financial Statements: Presentation of Items of Other Comprehensive Income ("the Amendment"). The IAS 1 Amendment changes the presentation of items of other comprehensive income ("OCI") in the financial statements, so that items of OCI that may be reclassified to profit or loss in the future would be presented separately from those that would never be reclassified to profit or loss. The IAS 1 Amendment is effective for annual periods beginning on or after July 1, 2012. The IAS 1 amendment will be applied retrospectively.

(6) Amendment to IAS 32 Financial Instruments: Presentation ("the Amendment")

The IAS 32 Amendment clarifies that an entity currently has a legally enforceable right to set-off amounts that were recognized if that right is not contingent on a future event; and it is enforceable both in the normal course of business and in the event of default, insolvency or bankruptcy of the entity and all its counterparties. The IAS 32 Amendment is applicable retrospectively for annual periods beginning on or after January 1, 2014. Early application of the IAS 32 Amendment is permitted subject to the concurrent application of amendment to IFRS 7.

(7) *Improvements to IFRSs* 2009-2011

As part of Improvements to IFRSs 2009-2011, the IASB published amendments to IFRS 5. The amendment that may be relevant to the Company is an amendment to IAS 1 Presentation of Financial Statements ("IAS 1") regarding presentation of comparative information beyond the required minimum and the presentation of an additional statement of financial position as at the beginning of the period. The amendment to IAS 1applies to annual periods beginning on or after January 1, 2013 and permits early adoption with disclosure

Note 3 - Cash and Cash Equivalents

	December 31	
	2012	**2011**
	US$ thousands	
Cash available for immediate withdrawal	**9,386**	8,650
Cash equivalents – short-term bank deposits (*)	**23,906**	20,267
	33,292	28,917

(*) The annual interest rate for deposits as of December 31, 2012, is 0.15% - 1.2% (0.125% - 0.95% as of December 31, 2011).

Note 4 - Restricted Cash and deposits

	December 31	
	2012	**2011**
	US$ thousands	
Short-term restricted cash (1)	**8,085**	15,688
Deposits (2)	**653**	724
Long-term bank deposits (3)	**2,600**	2,250
Long-term restricted cash	**3,253**	2,974

(1) Bank deposits securing the Company's short term bank loans (see Note 9). The annual interest rate as of December 31, 2012, is 0.45% - 1.5%.
(2) These deposits were used to secure obligations towards the land owners of two of the Company's Photovoltaic plants.
(3) Bank deposits securing the Company's swap contracts (see Notes 10 and 11). The interest annual rate as of December 31, 2012, is 0.95% - 1.25%.

Note 5 - Other Receivables and Prepaid Expenses

	December 31	
	2012	**2011**
	US$ thousands	
Government authorities	**3,132**	2,323
Income receivable	**492**	4,027
Interest receivable	**8**	133
Prepaid expenses and other	**804**	392
	4,436	6,875

The Company's exposure to credit and currency risks is disclosed in Note 20.

Note 6 - Investee Companies

Equity accounted investees

A. Information about investee companies

1. U. Dori Energy Infrastructures Ltd. ("Dori Energy") –

On November 25, 2010, the Company through its wholly owned subsidiary, Ellomay Clean Energy Ltd. ("Ellomay Energy") entered into an Investment Agreement (the "Dori Investment Agreement") with Dori Group Ltd. ("Dori Group"), and Dori Energy, with respect to an investment in Dori Energy. Dori Energy holds 18.75% of the share capital of Dorad Energy Ltd. ("Dorad"), which plans and promotes the construction of an approximate 800 MWp gas operated power plant in the vicinity of Ashkelon, Israel (the "power plant"). The Dori Investment Agreement sets forth that subject to the fulfillment of certain conditions precedent, Ellomay Energy shall invest a total amount of NIS 50,000 thousand (approximately $14,100 thousand) in Dori Energy, and receive a 40% in Dori Energy's share capital. The conditions precedent was fulfilled on January 27, 2011 (the "Dori Closing Date").

Concurrently with the execution of the Dori Investment Agreement, Ellomay Energy, Dori Energy and Dori Group have also entered into the Dori Shareholders Agreement ("Dori SHA") that became effective upon the consummation of the Dori Investment. The Dori SHA provides that each of Dori Group and Ellomay Energy is entitled to nominate two directors (out of a total of four directors) in Dori Energy. The Dori SHA also grants each of Dori Group and Ellomay Energy with equal rights to nominate directors in Dorad, provided that in the event Dori Energy is entitled to nominate only one director in Dorad, such director shall be nominated by Ellomay Energy for so long as Ellomay Energy holds at least 30% of Dori Energy. The Dori SHA further includes customary provisions with respect to restrictions on transfer of shares, a reciprocal right of first refusal, tag along, principles for the implementation of a BMBY separation mechanism, veto rights, etc.

Note 6 - Investee Companies (cont'd)

A. Information about investee companies (cont'd)

Following the consummation of the Dori Investment, the holdings of Ellomay Energy in Dori Energy were transferred to Ellomay Clean Energy Limited Partnership ("Ellomay Energy LP"), an Israeli limited partnership whose general partner is Ellomay Energy and whose sole limited partner is us. Ellomay Energy LP replaced Ellomay Energy with respect to the Dori Investment Agreement and the Dori SHA.

Concurrently with the consummation of the Dori Investment, Dori Energy entered into an agreement with an Israeli bank (the "Bank") pursuant to which the bank extended to Dorad, as per Dori Energy's request, a NIS 120 million (approximately $ 34 million) bank guarantee that was required to allow Dori Energy to extend its pro rata share of the equity required by Dorad in connection with Dorad's power plant project. The Company is committed to provide 40% of the funds of Dori Energy towards the Bank under the Bank agreement.

The term of this commitment was extended twice, each time for one additional year and in the agreement authorizing such extension, each of Ellomay Energy LP and the Dori Group undertook to Discount Bank, that in the event Dorad requires funding from Dori Energy, for the construction of Dorad's power plant project, pursuant to the agreement between Dorad and its shareholders, each of Ellomay Energy LP and the Dori Group shall extend to Dori Energy its pro rata share of such funding. In addition, each of Ellomay Energy and U. Dori pledged their holdings in Dori Energy in favor of the Bank as a security for the fulfillment of Dori Energy's obligations to the Bank under the agreement with the Bank.

The Dori Investment Agreement also grants Ellomay Energy an option to acquire additional shares of Dori Energy that, if exercised, will increase Ellomay Energy's percentage holding in Dori Energy to 49% ("first option") and, subject to the obtainment of certain regulatory approvals to 50% ("second option"). According to the original terms, the first option was to expire within six months following the earliest between the commercial operations of the power plant, the operation of at least 50% of the turbines or the operation of at least 50% of the production capacity of the power plant and the second option was to commence at this date and expire within 2 years following this date.

On October 24, 2012 the parties to the Dori Investment Agreement executed an addendum to the Dori Investment Agreement (the "Dori Addendum"). The Dori Addendum updated the terms of the options as follows: (i) the exercise period for the first option was extended so that the period will end twelve (12) months following the completion and delivery of the power plant, and (ii) the exercise price of the options was reduced from NIS 2.5 million to NIS 2.4 million for each 1% of Dori Energy's issued and outstanding share capital (on a fully diluted basis). The other terms of the options remained unchanged. The Dori Addendum further updated the undertaking of Dori Energy's shareholders in connection with the financing of investments in Dorad by clarifying that in the event Dori Energy does not obtain outside financing, each of Dori Group and Ellomay Energy LP (defined below) will invest its share of the required amounts, pro rata to their holdings in Dori Energy, replacing the Dori Group's undertaking to provide debt financing to Dori Energy in the event Dori Energy does not obtain outside financing.

Note 6 - Investee Companies (cont'd)

A. Information about investee companies (cont'd)

The total consideration of the Dori Investment Agreement was allocated to the option to acquire additional shares of Dori based on its estimated fair value as at the Dori Closing Date, in the amount of $ 98 thousand and to the 40% in Dori's Energy capital shares in the amount of $ 13,805 thousand (including capitalized expenses in the amount of approximately $ 97 thousand).

During 2012 the Company extended approximately $ 5,927 subordinated shareholder loans to Dori Energy, The shareholder loans are linked to the CPI and bear an annual interest rate of 3% above the interest Dorad is committed to pay the financing banks during the financial period in respect of the "senior debt" (5.5% as of December 31, 2012).

Based on the fair value of the identifiable assets and liabilities that were acquired, the Company allocated the excess cost to customer contracts in the amount of $ 5,234 thousand. The estimated useful life of the customer contracts was determined to be 23 years according to the period of economic benefits and will begin when the construction of the power plant is completed and it begins operating.

As at December 31, 2012 it is estimated that operation will begin in December 2013. The investment in Dori Energy is accounted for under the equity method.

The option to purchase additional shares of Dori Energy is measured based on its fair value in every reported period and changes are recorded as finance income or expenses. As of December 31, 2012 the fair value of the option is $ 485 thousand and recorded as financial asset in long-tem assets. The revaluation of the option was recognized as financial income in the amount of $ 146 thousand and deferred income under accrued expenses and other payables in the amount of $ 287 thousand.

In accordance with IAS 18, "Revenue Recognition", the deferred income represents fees charged by the company for servicing a loan are recognized as revenue as the services are provided. As mentioned above, the Company is committed to provide debt financing to Dori Energy in the event Dori Energy does not obtain outside financing. In respect to this commitment, the terms of the options were updated to reflect compensation to the Company so the exercise price was decreased and the exercise period was extended. The calculated amount of the revaluation allocated to the compensation was recognized as deferred income. The deferred income will be recognized on a time proportion basis over the commitment period using the straight line method. As of December 31, 2012 the Company's estimation for servicing a loan to Dori Energy is upon commencing operation in Dorad Energy and completion and delivery of the power plant that is expected in December 2013.

Note 6 - Investee Companies (cont'd)

A. Information about investee companies (cont'd)

2. Alon Cellular Ltd. (“Alon Cellular”) –

In November 2010, the Company invested in an Israeli Company with respect to the launch of a virtual mobile operator (“MVNO”) in Israel by a joint SPC entity – Alon Ribua telecom Ltd. (“Alon Ribua Telecom,”) that was owned by Alon Ribua Comunications Ltd. (“Alon Ribua”) and Novosti Communications Ltd. (“Novosti”). The MVNO was purported to be operated by Alon Cellular, a wholly owned subsidiary of Alon Ribua Telecom Ltd. ("Alon Telecom"). The Company held 25% of Alon Ribua Telecom's share capital through its wholly owned subsidiary. In November 2010 the Company extended NIS 38 thousand (approximately $10 thousand), and in January 2011 the Company extended an additional amount of NIS 837 thousand (approximately $ 219 thousand) to Alon Telecom as a shareholders' loan. The amounts reflect 25% of the aggregate NIS 3,500 thousand (approximately $ 916 thousand) shareholders' loan that was extended by all shareholders of Alon Ribua Telecom. The investment was accounted for under the equity method.

The Company decided not to pursue the MVNO project, therefore, in February 2012 the Company’s wholly-owned subsidiary that invested in the MVNO project entered into an agreement with related parties Alon Ribua and Alon Ribua Telecom pursuant to which subject to certain regulatory approvals, the subsidiary sold its holdings in Alon Ribua Telecom and its rights with respect to shareholders' loans extended to Alon Ribua in consideration for an amount of $115 thousand. As a result, the Company recorded a capital gain of approximately $160 thousand.

Presented hereunder are details of investments in Dori Energy

B. Composition of the investments

	December 31	
	2012	**2011**
	US$ thousands	**US$ thousands**
Investment in shares (C)	**12,844**	12,760
Long-term loans	**6,688**	235
Deferred interest	**(334)**	-
	19,198	12,995
Financial asset - Options to acquire additional shares	**485**	52

Note 6 - Investee Companies (cont'd)

C. Details regarding attributed surplus costs and goodwill arising from the acquisition of affiliates

	December 31	
	2012	2011
	US$ thousands	US$ thousands
Customer contracts (*)	**5,357**	5,234
Deferred tax	**(1,328)**	(1,297)
Goodwill	**268**	262
Balance of attributed surplus cost	**4,298**	4,199

(*) The estimated useful life of the customer contracts and related deferred tax was determined to be 23 years and will begin when the construction of the power plant is completed and it begins operating.

D. Changes in investments

	2012	2011
Changes in equity and loans:	US$ thousands	US$ thousands
Balance as at January 1 (**)	**12,995**	3,612
Investment in investee	**-**	10,095
Grant of long term loans	**5,927**	235
Interest on long term loans	**334**	-
Deferred interest	**(334)**	-
The Company's share of losses	**(232)**	(351)
Foreign currency translation adjustments	**508**	(596)
Balance as at December 31	**19,198**	12,995
Changes in option to acquire additional sheres:		
Balance as at January 1	**52**	-
Investment in investee	**-**	98
Reevaluation of option to acquire additional shares	**433**	(46)
Balance as at December 31	**485**	52

(**) The balance as of January 1, 2011, represents advances payments on account of investment.

Note 6 - Investee Companies (cont'd)

E. Summary financial data for investees, not adjusted for the percentage ownership held by the Company

(a) Summary information on financial position

	Rate of ownership %	Current Assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities	Equity attributable to the owners of the Company
					US$ thousands			
2012								
Dori Energy	40	64	39,022	39,086	(13)	(18,060)	(18,073)	21,013
2011								
Dori Energy	40	75	22,673	22,748	(18)	(1,612)	(1,630)	21,118

Note 6 - Investee Companies (cont'd)

E. Summary financial data for investees, not adjusted for the percentage ownership held by the Company (cont'd)

(b) Summary information on operating results

	Rate of Ownership %	Profit (loss) for the year US$ thousands
2012		
Dori Energy	40	(580)
2011		
Dori Energy	40	(252)

F. Subsidiary - Business combination during the period

On March 12, 2012, Ellomay Spain S.L. ("Ellomay Spain"), a subsidiary in which the Company indirectly owns 85% of the outstanding shares, entered into share purchase agreements and an asset purchase agreement in connection with the acquisition of a photovoltaic plant located in Municipality of Córdoba, Andalusia, Spain with a total nominal output of approximately 1.89 MWp and a peak power output of approximately 2.275 MWp, (the "PV Plant")and of related licenses. The remaining 15% of Ellomay Spain are held by a Spanish company engaged in providing construction, operating and maintenance services for photovoltaic plants in Europe and elsewhere, whose subsidiary has built and is currently providing operation and maintenance services for several of our Italian PV Plants. On July 1, 2012 (the "closing date") all conditions precedent were fulfilled and the transaction was consummated.

The PV Plant is constructed and operational and has been connected to the Spanish national grid since July 2010. The PV Plant is entitled to receive the Spanish special economic regime for renewable energies. The consideration paid by the Company in connection with the acquisition of the PV Plant and the related licenses, including all applicable taxes and expenses, amounts to approximately $ 7,316 thousand. The purchase price allocation is preliminary and is subject to revision as more detailed analyses are completed and additional information on the fair value of assets and liabilities becomes available.

In the six months ended December 31, 2012 the subsidiary contributed approximately $500 thousand and approximately $ 100 thousand (net of non-controlling interest) to the Company's consolidated revenue and consolidated profit, respectively. If the acquisition had occurred on January 1, 2012, management estimates that consolidated revenue would have been approximately $ 9,780 thousand and net loss for the year would have been approximately $ 2,270 thousand.

Note 6 - Investee Companies (cont'd)

F. Subsidiary - Business combination during the period (cont'd)

Consideration transferred

The following summarizes the consideration transferred, and the recognized amounts of assets acquired and liabilities assumed at the closing date:

	June 30, 2012
	US$ thousands
Property and equipment	$ 6,914
Working capital, net (excluding cash and cash equivalents)	(410)
Non-controlling interests	(32)
Total cash paid, net	$ 6,472

Note 7 - Property, Plant and Equipment

	Photovoltaic Plants	Office furniture and equipment	Leasehold Improvements	Total
	US$ thousands			
Cost				
Balance as at January 1, 2011	21,612	107	66	21,785
Additions	30,603	8	6	30,617
Effect of changes in exchange rates	(2,046)	-	-	(2,046)
Balance as at December 31, 2011	50,169	115	72	50,356
Balance as at January 1, 2012	**50,169**	**115**	**72**	**50,356**
Additions	**536**	**16**	-	**552**
PV Plant acquired in a business combination (see Note 6F)	**6,914**	-	-	**6,914**
Disposals	**(828)**	-	-	**(828)**
Effect of changes in exchange rates	**1,344**	-	-	**1,344**
Balance as at December 31, 2012	**58,135**	**131**	**72**	**58,338**
Depreciation				
Balance as at January 1, 2011	-	22	11	33
Depreciation for the year	1,751	16	10	1,777
Effect of changes in exchange rates	(92)	-	-	(92)
Balance as at December 31, 2011	1,659	38	21	1,718
Balance as at January 1, 2012	**1,659**	**38**	**21**	**1,718**
Depreciation for the year	**2,694**	**13**	**10**	**2,717**
Disposals	**(55)**	-	-	**(55)**
Effect of changes in exchange rates	**98**	-	-	**98**
Balance as at December 31, 2012	**4,396**	**51**	**31**	**4,478**
Carrying amounts				
As at January 1, 2011	21,612	85	55	21,752
As at December 31, 2011	48,510	77	51	48,638
As at December 31, 2012	**53,739**	**80**	**41**	**53,860**

Note 7 - Property, Plant and Equipment (cont'd)

Investment in Photovoltaic Plants

Since March 4, 2010, the Company has acquired eleven photovoltaic plants located in Italy and in Spain (each, a "PV Plant" and, together, the "PV Plants").

In connection with the establishment of the Company's PV Plants, the Company recorded as of December 31, 2012, property, plant and equipment at an aggregate value of approximately $ 58,135 thousand, in accordance with actual costs incurred.

During the year ended December 31, 2012 the Company invested in PV Plants aggregating approximately $7,450 thousand. During the year ended December 31, 2012 the Company disposed assets amounting to approximately $ 773 thousand, partially to be reimbursed by the existing insurance policies in the amount of $ 435 thousand, as a result of panels stolen that occurred in one of the Company's PV Plants and invertors damaged due to bad weather conditions in another PV Plant. Depreciation with respect to the PV Plants in Italy is calculated using the straight-line method over 20 years starting connection to the national grid that represent the estimated useful lives of the assets. Depreciation with respect to the PV Plant in Spain is calculated using the straight-line method over 25 years starting connection to the national grid that represent the estimated useful lives of the assets. During the year ended December 31, 2012 the Company had recorded depreciation expenses with respect to its PV Plants in Italy and Spain of approximately $ 2,694 thousand.

Presented hereunder are data regarding the Company's investments in photovoltaic facilities as at December 31, 2012:

PV Plant Title	Capacity*	Connection to Grid	Cost included in the Book value
			US$ in thousands
"Troia 8"	995.67 kWp	January 14, 2011	4,615
"Troia 9"	995.67 kWp	January 14, 2011	4,584
"Del Bianco"	734.40 kWp	April 1, 2011	2,757
"Giaché"	730.01 kWp	April 14, 2011	3,629
"Costantini"	734.40 kWp	April 27, 2011	2,783
"Massaccesi"	749.7 kWp	April 29, 2011	3,606
"Galatina"	994.43 kWp	May 25, 2011	5,418
"Pedale	2,993 kWp	May 31, 2011	15,202
"Acquafresca"	947.6 kWp	June 2011	4,172
"D'Angella"	930.5 kWp	June 2011	4,111
"Ellomay Spain - Rinconada"	2,275 kWp	June 2010 **	7,258

* As per the contracts.
** See note 6F

Note 8 - Accrued Expenses and Other Payables

	December 31	
	2012	**2011**
	US$ thousands	
Employees and payroll accruals	**82**	62
Government authorities	**42**	32
SWAP related balances	**635**	441
Forward related balances	**120**	-
Tax provision	**2,318**	3,680
Deferred income in connection with investment in equity accounted investee (see Note 6A(1))	**287**	-
Payable in connection with photovoltaic plants	**9,404**	9,000
Accrued expenses	**1,163**	1,378
	14,051	14,593

Note 9 - Loans and borrowings

Composed as follows:

	Linkage terms	**Interest rate 2012**	**Interest rate 2011**	**December 31 2012**	**December 31 2011**
		%	**%**	**US$ thousands**	**US$ thousands**
Maturities on long term loans (refer to Notes 10 and 11)	**EURIBOR**	**1.6-5.15**	1.6-3.43	**1,112**	498
Short term bank loans (1)	**EURO LIBOR**	**0.75**	0.75	**5,932**	11,631
				7,044	12,129

(1) During 2011 the Company received short term bank loans renewable each month in the aggregate amount of Euro 9,000 thousand and repaid Euro 4,500 thousand in December 2012. As of December 31, 2012 the outstanding loan balance is Euro 4,500 thousand ($5,932 thousand) linked to the EURO LIBOR monthly rate.

Note 10 – Finance Lease Obligation

A. Composed as follows:

	Linkage terms	Interest rate 2011 and 2012	December 31 2012	December 31 22011012
		%	US$ thousands	US$ thousands
Leasing institution	**EURIBOR**	3.43	6,898	6,114

1. On December 31, 2010 two wholly-owned Italian subsidiaries of the Company entered into financial leasing agreements, (the "Leasing Agreements") in the amount of Euro 3,000 thousand each (Euro 6,000 thousand in total) for the financing of the subsidiaries, with the following terms: nominal annual interest rate of 3.43%. Monthly payments in the amount of Euro 20 thousand, commencing 210 days after issuance, for the duration of the Leasing Agreements (17 years) which are linked to the EURIBOR monthly average Euro Interbank Offered Rate. As of December 31, 2011 the first two drawdowns under the Leasing Agreements were received in the aggregate amount of approximately Euro 5 million (approximately $6,483 thousand) net of expenses capitalized in the amount of approximately Euro 1.142 million (approximately $1,476 thousand) comprised mainly of Cadastral tax and VAT paid in connection with the Leasing Agreements. In March 2012 the final drawdown under the Leasing Agreements was received in the amount of approximately Euro 818.5 (approximately $1,080 thousand).

2. The Leasing Agreements includes the following covenants:

   a. A declaration that the shareholders credit towards the two Italian wholly-owned subsidiaries will be subordinated to the leasing company's credit;
   b. The Company undertook not to transfer the entire holdings in two wholly-owned Italian subsidiaries and shares not exceeding 20% of its holdings in the wholly-owned Luxembourgian subsidiary that wholly-owns the two Italian subsidiaries;
   c. The Company undertook to assign (as guarantee) the receivables from GSE; and
   d. The Company undertook encumber in favor of the leasing company the rights in connection with the guarantees provided under the EPC Contracts and the Operation and Maintenance agreements.

3. The Company accounted for the transaction as a sale and a finance leaseback as the Company retained the significant risks and benefits of ownership related to its relevant PV Plants. The carrying value of the photovoltaic plants was left unchanged, with the sales proceeds recorded as a finance lease obligation accounted for under IAS 39.

   As of December 31, 2012 financial covenants were met.

Note 10 – Finance Lease Obligation (cont'd)

B. The aggregate annual maturities are as follows:

	December 31 2012	December 31 2011
	$ thousands	$ thousands
First year (current maturities)	**367**	298
Second year	**379**	312
Third year	**393**	319
Fourth year	**406**	330
Fifth year	**420**	341
Sixth year and thereafter	**5,300**	4,812
	7,265	6,412
Less current maturities	**367**	298
Long-term finance lease obligation	**6,898**	6,114

Note 11 - Long-term Loans

A. Composed as follows:

	Linkage terms	**Interest rate 2011**	**December 31 2011**
		%	**US$ thousands**
Bank loans	**EURIBOR**	1.6-2	5,115

	Linkage terms	**Interest rate 2012**	**December 31 2012**
		%	**US$ thousands**
Bank loans	**EURIBOR**	1.6-5.15	10,425
Other long-term loans	**EURIBOR**	5.15	1,255

1. On February 17, 2011, one of the Company's Italian subsidiaries entered into a project finance facilities credit agreement (the "Finance Agreement") with an Italian bank (Centrobanca – Banca di Credito Finanziario e Mobiliare S.p.A.). Pursuant to the Finance Agreement two lines of credit in the aggregate amount of Euro 4.65 million were provided:

(i) a Senior Loan, to be applied to the costs of construction of the PV Plants (up to 80% of the relevant amount), in the amount of Euro 4.1 million, accruing interest at the EURIBOR rate, increased by a margin of 200 basis points per annum, to be repaid in six-monthly installments; and

Note 11 - Long-term Loans (cont'd)

A. Composed as follows: (cont'd)

(ii) a VAT Line, for payment of VAT due on the costs of construction in the amount of Euro 0.55 million, accruing interest at the EURIBOR rate, increased by 160 basis points per annum, to be repaid in one payment on December 31, 2013.

The Finance Agreement also requires the payment of commitment fees equal to 0.5% per annum calculated on the undrawn and un-cancelled amount of both the Senior Loan and the VAT Line and certain additional payments, including an arranging fee and an annual agency fee.

The Company's Italian subsidiary undertook to comply with the following financial covenants verified at each repayment date starting from the first installment of the Senior Loan and up to the final redemption date:

DSCR (Debt Rate Cover Ratio): equal or greater than 1.25:1;
LLCR (Loan Life Coverage Ratio): equal or greater than 1.25:1; and
Debt/Equity: equal or less than 80:20;

On November 30, 2011 an amount of Euro 4.4 million (approximately $ 5,640 thousand) was drawn down on account of these credit lines. Related expenses capitalized to the loan comprised mainly of related notary fee and bank charges amount to approximately Euro 171 thousand (approximately $221 thousand).

As of December 31, 2012 financial covenants were met.

2. On December 20, 2011, one of the Company's Italian subsidiaries, entered into a loan agreement (the "Loan Agreement") with an Italian bank (Unicredit S.p.A.). Pursuant to the Loan Agreement, a line of credit was set up to an amount of Euro 5.047 million bearing an interest at the EURIBOR 6 month rate plus a range of 5.15%-5.35% per annum, depending on the period in which interest is accrued during the term of the Loan Agreement. The principal and interest on the loan are repaid semi-annually. The final maturity date of this loan is December 31, 2029.

The Loan Agreement provides for mandatory prepayment upon the occurrence of certain events, including in the event the borrower receives insurance or indemnity compensation and in the event of a change in control of the borrower without the bank's consent.

The Company's Italian subsidiary undertook to comply with the following financial parameters verified at each repayment date starting from the first installment of the Senior Loan and up to the final redemption date:

Minimum DSCR (Debt Rate Cover Ratio): equal or greater than 1.25:1;
Average DSCR (Debt Rate Cover Ratio): equal or greater than 1.3:1;
LLCR (Loan Life Coverage Ratio): equal or greater than 1.4:1; and
Debt/Equity: equal or less than 82:18;

On January 31, 2012 an amount of Euro 4.9 million (approximately $ 6,460 thousand) was drawn down on account of these credit lines. Related expenses capitalized to the loan comprised mainly of related notary fee and bank charges amount to approximately Euro 148 thousand (approximately $195 thousand).

Note 11 - Long-term Bank Loans (cont'd)

A. Composed as follows: (cont'd)

As of December 31, 2012 financial parameters were met.

3. Effective as of March 8, 2012, the Company's 85% owned Spanish subsidiary entered into a loan agreement with the owner of the remaining 15% of its outstanding shares. Pursuant to the Loan Agreement, a line of credit was set up to an amount of Euro 8 million bearing an interest at the EURIBOR 6 month rate plus a range of 5.15% per annum for a period of 5 years, and renewable for additional 5 year periods. As of December 31, 2012 the credit facility balance used amounts to approximately Euro 952 thousand (approximately $ 1,255 thousand) including accumulated interests.

B. The aggregate annual maturities are as follows:

	December 31 2012	December 31 2011
	$ thousands	$ thousands
First year (current maturities)	**745**	200
Second year	**471**	875
Third year	**499**	240
Fourth year	**522**	252
Fifth year	**1,805**	265
Sixth year and thereafter	**8,383**	3,483
	12,425	5,315
Less current maturities	**745**	200
Long-term loans	**11,680**	5,115

C. In order to manage the interest – rate risk resulting from financing institutions in Italy linked to the Euribor, the Company executed swap transactions.

Note 12 - Other Long-term Liabilities

	December 31 2012	**December 31 2011**
	$ thousands	**$ thousands**
Deferred Tax (see Note 18E)	**384**	-
Swap contracts	**3,415**	1,322
Liabilities for employees benefits	**28**	22
	3,827	1,344

Note 13 - Commitments and Contingent Liabilities

A. Investment in photovoltaic plants

Since March 4, 2010, the Company has acquired eleven "PV Plant".

Each of the PV Plants is constructed and operated on the basis of the following agreements:

- An EPC Contract, which governs the installation, testing and commissioning of a photovoltaic plant by the respective Contractor;
- An Operation and Maintenance Agreement (an "O&M Agreement"), which governs the operation and maintenance of the photovoltaic plant by the respective Contractor;
- When applicable, agreement between the Company's relevant Italian subsidiary and the Contractor, whereby the panels required for the construction of the photovoltaic plant will be purchased by such Italian subsidiary directly from a third party supplier of such panels, and then transferred to the Contractor;
- A number of ancillary agreements, including:
    * One or more "building rights agreements" with the land owners, which provide the terms and conditions for the lease of land on which the photovoltaic plants are constructed and operated.

with respect to the PV Plants located in Italy –

* Standard "incentive agreements" with Gestoredei Servizi Elettrici ("GSE"), Italy's energy regulation agency responsible, inter-alia, for incentivizing and developing renewable energy sources in Italy and purchasing energy and re-selling it on the electricity market. The incentive agreements will be entered into prior to connection of the each of the EPC Projects to the Italian national grid. Under such agreement, it is anticipated that GSE will grant the applicable feed-in tariff governing the purchase of electricity.
* One or more "power purchase agreements" with GSE, specifying the power output to be purchased by GSE for resale and the consideration in respect thereof.
* One or more "interconnection agreements" with the Enel Distribuzione S.p.A ("ENEL"), the Italian national electricity grid operator, which provide the terms and conditions for the connection to the Italian national grid.
* A stock purchase agreement in the event the Company acquires a plant that is under construction or is already constructed.

with respect to the PV Plant located in Spain –

* Standard “power evacuation agreements” with the Spanish power distribution grid company Endesa Distribución Eléctrica, S.L.U., or Endesa, regarding the rights and obligations of each party, concerning, inter alia, the evacuation of the power generated in the facility to the grid; and

Note 13 - Commitments and Contingent Liabilities (cont'd)

A. Investment in photovoltaic plants (cont'd)

* Standard "representation agreements" with an entity that will represent the PV Principal in its dealings with the Spanish National Energy Commission, or CNE, and the bid system managed by the operator of the market, Operador del Mercado Ibérico de Energía, Polo Español, S.A., or OMEL, who are responsible for payment of the FiT. The representation agreements in connection with Rinconada II are with Nexus Energía, S.A.

* a stock purchase agreement in the event we acquire an existing company that owns a photovoltaic plant that is under construction or is already constructed.

B. Agreement to receive participation interest

On February 22, 2011 (the " Licenses Effective Date") the Company entered into agreements to receive participation interests in four oil and gas exploration licenses (the "Licenses") in Israel. The consideration to be paid in connection with the receipt of the participating interests is expected to be an aggregate amount of $710 thousand as reimbursement for past expenditures incurred by the transferors of the participating interests in connection with operations under the Licenses until the Licenses Effective Date.

In addition, the Company will be required to reimburse certain costs billed to the Company under the provision of the Joint Operating Agreements entered into with the operator under the licenses during the period between the Effective Date and the closing of the transactions.

In December 2011, the Israeli Petroleum Commissioner published its decision not to extend the terms of the Licenses and as of April 1, 2012 all four licenses have expired and the Petroleum Commissioner announced that they will not be renewed. The current owners of these licenses have announced that they are considering taking legal action in connection with the termination of the licenses but at this stage it is still early to estimate or foresee which actions will be taken by the current owners of these licenses as a result of such decision, if any.

As these transactions were not consummated, as of December 31, 2012, the Company made no expenditures in connection with these licenses.

On December 5, 2011 the Company, through a limited partnership of which a wholly-owned subsidiary of the Company is the general partner and of which the Company is the limited partner, entered into an agreement to receive participation interests in an exploration license in Israel (the "Yitzchak License"). The Company committed to finance its share of the anticipated expenditures in an amount of up to $2 million, including reimbursement for past expenditures incurred by the transferors of the participating interests in connection with operations under the Yitzchak License until closing date of the agreement (that was subject to the approval of the Israeli Petroleum Commissioner). Thereafter, if the Company does not contribute its share of expenditures in excess of such $2 million, it will be permitted to sell its participating interest to a third party and, if not sold, its holdings in the Yitzchak License would be diluted pro rata to the total expenditures in connection with the Yitzchak License. On January 9, 2012 following the Israeli Petroleum Commissioner approval, the transaction was consummated.

The Yitzhak Joint Operating Agreement provides that the Company may, until having invested an amount of $2 million, reduce its investments and thereby reduce its holdings in the Yitzchak license.

As of December 31, 2012, the Company funded approximately $554 thousand, which only represents 10% of the total cash calls to the partners in the Yitzhak license expenses. At this stage, in light of the precarious financial situation of the major partner in the Yitzhak license, holding 70% of the license, the Company identified a required impairment of the investment in the Yitzhak License and recorded a loss of approximately $ 554 thousand as of December 31, 2012 under capital loss.

Note 13 - Commitments and Contingent Liabilities (cont'd)

C. Operating lease commitments

The PV Plants are constructed on land leased for 20-25 years under operating lease agreements, which expire on various dates, ranging from 2031 to 2035. In respect to several of the leases the Company has the option to extend the lease until 2040. The Company leases its office space under an operating lease that expires in 2013 with additional one year optional extension periods. The following table summarizes the minimum annual rental commitments as of the periods indicated under the non-cancelable operating leases and sub-lease arrangements with initial or remaining terms of more than one year, reflecting the terms that were in effect as of December 31, 2012:

	Operating lease US$ thousands
Year ended December 31	
2013	267
2014	267
2015	267
2016	206
2017 and thereafter	2,852
Total minimum lease payments	3,859

Note 13 - Commitments and Contingent Liabilities (cont'd)

D. Legal proceedings:

The following is a summary of legal proceedings filed against the Company or its subsidiaries. All amounts are converted to US Dollars at the exchange rate as of December 31, 2012.

1. During 2002, a customer filed a lawsuit in China against a subsidiary alleging bad quality of products. The court ruled on April 2003 that the subsidiary should reimburse the customer with the amount of approximately $ 284 thousand as of December 31, 2012. Following an appeal filed by the subsidiary, the court ruled in September 2003 in favor of the end-user. The subsidiary is in the process of liquidation since 2003 and has no assets; therefore the plaintiff has no remedy against the subsidiary. In October 2011 the customer declared its creditor's rights as part of the process of the liquidation of the subsidiary in an aggregate amount of approximately $ 386 thousand (as of December 31, 2012), which includes interest up to the date of the customer's demand. The Company responded rejecting the allegations made and the demands for payment by the Company of the subsidiary's alleged debts. Based on management's estimation and the assessment of its legal counsel, it is unlikely that the Company will be required to pay the amount ruled against the subsidiary in China. Therefore, no provision was recorded with respect to this claim.

2. In December 2003, a customer of a subsidiary filed a lawsuit alleging that a machine purchased by it failed to perform. The customer sought reimbursement of the purchase price paid by it in the amount of $ 290 thousand. During 2006 the Company launched a counter claim to this lawsuit for the collection of unpaid outstanding invoices which was settled between the parties in May 2010. In January 2010 the court dismissed the customer's lawsuit and in June 2010 the customer filed an appeal. Based on management's estimation and the assessment of its legal counsel, no provision was recorded with respect to this claim.

3. In February 2007, a claim was filed against the Company and one of its former officers by a person claiming to have been an agent of the Company in West Africa for commissions on sales of printers. The claim is for NIS 3,000 thousand ($ 804 thousand as of December 31, 2012). The Company filed a statement of defense denying all claims, both with respect to the causes of action and with respect to the factual allegations in the claim. The plaintiff's filed a motion with the Court to strike the Company's Statement of Defense, which was rejected. The plaintiff's filed a motion to appeal to the Supreme Court. That motion was rejected in July 2010. In October 2012, the district court rendered its ruling and rejected the plaintiff's claims in their entirety. In November 2012 an appeal was filed in the Supreme Court by the plaintiff. Written summaries will be submitted by the plaintiffs and by the defendants by September 2013 and November 4, 2013, respectively, and the plaintiffs may submit a response to the defendants' summaries by December 2013. A hearing has been scheduled at the Supreme Court for March 5, 2014. Based on management's estimation and the assessment of its legal counsel, no provision was recorded with respect to this claim.

Note 13 - Commitments and Contingent Liabilities (cont'd)

D. Legal proceedings: (cont'd)

4. In September 2010 a claim was filed with the Court of Brescia, Italy against the Company and against HP and several of its subsidiaries by a former customer asking the declaration of invalidity or voidness or termination of the supply of agreements in connection with five printers it purchased between 2004 - 2006 alleging the defectiveness of the printers (in particular, the lack of the essential safety qualifications and relevant certifications) and requesting damages in the aggregate amount of Euro 2,500 thousand plus VAT (approximately $ 3,295 thousand plus VAT). The Company was sued based on its past ownership of the seller of the printers, NUR Europe (which was sold to HP in connection with the HP Transaction). The Company has required that HP pay its legal fees in connection with this claim based on the settlement agreement executed with HP in July 2010. The parties reached a settlement in November 2012 and the case was dismissed. In addition, the Company reached a settlement with HP concerning the payment of legal fees.

Note 14 - Transactions and Balances with Related Parties

A. On December 30, 2008, the Company's shareholders approved the terms of a management services agreement entered into among the Company, Kanir Joint Investments (2005) Limited Partnership ("Kanir") and Meisaf Blue & White Holdings Ltd. ("Meisaf"), a company controlled by the Company's chairman of the board and controlling shareholder, effective as of March 31, 2008 (the "Management Agreement"). According to the Management Agreement, Kanir and Meisaf, through their employees, officers and directors, provide assistance to the Company in all aspects of the new operations process, including but not limited to, any activities to be conducted in connection with identification and evaluation of the business opportunities, the negotiations and the integration and management of any new operations and including discussions with the Company's management to assist and advise them on such matters and on any matters concerning the Company's affairs and business. In consideration of the performance of the management services and the board services pursuant to the Management Agreement, the Company agreed to pay Kanir and Meisaf an aggregate annual management services fee in the amount of $ 250 thousand.

The Company sub-leases a small part of our office space to a company controlled by Mr. Shlomo Nehama, at a price per square meter based on the price that it pays under its lease agreements. This sub-lease agreement was approved by the Company's Board of Directors.

Note 14 - Transactions and Balances with Related Parties (cont'd)

B. Compensation to key management personnel and interested parties (including directors)

Executive officers and directors participate in the Company's share option programs. For further information see Note 16 regarding share-based payments.

Compensation to key management personnel and interested parties (including directors) that are employed by the Company:

	Year ended December 31					
	2012		2011		2010	
	Number of people	Amount US$ thousands	Number of people	Amount US$ thousands	Number of people	Amount US$ thousands
Short-term employee benefits	**2**	**443**	2	565	2	345
Post-employment benefits	**2**	**27**	2	29	2	30
Share-based payments	**1**	*****	1	20	1	50

* Less than $1 thousand

Compensation to key management personnel (including directors) that are not employed by the Company:

	Year ended December 31					
	2012		2011		2010	
	Number of people	Amount US$ thousands	Number of people	Amount US$ thousands	Number of people	Amount US$ thousands
Total compensation to directors not employed by the Company	**4**	**79**	4	73	4	72
share-based payments	**4**	**7**	4	12	4	6

Note 14 - Transactions and Balances with Related Parties (cont'd)

C. Debts and loans to related and interested parties

	The terms of the loan		Balance as at December 31		Financing income recognized in statement of income for the year ended December 31		
	Interest rate	Linkage base	2012	2011	2012	2011	2010
					US$ thousands		
Dori Energy	8.5 (*)	NIS+CPI	**6,688**	235	-	-	-
Alon Cellular	(**)	NIS	-	219	-	-	-
			6,688	454	-	-	-

(*) See note 6A1
(**) See note 6A2

Note 15 - Equity

A. Composition of share capital

	December 31, 2012		December 31, 2011		December 31, 2010	
	Authorized	Issued and Outstanding(1)	Authorized	Issued and outstanding(1)	Authorized	Issued and Outstanding
	Number of shares					
Ordinary shares of NIS 10.00 par value each	**17,000,000**	**10,692,371**	17,000,000	10,769,326	17,000,000	10,750,071

(1) Net of treasury shares. 85,655 and 8,700 Ordinary shares as of December 31, 2012 and 2011, respectively, have been purchased according to a share buyback program that was authorized the Company's Board of Directors.

B. Changes in share capital

Issued and outstanding share capital:

	Number of Shares	NIS par value
Balance at December 31, 2011	10,769,326	107,693,260
Treasury shares	(76,955)	(769,550)
Balance at December 31, 2012	10,692,371	106,923,710

C. Rights attached to shares:

1. Voting rights at the general meeting, right to dividend and rights upon liquidation of the Company.

2. The Ordinary shares of the Company were traded until May 2005 on the NASDAQ Capital Market. From May 19, 2005, the Company's Ordinary shares have been quoted over-the-counter in the "pink sheets" and commencing August 22, 2011 have been listed on the NYSE MKT (formerly the NYSE Amex).

D. On March 31, 2008 the prior principal shareholders of the Company, the Fortissimo entities, completed the sale of all of the shares and a majority of the warrants held by them to Kanir Joint Investments (2005) Limited Partnership, which was also previously a controlling shareholder of the Company and S. Nechama Investments (2008) Ltd., which became a controlling shareholder of the Company as a result of the purchase from the Fortissimo entities and from several other shareholders.

Note 15 - Equity (cont'd).

E. Reverse share split

On June 9, 2011, the Company effected a 1-for-10 reverse share split ("the reverse split"). As a result of the reverse split, every 10 shares of the Company were combined into one share, all fractional shares which were one-half or more were increased to the next higher whole number of shares and all fractional shares which were less than one-half share were decreased to the next lower whole number of shares. The par value of the Company's shares increased from NIS 1.00 to NIS 10.00. The reverse split affected all of the Company's ordinary shares, stock options and warrants outstanding and reserved for issuance immediately prior to the effective date of the reverse split. The reverse split reduced the number of shares outstanding at June 9, 2011 from 107,778,493 shares to 10,777,917 shares. All references to share and per share amounts for all periods presented have been retroactively restated to reflect this reverse split.

F. Buyback plan

The Company's Board of Directors approved on September 25, 2011 the repurchase of up to $3 million of the Company's ordinary shares to be made from time to time. The timing, volume and nature of share repurchases are at the sole discretion of the Company's management, subject to the funds available for share repurchase under the Companies Law, and are dependent on market conditions, the price and availability of the Company's ordinary shares, applicable securities laws, restrictions under the Israeli Companies Law and other factors. The buyback program did not obligate us to acquire a specific number of shares in any period, and could be modified, suspended, extended or discontinued at any time, without prior notice. Due to Israeli regulatory considerations with respect to the funds available for share repurchases, we ceased repurchasing ordinary shares commencing July 1, 2012 and until the expiration date of the buyback program.. As of December 31, 2012 the Company purchased 85,655 ordinary shares for total consideration of $522 thousand.

G. Warrants

In October 2010, warrants to purchase 2,571,429 ordinary shares, at an exercise price of $ 4 per share, were exercised. In December 2010, warrants to purchase an aggregate number of 800,000 ordinary shares at an exercise price of $ 3.5 per share were exercised. These exercises resulted in the receipt by the Company of aggregate consideration in the amount of $ 13,086 thousand.

During 2011, warrants to purchase 27,887 ordinary shares at an exercise price of $ 6.5 per share were exercised.

As of December 31, 2011, the Company had 324,164 warrants outstanding that were exercisable into 324,164 ordinary shares of NIS 10.00 par value each for an exercise price of $ 6.5 per ordinary share. These warrants were classified in equity. During January and February 2012 these warrants expired and as of December 31, 2012 there are no outstanding warrants to purchase ordinary shares.

Note 15 - Equity (cont'd)

H. Translation reserve from foreign operation

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

I. Capital management in the Company

The Company's capital management objectives are:

1. To preserve the Company's ability to ensure business continuity thereby creating a return for the shareholders, investors and other interested parties.

2. To ensure adequate return for the shareholders by making reasonable investment decisions based on the level of internal rate of return that is in line with the Company's business activity.

3. To maintain healthy capital ratios in order to support business activity and maximize shareholders value.

The Company is not under any minimal equity requirements nor is it required to attain a certain level of capital return.

Note 16 - Share-Based Payment

A. Expenses recognized in the financial statements

The expense recognized in the financial statements for services received from employees is shown in the following table:

	Year ended December 31		
	2012	**2011**	**2010**
	US$ thousand		
Expenses arising from share-based payment transactions	**7**	32	56

The share-based payments that the Company granted to its employees are described below. There have been no modifications or cancellations to any of the employee stock options plans during 2012 or 2011, except for the reverse split as described in Note 15E. The amount recognized as an expense is adjusted to reflect the actual number of share options that are expected to vest.

The fair value of the options is estimated using a Black-Scholes options pricing model with the following weighted average assumptions:

	Year ended December 31	
	2012	**2011**
Dividend yield	**0%**	0%
Expected volatility	**0.552**	0.737
Risk-free interest	**0. 24%**	0.37%
Expected life (in years)	**3**	3

All options granted during 2012 and 2011 were granted with exercise price equal or higher than the market price on the date of grant. Weighted average fair values and exercise price of options on dates of grant are as follows:

	Equal market price	
	2012	**2011**
	US$	
Weighted average exercise prices	**5.24**	6.82
Weighted average fair value on grant date	**2.1**	2.73

Note 16 - Share-Based Payment (cont'd)

B. Stock Option Plans

In December 1998, the Company's shareholders approved the non-employee director stock option plan (the "1998 Plan"). Each option granted under the 1998 Plan is vested immediately and expires after 10 years. Generally, the Company grants options under the plan with an exercise price equal to the market price of the underlying shares on the date of grant. Following the reverse share split an aggregate amount of not more than 75,000 ordinary shares is reserved for grants under the 1998 Plan. The original expiration date of the 1998 Plan pursuant to its terms was December 8, 2008 (10 years after its adoption). At the General Meeting of the Company's shareholders, held on January 31, 2008, the term of the 1998 Plan was extended and as a result it will expire on December 8, 2018, unless earlier terminated by the Board.

In August 2000, the Company's board of directors adopted the 2000 Stock Option Plan (the "2000 Plan" and, together with the 1998 Plan, the "Plans"). The initial reserve to the 2000 Plan was 200,000 options that may be granted to officers, directors, employees and consultants of the Company and its subsidiaries. The options usually vest over a three year period. The exercise price of the options under the 2000 Plan is determined to be not less than 80% of the fair market value of the Company's ordinary shares at the time of grant, and they usually expire after 10 years from the date of grant. In June 2008 the Company's board of directors extended the 2000 Plan by an additional 10 years and the current expiration date of the 2000 Plan is August 31, 2018.

Following increases in shares reserved for issuance under the Company's 2000 Plan, the Company reserved for issuance 1,772,459 ordinary shares under such plan. As a result of a repurchase and cancellation of employee options following with the HP Transaction, the number of shares reserved for issuance under the 2000 was decreased by 987,645.

As a result of the reverse split, every 10 options of the Company were combined into one option, all fractional shares which were one-half or more were increased to the next higher whole number of shares and all fractional shares which were less than one-half share were decreased to the next lower whole number of options. The exercise price of the options was proportionately increased.

As of December 31, 2012, 19,502 options are outstanding and 47,081 ordinary shares are available for future grants under the 1998 Plan and 132,240 options are outstanding and 594,964 Ordinary shares are available for future grants under the 2000 Plan. Options that are cancelled or forfeited become available for future grant.

During 2010, 2011 and 2012, the Company granted to directors 4,000, 4,628 and 4,000 options, respectively.

During 2010, 2011 and 2012 the Company granted to one of its senior employee 45, 45 and 45 options, respectively. There were no other option grants during 2010, 2011 and 2012.

Note 16 - Share-Based Payment (cont'd)

C. Changes during the year:

The following table lists the number of share options, the weighted average exercise prices of share options during the current year:

	2012		2011		2010	
	Number of options	**Weighted average exercise price**	**Number of options**	**Weighted average exercise price**	**Number of options**	**Weighted average exercise price**
		US$		**US$**		**US$**
Outstanding at beginning of year	**153,364**	**8.2**	148,736	8.3	151,358	8.3
Granted during the year	**4,045**	**5.24**	4,628	6.82	4,045	5.9
Exercised during the year	**(5,667)**	**5.72**	-	-	-	-
Expired during the year	-	-	-	-	(6,667)	-
Outstanding at end of year	**151,742**	**8.24**	153,364	8.2	148,736	8.3
Exercisable at end of year	**151,663**	**8.24**	153,282	7.04	104,646	8.1

D. The weighted average remaining contractual life for the share options outstanding as of December 31, 2012 was 5.76- 7.89 years (2010 - 7.59-8.05 years and 2011 - 6.84-8 years).

E. The range of exercise prices for share options outstanding as of December 31, 2012 was $3.1- $9.2 (2010 - $ 3.1- $ 9.2 and 2011 - $ 3.1- $ 9.2).

Note 17 - Details to the Statements of Comprehensive Income (Loss)

A. Financing income and expenses:

1. Financing income

	For the year ended December 31		
	2012	**2011**	**2010**
		US$ thousands	
Interest income	**438**	436	611
Gain from derivatives (Forward)	**112**	-	465
Change in fair value of derivatives	**146**	-	404
Gain from exchange rate differences, net	-	1,535	-
Total financing income	**696**	1,971	1,480

2. Financing expenses

	For the year ended December 31		
	2012	**2011**	**2010**
		US$ thousands	
Change in fair value of derivatives (SWAP)	**2,157**	2,601	-
Swap interest	**511**	104	-
Change in fair value of derivatives (Forward)	**120**	-	-
Interest on loans	**1,028**	464	-
Loss from exchange rate differences, net	**485**	-	53
Bank charges and other commissions	**22**	40	27
Total financing expenses	**4,323**	3,209	80

B. Operating Costs

	For the year ended December 31		
	2012	**2011**	**2010**
		US$ thousands	
Depreciation	**2,717**	1,777	-
Professional services	**268**	822	-
Annual rent	**205**	190	-
Operating and maintenance services	**922**	164	-
Insurance	**153**	62	-
Other	**406**	153	-
Total operating costs	**4,671**	3,168	-

C. General and administrative expenses

	For the year ended December 31		
	2012	**2011**	**2010**
		US$ thousands	
Salaries and related compensation	**963**	1,148	754
Professional services	**1,547**	1,614	2,144
Loss from disposal of fixed assets, net of insurance income	**338**	-	-
Other	**262**	340	313
Total general and administrative expenses	**3,110**	3,102	3,211

Note 18 - Taxes on Income

A.

Israeli taxation

Corporate tax structure:

On July 14, 2009, the Knesset passed the Economic Efficiency Law (Legislation Amendments for Implementation of the 2009 and 2010 Economic Plan) – 2009, which provided, inter alia, a gradual reduction in the company tax rate to 18% as from the 2016 tax year. In accordance with the aforementioned amendments, the company tax rate in 2010 and 2011 was 25% and 24%, respectively.

On December 5, 2011 the Knesset approved the Law to Change the Tax Burden (Legislative Amendments) – 2011. According to the law the tax reduction that was provided in the Economic Efficiency Law, as aforementioned, was cancelled and the company tax rate will be 25% as from 2012.

Italian taxation

Corporate tax structure:

As a rule, corporate income tax (named IRES from 2004) is payable by all resident companies on income from any source, whether earned in Italy or abroad at the rate of 27.5%. Both resident and non-resident companies are subject to regional income tax (IRAP), but only on income arising in Italy at the rate of 3.90%.

Spanish taxation

As a rule, corporate income tax is payable by all resident companies on income from any source, whether earned in Spain or abroad at the rate of 30%.

New taxation of the feed in tariff-
The Spanish Parliament has recently enacted the Spanish Law No. 15/2012, dated December 27, 2012, or Law No. 15/2012, on fiscal measures for the sustainability of the energy sector, which entered into force on January 1, 2013.

Law No. 15/2012 sets forth a new tax on energy generation with the following criteria:

(a) **Taxable event**: generation of electric energy and its transmission to the grid;

(b) **Taxable income**: total amount received in terms of feed in tariff;

(c) **Tax rate**: 7%;

(d) **Taxpayer**: titleholder of the taxable event, i.e., the person which is entitled to generate electric energy and transfer such energy to the grid;

Note 18 - Taxes on Income (cont'd)

(e) **Tax period and accruing**: the tax period is the natural year and the tax is accrued each December 31;

(f) **Tax payment terms**: the taxpayers are obliged to issue a final self-settlement of the tax amount and to pay such amount within the following month of November as from the accruing of the tax. Therefore, the first self-settlement and payment shall be satisfied during November 2013; and

(g) **Interim tax payments**: the taxpayers are also required to transfer interim tax payments to the account of the final self-settlement within the first twenty calendar days of May, September, November and February of the following year, and corresponding to the periods of three, six, nine and twelve months of each year, respectively, and in accordance with the rules to be issued by the Ministry of Treasury and Public Bodies.

B. Composition of income tax income (expense):

	For the year ended December 31		
	2012	**2011**	**2010**
	US$ thousands	**US$ thousands**	**US$ thousands**
Current tax income (expense)			
Current year	**(526)**	(432)	-
Previous years	**24**	-	-
Reverse of uncertain tax positions	**1,316**	1,352	44
	814	920	44
Deferred tax income			
Creation and reversal of temporary differences	**197**	98	-
Tax benefit	**1,011**	1,018	44

Note 18 - Taxes on Income (cont'd)

C. Theoretical tax:

Statutory rate applied to corporations in Israel and the actual tax expense, is as follows:

	2012	2011	2010
		US$ thousands	
Loss before taxes on income from continuing Operations	**3,144**	1,990	1,877
Primary tax rate of the Company	**25%**	24%	25%
Theoretical tax benefit	**786**	478	469
Loss (profit) subject to different tax rate	**(70)**	(49)	102
Foreign exchange differences	**(92)**	685	(189)
Permanent differences	**(190)**	(285)	-
Unrecognized tax losses (profit) and reserve of uncertain tax position	**577**	189	(338)
Actual tax benefit	**1,011**	1,018	44

D. Carry forward tax losses:

As of December 31, 2012, the Company had available carry forward tax losses and deductions aggregating to approximately $ 28,000 thousand, which have no expiration date.

Deferred taxes have not been recognized of the Company's and its non-operating subsidiaries' carry forward tax losses.

The Company's management currently believes that as the Company has a history of losses it is more likely than not that the deferred tax regarding all losses carry forward will not be utilized in the foreseeable future. Therefore, deferred tax assets were not recorded in the years 2012 and 2011.

Note 18 - Taxes on Income (cont'd)

E **Deferred taxes:**

	Property and equipment	Finance lease obligations and Long term loans	Swap contract	Total
	US$ thousands			
Balance of deferred tax asset (liability) as at January 1, 2012	**(2,875)**	**2,952**	**21**	**98**
Changes recognized in profit or loss	**65**	**(153)**	**285**	**197**
Changes recognized in in other comprehensive income	**(218)**	**195**	**15**	**(8)**
Balance of deferred tax asset (liability) as at December 31, 2012	**(3,028)**	**2,994**	**321**	**287**

	Property and Equipment	Finance lease obligations and Long term loans	Swap contract	Total
	US$ thousands			
Balance of deferred tax asset (liability) as at January 1, 2011	-	-	-	-
Changes recognized in other comprehensive income	(2,875)	2,952	21	98
Balance of deferred tax asset (liability) as at December 31, 2011	(2,875)	2,952	21	98

F. Provision for tax uncertainties:

As of December 31, 2012, the total amount of unrecognized tax benefits was $ 1,933 which, if recognized, would affect the effective tax rates in future periods. Management performs a comprehensive review of its global tax positions on an annual basis and accrues amounts for contingent tax liabilities. Based on these reviews, the result of discussions and resolutions of matters with certain tax authorities and the closure of tax years subject to tax audit, reserves are adjusted as necessary. However, future results may include favorable or unfavorable adjustments to estimated tax liabilities in the period the assessments are determined or resolved.

Note 19 - Earnings Per Share

The following table sets forth the computation of basic and diluted earnings per share:

	For the year ended December 31		
	2012	**2011**	**2010**
	US$ thousands	**US$ thousands**	**US$ thousands**
Net income (loss) attributed to owners of the Company	**(2,110)**	(972)	5,202
Weighted average ordinary shares outstanding (1)	**10,709,294**	10,775,458	7,911,551
Dilutive effect:			
Employee stock options and warrants	-	-	992,699
Diluted weighted average ordinary shares Outstanding	-	-	8,904,250
Basic loss per share from continuing operations	**(0.2)**	(0. 09)	(0. 2)
Diluted loss per share from continuing operations	**(0.2)**	(0. 09)	(0. 2)
Basic earnings per share from discontinued Operations	-	-	0. 9
Diluted earnings per share from discontinued Operations	-	-	0. 8

(1) Net of treasury shares.

Note 20 - Financial Instruments

A. Overview

The Company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

This note presents quantitative and qualitative information about the Company's exposure to each of the above risks, and the Company's objectives, policies and processes for measuring and managing risk.

In order to manage these risks and as described hereunder, the Company executes transactions in derivative financial instruments. Presented hereunder is the composition of the derivatives:

	December 31	
	2012	**2011**
	US$ thousands	
Derivatives presented under current liabilities		
Forward contracts	**(120)**	-
SWAP contracts	**(591)**	(441)
Total	**(711)**	(441)
Derivatives presented under non-current liabilities		
SWAP contracts	**(3,415)**	(1,322)
Total	**(3,415)**	(1,322)

Note 20 - Financial Instruments (cont'd)

B. Risk management framework

The Company's management has overall responsibility for the establishment and oversight of the Company's risk management framework.

C. Credit Risk

As at December 31, 2012, the Company does not have any significant concentration of credit risk.

Cash and short-term deposits
As at December 31, 2012 and 2011, the Company had cash and cash equivalents in the amount of $33,292 and $28,917 thousand, respectively and $5,290 and $10,000 thousand, respectively, in short-term deposits. The Company's cash and cash equivalents and short-term deposits are deposited with financial institutions having high credit rating (international rating scale).

Restricted cash
As at December 31, 2012 and 2011, the Company has a balance of current restricted cash of $8,085 and $15,688 thousand, respectively and a balance of non-current restricted cash of $3,253 and $2,974 thousand, respectively see also Note 4.

Trade and other receivables
As at December 31, 2012 and 2011, the Company has a balance of trade and other receivables of $587 and $4,115 thousand, respectively. This balance refers to invoices issued and unbilled to ENEL, the Italian national electricity grid operator and to NEXUS that represent the PV plant located in Spain in its dealings with the Spanish National Energy Commission, and is due within 60 days from issuance.

As at December 31, 2012 and 2011, the Company has a balance of government authorities receivables of $3,132 and $2,345 thousand, respectively. This balance refers to vat and withholding tax receivables in Italy and Spain.

Parties that provided financing for the project's construction
Risk from parties that provided short-term financing to the Company and financing to the Company's subsidiaries in Italy for the construction of the PV plants in respect of the financing agreements as described in Notes 9, 10 and 11. These parties have a high credit rating.

D. Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always has sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company has contractual commitments due to financing agreements and EPC and O&M agreements of its subsidiaries in Italy and Spain see also Note 13A.

Note 20 - Financial Instruments (cont'd)

D. Liquidity risk (cont'd)

The following are the contractual maturities of financial liabilities at undiscounted amounts and based on the future rates forecasted at the reporting date, including estimated interest payments. This disclosure excludes the impact of netting agreements:

	December 31, 2012					
	Carrying amount	**Contractual cash flows**	**Less than 1 year**	**1-2 years**	**2-5 years**	**More than 5 years**
	US$ thousands					
Non-derivative financial liabilities						
Long term loans, including current maturities	**12,425**	**18,311**	**1,341**	**1,039**	**4,454**	**11,477**
Finance lease obligation including current maturities	**7,265**	**9,441**	**621**	**620**	**1,857**	**6,343**
Loans and borrowings	**5,932**	**5,980**	**5,980**	**-**	**-**	**-**
Trade payables and other accounts payable	**14,935**	**14,935**	**14,935**	**-**	**-**	**-**
Liabilities attributed to discontinued operations	**200**	**200**	**200**	**-**	**-**	**-**
	40,757	**48,867**	**23,077**	**1,659**	**6,311**	**17,820**
Derivative finance liabilities						
Forward contracts	**120**	**120**	120	-	-	-
Swap contracts	**4,006**	**4,006**	591	531	1,272	1,612
	4,126	**4,126**	711	531	1,272	1,612

Note 20 - Financial Instruments (cont'd)

D. Liquidity risk (cont'd)

	December 31, 2011					
	Carrying amount	Contractual cash flows	Less than 1 year	1-2 years	2-5 years	More than 5 years
	US$ thousands					
Non-derivative financial liabilities						
Long term loans, including current maturities	5,315	6,936	390	1,082	1,214	4,250
Finance lease obligation including current maturities	6,412	8,808	560	558	1,659	6,031
Loans and borrowings	11,631	11,834	11,834	-	-	-
Trade payables and other accounts payable	16,942	16,942	16,942	-	-	-
Liabilities attributed to discontinued operations	200	200	200	-	-	-
	40,500	44,720	29,926	1,640	2,873	10,281
Derivative finance liabilities						
Swap contracts	1,763	1,763	441	905	382	35

Note 20 - Financial Instruments (cont'd)

E. Market risk

Market risk is the risk that changes in market prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

The principal risks that the Company faces, as assessed by management, are as follows: a change in the regulation applicable to the area of activity, a change in the tariffs as approved by the Electricity Authority in Italy and Spain, changes in the situation of the electricity and gas market, political and security events.

(1) Foreign currency risk

As a result of the Company's operations, the Company is exposed to changes in the dollar/Euro exchange rate.

Note 20 - Financial Instruments (cont'd)

E. Market risk (cont'd)

(1) Linkage and foreign currency risks (cont'd)

(a) The exposure to linkage and foreign currency risk

The Company's exposure to linkage and foreign currency risk except in respect of derivatives (see hereunder) was as follow:

	December 31, 2012				
	Non-monetary	NIS	Unlinked	EURO	Total
	US$ thousands				
Current assets:					
Cash and cash equivalents	-	84	26,605	6,603	33,292
ST deposits	-	-	5,290	-	5,290
ST restricted cash	-	-	6,408	1,677	8,085
Trade receivables	-	-	-	95	95
Other accounts receivables	-	73	8	4,355	4,436
Non-current assets:					
Investments in equity accounted investees	19,198	-	-	-	19,198
Financial asset	-	485	-	-	485
Property, plant and equipment, net	53,860	-	-	-	53,860
LT restricted cash	-	-	2,600	653	3,253
Other assets	746	-	-	-	746
Current liabilities:					
Loans and borrowings	-	-	-	(7,044)	(7,044)
Accounts payable	-	(11)	-	(1,915)	(1,926)
Accrued expenses and other payables	(2,853)	-	(120)	(11,078)	(14,051)
Liabilities attributed to discontinued operations	-	-	(200)	-	(200)
Non-current liabilities:					
Finance lease obligations	-	-	-	(6,898)	(6,898)
Long-term loans	-	-	-	(11,680)	(11,680)
Other long-term liabilities	(412)	-	-	(3,415)	(3,827)
Total exposure in statement of financial position in respect of financial assets and financial liabilities	70,539	631	40,591	(28,647)	83,114

Note 20 - Financial Instruments (cont'd)

E. Market risk (cont'd)

(1) Linkage and foreign currency risks (cont'd)

(a) The exposure to linkage and foreign currency risk (cont'd)

	December 31, 2011				
	Non-monetary	NIS	Unlinked	EURO	Total
			US$ thousands		
Current assets:					
Cash and cash equivalents	-	131	16,271	12,515	28,917
ST deposits	-	-	10,000	-	10,000
ST restricted cash	-	-	15,688	-	15,688
Trade receivables	-	-	-	88	88
Other accounts receivables	-	272	-	6,603	6,875
Non-current assets:					
Investments in equity accounted investees	12,995	-	-	-	12,995
Financial asset	-	52	-	-	52
Property, plant and equipment, net	48,638	-	-	-	48,638
LT restricted cash	-	-	2,250	724	2,974
Other assets	165	-	-		165
Current liabilities:	-	-			
Loans and borrowings	-	-	-	(12,129)	(12,129)
Accounts payable	-	(13)	-	(2,777)	(2,790)
Accrued expenses and other payables	(4,538)	-	-	(10,055)	(14,593)
Liabilities attributed to discontinued operations	-	-	(200)	-	(200)
Non-current liabilities:					
Finance lease obligations	-	-	-	(6,114)	(6,114)
Long-term loans	-	-	-	(5,115)	(5,115)
Excess of losses over investment in equity	(46)	-	-	-	(46)
Other long-term liabilities	(22)	-	-	(1,322)	(1,344)
Total exposure in statement of financial position in respect of financial assets and financial liabilities	57,192	442	44,009	(17,582)	84,061

Note 20 - Financial Instruments (cont'd)

E. Market risk (cont'd)

(1) Linkage and foreign currency risks (cont'd)

(a) The exposure to linkage and foreign currency risk (cont'd)

Information regarding significant exchange rates:

	For the year ended December 31			
	2012		2011	
	Rate of change		Rate of change	
	%	USD	%	USD
1 Euro	**2**	**1.318**	(3.2)	1.292
1 NIS	**2.3**	**0.268**	(7.1)	0.262

(b) Sensitivity analysis

A change as at December 31 in the exchange rates of the following Euro against the USD, as indicated below would have increased (decreased) profit or loss and equity by the amounts shown below (after tax). This analysis is based on foreign currency exchange rate that the company considered to be reasonably possible at the end of the reporting period. The analysis assumes that all other variables, in particular interest rates, remain constant.

	December 31, 2012			
	Increase		Decrease	
	Profit or loss	Equity	Profit or loss	Equity
	US$ thousands			
Change in the exchange rate of:				
5% in the Euro	**(295)**	**(295)**	**295**	**295**
5% in NIS	**27**	**27**	**(27)**	**(27)**

	December 31, 2011			
	Increase		Decrease	
	Profit or loss	Equity	Profit or loss	Equity
	US$ thousands			
Change in the exchange rate of:				
5% in the Euro	(579)	(579)	579	579
5% in NIS	20	20	(20)	(20)

Note 20 - Financial Instruments (cont'd)

E. Market risk (cont'd)

Interest rate risk

From 2012, the Company is exposed to changes in fair value, as a result of changes in interest rate in connection with its loans and borrowings. The debt instruments of the Company bear variable interest rate.

Sensitivity analysis

A change in interest rate would have increased (decreased) profit or loss by the amounts shown below:

	December 31,	
	2012	**2011**
	Profit or loss	**Profit or loss**
	US$ thousands	**US$ thousands**
Increase of 1%	**198**	99
Increase of 3%	**749**	298
Decrease of 1%	**(344)**	(99)
Decrease of 3%	**(653)**	(239)

Note 20 - Financial Instruments (cont'd)

E. Market risk (cont'd)

(1) Linkage and foreign currency risks (cont'd)

F. Fair value

(1) Fair values versus carrying amounts

The carrying amounts of certain financial assets and liabilities, including cash and cash equivalents, other accounts receivables, pledged deposits, financial derivatives credit from banks and trade payables and other accounts payables are the same or proximate to their fair value.

The fair values of the other financial liabilities, together with the carrying amounts shown in the statement of financial position, are as follows:

	December 31			
	2012		2011	
	Carrying amount	Fair Value	Carrying amount	Fair value
	US$ thousands			
Loans from banks (including current maturities)	**12,425**	**10,724**	**5,315**	**4,430**
Finance lease obligations (including current maturities)	**7,265**	**6,760**	**6,412**	**5,776**
	19,690	**17,484**	**11,727**	**10,206**

(2) Interest rates used for determining fair value

The interest rates used to discount estimated cash flows, when applicable, are based on the government yield curve at the reporting date plus an adequate credit spread, and were as follows:

	December 31	
	2012	2011
	%	%
Non-current liabilities:		
Loans from banks	**Euribor+ 1.9-5.6%**	Euribor +5.25%
Finance lease obligations	**Euribor+ 1.9-5.6%**	Euribor +5.25%

Note 20 - Financial Instruments (cont'd)

F. Fair value (cont'd)

(3) Fair value hierarchy

The financial instruments presented at fair value are grouped into classes with similar characteristics using the following fair value hierarchy which is determined based on the source of input used in measuring fair value:

Level 1	-	Quoted prices (unadjusted) in active markets for identical assets or liabilities.
Level 2	-	Inputs other than quoted prices included within Level 1 that are observable either directly or indirectly.
Level 3	-	Inputs that are not based on observable market data (valuation techniques which use inputs that are not based on observable market data).

	December 31, 2012			
	Level 1	**Level 2**	**Level 3**	**Total**
	US$ in thousands			
Option to acquire additional shares in investee	**-**	**-**	**485**	**485**
Swap contracts	**-**	**4,006**	**-**	**4,006**

The fair value of the option to acquire additional shares in investee was calculated based on a binomial option pricing model considering estimates and parameters such as NAV (net asset value) of Dori Energy, which was determined based on the value of Dorad, estimated according to the discounted operational cash flows of Dorad, discounted by the return on equity of Dorad and net of its financial liabilities as of December 31, 2012.

Note 20 - Financial Instruments (cont'd)

F. Fair value (cont'd)

(4) Level 3 financial instruments carried at fair value

The table hereunder presents reconciliation from the beginning balance to the ending balance of financial instruments carried at fair value in level 3 of the fair value hierarchy:

	Financial assets
	Option to purchase additional shares in investee
	US$ in thousands
Balance as at January 27, 2011	**98**
Total losses recognized in Profit or loss	**(46)**
Balance as at December 31, 2011	**52**
Total income recognized in Profit or loss	**146**
Deferred income	**287**
Balance as at December 31, 2012	**485**

(5) Fair value sensitivity analysis of level 3 financial instruments carried at fair value

Even though the Company believes that the fair values determined for measurement and/or disclosure purposes are appropriate, the application of different assumptions or different measurement methods may change such fair values. As regards fair value measurements classified in level 3 of the fair value hierarchy, a reasonably possible change in one or more unobservable inputs would have increased (decreased) profit or loss and equity as follows (after tax):

	December 31, 2012			
	Increase		Decrease	
	Profit or loss	Equity	Profit or loss	Equity
	US$ in thousands			
Option to purchase additional shares in investee:				
Change in volatility of 10%	73	73	(64)	(64)
Change in volatility of 20%	141	141	(129)	(129)
Change in interest rate of 1%	43	43	(40)	(40)
Change in interest rate of 2%	87	87	(73)	(193)

Note 21 - Segments Information

The Company's chief operating decision maker (CODM) reviews internal management reports on a consolidated basis. The Company has only one strategic business unit.

