

THIS DOCUMENT AND THE ENCLOSED FORM OF PROXY ARE IMPORTANT AND REQUIRE YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this document or as to the action you should take, you are recommended to seek your own personal financial advice from your stockbroker, bank manager, solicitor, accountant or other independent financial adviser authorised under the Financial Services and Markets Act 2000 (as amended) if you are resident in the United Kingdom or, if not, from another appropriately authorised independent financial adviser.

The whole text of this document should be read. If you have sold or transferred all of your Ordinary Shares in Gaming Realms Plc, please send this document and the accompanying Form of Proxy to the purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee. Such documents should not, however, be forwarded or transmitted in or into any jurisdiction in which such act would constitute a violation of the relevant laws in such jurisdiction. If you have sold or transferred only part of your holding of shares, you should retain these documents and contact your stockbroker, bank or other agent through whom the sale or transfer was effected immediately.

The Existing Ordinary Shares are admitted to trading on AIM. Application will be made to London Stock Exchange Plc for the Placing Shares to be admitted to trading on AIM. It is expected that Admission of the Placing Shares will become effective and that dealings will commence on 11 August 2015. The Placing Shares will, on Admission, rank *pari passu* in all respects with, and will rank in full for all dividends and other distributions declared, made or paid in respect of, the Existing Ordinary Shares after Admission.

GAMING REALMS PLC

(Incorporated and registered in England and Wales under the Companies Act 1985 with company number 04175777)

Proposed acquisition of the GameHouse US and Canadian Game studios; Social & Mobile Freemium portfolio games and publishing network; Slingo Brand & Patents; certain game domains; and an intellectual property licence relating to the GameHouse Promotion Network from RealNetworks, Inc.

Placing of up to 50 million new Ordinary Shares of 10 pence each at a price of 25 pence per share

and

Notice of General Meeting

Cenkos Securities Plc

Nominated Adviser and Joint Broker

Whitman Howard Limited

Joint Broker

Your attention is drawn to the Letter from the Chairman of Gaming Realms Plc which recommends that you vote in favour of the Resolutions to be proposed at the General Meeting referred to below.

The distribution of this document and/or the accompanying Form of Proxy in jurisdictions other than the UK may be restricted by law and therefore persons into whose possession this document comes should inform themselves about and observe any of those restrictions. Any failure to comply with any of those restrictions may constitute a violation of the securities laws of any such jurisdiction.

Cenkos Securities Plc, which is authorised and regulated in the United Kingdom by the Financial Conduct Authority, is acting as nominated adviser and joint broker to the Company in connection with the matters described in this document. Persons receiving this document should note that Cenkos Securities Plc will not be responsible to anyone other than the Company for providing the protections afforded to customers of Cenkos Securities Plc or for advising any other person on the arrangements described in this document. Cenkos Securities Plc has not authorised the contents of, or any part of, this document and no liability whatsoever is accepted by Cenkos Securities Plc for the accuracy of any information or opinions contained in this document or for the omission of any information. Cenkos Securities Plc as nominated adviser and joint broker to the Company owes certain responsibilities to the London Stock Exchange Plc which are not owed to the Company or the Directors, Shareholders or any other person.

Whitman Howard Limited, which is authorised by and regulated in the United Kingdom by the Financial Conduct Authority, is acting as joint broker to the Company in connection with matters described in this document. Persons receiving this document should note that Whitman Howard Limited will not be responsible to anyone other than the

Company for providing the protections afforded to customers of Whitman Howard Limited or for advising any other person on the arrangements described in this document. Whitman Howard Limited has not authorised the contents of, or any part of, this document and no liability whatsoever is accepted by Whitman Howard Limited for the accuracy of any information or opinions contained in this document or for the omission of any information. Whitman Howard Limited as joint broker to the Company owes certain responsibilities to the London Stock Exchange Plc which are not owed to the Company or the Directors, Shareholders or any other person.

This document does not constitute a prospectus for the purposes of section 85 of the Financial Services and Markets Act 2000, as amended (“FSMA”) and any offer to the public is exempt by virtue of section 86 of FSMA, nor does it constitute an admission document drawn up in accordance with the AIM Rules. This document has not been approved for issue by any person for the purposes of Section 21 of FSMA. This document does not constitute or form part of any offer or invitation to buy, subscribe for, or sell Ordinary Shares in any jurisdiction in which such offer or solicitation is unlawful. In particular, the Placing Shares have not been, and will not be, registered under the United States Securities Act of 1933 as amended (the “Securities Act”) or qualified for sale under the laws of any state of the United States or under the applicable laws of any of Canada, Australia, the Republic of South Africa or Japan and, subject to certain exceptions, may not be offered or sold in the United States or to, or for the account or benefit of, US persons (as such term is defined in Regulation S under the Securities Act) or to any national, resident or citizen of Canada, Australia, the Republic of South Africa or Japan. The distribution of this document in other jurisdictions may be restricted by law and, therefore, persons into whose possession this document comes should inform themselves about and observe such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction. In particular, this document may not be distributed, directly or indirectly, in or into the United States, Canada, the Republic of South Africa, Australia or Japan. Overseas shareholders and any person (including, without limitation, nominees and trustees), who have a contractual or other legal obligation to forward this document to a jurisdiction outside the UK should seek appropriate advice before taking any action.

