

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 OR 15(d) of The Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): October 9, 2024

REDWOOD TRUST, INC.

(Exact name of registrant as specified in its charter)

Maryland
(State or other jurisdiction
of incorporation)

001-13759
(Commission
File Number)

68-0329422
(I.R.S. Employer
Identification No.)

One Belvedere Place
Suite 300
Mill Valley, California 94941
(Address of principal executive offices and Zip Code)

(415) 389-7373
(Registrant's telephone number, including area code)

Not Applicable
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 or Rule 12b-2 of the Securities Exchange Act of 1934.

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading symbol(s)	Name of each exchange on which registered
Common Stock, par value \$0.01 per share	RWT	New York Stock Exchange
10% Series A Fixed-Rate Reset Cumulative Redeemable Preferred Stock, par value \$0.01 per share	RWT PRA	New York Stock Exchange
9.125% Senior Notes Due 2029	RWTN	New York Stock Exchange
9.0% Senior Notes Due 2029	RWTO	New York Stock Exchange

Item 2.03. Creation of a Direct Financial Obligation or an Obligation Under an Off-Balance Sheet Arrangement of a Registrant.

On October 11, 2024, Redwood Trust, Inc. (the “Company”) issued \$39,760,000 aggregate principal amount of the Company’s 7.75% Convertible Senior Notes due 2027 (the “Notes”) pursuant to a purchase agreement (the “Purchase Agreement”) with the representative (the “Representative”) of the several initial purchasers (the “Initial Purchasers”) of the Notes (the “Offering”). As used herein, the term “Notes” includes the Initial Notes (as defined below), unless the context requires otherwise.

The Notes were issued as a reopening of, and are part of the same series as, the 7.75% convertible senior notes due 2027 that the Company originally issued in June 2022 (the “Initial Notes”). Upon completion of the Offering, the aggregate principal amount of outstanding Notes was \$247,170,000. While the Notes are initially trading under a Rule 144A CUSIP number, the Company expects that once de-legended, the Notes will trade with same CUSIP number as the Initial Notes.

The Company issued the Notes under an indenture dated as of June 9, 2022 (the “Indenture”) between the Company and Wilmington Trust, National Association, a national banking association, as trustee (the “Trustee”).

The Notes bear interest at a rate of 7.75% per year, payable semi-annually in arrears on June 15 and December 15 of each year, beginning on December 15, 2024. The Notes are the general unsecured obligations of the Company and rank equal in right of payment with the other existing and future senior unsecured indebtedness of the Company and senior in right of payment to any indebtedness of the Company that is contractually subordinated to the Notes. The Notes, however, are effectively subordinated in right of payment to the existing and future secured indebtedness of the Company to the extent of the value of the collateral securing such indebtedness, and structurally subordinated to the claims of the Company’s subsidiaries’ creditors, including trade creditors.

The Notes will mature on June 15, 2027 (the “Maturity Date”), unless earlier redeemed or repurchased by the Company or converted.

Before March 15, 2027, holders will have the right to convert their Notes only upon the occurrence of certain events. From and after March 15, 2027, holders may convert their Notes at any time at their election until the close of business on the second scheduled trading day immediately before the maturity date. The Company will have the right to elect to settle conversions either entirely in cash or in a combination of cash and shares of its common stock, \$0.01 par value per share (the “Common Stock”). However, upon conversion of any Notes, the conversion value, which will be determined over an “Observation Period” (as defined in the Indenture) consisting of 25 trading days, will be paid in cash up to at least the principal amount of the Notes being converted. The conversion rate of the Notes is 95.6823 shares of Common Stock per \$1,000 principal amount of Notes, which is equivalent to a conversion price of approximately \$10.45 per share. The conversion price represents a premium of approximately 38% over the closing price of the Company’s Common Stock on October 9, 2024. The conversion rate is subject to adjustment in certain circumstances.

Upon the occurrence of a fundamental change (as defined in the Indenture) involving the Company, holders of the Notes may require the Company to repurchase all or a portion of their Notes for cash at a price equal to 100% of the principal amount of the Notes to be purchased, plus accrued and unpaid interest to, but excluding, the fundamental change repurchase date.

The Company will have the right to redeem the Notes, in whole or in part, at its option at any time, and from time to time, prior to maturity, to the extent, and only to the extent, necessary to preserve its status as a real estate investment trust (“REIT”) for U.S. federal income tax purposes. In addition, subject to the partial redemption limitation described below, the Company will have the right to redeem the Notes, in whole or in part, at its option on or after June 16, 2025, but only if the last reported sale price per share of the Company’s Common Stock exceeds 130% of the conversion price for a specified period of time. A redemption pursuant to the provision described in the preceding sentence is referred to as a “Provisional Redemption.” Pursuant to the partial redemption limitation, the Company may not elect to redeem less than all of the outstanding Notes pursuant to a Provisional Redemption unless at least \$100.0 million aggregate principal amount of Notes are outstanding and not subject to Provisional Redemption as of the time the Company sends the related redemption notice. The redemption price for any Note called for redemption will be a cash amount equal to the principal amount of the Notes to be redeemed, plus accrued and unpaid interest, if any. The Company may at any time and from time to time repurchase Notes by tender offer, open market purchases, negotiated transactions or otherwise, in accordance with applicable securities laws.

