

Kimberly Enterprises N.V.

("Kimberly" or the "Company")

**Proposed Cancellation of Admission of Ordinary Shares to trading on AIM
Amendment to the Articles
Notice of Extraordinary General Meeting**

Kimberly Enterprises N.V. (AIM:KBE), the AIM-listed Central and Eastern European property developer, announces its intention to seek Shareholders' approval for the cancellation of admission of its ordinary shares of €0.01 each ("Ordinary Shares") to trading on AIM ("Cancellation"). A circular will be posted to Shareholders today setting out the background to and reasons for the Cancellation, the reasons why the Directors believe that this is in the best interests of the Company and its Shareholders as a whole and their recommendation to Shareholders to vote in favour of the proposals.

An extraordinary general meeting ("Extraordinary General Meeting") of the Company will be held on 25 January 2018 at which resolutions will be proposed to Shareholders to approve, inter alia, the Cancellation, to amend the articles of association of the Company and to authorise the Directors to issue new Ordinary Shares on a non pre-emptive basis. A notice convening the Extraordinary General Meeting will be set out in the circular, which will shortly be available on the Company's website at www.kimberly-enterprises.com. Definitions in this announcement are the same as those included in the circular.

This announcement contains inside information for the purposes of Article 7 of EU Regulation 596/2014.

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Introduction

The Company announces that it is proposing to seek Shareholder consent to cancel the admission of the Company's Ordinary Shares to trading on AIM, to amend the Articles and to authorise the Directors to issue new Ordinary Shares on a non pre-emptive basis ("Proposals").

A circular is being sent to Shareholders today setting out the background to and reasons for the Proposals, additional information on the implications of the Proposals for the Company and its Shareholders and why the Board believes the Proposals to be in the best interests of the Company and of the Shareholders as a whole. Having disclosed their interests in the Company and their intentions with regard to their individual holdings, the Directors unanimously recommend the Proposals.

Pursuant to Rule 41 of the AIM Rules for Companies, the Company is required to obtain the consent of not less than 75 per cent. of the votes cast by Shareholders at a general meeting in order to request that the Company's Ordinary Shares are cancelled from trading on AIM. Also included in the circular will be a notice of an extraordinary general meeting which has been convened for 11.00 a.m. (CET) on 25 January 2018 at Laurierstraat 71HS, 1016 PJ Amsterdam, The Netherlands in order that the Proposals may be put to Shareholders.

Current Financial Position

As at 30 June 2017, the Company had total assets of €3.9 million, total liabilities of €28.0 million and negative net assets of €24.1 million. The total liabilities included a debt of €26.5 million which is owed by the Company to ERD. As at 31 December 2017, the Company's debt to ERD stood at €26.1 million. Consequently the Company's Ordinary Shares have negligible value. ERD indirectly owns 68.35 per cent. of the Company's issued share capital.

The Company has for some time now been reliant on the continued support from ERD. The Company has now disposed of the large majority of its real estate assets.

The Company is now examining various alternatives regarding settlement of the debt from ERD, including a possible debt for equity swap with ERD.

Cancellation of Admission

Reasons for proposed Cancellation

The Company's Ordinary Shares were admitted to trading on AIM on 15 December 2005 to enable it to raise capital to invest in the development of residential property in Eastern Europe. However since 2008, the Eastern European property market has performed poorly, and the Company has incurred substantial losses on its property activities. More recently, the Company's lease agreement in respect of its flagship Marina Dorcol project was terminated. The Board has consequently been considering the Company's options in respect of reducing its costs and restructuring its balance sheet.

The Company has for some time now been reliant on the continued support from ERD. In the light of the continuing uncertainty regarding the Company's future, it is not possible for the Company to raise new capital on AIM. In addition, there is a significant cost in maintaining the Admission. The Board has concluded that there is now no longer any benefit to the Company or its Shareholders to maintaining its Admission and is therefore seeking Shareholders consent to cancel the Admission, which will result in significant cost savings for the Company.

Effects of Cancellation

In the event that the Resolutions are passed and the Admission of the Company's Ordinary Shares to trading on AIM is cancelled, Shareholders will no longer be able to buy and sell shares in the Company through a public stock market and thereafter liquidity in the Company's shares will be limited. Upon the Cancellation becoming effective, Cairn will cease to be nominated adviser to the Company and the Company will no longer be required to comply with the rules and corporate governance requirements to which companies admitted to trading on AIM are subject, including the AIM Rules.

The Company has set up a matched bargain facility, to be available from the date of Cancellation and administered by JP Jenkins, who will, where possible, match trades in respect of the Depositary Interests between willing buyers and willing sellers, acting as a central point for negotiation between

UK stockbrokers. JP Jenkins is a part of Peterhouse Corporate Finance Limited, which is authorised and regulated by the FCA and is a member of the London Stock Exchange.

The Company intends to maintain the Depositary facility for the time being to enable Shareholders to settle any trades in their Depositary Interests through CREST. Shareholders who wish to buy or sell Depositary Interests in Ordinary Shares through JP Jenkins must do so via a stockbroker; JP Jenkins is unable to deal directly with members of the public.

Shareholders should be aware that the JP Jenkins matched trade service will not offer the same liquidity as AIM as this service is not an investment exchange, nor a public market, nor is it recognised or designated by the FCA or any other regulatory authority anywhere in the world. Transactions effected by JP Jenkins will be conducted "off-exchange".

