HONDA MOTOR CO LTD
Form 6-K
June 11, 2003
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No.1-7628

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 6-K

REPORT OF FOREIGN PRIVATE ISSUER

PURSUANT TO RULE 13a-16 OR 15d-16

UNDER THE SECURITIES EXCHANGE ACT OF 1934

FOR THE MONTH OF May 2003

COMMISSION FILE NUMBER: 1-07628

HONDA GIKEN KOGYO KABUSHIKI KAISHA

(Name of registrant)

HONDA MOTOR CO., LTD.

(Translation of registrant s name into English)

1-1, Minami-Aoyama 2-chome, Minato-ku, Tokyo 107-8556, Japan

(Address of principal executive officers)

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F:

Form 20-F __*__ Form 40-F ____

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1): ____

Note: Regulation S-T Rule 101(b)(1) only permits the submission in paper of a Form 6-K if submitted solely to provide an attached annual report to security holders.

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7):____

Indicate by check mark whether by furnishing the information contained in this Form, the registrant is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

Yes ____ No ____

If Yes is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b):82-____

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Exhibit 1:

On May 20, 2003 Honda Motor Co., Ltd. announced that it developed the world s first Collision Mitigation Brake System (CMS), which predicts rear-end collisions and assists brake operation to reduce impact on occupants and vehicle damage. (Ref. #A03-027)

Exhibit 2:

On May 26, 2003 P.T. Astra Honda Motor, Honda s joint venture company in Indonesia responsible for motorcycle production and sales, announced that they have rolled out their 10 millionth motorcycle. (Ref. #C03-030)

Exhibit 3:

On May 27, 2003 Honda Motor Co., Ltd. announced that oversea production increased 18.2% in April over the corresponding month in 2002, the 28th consecutive month of growth in that category. (Ref. #C03-031)

Exhibit 4:

On May 28, 2003 Honda Motor Co., Ltd. announced that 15 models and 17 types of its BF8-BF225 series of gasoline outboard engines were granted certification by the Fishing Boat and System Engineering Association of Japan. (Ref. #C03-033)

Exhibit 5:

On May 29, 2003 Honda held a groundbreaking ceremony for a new passenger car plant in China with production to begin in the latter half of 2004 dedicated exclusively for export. (Ref. #C03-034)

Exhibit 6:

English translation of Honda Motor Co., Ltd. unconsolidated financial results (parent company only) for the fiscal year ended March 31, 2003.

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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.

HONDA GIKEN KOGYO

KABUSHIKI KAISHA

(HONDA MOTOR CO., LTD)

/s/ Satoshi Aoki

Satoshi Aoki

Senior Managing and

Representative Director

Date: June 11, 2003

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ref. #A03-027

Honda Develops World s First Collision Mitigation Brake System (CMS) for Predicting Rear-end Collisions and Controlling Brake Operations

To be installed in upcoming Inspire, in combination with E-Pretensioner seatbelt retraction mechanism

Tokyo, May 20, 2003 Honda Motor Co., Ltd., announced today it has developed the world s first Collision Mitigation Brake System (CMS), which predicts rear-end collisions and assists brake operation to reduce impact on occupants and vehicle damage. This system determines the likelihood of a collision based on driving conditions, distance to the vehicle ahead, and relative speeds, and uses visual and audio warnings to prompt the driver to take preventative action. It can also initiate braking to reduce the vehicle s speed. The new system will be installed in the new Inspire scheduled for release in June of this year, in combination with the E-Pretensioner, which retracts the seatbelt in anticipation of impact.

The CMS and E-Pretensioner use a millimeter-wave radar to detect vehicles ahead within a range of 100 meters, and then calculate the distance between the vehicles, the relative vehicle speeds, and the anticipated vehicle path to determine the likelihood of a collision. If the system determines that a collision is likely, it sounds a buzzer and provides a tactile warning, tightening the seatbelt to prompt the driver to take preventative action. The system also incorporates a number of functions to reduce impact on occupants in the event an impact is unavoidable, including a brake assist function that compensates for insufficient pedal pressure to reduce the speed of impact and seatbelt control that increases seatbelt tension to hold the driver more securely in place.

Honda considers safety as one of the most crucial issues automakers face, and as such has long been active in the fields of driver safety education, active safety (preventing collisions), and passive safety (minimizing injury in the event of a collision). In addition, Honda has been promoting research and development of Honda Pre-crash Safety Technologies, which are designed to predict collisions and minimize impacts. CMS and the E-Pretensioner, which warn the driver of impending collisions and reduce impact when collisions are unavoidable, represent the first stage in the practical application of these technologies.

l **Outline of CMS and E-Pretensioner Operations**

1. Primary warning

When there is a risk of collision with the vehicle ahead or if the distance between the vehicles has become too short, a buzzer sounds and the message BRAKE appears on the multi-information display in the instrument panel, prompting the driver to take preventative action.

2. Secondary warning

If the distance between the two vehicles continues to diminish, CMS applies light braking, and the E-Pretensioner retracts the seatbelt gently two or three times, providing the driver with a tactile warning. At this point, if the driver applies the brakes, the system interprets this action as

emergency braking, and activates the brake assist function to reduce impact speed.

3. Collision damage reduction

If the system determines that a collision is unavoidable, the E-Pretensioner retracts the seatbelt with enough force to compensate for seatbelt slack or baggy clothing, providing even more effective driver retention than conventional seatbelt pretensioners, which only begin to operate once the collision has occurred. The CMS also activates the brakes forcefully to further reduce the speed of impact. The E-Pretensioner is designed to operate whenever the driver brakes suddenly and the brake assist functions, tightening the seatbelt to secure the driver even if the CMS has not prediced a collision.

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l **CMS & E-Pretensioner System Configuration**

Millimeter-wave radar

Detects vehicles within a range of about 100 meters ahead, in a 16-degree arc.

Sensors

The system determines driving conditions using a range of sensors that detect factors such as yaw rate, steering angle, wheel speed, and brake pressure.

CMS Electronic Control Unit (ECU)

Based on distance to the vehicle ahead and relative speed obtained from radar information, and on the anticipated vehicle path as determined based on sensor information, the ECU calculates the likelihood of a collision, and warns the driver, and in some cases activates the braking function. The ECU exchanges information as required with the E-Pretensioner, the Variable Signal Analyzer (VSA) and the Meter Unit (see below).

VSA-ECU integrated hydraulic unit

Receives information from the various sensors, and sends this information to the CMS ECU and other control units. Also controls the brake hydraulic unit to activate the brakes based on instructions from the CMS ECU.

E-Pretensioner ECU

Sends instructions to the motorized E-Pretensioner to retract the seatbelt, based on braking instruction signals from the CMS ECU and electronically controlled brake assist signals.

E-Pretensioner

Retracts the seatbelt using an internal motor, based on instructions from the E-Pretensioner ECU. Used in combination with conventional pretensioners.

Meter unit

Receives signals from the CMS ECU, and warns the driver of potential danger using a buzzer and a visual warning.

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Press information on the Collision Mitigation Brake System (CMS) is available at the following

URL:http://www.honda.co.jp/PR/

(This site is intended exclusively for the use of journalists)

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P.T. Astra Honda Motor, Honda s joint venture company in Indonesia (Head office: Jakarta City, President: Minoru Yamashita) made the following announcement on May 26, 2003, at 15:30 local time (17:30 Japan time).

Ref:C03-030

Honda s Cumulative Motorcycle Production in Indonesia

Reaches 10 Million

Jakarta, Indonesia, May 26, 2003 P.T. Astra Honda Motor, Honda s joint venture company in Indonesia responsible for motorcycle production and sales, announced that they have rolled out their 10 millionth motorcycle. Indonesia is the first country outside Japan where Honda has achieved this level of motorcycle production.

Honda started motorcycle production in Indonesia in 1971 through a technical cooperation agreement with P.T. Federal Motor. In December 2000, Honda established P.T. Astra Honda Motor which is a joint venture company with P.T. Astra International based on an equal equity ratio. The company integrated the functions of parts manufacturing, engine and body assembly and wholesale activities. P.T. Astra Honda Motor started operations in January 2001.

The motorcycle market in Indonesia continues to expand, with the total market for 2003 forecast to reach 2.6 million units. P.T. Astra Honda Motor launched new models, the Karisma and Kirana, in 2002 helping the company to post record sales of 1.437 million units. In 2003, further sales expansion is targeted with the launch of new products that meet customers needs.