Geographical information

The Company is domiciled in Israel and it operates in Italy and in Spain through its subsidiaries eleven PV Plants and in Israel through Dori Energy.

Major customer

Revenues are derived from one customer in each of the Italian and Spanish subsidiaries (government agencies).

Note 22 - Subsequent Events

A. On January 28, 2013, the company entered into a binding Letter of Intent for the purchase of two Italian companies, each of which holds a photovoltaic (solar) site with fixed technology in the Veneto Region, Italy (Northern Italy), with an aggregate capacity of approximately 12MWp that are fully constructed and operating and were connected to the Italian national grid in August 2011 under the applicable Feed-in-Tariff (0.238 Euro/kWh) for the consideration of approximately Euro 25.5 million (approximately $33,600 thousand), based on a transaction cut-off date of September 30, 2012. Currently the parties are in an advanced stage of negotiations and upon the execution of the final agreements, the Company shall deposit in a trust account a nonrefundable deposit of Euro 12.5 million on account of the purchase price (approximately $16,500 thousand). Within 90 days thereafter, subject to the fulfillment of certain customary conditions precedent, the final closing of the transaction shall take place, in which the Company is to pay the remaining amount of up to Euro 13 million(approximately $17,150 thousand) on account of the purchase price (after calculation of applicable deductions (if any). According to the binding Letter of Intent, to the extent that the balance of the purchase price will not be paid by the Company and provided all other conditions have been satisfied, then the Seller may either extend the 90 day deadline or unilaterally terminate the agreements and request that the nonrefundable deposit be released to it from the trust account. The Company cannot terminate the agreement if it is unable to obtain financing. In March 2013, certain creditors of the Veneto Seller approached the German court requesting that the transaction be subject to approval of the creditors of the Veneto Seller and the court granted their request. Therefore, at this point there can be no assurance as to whether and when the Veneto Agreements will be finalized and executed and as to the fulfillment of all relevant conditions to closing that will be set forth therein.

Exhibit index

Number	Description
1.1	Memorandum of Association of the Registrant (translated from Hebrew), reflecting amendments through June 9, 2011*
1.2	Second Amended and Restated Articles of the Registrant, reflecting amendments through June 20, 2012
2.1	Specimen Certificate for ordinary shares(1)
4.1	1998 Share Option Plan for Non-Employee Directors
4.2	2000 Stock Option Plan
4.3	Form of Indemnification Agreement between the Registrant and its officers and directors
4.4	Form of Exemption Letter between the Registrant and its officers and directors
4.5	Management Services Agreement, by and among the Registrant, Kanir Joint Investments (2005) Limited Partnership and Meisaf Blue & White Holdings Ltd., effective as of March 31, 2008(2)
4.6	Engineering Procurement & Construction Contract for the Construction of a Photovoltaic System in Cingoli, between Ellomay PV One S.R.L. and Ecoware S.p.A., dated March 4, 2010 (portions translated from Italian)(3)*
4.7	Engineering Procurement & Construction Contract for the Construction of a Photovoltaic System in Senigallia, between Ellomay PV One S.R.L. and Ecoware S.p.A., dated March 4, 2010 (portions translated from Italian)(3)*
4.8	Side Agreement, between Ellomay PV One S.R.L. and Ecoware S.p.A., dated March 5, 2010(4)
4.9	Giaché Building Right Agreement (summary of Italian version)(5)*
4.10	Massaccesi Building Right Agreement (summary of Italian version)(5)*
4.11	Settlement Agreement and Release, dated July 27, 2010, between Ellomay Capital Limited and Hewlett-Packard Company(5)
4.12	Troia 8 Building Right Agreement (summary of Italian version)(5)*
4.13	Troia 9 Building Right Agreement (summary of Italian version)(5)*
4.14	Investment Agreement, among U. Dori Group Ltd., U. Dori Energy Infrastructures Ltd. and Ellomay Clean Energy Ltd. , dated November 25, 2010 (summary of Hebrew version)(5)*
4.15	Shareholders Agreement, among U. Dori Group Ltd., Ellomay Clean Energy Ltd. and U. Dori Energy Infrastructures Ltd., dated November 25, 2010 (summary of Hebrew version)(5)*
4.16	Agreement, between U. Dori Energy Infrastructures Ltd. and Israel Discount Bank Ltd., dated January 26, 2011 (summary of Hebrew version)(5)*
4.17	Engineering Procurement & Construction Contract for the Construction of a Photovoltaic Plant, between Urbe Techno S.r.l. and Pedale S.r.l., dated March 25, 2011 (portions translated or summarized from Italian)(includes a summary of the Building Rights Agreement)(5)*
4.18	Acquafresca Building Right Agreement (summary of Italian version)(1)*
4.19	D'Angella Building Right Agreement (summary of Italian version)(1)*

Number	Description
4.20	Rinconada II Building Right Agreement (summary of Spanish version)(1)*
8	List of Subsidiaries of the Registrant
12.1	Certification of Principal Executive Officer required by Rule 13a-14(a) and Rule 15d-14(a) (Section 302 Certification)
12.2	Certification of Principal Financial Officer required by Rule 13a-14(a) and Rule 15d-14(a) (Section 302 Certification)
13	Certification of Principal Executive Officer and Principal Financial Officer required by Rule 13a-14(b) and Rule 15d-14(b) (Section 906 Certification)
15.1	Consent of Somekh Chaikin
15.2	Consent of BDO
15.3	Consent of Kost Forer Gabbay & Kasierer

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* The original language version is on file with the Registrant and is available upon request.

(1) Previously filed with the Registrant's Form 20-F for the year ended December 31, 2011 and incorporated by reference herein.
(2) Previously filed with the Registrant's Form 6-K dated December 1, 2008 and incorporated by reference herein.
(3) Previously filed with Amendment No. 2 to the Registrant's Form 20-F for the year ended December 31, 2009 and incorporated by reference herein.
(4) Previously filed with the Registrant's Form 20-F for the year ended December 31, 2009 and incorporated by reference herein.
(5) Previously filed with the Registrant's Form 20-F for the year ended December 31, 2010 and incorporated by reference herein.

Exhibit 1.1

[Incorporating changes through June 9, 2011]

THE COMPANIES ORDINANCE

A COMPANY LIMITED BY SHARES

MEMORANDUM OF ASSOCIATION

OF

ELLOMAY CAPITAL LTD.

1. The name of the Company is:

   ELLOMAY CAPITAL LTD.

2. The objects for which the Company was formed (state the main objects).

   (a) Advertisement on outdoor boards.

   Advertisement by means of computerized accessories.

   Advertisement in points of sale such as stores, supermarkets and shopping malls.

   (b) Manufacturing of computerized monitors on an international level.

   (c) Selling patents in the field of outdoor advertisement.

   (d) Development of sophisticated advertisement accessories.

   (e) To manage any business of equity owners, property owners, concession owners, financiers, agents, delegates, brokers, representatives and contractors, to take upon itself, to manage and to execute any finance and investment business.

   (f) To borrow, raise, secure the repayment of, any money, in such manner and on such terms and conditions as the Company may deem fit, and in particular – without derogating from the generality of the foregoing – by the issue of mortgages on its lands and other immovable properties and/or providing floating and/or fixed and special debentures and pledges and liens on any part of its lands and other assets, charged upon all or any of the property of the Company, present or future, and to repay, discharge or redeem any such mortgage, pledge or lien. The Company shall also be authorized to secure the repayment of monies it borrowed or will borrow by the issuance of debentures or series of debentures, new and otherwise, and to guarantee the repayment of such debentures by placing a charge of any kind, without any limitation, upon any part of the Company's lands an all other assets, in whole or in part, present and future, including unpaid capital, and to acquire, release and redeem any such debentures, series of debentures or charges.

(g) To lend money and to give advances or credit to, and to guarantee the debts and contracts of, such persons, firms and companies and on such terms and conditions as the Company may deem fit, and, in particular to customers and other persons having dealings with the Company, and to guarantee and be guarantor for such persons, firms or companies, and to accept from those to whom the Company shall lend money or give credit or guarantee all types of guarantees as the Company may deem fit, including – without limiting the generality of the foregoing – mortgages as well as pledges, charges, floating charges or security over any property of any kind, lands and chattels, and to release and surrender any such securities or redeem them on such terms as the Company may deem fit.

(h) To carry on the business of producing, manufacturing, working, improving, developing, importing, exporting, transportation, supply, marketing, distribution, trading, exploiting and dealing in technical and mechanical equipment, apparatus, tools, utensils, appurtenances, accessories, containers, packings, raw materials, products, good and materials, of all kinds and description and for any use whatsoever.

(i) To deal in any research, exploration and development of natural resources, and the exploitation thereof, to conduct researches with respect to this, and to establish, hold and operate institutions, experimental stations, laboratories and research associations.

(j) To carry on the business of transportation and moving and in any means of transportation or transportation of any kind and type.

(k) To apply for, purchase or otherwise acquire and obtain and register rights of use or inspection, to protect, extend and renew, in Israel or abroad, all kinds of patents, patent rights, brevet d'invention, licenses, protections, concessions (hereinafter – "patent rights") which may, in the opinion of the Company, be conducive to the interests of the Company, and to use patent rights and work in accordance therewith, to exploit the same in any manner, to enter into any agreement and do any act whatsoever in connection with patent rights; to sell and otherwise dispose of patent rights and to grant licenses and privileges in connection with the same.

(l) To engage in any scientific, technical, mechanical and other research work, experiments and tests, including for the purpose of improving or attempting to improve any invention and patent rights which the Company shall be entitled to, entitled to use or acquire or desire to acquire for itself.

(m) To apply for, obtain, acquire, maintain, exploit, sell, transfer in all parts of the world, patterns, processes, know-how, trade secrets, permits, licenses, rights of possession, concessions, tenements and any other rights, privileges and benefits of any kind which may entitle, authorize or assist the Company to carry on any of the businesses which it is authorized to carry on.

(n) To enter into any arrangements with any governments or authorities, whether central, municipal, local or otherwise, in all parts of the world, that may seem conducive to the objects of the Company, or any of them, and to obtain from any such government or authority any rights, privileges and concessions which the Company may think desirable to obtain, exploit or perform.

(o) To adopt such means of making known the activities of the Company as may seem expedient, and, in particular, by advertising in the press, in the radio and in other ways, by circulars, by conducting exhibitions and advertising materials, and by granting prizes and grants.

(p) To purchase or otherwise acquire and undertake any business – whether as a going concern or otherwise – and any property, assets, good-will, rights and obligations of any person or company, if it may benefit the Company or advance any interests that is within the framework of the Company's objects.

(q) To establish and incorporate, or to participate in the establishment or incorporation of any company, so that such company shall acquire or undertake any or all of the assets, rights and liabilities of the Company, or for any other purpose which might, in the opinion of the Company, assist, directly or indirectly, the Company to advance any interest that is within any of the Company's objects.

(r) To amalgamate or merge with any company.

(s) To enter into partnership or any agreement for sharing of profits, combining of profits or cooperation with any person or company carrying on or entitled to carry on any business or businesses which the Company is entitled to carry on.

(t) To sell and transfer the enterprise of the Company, in whole or in part, for such consideration as the Company may deem fit, and, in particular, in consideration for shares, debentures or other securities, to another company with objects similar, in whole or in part, to the objects of this Company.

(u) To enter into any contract or agreement, and to execute any document, deed, contract or agreement, within the framework of the Company's objects.

(v) To insure the Company, its property, enterprises, plants and actions, in whole or in part, against any damages, loss, risk or liability.

(w) To invest and deal with the monies of the Company not immediately required for its business in such manner as the Company may from time to time determine.

(x) To distribute its assets, in whole or in part, among its members in specie; provided that such distribution would not cause a capital reduction not in accordance with the Companies Ordinance.

(y) To provide pensions, grants and rewards to its employees and directors, or to persons who were its employees or directors, and to their family members, and to establish or support and assist with the opening of schools, educational or scientific institutions or commercial companies, whether related to the Company's objects or not at all related, and the Company may also establish and maintain any club or other establishment for the benefit of the Company's businesses or for the enjoyment of its employees and managers.

(z) To act in order to attain any of the aforementioned objects, by virtue of this Memorandum of Association – to do such acts in Israel the Company is authorized – by virtue of the law, in any parts of the world, and to do in any country and place in the world, to perform and fulfill any commerce or business – that in the Company's opinion could assist in the advancement of any issue within the framework of any object of the Company's objects.

(aa) To do all such actions related or connected to the objects included in this Memorandum of Association, explicitly or implicitly, or that may bring to the attainment of the above objects or any of them.

(bb) To do all or any of the above actions, whether in Israel or outside of Israel in any part of the world, and either as principals, agents or trustees or otherwise, and either alone or in conjunction with others, and either by or through agents, contractors, trustees or otherwise.

(cc) And it is hereby agreed and declared that in this Memorandum of Association the following expressions – whether appearing in the Memorandum of Association itself or in the Second Schedule to the Companies Ordinance[1] – shall have the following meanings:

"person" - includes company and corporation.

"company" or "corporation" – includes, unless it refers to this Company, any other company, cooperative society, any other society, body politic, public or juristic, association, partnership or body of persons, whether incorporated or not incorporated. "land"– includes any right or interest in or to land, whether registrable or not, buildings, plantations, and everything attached or affixed to and on land.

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1 Reference in this Memorandum to "the Second Schedule to the Companies Ordinance" is to the Second Schedule of the Companies Ordinance (New Version), 5743-1983.

(dd) And it is hereby further agreed and declared that, unless it is expressly otherwise stated in this Memorandum of Association, each of the objects and powers specified in each of the sub-clauses of this Clause, including, having regard to the provisions of this sub-clause in each of the clauses of the Second Schedule to the Companies Ordinance, is a main and independent object, and shall in no way be limited or restricted by any reference or inference from any other sub-clause of this clause or any clause of the Second Schedule to the Companies Ordinance, or by any reference to or inference from the name of the Company.

3. The liability of the members is limited.

4. The Company's share capital is NIS 170,000,000, divided into 17,000,000 ordinary shares of nominal value NIS 10.00 each.

5. Any change to the provisions of this Memorandum relating to the share capital of the Company shall require the approval of members, participating at a General Meeting in person or by proxy and vested with more than fifty percent (50%) of the total voting power attached to the shares whose holders participated, in person or by proxy, at such General Meeting.

We the undersigned, are desirous of being formed into a Company pursuant to this Memorandum of Association, and we hereby respectively agree to take the number of shares in the capital of the Company set opposite our respective names:

Subscribers' Names and ID Numbers	Address and Description	Number of Shares Taken[2]	Signatures
Moshe Nuri 4657557	30 Lochamei Hagetaot, Pethach Tikva	1994 Ordinary Shares 5 Management Shares	/s/ Moshe Nuri
Henya Nuri 5407479	30 Lochamei Hagetaot, Pethach Tikva	1 Ordinary Share	/s/ Henya Nuri

Total shares taken 2000

Dated May 10th, 1987

/s/ Moshe Nuri /s/ Henya Nuri

WITNESS TO ABOVE SIGNATURES:

/s/ Chaim Greenvald, Adv.

[2] The class of management shares has been abolished and the shareholdings have changed.

Exhibit 1.2

[As amended through June 20, 2012]

THE COMPANIES LAW
A COMPANY LIMITED BY SHARES
SECOND AMENDED AND RESTATED ARTICLES OF
ELLOMAY CAPITAL LTD.

I PRELIMINARY

1. **Interpretation**

1.1. In these Articles the following terms shall bear the meaning ascribed to them below:

"**Affiliate**" is defined in Article 25.5.1 herein.

"**Alternate Director**" defined in Article 37.1 herein.

The "**Articles**" shall mean the articles of association contained in the Articles, as originally registered and as they may from time to time be amended.

The "**Board**" shall mean the Company's Board of Directors.

The "**Company**" shall mean the above named company.

"**Control**" is defined in Article 25.5.1 herein.

"**Determining Majority**" as defined in Article 6 herein.

"**External Director**" as defined in the Law.

"**Extraordinary Meetings**" as defined in Article 21.1 herein.

The "**Law**" shall mean the Companies Law, 5759 – 1999, as the same may be amended from time to time, and all the rules and regulations promulgated thereunder.

The "**Memorandum**" shall mean the Memorandum of Association of the Company, as originally registered and as it may from time to time be amended.

"**Obligation**" as defined in Article 13.1 herein.

"**Officer**" is defined in Article 25.5.1 herein.

The "**Ordinance**" shall mean the Companies Ordinance [New Version], 5743-1983, as the same may be amended from time to time.

The "**Register of Members**" shall mean the Company's Register of Members.

"**Registered Holder**" as defined in Article 10 herein.

"**Securities**" as defined in Article 18 herein.

"**Shareholders Agreement**" shall mean the Shareholders Agreement, dated as of March 24, 2008, between Kanir Joint Investments (2005) Limited Partnership ("**Kanir**") and S. Nechama Investments (2008) Ltd. ("**Nechama Investments**"), a copy of which is attached hereto as Exhibit A.

Terms and expressions used in the Articles and not defined herein, shall bear the same meaning as in the Law.

1.2. Sections 2, 3, 4, 5, 6, 7, 8 and 10 of the Interpretation Law, 5741-1981, shall apply, mutatis mutandis, to the interpretation of the Articles.

1.3. The captions in the Articles are for convenience only and shall not be deemed a part hereof or affect the interpretation of any provision hereof.

2. **Name**

The Name of the Company shall be Ellomay Capital Ltd., and in Hebrew:

אלומיי קפיטל בע"מ

3. **Purpose and Objective**

3.1. The objective of the Company shall be to undertake any lawful activity, including any objective set forth in the Memorandum (for as long as it is in effect).

3.2. The purpose of the Company is to operate in accordance with commercial considerations with the intention of generating profits. Such considerations may take into account, amongst others, public interest and the interests of the Company's creditors and employees. In addition, the Company may contribute reasonable amounts for any suitable purpose even if such contributions do not fall within the business considerations of the Company. The Board may determine the amounts of the contributions, the purpose for which the contribution is to be made, and the recipients of any such contribution.

II SHARE CAPITAL

4. **Share Capital**

The Company's authorized share capital will be NIS 170,000,000 divided into 17,000,000 ordinary shares of the Company, nominal value NIS 10.00 each.

5. **Limited Liability**

The liability of the shareholders of the Company for the indebtedness of the Company shall be limited to payment of the nominal value of such shares.

6. **Alteration of Share Capital**

The Company may, from time to time, by a resolution approved at a General Meeting by such majority as is required to amend these Articles (as set forth in Article 25 below), or, if higher, such majority as shall be required to amend the Memorandum (for as long as it is still in force) (collectively, a "**Determining Majority**"):

6.1. Increase its share capital in an amount it considers expedient by the creation of new shares. The power to increase the share capital may be exercised by the Company whether or not all of the shares then authorized have been issued and whether or not all of the shares theretofore issued have been called up for payment. Such resolution shall set forth the amount of the increase, the number of the new shares created thereby, their nominal value and class, and may also provide for the rights, preferences of deferred rights that shall be attached to the newly created shares and the restrictions to which such shares shall be subject;

6.2. Consolidate all or any of its issued or unissued share capital and divide same into shares of nominal value larger than the one of its existing shares;

6.3. Subdivide all or any of its issued or unissued share capital, into shares of nominal value smaller than the one of its existing shares; provided, however, that the proportion between the amount paid and the amount unpaid on each share which is not fully paid-up shall be retained in the subdivision;

6.4. Cancel any shares which, as at the date of the adoption of the resolution, have not been issued or agreed to be issued, and thereby reduce the amount of its share capital by the aggregate nominal value of the shares so canceled;

III SHARES

7. **Rights Attached to Shares**

7.1. Subject to any contrary provisions of the Memorandum (for as long as it is in effect) or the Articles, same rights, obligations and restrictions shall be attached to all the shares of the Company regardless of their denomination or class.

7.2. If at any time the share capital is divided into different classes of shares, the rights attached to any class may be modified or abrogated by a resolution adopted by a Determining Majority at a General Meeting and by the adoption of a resolution, supported by a Determining Majority, approving same modification or abrogation at a General Meeting of the holders of the shares of such class.

The provisions of the Articles relating to General Meeting of the Company shall apply, mutatis mutandis, to any separate General Meeting of the holders of the shares of a specific class, provided, however, that the requisite quorum at any such separate General Meeting shall be one or more members present in person or by proxy and holding not less than thirty three and one third percent (33⅓%) of the issued shares of such class.

7.3. The creation of additional shares of a specific class, or the issuance of additional shares of a specific class, shall not be deemed, for purposes of article 7.2, a modification or abrogation of rights attached to shares of such class or of any other class.

8. **Issuance of Shares**

Issuance of shares of the Company shall be under the control of the Board, who shall have the authority to issue the Company's shares or grant options to acquire shares, to such persons and on such terms and conditions as the Board may think fit, or to delegate such authority in accordance with the Law.

9. **Share Certificates**

9.1. Each member shall be entitled, not later than 60 days from the date of issuance or the date of transfer, to receive from the Company one share certificate in respect of all the shares of any class registered in his name on the Register of Members or, if approved by the Company, several share certificates, each for one or more of such shares.

9.2. Each share certificate issued by the Company shall be numerated, denote the class of the shares represented thereby and the name of the owner, thereof as registered on the Register of Members, and may also specify the amount paid-up thereon. A share certificate shall be signed on behalf the Company by the person or persons authorized by the Board.

9.3. A share certificate denoting two or more persons as joint owners of the shares represented thereby shall be delivered to any one of the persons named on the Register of Members in respect of such joint ownership.

9.4. A share certificate defaced or defective, may be replaced upon being delivered to the Company and being canceled. A share certificate lost or destroyed may be replaced upon furnishing of evidence to the satisfaction of the Board proving such loss or destruction and subject to the submission to the Company of an indemnity letter and/or securities as the Board may think fit.

A member requesting the replacement of a share certificate shall bear all expenses incurred by the Company in connection with the provisions of this Article.

10. **Owners of Shares**

The Company shall be entitled to treat the person registered in the Register of Members as the holder of any share, as the absolute owner thereof (a "**Registered Holder**") and shall also treat any other person deemed as a holder of shares pursuant to the Law, as an owner of shares.

11. **Calls on Shares**

11.1. The Board may, from time to time, make calls upon members to perform payment of any amount of the consideration of their shares not yet paid, provided same amount is not, by the terms of issuance of same shares, payable at a definite date. Each member shall pay to the Company the amount of every call so made upon him at the time(s) and place (s) designated in such call. Unless otherwise stipulated in the resolution of the Board, each payment with respect to a call shall be deemed to constitute a pro-rata payment on account of all of the shares in respect of which such call was made.

11.2. A call may contain a demand for payment in installments.

11.3. A call shall be made in writing and shall be delivered to the member(s) in question not less than fourteen (14) days prior to the date of payment stipulated therein. Prior to the due date stipulated in the call the Board may, by delivering a written notice to the member(s), revoke such call, in whole or in part, postpone the designated date(s) of payment or change the designated place of payment.

11.4. If, according to the terms of issuance of any share, any amount is due at a definite date, such amount shall be paid on same date, and the holder of the same share shall be deemed, for all intents and purposes, to have duly received a call in respect of such amount.

11.5. The joint holders of a share shall be bound jointly and severally to pay all calls in respect thereof. A call duly made upon one of the joint holders shall be deemed to have been duly made upon all of the joint holders.

11.6. Any amount not paid when due shall bear an interest from its due date until its actual payment at a rate equal to the then prevailing rate of interest for unauthorized overdrafts as charged by Bank Hapoalim Ltd, unless otherwise prescribed by the Board.

The provisions of this Article 11.6 shall in no way deprive the Company of, or derogate from any other rights and remedies the Company may have against such member pursuant to the Articles or any pertinent law.

11.7. The Board may agree to accept prepayment by any member of any amount due with respect to his shares, and may direct the payment of interest for such prepayment at a rate as may be agreed upon between the Board and the member so prepaying.

11.8. Upon the issuance of shares of the Company, the Board may stipulate similar or different terms with respect to the payment of the consideration thereof by their respective holders.

12. **Forfeiture and Surrender**

12.1. If any member fails to pay when due any amount payable pursuant to a call, or interest thereon as provided for herein, the Company may, by a resolution of the Board, at any time thereafter, so long as said amount or interest remains unpaid, forfeit all or any of the shares in respect of which said call had been made. All expenses incurred by the Company with respect to the collection of any such amount of interest, including, inter-alia, attorney's fees and costs of legal proceedings, shall be added to, and shall constitute a part of the amount payable to the Company in respect of such call for all purposes (including the accrual of interest thereon).

12.2. Upon the adoption of a resolution of forfeiture, the Board shall cause the delivery of a notice thereof to the member in question. Same notice shall specify that, in the event of failure to pay the entire amount due within the period stipulated in the notice (which period shall be not less than thirty (30) days), same failure shall cause, ipso facto, the forfeiture of the shares. Prior to the expiration of such period, the Board may extend the period specified in the notice of forfeiture or nullify the resolution of forfeiture, but such nullification shall not estop nor derogate from the power of the Board to adopt a further resolution of forfeiture in respect of the non-payment of said amount.

12.3. Whenever shares are forfeited as herein provided, all dividends theretofore declared in respect thereof and not actually paid shall be deemed to have been forfeited together with the shares.

12.4. The Company, by a resolution of the Board, may accept the voluntary surrender by any member of all or any part of his shares.

12.5. Any share forfeited or surrendered as provided herein shall thereupon constitute the property of the Company, and may be resold. Such shares that have not yet been resold shall be considered dormant shares.

12.6. Any member whose shares have been forfeited or surrendered shall cease to be a member in respect of the forfeited or surrendered shares, but shall, notwithstanding, be obligated to pay to the Company all amounts at the time of forfeiture or surrender due to the Company with respect thereof, including interest and expenses as aforesaid until actual repayment, whether the maturity date of same amounts is on or prior to the date of forfeiture or surrender or at any time thereafter, and the Board, in its discretion, may enforce payment of such amounts or any part thereof, unless such shares have been resold in which event the provisions of the Law shall apply. In the event of such forfeiture or surrender, the Company, by a resolution of the Board, may accelerate the maturity date(s) of any or all amounts then owed to the Company by same member and not yet due, however, arising whereupon all of such amounts shall forthwith become due and payable.

The Board may, at any time before any share so forfeited or surrendered shall have been reissued or otherwise disposed of to a third party, nullify the forfeiture or the acceptance of the surrender on such conditions as it thinks fit, but such nullification shall not estop nor derogate from the power of the Board to re-exercise its powers of forfeiture pursuant to this Article 12.

13. **Lien**

13.1. The Company shall have, at all times, a first and paramount lien upon all the shares registered in the name of each member on the Register of Members, upon all the dividends declared in respect of such shares and upon the proceeds of the sale thereof, as security for his obligations. For the purposes of this Article 13 and of Article 14, the term "Obligation" shall mean any and all present and future indebtedness owed to the Company by a member with respect to his shares, however arising, whether such indebtedness is absolute or contingent, joint or several, matured or unmatured, liquidated or non-liquidated.

13.2. Shall a member fail to fulfill any or all of his Obligations, the Company may enforce the lien, after same member was provided with a period of fourteen (14) days to fulfill the Obligations so breached.

13.3. A member shall be obliged to reimburse the Company for all expenses thereby incurred with respect to the enforcement of a lien upon same member's shares, and such obligation shall be secured by the shares which are subject to same lien.

14. **Sale of Shares after Forfeiture or Surrender or in Enforcement of Lien**

14.1. Upon any sale of shares after forfeiture or surrender or in the course of enforcement of a lien, the Company may appoint any person to execute an adequate instrument of transfer or any other instrument required to effect the sale, and shall be entitled to register the purchaser on the Register of Members as the holder of the shares so purchased. The purchaser shall not be obliged to check the regularity of the proceedings of forfeiture, surrender or enforcement of a lien or the use that was made consideration thereby paid with respect to the shares.

As of the entry of the purchaser's name in the Register of Members in respect of such shares, the validity of the sale shall not be rebutted, and the sole remedy of any person aggrieved by the sale shall be in damages, and against the Company solely.

14.2. The net proceeds of any such sale, after payment of the selling expenses, shall serve for repayment of the Obligations of the respective member, and the balance if any shall be paid to the member, his inheritors, the executors of his will, the administrators of his estate, and to persons on his behalf.

15. **Redeemable Securities**

Subject to the Law, the Company may issue redeemable securities and redeem the same.

16. **Effectiveness of Transfer of Shares**

A transfer of title to shares of the Company, whether voluntarily or by operation of law, shall not confer upon the transferee any rights towards the Company as a Registered Holder unless and until such time as the transfer has been registered in the Register of Members.

17. **Procedure on Voluntary Transfer of Shares**

A person desiring to be registered as a Registered Holder, shall deliver to the Company an instrument of transfer of shares according to which he is the transferee accompanied by a notice to the effect, in a form to be prescribed by the Board, duly executed by such person and the transferor, and subject to the prior fulfillment of the provisions of Article 18 below, the Board shall instruct the registration of same in the Register of Members.

18. **Transfer of Shares**

18.1. The transfer of shares of the Company and any other securities issued by the Company and owned by a Registered Holder (in this Article 18, hereinafter, "**Securities**") shall be made in writing in a conventional manner or as established by the Board; it may be effected by the signature of the transferor only, on the condition that an appropriate share transfer deed shall be submitted to the Company.

18.2. Securities that are not paid up in full or are subject to any lien or pledge may not be transferred unless the transfer is approved by the Board, which may at its sole discretion withhold its approval without having to show grounds.

18.3. Any transfer of Securities that are not paid up in full shall be subject to the signature of the transferee and the signature of a witness in verification of the authenticity of the signatures on the share transfer deed.

18.4. The transferor shall be deemed to be the Registered Holder of the transferred Securities until the name of the transferee is entered in the Register of Members.

18.5. The share transfer deed shall be submitted to the office for registration together with the certificates to be transferred and such other evidence as the Company may require with regard to the transferor's title or right to transfer the Securities. The share transfer deed shall remain with the Company after its registration.

18.6. The Company may demand payment of a transfer registration fee at a rate to be determined by the Board from time to time.

18.7. The Board may close the Register of Members for a period no longer than 30 days every year.

18.8. Upon the death of a Registered Holder of Securities of the Company, the Company shall recognize the guardians, administrators of the estate, executors of the will, and in the absence of such persons, the inheritors of the deceased person as the only ones entitled to be registered as the Registered Holders of Securities of the Company, subject to proof of their rights in a manner established by the Board.

18.9. In the event of the deceased member being a Registered Holder of a Security jointly with other persons, the surviving member shall be considered the sole Registered Holder of said Securities, upon the approval of the Company, without exempting the estate of the deceased joint holder from any of the obligations relating to the jointly held Securities.

18.10. A person acquiring a right to a Security by virtue of his being a guardian or administrator of the estate or inheritor of the deceased member, or receiver, liquidator or trustee in liquidation proceedings regarding a corporate member, or by any operation of law, may be subject to submission of such proof of entitlement as the Board may establish be entered as the Registered Holder of the respective Security or transfer the Security subject to the provisions of the Articles with regard to such transfer.

18.11. A person acquiring a Security as a result of a transfer by operation of law shall be entitled to dividends and other rights in respect of the Security and also to receive and certify the receipt of dividends and other sums of money in connection with the said Security; however, such person shall not be entitled to receive notices of the convening of General Meetings of the Company or to participate or vote therein or to exercise any right conferred by the Security with the exception of the aforementioned rights, pending the registration of such person in the Register of Members.

19. **Issuance of Shares**

The number of shares, and other securities convertible or exercisable into shares, issued by the Company shall not exceed a maximum amount equal to the registered share capital of the Company; for this purpose, securities convertible or exercisable into shares, shall be considered as having been converted or exercised on the date of issuance.

IV GENERAL MEETINGS

20. **Annual Meeting**

20.1. An Annual Meeting shall be held once in every calendar year at such time (within a period of not more than fifteen (15) months after the last preceding Annual Meeting) and at such place as may be determined by the Board.

20.2. The Annual Meeting shall:

20.2.1. Discuss the audited financial statements of the Company for the last fiscal year;

20.2.2. Appoint auditors and establish their remuneration, or empower the Board to establish their remuneration;

20.2.3. Appoint the directors as stipulated in Article 32 below, and establish their remuneration;

20.2.4. Discuss any other business to be transacted at a General Meeting according to the Articles or by operation of law.

21. **Extraordinary Meeting**

21.1. All General Meetings other than Annual Meetings shall be called “Extraordinary Meetings”.

21.2. The Board may, whenever it thinks fit, convene an Extraordinary Meeting, and shall be obligated to do so upon receipt of a requisition in writing in accordance with Section 63 of the Law.

21.3. Members of the Company shall not be authorized to convene an Extraordinary Meeting except as provided in Section 64 of the Law.

22. **Notice of General Meetings**

22.1. Prior to any General Meeting, a written notice thereof shall be made public as required by Law. Such notice shall specify the place, the day and the hour of the General Meeting, the agenda of the meeting and such other information required under law. The notice will be published not less than fourteen (14) days prior to any General Meeting. The Company shall not be required to deliver notice to each shareholder, except as may be specifically required by Law.

22.2. Any written notice or other document may be served by the Company upon any member either personally or by sending it by prepaid mail addressed to such member at his address as described in the Register of Members or such other address as he may have designated in writing for the receipt of notices and other documents.

22.3. Notwithstanding anything to the contrary herein, notice by the Company of a General Meeting which is published in one international wire service shall be deemed to have been duly given on the date of such publication.

23. **Quorum**

23.1. Two or more members present in person or by proxy and holding shares conferring in the aggregate more than twenty-five percent (25%) of the total voting power attached to the shares of the Company, shall constitute a quorum at General Meetings. No business shall be considered or determined at a General Meeting, unless the requisite quorum is present when the General Meeting proceeds to consider and/or determine same business.

23.2. If within half an hour from the time appointed for the General Meeting a quorum is not present, the General Meeting shall, if convened upon requisition under Section 64 of the Law, be dissolved, but in any other case it shall stand adjourned on the same day, in the next week, at the same time and place. The requisite quorum at an adjourned General Meeting shall be any two or more members, present in person or by proxy. At an adjourned General Meeting the only businesses to be considered shall be those matters which might have been lawfully considered at the General Meeting originally called if a requisite quorum had been present, and the only resolutions to be adopted are such types of resolutions which could have been adopted at the General Meeting originally called.

24. **Chairman**

The Chairman, of the Board, or if there is no such chairman, or if he is not present, any other person appointed by the members present, shall preside as Chairman at a General Meeting of the Company. The Chairman of any General Meeting shall have no additional or casting vote.

25. **Adoption of Resolution at General Meetings**

25.1. A resolution, including, but not limited to, a resolution to amend these Articles and to approve a merger of the Company, shall be deemed adopted at a General Meeting if the requisite quorum is present and the resolution is supported by members present, in person or by proxy, vested with more than fifty percent (50%) of the total voting power attached to the shares whose holders were present, in person or by proxy, at such General Meeting and voted thereon, or such other percentage as is required by these Articles or by the Law.

25.2. Any proposed resolution put to vote at a General Meeting shall be decided by a poll.

25.3. Subject to approval by a General Meeting at which the requisite quorum is present, the chairman is obligated at the request of the General Meeting, to adjourn the General Meeting, and the adjourned meeting shall convene at such date and place as is decided by the General Meeting. If the General Meeting is adjourned by more than twenty-one (21) days, a notice of the adjourned meeting shall be given in the manner set forth in Sections 67 through 69 of the Law. An adjourned meeting may only transact such business as left unfinished at the original meeting.

25.4. A declaration by the Chairman of the General Meeting that a proposed resolution has been adopted or rejected, shall constitute conclusive evidence of the adoption or rejection, respectively, of same resolution, and no further proof verifying the contents of such declaration or the number or proportion of the votes recorded in favor of or against such resolution shall be required.

25.5. Notwithstanding anything to the contrary herein, for so long as the Shareholders Agreement is in effect, at the written request of any two directors with respect to any proposed action or transaction described below, such action or transaction shall require the approval of the General Meeting by a resolution supported by members present, in person or by proxy, vested with at least 50.1% of the outstanding shares of the Company, or by such higher approval threshold as may be required by Law:

25.5.1. any transaction of the Company or of a subsidiary of the Company with (i) an Officer of the Company or a nominee to become a director of the Company, (ii) a shareholder of the Company which owns 5% or more of its outstanding share capital, (iii) a family member of the first degree of any of the foregoing persons or (iv) an Affiliate of any of the foregoing. "**Officer**" shall have the meaning of "office holder" under the Law. "**Affiliate**" shall mean, with respect to any party, any person (a) in which such party, directly or indirectly, owns at least majority interest (both economic and voting), (b) which directly or indirectly owns a majority interest (both economic and voting) in such party, or (c) which, directly or indirectly, is in Control of or is Controlled by such party. "**Control**" shall mean, with respect to a person that is a corporation, the ownership, directly or indirectly, of voting securities of such person carrying more than 50% of the voting rights attaching to all voting securities of such person which are sufficient, if exercised, to elect a majority of its board of directors, and in relation to a person that is a partnership, limited partnership, business trust or other similar entity, the ownership, directly or indirectly, of voting securities of such person carrying more than 50% of the voting rights attaching to all voting securities of the person or the ownership of other interests entitling the holder to exercise control and direction over the activities of such person;

25.5.2. any amendment to the Memorandum or these Articles;

25.5.3. any merger or consolidation of the Company;

25.5.4. any material change in the Company's scope of business;

25.5.5. the voluntary liquidation or dissolution of the Company;

25.5.6. approval of the Company's annual budget and business plan, and any material deviation therefrom; and

25.5.7. any change of the signatory rights on behalf of the Company.

26. **Voting Power**

26.1. Subject to the provisions of Article 27.1 below and subject to any other provision hereof pertaining to voting rights attached or not-attached to shares of the Company, whether in general or in respect of a specific matter or matters, every member shall have one vote for each share registered in his name on the Register of Members, regardless of its denomination or class.

26.2. In case of equality of votes, the resolution shall be deemed to have been rejected.

27. **Attendance and Voting Rights at General Meeting**

27.1. Unless provided otherwise by the terms of issue of the shares, no member shall be entitled to be present or vote at a General Meeting (or be counted as part of the quorum thereat) unless all amounts due as at the date designated for same General Meeting with respect to his shares were paid.

27.2. A corporate body being a member of the Company and entitled to vote and/or attend at a General Meeting may exercise such rights by authorizing any person, whether in general or for a specific General Meeting, to be present and/or vote on its behalf. Upon the request of the Chairman of the General Meeting, a writing evidence of such authorization and its validity (in a form acceptable to the Chairman) shall be furnished thereto.

27.3. A member entitled to vote and/or attend at a General Meeting may appoint a proxy, whether is general or for a specific General Meeting, to exercise such rights, in a form approved by the Board.

27.4. The instrument appointing a proxy shall be delivered to the Company not later than forty-eight (48) hours before the time designated for the General Meeting at which the person named in the instrument proposes to vote and/or attend.

27.5. A member entitled to vote and/or attend at a General Meeting and is legally incapacitated, may exercise such rights by his custodian.

27.6. If two or more persons are registered as joint owners of any share, the right to attend at a General Meeting, if attached to such share, shall be conferred upon all of the joint owners, but the right to vote at a General Meeting and/or the right to be counted as part of the quorum thereat, if attached to such share, shall be conferred exclusively upon the senior amongst the joint owners attending the General Meeting, in person or by proxy; and for this purpose seniority shall be determined by the order in which the names appear on the Register of Members.

27.7. The voting on the terms of the instrument of proxy shall be legal even in case of prior death or incapacity or bankruptcy of the principal, and in respect of a corporate principal, in case of its winding up or revocation of the instrument of proxy or transfer of the respective share, unless a notice in writing of such death or incapacity or bankruptcy or winding up or revocation of share transfer shall have been received by the Register of Members.

The written notice of revocation of the proxy shall be valid if signed by the principal and received by the Register of Members not later than one hour before the start of voting.

27.8. No proxy shall be valid after the expiry of 12 months from the date of its issue.

V BOARD OF DIRECTORS

28. **Powers of the Board**

28.1. The Board shall be vested with the exclusive authority to exercise all of the Company's powers which are not, by Law, the Memorandum (for as long as it is in effect), the Articles or any applicable law, required to be exercised by the General Meeting, the General Manager, or any other organ of the Company as such term is defined in the Law.

28.2. The Board shall set the policy guidelines for the Company and shall supervise the performance and activities of the General Manager.

29. **Exercise of Powers of the Board**

29.1. The powers conferred upon the Board shall be vested in the Board as a collective body, and not in each one or more of the directors individually, and all such powers may be exercised by the Board by adopting resolutions in accordance with the provisions of the Articles.

29.2. Except as otherwise required by these Articles, a resolution shall be deemed adopted at a meeting of the Board if supported by a majority of the directors attending such meeting and entitled to vote thereon. The Chairman of the Board shall have no casting vote, except as set forth in Article 41.2.

29.3. The Board may hold meetings using any means of communication, provided that all of the directors participating can simultaneously hear one another.

29.4. The Board may adopt resolutions without convening a meeting, as provided in the Law.

30. **Committees of Directors**

30.1. The Board may, subject to Section 112 of the Law, delegate any or all of its powers to committees, each consisting of two or more directors, one of which shall be an External Director, and it may, from time to time, revoke or alter the powers so delegated. Without derogating from the generality of the foregoing, subject to the Law, the Board may delegate to a committee its power to approve the terms of compensation of officers. Each committee shall, in the exercise of the powers so delegated, conform to any regulations and conditions prescribed by the Board upon the delegation or at any other time. Each resolution adopted by a committee within the powers delegated to it by the Board shall be deemed to have been held by the Board.

30.2. The Board will appoint from among its members an audit committee. All External Directors shall be members of the audit committee.

30.3. The provision of the Articles with respect to the meetings of the Board, their convening and adoption of resolutions thereat shall apply, mutatis mutandis, to the meetings of any such committee, unless otherwise prescribed by the Board.

31. **Number of Directors**

Unless otherwise prescribed by a resolution adopted at a General Meeting, the Board shall consist of not less than four (4) nor more than eight (8) directors (including the External Directors appointed as required under the Law).

32. **Appointment and Removal of Directors**

32.1. The directors shall be elected annually at a General Meeting as aforesaid and shall remain in office until the next Annual Meeting at which time they shall retire, unless their office is vacated previously as stipulated in the Articles, provided however that the External Directors shall be appointed, and shall remain in office, as prescribed in the Law.

32.2. The elected directors shall assume office on the day of their election.

32.3. A retiring director may be reelected. Pending the convening of an Annual Meeting at which the directors are to retire from office, all directors shall remain in office until the convening of the Annual Meeting of the Company except in case of prior vacation of a director's office according to the Articles.

32.4. If no directors are elected at the Annual Meeting, all the retiring directors shall remain in office pending their replacement by a General Meeting of the Company.

32.5. Except with regard to a director whose tenure of office expires upon the convening of a General Meeting or a person recommended by the Board to serve as director, no motions for appointment of a candidate as a director shall be made unless a notice in writing signed by a member of the Company (other than the candidate himself) who is entitled to participate in and vote at the meeting, stating the intent of the said member to propose a candidate for election to the office of director, together with a document in writing by the candidate expressing his consent to be so elected, shall have been received at the office of the Company within a period of not less than forty-eight (48) hours and not more than forty-two (42) days before the appointed date of the General Meeting.

32.6. The General Meeting may, by way of a resolution, remove a director from office before the expiry of his tenure, and appoint another person to serve as director of the Company in his place, and also appoint a number of directors in the event of the number of directors having decreased below the minimum established by the General Meeting.

32.7. The provisions of this Article 32 shall not apply to External Directors, whose appointment and removal shall be pursuant to the relevant provisions of the Law.

33. **Qualification of Directors**

No person shall be disqualified to serve as a director by reason of his not holding shares in the Company or by reason of his having served as director in the past.

The provisions of this Article 33 shall not apply to External Directors, whose qualifications are as set forth in the relevant provisions of the Law.

34. **Vacation of Director's Office**

The office of a director shall be vacated:

34.1. Upon his death;

34.2. On the date at which he is declared a bankrupt;

34.3. On the date he is declared legally incapacitated;

34.4. On the date stipulated therefor in the resolution of his election or the notice of his appointment, as the case may be;

34.5. On the date stipulated therefor in the resolution or notice of his removal or on the date of the delivery of such notice to the Company, whichever is later;

34.6. On the date stipulated therefor in a written notice of resignation thereby delivered to the Company or upon its delivery to the Company, whichever is later.

34.7. If he is convicted in a final judgment of an offence of a nature which disqualifies a person from serving as a director, as set forth in the Law.

34.8. If a court of competent jurisdiction decides to terminate his office, in accordance with the provisions of the Law, in a decision or judgment for which no stay of enforcement is granted.

35. **Remuneration of Directors**

The directors shall be entitled to remuneration by the Company for their services as directors. The remuneration may be established as a global sum or as a fee for participation in meetings. In addition to such remuneration, every director shall be entitled to a refund of reasonable expenses for travel, per diem money, and other expenses related to the discharge of his duties as a director.

The provisions of this Article 35 shall not apply to External Directors, whose remuneration shall be in accordance with the relevant provisions of the Law.

36. **Conflict of Interests**

The approval of any transaction that involves a conflict of interest with an Officer shall be approved in accordance with the Law and these Articles.

37. **Alternate Director**

37.1. Subject to the approval of the Board, a director may, by delivering a written notice to the Company, appoint an alternate for himself (hereinafter referred to as "**Alternate Director**"), remove such Alternate Director and appoint another Alternate Director in place of any Alternate Director appointed by him whose office has been vacated for any reason whatsoever. The appointment of the Alternate Director shall be for an indefinite period and for all purposes, unless restricted to a specific period, to a specific meeting or act of the Board, to a specific matter or in any other manner, and same restriction was specified in the appointment instrument or in a written note delivered to the Company.

37.2. Any notice delivered to the Company pursuant to Article 37.1 shall become effective on the date specified therefor therein or upon delivery thereof to the Company or upon approval of the Board, whichever is later.

37.3. An Alternate Director shall be vested with all rights and shall bear all obligations of the director who appointed him, provided, however, that he shall not be entitled to appoint an alternate for himself (unless the instrument appointed him expressly provides otherwise), and provided further that the Alternate Director shall have no standing at any meeting of the Board or any committee thereof whereat the director who appointed him is present.

37.4. The following may not be appointed nor serve as an Alternate Director: (i) a person not qualified to be appointed as a director, (ii) an actual director, or (iii) another Alternate Director.

37.5. The office of an Alternate Director shall be vacated under the circumstances, mutatis mutandis, set forth in Article 34, and such office shall further be ipso facto vacated if the director who appointed such Alternate Director ceases to be a director.

38. **Meeting of the Board**

38.1. Subject to Articles 40 and 41 below, the Board may meet, adjourn its meeting and otherwise determine and regulate such meetings and their proceedings as it deems fit.

38.2. Upon the vacation of the office of a director, the remaining directors may continue to discharge their functions until the number of remaining directors decreases below the minimum established in the Articles. In the latter case the remaining directors may only act to convene a General Meeting of the Company.

38.3. The Board, by unanimous approval of all directors then in office, may at any time appoint any person to serve as director as replacement for a vacated office or in order to increase the number of directors, subject to the condition that the number of directors shall not exceed the maximum established in these Articles. Any so appointed director shall remain in office until the next Annual Meeting, at which he may be reelected.

39. **Convening Meetings of the Board**

39.1. The Chairman of the Board may, at any time, convene a meeting of the Board, and shall be obliged to do so (i) at least once every three months, (ii) upon receipt of a written demand from any one director, or (iii) in accordance with Section 122(4) or 169 of the Law. In the event there is no such Chairman or a meeting of the Board was not convened to a date which is no later then ten (10) days following delivery of such written demand or receipt of the relevant notice or report, any of the abovementioned directors may convene a meeting of the Board.

Convening a meeting of the Board shall be made by delivering a notice thereof to all of the directors within a reasonable length of time prior to the date thereof. Such notice shall specify the exact time and place of the meeting so called and a reasonably detailed description of the all of the issues on the agenda for such meeting. In urgent situations, a meeting of the Board can be convened without any prior notice with the consent of a majority of the directors.

39.2. A resolution adopted at a meeting of the Board, which had not convened in accordance with the necessary requirements set forth in the Law or these Articles may be invalidated in accordance with the applicable provisions of the Law.

39.3. A director may waive his right to receive prior notice of any meeting, in general or in respect of a specific meeting, and shall be deemed to have waived such right with respect to any meeting at which he was present.

40. **Quorum**

A majority of the number of directors then in office and entitled to participate in the discussion shall constitute a quorum at meetings of the Board, except if and as otherwise required in accordance with the Law. No business shall be considered or determined at any meeting of the Board unless the requisite quorum is present when the meeting proceeds to consider or determine same business.

41. **Chairman of the Board**

41.1. The Board may from time to time elect one of its members to be the Chairman of the Board, remove such Chairman from office and appoint another in his place. However, the General Manager shall not serve as the Chairman of the Board, nor shall the Chairman of the Board be vested with the powers designated to the General Manager, except in accordance with Section 121(3) of the Law. The Chairman of the Board shall preside at every meeting of the Board, but if there is no such Chairman, or if he is not present or he is unwilling to take the chair at any meeting, the directors present shall elect one of their members to be chairman of such meeting.

41.2. The Chairman of the Board shall have no casting vote, unless (i) the Chairman of the Board is then Mr. Shlomo Nehama and (ii) Nechama Investments, together with any Affiliates thereof, then holds at least 25.05% of the outstanding shares of the Company. Notwithstanding the foregoing, in case Mr. Shlomo Nehama elects to exercise his casting vote in respect of a specific resolution brought before the Board (the "**Triggering Resolution**"), then (a) prior to such exercise, Nechama Investments shall be required to trigger the "Buy Me Buy You" mechanism set forth in Section 6 of the Shareholders Agreement as an Offering Party (as defined in the Shareholders Agreement), whereby the Triggering Resolution will be pending until the consummation of the sale of the Restricted Shares (as defined in the Shareholders Agreement) of one party to the Shareholders Agreement to the other party of the Shareholders Agreement in accordance with such "Buy Me Buy You" mechanism; and (b) in the event that three (3) directors of the Company so require, the Triggering Resolution shall be conditioned upon the approval of the General Meeting pursuant to Article 25.1. Upon a transfer of the Restricted Shares by Kanir to third party in accordance with the terms of the Shareholders Agreement, the casting vote of the Chairman of the Board shall expire.

VI GENERAL MANAGER

42. **General Manager**

42.1. The Board shall appoint one or more persons, whether or not directors, as General Manager(s) of the Company, either for a definite period or without any limitation of time, and may confer powers, authorities and rights and/or impose duties and obligations upon such person or persons and determine his or their salaries as the Board may deem fit and subject to the provisions of the Law. Subject to the Law, the Board may delegate to the General Manager its power to approve the terms of compensation of other officers.

VII MINUTES OF THE BOARD

43. **Minutes**

43.1. The proceedings of each meeting of the Board and meeting of committee of the Board shall be recorded in the minutes of the Company. Such minutes shall set forth the names of the persons present at every such meeting and all resolutions adopted thereat and shall be signed by the chairman of the meeting.

43.2. All minutes approved and signed by the chairman of the meeting or the Chairman of the Board, shall constitute prima facie evidence of its contents.

VIII INTERNAL AUDITOR

44. **Internal Auditor**

44.1. The Board shall appoint an internal auditor in accordance with the provisions of the Law.

44.2. The Internal Auditor shall submit to the audit committee a proposal for an annual or periodic work program for its approval. The Audit Committee shall approve such proposal subject to the modifications which it considers necessary.

44.3. The General Manager shall be in charge of and supervise the Internal auditor's performance of its obligations.

IX DIVIDENDS AND PROFITS

45. **Declaration of Dividends**

45.1. The Board may, from time to time, subject to the provisions of the Law, declare a dividend at a rate as the Board may deem considering the accrued profits of the Company as set forth in its financial statements, and provided that the payment of such dividends will not reasonably prevent the Company from meeting its current and expected liabilities.

45.2. Subject to any special or restricted rights conferred upon the holders of shares as to dividends, all dividends shall be declared and paid in accordance with the paid-up capital of the Company attributable to the shares in respect of which the dividends are declared and paid. The paid-up capital attributable to any share (whether issued at its nominal value, at a premium or at a discount), shall be nominal value of such share. Provided, however that if the entire consideration for same share was not yet paid to the Company, the paid-up capital attribute thereto shall be such proportion of the nominal value as the amount paid to the Company with respect to the share bears to its full consideration, and further provided the amounts which have been prepaid on account of shares and the Company has agreed to pay interest thereon shall not be deemed, for the purposes of this Article, to be payments on account of such shares. In the event no amount has been paid with respect to any shares whatsoever, dividends may be declared and paid according to the nominal value of the shares.

45.3. Notice of the declaration of dividends shall be published as required by applicable law.

46. **Rights to Participate in the Distribution of Dividends**

46.1. Subject to special rights with respect to the Company's profits to be conferred upon any person pursuant to these Articles and the Law, all the profits of the Company may be distributed among the members entitled to participate in the distribution of dividends.

46.2. Notwithstanding for foregoing, a holder of shares shall not be attributed with the right to participate in the distribution of dividends the record date for which preceded the date of issuance of such shares.

47. **Interest on Dividends**

The Company shall not be obligated to pay, and shall not pay interest on declared dividends.

48. **Payment of Dividends**

Subject to Article 49, a declared dividend may be paid by wire transfer or a check made to the order of the person entitled to receive such dividend (and if there are two or more persons entitled to the dividend in respect of the same share - to the order of any one of such persons) or to the order of such person as the person entitled thereto may direct in writing. Same check shall be sent to the address of the person entitled to the dividend, as notified to the Company.

49. **Payment in Specie**

Upon the recommendation of the Board, dividends may be paid, wholly or partly, by the distribution of specific assets of the Company and/or by the distribution of shares and/or debentures of the Company and/or of any other company, or in any combination of such manners.

50. **Setting-Off Dividends**

The Company's obligation to pay dividends or any other amount in respect of shares, may be set-off by the Company against any indebtedness, however arising, liquidated or non-liquidated, of the person entitled to receive the dividend.

The provisions contained in this Article shall not prejudice any other right or remedy vested with the Company pursuant to the Articles or any applicable law.

51. **Unclaimed Dividends**

51.1. Dividends unclaimed by the person entitled thereto within thirty (30) days after the date stipulated for their payment, may be invested or otherwise used by the company, as it deems fit, until claimed; but the Company shall not be deemed a trustee in respect thereof.

51.2. Dividends unclaimed within the period of seven (7) years from the date stipulated for their payment, shall be forfeited and shall revert to the Company, unless otherwise directed by the Board.

52. **Reserves and Funds**

52.1. The Board may, before recommending the distribution of dividends, determine to set aside out of the profits of the Company or out of an assets revaluation fund and carry to reserve or reserves such sums as it deems fit, and direct the designation, application and use of such sums. The Board may further determine that any such sums which it deems prudent not to distribute as dividends will not be set aside for reserve, but shall remain as such at the disposal of the Company.

52.2. The Board may, from time to time, direct the revaluation of the assets of the Company, in whole or in part, and the creation of an assets revaluation fund out of the revaluation surplus, if any.

53. **Capitalization of Profits**

53.1. The Board may capitalize all or any part of the sums or assets allocated to the credit of any reserve fund or to the credit of the profit and loss account or being otherwise distributable as dividends (including sums or assets received as premiums on the issuance of shares or debentures), and direct accordingly that such sums or assets be released for distribution amongst the members who would have been entitled thereto if distributed by way of dividends and in the same proportion; provided that same sums or assets be not paid in cash or in specie but be applied for the payment in full or in part of the unpaid consideration of the issued shares held by such members and/or for the payment in full of the consideration (as shall be stipulated in said resolution) for shares or debentures of the Company to be issued to such members subsequent to the date of said resolution, credited as fully paid up.

53.2. In the event a resolution as aforesaid shall have been adopted, the Board shall make all adjustments and applications of the moneys or assets resolved to be capitalized thereby, and shall do all acts and things required to give effect thereto. The Board may authorize any person to enter into agreement with the Company on behalf of all members entitled to participate in such distribution, providing for the issuance to such members of any shares or debentures, credited as fully paid, to which they may be entitled upon such capitalization or for the payment on behalf of such members, by the application thereto of the proportionate part of the money or assets resolved to be capitalized, of the amounts or any part thereof remaining unpaid on their existing shares, and any agreement made under such authority shall be effective and binding upon all such members.

X ACCOUNTING BOOKS

54. **Accounting Books**

54.1. The Board shall cause the Company to hold proper accounting books and to prepare an annual balance sheet, a statement of Profit and Loss, and such other financial statements as the Company may be required to prepare under law.

The accounting books of the Company shall be held at the office or at a place deemed fit by the Board, and they shall be open to inspection by the directors.

54.2. The Board may determine at its sole discretion the terms on which any of the accounts and books of the Company shall be open to inspection by members, and no member (other than a director) shall be entitled to inspect any account or ledger or document of the Company unless such right is granted by law or by the Board.

54.3. At least once a year, the Board shall submit to the Annual Meeting financial statements for the period from the previous statement as required by Law. The balance sheet shall be accompanied by an auditors' report, if available.

54.4. The Company shall not be required to send copies of its financial statements to members.

XI BRANCH REGISTERS

55. **Authority to keep Branch Registers**

The Company may keep branch registers in any reciprocal state.

56. **Provisions in respect of keeping Branch Registers**

Subject to the provisions contained in the Law, the Board shall be authorized to make such rules and procedures in connection with the keeping of branch registers as it may, from time to time, think fit.

XII SIGNATURES

57. **The Company's Signature**

57.1. A document shall be deemed signed by the Company upon the fulfillment of the following:

57.1.1. It bears the name of the Company in print;

57.1.2. It bears the signature of one or more persons authorized therefor by the Board; and

57.1.3. The act of the person authorized by the Board as aforesaid was within its authority and without deviation therefrom.

57.2. The signatory rights on behalf of the Company shall be determined by the Board.

57.3. An authorization by the Board as provided in Article 57.2 may be for a specific matter, for a specific document or for a certain sort of document or for all the Company's documents or for a definite period of time or for an unlimited period of time, provided that any such authority may be terminated by Board, at will.

57.4. The provisions of this Article shall apply both to the Company's documents executed in Israel and the Company's documents executed abroad.

XIII NOTICES

58. **Notices in Writing**

58.1. Notices pursuant to the Law, the Memorandum and the Articles shall be made in the manner prescribed by the Board from time to time.

58.2. Unless otherwise prescribed by the Board, all notices shall be made in writing and shall be sent by mail.

59. **Delivery of Notices**

59.1. Each member and each director shall notify the Company in writing of his address for the receipt of notices, documents and other communications relating to the Company, its business and affairs.

59.2. Any notice, document or other communication shall be deemed to have been received at the time received by the addressee, or if sent by registered mail, within three (3) days from its dispatch, whichever is earlier.

59.3. The address for the purposes of Article 59.2 shall be the address furnished pursuant to Article 59.1, and the address of the Company for the purposes of Article 59.2 shall be its registered address or principal place of business.

XIV INDEMNITY AND INSURANCE

60. **Indemnity of Officers**

60.1. The Company may, from time to time and subject to any provision of law, indemnify an Officer in respect of a liability or expense set out below which is imposed on him or incurred by him as a result of an action taken in his capacity as an Officer of the Company:

60.1.1. monetary liability imposed on him in favor of a third party by a judgment, including a settlement or a decision of an arbitrator which is given the force of a judgment by court order;

60.1.2. reasonable litigation expenses, including legal fees, incurred by the Officer as a result of an investigation or proceeding instituted against such Officer by a competent authority, which investigation or proceeding has ended without the filing of an indictment or in the imposition of financial liability in lieu of a criminal proceeding, or has ended in the imposition of a financial obligation in lieu of a criminal proceeding for an offence that does not require proof of criminal intent (the phrases "proceeding that has ended without the filing of an indictment" and "financial obligation in lieu of a criminal proceeding" shall have the meanings ascribed to such phrases in Section 260(a)(1a) of the Companies Law) or in connection with an administrative enforcement proceeding or a financial sanction. Without derogating from the generality of the foregoing, such expenses will include a payment imposed on the Officer in favor of an injured party as set forth in Section 52[54](a)(1)(a) of the Israeli Securities Law, 1968 (as amended, the "Securities Law"), and expenses that the Officer incurred in connection with a proceeding under Chapters H'3, H'4 or I'1 of the Securities Law, including reasonable legal expenses, which term includes attorney fees; and

60.1.3. reasonable litigation expenses, including legal fees, which the Officer has incurred or is obliged to pay by the court in proceedings commenced against him by the Company or in its name or by any other person, or pursuant to criminal charges of which he is acquitted or criminal charges pursuant to which he is convicted of an offence which does not require proof of criminal intent.

60.2. The Company may, from time to time and subject to any provision of the law:

60.2.1. Undertake in advance to indemnify an Officer of the Company for any of the following:

(i) any liability as set out in Article 60.1.1 above, provided that the undertaking to indemnify is limited to the classes of events which in the opinion of the Board can be anticipated in light of the Company's activities at the time of giving the indemnification undertaking, and for an amount and/or criteria which the Board has determined are reasonable in the circumstances and, the events and the amounts or criteria that the Board deem reasonable in the circumstances at the time of giving of the undertaking are stated in the undertaking;

(ii) any liability stated in Article 60.1.2 or 60.1.3 above;

(iii) any matter permitted by applicable law.

60.2.2. indemnify an Officer after the occurrence of the event which is the subject of the indemnity.

61. **Insurance of Officers**

The Company may enter into an agreement for the insurance of the liability of an Officer, in whole or in part, with respect to any liability which may imposed upon such Officer as a result of an act performed by same Officer in his capacity as an Officer of the Company, for any of the following:

61.1.1. A breach of a cautionary duty toward the Company or toward another person;

61.1.2. A breach of a fiduciary duty toward the Company, provided the Officer acted in good faith and has had reasonable ground to assume that the act would not be detrimental to the Company;

61.1.3. A monetary liability imposed upon an Officer toward another;

61.1.4. Reasonable litigation expenses, including attorney fees, incurred by the Officer as a result of an administrative enforcement proceeding instituted against him. Without derogating from the generality of the foregoing, such expenses will include a payment imposed on the Officer in favor of an injured party as set forth in Section 52[54](a)(1)(a) of the Securities Law and expenses that the Officer incurred in connection with a proceeding under Chapters H'3, H'4 or I'1 of the Securities Law, including reasonable legal expenses, which term includes attorney fees;

61.1.5. Any other matter in respect of which it is permitted or will be permitted under applicable law to insure the liability of an Officer in the Company.

61A. **Exemption**

Subject to the provisions of the Companies Law, including the receipt of all approvals as required therein or under any applicable law, the Board may resolve in advance to exempt an Officer from all or part of such Officer's responsibility or liability for damages caused to the Company due to any breach of such Officer's duty of care towards the Company.

XV WINDING UP

62. **Distribution of Assets**

If the Company be wound up, then, subject to provisions of any applicable law and to any special or restricted rights attached to a share, the assets of the Company in excess of its liabilities shall be distributed among the members in proportion to the paid-up capital of the Company attributable to the shares in respect of which such distribution is being made. The paid-up capital attributable to any share (whether issued at its nominal value, at a premium or at a discount), shall be a nominal value of such share, provided, however, that if the entire consideration for same share was not yet paid to the Company, the paid-up capital attributable thereto shall be such proportion of the nominal value as the amount paid to the Company with respect to the share bears to its full consideration.

***

[a copy of Exhibit A was filed as was filed with the SEC on March 31, 2008 as Exhibit 14 to an amendment to a Schedule 13D and is incorporated by reference herein]

Execution Version

SHAREHOLDERS AGREEMENT

This AGREEMENT (the "**Agreement**") is made as of March 24, 2008, by and between Kanir Joint Investments (2005) Limited Partnership ("**Kanir**"), and S. Nechama Investments (2008) Ltd. ("**Nechama**") (each of Kanir and Nechama is referred to herein as a "**Party**" and collectively as the "**Parties**").

WHEREAS, Kanir owns 13,649,148 ordinary shares of Nur Macroprinters Ltd. (the "**Company**") and 10,483,424 warrants of the Company; and

WHEREAS, the Parties contemplate entering into several transactions so that immediately following such transactions each Party will own approximately 22.7 million ordinary shares of the Company, Kanir will own approximately 13.5 million warrants of the Company and Nechama (directly or by an Affiliate) will own approximately 10.1 million warrants of the Company; and

WHEREAS, the Parties wish to set forth within the framework of this Agreement (a) the terms and conditions under which the Parties shall hold the Company shares and warrants, and (b) their respective relations in their capacity as shareholders of the Company.

NOW THEREFORE, in consideration of the mutual promises and covenants set forth herein, the Parties hereby agree as of the date first mentioned above as follows:

1. **Preamble**. The Preamble to this Agreement constitutes an integral part of this Agreement.

2. **Sales by Parties; Minimum Holdings**:

2.1. Notwithstanding anything to the contrary in this Agreement, except for the provisions of Section 4.6, 6 and 7.4 below, until 31.3.2010 (the "**Lock-Up Period**"), none of the Parties shall sell, assign, transfer, pledge, hypothecate, mortgage or dispose of, by gift or otherwise, or in any way encumber any Restricted Shares held by it, except that each Party shall be entitled to pledge the Restricted Shares held by such Party to a bank in order to finance the purchase thereof. **"Restricted Shares"** shall mean, for each Party (together with its Permitted Transferees pursuant to Section 4.6 below), such number of the Company's shares constituting 25.05% of the total outstanding shares of the Company. The number of Restricted Shares shall be adjusted upon any issuance by the Company of any shares, including without limitation, upon the exercise of options, rights or warrants, upon the issuance of bonus shares or upon the consummation of stock splits, combinations and the like.

2.2. During the Lock-up Period, except as set forth in Section 6 and 7.4 below, and following the Lock-up Period for so long as neither Party has sold or otherwise transferred its Restricted Shares to a Proposed Purchaser (as defined in 4.1 below), each Party (together with its Permitted Transferees pursuant to Section 4.6 below) shall hold such number of shares of the Company constituting, at all times, at least 25.05% of the total outstanding shares of the Company. Accordingly, during the periods described in the immediately preceding sentence, if any Party's share holding in the Company shall decrease below such threshold by dilution or otherwise, then promptly upon learning thereof, such Party shall acquire at least such number of additional shares of the Company to cause such Party to comply with this Section 2.2, by exercising options or warrants or purchasing shares from third parties or otherwise.

3. **Purchase and Sale of Shares by Parties**:

Following the date hereof and during the Term (as defined below), each Party shall be entitled to (i) directly or indirectly purchase additional Shares, warrants or other securities of the Company (**"Securities"**); and (ii) sell Securities other than Restricted Shares (which Restricted Securities may only be sold in accordance with other provisions of this Agreement), following the provision of a seven (7) days prior written notice to the other Party.

4. **Right of First Refusal**:

4.1. If, following the Lock-Up Period, Nechama or Kanir (the "**Selling Party**") wishes to sell or otherwise transfer all of such Party's Restricted Shares (the "**Offered Shares**") and shall obtain a bona fide offer (the "**Third Party Offer**") from a non-Affiliated potential purchaser (the "**Proposed Purchaser**") to purchase all such Offered Shares, then in such an event the Selling Party shall be required to first offer such Offered Shares to the other Party (the "**Offeree**"). The Selling Party shall send the Offeree a written offer (the "**Offer**") in which the Selling Party shall specify the following information: (i) the number of Offered Shares that the Selling Party proposes to sell or transfer to the Proposed Purchaser, the identity of the Proposed Purchaser, the price and payment terms and the other terms and conditions contained in the Third Party Offer; (ii) a representation and warranty that the Offered Shares shall, upon their transfer, be free and clear of all pledges, debts, security interests and other third party interests ("**Free and Clear**"). For the avoidance of doubt, (a) a Party shall not be entitled to sell and transfer to a Proposed Purchaser part of its Restricted Shares; and (b) no sale shall be done for consideration other than cash.

4.2. The Offer shall constitute an irrevocable offer made by the Selling Party to sell and transfer to the Offeree the Offered Shares, upon the terms specified in the Offer.

4.3. If the Offeree wishes to purchase all (but not a part) of the Offered Shares it shall notify in writing the Selling Party of its intent within fourteen (14) days of receipt of the Offer ("**Notice of Acceptance**") and the closing of such transaction shall take place within thirty (30) days of receipt of the Notice of Acceptance and the Offered Shares shall be sold and transferred to the Offeree Free and Clear against payment of the consideration as specified in the Offer

4.4. If the Offeree declines to purchase all of the Offered Shares upon the terms specified in the Offer or does not respond to the Offer within fourteen (14) days of its receipt or if the Offeree fails to consummate the transaction within thirty (30) days of the Notice of Acceptance due to the Offeree's fault, then in any of such events the Selling Party may sell all (but not a part) of the Offered Shares to the Proposed Purchaser, provided that such sale is consummated (i) in a bona fide transaction, (ii) at a price that is not lower than that specified in the Offer and (iii) subject to payment terms that are no more favorable to the Proposed Purchaser than those specified in the Offer, all within ninety (90) days of the date of the Offer and provided further that the Proposed Purchaser shall join this Agreement in writing and shall assume instead of the Selling Party, all of the rights and obligations of the Selling Party in its capacity as a shareholder of the Company in accordance with the terms of this Agreement. In the event that the sale to the Proposed Purchaser in the manner set forth above is not effected within said ninety (90) days, the right of first refusal described herein shall apply again.

4.5. A transfer of Control (as defined below) in any legal way in either Party shall be deemed for the purpose of this Agreement as a sale by such Party of all of its Restricted Shares and Sections 4 and 5 shall apply, *mutatis mutandis*. Each Party which is subject to such transfer of Control shall have the obligation to promptly notify the other Party of such event. Notwithstanding anything to the contrary, a transfer of interests in Kanir among its partners as of the date hereof shall not be deemed a transfer of Control.

4.6. Notwithstanding anything to the contrary in this Agreement, the rights of the Parties pursuant to the aforesaid provisions of this Section 4 and Section 5 below as well as the restriction under Section 2 above shall not apply with respect to a Permitted Transfer, provided that: (A) the transferee shall join this Agreement in writing and agree to be bound by the terms of this Agreement; and (B) the transferor shall continue to be bound by this Agreement and guarantee the performance by the transferee of its obligations under this Agreement.

