

Shagrir Group Vehicle Services Ltd. (the “Company”)

To
The Securities Authority
www.isa.gov.il
To Whom It May Concern,

To
Tel Aviv Stock Exchange Ltd.
www.tase.co.il
To Whom It May Concern,

March 22, 2017

Re: **Dividend Distribution Policy**

The Company hereby announces that on March 21, 2017, the Company’s board of directors passed a resolution regarding a dividend distribution policy in a rate of at least 50% of the Company’s net profit each year, subject to the distribution tests set forth in the Companies Law, 5759-1999 (the “**Distribution Tests**”). A declaration of the distribution of dividend under the aforesaid policy may take place once per year or a number of times each year, on the basis of the reviewed or audited financial statements of the Company and at the discretion of the board of directors. In addition, the Company’s board of directors may, at any time, considering business considerations, change the rate of the dividend distributed or resolve not to distribute any dividend at all.

The application of the dividend distribution policy is subject to the provisions of any law, including the Distribution Tests, and subject to the assessment of the Company’s board of directors regarding the Company’s ability to meet its existing and anticipated obligations and considering the Company’s expected cash flows, the Company’s activity, its cash balances, business strategy and future intentions, as they may be from time to time.

The adoption of the dividend distribution policy should not be considered to be an undertaking of the Company to declare or perform a distribution, and any such declaration or distribution will be discussed separately by the board of directors of the Company.

It is noted that in the meeting of the board held on March 21, 2016, it was resolved to distribute dividend in the amount of NIS 600 thousand. An immediate report will be published in this regard shortly after the publication of this Immediate Report.

Sincerely,
Shagrir Group Vehicle Services Ltd.
Mr. Yossi Regev, CEO of the Company