

CAUTIONARY 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 INVESTMENT BY AN INTERNATIONAL INSTITUTIONAL INVESTOR IN ARM CEMENT LIMITED

ARM CEMENT LIMITED (the “**Company**”) hereby notifies its shareholders and the general public that further to the Cautionary Announcement made on 23rd December 2015 on the subject of a proposed equity investment of USD 125 million by an international institutional investor (“the **Investor**”), the process for the proposed investment remains ongoing. Pursuant to a term sheet signed on 30 December 2015, the **Investor** proposes to make an equity investment of up to USD 125 million by subscribing for convertible preference shares in the **Company**. This long term structured instrument is likely to be of seven years tenor and, on conversion to ordinary shares in the **Company**, is not expected to reach the threshold which would require a mandatory take-over bid, based on the **Company**’s current issued share capital.

The **Investor** is in the process of conducting its due diligence on the **Company**. The detailed terms of the investment shall be contained in definitive agreements to be entered into between the **Company** and The **Investor**.

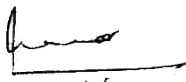
The finalisation of the proposed investment is subject to several conditions, including, but not limited to, completion of satisfactory due diligence and definitive agreements and regulatory and shareholder approvals.

The Board and Management of the **Company** believe that this investment would, if made, strengthen the financial position of the **Company** as it executes its regional growth plans.

Further details of the investment and The **Investor** shall be made available to the shareholders of the **Company** and the public 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: 21st January 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.