P.T. Astra Honda Motor Karisma D

Outline of P.T. Astra Honda Motor

Established	: December 2000
Start of operations	: January 2001
Location of head office	: Jakarta City
Capital	: 185 billion rupiah
Capitalization ratio	: 50% Honda Motor Co., Ltd., 50% P.T. Astra International
President	: Minoru Yamashita
Business activities	: Manufacture of motorcycle components; assembly of engine and body
Number of employees	: Approx. 8,400
Production capacity	: 7,000 units/day
Products	: Nine models, including the Karisma, Kirana and Supra

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(NOTE : This release is embargoed until 11:30 a.m., May 27) Ref.#C03-031

Honda Overseas Production Up 18.2% In April

May 27, 2003 Honda Motor Co., Ltd., announced today that overseas production increased 18.2% in April over the same month in 2002, the 28th consecutive month of growth in that category.

Although global production was down slightly by 2.4% for the month, it was up 5.9% for the first four months of this year, compared to the same period in 2002.

Domestic sales were down 31.3% in April. The Fit again was Honda s best-seller for the month, totaling 12,731 units. Honda s Life mini-vehicle (10,414 units) and Mobilio (3,416 units) were the other best-sellers for the month.

Exports in April were down 3.5%, primarily because of fewer shipments to North America and Asia. It was the first overall decrease since September 2002.

PRODUCTION, SALES, EXPORTS (April 2003)

PRODUCTION

	April		Annual Total 2003	
	Units	**Vs.4/02**	**Units**	**Vs.2002**
Domestic (CBU+CKD)	83,873	-26.2%	393,011	-14.0%
Overseas (CBU only)	154,014	+18.2%	619,325	+24.2%
Worldwide Total *	237,887	-2.4%	1,012,336	+5.9%

* excludes overseas CKD

REGIONAL PRODUCTION

	April		Annual Total 2003	
	Units	Vs.4/02	Units	Vs.2002
North America	106,096	+5.6%	442,787	+16.4%
(USA only)	72,651	+7.2%	303,567	+19.9%
Europe	15,329	+2.2%	67,158	+17.3%
Asia	26,429	+102.4%	90,039	+76.2%
Others	6,160	+262.8%	19,341	+100.2%
Regional Total	154,014	+18.2%	619,325	+24.2%

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SALES

Vehicle type	April		Annual Total 2003	
	Units	**Vs.4/02**	**Units**	**Vs.2002**
Passenger Cars & Light Trucks	28,506	-36.1%	183,764	-13.1%
(Imports)	(1,692)	+131.1%	(7,170)	+109.2%
Mini Vehicles	17,487	-22.0%	79,526	-22.3%
Honda Brand TTL	45,993	-31.3%	263,290	-16.1%

EXPORTS

	April		Annual Total 2003	
	Units	**Vs.4/02**	**Units**	**Vs.2002**
North America	20,445	-26.3%	80,617	-17.8%
(USA only)	17,737	-24.0%	70,205	-18.6%
Europe	11,923	+119.1%	45,247	+126.5%
Asia	2,451	-36.8%	7,076	-29.8%
Others	6,692	+12.5%	22,815	+19.7%
Total	41,511	-3.5%	155,755	+5.9%

For further information, please contact:

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Honda Motor Co., Ltd. Corporate Communications Division

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ref. #CO3-033

Honda Outboards Certified by the Fishing Boat and System Engineering Association of Japan as the Industry s First-ever Environment Preserving Gasoline Outboard Motors

May 28, 2003 Honda Motor Co., Ltd. has announced that 15 models and 17 types of its BF8-BF225 series of gasoline outboard motors have been granted certification by the Fishing Boat and System Engineering Association of Japan* as the industry s first-ever environment preserving gasoline outboard motors.

Two sets of criteria must be met to qualify for certification as an environment preserving gasoline outboard motor . First, the motors must achieve exhaust emissions below the levels required by the stringent California Air Resources Board (CARB) for 2004. The outboard motors must also attain a constant fuel-cost standard determined according to five modes of fuel consumption and output ratios. The achievement of this certification is the latest addition to Honda s widely acknowledged reputation for environmentally friendly products.

Honda has been manufacturing and selling 4-stroke outboard motors since 1964. By the end of 2002, a cumulative total of 870,000 units had been produced, making Honda the world s #1 provider of 4-stroke outboard motors.

In addition, fishing industry clients who purchase these certified outboard motors are eligible for financing by the Coastal Fishing Improvement Fund, a system designed to improve the conditions and management of coastal fishing in Japan.

** The Fishing Boat and System Engineering Association of Japan is an organization established for the purpose of developing and expanding Japan s marine industry.*

Certified as Environment Preserving Outboard Motor BF225

Publicity photographs and materials concerning this release are available at the following URL:

http://www.honda.co.jp/PR/

(This site is intended exclusively for the use of journalists.)

For embargoed release only: 6:00 p.m., May 29, 2003 (Japanese local time)

Ref.# C03-34

Honda Breaks Ground for New Auto Plant in China;

Event Signals Full-Scale Preparation for Export-Focused Plant

Guangzhou, May 29, 2003 Honda today held a groundbreaking ceremony for a new passenger car plant in China with production to begin in the latter half of 2004 dedicated exclusively for export. The new joint venture company, Honda Automobile (China) Co., Ltd., conducted the event within the Export Processing Zone in the Guangzhou Economic & Technological Development District where the plant will be built.

Since Guangzhou Auto Group Corp., Dongfeng Motor Corp. and Honda signed a joint venture agreement for the plant in July 2002, the partners have been finalizing details of the project. As the Chinese government has approved the finalized business plan, the project is accelerating preparations to begin operations in the latter half of 2004. The production volume of the new plant is initially planned at 50,000 units per year focused on production of small 1.0- to 1.5-liter passenger cars exclusively for export to overseas markets, primarily in Europe and Asia.

Honda aims to improve its cost competitiveness with the new plant by taking advantage of the production know-how and parts procurement network developed by the existing production bases of Guangzhou Honda Automobile Co., Ltd. and Dongfeng Honda Engine Co., Ltd. and by achieving economies of scale via increased production volume as Guangzhou Honda plans to produce the same model for the Chinese market. Regarding the supply of major parts to the new plant, large stamped parts and large plastic parts including bumpers are to be supplied by Guangzhou Honda, with engines and transmissions to be supplied by Dongfeng Honda. The new plant will also utilize the parts procurement network developed by Guangzhou Honda and Dongfeng Honda for the supply of other components.

Outline of Honda Automobile (China) Co., Ltd.

Production model:	1.0- to 1.5-liter small passenger cars	
Production volume:	50,000 units per year	
Manufacturing process:	Welding, painting, body assembly and vehicle inspection, etc.	
Export markets:	Europe and Asia (total production volume for export)	
Total investment:	1,032,150,000 yuan	
Capital:	680,000,000 yuan	
Capitalization ratio:	Honda Motor Co., Ltd.	65%
	Guangzhou Auto Group Corp.	25%
	Dongfeng Motor Corp.	10%
Location:	Export Processing Zone, Guangzhou Economic & Technological Development District	
Production start-up:	Latter half of 2004	

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Unconsolidated Financial Results for the Year Ended March 31, 2003

(Parent company only)

1. Date on which the Board of Directors Meeting concerning proposed financial results was held: April 25, 2003

2. Proposed date of 79th Ordinary General Meeting of Stockholders: June 24, 2003

3. Financial Highlights

	(In millions of yen)	
	Year ended Mar. 31, 2003	Year ended Mar. 31, 2002
Net sales	**¥3,322,719**	¥3,211,186
Operating profit	**144,838**	185,829
Ordinary profit	**242,680**	218,987
Net income	**170,035**	134,925
	(In yen)	
Net income per share	**¥174.63**	¥138.47
Dividends per share for the term	**32.00**	28.00
Year-end dividend per share	**16.00**	15.00
Interim dividend per share	**16.00**	13.00
	(Percentage)	
Payout ratio	**18.3%**	20.2%

4. Estimated Financial Figures for the Fiscal Year Ending March 31, 2004
(Parent company only)

	(In millions of yen)	
	First half ending	Year ending

	Mar. 31, 2003	Mar. 31, 2004
Net sales	**¥1,640,000**	**¥3,390,000**
Ordinary profit	**125,000**	**260,000**
Net income	**90,000**	**190,000**

	(In yen)	
Dividends per share for the term	**¥19.00**	**¥38.00**

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5. Sales Breakdown
(Parent company only)

	Unit Sales (In thousands of units)		
	Year ended Mar. 31, 2003	Year ended Mar. 31, 2002	
MOTORCYCLES			
Japan	**429**	396	
Export	**776**	808	
(Motorcycles included in export)	**(446)**	(505)	
Total	**1,205**	1,204	
AUTOMOBILES			
Japan	**871**	902	
(Minivehicles included above)	**(265)**	(295)	
Export	**485**	(1,978,213)	(702,353)
Principal collections and sales proceeds from loans receivable	1,001,682	567,321	
Origination and exit fees received on loans receivable	18,881	12,429	
Payments under derivative financial instruments	(7,397)	(3,752)	
Receipts under derivative financial instruments	22	1,903	
Collateral deposited under derivative agreements	(13,210)		
Return of collateral deposited under derivative agreements	10,740		
Net cash used in investing activities	(967,495)	(124,452)	

continued

See accompanying notes to consolidated financial statements.