You are recommended to read the whole of this document but your attention is drawn to the letter from the Chairman of the Company set out on pages 8 to 13 of this document which provides details of the Placing and the Acquisition, and recommends that you vote in favour of the Resolutions to be proposed at the General Meeting referred to below.

Notice of a General Meeting of Gaming Realms Plc, to be held at 44 Southampton Buildings, London WC2A 1AP on 10 August 2015 at 10.00 a.m., is set out at the end of this document. The action to be taken in respect of the General Meeting is set out in the letter from the Chairman of the Company contained on page 12.

Whether or not you intend to be present at the General Meeting, it is important that you complete, sign and return the Form of Proxy as soon as possible and, in any event, so as to reach the Company’s registrars, Computershare Investor Services Plc, The Pavilions, Bridgwater Road, BS99 6ZY by 10.00 a.m. on 6 August 2015 or 48 hours before any adjourned meeting. Completion and return of a Form of Proxy will not preclude Shareholders from attending and voting at the General Meeting should they so wish. The Form of Proxy should, to be valid, be completed in accordance with the instructions printed on it.

If you hold your Ordinary Shares in uncertificated form (i.e. in CREST) you may appoint a proxy by completing and transmitting a CREST Proxy Instruction in accordance with the procedures set out in the CREST Manual so that it is received by the registrar (under CREST Participation ID 3RA50) by no later than 10.00 a.m. on 6 August 2015. The time of receipt will be taken to be the time from which the registrar is able to retrieve the message by enquiry to CREST in the manner proscribed by CREST.

In accordance with the AIM Rules, this document will be available on the Company’s website (www.gamingrealms.com) from the date of this document, free of charge.

FORWARD LOOKING STATEMENTS

This document includes “forward-looking statements” which include all statements other than statements of historical facts, including, without limitation, those regarding the Group’s financial position, business strategy, plans and objectives of management for future operations, or any statements preceded by, followed by or that include the words “targets”, “believes”, “expects”, “aims”, “intends”, “will”, “may”, “anticipates”, “would”, “could” or similar expressions or negatives thereof. Such forward-looking statements involve known and unknown risks, uncertainties and other important factors beyond the Company’s control that could cause the actual results, performance or achievements of Group to be materially different from future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding the Group’s present and future business strategies and the environment in which the Group will operate in the future. These forward looking statements speak only as at the date of this document. The Company expressly disclaims any obligation or undertaking to disseminate any updates or revisions to any forward-looking statements contained herein to reflect any change in the Company’s expectations with regard thereto or any change in events, conditions or circumstances on which any such statements are based unless required to do so by applicable law or the AIM Rules.

DIRECTORS AND ADVISERS

Directors	Michael Buckley Patrick Southon Mark Segal Simon Collins Atul Bali Jim Ryan Mark Wilson	<i>(Executive Chairman)</i> <i>(Chief Executive Officer)</i> <i>(Finance Director)</i> <i>(Executive Director)</i> <i>(Non-executive Director)</i> <i>(Non-executive Director)</i> <i>(Non-executive Director)</i>
Company Secretary	Mark Segal	
Registered Office	One Valentine Place London SE1 8QH	
Nominated Adviser and Joint Broker	Cenkos Securities Plc 6.7.8 Tokenhouse Yard London EC2R 7AS	
Joint Broker	Whitman Howard Limited Connaught House 1-3 Mount Street London W1K 3NB	
Solicitors to the Company	Memery Crystal LLP 44 Southampton Buildings London WC2A 1AP	
Auditors	BDO LLP 55 Baker Street London W1U 7EU	
Registrars	Computershare Investor Services Plc The Pavilions Bridgwater Road Bristol BS99 6ZY	
Company Website	http://www.gamingrealms.com/	

KEY STATISTICS

Placing Price	25 pence
Number of Existing Ordinary Shares	195,170,489
Number of Placing Shares	50,000,000*
Number of Ordinary Shares in issue following Admission of the Placing Shares	245,170,489*
Number of Placing Shares as percentage of the Enlarged Share Capital	Approximately 20 per cent.*
Amount being raised under the Placing (gross)	£12.5 million*
Amount being raised under the Placing (net)	£11.9 million*

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Publication of this document	24 July 2015
Latest time and date for receipt of Form of Proxy	10.00 a.m. on 6 August 2015
Voting Record Date	6.00 p.m. on 6 August 2015
General Meeting	10.00 a.m. on 10 August 2015
Completion of the Acquisition	10 August 2015
Admission of the Placing Shares	8.00 a.m. on 11 August 2015
Where applicable, expected date for CREST accounts to be credited in respect of Placing Shares in uncertificated form	11 August 2015
Where applicable, expected date for posting of share certificates for Placing Shares in certificated form	no later than 25 August 2015

If any of the details contained in the timetable above should change, the revised times and dates will be notified to Shareholders by means of an announcement through the Regulatory Information Service.

