
Section 1: 8-K (FORM 8-K)

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): January 22, 2019

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
(IRS Employer Identification Number)

One Belvedere Place
Suite 300
Mill Valley, California 94941
(Address of principal executive offices, including 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:

- 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.

Item 7.01. Regulation FD Disclosure.

On January 22, 2019, the Company issued a press release announcing it has exercised its purchase option to acquire 5 Arches, LLC. The Company also made available an investor presentation which includes additional details related to the transaction, including indications of the potential future returns and earnings impact related to the transaction. A link to the presentation materials is available at the Company's website at www.redwoodtrust.com, in the Newsroom section of the website under "Presentations." An archive of the presentation materials will be available at the same location for at least 90 days.

The information contained in Item 7.01 and the attached Exhibit 99.1 is furnished to and not filed with the Securities and Exchange Commission, and shall not be incorporated by reference into any registration statement or other document filed under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, except as shall be expressly set forth by specific reference in such filing.

Forward-Looking Statements

This Current Report on Form 8-K, including the attached Exhibit 99.1, contain forward-looking statements within the meaning of the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. 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, and include statements in this Current Report on Form 8-K regarding the Company's exercise of its purchase option to acquire 5 Arches, LLC. These forward-looking statements are based on the Company's current assumptions, expectations and beliefs and are subject to numerous risks, including, among other things, those set forth under the caption "Risk Factors" in the Company's most recent filings with the Securities and Exchange Commission, uncertainties, assumptions and changes in circumstances that may cause the Company's actual results, performance or achievements to differ materially from those expressed or implied in any forward-looking statement. The Company cautions investors not to place undue reliance on the forward-looking statements contained in this Current Report on Form 8-K.

Further information on these and other factors that could affect Redwood's financial results and the forward-looking statements in this Current Report on Form 8-K is included in the Company's filings with the Securities and Exchange Commission, including, among others, the Company's Annual Report on Form 10-K for the year ended December 31, 2017, particularly under the captions "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations."

The Company undertakes no obligation to update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits

[Exhibit 99.1](#) [Press Release dated January 22, 2019](#)

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: January 22, 2019

REDWOOD TRUST, INC.

By: /S/ ANDREW P. STONE

Andrew P. Stone
Executive Vice President, General Counsel,
and Secretary

Exhibit Index

<u>Exhibit No.</u>	<u>Exhibit Title</u>
99.1	Press Release dated January 22, 2019

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Section 2: EX-99.1 (EXHIBIT 99.1)

Exhibit 99.1



FOR IMMEDIATE RELEASE

Redwood Trust, Inc.

Tuesday, January 22, 2019

CONTACT: Lisa Hartman - SVP, Head of Investor Relations

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Email: lisa.hartman@redwoodtrust.com

REDWOOD TRUST EXERCISES OPTION TO ACQUIRE REMAINING INTEREST IN 5 ARCHES ACCELERATES ACCESS TO GROWING PIPELINE OF BUSINESS-PURPOSE REAL ESTATE LOANS

MILL VALLEY, CA – Tuesday, January 22, 2019 – [Redwood Trust, Inc.](#) (NYSE: RWT), a leading innovator in housing credit investing, today announced that it has exercised the company's option to acquire the remaining 80% interest in 5 Arches, LLC ("5 Arches"), an originator and asset manager of business-purpose real estate loans.

In May 2018, Redwood acquired a 20% minority interest in 5 Arches for \$10 million in cash, with a one-year option to purchase all remaining equity in the company. The incremental consideration for the transaction is \$40 million, payable in a mix of cash and Redwood stock. A portion of the remaining consideration is contingent upon 5 Arches achieving certain origination volumes over the next two years.

Founded in 2012 and based in Irvine, California, 5 Arches has originated over \$1.8 billion of loans since inception, with a focus on single-family rental and bridge loans for single-family and small-balance multifamily properties. The firm has thoughtfully grown its production from approximately \$150 million in 2015 to approximately \$850 million in 2018.

News Highlights

- Accelerates access to a growing pipeline of business-purpose real estate loans
- Leverages core competencies in housing credit, product development, and structuring
- Expands opportunities for profitable growth in new markets
- Expected to be accretive to earnings and book value per share

"We are pleased to be moving forward with our full acquisition of the 5 Arches platform. Completion of this transaction further accelerates our access into the business-purpose real estate lending space, an area of housing that we believe offers accretive and scalable returns to our shareholders," said Christopher J. Abate, Redwood's Chief Executive Officer.

Commenting on behalf of 5 Arches, CEO and Co-Founder Shawn Miller remarked, "It is with great pleasure and excitement that we complete the transaction with Redwood." Miller continued, "Combining our abilities to source and manage real estate credit with Redwood's expertise creates a powerful platform to flourish in the ever-changing housing market."

Abate added, “We have worked closely with the 5 Arches team for almost a year and believe they represent the right cultural and business fit, and complement our company’s core strengths in structuring and investing in housing credit.”

The acquisition is expected to close in the first quarter of 2019, subject to customary closing conditions.

Additional Resources

- Investor Presentation: [Announcement of Option Exercise to Acquire Remaining 80% of 5 Arches, January 2019](#)
- Related Press Release: [Redwood Trust Announces Minority Investment in 5 Arches, April 2018](#)
- Investor Presentation: [Overview of 5 Arches Transaction, April 2018](#)

About Redwood Trust

Redwood Trust, Inc. (NYSE: RWT) is a specialty finance company focused on making credit-sensitive investments in residential mortgages and related assets and engaging in mortgage banking activities. Our goal is to provide attractive returns to shareholders through a stable and growing stream of earnings and dividends, as well as through capital appreciation. Redwood Trust was established in 1994, is internally managed, and structured as a real estate investment trust (“REIT”) for tax purposes. For more information about Redwood, please visit our website at www.redwoodtrust.com.

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 intention to acquire 5 Arches, the expected timing for the transaction to close, and Redwood’s expectation that the acquisition will be accretive to earnings and book value per share. 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, 2017 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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