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Blackstone Mortgage Trust, Inc.

Consolidated Statements of Cash Flows (Unaudited)

(in thousands)

	Three Months Ended March 31,	
	2018	**2017**
Cash flows from financing activities		
Borrowings under secured debt agreements	$ 1,949,135	$ 789,865
Repayments under secured debt agreements	(1,265,100)	(672,161)
Proceeds from sale of loan participations	37,483	
Payment of deferred financing costs	(10,217)	(3,895)
Contributions from non-controlling interests	375	
Distributions to non-controlling interests	(1,575)	
Net proceeds from issuance of convertible notes	214,463	
Net proceeds from issuance of class A common stock		8
Dividends paid on class A common stock	(66,888)	(58,615)
Net cash provided by financing activities	857,676	55,202
Net decrease in cash, cash equivalents, and restricted cash	(37,240)	(11,876)
Cash, cash equivalents, and restricted cash at beginning of year	102,518	75,567
Effects of currency translation on cash, cash equivalents, and restricted cash	9,200	584
Cash, cash equivalents, and restricted cash at end of year	$ 74,478	$ 64,275
Supplemental disclosure of cash flows information		
Payments of interest	$ (55,582)	$ (39,287)
Payments of income taxes	$ (135)	$ (50)
Supplemental disclosure of non-cash investing and financing activities		
Dividends declared, not paid	$ (67,080)	$ (58,787)
Loan principal payments held by servicer, net	$ 4,684	$ 42,715

See accompanying notes to consolidated financial statements.

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Blackstone Mortgage Trust, Inc.

Notes to Consolidated Financial Statements

(Unaudited)

1. ORGANIZATION

References herein to Blackstone Mortgage Trust, Company, we, us or our refer to Blackstone Mortgage Tru
and its subsidiaries unless the context specifically requires otherwise.

Blackstone Mortgage Trust is a real estate finance company that originates senior loans collateralized by commercial real estate in North America and Europe. Our investment objective is to preserve and protect shareholder capital while producing attractive risk-adjusted returns primarily through dividends generated from current income from our loan portfolio. We are externally managed by BXMT Advisors L.L.C., or our Manager, a subsidiary of The Blackstone Group L.P., or Blackstone, and are a real estate investment trust, or REIT, traded on the New York Stock Exchange, or NYSE, under the symbol BXMT. Our principal executive offices are located at 345 Park Avenue, 42nd Floor, New York, New York 10154. We were incorporated in Maryland in 1998, when we reorganized from a California common law business trust into a Maryland corporation.

We conduct our operations as a REIT for U.S. federal income tax purposes. We generally will not be subject to U.S. federal income taxes on our taxable income to the extent that we annually distribute all of our net taxable income to stockholders and maintain our qualification as a REIT. We also operate our business in a manner that permits us to maintain an exclusion from registration under the Investment Company Act of 1940, as amended. We are organized as a holding company and conduct our business primarily through our various subsidiaries.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying unaudited consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America, or GAAP, for interim financial information and the instructions to Form 10-Q and Rule 10-01 of Regulation S-X. The consolidated financial statements, including the notes thereto, are unaudited and exclude some of the disclosures required in audited financial statements. Management believes it has made all necessary adjustments, consisting of only normal recurring items, so that the consolidated financial statements are presented fairly and that estimates made in preparing its consolidated financial statements are reasonable and prudent. The operating results presented for interim periods are not necessarily indicative of the results that may be expected for any other interim period or for the entire year. The accompanying unaudited consolidated interim financial statements should be read in conjunction with the audited consolidated financial statements included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2017 filed with the Securities and Exchange Commission, or the SEC.

Basis of Presentation

The accompanying consolidated financial statements include, on a consolidated basis, our accounts, the accounts of our wholly-owned subsidiaries, majority-owned subsidiaries, and variable interest entities, or VIEs, of which we are the primary beneficiary. All intercompany balances and transactions have been eliminated in consolidation.

Principles of Consolidation

We consolidate all entities that we control through either majority ownership or voting rights. In addition, we consolidate all VIEs of which we are considered the primary beneficiary. VIEs are defined as entities in which equity investors (i) do not have the characteristics of a controlling financial interest and/or (ii) do not have sufficient equity at risk for the entity to finance its activities without additional subordinated financial support from other parties. The entity that consolidates a VIE is known as its primary beneficiary and is generally the entity with (i) the power to direct the activities that most significantly affect the VIE s economic performance and (ii) the right to receive benefits from the VIE or the obligation to absorb losses of the VIE that could be significant to the VIE. Refer to Note 15 for additional discussion of our consolidated VIEs.

In April 2017, we entered into a joint venture, or our Multifamily Joint Venture, with Walker & Dunlop Inc. to originate, hold, and finance multifamily bridge loans. Pursuant to the terms of the agreements governing the joint venture, Walker & Dunlop contributed 15% of the venture s equity capital and we contributed 85%. We consolidate the Multifamily Joint Venture as we have a controlling financial interest. The non-controlling interests included on our consolidated balance sheets represent the equity interests in our Multifamily Joint Venture that are owned by Walker & Dunlop. A portion of our Multifamily Joint Venture s consolidated equity and results of operations are allocated to these non-controlling interests based on Walker & Dunlop s pro rata ownership of our Multifamily Joint Venture.

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Blackstone Mortgage Trust, Inc.

Notes to Consolidated Financial Statements (continued)

(Unaudited)

Use of Estimates

The preparation of consolidated financial statements in conformity with GAAP requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may ultimately differ from those estimates.

Revenue Recognition

Interest income from our loans receivable portfolio is recognized over the life of each investment using the effective interest method and is recorded on the accrual basis. Recognition of fees, premiums, and discounts associated with these investments is deferred until the loan is advanced and is then recorded over the term of the loan as an adjustment to yield. Income accrual is generally suspended for loans at the earlier of the date at which payments become 90 days past due or when, in the opinion of our Manager, recovery of income and principal becomes doubtful. Income is then recorded on the basis of cash received until accrual is resumed when the loan becomes contractually current and performance is demonstrated to be resumed. In addition, for loans we originate, the related origination expenses are deferred and recognized as a component of interest income, however expenses related to loans we acquire are included in general and administrative expenses as incurred.

Cash, Cash Equivalents, and Restricted Cash

Cash and cash equivalents represent cash held in banks and liquid investments with original maturities of three months or less. We may have bank balances in excess of federally insured amounts; however, we deposit our cash and cash equivalents with high credit-quality institutions to minimize credit risk exposure. We have not experienced, and do not expect, any losses on our cash or cash equivalents.

Restricted cash represents cash held in a segregated bank account related to a letter of credit.

The following table provides a reconciliation of cash, cash equivalents, and restricted cash in our consolidated balance sheets to the total amount shown in our consolidated statements of cash flows ($ in thousands):

	March 31, 2018	March 31, 2017
Cash and cash equivalents	$ 57,396	$ 64,275
Restricted cash	17,082	
Total cash, cash equivalents, and restricted cash shown in our consolidated statements of cash flows	$ 74,478	$ 64,275

Loans Receivable and Provision for Loan Losses

We originate and purchase commercial real estate debt and related instruments generally to be held as long-term investments at amortized cost. We are required to periodically evaluate each of these loans for possible impairment. Impairment is indicated when it is deemed probable that we will not be able to collect all amounts due to us pursuant to the contractual terms of the loan. If a loan is determined to be impaired, we write down the loan through a charge to the provision for loan losses. Impairment of these loans, which are collateral dependent, is measured by comparing the estimated fair value of the underlying collateral, less costs to sell, to the book value of the respective loan. These valuations require significant judgments, which include assumptions regarding capitalization rates, leasing, creditworthiness of major tenants, occupancy rates, availability of financing, exit plan, loan sponsorship, actions of other lenders, and other factors deemed necessary by our Manager. Actual losses, if any, could ultimately differ from these estimates.