* assuming the issue of all the Placing Shares at the Placing Price

DEFINITIONS

The following definitions apply throughout the document, unless the context requires otherwise:

“Act”	the Companies Act 2006 (as amended);
“Acquisition”	the conditional acquisition by the Company of the Transferred Assets and the Transferred Shares from RealNetworks pursuant to the terms of the Acquisition Agreement;
“Acquisition Agreement”	the conditional asset purchase agreement dated 23 July 2015 between RealNetworks and the Company pursuant to which the Company has agreed, conditional on, <i>inter alia</i> , the passing of the Resolutions, to acquire the Transferred Assets and the Transferred Shares;
“Admission”	admission of the Placing Shares to trading on AIM and such admission becoming effective in accordance with the AIM Rules;
“AIM”	the AIM Market operated by the London Stock Exchange Plc;
“AIM Rules”	the AIM Rules for Companies published by the London Stock Exchange Plc from time to time;
“Backstage Technologies”	Backstage Technologies Incorporated, a company incorporated in British Columbia (which is primarily the development company for the Transferred Assets);
“Business Day”	a day other than a Saturday, Sunday or public holiday on which the banks in London are open for business;
“Cenkos”	Cenkos Securities Plc, the nominated adviser and joint broker to the Company;
“Circular”	this document;
“Closing Price”	the average closing price of an Ordinary Share as at close of business for each trading day for the three month period ending on the First Anniversary or the Second Anniversary, as applicable;
“Code”	The City Code on Takeovers and Mergers;
“Company” or “Gaming Realms”	Gaming Realms Plc, a company registered in England and Wales with company number 04175777 whose registered office is at One Valentine Place, London, SE1 8QH;
“Completion”	completion of the Acquisition Agreement in accordance with its terms;
“Concert Party”	as set out in Part V of the Company’s admission document dated 15 July 2013, which can be found on the Company’s website: www.gamingrealms.com/wp-content/uploads/2013/05/Gaming-Realms-Admission-Document.pdf ;
“CREST”	the relevant system (as defined in the Uncertificated Securities Regulations 2001) in respect of which Euroclear UK & Ireland Limited is the operator (as defined in Uncertificated Securities Regulations 2001);

“Deferred Consideration Shares”	the new Ordinary Shares to be issued and allotted to RealNetworks (at the election of RealNetworks) as consideration under the terms of the Acquisition Agreement on, respectively the First Anniversary and the Second Anniversary, up to a maximum aggregate value of \$4,000,000;
“Directors” or “Board”	the directors of the Company as at the date of this Circular whose names are set out on page 3 of this document;
“Director Placing Shares”	such number of Placing Shares as is equal to approximately £646,250 at a price per Placing Share to be agreed between Cenkos and the Company, being not less than the Placing Price;
“Enlarged Share Capital”	the number of issued Ordinary Shares immediately following Completion and Admission being, together, the Existing Ordinary Shares and the Placing Shares;
“Existing Ordinary Shares”	the Ordinary Shares in issue immediately prior to Completion;
“First Anniversary”	the date falling 12 months from Completion;
“Form of Proxy”	the Form of Proxy for use at the General Meeting, which accompanies this Circular;
“GameHouse”	a developer, publisher and distributor of casual games across all platforms;
“General Meeting”	the general meeting of the Company to be held at 44 Southampton Buildings, London WC2A 1AP at 10.00 a.m. on 10 August 2015 and any adjournment of such meeting;
“Group”	the Company and its subsidiaries from time to time;
“Independent Directors”	the Directors, save for Michael Buckley, Patrick Southon, Simon Collins and Mark Segal who intend to subscribe for the Director Placing Shares;
“Notice of General Meeting”	the notice convening the General Meeting, which is set out at the end of this Circular;
“Ordinary Shares”	ordinary shares of £0.10 each in the capital of the Company;
“Placing”	the proposed placing of the Placing Shares at the Placing Price pursuant to the Placing Agreement;
“Placing Agreement”	the conditional agreement dated on 23 July 2015 between the Company, Cenkos and Whitman Howard, further details of which are set out in paragraph 8 of the letter from the Chairman;
“Placing Price”	save in relation to the Director Placing Shares 25 pence per Placing Share;
“Placing Shares”	up to 50 million new Ordinary Shares which have been conditionally placed by Cenkos and Whitman Howard;
“RealNetworks” or “Seller”	RealNetworks, Inc., incorporated in the State of Washington;
“Resolutions”	the resolutions to be proposed at the General Meeting which are set out in the Notice of General Meeting;
“Second Anniversary”	the date falling 24 months from Completion;

