

LEDO
joint-stock company
for production and sale of
ice cream and frozen foods
Zagreb, Čavićeva 1 a
ISIN: HRLEDORA0003
Security LEDO-R-A



dioničko društvo
za proizvodnju i
promet sladoleda
i smrznute hrane



ZAGREB STOCK EXCHANGE d.d.
Ivana Lučića 2a, 10 000 Zagreb

Zagreb, 09 June 2017

SUBJECT: Response to Statement Request from Zagreb Stock Exchange

Ledo joint stock company for production and sale of ice cream and frozen foods, Zagreb, Čavićeva 1a, MBS: 080002964, OIB: 87955947581, responsible person: Dario Vrabec (hereinafter: the Issuer) informs that on 06 Juni 2017 has received Statement Request from Zagreb Stock Exchange regarding the information dated from 02 June 2017, that representatives of majority shateholder group in Ledo d.d. have sent the Letter to Mr Ramljak, in which they express their mutual attitudes and concerns connected with business strategy, so far and in future.

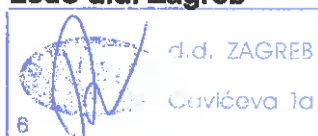
The Issuer confirms receiving the information provided from one of the minority shareholder that the letter that represents their mutual interests was addressed to Mr. Ramljak, the Extraordinary Commissioner. The Issuer doesn't have any further information related with possible ongoing activities.

The letter addressed to Mr. Ramljak is attached

The Issuer confirms continuation of high level transparency practice toward investment publicity.

Sincerely

Ledo d.d. Zagreb



June 2nd, 2017

Mr. Ante Ramljak
Agrokor Commissioner
Trg Drazena Petrovica 3
Zagreb, 10000, HR

Dear Mr. Ramljak,

We are writing to you on behalf of a diverse group of shareholders in the equity of Ledo DD and Jamnica DD., subsidiaries of the Agrokor Group that are publicly listed on the Zagreb Stock Exchange, as well as other Agrokor Group stakeholders. In doing so, we present the views of shareholders that currently own 26.4% of Ledo DD, a majority of the minority shareholders, and 2.2% of the shareholders in Jamnica DD, as of June 2nd, 2017. Some of the shareholders presenting their views in this letter are also holders of Agrokor bonds. We appreciate your consideration of the views expressed jointly in this letter from minority shareholders in the listed subsidiaries of Agrokor, as well as other group stakeholders.

Among minority shareholders in the listed Agrokor subsidiaries, Ledo DD and Jamnica DD, there is great concern regarding the potential use of guarantees that Agrokor bondholders as well as private creditors may have from Ledo, Jamnica, and the other subsidiaries within the restricted group, as disclosed in bond prospectuses and via the Zagreb Stock Exchange (ZSE).

These guarantees and other contingent liabilities were:

- Not reported in the annual reports or auditors reports of Ledo or Jamnica, in violation of IAS 37
- Not approved by shareholders of Ledo or Jamnica at an annual general meeting (AGM)
- Not provided in exchange for any measurable benefit to Ledo or Jamnica

There is a great deal of uncertainty regarding the full potential ramifications as well as the enforceability of these guarantees and other liabilities, not only under New York governing law, but also in the relevant legal bodies in Croatia and the EU. In light of this, we assert the following critical points:

1. We believe that it is NOT in the best interest of stakeholders, including creditors and the Croatian government, to utilize these guarantees or other liabilities to substantially diminish the value of minority shareholder equity in the listed subsidiaries of Agrokor. It IS in the best interest of stakeholders to relieve the listed subsidiaries of the guarantees in order to maximize the recoverable value of the Agrokor Group through the sale of an individual asset, company, or the Group. *We propose that the subsidiaries of the Agrokor Group be relieved of the guarantees and any other undisclosed contingent group liabilities for the following reasons:*

- A. Ledo and Jamnica are both significant suppliers as well as significant creditors to the Agrokor Group. The loans and other assets that Ledo and Jamnica are owed by Agrokor and other group companies, including Jamnica's direct ownership of equity in Konzum DD, must be fairly reflected in the restructuring.

- B. A potential litigation response on the part of minority shareholders to resist enforcement of the guarantees could significantly delay and hamper the recovery of value from the Agrokor Group, through:
- Sale of an individual asset or subsidiary – the sale of Jamnica, Ledo, or another subsidiary would be the fastest solution to fund claims and calm the markets in our view.
 - Sale of the group to a strategic partner, or eventual IPO – if the eventual exit for creditors would be to sell Agrokor equity to a strategic buyer, and/or to list Agrokor shares on a developed market, having a track record of unduly harming minority shareholders in group companies would further negatively impact the potential market valuation.

Strategic buyers will not buy a company whose ownership is in dispute without substantially discounting this risk in the valuation.

In the event of the threat of material negative impact as a result of these dubious guarantees, minority shareholders in the listed subsidiaries would have to vigorously defend their interests, and we believe this could be to the detriment of other stakeholders.