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Blackstone Mortgage Trust, Inc.

Notes to Consolidated Financial Statements (continued)

(Unaudited)

Our Manager performs a quarterly review of our portfolio of loans. In conjunction with this review, our Manager assesses the risk factors of each loan, and assigns a risk rating based on a variety of factors, including, without limitation, loan-to-value ratio, or LTV, debt yield, property type, geographic and local market dynamics, physical condition, cash flow volatility, leasing and tenant profile, loan structure and exit plan, and project sponsorship. Based on a 5-point scale, our loans are rated 1 through 5, from less risk to greater risk, which ratings are defined as follows:

1 - **Very Low Risk**
2 - **Low Risk**
3 - **Medium Risk**
4 - **High Risk/Potential for Loss:** A loan that has a risk of realizing a principal loss.
5 - **Impaired/Loss Likely: A loan that has a very high risk of realizing a principal loss or has otherwise incurred a principal loss.**

During the second quarter of 2015, we acquired a portfolio of loans from General Electric Capital Corporation and certain of its affiliates, or the GE portfolio, for a total purchase price of $4.7 billion. We allocated the aggregate purchase price between each loan based on its fair value relative to the overall portfolio, which allocation resulted in purchase discounts or premiums determined on an asset-by-asset basis. Each loan accretes from its allocated purchase price to its expected collection value over the life of the loan, consistent with the other loans in our portfolio.

Derivative Financial Instruments

We classify all derivative financial instruments as either other assets or other liabilities on our consolidated balance sheets at fair value.

On the date we enter into a derivative contract, we designate each contract as (i) a hedge of a net investment in a foreign operation, or net investment hedge, (ii) a hedge of a forecasted transaction or of the variability of cash flows to be received or paid related to a recognized asset or liability, or cash flow hedge, (iii) a hedge of a recognized asset or liability, or fair value hedge, or (iv) a derivative instrument not to be designated as a hedging derivative, or non-designated hedge. For all derivatives other than those designated as non-designated hedges, we formally document our hedge relationships and designation at the contract s inception. This documentation includes the identification of the hedging instruments and the hedged items, its risk management objectives, strategy for undertaking the hedge transaction and our evaluation of the effectiveness of its hedged transaction.

On a quarterly basis, we also formally assess whether the derivative we designated in each hedging relationship is expected to be, and has been, highly effective in offsetting changes in the value or cash flows of the hedged items. If it is determined that a derivative is not highly effective at hedging the designated exposure, hedge accounting is discontinued and the changes in fair value of the instrument are included in net income prospectively. Changes in the

fair value of our derivative instruments that qualify as hedges are reported as a component of accumulated other comprehensive income (loss) on our consolidated financial statements. Deferred gains and losses are reclassified out of accumulated other comprehensive income (loss) and into net income in the same period or periods during which the hedged transaction affects earnings, and are presented in the same line item as the earnings effect of the hedged item. For cash flow hedges, this is typically when the periodic swap settlements are made, while for net investment hedges, this occurs when the hedged item is sold or substantially liquidated. To the extent a derivative does not qualify for hedge accounting and is deemed a non-designated hedge, the changes in its fair value are included in net income concurrently.

Secured Debt Agreements

Where applicable, we record investments financed with repurchase agreements as separate assets and the related borrowings under any repurchase agreements are recorded as separate liabilities on our consolidated balance sheets. Interest income earned on the investments and interest expense incurred on the repurchase agreements are reported separately on our consolidated statements of operations.

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Blackstone Mortgage Trust, Inc.

Notes to Consolidated Financial Statements (continued)

(Unaudited)

Senior Loan Participations

In certain instances, we finance our loans through the non-recourse syndication of a senior loan interest to a third-party. Depending on the particular structure of the syndication, the senior loan interest may remain on our GAAP balance sheet or, in other cases, the sale will be recognized and the senior loan interest will no longer be included in our consolidated financial statements. When these sales are not recognized under GAAP we reflect the transaction by recording a loan participations sold liability on our consolidated balance sheet, however this gross presentation does not impact stockholders equity or net income. When the sales are recognized, our balance sheet only includes our remaining subordinate loan and not the non-consolidated senior interest we sold.

Convertible Notes

The Debt with Conversion and Other Options Topic of the Financial Accounting Standards Board, or FASB, Accounting Standards Codification, or ASC, requires the liability and equity components of convertible debt instruments that may be settled in cash upon conversion, including partial cash settlement, to be separately accounted for in a manner that reflects the issuer s nonconvertible debt borrowing rate. The initial proceeds from the sale of convertible notes are allocated between a liability component and an equity component in a manner that reflects interest expense at the rate of similar nonconvertible debt that could have been issued at such time. The equity component represents the excess initial proceeds received over the fair value of the liability component of the notes as of the date of issuance. We measured the estimated fair value of the debt component of our convertible notes as of the respective issuance dates based on our nonconvertible debt borrowing rate. The equity component of each series of our convertible notes is reflected within additional paid-in capital on our consolidated balance sheet, and the resulting debt discount is amortized over the period during which such convertible notes are expected to be outstanding (through the maturity date) as additional non-cash interest expense. The additional non-cash interest expense attributable to such convertible notes will increase in subsequent periods through the maturity date as the notes accrete to their par value over the same period.

Deferred Financing Costs

The deferred financing costs that are included as a reduction in the net book value of the related liability on our consolidated balance sheets include issuance and other costs related to our debt obligations. These costs are amortized as interest expense using the effective interest method over the life of the related obligations.

Fair Value of Financial Instruments

The Fair Value Measurements and Disclosures Topic, or ASC 820, defines fair value, establishes a framework for measuring fair value, and requires certain disclosures about fair value measurements under GAAP. Specifically, this guidance defines fair value based on exit price, or the price that would be received upon the sale of an asset or the transfer of a liability in an orderly transaction between market participants at the measurement date.

ASC 820 also establishes a fair value hierarchy that prioritizes and ranks the level of market price observability used in measuring financial instruments. Market price observability is affected by a number of factors, including the type of financial instrument, the characteristics specific to the financial instrument, and the state of the marketplace, including the existence and transparency of transactions between market participants. Financial instruments with readily available quoted prices in active markets generally will have a higher degree of market price observability and a lesser degree of judgment used in measuring fair value.

Financial instruments measured and reported at fair value are classified and disclosed based on the observability of inputs used in the determination, as follows:

Level 1: Generally includes only unadjusted quoted prices that are available in active markets for identical financial instruments as of the reporting date.

Level 2: Pricing inputs include quoted prices in active markets for similar instruments, quoted prices in less active or inactive markets for identical or similar instruments where multiple price quotes can be obtained, and other observable inputs, such as interest rates, yield curves, credit risks, and default rates.

Level 3: Pricing inputs are unobservable for the financial instruments and include situations where there is little, if any, market activity for the financial instrument. These inputs require significant judgment or estimation by management of third-parties when determining fair value and generally represent anything that does not meet the criteria of Levels 1 and 2.

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Blackstone Mortgage Trust, Inc.

Notes to Consolidated Financial Statements (continued)

(Unaudited)

The estimated value of each asset reported at fair value using Level 3 inputs is determined by an internal committee composed of members of senior management of our Manager, including our Chief Executive Officer, Chief Financial Officer, and other senior officers.

Certain of our other assets are reported at fair value either (i) on a recurring basis, as of each quarter-end, or (ii) on a nonrecurring basis, as a result of impairment or other events. Our assets that are recorded at fair value are discussed further in Note 14. We generally value our assets recorded at fair value by either (i) discounting expected cash flows based on assumptions regarding the collection of principal and interest and estimated market rates, or (ii) obtaining assessments from third-party dealers. For collateral-dependent loans that are identified as impaired, we measure impairment by comparing our Manager s estimation of the fair value of the underlying collateral, less costs to sell, to the book value of the respective loan. These valuations may require significant judgments, which include assumptions regarding capitalization rates, leasing, creditworthiness of major tenants, occupancy rates, availability of financing, exit plan, loan sponsorship, actions of other lenders, and other factors deemed necessary by our Manager.