For the purpose of this Section 4, the term "**Permitted Transfer**" means a sale or other transfer of Restricted Shares by a Party to an Affiliate of such Party.

"**Affiliate**" means, with respect to any Party, any person or legal entity (i) in which such Party, directly or indirectly, owns at least majority (more than 50%) interest (both economic and voting), or (ii) which directly or indirectly owns a majority (more than 50%) interest (both economic and voting) in such Party, or (iii) which, directly or indirectly, is in Control of or is Controlled by such Party.

"**Control**" means in relation to a person that is a corporation, the ownership, directly or indirectly, of voting securities of such person carrying more than 50% of the voting rights attaching to all voting securities of such person which are sufficient, if exercised, to elect a majority of its board of directors; and (ii) in relation to a person that is a partnership, limited partnership, business trust or other similar entity, the ownership, directly or indirectly, of voting securities of such person carrying more than 50% of the voting rights attaching to all voting securities of the person or the ownership of other interests entitling the holder to exercise control and direction over the activities of such person;

5. Tag Along:

5.1. Notwithstanding the provisions of Section 4 above, the Offeree shall, during the fourteen (14) day period in which the Offeree could have provided the Notice of Acceptance pursuant to Section 4 above, have the right to notify the Selling Party of its intent to exercise the Tag Along Right pursuant to this Section 5 above (the "**Tag Along Notice**").

5.2. Following the Tag Along Notice, the Selling Party shall not sell any of the Offered Shares to the Proposed Purchaser, unless the Proposed Purchaser shall purchase from both the Offeree and the Selling Party, at the Offeree's discretion, either (i) all of their respective Restricted Shares; or (ii) such a number of Restricted Shares equal to the product obtained by multiplying (i) the aggregate number of the Offered Shares, by (ii) a fraction the numerator of which is the number of Restricted Shares owned by the Offeree at the time of the proposed sale to the Proposed Purchaser and the denominator of which is the total number of Restricted Shares owned by both the Offeree and the Selling Party at the time of the proposed sale to the Proposed Purchaser; such sale to be upon the same terms and conditions under which the Selling Party's Offered Shares shall be sold.

6. Buy Me Buy You:

6.1. If following January 1, 2009 (but (subject to Section 7.4 below) there shall be any disagreements between the Parties in relation to the Company or its business activities, then the Parties shall make their best efforts to resolve all such disagreements within thirty (30) days of a notice submitted by any of them to the other Party so requesting. If all the disagreements are not resolved within such thirty (30)-day period, the Parties shall make their best efforts to resolve all such disagreements by mediation. The Parties have selected Ram Caspi and Oded Eran as the mediators for any unresolved disagreements under this Agreement. In the event that any of the said mediators becomes unwilling or unable to serve, his respective firm shall appoint a senior partner as a successor mediator.

6.2. If all the disagreements are not resolved by mediation within thirty (30) day period as provided in Section 6.1 above, then each of the Parties (the **"Offering Party"**) shall have the right to notify the other Party (the "**Receiving Party**"), in writing (the**"Notice**") of its demand to purchase all (but not a part) of the other Party's Restricted Shares, or to sell all (but not a part) of its Restricted Shares to the other Party, at a price per share to be specified in the Notice, payable in cash against the transfer of the relevant shares Free and Clear. Issuing the said Notice shall constitute an irrevocable offer by the Offering Party for all intents and purposes.

6.3. Within thirty (30) days from the date of receipt of Notice, the Receiving Party shall be obligated to send to the Offering Party a notice indicating whether it shall sell all (but not a part) of its Restricted Shares to the Offering Party or purchase all (but not a part) of the Restricted Shares of the Offering Party, in accordance with the terms set forth in the Notice.

6.4. Failure on the Receiving Party to respond to the Notice within thirty (30) days from the date of receipt thereof, shall be the same as the Receiving Party's consent to sell all of its Restricted Shares to the Offering Party, in accordance with the terms set forth in the Notice.

6.5. If the Receiving Party issues a notice indicating that it wishes to purchase all (but not a part) of the Offering Party's Restricted Shares, as set forth in the Notice, the Parties shall be deemed to have entered into a binding agreement whereby the Receiving Party shall purchase all of the Offering Party's Restricted Shares in accordance with the terms set forth in the Notice.

6.6. If the Receiving Party issues a notice indicating that it wishes to sell all (but not a part) of the Receiving Party's Restricted Shares, as set forth in the Notice, the Parties shall be deemed to have entered into a binding agreement whereby the Offering Party shall purchase all of the Receiving Party's Restricted Shares in accordance with the terms set forth in the Notice.

6.7. The consummation of the sale transaction shall take place not later than hundred and twenty (120) days from the date of receipt of the Notice (the "**Closing Date**"). On the Closing Date, the Parties shall simultaneously perform all the acts required for transferring all of the selling party's Restricted Shares to the purchasing party Free and Clear, in accordance with the terms set forth in the Notice.

7. Board of Directors and General Meetings:

For the purpose of this Section 6, the following definitions shall apply:

Organizational Documents shall mean the memorandum of association, articles of association, certificate of incorporation, by laws, certificate of designation or other similar constitutional documents of an entity.

Related Party shall mean (1) a director or an officer of the Company or a nominee to become a director of the Company; (2) a shareholder of the Company which owns 5% or more of its issued share capital; (3) a family member of the first degree of any of the foregoing persons; and (4) an Affiliate of any of the foregoing.

Related Party Transaction shall mean any transaction of the Company or of a subsidiary of the Company with a Related Party.

7.1. **Composition of the Board of Directors**. The Board of Directors of the Company shall consist of 6 members. Each Party shall be entitled to recommend the appointment of two (2) directors and one (1) independent director to the Board of Directors of the Company and to recommend removing and replacing its respective proposed directors, subject to any applicable law.

7.2. The Parties shall use their best efforts to ensure that the candidates recommended pursuant to Section 7.1 above shall be appointed as directors of the Company or be removed, as the case may be, and that such recommended directors shall constitute the only members of the Board of Directors of the Company.

7.3. **Chairman of the Board**. During a period of five (5) years commencing on the date in which the Parties jointly acquire Control over the Company, Mr. Shlomo Nechama shall be appointed as the Chairman of the Board of the Company. At the expiration of such five (5) years period the Parties shall agree upon the identity of the successor Chairman of the Board of the Company. If Mr. Nechama is unable to perform his duty due to physical or mental incapacity and such inability continues for a period of at least 6 consecutive months, then in such an event the Parties shall agree upon the identity of the successor Chairman of the Board of the Company.

7.4. **Casting Vote**. In the event the number of Directors voting for the adoption of a resolution by the Board of Directors equals the number of Directors voting against such resolution, then so long as (i) Nechama holds Restricted Shares constituting at least 25.05% of the outstanding shares of the Company; and (ii) Mr. Shlomo Nechama serves as the Chairman of the Board, the Chairman of the Board shall have a casting vote (the **"Casting Vote"**). Notwithstanding anything to the contrary, in case Mr. Shlomo Nechama elects to exercise his Casting Vote in respect of a specific resolution brought before the Board of Directors (the "**Triggering Resolution**"), then (i) prior to such exercise, Nechama shall be required to trigger the Buy Me Buy You mechanism provided in Section 6 hereof as an Offering Party, whereby the Triggering Resolution will be pending until the consummation of the sale of the Restricted Shares of one party to the other party in accordance with such Buy Me Buy You mechanism; and (b) in the event that three (3) directors of the Company so require, the Triggering Resolution shall be conditioned upon the approval of the General Meeting of the Company. Upon a transfer of the Restricted Shares by Kanir to third party in accordance with the terms of this Agreement, the Casting Vote shall expire and the provisions of this Section 7.4 shall be terminated. For the avoidance of doubt it is hereby clarified that Nechama shall be entitled to trigger the Buy Me Buy You mechanism provided in Section 6 hereof as Offering Party, in accordance with this Section 7.4, even prior to January 1, 2009.

7.5. **Scope of Authority of the General Meeting**. In addition to those decisions which, under the Organizational Documents of a Company, require approval of the General Meeting of its shareholders, the Parties shall use their best efforts to cause the Articles of the Company to be amended so that a decision or action by or on behalf of the Company on any of the following matters, shall require the approval of holders of 50.1% or more of the outstanding shares of the Company, if so requested by any two (2) members of the Company's Board of Directors:

7.5.1. Related Party Transactions;

7.5.2. any amendment of the Company's incorporation documents;

7.5.3. any merger or consolidation of the Company;

7.5.4. any material change in the Company's scope of business;

7.5.5. the voluntary liquidation or dissolution of the Company;

7.5.6. approval of the Company's annual budget and business plan, and any material deviation therefrom; and

7.5.7. any change of the signatory rights on behalf of the Company.

7.6. The Parties shall vote all the Company's shares held by them (whether Restricted Shares or otherwise) as provided in this Agreement and where this Agreement is silent as the Parties shall agree prior to any General Meeting of the Company as to their vote. In the event the Parties do not reach an agreement regarding certain resolution proposed to the General Meeting, The Parties shall vote all of their respective Shares against such proposed resolution.

8. <u>No Agreements with Other Shareholders</u>:

During the Term, each Party shall be prohibited from entering into, or otherwise being a party to, any Shareholders Agreement with any direct or indirect shareholder of the Company. Each Party represents to the other Party that as of the date of closing of the purchase of the Company's shares by the parties from the Fortissimo Entities it shall not be a party to any other Shareholders Agreement. "**Shareholders Agreement**" means any voting or similar agreement, or any agreement relating to the exercise of voting rights in the Company, or any similar undertaking or commitment (including a unilateral commitment), whether in the form of a written instrument or otherwise.

9. <u>Term of the Agreement</u>:

9.1. This Agreement shall come into effect as of the date hereof and shall be in full force and effect so long as (a) the Parties hold controlling interest in the Company, or (b) each of the Parties or its successor as provided in Section 4.4 hold all (but not a part) of its Restricted Shares (the "**Term**").

9.2. Upon exercise of the pledge on each Party's Restricted Shares provided by such Party to Discount Bank for financing the purchase thereof, this Agreement shall be automatically terminated.

10. <u>Miscellaneous</u>:

10.1. The Parties undertake that as soon as possible after the acquisition of the Control over the Company, they shall cause the Articles of the Company to be amended so that the revised Articles shall reflect the applicable provisions of this Agreement.

10.2. Unless the context otherwise requires, this Agreement shall apply to all Securities which are or may be held by either Party during the term of this Agreement.

10.3. Each of the Parties shall perform such further acts and execute such further documents as may reasonably be necessary to carry out and give full effect to the provisions of this Agreement and the intentions of the parties as reflected hereby.

10.4. This Agreement shall be governed by the laws of the State of Israel, without regard to the conflict of law provisions thereof. Any dispute arising under or with respect to this Agreement shall be resolved exclusively in the appropriate court in Tel Aviv, Israel.

10.5. All notices required or permitted hereunder to be given to a Party pursuant to this Agreement shall be in writing and shall be deemed to have been duly given to the addressee thereof (i) if hand delivered, on the day of delivery, (ii) if given by facsimile transmission, on the business day on which such transmission is sent and confirmed, or (iii) if delivered by air mail, five business days following the date it was sent, to such Party's address as set forth below or at such other address as such Party shall have furnished to the other Party in writing in accordance with this provision:

If to Kanir:
Kanir Joint Investments (2005) Limited Partnership

25 Nachmani Street
Tel Aviv 66794
Israel (c/o Erdinast, Ben Nathan & Co., Advocates)
Attention: Menahem Raphael
Fax: (972) 3-525-0896

With a Copy to:

Goldfarb, Levy, Eran, Meiri, Tzafrir & Co.
2 Weizmann Street
Tel Aviv 64239
Israel
Attention: Adam Klein, Adv. & Ido Gonen, Adv.
Fax: (972) 3-6089909

If to Nechama:

c/o Caspi & Co. Law Offices
33Yaavetz Street
Tel Aviv 65258
Israel
Attention: Ram Caspi, Adv.
Fax: +972-3-796-1001

10.6. Subject to Sections 7.3 and 7.4 above, nothing contained in this Agreement shall be deemed to grant any right to any person or entity that is not a party to this Agreement.

10.7. Whenever possible, each provision of this Agreement shall be interpreted in such manner as to be effective and valid under applicable law but if any provision of this Agreement is held by a court of competent jurisdiction to be unenforceable under applicable law, then such provision shall be excluded from this Agreement and the remainder of this Agreement shall be interpreted as if such provision were so excluded and shall be enforceable in accordance with its terms; provided, however, that in such event this Agreement shall be interpreted so as to give effect, to the greatest extent consistent with and permitted by applicable law, to the meaning and intention of the excluded provision as determined by such court of competent jurisdiction.

10.8. Section headings contained in this Agreement are inserted for convenience of reference only, shall not be deemed to be a part of this Agreement for any purpose, and shall not in any way define or affect the meaning, construction or scope of any of the provisions hereof.

10.9. This Agreement together with the documents expressly referred to herein, constitute the entire agreement among the Parties with respect to the subject matter contained herein and supersedes all prior agreements and understandings among the Parties with respect to such subject matter.

10.10. No modification, amendment or waiver (each, a "**Modification**") of any provision of this Agreement will be effective unless such Modification is approved in writing by all Parties. The failure of any Party to enforce any of the provisions of this Agreement will in no way be construed as a waiver of such provisions and will not affect the right of such Party thereafter to enforce each and every provision of this Agreement in accordance with its terms.

10.11. This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which together shall constitute one and the same document.

[Signature Page Follows]

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the date first above written.

Kanir Joint Investments (2005) Limited Partnership
By: KANIR INVESTMENTS LTD.
Its General Partner

By: /s/ Menachem Raphael

Name: Menachem Raphael
Title: Director

By: /s/ Ran Fridrich

Name: Ran Fridrich
Title: Director

S.Nechama Investments (2008) Ltd.

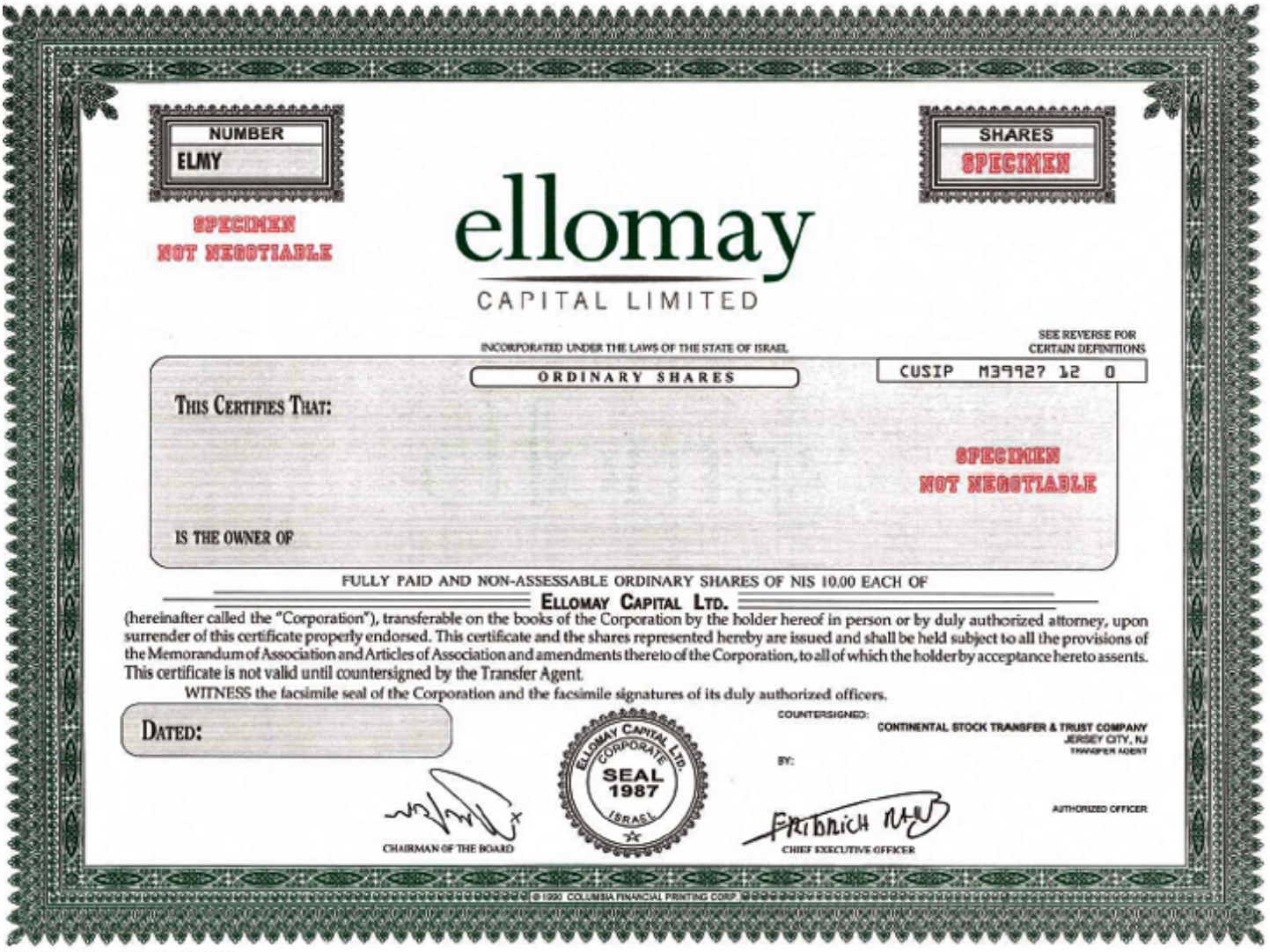
By: /s/ Shlomo Nechama

Name: Shlomo Nechama
Title: Director

[Signature Page to Shareholders Agreement dated March 24, 2008]

EX-2.1 4 exhibit_2-1.htm EXHIBIT 2.1

Exhibit 2.1



The following abbreviations, when used in the inscription on the face of this certificate, shall be construed as though they were written out in full according to applicable laws or regulations:

TEN COM – as tenants in common	*UNIF GIFT MIN ACT – Custodian*
TEN ENT – as tenants by the entireties	*(Cust) (Minor)*
JT TEN – as joint tenants with right of survivorship and not as tenants in common	*under Uniform Gifts to Minors Act*
	(State)

Additional abbreviations may also be used though not in the above list.

For Value Received, _____ hereby sell, assign and transfer unto

PLEASE INSERT SOCIAL SECURITY OR OTHER IDENTIFYING NUMBER OF ASSIGNEE

_____

(PLEASE PRINT OR TYPE NAME AND ADDRESS, INCLUDING ZIP CODE, OF ASSIGNEE)

_____

_____

_____ *Shares*

of the stock represented by the within Certificate, and do hereby irrevocably constitute and appoint

_____ *Attorney*

to transfer the said stock on the books of the within named Corporation with full power of substitution in the premises.

Dated _____

NOTICE: THE SIGNATURE TO THIS ASSIGNMENT MUST CORRESPOND WITH THE NAME AS WRITTEN UPON THE FACE OF THE CERTIFICATE IN EVERY PARTICULAR, WITHOUT ALTERATION OR ENLARGEMENT OR ANY CHANGE WHATSOEVER.

THE SIGNATURE TO THE ASSIGNMENT MUST CORRESPOND TO THE NAME AS WRITTEN UPON THE FACE OF THIS CERTIFICATE IN EVERY PARTICULAR, WITHOUT ALTERATION OR ENLARGEMENT OR ANY CHANGE WHATSOEVER, AND MUST BE GUARANTEED BY A COMMERCIAL BANK OR TRUST COMPANY OR A MEMBER FIRM OF A NATIONAL OR REGIONAL OR OTHER RECOGNIZED STOCK EXCHANGE IN CONFORMANCE WITH A SIGNATURE GUARANTEE MEDALLION PROGRAM.

Exhibit 4.1

ELLOMAY CAPITAL LTD. (FORMERLY NUR MACROPRINTERS LTD.)
1998 SHARE OPTION PLAN FOR NON-EMPLOYEE DIRECTORS
(AS AMENDED)

NUR Macroprinters Ltd. hereby adopts the 1998 Share Option Plan for Non-Employee Directors, as follows:

1. **Shareholder Approval and Purpose**

1.1. Shareholder Approval. At the Company's December 8, 1998 Annual Meeting of Shareholders, the Plan was ratified by an affirmative vote of the holders of a majority of the Shares which were present in person or by proxy and entitled to vote at the Meeting.

1.2. Purpose of the Plan. The Plan is intended to closely align the interests of the Non-Employee Directors with the interests of the Company's shareholders. This is achieved by making a significant portion of Non-Employee Director compensation directly related to the total return performance of the Shares. The Plan also is intended to encourage Share ownership on the part of Non-Employee Directors.

2. **Definitions**

The following words and phrases shall have the following meanings unless a different meaning is plainly required by the context:

2.1. "**Award**" means, individually or collectively, a grant under the Plan of an Option.

2.2. "**Board**" means the Board of Directors of the Company.

2.3. "**Committee**" means the committee appointed pursuant to Section 3.1 to administer the Plan.

2.4. "**Company**" means NUR Macroprinters Ltd., an Israeli corporation, or any successor thereto.

2.5. "**Control**" shall have the meaning ascribed thereto in Section 102 of the Ordinance.

2.6. "**Director**" means any individual who is a member of the Board.

2.7. "**Disability**" means a permanent and total disability, as determined by the Committee (in its discretion) in accordance with uniform and non-discriminatory standards adopted by the Committee from time to time.

2.8. "**Exercise Price**" means the price at which a Share may be purchased by a Participant pursuant to the exercise of an Option.

2.9. "**Fair Market Value**" means the average closing bid and sale prices of the Shares for the date in question as furnished by the National Association of Securities Dealers, Inc. through Nasdaq or any similar organization if Nasdaq is no longer reporting such information, or such other market on which the Shares are then traded, or if not then traded as determined in good faith (using customary valuation methods) by resolution of the members of the Board of Directors of the Company, based on the best information available to it.

2.10. "**Grant Date**" means, with respect to 1998, October 26, 1998 and, with respect to each subsequent calendar year, August 1. For example, for 1999, the Grant Date is August 1, 1999. With respect to a particular Award, "Grant Date" means the particular Grant Date on which the Award was granted. Notwithstanding the preceding, a Non-Employee Director who is first elected or appointed on other than December 8, 1998, shall have only an initial Grant Date coincident with the date of his or her commencement of service on the Board.

2.11. "**Holding Period**" means the period in which the Options granted to an Israeli Participant or, upon exercise thereof the Shares underlying thereunder, are to be held by the Trustee on behalf of such Israeli Participant, in accordance with Section 102 of the Ordinance, and pursuant to the Tax Track which the Company selects.

2.12. "**Israeli Participants**" means Non-Employee Directors who do not Control the Company and who are subject to payment in Israel of tax on their income from the Company (other than withholding tax), as the Committee, in its discretion shall determine.

2.13. "**Non-Employee Director**" means a Director who is an employee of neither the Company nor of any Subsidiary.

2.14. "**Non-Israeli Participants**" means all Non-Employee Directors who are not Israeli Participants.

2.15. "**Option**" means an option to purchase Shares granted pursuant to Section 5

2.16. "**Option Agreement**" means the written agreement between the Company and a Participant setting forth the terms and provisions applicable to each Option granted under the Plan.

2.17. "**Ordinance**" means the Israeli Income Tax Ordinance [New Version], 1961, as amended and any regulations, rules, orders or procedures promulgated thereunder.

2.18. "**Participant**" means a Non-Employee Director who has an outstanding Award.

2.19. "**Plan**" means this 1998 Share Option Plan for Non-Employee Directors, as set forth in this instrument and as hereafter amended from time to time.

2.20. "**Shares**" means the Ordinary Shares of the Company, NIS 10.00 nominal value.

2.21. "**Subsidiary**" means any corporation in an unbroken chain of corporations beginning with the Company if each of the corporations other than the last corporation in the unbroken chain then owns shares possessing fifty percent (50%) or more of the total combined voting power of all classes of shares in one of the other corporations in such chain.

2.22. "**Tax Track**" means one of the three tax tracks described under Section 102 of the Ordinance, specifically: (1) the "Capital Gains Track Through a Trustee"; (2) "Income Tax Track Through a Trustee"; or (3) the "Income Tax Track Without a Trustee"; each as defined respectively in Sections 6.2 and 6.3 of the Plan.

2.23. "**Termination of Service**" means a cessation of the Participant's service on the Board for any reason.

2.24. "**Trustee**" means the trustee appointed by the Company under the Trust Agreement as set forth in Section 6.5 of the Plan.

3. **Administration**

3.1. The Committee. The Plan shall be administered by the Committee. The Committee shall consist of one or more Directors who shall be appointed by, and serve at the pleasure of, members of the Company's Board who are not eligible to receive Awards under the Plan. The Committee shall be comprised solely of a Director or Directors who are not eligible to receive Awards under the Plan.

3.2. Authority of the Committee. It shall be the duty of the Committee to administer the Plan in accordance with the Plan's provisions. The Committee shall have all powers and discretion necessary or appropriate to administer the Plan and to control its operation, including, but not limited to, the power to (a) interpret the Plan and the Awards, (b) adopt rules for the administration, interpretation and application of the Plan as are consistent therewith, (c) interpret, amend or revoke any such rules, and (d) adopt such procedures and subplans as are necessary or appropriate to permit participation in the Plan by Non-Employee Directors who are non-Israeli nationals or employed outside of Israel.

3.3. Decisions Binding. Subject to the provisions of any applicable law, all determinations and decisions made by the Committee related to the Plan and its application shall be final, conclusive, and binding on all persons, and shall be given the maximum deference permitted by law.

4. **Shares Subject to the Plan**

4.1. Number of Shares. Subject to adjustment as provided in Section 4.3, the total number of Shares available and reserved for grant under the Plan shall not exceed 75,000. Shares granted under the Plan shall be taken from the Company's authorized but unissued Shares.

4.2. Lapsed Awards. If an Award terminates or expires for any reason, any Shares subject to such Award again shall be available to be the subject of an Award.

4.3. Adjustments in Awards and Authorized Shares. In the event of any merger, reorganization, consolidation, recapitalization, separation, liquidation, share dividend, split-up, Share combination, or other change in the corporate structure of the Company affecting the Shares, the Committee shall adjust the number and class of Shares which may be delivered under the Plan, and the number, class, and Exercise Price of Shares subject to outstanding Awards and future grants, in such manner as the Committee (in its sole discretion) shall determine to be appropriate to prevent the dilution or diminution of such Awards. Notwithstanding the preceding, the number of Shares subject to any Award always shall be a whole number.

5. **Share Options**

5.1. Granting of Options

5.1.1. Directors serving on the 1998 Grant Date. Each Non-Employee Director who is such on the 1998 Grant Date, shall automatically receive, as of the 1998 Grant Date, an Option to purchase 10,000 Shares. Each Non-Employee who has received an Option pursuant to the preceding sentence shall also automatically receive, as of each subsequent Grant Date, an Option to purchase 10,000 Shares, provided that the individual shall receive an Option on any such subsequent Grant Date only if he or she both (a) is a Non-Employee Director on the Grant Date, and (b) has served as a Non-Employee Director for the entire period since the last Grant Date.

5.1.2. Directors first elected or appointed after the 1998 Grant Date. Each Non- Employee Director who first becomes such after the 1998 Grant Date, automatically shall receive on his or her initial Grant Date an option to purchase up to 10,000 Shares prorated based on the number of full months of service between the prior annual Grant Date and the next Grant Date. A Director joining the Board on or before the 15th day of the month will receive credit for service for the full month. For example, (a) if a Non-Employee Director joins the Company as such on June 15, 1999 such Director would be entitled to an initial grant of options to purchase 2,222 Shares and (b) if a Non-Employee Director joined the Company on June 15 of any subsequent year, such Director would be entitled to an initial grant of options to purchase 1,667 Shares. Each such Non-Employee Director also shall automatically receive, as of each subsequent Grant Date, an Option to purchase 10,000 Shares annually, provided that the individual shall receive an Option on any such Grant Date only if he or she both (y) is a Non- Employee Director on the Grant Date, and (z) has served as a Non-Employee Director for the entire period since the last Grant Date.

5.2. Terms of Options

5.2.1. Option Agreement. Each Option granted pursuant to this Section 5 shall be evidenced by a written Option Agreement (satisfactory to the Committee), which shall be executed by the Participant and the Company.

5.2.2. Exercise Price. The Exercise Price for the Shares subject to each Option shall be 100% of the Fair Market Value of such Shares on the applicable Grant Date.

5.2.3. Exercisability. Each Option granted pursuant to Section 5.1 shall become fully exercisable immediately upon issuance. Options not exercised before the applicable expiration periods designated in Section 5.2.4. below shall terminate upon the expiration thereof.

5.2.4. Expiration of Options. Each Option shall terminate upon the first to occur of the following events,

(a) The expiration of ten (10) years from the applicable Grant Date;

(b) The expiration of three (3) months from the date of the Participant's Termination of Service prior to age 70 for any reason other than the Participant's death or Disability, provided that the Committee, subject to subsequent shareholder approval, may determine to extend such period to a maximum of five years;

(c) The expiration of two (2) years from the date of the Participant's Termination of Service by reason of Disability; or

(d) The expiration of one (1) year from the date of the Participant's Termination of Service at or after age 70 for any reason other than the Participant's death or Disability.

5.2.5. Death of Director. Notwithstanding Section 5.2.4, if a Director dies prior to the expiration of his or her Option(s) in accordance with Section 5.2.4, his or her Option(s), which are exercisable on the date of his or her death shall terminate one (1) year after the date of death.

5.3. Payment. Options shall be exercised by the Participant's delivery of a written notice of exercise (satisfactory to the Committee) to the Company in care of Chief Financial Officer, 12 Abba Hillel Silver Street, P.O. Box 1281, Lod 71111, Israel, or at such other address as Company may hereafter designate in writing, setting forth the number of Shares with respect to which the Option is to be exercised, and accompanied by full payment for the Shares. Upon the exercise of any Option, the Exercise Price shall be payable to the Company in full in cash. As soon as practicable after receipt of a written notification of exercise and full payment for the Shares purchased, the Company shall deliver to the Participant (or the Participant's designated broker), Share certificates (which may be in book-entry form) representing such Shares.

5.4. Options are not Incentive Share Options. Options are not intended to be incentive stock options within the meaning of Section 422 of the United States Internal Revenue Code.

5.5. Conditions Upon Issuance of Shares

5.5.1. Investment Representation. As a condition to the exercise of an Option, the Committee may require the person exercising such Option to represent and warrant at the time of any such exercise that the Shares are being purchased only for investment and without any present intention to sell or distribute such Shares if, upon the advice of counsel for the Company, such representation is required.

5.5.2. Inability to Obtain Authority. The inability of the Company to obtain authority from any regulatory body having jurisdiction, which authority is deemed by the Company's counsel to be necessary to the lawful issuance and sale of any Shares hereunder, shall relieve the Company of any liability in respect of the failure to issue or sell such Shares as to which requisite authority shall not have been obtained.

6. **Awards to Israeli Participants**

6.1. Option Subject to Section 102 of the Ordinance. Awards to Israeli Participants shall be made under the provisions of Section 102 of the Ordinance. Anything herein to the contrary notwithstanding, the Grant Date of Options to Israeli Participants and elected to have their Options issued under the Tax Track that the Company has selected, shall not be earlier than the date at which the Plan was approved by the Israeli Tax Authorities.

6.2. Trustee Tax Tracks. If the Company elects to grant Options through (i) the Capital Gains Tax Track Through a Trustee, or (ii) the Income Tax Track Through a Trustee, then, in accordance with the requirements of Section 102 of the Ordinance, the Company shall appoint a Trustee who will hold in trust on behalf of each Israeli Participant the Options and the Shares issued upon exercise of such Options.

The Holding Period for the Options will be as follows:

(1) *The Capital Gains Tax Track Through a Trustee* – if the Company elects to Award the Options according to the provisions of this track, then the minimum Holding Period needed to benefit from that Capital Gain Tax Track will be twenty-four (24) months from the end of the tax year in which the Options were Awarded to the Trustee on behalf of the Israeli Participant, or such shorter period as may be approved by the Israeli Tax Authorities.

(2) *Income Tax Track Through a Trustee* – if the Company elects to Award Options according to the provisions of this track, then the minimum Holding Period needed to benefit from that Income Tax Through a Trustee Track will be twelve (12) months from the end of the tax year in which the Options were Awarded to the Trustee on behalf of the Israeli Participant, or such shorter period as may be approved by the Israeli Tax Authorities.

Subject to Section 102 of the Ordinance, Israeli Participants who wish to benefit from the reduced tax shall not be able to receive from the Trustee, nor shall they be able to sell or dispose of Shares before the end of the applicable Holding Period. If an Israeli Participant sells or removes the Shares underlying an Award form the Trustee before the end of the applicable Holding Period (the "**Breach**"), such Israeli Participant shall pay all applicable taxes imposed on such Breach by the Ordinance.

In the event of a distribution of rights, including an issuance of bonus shares, in connection with Options originally granted (the "**Additional Rights**"), all such Additional Rights shall be allocated and/or issued to the Trustee for the benefit of Israeli Participant, and shall be held by the Trustee for the remainder of the Holding Period applicable to the Options originally Awarded. Such Additional Rights shall be treated in accordance with the provisions of the applicable Tax Track.

6.3. Income Tax Track Without a Trustee. If the Company elects to Award Options according to the provisions of this track, then the Options will not be subject to a Holding Period.

6.4. Track Selection. The Company, in its sole discretion, shall elect under which of the above three Tax Tracks, Awards to Israeli Participants shall be made and the Option Agreement will indicate the Tax Track under which the Options are being granted.

6.5. Trust Agreement

6.5.1. The terms and conditions applicable to the trust relating to Awards to Israeli Participants under the Tax Track selected by the Company shall be set forth in an agreement signed by the Company and the Trustee (the "**Trust Agreement**").

6.5.2. The Company shall cause the Trustee to exercise the Options by countersigning and delivering to the Company a notice of exercise, upon receipt of written instructions from the Participant thereof, provided, that the Israeli Participant has made appropriate arrangements for the payment of the Exercise Price of the Shares issuable upon such exercise.

6.6. Tax Matters

6.6.1. Awards to Israeli Participants shall be governed by, and shall conform with and be interpreted so as to comply with, the requirements of Section 102 of the Ordinance and any written approval from the Israeli Tax Authorities. All tax consequences under any applicable law (other than stamp duty) which may arise from the Award of Options, from the exercise thereof or from the holding or sale of underlying Shares (or other securities issued under the Plan) by or on behalf of an Israeli Participant, shall be borne solely on such Israeli Participant. An Israeli Participant shall indemnify the Company and hold it harmless against and from any liability for any such tax or any penalty, interest or indexing.

6.6.2. If the Company elects to Award Options according to the provisions of the Income Tax Track Without a Trustee (Section 6.3 of the Plan), and if prior to the exercise of any and/or all of these Options, an Israeli Participant ceases to be a director of the Company, such Israeli Participant shall deposit with the Company a guarantee or other security as required by law, in order to ensure the payment of applicable taxes upon the exercise of such Options.

6.6.3. Until all taxes relating to Awards to Israeli Participants have been paid in accordance with the Ordinance, Options and/or the Shares underlying thereunder may not be sold, transferred, assigned, pledged, encumbered, or otherwise willfully hypothecated or disposed of, and no power of attorney or deed of transfer, whether for immediate or future use may be validly given. Notwithstanding the foregoing, the Options and/or the Shares underlying thereunder may be validly transferred in a transfer made by will or laws of descent, provided that the transferee thereof shall be subject to the provisions of Section 102 of the Ordinance and the rules thereunder as would have been applicable to the deceased Israeli Participant were he or she to have survived.

7. **Miscellaneous**

7.1. No Effect on Service. Nothing in the Plan shall (a) create any obligation on the part of the Board to nominate any Participant for reelection by the Company's shareholders, or (b) interfere with or limit in any way the right of the Company to terminate any Participant's service.

7.2. Successors. All obligations of the Company under the Plan shall be binding on any successor to the Company, whether the existence of such successor is the result of a direct or indirect purchase, merger, consolidation, or otherwise, of all or substantially all of the business or assets of the Company.

7.3. Beneficiary Designations. If permitted by the Committee, a Participant may name a beneficiary or beneficiaries to whom any vested but unpaid Award shall be paid in the event of the Participant's death. Each such designation shall revoke all prior designations by the Participant and shall be effective only if given in a form and manner acceptable to the Committee. In the absence of any such designation, any vested benefits remaining unpaid at the Participant's death shall be paid to the Participant's estate and, subject to the terms of the Plan and of the applicable Option Agreement, any unexercised vested Award may be exercised by the administrator or executor of the Participant's estate.

7.4. Nontransferability of Awards. No Award granted under the Plan may be sold, transferred, pledged, assigned, or otherwise alienated or hypothecated, other than by will, by the laws of descent and distribution, or to the limited extent provided in Section 7.3. All rights with respect to an Award granted to a Participant shall be available during his or her lifetime only to the Participant.

7.5. No Rights as Shareholder. Except to the limited extent provided in Section 7.3, no Participant (nor any beneficiary) shall have any of the rights or privileges of a shareholder of the Company with respect to any Shares issuable pursuant to exercise of an Option, unless and until certificates representing such Shares shall have been issued, recorded on the records of the Company or its transfer agents or registrars, and delivered to the Participant, beneficiary or Company (as escrow agent).

7.6. Withholding Requirements. Prior to the delivery of any Shares or cash pursuant to an Award (or exercise thereof), the Company shall have the power and the right to deduct or withhold, or require a Participant to remit to the Company, an amount sufficient to satisfy governmental, federal, state, and local taxes (including the Participant's FICA obligation) required to be withheld with respect to such Award (or exercise thereof).

8. **Amendment, Termination and Duration**

8.1. Amendment or Termination. The Board, in its sole discretion, may amend or terminate the Plan, or any part thereof, at any time and for any reason. The amendment, suspension, or termination of the Plan shall not, without the consent of the Participant, alter or impair any rights or obligations under any Award theretofore granted to such Participant.

8.2. Duration of the Plan. The Plan shall commence on the date specified herein, and subject to Section 8.1 (regarding the Board's right to amend or terminate the Plan), shall remain in effect thereafter until December 8, 2018, unless terminated earlier by the Board.

9. **Legal Construction**

9.1. Gender and Number. Except where otherwise indicated by the context, any masculine term used herein also shall include the feminine; the plural shall include the singular and the singular shall include the plural.

9.2. Severability. In the event any provision of the Plan shall be held illegal or invalid for any reason, the illegality or invalidity shall not affect the remaining parts of the Plan, and the Plan shall be construed and enforced as if the illegal or invalid provision had not been included.

9.3. Requirements of Law. The granting of Awards and the issuance of Shares under the Plan shall be subject to all applicable laws, rules, and regulations, whether of the State of Israel or of the United States or any other state having jurisdiction over the Company and the Participant, including the registration of the Shares under United States Securities Act of 1933, and to such approvals by any governmental agencies or national securities exchanges as may be required.

9.4. Compliance with Rule 16b-3. For the purpose of ensuring that transactions under the Plan do not subject Participants to liability under Section 16(b) the Securities Exchange Act of 1934, as amended (the "**1934 Act**"), if the Participants shall become subject thereto, all transactions under the Plan are intended to comply with all applicable conditions of Rule 16b-3 promulgated under the 1934 Act, and any future regulation amending, supplementing or superseding such regulation. To the extent any provision of the Plan, Option Agreement or action by the Committee or a Participant fails to so comply, it shall be deemed null and void, to the extent permitted by law and deemed advisable by the Committee.

9.5. Governing Law. The Plan and all Option Agreements shall be construed in accordance with and governed by the laws of the State of Israel without giving effect to any choice or conflict of law provision or rule (whether of Israeli or otherwise) which would cause the application of the laws of any jurisdiction other than Israel.

9.6. Captions. Captions provided herein are for convenience only, and shall not serve as a basis for interpretation or construction of the Plan.

Exhibit 4.2

Ellomay Capital Ltd.
(Previously, NUR Macroprinters Ltd. and NUR Advanced Technologies Ltd.)
2000 Stock Option Plan

1. **Establishment, Purpose, and Definitions**

(a) This, the 2000 Stock Option Plan (the "**Plan**") of NUR Macroprinters Ltd. (the "**Company**"), has been adopted and approved by the Board of Directors of the Company (the "**Board**") on August 9, 2002 and amended on July 15, 2003, June 23, 2008 and June 9, 2011.

(b) The purpose of the Plan is to provide a means whereby Eligible Individuals (as defined in paragraph 4, below) may acquire ordinary shares of the Company par value NIS 10.00 each (the "**Shares**") pursuant to the exercise of options granted under the Plan (respectively the "**Options**" and "**Grant**"). Options may be Granted on the basis of past or future services by employees of the Company or of Affiliates ("**Service Options**"), or on the basis of past or future services by non-employees of the Company or of Affiliates ("**Non-Employee Options**").

(c) The term "**Affiliate**" or "**Affiliates**" as used in the Plan means a present or future company that either (i) Controls the Company or is Controlled by the Company; or (ii) is Controlled by the same person or entity that Controls the Company.

(d) The term "**Control**" as used in the Plan shall have the meaning ascribed thereto in Section 102 of the Israeli Income Tax Ordinance [New Version], 1961, as amended, and any regulations, rules, orders or procedures promulgated thereunder (all referred to together as "**Section 102**").

(e) The term "**Employee**" as used in this Plan means an employee, officer - "Nosei Misra" - as such term is defined in the Companies law 5759-1999 ("**Officers**" and the "**Companies law**" respectively), or director of the Company or any Affiliate, provided that such person does not Control the Company.

(f) The term "**Non-Employees**" as used in this Plan means consultants or Employees if such Employees Control the Company.

(g) The terms "**Participant**" Participant as used in this Plan shall mean any Employee or Non-Employee Granted Options under this Plan.

2. **Administration of the Plan**

(a) The Plan shall be administered by the Board or by a committee elected by the Board (the "**Committee**"), under such terms and conditions, as the Board shall determine. Members of the Committee shall serve at the pleasure of the Board. At least one member of the Committee shall be an independent director, such that such person would be qualified to serve on the Committee under the provisions of paragraph 2(b)(ii) below. The Committee shall select one of its members as chairman, and the provisions of the Articles of Association of the Company as to committees of the Board shall apply to the meetings of the Committee, including the provisions relating to the convening of meetings, the adoption of resolutions, and the adoption of resolutions in writing. Until such time as the Board shall delegate the administration of the Plan to the Committee or if the Board chooses not to delegate the administration of the Plan to the Committee, each reference in this Plan to "the Committee" shall be construed to refer to the Board.

(b) In the event that the Company becomes subject to the requirements of Rule 16b-3 promulgated under the Securities Exchange Act of 1934, as amended ("**Rule 16b-3**"), then, notwithstanding the provisions of paragraph 2(a) above, (i) the Committee shall consist of two or more members of the board or such lesser number of members of the Board as permitted by Rule 16b-3, and (ii) none of the members of the Committee shall receive, while serving on the committee, or during the one-year period preceding appointment to the Committee, a grant or award of equity securities under (y) the plan, or (z) any other plan of the Company or its Affiliates under which the Participants are entitled to acquire Shares (including restricted Shares), stock, options, stock bonuses, related rights, or stock appreciation rights of the company or any of its Affiliates, other than pursuant to transactions in any such other plan which do not disqualify a director form being a disinterested person under Rule 16b-3. The limitations set forth in this paragraph 2(b) shall automatically incorporate any additional requirements that may in the future be necessary for the Plan to comply with Rule 16b-3.

(c) None of the members of the Committee shall receive, while serving on the Committee, or during the one-year period preceding appointment to the Committee, a Grant or award of Options or Shares under the Plan.

(d) The Committee shall determine, from time to time, which Eligible Individuals (as defined and detailed in paragraph 4, below) shall be granted Options under the Plan, the timing of such Grants, the terms thereof (including any restrictions on the Shares), and the number of Shares subject to such Options.

(e) Subject to paragraph 13(b) below, the Committee may amend the terms of any outstanding Option Granted under this Plan, provided however that the Exercise Price (as defined in paragraph 5 below) of an outstanding Option may not be amended, and further provided that any amendment which would adversely affect the Participant's rights under an outstanding Option shall not be made without the Participant's written consent. The Committee may, with the Participant's written consent, cancel any outstanding Options or accept any outstanding Option in exchange for a new Option.

(f) Subject to paragraph 13(b) below, the Committee shall have the sole authority, in its absolute discretion, to adopt, amend, and rescind such rules and regulations as, in its opinion, may be advisable in the administration of the Plan; to construe and interpret the Plan, the rules and regulations, and the instruments evidencing Options Granted under the Plan; and to make all other determinations deemed necessary or advisable for the administration of the Plan. All decisions, determinations, and interpretations of the Committee shall be binding on all Participants.

3. **Shares Subject to the Plan**

(a) The aggregate number of Shares available through the Grant of Options under the Plan (the "**Option Shares**" or "**Underlying Shares**") shall be as provided for by the Board and approved by the Shareholders of the Company from time to time. The Option Shares shall be available through Service Options and/or Non-Employee Options.

If an Option is surrendered (except surrender for the exercise into Shares) or for any other reason ceases to be exercisable in whole or in part, the Underlying Shares which were subject to such Option but as to which the Option had not been exercised shall continue to be available under the Plan.

(b) If there is any change in the Shares subject to the Plan, or the Shares subject to any Option Granted under the Plan, through merger, consolidation, reorganization, recapitalization, reincorporation share split, distribution of bonus shares, a rights offering, or other change in the corporate structure of the Company, appropriate adjustments shall be made by the Committee in order to preserve but not to increase the benefits to the individual, including adjustments to the aggregate number and kind of Shares subject to the Plan, and the number and kind of Shares and the Exercise Price, as defined in paragraph 5 below.

4. **Eligible Individuals**

(a) Subject to paragraph 2(c) above: (i) Employees shall be eligible to receive Service Options; and (ii) Non Employees shall be eligible to receive Non-Employee Options, as the Committee, in its discretion, shall designate from time to time. Notwithstanding this paragraph 4(a) all Grant of Options to Officers of any Israeli Company, shall be authorized and implemented only in accordance with the provisions of the Companies Law, as in effect from time to time.

(b) Employees of the Company or an Affiliate who are subject to payment in Israel of tax on their income from the Company or an Affiliate (other than withholding tax), as the Committee, in its discretion shall determine, shall be defined for the purpose of the Plan as "Israeli Employees". All other Employees of the Company or an Affiliate shall be defined for the purpose of the Plan as "**Non-Israeli Employees**". Israeli Employees who Control the Company, or are otherwise not entitled to the benefits granted pursuant to Section 102, shall be defined for the purpose of the Plan as "**Controlling Employees**".

5. **The Option Price**

(a) The exercise price of the Shares covered by each Option (the "**Exercise Price**") shall be as determined by the Committee; provided, however, that the Exercise Price of any Option Granted, shall not be less than eighty percent (80%) of the Stock Value at the time of issuance of such Options. The "**Stock Value**" at any time shall be equal to the then current Fair Market Value of the Shares. For purposes hereof, the "**Fair Market Value**" shall mean, as of any date, the last closing price, on Date of Grant, of the Shares in respect of which options Granted under the Plan may then be exercised on the NASDAQ National Market System (or, in the event that the National Market System is not the principal securities exchange on which the Shares are then traded, on such other principal securities exchange), or, in the event that no sales of the Shares took place on such date, the last closing price of the Shares on such principal securities exchange on the most recent prior date on which a sale of the Shares took place; provided, however, that if the Shares are not publicly traded on the date on which the Fair Market Value is to be determined, then the "Fair Market Value" shall mean the per share Fair Market Value of the Company as determined by the Board of Directors. If the Committee is unable to agree on the Fair Market Value, then the Fair Market Value shall be determined by an independent valuation expert satisfactory to the Committee. The Fair Market Value as determined by such independent valuation expert shall be conclusive. The Exercise Price of an Option shall be subject to adjustment to the extent provided in paragraph 3(b) above.

(b) Options Granted to Employees subject to US Tax: at an Exercise Price which is not less than the "fair market value" (as described in Section 422 of the Internal Revenue Code of 1986 (the "Code")) of the Shares on the grant date (110% of such fair market value in the case of an individual who owns more than 10% of the combined voting power of all classes of stock in the Company or an Affiliate (a "**10% Stockholder**")).

6. **Grant of Options: Dividends and Voting Rights**

(a) The effective date of the Grant of an Option (the "**Date of Grant**") shall be the date specified by the Committee in its determination relating to the award of such Option. The Committee shall promptly give the Participant written notice (the "**Notice of Grant**") of the Grant of an Option. The terms of such Notice of Grant shall be determined by the Committee, subject to the terms of the Plan.

(b) Subject to the vesting provisions of paragraph 9(c), each Option may be exercised, in whole or in part, at any time during the period (the "**Option Period**") set forth in the Notice of Grant. However, Underlying Shares derived from Options Granted under one of the Section 102 Trustee Tracks, may not be sold or transferred from the Trustee (as hereinafter defined) before the end of the applicable Holding Period as defined in Section 102 and paragraph 7 of this Plan. Options not exercised during the Option Period shall terminate upon the expiration thereof.

(c) To the extent that any dividend is payable on the Shares under applicable law, or the Articles of Association of the Company, all Underlying Shares (whether or not held in Trust) shall entitle beneficial Participants ("**Beneficial Employees**") to receive dividends with respect thereto. For so long as such Shares are held in Trust, any and all dividends received by the Trustee on such Underlying Shares shall be paid by the Trustee to the Beneficial Employees thereof, subject to any required withholding of tax in respect thereof.

(e) Except as provided in the immediately following sentence, in order to exercise an Option, the Participant shall complete and execute a notice of exercise ("**Notice of Exercise**") in such form as may be prescribed by the Committee from time to time and shall deliver the same to the Company together with the purchase price of the Shares pursuant to paragraph 13 hereof. In the case of any Beneficial Employee who's Options are held by the Trustee, such Beneficial Employee shall instruct the Trustee to countersign such Notice of Exercise (the same having been signed by such Beneficial Employee) and to deliver the same to the Company.

(f) The Participant shall have no rights as a shareholder with respect to Shares under a Grant of Options until a share certificate has been delivered to the Participant and is fully paid for. No adjustment shall be made for dividends or other rights for which the record date is prior to the date such share certificate is issued

7. **Trust Arrangement and Holding Period**

(a) Option Subject to Section 102: Grants to Israeli Employees shall be made under the provisions of Section 102. Grants to Non-Israeli Employees or Controlling Employees shall not be made under Section 102. Anything herein to the contrary notwithstanding, the Date of Grant of Options to Israeli Employees, who are not Controlling Employees, and elected to have their Options issued under the Trustee Track of Section 102 that the Company has selected, shall not be earlier than the date at which the Option Plan was approved by the Israeli Tax Authorities.

(b) Trustee Tax Tracks: If the Company elects to Grant Options through (i) the Capital Gains Track Through a Trustee, or (ii) the Income Tax Track Through a Trustee then, in accordance with the requirements of Section 102, the Company shall appoint a Trustee who will hold in trust on behalf of each Participant the Options and the Underlying Shares issued upon exercise of such Options in trust on behalf of each Participant. The Company shall allocate such Options to the Trustee on behalf of such Israeli Employees in a letter specifying all details required under Section 102 Rules ("**Allocation**").

The holding period for the Options will be as follows ("**Holding Period**"):

(1) The Capital Gains Tax Track Through a Trustee – if the Company elects to Allocate the Options according to the provisions of this track, then the Holding Period will be 24 months from the end of the tax year in which the Options were Allocated to the Trustee on behalf of the Participant, or such shorter period as may be approved by the Israeli Tax Authorities.

(2) Income Tax Track Through a Trustee – if the Company elects to Allocate Options according to the provisions of this track, then the Holding Period will be 12 months from the end of the tax year in which the Options were Allocated to the Trustee on behalf of the Participant, or such shorter period as may be approved by the Israeli Tax Authorities.

Subject to Section 102, Israeli Employees shall not be able to receive from the Trustee, nor shall they be able to sell or dispose of Underlying Shares before the end of the applicable Holding Period.

In the event of a distribution of rights, including an issuance of bonus shares, in connection with Options originally Granted (the "**Additional Rights**"), all such Additional Rights shall be Allocated and/or issued to the Trustee for the benefit of Israeli Employees, and shall be held by the Trustee for the remainder of the Holding Period applicable to the Options originally Allocated. Such Additional Rights shall be treated in accordance with the provisions of the applicable Tax Track.

(c) Income Tax Track Without a Trustee: If the Company elects to Allocate Options according to the provisions of this track, then the Options will not be subject to a Holding Period.

(d) Track Selection: The Company, in its sole discretion, shall elect under which (and if to Allocate Options under one) of the above three Tracks, Allocations to Israeli Employees shall be made.

(e) Concurrent Conditions: The Holding Period, if any, is in addition to the vesting period as specified in paragraph 9 (c) of the Plan. The Holding Period and vesting period may run concurrently, but neither is a substitute for the other, and each are independent terms and conditions for Options Granted.

(f) Trust Agreement:

(i) The terms and conditions applicable to the Trust relating to the Trustee Tax Track selected by the Company, as appropriate, shall be set forth in an agreement signed by the Company and the Trustee (the "**Trust Agreement**").

(ii) The Company shall cause the Trustee (subject to the vesting provisions of paragraph 9(c) hereof) to exercise the Options by countersigning and delivering to the Company a Notice of Exercise, upon receipt of written instructions from the Beneficial Employee thereof, provided the Beneficial Employee has made appropriate arrangements for the payment of the Exercise Price of the Shares issuable upon such exercise.

(iii) Subject to paragraph 9(a) of this Plan, Options and/or Underlying Shares held by the Trustee shall continue to be held by the Trustee, on behalf of the Beneficial Employee at least until the end of the later of the (a) applicable Holding Period and (b) Vesting Period ("**Release Date**"). At any time after the Release Date and upon the receipt of a written request of any Beneficial Employee, the Trustee shall release from the Trust the Underlying Shares, by executing and delivering to the Company such instrument(s) as the Company may require, giving due notice of such release to such Beneficial Employee, provided, however, that the Trustee shall not so release any such Shares to such Beneficial Employee unless the latter, prior to, or concurrently with, such release, provides the Trustee with evidence, satisfactory in form and substance to the Trustee, that all taxes, if any, required to be paid upon such release have, in fact, been paid.

(iv) Alternatively, from and after the Release Date, upon the written instructions of the Beneficial Employee to sell any Shares issued upon exercise of Options, the Trustee shall take such steps as may be required to effect such sale and shall transfer such Shares to the purchaser concurrently with the receipt, or after having made suitable arrangements to secure the payment of the proceeds of the purchase price in such transaction. The Trustee shall withhold from such proceeds any and all taxes required to be paid in respect of such sale, shall remit the amount so withheld to the appropriate tax authorities and shall pay the balance thereof directly to the Beneficial Employee, reporting to such Beneficial Employee and to the Company the amount so withheld and paid to said tax authorities.

(g) Option Subject to the Trustee Tax Track without a Trustee: If the Company determines to Allocate Options subject to a Trustee Tax Track without a Trustee, the Company shall Allocate all Options Granted under the Plan to Israeli Employees (and a copy of the Notice of Grant shall be given) to a trustee designated by the Board (who may be the Trustee). The Trustee shall hold each such Option in trust (the "**Trust**") for the Beneficial Employee. No Options shall be released from the Trust until the vesting of such Option pursuant to paragraph 9(c) hereof (the "**Vesting Date**"). From and after the Vesting Date, upon the written request of any Beneficial Employee, the Trustee shall release from the Trust the Options Allocated and exercise them on behalf of such Beneficial Employee, by executing and delivering to the Company such instrument(s) as the Company may require, giving due notice of such release to such Beneficial Employee, provided, however, that the Trustee shall not so release and exercise any such Options on behalf of the Beneficial Employee unless the latter, prior to, or concurrently with, such release and exercise, provides the Trustee with evidence, satisfactory in form and substance to the Trustee, that all taxes and/or compulsory payments, if any, required to be paid upon such release and exercise have, in fact, been paid.

If prior to the exercise of any and/or all of the Options Allocated under this Tax Track, such Israeli Employee ceases to be an employee, director, or Officer of the Company or Affiliate, the Israeli Employee shall deposit with the Company or Affiliate a guarantee or other security as required by law, in order to ensure the payment of applicable taxes upon the exercise of such Options.

8. **Option Subject to Section 3(i)**

All Options Granted under the Plan to Controlling Employees shall be Granted (and a copy of the Notice of Grant shall be given) under Section 3(i) to the Income Tax Ordinance. The Company shall Allocate the Options to a trustee designated by the Board (who may be the Trustee). The Trustee shall hold each such Option in trust (the "**Trust**") for the Beneficial Controlling Employee. No Options shall be released from the Trust until the vesting of such Option pursuant to paragraph 9(c) hereof (the "**Release Date**"). From and after the Release Date, upon the written request of any Beneficial Controlling Employee, the Trustee shall release from the Trust the Allocated Options and exercise them on behalf of such Beneficial Employee, by executing and delivering to the Company such instrument(s) as the Company may require, giving due notice of such release to such Beneficial Controlling Employee, provided, however, that the Trustee shall not so release and exercise any such Options on behalf of the Beneficial Controlling Employee unless the latter, prior to, or concurrently with, such release and exercise, provides the Trustee with evidence, satisfactory in form and substance to the Trustee, that all taxes and/or compulsory payments, if any, required to be paid upon such release and exercise have, in fact, been paid.

9. **Options Granted to Non-Israeli Employees**

(a) All Options Granted under the Plan to Non Israeli Employees shall be Granted (and a copy of the Notice of Grant shall be given) subject to all applicable laws, rules and regulations, whether of Belgium, Hong Kong or of the United States of America, or of any other country or state having jurisdiction over the Company and the Participant. The Company shall Allocate the Options to a trustee designated by the Board (who may be the Trustee). The Trustee shall hold each such Option in trust (the "**Trust**") for the Non Israeli Employee. No Options shall be released from the Trust until the vesting of such Option pursuant to Section 10 hereof (the "**Release Date**"). From and after the Release Date, upon the written request of any Non Israeli Employee, the Trustee shall release from the Trust the Allocated Options and exercise them on behalf of such Non Israeli Employee, by executing and delivering to the Company such instrument(s) as the Company may require, giving due notice of such release to such Non Israeli Employee, provided, however, that the Trustee shall not so release and exercise any such Options on behalf of the Non Israeli Employee unless the latter, prior to, or concurrently with, such release and exercise, provides the Trustee with evidence, satisfactory in form and substance to the Trustee, that all taxes and/or compulsory payments, if any, required to be paid upon such release and exercise have, in fact, been paid.

(b) The Options Granted subject to this Plan to Employees subject to payment in the US of tax on their income from the Company or an Affiliate are intended to be "incentive stock option" as described in Section 422 of the Code ("**ISOs**"). To the extent some or all of the Options subject to a certain Grant exceed the $100,000 rule of Code Section 422(d), the certain Option Grant or the lesser excess part will be treated as a nonqualified stock option under the United States tax law. Notwithstanding any inconsistent or contrary provision of this Plan, if an Option Grant has not expired on the relevant date as provided for in section 10 below, the Options shall cease to be treated as ISOs 91 days after the Participant ceases to be a common law employee of the Company or an Affiliate corporation as defined in Code Sections 424(e) and 424(f)) (a "**Common Law Employee**"), unless the Participant ceases to be a Common Law Employee by reason of death or disability (as defined in code Section 22(e)(3)), in which case the term "1 year and 1 day" shall replace the term "91 days" in this clause above.

10. **Terms and Conditions of Options**

(a) The Committee shall determine the term of each Option Granted under the Plan; provided, however, that the term of an Option shall not be for more than ten (10) years.

(b) Upon termination of employment (regardless of whether or not termination is by the employee or employer, due to death or disability), all unvested Options shall lapse, and within three (3) months from such termination all vested but not-exercised Options shall lapse.

(c) Upon termination of the service contract with a Participant, which is not employed by the Company or an Affiliate, all unvested Options shall lapse, and within three months from such termination all vested but not exercised Options shall lapse. In the event that the termination is the result of a material breach of the service contract by the Participant, all unvested and vested but not exercised Options shall lapse immediately.

(d) Upon termination of employment by employer for cause (as defined hereunder), all unvested and vested but not exercised Options shall lapse immediately.

Cause shall mean, henceforth and hereinafter, with respect to both Employees and Service Providers (i) conviction of any felony involving moral turpitude or affecting the Company; (ii) embezzlement of funds of the Company or its subsidiaries or its affiliates; (iii) any breach of the Participants fiduciary duties or duties of care of the Company or serious breach of trust, including without limitation disclosure of confidential information of the Company or its subsidiaries; (iv) engaging in business competitive with the business of the Company; and (v) any conduct (other than conduct in good faith) reasonably determined by the Board of Directors to be materially detrimental to the Company or its subsidiaries.

(e) All Granted Service Options shall vest over a three or four- year period as detailed in the Notice of Grant. One-third of such Options will vest after the first or second anniversary of the Date of Grant, the second third will vest after the second or third anniversary of the Date of Grant, and the remaining Options will vest after the third or fourth anniversary of the Date of Grant. Notwithstanding the foregoing and subject to paragraph 2(f) above, the Committee may determine different vesting schedules for Service Options. Non-Employee Options shall vest at the discretion of the Committee.

(f) Notwithstanding the aforesaid, if the Participant ceases to be a full-time Employee of the Company or any of its Affiliates and becomes a part-time Employee, such Options (to the extent exercisable at the time the Participant ceases to be a full-time Employee) shall be exercisable for a period of six (6) months following such cessation of the full-time employment, and shall thereafter terminate. All Options that are not vested at the time of cessation of the full-time employment shall ipso facto expire and be of no legal effect.

(g) If a Participant should retire (as such term is defined by the Committee at its sole and absolute discretion), he shall, subject to the approval of the Committee, continue to enjoy such rights, if any, under the Plan and on such terms and conditions, with such limitations and subject to such requirements as the Committee in its discretion may determine.

(h) Notwithstanding the foregoing provisions of Section 10, the Committee may provide, either at the time an Option is granted or thereafter, that such Option may be exercised after the periods provided for in Section 9 above, but in no event beyond the Option Period.

(i) The Company or any of its Affiliates are not obligated by the Plan or by a Grant of Options to continue the Participant's employment or service engagement.

11. **Use of Proceeds**

Cash proceeds realized from the exercise Options Granted under the Plan shall constitute general funds of the Company.

12. **Amendment, Suspension, or Termination of the Plan**

(a) The Board may at any time amend, extend, suspend, or terminate the Plan as it deems advisable; provided that such amendment, extension, suspension, or termination complies with all applicable legal requirements.

(b) Notwithstanding anything herein to the contrary, the Board shall in no event amend the Plan in the following respects without the consent of shareholders then sufficient to approve the Plan in the first instance:

(i) To increase the maximum number Shares subject to Options issued under the Plan; or

(ii) To change the designation or class of persons eligible to receive Options under the Plan.

(c) No Option may be Granted under the Plan during any suspension of, or after the termination of, the Plan, and no amendment, suspension, or termination of the Plan, shall without the affected individual's consent, alter or impair any rights or obligations under any Option previously Granted under the Plan.

The Plan shall terminate with respect to the Grant of Options on August 31, 2018 unless previously terminated or extended by the Board pursuant to this paragraph 12.

13. **Assignability**

No Option Granted pursuant to this Plan shall, whether fully paid or not, shall be assignable, transferable or given as collateral or any right with respect to them given to any third party whatsoever, and during the Participant's lifetime, each and all of the Participant's rights to purchase Option Shares hereunder shall be exercisable only by him or her or by his or her legal guardian, and neither the Option nor any right hereunder shall be transferable by Participant by operation of law or otherwise other than by will or the laws of descent and distribution. Any such action made directly or oblique, for an immediate validation or for a future one, shall be void.

14. **Payment Upon Exercise of Options**

Payment of the Exercise Price upon exercise of any Option Granted under this Plan shall be made in cash in such currency as the Committee shall specify in the applicable Share Option Agreement; provided, however that, subject to applicable Israeli laws (including, without limitation, currency control laws), the Committee, in its sole discretion, may permit a Participant to pay the Exercise Price in whole or in part (i) by delivery on a form prescribed by the Committee of an irrevocable direction to a securities broker approved by the Committee to sell Shares and deliver all or a portion of the proceeds to the Company in payment for the Shares; (ii) by delivery of the Participant's promissory note with such recourse, interest, security, and redemption provisions as the Committee in its discretion determines appropriate; (iii) in any combination of the foregoing.

15. **Restrictions on Transfer of Shares**

The Shares acquired pursuant to the Plan shall be subject to such restrictions and agreements regarding sale, assignment, encumbrances, or other transfer as are in effect among the Shareholders of the Company at the time such Share is acquired, as well as to such other restrictions as the Committee shall deem advisable.

16. **Tax Matters**

All tax consequences under any applicable law which may arise from the Grant of an Option, from the exercise thereof, from the sale of Underlying Share by the Participant or from any other act of the Company and/of Affiliate or such Participant in connection with any of the foregoing shall be borne solely by such Participant, and such Participant shall indemnify the Company and each Affiliate of the Company, and hold them harmless, against and from any liability for any such tax or any penalty, interest or indexation thereon or thereof.

Whenever an amount with respect to withholding tax relating to Options Granted to a Participant and/or Underlying Shares issued upon the exercise thereof is due from the Participant and/or the Company and/or an Affiliate, the Company and/or an Affiliate shall have the right to demand from a Participant such amount sufficient to satisfy any applicable withholding tax requirements related thereto, and whenever Shares or any other non-cash assets are to be delivered pursuant to the exercise of an Option, or transferred thereafter, the Company and/or an Affiliate shall have the right to require the Participant to remit to the Company and/or to the Affiliate, or to the Trustee an amount in cash sufficient to satisfy any applicable withholding tax requirements related thereto, and if such amount is not timely remitted, the Company and/or the Affiliate shall have the right to withhold or set-off (subject to Law) such Shares or any other non-cash assets pending payment by the Participant of such amounts.

Until all taxes have been paid in accordance with Rule 7 of the Section 102 rules, Options and/or Underlying Shares may not be sold, transferred, assigned, pledged, encumbered, or otherwise willfully hypothecated or disposed of, and no power of attorney or deed of transfer, whether for immediate or future use may be validly given. Notwithstanding the foregoing, the Options and/or Underlying Shares may be validly transferred in a transfer made by will or laws of descent, provided that the transferee thereof shall be subject to the provisions of Section 102 and the Section 102 Rules as would have been applicable to the deceased Participant were he or she to have survived.

17. **Miscellaneous**

(a) Currency Control Provisions: For so long as, and to the extent that, the Israel Currency Control Law, 1978 (the "**Control Law**") shall so require, the following provisions shall apply:

(i) Certificates, if any, representing Shares issued hereunder shall be delivered to a bank in Israel which is an authorized dealer in foreign currency (within the meaning of the Control Law) ("**Authorized Dealer**") to hold the same for the benefit of the Participant pursuant to the terms of the Plan and any applicable Share Option Agreement, and in conformity with the applicable requirements of the Controller of Foreign Currency in the Bank of Israel;

(ii) All payments of the purchase price shall be effected by the Participants through an Authorized Dealer; and

(iii) The proceeds of any sale by the Participant (or by the Trustee at the discretion and on behalf of any Participant) of Shares which is effected in foreign currency shall be remitted to Israel, and deposited with an Authorized Dealer, immediately upon receipt thereof, and in all events not later than sixty (60) days after the date on which the certificate, if any, representing such Shares is received by the Trustee (on behalf of such Participant) for purposes of sale.

(b) Governing Law: The Plan, and the Granting and exercise of the Options thereunder, and the Company's obligation to sell and deliver the Option Shares or cash under the Options, are subject to all applicable laws, rules and regulations, whether of Israel, Belgium, Hong Kong or of the United States of America, or of any other country or state having jurisdiction over the Company and the Participant, including the registration of the Option Shares under the United States Securities Act of 1933, and to such approvals by any governmental agencies or national securities exchanges as may be required.

18. **Participant Undertakings**

(a) If the Options shall be Granted to a Participant under one of the Section 102 Tax Tracks, then in the Notice of Grant the Participant shall: (1) agree and acknowledge that he or she have received and read the Plan, and the Option Agreement and the Notice of Grant; (2) undertake all the provisions set forth in: Section 102 (including provisions regarding the applicable Tax Track under which the Options have been Granted), the 102 Rules, the Plan, the Notice of Grant and the Trust Agreement; and (3) subject to the provisions of Section 102 and the Section 102 Rules, undertake not to sell or release the Underlying Shares from Trust before the end of the applicable Holding Period (if any).

(b) Agreement to Purchase for Investment. The Shares represented by the Options Granted under the terms of the Plan are subject to registration and prospectus requirements of the United States Securities Act of 1933, as amended ("**Unregistered Shares**"). By acceptance of Options, the Participant agrees that a purchase of Unregistered Shares under such Options will not be made with a view to their distribution, as that term is used in the aforesaid Act, unless in the opinion of counsel to the Company such distribution is in compliance with or exempt from the said registration and prospectus requirements, and the Participant agrees, if required by the Board at the time of exercise, to sign a certificate to such effect at the time or times he exercises the Options in respect of Unregistered Shares. The Participant further acknowledges and understands that the Unregistered Shares purchased upon exercise of these Options must be held indefinitely unless they are subsequently registered under the United States Securities Act or an exemption from such registration is available. The Participant understands that the certificate evidencing the Unregistered Shares will be imprinted with a legend in substantially the following form:

"The Shares represented by this Certificate have not been registered under the United States Securities Act of 1933. The Shares have been acquired for investment and may not be sold, transferred or assigned in the absence of an effective registration statement for these Shares under the United States Securities Act of 1933, or an opinion of NUR Macroprinters Ltd's counsel, that registration is not required under the said Act."

(c) In the event Participant sells or otherwise disposes of Shares within one year of exercise or two years of Grant, Participant agrees to notify the Company in advance in writing of this action.

Exhibit 4.3

[Ellomay Capital Letterhead]

[Date]

[Name]

Re: Indemnification Undertaking

Dear [Name]:

We, the undersigned, Ellomay Capital Ltd, hereby irrevocably and (except as set forth in section 3 below) unconditionally, agree and undertake to indemnify you for potential losses, costs, fines, liabilities, claims, penalties, damages, expenses, payments and other amounts ("**Liabilities**"), that you pay, or become obligated to pay, incur or suffer pursuant to, or in connection with, your capacity as an Office Holder, or any demands or claims which arise from, or are related to, your capacity as an Office Holder, as set forth below. By counter-signing this indemnification undertaking (this "**Undertaking**"), you thereby indicate your acceptance to the terms of this Undertaking.