- C. Any disproportionate harm caused to minority shareholders in the listed subsidiaries, Ledo and Jamnica, would further tarnish the corporate governance reputation of Croatian companies and the Croatian equity markets, both in the minds of domestic as well as foreign investors. The Croatian government in particular should be wary of the material financial damage as well as long-term reputational damage caused by unduly harming local pension funds, local Croatian investors, as well as being perceived as hostile to foreign investors. This could do further harm to the Croatian equity market and therefore increase for years to come the cost of equity capital experienced by Croatian companies and their employees.

2. Considering the costs already incurred to all stakeholders as a result of poor corporate governance within the Agrokor Group, *we hereby ask that directors / members of the supervisory boards of the subsidiary companies Ledo DD and Jamnica DD with employment or board positions in other Agrokor Group companies be immediately replaced by independent directors.* This is not requested with the intent to control these entities in any way, but rather to assure proper corporate governance. Failure to do this could result in additional transactions or payments with Agrokor Group companies or other related parties that could be challenged and enjoined in Croatian or EU courts.

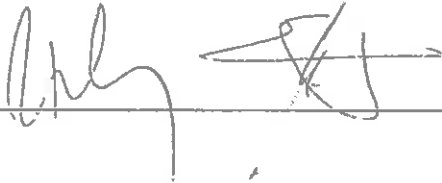
Critically and in summary, it is our view that the amount of additional recovery to creditors and other stakeholders to be derived by seizing the value of minority shareholders' equity in Agrokor's listed subsidiaries would be more than offset by the negative impact that this would have on the recoverable value of group assets.

We look forward to engaging in further dialogue. We vociferously assert these proposals to be in the best interest of all Agrokor Group stakeholders.

Sincerely,

Representatives of shareholders in Ledo DD and Jamnica DD, listed on the Zagreb Stock Exchange:

Firm Representative: *VELJAN BUKIĆ, MARIJO STADKELIĆ*
Title: *PRESIDENT OF THE MANAGEMENT BOARD, MEMBER OF THE MANAGEMENT BOARD*
Firm / Institution Name: *AZ MANDATNI PENZIJSKI FOND MANAGEMENT COMPANY*
Telephone:
Email:

Signature: 

Allianz ZB d.o.o.
društvo za upravljanje
obveznim mirovinskim fondovima
ZAGREB

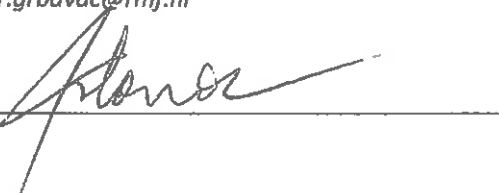
Firm Representative: *Damir Grbavac, CEO*

Title: *President of the Management Board*

Firm / Institution Name: *Raiffeisen Mandatory and Voluntary Pension Fund Management Company Ltd.*

Telephone: *+ 385 1 6003 900*

Email: *damir.grbavac@rmf.hr*

Signature: 

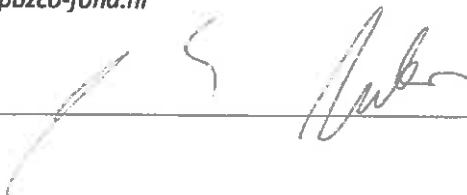
Firm Representative: *Dubravko Štimac; Renata Kašnja-Putar*

Title: *President of the Management board; Member of the Management board*

Firm / Institution Name: *PBZ Croatia osiguranje JSC*

Telephone: *+385 1 6363 700*

Email: *uprava@pbzco-fond.hr*

Signature: 

Firm Representative: Dafydd Lewis

Title: Portfolio Manager

Firm / Institution Name: LGM Investments

Telephone: +44 20 3650 6600

Email: dafydd.lewis@lgminvestments.com

Signature: _____



Firm Representative: Luka Podlogar

Title: President of the Management Board

Firm / Institution Name: KD Funds Management Company LLC

Telephone: 00386 1 582 67 80

Email: luka.podlogar@kd-group.si

Signature: _____



KD Skladi ⁰¹
KD Skladi, družba za upravljanje, d.o.o.
Dunajska cesta 63, SI 1000 Ljubljana

Firm Representative: Ben Griffith, CFA

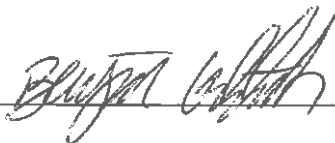
Title: Portfolio Manager

Firm / Institution Name: Caravan Capital Management LLC

Telephone: +(001) 253 – 503 – 3219

Email: beng@caravancapital.com

Signature: _____



Firm Representative: Clifford Quisenberry Jr., CFA

Title: Chairman

Firm / Institution Name: The Emerging Frontiers Master Fund, LTD

Telephone: + (001) 206 – 226 – 7356

Signature: 