

22 July 2006



**Possible Offer
by MAMA Group Plc ("MAMA Group") for The Sanctuary Group Plc ("Sanctuary")**

The Board of MAMA Group announces that on 14 July 2006, MAMA Group made a formal proposal to the Board of Sanctuary with a view to MAMA Group making an all-share offer for all of the issued and to be issued Sanctuary shares (the "Possible Offer"). No cash alternative is currently being contemplated by MAMA Group however MAMA Group reserves the right to introduce a cash alternative.

MAMA Group has not yet received any meaningful response from the Board of Sanctuary. The Board of MAMA Group believes that the Possible Offer is in the best interests of the Sanctuary shareholders and the MAMA Group shareholders and, whilst the Board of MAMA Group would prefer to work with the Board of Sanctuary, the Board of MAMA Group is considering proceeding with the Possible Offer whether or not the Possible Offer is or will be recommended for acceptance by the Board of Sanctuary.

Background to the Possible Offer

Sanctuary has undergone a turbulent period of 12 months during which it has carried out extensive re-financing, resulting in the original shareholder base being diluted with a share consolidation which was carried out in March 2006 on a 1 for 200 basis, followed by an institutional placing of £110 million. Moreover, during the last 12 months, Sanctuary has made several financial restatements, most recently on 23 June 2006, and the majority of its executive team has been replaced, including the Sanctuary finance director and chief executive. The Board of MAMA Group believes that the sharp declines in the Sanctuary share price over the last 12 months, both before and after the re-financing, and most recently after a further profit warning by Sanctuary relating to the current financial year ending 30 September 2006 are indications of the ongoing erosion of shareholder value and demonstrate the continued loss of goodwill value in many of Sanctuary's business units.

The Board of MAMA Group believes that swift and effective action should be taken in order to prevent further loss of shareholder value being suffered by Sanctuary shareholders, including the potential loss of key staff and any resulting reduction in value of a number of the Sanctuary businesses. The Board of MAMA Group believes that:

- (i) There are very significant growing and profitable areas of the music business in which Sanctuary has little or no presence e.g. live music, publishing and digital media and that the proposed merged entity would have a wider presence in these growing markets;
- (ii) With the exception of the merchandise business, Sanctuary's businesses currently show little or no growth and that this situation could be rectified by the proposed merged entity;
- (iii) Sanctuary's recorded music businesses should be reorganised with strong consideration given to asset disposals; and
- (iv) The overseas operations lack scale and are expensive, have delivered little value and should be divested.

The Board of MAMA Group believes that there are a number of obvious synergies between MAMA Group and Sanctuary and that it makes sense from a strategic and shareholder value point of view to merge the two companies. Both MAMA Group and Sanctuary have successful artist management businesses representing multi-platinum selling artists. MAMA Group operates a network of live music venues which provide a way to find, as well as to promote, new artists.

The Board of MAMA Group intends that, if the Possible Offer was to be made and to become wholly unconditional, Sanctuary would be delisted from the Official List. MAMA Group would then restructure the current businesses and operations of Sanctuary with the intention of increasing returns by removing certain costs and disposing of certain assets thereby enabling a reduction in the Sanctuary group's level of debt. The Board of MAMA Group intend that the resulting enlarged group would consist of three divisions:

- 1) Live music venues, concerts and events;
- 2) Artist services - management, production and publishing; and

3) Merchandising and consumer sales.

Status of the Possible Offer

This announcement is not a firm intention to make an offer and accordingly Sanctuary and MAMA Group shareholders should note that there can be no certainty that the Possible Offer will be made nor as to the terms on which it would be made.

Enquiries:

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Seymour Pierce, which is regulated in the United Kingdom by the Financial Services Authority, is acting as financial adviser to MAMA Group and no one else in connection with the Possible Offer and will not be responsible to anyone other than MAMA Group for providing the protections afforded to customers of Seymour Pierce nor for providing advice in relation to the Possible Offer.

