

MAMA Group Plc
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MAMA Group Plc

("MAMA" or "the Company")

Acquisition of stake in Nettwerk Music Group businesses

MAMA Group Plc, the AIM listed company focussed on music and media businesses, announces that it has made a strategic investment into all of the music management, publishing and record label operation businesses, comprised in a number of corporate entities and partnerships, (the "Nettwerk Companies") owned or controlled by Ric Arboit, Dan Fraser, Mark Jowett and Terry McBride (the "Nettwerk Partners"), who are together the principal partners and shareholders in the Nettwerk Companies.

Highlights

Strategic investment that will create the world's largest artist management collective with over 60 major recording artists including Sarah McLachlan, Avril Lavigne, and The Stereophonics complementing MAMA's existing 30 strong artist roster.

Investment of an initial consideration of US\$6m, payable in a mixture of cash and ordinary shares in MAMA ("MAMA shares"), for a stake in one of North America's leading privately owned combined record label, artist management and publishing businesses. Further consideration of US\$8m may become payable in a mixture in cash and MAMA shares, subject to certain profit targets being achieved over the next 2 years.

MAMA has acquired a 20% stake in each of the management and record label businesses together with a stake equal to 20% of the interests of the Nettwerk Partners in the publishing businesses, thereby becoming the fifth and also a parity partner with the Nettwerk Partners in the Nettwerk Companies.

Creation of Manett Holdings companies in the UK and Canada.

The pooling of talent and resources from MAMA and Nettwerk creates a business that has significant coverage in all key music industry sectors.

Adam Driscoll and Dean James, Co-Chief Executive Officers of MAMA said:

"We are delighted that the Company has been able to make this investment in the Nettwerk Companies and equally delighted that the investment has resulted in the Nettwerk Partners becoming shareholders in MAMA. We believe that this alliance creates one of the most exciting opportunities in the music industry – not by creating the biggest music business, but by combining our skills and assets to become the best. We expect this investment to be revenue enhancing for MAMA in our 08/09 fiscal year and believe that there are significant opportunities for this partnership to generate substantial additional value for MAMA in the coming years."

Terry McBride of Nettwerk said:

“We are looking forward to working with MAMA to continue to create the most innovative and exciting music company in the industry today. We believe that this alliance will make us the most attractive home for music artists.”

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Nettwerk Music Group is one of North America's leading privately owned combined record label, artist management and publishing businesses. Nettwerk is responsible for managing some of North America's biggest artists including Sarah McLachlan, Avril Lavigne and Barenaked Ladies. Nettwerk's artist management roster extends to over 60 artists including The Stereophonics, Jars of Clay, Sum 41, Billy Talent, Josh Rouse and Gogol Bordello. The business was founded in 1984 by Terry McBride, Mark Jowett and Ric Arboit with Dan Fraser joining in 1988. Nettwerk has offices in Vancouver, New York City, Los Angeles, London, Boston, Nashville and Hamburg, Germany.

MAMA has acquired a 20% stake in each of the management and record label businesses together with a stake equal to 20% of the interests of the Nettwerk Partners in the publishing businesses. Although Nettwerk is not constituted as a formal partnership arrangement or corporate grouping this linked series of transactions has effectively seen MAMA become the fifth partner in the Nettwerk Companies, together with the Nettwerk Partners.

The initial consideration for the transaction is US\$6m, payable as to US\$3m in cash and US\$3m in new MAMA shares taking yesterday's mid-market price of 5.75p as the issue price of the shares. Further consideration of up to a further total US\$8m is payable subject to the Nettwerk Companies achieving certain profit targets in respect of the 2008 and 2009 financial years of the Nettwerk Companies. Any additional consideration will also be payable half in cash and half in new MAMA shares. Additionally the Partners have been granted options over 10 million MAMA shares at 5.75p per share which will vest in five annual tranches of 2 million shares, the first such exercise date being the first anniversary of the MAMA investment in the Nettwerk Companies. The Directors expect the transaction to be revenue enhancing for the Company in the 08/09 fiscal year and believe that there are significant opportunities for this partnership to generate additional value for MAMA in the coming years.

MAMA has acquired a stake in all eleven key music subsidiaries owned or controlled by the Partners. These are specifically:

Artist Management Interests:

Nettwerk Management Company Limited, a Canadian corporation
Nettwerk Management Company (USA), LLC, a United States limited liability corporation
Nettwerk Management UK Limited, an English company

Recording Interests

Nettwerk Productions, a Canadian partnership
Nettwerk Records, LLC, a United States limited liability corporation
Nettwerk Productions UK Limited, an English company

Publishing Interests

Nettwerk Songs Publishing Limited, a Canadian corporation
Nettwerk One Music, a Canadian corporation
Nettwerk Music Publishing, a Canadian partnership
Nettwerk Songs Publishing (UK) Ltd, an English company
Nettwerk One Music (UK) Limited, an English company

MAMA's stakes in these businesses will be held through 3 newly incorporated wholly-owned subsidiaries; Manett Holdings (U.K.) Limited, Manett Investments (U.S.) Limited and Manett Holdings (Canada) Limited.

The pooling of talent and resources from MAMA and Nettwerk creates a business that has significant coverage in all key music industry sectors:

In the live business, the combination of MAMA and Nettwerk managed touring artists is expected to have a significant positive impact on the revenues generated by MAMA's 19 UK venues and generate substantial additional live opportunities;

In artist management, MAMA and Nettwerk together have responsibility for the careers of almost 100 artists and 80 record producers - the largest music management collective in the world;

In rights development, both MAMA and Nettwerk are creating and implementing innovative ways of developing artists' careers and rights management – the publishing and label platforms owned by Nettwerk provide a substantial base from which the alliance can prosper.

The Company believes that the music industry is seeking to migrate its business model from a series of stand alone vertical businesses (recording, publishing, live, management and merchandising) into a more horizontally integrated business that puts the artist at the heart of those integrated activities. In forming this alliance, MAMA and Nettwerk have created a working partnership that provides the most developed and dynamic full service business model that other music companies have sought to create – the best home for the careers of music artists.

Ends.