



NEWS RELEASE

Redwood Trust Announces Dividend Distribution Tax Information for 2021

1/27/2022

MILL VALLEY, Calif., Jan. 27, 2022 /PRNewswire/ -- **Redwood Trust, Inc.** (NYSE: RWT), a leader in expanding access to housing for homebuyers and renters, today announced tax information regarding its dividend distributions for 2021.

Shareholders should check the tax statements they receive from their brokerage firms to confirm the Redwood dividend distribution information reported in those statements conforms to the information reported here. Set forth in this press release are Redwood's expectations with respect to the treatment of our 2021 dividend distributions for federal income tax purposes. Shareholders should consult their tax advisors to determine the amount of taxes that should be paid on Redwood's dividend distributions for federal, state, and other income tax purposes.

All the common stock dividend distributions paid during 2021 are reportable on shareholders' 2021 federal income tax returns, including the four quarterly regular dividend distributions of \$0.16, \$0.18, \$0.21, and \$0.23 per share for the first, second, third, and fourth quarters, respectively. Thus, for 2021, Redwood shareholders that held stock for this entire period should report a total of \$0.78 per share of common stock dividend distributions for federal income tax purposes.

Under the federal income tax rules applicable to real estate investment trusts ("REITs"), Redwood's 2021 dividend distributions are expected to be characterized for income tax purposes as 74% ordinary income and 26% qualified dividends. None of Redwood's 2021 dividend distributions are expected to be characterized for federal income tax

purposes as a return of capital or long-term capital gain dividends.

As a REIT, the portion of Redwood's 2021 dividend distributions that can be characterized as qualified dividends is limited to Redwood's qualified dividend income for the year. The amount characterized as ordinary income under the applicable federal income tax rules are generally taxed at full ordinary income tax rates.

Beginning in 2018 under the Tax Cuts and Jobs Act, individual taxpayers may generally take a deduction from taxable income of 20% of their ordinary REIT dividends. This deduction does not apply to REIT dividends classified as return of capital, qualified dividends, or long-term capital gain dividends.

For shareholders that are corporations, Redwood's dividend distributions are not generally eligible for the corporate dividends-received deduction or the 20% ordinary REIT dividend deduction.

The table below provides more detailed information on the expected federal income tax characterization for each of Redwood's common stock dividend distributions that were paid for 2021.

Common Stock (CUSIP 758075 40 2)

Dividend Distribution Type	Record Dates	Payable Dates	Total \$ Paid	Total Distribution Per Share	Ordinary Income Per Share	Qualified Dividend Per Share	Return of Capital Per Share	Long- Term Capital Gains Per Share
Regular	03/24/2021	03/31/2021	\$18,077,324	\$0.1600	\$0.1185	\$0.0415	\$0.0000	\$0.0000
Regular	06/23/2021	06/30/2021	\$20,346,144	\$0.1800	\$0.1333	\$0.0467	\$0.0000	\$0.0000
Regular	09/23/2021	09/30/2021	\$23,883,289	\$0.2100	\$0.1556	\$0.0544	\$0.0000	\$0.0000
Regular	12/17/2021	12/28/2021	\$26,400,975	\$0.2300	\$0.1704	\$0.0596	\$0.0000	\$0.0000
Total			\$88,707,732	\$0.7800	\$0.5778	\$0.2022	\$0.0000	\$0.0000

No portion of Redwood's 2021 dividend distributions is expected to consist of unrelated business taxable income ("UBTI"), which is subject to specialized tax reporting and other rules applicable for certain tax-exempt investors.

If you have questions, please consult your tax advisor for further guidance.

About Redwood Trust

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 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 consolidated investment portfolio has evolved to incorporate a diverse mix of residential, business purpose, and multifamily investments. 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. Since going public in 1994, we have managed our business through several cycles, built a track record of innovation, and 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 ("REIT") for tax purposes. For more information about Redwood Trust, visit Redwood's website at www.redwoodtrust.com or connect with us on LinkedIn, Twitter, or Facebook.

Forward-Looking Statements: This press release contains forward-looking statements within the meaning of the safe harbor provisions of the Private Securities Litigation Reform Act of 1995, including statements related to Redwood's expectations with respect to the treatment of our 2021 dividend distributions for federal income tax purposes. Forward-looking statements involve numerous risks and uncertainties. Our actual results may differ from our beliefs, expectations, estimates, and projections and, consequently, you should not rely on these forward-looking statements as predictions of future events. 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 our Annual Report on Form 10-K for the year ended December 31, 2020 under the caption "Risk Factors." Other risks, uncertainties, and factors that could cause actual results to differ materially from those projected may be described from time to time in reports we file with the Securities and Exchange Commission, including reports on Forms 10-Q and 8-K. We undertake 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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