

January 10, 2023

R E D W O O D
T R U S T

Redwood Trust Announces Pricing of Public Offering of Preferred Stock

MILL VALLEY, Calif.--(BUSINESS WIRE)-- Redwood Trust, Inc. ("Redwood") (NYSE: RWT) today announced the pricing of an underwritten public offering of 2,600,000 shares of its 10.00% Series A Fixed-Rate Reset Cumulative Redeemable Preferred Stock (the "Series A Preferred Stock") with a liquidation preference of \$25.00 per share, resulting in gross proceeds of \$65.0 million. In connection with the offering, Redwood has granted the underwriters a 30-day option to purchase up to an additional 390,000 shares of Series A Preferred Stock, solely to cover over-allotments. Redwood intends to apply to list the Series A Preferred Stock on the New York Stock Exchange under the symbol "RWT PRA." The offering is expected to close on January 18, 2023, subject to the satisfaction of customary closing conditions.

Redwood intends to use the net proceeds from this offering for general corporate purposes, which may include (i) the repurchase or repayment of all or a portion of our 4.75% convertible senior notes due 2023, (ii) the repurchase or repayment of a portion of our 5.625% convertible senior notes due 2024, our 5.75% exchangeable senior notes due 2025, or our 7.75% convertible senior notes due 2027, and/or (iii) funding of our business and investment activity, which may include funding our residential and business purpose lending mortgage banking businesses, acquiring mortgage-backed securities for our investment portfolio, funding other long-term portfolio investments, and funding strategic acquisitions and investments.

Morgan Stanley & Co. LLC, J.P. Morgan Securities LLC, RBC Capital Markets, LLC, UBS Securities LLC, Wells Fargo Securities, LLC, Goldman Sachs & Co. LLC, Keefe, Bruyette & Woods, *A Stifel Company*, Piper Sandler & Co. and Raymond James & Associates, Inc. are acting as joint book-running managers for the proposed offering. BTIG, LLC, Barclays Capital Inc. and JMP Securities, A Citizens Company, are acting as co-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 March 4, 2022. A preliminary prospectus supplement and accompanying prospectus relating to and describing the terms of the offering have been filed with the SEC and are available on the SEC's website at www.sec.gov. Copies of the preliminary prospectus supplement and accompanying prospectus may be obtained by contacting:

Morgan Stanley & Co. LLC
180 Varick Street

New York, NY 10014
Attention: Prospectus Department
Or by telephone: (866) 718-1649
Or by email: prospectus@morganstanley.com

J.P. Morgan Securities LLC
Attention: Investment Grade Syndicate Desk
383 Madison Avenue
New York, NY 10179
Or by telephone: 212-834-4533

RBC Capital Markets, LLC
Attention: Transaction Management
Brookfield Place 200 Vesey Street
8th Floor
New York, NY 10281-8098
Or by telephone: 866-375-6829

UBS Securities LLC
Attention: Prospectus Department
1285 Avenue of the Americas
New York, NY 10019
Or by telephone: 888-827-7275

Wells Fargo Securities, LLC
608 2nd Avenue South, Suite 1000
Minneapolis, MN 55402
Attn: WFS Customer Service
Or by telephone: (800) 645-3751
Or by email: wfscustomerservice@wellsfargo.com

Goldman Sachs & Co. LLC
Attention: Prospectus Department
200 West Street
New York, NY 10282
Or by telephone: 866-471-2526
Or by email: prospectus-ny@ny.email.gs.com

Keefe, Bruyette & Woods, Inc.
Attention: Capital Markets
787 Seventh Avenue
4th Floor
New York, NY 10019
Or by telephone: 800-966-1559

Piper Sandler & Co.
Attn: Prospectus Department
1251 Avenue of the Americas, 6th Floor
New York, NY 10020
Or by telephone: (800) 747-3924

Or by email: prospectus@psc.com

Raymond James & Associates, Inc.
Attention: Equity Syndicate
880 Carillon Parkway
St. Petersburg, FL 33716
Or by telephone: (800) 248-8863
Or by email: prospectus@raymondjames.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.

About Redwood

Redwood Trust, Inc. (NYSE: RWT) is a specialty finance company focused on several distinct areas of housing credit. Our operating platforms occupy a unique position in the housing finance value chain, providing liquidity to growing segments of the U.S. housing market not well served by government programs. We deliver customized housing credit investments to a diverse mix of investors, through our best-in-class securitization platforms; whole-loan distribution activities; and our publicly traded shares. Our aggregation, origination and investment activities have evolved to incorporate a diverse mix of residential, business purpose and multifamily assets. Our goal is to provide attractive returns to shareholders through a stable and growing stream of earnings and dividends, capital appreciation, and a commitment to technological innovation that facilitates risk-minded scale. We operate our business in three segments: Residential Mortgage Banking, Business Purpose Mortgage Banking and Investment Portfolio. Additionally, through RWT Horizons™, our venture investing initiative, we invest in early-stage companies strategically aligned with our business across the lending, real estate, and financial technology sectors to drive innovations across our residential and business-purpose lending platforms. Since going public in 1994, we have managed our business through several cycles, built a track record of innovation, and established a best-in-class reputation for service and a common-sense approach to credit investing. Redwood Trust is internally managed and structured as a real estate investment trust for tax purposes.

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, including the terms thereof, the anticipated closing date, the intention to apply to list the securities on the New York Stock Exchange 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. No assurance can be given that the offering will be completed on the terms described, or at all. Completion of the offering on the terms described, the application to list the securities on the New York Stock Exchange and the application of the net proceeds, are subject to numerous conditions, risks and uncertainties,

many of which are beyond the control of Redwood, including, among other things, those described in Redwood's preliminary prospectus supplement dated January 9, 2023, the accompanying prospectus dated March 4, 2022, 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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Kaitlyn Mauritz

SVP, Head of Investor Relations

Phone: 866-269-4976

Email: investorrelations@redwoodtrust.com

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