“Shareholders”	holders of the Existing Ordinary Shares from time to time;
“Subsidiaries”	has the meaning given in section 1159 of the Act;
“Transferred Assets”	certain games, contracts, technology and intellectual property rights developed by RealNetworks and its subsidiaries as summarised in paragraph 2 of the letter from the Chairman of the Company;
“Transferred Shares”	all of the issued and outstanding shares of capital stock of Backstage Technologies;
“URL”	the generic term for all types of names and addresses that refer to objects on the World Wide Web, commonly called a “Web address”;
“Voting Record Date”	6.00 p.m. on 6 August 2015 or 48 hours before any adjournment of the General Meeting;
“Whitman Howard”	Whitman Howard Limited, joint broker to the Company;
“£”	pounds sterling, the lawful currency of the United Kingdom; and
“\$”	dollars, the lawful currency of the United States of America.

PART I

LETTER FROM THE CHAIRMAN

Gaming Realms Plc

(Registered and incorporated in England and Wales under the Companies Act 1985 with company number 04175777)

Directors:

Michael Buckley *(Executive Chairman)*
Patrick Southon *(Chief Executive Officer)*
Mark Segal *(Finance Director)*
Simon Collins *(Executive Director)*
Atul Bali *(Non-executive Director)*
Jim Ryan *(Non-executive Director)*
Mark Wilson *(Non-executive Director)*

Registered Office:

One Valentine Place
London
SE1 8QH

To Shareholders and, for information only, to the holders of options over Ordinary Shares

24 July 2015

Dear Shareholder,

Proposed acquisition of the Transferred Assets and Transferred Shares from RealNetworks, Inc.

Placing of up to 50 million new Ordinary Shares of 10 pence each at a price of 25 pence per share

and

Notice of General Meeting

1. Introduction

The Company has announced that it has conditionally agreed to acquire the Transferred Assets and the Transferred Shares, made up of, GameHouse U.S. and Canadian Game studios, social and mobile freemium portfolio games and publishing network, Slingo brand & patents, certain game domains, an intellectual property licence relating to the GameHouse Promotion Network and the entire issued share capital of Backstage Technologies.

The total consideration is \$18 million to be satisfied by a payment of \$10 million in cash upon Completion and \$4 million in deferred consideration payable on the First Anniversary and \$4 million in deferred consideration payable on the Second Anniversary. Up to 50 per cent. of each tranche of the deferred consideration can, at the election of the Seller, be satisfied by the issue of new Ordinary Shares on or around each payment date. The Directors believe that the Acquisition will enhance the capability of the Company in the areas of freemium game development, mobile game distribution, North American expansion, data science driven player marketing and customer relationship management. They further believe that the Acquisition will provide the Company with high value intellectual property and game domain ownership.

In connection with the Acquisition, the Company is also announcing a conditional Placing by Cenkos and Whitman Howard to raise gross proceeds of approximately £12.5 million (£11.9 million net of Placing expenses) by the issue and allotment of up to 50 million Placing Shares, with new and existing investors, at the Placing Price in order to fund up to \$14 million of the total cash consideration element of the Acquisition as well as, *inter alia*, providing the Company with ongoing working capital.

The Acquisition and Placing are conditional upon (among other things) the passing of the Resolutions in order to ensure that the Directors have the necessary authority to allot the Placing Shares for cash on a non-pre-emptive basis. A General Meeting is therefore being convened at 10.00 a.m. on 10 August 2015 at 44 Southampton Buildings, London WC2A 1AP for the purpose of considering the Resolutions. The Notice of General Meeting containing the Resolutions is set out at the end of this Circular.

If the Resolutions are duly passed it is expected that the Acquisition will be completed on 10 August 2015 and the Placing Shares will be admitted to trading on AIM at 8.00 a.m. on 11 August 2015.

The purpose of this Circular is to explain the terms of the proposed Acquisition, provide details of the proposed Placing, explain why the Directors are seeking authority from the Shareholders to issue and allot the Placing Shares, and why they recommend that you vote in favour of the Resolutions.

2. Background to and reasons for the Acquisition

Since the management team came back together in 2012, management has focused on building and marketing a new generation of social and real money games, predominantly delivered via mobile gaming. To this end it has built a business-intelligence led proprietary platform specifically designed for mobile gaming. The platform has significant capabilities which the Directors believe will enable the Company to accelerate the growth of its current and future assets. The Company additionally uses a third-party gaming platform for its bingo-related activities.