The availability of the Possible Offer or the distribution of this announcement to persons who are not resident in the United Kingdom may be affected by the laws of the relevant jurisdictions in which they are located. Persons who are not so resident should inform themselves of, and observe, any applicable requirements. This announcement has been prepared for the purposes of complying with English law and the United Kingdom Takeover Code ("Code") and information disclosed may not be the same as that which would have been disclosed if this announcement had been prepared in accordance with the laws of jurisdictions outside of England.

This announcement does not constitute an offer to sell or an invitation to purchase or subscribe for any securities or the solicitation of an offer to buy or subscribe for any securities, or any firm intention to make any such offer.

Dealing Disclosure Requirements

Under the provisions of Rule 8.3 of the Code, if any person is, or becomes, 'interested' (directly or indirectly) in 1 per cent. or more of any class of 'relevant securities' of MAMA Group or Sanctuary, all 'dealings' in any 'relevant securities' of that company (including by means of an option in respect of, or a derivative referenced to, any such 'relevant securities') must be publicly disclosed by no later than 3.30 pm (London time) on the London business day following the date of the relevant transaction. This requirement will continue until the date on which any offer (if made) becomes, or is declared, unconditional as to acceptances, lapses or is otherwise withdrawn or on which the 'offer period' otherwise ends. If two or more persons act together pursuant to an agreement or understanding, whether formal or informal, to acquire an 'interest' in 'relevant securities', they will be deemed to be a single person for the purpose of Rule 8.3.

Under the provisions of Rule 8.1 of the Code, all 'dealings' in 'relevant securities' by MAMA Group or Sanctuary, or by any of their respective 'associates', must be disclosed by no later than 12.00 noon (London time) on the London business day following the date of the relevant transaction.

A disclosure table, giving details of the companies in whose 'relevant securities' 'dealings' should be disclosed, and the number of such securities in issue, can be found on the Takeover Panel's website at www.thetakeoverpanel.org.uk.

'Interests in securities' arise, in summary, when a person has long economic exposure, whether conditional or absolute, to changes in the price of securities. In particular, a person will be treated as having an 'interest' by virtue of the ownership or control of securities, or by virtue of any option in respect of, or derivative referenced to, securities.

Terms in quotation marks are defined in the Code, which can also be found on the Panel's website. If you are in any doubt as to whether or not you are required to disclose a 'dealing' under Rule 8, you should consult the Panel.

Forward-looking statements

This announcement contains a number of forward-looking statements relating to MAMA Group and Sanctuary group with respect to, among others, the following: financial conditions; results of operation; the businesses of MAMA Group and Sanctuary group; future benefits of the transaction; and management plans and objectives. MAMA Group considers any statements that are not historical facts as "forward-looking statements".

They involve a number of risks and uncertainties that could cause actual results to differ materially from those suggested by the forward-looking statements. Important factors that could cause actual results to differ materially from estimates or forecasts contained in the forward-looking statements include, among others, the following possibilities: future revenues are lower than expected; costs or difficulties relating to any combination of the businesses of MAMA group and Sanctuary group, or of other future acquisitions, are greater than expected; expected cost savings from any transaction or from other future acquisitions are not fully realised or not realised within the expected time frame; competitive pressures in the industry increase; general economic conditions or conditions affecting the relevant industries, whether internationally or in the places MAMA group and Sanctuary group do business are less favourable than expected, and/or conditions in the securities market are less favourable than expected. Except as required by the FSA, the London Stock Exchange or applicable law, MAMA Group expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statements contained in this announcement to reflect any change in MAMA Group's expectations with regard thereto or any change in events, conditions or circumstances on which any statement is based.

Further Information

In this announcement, statements regarding the financial performance of Sanctuary have been extracted from or based on Sanctuary's report and accounts for the year ended 30 September 2005 and London Stock Exchange RNS announcements made by Sanctuary during 2005 and 2006. Statements regarding the Sanctuary's refinancing and share dilution have been extracted from or based on the prospectus issued by Sanctuary on 21 February 2006 and London Stock Exchange RNS announcements made by Sanctuary between 3 February 2006 and the date of this announcement.

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