For purposes of this Undertaking, references to the "**Company**", "**us**" or "**we**" refer to Ellomay Capital Ltd. and references to "**Office Holder**" or "**you**" shall refer to you in your capacity as an Office Holder of the Company and/or another entity in which the Company holds shares or has interests and has requested your service as an Office Holder in such entity, and your heirs, executors and administrators.

Definitions

1. In this Undertaking the following capitalized terms shall have meaning as set forth below:

1.1. "**Action**", or any derivative thereof, shall also include any decision to act or not to act or a failure to act, and including your Actions before the date of this Undertaking that were made during the term you served as an Office Holder in the Company and/or another entity in which the Company holds shares or has interests and in which you serve as an Office Holder at the Company's request.

1.2. "**Companies Law**" means the Companies Law, 5759 - 1999, as amended from time to time.

1.3. "**Office Holder**" as defined in the Companies Law.

Obligation to Indemnify

2. Without limiting the Company's right to indemnify you in accordance with the Company's Amended and Restated Articles of Association, as amended and restated from time to time, the Company hereby irrevocably and (except as set forth in section 3 below) unconditionally agrees, obliges and undertakes, with no right to renege:

2.1. To indemnify you for future Liabilities, obligations or expenses, as specified below, imposed on you or that you become liable to pay in consequence, directly or indirectly, of an Action done in your capacity as an Office Holder of the Company or in consequence of being an Office Holder (in either cases whether arising after or prior to the date hereof), in the Company or in another entity in which the Company holds shares or has interests, as specified in this Section below:

2.1.1. a monetary Liability imposed on you or incurred by you in favor of another person pursuant to a judgment, including a judgment given in settlement or a court approved arbitrator's award, provided that such Liability is related, directly or indirectly, to one or more of the events specified in **Exhibit A** of this Undertaking and that the total indemnification amount will not exceed the amount specified in Section 2.2 below;

2.1.2. reasonable litigation expenses, including legal fees, incurred by you in consequence of an investigation or proceeding filed or conducted against you by an authority that is authorized to file or conduct such investigation or proceeding, and that ended without filing an indictment against you and without imposing on you financial obligation in lieu of a criminal proceeding, or that ended without filing an indictment against you but with imposing on you a financial obligation in lieu of a criminal proceeding in respect of an offense that does not require the proof of criminal thought ("*Machshava Plilit*") or in connection with an administrative enforcement proceeding or a financial sanction. Without derogating from the generality of the foregoing, such expenses will include a payment imposed on you in favor of an injured party as set forth in Section 52[54](a)(1)(a) of the Israeli Securities Law, 1968 (as amended, the "Securities Law"), and expenses that you incur in connection with a proceeding under Chapters H'3, H'4 or I'1 of the Securities Law, including reasonable legal expenses, which term includes attorney fees.

For the purposes of this Section 2.1.2: (i) a proceeding that ended without filing an indictment in a matter in respect of a which an investigation was conducted, means – closing the file pursuant to Section 62 of the Criminal Procedure Law [Combined Version] 5742 – 1982 (the "**Criminal Procedure Law**") or a stay (postponement) of proceedings by the Attorney General pursuant to Section 231 of the Criminal Procedure Law; and (ii) "Financial obligation in lieu of a criminal proceeding," means – a financial obligation imposed by law as an alternative to a criminal proceeding, including an administrative fine pursuant to the Administrative Offenses Law 5746 – 1985, a fine with respect to an offense which was determined as a "finable offense" under the Criminal Procedure Law, a monetary sanction or a forfeit ("*Koffer*").

2.1.3. reasonable litigation expenses, including legal fees, incurred by you or which you are ordered to pay by a court, in proceedings filed against you by the Company, or on its behalf, or by another person, or in a criminal charge of which you were acquitted, or in a criminal charge of which you are convicted of an offence that does not require proof of criminal thought.

2.1.4 Any other Liability and/or litigation expenses (including legal fees), which, according to applicable law and the Company's Amended and Restated Articles of Association, each as shall be in effect from time to time, the Company could indemnify an Office Holder for.

2.2. The aggregate indemnification amount payable by the Company pursuant to Section 2.1.1 above (beyond, and in addition to, sums payable to you from insurance companies in connection with insurance policies that the Company has purchased), shall not exceed, in the aggregate pursuant to all the letters of indemnification that were issued by the Company to its Office Holders, an amount equal to the higher of (i) fifty percent (50%) of the Company's net equity at the time of indemnification, as reflected on its most recent financial statements at such time, or (ii) the Company's annual revenue in the year prior to the time of indemnification, (the "**The Maximum Indemnification Amount**").

2.3. In the event the indemnification amount the Company is required to pay to you, as set forth in Section 2.1.1 above, exceeds the Maximum Indemnification Amount (as existing at that time), the Maximum Indemnification Amount or its remaining balance will be divided pro rata between the Office Holders entitled to indemnification, based on the ratio between the amount each individual Office Holder is eligible to receive and the aggregate amount payable to all Office Holders at the time of the indemnification.

2.4. Upon the occurrence of an event by virtue of which you are likely to be entitled to indemnification, the Company shall advance to you, from time to time (but no later than ten (10) days from your request), the funds required to cover the expenditures and payments related to handling the proceeding or investigation related to such event (including legal fees and expenses), in a manner that you shall not be required to pay for or personally finance such expenditures and payments (including your legal fees and expenses), subject to the conditions and instructions in this Undertaking.

2.5. You will not be indemnified for any of the following:

2.5.1. A breach of a fiduciary duty, except for a breach of a fiduciary duty while acting in good faith and having reasonable grounds to assume that such act would not harm the Company;

2.5.2. A breach of the duty of care towards the Company, caused intentionally or recklessly, except for a breach done in negligence only;

2.5.3. An act done with intent to make unlawful personal profit; or

2.5.4. A fine, forfeiture, financial sanction or monetary penalty imposed upon you.

2.6 As part of the Company's undertakings in accordance with this Undertaking, the Company shall also produce any collateral, security, bond or other guarantee that you shall be required to produce as a result of any interim legal procedure (as long as the Company shall not be required to produce any collateral security or other guarantee in the event of a criminal procedure involving the proof of criminal thought) (the "**Securities**"), including any Securities that shall be required for the substitution of any encumbrances on any of your assets, provided, that the total amount of outstanding Securities, provided to you or to any other Office Holders of the Company, including seized Securities, together with the total monies received by you and other Office Holders in accordance with this Undertaking and similar undertakings provided by the Company, shall not exceed the Maximum Indemnification Amount.

Conditions to Indemnification

3. The obligation to indemnify in accordance with this Undertaking is subject only to the conditions set forth in this Section 3:

3.1. You shall notify the Company in writing of every legal proceeding that is brought against you in connection with any event that may entitle you to indemnification, and of every warning made to you in writing pertaining to legal proceedings that may be commenced against you. This notice shall be made in a timely manner, as soon as practicable after you shall first be aware of such proceedings or warning, and you shall provide the Company or, the person designated by the Company, all documents in connection with such proceedings.

3.2. Upon the occurrence of an event that may entitle you to indemnification, you may appoint counsel of your choice, unless such counsel is reasonably deemed unacceptable by the Company (in which case you will select another counsel), and provided that you inform the Company as soon as practicable of the identity of the counsel. If you do not inform the Company of your choice of counsel as soon as practicable after the need to retain arises, the Company may (but is not obligated to) appoint counsel on your behalf, within forty-five (45) days from the time of receiving the notice described in Section 3.1 above (or within a shorter period of time if the matter requires filing a response in any proceeding); provided, however, that in the event that a conflict of interest shall arise between you and the Company, you shall be entitled to appoint counsel on your behalf in addition to such Company-appointed counsel, and the provisions of this Undertaking shall apply to fees and expenses you may incur as a result of such appointment.

3.3. Subject to your prior written consent, which shall not be unreasonably withheld, the Company may decide to settle a monetary obligation in a civil proceeding. Your consent shall not be deemed unreasonably withheld if, as a result of such settlement, the lawsuit or the threat of a lawsuit against you shall not be fully and irrevocably dismissed, and any cause of action underlying such lawsuit or threat waived and released, without imposition on you of any Liability that is not fully indemnifiable hereunder.

3.4. The Company and you shall cooperate with each other and with any counsel as set forth above in every manner that shall reasonably be required in connection with the handling of such legal proceedings, provided, that the Company shall cover all of your reasonable out-of-pocket expenses, subject to Section 3.2 above.

3.5. You will not be indemnified for amounts you shall be required to pay as a result of a settlement, unless the Company agrees, in writing, to the settlement.

3.6. The Company shall not be required to pay, according to this Undertaking, monies that were actually paid to you, or on your behalf or in your stead, through an insurance policy that the Company procured or through an obligation to any indemnification that was made by any other person other than the Company. For avoidance of doubt, it shall be clarified that the indemnification amount according to this Undertaking shall be independent of, and in addition to, the amount that shall be paid (if paid) pursuant to an insurance policy and/or any other indemnification.

3.7. Upon your request for an execution of a payment in connection to any event according to this Undertaking, the Company shall take all steps according to applicable law to pay such payment and will do all that is required to obtain any approval that is required. If any required approval is not given for any reason, a payment, or any part of it, that will not be approved, as said above, shall be subject to the approval of a court and the Company shall take all legal steps to attain the court's approval. If any amount due to you pursuant to this Undertaking is not paid to you, fully and timely (and in no event later than thirty (30) days of your request), by the Company, you may, at any time thereafter, bring an action against the Company to recover the unpaid amount and you shall also be entitled to be paid for (and/or advanced) the reasonable litigation expenses (including legal fees) of bringing such action.

Term

4. The Company's obligations according to this Undertaking shall remain valid even if you have ceased to be an Office Holder of the Company, for any reason whatsoever, provided that acts for which you are given a commitment of indemnification were performed during the time you served as an Office Holder of the Company.

Reimbursement of the Company

5. In the event that the Company shall pay to you or in your place any amount pertaining to this Undertaking in connection with a legal proceeding, and afterwards it shall be determined that you are not entitled to any indemnification from the Company, you shall be required to repay such amounts plus (i) linkage differentials linked to the Israeli Consumer Price Index; and (ii) interest at the minimum rate determined from time to time for purposes of Section 3(i) of the Income Tax Ordinance, 1961. You will be required to repay these sums to the Company when requested to do so in writing by the Company and in accordance with a payment schedule that the Company shall reasonably determine.

Insurance

6. The Company shall maintain insurance with a reputable insurer to insure your liability for an obligation imposed on you in consequence of an act done in your capacity as an Office Holder of the Company, in any of the following cases:

6.1. a breach of the duty of care towards the Company or towards another person.

6.2. a breach of fiduciary duty towards the Company, provided that you acted in good faith and had reasonable basis to assume that the act would not harm the Company.

6.3. a monetary obligation imposed on you in favor of another person.

6.4. reasonable litigation expenses, including attorney fees, incurred by you as a result of an administrative enforcement proceeding instituted against you. Without derogating from the generality of the foregoing, such expenses will include a payment imposed on you in favor of an injured party as set forth in Section 52[54](a)(1)(a) of the Securities Law and expenses that you incur in connection with a proceeding under Chapters H'3, H'4 or I'1 of the Securities Law, including reasonable legal expenses, which term includes attorney fees.

6.5. Any other Liability and/or litigation expenses (including legal fees), for which, according to applicable law and the Company's Amended and Restated Articles of Association, each as shall be in effect from time to time, the Company could maintain liability insurance for an Office Holder.

The abovementioned insurance for all of the Office Holders of the Company shall be in the total amount of not less than US$10,000,000 (ten million US Dollars). The Company undertakes to maintain such insurance during the period you serve as an Office Holder of the Company and for a period of 7 (seven) years commencing on the day you have ceased from serving as an Office Holder of the Company.

Non-Exclusivity

7. The indemnification provided by this Undertaking shall not be deemed exclusive of any rights to which you may be entitled under the Company's organizational documents, any agreement, any resolution of the Board or vote of shareholders, applicable law, or otherwise, both as to action in your official capacity and as to action in another capacity while holding such office.

Miscellaneous

8. If, at the time of receipt of a notice by the Company pursuant to Section 3.1 above, the Company has a directors and officers liability insurance in effect, the Company will give prompt notice of the proceedings to the insurers in accordance with the procedures set forth in the policies and shall thereafter take all necessary or desirable action to cause such insurers to pay, on your behalf, all amounts payable as a result of such proceeding in accordance with the terms of such policies.

9. This Undertaking may not be cancelled, amended, modified or supplemented in any respect, except by a subsequent writing executed by both the Company and you.

10. The headings of the paragraphs of this Undertaking are inserted for convenience only and shall not be deemed to constitute part of this agreement or to affect the construction thereof.

11. The Company's obligations according to this Undertaking shall be interpreted broadly and in a manner that shall facilitate its implementation, to the fullest extent permitted by law, and for the purposes for which it was intended. In the event of a conflict between any provision of this Undertaking and any provision of law that cannot be superseded, changed or amended, such provision of law shall supersede the specific provision in this Undertaking, but shall not limit or diminish the validity of the remaining provisions of this Undertaking.

12. Neither this Undertaking nor any part thereof may be assigned or transferred to any third party and may not be relied upon by any third party, including, but not limited to, any insurance company. This Undertaking shall be binding upon the Company and its successors and assigns and shall inure to your benefit and the benefit of your heirs, executors and administrators.

13. This Undertaking may be executed in any number of counterparts, each of which shall be deemed an original and enforceable against the parties actually executing such counterpart, and all of which together shall constitute one and the same instrument. This undertaking may be executed by facsimile transmission.

14. This Undertaking shall be governed by, interpreted and construed in accordance with the laws of the State of Israel. The competent courts in Tel Aviv, Israel shall have sole and exclusive jurisdiction regarding any dispute or claim arising hereunder.

15. All notices and other communications under this Undertaking shall be in writing and shall be deemed duly given (i) if delivered by hand and receipted for by the party addressee, on the date of such receipt, or (ii) if mailed in Israel by domestic registered mail with postage prepaid, on the third business day after the date postmarked. Addresses for notice to either party are as shown on the signature page of this Undertaking, or as subsequently modified by written notice.

Please indicate your acceptance to the terms of this Undertaking by signing and dating them and returning a counterpart hereof to us.

Sincerely yours,

Ellomay Capital Ltd.

By: _____
Name: [Name]
Title: [Title]

I agree to all terms of this Undertaking:

Signature: _____
Name: [Name]
Date: [Date]

Exhibit A - Indemnifiable Events

Subject to any provision of the law, the events are as follows, including any claim or demand of the following:

1. The issuance of securities including, but not limited to, the offering of securities to the public according to a prospectus, a private offering, the issuance of bonus shares or any other manner of security offering.

2. Any "**Transaction**", as defined in Section 1 of the Companies Law, including any Transaction not in the ordinary course of business, including the negotiation for, the signing and the performance of such transaction, including transfer, sale, purchase or pledge of assets or liabilities (including securities), or the receiving of any right in any one of the above, receiving credit, granting securities and any Action connected directly or indirectly with such a Transaction.

3. Any filing or announcement required by Companies Laws and/or applicable securities laws and/or according to rules and/or regulations adopted by any Stock Exchange the Company's securities or the securities of any affiliates or subsidiaries of the Company are traded in.

4. Any decision regarding distribution, as defined in the Companies Law, including but not limited to decisions and Actions in connection with repurchases of the Company's securities.

5. A change in the structure of the Company or the reorganization of the Company or any decision pertaining to these issues including, but not limited to, a merger, a split, a settlement between the Company and its shareholders and/or creditors, a change in the Company's capital, the establishment of subsidiaries and their liquidation or sale, an allotment or distribution.

6. An announcement, a statement, including a position taken, or an opinion made in good faith by an officer in the course of his duties and in conjunction with his duties, including during a meeting of the Company's board of directors or one of its committees.

7. An Action made in contradiction to the Company's Memorandum of Association or Second Amended and Restated Articles of Association.

8. Any Action or decision in relation to employer-employee relations, including the negotiation for, signing and performance of individual or collective employment agreements and other employees benefits (including allocation of securities to employees).

9. Any Action or decision in relation to work safety and/or working conditions.

10. Negotiation for, signing and performance of insurance policy.

11. Any of the events set forth in this Exhibit A, pursuant to the Office Holder's position in affiliated entities or in an entity controlled by the Company.

12. Any claim or demand made by a customer, suppliers, contractors or other third parties transacting any form of business with the Company, its subsidiaries or affiliates, in the ordinary course of their business, relating to the negotiations or performance of such transactions, representations or inducements provided in connection thereto or otherwise.

13. Participation and/or non participation at the Company's meetings of the board of directors or committees thereof, bona fide expression of opinion and/or voting and/or abstention from voting at the Company's meetings of the board of directors or committees thereof.

14. Any claim or demand made under any securities laws or by reference thereto, or related to the failure to disclose any information in the manner or time such information is required to be disclosed pursuant to such laws, or related to inadequate or improper disclosure of information to shareholders, or prospective shareholders, or related to the purchasing, holding or disposition of securities of the Company or any affiliates or subsidiaries of the Company or any other investment activity involving or affected by such securities, including any actions relating to an offer or issuance of securities of the Company or of its subsidiaries and/or affiliates to the public by prospectus or privately by private placement, in Israel or abroad, including the details that shall be set forth in the documents in connection with execution thereof.

15. Any claim or demand made for actual or alleged infringement, misappropriation or misuse of any third party's intellectual property rights including, but not limited to confidential information, patents, copyrights, design rights, service marks, trade secrets, copyrights, misappropriation of ideas by the Company, its subsidiaries or affiliates.

16. Any claim or demand made by any third party suffering any personal injury and/or bodily injury and/or property damage to business or personal property through any act or omission attributed to the Company, its subsidiaries or affiliates, or their respective employees, agents or other persons acting or allegedly acting on their behalf.

17. Any claim or demand made directly or indirectly in connection with complete or partial failure, by the Company or any subsidiary or affiliate thereof, or their respective directors, officers and employees, to pay, report, keep applicable records or otherwise, of any foreign, federal, state, country, local, municipal or city taxes or other compulsory payments of any nature whatsoever, including without limitation, income, sales, use, transfer, excise, value added, registration, severance, stamp, occupation, customs, duties, real property, personal property, capital stock, social security, unemployment, disability, payroll or employee withholding or other withholding, including any interest, penalty or addition thereto, whether disputed or not.

18. Any administrative, regulatory or judicial actions, orders, decrees, suits, demands, demand letters, directives, claims, liens, investigations proceedings or notices of noncompliance or violation by any governmental entity or other person alleging potential responsibility or liability (including potential responsibility or liability for costs of enforcement, investigation, cleanup, governmental response, removal or remediation, for natural resources damages, property damage, personal injuries, or penalties or contribution, indemnification, cost recovery, compensation, or injunctive relief) arising out of, based on or related to (a) the presence of, release spill, emission, leaking, dumping, pouring, deposit, disposal , discharge, leaching or migration into the environment (each a "**Release**") or threatened Release of, or exposure to, any hazardous, toxic, explosive or radioactive substance, wastes or other substances or wastes of any nature regulated pursuant to any environmental law, at any location, whether or not owned, operated, leased or managed by the Company or any of its subsidiaries, or (b) circumstances forming the basis of any violation of any environmental law, environmental permit, license, registration or other authorization required under applicable environmental and/or public health law.

19. Any administrative, regulatory or judicial actions, orders, decrees, suits, demands, demand letters, directives, claims, liens, investigations, proceedings or notices of noncompliance or violation by any governmental entity or other person alleging the failure to comply with any statute, law, ordinance, rule, regulation, order or decree of any of its subsidiaries and/or affiliates, or any of their respective business operations.

20. Actions in connection with the Company's testing of products and/or in connection with the sale, distribution, license or use of such products.

21. Act or omissions resulting in the failure to maintain appropriate insurance and/or inadequate safety measures and/or a malpractice of risk management.

22. Any occurrences in connection with investments the Company makes in other corporations or businesses whether before and/or after the investment is made, entering into the transaction, the execution, development and monitoring thereof.

23. Selling, buying or holding marketable securities for or on behalf of the Company, and decisions as to the investment of funds of the Company in accounts, securities, and the like and decisions concerning other financial transactions, such as hedging transactions.

Exhibit 4.4

[Ellomay Capital Letterhead]

[Date]

[Name]

Dear [Name],

Re: **Exemption from Breaches of Duty of Care**

We, the undersigned, Ellomay Capital Ltd., hereby irrevocably and unconditionally exempt you, in advance, from all of your liabilities for any and all losses, costs, fines, claims, penalties, damages, expenses, payments and other amounts ("**Liabilities**"), which may result, directly or indirectly, from a breach of your duty of care to the Company, as set forth herein. By acknowledging this letter, you thereby indicate your acceptance to the terms of this letter.

For purposes of this letter, references to the "**Company**", "**us**" or "**we**" refer to Ellomay Capital Ltd. and references to "**Office Holder**" or "**you**" shall refer to you in your capacity as an officer or director of the Company.

Exemption

1. Subject to the restrictions imposed by the Companies Law, and the limitations set forth herein, but without derogating from any of your rights under applicable law, the Company hereby irrevocably and unconditionally exempts you in advance from all of your liability for any and all Liabilities which may result, directly or indirectly, from a breach of your duty of care towards the Company, to the fullest extent permitted by law (including, without limiting the generality of the foregoing, damages sought through a derivative action filed by a director or shareholder on the Company's behalf, except for derivative actions filed by you in your capacity as a director).

   To the extent you hold or will hold office as an Office Holder of any of its wholly owned subsidiaries (the "**Subsidiaries**") and subject to the applicable laws of the Subsidiaries, the Company further undertakes to use its best efforts to cause the Subsidiaries to exempt you from breaches of your duty of care towards them under the terms of this letter or similar terms permitted under applicable law.

Limitations

2. No exemption under this letter will be valid or available in the event that:

   2.1. you receive payment under an insurance policy with respect to the breach of duty of care giving rise to such liability, other than amounts which are in excess of such insurance coverage;

   2.2. you breached your fiduciary duty towards the Company;

   2.3. you breached your duty of care towards the Company intentionally or recklessly, except for a breach done in negligence only; or

   2.4. you acted with intent to make unlawful personal profit.

3. The Company's obligations hereunder shall commence on the date on which you commenced your office or employment as an Office Holder (the "**Effective Date**") and will continue after termination of your office or employment by the Company with respect to actions or omissions giving rise to liability covered by the terms of this letter and which occur on or after the Effective Date and through the termination of your office or employment.

Miscellaneous

4. The exemption provided by this letter shall not be deemed exclusive of or derogating from any rights to which you may be entitled under the Company's organizational documents, any agreement, any vote of shareholders, applicable laws, or otherwise, both as to action in your official capacity and as to action in another capacity while holding such office.

5. Subject to Section 4 above, this letter supersedes any and all prior discussions, representations, agreements and correspondence with regard to the subject matter hereof, and may not be amended, modified or supplemented in any respect, except by a subsequent writing executed by both the Company and you.

6. This letter will not derogate from nor will it be deemed an amendment of any indemnification or insurance commitment previously made by the Company to you, subject to the compliance of any such commitment with the restrictions imposed by the Companies Law and the Company's Amended and Restated Articles of Association.

7. The headings of the paragraphs of this letter are inserted for convenience only and shall not be deemed to constitute part of this letter or to affect the construction thereof.

8. In the event of any change in any applicable law, statute or rule which narrows the right of an Israeli company to exempt or exculpate an Office Holder, such changes, to the extent not otherwise required by such law, statute or rule to be applied to this letter shall have no effect on the terms hereof or the parties' rights and obligations hereunder.

9. If all or any part of the terms hereof is held invalid or unenforceable by local law and/or a court of competent jurisdiction, such invalidity or unenforceability will not affect any of the other provisions hereof that are valid and enforceable all of which shall remain in full force and effect, as applicable. Furthermore, if such invalid or unenforceable provision may be modified or amended so as to be valid and enforceable as a matter of law and to give effect to an outcome which is consistent with that what was intended by the parties hereto, such provisions will be deemed to have been automatically modified or amended accordingly.

10. This letter shall be binding upon the Company and its successors and assigns. The terms of this letter are personal and therefore you may not assign, delegate or transfer any of its rights hereunder, and any attempt to do so shall be null and void; provided, however, that this letter shall inure to the benefit of your administrators, executors and heirs.

11. This letter may be executed in any number of counterparts, each of which shall be deemed an original and enforceable against the parties actually executing such counterpart, and all of which together shall constitute one and the same instrument. This letter may be executed by facsimile transmission.

12. This letter shall be governed by and construed and enforced in accordance with the laws of the State of Israel, without application of the conflict of laws principles thereof. Any dispute arising out of or in connection with this letter shall be subject to the sole and exclusive jurisdiction of the competent courts in the District of Tel Aviv any claim of inconvenient forum is hereby irrevocably waived.

Please indicate your acknowledgment of the terms of this letter agreement by signing and dating them and returning a counterpart hereof to us.

Sincerely yours,

Ellomay Capital Ltd.

By: _____
Name: [Name]
Title: [Title]

I acknowledge the terms of this letter:

Signature: _____
Name: [Name]
Date: [Date]

Exhibit 4.4

MANAGEMENT SERVICES AGREEMENT

This Management Services Agreement (this "**Agreement**") is entered into on_____, 2008, by and among Ellomay Capital Ltd., a company registered under the laws of the State of Israel (the "**Company**"), Kanir Joint Investments (2005) Limited Partnership, a limited partnership registered under the laws of the State of Israel ("**Kanir**") and Meisaf Blue & White Holdings Ltd., a company registered under the laws of the State of Israel ("**Meisaf**" and, together with Kanir, the "**Service Providers**").

WHEREAS, following the consummation of the sale of the Company's business to Hewlett-Packard Company on February 29, 2008 (the "**HP Transaction**"), the Company has commenced the process of identifying and evaluating suitable business opportunities and strategic alternatives (the "**New Operations Process**");

WHEREAS, on March 2008, following the sale by affiliates of Fortissimo Capital Fund GP, LP ("**Fortissimo**") of ordinary shares and warrants exercisable into ordinary shares of the Company to Kanir and S. Nechama Investments (2008) Ltd. ("**S. Nechama**"), a company under common control with Meisaf, and the changes to the composition of the Company's Board of Directors (the "**Board**"), the Management Services Agreement between the Company and Fortissimo, dated as of September 26, 2005 was terminated;

WHEREAS, following the termination of the Fortissimo Management Services Agreement, Kanir and Meisaf have actively participated in the management of the Company, including in the aforementioned New Operations Process, and intend to continue to do so; and

WHEREAS, the Company desires to retain management services and Board services from the Service Providers pursuant to the terms and conditions set forth in this Agreement, and the Service Providers agree to provide such services to the Company on such terms and conditions.

NOW, THEREFORE, in consideration of the covenants and conditions hereinafter set forth, the parties hereby agree as follows:

1. SCOPE OF SERVICES

1.1. Management Services

1.1.1. The Service Providers, through their employees, officers and directors, will assist the Company in all aspects of the New Operations Process, including, but not limited to, any activities to be conducted in connection with the identification and evaluation of the business opportunities, the negotiations and the integration and management of any new operations and will conduct regular meetings and discussions with members of the Company's management, to assist and advise them on such matters and on any other matters concerning the affairs and business of the Company and render such other management services and advise as may be agreed to from time to time by the Company and the Service Providers (together, the "**Management Services**").

1.1.2. In rendering the Management Services hereunder, the Service Providers shall cooperate with the Company and utilize professional skill and diligence to provide the expertise required in connection with such services. The Service Providers shall dedicate as much time as will be reasonably necessary for the proper performance of the Management Services.

1.1.3. It is hereby agreed by the parties hereto that the Management Services will be provided primarily by Messrs. Menahem Raphael and Ran Fridrich, who are sole shareholders and directors of Kanir Investments Ltd., the general partner in Kanir and who are members of the Board and by Mr. Shlomo Nehama, the sole shareholder and director of S. Nechama and Meisaf and who is a member and serves as Chairman of the Board.

1.2. Board Services

1.2.1. Until their respective successors are duly elected and qualify, Messrs. Shlomo Nehama, Ran Fridrich and Menahem Raphael currently serve, and in the future other affiliate of the Service Providers may serve, as members of the Board of Directors of the Company (the "**Directors**") and Mr. Shlomo Nehama ("**Nehama**") serves as the Chairman of the Board of Directors of the Company (the "**Chairman**"). The Directors and the Chairman will be active members of the Board and will serve in committees of the Board of which they are appointed (the services rendered by the Directors and the Chairman pursuant to this Agreement will be referred hereinafter as the "**Board Services**").

1.2.2. In his capacity as Chairman, Nehama shall (a) preside at meetings of the Board and as chairman of the general meetings of the shareholders of the Company and (b) carry out all other duties vested with the Chairman under law and/or the Company's Amended and Restated Articles of Association, as amended and restated from time to time (the "**Articles**").

1.2.3. For the avoidance of doubt, it is clarified that in serving as members of the Board, the Directors, including the Chairman, shall not be employees of the Company, nor shall the payment of the Management Fee by the Company create employee-employer relations between the parties hereto or entitle the Directors to any social benefits.

1.2.4. In providing the Board Services, the Directors shall be subject to any and all fiduciary and other duties applicable under law and under our Articles upon members of the Board of Directors, and with respect to the Chairman, also duties applicable upon the person holding position of chairman of the board of directors. The Directors, including the Chairman, shall dedicate as much time as will be reasonably necessary for the proper performance of the Board Services.

1.3. The parties hereto acknowledge that the Service Providers are active in other businesses, whether alone or with third parties and that they may continue to so act during the term of this Agreement; provided, however, that no conflict of interest arises between such other activities and the provision of the Management Services and Board Services pursuant to this Agreement. The Service Providers undertake to immediately notify the Company in writing in the event an actual or potential conflict of interest arises.

2. **COMPENSATION**

2.1. In consideration of the performance of the Management Services and the Board Services hereunder, the Company shall pay to the Service Providers an aggregate annual management services fee in the amount of two hundred fifty thousand United States dollars (US$250,000) (the "**Management Fee**"), to be paid in equal quarterly installments of thirty one thousand two hundred fifty United States dollars (US$31,250) to each of Kanir and Meisaf. Each quarterly installment shall be paid not later than the seventh (7^{th}) day of each calendar quarter for services rendered during the preceding calendar quarter.

2.2. The Company will reimburse the Service Providers for reasonable out-of-pocket business expenses borne by the Service Providers or any of their employees, directors or officers in connection with the provision of the Management Services and the Board Services as customary in the Company, against the submittal of the relevant invoices, receipts and other required documentation to the Company.

2.3. All payments under this Agreement shall be made against the issuance of valid invoices furnished by the Service Providers to the Company. Value Added Tax ("**VAT**") pursuant to applicable law shall be added to all payments hereunder.

2.4. Except for VAT, the Management Fee shall be inclusive of all taxes that may be incurred by the Company and/or the Service Providers in connection with the payment thereof, and any such taxes shall be borne by the Service Providers and, in the event required, withheld by the Company from the Management Fee. Furthermore, the Management Fee is the full and final compensation for the provision of the Management Services and the Board Services and shall be in lieu of any and all payments that are due to the Directors, including the Chairman, in their capacity as members of the Board or any of its committees to which they are appointed, including the right to receive the options to purchase ordinary shares of the Company in accordance with the Company's 1998 Share Option Plan for Non-Employee Directors.

3. **CONFIDENTIAL INFORMATION**

3.1. The Services Providers agree that any and all Confidential Information (as defined below), which may be provided by the Company or by third parties in connection with the Company to the Services Providers or any of their directors, officers, employees or affiliates under this Agreement is, and shall be, the sole property of the Company or of such third party, and that the Service Providers will keep and will ensure that their aforementioned representatives will keep in confidence all such Confidential Information, and not use, divulge or disclose any Confidential Information to any third party, except for the purposes of this Agreement.

3.2. For purposes hereof, "**Confidential Information**" means confidential and proprietary information concerning the business and financial activities of the Company, including, but not limited to, prospective investments, negotiations, financial position, operations, budgets, patents, patent applications, trademarks, copyrights and other intellectual property, and information relating to the same, technologies and products, know how, inventions, research and development activities, trade secrets, and also confidential commercial information such as information relating to customers, suppliers, marketing plans, etc. and shall also include information of the same nature with respect to third parties, which the

Company may obtain or receive from third parties or which may be provided to the Service Providers or their representatives in connection with the Company. "Confidential Information" shall not include information generally known to the public, information which was known to the Service Providers prior to the date hereof, information disclosed to the Service Providers by a third party who is not bound by any obligation of confidentiality to the Company or to the third party the subject of such Confidential Information or information required to be disclosed by a competent court or administrative order or other applicable law; provided, however, that in the event information is so required to be disclosed, the Service Providers will immediately inform the Company of the requirement in order to enable the Company or the respective third party to seek an appropriate protective order or other remedy, to consult with the Service Provider with respect to taking steps to resist or narrow the scope of such request or legal process, or to waive compliance, in whole or in part, with the terms of this Section.

4. **TERM AND TERMINATION.** This Agreement shall be deemed effective as of March 31, 2008 (the "**Effective Date**") and shall continue to remain in effect until the earlier of: (i) the second anniversary of the Effective Date or (ii) the termination of service of either of the Kanir and S. Nechama affiliates on the Board of the Company.

5. **INDEPENDENT CONTRACTOR**. The Service Providers and their representatives, including, but not limited to, their agents, employees and affiliates are independent contractors of the Company and are not agents or employees of, and have no authority to bind the Company by contract or otherwise. Each of the Service Providers will be solely responsible to any payments it is required to pay its representatives pursuant to applicable law. The Service Providers will perform the Management Services under the general direction of the Company.

6. **MISCELLANEOUS**

6.1. Entire Agreement. This Agreement contains the entire agreement of the parties with relation to the subject matter hereof, and cancels and supersedes all prior and contemporaneous negotiations, correspondence, understandings and agreements (oral or written) of the parties relating to such subject matter.

6.2. Amendment. This Agreement may not be modified or amended except by mutual written agreement of the parties.

6.3. No Waiver. No failure, delay of forbearance of either party in exercising any power or right hereunder shall in any way restrict or diminish such party's rights and powers under this Agreement, or operate as a waiver of any breach or nonperformance by either party of any terms of conditions hereof.

6.4. Assignment. Except as provided herein, this Agreement shall not be assigned by a party hereof to a third party without the other party's prior written consent and any attempt to effect an assignment of this Agreement or any portion thereof without obtaining such consent shall be null and void.

6.5. Severability. In case any one or more of the provisions contained in this Agreement shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision

hereof and this Agreement shall be construed as if such invalid, illegal or unenforceable provision had never been contained herein

6.6. Notices. Any notice under this Agreement shall be in writing and shall be deemed to have been duly given for all purposes: (a) seven (7) days after it is mailed by registered mail; (b) upon the transmittal thereof by telecopier; or (c) upon the manual delivery thereof, to the following addresses

If to the Company:

Ellomay Capital Ltd.
Ackerstein Towers
11 Hamenofim St.
P.O.Box 2148
Herzliya 46120, Israel
Fax: 09-950-2942
Attn: Chief Executive Officer

If to Kanir:

c/o Erdinast, Ben Nathan & Co., Advocates
Museum Tower – 13th floor
4 Berkowitz St.
Tel Aviv 64238, Israel
Fax: 03-777-0101

If to Meisaf:

Meisaf Blue & White Holdings Ltd.
90 HaChashmonaim St.
Tel Aviv 67133, Israel
Fax: 03-566-4443
Attn: Mr. Shlomo Nehama

; or to such other address as the party specifies in writing.

6.7. Specific Performance. The parties hereto agree that irreparable damage would occur in the event that any of the provisions of this Agreement were not performed in accordance with their specific terms or were otherwise breached. It is accordingly agreed that the parties hereto shall be entitled to an injunction or injunctions to prevent breaches of this Agreement and to enforce specifically the terms and provisions of this Agreement, this being in addition to any other remedy to which they are entitled at law or in equity.

6.8. Counterparts. This Agreement may be executed in multiple counterparts, including, without limitation, by facsimile signature, which taken together shall constitute a single document.

6.9. Governing Law. This Agreement shall be governed and enforced in accordance with the laws of the State of Israel and any dispute arising out of or in connection with this Agreement is hereby submitted to the sole and exclusive jurisdiction of the competent courts in Tel Aviv, Israel.

[SIGNATURE PAGE TO FOLLOW]

[SIGNATURE PAGE]

IN WITNESS WHEREOF, the parties have signed this Management Services Agreement as of the date first set forth above.

ELLOMAY CAPITAL LTD.

By: _____
Name: [_____]
Title: Director

By: _____
Name:
Title:

KANIR JOINT INVESTMENTS (2005) LIMITED PARTNERSHIP

By: Kanir Investments Ltd., its general partner

By: _____
Name: Menahem Raphael
Title: Director

By: _____
Name: Ran Fridrich
Title: Director

MEISAF BLUE & WHITE HOLDINGS LTD.

By: _____
Name: Shlomo Nehama
Title: Director

I agree to those terms of this Agreement applicable to me, as Chairman of the Board:

_____
Shlomo Nehama

Exhibit 4.10

ENGINEERING PROCUREMENT & CONSTRUCTION CONTRACT

FOR THE CONSTRUCTION OF A PHOTOVOLTAIC SYSTEM

BETWEEN

ECOWARE S.P.A

AS CONTRACTOR

AND

ELLOMAY PV ONE SRL

AS PRINCIPAL

ENGINEERING PROCUREMENT & CONSTRUCTION CONTRACT

With this contract

ELLOMAY PV ONE S.r.l., with its registered offices located in Galleria Borromeo, 3, VAT Registration Number and Tax Code 04459950285, entered in the Companies Register of Padova at no. 391298 represented by Mr. Ran Fridrich in his capacity as Sole Director (hereinafter known as "**Principal**");

and

ECOWARE S.p.A, with its registered offices at Via Nona Strada, 9, 35129 Padua, VAT Registration Number and Tax Code Number 03571330277, entered in the Companies Register in Padua at number 03571330277, represented by Ing. Leopoldo Franceschini, born in Padua on 7th September 1947, in his capacity of legal representative (hereinafter known as the "**Contractor**");

(hereinafter known individually as a "**Party**" and jointly as the "**Parties**")

Whereas:

(A) The Principal is a company operating in the sector of the development and operational management of photovoltaic systems;

(B) The Contractor is a company operating in the construction of photovoltaic systems and has the expertise to perform the Works, as defined below, in accordance with the terms and conditions set out under this Contract;

(X) **NOVALTEK Servizi S.r.l.** with registered office in Monterado (Ancona), Via Cerasi no. 18, tax code 02379340421, is a company operating as the developer of photovoltaic systems (the "**Developer**"). Upon endorsing this Contract, the Developer undertakes to co-operate with the Parties hereto and support the Contractor to ensure the proper performance of this Contract in relation to the transfer of the Building Permit, the STMC, and all permits in connection therewith, and of the Land Use Rights.

(D) The Principal intends to proceed with the construction and operation of one photovoltaic system in the province of Macerata, Italy, in the Municipality of Cingoli, made up of 3060 modules made of monochristalline, with generators having respectively a capacity equivalent to 734,40 kWp (hereinafter known as the "**System**");

(E) In relation to the System, the Developer has filed the following authorisations and requests:

(i) the Building Permit, as defined below, was issued by the competent municipal offices in Cingoli (Macerata), on 24 September 2009 (prot. no. 142);

(ii) application to ENEL, as defined below, for connection to the national electricity grid, pursuant to the Electrical Energy and Gas Authority Resolution No. 99/08, by means of a communication dated 12 August 2009; ENEL has transmitted the STMC, as defined below, on 13 October 2009 (no. T0026157) and the Developer has formally accepted the STMC proposed by ENEL for the connection to the national electricity grid of the System, by means of its letter of acceptance dated 12 November 2009.

(iii) ENEL has communicated notice of end of the authorization process pursuant to Regional Law 19/1988 and subsequent amendments with letter dated 8 January 2010;

(F) Sunex 3 S.r.l., a company wholly owned by Contractor, with registered offices in Via Nona Strada 9, 35129 Padua, Italy, VAT Registration Number and Tax Code Number 06085820964 ("**Sunex 3**") has signed a definitive Land Use Right contract, enclosed hereto as **Annex 1**, with the owner of the Area, as defined below. Contractor undertakes to cause Sunex 3, pursuant to article 1381 of the Civil Code, to assign to the Principal the rights and obligations arising under the Land Use Right, as provided under Article 4.2 a) (ii). The Parties have agreed that, to share the costs related to the tax liabilities arising in connection with such assignment, a sum equal to Euro 10,000.00 (ten thousand) shall be deducted from Payment Milestone 1, as defined below;

(G) In order to build the System, the Principal needs a partner with high expertise and standing in the construction of photovoltaic systems to be appointed for the planning, construction, operation and connection of the "turn key" system (as defined below), and the Contractor is a leading company operating, *inter alia*, in said field;

(H) On 2 December 2009, the Parties entered into a framework agreement, regulating the general understanding on which their partnership should be based.

(I) On 22 January 2010, the Parties entered into an agreement (the "**Option Agreement**"), enclosed hereto as **Annex 18,** whereby the Principal was provided with an option right to purchase the shares of Sunex 3, in accordance with the terms and conditions of the Option Agreement and on execution of which the Principal paid a deposit equal to Euro 50,000.00 (fifty thousand), half of which shall be deducted from Payment Milestone 1, as defined below.

(J) The Principal is planning to appoint a financial institution (the "**Financing Entity**"), which will grant to the Principal, on a leasing or project finance basis, two credit lines, the first named "Base Line" for financing of project's costs, and the other named "VAT Line" to finance VAT on such costs (the "**Financing**");

(K) The Contractor has confirmed the feasibility and economic convenience of the solution for the connection proposed by ENEL with the STMC referred to under point E (ii) above;

(L) In the light of the above, the Contractor decided to enter into this Contract, and undertook (i) to carry out all the activities and services provided herein; and (ii) to guarantee, pursuant to article 1381 of the Civil Code, the proper fulfilment of all the obligations and activities to be performed and carried out by the Developer;

(M) The Principal is willing to entrust the Contractor also with the operation and maintenance of the System through execution of an *ad hoc* operation and maintenance agreement (the "**O&M Agreement**"), which shall be executed, as soon as it is feasible and in any case as a condition precedent to Payment Milestone 2, substantially in the form of **Annex 17**.

NOW THEREFORE the Parties agree as follows:

Article 1 – Recitals, annexes and previous agreements

1.1 The recitals and annexes to this contract (hereinafter known as the "**Contract**" or "**EPC Contract**") shall represent an integral and substantial part of the same.

1.2 This Contract replaces and fully supersedes any previous agreement entered into between the Parties, either written or oral, on the matters outlined here below.

Article 2 – Definitions and Interpretation

2.1 In addition to any other words and expressions defined in this Contract, the terms used in this Contract, where they start with a capital letter, shall have the following meanings:

- **AEEG**: means the Electrical Energy and Gas Authority incorporated pursuant to the Law No. 481 dated 14th November 1995;
- **Applicable Law**: means each and every law, regulation, measure, ruling, decree (including the Decree Law) or deed having a binding nature in Italy and issued by every state body and judicial and/or administrative authority, which is in force on the date in which this Contract is entered into or which comes into force thereafter;
- **Applicable Permits**: means each and every license, authorization, certification, filing, recording, permit, *affidavit* (including the *denuncia di inizio attività,* the *autorizzazione unica* or *permesso di costruire*) or other approval with and/or of any competent authorities that is required by Applicable Law for the construction and connection to the grid (including the *comunicazione conclusione iter autorizzativo* issued by Enel pursuant to Regional Law 19/1988 as subsequently amended) and admission, to the Incentives of the System including, without limitation, those required by Applicable Law in zoning, building, environmental, landscaping, planning and/or archaeological matters;

- **Area**: means the area in the plan referred to in **Annex 2** to this Contract, in which the System shall be built;
- **Building Permit:** means the construction authorisation ("*Permesso di costruire*") provided for by Presidential Decree 6 June 2001 no. 380;
- **Civil Code**: means the Italian Civil Code, introduced with the Royal Decree Law No. 2, dated 16th March 1942, and all subsequent amendments and/or integrations thereto;
- **Commencement of Operation**: means the commencement of operation (i.e. *entrata in esercizio*) of the System pursuant to Article 2(g) of the Ministerial Decree 19 February 2007;
- **Communication of the Executive Project's Approval**: with reference to the System, shall have the meaning set out in the Article 8.3 below;
- **Completion Date** shall have the meaning indicated in Article 9.1;
- **Confidential Information**: means the information, data, notes, records, agreements, documents, in whatsoever form drawn up, provided by one of the Parties to the other or, in any case, obtained from one of the Parties and connected with the execution of this Contract and, in particular, the Technical Specifications, including, without any limits whatsoever, any technical and contractual documentation inherent in the Works and their object, as well as any document of a commercial or financial nature, data relating to prices and technical knowledge, models, formulas, industrial processes, records, photographs, drawings, contractual conditions, software, programmes and models and any other intellectual property concerning the Party making the communication or, in any case, to whom said data refer, with the exception of any information already made available to the public;
- **Consideration**: means, with reference to the System, the all inclusive, invariable, sum that the Principal shall pay to the Contractor to perform the Works with respect to the System as per Article 4.1 of this Contract;
- **Construction Health and Safety Coordinator** ***(coordinatore in materia di sicurezza e salute durante la realizzazione)***: means the individual appointed by the Principal pursuant to Article 7 below, who has been entrusted with the duties related to this role pursuant to Article 92 of the Legislative Decree Law No. 81/2008 and subsequent amendments and integrations;
- **Contract**: means this Contract, including all the Annexes and all amendments hereto as mutually agreed by the Parties;
- **Contractor's Parent Company**: means Kerself S.p.A., a company incorporated under the laws of Italy, with its registered office at Via della Tecnica 8, Prato di Correggio, registration with the *Registro delle Imprese* of 01777890359, Fiscal Code and Vat No. 01777890359;
- **Delay Liquidated Damages** means the damages referred to in Article 9.3;
- **Decree**: means the Decree Law dated 19th February 2007 no. 25336 issued by the Economic Development Minister and whose object is the "Criteria and methods to encourage the production of electrical energy by means of solar photovoltaic conversion in implementation of Article 7 of the Legislative Decree Law No. 387, dated 29th December 2003" (*Criteri e modalità per incentivare la produzione di energia elettrica mediante conversione fotovoltaica della fonte solare, in attuazione dell'articolo 7 del decreto legislativo 29 dicembre 2003, n. 387*), and subsequent amendments and/or integrations thereto;

- **Definitive Project**: means, the "Progetto Definitivo", i.e. the project drawings to construct the Works and the relative annexes, a copy of which is attached hereto, as **Annex 4**;
- **Design Health and Safety Coordinator (*coordinatore in materia di sicurezza e salute durante la progettazione)***: means the individual appointed by the Principal pursuant to Article 7, who shall draft the PSC and who has been entrusted with the duties related to this role pursuant to Article 91 of the Legislative Decree Law No. 81/2008 and subsequent amendments and integrations;
- **Discount:** has the meaning indicated in Article 9.7 hereof;
- **Discretional Variations**: has the meaning indicated in Article 10.2 (b) hereof;
- **ENEL**: means Enel Distribuzione S.p.A.;
- **Equipment**: means the Contractor's equipment and components to carry out the Works listed in **Annex 3** of this Contract;
- **Executive Project**: means the "Progetto Esecutivo", i.e. the project drawings prepared and delivered by the Contractor prior to the commencement of the Works pursuant to Article 8, in compliance with the Technical Specifications and with the Decree Law provisions;
- **Expert**: means the arbitrator appointed for the solution of technical and related matters in accordance with Article 24.2;
- **FAC**: means the Final Acceptance Certificate, i.e. the certificate that shall be issued by Principal in compliance with the outline set forth in **Annex 16** acknowledging the positive outcome of the conditions mentioned in art. 12;
- **Financing:** means the project loan that may be arranged by the Principal, in compliance with recital H above;
- **Financing Entity**: means the financing institution or any other equity partner identified by the Principal which could grant the Financing to the Principal;
- **First Reassessment Test**: means the First Reassessment Test of the MGPR to be performed pursuant to Article 12.6.
- **Force Majeure**: has the meaning indicated in Article 11;
- **GSE**: means the Gestore dei Servizi Elettrici - GSE S.p.A., i.e. the entity appointed to implement the incentive tariff regime foreseen by the Decree Law;
- **Health and Safety Coordinators**: means the Construction Health and Safety Coordinator jointly with the Design Health and Safety Coordinator;
- **IAC**: means the Incentive Acceptance Certificate, i.e. the certificate that shall be issued by the Principal in accordance with the outline set forth in **Annex 15**, after the release of the TAC and PAC, acknowledging that the System has been admitted to the Incentive scheme and that the agreement with GSE has been entered into;

- **Incentive**: means the incentive to the tariff for the production and delivery of power to the national electricity grid through a solar power plant, in accordance with the Ministerial Decree of 19 February 2007 and the Resolution No. 90 of 11 April 2007 of AEEG;
- **Incentive Agreement:** ("*Convenzione con GSE*") means the agreement between the Principal and GSE in order to obtain the Incentive;
- **Interconnection Agreement** means the agreement to be entered into between the Principal and the national electricity grid operator which provides the terms and conditions for the connection to the national grid.
- **Land Use Rights** are the rights *in rem* ("*diritto di superficie*") referred to in Recital F, to be acquired by the Principal over the Area, pursuant to Article 3.2 (a).
- **Mechanical Completion**: means the completion of all Mechanical Works of the System;
- **Mechanical Works**: means, with reference to the System, all the mechanical and electrical works. It includes (a) supply and installation of the following equipment: inverters, photovoltaic modules and DC installation, mains, pits, cabling, electrical boxes and protection devices, internal connections and interconnections with external installations, weather station, low voltage installation, civil engineering, medium voltage installation (including transformation, protection equipment and utility interconnection equipment, security and monitoring systems); and (b) the static test of structures (*collaudo statico*) according to the Applicable Law. For the avoidance of doubt, the Mechanical Works do not comprise the physical construction of the connection line to the national electricity grid;
- **Minimum Guaranteed Performance Ratio** (or **MGPR**): means the minimum performance ratio guaranteed by the Contractor pursuant to the **Annex 9** and in accordance with the methodology used for the measurement of the System performance according to the standard CEI EN 61724 (CEI 82-15) as described in the same Annex 9;
- **Necessary Variations**: has the meaning indicated in Article 10.2 (a) below;
- **O&M Agreement**: means the operation and maintenance agreement referred to in Recital (M) above;
- **Operational Inspection**: means, with reference to the System, the verification process carried out by the Contractor according to the Technical Specifications, the Applicable Laws, and the MGPR which shall be carried out by the Parties in accordance with **Annex 10** and article 12 below in order to achieve the PAC;
- **PAC**: means the Provisional Acceptance Certificate, i.e. the certificate that shall be issued by Principal in compliance with the outline set forth in **Annex 14** acknowledging the positive outcome of the Operational Inspection;
- **Parent Company Guarantee**: means the guarantee, consistent with the form set forth in **Annex 5**, whose maximum amount is equal to the amount of the Consideration to be issued by the Contractor's Parent Company in favour of the Principal, in compliance with Article 4.2, as guarantee for the obligations undertaken by the Contractor under this Contract.
- **Payment Milestones**: means the milestones for the payment of the Consideration as set out in Article 4 of this Contract;

- **Performance Liquidated Damages:** means the damages referred to in Article 13.2;
- **POS**: means the operative safety plan (i.e. *Piano Operativo di Sicurezza*) to be drawn up by the Contractor, with reference to the System, in compliance with the CSP, in accordance with Article 89, paragraph 1, letter h) of the Legislative Decree Law No. 81/2008 and subsequent amendments and integrations thereto, as possibly amended in agreement with the Health and Safety Coordinators;
- **Power Purchase Agreement (or PPA)**: means the agreement that the Principal will enter into with the energy company of its choice for the sale of the produced electricity;
- **Project Implementation Schedule** (or **PIS**): means the schedule for the implementation of the construction of the System, which is attached as **Annex 7** as may be updated, from time to time, in agreement between the Parties;
- **PSC**: means the coordination and safety plan drawn up by the Design Health and Safety Coordinator during the planning phase, pursuant to Article 100 of Legislative Decree Law No. 81/2008, which must include, *inter alia*, an estimate for the safety costs, as eventually altered by the Construction Health and Safety Coordinator during the performance phase while the Works are carried out;
- **Reassessment Tests:** means jointly the First Reassessment Test and the Second Reassessment Test of the MGPR will be performed pursuant to Article 12.6.
- **Second Reassessment Test**: means the Second Reassessment Test of the MGPR to be performed pursuant to Article 12.6.
- **Service Order**: means the orders given during the execution of the Works;
- **Site Manager**: means the individual appointed by the Contractor, who shall work with the Works Manager throughout the performance of the Works;
- **Start of Works**: has, with reference to the System, the meaning indicated in Article 8.4 herebelow;
- **STMC:** means the minimum technical solution for connection referred to in the AEEG Resolution no. 99/08 and subsequent amendments;
- **System**: means the photovoltaic system in the Municipality of Cingoli (MC) made up of 3060 modules made of monochristalline, with a generator that has a capacity equivalent to 734,40 kWp, and, for the avoidance of doubt, shall include all the items, such as without limitation, cables, modules, inverters, structures, cabins, etc, that are finalised at the functioning of the plant;
- **TAC**: means the Technical Acceptance Certificate, i.e. the certificate that shall be issued by Principal in accordance with the outline set forth in **Annex 11** following the Technical Inspection;
- **Technical Consultant:** means the consultant appointed by the Principal and/or the Financing Entity, who has been appointed to monitor the progress of the Works;
- **Technical Inspection**: means the inspection procedure that the Principal shall carry out pursuant to **Annex 10** and in accordance with Article 12 in order to verify that the Mechanical Completion complies with the Technical Specifications, Applicable Laws and rules of the trade, and to achieve the TAC;

- **Technical Specifications**: means the documentation, referred to in **Annex 6** of this Contract, in which the technical specifications on the basis of which the Contractor shall perform the Executive Project and Works to reach the MGPR are indicated;
- **Variations**: mean, jointly, the Discretional and Necessary Variations;
- **Warranty Bond**: means the insurance bond on first demand equal to 15 % (fifteen per cent) of the Consideration, issued by a first-class insurance company which has been attributed, at least a S&P A-rating or which, in any case, satisfies the Principal and the Financing Entity;
- **Warranty Period:** means the period of 2 (two) years starting from execution of the PAC.
- **Working Day**: means every day except for Fridays, Saturdays, Sundays and public or bank holidays;
- **Works**: means the activities that have been performed or are to be performed by the Contractor for the System pursuant to this Contact, as better described in Article 3 hereof;
- **Works Manager**: means the "*Responsabile Lavori*", i.e. the individual appointed by the Principal, in compliance with the Law No. 81/2008, who shall perform the site management duties foreseen by the Applicable Law and/or listed in this Contract;

2.2. The following interpretation provisions shall be applied to this Contract, unless otherwise provided for:

(a) the articles' headings are merely indicated for the sake of convenience of reference and cannot be used for the interpretation of the terms contained in this Contract;

(b) reference to sections, articles and annexes shall be understood as being made, unless otherwise indicated, to the sections, articles and annexes contained in this Contract;

(c) unless explicitly indicated in this Contract,

(i) any reference to this Contract shall be a reference to the Contract, as validly revised, integrated or amended and

(ii) any reference made to any other agreement or document shall imply reference to that agreement or document, as validly revised, integrated or amended;

(d) unless otherwise explicitly indicated, the words and definitions, used in the singular form shall have the same meaning, *mutatis mutandis*, even when used in the plural form and vice versa;

(e) the terms, "herein", "therein" and synonyms in this Contract refer to the entire Contract and not to particular articles in this Contract, unless explicitly provided in this sense, just as the terms "below" or "above" indicate the part below or above in this Contract, with reference to the point in which said terms have been used;

(f) the word "included" and the expression "in particular" shall always be considered to be followed by the expressions "without limitations" or "not limited to" even if not effectively followed by said expressions;

(g) every reference to each individual shall also refer to his legitimate successors and assignees;

(h) if, on the basis of this Contract, an activity must be performed, a communication sent or a term expires on a day other than a Working Day, said activity shall then be performed, the communication be sent or the relative term expire on the Working Day falling immediately after.

Article 3 – Object and Description of the Works

3.1 With this Contract, the Principal has entrusted "turn key" the Contractor, who accepts, with the construction of the Executive Project and the performance of all the Works in a world class manufacturing way and in compliance with the Technical Specifications and Applicable Laws. The Contractor is also entrusted, *inter alia*, with (i) obtaining of all the Applicable Permits required for the construction and the functioning of the System, (ii) the realisation of all the necessary Works required for the integral construction of the System in accordance with the terms and conditions set forth by this Contract, (iii) the connection of the System to the national electricity grid in compliance with the Project Implementation Schedule, and (iv) the assistance in obtaining the Incentive.

3.2 In particular, and without limitation, the following activities must be understood as having been included in the invariable Consideration referred to in Article 4:

(a) Land Use Right (*diritto di superficie*): the Contractor undertakes to cause Sunex 3 to appoint the Principal as party of the Land Use Right referred to in Recital (F) above, so that the Principal will be able to validly hold the Land Use Right (*diritto di superficie*) over the Area, pursuant to Article 4.2 (a). All activities related to any cadastral parcelling (*frazionamento*) which may be necessary in relation to any plot of land involved by the System shall be carried out by the Contractor;

(b) Transfer in favour of the Principal of the Applicable Permits, including the STMC and the Building Permit submitted by the Developer. In particular, the Contractor undertakes to cause the Developer to perform any required activity or prepare any needed document for the successful transfer of the Building Permit in favour of the Principal, pursuant to Article 4.2, including delivery to the competent Municipality Technical Offices of the variations to the Building Permit, if any;

(c) Engineering: including the performance, for the System, of the Executive Project in compliance with the Technical Specifications and their amendment as required in order to obtain the Principal's final, written approval, including, without limitation, the System "*as-built*" documentation, the electrical single wire and multi-wire diagrams, Technical Specifications, components and operation and maintenance manuals;

(d) Civil Works: including, for the System, the construction of entries, digging work for the electrical underground cabling, if any, foundations, enclosures and constructions necessary to house the inverters and transformers, fencing, in accordance with the Executive Project and the Technical Specifications and supplying, on his own initiative and expense, the materials, vehicles or any other component and labour necessary. Construction of all the provisional Works, including those located outside the Area (signage, even luminous, placards, crush barriers aimed at defining or limiting the paths of pedestrians and vehicles, in compliance with the traffic and viability provisions), as well as the preparation of the equipment aimed at guaranteeing, for the entire duration of the Works, in compliance with the provisions on safety and health on the workplace and what is contained and has been prescribed in the PSC. Construction of site offices for the Works Manager and the Design Health and Safety Coordinator. Construction of the utilities required for the supply of water, gas, electricity, drainage into the sewers, as well as the provision of suitable offices for the Design Health and Safety Coordinator. Payment of all the charges for the consumption of water, gas, electricity and drainage into the sewers, as described above. Building of barriers or provisional protection for the Works and wherever the safety provisions require them;

(e) Supply of the electro-mechanical apparatus: including supply, installation and start up of the photovoltaic modules, mounting structures, inverters, module boards and electrical connection in direct and alternating current into the national electricity grid, transformation box, interface module boards, supervision and control system, monitoring system, video surveillance and weather station.

(f) Assembly and installation: the supply and installation, including the use of labour, of all the materials, accessories and secondary components that might be required for the correct and safe operation and management of the System. Maintenance and operative capacity of the site for the entire duration of the Works;

(g) Constant inspection and planning of the states of progress concerning the Works.

(h) Grid connection civil works: the timely construction of all the civil works required by ENEL with reference to the STMC, for the purposes of the System's connection to the grid (merely by way of an example, the construction of the area/cable line and delivery box). The works may include the intervention of ENEL.

(i) Delivery to the Principal of all the necessary documentation, on issue of the System's PAC and as a condition for the issue of the FAC, to be drawn up in compliance with the Applicable Law and in order to obtain the Incentive;

(j) Post-STMC activities: relations with the competent authorities (such as, *inter alia*, ENEL) and the individuals appointed by the latter for the System's connection to the grid shall be directly managed by the Contractor, who must constantly monitor ENEL's activities and those of the other individuals, soliciting them, when necessary, with the means deemed to be most expedient, in order to facilitate and, in any case, make such connection to the national electricity grid possible within the Completion Date established by the Project Implementation Schedule. Furthermore, the Contractor shall carry out all activities and formalities aimed at obtaining the Incentive Agreement, the Interconnection Agreement and the PPA (as the case may be), and to prompt the Principal for proper action in connection therewith, when necessary.

(k) Custody of the Area: maintenance, protection, monitoring, security service, custody and conservation of the Area and of the equipment erected or stored therein until the issuance of the relevant PAC. The protection and security systems and procedures will be in line with the best practice and the minimum standard requested by the insurers. The Contractor shall be the keeper of the Works, as well as of all the materials and equipment to be used during the execution of the Works and must, therefore, adopt the necessary measures aimed at avoiding any losses, damages and thefts, as well as providing, at its own initiative and expense, for the replacement of what has been damaged or removed until the issue of the PAC and the System's delivery to the Principal.

(l) Clearance of the Area: removal of all tools and materials that are not necessary during the Warranty Period within the first twenty (20) Working Days after the signing of the PAC; cleaning of the Area, including the restoration of the surrounding areas and roads, in order to leave the System in the condition necessary for its proper operation and maintenance. Removal and transport to the authorised public dumps, of all waste materials that cannot be re-used, with final delivery, to the Principal, of the certification of its disposal, in compliance with the Applicable Law.

3.3 The Contractor shall perform, more generally, any other activities that might be necessary to duly perform the Contract, to achieve the standards of world class manufacturing, and MGPR.

3.4 In addition, the Contractor shall file, at its expense, any documents and applications necessary to apply for and obtain the Applicable Permits on a timely basis, or in the event that the Applicable Law requires that such Applicable Permits be filed by the Principal, the Contractor hereby undertakes to fully cooperate in good faith with the Principal in interacting with the public authorities and carry out all the activities to obtain them, as soon as possible, and in any case within the terms set out by the Applicable Law and the POS.

3.5 It is understood that the planning, construction, any inspection and the subsequent management of the System may be financed by the Financing Entity in compliance with the project financing or leasing outline, and that this shall require this Contract's co-ordination with the terms set forth in the financing agreement, by means of entering into a direct agreement with the Financing Entity (the "**Direct Agreement**"). Therefore, the Parties mutually undertake to enter into the Direct Agreement, if necessary.

Article 4 – Consideration, Terms of Payment and Guarantees

4.1 The Principal shall pay the Contractor the Consideration of Euro 3,050.00 per kWp (three thousand fifty) for the System, plus VAT, in compliance with the following terms and conditions.

4.2 The Consideration shall be paid to the Contractor in accordance with the following Payment Milestones:

a) Payment Milestone 1: payment of Euro 680.00 per kWp (six hundreds eighty), with deduction of Euro 10,000.00 (ten thousand) referred to in Recital (F) and of the deposit equal to Euro 25,000.00 (twenty five thousand) referred to in Recital (I), shall become due by the Principal on occurrence of all the following events:

i. completion of the Building Permit and all Applicable Permits (excluding the Incentive) procedure, including submission of the variations, if any, consequent to the planning and Equipment amendments, and the performance of the provisions established by the competent municipal technical offices to which the Building Permit might be subject to;

ii. transfer to the Principal or a third company indicated by the Principal of the relevant Land Use Rights, by way of assignment of the definitive Land Use Right contract or by any other way as the Principal may require;

iii. connection of the System to the grid is reasonably estimated by the Contractor, by way of a statement drafted in accordance with **Annex 13** to take place within 120 (hundred and twenty) days;

iv. delivery of the Parent Company Guarantee in compliance with the last paragraph of this Article 4.2, letter a).

Promptly after payment of the relevant invoice, and in any case within 45 days of receipt thereof by the Principal, the Contractor shall provide evidence to the Principal that the Building Permit as well as the STMC (and of any Applicable Permit already obtained) have been successfully transferred to the Principal.

The Contractor undertakes to deliver to the Principal, the Parent Company Guarantee within 7 (seven) Working Days of execution of this Contract, and in any case before having received the payment. The Parent Company Guarantee will be issued for the due performance of the Works, as well as for the due performance by the Contractor of any and all the obligations undertaken under this Contract, including, but not limited to, (i) the obtaining of a valid title of Land Use Right over the land where the System shall be built and developed in accordance to Article 3 above; (ii) the obtaining of all the Applicable Permits required for the construction, connection and the functioning of the System; (iii) the transfer of the Building Permit in favour of the Principal; (iv) the admission to the Incentives; and (v) any and all payment obligations arising in connection herewith. The Parent Company Guarantee will be issued in the form under Annex 5, for an amount equal to the Consideration. From the execution date by the Principal of the PAC, the Parent Company Guarantee must also guarantee the precise and prompt performance of the obligations undertaken by the Contractor, pursuant to the O&M Agreement, as well as the punctual performance of all the payment obligations, borne by the Contractor under the O&M Contract. The Parent Company Guarantee shall be finally released upon issuance of the FAC.

(b) Payment Milestone 2: subject to the provisions of art. 12.1 hereof, payment of Euro 340.00 per kWp (three hundreds forty) shall become due on occurrence of all the following events:

(i) satisfactory outcome of the Technical Inspection and the relevant issuance of the TAC;

(ii) all conditions precedent to Payment Milestone 1 are in place and valid;

(iii) the Contractor can still reasonably estimate connection of the System within 120 (hundred and twenty) days of Payment Milestone 1;

(iv) execution of the O&M Agreement.

(c) Payment Milestone 3: subject to the provisions of art. 12.2 hereof, payment of Euro 2,030.00 per kWp (two thousand thirty) shall become due on occurrence of all the following events:

(v) satisfactory outcome of the Operational Inspection and issuance of the PAC;

(vi) all conditions precedent to Payment Milestones 1 and 2 are in place and valid;

(vii) delivery by the Contractor to the Principal of the Warranty Bond, provided that the Warranty Bond shall become effective on payment of Payment Milestone 3 by the Principal.

The Contractor shall deliver to the Principal the Warranty Bond, amounting to 15% (fifteen per cent) of the Consideration, to guarantee the due performance of any and all the obligations undertaken by the Contractor under the EPC Contract at the moment of PAC. The Warranty Bond shall be definitively released upon issuance of the FAC, provided that the insurance bond under the O&M contract is issued by the Contractor.

4.3 Once the Contractor believes that any of the Payment Milestones set out under Article 4.2 has been achieved, it shall so notify the Principal in writing. Within 5 (five) Working Days from receipt of the notice, the Principal shall inspect the Works and verify that the relevant Payment Milestone has been achieved. In the event of objection, the Principal shall indicate to the Contractor the works pending performance for that Payment Milestone. In the event that no objection is raised in writing by the Principal within such term, the relevant Payment Milestone shall be deemed approved.

Payment shall be made within 5 (five) Working Days of the date of receipt by the Principal of the invoice in relation to Payment Milestone 1 and within 15 (fifteen) Working Days in relation to other Payment Milestones. The relevant invoice may not be issued prior to confirmation under the preceding paragraph, and prior to issuance of the TAC with regard to Payment Milestone 2 and prior to issuance of the PAC with regard to Payment Milestone 3, as set forth in detail under Article 12.

The Parties agree that the payments of the Payment Milestone, for which the Principal shall issue a wire transfer confirmation, shall constitute mere advance payments and not the single lots in which the Parties intended dividing up the Works, with the exclusion, therefore, of the provision contained in the second paragraph of Article 1666 of the Civil Code.

4.4 The Parties agree and accept that the Consideration provided in the Contract is fixed and cannot be amended, save as provided in Article 10 of the Contract. Accordingly, the Parties have agreed to exclude the applicability of the Civil Code and every other provision that would entitle the Contractor to obtain a price review in the Contract in order to construct the Works. Save for art. 10 hereof, the risk related to the events referred to in Article 1664 of the Civil Code (burdensomeness or difficulty in performance: i.e. due to an increase of the cost of works and/or materials, or particular performance difficulties due to geological, hydraulic, etc.) and Article 1467 of the Civil Code is fully and expressly undertaken by the Contractor.

4.5 It is understood that, in the case of delay in payment of at least 30 days, the Principal must pay the Contractor interest on arrears as provided for by Legislative Decree 231/2002.

Article 5 – Representations and warranties of the Contractor

5.1 The Contractor represents and warrants that he has visited the Area, that the same is suitable for the System's construction in a world class manufacturing way and in compliance with the Technical Specifications and the Applicable Law and has already checked the absence of obstacles of a technical and/or geological and/or hydraulic and/or legal and/or administrative nature with reference to the commencement of the Works. Any and all designs, engineering and project specifications produced and delivered by the Contractor shall be prepared and signed by a duly certified engineer and are appropriate to fully accomplish the purpose of this Contract. Therefore, any approval or acknowledgement by the Principal of the technical designs and documentation shall not release the Contractor from its duties, warranties and liabilities as to the exact delivery of the System and performance of the Works.

5.2 The Contractor represents and warrants that at the time of execution hereof he, also through the Developer, holds a valid Building Permit, accepted STMC and Enel's *comunicazione di conclusione iter autorizzativo* in relation to the System and that it is unaware of any facts or circumstances, of any kind whatsoever that might prejudice the formation or validity of any System's Applicable Permits, or the transfer or registration thereof in favour of the Principal. The Area, object of the final building right agreement regarding the Land Use Rights, are free from any encumbrances or burden and there are no third parties (apart from the lawful owners) who can claim any right in relation to such lands, nor prevent the acquisition by the Principal of the Area free from any encumbrances or burden.

5.3 The Contractor also represents and warrants to the Principal, with reference to the "turn key" nature of this Contract, to be the only Party liable to the Principal concerning the Works' complete construction in a world class manufacturing way, undertaking, thus, all liability towards the Principal with reference to all the activities whose performance is entrusted to sub-contractors, pursuant to this Contract.

5.4 The Contractor expresses his consent, as of the date hereof, to the assignment and/or pledge in favour of the Financing Entity (or any third parties appointed by the latter) by the Principal of his receivables deriving from this Contract and shall provide his cooperation in the performance of all the formalities and shall provide any further consent, necessary or expedient, required as to the assignment and/or pledge's formation.

5.5 The Contractor guarantees to dedicate to the System, at all times, the adequate number of workers and to timely and completely pay all wages, insurance fees and public charges, social securities, etc. for the workers on the sites.