The key assets transferred pursuant to the Acquisition comprise:

- **GameHouse US and Canadian Game studios** – GameHouse US and Canadian Game studios, has approximately 55 staff located in Seattle, Washington, USA and Victoria, British Columbia, Canada.
- **Social & Mobile Freemium portfolio games and publishing network** – Backstage Technologies develops and publishes freemium mobile and social casino, bingo, puzzle, instant win and hidden object games including GameHouse Casino + and over 90 Slingo games such as Slingo Adventure and Slingo Shuffle.
- **Slingo Brand & Patents** – The Acquisition also includes all the intellectual property rights relating to Slingo, over 90 Slingo games and certain bingo related games. These intellectual property rights are currently licensed to the real money gaming and lottery industries, including Gaming Realms (which currently has an exclusive licence for the UK).
- **Mahjong.com and Sudoku.com URL domains** – In addition the Company is acquiring Mahjong.com, Sudoku.com and slingo.com domains, as part of the Transferred Assets.
- **Intellectual property licence relating to the GameHouse Promotion Network** – The Acquisition will provide the Company with a perpetual licence to the GameHouse Promotion Network platform technology, enabling algorithmic acquisition and engagement of players within iOS, Android and Mobile web applications.

Strategic fit and synergies

The key executives within the existing Gaming Realms business and those joining through the Acquisition share a common vision about the value of Slingo as a brand for real and social gaming, which the Directors believe will translate post acquisition into a number of synergies such as cross promotion to a shared audience profile and economies of scale in customer acquisition costs, (commonly referred to as CPA). In addition, the Company's game development activities will benefit from the skills and expertise of the employees transferred as part of the Acquisition and enable new product lines to be developed in the Mahjong and Sudoku game genres. The Directors also expect the Acquisition to enable cost synergies through owning the game format and licence of its currently licensed Slingo games activities.

Furthermore, the Directors believe there will be a number of more direct benefits such as:

- Addition of revenue-enhancing new products;
- Unique intellectual property, including brand domains and a data science platform;
- Access to the North American market which will add scale to the Company's existing operations; and
- Addition of key senior management with complementary skills and experience.

The Company, as enlarged by the Acquisition, plans to use Slingo as part of its international strategy, not only in generating social and licence revenue from jurisdictions where online gambling is not regulated, but also to be used as an acquisition channel in new territories for the Group where Slingo has a greater penetration in users through its social games.

More specifically, the Directors believe that the Acquisition will provide the Company with a North American presence as well as adding scale in the mobile and social games arena and creating new revenue growth. The GameHouse management team, with sector management experience from companies such as Double Down Interactive, Xbox Live and Wizards of the Coast will also join as part of the Acquisition.

The Directors also intend that the Acquisition will contribute towards building a cross platform global mobile player and game publishing network in the freemium category leveraging the existing data science platform, core brands (e.g. Slingo), domain properties (mahjong.com, sudoku.com and slingo.com) studio talent and developer relationships. The Directors believe that the combination of the regulated gambling and freemium gaming capabilities arising from the Acquisition will create a platform capable of serving the global audience for, and the cross promotion and monetisation of, the enlarged Group's portfolio of casino, bingo, Slingo and other relevant casual games.

3. Board

Atul Bali, a current Non-executive Director of Gaming Realms has, conditional on, *inter alia*, Completion, agreed to split his time between being Executive Director and deputy chairman of Gaming Realms while continuing to perform his duties as president of the games division of RealNetworks. Mr Bali is a US permanent resident (UK national) with significant experience in the sector (President Aristocrat Americas, CEO Gtech G2) and will be primarily responsible for managing the Transferred Assets, hence his proposed appointment to the executive team.

Mr Bali's service agreement as a proposed Executive Director of the Company will provide for an annual salary of \$320,000 and he will be granted options over 5 million Ordinary Shares. The service agreement may be terminated upon 15 months' notice by either party. Mr Bali's appointment as an Executive Director is conditional on the Resolutions being passed at the General Meeting and Completion taking place.

A further non-executive director will be appointed to the Board in due course and a further announcement will be made following the outcome of the search process which is already underway.

Following the announcement of the Acquisition and Placing, certain Executive Directors intend to subscribe for the Director Placing Shares.

4. Financial Information on the Transferred Assets and Transferred Shares

In the 12 months ended 31 March 2015, the turnover attributed to the Transferred Assets and Transferred Shares was \$6.3 million and the loss before tax was \$12.9 million. The loss before tax has not been adjusted to reflect the lower level of overheads being assumed by the Company in respect of the Acquisition. The reduced overheads arise as a result of a smaller number of employees transferring to Gaming Realms on Completion.

5. Current trading

Growth in revenue in the second quarter of the year has been positive as set out below, with Slingo Riches contributing strongly in the period since launch:

- Quarter on quarter revenue up 12% to £4.2 million (Q1/15: £3.8 million)
- Quarter on quarter real money gambling revenue up 29% to £2.4 million (Q1/15: £1.8 million)
- New depositing players increased 3% to 36,992 (Q1/15: 35,857)
- Launch of Slingo Riches for real money gaming on platform in April 2015. Number one performing game accounting for 11.4% of gross gaming revenue since launch date

6. Principal terms of the Acquisition

Under the terms of the Acquisition Agreement, the Company has conditionally agreed to acquire the Transferred Assets and Transferred Shares described above in the “Background to and the reasons for the Acquisition and the Placing”.