Further information about the matched bargain dealing facility, including indicated prices and a history of transactions, will be available on the J P Jenkins website which is located at www.jpjenkins.com.

Holders of Depositary Interests who wish to retain an interest in the Company but not through the holding of Depositary Interests may, after the Cancellation, request that the Depositary transfers the Ordinary Shares it holds to the holder of the Depositary Interests. This will be effectuated by the execution of a notarial deed before a Dutch civil law notary (*notaris*). Following the transfer of the Ordinary Shares, the Depositary will cancel the Depositary Interests that were issued for such Ordinary Shares and the holding in Ordinary Shares will be registered in the Company's shareholder register. It should be noted that a transfer of Ordinary Shares after the Cancellation can only be effectuated by a notarial deed executed before a Dutch civil law notary.

The Company will bear the costs of the first notarial deed whereby the Depositary transfers the underlying Ordinary Shares to a holder of Depositary Interests (excluding the costs for powers of attorney and notarisation thereof).

In the event that the Shareholder, after the first transfer, wishes to effectuate any subsequent transfers of Ordinary Shares, the costs of transfer (including the notarial deed) will be borne by the Shareholder.

Registered Shareholders cannot trade their Ordinary Shares (not represented by Depositary Interests) on a market nor through the facility J.P. Jenkins is offering (see above).

Post-cancellation matters – general

As stated above, post-Cancellation, the Company contemplates to effectuate a debt for equity swap with ERD. This debt for equity swap once effectuated, will most likely lead to the minority Shareholders (i.e. those not related to ERD) being substantially diluted. For this, specific reference is made to agenda point 7 of the upcoming Extraordinary General Meeting. The debt for equity swap is likely to lead to the situation that ERD (or ERD and its group companies jointly) will hold at least 95% of the Company's issued share capital. In that case, ERD (or ERD and its group companies jointly) will consider to start a squeeze-out procedure pursuant to Dutch law by initiating proceedings against the holders of the remaining Ordinary Shares. The price to be paid for such remaining Ordinary Shares will be, pursuant to section 2:92a paragraph 2 of the Dutch Civil Code (*Burgerlijk Wetboek*) determined by the Enterprise Chamber (*Ondernemingskamer*) of the Amsterdam Court of Appeal. Shareholders should take this possibility in due consideration when deciding upon retention of their interest in the Company after the Cancellation.

Cancellation Process

In accordance with Rule 41 of the AIM Rules, the Company has notified the London Stock Exchange plc of the proposed Cancellation.

Pursuant to AIM Rule 41, the Cancellation can only be effected by the Company after securing a resolution of Shareholders in a general meeting passed by a requisite majority, being not less than 75 per cent. of the votes cast by Shareholders (in person or by proxy).

Under the AIM Rules, the Cancellation can only take place after the expiry of a period of twenty Business Days from the date on which notice of the Cancellation is given. In addition, a period of at least five Business Days following the Shareholder approval of the Cancellation is required before the Cancellation may be put into effect. Accordingly, if the Resolution to cancel the Admission is approved, the last day of dealings in the Ordinary Shares on AIM will be 7 February 2018, and the Cancellation will become effective at 7.00 a.m. on 8 February 2018.

Amendment to Articles

It is proposed that the Company's articles of association will be amended to reflect the fact that, after passing of Resolution 5, the Company's ordinary shares will not be admitted to trading on AIM. Furthermore, with the exception of the name change from "Engel East Europe N.V." to "Kimberly Enterprises N.V." in 2012, the articles of association of the Company have not been amended since 9 December 2005 and should, on certain matters, be made compliant with the provisions of prevailing Dutch law. The proposal for the amendment of the articles of association of the Company inter alia includes an increase of the Company's authorised share capital (*maatschappelijk kapitaal*) which is proposed to enable a contemplated debt for equity swap with ERD. The new draft of the articles of association is further updated to reflect all applicable provisions of prevailing Dutch mandatory law and further provides for the relevant provisions for the Company to be a private (non-publicly traded) company.

The draft deed of the amendment of the Company's articles of association, contains the full text of the proposed amendments. The draft deed of amendment of the Company's articles of association is available for inspection, in the Dutch and in the English language, from the date of this circular until the end of the meeting at (i) the offices of the Company, Laurierstraat 71H, 1016 PJ Amsterdam, The Netherlands, and (ii) on the Company's website at www.kimberly-enterprises.com.

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

	2018
Publication of the circular	9 January
Notice convening Extraordinary General Meeting	9 January
Latest time and date for receipt of Form of Instruction	11.00 a.m. (CET) on 22 January
Latest time and date for receipt of Form of Proxy	11.00 a.m. (CET) on 23 January
Extraordinary General Meeting	11.00 a.m. (CET) on 25 January

Announcements of results of Extraordinary General Meeting	25 January
Expected last day of dealings in Ordinary Shares on AIM	7 February
Expected time and date that the Admission to trading of the Ordinary Shares on AIM will be cancelled	With effect from 07:00 a.m. on 8 February

If any of the details contained in the timetable above should change, the revised time and dates will be notified to Shareholders by means of a Regulatory Information Service (as defined in the AIM Rules) announcement.