5.6 There are no impediments, to Contractor's knowledge that could compromise in some way the obtaining of the authorizations for the construction of the grid infrastructure necessary to connect the System to the grid.

Article 6 – The Principal's duties

6.1 The Principal shall undertake to make available in the construction site the areas necessary to allocate the Contractor's site offices and warehouses as well as to store the materials.

6.2 The obligations of the Principal shall be those that are established in this Contract and those resulting from the Applicable Law, including, in particular, and without prejudice to the Contractor's obligations under Article 3, the following:

(a) to timely comply with its payment obligations under this Contract;

(b) to promptly sign with Enel Distribuzione S.p.A. the Interconnection Agreement for the System, upon being prompted by the Contractor;

(c) to promptly sign with GSE the Incentive Agreement for the System upon being prompted by the Contractor;

(d) to promptly sign with the energy company of its choice the PPA upon being prompted by the Contractor;

(e) to co-operate, in good faith, with the Contractor in relation to the Contractor's performance of this Contract.

Article 7– Works management, Safety Coordination and Costs, Site Rules

7.1 Pursuant to Article 89 of the Legislative Decree 81/2008, the Principal shall appoint a Design Health and Safety Coordinator for the planning phase. The Design Health and Safety Coordinator shall be in charge, during the planning phase, of all the obligations and responsibilities pursuant to the Applicable Laws regarding Health and Safety in the workplace. All the fees and expenses relating to said appointment, including his/her consideration shall be borne by the Principal. Pursuant to Article 89 of Legislative decree 81/2008, the Principal shall also appoint a Construction Health and Safety Coordinator for the Executive Project phase, who shall be in charge of all the obligations and responsibilities pursuant to the Applicable Laws regarding health and safety in the workplace. The Principal, pursuant the Article 89 of Legislative Decree 81/2008, shall delegate to a professional duly qualified the duties of supervision and coordination of the manner and timing of the Works (the "**Works Manager**", i.e. the *Responsabile dei Lavori*). All the fees and expenses relating to the Works Manager and the Health and Safety Coordinators, including their considerations, shall be borne by the Principal.

7.2 In order to allow the Contractor to draw up the Piano Operativo di Sicurezza (the POS) the Principal, pursuant to Article 100 Para 1 of the Legislative Decree 81/2008, through the Design Health and Safety Coordinator, must deliver the Piano di Sicurezza e Coordinamento (the PSC) to the Contractor, at least 30 days before the Start of Works. The Contractor shall deliver to the Principal, at least 20 Working Days before the Start of Works the POS, which shall include any integrations related to the specific risks deriving from the execution of the works pursuant to Article 100, Para 1 of the Legislative Decree no. 81/2008 and to the terms set out in Annex 7 thereto. The POS and its amendment are an integral part of this Contract and the Contractor undertakes to comply with them as well as with any statutory provisions and regulations in force, and shall be held directly and autonomously liable in the case of any breach of the same.

7.3 The Works Manager, who in any case shall not have the Principal's contractual powers of representation, shall supervise the Works to be performed in compliance with the contractual provisions and the law, the terms set out therein and, when the performance is carried out by sub-contractors, he must ensure the coordination between the individual works. In particular, without prejudice to the above, the Works Manager shall be responsible for the following:

(a) Represent the Principal on site during the performance of this Contract;

(b) Check compliance with the Project Implementation Schedule and, in the case of delay with reference to the latter, agree upon a new programme aimed at guaranteeing compliance with the dates established for the System's final delivery;

(c) Monitor the site;

(d) Check the effective coordination among the subcontractors, under the Contractor's liability;

(e) Draw up the reports relative to the beginning and end of the Works, any suspensions and anything else that might concern the site Works;

(f) Check the partial and final advance payments;

(g) Analyse the costs indicated by the Contractor in the case of Discretional Variations;

(h) Ensure the execution of the Technical Inspection, the Operational Inspection, the Reassessment Tests, and the delivery of the Works;

(i) Check that the Contractor's performance of the Works takes place in compliance with all the provisions of this Contract, of the Applicable Law and the Technical Specifications, and in a world class manufacturing way. In particular, the Works Manager shall:

(i) impart the technical directions required to guarantee the Contractor's compliance concerning the Works' performance conditions and, where necessary, formulate the relative remarks and/or objections and propose Variations;

(ii) validate the Technical Inspection and the Operational Inspection for the Principal's approval;

(iii) supply the Contractor with clarification and/or supplementary technical explanations concerning the projects' specific elements and/or technical descriptions necessary to carry on the Works;

(iv) order the amendments, which are necessary for technical reasons, related to specific elements of the Works that do not impair the substance and nature of the Works and that do not constitute Discretional Variations;

(v) approve the drawings prepared by the Contractor with reference to their compliance with the Technical Specifications and the Executive Project approved by the Principal.

7.4 Within 5 (five) Working Days of the Communication of the Executive Project's approval, the Contractor shall inform the Principal in writing about the Site Manager's name, who must have the technical expertise and professionalism necessary to perform his appointment according to this Contract. In particular, in order to ensure the correct performance of the Contractor's obligations under this Contract and the Applicable Law, the Site Manager must:

(a) cooperate with the Works Manager, the engineer appointed to draw up and sign the Executive Project and with the Health and Safety Coordinators; and

(b) observe all the requirements and observations imparted by the above persons in the case they spot any inconsistency between the Works and the Applicable Laws.

7.5 Any instruction, request, integration or order from the Works Manager, the Health and Safety Coordinators and/or the Safety Coordinator shall be communicated to the Contractor in writing by means of specific Service Orders which must be progressively numbered and delivered to the Site Manager in two copies, one of which must be returned, duly signed, by the Contractor in receipt thereof. The Contractor shall not be entitled to refuse to perform the orders received, save for his right to draw up, in writing, his own remarks or reservations on signing the Service Orders which must, in any case, take place, on penalty of forfeiture, within 5 (five) Working Days of receipt of the Service Orders.

7.6 The Health and Safety Coordinators, the Works Manager, the Technical Consultant and/or the individuals indicated by the Principal shall be entitled to enter the site, at any time whatsoever, and to carry on the verifications that, at their unquestionable judgement, would be necessary.

7.7 The personnel employed by the Contractor to carry out the Works must be experienced and of a sufficient number in respect of the obligations undertaken by the Contractor. The Principal shall be entitled to require the immediate removal from the site of the personnel's members who, at his unquestionable judgement, do not offer sufficient guarantees for the timely performance and quality of the Works and/or whose conduct might prejudice the System and its performance. The Contractor's personnel, operating where the work is carried out, must be equipped with an identity badge.

7.8 The Contractor undertakes to comply with all the obligations derived from the Applicable Law's provisions regarding labour and social security, including the general, health rules on the work place, the provisions on accident prevention on the work place, the obligatory insurance for accidents in the work place and professional illnesses, social security for involuntary unemployment, invalidity or old age, tuberculosis and other professional illnesses, the protection of workers in the case of a contract with particular reference to the Legislative Decree Law No. 81/2008 and to any other provisions in force or which might arise during the Works aimed at protecting the workers. Furthermore, the Contractor shall grant his personnel an economic and juridical status in compliance with the applicable labour collective agreements, and shall provide, upon the Principal's written request, suitable documentation constituting evidence of the appropriate economic and juridical status and holding the Principal harmless from any claim raised by his consultants and/or employees.

7.9 Pursuant to Article 26, paragraph 5 of Legislative Decree no. 81/2008, **Annex 8** contains specific indications of the costs relating to safety in the Area, which is included in the Consideration, which the Contractor is obliged to draw up with accuracy and precision.

7.10 The Parties agree that the prevailing language for any correspondence between them in relation to the entire execution of this Contract, including correspondence, testings and inspections shall be the English language.

Article 8 – Performance of the Works

8.1 The Contractor shall deliver to the Principal, within 20 (twenty) Working Days of the date on which this Contract is executed, two copies of the Executive Project for the System, one on paper and one using editable software, for the Principal's approval.

8.2 Within 10 (ten) days from the Executive Project's delivery date to the Principal, pursuant to Article 8.1 foregoing hereto, the Principal shall provide the Contractor with its consent or remarks and/or proposals for amendment and integration which are necessary in order to bring into line the Executive Project with the Decree Law and the Technical Specifications. The Contractor shall undertake, at its own expense and without this constituting a reason for requesting any variations to the Consideration, to amend the Executive Project in compliance with the Principal's proposals. The amended/integrated Executive Project shall be delivered to the Principal within the following 10 (ten) Working Days, in order to obtain the Principal's approval, provided that in the following 10 (ten) days the Principal shall communicate its decision to the Contractor.

8.3 Once the Executive Project has been approved by the Principal, the latter shall provide the Contractor with a written communication (the "**Communication of the Executive Project's Approval**"), and the Parties shall meet within 7 (seven) days of the Contractor's receipt of said communication, in order to proceed with the delivery of the Area to the Contractor. On delivery of the Area, as a condition to allow the Start of Works, the Contractor shall provide the Principal with evidence that it has entered into the insurances provided under Article 15, in accordance with the terms thereof.

8.4 After delivery of the Area, the Contractor shall set up the site and commence the Start of Works for the System.

Article 9 – Completion Date and Delay Liquidated Damages

9.1 The Contractor undertakes to achieve Mechanical Completion and connection of the System to the grid (i.e. Commencement of Operation) within 120 (one hundred and twenty) days of the date Payment Milestone 1 shall be paid in accordance with the Contract (**"Completion Date"**). The Parties agree that in the case of delay by the Principal in the payment of the invoices in accordance with the terms set out in Article 4.3, provided that the procedure of inspection of the Works set out therein has been complied with, the Completion Date shall be postponed by a period of time equal to the days of delay in the relevant payment, save for any other remedy provided in this Contract.

9.2 In the case of an envisaged delay in respect of the date referred to in Article 9.1, the Contractor shall within 7 (seven) Working Days from the relevant date, deliver to the Principal a written delay recovery plan, specifying the relevant terms and procedures aimed at safeguarding, inasmuch as possible, the punctual achievement of the Completion Date. For the avoidance of doubt the submission of such recovery plan to the Principal shall not relieve the Contractor from any of its obligations under this Contract.

9.3 In the case of failure to comply with the date set forth in Article 9.1, the Principal shall be entitled to apply Delay Liquidated Damages equal to Euro 1.2/kWp (one point two) per day of delay up to a maximum amount of 5% (five percent) of the Consideration, save for any greater damages and all further compensation in the case of termination pursuant to Article 20.1 (b). The Contractor acknowledges that the above amounts are a genuine pre-estimate of the Principal's losses in the event of delays in the Completion Date**.**

9.4 During the first 90 (ninety) days of delay, the Principal shall offset the Delay Liquidated Damages against the Consideration, which shall accordingly be reduced. As from the 91st (ninety-first) day of delay, the Principal shall be entitled to the payment of the Delay Liquidated Damages accrued until such time (i.e., for the avoidance of doubt, during the first 90 days Delay Liquidated Damages). Further Delay Liquidated Damages shall be payable on a monthly basis upon receipt by the Contractor of the Principal's payment notice.

9.5 Without prejudice to the above, the Principal shall also be entitled (in its absolute discretion) to offset the Delay Liquidated Damages against any monies due, or to become due, to Contractor.

9.6 The payment shall not release the Contractor from its obligation to complete the Works or from any other duty, obligation or responsibility under the Contract.

9.7 In the event that the 2010 Incentive foreseen by the Decree is not awarded to the System, the Contractor shall be liable to grant to Principal a discount equal to the loss of profit discounted to present ("**Discount"**). The Parties agree that every 1 (one) cent reduction in the tariff shall result in the Consideration being reduced by Euro 100.00 per kWp (one hundred), on a pro-rata basis. The Discount shall become payable by the Contractor 30 days after it becomes clear that the System is not admitted to the 2010 Incentive foreseen by the Decree.

9.8 The Contractor explicitly waives any right to offset the amounts due to the Principal by way of Discount or Delay Liquidated Damages, pursuant to this Article 9, or pursuant to Article 20.1 against any amount that the Contractor might claim against the Principal. The Contractor acknowledges and considers that the Discount and the Delay Liquidated Damages are suitable to the Consideration and the prejudice that each delay might cause the Principal, and waives any claim or action aimed at obtaining a reduction of such Delay Liquidated Damages or Discounts.

Article 10 – Variations

10.1 The Contractor undertakes to perform any Variations to the Works, which are required both for the execution of the Works according to the best quality standards as well as if requested by the Principal.

10.2 In particular, for the purposes of this Contract, the Variations considered shall be the following:

(a) Variations required for the correct fulfilment of the Works in a world class manufacturing way and in compliance with the Technical Specifications and the Applicable Law, pursuant to Article 1660 of the Civil Code ("**Necessary Variations**");

(b) Variations requested by the Principal during the performance of the Works, or alternatively, proposed by the Contractor and accepted in writing by the Principal and/or the Financing Entity, subject to the favourable opinion of the Technical Consultant ("**Discretional Variations**").

10.3 In the case of Necessary Variations, the Contractor shall, if at any time whatsoever whilst the Works are being performed the necessity of any kind of quantitative and/or qualitative amendments concerning the same is found, to immediately inform the Principal in writing, indicating the type of Variations proposed with an indication of the relative quantity, materials and price per unit as well as the construction times required for said intervention. It is understood that no Necessary Variation may be performed without the prior consent to do so by the Principal and the Financing Entity (which shall base its consent on the Technical Consultant's prior positive opinion). Similarly, in the case of Discretional Variations, the Contractor, with the document proposing the same or within 10 (ten) Working Days in the case that the Variations have been proposed by the Principal, shall send to the Principal and to the Technical Consultant a communication setting out the relative quantity, materials, unit prices, construction times connected with said Variations and the relevant higher costs, if any, provided that in any case no Discretional Variation can be performed without the Principal and Financing Entity's prior written consent, also with regard to the Variations' cost.

10.4 It is understood and agreed between the Parties that: (i) the costs related to the Discretional Variations requested by the Principal, once agreed between the Parties in accordance with the above provisions, shall be added to the Consideration and paid according to the terms of Article 4 above; and (ii) the costs related to the Necessary Variations, provided that they do not exceed 4% (four per cent) of the Consideration, shall be entirely borne by the Contractor. The increase in the Consideration possibly due by the Principal shall not exceed an amount equal to the reasonable costs incurred by the Contractor in relation to the System in order to comply with the Applicable Law.

10.5 The determination of the Variation's value for the purposes of paying for the additional costs and the application of Article 10.4 above, shall take place in compliance with the following criteria:

(a) on the basis of the unit prices in the "Construction Work Price Information" published by the Chamber of Commerce of Padua;

(b) the activities that cannot be evaluated according to the above criterion must be agreed on the basis of the market prices applicable to the Works, object of the Contract, as agreed in writing between the Parties.

10.6 In the case of delay of the Works due to the necessity to carry out any Discretional Variations and Necessary Variations due to a change in the Applicable Law, the Parties accept that the Project Implementation Schedule shall be modified in agreement between the Parties. This extension must be at least equal to the period agreed between the Parties to be necessary to perform the Variations.

10.7 The Contractor waives the termination right foreseen by article 1660 of the Civil Code. Furthermore, Article 1661 of the Civil Code shall not apply to the Discretional Variations requested by the Principal.

Article 11 – Force Majeure

11.1 Force Majeure shall imply any unforeseeable event, fact or circumstances which cannot be directly attributed to the Party invoking it, which is impossible to prevent by employing ordinary diligence and such as to make impossible, objectively and absolutely and either totally or partially, the performance of any of the obligations under this Contract, provided that said events, acts, facts or circumstances:

(a) are outside the control, either direct or indirect, of the Party invoking them;

(b) could not have been avoided by employing the normal diligence requested by the nature of the activities performed by such Party; and

(c) have been invoked by the same as Force Majeure events ("**Force Majeure**").

11.2 Merely by way of an example, without limitation and on condition that they satisfy the requirements listed in Article 11.1 above, the Parties mutually acknowledge that the following events constitute causes of Force Majeure:

(a) general and category and national and local strikes (other than the Contractor's corporate strikes);

(b) wars or any other hostile acts, including terrorist attacks, revolts, uprisings and other civil disorder;

(c) blockages or embargoes, even of a financial nature;

(d) exceptional, adverse natural phenomena, including lightning, whirlwinds, earthquakes, fires, floods, overflows, floods, drought, adverse weather conditions that impede the performance of the Works and which cannot be foreseen on the basis of weather forecast data for the current period, meteorites and volcanic eruptions;

(e) explosions, radiation and chemical contamination.

11.3 The Contractor acknowledges and accepts that the following events do not constitute Force Majeure:

(a) non-obtainment, revocation or non-renewal of any permit required to perform the Works and construction of the Systems, for facts attributable to the Contractor; and

(b) any delays in the delivery of supplies and materials by the suppliers.

11.4 Each Party shall immediately inform the other one, in writing, about the occurrence of a Force Majeure event that shall hinder his obligations and, in any case, within 48 (forty-eight) hours from becoming aware of the same, indicating the possible impact that said event might have upon the Project Implementation Schedule. The Party concerned shall also promptly inform the other one when said Force Majeure cause ceases. In the case of no or delayed communication as to the existence of the end of a Force Majeure cause, the Party in breach of his obligations shall be liable for the damage sustained by the other Party, which could have been avoided or limited, in the case of the timely receipt of the relevant communication.

11.5 The Contractor acknowledges and accepts that he shall not be entitled to request any increase in the Consideration or different compensation in relation to the Force Majeure event, except for the costs sustained to adopt the measures referred to in Article 11.7. Subject to the Principal and Financing Entity's approval (which shall employ the Technical Consultant's positive prior opinion), the terms established in the Project Implementation Schedule for the Works' performance will be extended, further to the Contractor's written request, for a period equivalent to the duration of the Force Majeure even and for the time required to put together the Equipment and stores of materials that have eventually been damaged.

11.6 Should the aforementioned Force Majeure events continue, uninterruptedly, for a period of more than 90 (ninety) natural, consecutive days, or for more than 120 (one hundred and twenty) natural, non-consecutive days, as accumulated during the period of time in which this Contract is in force, the Principal shall be entitled to terminate this Contract.

11.7 In any case, the Parties shall use their best endeavours to reduce the consequence of the Force Majeure event and shall do what they can to re-establish normal conditions and mitigate any damages eventually sustained by the other Party.

Article 12 – Inspection of the Works for payment purposes

12.1 Payment Milestone 2 - Technical Inspection – TAC. Once the Mechanical Works are completed, the Contractor shall deliver to the Principal the notice of Mechanical Completion. This notice shall imply the suitability of the System, to be prepared and tested for connection to the national electricity grid except for the physical construction of the connection line to the national electricity grid. Within 10 (ten) Working Days from the Principal having received said communication, the Parties, together with the Works Manager and the Site Manager, as well as the Technical Consultant appointed by the Principal and/or the Financing Entity, shall start the Technical Inspection, in accordance with the procedure provided for in **Annex 10,** in order to verify that the Works have been carried out in accordance with the Technical Specifications, the Applicable Laws and in a world class manufacturing way. If the Technical Inspection is concluded in a positive way, the Principal shall sign the Technical Acceptance Certificate substantially in the form attached in **Annex 11**. Should the Technical Inspection not be passed, the Contractor shall remedy any defects found within a reasonable timeframe which shall be agreed by the Parties. Following the signing of the Technical Acceptance Certificate, the Contractor shall be entitled to issue the relevant invoice.

12.2 Payment Milestone 3 - Operational Inspection - PAC. Upon Commencement of Operation the Contractor will issue the Commencement of Operation notice as described in **Annex 12** to the Principal. Within the shortest possible delay provided that the System has been continuously producing energy for a minimum period of 5 (five) consecutive calendar days with a maximum interruption of 2 (two) blank hours, the Parties, with the collaboration of the Works Manager and the Site Manager, as well as the Technical Consultant appointed by the Principal and/or the Financing Entity, shall begin the Operational Inspection according to the procedure described in **Annex 10**, and in the presence of the Technical Consultant. In order to start the Operational Inspection, the Contractor must provide all the technical documentation required by the Principal and the Technical Consultant, the "*as built*" drawings of the Works, the instruction manuals and system maintenance documents. It is understood that the responsibility for all Operational Inspection activity shall be borne by the Principal. During the Operational Inspection, the Principal shall check if (i) the Works have been carried out in a world class manufacturing way and if (ii) they abide by the Technical Specifications and Applicable Law, and (iii) if the System performs in accordance with the MGPR. Upon receipt of the Technical Consultants' commissioning report and a satisfactory evaluation by the Principal and the Financing Entity hereof the Principal shall issue the PAC substantially in the form attached in **Annex 14** and will attach the commissioning report of the Technical Consultants hereto. Should the Operational Inspection not be passed, the Contractor shall remedy any defects found within a reasonable timeframe which shall be agreed by the Parties. Specifically in case of non compliance of the System with the MGPR the Principal shall grant the Contractor, in writing, a period of no more than 25 (twenty-five) Working Days from the relative communication, within which the Contractor must remedy said defects and/or carry out any necessary action to achieve a positive result of the Operational Inspection. Following the signing of the Provisional Acceptance Certificate, the Contractor shall be entitled to issue the relevant invoice.

If the PAC has been passed with certain minor finish work still pending execution, the Principal shall sign the Provisional Acceptance Certificate, provided that the pending minor finish works (the **Punch List Works**) are listed in an attached document signed by the Parties (the **Punch List**), and that a period of up to thirty (30) days, or the different period agreed upon by the Parties on the basis of the general accepted commercial practice, is set therein for completion of the Punch List Works. Contractor shall use its best efforts to carry on the Punch List Works so as to minimize any interference with the operation of the relevant System and so as to minimize any reduction in performance or availability of the relevant System.

If, at the conclusion of the time period specified in the Punch List, the Punch List Works have not been performed by the Contractor, the Principal, without prejudice to any other rights it may have hereunder in respect of such not completed Punch List Works, shall give notice to the Contractor and the Contractor shall perform such Punch List Works within fifteen (15) days from receipt of the notice. Should the Contractor fail to do so, the Principal shall be free to perform such works directly or through third parties, and shall have the right to (a) deduct the related direct costs and expenses (duly documented in writing) from the Consideration, or (b) to enforce the Parent Company Guarantee for the amount of said direct costs and expenses.

12.3 Transfer of ownership of the System in favour of the Principal shall occur on issuance of the Provisional Acceptance Certificate.

12.4 On issuance of the Provisional Acceptance Certificate, the Contractor must make the O&M Agreement operative in relation to the accepted System.

12.5 Incentive Acceptance Certificate. The Principal shall issue the IAC as per **Annex 15** after having confirmed that all the following conditions have taken place:

(a) Power Purchase Agreement is in force with reference to the collection of the electrical energy produced by the System;

(b) Incentive Agreement is entered into with GSE in compliance with the terms foreseen in Article 5, paragraph 4, of the Decree Law, together with all the documents foreseen by the AEEG Resolution 90/07 and the Principal has been informed about the System's admission to the incentive tariff foreseen by the Decree Law.

12.6 Reassessment Tests. The First Reassessment Test of the MGPR shall be performed, in accordance with the procedure described in **Annex 10,** 12 (twelve) months after the PAC. The Second Reassessment Test of the MGPR shall be performed 24 (twenty four) months after the PAC.

The Contractor shall notify the Principal when the System is ready to be tested and both Parties will agree a date to carry out the Reassessment Tests for the corresponding annual period (such a date will not be later than the fifteen (15) working days following expiry of the 12 month period following the start of the Warranty Period or the date of the end of the Warranty Period as appropriate).

The First and the Second Reassessment Test of the System shall be subject to the Technical Consultant's consent.

12.7 Final Acceptance Certificate. The Principal, with the prior written consent of the Technical Adviser and of the Financing Entity, shall issue the Final Acceptance Certificate as per **Annex 16** upon the satisfaction of the following conditions,

- the System has passed successfully the First and Second Reassessment Test and/or any related Performance Liquidated Damages have been paid by the Contractor.
- the IAC has been issued;
- agreement with the GSE and the Incentive are in force with reference to the collection of the electrical energy produced by the System;
- all the obligations related to the regulation of access to the grids have been fulfilled;
- the O&M guarantee foreseen under the O&M Agreement is in place.

Article 13 – Warranties for Defects and Materials

13.1 The Contractor shall warrant the System's performances in compliance with the Technical Specifications and the MGPR as foreseen in **Annexes 6 and 9** for the period of 24 (twenty four) months after the issue of the PAC. The Contractor shall undertake, in any case, to promptly remedy the System's lower performance after having received from the Principal a written communication regarding the unsatisfying performance.

13.2 Penalties. If the effective performance ratio disclosed by the PAC test and/or the First Reassessment Test and/or the Second Reassessment Test is less than the MGPR, the Contractor shall pay to the Principal Performance Liquidated Damages equal to Euro 7.5 per kWp (seven point five), per each percentage point which is lower than the value indicated in the MGPR. It is understood that the total amount of Performance Liquidated Damages, shall be no more than 1% (one per cent) of the Consideration. Performance Liquidated Damages shall be payable at the end of the month in which the relevant test was held.

13.3 Without prejudice to the above, the Contractor shall provide the Principal with a guarantee for any defects concerning the Executive Project and the Works in accordance with Article 1667 and 1669 of the Civil Code. The terms of said guarantee will come into force from the date of issuance of the PAC, in accordance with Article 12 above, for a period of 24 (twenty four) months. The terms to give notice with reference to defects are ruled by Articles 1667 and 1669 of the civil code. Accordingly, the Contractor shall during such time:

(a) replace, repair and/or adjust any defective Equipment;

(b) guarantee availability of spare parts.

13.4 In addition to the above, the Contractor must also provide the following specific guarantees with regard to the photovoltaic modules:

(a) Install a guaranteed potential by means of the issue of "flash test" certification of the modules. The power effectively installed must reach the quantity established in the relative manuals, in compliance with the Technical Specifications. Otherwise, the Contractor shall be obliged to replace the faulty modules and/or install additional modules in order to reach the nominal power as described in Recital D;

(b) A photovoltaic module efficiency guarantee for a minimum period of twenty years after the issue of the PAC, provided that the cumulative deterioration of the photovoltaic modules does not exceed, for the first 10 (ten) years, 10% (ten percent) and for the first 20 (twenty) years, overall, 20% (twenty percent). The relevant guarantee's extension in compliance with the terms of the law has already been taken into consideration in calculating the MGPR.

Said guarantees must be accompanied by the modules' producer's counter-security, of which the Principal shall be entitled to choose to be the direct beneficiary, since the Contractor shall, in any case, be held jointly liable with said producer.

Article 14 – Assignment, Subcontracting and Sub-supply

14.1 The Contractor shall not be entitled to assign, either totally or partially, the Contract; however, the Contractor may be entitled to subcontract the performance of any portion of the Works to third parties, subject to the Principal's prior written consent.

14.2 In the case of subcontracting, it is understood that the Contractor shall be totally and unconditionally liable to the Principal with reference to the complete, precise and punctual performance of the Contract, including with reference to the totality of the subcontracted works and the supplies and also with reference to compliance with the provisions relative to remuneration and social security and the Works meeting the requirements established by this Contract.

14.3 In any case, each of the subcontractors shall abide by and comply with the provisions set forth in the PSC and the POS, since the Contractor shall be held directly liable to the Principal in relation to this compliance.

14.4 The Principal shall be entitled to assign this Contract any third company indicated by the Principal, and the Contractor expressly consents as from now to such assignment.

Article 15 – Insurance

15.1 The Contractor, without prejudice to his own responsibilities, shall, at his own total expenses, enter into the following insurance policies with first-class insurance companies, with an S&P rating of no less than A- or equivalent or, in any case, that satisfies the Principal and the Financing Entity, if appointed, and maintain them operative for the entire period in which this Contract is in force. Said insurance policies must be submitted beforehand to the Principal and the Financing Entity, if appointed, for their approval:

(a) Industrial accidents insurance in favour of the Contractor's employees and/or any workers who are not the Contractor's employees;

(b) employers' liability, with a minimum limit of no less than Euro 5,000,000.00 per event and 2,000,000.00 per person;

(c) Insurance to cover third party civil liability, with a minimum limit per event of no less than Euro 5,000,000.00; the Principal and the Financing Entity, albeit maintaining the qualification of "third party", they must be inserted as "additional party insured" and there must be an explicit clause waiving the party's insured recovery against the Principal, the Financing Entity and their employees and consultants;

(d) Insurance to cover professional civil liability, with a minimum limit per event of no less than Euro 2,500,000.00;

(e) Insurance to cover vehicle civil liability, for all owned vehicles and/or in use, which must be provided with the mandatory insurance policy as foreseen by the Law No. 990/69 and subsequent amendments and integration, for a minimum limit of no less than Euro 5,000,000.00 per accident;

(f) "All risks Property Damage", including theft, insurance, to cover all the goods and assets, including the main cabins, equipment and machinery used during the Works' construction, with the sum insured equivalent to the value incurred by replacing the same.

15.2 The Contractor, without prejudice to his own responsibilities shall, at his own total expenses, enter into the following insurance policies, with first-class insurance companies, with an S&P rating of no less than A- or equivalent or, in any case, which satisfy the Principal and the Financing Entity, if appointed, and maintain them operative for the entire period in which this Contract is in force. Said insurance policies must be submitted beforehand to the Principal and the Financing Entity, if appointed, for their approval:

(a) *E.A.R. "Erection All Risks"* policy to cover the damages derived from the damage to total or partial destruction of the Works, which might occur while the Works are carried out. The cover shall also provide for cover for extended maintenance for a period of 24 months, the supply warranty, the section of third party civil liability (including the crossed liability between the participants and the works) and the advanced loss of profit section. The sum insured for the Works shall be equivalent to the Contract's value, whilst the civil liability upper limit shall be no less than Euro 5,000,000.00 per accident;

(b) transport policy to cover the material damages and aimed at the assets required to construct the Works, including the advanced loss of profit section. The cover shall run from the place of departure anywhere in the world until arrival care off the site where the works are performed.

15.3 The insurance policies provided under paragraphs 15.1 and 15.2 shall as include the Financing Entity, if appointed, the Principal, and any other subcontractor among the insured parties. The Principal shall be entitled, at his own unquestionable judgement, to enter into other covers or policies in integration of and/or besides those foreseen by this Article 15, simply informing the Contractor of the same beforehand.

15.4 The Contractor acknowledges that the insurance cover referred to in Articles 15.1 and 15.2 may be object of encumbrance in favour of the Financing Entity. In this respect, the Contractor agrees that the Principle, at its discretion, may require that the insurance company issues an endorsement letter in favour of the Financing Entity, for the case that a Financing Entity is appointed. In addition the Contractor agrees to use reasonable endeavours to achieve any requirements of the Financing Entity relating to security over the insurance policies.

15.5 In any case, the amounts exceeding the upper limits and the indemnity limits insured, as well as the amounts corresponding to any type of excess liability relative to any policy shall be charged to the Contractor.

15.6 The Contractor shall be responsible for losses exceeding the insured limits and for policy deductibles. He shall also hold the Principal and the Financing Entity harmless from any claims for compensation for damages, liabilities, costs and expenses derived, directly or indirectly, from events covered by the insurance policies but which, for any reason whatsoever, are not compensated or by events that are not covered by the policies themselves.

15.7 It is understood between the Parties that the Principal shall, in any case, be free to commence legal proceedings against the Contractor to seek compensation of all the eventual and further damages that might result as not being covered by any policy and which can be ascribed to the Contractor by virtue of this Contract.

15.8 The Contractor shall deliver executed copy the aforementioned policies and evidence of the payment of the premiums for the entire duration of the relative period insured promptly after execution of this Contract and in any case within the terms foreseen in Article 8.3 and hereby undertakes not to make any changes to the policies without the Principal's prior authorisation to do so. The Contractor shall also undertake to check that sub-contractors underwrite, for the entire duration of the Works, suitable insurance cover in compliance with Articles 15.1 and 15.2 above, charged to the Contractor himself.

Article 16 – Performance Suspension

16.1 The Principal, by means of the Works Manager, shall be entitled to suspend the Contract, either totally or partially, at any time whatsoever and on more than one occasion, by providing the Contractor with written communication of the suspension sent by registered mail with return receipt. Said suspension cannot, in any case, exceed, as a whole, the overall duration of 45 (forty-five) calendar days.

16.2 The Contractor shall be entitled to receive a refund for the costs and expenses sustained due to suspension, which shall be provisionally defined (in order to permit continuation of the Works) by the Works Manager, except for the Parties being entitled to object the Works Manager's decision pursuant to Article 24. The Parties shall undertake, in any case, to provisionally apply the Works Manager's decision.

16.3 In the case of suspension arising pursuant to this Article, the Parties have accepted that the Project Implementation Schedule may be amended in agreement between the Parties. This extension must be at least equal to the period of suspension.

Article 17 - Unilateral Termination by the Principal

17.1 The Principal shall be entitled, at any time whatsoever, to unilaterally terminate the Contract, informing the Contractor by means of notice sent by registered mail with return receipt.

17.2 In the case of the Principal's exercising the unilateral termination right referred to in the previous paragraph and save for Article 17.4 here below, the Principal shall pay the Contractor, in addition to the Consideration for the Works, performed up until that time, an indemnity equal to 10% (ten per cent) of the value of the outstanding Works.

17.3 The Contractor shall withhold any advance payment on the Consideration made by the Principal in compliance with the Payment Milestones, save for the Contractor's right to claim payment of any further amounts due to the Contractor for all the Works that have been carried out until receipt of the termination notice.

17.4 The Principal shall be entitled to terminate the Contract pursuant to the above, should the Applicable Law change or should a Force Majeure event occur which renders the construction of the System impossible and leads to the revocation of any Applicable Permit. However, in this case and in derogation to what has been foreseen in Article 17.2, the Contractor shall only be entitled to payment of the consideration due for the Works carried out until the delivery of the termination notice, excluding any indemnity for the part of the Works that have not been performed.

17.5 Should the Principal terminate the Contract, it shall promptly return the Parent Company Guarantee to the Contractor.

Article 18 – Termination attributable to the Contractor

18.1 The Principal shall be entitled to terminate the Contract pursuant to Article 1456 of the Civil Code (*clausola risolutiva espressa*), by giving notice to the Contractor no later than 30 (thirty) calendar days of the Principal becoming aware of any of the following circumstances:

(a) non-delivery of the Parent Company Guarantee and all the insurance policies to the Principal within the terms foreseen in Article 15 of this Contract and in compliance with the condition foreseen therein, or the Contractor's breach of its obligation of maintaining the Parent Company Guarantee and the insurance policies in force, at its own expense, in compliance with the terms and conditions foreseen in this Contract;

(b) any of the representations or warranties provided in Article 5 is imprecise, untrue or misleading;

(c) the Building Permit, the STMC, and any other Applicable Permit already obtained are not transferred to the Principal pursuant to art. 4.2.(a);

(d) cancellation or revocation of a Building Permit, STMC, or any Applicable Permit for reasons attributable to the Contractor;

(e) the circumstances provided under Article 11.6 occur;

(f) non-admission to the 2010 Incentive or in any case non entry into force of the Incentive Agreement;

(g) the Contractor has exceeded the maximum limit of Liquidated Damages and/or Penalties foreseen pursuant to Articles 9 and 13;

(h) failure to pass the Operational Inspection and consequent non-issue of the PAC;

(i) failure to release the Warranty Bond upon issuance of the PAC

(j) failure to pass the Reassessment Tests;

(k) failure to satisfy the condition in Article 12.7 and consequent non-issue of the FAC within 24 months from the issuance of the PAC

18.2 The Principal shall be entitled to send the Contractor notice to perform within the terms of no less than 30 (thirty) calendar days from receipt of the relevant notice (or any longer terms that are considered to be appropriate by the Principal in relation to the circumstances), pursuant to Article 1454 of the Civil Code in all events of the Contractor's breach, other than those referred to in Article 18.1 above, of his obligations, pursuant to this Contract. Should the Contractor not perform within such terms, the Principal shall be entitled to declare the Contract terminated.

18.3 The Contract shall be terminated pursuant to Article 81 of the Italian Bankruptcy Law (R.D. 267/1942 as amended and/or integrated from time to time), if the Contractor becomes bankrupt or insolvent, goes into liquidation, has a receiving or administration order made against it, compounds with its creditors, or carries on business under a receiver, trustee or manager for the benefit of his creditors, or if any act is done or event occurs which (under Applicable Law) has a similar effect to any of these act or events, unless the Principal consents to continuation of the Contract.

Article 19 - Termination attributable to the Principal

19.1 In the case of the Principal's breach of its obligations pursuant to this Contract, the Contractor shall be entitled to send the Principal and the Financing Entity, if appointed, notice to perform within the terms of 30 (thirty) calendar days of receipt of such notice, pursuant to Article 1454 of the Civil Code. The Contractor acknowledges and accepts that termination of the Contract due to facts attributable to the Principal cannot, in any case whatsoever, be declared or requested unless notice demanding performance is sent to the Principal, with the Financing Entity in copy, pursuant to this Article.

19.2 The Contract shall be terminated pursuant to Article 81 of the Italian Bankruptcy Law (R.D. 267/1942 as amended and/or integrated from time to time), if the Principal becomes bankrupt or insolvent, goes in liquidation, has a receiving or administration order made against it, compounds with its creditors, or carries on business under a receiver, trustee or manager for the benefit of his creditors, or if any act is done or event occurs which (under Applicable Law) has a similar effect to any of these act or events, unless the Contractor consents to continuation of the Contract.

Article 20 – Termination Consequences

20.1 In the case of termination of the Contract attributable to the Contractor, in any of the events foreseen by the Applicable Law or by this Contract, the Principal shall be entitled to receive from the Contractor, save for any further damages, payment of a termination penalty equal to 10% (ten percent) of the value of the remaining Works, to be determined in the value of the Consideration less the amounts of the Payment Milestones become due on the time of termination. The Principal shall also be entitled to receive from the Contractor the refund of the amounts corresponding to the balance of the payments which have not been up to that time allocated to the subsequent Works.

Without prejudice to the above, the Principal shall also be entitled to:

(a) prepare a report of completed Works setting forth the value thereof, in which case, upon termination, without prejudice to any provisions of this Contract, the Principal shall have the right to:

i. keep the completed Works, in which case the Contractor shall promptly abandon the Area and transfer the ownership of any completed Works if not already transferred; or alternatively,

ii. reject the Works, in which case the Contractor shall dismantle the Works bearing the relevant costs and expenses and return to the Principal any payment of the Consideration received, plus interest in accordance with Article 1224 of the Italian Civil Code.

(b) quantify the amount of any and all penalties, Delay Liquidated Damages, Discounts, etc, owed by the Contractor to the Principal, in which case the Principal shall prepare a statement of amounts due to the Principal less any amounts due to the Contractor under this Contract; the statement of amounts outstanding shall be sent to the Contractor which shall send its observations to the Principal within ten (10) days. Failure to send observations within such ten-day period shall be deemed consent to the statement of amounts due to the Principal. Payment of the amounts indicated in the previous paragraph shall be made within 7 (seven) calendar days of receipt of the above-mentioned statement, and the Principal shall be entitled to enforce the Parent Company Guarantee and/or the Warranty Bond to recover any such amounts. In the event that the Contractor disputes the statement of the Principal within ten (10) days, and the Parties fail to reach an amicable settlement, the dispute shall be settled in accordance with Article 24 hereof. As soon as Contractor pays the amount due, Principal shall return the Parent Company Guarantee and the Warranty Bond. On the contrary, where Contractor fails to pay the amount due pursuant to the above statement, Principal shall be entitled to enforce the Parent Company Guarantee and/or the Warranty Bond;

(c) have the Area vacated by the Contractor, at his own expenses, from all the material, equipment and machinery belonging to him and from any rubble, debris and rubbish within 15 (fifteen) days of termination.

20.2 In the case of termination attributable to the Principal, the Principal shall take definitive delivery of the Works that have been constructd up to the time of termination and the Contractor shall be entitled to withhold any payment made by the Principal in compliance with the Payment Milestones pursuant to Article 4, save for the Contractor's right to claim payment of any further amounts due to the Contractor for all the Works that have been carried out until receipt of the termination notice and for any further damages. On the Principal's request, the Contractor shall vacate the Area and the site from all the materials, equipment and machinery that belongs to him at the Principal's expenses and provide for the removal of any rubble, debris and rubbish.

20.3 Without prejudice to the above, in the case of termination due to failure by the Principal to perform its payment obligations pursuant to Article 4, provided that the Contractor has fulfilled all its obligations under this Contract, the Contractor or any third party indicated by the Contractor shall be entitled to be transferred, by way of a line of business transfer, the Applicable Permits and the Building Right and to keep the Works, by paying to the Principal an amount equal to the percentage of the Consideration already paid by the Principal, upon deduction of an amount equal to Euro 400.00 per kWp (four hundred). It is understood that the in the case of exercise of such right the Contractor shall not be entitled to any other claim towards the Principal and hereby waives any such claim. It is understood that should a Financing Entity have been appointed at the time of termination, this Article 20.3 shall not be applicable.

20.4 Furthermore, in the event of termination attributable to the Principal, the Principal shall immediately return to the Contractor the Parent Company Guarantee and the Warranty Bond.

Article 21 – Confidentiality Obligation

21.1 Each Party declares that:

(a) the Confidential Information, in any form in which it comes to the knowledge of the Parties, shall not be disclosed, in any case whatsoever, either totally or partially, to any third parties except where, further to termination of the Contract, the Contractor shall have to be replaced with another individual or entity in order to complete the System, in which case the Confidential Information may be disclosed to the individual appointed to the complete the Works object of this Contract;

(b) said Confidential Information shall not be used for any purposes that is not solely and exclusively related to (i) the performance of this Contract or (ii) the drafting of a prospectus addressed to a fund of the System.

21.2 The Confidential Information may only be disclosed to the Parties' shareholders, the directors, executives, employees or consultants employed by the Party receiving the Confidential Information, and the Technical Consultant and the Financing Entity.

21.3 Neither of the Parties shall be entitled to make any declarations or announcements to third parties, the press or, in general, to the media, in relation to the Contract, without having received the other Party's prior, written authorisation, with the exception of the disclosure required by the Applicable Law or by the law applicable to the Principal or to the Principal's group.

21.4 The provisions contained in this Article 21 shall be effective from the date on which this Contract is entered into or from the date of the first communication of said Confidential Information and shall remain in force even after expiry of this Contract.

Article 22 – Miscellaneous

22.1 This Contract cannot be amended or integrated, in any way whatsoever, unless by means of a written agreement between the Parties.

22.2 The Contractor is aware that the Financing represents a priority for the Principal and represents that the project (including both the EPC and O&M Agreement) is at the time of execution technically and legally bankable. In particular, the Contractor is aware that the Financing Entity may require: (i) a Warranty Bond after PAC, in the form of an autonomous and first demand insurance bond covering 15% (fifteen per cent) of the Consideration; (ii) cross default clauses in the event that the Financing covers more than one EPC contract. The Contractor shall encounter such expectations, provided that they are reasonable and substantially in line with the banking standards practiced at the date of execution hereof. In addition, the Contractor shall provide all good faith cooperation as to obtain the Financing in the case that banking standards practiced at the time Financing is negotiated are substantially different from banking standards practiced at the date of execution hereof.

22.3 The Parties declare that in the future they are willing to enter into other EPC contracts in relation to other plants ("**New Contracts**") and agree that the New Contracts shall be regulated, *mutatis mutandis*, in accordance with the terms and conditions of this Contract, save as otherwise agreed.

22.4 The Principal shall promptly refund to the Contractor any amount reimbursed by ENEL to the Principal in relation to the infrastructure works carried out by the Contractor outside the Area to connect the System to the grid.

22.5 In the case that any provision contained in this Contract is declared invalid on the basis of the Applicable Law by a judge or a board of arbitration, this shall not entail the entire Contract being void, it being understood that the Parties shall promptly meet in order to replace the invalid provision with another one which respects, as much as possible, its meaning.

22.6 The Contractor shall not assign the receivables derived from this Contract to any third parties without the Principal's prior written consent, it being understood that the term, "third parties", also implies the companies belonging to the same group as the Contractor.

22.7 Any communication requested or consented in relation to this Contract must be made in writing and must be (i) delivered by hand, (ii) sent by registered mail with return receipt, or (iii) sent by fax. Any communication shall be considered as having been received (i) if delivered by hand, on its delivery to the addressee Party, (ii) if sent by registered mail with return receipt, on the date indicated in said notice, and (iii) if sent by fax, on receipt of confirmation of sending provided by the fax transmitting it. All communications shall be sent to the following addresses:

- if addressed to the Principal:

Ellomay PV One Srl

Address: Galleria Borromeo, 3, 35137, Padova (Italy)

Fax no:

Ranf@ellomay.com; eranz@ellomay.com

or any other address, also of third companies, that may be indicated from time to time by the Principal.

- if addressed to the Contractor:

Ecoware S.p.A.

Address:	Via Nona Strada, 9, I-35129 Padua, Italy
Attention:	Ing. Leopoldo Franceschini
Fax no.:	+39 049 738 76 38
E-mail:	L.Franceschini@ecoware.eu, I.Bovo@ecoware.eu

22.8 The risk related to the event referred to in Article 1664 of the Civil Code has been fully and knowingly undertaken by the Contractor. The risk relative to the event referred to in Articles 1660 and following of the Civil Code shall be attributed to the Contractor within the limits agreed in Article 10 of the Contract.

Article 23 - Technical Consultant

23.1 The Technical Consultant shall act in the interests of the successful outcome of the System in his capacity of technical adviser in the exclusive interests of the Principal and/or the Financing Entity. The Technical Consultant shall have access to the Works, the Area the project documentation and the one relating to the Works' performance.

23.2 The Technical Consultant shall be entitled to employ third parties to perform his duties provided that, in this instance, he shall procure that said employees comply with the rules in force on site and given by the Contractor or Works Manager.

Article 24 – Technical Dispute and Arbitration

24.1 The Parties undertake to amicably resolve any dispute arising out of or in connection with the interpretation, validity, performance and termination of this Contract.

24.2 In case of any technical dispute between the Parties in any matter relating *inter alia* to the achievement of a Payment Milestone, the extension of the Project Implementation Schedule, the Commencement of Operation (*entrata in esercizio*), the Technical Inspection, Operational Inspection, the First Reassessment Test and the Second Reassessment Test, the Variation procedure or any change in Applicable Law, the Parties can mutually agree to request the appointment of a technical expert (the "**Expert**") to settle the dispute. The proposal for the appointment of the Expert shall state in detail the technical question and include a list of at least three persons proposed for the appointment as Expert. The Parties agree to meet and discuss on the appointment of the Expert during the following ten (10) Working Days after receipt of the request. In the case that the Expert is not appointed by the Parties within fifteen (15) Working Days after the request, the Expert shall be appointed by the Chairman of the bar of the Engineers of Milan (*Ordine degli Ingegneri di Milano*) upon request of either Party. The Expert shall finally determine the technical matter in accordance with the provisions of this Contract, acting as arbitrator pursuant to Article 1349 of the Italian Civil Code. The Expert shall deliver its determination to the Parties in writing, including an explanation of the underlying reasons, within thirty (30) calendar days after the acceptance of the mandate. The Expert's determination shall (in the absence of patent error or unfairness) be final and binding upon the Parties. The costs of the determination, including fees and expenses of the Expert, shall be borne as determined by the Expert.

24.3 Without prejudice to Article 24.2 above, in all the other cases where an amicable solution to the disputes cannot be reached, the settlement of said disputes shall be referred to a Board of Arbitration formed of 3 (three) arbitrators, 1 (one) of whom who shall act as the President, in accordance with the National Arbitration Chamber of Milan's Rules of International Arbitration, which the Parties have declared that they are aware of and fully accept.

24.4 The Board, which shall sit in Milan, shall decide under the procedure and law within 4 (four) months of it being formed. The award shall become immediately enforceable. The award's registration costs shall be borne by the unprevailing Party.

*** *** ***

Signed by

on this date [●] 4/3/2010	on this date [●]
/s/ Ran Fridrich	**/s/ Leopoldo Franceschini**
_____	_____
Mr. Ran Fridrich\	Ing. Leopoldo Franceschini
The Principal, Ellomay PV One S.r.l.	The Contractor, Ecoware S.p.A.

DEVELOPER'S ENDORSEMENT

The Developer hereby endorses this Contract and in so doing undertakes to cooperate with the Parties hereto and support the Contractor to ensure the proper performance of this Contract in relation to the transfer of the Building Permit, STMC and of the Land Use Rights.

/s/ Novaltek Servizi S.r.l.

_____

Ing. Giuseppe Politi

The Developer, Novaltek Servizi S.r.l.

Annexes

Annex 1:	Executed Land Rights Contract
Annex 2:	Area Map
Annex 3:	Equipment
Annex 4:	Definitive Project
Annex 5:	Parent Company Guarantee
Annex 6:	Technical Specifications
Annex 7:	Project Implementation Schedule
Annex 8:	Safety Costs
Annex 9:	Minimum Guaranteed Performance Ratio
Annex 10:	Testing Procedures
Annex 11:	Technical Acceptance Certificate model
Annex 12:	Commencement of Operation notice model
Annex 13:	Statement on estimate of Connection of Plant
Annex 14:	Provisional Acceptance Certificate model
Annex 15:	Incentive Acceptance Certificate model
Annex 16:	Final Acceptance Certificate model
Annex 17:	Model of O&M Agreement
Annex 18:	Option Agreement

Annex 1 [Land Rights Contract]

[Translated from Italian]

Inventory no. 41.573 Register number 15.248

LAND RIGHT CONTRACT IN RELATION TO THE CONSTRUCTION AND OPERATION OF A PHOTOVOLTAIC PLANT

ITALIAN REPUBLIC

Year two thousand and ten, twenty seventh day of January

27th of January 2010

In Fano, in my office located in Bruno Buozzi Avenue no.33.

Before me, Ms. ANNUNZIATA MORICO, Notary in Fano, registered on the Pesaro and Urbino Register of Notaries

have personally appeared Mr. and Ms.

DEL BIANCO CARLO, born in Cingoli, on 2nd July 1952, Fiscal Code. DLB CRL 52L02 C704N,
LAMPA MARIA TERESA, born in Filottrano, on 18th April 1959, Fiscal Code LMP MTR 59D58 D597B,

Both residing in Cingoli, Frazione Cervidone no. 39, married with communion of assets, hereinafter referred to as the "Grantors";

CESARIN FRANCESCO, born in Piove di Sacco on 20th October 1973, resident in Correzzola in Via Vanezza No 21, Fiscal Code CSR FNC 73R20 G693W, who attends not on his own behalf, but on behalf the limited liability company with sole shareholder "SUNEX 3 S.R.L.", with registered offices in Padua, Zona Industriale, in Via Nona Strada n.9, share capital Euro 10.000 (ten thousand) fully paid-up, registered at the Companies Registration Office of Padua, with tax code number, VAT registration number and business identification number 06085820964,

Duly appointed as attested by the power of attorney authenticated by Mr. Giorgio Fassanelli, Notary in Padua, on 25th January 2010, index number 73660, that the attorney declares is valid and has not been revoked and that the original is enclosed hereto under the letter "A", hereinafter also referred to as the "Grantee".

The persons before me, whose personal identity, qualification and authorisation for signature I, the notary, am certain, request that I receive this deed with which the parties agree and conclude as follows.

Art. 1- Definitions

Unless otherwise specified, the definitions reported herebelow will have the meaning attributed to them as follows, independently of the singular or plural use:

"Authorisations": any concession, authorisation, licence and / or nulla osta required to proceed with the construction, operation and maintenance of the plant, including all the concessions and necessary agreements with the National Agency for Energy or any another company, and the GSE (Power Supply Company) for the sale of the energy produced by the Plant;

"Rental Fees": the amount indicated in art. 5. A;

"Final Contract": the present final land right contract signed by the Parties;

"Consideration": the Rental Fees plus the Indemnity for Damages;

"Land Right": the Land Right constituted in favour of the Grantee with the present Final Contract;

"Financing": the credit line and more generally the financing granted by the Financing Entity to the Grantee or to any other entity indicated by the latter appointed in accordance with the modalities agreed between them which is required for the construction, testing, operation, management and maintenance of the Plant;

"Financing Entity": the company or the companies and/or the private and / or public institutes that grant the financing;

"GSE": Provider of the electric services - GSE Inc.;

"Plant": the photovoltaic Plant to be realised, including the accessories which, by way of example include the transformer station, the long-distance overhead power lines and the underground power lines ;

"Indemnity for Damages ": the amount indicated in art. 5. E;

"Plot": the land identified by the Grantee on which the Plant will be built and managed, registered on the Land Register of the Municipality of Cingoli on Sheet 6 with the Maps 81-34 7-34 9-351-353-3 55 of Ha. 02.4 4.66, with R.D. Euro 90,09 and R.A. Euro 133,57.

Art.2- Object of the contract

A. Mr. DEL BIANCO CARLO grants the Grantee, who accepts and purchases the right to build and operate, in accordance with art. 952 of the Civil Code the terms and conditions set out in this contract and the authorisations, the Plant on the Plot located in the town of Cingoli, which remains in his ownership, identified and registered as follows:

- Agricultural land, in one sole plot, total surface area equal to one hectare, thirty eight acres and seventy one centiares (Ha. 01.38.71), included in the "normal agricultural" zone, according to the current town planning regulations.

Registered on the Land Register of the Cingoli Municipality on Sheet 6 with the Maps:

- 81 of Ha. 00.90.40;

- 347 (ex-63/b) of Ha. 00.33.80;

- 355 (ex-64/th) of Ha. 00.14.51;

With a total Ha surface of 01.38.71, land revenue Euro 54.36 and agricultural revenue Euro 77.18.

Borders: as described in the following letter B), other properties owned by the grantor from several sides, save others.

With the purposes of cadastral continuity and transcriptions it is specified that the cadastral details of the divided parcels derive from subdivision no. 243584.1/2009 submitted to the qualified Territory Agency on 30th November 2009, Protocol no. MC0243584.

This land was purchased with a sales deed received by Mr. Gino Picchietti, Notary in Jesi, on 10 December 1975, index number 79906, recorded in Jesi on 28th December 1975 at No. 1802 and registered in Macerata on 30th December 1975 under no. 7678 on the Special Register .

B. Mr. DEL BIANCO CARLO and Ms. LAMPA MARIA TERESA, each for their own undivided rights of ownership in communion of assets , grant to the Grantee, who accepts and purchases, the right to build and operate, in accordance with art. 952 of the Civil Code, at the terms and conditions set out in this contract and in the authorisations, the Plant on the Plot located in the town of Cingoli, which remains in his ownership, identified and registered as follows:

- agricultural land, in one plot, total surface area of one hectare, six acres and twenty five centiares (Ha. 01.06.25), included in the "normal agricultural" zone, according to the current town planning regulations.

Registered on the Land Register of the Municipality of Cingoli on Sheet 6 with the Maps:

- 349 (ex-88/b) of Ha. 00.29.29;

- 351 (ex-83/b) of Ha. 00.74.75;

- 353 (ex-111/b) of Ha. 00.02.21;

With a total Ha surface. 01.06.25, with R.D. Euro 35.19 and R.A. Euro 56.39.

Borders: as described in the previous letter A), owned by Del Bianco Carlo, other property owned by both grantors.

With the purposes of cadastral continuity and transcriptions it is specified that the cadastral data of the divided parcels derive from the above-mentioned subdivision no. 243584.1/2009..

Such land was purchased by the Grantors as per Map 349 from the sales deed received by Mr.Pier Luigi Ginesi Notary in Cingoli on 7th January ì 1986, index number 20744, registered in Macerata on January 17th 1986 as No. 511 and transcribed in Macerata on 17th January 1986 as No. 650 on the specific register; as to Map 351 from the sales deed received by Mr. Gianferro Pacifico, Notary in Macerata, on 20th November 2007, index No 85659 transcribed in Macerata on 10 December 2007 to No 12130 specific register.; as to Map 353 in view of the sale deed received by Mr. Pier Luigi Ginesi, Notary in Cingoli, on 9 March 1996, index number 37050, transcribed in Macerata on 12th March 1996 as No. 1867 on the specific register. -

C. The Grantors are aware of the technical characteristics of the Plant and declare that they have been informed of how the Plant itself shall be operated and of the operative standards normally required to manage such Plants.

The Plant will be realised and operated on the Plot and will include all the long-distance power lines and telephone lines which are necessary for, among other things, the connection of the Plant to the conversion groups and to the transformers as well as the connection point to the Provider's network of the national electricity grid, and also the related stations and the measurement groups , as well as other technical devices if necessary.

The Parties expressly agree that the Grantee will have the right to determine, at its own discretion, access and the most opportune management, also from an economic point of view, of the underground line of wires and will be allowed to protect the Plant permanently with fencing.

D. The Grantors, Mr. DI BIANCO CARLO, in relation to the part of the Plot according to art. 2 letter A), and both Grantors, Mr. DEL BIANCO CARLO and Ms. LAMPA MARIA TERESA, in relation to the part of the Plot according to art. 2 letter B) declare and guarantee:

(a) that they are the exclusive owners of the Plot, as specified above;

(b) that they are freely able to dispose of it;

(c) that the Plot is free of bond constraints, charges, easement, mortgages, privileges and / or taxes in any way able to bind or jeopardise the construction, the testing, the putting into service as well as the management and the maintenance of the Plant; it is not the object of any proceedings of a civil, administrative or criminal nature nor are there any judicial, executive or conservative measures in force that could jeopardise either wholly or in part the sole and exclusive ownership or possession of the Plot with the purpose of carrying out the project. There are no circumstances that could limit or jeopardise the construction, the testing, the putting into service or the management and the maintenance of the Plant; it is not the object of a loan for use agreement, rent or tenant farming agreement; it is free of constructions, buildings, trees and plantations that could obstruct the construction and the functioning of the Plant (here included, by way of example only, any object that can darken the solar light panel of the Plant) and the activities carried out have always been realised in accordance with law and rules both at a national and a European level, with particular reference to the environmental and landscape provisions; the Grantors declare that an aqueduct easement in favour of government property belonging to the Marche Region exists, as reported on the original Map 83 on Sheet 6, as constituted with a certified deed signed by Mr. Claudio Alessandrini Calisti, ex Notary in Macerata, dated 25th June 1987, index number 39887, transcribed in Macerata on 6th July 1987 as No. 5089 on the special registry, but the same is of no interest to Map 351 deriving from Map 83 and object of this deed;

(d) that they are well aware of the use to which the Plot is destined and that they approve it without reserve or any exception and also declare and guarantee that the Plot and the subsoil (as is visible and to their knowledge) is free of piping, sluices or any other equipment which is generally incompatible or even only prejudicial or limitative to the use for which 1it will be destined.

Art. 3 - Delivery of the Plot

A. The Grantee shall start the construction works for the Plant, in the manner and in the terms that they consider to be the most appropriate for its own organizational and production demands.

Legal possession and material availability of the Plot is delivered on this day in favour of the Grantee, for all the useful and onerous effects.

B. At the date of the start of works the Plot will be free from any cultivations, plantations and/or trees that could obstruct the construction and / or the function of the Plant, it being understood that the Grantee will be able to proceed, at its own discretion, with the removal of above-mentioned if necessary.

C. It remains understood that no other indemnity or compensation shall be due other than the indemnity for damages provided in art. 5.E for the restoration or compensation of damages to cultivations, plantations and / or trees located on the Plot, which are destroyed, damaged, removed or cut off by the Grantee to allow the construction and / or the function of the Plant.

D. The Grantee discharges and exonerates the Grantors from any civil and criminal liability for damages to third parties (persons and / or things) of any title that may arise from the construction of the Plant and from its subsequent operation and maintenance.

Art. 4 - Ownership, rights and easements

A. The Parties declare that the Plant as well as any other assets that the Grantee holds on the Plot shall remain ownership of the latter and shall not become part of the Plot.

B. The Grantors accept that the Plant as well as all the Grantee's assets that the latter may place on the Plot may be the object of a guarantee in favour of a Financing Entity or third parties. Vice versa, the Grantors undertake, for the whole duration of this contract, to maintain the Plot free from bonds, constraints, charges, easements, mortgages, privileges and/or taxes of any kind.

C. The Grantors undertake to grant and to constitute on other lands that they own and which are adjacent to the Plot, easements for long-distance power lines, cable ducts, overground power lines (and also underground lines), access and passage by all means, including mechanical, as well as any other charge, burden or easement that may be required to operate and maintain the Plant. For this purpose, the Grantors undertake to attend to and execute any authenticated document or deed required in order to allow the regular constitution of any such easements and the related deed shall be transcribed at the relevant Registry at the Grantee's expense.

Art. 5 - Consideration

A. For all legal purposes the Parties declare, in lieu of affidavit, in accordance with Presidential Decree no. 445/2000 and made aware by myself, the Notary, of the criminal liabilities in case of false declaration, as well as aware of the powers of verification of the Financial Administration and of the applicable administrative sanctions in case of omitted, incomplete or false indication of data, as follows:

- the Grantee, as compensation for the concession of the building lease, undertakes to pay the Grantors, according to the methods and the terms indicated hereafter, for the whole duration of the building contract, an annual Rental fee equal to Euro 2500.00 (two thousand five hundred and zero zero) per hectare of the Plot, and therefore for an annual total of Euro 6124.00 (six thousand one hundred and twenty-four zero zero) as agreed.

B. The Parties establish that the Rental fee will have to be paid to the Grantors in a single anticipated instalment by 1st December of each year in the following way:

- Euro 3467.75 (three thousand four hundred and sixty-seven point seventy-five) in favour of Mr. CARLO DEL BIANCO, by means of bank transfer to current account no .03 / 01/54621 opened at the Filottrano Credit Bank, (IBAN IT22A0854968860000030154621), as indicated by the grantor;

- Euro 2656.25 (two thousand six hundred and fifty-six point twenty-five) in favour of Mr. DEL BIANCO CARLO and Ms. LAMPA MARIA TERESA by means of bank transfer to current account No. 03/01/54621 opened at the Filottrano Credit Bank, (IBAN IT22A0854968860000030154621), as indicated by the Grantors.

C. The Rental Fee will be reassessed each year according to the percentage of 100 % (hundred percent) of the ISTAT index of the consumer prices of the families of workers and employees, with reference to the stipulated month.

For the current year of the signature date of this present building contract, the Rental Fee to be paid for the period between the date of signature of this document and December 31st is equal to Euro 6124.00 (six thousand one hundred and twenty-four point zero zero) that the Grantee undertakes to pay within and no later than ten days after signing this Contract via a bank transfer according to the following:

- Euro 3467.75 (three thousand four hundred and sixty-seven point sixty-five) in favour of Mr. DEL BIANCO CARLO via bank transfer to current account no. 03 / 01/54621 opened at the Filottrano Credit Bank, (IBAN IT22A0854968860000030154621), as indicated by the grantor;

- Euro 2656.25 (two thousand six hundred and fifty–six point twenty-five) in favour of Mr. DEL BIANCO CARLO and Ms. LAMPA MARIA TERESA via a bank transfer to current account No. 03/01/54 621 opened at the Filottrano Credit Bank, (IBAN IT22A0854968860000030154621), as indicated by the Grantors.

The Parties expressly agree that the bank documentation on which the bank transfer shall be shown, shall be considered as proof with full effect of the completed payment of the compensation for the Rental fee.

The grantors expressly renounce the registration of the legal mortgage, expressly exonerating the competent conservative of the Land Registry from any liability.

D. The Parties recognise that the realisation of the Plant will inevitably compromise the fertility of the Plot. Therefore the Grantee corresponds to the Grantors, by way of compensation damages, the flat rate sum determined in total as Euro 25,720.80 (twenty-five thousand seven hundred and twenty point eighty).

Such sum is paid on today's date in one single solution payment in the following way:

- Euro 14,564.55 (fourteen thousand five hundred and sixty-four point fifty-five) in favour of Mr. DEL BIANCO CARLO via bank transfer to current account no. 03 / 01/54621 opened at the Filottrano Credit Bank, (IBAN IT22A0854968860000030154621), as indicated by the grantor;

- Euro 11,156.25 (eleven thousand one hundred and fifty–six point twenty-five) in favour of Mr. DEL BIANCO CARLO and Ms. LAMPA MARIA TERESA, by means of bank transfer to current account no. 03 / 01/54621 opened at the Filottrano Credit Bank, (IBAN IT22A0854968860000030154621).

E. The compensation is understood to be an all inclusive amount, including the right of the Grantees to the constitution of the easement as indicated in art. 4. C, except for the right of the Grantors to the compensation provided by the laws regarding Telephone Easement and of Long-distance power lines, while the grantors have no right to obtain further amounts.

It is understood that each tax, fee, contribution, expense and other charges pertaining to the property of the area of the Plot, when due, will be the responsibility of the Grantors.

The amounts mentioned above are understood as negotiated even in relation to possible modifications of the regulating plan, for which the Grantors will not have the right to obtain any increase in the Rental fee or any compensation indemnity.

The present constitution of the building lease has been concluded without any mediation expense in accordance with article no. 1754 from the Civil code.

Art. 6 - Obligations of the grantors

A. The Grantors do not have the right to make any modification or works on the Plot, or on the neighbouring lands of which they may be in possession that are theoretically fit to reduce the power and the efficiency of the Plant, unless such modifications or works are authorised beforehand in writing by the Grantee.

The Grantors particularly undertake:

- not to carry out excavations and/or works that could compromise the safety of the Plant;

- not to plant trees with high trunks and not to build manufactured products of any kind that could compromise the function of the Plant;

- not to place underground pipes and/or other objects or manufactured products in the zone occupied by the long-distance power line, without previous agreement with the Grantee party.

B. The Grantors shall undertake to notify the Grantee of any circumstances known to them that could damage the Plant, to jeopardize or limit the functionality of it.

Article 7 - Duration

A. This present document is valid and binding upon the parties starting from today. The building right will last for twenty-one (21) years from today and will end on 31st of December of the twenty-first year after that date.

Before the contract expires, as stated in the first paragraph, the Grantee shall have the right to unilaterally extend the contract period for a further four (4) years ("Extension"), indicating their intention to the Grantors - who undertake to grant the extension from then on - by registered letter with return receipt and with a period of prior notice of at least twelve (12) months before the date of termination of the contract originally and/or subsequently provided.

The Charge for the grant of the building lease, in the updated contract, should be understood as equal to the amount of the last annuity increased by 20%, to be re-evaluated annually according to the ISTAT indexes. The grantor is obligated from then on to accept such extension to the specified conditions.

B. In the hypothetical cases stated in the subsequent articles 8.C and 8.D (resolution

due to the Grantee's fault), as well as the normal expiry of the Contract or following the withdrawal operation under the successive art. 8A, within a maximum period of six (6) months from the termination of the Building Contract, the Grantee will proceed at its own expense to the removal of the Plant or any other operations carried out on the Plot.

In order to guarantee the removal of the Plant or any other work carried out on the Plot, the Grantee agrees to release within five (5) days from the date of the start of works a surety policy the amount of which shall conform to the amount required by the Company authorizing the project.

In order to guarantee the payment of the compensation indicated in art. 5.A, the Grantee agrees to pay the sum of Euro 6124.00 (six thousand one hundred and twenty-four point zero zero), no later than 30th June, 2010, an annuity equal to the charge in the manner agreed as mentioned above in Article 5 B, as agreed between the parties.

The Grantors will forfeit that amount if the Grantee has not paid the Charge within the period referred to in art. 5.B and the Grantors have sent to the Grantee a written notice via registered mail with a return receipt with a declaration of default to comply with the term of ten (10) days from its receipt by the Grantee.

Such amount shall be deducted from the amount due as the last Rental fee payable on the twentieth year.

Article 8 - Withdrawal and cancellation

A. The Grantee will have the right to withdraw at any time and at its sole discretion from the Building Contract with a notice period of ninety (90) days by means of a simple written notice, without the implication that any compensation is due to the grantor by way of indemnity or damages in addition to the payment of the charge for the duration of the notice.

B. The Grantee will have the right to declare the contract cancelled with immediate effect by means of written notice to the Grantors due to the fault of the latter, if the Grantors, in violation of their own obligations under the previous art.6.A, undertake building works and/or introduce crops or plantations on the Plot, on the property or on adjoining properties of which they may be in possession that are theoretically capable of reducing the power and effectiveness of the Plant or if the Grantors consider said acts likely to permanently affect the power and effectiveness of the Plant.

C. If the payment of the Charge is delayed for a period exceeding six (6) months, the Grantors will be entitled to send to the Grantee, by registered letter with return receipt, a warning to comply within a period of thirty (30) days.

The Grantors will be entitled to terminate this present Building Contract if the Grantee has not fulfilled its own obligations within thirty (30) days after receiving the formal notice. In the case that the Grantors are entitled to request the termination of this present Contract due to non-fulfilment of the Grantee and have the intention to exercise such right, the Grantors shall undertake to communicate this intention in writing to the Grantee and, even pursuant to and by effect of Article 1411 of the Civil Code, to the potential Financing Entity whose name and address has been notified in writing by the Grantee to the Grantors. Within 60 (sixty) days of receipt of the above-mentioned notice, the Financing Entity will have the right (I) to designate a third party who will take over from the Grantee in this present Contract or (ii) to inform the Grantors of its intention to directly cancel, or via the Grantee, the non-fulfilment of which the right to request the resolution is founded. In such cases, the Grantors may only request the termination of this present Contract in court and only if the causes of non-fulfilment from the Grantee, on which the right to request termination is based, will not be eliminated within 60 (sixty) days from the takeover of the third party or, as appropriate, upon receipt by the Grantors of the notice from the Financing Entity. The Financing Entity will also have the right to appoint a third party who will take over from the Grantee even when, although the latter has fulfilled its obligations under this present Contract, the Financing Entity notifies the Grantee of its intention to declare the forfeiture of the benefit of the term according to Article 1186 of the Civil Code or to terminate for non-fulfilment or cancel the financing contract.

D. This present contract is deemed to be automatically terminated if one of the Parties outside the cases expressly covered by the previous articles 8B and 8C, becomes a serious breach of its contractual obligations and does not adequately remedy the same within a reasonable time, or within thirty (30) days of the receipt of the notice communication of the other Party.

E. In case of cancellation of the building contract by the Grantee due to the fault of the Grantors (resolution under Articles. 8B and 8D, the Grantee shall have the right to decide whether to proceed with the removal of the Plant or of any other work carried out on the Plot, except the direct or indirect right of compensation for damages,.

If the Grantee decides to remove the Plant, the Grantors shall be obliged to reimburse the Grantee for all costs and expenses incurred in such removal and restoration, apart form the right to compensation for additional damages.

Art.9 - Assignment of the building contract to third parties

A. The Grantors may assign this present contract to third parties, by giving written notice to the Grantee with at least ten (10) days of notice, provided that the third party undertakes in writing to abide by the contents of the Building Contract.