The total consideration of \$18 million, subject to certain adjustments, is to be satisfied as follows:

- \$10 million in cash at Completion, subject to adjustment based on the working capital of BackStage Technologies;
- \$4 million on the First Anniversary (up to 50 per cent. to be satisfied in Ordinary Shares, at the election of the Seller, at the Closing Price); and
- \$4 million on the Second Anniversary (up to 50 per cent. to be satisfied in Ordinary Shares, at the election of the Seller, at the Closing Price).

The Acquisition is conditional upon, *inter alia*, the passing of the Resolutions. If any such conditions are not satisfied or, if applicable, waived, the Acquisition will not proceed.

Further detail on the Acquisition Agreement is set out in Part II of this Circular.

7. The Placing

The Placing Shares have been conditionally placed by Cenkos and Whitman Howard, as agents for the Company, with new and existing institutional and other investors in accordance with the terms of the Placing Agreement.

Subject to Admission, the Company will issue up to 50 million Ordinary Shares at the Placing Price, raising approximately £11.9 million net of expenses. The Placing Shares will represent approximately 20 per cent. of the Enlarged Share Capital. The Placing Price represents a discount of approximately 19.4 per cent. to the closing price on 23 July 2015 (the last practicable day prior to publication of this Circular).

Furthermore, certain of the Executive Directors intend to subscribe for such number of Placing Shares as is equal to, in aggregate, approximately £646,250 at a price per share to be agreed between the Company and Cenkos but being no less than the Placing Price.

The Placing Shares will, when issued, rank in full for all dividends declared, made or paid after the date of their issue and otherwise *pari passu* with the Existing Ordinary Shares.

8. The Placing Agreement

Cenkos and Whitman Howard have entered into the Placing Agreement with the Company whereby they have agreed to use their reasonable endeavours, as agents for the Company, to procure places for up to 50 million Placing Shares at the Placing Price.

The Placing Agreement contains warranties from the Company in favour of Cenkos and Whitman Howard in relation to, *inter alia*, the accuracy of the information in this Circular and other matters relating to the Group and its business. In addition, the Company has agreed to indemnify Cenkos and Whitman Howard in relation to certain liabilities it may incur in respect of the Placing.

The Placing is conditional on, *inter alia*, the Executive Directors subscribing for such number of Placing Shares as is equal to, in aggregate, approximately £646,250 at a price per share to be agreed between the Company and Cenkos but being no less than the Placing Price, the Placing Agreement becoming or being declared unconditional in all respects and it not being terminated before Admission and on Completion and Admission.

Cenkos and Whitman Howard have the right to terminate the Placing Agreement in certain circumstances prior to Admission, in particular, in the event of a breach of the warranties or a material adverse change.

Application will be made to the London Stock Exchange Plc for the Placing Shares to be admitted to trading on AIM. It is expected that Admission will become effective and that dealings in the Placing Shares will commence on AIM at 8.00 a.m. on 11 August 2015.

On Admission, the Enlarged Share Capital is expected to be 245,170,489 Ordinary Shares and the Placing Shares will represent approximately 20 per cent. of the Enlarged Share Capital.

9. Use of Proceeds

The net proceeds of the Placing will be used as set out below:

- to fund up to £9 million (\$14 million) of the total cash consideration in connection with the Acquisition; and
- £2.9 million in respect of general working capital (including acquisition costs).

10. Concert Party

As set out in the Company's Admission Document dated 15 July 2013, the existing Concert Party is interested in over 30 per cent but less than 50 per cent of the Existing Ordinary Shares. Following Completion and Admission, the Concert Party's aggregate interest in the Enlarged Share Capital will be approximately 27.2 per cent. Whilst the Concert Party holds less than 30 per cent. of the issued share capital, if any of the members were to purchase or subscribe for any shares in the Company which takes their or the Concert Party's aggregate interest above 30 per cent., under Rule 9 of the Code that person (and potentially the Concert Party in its entirety) will normally be required to make an offer to all Shareholders for those shares it does not own (in cash at the highest price paid in the last 12 months).

11. General Meeting

Set out at the end of this Circular is a notice convening the General Meeting to be held at 44 Southampton Buildings, London WC2A 1AP at 10.00 a.m. on 10 August 2015 for the purposes of considering and, if thought fit, passing the Resolutions.

The Resolutions proposed are:

- (a) an ordinary resolution to authorise the Directors to allot and issue the Placing Shares and the Deferred Consideration Shares; and
- (b) a special resolution, to permit the Directors to allot the Placing Shares for cash on a non-pre-emptive basis.

The authorities set out in Resolutions 1 and 2 are in addition to the existing authorities granted at the annual general meeting held on 4 June 2015.

As noted in Part II, the requirement to issue Deferred Consideration Shares is at the sole election of the Seller and, further the number of such Deferred Consideration Shares to be issued is not currently known. The maximum number of Deferred Consideration Shares to be issued will be \$4 million divided by the Deferred Relevant Value (as defined in Part II). In order to ensure that the Company is able to issue the Deferred Consideration Shares in accordance with the Acquisition Agreement, the Company is seeking a specific authority which uses the nominal value of the Ordinary Shares as the Deferred Relevant Value.

