

PUBLIC ANNOUNCEMENT

ARM CEMENT LIMITED

The Capital Markets Act

Chapter 485A of the Laws of Kenya

Capital Markets (Securities) (Public Offers, Listing and Disclosures) Regulations, 2002
(as amended)

PROPOSED US\$ 140m INVESTMENT IN ARM CEMENT LIMITED BY CDC GROUP PLC

ARM CEMENT LIMITED (“**ARM**” or the “**Company**”) is pleased to notify its shareholders and the general public that it has, on 29th April 2016, entered into a conditional investment agreement with CDC Africa Cement Limited (“**CDCAC**”) which is a wholly owned subsidiary of CDC Group Plc (“**CDC**”), pursuant to which CDCAC will invest United States Dollars 140 million in the Company by subscribing for 353,665,200 ordinary shares of the Company at a price of KES 40/= per ordinary share – equivalent to approximately 41.66% of the issued share capital of the Company upon completion of the subscription (the “**Investment**”).

The Company has previously authorised the issuance of 21,000,000 ordinary shares to the Company Employee Share Option Scheme, which is currently awaiting regulatory approvals. After these shares are issued to the ESOP, the Investment will represent 40.65 % of the issued share capital of the Company.

CDC is a Development Finance Institution wholly owned by the United Kingdom Government. CDC’s mission is to support the building of businesses throughout Africa and South Asia, to create jobs and make a lasting difference to people’s lives in some of the world’s poorest places.

At least USD 110 million of the Investment will be utilized to retire existing debt of the Company, and the balance of the Investment will be utilized for the Company’s capital expenditure and funding existing and new cement businesses.

The Investment, is subject to certain conditions including regulatory and ARM shareholder approvals, including, but not limited to an approval from shareholders to increase the share capital of the Company to create sufficient shares to allot to CDCAC.

Subject to fulfilling such conditions and receiving ARM shareholder and regulatory approvals, the Company anticipates that the Investment will be completed in July 2016.

The Board and Management of the Company believe that the Investment by CDAC will strengthen the financial position of the Company as it executes its regional growth plans.

CDC will work closely with the company to improve standards in areas such as energy efficiency, health and safety and its engagement with local communities, in particular supporting the company’s excellent provision of health, education and environmental services to local people. CDC will also support the company’s move to membership of the World Business Council’s Cement Sustainability Initiative, which will result in reduced energy costs, lower greenhouse gas and dust emissions and improved water conservation and recycling.

The Company will circulate a detailed circular to the Shareholders in respect of the Investment in due course.

The shareholders of the Company and the public are advised to exercise caution when dealing in the shares of the Company.

By order of the Board

Company Secretary

Date: 4th May 2016

DISCLAIMER:

This announcement is for informational purposes only and is not intended to constitute, and may not be construed as, a public offering. It has been issued with the approval of the Capital Markets Authority pursuant to the Capital Markets (Securities) (Public Offers, Listing and Disclosures) Regulations 2002 as amended. As a matter of policy, the Capital Markets Authority assumes no responsibility for the correctness of the statements appearing in this announcement.

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ADVOCATES
Member of Boemman Gilfillan Africa Group

Financial Adviser: **TRADEWAYS**