We are also required by GAAP to disclose fair value information about financial instruments, that are not otherwise reported at fair value in our consolidated balance sheet, to the extent it is practicable to estimate a fair value for those instruments. These disclosure requirements exclude certain financial instruments and all non-financial instruments.

The following methods and assumptions are used to estimate the fair value of each class of financial instruments, for which it is practicable to estimate that value:

Cash and cash equivalents: The carrying amount of cash and cash equivalents approximates fair value.

Restricted cash: The carrying amount of restricted cash approximates fair value.

Loans receivable, net: The fair values of these loans were estimated by our Manager based on a discounted cash flow methodology, taking into consideration various factors including capitalization rates, discount rates, leasing, occupancy rates, availability and cost of financing, exit plan, sponsorship, actions of other lenders, and indications of market value from other market participants.

Derivative financial instruments: The fair value of our foreign currency and interest rate contracts was estimated using advice from a third-party derivative specialist, based on contractual cash flows and observable inputs comprising foreign currency rates and credit spreads.

Secured debt agreements, net: The fair value of these instruments was estimated based on the rate at which a similar credit facility would currently be priced.

Loan participations sold, net: The fair value of these instruments was estimated based on the value of the related loan receivable asset.

Securitized debt obligations, net: The fair value of these instruments was estimated by utilizing third-party pricing service providers. In determining the value of a particular investment, pricing service providers may use broker-dealer quotations, reported trades, or valuation estimates from their internal pricing models to determine the reported price.

Convertible notes, net: Each series of the convertible notes is actively traded and their fair values were obtained using quoted market prices.

Income Taxes

Our financial results generally do not reflect provisions for current or deferred income taxes on our REIT taxable income. We believe that we operate in a manner that will continue to allow us to be taxed as a REIT and, as a result, we generally do not expect to pay substantial corporate level taxes other than those payable by our taxable REIT subsidiaries. If we were to fail to meet these requirements, we may be subject to federal, state, and local income tax on current and past income, and penalties. Refer to Note 12 for additional information.

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Notes to Consolidated Financial Statements (continued)

(Unaudited)

Stock-Based Compensation

Our stock-based compensation consists of awards issued to our Manager and certain individuals employed by an affiliate of our Manager that vest over the life of the awards, as well as deferred stock units issued to certain members of our Board of Directors. Stock-based compensation expense is recognized for these awards in net income on a variable basis over the applicable vesting period of the awards, based on the value of our class A common stock. Refer to Note 13 for additional information.

Earnings per Share

Basic earnings per share, or Basic EPS, is computed in accordance with the two-class method and is based on the net earnings allocable to our class A common stock, including restricted class A common stock and deferred stock units, divided by the weighted-average number of shares of our class A common stock, including restricted class A common stock and deferred stock units outstanding during the period. Our restricted class A common stock is considered a participating security, as defined by GAAP, and has been included in our Basic EPS under the two-class method as these restricted shares have the same rights as our other shares of class A common stock, including participating in any gains or losses.

Diluted earnings per share, or Diluted EPS, is determined using the treasury stock method, and is based on the net earnings allocable to our class A common stock, including restricted class A common stock and deferred stock units, divided by the weighted-average number of shares of our class A common stock, including restricted class A common stock and deferred stock units. Refer to Note 10 for additional discussion of earnings per share.

Foreign Currency

In the normal course of business, we enter into transactions not denominated in United States, or U.S., dollars. Foreign exchange gains and losses arising on such transactions are recorded as a gain or loss in our consolidated statements of operations. In addition, we consolidate entities that have a non-U.S. dollar functional currency. Non-U.S. dollar denominated assets and liabilities are translated to U.S. dollars at the exchange rate prevailing at the reporting date and income, expenses, gains, and losses are translated at the average exchange rate over the applicable period. Cumulative translation adjustments arising from the translation of non-U.S. dollar denominated subsidiaries are recorded in other comprehensive income (loss).

Underwriting Commissions and Offering Costs

Underwriting commissions and offering costs incurred in connection with common stock offerings are reflected as a reduction of additional paid-in capital. Costs incurred that are not directly associated with the completion of a common stock offering are expensed when incurred.

Recent Accounting Pronouncements

In May 2014, the FASB issued ASU 2014-09, Revenue from Contracts with Customers (Topic 606), or ASU 2014-09. ASU 2014-09 broadly amends the accounting guidance for revenue recognition. ASU 2014-09 is effective for the first interim or annual period beginning after December 15, 2017, and is to be applied retrospectively. We adopted ASU 2014-09 in the first quarter of 2018 and it did not have a material impact on our consolidated financial statements.

In November 2016, the FASB issued ASU 2016-18 Statement of Cash Flows (Topic 230): Restricted Cash, or ASU 2016-18. ASU 2016-18 is intended to clarify how entities present restricted cash in the statement of cash flows. The guidance requires entities to show the changes in the total of cash and cash equivalents and restricted cash in the statement of cash flows. As a result, entities will no longer present transfers between cash and cash equivalents and restricted cash in the statement of cash flows. We adopted ASU 2016-18 in the second quarter of 2017 and applied the guidance retrospectively to our prior period consolidated statement of cash flows.

In June 2016, the FASB issued ASU 2016-13 Financial Instruments Credit Losses Measurement of Credit Losses on Financial Instruments (Topic 326), or ASU 2016-13. ASU 2016-13 significantly changes how entities will measure credit losses for most financial assets and certain other instruments that are not measured at fair value through net income. ASU 2016-13 will replace the incurred loss model under existing guidance with an expected loss model for instruments measured at amortized cost, and require entities to record allowances for available-for-sale debt securities rather than reduce the carrying amount, as they do today under the other-than-temporary

Blackstone Mortgage Trust, Inc.

Notes to Consolidated Financial Statements (continued)

(Unaudited)

impairment model. It also simplifies the accounting model for purchased credit-impaired debt securities and loans. ASU 2016-13 is effective for fiscal years beginning after December 15, 2019 and is to be adopted through a cumulative-effect adjustment to retained earnings as of the beginning of the first reporting period in which the guidance is effective. While we are currently evaluating the impact ASU 2016-13 will have on our consolidated financial statements, we expect that the adoption will result in an increased amount of provisions for potential loan losses as well as the recognition of such provisions earlier in the lending cycle. We currently do not have any provision for loan losses in our consolidated financial statements.

3. LOANS RECEIVABLE, NET

The following table details overall statistics for our loans receivable portfolio ($ in thousands):

	March 31, 2018	December 31, 2017
Number of loans	106	110
Principal balance	$ 11,140,975	$ 10,108,226
Net book value	$ 11,081,716	$ 10,056,732
Unfunded loan commitments[(1)]	$ 1,473,112	$ 1,573,107
Weighted-average cash coupon[(2)]	5.50%	5.55%
Weighted-average all-in yield[(2)]	5.88%	5.95%
Weighted-average maximum maturity (years)[(3)]	3.7	3.5

(1) Unfunded commitments will primarily be funded to finance our borrowers construction or development of real estate-related assets, capital improvements of existing assets, or lease-related expenditures. These commitments will generally be funded over the term of each loan, subject in certain cases to an expiration date.

(2) Our floating rate loans are indexed to various benchmark rates, with 82% and 92% of our floating rate loans by principal balance indexed to USD LIBOR as of March 31, 2018 and December 31, 2017, respectively. In addition to cash coupon, all-in yield includes the amortization of deferred origination and extension fees, loan origination costs, and purchase discounts, as well as the accrual of exit fees. Cash coupon and all-in yield assume applicable floating benchmark rates for weighted-average calculation.

(3) Maximum maturity assumes all extension options are exercised by the borrower, however our loans may be repaid prior to such date. As of March 31, 2018, 72% of our loans by principal balance were subject to yield maintenance or other prepayment restrictions and 28% were open to repayment by the

borrower without penalty. As of December 31, 2017, 75% of our loans were subject to yield maintenance or other prepayment restrictions and 25% were open to repayment by the borrower without penalty.

Activity relating to our loans receivable portfolio was as follows ($ in thousands):

	Principal Balance	Deferred Fees / Other Items[(1)]	Net Book Value
December 31, 2017	$ 10,108,226	$ (51,494)	$ 10,056,732
Loan fundings	1,978,213		1,978,213
Loan repayments	(952,146)		(952,146)
Unrealized gain (loss) on foreign currency translation	6,682	(113)	6,569
Deferred fees and other items		(18,881)	(18,881)
Amortization of fees and other items		11,229	11,229
March 31, 2018	$ 11,140,975	$ (59,259)	$ 11,081,716

(1) Other items primarily consist of purchase discounts or premiums, exit fees, and deferred origination expenses.