If the Resolutions are not passed at the General Meeting the conditions of the Placing Agreement and the Acquisition Agreement will not be satisfied. Consequently, in these circumstances, neither the Placing nor the Acquisition will occur.

12. Action to be taken

A Form of Proxy for use at the General Meeting accompanies this document. Whether or not you intend to attend the General Meeting it is important that you complete and sign the Form of Proxy. It should be completed and signed in accordance with the instructions thereon and returned to the Company's registrars,

Computershare Investor Services Plc, The Pavilions, Bridgwater Road, Bristol BS99 6ZY as soon as possible, but in any event, so as to be received by no later than 10.00 a.m. on 6 August 2015 (or, in the case of an adjournment, not later than 48 hours before the time fixed for the holding of the adjourned meeting). The completion and return of a Form of Proxy will not preclude the Shareholders from attending the General Meeting and voting in person should they so wish.

If you hold your shares in the Company in uncertificated form (that is, in CREST) you may vote using the CREST proxy appointment service in accordance with the procedures set out in the CREST Manual (please also refer to the accompanying notes to the Notice of the General Meeting set out at the end of this document). Proxies submitted via CREST must be received by the Company by no later than 10.00 a.m. on 6 August 2015 (or, in the case of an adjournment, not later than 48 hours before the time fixed for the holding of the adjourned meeting).

13. Directors' Recommendation

The Board considers that the terms of the Acquisition and the Placing are fair and reasonable insofar as the Shareholders as a whole are concerned.

Accordingly, the Board unanimously recommend Shareholders to vote in favour of the Resolutions to be proposed at the General Meeting as they intend to do so in respect of their own beneficial holdings amounting, in aggregate, to 42,657,915 Ordinary Shares, representing approximately 21.86 per cent. of the Existing Ordinary Shares.

Yours faithfully

Michael Buckley
Chairman

PART II

ACQUISITION

Acquisition Agreement

The Acquisition Agreement is conditional upon, *inter alia*:

- the Placing Agreement between the Company, Whitman Howard and Cenkos having been entered into, having not been terminated and having become unconditional save in relation to Admission and the inter-conditionality with the Acquisition Agreement;
- the Resolutions having been passed at the General Meeting;
- the settlement of intercompany balances between Backstage Technologies and RealNetworks; and
- between 90 and 100 per cent. of certain employees accepting employment with the Group or remaining as employees of Backstage Technologies.

Assuming all conditions are satisfied and that the Placing Agreement has become unconditional save for Admission and save for the interconditionality with the Acquisition Agreement and has not been terminated in accordance with its terms, the Acquisition will complete on 10 August and Admission is expected to take place on 11 August 2015. Within two business days after Admission the payment of the cash consideration in accordance with the terms of the Acquisition Agreement will be paid to RealNetworks.

The total consideration of \$18 million, subject to certain adjustments, is to be satisfied as follows:

- \$10 million in cash at Completion, subject to adjustment based on the working capital of BackStage Technologies;
- \$4 million on the First Anniversary (up to 50 per cent. can be satisfied in Ordinary Shares, at the election of the Seller); and
- \$4 million on the Second Anniversary (up to 50 per cent. can be satisfied in Ordinary Shares, at the election of the Seller).

The price at which any Deferred Consideration Shares issued to the RealNetworks will be calculated by reference to the Closing Price (the “**Deferred Relevant Value**”). Consequently, the number of Deferred Consideration Shares to be issued is not currently known. However, the maximum value of the Deferred Consideration Shares will be \$4 million divided by the Deferred Relevant Value.

In order to maintain an orderly market in the Ordinary Shares, RealNetworks shall not dispose of any interest in the Deferred Consideration Shares, when issued, until (i) 6 months following the issue of the relevant Deferred Consideration Shares; and (ii) in respect of 50 per cent. of any Deferred Consideration Shares issued, a further 6 months following the expiry of the period in sub-paragraph (i).

The Acquisition Agreement contains customary representations warranties, covenants (including tax covenants) and indemnities from RealNetworks in favour of the Company and certain representations, warranties, covenants and indemnities from the Company in favour of RealNetworks. Each party’s liability for breaches of representations, warranties and covenants, other than certain fundamental representations and covenants, will not exceed \$2.25 million (and subject to customary *de minimis* provisions). The liability for the indemnities in relation to certain excluded liabilities, working capital calculations and certain tax matters will be limited to the total consideration paid. Any claims can be offset against the deferred consideration.

GAMING REALMS PLC (THE “COMPANY”)

NOTICE OF GENERAL MEETING

Notice is hereby given that a general meeting of the members of the Company will be held at 44 Southampton Buildings, London WC2A 1AP on 10 August 2015 at 10.00 a.m. for the purpose of considering and, if thought fit, passing the following resolutions, of which Resolution 1 will be proposed as an ordinary resolution and Resolution 2 will be proposed as a special resolution.

