



## **GWG Expands Into Merchant Cash Advance Market**

March 4, 2016

### **Announces Acquisition of Management Team and Assets**

MINNEAPOLIS, March 04, 2016 (GLOBE NEWSWIRE) -- GWG Holdings, Inc. (NASDAQ:GWGH) ("GWG" or "the Company"), a specialty finance company and a leader in the life insurance secondary market, today announced its expansion into the merchant cash advance arena with the acquisition and formation of subsidiary GWG MCA Capital, Inc. ("GWG Merchant Cash Advance").

New York-based GWG Merchant Cash Advance provides capital to small businesses nationwide, filling a significant gap in the market for small business funding created by the increased capital and regulatory burdens of traditional lenders.

GWG Merchant Cash Advance acquired a \$4.3 million portfolio of loans and advances from a subsidiary of Walker Preston Capital. As part of the transaction, GWG Merchant Cash Advance retained former Walker Preston Capital Chief Executive Officer Patrick F. Preece, who has joined GWG Merchant Cash Advance as its President and Chief Operating Officer. Prior to Walker Preston Capital, Mr. Preece was head of asset securitization for Autobahn Funding, a \$6.0 billion commercial paper conduit for DZ Bank that specialized in alternative asset classes. Throughout his career, Mr. Preece has focused on the origination and management of structured finance and asset-backed lending with an emphasis on specialty finance.

"We are excited to welcome Patrick Preece to GWG's senior executive team and have him lead this new operating division for us," said GWG Holdings' Chief Executive Officer Jon Sabes. He added, "The merchant cash advance division provides GWG with another unique alternative asset class that we expect to contribute profitable earnings and shorter-term duration cash flows to the Company. We expect this division will enhance the value of GWG to its investors, shareholders, and independent financial advisors. Patrick and his team have the resources and expertise to execute our merchant cash advance strategy while bringing senior management acumen and resources to GWG Holdings."

GWG Merchant Cash Advance provides secured loans to established merchant cash advance funders as well as funding advances directly to small businesses across the United States. The combination of product offerings is intended to drive a consistent flow of transactions with attractive risk-adjusted yields to GWG Merchant Cash Advance.

"The disintermediation of traditional small business lenders – banks and credit unions – is proceeding unabated," said GWG Merchant Cash Advance President Patrick Preece. "The steady decline in the share of small business loans provided by banks and credit unions<sup>1</sup> creates tremendous opportunities for specialty finance companies such as GWG Merchant Cash Advance."

Experts estimate there is a potential \$80 to \$120 billion in unmet demand for capital from small businesses, with the merchant cash advance industry's current size estimated to be approximately \$10 billion.<sup>2</sup>

The establishment of GWG Merchant Cash Advance expands GWG Holdings' portfolio of assets as well as adding depth to its senior management team.

### **About GWG Holdings, Inc.**

GWG Holdings, Inc. (NASDAQ:GWGH) is a specialty finance company and a leader in the secondary market for life insurance. GWG is dedicated to creating a vibrant secondary life insurance market for the economic benefit of seniors seeking post-retirement financial solutions, investors seeking yield derived from non-correlated assets, financial advisors seeking value-added products and services for their clients, and shareholders seeking to benefit from the growth of this marketplace. As of September 30, 2015, GWG's growing portfolio consisted of \$879 million in face value of benefits. Since 2006, GWG has purchased nearly \$1.8 billion in life insurance policy benefits and paid seniors over \$303 million for their policies.

For more information about GWG, email [info@gwglife.com](mailto:info@gwglife.com) or visit [www.gwglife.com](http://www.gwglife.com).

### **Cautionary Statement Regarding Forward-Looking Statements**

This press release contains forward-looking statements that involve substantial risks and uncertainties. All statements, other than statements of historical facts, included in this press release regarding our strategy, future operations, future financial position, future revenue, projected costs, prospects, plans and objectives of management are forward-looking statements. The words "anticipate," "believe," "estimate," "expect," "intend," "may," "plan," "would," "target" and similar expressions are intended to identify forward-looking statements, although not all forward-looking statements contain these identifying words. These forward-looking statements include, among other things, statements about our estimates regarding future revenue and financial performance. We may not actually achieve the expectations disclosed in our forward-looking statements, and you should not place undue reliance on our forward-looking statements. Actual results or events could differ materially from the expectations disclosed in the forward-looking statements we make. More information about potential factors that could affect our business and financial results is contained in our filings with the Securities and Exchange Commission, specifically including our Annual Report on Form 10-K and any amendments thereto. Additional information will also be set forth in our future quarterly reports on Form 10-Q, and other filings that we make with the Securities and Exchange Commission. We do not intend, and undertake no duty, to release publicly any updates or revisions to any forward-looking statements contained herein.

<sup>1</sup> FDIC: Loans to Small Businesses and Farms, FDIC-Insured Institutions, 1995-2014, Q2 2014.

<sup>2</sup> Merchant Cash Advance ("MCA")/Small Business Financing Industry Report 2016 published by Bryant Park Capital.

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