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Notes to Consolidated Financial Statements (continued)

(Unaudited)

The tables below detail the property type and geographic distribution of the properties securing the loans in our portfolio ($ in thousands):

	March 31, 2018			
Property Type	**Number of Loans**	**Net Book Value**	**Total Loan Exposure[1]**	**Percentage of Portfolio**
Office	52	$ 5,725,784	$ 5,756,444	48%
Hotel	14	1,569,512	1,646,238	14
Multifamily	25	1,481,524	1,489,938	12
Spanish Assets	1	1,220,214	1,230,000	10
Retail	5	446,482	908,160	7
Condominium	2	149,137	262,175	2
Other	7	489,063	843,928	7
	106	$ 11,081,716	$ 12,136,883	100%

Geographic Location	**Number of Loans**	**Net Book Value**	**Total Loan Exposure[1]**	**Percentage of Portfolio**
United States				
Northeast	27	$ 3,179,789	$ 3,191,691	26%
Southeast	17	2,048,670	2,520,778	21
West	27	2,322,490	2,451,827	20
Midwest	8	753,689	759,148	6
Southwest	9	309,161	310,928	3
Northwest	1	264,167	266,724	2
Subtotal	89	8,877,966	9,501,096	78
International				
Spain	1	1,220,214	1,230,000	10
United Kingdom	6	458,081	825,497	7
Canada	6	389,147	386,131	3
Belgium	1	75,655	76,260	1
Germany	1	12,671	69,891	1
Netherlands	2	47,982	48,008	
Subtotal	17	2,203,750	2,635,787	22

Total	106	$ 11,081,716	$ 12,136,883	100%

(1) In certain instances, we finance our loans through the non-recourse sale of a senior loan interest that is not included in our consolidated financial statements. See Note 2 for further discussion. Total loan exposure encompasses the entire loan we originated and financed, including $995.9 million of such non-consolidated senior interests as of March 31, 2018.

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Notes to Consolidated Financial Statements (continued)

(Unaudited)

	December 31, 2017			
Property Type	**Number of Loans**	**Net Book Value**	**Total Loan Exposure[1]**	**Percentage of Portfolio**
Office	53	$ 5,773,972	$ 5,807,170	53%
Hotel	15	1,830,568	1,905,497	17
Multifamily	25	1,220,423	1,228,959	11
Retail	6	487,473	940,980	8
Condominium	2	142,342	268,751	2
Other	9	601,954	942,251	9
	110	$ 10,056,732	$ 11,093,608	100%

Geographic Location	**Number of Loans**	**Net Book Value**	**Total Loan Exposure[1]**	**Percentage of Portfolio**
United States				
Northeast	26	$ 2,857,948	$ 2,871,219	26%
West	29	2,672,069	2,816,276	24
Southeast	17	2,007,202	2,470,992	22
Midwest	9	856,559	862,578	8
Southwest	10	380,204	380,120	3
Northwest	2	283,381	286,221	3
Subtotal	93	9,057,363	9,687,406	86
International				
United Kingdom	6	440,317	794,789	7
Canada	7	415,893	412,343	4
Belgium	1	73,779	74,431	1
Germany	1	12,237	67,399	1
Netherlands	2	57,143	57,240	1
Subtotal	17	999,369	1,406,202	14
Total	110	$ 10,056,732	$ 11,093,608	100%

(1) In certain instances, we finance our loans through the non-recourse sale of a senior loan interest that is not included in our consolidated financial statements. See Note 2 for further discussion. Total loan exposure

encompasses the entire loan we originated and financed, including $985.4 million of such non-consolidated senior interests as of December 31, 2017.

Loan Risk Ratings

As further described in Note 2, our Manager evaluates our loan portfolio on a quarterly basis. In conjunction with our quarterly loan portfolio review, our Manager assesses the risk factors of each loan, and assigns a risk rating based on several factors. Factors considered in the assessment include, but are not limited to, risk of loss, current LTV, debt yield, collateral performance, structure, exit plan, and sponsorship. Loans are rated 1 (less risk) through 5 (greater risk), which ratings are defined in Note 2.

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Blackstone Mortgage Trust, Inc.

Notes to Consolidated Financial Statements (continued)

(Unaudited)

The following table allocates the principal balance and net book value of our loans receivable based on our internal risk ratings ($ in thousands):

March 31, 2018				December 31, 2017			
Risk Rating	**Number of Loans**	**Net Book Value**	**Total Loan Exposure[1]**	**Risk Rating**	**Number of Loans**	**Net Book Value**	**Total Loan Exposure[1]**
1	2	$ 68,967	$ 69,057	1	1	$ 31,842	$ 31,890
2	34	3,135,997	3,148,059	2	41	3,512,709	3,521,701
3	70	7,876,752	8,919,767	3	67	6,491,617	7,519,465
4				4	1	20,564	20,552
5				5			
	106	$ 11,081,716	$ 12,136,883		110	$ 10,056,732	$ 11,093,608

(1) In certain instances, we finance our loans through the non-recourse sale of a senior loan interest that is not included in our consolidated financial statements. See Note 2 for further discussion. Total loan exposure encompasses the entire loan we originated and financed, including $995.9 million and $985.4 million of such non-consolidated senior interests as of March 31, 2018 and December 31, 2017, respectively.

The weighted-average risk rating of our total loan exposure was 2.7 as of both March 31, 2018 and December 31, 2017. The risk rating of one of the loans in our portfolio with a net book value of $20.5 million was upgraded from a 4 as of December 31, 2017 to a 3 as of March 31, 2018. This loan was repaid in full in April 2018.

We did not have any impaired loans, nonaccrual loans, or loans in maturity default as of March 31, 2018 or December 31, 2017.

Multifamily Joint Venture

As discussed in Note 2, we entered into a Multifamily Joint Venture in April 2017. As of March 31, 2018 and December 31, 2017, our Multifamily Joint Venture held $155.3 million and $182.2 million of loans, respectively, which are included in the loan disclosures above. Refer to Note 2 for additional discussion of our Multifamily Joint Venture.

4. OTHER ASSETS AND LIABILITIES

The following table details the components of our other assets ($ in thousands):

	March 31, 2018	December 31, 2017
Accrued interest receivable	$ 39,926	$ 38,573
Collateral deposited under derivative agreements	6,590	4,120
Loan portfolio payments held by servicer[1]	4,750	54,759
Derivative assets	3,119	1,214
Prepaid expenses	608	798
Prepaid taxes	28	31
Other	75	80
Total	$ 55,096	$ 99,575

(1) Represents loan principal and interest payments held by our third-party loan servicer as of the balance sheet date which were remitted to us during the subsequent remittance cycle.

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Notes to Consolidated Financial Statements (continued)

(Unaudited)

The following table details the components of our other liabilities ($ in thousands):

	March 31, 2018	December 31, 2017
Accrued dividends payable	$ 67,080	$ 66,888
Accrued management and incentive fees payable	15,492	14,284
Accrued interest payable	22,104	14,162
Derivative liabilities	2,166	4,911
Accounts payable and other liabilities	2,782	2,125
Secured debt repayments pending servicer remittance[1]		38,456
Total	$ 109,624	$ 140,826

(1) Represents pending transfers from our third-party loan servicer that were remitted to our banking counterparties during the subsequent remittance cycle.

5. SECURED DEBT AGREEMENTS, NET

Our secured debt agreements include credit facilities, the GE portfolio acquisition facility, asset-specific financings, and a revolving credit agreement. The following table details our secured debt agreements ($ in thousands):

	Secured Debt Agreements Borrowings Outstanding	
	March 31, 2018	December 31, 2017
Credit facilities	$ 3,851,609	$ 4,068,249
GE portfolio acquisition facility	559,637	703,423
Asset-specific financings	1,607,424	518,864
Revolving credit agreement		
Total secured debt agreements	$ 6,018,670	$ 5,290,536
Deferred financing costs[1]	(21,790)	(16,681)
Net book value of secured debt	$ 5,996,880	$ 5,273,855

(1) Costs incurred in connection with our secured debt agreements are recorded on our consolidated balance sheet when incurred and recognized as a component of interest expense over the life of each related agreement.

Credit Facilities

During the three months ended March 31, 2018, we added one new credit facility, providing an additional $1.0 billion of credit capacity, and increased the maximum facility size of one of our existing credit facilities, providing an additional $250.0 million of credit capacity.

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Blackstone Mortgage Trust, Inc.

