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

Redwood Trust Announces Pricing Of Public Offering Of Common Stock

MILL VALLEY, Calif., Jan. 29, 2019 /PRNewswire/ -- Redwood Trust, Inc. ("Redwood") (NYSE: RWT) today announced that an underwritten public offering of 10,000,000 shares of Redwood's common stock has been priced at a public offering price of \$15.60 per share, resulting in gross proceeds of \$156.0 million. In connection with the offering, Redwood has granted the underwriters a 30-day option to purchase up to an additional 1,500,000 shares of its common stock. The offering is expected to close on February 1, 2019.

Redwood intends to use the net proceeds from this offering to fund its business and investment activity, which may include funding recently completed investment transactions (including, for example, funding capital calls on a multifamily whole loan investment fund) and funding the initial cash portion of the purchase price for its pending acquisition of 5 Arches, LLC as well as new investment opportunities in bridge loans for single-family and small-balance multifamily properties, mortgage loans for single-family rental properties, residential and multifamily mortgage backed securities, as well as for its mortgage banking business 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.

Wells Fargo Securities, LLC, J.P. Morgan, Credit Suisse Securities (USA) LLC and Goldman Sachs & Co. 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 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: 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; J.P. Morgan c/o Broadridge Financial Solutions, 1155 Long Island Avenue, Edgewood, New York 11717 or by calling 1-866-803-9204; Credit Suisse Securities (USA) LLC, Attn: Prospectus Department, Eleven Madison Avenue, 3rd Floor, New York, New York 10010 or by calling 1-800-221-1037 or by emailing usa.prospectus@credit-suisse.com; or 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.

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. No assurance can be given that the offering will be completed on the terms described, or at all, or that the net proceeds of the offering will be used as indicated. Completion of the offering on the terms described, and the application of 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 29, 2019, 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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