



ARM Cement PLC (under Administration)
9th Floor, The Westwood, Ring Road, Westlands
Off Sarit Centre Round About
P. O Box 41908 – 00100
Nairobi, Kenya

Our ref: ARM/190521/Creditors

TO ALL KNOWN CREDITORS

21 May 2019

Dear All,

Subject: ARM Cement PLC (under Administration) (“ARM” or “the Company”) – Transaction update

The subject above refers.

As you are aware, the Company was placed under Administration effective 17 August 2018 pursuant to Section 534 (1) of the Insolvency Act 2015 of Kenya (the “Act”). At the First Meeting of Creditors on 23 October 2018, the creditors of the Company approved a proposal by the Joint Administrators (“the Administrators” or “we”) of ARM Cement PLC (under Administration) to, *inter alia* and in conjunction with appointed transaction advisors, undertake a robust, competitive and transparent transaction process aimed at identifying strategic or financial investor(s) in ARM Cement with a view to achieving a recapitalization of the Company through an injection of equity and/or a sale of all or some of the assets of the Company and/or a comprehensive restructure of its debt obligations.

The Joint Administrators, with assistance from the transaction advisors, commenced the transaction process and received offers from potential buyers representing a wide spectrum of investors from varied geographies. In evaluating the offers, the Joint Administrators were guided by their statutory objective of achieving a better outcome for the Company’s creditors as a whole. The Administrators have kept you updated on the administration and transaction process by way of various reports dated 1 February 2019 and a Second Status Update report, dated 18 April 2019.

The Joint Administrators wish to inform you that they have entered into an agreement for the acquisition of all cement and non-cement assets and all the business of ARM Cement PLC in Kenya as a going concern (the “Transaction”) with National Cement Company Limited for an amount of USD 50M. The Transaction is subject to certain conditions precedent including receipt of requisite regulatory approvals. Once the Transaction is completed and the sale proceeds paid to the Administrators the proceeds from the sale shall then be used to settle registered claims against the company and distributed to the creditors in accordance with the provisions of the Insolvency Act 2015 of Kenya (specifically in accordance with provisions relating to priority of payments to creditors under the Second Schedule of the Act).

Further details on settlement of creditors’ claims shall be communicated after the completion of the Transaction. In the meantime, all creditor claims will be subjected to a thorough verification process.

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c/o Muniu Thoithi and George Weru,
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The Joint Administrators act as agents of the Company and contract without personal liability



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The Administrators continue to pursue the transaction processes in relation to the other subsidiaries of the Company on a going concern basis so as to achieve the best possible outcome for the Company's creditors and will communicate with relevant stakeholders as appropriate in due course.

Should you have any queries, kindly contact the joint Administrators on arm.administrators@ke.pwc.com.

Yours Faithfully,
For and behalf of

ARM Cement PLC (under Administration)

A handwritten signature in blue ink, appearing to read 'G Weru'.

George Weru
Joint Administrator
Without Personal Liability