If an event of default (as defined in the Indenture) occurs and is continuing, the Trustee by notice to the Company, or the holders of at least 25% in aggregate principal amount of the Notes then outstanding by notice to the Company and the Trustee, may, and the Trustee at the request of such holders shall, declare 100% of the principal of and accrued and unpaid interest on all the Notes to be due and payable. In the case of an event of default arising out of certain bankruptcy or insolvency events (as set forth in the Indenture), 100% of the principal of and accrued and unpaid interest on the Notes will automatically become due and payable.

The above description of the Indenture and the Notes is a summary and is not complete. Copies of the Indenture and the form of the certificate representing the Notes, the terms of which are incorporated by reference, are attached as exhibits 4.1 and 4.2, respectively, to the Company’s [Current Report on Form 8-K, filed on June 9, 2022](#), and the above summary is qualified in its entirety by reference to the terms of the Indenture and the Notes set forth in such exhibits.

Item 3.02. Unregistered Sales of Equity Securities.

The disclosure set forth in Item 2.03 above is incorporated by reference into this Item 3.02. The Notes were issued to the Initial Purchasers in reliance upon Section 4(a)(2) of the Securities Act of 1933, as amended (the “Securities Act”), in transactions not involving any public offering. The Notes were resold by the Initial Purchasers to persons whom the Initial Purchasers reasonably believe are “qualified institutional buyers,” as defined in, and in accordance with, Rule 144A under the Securities Act. Any shares of the Company’s Common Stock that may be issued upon conversion of the Notes will be issued in reliance upon Section 3(a)(9) of the Securities Act as involving an exchange by the Company exclusively with its security holders. Initially, a maximum of 4,279,869 shares of the Company’s Common Stock may be issued upon conversion of the Notes, based on the initial maximum conversion rate of 107.6426 shares of Common Stock per \$1,000 principal amount of Notes, which is subject to customary anti-dilution adjustment provisions.

Item 8.01. Other Events.

Purchase Agreement

On October 9, 2024, the Company entered into the Purchase Agreement with the Representative of the several Initial Purchasers named therein. Subject to the terms and conditions of the Purchase Agreement, the Company agreed to sell to the Initial Purchasers, and the Initial Purchasers agreed to purchase from the Company, \$39,760,000 aggregate principal amount of Notes. Pursuant to the terms of the Purchase Agreement, the parties have agreed to indemnify each other against certain liabilities, including liabilities under the Securities Act.

Pursuant to the terms of the Purchase Agreement, all of the Company's directors and executive officers also agreed not to sell or transfer any Common Stock held by them for 30 days after October 9, 2024 without first obtaining the written consent of the Representative on behalf of the Initial Purchasers, subject to certain exceptions.

Notes Press Release

On October 9, 2024, the Company issued a press release relating to the pricing of the Offering to qualified institutional buyers pursuant to Rule 144A under the Securities Act. A copy of the press release is attached as Exhibit 99.1 to this Current Report on Form 8-K and is incorporated by reference into this Item 8.01.

2025 Note Repurchases

On October 11, 2024, the Company repurchased approximately \$33.1 million aggregate principal amount of 5.75% exchangeable senior notes due 2025 issued by one of its subsidiaries ("2025 Notes") in privately negotiated transactions effected through two of the Initial Purchasers or their affiliates, as the Company's agent. Following these repurchases, approximately \$174.3 million in aggregate principal amount of the 2025 Notes remain outstanding.

Neither this Current Report on Form 8-K nor the press release constitutes an offer to repurchase any 2025 Notes or to sell, or the solicitation of an offer to buy, the Notes or the shares of the Company's Common Stock, if any, issuable upon conversion of the Notes.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits

[Exhibit 99.1](#) [Press Release dated October 9, 2024](#)
Exhibit 104 Cover Page Interactive Data File (embedded within the inline XBRL document)

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Date: October 11, 2024

REDWOOD TRUST, INC.

