

July 23, 2018

**REDWOOD
TRUST**

Redwood Trust Announces Proposed Public Offering Of Common Stock

MILL VALLEY, Calif., July 23, 2018 /PRNewswire/ -- Redwood Trust, Inc. ("Redwood") (NYSE: RWT) today announced that it intends to offer 6,250,000 shares of its common stock in an underwritten public offering. Redwood expects to grant the underwriters a 30-day option to purchase up to an additional 937,500 shares of its common stock in the offering. All of the shares of common stock will be offered and sold by Redwood. The offering is subject to market and other conditions, and there can be no assurance as to whether or when the offering may be completed, or as to the actual size or terms of the offering.

Redwood intends to use the net proceeds from this offering to fund its business and investment activity, which may include funding purchases of residential mortgage loans and acquiring mortgage-backed securities for its investment portfolio, funding new investment initiatives in the single-family rental and multifamily housing sectors, as well as for other initiatives and general corporate purposes. Pending such uses, Redwood may use all or a portion of the net proceeds from this offering to temporarily reduce borrowings under its short-term residential loan warehouse facilities and its short-term real estate securities repurchase facilities.

J.P. Morgan Securities LLC, Wells Fargo Securities, LLC, Goldman Sachs & Co. LLC and Credit Suisse Securities (USA) LLC are acting as joint book-running managers for the proposed offering.

The public offering will be made pursuant to an automatic shelf registration statement on Form S-3 that was filed by Redwood with the Securities and Exchange Commission ("SEC") and became effective on May 10, 2016. A preliminary prospectus supplement and accompanying prospectus relating to and describing the terms of the offering will be filed with the SEC and will be available on the SEC's website at www.sec.gov. When available, copies of the preliminary prospectus supplement and accompanying prospectus may be obtained by contacting: J.P. Morgan Securities LLC c/o Broadridge Financial Solutions, 1155 Long Island Avenue, Edgewood, New York 11717 or by calling 1-866-803-9204; Wells Fargo Securities, LLC c/o Equity Syndicate Department, 375 Park Avenue, 4th Floor, New York, New York 10152 or by calling 1-800-326-5897 or by emailing cmclientsupport@wellsfargo.com; Goldman Sachs & Co. LLC, Attention: Prospectus Department, 200 West Street, New York, NY 10282 or by calling 1-866-471-2526 or by emailing prospectus-ny@ny.email.gs.com; or Credit Suisse Securities (USA) LLC c/o Credit Suisse Prospectus Department, One Madison Avenue, New York, New York 10010 or by calling 1-800-221-1037 or by emailing newyork.prospectus@credit-suisse.com.

This announcement shall not constitute an offer to sell or a solicitation of an offer to buy

these securities, nor shall there be any sale of these securities in any state or jurisdiction in which such offer, solicitation or sale would be unlawful prior to the registration or qualification under the securities laws of any such state or jurisdiction.

Redwood is a publicly traded company structured as a real estate investment trust.

CAUTIONARY STATEMENT: This press release contains forward-looking statements within the meaning of the safe harbor provisions of the Private Securities Litigation Reform Act of 1995, such as statements related to the offering and the expected use of the net proceeds. Forward-looking statements involve numerous risks and uncertainties. Redwood's actual results may differ materially from those projected, and Redwood cautions investors not to place undue reliance on the forward-looking statements contained in this release. Forward-looking statements are not historical in nature and can be identified by words such as "anticipate," "estimate," "will," "should," "expect," "believe," "intend," "seek," "plan," and similar expressions or their negative forms, or by references to strategy, plans, or intentions. These forward-looking statements are subject to risks and uncertainties, including, among other things, those described in Redwood's preliminary prospectus supplement dated July 23, 2018, the accompanying prospectus dated May 10, 2016, and the documents incorporated in the prospectus supplement and the prospectus by reference. Redwood undertakes no obligation to update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise.

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