Notes to Consolidated Financial Statements (continued)

(Unaudited)

The following tables detail our credit facilities ($ in thousands):

	March 31, 2018				
	Maximum	Collateral	Credit Borrowings		
Lender	Facility Size[1]	Assets[2]	Potential[3]	Outstanding	Available[3]
Wells Fargo	$ 2,000,000	$ 1,603,878	$ 1,205,597	$ 857,498	$ 348,099
MetLife	1,000,000	1,051,140	822,534	822,534	
Bank of America	1,000,000	820,016	637,992	637,992	
Citibank[4]	750,000	548,629	430,290	430,290	
Société Générale[5]	492,000	375,742	300,871	300,871	
Deutsche Bank	500,000	360,564	265,643	265,643	
JP Morgan	500,000	558,426	421,250	210,212	211,038
Morgan Stanley[6]	700,900	594,549	457,971	203,204	254,767
Bank of America - Multi. JV[7]	200,000	112,550	90,040	90,040	
Goldman Sachs - Multi. JV[7]	250,000	42,774	33,325	33,325	
Barclays	1,000,000				
	$ 8,392,900	$ 6,068,268	$ 4,665,513	$ 3,851,609	$ 813,904

	December 31, 2017				
	Maximum	Collateral	Credit Borrowings		
Lender	Facility Size[1]	Assets[2]	Potential[3]	Outstanding	Available[3]
Wells Fargo	$ 2,000,000	$ 1,680,325	$ 1,289,135	$ 1,170,801	$ 118,334
MetLife	1,000,000	1,039,231	807,164	807,164	
Bank of America	750,000	765,049	573,542	573,542	
JP Morgan	500,000	579,218	443,496	319,755	123,741
Société Générale[5]	480,200	373,181	300,871	300,871	
Deutsche Bank	500,000	399,203	295,743	295,743	
Citibank[4]	800,125	455,433	354,354	240,881	113,473
Morgan Stanley[6]	675,650	591,168	456,344	216,044	240,300
Bank of America - Multi. JV[7]	200,000	106,950	85,560	85,560	
Goldman Sachs - Multi. JV[7]	250,000	75,225	57,888	57,888	
	$ 7,155,975	$ 6,064,983	$ 4,664,097	$ 4,068,249	$ 595,848

(1)

Maximum facility size represents the largest amount of borrowings available under a given facility once sufficient collateral assets have been approved by the lender and pledged by us.

(2) Represents the principal balance of the collateral assets.

(3) Potential borrowings represents the total amount we could draw under each facility based on collateral already approved and pledged. When undrawn, these amounts are immediately available to us at our sole discretion under the terms of each credit facility.

(4) As of March 31, 2018, the Citibank facility was denominated in U.S. Dollars. As of December 31, 2017, the maximum facility size was composed of a $500.0 million facility denominated in U.S. Dollars plus a 250.0 million facility, which translated to $300.1 million as of such date.

(5) As of March 31, 2018 and December 31, 2017, the Société Générale maximum facility size was composed of a 400.0 million facility size, which translated to $492.0 million and $480.2 million, respectively.

(6) As of March 31, 2018 and December 31, 2017, the Morgan Stanley maximum facility size was composed of a £500.0 million facility size, which translated to $700.9 million and $675.7 million, respectively.

(7) These facilities finance the loan investments of our consolidated Multifamily Joint Venture. Refer to Note 2 to our consolidated financial statements for additional discussion of our Multifamily Joint Venture.

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Blackstone Mortgage Trust, Inc.

Notes to Consolidated Financial Statements (continued)

(Unaudited)

The weighted-average outstanding balance of our credit facilities was $4.1 billion for the three months ended March 31, 2018. As of March 31, 2018, we had aggregate borrowings of $3.9 billion outstanding under our credit facilities, with a weighted-average cash coupon of LIBOR plus 1.84% per annum, a weighted-average all-in cost of credit, including associated fees and expenses, of LIBOR plus 2.07% per annum, and a weighted-average advance rate of 78.8%. As of March 31, 2018, outstanding borrowings under these facilities had a weighted-average maturity, excluding extension options and term-out provisions, of 1.4 years.

The weighted-average outstanding balance of our credit facilities was $4.4 billion for the three months ended December 31, 2017. As of December 31, 2017, we had aggregated borrowings of $4.1 billion outstanding under our credit facilities, with a weighted-average cash coupon of LIBOR plus 1.90% per annum, a weighted-average all-in cost of credit, including associated fees and expenses, of LIBOR plus 2.12% per annum, and a weighted-average advance rate of 78.7%. As of December 31, 2017, outstanding borrowings under these facilities had a weighted-average maturity, excluding extension options and term-out provisions, of 1.5 years.

Borrowings under each facility are subject to the initial approval of eligible collateral loans by the lender and the maximum advance rate and pricing rate of individual advances are determined with reference to the attributes of the respective collateral loan.

The following tables outline the key terms of our credit facilities as of March 31, 2018:

Lender	Currency	Guarantee(1)	Margin Call(2)	Term/Maturity
Wells Fargo	$	25%	Collateral marks only	Term matched(3)
MetLife	$	50%	Collateral marks only	April 22, 2023(4)
Bank of America	$	50%	Collateral marks only	May 21, 2023(5)
Citibank	$ / £ /	25%	Collateral marks only	Term matched(3)
Société Générale	$ / £ /	25%	Collateral marks only	Term matched(3)
Deutsche Bank	$	27%	Collateral marks only	August 9, 2021(5)
JP Morgan	$ / £	50%	Collateral marks only	January 7, 2020
Morgan Stanley	$ / £/	25%	Collateral marks only	March 3, 2020
Bank of America - Multi. JV(6)	$	43%	Collateral marks only	July 19, 2021
Goldman Sachs - Multi. JV(6)	$	25%	Collateral marks only	July 12, 2020(7)
Barclays	$	25%	Collateral marks only	March 29, 2023(8)

(1) Other than amounts guaranteed based on specific collateral asset types, borrowings under our credit facilities are non-recourse to us.

(2) Margin call provisions under our credit facilities do not permit valuation adjustments based on capital markets events, and are limited to collateral-specific credit marks.

(3) These credit facilities have various availability periods during which new advances can be made and which are generally subject to each lender s discretion. Maturity dates for advances outstanding are tied to the term of each respective collateral asset.

(4) Includes five one-year extension options which may be exercised at our sole discretion.

(5) Includes two one-year extension options which may be exercised at our sole discretion.

(6) These facilities finance the loan investments of our consolidated Multifamily Joint Venture. Refer to Note 2 for additional discussion of our Multifamily Joint Venture.

(7) Includes one one-year extension option which may be exercised at our sole discretion.

(8) Includes four one-year extension options which may be exercised at our sole discretion.

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Notes to Consolidated Financial Statements (continued)

(Unaudited)

Currency	Outstanding Borrowings	Potential Borrowings[1]	Index	Rate[2]	Advance Rate[3]
$	$ 3,592,644	$ 4,272,553	1-month USD LIBOR	L+1.81%	78.8%
	59,225	80,825	3-month EURIBOR	L+2.25%	80.0%
£	£ 132,771	£ 209,406	3-month GBP LIBOR	L+2.23%	78.6%
	$ 3,851,609	$ 4,665,513		L+1.84%	78.8%

(1) Potential borrowings represents the total amount we could draw under each facility based on collateral already approved and pledged. When undrawn, these amounts are immediately available to us at our sole discretion under the terms of each credit facility.

(2) Represents weighted-average cash coupon based on borrowings outstanding.

(3) Represents weighted-average advance rate based on the outstanding principal balance of the collateral assets pledged.

GE Portfolio Acquisition Facility

During the second quarter of 2015, concurrently with our acquisition of the GE portfolio, we entered into an agreement with Wells Fargo to provide us with secured financing for the acquired portfolio. The GE portfolio acquisition facility is non-revolving and consists of a single master repurchase agreement providing for asset-specific borrowings for each collateral asset. The following tables detail our asset-specific borrowings related to the GE portfolio acquisition ($ in thousands):

	March 31, 2018					
Asset-Specific Financings	Count	Principal Balance[1]	Book Value	Wtd. Avg. Yield/Cost[2]	Guarantee[3]	Wtd. Avg. Term[4]
Collateral assets	13	$ 709,644	$ 711,057	5.91%	n/a	Mar. 2021
Financing provided	13	$ 559,637	$ 558,670	L+1.69%	$ 250,000	Mar. 2021

	December 31, 2017					
Asset-Specific Financings	Count	Principal Balance[1]	Book Value	Wtd. Avg. Yield/Cost[2]	Guarantee[3]	Wtd. Avg. Term[4]
Collateral assets	16	$ 906,707	$ 911,092	5.74%	n/a	Jul. 2020
Financing provided	16	$ 703,423	$ 702,337	L+1.72%	$ 250,000	Jul. 2020

(1)

As of March 31, 2018, this facility provided for $659.9 million of financing, of which $559.6 million was outstanding and an additional $100.3 million was available to finance future loan fundings in the GE portfolio. As of December 31, 2017, this facility provided for $816.3 million of financing, of which $703.4 million was outstanding and an additional $112.9 million was available to finance future loan fundings in the GE portfolio.

