

GreenBank portfolio company Staminier reaches agreement to acquire The Substantia Group

GreenBank Capital Inc. (CSE: GBC and OTCMKTS: GRNBF and FRA: 2TL) (“GreenBank” or “the Company”) is pleased to announce that Staminier Limited (“Staminier”) (in which GreenBank has an existing 19% stake with an option to increase that stake to 100%), has signed a Letter of Intent (“LOI”) to acquire 100% of The Substantia Group Limited (“Substantia”).

Substantia is a United Kingdom-based property and business consultancy offering clients a wide range of outsourced services. The ultimate beneficial owner of Substantia is Terry Pullen, a member of the GreenBank board. Substantia works with or for Blue Chip companies and independents alike based both in the UK and overseas including: British Land Plc, U&I Group Plc, Netflix, Sainsburys, Morrisons, CAA-GBG, Aitch Group, Optivo, L&G and for local authorities including Bromley, Bexley, Lewisham, Greenwich, Gravesham, Croydon, Havering, Chichester and Tower Hamlets in the UK.

Substantia has a contracted pipeline of development projects which it is undertaking either on its own account (taking options over land and pursuing planning/zoning gain) or on behalf of clients (as adviser or project manager) for a total gross development value exceeding £800m (C\$1.4bn) over the next five years. Had Substantia been able to buy or option the land and fund the planning process itself, rather than source and negotiate the projects mainly on behalf of clients, the likely profit accruing to Substantia would have exceeded £80m (C\$140m). This very material difference in profitability, linked to the availability of funds to independently deliver planning potential, is a key reason for the decision by Substantia to seek access to capital markets for the necessary funding to be available for similar future projects.

In addition to the significantly positive direct impact that the acquisition is expected to have on the profits of Staminier, the acquisition also has compelling logic in relation to the indirect benefit accruing to the wider Staminier Group – both in relation to Staminier’s early-stage steel framed homes company Eco Space 41 (“ES41”) and in relation to the development land which Staminier has taken options to acquire.

In relation to ES41 it is expected that Substantia clients will be encouraged to use ES41’s innovative steel-framed building technology as far as possible. By no means all of the projects pursued by Substantia could utilise ES41’s methods of construction, but even a minimal utilisation rate in relation to Substantia’s C\$1.4bn contracted pipeline of development projects could bring a material amount of profitable business to ES41. Furthermore, in addition to the pipeline projects, Substantia is also well placed to introduce ES41 to the wider development market, particularly UK councils in need of large quantities of affordable housing.

As regards Staminier’s existing and future options over potential development land, Substantia can provide Staminier with highly valuable planning (zoning) expertise which would otherwise see Staminier incurring seven figure sums in professional costs. Furthermore, Substantia has an impeccable track record in successfully obtaining planning permission for complex development projects, again materially adding value to the Staminier Group.

The ability to bring Substantia's planning/zoning-related expertise to bear for the benefit of Staminier is particularly valuable in relation to Staminier's recently announced additional option over 15 acres of land adjacent to London Gatwick airport which has (with the right planning permission) the potential to help meet burgeoning demand from online retailers for storage and logistics facilities in the UK. The additional option increased Staminier's land options at Gatwick to 28 acres.

The board of the Company believe the value-enhancing nature of this transaction makes it a compelling acquisition for Staminier and further cements the robust prospects for Staminier, and therefore GreenBank's investment in Staminier, going forward.

Terms of Acquisition

Staminier has agreed to pay £5.25m (C\$9.35m) to the vendors of Substantia in cash on completion. Funding for the Substantia acquisition is being provided by way of a loan convertible into new Staminier shares ("Convertible Loan" or "CLA"). In the event that GreenBank exercises its option to acquire the remaining 81% of Staminier, GreenBank has agreed to purchase the CLA in exchange for GreenBank convertible loan notes convertible into 20.7m new GreenBank common shares representing a GreenBank share price of C\$0.45 per common share.