In case of sale and/or transfer of the Plot from the part of the Grantors, the latter are bound to oblige the third party to sign the following clause:

"The buyer/transferee shall substitute the vendor in all obligations under the building contract concluded on the 27th January 2010 with an deed received by the Notary Annunziata Morico, index number. [41573] and undertakes to comply with everything in it. "

In the absence of such express statement and signature of the vendor/transferee party, the Grantors will have to compensate the Grantee for any damage or prejudice that would result from this omission. In order to enable verification of compliance with this present agreement, the Grantor must send the Grantee a copy of the sale/transfer contract which will be signed by the third party.

B. The Grantee will have the right to dispose of this building contract at any time in the favour of a third party, by giving written notice to the Grantors within thirty (30) days, provided that the third party undertakes in writing to respect the contents of the Building Contract. The Grantee may also assign the Building Contract to more third parties as part of a total or partial disposal of the ownership of the Plant or its management. The Grantors must undertake to allow the transfer of the Building Contract, by giving their own consent in order to register the transfer on the Land Registry and make all the statements that may be required. The transfer will be effective in relation to the Grantors starting from the moment in which the the Grantors are informed of the transfer . From that moment on, the Grantee will be released from its obligations in relation to the Grantors, who shall immediately declare their intention to release the Grantee in the event of non-fulfilment by the third transferee.

C. Should this agreement be transferred to third parties through a transfer of part of the company, the Grantors shall renounce, from that moment, the right to terminate the contract under Article 2558, 2nd paragraph of the Civil Code.

Art.10 - Town planning situation

Pursuant to and by effect of article 30 of the Presidential Decree dated June 6th 2001 no.380 and subsequently extended and amended, the land use certificate is attached to this present document under letter "B", related to the land subject of this present document, issued by the Municipality of Cingoli on December the 2nd 2009, protocol no.16654.

The Grantors declare that from the date of issue of the above-mentioned certificate until now there have been no modifications to the town planning regulations of the above-mentioned Municipality.

The Grantors also declare that there are no farmers settled on the land subject of this present document, or bordering the same land being entitled to an agrarian pre-emption under existing legislation.

Art.11 – Applicable Law. Sole jurisdiction

This present contract is governed by Italian law. All disputes arising from this Contract shall be the exclusive competence of the Macerata jurisdiction.

Art.12 - Communications

Unless otherwise stated by the specific clauses in the Building Contract, any communication between the parties shall be made by registered letter with return receipt, or by fax or email, with confirmation of receipt at the addresses indicated in the epigraph to this present document .

Communication by fax or email shall be deemed complete only when accompanied by a confirmation receipt.

13 - Final clauses

A. This present building contract completely covers the will of Parties related to the relationship they have established. .Therefore any previous agreement or understanding, verbal or written, possibly exchanged between them and concerning the same report must be understood as cancelled and/or revoked.

B. Notwithstanding any stipulation in the foregoing regulations, whatever their nature, it will only be valid if made in writing and after the signature date of the building contract.

C. The fact that one of the Parties does not exercise at any time its rights that are acknowledged by one or more clauses of the building contract cannot be considered as a renunciation to such rights nor will it obstruct the latter to successively expect timely and thorough implementation.

D. If one of the clauses of the building contract should be declared invalid or inefficient by the competent jurisdiction, the same clause will continue in full effect for the part not affected by it.

E. Legal fees and taxes are the responsibility of the Grantee Party .

F. Each Party undertakes to process the data of the other party in respect of the Legislative Decree 196/2003. The Parties also undertake to maintain and ensure that its own staff, directors, employees and consultants maintain the strictest secrecy and confidentiality on this present document, but it is understood that no party shall be deemed in violation of this undertaking when making a communication that is required by law, made under a procedure provided by this present document or necessary for its execution.

The Grantors acknowledge and accept that the Grantee party can show this present contract and any related document to any potential financing bank or potential transfer.

Art.14 – General Terms

Pursuant to and by effect of articles 1341 and 1342 from the Civil Code, the Grantors expressly state that they agree to the following regulations:

Article 3, paragraphs A), B) and C) (Delivery of Plot);

Article 4, (Property, property rights and easement);

Article 5 letter A) (Charge), letter A) (Indemnity for Damages Compensation);

Article 7 paragraph A) (Duration and the Right of Extension);

Article 8 letter A) (Withdrawal of the Grantee), letter B) (Express Termination Clause), letter A) (Consequences of the Resolution);

Article 9 (Assignment of the Building Contract to third parties);

Article 11 (Jurisdiction).

The parties exonerate me, the Notary, from the reading of the Annexes and declare that they are perfectly aware of them.

I, the Notary, received this present document and I read it to the persons before me that approved it and together with me, the Notary, sign it at fifteen minutes past five in the afternoon (.17: 15).

This deed is typed by a person I trust and consists of four sheets on eleven pages, and the present twelfth page ends here.

Signed
Del Bianco Carlo
Lampa Maria Teresa,
Francesco Cesarini,
Annunziata Morico, Notary.

Annex 2

Area Map

[Translated from Italian]

ECOWARE S.p.A
Via Nona Strada, 9 - 35129 Padova - Italy
T. +39 049 7380423 F. +39 049 7387638
P.I./C.F./Reg. Imp. di Padova 03571330277
Cap. soc. 2.230.275,00 i.v.

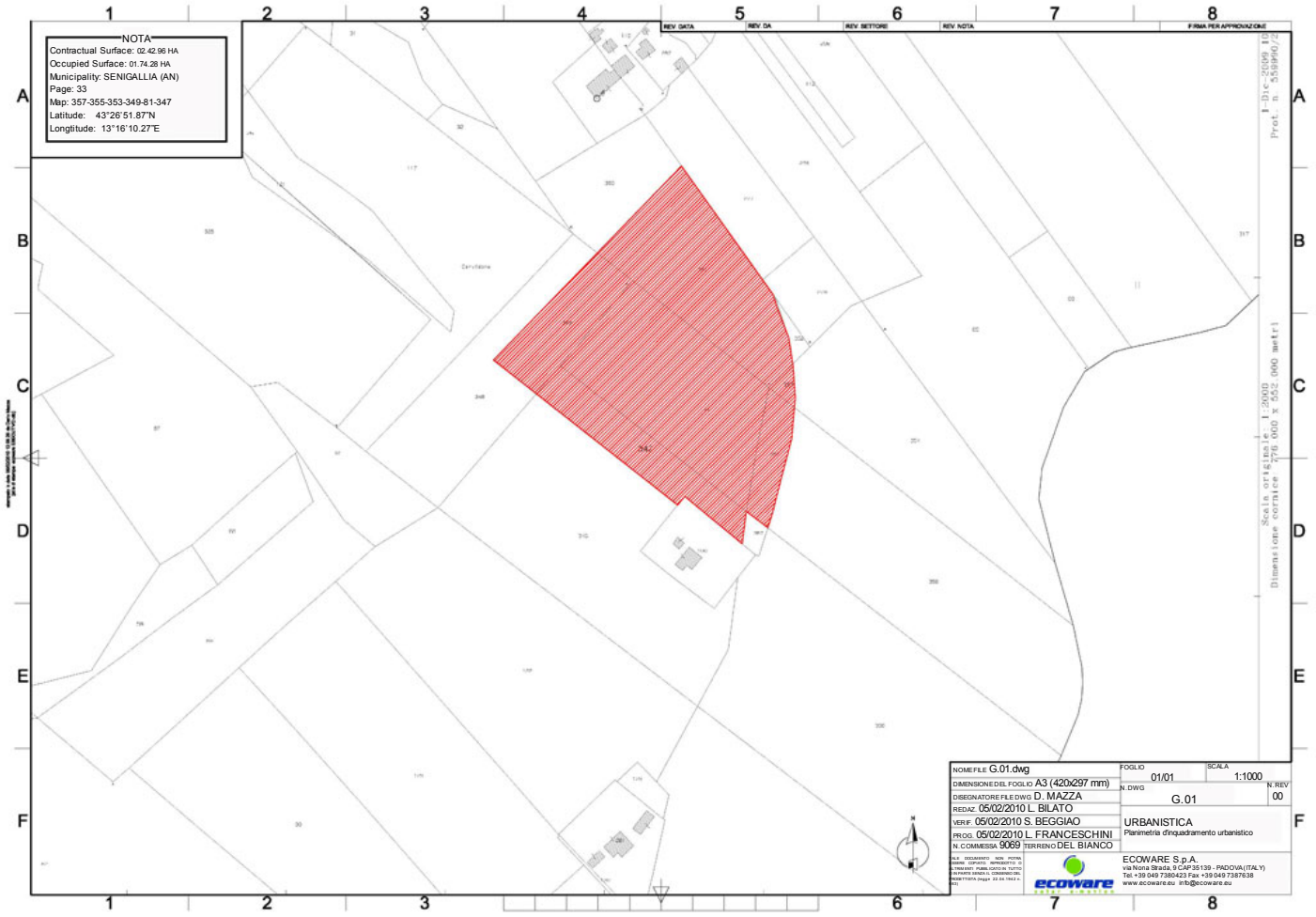
LAND: **"DEL BIANCO"**

ORDER: **9069**

Annex 2

PV Plant Lay-Out

PV PLANT WITH POWER EQUAL TO 734.40 kWp



REV. DATE	REV.BY	REV.SECTOR	REV.NOTE	SIGNATURE FOR APPROVAL

NOTE
CONTRACTUAL SURFACE: 02.42.96 HA OCCUPIED SURFACE: 01.74.28 HA MUNICIPALITY: SENIGALLIA (AN) PAPER: 33 MAP: 357 – 355 – 353 – 349 – 81 – 347 LATITUDE: 43°26'51.87 N LONGITUDE: 13°16'10.27 E

FILE NAME G.01.dwg		SHEET 01/01	SCALE 1:1000
PAPER SIZE A3 (420X297mm)			
DESIGNER DWG FILE D.MAZZA		N.DWG G.01	N.REV 00
DRAFTED ON 05/02/2010 L.BILATO			
VERIFIED OF 05/02/2010 S.BEGGIAO		URBAN PLANNING LAYOUT	
PROJECT 05/02/2010 L.FRANCESCHINI			
ORDER NUMBER 9069	TERRITORY: DEL BIANCO		
THIS DOCUMENT SHALL NOT BE COPIED, REPRODUCED OR PUBLISHED, FULLY OR PARTIALLY, WITHOUT THE DESIGNER'S CONSENT (Act 22.04.1942 n. 663)	ecoware ECOWARE S.p.A. via Nona Strada, 9 CAP 35139 - PADOVA (ITALY) Tel. +39 049 73 80 423 Fax +39 049 73 87 638 www.ecoware.eu info@ecoware.eu		

Annex 3

Equipment

ECOWARE S.p.A
Via Nona Strada, 9 - 35129 Padova - Italy
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P.I./C.F./Reg. Imp. di Padova 03571330277
Cap. soc. 2.230.275,00 i.v.

LAND: **"DEL BIANCO"**

ORDER: **9069**

Annex 3

Equipment

PV PLANT WITH POWER EQUAL TO 734.40 kWp

ecoware
solar e-motion

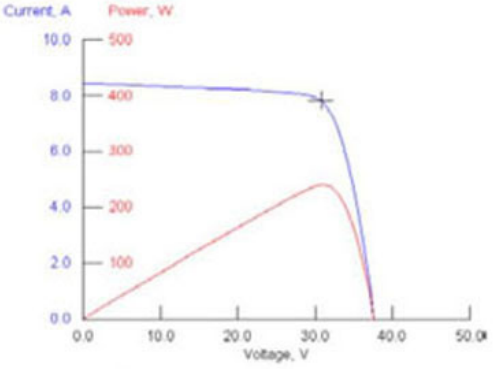
ECW 240-60M
PV BUSINESS

Specifications of ECW 240-60M Monocrystalline solar module

Type	240-60M
Peak Power (Pm)	240W
Open Circuit Voltage (Voc)	37V
Short Circuit Current (Isc)	8.62A
Optimum operating Voltage (Vmp)	29.8V
Optimum operating Current (Imp)	8.06A
Practical module efficiency	16.74%
Maximum system voltage [V]	1000
Voltage temperature coefficients	-0.35%/K
Current temperature coefficients	+0.06%/K
Power temperature coefficients	-0.45%/K
Series fuse rating [A]	15
Cells	6x10 pieces monocrystalline solar cell strings (156mmx156mm)
Junction box	with 6 bypass diodes
Cable	length 900mm, 1x4mm^2
Front glass	White toughened safety glass, 3.2mm
Cell encapsulation	EVA (Ethylene-Vinyl-Acetate)
Back	composite film
Frame	Anodised aluminium profile
Dimentions	1640x990x50mm(LxWxH)
Weight	23.7 Kg
Maximum surface load capacity	tested up to 2,400 Pa according to IEC 61215
Hail	maximum diameter of 25mm with impact speed of 23 m·s^{-1}
Temperature range	-40°C to +85°C

The electrical data relates to standard test conditions [STC]: 1,000 W/m^2; AM 1.5; 25°C.
Performance deviation of Pmpp: ±3%; Performance deviation of Voc(V), Isc(A), Vmpp(V) and Impp(A): ±10%.
Certified in accordance with IEC 61215, IEC 61730-1/2 and UL 1703.

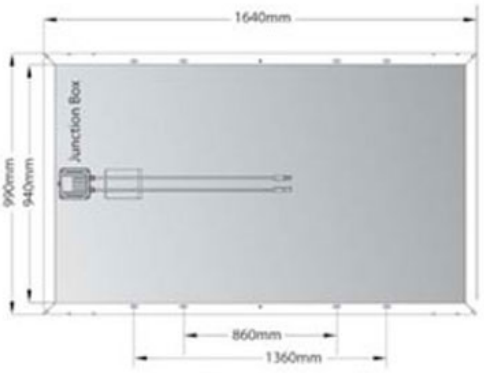
Characteristics



spire
SPI-Sun Simulator4600

Title: ECW 240-60M	Vmp= 29.8V
Isc= 8.62A	FF= 0.75
Voc= 37V	η= 16.74%
Pm= 240W	Rs= 0.52 Ω
Imp= 8.06A	Rsh= 90.69 Ω

Dimensions



IEC TÜV ETL CE VDE

ECOWARE S.p.A.
Via Nona Strada, 9 - 35129 Padova - Italy
T. +39 049 7380423 F. +39 049 7387638
www.ecoware.eu - info@ecoware.eu

PV Power Converter 250 kW

Peak Power	275 kW
THDI	< 2%
Cosfi	1
Nominal Power	250 kW
N° of MPPT	3
Input Voltage Range	300 -800 Vcc
Output Voltage	400 Vca
Efficiency (EU)	97% @ 520 Vcc
Maximum input voltage	850 Vcc
Stop consumption	45 W

EEI Photovoltaic Converter

Photovoltaic Converter

- High reliability for heavy conditions
- Film capacitors inside; no electrolytic ones to improve converter lifetime
- High conversion efficiency
- Converters directly parallelable
- Customer tailored solution

Converter system

Rated Output Power	150 ÷ 500 kW
Nominal Output Voltage	400 Vca
Maximum Open Circuit Voltage	850 Vcc
N° MPPT	Multiple for concentrate or distributed MPPT
MTTP Range	300 – 800 Vcc
THDI	< 2%
Power Factor	1
Maximum Efficiency	97,5 %
EU Efficiency	97 % at 520 Vcc
Stop Consumption	45 W (for the 250 kW)
Weight	800 ÷ 2000 kg
Dimensions (W x H x D) mm	Starting with unit 1200 x 2150 x 600
Warranty	5 years; optionally extendable subscribing a contract for maintenance

E.E.I.
Equipaggiamenti Elettronici Industriali S.r.l.
Viale dell'Industria, 37
36100 Vicenza – Italy

Phone: +39 0444 562988
Fax: +39 0444 562373
Web: http://www.eei.it
E-mail: staff@eei.it

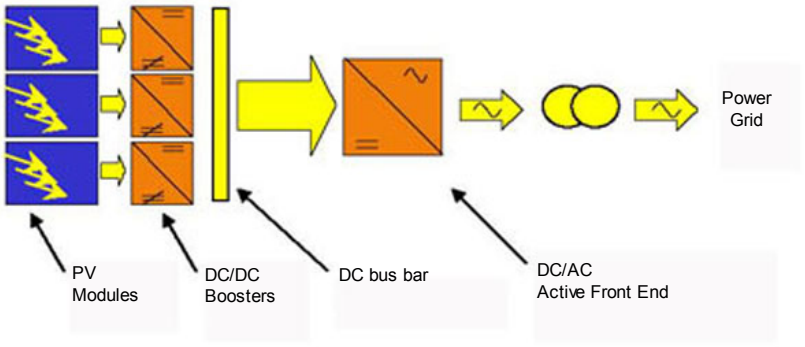
DFIG-E-Jan09

EEI Photovoltaic Converter

In the field of photovoltaic electric energy converting systems, this new performing solution is based on the use of a double step converter, equipped with independent boosters and an AFE (Active Front End) converter interfacing to the grid.

The system's structure is shown in the figure below where:

- Multiple DC/DC converters: each boosting section is equipped with an independent MPPT, to increase overall efficiency.
- DC bus bar
- Active Front End (AFE) converter interfacing with the power grid and parallel connectable without problems



EEI multi-booster solution has many further advantages

- Modules mismatching optimized
- Module performance maximized
- Higher system availability for power generation
- Distributed MPPT controllers
- Easy compensation of natural modules de-rating.

EEI manufactures and installs converters where high reliability and low maintenance levels are mandatory: using film DC link capacitors instead of traditional electrolytic ones, EEI can improve converter efficiency and lifetime.

EEI can also provide a turn-key container solution where:

- Easy on site installation
- Factory acceptance test for LV and MV sections
- No special components for LV and MV sections
- Optimized cable size and connections
- Easy array monitoring/fault detection
- Automatic cut-off of the faulted array
- Possibility of Data Logger for each Booster

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Web: http://www.eei.it
E-mail: staff@eei.it

24 kv

Schede tecniche classe di isolamento - **PERDITE RIDOTTE**
Insulation class table - **REDUCED LOSSES**
Caracteristicas tecnicas por clase de aislacion - **PERDIDAS REDUCIDAS**
Technische Daten - Isolationsklasse - **REDUZIERTE VERLUSTE**
Caractéristiques technique pour cette classe d'isolement - **PERTES REDUITES**
Características Técnicas para classe de isolação - **PERDAS REDUZUDAS**

DATI ELETTRICI • ELECTRICAL DATA • DONNEES ELECTRIQUES • ELEKTRISCHE DATEN • DATOS ELÉTRICOS • DADOS ELECTRICOS

		TMCRES-R	TMCRES-R	TMCRES-R	TMCRES-R	TMCRES-R	TMCRES-R	TMCRES-R	TMCRES-R	TMCRES-R	TMCRES-R	TMCRES-R	TMCRES-R	TMCRES-R
Pot.	**kVA**	**160**	**250**	**315**	**400**	**500**	**630**	**800**	**1000**	**1250**	**1600**	**2000**	**2500**	**3150**
Wo	W	480	650	750	940	1050	1250	1450	1800	2100	2400	2900	3600	4400
Wcc (75 °C)	W	2550	3300	3900	4800	5950	6800	8200	9600	11300	13900	16500	20000	21750
Wcc (120 °C)	W	2900	3800	4500	5500	6800	7800	9400	11000	13000	16000	19000	23000	25000
Vcc (120 °C)	%	6	6	6	6	6	6	6	6	6	6	6	6	6
I0	%	1,9	1,5	1,4	1,3	1,2	1,2	1,1	1	1	0,9	0,9	0,8	0,7
Lw a	dB(A)	54	57	59	60	61	62	63	65	66	68	70	71	73
Lpa 1 m	dB(A)	42	44	46	47	48	49	49	51	52	53	55	55	57
RENDIMENTI A 75°C (η %) - EFFICIENCY TO 75° C (η %) - RENDEMENTS À 75° C (η %) - WIRKUNGSGRAD BEI 75°C (η %) - RENDIMIENTOS A 75°C (η %)														
cos φ = 1	4/4	98,11	98,42	98,53	98,57	98,60	98,72	98,80	98,86	98,93	98,98	99,03	99,06	99,17
	3/4	98,41	98,67	98,76	98,79	98,83	98,93	98,99	99,04	99,10	99,15	99,19	99,21	99,30
	2/4	98,61	98,83	98,91	98,94	98,99	99,07	99,13	99,16	99,21	99,27	99,30	99,31	99,38
cos φ = 0,9	4/4	97,86	98,21	98,33	98,37	98,41	98,55	98,63	98,71	98,78	98,84	98,90	98,93	99,06
	3/4	98,21	98,50	98,60	98,63	98,68	98,79	98,86	98,92	98,98	99,04	99,08	99,11	99,20
	2/4	98,44	98,68	98,78	98,80	98,86	98,95	99,02	99,06	99,12	99,18	99,21	99,23	99,30
cos φ = 0,8	4/4	97,58	97,97	98,10	98,16	98,20	98,36	98,44	98,53	98,62	98,69	98,75	98,78	98,93
	3/4	97,97	98,30	98,41	98,45	98,51	98,63	98,71	98,78	98,85	98,91	98,96	98,99	99,10
	2/4	98,24	98,51	98,62	98,65	98,72	98,82	98,89	98,94	99,00	99,07	99,11	99,13	99,21
Ie/In		11	10,5	10,5	10,5	10	10	9	9	9	8,5	8,5	8	8
T	sec.	0,1	0,15	0,2	0,2	0,25	0,25	0,3	0,3	0,35	0,4	0,5	0,6	0,6
Icc	KA	3,8	6	7,6	9,6	12	15,1	19,2	24	30	38,5	48	60	75,7
CADUTA DI TENSIONE (ΔV %) - VOLTAGE DROP (ΔV %) - CHUTE DE TENSION (ΔV %) - SPANNUNGSABFALL (ΔV %) - CAÍDA DE TENSIÓN (ΔV %)														
cos φ = 1	4/4	1,76	1,49	1,41	1,37	1,36	1,25	1,2	1,14	1,08	1,04	1	0,98	0,87
cos φ = 0,9	4/4	4,06	3,85	3,79	3,76	3,75	3,66	3,62	3,57	3,52	3,49	3,46	3,44	3,35
cos φ = 0,8	4/4	4,81	4,64	4,59	4,57	4,56	4,49	4,45	4,41	4,37	4,35	4,32	4,3	4,22
TRASFORMATORE IP 00 • TRANSFORMER IP 00 • TRANSFORMATEUR IP 00 • TRANSFORMADOR IP 00 • TRANSFORMATOR IP 00														*
L	mm	1300	1250	1300	1350	1400	1450	1500	1550	1650	1700	1850	2050	2150
W	mm	600	600	750	750	750	850	850	1000	1000	1000	1310	1310	1310
H	mm	1200	1350	1400	1450	1500	1600	1750	1800	1950	2050	2150	2450	2450
I	mm	520	520	670	670	670	670	670	820	820	820	1070	1070	1070
D	mm	125	125	125	125	125	125	125	125	150	150	200	200	200
T	mm	40	40	40	40	40	40	40	50	60	60	70	70	70
Pt	kg	900	980	1150	1300	1500	1750	2150	2400	3000	3500	4200	5650	7000
ARMADIO IP 20-21-23-30-31 • ENCLOSURE IP 20-21-23-30-31 • ENVELOPPE IP 20-21-23-30-31 •SCHUTZGEHÄUSE IP 20-21-23-30-31 • ENVOLVENTE IP 20-21-23-30-31														**
A	mm	1850	1850	1850	1900	1900	2050	2050	2300	2300	2300	2500	2500	2600
B	mm	1100	1100	1100	1100	1100	1150	1150	1250	1250	1250	1310	1310	1400
C	mm	1560	1560	1560	1760	1760	1960	1960	2460	2500	2500	2650	2650	3250
Pa	kg	145	145	145	155	155	175	175	225	225	225	250	250	300

ABT	Tipo	B	B	B	B	C	D	E	F	G	H	I	L	M
AMT	Tipo	a	a	a	a	a	a	a	a	a	a	a	a	a

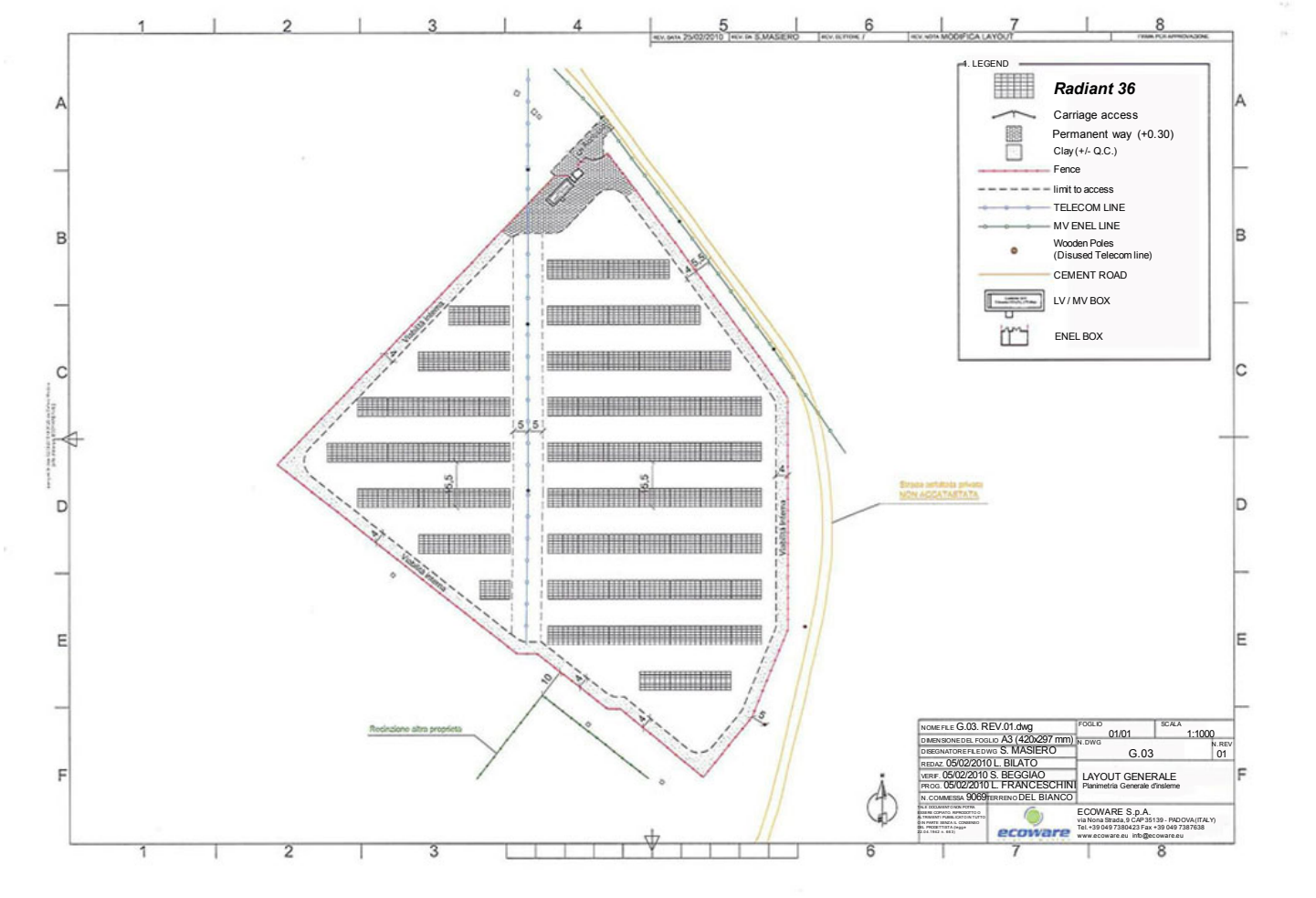
N.B. I dati di questa tabella sono puramente indicativi e possono essere modificati in qualsiasi momento
N.B. The technical data in this table are indicative and can be modified at any time
N.B. Los datos de esta tabla son meramente indicativos y pueden ser modificados en cualquier momento
N.B. Die technischen Daten dieser Tabelle sind unverbindlich und können jeder Zeit geändert werden
N.B. Document non contractuel susceptible d'être modifié à tout moment sans préavis
N.B. Os dados desta tabela são indicativos e podem modificar-se em qualquer momento.

ST_08.03

Annex 4

Definitive Project

[Translated from Italian]



REV. DATE 20/02/2010	REV.BY S.MASIERO	REV.SECTOR	REV.NOTE LAYOUT VARIATION	SIGNATURE FOR APPROVAL

Viabilita interna – Internal Access

Recinziona altra proprieta – Other property fence

FILE NAME G.03 rov.01.dwg		SHEET 01/01	SCALE 1:1000
PAPER SIZE A3 (420X297mm)			
DESIGNER DWG FILE S.MASIERO		N.DWG G.03	N.REV 01
DRAFTED ON 05/02/2010 L.BILATO			
VERIFIED OF 05/02/2010 S.BEGGIAO		GENERAL LAYOUT GENERAL PLAN	
PROJECT 05/02/2010 L.FRANCESCHINI			
ORDER NUMBER 9069	TERRITORY: DEL BIANCO		
THIS DOCUMENT SHALL NOT BE COPIED, REPRODUCED OR PUBLISHED, FULLY OR PARTIALLY, WITHOUT THE DESIGNER'S CONSENT (Act 22.04.1942 n. 1813)	ecoware ECOWARE S.p.A. via Nona Strada, 9 CAP 35139 - PADOVA (ITALY) Tel. +39 049 73 80 423 Fax +39 049 73 87 638 www.ecoware.eu info@ecoware.eu		

ANNEX 5

FORM OF PARENT COMPANY GUARANTEE

Dear Sirs,

Further to our recent discussions and in compliance with the provisions of the Contract (as defined below), we herewith submit to you a parent company guarantee to be executed by way of exchange of commercial letters pursuant to Article 1.1 letter a), Part Two, of the Tariff under Presidential Decree 26 April 1986, no. 131 and in accordance with the terms and conditions specified below between:

- Kerself Spa, a joint stock company organised and existing under the laws of Italy and having its registered office at Via della Tecnica 8, Prato di Correggio, registration with the *Registro delle Imprese* of 01777890359, Fiscal Code and Vat No. 01777890359, corporate capital of [●] (the **Guarantor**); and

- **ELLOMAY PV ONE S.r.l.**, with its registered offices located in Galleria Borromeo, 3, VAT Registration Number and Tax Code 04459950285, entered in the Companies Register of Padova under no. 391298 represented by Mr. Ran Fridrich in his capacity of Sole Director (hereinafter known as "**Principal**").

WHEREAS:

(A) By an agreement dated [●] 2010 (the **Contract**, which term includes all amendments to variations of or supplements to it from time to time in force) the Principal has agreed to engage Ecoware S.p.A. (the **Contractor**) for the design, supply, construction, assembly and start-up of a photovoltaic plant to be located in the Municipality of Cingoli (Macerata, Italy). Unless the context otherwise requires, words and expressions defined in the Contract have the same meaning when used in this Guarantee, as defined below.

(B) According to the Contract, Contractors shall procure the delivery to Principal of a parent company guarantee in the form of this guarantee ("**Guarantee**") within 7 (seven) Working Days of execution of the Contract and in any case before having received the first payment milestone.

(C) The Guarantor has agreed to guarantee the due performance of the Contract by the Contractor.

(D) The Guarantor is the Contractor's Parent Company, as defined in the Contract.

IT IS AGREED as follows:

1. The Guarantor:

   (a) guarantees to the Principal, as primary obligor and not as surety, the due and punctual performance by the Contractor of each and all of the obligations, warranties, duties and undertakings of the Contractor under the Contract when such obligations, duties and undertakings shall become due and performable according to the terms of such Contract;

   (b) agrees, in addition to its obligations set out in clause 1(a) above, to indemnify the Principal against all losses, damages, costs and/or expenses which the Principal may incur by reason of any breach by the Contractor of its obligations, warranties, duties and undertakings under the Contract save that this shall not be construed as imposing greater or different obligations or liabilities on the Guarantor than are imposed on the Contractor under the Contract; and

(c) agrees to indemnify the Principal on demand against any loss or liability suffered by it if any obligation guaranteed by the Guarantor is or becomes unenforceable, invalid or illegal as if the obligation guaranteed had not been unenforceable, invalid or illegal provided that the Guarantor's liability shall be no greater than the Contractor's liability would have been if the obligation guaranteed had not become unenforceable, invalid or illegal.

2. The liability of the Guarantor under this Guarantee shall not be reduced or discharged by any act, omission or other thing whereby (in absence of this provision) the liability of the Guarantor under this Guarantee would or might be reduced or discharged in whole or in part as a consequence of:

(a) any amendment to the obligations undertaken by the Contractor whether, by way of any addendum or variation referred to in clause 3 below, any suspension of the Works, extension of the time or otherwise; or

(b) amendment to, or any variation, waiver or release of, (any part of) the Contract or any security or other guarantee in respect thereof; or

(c) the termination of the Contract under the Contract attributable to the Contractor; or

(d) any legal limitation, incapacity or other circumstances relating to the Contractor or any other person; or

(e) the dissolution, amalgamation, change in status, function, control or ownership, insolvency, liquidation or the appointment of an administrator or receiver of the Contractor or any other person.

3. In the event of change in control or ownership of the Contractor, the Guarantee shall remain in full force and effect. In the event of change in control or ownership of the Contractor, the Guarantor shall promptly notify to the Principal the name of the new controlling person or owner of the Contractor.

4. The Guarantor by this Guarantee authorises the Contractor and the Principal to make any addendum, variation or amendment to the Contract, the due and punctual performance of which addendum and variation shall be likewise guaranteed by the Guarantor in accordance with the terms of this Guarantee.

5. This Guarantee shall be a primary obligation of the Guarantor to perform or to take whatever steps may be necessary to procure the performance of the obligations of the Contractor under the Contract which have been breached, to assume jointly and severally with the Contractor all rights and obligations of the Contractor under the Contract and to pay the Principal from time to time any and all sums of money which the Contractor is at any time liable to pay to the Principal under the Contract; accordingly the Principal shall not be obliged before enforcing this Guarantor Guarantee to take any action in any court or arbitral proceedings against the Contractor, to make demand or any claim against the Contractor, to enforce any other security held by it in respect of the obligations of the Contractor under the Contract or to exercise, levy or enforce any distress, or other process of execution against the Contractor.

6. The maximum amount (*importo massimo garantito*) guaranteed by the Guarantor under this Guarantee shall be equal to the Consideration.

7. This Guarantee shall be effective upon delivery and shall expire 7 (seven) days following the FAC (the "**Expiry Date**"). Upon the Expiry Date, this Guarantee must be returned to us for cancellation.

8. Until all amounts which may be or become payable under the Contract or this Guarantee have been irrevocably paid in full, the Guarantor shall not, as a result of this Guarantee or any payment or performance under this Guarantee, be subrogated to any right or security of the Principal or claim or prove in competition with the Principal against the Contractor or any person or demand or accept repayment of any monies or claim any right of contribution, set-off or indemnity and any sums received by the Guarantor or the amount of any set-off exercised by the Guarantor in breach of this provision shall be held by the Guarantor in trust for and shall be promptly paid to the Principal.

9. The Guarantor shall not hold any security from the Contractor in respect of this Guarantee and any such security which is held in breach of this provision shall be held by the Guarantor in trust for and shall promptly be transferred to the Principal.

10. Each payment to be made by the Guarantor under this Guarantee shall be made in Euro, without any set off or counterclaim and free and clear of all deductions or withholdings of any kind whatsoever or howsoever arising. If any deduction or withholding must be made by law (including double taxation treaties) the Guarantor will pay that additional amount which is necessary to ensure that the Principal receives on the due date a net amount equal to the full amount which it would have received if the payment had been made without the deduction or withholding. The Guarantor shall promptly deliver to the Principal any receipts, certificates or other proof evidencing the amounts paid or payable in respect of any such deduction or withholding.

11. The Guarantor shall have 5 (five) Working Days from the date of demand to make payment in full to the Principal of any amount due under this Guarantee. The Guarantor shall pay interest on any amount due under this Guarantee from the date which is 5 (five) Working Days from the date of demand until the date of payment in full (as well after as before any judgment) calculated on a daily basis at the six months Euribor plus 3 (three) percentage points.

12. The Guarantor will reimburse the Principal for all legal and other costs (including non-recoverable VAT) incurred by the Principal in connection with the enforcement of this Guarantee.

13. Any settlement or discharge between the Principal and the Contractor or the Guarantor shall be conditional upon no order to refund by virtue of any provision of any enactment relating to bankruptcy, insolvency or liquidation being issued by a competent court, in which case the Principal shall be entitled to recover from the Guarantor as if such settlement or discharge had not occurred.

14. The Guarantor warrants that this Guarantee is its legally binding obligation, enforceable in accordance with its terms, and that all necessary consents and authorisations for the giving and implementation of this Guarantee have been obtained.

15. The Guarantor warrants and undertakes to the Principal that it shall take all necessary action directly or indirectly to perform the obligations expressed to be assumed by it or contemplated by this Guarantee and to implement the provisions of this Guarantee.

16. The Guarantor warrants and confirms to the Principal that it has not entered into this Guarantee in reliance upon, nor has it been induced to enter into this Guarantee by any representation, warranty or undertaking made by or on behalf of the Principal (whether express or implied and whether under statute or otherwise) which is not set out in this Guarantee.

17. The Guarantor acknowledges and consents, also for the purposes of Article 1407 of the Italian Civil Code, that the Principal shall be entitled by notice in writing to the Guarantor to assign this Guarantee at any time in connection with an assignment of the Contract in accordance with the provisions of the Contract, to the Financing Entity.

18. Any notice hereunder shall be duly given when delivered in writing by hand (in the case of personal delivery) or by registered letter with advice of receipt (*Raccomandata A.R.*), or by express courier to the Guarantor or by facsimile, provided an original of such facsimile is also received by us within three (3) Working Days and sent by one of the aforementioned notice methods and shall be duly signed by an authorised representative of the Principal.

19. No delay or omission of the Principal in exercising any right, power or privilege under this Guarantee shall impair or be construed as a waiver of such right, power or privilege nor shall any single or partial exercise of any such right, power or privilege preclude any further exercise of such right, power or privilege or the exercise of any other right, power or privilege.

20. Without prejudice to Article 1419 (*nullità parziale*) of the Italian Civil Code, if - at any time - any provision of this Guarantee is or becomes illegal, invalid or unenforceable, neither the legality, validity nor enforceability of the remaining provisions of this Guarantee will in any way be affected or impaired thereby.

21. The Guarantor shall pay all stamp duties and taxes, if any, to which the execution and delivery of this Guarantee may be subject and shall indemnify the Principal against any and all liabilities with respect to or arising from any delay or omission to pay any such duties and taxes.

22. This Guarantee implies, where necessary, a waiver, among other things, to the benefits, rights and exceptions under Articles 1247, 1939, 1945, 1953, 1955 and 1957 of the Civil Code.

23. This Guarantee shall be governed by and construed in accordance with Italian law. The courts of Milan, Italy, shall have exclusive jurisdiction of all matters arising out of or in connection with this Guarantee.

24. Notices or demands given under this Guarantee shall be sent to the following addresses:

    (a) If to the Principal

    ELLOMAY PV ONE S.r.l.
    Attention: Mr Ran Fridrich
    Galleria Borromeo, 3
    35137 Padova (Italy)
    Telephone: +972-3-7971111
    Fax: +972 972-3-7971122

    (b) If to the Guarantor:

    [Guarantor]
    Attention: ●
    Telephone: ●
    Fax: ●

***

If you agree with the above terms and conditions, please send us by registered mail with return receipt or by express courier or deliver by hand a duly executed letter of acceptance incorporating the full text of this proposal.

Yours faithfully,

_____
for and on behalf of the Guarantor

For acceptance

_____
for and on behalf of the Principal

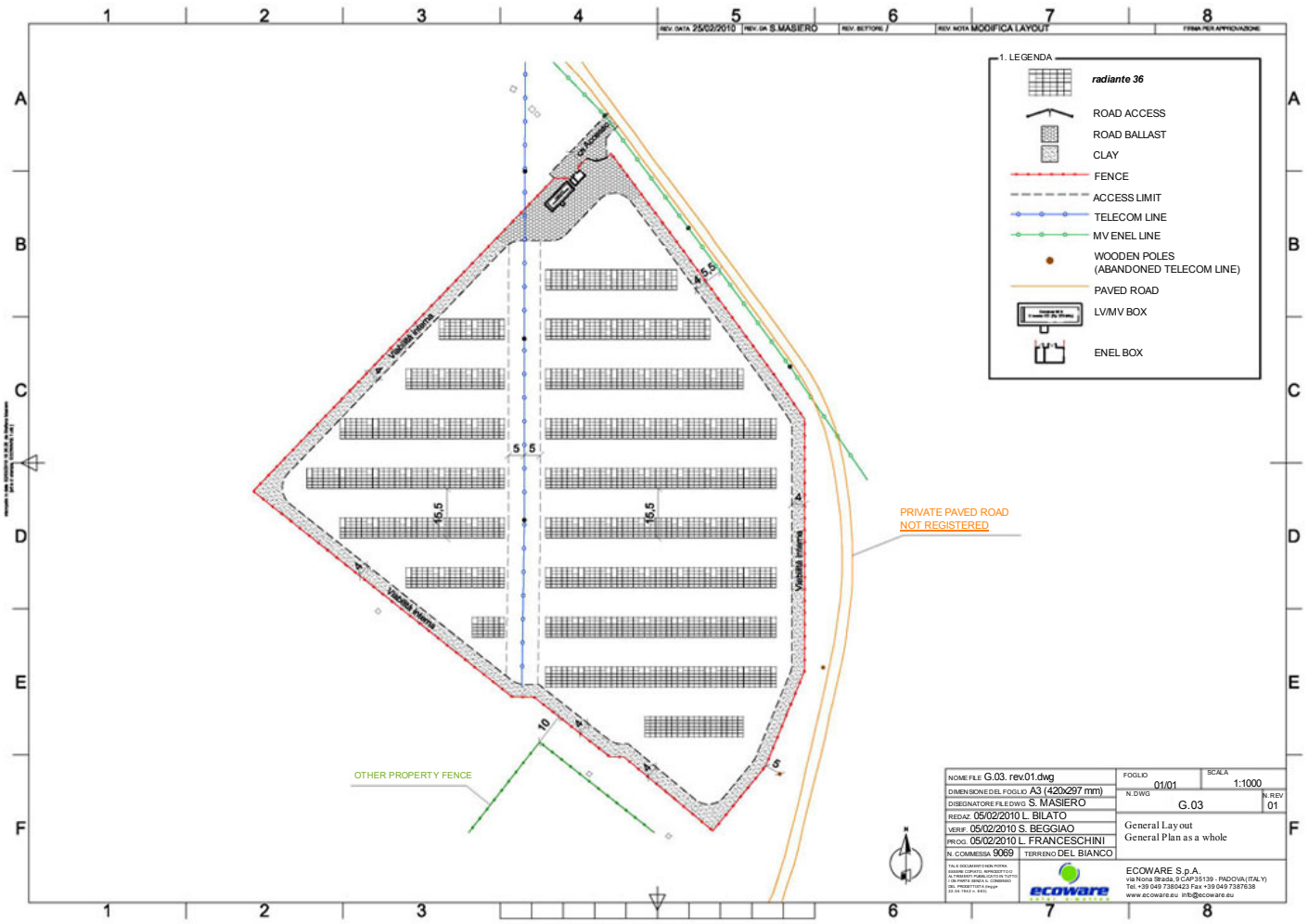
SITE: **'DEL BIANCO'**

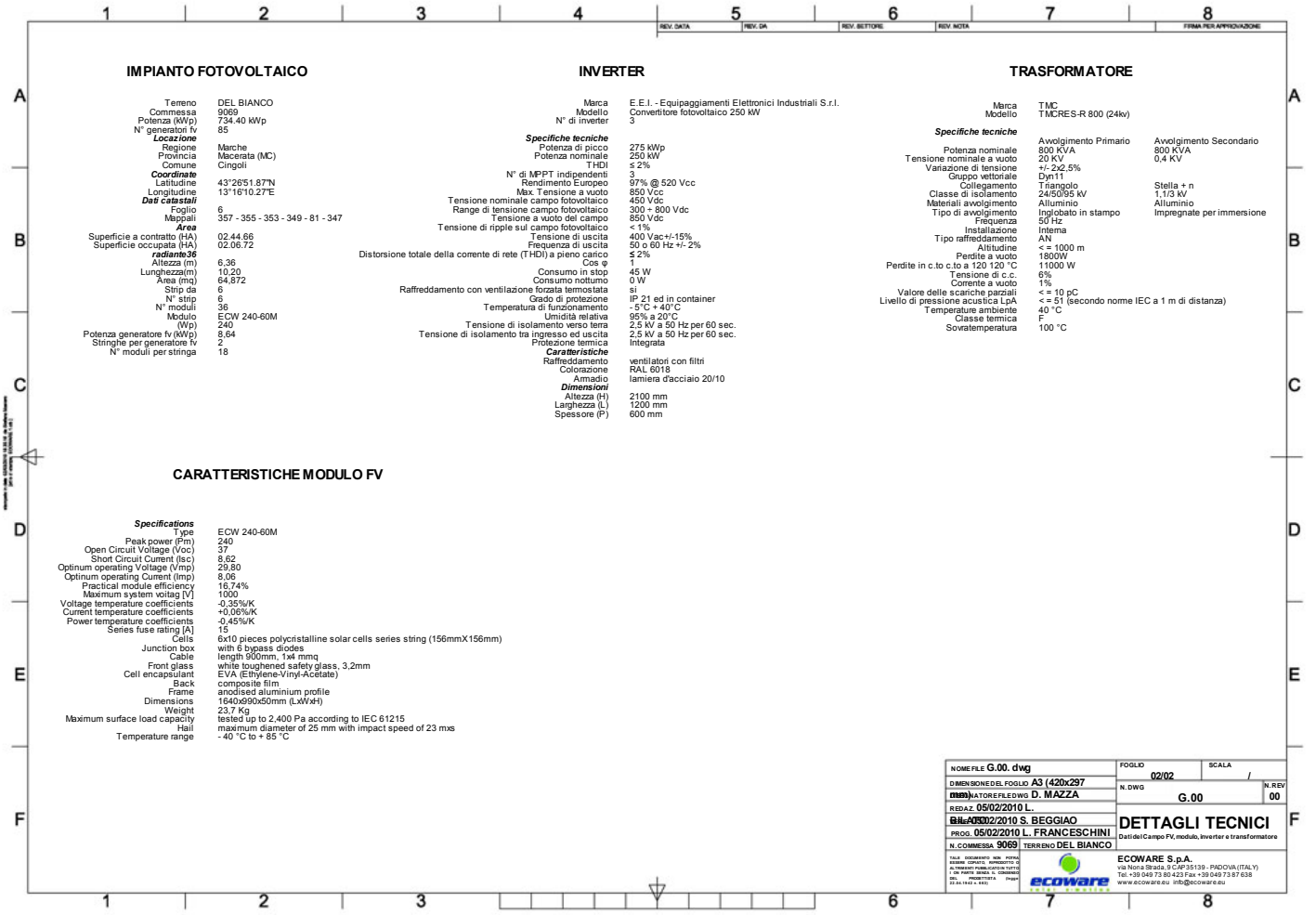
ORDER: **9069**

ANNEX 6
Technical Specifications

[Translated from Italian]

Photovoltaic power plant with output of 734.40 kWp


1. LEGENDA
radiante 36
ROAD ACCESS
ROAD BALLAST
CLAY
FENCE
ACCESS LIMIT
TELECOM LINE
MV ENEL LINE
WOODEN POLES
(ABANDONED TELECOM LINE)
PAVED ROAD
LV/MV BOX
ENEL BOX
PRIVATE PAVED ROAD
NOT REGISTERED
OTHER PROPERTY FENCE
Viabilità interna
15,5
5
NOME FILE G.03. rev.01.dwg
DIMENSIONE DEL FOGLIO A3 (420x297 mm)
DISEGNATORE FILE DWG S. MASIERO
REDAZ. 05/02/2010 L. BILATO
VERIF. 05/02/2010 S. BEGGIAO
PROG. 05/02/2010 L. FRANCESCHINI
N. COMMESSA 9069
TERRENO DEL BIANCO
FOGLIO 01/01
SCALA 1:1000
N.DWG G.03
N.REV 01
General Layout
General Plan as a whole
ECOWARE S.p.A.
via Nona Strada, 9 CAP 35139 - PADOVA (ITALY)
Tel. +39 049 7380423 Fax +39 049 7387638
www.ecoware.eu info@ecoware.eu



IMPIANTO FOTOVOLTAICO

Terreno	DEL BIANCO
Commessa	9069
Potenza (kWp)	734.40 kWp
N° generatori fv	85
Locazione	
Regione	Marche
Provincia	Macerata (MC)
Comune	Cingoli
Coordinate	
Latitudine	43°26'51.87"N
Longitudine	13°16'10.27"E
Dati catastali	
Foglio	6
Mappali	357 - 355 - 353 - 349 - 81 - 347
Area	
Superficie a contratto (HA)	02.44.66
Superficie occupata (HA)	02.06.72
radiante36	
Altezza (m)	6,36
Lunghezza(m)	10,20
Area (mq)	64,872
Strip da	6
N° strip	6
N° moduli	36
Modulo	ECW 240-60M
(Wp)	240
Potenza generatore fv (kWp)	8,64
Stringhe per generatore fv	2
N° moduli per stringa	18

INVERTER

Marca	E.E.I. - Equipaggiamenti Elettronici Industriali S.r.l.
Modello	Convertitore fotovoltaico 250 kW
N° di inverter	3
Specifiche tecniche	
Potenza di picco	275 kWp
Potenza nominale	250 kW
THDI	≤ 2%
N° di MPPT indipendenti	3
Rendimento Europeo	97% @ 520 Vcc
Max. Tensione a vuoto	850 Vcc
Tensione nominale campo fotovoltaico	450 Vdc
Range di tensione campo fotovoltaico	300 ÷ 800 Vdc
Tensione a vuoto del campo	850 Vdc
Tensione di ripple sul campo fotovoltaico	< 1%
Tensione di uscita	400 Vac+/-15%
Frequenza di uscita	50 o 60 Hz +/- 2%
Distorsione totale della corrente di rete (THDI) a pieno carico	≤ 2%
Cos φ	1
Consumo in stop	45 W
Consumo notturno	0 W
Raffreddamento con ventilazione forzata termostata	si
Grado di protezione	IP 21 ed in container
Temperatura di funzionamento	- 5°C + 40°C
Umidità relativa	95% a 20°C
Tensione di isolamento verso terra	2,5 kV a 50 Hz per 60 sec.
Tensione di isolamento tra ingresso ed uscita	2,5 kV a 50 Hz per 60 sec.
Protezione termica	Integrata
Caratteristiche	
Raffreddamento	ventilatori con filtri
Colorazione	RAL 6018
Armadio	lamiera d'acciaio 20/10
Dimensioni	
Altezza (H)	2100 mm
Larghezza (L)	1200 mm
Spessore (P)	600 mm

TRASFORMATORE

Marca	TMC	
Modello	TMCRES-R 800 (24kv)	
Specifiche tecniche		
	Avvolgimento Primario	Avvolgimento Secondario
Potenza nominale	800 KVA	800 KVA
Tensione nominale a vuoto	20 KV	0,4 KV
Variazione di tensione	+/- 2x2,5%	
Gruppo vettoriale	Dyn11	
Collegamento	Triangolo	Stella + n
Classe di isolamento	24/50/95 kV	1,1/3 kV
Materiali avvolgimento	Alluminio	Alluminio
Tipo di avvolgimento	Inglobato in stampo	Impregnate per immersione
Frequenza	50 Hz	
Installazione	Interna	
Tipo raffreddamento	AN	
Altitudine	< = 1000 m	
Perdite a vuoto	1800W	
Perdite in c.to c.to a 120 °C	11000 W	
Tensione di c.c.	6%	
Corrente a vuoto	1%	
Valore delle scariche parziali	< = 10 pC	
Livello di pressione acustica LpA	< = 51 (secondo norme IEC a 1 m di distanza)	
Temperature ambiente	40 °C	
Classe termica	F	
Sovratemperatura	100 °C	

CARATTERISTICHE MODULO FV

Specifications	
Type	ECW 240-60M
Peak power (Pm)	240
Open Circuit Voltage (Voc)	37
Short Circuit Current (Isc)	8,62
Optinum operating Voltage (Vmp)	29,80
Optinum operating Current (Imp)	8,06
Practical module efficiency	16,74%
Maximum system voitag [V]	1000
Voltage temperature coefficients	-0,35%/K
Current temperature coefficients	+0,06%/K
Power temperature coefficients	-0,45%/K
Series fuse rating [A]	15
Cells	6x10 pieces polycristalline solar cells series string (156mmX156mm)
Junction box	with 6 bypass diodes
Cable	length 900mm, 1x4 mmq
Front glass	white toughened safety glass, 3,2mm
Cell encapsulant	EVA (Ethylene-Vinyl-Acetate)
Back	composite film
Frame	anodised aluminium profile
Dimensions	1640x990x50mm (LxWxH)
Weight	23,7 Kg
Maximum surface load capacity	tested up to 2,400 Pa according to IEC 61215
Hail	maximum diameter of 25 mm with impact speed of 23 mxs
Temperature range	- 40 °C to + 85 °C

NOME FILE G.00. dwg		FOGLIO 02/02	SCALA /
DIMENSIONE DEL FOGLIO A3 (420x297 mm)		N. DWG G.00	N. REV 00
GENERATORE FILE DWG D. MAZZA			
REDAZ. 05/02/2010 L.			
CHECK 05/02/2010 S. BEGGIAO		DETTAGLI TECNICI	
PROG. 05/02/2010 L. FRANCESCHINI		Dati del Campo FV, modulo, inverter e transformatore	
N. COMMESSA 9069	TERRENO DEL BIANCO		

TALE DOCUMENTO NON POTRÀ ESSERE COPIATO, RIPRODOTTO O ALTRIMENTI PUBBLICATO IN TUTTO O IN PARTE SENZA IL CONSENSO DEL PROGETTISTA (legge 22.04.1941 n. 633)

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Translation of Italian Terms

PV PLANT		INVERTER		TRANSFORMER		
Land		Brand		Brand		
Order		Model	PV converter 250 kW	Model		
Power kWp		Inverters number		**Technical specifications**		
Number of PV generators					Primary rolling	Secondary rolling
Location		**Technical specifications**		Nominal power		
Region		Peak power		Nominal load-less voltage		
Province		Nominal power		Voltage variation		
Municipality		THDI		Vectorial group		
Coordinates		Number of independent MPPT		Link	Triangle	Star + n
Latitude		European output		Isolation class		
Longitude		Maximum load-less voltage		Rolling materials	Aluminum	Aluminum
Cadastral Data		PV plant nominal voltage		Rolling type	Moulded	Plunged
Paper		PV plant voltage range		Frequency		
Maps		Field load-less voltage		Installation	Internal	
Area		Ripple voltage of PV plant		Cooling type		
Contractual Survey		Out-voltage		Altitude		
Occupied Survey		Out-frequency		Load-less losses		
Radiant 36		Overall distortion of the grid flow (THDI) at full load		Losses c.to c.to at 120 120 °C		
Height (meters)		Cos ϕ		c.c. voltage		
Length (meters)		Consummation at stop		Load-less stream		
Area (sq meters)		Night consummation		Partial discharge value		
Strips of		Cooling with forced thermostat ventilation		LpA acoustic pressure level	<=51 (according to IEC at 1 m distance)	
Number of strips		Protection degree		Ambient Temperature		
Number of modules		Function temperature		Heath class		
Modules		Relative humidity		Over temperature		
(wP)		Ground isolation voltage				
Power PV Generator (kWp)		Isolation voltage between entry and exit				
Strings for PV generator		Heat protection	Integrated			
Number of modules per string		**Features**				
		Cooling	ventilators with filters			
		Colouring				
		Cupboard	steel plate 20/10			
		Size				
		Height				
		Breadth				
		Thickness				

PV MODULE CHARACTERISTICS

FILE NAME G.00.dwg	SHEET 02/02	SCALE /
PAPER SIZE A3 (420X297mm)		
DESIGNER DWG FILE D.MAZZE	N.DWG	N.REV
DRAFTER ON 05/02/2010 L.BILATO	G.00	00
VERIFIED OF 05/02/2010 S.BEGGIAO	TECHNICAL DETAILS	
PROJECT 05/02/2010 L.FRANCESCHINI	Field data form PV inverter and transformer	
ORDER NUMBER 9069 TERRITORY: DEL BIANCO		

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NAME OF FILE G.03.dwg01 - Technical report - Radiant 36
Resources Operations L. BILATO - R. Schiesari

no.REV
00

L. EDITION 29/10/2009 BILATO - R. Schiesari
VERIFICATION 29/10/2009 S. BEGGIAO
DESIGNER L. 29/10/2009 FRANCESCHINI
REV. ---
REV. DESCR.
9069 TERRITORY DEL BIANCO

TECHNICAL REPORT

radiant 36

CONTENTS

REFERENCES

TECHNICAL REFERENCE NORM

1.1 URBAN PLANNING PART

1.1.1 Laws and Regulations

LR, 12 April 2007, no. 11

Norms for environmental impact assessment

LR, 14 June, no. 17

Provisions in the environmental field, including those in relation to the decentralization of administrative functions related to the environment

DPR 6 June 2001, no. 380

Consolidated text of legal provisions and regulations on construction Planning Law of 17 August 1942, no. 1550

Planning Law

Law of 28 January 1977, no. 10

Rules on Buildable land

Law of 28 February 1985, no. 47

Rules on control of urban development - building Administrative and criminal sanctions LR, 21 October 2008, no. 31

Rules governing the production of energy from renewable sources and for the reduction of emissions and

for environmental issues

Presidential Decree of 1198, no. 447

Regulation laying down rules for simplification of procedures for authorization for construction, expansion, renovation and conversion of production facilities, for the execution of internal works to buildings, and for determining the sites for the production plants in accordance with Article 20, paragraph 8 of the Law of 15 March 1997 No. 59 Decree of 5 February 1997, no. 22

1.2 ELECTRICAL PART

1.2.1 Laws and Decrees

CEI 0-2: Guide for the definition of project documentation for electrical installations. 2002).

CEI 0-16: Technical Connection Rules (TCR) for active users and passive users of AT and MT networks from distribution companies for electricity. 2010

CEI 11-1: Electrical plants with voltage over 1 kV AC. (1999 and subsequent variants)

CEI 11-17: Power plants, and plants for transmission and distribution of electricity - Cable line.

(2006)

CEI 11-20: Plants for the production of electricity and UPS connected to networks of categories I and II (2000 and later variants)

CEI 82-25: Guide to the realization of photovoltaic generation systems connected to electrical networks of medium and low voltage. (2007)

CEI 64-8/1-7: Electrical plant users at rated voltage not exceeding 1000 V AC or 1500 V DC. (2007 and later variants)

CEI 81-10 (EN 62305): Protection of structures against lightning. (2006)

Law no. 186 dated March 1968 "Provisions concerning the production of materials, equipment, machinery, installations and electrical and electronic systems; Requirements of the electricity distribution companies

1.3 STRUCTURAL - MECHANICAL PART

1.3.1 Laws and Regulations

DM Public Works January 16, 1996, "Technical standards relating to general criteria for the verification and security of construction and loads and overloads and Circ. Min of Public Works 4 July 1996, no. 156AA.GG./STC, "Instructions for the application of the "Technical standards on general criteria for the verification of security for construction and overloading" of the Ministerial Decree 16 January 1996";

DM Public Works 9 January 1996, "Technical standards for the calculation, implementation and testing of structures in reinforced concrete, both normal and pre-stressed and for metal structures ";

Ord. PCM March 20, 2003, no. 3274 "Early elements in the general criteria for seismic classification of the national territory seismic and technical regulations for buildings in seismic areas" with its

attachments and subsequent additions;

DM Public Works March 11, 1988, "Technical standards concerning the investigation of soils and rocks, the stability of natural slopes and escarpments, the general criteria and requirements for the design, implementation and testing of support operations for land and foundation work" and Circ. LL.PP. September 24, 1988 No. 30483.

2 INTRODUCTION

This project documentation identifies the project design choices made for the realization of a photovoltaic plant in relation to the characteristics of the places where it will be installed, with particular reference to safety, reliability and functionality.

The completion of the works should be preceded by approval from the client and by the submission of the documents necessary for the authorization and execution of the works themselves and by the preparation of a project of execution.

The photovoltaic plant must be implemented in compliance with all technical requirements indicated below, and in total compliance with laws, regulations and norms in force, when they are applicable, even where these are not directly cited in this report.

2.1 General Information

The project involves the construction of 1 photovoltaic plant on land in an agricultural property in the Municipality of Cingoli (Macerata) called "DEL BIANCO". The photovoltaic plant will be made with monocrystalline silicon photovoltaic modules mounted on 85 structures (Radian 36) for a total nominal power of 734.40 kWp. The photovoltaic plant is intended to produce electricity and will be connected to the electricity grid for public distribution of medium voltage (20 kV) of Enel Distribuzione (hereafter referred to Enel).

2.2 LOCATION

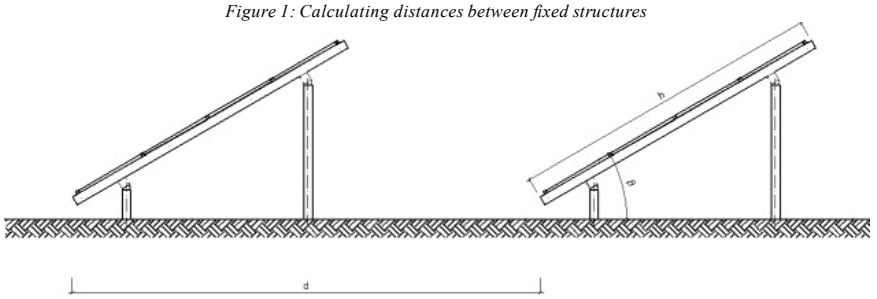
Region:	Marche
Province:	Macerata
Commune:	Cingoli
Map Sheet / Parcel	6 / 357, 355, 353, 349, 347, 81
Latitude:	43 ° 26'51, 87"
Longitude:	13 ° 16'10, 27"
Area occupied	24,296 square meters

2.3 MORPHOLOGICAL AND WEATHER CHARACTERISTICS OF THE SITE

The land on which the plant will be built is flat, with an area of approximately 24,296 square metres and located as reported in the project drawings.

There were no special problems relating to frequent weather events such as snow, fog, hail, or wind.

Figure 1: Calculating distances between fixed structures



2.4 GENERAL CHARACTERISTICS OF THE INSTALLATION

The photovoltaic plant will be connected to Enel's public MT distribution network and will be composed of the following elements:

- PV array (or photovoltaic generator);
- parallel frameworks for strings;
- conversion groups and power control (inverter);
- LT / MT transformer;
- protective devices, and devices for control and MT interface;
- supply of auxiliary utilities;
- uninterruptible power supplies (UPS) for power and ancillary services and protections of electrical substation;
- pipes for connecting the various components of the installation and grounding, and for connection to the public MT network of Enel.

The field will consist of photovoltaic solar modules installed on structures called Radiant 36 arranged as shown in project drawings.

Such equipment will be installed in dedicated technical rooms to be built and will be connected as indicated in the project drawings. In the same location the equipment for protection and the MT interface will be installed.

The supply of auxiliary utilities is derived from the low-voltage AC before the MT / LT transformer.

The group to measure the energy produced and incentivized is installed in the technical area and immediately downstream of the inverter on the AC side.

Particular attention was paid to the definition of:

- the characteristics of the modules constituting the photovoltaic field,
- the connection mode of the same,
- the characteristics of the DC / AC conversion ,
- the characteristics of control devices and protection on the DC side and AC side
- the characteristics of the interface device and the network-side security device to safely manage the connection to the distribution network and the internal users.

The equipment installed will be protected from the weather, mechanical, thermal and chemical stresses (degree of protection of the components of at least IP2X).

2.5 SHADING

For the arrangement of the Radiants on the ground, the Studies & Research Office of Ecoware has concluded that the best available position on the ground is that resulting from the following formula:

2.6 TECHNICAL FRAMEWORK USED

This project has been prepared on the basis of surveys and technical documentation acquired, namely:

1. Topographic Relief

2. Geological Report

3. Structural report of calculations for reinforced concrete structures

4. Manufacturers' datasheet for the equipment used

3 DESCRIPTION OF PLANT

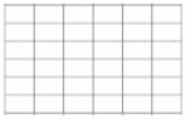
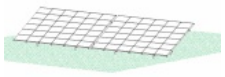
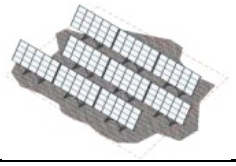
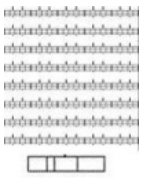
The following describes the major components of the installation

Sheet 1: Radiant 36

Generating system Photovoltaic	Radiant 36
Manufacturer	Ecoware SpA Via Nona Strada, 9 35129 - PADOVA
Characteristics of the system	Sestante is the name under which the property is identified for the support of photovoltaic modules designed and built by Ecoware for the implementation of fixed photovoltaic installations. *Figure 2: Radiant 30*  The radian is composed entirely of metal sheets of galvanized steel. The wing, consisting of a system of beams and stringers, shall be fixed to the earth by four stakes driven into the ground. The work of fitting the stand is easy and repetitive, making it possible to reduce drastically the time for installation of the equipment. The wing is the part of the structure that houses the photovoltaic modules. It is composed of two strips that come from the factory with the photovoltaic modules assembled according to the Ecoware technology known as Shell PV (SPV), which brings significant advantages in terms of mismatch, transportability, insulation, safety and installability.

3.1 THE STRUCTURE OF THE PHOTOVOLTAIC INSTALLATION

Scheme 1: Summary of installation and components

1		Module Photovoltaic	Set of cells	Brand: Ecoware Photovoltaic power: 240 Wp
2		Strip	Set of panels and metal structure to keep them together. The strips beside are fixed together, forming sails	
3		Sail	More strips assembled together.	Availability strip: 6 +6 +6 +6 +6 Total modules on Sail: 36 Dimensions (WxH) mm: 10200x6360
4		Radiant 36		
5		Subfield	This is the set of *n* Sextants forming a framework for Parallel Strings The creation of strings for Radiant 36 micro areas laid out in several rows is executed through the passage of production cables in a buried pipe.	
6	 	Photovoltaic plant	The plant consists of: PHOTOVOLTAIC FIELD: the set of subfields referring to the same measure group for energy DATA NETWORK: ELECTRICAL PLANT Provision: This is to be understood as the no. of panels for each strip arranged vertically POWER SERVICES sub-station for CONVERSION /Transformation	

3.2 CIVIL WORKS

3.2.1 Roads

The roads will be implemented

- in BALLAST: Used to access the property and for the movement area in front of the sub-station

3.2.2 Access gates

The access routes to the plant foresee provision of galvanized iron gates opening in two parts - with concrete foundations.

3.2.3 Fence

The enclosure is accomplished by posts in the soil (depth of 1.30 m) made up of poles of a C profile, 30x60x120x60x30 thickness 3, separated from each other by 2.5m. They serve as support for the network of panels of Orsopanel type, 6x3 (h 1930 mm)

3.3 HYDRAULICS OF THE SOIL

The existing agricultural hydraulic system on the land assigned for the photovoltaic plant will not be altered by the latter, so that namely:

1. levelling operations will not be performed to such an extent as to alter the slopes creating the natural gradients to run off storm water towards the existing natural drains serving the area.

2. streets for development will be made in ballast laid out above the countryside level for a total height of 30 cm + cm: from the slope detected, such roads will not act as a barrier to the natural run-off slope of the water, where it appears that the opposite is true, driveways should be provided for each channel each 15-25 m for the flow of water.

4 MECHANICS

The entire structure is protected by galvanizing and this is such as to ensure the protection of the same for the *Conto Energia* 20-year duration (except marine areas or particular exceptions)**.** Finally a special mention must be made about the system of junction between the different components of the frame of the solar sail.

These are made using a "clinching" technique that unites the two parts of material through a simple mechanical deformation, and this joining technique (imported from the automotive sector) has a number of important advantages over the traditional technique of welding.

These advantages may be summarized as follows:

- Absence of changes in the protection of the material (zinc coating, painting) in areas of junction
- Homogeneity and Certification of holding for individual joints
- Reduction in production time

5 STRUCTURES

This chapter aims to describe the structural part of the entire Radiant (sail + stand + foundation) and provide the preliminary level of the calculation methodology that will be used at the executive level.

5.1 General

The structure of the sails that hold the photovoltaic modules is of a size so it can hold the loads, as required by the regulations (wind, snow, seismic effects), without resorting to electronic controls.

The structure of the Radiant is designed to withstand a wind speed of 28 m / s with gusts of 41 m / s

This choice, though punitive in economic terms, appears to be the only possible one in legal and regulatory terms which also ensures the operator of the photovoltaic plant the best duration of the same over time.

5.2 MATERIALS USED

The structure is composed of:

1. Profiles of folded cold metal compounds with S235 blades;

2. tubular UNI

All bolted joints are made with screws and bolts in cl. 8.8

5.3 CHARACTERISTICS OF SOIL FOUNDATION

The characteristics of the soil foundation for each site are derived from a Geotechnical SPT test campaign which was carried out at a depth of 4 m, which is appropriate to characterize the layers of soil affected by the loads. The sampling points and the results are reported in the geological report.

5.4 METHOD USED

5.4.1 Calculation Methodology

The methodology of calculation used for the verification of resistance to permanent actions and the weather-based strains is the ultimate limit state, with elastic calculation of the effects of the actions of calculation.

In verifying flexing of sections, for cold formed profiles, the effective elastic moduli were taken, performing the reductions foreseen to prevent instability of the dishes.

5.4.2 Combination of actions

In determining the loads on structures under consideration the slope of the sail, equal to 30 degrees, is essential.

For the sizing of beams that form the edges of the panels and stringers, the combination of its own weight, snow and wind with solar panels above the wind level will be critical. However, for the foundations, we must also consider the combination of its own weight and wind with solar panels under the wind level, due to the danger of lifting as a result of the upward action.

The calculations and the results of structural checks are specified in the "structural calculation report.

6 ELECTRICAL

6.1 DESCRIPTION OF THE INSTALLATION

6.1.1 PV generator

The photovoltaic generator, built on fixed structures of Ecoware type model Radiante 36, will be made up of 170 strings in parallel (2 for each Radiante), each consisting of 18 PV modules in series with nominal power of 240 Wp each.

The modules will be of Ecoware type, monocrystalline silicon, each with rated power equal to 240 Wp (see Section 2: Module Datasheet)

Each PV module will be equipped with bypass diodes, so as to exclude the part of the module containing one or more cells which are broken / shaded in order to avoid the counter-power and resulting in damage (these diodes will be included in the junction box coupled to the PV module itself).