ORDINARY RESOLUTION

1. In addition to the authorities granted to the Directors at the Annual General Meeting of the Company, held on 4 June 2015, the Directors be and are hereby generally and unconditionally authorised in accordance with section 551 of the Companies Act 2006 (the “**Act**”) to exercise the powers of the Company to allot shares in the Company and to grant rights to subscribe for or convert any security into shares in the Company (“**Rights**”) up to a maximum aggregate nominal amount of £7,575,000 (75,750,000 Ordinary Shares) pursuant to the Placing (as defined in the circular to shareholders of the Company dated 24 July 2015 (the “**Circular**”)) and in relation to the Deferred Consideration Shares (as defined in the Circular), provided that this authority shall, unless renewed, varied or revoked by the Company in general meeting, expire on the date which is six months after the date of this resolution, save that the Company may at any time before such expiry make an offer or agreement which might require such shares to be allotted after such expiry and the Directors may allot shares to be allotted in pursuance of such offer or agreement notwithstanding that the authority hereby conferred has expired.

SPECIAL RESOLUTION

2. In addition to the previous powers given to the Directors pursuant to section 570 of the Act at the Annual General Meeting of the Company held on 4 June 2015, that subject, and conditional upon the passing of Resolution 1, the Directors be generally empowered pursuant to section 570 of the Act to allot the Placing Shares (as defined in the Circular) for cash as if section 561(1) of the Act did not apply to any such allotment pursuant to the general authority conferred on them by Resolution 1 above (as varied from time to time by the Company in general meeting), and the power hereby conferred shall expire on the date which is six months after the date of this resolution (unless renewed, varied or revoked by the Company prior to or on that date), save that the Company may before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of such offer or agreement notwithstanding that the power hereby conferred has expired.

By Order of the Board

Mark Segal
Company Secretary

Registered Office
One Valentine Place
London
SE1 8QH

DATE 24 July 2015

Notes:

1. Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001 and its Articles of Association, the Company specifies that only those members registered on the Company's register of members at 6.00 p.m. on 6 August 2015 shall be entitled to attend and vote at the meeting, or, in the event of any adjournment, 48 hours (excluding non-business days) prior to the time of the adjourned meeting.
2. If you are a member of the Company at the time set out in note 1 above, you are entitled to appoint a proxy to exercise all or any of your rights to attend, speak and vote at the meeting and you should have received a proxy form with this notice of meeting. You can only appoint a proxy using the procedures set out in these notes and the notes to the proxy form.
3. A proxy does not need to be a member of the Company but must attend the meeting to represent you. Details of how to appoint the Chairman of the meeting or another person as your proxy using the proxy form are set out in the notes to the proxy form. If you wish your proxy to speak on your behalf at the meeting you will need to appoint your own choice of proxy (not the Chairman) and give your instructions directly to them.
4. You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise rights attached to any one share. To appoint more than one proxy, please contact the Company's registrars.
5. The notes to the proxy form explain how to direct your proxy how to vote on the resolutions or withhold their vote. To appoint a proxy using the proxy form, the form must be: (a) completed and signed; (b) sent or delivered to the Company's registrars, Computershare Investor Services Plc, The Pavilions, Bridgwater Road, BS99 6ZY; and (c) received by such registrars by the relevant cut off time, being 10.00 a.m. on 6 August 2015 or 48 hours before any adjourned meeting.
6. CREST members who wish to appoint a proxy or proxies by using the CREST electronic appointment service may do so by using the procedures described in the CREST Manual. To be valid, the appropriate CREST message, regardless of whether it constitutes the appointment of a proxy or an amendment to the instructions given to a previously appointed proxy, must be transmitted so as to be received by the Company by no later than 10.00 a.m. on 6 August 2015 or 48 hours before any adjourned meeting.
7. In the case of a member which is a company, the proxy form must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company.
8. Any power of attorney or any other authority under which the proxy form is signed (or a duly certified copy of such power or authority) must be included with the proxy form.
9. In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding (the first-named being the most senior).
10. In order to revoke a proxy instruction you will need to inform the Company by sending a signed hard copy notice clearly stating your intention to revoke your proxy appointment to the Company's registrars. In the case of a member which is a company, the revocation notice must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company. Any power of attorney or any other authority under which the revocation notice is signed (or a duly certified copy of such power or authority) must be included with the revocation notice. The revocation notice must be received by the Company's registrars by the relevant cut off time.
11. As at 5.00 p.m. on the day immediately prior to the date of posting of this notice, the Company's issued share capital comprised 195,170,489 ordinary shares of 10 pence each. Each ordinary share carries the right to one vote at a general meeting of the Company and, therefore, the total number of voting rights in the Company as at 5.00 p.m. on the day immediately prior to the date of posting of this notice of meeting is 195,170,489.