In addition to the cash consideration, Staminier has agreed to:

- (a) grant the vendors of Substantia 7-year warrants to subscribe for 27.35m Staminier shares at an exercise price of C\$0.50 per share subject to Staminier shares trading for 30 consecutive trading days on a recognised investment exchange at a minimum of C\$5 per share.
- (b) grant the vendors 10 year warrants to subscribe for a further 27.35m shares at an exercise price of C\$1 per share subject to Staminier shares trading for 30 consecutive trading days on a recognised investment exchange at no less than \$10 per share.

Additional conditions for the exercise of the full amount of the warrants are that Substantia has generated aggregate profits before tax of £15m (C\$25m) in the five financial years following the signing of the LOI and that in the last year of that period it generated profits before tax of not less than £5m (C\$8.75m).

Should Substantia achieve in the five year period aggregate pre-tax profits of more than £5.5m (C\$9.625m) but less than £15m (C\$25m) then the warrants would be prorated in terms of number, but the exercise price and minimum share price requirement would remain the same. Should Substantia not achieve the minimum aggregate profits target of £5.5m (C\$9.625m) then the warrants would be cancelled.

If the pre-tax profits generated by Substantia in the fifth year after the signing of the LOI is less than £2.67m (C\$4.673m) then £2.42m of the original cash consideration would be repayable in cash or by the surrender of debt or shares (at a price of C\$0.45 per share).

In the event that GreenBank exercises its option to acquire the balance of the shares of Staminier, GreenBank has agreed to acquire the Staminier warrants due to the vendors of Substantia by issuing to the vendors warrants that mirror the Staminier warrants as follows:

- (a) 7-year warrants to subscribe for 27.35m GreenBank common shares at an exercise price of C\$0.50 per share subject to GreenBank shares trading for 30 consecutive trading days on a recognised investment exchange at a minimum of C\$5 per share.
- (b) 10 year warrants to subscribe for a further 27.35m shares at an exercise price of C\$1 per share subject to GreenBank shares trading for 30 consecutive trading days on a recognised investment exchange at no less than \$10 per share.

The same additional conditions as apply to the exercise of the Staminier warrants would apply to these GreenBank warrants and the same pro-rating provisions would apply so should Substantia achieve in the five year period after the signing of the LOI aggregate pre-tax profits of more than £5.5m (C\$9.625m) but less than £15m (C\$25m) the warrants would be prorated in terms of number, but the exercise price and minimum share price requirement would remain the same. Should Substantia not achieve the minimum aggregate profits target of £5.5m (C\$9.625m) then the warrants would be cancelled.

The acquisition of Substantia remains subject to completion of due diligence to the satisfaction of Staminier and GreenBank, and agreement of definitive documentation, as well as final confirmation of funding.

About GreenBank

GreenBank is a next-generation merchant banking business that has a flexible low-cost overhead structure designed to help the business grow exponentially. Our management are based in Toronto, Dallas, New York and London, and are used to remote working across borders. Our model of remote working, dynamic office space and flexible contracts – rather than expensive offices, full time employees and large fixed costs – establishes GreenBank as a potential global merchant bank for the future, both during and after COVID19.

GreenBank is listed on the Canadian Securities Exchange, the Frankfurt Boerse and on the OTC Markets in the USA (trading symbols CSE: GBC and FRA: 2TL and OTCMKTS: GRNBF). GreenBank seeks to invest in and work with, amongst others, globally-scalable companies and is focused on building consistent capital appreciation for its shareholders.

For details of our '6 Key Drivers of Value' please see our latest Investor Presentation:

https://greenbankcapitalinc.com/wp-content/uploads/2020/11/03.11.20_Greenbank-Deck-compressed.pdf

For more information please visit our website

www.GreenBankCapitalInc.com

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About The Substantia Group

Substantia is a United Kingdom based property and business consultancy offering clients a wide range of professionally outsourced services. Substantia works globally for Blue Chip companies and independents alike. Substantia works with British Land Plc, U&I Group Plc, Netflix, Sainsburys, Morrisons, CAA-GBG, Aitch Group, Optivo, L&G and Bromley, Bexley, Lewisham, Greenwich, Gravesham, Croydon, Havering, Chichester and Tower Hamlets Councils, amongst others.

For more information please visit <https://www.sub-group.com/>