The connection between the modules in each string will be established, wherever possible, with the cables with which the modules are provided.

Where these are not sufficient, the features needed to form the string will be made with unipolar sheathed ,rubber insulated cables, with rated voltages of at least 0.6 / 1 kV with sections of at least 4 mm^2 , with MC4 connectors or similar.

Total peak power of the plant is therefore equal to:

P = **TOTP** (nr. tot. Mod.240 power mod 3060 * Wp) = **734.40 kWp**

More details of calculation are shown in the attached calculation tables.

Section 2: Datasheet Form Ecoware 240 W.

ecoware
solar e-motion

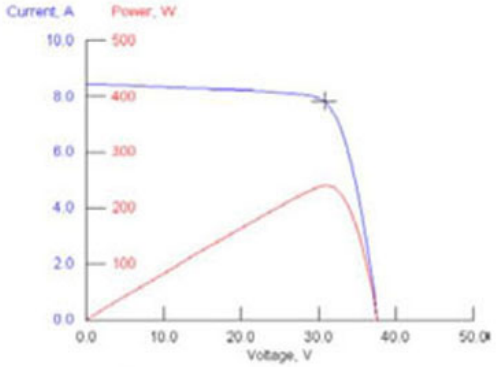
ECW 240-60M
PV BUSINESS

Specifications of ECW 240-60M Monocrystalline solar module

Type	240-60M
Peak Power (Pm)	240W
Open Circuit Voltage (Voc)	37V
Short Circuit Current (Isc)	8.62A
Optimum operating Voltage (Vmp)	29.8V
Optimum operating Current (Imp)	8.06A
Practical module efficiency	16.74%
Maximum system voltage [V]	1000
Voltage temperature coefficients	-0.35%/K
Current temperature coefficients	+0.06%/K
Power temperature coefficients	-0.45%/K
Series fuse rating [A]	15
Cells	6x10 pieces monocrystalline solar cell strings (156mmx156mm)
Junction box	with 6 bypass diodes
Cable	length 900mm, 1x4mm^2
Front glass	White toughened safety glass, 3.2mm
Cell encapsulation	EVA (Ethylene-Vinyl-Acetate)
Back	composite film
Frame	Anodised aluminium profile
Dimentions	1640x990x50mm(LxWxH)
Weight	23.7 Kg
Maximum surface load capacity	tested up to 2,400 Pa according to IEC 61215
Hail	maximum diameter of 25mm with impact speed of 23 m·s^{-1}
Temperature range	-40°C to +85°C

The electrical data relates to standard test conditions [STC]: 1,000 W/m^2; AM 1.5; 25°C.
Performance deviation of Pmpp: ±3%; Performance deviation of Voc(V), Isc(A), Vmpp(V) and Impp(A): ±10%.
Certified in accordance with IEC 61215, IEC 61730-1/2 and UL 1703.

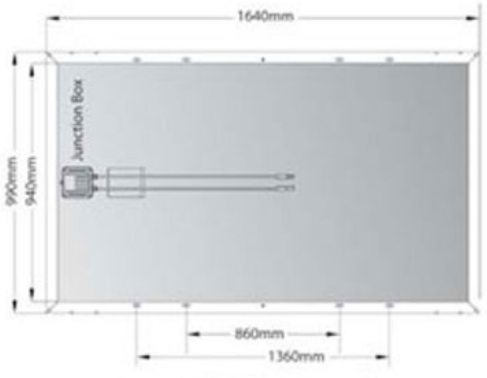
Characteristics



spire
SPI-Sun Simulator4600

Title: ECW 240-60M	Vmp= 29.8V
Isc= 8.62A	FF= 0.75
Voc= 37V	η= 16.74%
Pm= 240W	Rs= 0.52 Ω
Imp= 8.06A	Rsh= 90.69 Ω

Dimensions



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6.1.2 Framework of parallel string

The *frames of parallel strings* (hereinafter for brevity called *QPS)* are the elements of the plant which carry out the parallel connection *of the strings* and connect them to the *INVERTER.*

Figure 3: Board of Parallel Strin

The set of *strings* connected in parallel through the appropriate *QPS* is a *subfield.*

The *QPS* are devices that, in addition to their main function, can also act as protection against discharges or surges. Each string is attached to a framework of parallel strings (QPS) suitable for connecting up to a maximum of 10 strings, suitable for outdoor installation (IP54 grade protection). The connection between the strings and the QPS will be achieved with single-core sheathed, rubber insulated cables, with rated voltages of at least 0.6 / 1 kV and with section of 10 mm2 to limit losses in the cables.

Each QPS will be provided with the following devices for cut-off and protection:

- A general cutout switch with an appropriate current rating and a user voltage of at least 900 V DC and category of use of at least DC2l-A a connection of 2 breaker poles in series is foreseen);
- 15 A fuse, type gG, suitable for use up to 1000 V DC, for each string;
- SPD suitable for use in DC, to guarantee a voltage discharge which is less than or equal to the holding voltage of the inverters indicated by their manufacturer (2.3 kV in the absence of indications); Each QPS will be connected to the same inverter as shown in the project drawings.

The outgoing lines from each QPS will be executed with unipolar sheathed, rubber insulated cables, with nominal voltages of at least 0.6 / 1 kV, in a section appropriate to limit losses in the cables.

These lines will be laid in underground conduits (PVC corrugated pipes, suitable for burying, type at least 450 N) of appropriate diameter (see project tables).

Each line will be protected with fuses of type gG, suitable for use up to at least 900 V DC installed in the input columns of the inverter.

The indicated location of the excavation may be deduced from the project drawings.

6.1.3 Sub-station for MT delivery

The MT delivery sub-station will be a newly-built concrete structure, , subdivided into:

1. a delivery area (for the exclusive use of Enel);

2. A measuring area (for use by Enel and users);

3. a user area (for the exclusive use of users).

The delivery and measuring areas will be implemented in strict compliance with the technical requirements of the distributor and of the CEI 0-16 norms.

A bi-directional meter (Enel) will be placed in the measurement area to measure the energy collected and

fed into the grid. In the user area the MT frame will be connected to protect the line connecting the technical area, the sub-station's auxiliary services frame and an uninterruptible power supply (UPS) for power for medium voltage protections.

6.1.4 Technical Area

A technical area will be located in the position shown in the project tables which will contain:

- The MT frame, containing the overall MT device (DG);
- The protection of the transformer, wtih cutting and grounding of the MT line;
- The three EEI model 250 inverters;
- The MT / LT 20 / 0.4 kV transformer, which is rated 1000 kVA;
- The auxiliary frame (conditioning, lighting and service outlets, etc.).
- An uninterruptible power supply (UPS) to supply ancillary services and protections for electrical substations.
- The GSE measurement groups for the energy produced and promoted installed on the AC side at low voltage at the parallel point of the inverters;

The connection between the Enel delivery area and the MT frame will be implemented with three wire unipolar cable of type RG7H1R 12/20 kV, section 95 mm 2.

The general device (GD) will consist of an automatic MT switch, equipped with a circuit for opening and a coil for absence of tension on which the general protection (GP) will act, the switch will be of fixed type, combined with a three-pole switch on the network side.

The switch will be equipped with a protection system consisting of:

1 relay protection in accordance with the requirements of Enel and CEI 0-16, with a maximum of three thresholds for maximum current, two with adjustable time delay (51) and one instant-triggering (50), and a threshold of intervention for homopolar current (51N) with adjustable delay, to be set according to the requirements set out by Enel;

- (/1}3 phase TAs, with transformation ratios of 300 / 5, accuracy class 5P30, u = 24 kV, nominal performance 5 VA;
- No1 TA homopolar toroid, with transformation ratio 100 / 1, accuracy class 5P20, u = 0.72 kV, 2.5 VA nominal performance.

The device interface (ID), unique for the entire photovoltaic plant, will consist of an automatic LT switch, equipped with a coil circuit for opening on absence of tension on which the security interface (SI) acts

The protection interface (PI) will be constituted by a relay protection conforming to the requirements and prescriptions of Enel and

CEI 0-16, with the following protections:

- Minimal protection - absence of tension (27);
- Protection of maximum tension (59);
- Protection of minimum frequency (81 <);
- Protection of maximum frequency (81>);

Such protections will be calibrated according to the specifications set out by Enel.

The location and characteristics of the inverter cabin and the components installed in it are to be inferred from the project drawings.

6.1.5 Auxiliary Power

The supply for ancillary services will be derived directly from the MT / LT transformers and will be connected to the general auxiliary frame(QAUX) that will feed:

- Auxiliary equipment in the technical room;

- The anti-intrusion system;

- The security cameral system and its lighting system

6.2 PROTECTION AGAINST DIRECT CONTACT

Protection against direct contact is to protect people from the dangers arising from contact with live parts of an electrical installation.

6.2.1 Protection by Insulation

Live parts are to be completely covered with insulation which can only be removed by destruction.

6.2.2 Protection by barriers or enclosures

Live parts are placed within enclosures or behind barriers such as to ensure at least the degree of protection of IPXXB (finger test) or IPXXD (test wire of 1 mm) if within reach. Wrappers or barriers should be removable only with the use of keys or tools.

6.3 Protection against direct contact

Protection against indirect contact is to protect people from t the dangers arising from contact with accessible metal parts which not normally live, but that could be for accidental reasons or due to failure of the main insulation.

6.3.1 Faults in Medium Voltage

In the case of single-phase ground faults on the medium voltage, upstream of the general device, interruption of the faulty current I F is guaranteed by the protection of the distributor of electricity.

For correct size of the ground installation, the distributor shall communicate the values of:

• Single-phase ground fault current MT (I F)

• Time of the elimination of the fault(t F)

The earth faults on medium voltage lines present in the photovoltaic plant will be interrupted by protection present in the plant.

People's safety of will certainly be guaranteed if the ground devices of the photovoltaic installation ensure an earth resistance ER such that (CEI 11-1, art. 9.9):

$$E\ k\ Tp\ RI \leq U\ 1$$

Table 1: UTp values from norm CEI 11-1 and the CEI 11-37guide

Where IK1 is the maximum single-phase ground fault current and UTP is the contact voltage allowable and corresponding to the time required to eliminate the fault in the MT protection. The values of UTP indicated in the CEI 11-1 norm and in the CEI 11-37 guide, are given in the Table below.

tF (s)	UTP (V)	tF (s)	UTP (V)
0.04	800	0.55	185
0.06	758	0.60	166
0.08	700	0.64	150
0.10	660	0.65	144
0.14	600	0.70	135
0.15	577	0.72	125
0.20	500	0.80	120
0.25	444	0.90	110
0.29	400	0.95	108
0.30	398	1.00	107
0.35	335	1.10	100
0.39	300	3.00	85
0.40	289	5.00	82
0.45	248	7.00	81
0.49	220	10.00	80
0.50	213	10.00	75

The values of IK1 (maximum fault current phase to earth) and UTP (contact voltage) are communicated by the distributor of electricity in the process of completion of the process to connect the installation to the medium voltage network.

If the above ratio *and Tp RI k* ≤ *U* 1 can not be guaranteed, you should take a reading of the contact voltages and step voltages and verify that they comply with the limits allowed. If this is done, you should implement the protective measures referred to in the IEC norm 11-1 (equipotentials, surfacing, etc.)..

6.3.2 Faults in Low Voltage

The protection against indirect contact is made with low voltage side automatic disconnection circuit as required by IEC standard 64-8, art. 413.1.

The relationships that govern the choice of features that the devices for protection must have change according to the methods of earthing, defined as TN. TT and IT.

TN system = The system has one point connected directly to the ground while the masses of the installation are connected to the same point by means of a conductor for protection. More specifically, we have a TN-S system when the neutral conductor and protective conductor are separate,

TN-C when the neutral conductor and protective conductor are combined into a single conductor (PEN), a TN-CS system when TN-C system is limited to a part of the plant.

TT = The system has one point connected directly to the ground while the masses of the plant are connected to a ground system electrically independently of the earthing system for the power feed.

IT System = The system has the active parts separated from the ground (floating) while the masses of the installation shall be earthed individually, in groups or collectively.

The TN system relates to plants at low voltage on the AC side placed inside and outside the technical area, whose power is derived from the auxiliary frame. The common (neutral) is connected to the earth of the technical room and the masses are connected to the earth sinks placed near the control frames

The individual sinks and the ground of the technical area are connected by conductors to the ground.

The system is therefore attributable as type TN-S

The TN system is also found in the plant for PV production on the DC side in which the masses (frames) of the modules are connected to ground through the support structures which are themselves directly connected to ground and positive pole is connected to ground at each inverter.

The protective devices should interrupt power to the circuit automatically when in case of failure, between an active part and a mass or a protective conductor there is a contact voltage above 50 V ac and 120 V dc

The tension of contact should be eliminated in times sufficiently low, set conventionally, identifiable by the "safety curve" and never be more than 5s. For the TN system the condition to be met is as follows:

Zs * Ia = Uo where:

= **Zs** is the impedance of the ring fault that includes the source, the active conductor until point of failure and the protective conductor from the point of failure and the source **Ia** = is the current that causes the automatic interruption of food within the time defined in the table 41A of Article. 413.1.3.3 of the IEC 64-8 according to the nominal voltage

Uo

Uo = is the nominal voltage AC, effective triphase and earth that corresponds to the voltage at phase-neutral

The choice of device in a TN system can be made between:

- Differential current protection device, in particular of selective anti-disturbance type;
- Overcurrent protection device;

More specifically:

- TN-C system, that is when the neutral and protective functions are combined into a single conductor, called PEN; differential current protection devices should not be used;
- TN-CS system, that is when the neutral and protective functions are combined into a single conductor in one part of the system; if differential protection devices are used, no

PEN conductor should be used downstream of the same.

It is stated that for the plant in question, where photovoltaic modules have been adopted, equipment and cabling systems in class II, a kind of passive protection is achieved that does not require automatic interruption of the circuit according to CEI 64-8 art. 413.2.

It is understood that, despite the intervention of the safety devices (fuses), the heads of the strings remain under a dangerous voltage (> 120V) while the terminals of the photovoltaic modules are still at a level of voltage below the voltage limit set by the rules of contact.

In conclusion it is necessary that before any maintenance operation at the photovoltaic plant any alarm signals emitted by the inverter will be noted and that due care will be taken on the DC circuit, especially along and at the heads of the lines connecting the strings to the inverter.

6.4 PROTECTION OF CONDUCTORS AGAINST CURRENT SURGES

The conductors must be protected by one or more devices from the occurrence of current surges that may be caused by overload or short circuits.

The devices that provide these protections are:

- Circuit breakers equipped with overcurrent releases;
- Fuses.

6.4.1 Overload protection

In order to avoid current overload, which could lead to harmful overheating of the insulation or of the surrounding environment, a conduit, with operating current **Ib** and range **Iz**

(Ib <= Iz), must be protected by a device having a **rated** current and (/1}

conventional working current **If** such that these satisfy the conditions:

Ib <= In <= Iz

If <= 1.45 x Iz

The switches comply with IEC 23-3 and 17-5 and fulfill the second condition.

6.4.2 Protection against short circuits

The protective devices should interrupt short circuit currents that may occur in the plant in a way that ensures that the conductor does not reach dangerous temperatures according to the ratio:

$I^2 t <= K^2 S^2$ where:

$I^2 t$ = Joule's integral, so that the specific energy passing through in a time equal to the duration of the short circuit

K = coefficient characteristic of each cable;

S = section of the conductor.

6.4.3 DC side protection

The cables of the PV system are chosen for the maximum current that the modules can generate in the most critical conditions, namely the short circuit current Isc, then it is reasonable to suggest that they should be protected against overload due to surges.

Protective devices are chosen so as to interrupt short circuit currents that, in a photovoltaic plant, can be determined by:

- Failure between two poles of the DC system;
- Ground fault for systems with a ground point;
- Double earth fault systems isolated from ground

The devices are generally fuses, installed either in frames for parallel strings (to protect the wire string against overcurrent due to the sum of the currents of the other strings in parallel) or at the input of the inverter (to protect the cable for connection between this and the framework for parallel strings).

6.4.4 AC side protection

The cables between the inverter and the point of parallel are also sized for the maximum current produced thus making it unnecessary to provide protection against overcurrent due to overload.

However protection is provided against overcurrent due to short circuits which usually coincides with the master switch for low voltage as this is suitable for strong currents on the network side.

Indeed, in the case of short circuit, the inverter limits the output current to a maximum value of approximately double its current rating by involving the internal protection when a short circuit is fed directly from the network.

6.5 METHODS FOR DIMENSIONING AND CALCULATION

6.5.1 Cable Sizing

The sizing of the cables is such as to ensure the protection of the conductors for currents against overload.

According to IEC 64-8/4 (para.433.2) the protective device must be coordinated with the conductor so that the following conditions are fulfilled:

a) $Ib \leq In \leq Iz$

b) $If \leq 1.45\ Iz$

To satisfy condition *a)* it is necessary to size the cable on the basis of the nominal current for protection upstream.

From the current *Ib* we determine the nominal current for the upstream protection (normalized values) and with this we proceed to the choice of the section.

The choice is made according to the table showing the permissible current *Iz* according to the type of insulation of the cable you want to use, the type of installation and number of active conductors; the range that the cable will have will therefore be:

Minimum $Iz = In / k$

where the coefficient *k* for downgrading also takes into account any parallels. The section is chosen so that its range (multiplied by a coefficient *k)* is immediately higher than that calculated using the current rating *(Iz minimum)*.Any parallel calculation, assuming they all have the same section, length, pose, etc.. (para. 433.3), considering the minimum range as a result of the sum of individual ranges (graded by the number of parallels in the derating factor for proximity).

Condition B does not require verification for the switches that respond to the standard 23.3 IV Ed have a ratio between conventional current IF and *nominal* current in less than 1.45 and constant for all calibrations below 125A. For industrial equipment, however, the CEI 17.5 and IEC 947 norms establish that this ratio can vary according to the nominal current but it must remain less than or equal to 1.45. It follows that under these regulations *condition* B will always be satisfied.

Conduits dimensioned according to this criterion are therefore protected against surges.

From the section of the phase cable we derive the calculation of $'I^2 t$ of the cable or maximum permissible specific energy for the cable as:

$I^2 t = K^2 S^2$

The constant *K* is given by the standard 64-8/4 (para.434.3), depending on the conductive material and insulating material.

6.5.2 Voltage Drops

The voltage drops are measured on the UNEL 35023-70 scales.

Consistent with these tables, the voltage drop of a single branch is evaluated as:

CDT (Ib) = kcdt x *Ib* x *(Luke / 1000)* x *[Rcavo* x *cos* φ + *sin* φ *Xcavo x]* x *100/Vn [%]*

where

kcdt = 2 for single-phase systems

kcdt = 1.73 for three-phase systems.

Parameters *Rcavo* and *Xcavo* are taken from the UNEL Table and depend on the type of cable (unipolar / multipolar), and the section of the conductors and the values of *Rcavo* reported refer to 80 ° C, while the *Xcavo* refers to 50Hz, both being expressed in ohms / km.

The voltage drop from upstream to downstream (total) of a number of users is determined by the sum of voltage drops, absolute for one conductor, of the branches upstream of the users in question, and from this we then find a percentage of the voltage drop in the system (three-phase or single-phase) and the rated voltage of the user concerned.

6.5.3 Sizing protective conductors

The IEC 64.8 (para. 543.1) provide two methods for sizing of conductors Protection:

- Determination in relation to the section of phase;
- Determination by calculation.

The first criterion is to calculate the section in the following format:

- *Spec* = *Sf* where *Sf* <16mm ²;
- *Spec* = 16 mm ² if 16 <= *sf* <= 35;
- *Spec* = *Sf / 2* if *Sf*> 35 mm ².

The second criterion is to determine the value by the integral of Joule.

The method adopted in this project is the second.

6.5.4 Calculation of Faults

The calculation of faults is done in order to determine the minimum and maximum short circuit currents immediately downstream of protection (starting line) and downstream of users (end of line).

The conditions in which they are determined are:

- Tri-phase fault (symmetrical);
- Ground phase fault (asymmetrical).

The parameters for the sequences of each user are initialized from those of user input and the first should, in turn, initialize the parameters of the line downstream.

6.5.5 Calculation of the maximum short circuit current

The calculation is performed under the following conditions:

a) the nominal voltage must be multiplied by a factor of tension equal to 1;

b) the minimum impedance fault is calculated at 20 ° C.

6.5.6 Calculation of short circuit currents

The calculation is performed under the following conditions:

a) the nominal voltage must be multiplied by a factor of tension equal to 1;

b) the minimum impedance fault is calculated at 20 ° C.

Neglecting the lowering of line voltage and raising the temperature would give:

$$I_{cc} = \frac{V}{\sqrt{R^2 + L^2}}$$

Norm 64-8 proposes a formula that takes into account some parameters previously neglected, stating that *values obtained by this formula are used to verify the timeliness for intervention by protection devices, but not for the determination of the power for interruption* "

$$I_{cc} = \frac{0.8 \cdot V \cdot S}{1.5 \cdot \rho \cdot 2l}$$

where:

I cc = short-circuit current in A

0.8 = factor taking into account voltage sag

V = voltage in V

S = conductor cross section in mm 2

1.5 = factor which takes into account the temperature

ρ = resistivity of conductor at 20 ° C in mm 2 / m

2 = factor for single phase

l = length of line in m

6.6 PROTECTION AGAINST VOLTAGE SPIKES

On the terminals of each frame for parallel strings (QPS) there have been adopted surge dischargers (SPD) type CPT CS3-40/600 to protect against surges induced by discharges of atmospheric origin.

6.7 INSTALLATIONS FOR GROUNDING

6.7.1 Grounding the technical side area (MT / LT sub-station)

The grounding device will consist of:

- metallic screens for MT cables, earthed at both ends;

- From the ground ring of the sub-stations, made with steel rod section at least 50 mm 2;

- Four stakes in galvanized steel, length at least 1.5 m, at the head of the ring;

- The earth nodes of the sub-stations and protective conductors and equipotentials.

All the masses, the outside masses, and the neutral conductor, should be connected to the track.

6.7.2 Grounding on photovoltaic field side

The ground device will consist of:

- The metal structures supporting the photovoltaic modules are designed as natural dispersers;

- dispersers positioned near the vertical control panels.

All the masses and the masses outside the plant should be connected to the ground device. The determination of the section of the protective conductor is calculated by the formula:

$$Sp^2 * K^2 = I^2 * t$$

Sp = Chamber of protective conductor;

I = fault current that runs through the protective conductor for a fault free on mass

t = Tripping time of the protection device;

K = Characteristic value of the conductor.

7 SECURITY SYSTEM

The security system adopted by Ecoware for photovoltaic systems consists of two main components that married together, provide a high level performance, reducing costs compared to normal devices adopted and a speed of installation that goes directly from the pre-wired cable to the company. They are:

1. Fiber optic perimeter anti-intrusion system

2. PICS ®

More details are contained in the tables IS.01, 02, and 03.

7.1 FIBER OPTIC PERIMETER ANTI-INTRUSION SYSTEM

The security system is a 24 hour-a-day fiber optic perimeter system , which provides protection from intruders from within the protected area. It uses fiber optic technology for sensors and as a support element for the transmission of the alarm. Since the fiber optic line is made of glass and an internal light (not electrical)signal passes down the same, , the system is 100% reliable as an alarm signal. The system is not affected by bad weather (hail, thunderstorms, fog, sun, rain), wind (there is no wind effect), magnetic fields or electrical interference from radio frequencies, or vibrations of any kind. Finally, birds do not cause false alarms because the system, through the management software, deletes all optical stress points, by continually reading an average of the signals arising from the fiber optics. The perimeter fiber optical system is composed of:

- Central FOSE microprocessor that runs from 1 to 8 transponders
- Optical protection in the field
- Support poles for the system with taut strings
- Fiber optic link between central microprocessor and alarm zones.

PICS ® 7.2

Each network consists of a control unit and area microprocessor controllers which are connected to sensors (PICS-node).

The PICS-node consists of an electronic circuit of small size, protected from weathering by a coating of acrylic / polyurethane resin and fixed permanently on the back of each photovoltaic module.

Depending on the manufacturer and the process for mounting, the attachment of the PICS-node will be ensured by a safety bolt and / or a two-component epoxy adhesive that once dried crystallizes and makes it impossible to remove.

PICS-Each sensor node contains an identification code that resides on a 64-bit nonvolatile memory (lasered ROM).

The sensors are electrically connected together with bus cable thus forming areas.

The electrical connection of the cables is by a crimped termination in heat-shrunk nylon that ensures resistance to weathering.

Each area is connected to a microprocessor called the "area controller" which is housed in the field frame for the Tracker installations while for the Radiantes it is necessary to use one dedicated frame fixed to the poles of the structure.

The microprocessor checks the status of the PICS-nodes and in case of damage or tampering transmits an alarm signal via wireless or RS485 control unit.

In turn, the control unit notifies the operations center of Ecoware in Padua via RF, GSM or satellite, and Ecoware can thus also see the area where the alert was generated and intervene promptly.

The whole system offers maximum security due to the continuous dialogue between the monitoring station, the control unit, the microprocessors and single-node PICS allowing the immediate identification of the infringement and prompt action by supervision staff.

The PIC control system can be integrated into the general plant control system that monitors and manages the production of energy, alarms and access control.

8 Integrated Security

To protect the entire site from intrusion attempts, as required by the commission, a system will be installed composed of these main elements:

VIDEOSURVEILLANCE: camera and lighting

ANTI-INTRUSION: microwave barriers

The INTEGRATED SYSTEM has an innovative appearance and firmware to facilitate programming operations and normal use of the instrument. Architecture modular, with MDV motion detection for outdoor environments, interference filters against atmospheric agents variation of natural and / or artificial light, dimension of objects, from 8 to 16 masking areas for each video input, SDD Slow Down Detection - real time image analysis through Neuro Type Algorithm (patented) with smart features, MPX software and a multi-level video-map for alarm management. Sixteen supervised video inputs and sixteen video outputs Loopthrough, sixteen alarm inputs and two video outputs for analog monitors, represent the characteristics of reference of this model. Due to its high level of flexibility, the integrated digital system MDV + Alexys + MPX is used in the management of high security video control systems in environments of different types, such as the banking, industrial and service sectors, where it is necessary both to ensure high quality image definition and long range recording.Thus rendering it Ideal for perimeter protection against intruders and terrorists. The system comes standard with a Linux operating system, and an internal Hard Disk with 250GB (MDV) + 320GB (Alexsys) with internal expandability up to 640GB. Integrated Virtual Keyboard. Motion detector performed in real time using cutting edge technology with dynamic masking zones and levels of sensitivity. Activity detector. Multiplexers and demultiplexers of recorded images.

MOTION DETECTION

This special and extremely important function is independently programmable for each individual camera. By defining masking zones and sensitivity levels and thus optimising the analysis and recording stages and employment of the hard drive, only the images characterized by the actual presence of motion detected within the preset areas will be recorded and static images shall be discarded as insignificant.

Moreover, this feature allows you to proactively manage the alarm, activating a warning to the Control Center, from which you can acquire images directly and decide on the possible intervention of on-site personnel.

CENTRALIZATION

This is an extraordinary feature that gives the devices that are equipped with it a level of expandability ranking among the most advanced on the market today: the centralization of images using public lines (PSTN-ISDN-ADSL-HDSL) or LAN, WAN networks. Simultaneous management of local video-recording and communication with the Control Center provides a powerful means of Video-surveillance.

DESCRIPTION OF THE EQUIPMENT

Integrated system

- 1 Integrated system with access to 16 points
- 1 Software for management and remote control
- 1 digital color LCD Monitor 19 "

VIDEO-SURVEILLANCE: camera and lighting

Cameras

- 15 1 / 3 6mm diagonal Sony Super HAD Color Day & Night CCD Cameras .
- 15 Auto Iris Lenses (with optics of a type variable from 4 to 9 mm, infrared-sensitive for better resolution during the night)
- 15 Waterproof outdoor housings
- 1 Professional Camera Speed Dome mod.DH801 Color, high-speed use, Indoor / outdoor - New high strength plastic body, polycarbonate transparent dome - Function Day & Night + Accessories
- 3 Boost Modules
- 1 Safety cabinet
- Special 75Ohm coaxial cable, RG-59 shielded type
- UTP-CAT5 network cable
- Network 220V power cable rubberized with section of 3x1.5.
- coaxial BNC connectors.

Lighting

- 1 + dim clock to switch on and off the lamps.
- 16 bulbs
- No. 16 posts 7.80m
- FGO cable
- Switches

ANTI-INTRUDERS: microwave barriers

- 1 Central multiarea microprocessor mod.ETR/100 with 8 inputs
- expandable to 104
- 1 Command keyboard and programming mod. NIRVA
- 1 volumetric dual technology detector mod DT2000
- 7 Microwave Outdoor Barriers mod.BM-200Q
- 1 indoor electronic internal siren - piezoelectric
- 2 powered external siren mod.SA/101
- 6 Group autonomous power mod.C/11-K
- 6 serial concentrators with 8 inputs, mod. RIVER

9. INTEGRATED CONTROL SYSTEM FOR PRODUCTION, ENERGY AND SURVEILLANCE: PROTEO

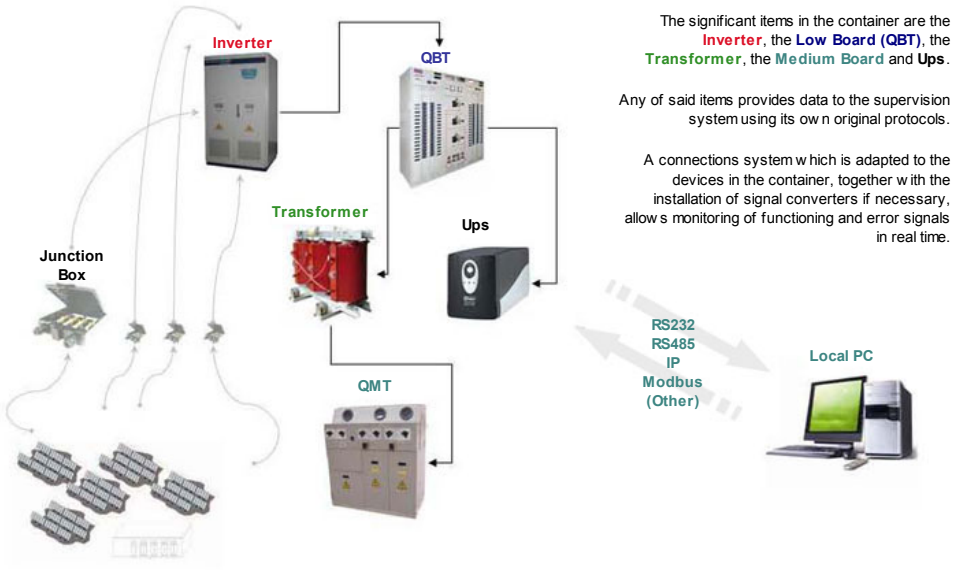
This document specifies the **hardware** and **software** for the architecture of the **Proteus** supervision system.

Supervision is based on networks of communication at many levels and on software applications which allow monitoring of devices present in the plants.

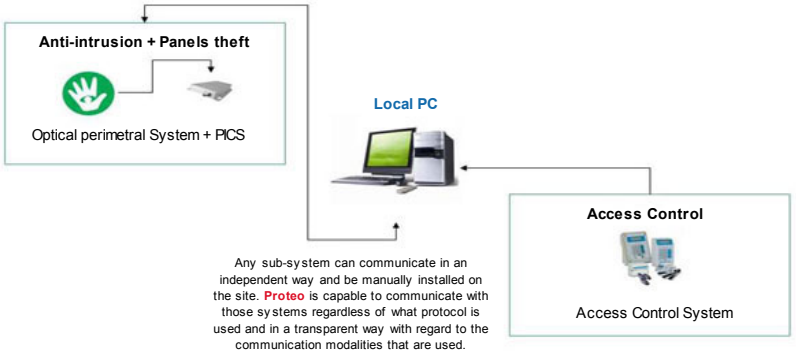
The generic definition of the elements is a key factor in that the entire system provides for monitoring of devices regardless of their make and model, of their modes of communication and of the transmission protocols that they can use.

If some elements are not equipped with "outputs" capable of meeting the demands for **Proteo's** data collection signal converters or other accessories will be installed which do meet these requirements.

Scheme 2: Control of energy production and alarm management

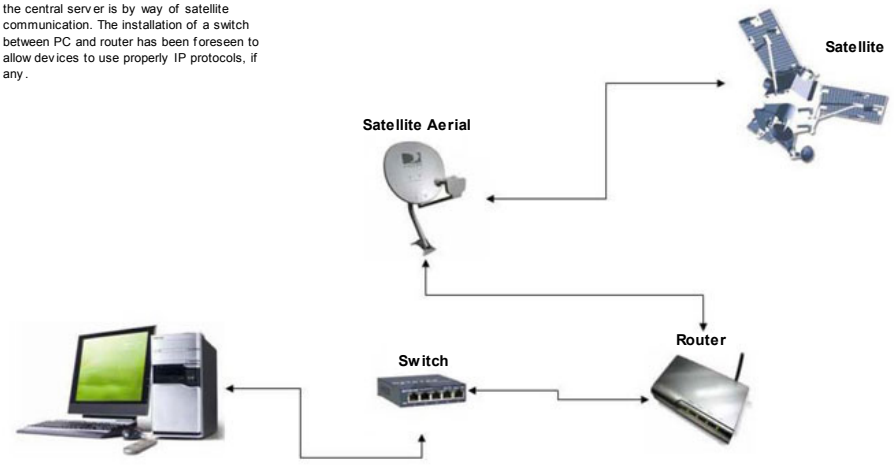


Scheme 3: Security

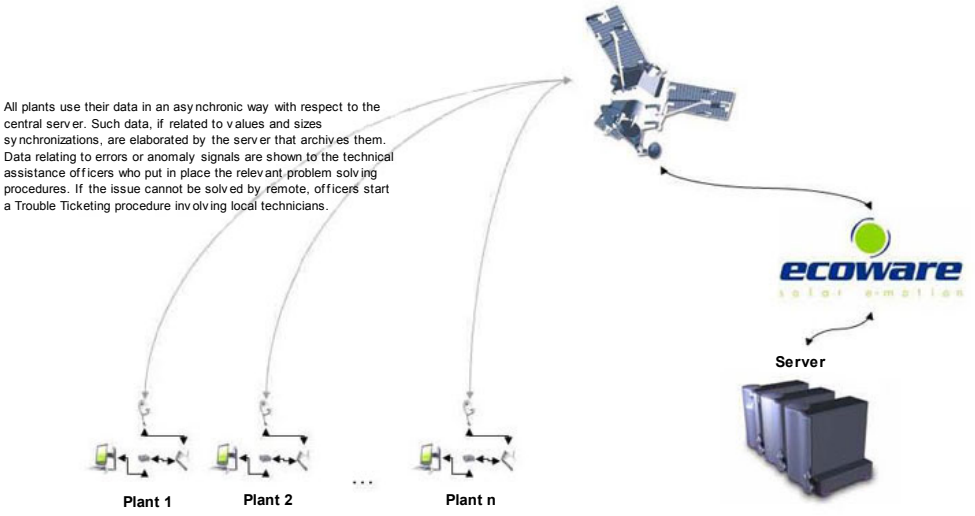


Scheme 4: Data transmission

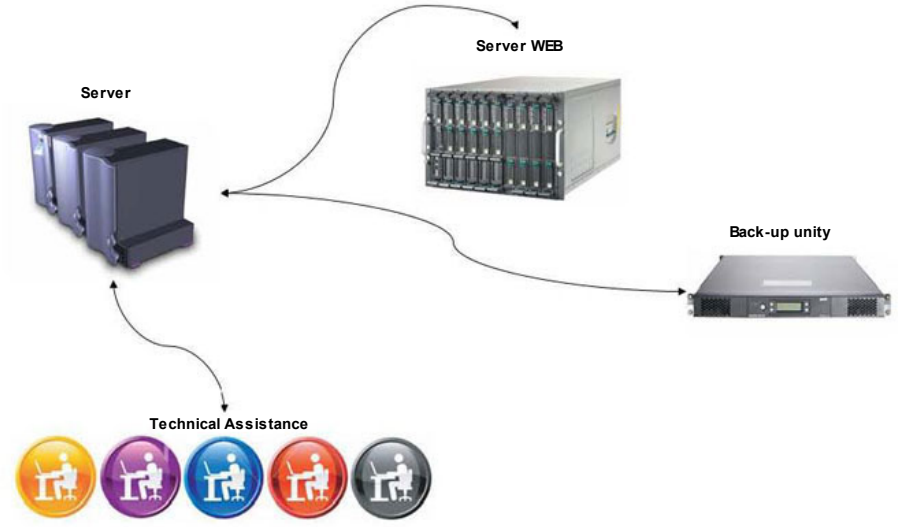
The standard communication modalities used to synchronize the local supervision location with the central server is by way of satellite communication. The installation of a switch between PC and router has been foreseen to allow devices to use properly IP protocols, if any.



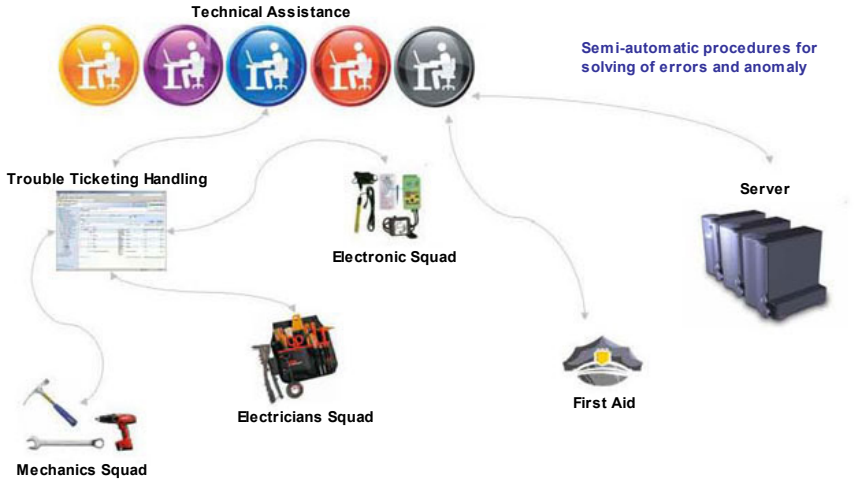
Scheme 5: Central elements for supervision



Scheme 6: Internal Data Management



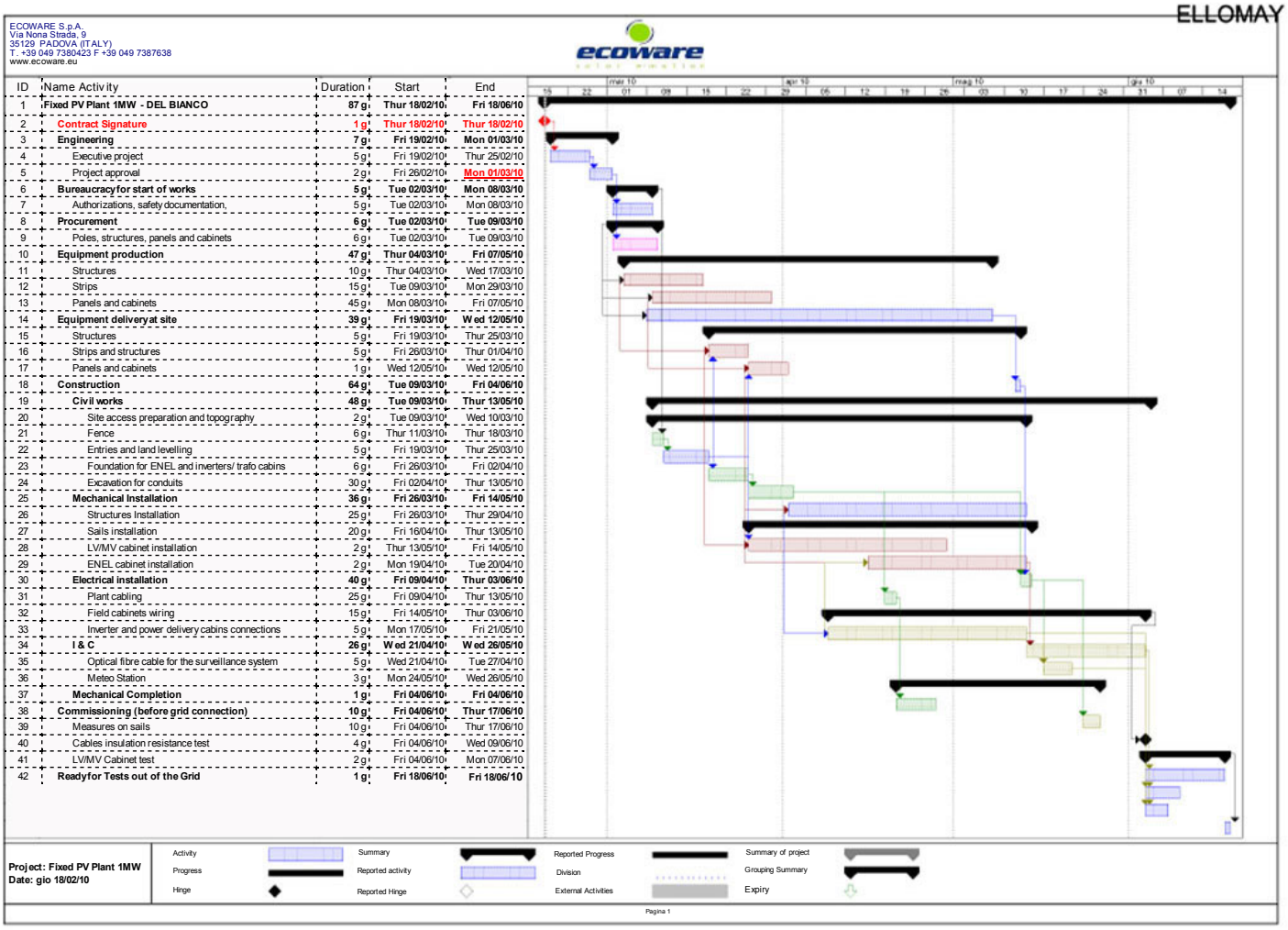
Scheme 7: Management of Technical Assistance and Emergency Information



Annex 7

Project Implementation Schedule

[Certain terms translated from Italian]



ID	Name Activity	Duration	Start	End
1	**Fixed PV Plant 1MW - DEL BIANCO**	**87 g**	**Thur 18/02/10**	**Fri 18/06/10**
2	**Contract Signature**	**1 g**	**Thur 18/02/10**	**Thur 18/02/10**
3	**Engineering**	**7 g**	**Fri 19/02/10**	**Mon 01/03/10**
4	Executive project	5 g	Fri 19/02/10	Thur 25/02/10
5	Project approval	2 g	Fri 26/02/10	Mon 01/03/10
6	**Bureaucracy for start of works**	**5 g**	**Tue 02/03/10**	**Mon 08/03/10**
7	Authorizations, safety documentation,	5 g	Tue 02/03/10	Mon 08/03/10
8	**Procurement**	**6 g**	**Tue 02/03/10**	**Tue 09/03/10**
9	Poles, structures, panels and cabinets	6 g	Tue 02/03/10	Tue 09/03/10
10	**Equipment production**	**47 g**	**Thur 04/03/10**	**Fri 07/05/10**
11	Structures	10 g	Thur 04/03/10	Wed 17/03/10
12	Strips	15 g	Tue 09/03/10	Mon 29/03/10
13	Panels and cabinets	45 g	Mon 08/03/10	Fri 07/05/10
14	**Equipment delivery at site**	**39 g**	**Fri 19/03/10**	**Wed 12/05/10**
15	Structures	5 g	Fri 19/03/10	Thur 25/03/10
16	Strips and structures	5 g	Fri 26/03/10	Thur 01/04/10
17	Panels and cabinets	1 g	Wed 12/05/10	Wed 12/05/10
18	**Construction**	**64 g**	**Tue 09/03/10**	**Fri 04/06/10**
19	**Civil works**	**48 g**	**Tue 09/03/10**	**Thur 13/05/10**
20	Site access preparation and topography	2 g	Tue 09/03/10	Wed 10/03/10
21	Fence	6 g	Thur 11/03/10	Thur 18/03/10
22	Entries and land levelling	5 g	Fri 19/03/10	Thur 25/03/10
23	Foundation for ENEL and inverters/ trafo cabins	6 g	Fri 26/03/10	Fri 02/04/10
24	Excavation for conduits	30 g	Fri 02/04/10	Thur 13/05/10
25	**Mechanical Installation**	**36 g**	**Fri 26/03/10**	**Fri 14/05/10**
26	Structures Installation	25 g	Fri 26/03/10	Thur 29/04/10
27	Sails installation	20 g	Fri 16/04/10	Thur 13/05/10
28	LV/MV cabinet installation	2 g	Thur 13/05/10	Fri 14/05/10
29	ENEL cabinet installation	2 g	Mon 19/04/10	Tue 20/04/10
30	**Electrical installation**	**40 g**	**Fri 09/04/10**	**Thur 03/06/10**
31	Plant cabling	25 g	Fri 09/04/10	Thur 13/05/10
32	Field cabinets wiring	15 g	Fri 14/05/10	Thur 03/06/10
33	Inverter and power delivery cabins connections	5 g	Mon 17/05/10	Fri 21/05/10
34	**I & C**	**26 g**	**Wed 21/04/10**	**Wed 26/05/10**
35	Optical fibre cable for the surveillance system	5 g	Wed 21/04/10	Tue 27/04/10
36	Meteo Station	3 g	Mon 24/05/10	Wed 26/05/10
37	**Mechanical Completion**	**1 g**	**Fri 04/06/10**	**Fri 04/06/10**
38	**Commissioning (before grid connection)**	**10 g**	**Fri 04/06/10**	**Thur 17/06/10**
39	Measures on sails	10 g	Fri 04/06/10	Thur 17/06/10
40	Cables insulation resistance test	4 g	Fri 04/06/10	Wed 09/06/10
41	LV/MV Cabinet test	2 g	Fri 04/06/10	Mon 07/06/10
42	**Ready for Tests out of the Grid**	**1 g**	**Fri 18/06/10**	**Fri 18/06/10**

Annex 8: Safety Costs

The System's safety costs estimate is the following:

a)	**Site preparation:**	
-	Site enclosures;	
-	Roads and escape routes;	
-	Delimitation of internal site areas;	
-	Sign boards.	€ 2.800 + VAT
b)	**Preventive and protective measures and IPD:**	
-	courses;	
-	meetings;	
-	IPD.	€ 3.000 + VAT
c)	**Grounded systems and protection against atmospheric charges:**	
-	Grounding for the cranes and hoisting systems;	
-	Electrified site premises.	€ 1.600 + VAT
d)	**Collective protection means and services:**	
-	Fire extinguishers;	
-	First-aid equipment;	
-	First-aid station;	
-	Collection points.	€ 2.500 + VAT
e)	**Procedures contained in the CSP:**	
-	Goods movement on site.	
-	Internal logistics organisation.	€ 1.900 + VAT
f)	**Coordination measures relative to the common use of fieldwork, equipment, infrastructure and collective protection means and services.**	€ 30.000 + VAT
	Total costs:	**€ 41.800 + VAT**

The costs have been estimated by the Contractor in compliance with the legislation in force on safety. The costs shall, in any case, be object of inspection by the Health and Safety Coordinator in the drawing up of the CSP.

Annex 9: Minimum Guaranteed Performance Ratio (MGPR)

The Parties have agreed a Minimum Guaranteed Performance Ratio **MGPR** equal to **78%** .

Performance ratio algorithms.

The performance ratio **(PR)** is defined according to the standard CEI EN 61724 (CEI 82-15) as:

$$PR = \frac{Y_f}{Y_r} \qquad (1)$$

Y_f is the ***final PV system yield***, that is the net AC energy output divided by the nominal DC. power of the installed PV System. It represents the number of hours that the PV System would need to operate at its rated power to produce that amount of energy. The value for Y_f is calculated by equation 2:

$$Y_f = \frac{E}{P_n} \qquad [\text{kWh} / \text{kW}_\text{p}] \qquad (2)$$

where:
Y_f = final PV System yield
E = System net AC energy output in kWh
P_n = System nominal power in kW_p

Yr is the ***reference yield*** that is the total in-plane irradiance *H* divided by the PV's reference irradiance *G*. It represents the equivalent number of hours necessary for the array to receive the reference irradiance. If G equals 1 kW/m^2, then *Yr* is the number of peak sun-hours. The *Yr* defines the solar radiation resource for the PV system. It is a function of the location, orientation of the PV array, and month-to-month and year-to-year weather variability. The value for *Yr* is calculated by equation 3:

$$Y_r = \frac{H}{G} \qquad [(\text{kWh/m}^2) / (\text{kW/m}^2)] \qquad (3)$$

where:

Y_r = reference yield
H = total plan of array irradiance in kWh/m^2
G = reference irradiance (usually 1 kW/m^2)

The **performance ratio (PR)** calculated by the equation (1) is Y_f divided by Y_r. By normalizing with respect to irradiance, it quantifies the overall effect of losses on the rated output due to inverter efficiency and wiring mismatch, and other losses when converting from DC to AC power; PV module temperature; incomplete use of irradiance by reflection from the module front surface; soiling or snow; system down-time and component failure.

1. Measurement of effective performance ratio

On the base of the above assumptions, the **effective performance ratio** (PR_{eff}) is calculated as follows:

$$PR_{eff} = (E_{eff} * G) / (P_n * f * H)$$

Where:

E_{eff}: is the production of electric energy (in kWh) measured at the point established by the GSE at low voltage

G: is the standard irradiance value, meaning the value representing the instantaneous power of the solar radiation which hits a orthogonal plane surface in standard conditions, equal to 1000 W/ m^2

P_n : is the nominal peak power (in kW) of the System in standard conditions STC

f: is a correction factor due to the panels performance degradation equal to (1- 0,0008 * N_{months}) where N_{months} is the "number of months" from the opening of the worksite

H: is the value of the irradiation in (kWh/m^2) measured under the measurement operational conditions mentioned below

For the avoidance of doubts, whenever throughout the Contract, reference to the Performance Ratio of the System is made, it is clear to all Parties that the PR_{eff} is meant.

2. Measurement operational conditions

- Ø Utilized instruments: N. 2 class II pyranometers
- Ø The exact position of the pyranometers will be decided in the Executive Project.
- Ø Measurements performed with the pyranometers will be recorded every 10 minutes
- Ø Every hour an average irradiation value will be calculated as follows:

(a) H_i (kWh/m^2) at the i_{th} hour

- Ø Hourly average irradiation less than 600 Wh/m^2 will be discarded
- Ø At the end of each period the total irradiation will be calculated as follows:

(b) $H = \sum H_i$ where "i" is a value from 1 to (24 * n)

3. Stopping periods

During the course of the measurement, stopping periods not attributable to the Contractor responsibilities (i.e. stopping periods due to theft, vandalism, Force Majeure events, non-availability of monitoring system, power outage of the national electricity grid, wilful misconduct or gross negligence of the Owner) will be excluded from the calculation of the PR_{eff}.

4. Minimum Guaranteed Performance Ratio (MGPR)

The Minimum Guaranteed Performance Ratio (MGPR) will be a function of two parameters:

- Ø type of system: fixed or tracker
- Ø type of measurement: over one year periodicity or over different time span

For one year periodicity measurement the Minimum Guaranteed Performance Ratio (MGPR) will be:

$MGPR_{\_fixed}$ = xx for fixed systems

$MGPR_{\_tracker}$ = yy for tracker systems

For different time duration measurement, the Minimum Guaranteed Performance Ratio ($MGPR_{\_short\text{-}term}$) will be corrected through a corrective Factor (F_{temp}) depending on the ambient temperature.

The following condition will have to be satisfied:

- Ø for one year periodicity measurements:

$$PR_{eff} \geq MGPR$$

- Ø for different time duration measurements:

$$PR_{eff} \geq MGPR_{\_short\text{-}term}$$

where:

$$MGPR_{\_short\text{-}term} = MGPR * F_{temp}$$

The methodology to calculate the temperature corrective factor is below described.

5. Correction of Minimum Guaranteed Performance Ratio

The methodology of correction is based on standard CEI 82-25.

This measurement consists in the verification of the following conditions when in presence of irradiation superior to 600 W/m²:

$$P_{dc} > 0{,}85 * P_n * I / I_{STC}$$

$$P_{ac} > 0{,}9 * P_{dc}$$

that is:

$$P_{ac} > 0{,}765 * P_n * I / I_{STC}$$

Where:

P_{dc}: is the DC power (in kW) measured at the PV generator output, with a precision better than ± 2%;

P_{ac}: is the AC power (in kW) measured at the LV inverter output, with a precision better than ± 2%;

P_n: is the nominal power (in kW) of the System;

I: is the instantaneous irradiance on the module plane (in W/m2), with a precision better than ± 3%; ;

I_{STC}: is the irradiance in standard conditions, equal to 1000 W/m2.

If during the course of these measurements, a panel temperature reading superior to 40°C is taken on the back of the panel itself, it is allowed to apply a temperature related correction to the power reading itself.

In such a case the following formula will be used to calculate a theoretical AC power at the LV inverter output, corrected by temperature factor:

$$P_{dc\_corr} > (1 – Ptpv - 0{,}08) * P_n * I / I_{STC}$$

$$P_{ac\_corr} > 0{,}9 * P_{dc\_corr}$$

where Ptpv indicates the thermal losses of the photovoltaic generator (derived from the panel technical data), while other generator related losses – optics, resistive, diode related, matching errors/defects – are typically taken to be equal to 8%.

Ptpv can be determined, if the Tcel (temperature of the photovoltaic cells) is known, using the following formula:

$$Ptpv = (Tcel - 25) * y / 100$$

or, if Tamb (ambient temperature) is known, using:

$$Ptpv = [Tamb - 25 + (NOCT - 20) * I / 800] * y / 100$$

where:

y: is the power temperature coefficient (the parameter supplied by the panel manufacturer , for crystalline silicon panels is typically equal to 0,4 - 0,5%/°C);

NOCT: is the nominal module work temperature; it is a parameter supplied by the panel manufacturer, typically equal to 40-50°C);

I: is the instantaneous irradiance on the panel plane (in W/m2);

Tamb: is the ambient temperature;

Tcel: is the temperature of the cells in a photovoltaic panel; can be measured with a thermorestrictive sensor (PT100) attached to the back of the panel.

Measurement operational conditions

- Ø Measurements performed with the pyranometers will be recorded every 10 minutes
- Ø Every hour an average irradiation value will be calculated as follows:

H_i (Wh/m2) at the i_{th} hour

- Ø Hourly average irradiation less than 600 Wh/m2 will be discarded
- Ø The ambient temperature will be measured at a point which will be judged to be representative of the conditions of the entire plant and will be measured with a calibrated instrument with a margin of error inferior to 0,5oC
- Ø For a measurement of the output AC power a Classe 1 instrument will be used

Measurement results

The temperature corrective factor (F_{temp}) will be calculated as follows:

$$F_{temp} = P_{ac\_corr} / P_{ac} = 0,9 (1 – Ptpv -0,08) / 0,765$$

For the avoidance of doubt, the temperature corrective factor will be applied only for short-term PR_{eff} measurement and only for the timeframe per day in which the panel temperature exceeds 40° C.

Annex 10: Testing Procedures

This document aims to describe the regulatory requirements and references to which the Contractor must adhere. The document contains the list of checks, tests and measurements to be performed for testing and commissioning, as well as the criteria for acceptance by the Principal of the PV plant (hereinafter referred to as "plant").

The tests consist of:

a) Verification of materials, components and equipment;

b) Checks and tests during the work on materials, components and equipment;

c) Tests for the commissioning and system performance evaluation:

1. Technical Inspection (Static Test - without interconnection);
2. Testing of Grid Connection;
3. Testing of the plant with interconnection;
4. GSE Acceptance Test;

d) Provisional Acceptance Test (PAC);

e) First Reassessment Test;

f) Second Reassessment Test (FAC).

For all the definitions, we refer to the glossary set out in the technical specifications attached to the contract documents.

1 MATERIALS CERTIFICATES

General

For each material, component and equipment must be provided conformity certificates of conformity and compliance with relevant rules and the origin and warranties certificates.

PV Module

The photovoltaic modules must be accompanied with the certificate of approval according to CEI EN 61215 (photovoltaic modules in crystalline silicon) and CEI EN 61730-1 and 61730-2.

The photovoltaic modules must be accompanied with a statement of the values of NOCT and of power/temperature coefficient.

The certificates must be issued by laboratories accredited for specific tests required to verify the modules, in accordance with UNI CEI EN ISO / IEC 17025. These laboratories should be accredited EA (European Accreditation Agreement) or must have established mutual recognition agreements with EA.

Structures

The metal structures (steel) supporting the photovoltaic modules shall be accompanied with the certificate according to UNI EN ISO 1461 (coatings for hot-dip galvanizing).

Energy Meters

The meter in low voltage it is installed by ENEL itself, the one in medium voltage it is certify.

Protections equipment for connection to the grid

Protection Interface (PI) and the general protection (PG) must be approved and comply with the requirements in CEI 0-16 ed.2.

Precast

The prefabricated electrical delivery station ("cabina di consegna") shall be accompanied with the certificate of inspection taking into account the requirements of the Guide for connections to the electricity Grid of ENEL (ed. December 2008).

2 TESTS

2.1 Technical Inspection (Static Test - without interconnection)

After each test session a report must be prepared. Before each test session, the Contractor shall deliver the documentation specified in the Technical Specifications .

If a test session shows anomalies or non-compliance, Contractor will identify and correct issues to begin a new session of tests.

The works are accepted only if they fully meet the Executive Project, as required in respect of materials installed, the method of execution and the general requirements.

In the presence of the Contractor and the Principal, the technician responsible for testing will perform the controls and tests listed below.

Physical inspection of the plant

- Verification of the mounting structures – The Parties will verify the number of installations in comparison with the Executive Project.
- Controller verification – Parties will verify the number of controllers installed in, comparison with the Executive Project.
- Network interface verification – The Parties will verify the number of the power inverters and transformers in comparison with the Executive Project.
- Device and accessory verification – The Parties will verify the number of devices and accessories, in comparison with the Executive Project (perimetral defences, weather station, box shelter, etc.)

- Placement of structures, electrical stations and electrical lines
- PV modules orientation
- Tilt Angle
- Devices verification – Parties will verify the number of Inverters, transformers, Grid Interfaces and accessories in comparison with Executive Project

Civil Works

- Foundations (alignment, cracks, surface deterioration, etc.).
- Integrity of conduits and manholes
- Protection against insects and rodents

Structures

- Basements (alignment, cracks, surface deterioration, etc.).
- Check of profiles mounting
- Integrity of the profiles
- Co-planarity of the modules with structures
- Bolting corresponding to the Executive Project
- Tightening torque of bolts corresponding to the Executive Project

PV Modules

- Documentation verification – The Parties will check the presence of appropriate documentation for each cluster of PV modules and each string as well as its correspondence with installed PV modules, their codes and declared flash test power output.
- Nominal and real power check – The Parties will check the sum of the nominal power peaks of the installed modules which have to match with the GSE declaration. The effective installed power has to match the nominal power declared to the GSE, with a tolerance of ± 3%.
- Plant checks – the Parties will random select 20 modules from the documentation and will verify the effective presence of those panels in the installed PV clusters as declared in the documentation.

- Mechanical Integrity (faults, fractures or incomplete assembly)
- Wiring.
- Module connection box protection degree (IP)

Electrical Equipment

- Placement
- Mechanical Integrity (faults, fractures or incomplete assembly)
- Outdoor wiring

Degree of protection of the components assembled

- Check protection degree for all the plant components
- Proper sealing of cable glands
- Proper application of protective measures against insects and rodents

Checking of electrical connections

- Wiring and cables labels according to the cables table
- Proper LV cables connection
- Inverter connection according to CEI 0-16
- Proper MV cables connection

Verification of Switching and Protection devices

- Inspection of LV protection devices (switches, fuses, etc)
- Test of LV devices
- Inspection of MV protection devices (switches, fuses, etc)
- Test of MV devices
- Check of over-voltage discharges
- Proper installation and wiring of any blocking diodes

Grounding system verification

- Proper implementation and electrical continuity of grounding connections of all metal parts
- Proper implementation and electrical continuity of grounding connections for over-voltage discharges
- Proper implementation and electrical continuity of grounding connections of all the support structures

PV string tests

- Modules serial number and electrical parameter meeting with the list of materials
- Measurement of string open circuit voltage, performed at string parallel boards output
- Measurement of string short circuit current, performed on DC parallel boards output
- String Electrical Insulation Test by sample.

Instrumentation

The test equipment shown below, accompanied by valid certificates of calibration, is made available by the Contractor.

- Torque wrench, if necessary
- Multimeter
- Ohm-meter
- 1000V-DC Generator
- Calibrators
- Current clamp (DC and AC)

2.2 Testing of Grid Connection

If a test session shows anomalies or non-compliance, Contractor will identify and correct issues to begin a new session of tests.

After the testing ENEL will issue a report attesting to the successful outcome of the audits, and proceed to closing of IMS in the cabin of Delivery.

Measurement of grounding system resistance

In order to proceed with testing the Contractor must have measured the value of grounding resistance. The Contractor must verify that the result complies with the CEI 11-1 and CEI 11-37 rules and the Enel technical standards.

2.3 Testing with interconnection

After checking with the staff of the electricity supplier the circuit wiring diagrams, equipment status and the protection devices functionality , the plant will be put in operation by closing of medium voltage switches.

Start Up Test

The tests will be performed separately on each inverter and progressively throughout the plant.

- Checking the connection of the inverter for each phase
- Verification of the level of input voltage to the inverter
- Start Up of inverters and check out the settings of the control system and protection devices
- Checking the insulation on the DC side and the setting of the protection devices
- Test inverter in different operating conditions provided by the control system (power on, power off, no Grid, etc.).
- Verifying the proper operation of the interface device and associated organs of disconnection from the Grid
- Verifying the correct operation of the photovoltaic plant

Protection devices calibration

- Verifying the compliance with the requirements and standards
- Verifying and regulation of action levels of equipment and protection devices

Alarms and Alert Devices

- Verifying of compliance with the requirements
- Checking the correct operation of alarms and alert devices

Electricity metering devices

- Verification of the functionality of measuring devices (meters and indicators)

Monitoring and Data Acquisition

Equipment of the monitoring system must be calibrated and certified by an independent certification body

- Checking of the weather station and all the sensors installed
- Verification of measurement parameters for all the sensors installed
- Testing of communications with inverters
- Verification of all acquired signals and their proper display and storage
- Verifying of proper operation of UPS

Telemonitoring

- Verification of the transmission system
- Verification of data processing software

Power Consumption

- Measure of inverter power consumption in stand-by mode
- Measure of power consumption of auxiliary services, and system monitoring

Security system and video surveillance

- Checking of the fence and anti-intrusion system
- Verification of internal sensors in every substation and Technical room
- Verification of mechanical anti-theft system of photovoltaic modules
- Verification of the video-surveillance system

3 GSE TEST

As provided in Annex 1 of Decree 19 February 2007, there shall occur simultaneously the following two conditions for each inverter:

a) $P_{cc} > 0.85 \times P_{nom} \times \frac{I}{I_{STC}}$

b) $P_{ca} > 0.9 \times P_{cc}$

where:

Pcc = Measured Power (W) at the inverters input, with accuracy greater than ±2%

Pca = Measured Power (W) at the inverters output, with accuracy greater than ±2%.

The measures are valid for solar radiation on the surface of the modules greater than 600W/m².

If during the test the measured back module temperature is greater than 40 °C a temperature correction is permitted.

In this case the condition a) above becomes:

a') $P_{cc} > \left(1 - P_{tpv} - 0.08\right) \times P_{nom} \times \frac{I}{I_{STC}}$

Ptpv = PV Generator thermal losses, while all the other PV losses (optical, resistive drop on diodes, coupling faults) are typically taken equal to 8%.

Note:

thermal losses Ptpv, with the cells temperature measure T_C, can be determined:

$$P_{tpv} = \left(T_C - 25\right) \times \frac{\gamma}{100}$$

Or, with the ambient temperature measure Ta and NOCT value, we have:

$$P_{tpv} = \left[T_a - 25 + \left(NOCT - 20\right) \times \frac{I}{800}\right] \times \frac{\gamma}{100}$$

4 PROVISIONAL ACCEPTANCE TEST (PAC)

Provisional acceptance tests consists on verifying the system performance over a minimum period of 5 (five) consecutive calendar days.

Test Conditions

Before proceeding with the provisional acceptance test, all the previous test, as the static test, the grid connection test, the PV plant test with interconnection and the GSE test, must have successfully completed.

If the GSE acceptance test had not yet been successfully carried out, it will be performed as part of the provisional acceptance test.

During the testing period, the availability of the PV generator, Monitoring and Data Acquisition System and Electrical Meters included, should be 100%.

In case of unavailability, for reasons not attributable to the Contractor, the testing period shall be extended for the time required for completion.

In case of unavailability, failure, or malfunction, which may cause irregularities in the operation or risks the safety of the plant and / or personnel, for reasons attributable to the Contractor, the provisional acceptance tests should be fully repeated.

In case the provisional acceptance tests result is negative, the same should be fully repeated.

After the positive result of the test, a report must be prepared as indicated in the EPC contract annex.

Testing Tool and measurement procedure

The test equipment required, accompanied by valid certificates of calibration, is made available by the Contractor.

The Principal, or a person authorized by him, with the Contractor will have access to the plant, and Monitoring and Data Acquisition system at any time of the test to verify the proper operation and consistency of source data.

If there are subfields with different tilt and azimuth angles, one from the other, a pyranometer for each subfield will be positioned.

Measurement of each pyranometer will be acquired by a central computing unit (PLC) together with the instantaneous Energy (E_{CA}) measured by the GSE meter located immediately at the inverter output.

The module temperature will also be measured with a separate temperature sensor mounted on its back, one for each subfield.

Precise measurements of radiation, power and temperature are performed every 10 (ten) minutes.

The result of the Provisional Acceptance Test will be positive if the following condition is achieved:

$$PReff \geq MGPR$$

The value of PReff will be calculated according to the procedure described in the Annex 9.

5 FIRST AND SECOND REASSESSMENT TEST

In order to verify system performance during the First and Second Reassessment Test, the continuous recording of meteorological data and PV plant Energy production is necessary.

Test Conditions

During the Contract Year, must be guaranteed an out of service of the monitoring and data acquisition system of up to 120 hours per year, or an availability of valid data of at least 98.6% of the total theoretical data storable in the Year.

Any unavailability of PV Plant, due to reasons not attributable to the Contractor (Grid stop period, outages, lightning, theft, vandalism or other events of Force Majeure in general), or agreed with the Principal shall be deducted from the calculation.

System Performance measurement

The PR will be calculated as the average value on an annual basis according to the procedure of the annex 9.

5.1 First Reassessment Test

After 12 months from the issuance of the Provisional Acceptance Certificate, a review of PV Plant Performance will be performed by the Test Technician with the Contractor and the Principal, and at the presence of the Technical Advisor.

The Effective Performance Ratio PR_{eff} value will be calculated according to the procedure of annex 9 and compared with the MGPR (Minimum Guaranteed Performance Ratio).

The test result will be positive if the following condition will be achieved:

PReff ≥ MGPR

5.2 *Second Reassessment Test*

After 24 months from the issuance of the Provisional Acceptance Certificate, a review of PV Plant Performance will be performed by the Test Technician with the Contractor and the Principal, and at the presence of the Technical Advisor.

The Effective Performance Ratio PR_{eff} value will be calculated according to the procedure of annex 9 and compared with the MGPR (Minimum Guaranteed Performance Ratio).

The test result will be positive if the following condition will be achieved:

PR_{eff} ≥ MGPR

ANNEX 11

TECHNICAL ACCEPTANCE CERTIFICATE MODEL

[on the Principal's headed paper]

To the Contractor and Site Manager

Ecoware S.p.A.
Att. Ing. Leopoldo Franceschini
Via Nona Strada, 9
I-35129 Padova, Italy

Object: EPC Contract entered into between [●] (the Principal) and Ecoware S.p.A. (the Contractor) on [●] for the planning and construction of [●] photovoltaic System in the Province of [●] (the Contract with reference EPC_EO_Projectname_nbr_YYYYMMDD)

Dear Ing. Franceschini,

except where otherwise required by the context or defined diversely, the words and expressions established in the Contract shall have the same meaning as when they are used in this certificate.

The undersigned hereby declares the following:

(a) the System's correspondence in compliance with the Final Project documentation;

(b) to have checked the existence of the System's conformity declaration in a worldclass manufacturing way, pursuant to the Law 46/90, executed by the Contractor

(c) the System's nominal power results as being equivalent to **[●]** kW, constituting the nominal power of the modules making up the photovoltaic System;

(d) the test conducted on Annex 13 (Technical Inspection) results positive.

(e) All the following tests have been positive:

  (a) electrical continuity and connection among the modules (electrical continuity among the various points of the strings circuits and among the eventual strings parallel and the inlet of the inverter and the power control);

  (b) grounding surge protector (electrical continuity of the ground circuit, starting from the discharger up to the mass and external mass connected)

  (c) insulation of the electrical circuit of the mass (adequate insulation resistance of the plant prescribed on the normative CEI 64-8/6);

(f) All the tests have been carried out in compliance with what has been foreseen by the law in force and, in particular, by the legislation specified in the M.D. dated 19th February 2003 and subsequent amendments and integration thereto, as well as in compliance with the test procedures in force with the Technical Consultants appointed by the Principal and/or Financing Entity.Everything that has been set forth above is true.

Further to your Mechanical Completion notice dated **[●]** relative to the **[●]** System, it is hereby certified, pursuant to and by effect of Art.12.1 of the Contract that the Payment Milestone 2 corresponding to € **[●]** (in words Euro **[●]**) described in the aforementioned notice has been effectively completed in compliance with the Technical Specification and the Project Implementation Schedule.

Yours faithfully,

Date : **[●]** By **[●]**

ANNEX 12

COMMENCEMENT OF OPERATIONS NOTICE MODEL

[on the Contractor's headed paper]

To the Principal, Work Manager, Technical Consultants of Principal and/or Financing Entity

[●]
Attention of Mr. **[●]**
Address **[●]**
[●]

Object: EPC Contract entered into between [●] (the Principal) and Ecoware S.p.A. (the Contractor) on [●] for the planning and construction of [●] photovoltaic System in the Province of [●] (the Contract with reference EPC_EO_Projectname_nbr_YYYYMMDD)

Dear Mr. **[●],**

Except where otherwise required by the context or defined diversely, the words and expressions established in the Contract shall have the same meaning as when they are used in this communication.