By: /s/ Brooke E. Carillo

Name: Brooke E. Carillo

Title: Chief Financial Officer

FOR IMMEDIATE RELEASE

Redwood Trust, Inc.
October 9, 2024

Redwood Trust Prices Reopening of \$40 million of 7.75% Convertible Senior Notes Due 2027

MILL VALLEY, Calif.—(BUSINESS WIRE)—Redwood Trust, Inc. (NYSE: RWT; “Redwood” or the “Company”) today announced that it priced approximately \$40 million aggregate principal amount of its 7.75% convertible senior notes due 2027 (the “Notes”) in a private offering to persons reasonably believed to be qualified institutional buyers pursuant to Rule 144A under the Securities Act of 1933, as amended (the “Securities Act”). The Notes will be issued as a reopening of, and will be part of the same series as, the 7.75% convertible senior notes due 2027 that the Company originally issued in June 2022 (the “Initial Notes”), of which \$207,410,000 aggregate principal amount is currently outstanding. While the Notes will initially trade under a Rule 144A CUSIP number, the Company expects that once de-legended, the Notes will trade with the same CUSIP number as the Initial Notes. The offering is expected to close on October 11, 2024, subject to the satisfaction of certain closing conditions.

Interest on the Notes is payable semi-annually in arrears on June 15 and December 15 of each year; the Notes will mature on June 15, 2027, unless earlier repurchased, redeemed or converted. Upon conversion, holders of the Notes will receive shares of Redwood’s common stock, together with cash in lieu of any fractional share. If Redwood undergoes a “fundamental change” (as defined in the indenture governing the Notes), subject to certain conditions, holders of the Notes may require Redwood to repurchase all or part of their Notes for cash in an amount equal to the principal amount of the Notes to be repurchased, plus accrued and unpaid interest, if any.

Before March 15, 2027, holders have the right to convert their Notes only upon the occurrence of certain events. From and after March 15, 2027, holders may convert their Notes at any time at their election until the close of business on the second scheduled trading day immediately before the maturity date. Redwood has the right to elect to settle conversions either entirely in cash or in a combination of cash and shares of its common stock. However, upon conversion of any Notes, the conversion value, which will be determined over a period of multiple trading days, will be paid in cash up to at least the principal amount of the Notes being converted. Any conversions of Notes into shares of Redwood common stock will be subject to certain ownership limitations set forth in Redwood’s charter documents. The conversion rate is 95.6823 shares of common stock per \$1,000 principal amount of Notes, equivalent to a conversion price of approximately \$10.45 per share, which is an approximately 38% premium to the closing price of Redwood’s common stock on October 9, 2024. The conversion rate and conversion price are subject to customary anti-dilution adjustments.

Redwood has the right to redeem the Notes, in whole or in part, at its option at any time prior to maturity to the extent necessary to preserve its status as a real estate investment trust for U.S. federal income tax purposes. In addition, subject to certain limitations, Redwood has the right to redeem the Notes, in whole or in part, at its option on or after June 16, 2025, but only if the last reported sale price per share of Redwood’s common stock exceeds 130% of the conversion price for a specified period of time. The redemption price for any Note called for redemption will be a cash amount equal to the principal amount of the Notes to be redeemed, plus accrued and unpaid interest, if any.

Redwood estimates that the net proceeds it will receive from the offering will be approximately \$38.2 million, after deducting the initial purchasers' discounts and commissions and estimated offering expenses payable by Redwood. Redwood intends to use the net proceeds from the offering to repurchase a portion of the currently outstanding 5.75% exchangeable senior notes due 2025 previously issued by one of its subsidiaries (the "2025 Notes") in privately negotiated transactions from time to time. Redwood intends to use the remainder of the net proceeds, if any, for general corporate purposes.

The terms of the 2025 Notes repurchases will depend on several factors, including the market price of Redwood's common stock and the trading price of the 2025 Notes at the time of each such repurchase of the 2025 Notes. If, for any reason, Redwood does not use the net proceeds from this offering to repurchase a portion of the 2025 Notes, it would expect to use the net proceeds for general corporate purposes.

The offer and sale of the Notes and any shares of common stock issuable upon conversion of the Notes have not been, and will not be, registered under the Securities Act or any other securities laws, and the Notes and any such shares cannot be offered or sold except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and any other applicable securities laws. This press release does not constitute an offer to repurchase any 2025 Notes or to sell, or the solicitation of an offer to buy, the Notes or any shares of common stock issuable upon conversion of the Notes, nor will there be any sale of the Notes or any such shares, in any state or other jurisdiction in which such offer, sale or solicitation would be unlawful.

About Redwood Trust

Redwood Trust, Inc. (NYSE: RWT) is a specialty finance company focused on several distinct areas of housing credit where we provide 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. We operate our business in three segments: Residential Consumer Mortgage Banking, Residential Investor Mortgage Banking and Investment Portfolio. Through RWT Horizons®, our venture investing initiative, we invest in early-stage companies that have a direct nexus to our operating platforms. Additionally, through Aspire, our home equity investment ("HEI") platform, we directly originate HEI to homeowners. 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. Redwood Trust is internally managed and structured as a real estate investment trust ("REIT") 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 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 filings with the Securities and Exchange Commission. 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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