We wish to inform you, pursuant to and by effect of 12.2 of the Contract that with reference to the **[●]** System, the Commencement of Operation has been fulfilled on today's date, as can be seen from the attached documentation.

With reference to the System, it his hereby declared the System is connected to the national electricity grid and that the System and Contractor are ready for the start of the Operational Inspection and subsequently the tests, inspections and effective performance ratio calculations.

Yours faithfully,

Date : **[●]**

Ing. Leopoldo Franceschini
Ecoware S.p.A.

ANNEX 13

STATEMENT ON ESTIMATE OF CONNECTION

ECOWARE LETTERHEAD

To
ELLOMAY PV ONE S.r.l.,
Galleria Borromeo, 3
35137 Padova
Italy
Attention of Mr Ran Fridrich

Dear Sirs

Re: Estimate of connection – EPC Contract EE_Del Bianco executed on [●]

We hereby confirm that we reasonably estimate that the above plant will be connected in 120 (one hundred twenty) days from the date Payment Milestone 1 shall be paid in accordance with Art. 4 of the Contract.

Yours faithfully

On [●]

Signed by [●]
_____

On behalf Ecoware S.p.a.

ANNEX 14

PROVISIONAL ACCEPTANCE CERTIFICATE MODEL

[on the Principal's headed paper]

To the Contractor and Site Manager

Ecoware S.p.A.
Att. Ing. Leopoldo Franceschini
Via Nona Strada, 9
I-35129 Padova, Italy

Object: EPC Contract entered into between [●] (the Principal) and Ecoware S.p.A. (the Contractor) on [●] for the planning and construction of [●] photovoltaic System in the Province of [●] (the Contract with reference EPC_EO_Projectname_nbr_YYYYMMDD)

Dear Ing. Franceschini,

except where otherwise required by the context or defined diversely, the words and expressions established in the Contract shall have the same meaning as when they are used in this certificate.

The undersigned hereby declares the following:

- the System's correspondence in compliance with the Final Project documentation;
- to have checked the existence of the System's conformity declaration in a worldclass manufacturing way, pursuant to the Law 46/90, executed by the Contractor
- the System's nominal power results as being equivalent to **[●]** kW, constituting the nominal power of the modules making up the photovoltaic System;
- the test conducted on **Annex 10** with respect to Operational Inspection results positive.
- Has calculated the short term effective performance ratio of the System for a period of 5 consecutive days of continuous power production and has positively evaluated this effective performance ratio against the MGPR.
- All the following tests have been positive:

  (a) electrical continuity and connection among the modules (electrical continuity among the various points of the strings circuits and among the eventual strings parallel and the inlet of the inverter and the power control);

  (b) grounding surge protector (electrical continuity of the ground circuit, starting from the discharger up to the mass and external mass connected; insulation of the electrical circuit of the mass (adequate insulation resistance of the plant prescribed on the normative CEI 64-8/6);

- All the tests have been carried out in compliance with what has been foreseen by the law in force and, in particular, by the legislation specified in the M.D. dated 19th February 2003 and subsequent amendments and integration thereto, as well as in compliance with the test procedures in force with the Technical Consultants appointed by the Principal and/or Financing Entity.

- Everything that has been set forth above is true.

Further to your Commencement of Operation notice dated **[●]** relative to the [●] System, it is hereby certified. pursuant to and by effect of Art.12.2 of the Contract that the Payment Milestone 5 corresponding to € **[●]** (in words Euro **[●]**) described in the aforementioned notice has been effectively completed in compliance with the Technical Specification and the Project Implementation Schedule.

Yours faithfully,

Date : **[●]** By **[●]**

ANNEX 15

INCENTIVE ACCEPTANCE CERTIFICATE MODEL

[on the Principal's headed paper]

To the Contractor

Ecoware S.p.A.
Att. Ing. Leopoldo Franceschini
Via Nona Strada, 9
I-35129 Padova, Italy

Object: EPC Contract entered into between [●] (the Principal) and Ecoware S.p.A. (the Contractor) on [●] for the planning and construction of [●] photovoltaic System in the Province of [●] (the Contract with reference EPC_EO_Projectname_nbr_YYYYMMDD)

Dear Ing. Franceschini,

except where otherwise required by the context or defined diversely, the words and expressions established in the Contract shall have the same meaning as when they are used in this certificate.

The undersigned hereby declares the following:

- It has stepped into the Power Purchase Agreement
- It has successfully entered into the Incentive Agreeement with GSE.

Yours faithfully,

Date : [●] By [●]

ANNEX 16

FINAL ACCEPTANCE CERTIFCATE MODEL

[on the Principal's headed paper]

To the Contractor

Ecoware S.p.A.
Att. Ing. Leopoldo Franceschini
Via Nona Strada, 9
I-35129 Padova, Italy

Object: EPC Contract entered into between [●] (the Principal) and Ecoware S.p.A. (the Contractor) on [●] for the planning and construction of [●] photovoltaic System in the Province of [●] (the Contract with reference EPC_EO_Projectname_nbr_YYYYMMDD)

Dear Ing. Franceschini,

except where otherwise required by the context or defined diversely, the words and expressions established in the Contract shall have the same meaning as when they are used in this certificate.

Through this document, it is hereby certified, pursuant to and by effect of the aforementioned Contract, the acceptance of the [●] System, on the basis of checking that all the conditions foreseen in Art. 12.7 of the Contract, to have the Acceptance Certificate issued, have effectively taken place in relation to said System, inasmuch as:

(a) The System passed the relevant Technical and Operational Inspection procedures successfully, in compliance with the Principal's favourable opinion and the latter issued the Provisional Acceptance Certificate (further to the Technical Consultant's positive opinion);

(b) the System has been connected in parallel with the national electricity grid;

(c) all the meters have been installed in order to calculate the energy produced and transferred or exchanged on the national electricity grid;

(d) The Power Purchase Agreement and Incentive Agreement with GSE have been executed and the relevant Incentive Acceptance Certificate has been issued by the Principal;

(e) all the obligations relative to the regulation of access to the national electricity grid result as having been accomplished;

(f) The System has passed successfully the First and Second Reassessment Test or all related penalties and damage liquidations have been fulfilled by the Contractor

Yours faithfully,

Date : **[●]** By **[●]**

ANNEX 17

OPERATIONS & MAINTENANCE AGREEMENT

[ ]

ECOWARE S.P.A

S CONTRACTOR

AND

[…]

AS PRINCIPAL

OPERATION & MAINTENANCE AGREEMENT

With this contract

[SPV], with its registered offices located in [●], VAT Registration Number and Tax Code [●], entered in the Companies Register of [●] under No. [●] represented by Mr. [●] in his capacity of [●] (hereinafter known as "**Principal**");

and

Ecoware S.p.A, with its registered offices located in Nona Strada, 9, 35129 Padua, VAT Registration Number and Tax Code Number 03571330277, entered in the Companies Register in Padua at number 03571330277, represented by Ing. Leopoldo Franceschini, born in Padua on 7th September 1947, in his capacity of legal representative (hereinafter known as the "**Contractor**");

(hereinafter known individually as a "**Party**" and jointly as the "**Parties**")

Whereas:

(A) the Contractor and the Principal have executed on [●] a turnkey construction contract (the **EPC Contract**) pursuant to which the Principal contracted out to the Contractor the design, supply, construction, installation and start-up of the System (as defined below).

(B) in order to raise part of the financial resources for the construction and operation of the System (as defined below), the Principal will enter into a facility agreement with some financial institutions (the **Financing Entity**).

(C) the Contractor and the Principal both desire to enter into an agreement pursuant to which the Contractor will provide the Principal with certain operation and maintenance services in relation to the System (as defined below) as better described in this Agreement.

NOW THEREFORE, THE CONTRACTOR AND THE PRINCIPAL AGREE as follows:

1. RECITALS, ANNEXES AND DEFINITIONS

1.1 The recitals and annexes to this contract shall represent an integral and substantial part of the same.

1.2 This Contract replaces and fully supersedes any previous agreement entered into between the Parties, either written or oral, on the matters outlined herebelow.

1.3 Defined Terms

Unless otherwise indicated below, the terms herein indicated in capital letters shall have the same meaning as that defined in the EPC Contract:

Agreement means this contract together with the Annexes hereto. In the event of a conflict between one or more of the contractual documents, this contract shall prevail on the Annexes.

Applicable Law means each and every law, regulation, measure, ruling, decree (including the Decree Law) or deed having a binding nature in Italy and issued by every state body and judicial and/or administrative authority, which is in force as at the date on which this Contract is entered into or which comes into force thereafter.

Applicable Permits means each and every license, authorization, certification, filing, recording, permit, *affidavit* (including the *denuncia di inizio attività*) or other approval with and/or of any competent authorities that is required by Applicable Law for the construction of the System, including, without limitation, those required by Applicable Law in zoning, building, environmental, landscaping, planning and/or archaeological matters.

Corrective Maintenance Services means the entirety of all services, supplies and work listed under **Annex 2** that the Contractor must provide under this Agreement to correct incidents arising at the System or to remedy any anomaly in the operation of the System.

Direct Agreement shall have the meaning indicated in Article 8.8.

Duration means the period of time from the Effective Date until the Expiry Date.

Effective Date means the date on which the Provisional Acceptance Certificate is issued.

Effective System Output (SOeff) means the energy measured yearly at the GSE LV meter

Expert means the arbitrator appointed in accordance with Article 17.1.

Expiry Date means the date which falls 20 years after the Effective Date, unless terminated pursuant to Articles 12 and 13, or extended pursuant to Article 7.2.

EPC Contract has the meaning set forth in whereas (A) above.

Final Acceptance Certificate has the meaning given to this term under the EPC Contract.

Financing Entity has the meaning ascribed in whereas (B) above.

***Force Majeure* Event** has the meaning set forth in Article 13.

Grid Operator means ENEL Distribuzione S.p.A or any other locally competent entity which carries out the activities of operation of the electrical grid.

GSE means Gestore dei Servizi Elettrici S.p.A..

Guaranteed Performance is the warranty provided by the Contractor to the Principal under Article 11 of this Agreement.

Minimum Guaranteed Performance Ratio (MGPR) has the meaning given to this term under the EPC Contract, and shall be as outlined in **Annex 3.**

Minimum Guaranteed System Output (MGSO) means the minimum energy output guaranteed by the Contractor pursuant to the **Annex 4.**

Non-Subscription Services means any maintenance, repair or other services relating to the System, which are requested by the Principal and provided by the Contractor and which are outside the scope of the Subscription Services.

O&M Guarantee means a first demand insurance bond issued by a first-class insurance company which has been attributed, at least an A-rating or which, in any case, satisfies the Principal and the Financing Entity, to be provided by the Contractor to the Principal in accordance with the provisions of Article 8.7 in order to guarantee the performance of its contractual obligations under the Agreement until the Expire Date.

Preventive Maintenance Services means the entirety of all services, supplies and work detailed in **Annex 1** that the Contractor must provide under this Agreement for the attendance to incidents that might arise at the System, remote supervision of operation and full operational status thereof.

Price means the price for Subscription Services as defined in Article 6.1.

Service(s) includes the Subscription Services and the Non-Subscription Services, as the case may be.

Subscription Services means the Preventive Maintenance Services jointly with the Corrective Maintenance Services.

Subcontractor means the subcontractors to which the Contractor may subcontract all or a portion of the Services to be performed under this Agreement, and the suppliers of any materials and/or services necessary for the performance of the Services.

System means the photovoltaic system in the Municipality of [●] made up of [●] panels made of [●], with a generator that has a capacity equivalent to [●] kWp.

Technical Adviser means the consultant appointed by the Principal and/or the Financing Entity, who has been appointed to monitor the performance of the Services;

Variation means any alteration and/or variation to the Services, the Price or any other provisions of this Agreement, in accordance with Article 5.

Working Days means every day except for Friday, Saturday, Sunday and public or bank holidays.

2. PURPOSE - SUBSCRIPTION SERVICES

2.1 The purpose of this Agreement is the provision by the Contractor of all the activities necessary to operate and maintain the System, which shall include the Preventive Maintenance Services and the Corrective Maintenance Services, as set forth respectively in **Annex 1** and **Annex 2**.

2.2 For the purposes of the supply of the Subscription Services, notwithstanding the actions that may be taken by the Principal, the Contractor is authorised by the Principal to be the technical representative to the Grid Operator and the equipment manufacturers.

2.3 In order to facilitate the continuous operation of the System, particularly during the hours of maximum solar radiation, the Contractor shall, to the extent possible, schedule and perform the Subscription Services with the purpose of reducing the impact of the work on the productivity of the System.

3. NON-SUBSCRIPTION SERVICES

3.1 The Non-Subscription Services shall include: (A) the repairing or maintenance of any equipment of the System which was not within the Works under the EPC Contract; (B) the repairing or maintenance of any equipment beyond the *Cabina di Consegna;* (C) the repairing or maintenance of any equipment of the System due to the occurrence of a Force Majeure event; (D) the repairs to the System in the event of, or resulting from, any alterations or repairs to the System made by the Principal without the Contractor's prior written approval.

In the event that the Principal desires that the Contractor provides a Non-Subscription Service, the Principal, after having received the prior written consent of the Financing Entity and the Technical Adviser, shall submit to the Contractor a written request for such service. The Contractor, if capable and licensed to provide the requested Non-Subscription Service, and provided that any and all the Applicable Permits necessary to provide such service are available, shall provide its offer containing the price and terms of the requested supply. In the event that the Principal does not approve in writing the Contractor's offer within 10 Working Days, the offer shall be deemed to have been rejected.

4. WARRANTIES AND REPRESENTATIONS

4.1 The Contractor undertakes to provide the Services, with the organisation of the necessary means and at its own risk (*organizzazione dei mezzi necessari e con gestione a proprio rischio*), workmanlike (*a regola d'arte*), correctly and with diligence, using the most advanced technologies and pursuant to the terms of this O&M Contract.

4.2 In particular, by means of the execution of the Services, the Contractor shall guarantee the perfect functioning of the System in compliance with the Technical Specifications (which are deemed as sufficient and exhaustive for the execution of the Subscription Services) and the Applicable Law. In particular, the Contractor shall not be entitled to raise any objection in relation to its obligations under this Contract regarding the characteristics of the System built by the Contractor and accepted by the Principal pursuant to the EPC Contract.

4.3 The Contractor represents and warrants to have (i) obtained all the necessary authorisations, licences and permits for the execution of the Services and (ii) complied with all the necessary authorisations, licences and permits for the execution of the Services.

4.4 The Contractor represents and warrants that its degree of skill, diligence, prudence and experience enables it to operate and maintain the System in accordance with the best industry standards and engineering practices, and that the Services will be performed in compliance with this Contract, the Contractor's operation and maintenance procedures, the Applicable Law and permits. In addition, the Contractor represents to have examined, analyzed and accepted the conditions of the Area and that the same is suitable for purposes of this Contract.

4.5 The Contractor, furthermore, represents and warrants to be the sole responsible vis-a-vis the Principal for the supply of the Services in compliance with the highest quality and quantity expected standards, therefore assuming any responsibility vis-a-vis the Principal itself for the supply of the Services which may be sub-contracted in accordance with this Contract.

4.6 By signing the Contract, the Contractor accepts total responsibility for having foreseen all difficulties and costs of successfully executing the Subscription Services. Therefore, the Consideration shall not be adjusted to take account of any unforeseen difficulties or costs by way of express derogation from article 1664, paragraph 1 and 2 of the Italian Civil Code.

5 VARIATION

5.1 Changes in the Services

Under no circumstances may the Parties make any changes to the Services, unless in accordance with this Article 5.

5.2 Variation upon request by the Principal

(a) At any time, the Principal, with the prior written consent of the Financing Entity and the Technical Adviser, may propose a Variation by sending the Contractor a notice describing the nature and scope of the change. Upon receipt of such notice, the Contractor must send to the Principal, within a maximum period of ten (10) Working Days, a written communication that includes a complete proposal for the changes in the Price, or any other changes that may be necessary in connection with the changes proposed by the Principal.

(b) If the Principal has not responded to such Contractor's communication of changes within a period of ten (10) Working Days, the changes communicated by the Contractor to the Principal shall be deemed to have been rejected.

5.3 Variation upon request by the Contractor

The Contractor may, at any time during the performance of this Agreement, propose changes to the Services that it deems necessary or appropriate to improve the quality, efficiency or safety of the System or the facilities or supplies that make up the System. If the Principal has not responded to such Contractor's communication of changes within a period of ten (10) Working Days, the changes communicated by the Contractor to the Principal shall be deemed to have been rejected.

5.4 Variation due to a change in the Applicable Law

The Parties acknowledge that a change in the Applicable Law affecting the Services and occurred after the date on which this Agreement is signed may entail the application of the procedure under this Article 5.

The Principal and the Contractor shall negotiate in good faith the effects that might occur as a result of the changes to be implemented due to a change in the Applicable Law.

The Parties agree that any change in the Price due to a variation under Articles 5.2, and/or 5.3 ashall be previously verified and approved by the Financing Entity and the Technical Adviser. The prices applicable to any change in the Services shall:

(i) take into account the Contractor's official rates; and

(ii) in no circumstances exceed the cost of the additional work or supplies arising therefrom.

6 CONSIDERATION AND METHOD OF PAYMENT

6.1 Price for the Subscription Services

The price for the Subscription Services which exclude the All Risk insurance to be paid by the Principal to the Contractor for each year of Duration will be equal to:

Euro / kWp 25,60, plus VAT for the Subscription Services

Euro / kWp 10,00 , plus VAT for the Inverters Maintainance Servicies and 20 years warranty extension

in accordance with Applicable Law (the **Price**). The Price will be adjusted annually on the basis of 100% of the inflation rate on consumer prices for workers' families (*prezzi al consumo per le famiglie di operai ed impiegati*), calculated by the Italian National Statistical Institute (*Istat – Istituto Nazionale di Statistica*). The Parties agree and accept that the Price is fixed and that it may not be amended without the prior written consent of the Financing Entity. Therefore, the Contractor expressly agrees to derogate to any provisions which may entitle the same to obtain the adjustment of the Consideration with the consequence that Articles 1664 1 and 2 paragraphs and 1467 of the Civil Code shall not apply to this Contract.

6.2 Price for the Non-Subscription Services

The price for the Non-Subscription Services to be paid by the Principal to the Contractor will be agreed from time to time in accordance with Article 3.2.

6.3 Payment of the Price for the Subscription Services

Payment of the Price shall be made quarterly in advance, and shall be made by the Principal to the Contractor by means of bank transfer to the account indicated thereto by the Contractor within fifteen (15) Working Days following the date of receipt of the relevant Contractor's invoice. The Contractor shall send the invoices corresponding to such Price quarterly amount within five (5) Working Days before starting of the relevant quarter.

6.4 Payment of the price for the Non-Subscription Services

The Contractor will invoice the Principal for the Non-Subscription Services in accordance with the terms set forth in the Contractor's offer, pursuant to Article 3.2.

6.5 Payment Delays

In the event of delays in payment by the Principal of any amount due to the Contractor under this Agreement, the Contractor shall be entitled to receive default interest to be calculated on a monthly basis on the unpaid amount at the rate as provided for by Legislative Decree 231/2002. The Contractor shall be entitled to collect such default interest from the time of any delay in payment by the Principal, without any notice being required and without prejudice to any other right, penalty or compensation available under the Agreement or the Applicable Law.

7 TERM OF THE AGREEMENT

7.1 This Agreement comes into effect on the Effective Date and shall expire on the Expiry Date, save as provided in Articles 12 and 13 below.

7.2 The Parties acknowledge and agree that if neither Party gives the other written notice of non-renewal of this Agreement at least 6 (six) months before the Expiry Date (or any 2 year extension thereof), this Agreement shall be automatically extended for further 2 years periods.

7.3 It is however agreed that in the event that the EPC Contract is terminated for whatever reason this Agreement shall also be deemed terminated.

8. OBLIGATIONS OF THE CONTRACTOR

8.1 Obligation to comply with Applicable Law and Applicable Permits

The Contractor shall comply with all of the obligations imposed by Applicable Law and Applicable Permits with particular reference to occupational and social security matters, occupational safety and health, and the prevention of occupational risks, and technical and environmental matters, and also with any other legislation that may be applicable to the Services, and shall comply with the requirements that may be imposed by the competent authorities..

8.2 Obligation of responsibility for employees and Subcontractors

The Contractor hereby undertakes to assign the human resources that are necessary at all times for full and timely compliance with the obligations assumed by it pursuant to this Agreement.

The employees hired by the Contractor and, if applicable, by the Subcontractors, must have the proper qualification, training and experience for the performance of the Services that is the subject of this Agreement.

The Contractor shall pay (or shall procure that the Subcontractors pay) any wages, social and insurance security required by law; should the Contractor not comply with the above mentioned provisions, the Principal shall be entitled to retain from the Price an amount equal to the amount due by the Contractor in relation to such obligations.

The Contractor shall indemnify, and hold the Principal harmless in connection with any claims, demands, or legal action undertaken by any of its Subcontractors, or that may arise from any instance of non-compliance on the part of the Subcontractors.

8.3 Prevention of occupational risks

The Contractor shall perform the Services in such a way as to ensure the safety and health of the workers at the worksites. In particular, the Contractor shall adopt, maintain and supervise adequate procedures and measures required to ensure the health and safety of all the persons present in each of the Site (including its employees and those of its Subcontractors) and to implement the provisions of, but not limited to, the Decree 81/2008.

8.4 Licensing of intellectual and industrial property rights

The Contractor hereby grants to the Principal, as part of the Price and at no additional cost, an irrevocable licence, not transferable to third parties (except in conjunction with all of the rights and obligations of the Principal under this Agreement or in conjunction with all rights and obligations of the Principal in relation with the System), and free of any royalties, for the use in the System (and, therefore, on no other projects) of the creations, plans, specifications, drawings, procedures, methods, products, and/or inventions prepared or developed by the Contractor pursuant to the Agreement. Subject, in any event, to the restrictions imposed by the intellectual or industrial property rights of third parties notified by the Contractor to the Principal.

8.5 Assistance with competent authorities

The Contractor shall assist the Financing Entity and the Principal in dealing with any competent authority (including, *inter alia,* GSE and ENEL) by providing all the necessary information required by such competent authorities regarding the System and the Services.

8.6 Repair and replacement obligations

The Contractor shall at any time for the Duration of the Agreement, (i) replace, repair and/or adjust any defective equipment or component of the System, and (ii) guarantee availability of spare parts.

8.7 O&M Guarantee

In order to secure all the Contractor's obligations under this Agreement, including, without limitation, the payment of default interests, penalties and warranties, the Contractor shall deliver to the Principal as a condition precedent to the issuance of the Final Acceptance Certificate in accordance with Article 12.7 of the EPC Contract, a first demand Insurance Bond for an amount equal to 15% of the Price applicable to the relevant year of duration of this Agreement, as adjusted pursuant to Article 6.1 above. Each Insurance Bond shall last one year from its effective date. The Contractor undertakes to deliver 30 Working Days before the expiry of any Insurance Bond a new Insurance Bond, at a the same terms a conditions which shall be effective starting from the expiry date of the preceding Insurance Bond.

8.8 Direct Agreement

It is understood that the planning, realization, as well as the operation and maintenance of the System may be financed by the Financing Entity in compliance Recital B above, and that this shall require this Agreement's, as well as the EPC Contract's co-ordination with the terms set forth in the financing agreement, by means of entering into a direct agreement with the Financing Entity (the "**Direct Agreement**"). Therefore, the Contractor undertakes to enter into the Direct Agreement, if necessary, within 15 days of the Financing Entity's or Principal's request.

9. OBLIGATIONS OF THE PRINCIPAL

9.1 The obligations of the Principal shall be those that are established in this Agreement, those resulting from good faith and from the Applicable Law and regulations including, in particular, the following:

(i) to grant access to the System to the Contractor's personnel;

(ii) to designate an individual, who shall be authorized to represent the Principal in the administration of this Agreement;

(iii) to use the System within the scope contemplated in the technical provisions set out in the Annex 6 to the EPC Contract.

(iv) not to make any alterations or repairs to any part of the System without the Contractor's prior written approval;

(v) to timely comply with the payment obligations pursuant to Article 5.

10 INSURANCE [THIS CLAUSE IT IS SUBJECT TO DISCUSSION BETWEEN THE PARTIES' INSURANCE ADVISORS]

10.1 The Contractor, shall enter into the following insurance policies with first-class insurance companies, with an S&P rating of no less than A- or equivalent or, in any case, that satisfies the Financing Entity, and maintain them operative for the entire Duration. The following insurance policies must be submitted to the Principal and the Financing Entity for their approval:

(a) All Risks Property insurance on an "all risks" basis covering direct physical loss or damage to the System and associated property.

(b) Industrial accidents insurance in favour of the Contractor's employees and/or any workers who are not the Contractor's employees;

(c) Civil liability insurance for workers, with a limit of no less than Euro 5,000,000.00 per event and 2,000,000.00 per person;

(d) Insurance to cover third party civil liability, with a limit per event of no less than Euro 5,000,000.00; the Principal and the Financing Entity, albeit maintaining the qualification of "third party", must be inserted as "additional party insured" and there must be an explicit clause waiving the party's insured recoupment against the Principal, the Financing Entity and their employees and consultants;

(e) Insurance to cover professional civil liability, with an upper limit per event of no less than Euro 2,500,000.00;

(f) Insurance to cover vehicle civil liability, for all owned vehicles and/or in use, which must be provided with the mandatory insurance policy as foreseen by the Law No. 990/69 and subsequent amendments and integration, for an upper limit of no less than Euro 5,000,000.00 per accident;

10.2 Said insurance policies must include Financing Entity, the Principal and any other subcontractor among the insured parties, and the Contractor shall send a copy to the Principal and the Financing Entities within 10 (ten) days of execution of the insurance policies.

10.3 The Principal shall be entitled, at its own discretion, to enter into other cover or policies in integration of and/or besides those foreseen by this Article 10 and shall inform the Contractor thereof.

10.4 The cost of the insurances policies foreseen by this Article 10 are not included in the Price.

11 GUARANTEED PERFORMANCE, PENALTIES, BONUS AND MANUFACTURER WARRANTY

11.1 Guaranteed Performance

From the PAC, the Contractor guarantees to the Principal that in each period of twelve (12) months and throughout the Duration, the System will achieve a guaranteed level of performance pursuant to Annex 4.

11.2 Penalties & Bonus

In each period of twelve (12) months and throughout the Duration the SOeff will be measured and compared with MGSO pursuant to Annex 5.

Penalties will be paid by the Contractor to the Principal pursuant to Annex 5, starting from issuance of FAC.

Bonus will be paid by the Principal to the Contractor pursuant to Annex 5, starting from issuance of FAC.

Each Party will correspond to the other payment due in accordance with the above within two (2) months from the date in which the loss of production or the surplus income was verified, save for further damages that the Principal may have suffered and provided that the Contractor shall promptly remedy the underperformance of the System.

11.3 Manufacturer Warranty

Without prejudice to the defect warranty under the EPC Contract and for the obligation provided under Article 8.6 above, the Contractor warrants that the materials of the System will be warranted for the entire duration of this Agreement in accordance with the material's manufacturer warranty.

12 TERMINATION, WITHDRAWAL AND/OR SUSPENSION OF THE AGREEMENT

12.1 Termination by the Principal

(a) Termination of the Agreement pursuant to Article 1454 of the Italian Civil Code

If the Contractor fails to perform any of its obligations under this Agreement, which failure remains uncured for thirty (30) days following Contractor's receipt of written notice of such failure sent by the Principal pursuant to Article 1454 of the Italian Civil Code, the Principal will be entitled to terminate this Agreement pursuant to Article 1454 of the Italian Civil Code, provided that it is so authorised by the Financing Entity.

(b) Termination of the Agreement pursuant to Article 1456 (*clausola risolutiva espressa*) of the Italian Civil Code.

Each of the following shall be an event which will determine the termination of this Agreement by the Principal pursuant to Article 1456 of the Italian Civil Code (*clausola risolutiva espressa*) provided that the Principal is so authorised by the Financing Entity:

(i) the Contractor fails to enter into the Direct Agreement in accordance with Article 8.8;

(ii) Non delivery or non replacement of the O&M Guarantee or ineffectiveness or invalidity of the O&M Guarantee;

(iii) Non issuance of the FAC within the terms foreseen in the EPC Contract;

(iv) In case any of the declarations and warranties foreseen in Article 4 is imprecise, untrue or misleading;

(v) the guarantee to have spare parts available is, at any time, not complied with;

(vi) The maximum amount of liquidated damages is exceeded;

(vii) in the case of subcontracting without the prior written consent of the Financing Entity;

(viii) the System does not reach the guaranteed level of performance as indicated sub Annex 4;

(ix) revocation of the Contractor's permits necessary to maintain and operate the Solar Park to the extent that such revocation is attributable or connected with any fault, omission or negligence of the Contractor;

(x) any of the insurances on Contractor's responsibility ceases to be effective.

(c) Parties acknowledge and accept that the person of the Contractor has been considered necessary for the Agreement and therefore the Agreement will be terminated pursuant to Article 81 of the Italian Bankruptcy Law (R.D. 267/1942 as amended and/or integrated from time to time), if the Contractor becomes bankrupt or insolvent, goes in liquidation, has a receiving or administration order made against it, compounds with his creditors, or carries on business under a receiver, trustee or manager for the benefit of his creditors, or if any act is done or event occurs which (under applicable Laws) has a similar effect to any of these act or events, unless the Principal consents the Agreement continues to be effective

(d) In case of termination of this Agreement pursuant to Articles 12.1 (a) and (b), the Principal shall be entitled to a liquidated damages (*penale per risoluzione*) equal to 50% of the Price of the relevant year, as adjusted pursuant to Article 5.1, save for further damages.

(e) The Contractor must pay the above liquidated damages within thirty (30) calendar days from the termination.

12.3 Right of the Principal to withdraw

The Principal will have the right to withdraw from this Agreement on the date which falls ten years after the Effective Date, provided that it sends a six (6) months prior written notice to the Contractor.

The Principal will have the right to withdraw from this Agreement *ad nutum* provided that it gives twelve (12) months prior notice to the Contractor. The Principal may pay to the Contractor, *in lieu* of the notice, 100% of the Price of the relevant year of Duration, as adjusted pursuant to Article 5.1. The indemnity *in lieu* of the notice shall be paid by the Principal to the Contractor within thirty (30) calendar days from the withdrawal.

In case of (i) a change in the Applicable Law that materially affects the performance of this Agreement by the Parties, (ii) EPC Contract termination or Principal´s withdrawal therefrom, and (iii) occurrence of the circumstances indicated in Article 1461 of the Italian Civil Code; and (iv) suspension of Services due to orders of jurisdictional authorities, the Principal shall be entitled to withdraw from the Contract by giving a prior written notice of 60 days from the occurrence of any of the events sub (i), (ii), (iii) or (iv). Therefore, the above provisions of this Article 12.3 shall not apply and the Contractor shall have the right to receive only the amounts for the Services duly documented and carried out in line with professional standards, until the time when the withdrawal becomes effective to the extent that the Services are useful to the Principal

12.4 Termination by the Contractor

If the Principal fails to perform any of its obligations under this Contract, which failure remains uncured for 30 days following Principal's receipt of written notice of such failure sent by the Contractor pursuant to Article 1454 of the Italian Civil Code, the Contractor will be entitled to terminate this Contract pursuant to Article 1454 of the Italian Civil Code. The Contractor acknowledges and accepts that termination of the Contract due to facts attributable to the Principal cannot, in any case whatsoever, be declared or requested unless notice demanding performance is sent to the Principal pursuant to this Article and in any case in compliance with the provisions set forth in the Direct Agreement.

It has been agreed between the Parties, pursuant to Article 1462 of the Italian Civil Code, that in the case of the Principal's breach and pending a cure period, the Contractor shall not be entitled to refuse nor delay/suspend the performance of his contractual obligations and that any refusal by the Contractor shall be considered as being contrary to good faith, even in the light of the provision contained in the second paragraph of Article 1460 of the Italian Civil Code.

Following termination of the Contract for any of the reasons described above, as soon as the Contractor has paid off any amount due, the Principal shall return to the Contractor the O&M Guarantee delivered pursuant to Article 8.7.

Following termination of the Agreement for any of the reasons described above, the Principal shall pay to the Contractor 100% of the Price of the relevant year of Duration, as adjusted pursuant to Article 6.1.

The amounts resulting from the foregoing provisions shall be paid by the Principal to the Contractor within thirty (30) calendar days from the termination.

12.5 Termination Consequences

In the case of termination of the Contract, the Contractor undertakes:

1) to deliver to the Principal a copy of all the technical and operative documentation regarding the Services and contracts in force with suppliers, sub-suppliers and subcontractors;

2) within 30 days from the termination, deliver the Site/System to the Principal. Should the Contractor not comply with this obligation within the above mentioned term, then the Contractor shall pay to the Principal delay liquidated damages equal to [•] € for each day of delay;

3) within 30 days from the delivery of the Site, to clear, dismantle and remove from the Site of all materials, apparatus, excess of tools and machinery that it owns, with the exception of materials, apparatus and machinery owned by the Contractor that the Principal intends to purchase from the Contractor.

12.6 Right of the Contractor to withdraw

The Contractor will have the right to withdraw from this Agreement on the date which falls ten years after the Effective Date, provided that it sends a twelve (12) months prior written notice to the Principal.

13 Force Majeure

13.1 Force Majeure is any unforeseeable event, fact or circumstances which cannot be directly attributed to the Party invoking it, which is impossible to prevent by employing ordinary diligence and such as to make impossible, objectively and absolutely and either totally or partially, the performance of any of the obligations under this Contract, provided that said events, acts, facts or circumstances:

(a) are outside the control, either direct or indirect, of the Party invoking them;

(b) have been invoked as Force Majeure events (hereinafter known as "**Force Majeure**").

13.2 By way of an example, without limitation and on condition that they satisfy the requirements listed in Article 12.1 above, the Parties mutually acknowledge that the following events constitute events of Force Majeure:

(a) general and category and national and local strikes (other than the Contractor's corporate strikes);

(b) wars or any other hostile acts, including terrorist attacks, sabotage, vandalism, theft, revolts, uprisings and other civil disorder;

(c) blockages or embargoes, even of a financial nature;

(d) exceptional, adverse natural phenomena, including lightning, whirlwinds, earthquakes, fires, floods, overflows, floods, drought, adverse weather conditions that impede the performance of the Services and which cannot be foreseen on the basis of weather forecast data for the current period, meteorites and volcanic eruptions;

(e) explosions, radiation and chemical contamination.

13.3 The Contractor acknowledges and accepts that the following events do not constitute Force Majeure:

(a) non-obtainment or non-renewal of any permit required to perform the Works and realization of the Systems, for facts attributable to the Contractor; and

(b) any delays in the delivery of supplies and materials by the suppliers.

13.4 Each Party shall immediately inform the other one, in writing, about the occurrence of a *Force Majeure* event that shall hinder his obligations and, in any case, within 48 (forty-eight) hours from becoming aware of the same. The Party concerned shall also promptly inform the other Party when said Force Majeure cause ceases.

13.5 The Contractor acknowledges and accepts that it shall not be entitled to request any increase in the Price or different compensation in relation to the *Force Majeure* event, except for the costs sustained to adopt the measures referred to in Article 11.6.

13.6 The performance of the obligations delayed or made effectively impossible as a consequence of a *Force Majeure* event will be suspended during the period of duration of such event, without giving any indemnity right against the affected Party. In any case, the Parties shall use their best endeavours to reduce the consequence of the *Force Majeure* event and shall do what they can to re-establish normal conditions and mitigate any damages eventually sustained by the other Party.

13.7 In the event that the occurrence of a *Force Majeure* Event lasts for more than 60 (sixty) consecutive days, either of the Parties may withdraw from the Agreement, in which case the following shall apply:

(a) the Contractor must:

(i) end the performance of the Services in course and carry out any activity that is necessary for the protection and/or security of the System;

(ii) send to the Principal all of the existing documents relating to the Services already performed at the time of withdrawal;

After withdrawal, as soon as the Contractor has paid any amount due to the Principal, the Principal shall return the O&M Guarantee and Parent Company Guarantee and shall only and exclusively pay to the Contractor the amounts for Services duly documented and carried out in line with professional standards until the time when the withdrawal become effective to the extent that the Services are useful to the Principal.

14 Governing law and jurisdiction

14.1 Governing law

This Agreement shall be governed and construed in accordance with Italian law.

14.2 Good faith negotiations

In the event that any question, dispute, difference or claim arises out or is in connection with this Agreement, including any question regarding its existence, validity, performance or termination (a Dispute), which either Party has notified to the other, senior management personnel from both the Contractor and the Principal shall meet and diligently attempt in good faith to resolve the Dispute for a period of 15 calendar days following one Party's written request to the other Party for such a meeting. If, however, either Party refuses or fails to so meet, or the Dispute is not resolved by negotiation, the sections below (Arbitration and Arbitrator Confidentiality Obligation) shall apply.

14.3 Arbitration

Any Dispute which cannot be settled by negotiation pursuant to the Article 15.2, shall be exclusively referred to and finally resolved by arbitration held under the rules of the Chamber of National and International Arbitration of Milan. The seat of the arbitration shall be Milan and the arbitration proceedings shall be in English.

The arbitration shall be conducted by a sole arbitrator, to be appointed by the Parties within 30 days from receipt of the above said Dispute's notice sent by one Party to the other, provided that the value of the Dispute does not exceed Euro 100.000,00 (one hundred thousand). Should the value of the Dispute exceed such amount, or being undetermined, the Dispute shall be resolved by a panel of three arbitrators, appointed as follows. The first arbitrator shall be appointed by the Party initiating the arbitration simultaneously with the notice of arbitration, the second arbitrator shall be appointed by the other Party within 15 days from the date of receipt of the notice of arbitration. The third arbitrator, who shall act as Chairman of the arbitration panel, shall be jointly appointed by the Parties within 15 days after the appointment of the second arbitrator. The arbitrators shall have a good command of the Italian and English language. In the event of disagreement on the appointment of the sole arbitrator or the chairman of the arbitration panel, they shall be appointed by the *Presidente* of the *Tribunale* of Milan upon request of the most diligent Party. Each Party shall have the right to apply to such *Presidente* in the event that the other Party has not appointed its own arbitrator, or has not replaced him within 15 days. The sole arbitrator or the arbitration panel appointed in accordance with the above rules shall decide in accordance with Italian law and the rules of the Italian Code of Civil Procedure, and shall issue the award within the term established by the law, unless extended by the Parties. The sole arbitrator or the arbitration panel shall also decide on the expenses for the arbitration proceedings and legal expenses of the Parties. In the event that more than one arbitration proceeding were started in accordance with this Article, all such proceedings shall be joined to the first arbitral proceeding and, if necessary, the sole arbitrator shall be joined by two arbitrators appointed by the Parties. In such event, the sole arbitrator or the arbitration panel shall have the right to issue partial awards in relation to certain issues in dispute between the Parties, if the arbitrators deem them ready for a separate decision.

14.4 Arbitrator Confidentiality Obligation

The Parties shall ensure that any arbitrator appointed to act under this Article 13 will agree to be bound to certain confidentiality obligations with respect to the terms of this Agreement and any information obtained during the course of the arbitration proceedings.

15 duvri

The Parties agree that as at the date of signing of this Contract, there are no interferences that may lead to the necessity of drafting the DUVRI, since the System has not been accepted by the Principal yet.

On the Effective Date the Principal shall draft, pursuant to article 26, paragraph 3, of Legislative Decree no. 81/2008 and on the basis of the information supplied to him by the Contractor, the DUVRI in which it will indicate the costs relating to the work's safety pursuant to article 26, paragraph 5 of the Legislative Decree no. 81/2008.

In the event that any significant changes to the work processes should occur that may require the execution of the Services and/or the introduction of new risks is established, the Principal, on the basis of the information provided to him by the Contractor, undertakes to update the DUVRI prepared pursuant to paragraph above by carrying out, as quickly as possible, (taking into consideration the specific technical/operational reason which made the necessity to carry out the update arise), the necessary amendments.

The DUVRI updated by the Principal will fully replace the previous one, provided that (a) it has been approved in writing by the Parties and (b) the data certa as been placed on it in accordance with the modalities set out by the Applicable Law. The Contractor undertakes to collaborate, duly and actively, with the Principal in the drafting and updating of the DUVRI procedure and to provide him with all the information required from him from time to time.

16 Miscellaneous

16.1 Technical Dispute – The Expert

In case of any dispute between the Parties in relation to the Services, the Variations due to a change in the Applicable Law, Force Majeure, Guaranteed Performance, each Party shall have the right to request the appointment of a technical expert (the Expert) for the solution of the dispute. The proposal for the appointment of the Expert shall state in detail the technical question and include a list of at least three persons proposed for the appointment as Expert. The Parties agree to meet and discuss on the appointment of the Expert during the following ten (10) Working Days after receipt of the request. In case the Expert is not appointed by the Parties within fifteen (15) Working Days after the request, the Expert shall be appointed by the Chairman of the bar of the Engineers of Rome (*Ordine degli Ingegneri di Roma*) upon request of either Party. The Expert shall finally determine the technical matter in accordance with the provisions of this Agreement, acting as *arbitratore* pursuant to Article 1349 of the Italian Civil Code. The Expert shall deliver its determination to the Parties in writing, including an explanation of the underling reasons, within thirty (30) calendar days after the acceptance of the mandate. The Expert's determination shall (in the absence of manifest error or unfairness) be final and binding upon the Parties. The costs of the determination, including fees and expenses of the Expert, shall be borne as determined by the Expert.

16.2 Confidentiality

The Parties undertake not to reveal to third parties the contents of this Agreement and the Annexes hereto, the technical documentation, plans, information, procedures, patents and licences, or any other information that might be obtained or known arising from their contractual relationship or provided for the development of the System, unless such disclosure is necessary for the performance of this Agreement.

The foregoing shall not be deemed to apply with respect to public administrations, companies or investors related to the System that reasonably require information regarding this Agreement, provided that they have made confidentiality undertakings to the Party transmitting the information upon terms similar to those set forth herein.

16.3 Notices

Any notice, request, demand or other communication required or permitted under this Agreement shall be deemed to be properly given by the sender and received by the addressee if made in writing, in English, and if sent by certified mail, facsimile or telefax to the following address:

(a) To the Principal:

SPV [●]

Fax No. [●]

To the attention of [●]

(b) To the Contractor:

Ecoware Spa

Via Nona Strada, 9

35129 Padova

Fax No. 049 7387638

To the attention of [●]

The Parties may at any time change the address for notices by written notice setting forth the new address for notices. The new address for notices shall only have contractual effect as from the date of receipt by the other Party of the written communication indicating the new address for notices.

16.4 Entire Agreement

This Agreement, inclusive of the Annexes hereto (each of which is incorporated herein by this reference) constitutes the entire agreement between the Parties in relation to the operation and maintenance of the System and supersedes all previous understanding, communications, representations, understandings (oral or written).

16.5 Partial Invalidity

Without prejudice to Article 1419 (*nullità parziale*) of the Italian Civil Code, if - at any time - any provision of this Agreement is or becomes illegal, invalid or unenforceable, neither the legality, validity nor enforceability of the remaining provisions of this Agreement will in any way be affected or impaired thereby.

16.6 Amendments

This Agreement may not be amended, supplemented or otherwise modified except by a written instrument specifically referring to this Agreement and signed by both Parties (and with the prior written consent of the Financing Entity).

16.7 No Waiver

Failure or delay by a Party to exercise any right or remedy under this Agreement shall not constitute a waiver thereof. A waiver of default shall not operate as a waiver of any other default, a waiver of the provision itself, or of the same type of default on a future occasion. No waiver shall be effective unless explicitly set forth in writing and executed by the Party making the waiver. A waiver of a breach of any provision of this Agreement shall not operate or be construed as a waiver of any subsequent breach.

16.8 Successors and Assigns

This Agreement shall inure to the benefit of and shall be binding upon the Parties and their respective successors and permitted assigns. Nothing in this Agreement, expressed or implied, is intended to confer any rights, remedies, obligations or liabilities under or by reason of this Agreement upon any person or entity other than the Parties.

16.9 Assignment of the Agreement and of receivables

Without prejudice to the provisions of this Agreement with respect to Subcontractors, the Contractor may not assign to third parties, in whole or in part, its rights or obligations under this Agreement, without the prior express written authorisation of the Principal.

The Contractor hereby consents in accordance with and for the purposes of Article 1407 of the Italian Civil Code that the Principal may assign the Agreement in favour of the Financing Entity or to any person appointed by the latter.

Should this Agreement be assigned to the Financing Entity or to any person appointed by the latter by means of a line of business assignment (*cessione di ramo d'azienda*), the Contractor waives to any right of withdrawal pursuant to Article 2558 of the Italian Civil Code.

The Principal shall be entitled to (and the Contractor hereby expressly agrees and accepts that the Principal does so) assign/pledge in favour of the Financing Entity, as a security for the Loan Agreement, *inter alia*, any receivable arising from this Contract. Therefore, the Contractor undertakes to cooperate for the performance of all the formalities and to provide any further consent, necessary or expedient to complete the assignment and/or pledge.

16.10 Language and documentation

All documentation, data, drawings, schedules, diagrams, specifications and details associated with the Services shall be provided by the Contractor to the Principal, and shall be properly referenced and compiled, in the English language except any documents that need to be filed with any Italian authority.

16.11 Privacy

The Contractor and the Principal represent to each other that they have complied and will timely comply with the obligations set forth by Applicable Law on personal data protection.

16.12 No double signature

The Contractor and the Principal acknowledge and agree that this Agreement has been freely negotiated between them and therefore the procedure of the "double signature" required by the provisions of Articles 1341 and 1342 of the Italian Civil Code shall not apply.

16.13 Sub-Contracting

The Contractor, with the prior written consent of the Principal and the Financing Entity, shall be allowed to sub-contract the Services, in which event the Contractor shall be personally and directly liable *vis-à-vis* the Principal for the acts and omissions, defaults and neglects of the Subcontractors and, in particular, for the services performed by the Subcontractors. The act of subcontracting shall not release the Contractor from any obligation or liability *vis-à-vis* the Principal arising from this Agreement.

The Contractor shall also undertake to check that the Subcontractors have suitable insurance coverage in place

In case of subcontracting, the relevant subcontracts shall not conflict with all of the rights and powers enjoined by the Principal and the Financing Entity pursuant to this Contract and specifically the right of the Contractor to assign its rights under such contracts or the contracts themselves to the Principal.

The act of subcontracting shall not release the Contractor from any obligation or liability vis-à-vis the Principal and the Financing Entity arising from this Contract, in particular the Contractor shall keep the Principal and Financing Entity fully indemnified for any direct claim or action raised or made by any of the subcontractors, also pursuant to article 1676 Italian Civil Code.

16.14 Expenses and taxes

Each Party must bear the taxes arising from the execution of this Agreement in accordance with the provisions of the Applicable Law and exclusively assume the expenses incurred by it with respect to the negotiation, execution and performance of this Agreement, including those of its advisors. The Parties represent to each other that the performance of the Services is subject to Value Added Tax (VAT).

16.15 Setoff of credits

The Contractor shall not be entitled to off-set its credits anyway arising towards the Principal, even if due and payable, with its debts arising from the Contract or otherwise towards the Principal itself.

The Principal is viceversa expressly entitled to off-set its credits anyway arising towards the Contractor with its debts arising from the Contract or otherwise towards the Contractor.

16.16 Reserved Discretions

The Parties acknowledge that the Agreement contains provisions in favour of the Financing Entity which will accept them in a separate deed in order to make them irrevocable.

***[PLACE]*, ● 2010**

THE CONTRACTOR

THE PRINCIPAL

Annexes

Annex 1:	Preventive Maintenance Services
Annex 2:	Corrective Maintenance Services
Annex 3:	Minimum Guaranteed Performance Ratio (MGPR)
Annex 4:	Minimum Guaranteed System Output (MGSO)
Annex 5:	Bonus-Malus

Annex 1: Preventive Maintenance Services

Services of the Contractor

As a general principle, the Preventive Maintenance Services are finalized to prevent any incident that might arise to the System, in order to maximise the availability, performance and System output, and to prolong its useful life.

1) The Preventive Maintenance Services will include:

A. Remote monitoring and diagnostic services that will include:

- Data acquisition and storage of the performance data. The Contractor will install a data connection, through DSL, cellular communication or satellite connection, for the Principal to the inverter monitoring system for the purpose of relevant data gathering in the monitoring systems of the Principal.
- The Contractor will also foresee in all measures to allow the Principal to connect through the same communication means to connect to the ENEL LV meter for the purpose of relevant data gathering in the monitoring systems of the Principal of such ENEL LV meter.
- Data acquisition and storage of incident data to be used for the Corrective Maintenance Services
- Video surveillance over the System and central room surveillance monitoring. Through the same communication means the Contractor will allow the Principal access to this video surveillance system and will allow the Principal all necessary client access to the video surveillance software.
- Monthly report including the following items:
  - Actual System output vs expected System output
  - Alarms and incidents occurred over the period
  - Record of grid faults.
  - Solar radiation

B. Management of routinely operations that the Contractor shall work out according the Reference schedule included in **Annex 1**:

2) The Preventive Maintenance Services will include the following activities:

(a) Visual inspection

i. PV Generator (modules, frame, dirtiness, delamination, etc.).

ii. Electrical installation (cables and visible cable layout, battery in series, generator junction boxes.

iii. Control building with inverters.

iv. Electrical cabinet and air-conditioning system (if any)

v. Check of any glass breakage

vi. Check of the tightness and condition of the terminals with cables connected to the panels

vii. In the event that faults are detected in the watertight integrity of all parts of the System, the affected parts will be replaced and the terminals cleaned. It is important to take care of the sealant of the terminal boxes using, depending on the case, new joints or a silicon sealant.

viii. Check of transformer and LV / MV switchboards

(b) Check of the condition of the structural supports and their foundations.

(c) Check of the condition of electronic equipment: working of the inverters and controls, signaling lights, alarms, grounding system etc.

(d) Maintenance of monitoring system

(e) Maintenance of possible emergency batteries

(f) Periodical calibration of pyranometers (according to pyranometers maintenance manual)

(g) Cleaning of all photovoltaic panels in at least 3 occasions per year and additionally when there is an event that affects the output of the System

(h) Cleaning and maintenance of the weather station

(i) Pruning of branches of trees that shadow photovoltaic panels, inspection and maintenance of vegetation in general

(j) Ordinary maintenance of fences, internal roads and buildings

(k) Tidiness and environmental condition of the Area of the System

(l) Analysis of hot points

Samples will be taken using thermographic cameras, within the first five years, in each installation, to thereby check correct functioning and possible hot points.

(m) Maintenance of the structure

Maintenance of the structure that supports the photovoltaic modules shall basically be performed by means of visual inspection, check of correct inclination and orientation of trackers, searching for impacts, corrosion, condition of the protective paint, absence of water deposits etc.

(n) replacement of worn components, providing the guarantee of replacement parts.

Reference actions and frequency of Preventive Maintenance Services

System Component / Activity	Frequency	Action
PV panels	6M	Visual check, Corrective Maintenance Services if necessary
	12 M	Cleaning
	When necessary	Hot Spot detection in case of leak of performances
Supporting structure	12M	Visual check. Corrective Maintenance Services if necessary
Mechanical parts (structures)	12M	Visual check. Corrective Maintenance Services if necessary
Inverters/transformers (in the case that the 20 years extension warranty is agreed)	Frequency defined in components specifications	Preventive Maintenance Services (check of fans, etc..)
	6M	Visual check. Corrective Maintenance Services if necessary
	Replacement of aged components when defects or unable to assure MGPR and/or MGSO	
	every day by monitoring system	Checking the operating status
Proper operation and functioning of the inverter conversion system	12M	Check of correct operation and functioning. Corrective Maintenance Services if necessary
Electricity meter	12M	Checking integrity
Complete electrical cabling with electrical boxes (controller cabinets, protection devices, parallel string boxes, etc), grounding system	Frequency defined in components specifications (least once a year)	Preventive Maintenance Services
UPS systems	Frequency defined in components specifications	Preventive Maintenance Services
	6M	Visual check. Corrective Maintenance Services if necessary
Video Camera surveillance system	6M	Visual check. Corrective Maintenance Services if necessary
Monitoring system	12M	Visual check Corrective Maintenance Services if necessary
Meteo station including pyranometers	6M	Visual check. Corrective Maintenance Services if necessary
	Frequency defined in components specifications	Periodic Calibrations
Buildings, internal roads, fences, etc	12M	Visual check. Corrective Maintenance Services if necessary
Pruning of branches of trees that shadow photovoltaic modules, take care of vegetation in general	When necessary	
Site drainage, Area tidiness andenvironmental condition	12M	Check of drainage channels and general site condition for any environmental factors. Corrective Maintenance Services if necessary.

The Contractor shall be solely responsible, at its own cost, for the procurement/sourcing of all equipment, utilities, services and resources required at the site in order to perform all Preventive Maintenance Services tasks, including, for the avoidance of doubt, water and other utility supply

Annex 2: Corrective Maintenance Services

Services of the Contractor

For the duration of the contract the Operator will perform extraordinary maintenance of the PV plant. The Extraordinary maintenance includes any activity required to repair faults and malfunctions of the plant, including the actions developed to repair and/or replacement of defective components and/or damaged.

The Corrective Maintenance Services will not include:

- the repairing or maintenance of any equipment of the System which was not within the Works under the EPC Contract;
- the repairing or maintenance of any equipment beyond the *Cabina di Consegna;*
- the repairing or maintenance of any equipment of the System due to the occurrence of a Force Majeure event;
- the repairing or maintenance of any equipment in the event of, or resulting from, any alterations or repairs to the System made by the Principal without the Contractor's prior written approval.

In the above case the repairing or maintenance of any equipment will be managed as Non-Subscription Services.

Under the Corrective Maintenance Services, the O&M Contractor will proceed with the replacement of the broken down sub-component with another new or reconditioned sub-component of the same quality (Photovoltaic broken modules will be replaced with new parts only).

Corrective Maintenance Services will be carried out:

(i) In the event of failure of equipment.

(ii) During scheduled shutdown for major of overhauls or replacement of specific spare parts or devices, such as inverters/transformers.

(iii) Following a specific request by the Principal, with reference to a specific fault.

(iv) Following an action as result of the Preventive Maintenance Services.

Corrective Maintenance Services will consist of:

(i) Analysis of the problem and notification of the necessary action and replacement.

(ii) The removal or elimination of the defective equipment or parts, as well as their reconditioning and start up

(iii) Transport of the corresponding replacement parts to their installation and assembly facilities and transport from those facilities to the System Area.

Within the framework of the repair of breakdowns, the Contractor is also authorised to fit equivalent replacement parts from other manufacturers. The replacement parts must be at least equivalent to the replaced parts from a technical point of view, and the efficiency and quality must meet the essential interests of the Principal (wide availability, MGPR and MGSO of the System).

When replacing PV modules only panels of same brand and model shall be used. In case of unavailability the replaced modules shall fit as much as possible with the range of electrical characteristics (especially current, power decay, and the temperature coefficient) specified for the panels in the string.

All activities of corrective maintenance must be carried out in accordance with the final Project. In particular, if the Monitoring and Data Acquisition detects a fault in the plant or any significant decrease in the performance, the Operator shall promptly notify to the Principal of the problem by fax and / or by registered mail, reporting when the problem occurred, the possible cause and the first steps that the Operator intends to take:

1. within 24 (twenty-four) hours from the detection of performance significant reduction, inspect the equipment to check the extent of the failure or the cause of the malfunction;

2. within 48 (forty eight) hours from the Plant inspection check the cause of the malfunction;

3. within 48 (forty eight) hours of the discovery of the cause of failure starting of the service extraordinary maintenance required to restore full functionality of the plant.

Corrective Maintenance Services will also include the technical management that the Contractor shall supply to deal with accidents, incidents related to the electrical distributor and the use of the manufacturers' guarantees, supplying supporting technical data about incidents and diagnoses and carrying out technical representation with third parties. For the administrative and financial aspects of these processes, the Parties will act in a coordinated way with third parties, the Principal and/or the Financing Entity, sharing contractual information (insurance contracts, electricity supply contracts, manufacturers' guarantees) and other relevant communications with third parties, the Principal and/or Financing Entity.

Annex 3: Minimum Guaranteed Performance Ratio (MGPR)

The Parties have agreed a Minimum Guaranteed Performance Ratio **MGPR** equal to **78%** .

Performance ratio algorithms.

The performance ratio **(PR)** is defined according to the standard CEI EN 61724 (CEI 82-15) as:

$$PR = \frac{Y_f}{Y_r} \qquad (1)$$

Y_f is the ***final PV system yield***, that is the net AC energy output divided by the nominal DC. power of the installed PV System. It represents the number of hours that the PV System would need to operate at its rated power to produce that amount of energy. The value for Y_f is calculated by equation 2:

$$Y_f = \frac{E}{P_n} \qquad [\text{kWh} / \text{kW}_\text{p}] \qquad (2)$$

where:
Y_f = final PV System yield
E = System net AC energy output in kWh
P_n = System nominal power in kW_p

Yr is the ***reference yield*** that is the total in-plane irradiance *H* divided by the PV's reference irradiance *G*. It represents the equivalent number of hours necessary for the array to receive the reference irradiance. If *G* equals 1 kW/m^2, then *Yr* is the number of peak sun-hours. The *Yr* defines the solar radiation resource for the PV system. It is a function of the location, orientation of the PV array, and month-to-month and year-to-year weather variability. The value for *Yr* is calculated by equation 3:

$$Y_r = \frac{H}{G} \qquad [(\text{kWh/m}^2) / (\text{kW/m}^2)] \qquad (3)$$

where:

Y_r = reference yield
H = total plan of array irradiance in kWh/m^2
G = reference irradiance (usually 1 kW/m^2)

The **performance ratio (PR)** calculated by the equation (1) is Y_f divided by Y_r. By normalizing with respect to irradiance, it quantifies the overall effect of losses on the rated output due to inverter efficiency and wiring mismatch, and other losses when converting from DC to AC power; PV module temperature; incomplete use of irradiance by reflection from the module front surface; soiling or snow; system down-time and component failure.

1. Measurement of effective performance ratio

On the base of the above assumptions, the **effective performance ratio** ($\mathbf{PR_{eff}}$) is calculated as follows:

$$\mathbf{PR_{eff} = (E_{eff} * G) / (P_n * f * H)}$$

Where:

E_{eff}: is the production of electric energy (in kWh) measured at the point established by the GSE at low voltage

G: is the standard irradiance value, meaning the value representing the instantaneous power of the solar radiation which hits a orthogonal plane surface in standard conditions, equal to 1000 W/ m^2

P_n : is the nominal peak power (in kW) of the System in standard conditions STC

f: is a correction factor due to the panels performance degradation equal to (1- 0,0008 * N_{months}) where N_{months} is the "number of months" from the opening of the worksite

H: is the value of the irradiation in (kWh/m^2) measured under the measurement operational conditions mentioned below

For the avoidance of doubts, whenever throughout the Contract, reference to the Performance Ratio of the System is made, it is clear to all Parties that the PR_{eff} is meant.

2. Measurement operational conditions

- Utilized instruments: N. 2 class II pyranometers
- The exact position of the pyranometers will be decided in the Executive Project.
- Measurements performed with the pyranometers will be recorded every 10 minutes
- Every hour an average irradiation value will be calculated as follows:

(a) H_i (kWh/m^2) at the i_{th} hour

- Hourly average irradiation less than 600 Wh/m^2 will be discarded
- At the end of each period the total irradiation will be calculated as follows:

(b) $H = \sum H_i$ where "i" is a value from 1 to (24 * n)

3. Stopping periods

The following stopping periods will be excluded from the calculation of the PR_{eff}:

- stopping periods due to theft, vandalism, Force Majeure events, power outage of the national electricity grid, or in case of wilful misconduct or gross negligence of the Principal;
- stopping periods during which Non-Subscription Services are carried out pursuant to the O&M Contract;
- stopping periods (not longer than 48 hours per year of equivalent irradiation at peak irradiance onto the surface of the Panels, being understood that beyond such value, stopping periods shall be included in the calculation of the PR_{eff}) during which Subscription Services are carried out pursuant to the O&M Contract.

Annex 4: Minimum Guaranteed System Output (MGSO)

The MGSO is calculated as follows

$$\mathbf{MGSO = H_{TC} * MGPR * PN}$$

Where:

MGPR is the Minimum Guaranteed Performance Ratio

HTC is the irradiation as disclosed the long term yield calculations of the Technical Consultant of the Principal and/or Financing Entity on which the Parties agree.(kWh/kW)

PN is the System nominal peak power in standard conditions STC, taking into account the panel degradation which is agreed between the Parties

Based on the long term yield calculations of the Technical Consultant of the Principal and/or Financing Entity, the Parties have agreed for the total Duration of 20 years of the current contract, on a Minimum Guaranteed System Output as detailed in the following table

Year	Yearly Degradation [%]	MGSO [kWh]
PAC	0	914.239,87
1	2	895.955,07
2	0,7	889.555,40
3	0,7	883.155,72
4	0,7	876.756,04
5	0,7	870.356,36
6	0,7	863.956,68
7	0,7	857.557,00
8	0,7	851.157,32
9	0,7	844.757,64
10	0,7	838.357,96
11	0,7	831.958,28
12	0,7	825.558,60
13	0,7	819.158,93
14	0,7	812.759,25
15	0,7	806.359,57
16	0,7	799.959,89
17	0,7	793.560,21
18	0,7	787.160,53
19	0,7	780.760,85
20	0,7	774.361,17

Annex 5: Bonus-Malus

Parties have agreed to a bonus–malus construction in which the effective System output SO_{EFF}, measured at the GSE LV meter is compared annually with the value of the Minimum Guaranteed System Output MGSO as determined between the Parties in Annex 4.

The bonus-malus percentage applies on the marginal revenue corresponding to the GSE Incentive Fare and Energy Selling Tariff (Minimum Guaranteed Prices) as following:

- the bonus will be paid by the Principal to the Contractor starting from a surplus production greater than 3%
- the penalties (malus) will be paid by the Contractor to the Principal starting from a loss of production greater than 3%.

The bonus-malus ranges as described in the table hereunder:

$$X = \frac{SO_{EFF} - MGSO}{MGSO}$$

BONUS

Percentage of the marginal revenue to be paid to the Contractor	Principal
X> 7,5%	75%	25%
5% < X ≤ 7,5%	50%	50%
3% ≤ X ≤ 5%	25%	75%
0 < X< 3%	0%	100%

$$X = \frac{SO_{EFF} - MGSO}{MGSO}$$

PENALTY

Percentage of the Loss of revenue paid by the Contractor	Principal
0 < X ≤ -3%	0%	100%
-3% ≤ X < -5%	50%	50%
X≤ -5%	100%	0%

ANNEX 18

OPTION AGREEMENT

Between

ECOWARE S.P.A., a company incorporated under the laws of Italy, with registered office at Nona Strada 9, I-35129 Padova (Italy), entered in the Companies Register in Padua at number 03571330277, represented by Mr. Leopoldo Franceschini, in his capacity as legal representative ("**Ecoware**");

and

Ellomay Capital Ltd., a company incorporated under the laws of Israel, with registered office at 9 Rotschild Blv, Tel Aviv - Israel, represented by Mr. Ran Fridrich, in his capacity of CEO ("**Ellomay**");

hereinafter collectively the "**Parties**".

Whereas:

A. On 2 December 2009 Ellomay and Ecoware entered into a non binding Termsheet for the development and construction of solar plants in Italy for a capacity of up to 10 MW.

B. Ecoware, as contractor, and Ellomay, as principal, are negotiating an Engineering Procurement and Construction Agreement (**EPC**), as well as an Operation and Maintenance Agreement (**O&M**) in relation to the photovoltaic plants referred to in letter a).

C. Pursuant to the Termsheet, Ecoware has proposed to Ellomay two plants located in the Marche Region named "Costantini" and "Del Bianco" (jointly referred to as **Plants**), and has submitted part of the documentation relating thereto to allow Ellomay to carry out the technical and legal due diligence.

D. Ecoware represented the urgency of executing the building right (*superficie*) agreements in relation to the Plants.

E. Pending Ellomay's delivery of the technical and legal due diligence, negotiations between the Parties of the EPC and O&M contracts, as well as any other outstanding issue necessary to reach a final decision on the purchase of Del Bianco and Costantini Plants, the Parties have agreed to secure Ellomay exclusivity on such Plants until the deadline foreseen herein.

F. Pending the activities referred to in the preceding paragraph, a special purpose company (**SPV**) shall enter into the definitive *superficie* contracts with the landowners of the lands where the Del Bianco and the Costantini Plants are located, at Ecoware's earliest convenience. The SPV shall be alternatively, at Ellomay's discretion,

(i) a *società a responsabilità limitata*, with a share capital of Euro 10.000,00, wholly paid up, 100% owned by Ecoware (**EW-SPV**); or,

(ii) a *società a responsabilità limitata*, newly set up, with a share capital of Euro 10.000,00, wholly paid up, 100% owned by Ellomay or by a company belonging to the Ellomay group, which will be indicated by Ellomay in due course (**Ellomay SPV**).

THE ABOVE STATED THE PARTIES DECLARE AND AGREE AS FOLLOWS:

1 DEFINITIVE *SUPERFICIE* CONTRACTS ENTERED BY EW-SPV

1.1 In the case that the definitive *superficie* contracts are entered into by EW-SPV, subject to satisfactory due diligence on the Del Bianco and Costantini Plants, execution by EW-SPV of the *superficie* contract/s, and positive outcome of the negotiations referred to in recital e) hereof, Ecoware hereby grants to Ellomay the exclusive option right (**Option**) to purchase 100% of the EW-SPV quotas (**EW-SPV Shares**), provided that such right shall last until 28 February 2010 (**Completion Deadline**).

1.2 The EW-SPV Shares may be purchased by Ellomay on its behalf or on behalf of any third parties indicated by Ellomay at the time of Completion as defined below.

1.3 In order to secure the Option and within 5 working days of execution of this Agreement, Ellomay shall transfer to Ecoware Euro 50.000,00 (fifty thousand) (**Deposit**) by wire transfer to the following bank account: IT 29805046241000000 2038052 Banca Antonveneta agenzia di Cadoneghe.

1.4 Ecoware irrevocably undertakes to grant Ellomay the option to purchase the EW-SPV Shares free from inscriptions, transcriptions, burdens, mortgages or legal prejudices, fiscal privileges and partial rights of third persons, easements, encumbrances or pre-emption rights of third parties. Ecoware undertakes to hold Ellomay harmless of any onus, eviction, damage or breach of possession. In particular, at the time of Completion, Ecoware shall represent and warrant Ellomay, among others, that:

i. EW-SPV is duly incorporated and existent, has full and unconditional use of its rights and has *de facto* and legal capacity to carry out its business activity;

ii. Ecoware is in the full and free possession of the EW-SPV Shares and the same are free from pledges, liens, seizures, prejudicial registrations, or any other encumbrances, including compulsory encumbrances and there will be no third party's claim on the EW-SPV Shares at the time of formal transfer thereof;

iii. EW-SPV has been managed in the full compliance to any relevant legal and administrative law and, in particular, EW-SPV has fulfilled all its tax liabilities;

iv. no legal, fiscal, administrative disputes or any other dispute exist that have arisen from any third party's claim.

v. EW-SPV's accounting and corporate books are duly kept and, in accordance with the provisions of law, all tax-returns have been submitted, and all taxes have been duly paid;
vi. EW-SPV has no employees;

vii. EW-SPV has not entered into any agreement or undertaken any obligation, other than the ones arising out or in connection with the *superficie* agreements.

1.5 Furthermore, EW-SPV represents and warrants to Ecoware that it will be the full and exclusive grantee of the *superficie* rights on the Del Bianco and Costantini lands, as the case may be, the latter having been acquired through a notarial deed and that all taxes and duties, including the registration tax, relating to the Plants have been fully and promptly complied with and they will be paid until Completion, as defined below.

1.6 The consideration of the EW-SPV Shares has been agreed between the Parties and accepted as a whole to be equal to the EW-SPV Share's nominal value and will be paid on Completion. All taxes and duties, including *inter alia* registration tax, notary fees and rental fees, relating to the Plants which have been paid until Completion, as defined below, will be refunded by Ellomay.

1.7 If this Agreement is terminated for any reason whatsoever, or the Parties fail to complete within the Completion Deadline, or Ellomay does not exercise the Option within the Completion Deadline, Ellomay shall be entitled to be refunded the Deposit from Ecoware by wire transfer to a bank account specified by Ellomay within 3 working days from Ellomay's demand to refund such deposit.

1.8 The Parties agree that Ellomay has no obligation to complete, being its decision to enter into the Completion within the Completion Deadline, subject to satisfactory outcome, at Ellomay's discretion, of the due diligence and of the negotiations referred to in recital e) hereof.

1.9 The transfer of the EW-SPV Shares shall take place by means of a deed executed before a notary or a *commercialista*, designated by Ellomay (**Completion**). The cost and taxes of the Completion shall be borne by Ellomay.

2 DEFINITIVE *SUPERFICIE* CONTRACTS ENTERED BY ELLOMAY-SPV

2.1 In the case that the definitive *superficie* contracts are entered into by Ellomay SPV, should the Parties not enter for any reasons whatsoever into the EPC within 45 days of execution of this Agreement, Ecoware shall purchase 100% of Ellomay-SPV quotas (**Ellomay-SPV Shares**) within the following 15 days in accordance with the following terms.

2.2 The consideration of Ellomay-SPV Shares has been agreed between the Parties and accepted as a whole to be equal to Ellomay-SPV Share's nominal value and shall be paid by Ecoware to Ellomay on execution of the Ellomay-SPV Shares transfer deed. Costs and taxes related to such transfer deed, as well as costs and taxes related to the incorporation of Ellomay-SPV, will be borne by Ecoware.

2.3 All taxes and duties, including *inter alia* registration tax, notary fees and rental fees, relating to the Plants which have been paid until Completion, as defined below, will be refunded by Ecoware.

3 MISCELLANEOUS

3.1 Any variation to this Agreement must be in writing and signed by both Parties.

3.2 This Agreement supersedes all previous written or oral agreements between the Parties in relation to the EW SPV Shares.

3.3 This Agreement shall be governed by the laws of Italy and the competent court will be exclusively the Court of Milan, Italy.

3.4 This Agreement is entered into in English and the Parties agree to exchange signatures via e-mail.

Read, confirmed and signed by on January 22, 2010

Ecoware S.p.A.

/s/ Leopoldo Franceschini

_____
Mr. Leopoldo Franceschini
(in his capacity of legal representative)

Ellomay Capital Ltd

/s/ Ran Fridrich

_____
Mr. Ran Fridrich
(in his capacity of CEO)