(2) Includes fixed and floating rate loans and related liabilities which are indexed to the various benchmark rates relevant in each arrangement in terms of currency and payment frequency. Therefore, the net exposure to each benchmark rate is in direct proportion to our net assets indexed to that rate. In addition to cash coupon, yield/cost includes the amortization of deferred origination fees / financing costs.

(3) We guarantee obligations under the GE portfolio acquisition facility in an amount equal to the greater of (i) 25% of outstanding asset-specific borrowings, and (ii) $250.0 million.

(4) The weighted-average term is determined based on the maximum maturity of the corresponding loans, assuming all extension options are exercised by the borrower. Each of our asset-specific financings are term-matched to the corresponding collateral loans.

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Asset-Specific Financings

During the three months ended March 31, 2018, we entered into an 800.0 million asset-specific financing secured by a 1.0 billion senior loan. The following tables detail our asset-specific financings ($ in thousands):

				March 31, 2018		
Asset-Specific Financings	**Count**	**Principal Balance**	**Book Value**	**Wtd. Avg. Yield/Cost[1]**	**Guarantee[2]**	**Wtd. Avg. Term[3]**
Collateral assets	7	$ 2,075,003	$ 2,060,036	L+3.82%	n/a	Jul. 2022
Financing provided[4]	7	$ 1,607,424	$ 1,600,256	L+1.76%	$ 1,229,828	Jul. 2022

(1) These floating rate loans and related liabilities are indexed to the various benchmark rates relevant in each arrangement in terms of currency and payment frequency. Therefore the net exposure to each benchmark rate is in direct proportion to our net assets indexed to that rate. In addition to cash coupon, yield/cost includes the amortization of deferred origination fees / financing costs.

(2) Other than amounts guaranteed on an asset-by-asset basis, borrowings under our asset-specific financings are non-recourse to us.

(3) The weighted-average term is determined based on the maximum maturity of the corresponding loans, assuming all extension options are exercised by the borrower. Each of our asset-specific financings are term-matched to the corresponding collateral loans.

(4) Borrowings of $498.0 million under these asset specific financings are cross collateralized with related credit facilities with the same lenders.

				December 31, 2017		
Asset-Specific Financings	**Count**	**Principal Balance**	**Book Value**	**Wtd. Avg. Yield/Cost[1]**	**Guarantee[2]**	**Wtd. Avg. Term[3]**
Collateral assets	6	$ 682,259	$ 677,296	L+4.76%	n/a	Dec. 2020
Financing provided[4]	6	$ 518,864	$ 517,088	L+2.50%	$ 162,475	Dec. 2020

(1) These floating rate loans and related liabilities are indexed to the various benchmark rates relevant in each arrangement in terms of currency and payment frequency. Therefore the net exposure to each benchmark rate is in direct proportion to our net assets indexed to that rate. In addition to cash coupon, yield/cost includes the

amortization of deferred origination fees / financing costs.

(2) Other than amounts guaranteed on an asset-by-asset basis, borrowings under our asset-specific financings are non-recourse to us.

(3) The weighted-average term is determined based on the maximum maturity of the corresponding loans, assuming all extension options are exercised by the borrower. Each of our asset-specific financings are term-matched to the corresponding collateral loans.

(4) Borrowings of $394.8 million under these asset specific financings are cross collateralized with related credit facilities with the same lenders.

The weighted-average outstanding balance of our asset-specific financings was $632.6 million for the three months ended March 31, 2018 and $517.7 million for the three months ended December 31, 2017.

Revolving Credit Agreement

We have entered into a $250.0 million full recourse secured revolving credit agreement with Barclays that is designed to finance first mortgage originations for up to six months as a bridge to term financing or syndication. Advances under the agreement are subject to availability under a specified borrowing base and accrue interest at a per annum pricing rate equal to the sum of (i) an applicable base rate or Eurodollar rate and (ii) an applicable margin, in each case, dependent on the applicable type of loan collateral. The maturity date of the facility is April 4, 2020.

During the three months ended March 31, 2018, we had no borrowings under the revolving credit agreement and we recorded interest expense of $532,000, including $260,000 of amortization of deferred fees and expenses.

During the three months ended December 31, 2017, the weighted-average outstanding borrowings under the revolving credit agreement were $52.0 million and we recorded interest expense of $1.1 million, including $253,000 of amortization of deferred fees and expenses. As of December 31, 2017, we had no outstanding borrowings under the agreement.

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Debt Covenants

Each of the guarantees related to our secured debt agreements contain the following uniform financial covenants: (i) our ratio of earnings before interest, taxes, depreciation, and amortization, or EBITDA, to fixed charges, as defined in the agreements, shall be not less than 1.4 to 1.0; (ii) our tangible net worth, as defined in the agreements, shall not be less than $2.2 billion as of each measurement date plus 75% of the net cash proceeds of future equity issuances subsequent to March 31, 2018; (iii) cash liquidity shall not be less than the greater of (x) $10.0 million or (y) 5% of our recourse indebtedness; and (iv) our indebtedness shall not exceed 83.33% of our total assets. As of March 31, 2018 and December 31, 2017, we were in compliance with these covenants.

6. LOAN PARTICIPATIONS SOLD, NET

The financing of a loan by the non-recourse sale of a senior interest in the loan through a participation agreement generally does not qualify as a sale under GAAP. Therefore, in the instance of such sales, we present the whole loan as an asset and the loan participation sold as a liability on our consolidated balance sheet until the loan is repaid. The obligation to pay principal and interest on these liabilities is generally based on the performance of the related loan obligation. The gross presentation of loan participations sold does not impact stockholders equity or net income.

The following tables detail our loan participations sold ($ in thousands):

	March 31, 2018					
Loan Participations Sold	**Count**	**Principal Balance**	**Book Value**	**Yield/Cost[1]**	**Guarantee[2]**	**Term**
Total loan	1	$ 178,602	$ 176,390	L+5.95%	n/a	Feb. 2022
Senior participation[3][4]	1	118,189	117,926	L+4.09%	n/a	Feb. 2022

	December 31, 2017					
Loan Participations Sold	**Count**	**Principal Balance**	**Book Value**	**Yield/Cost[1]**	**Guarantee[2]**	**Term**
Total loan	1	$ 141,119	$ 138,907	L+5.94%	n/a	Feb. 2022
Senior participation[3][4]	1	80,706	80,415	L+4.14%	n/a	Feb. 2022

(1) Our floating rate loans and related liabilities are indexed to the various benchmark rates relevant in each arrangement in terms of currency and payment frequency. Therefore the net exposure to each benchmark rate is in direct proportion to our net assets indexed to that rate. In addition to cash coupon, yield/cost includes the amortization of deferred fees / financing costs.

(2)

As of March 31, 2018 and December 31, 2017, our loan participations sold was non-recourse to us.

(3) During the three months ended March 31, 2018 and December 31, 2017, we recorded $1.5 million and $834,000, respectively, of interest expense related to our loan participations sold, of which $1.4 million and $796,000 was paid in cash.

(4) The difference between principal balance and book value of loan participations sold is due to deferred financing costs of $263,000 and $291,000 as of March 31, 2018 and December 31, 2017, respectively.

7. SECURITIZED DEBT OBLIGATIONS, NET

We have financed a pool of our loans through a collateralized loan obligation, or the CLO, and have also financed one of our loans through a single asset securitization vehicle, or the Single Asset Securitization. The CLO and the Single Asset Securitization have issued securitized debt obligations that are non-recourse to us. Both the CLO and the Single Asset Securitization are consolidated in our financial statements. Refer to Note 15 for further discussion of our CLO and Single Asset Securitization.

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(Unaudited)

The following tables detail our securitized debt obligations ($ in thousands):

			March 31, 2018		
Securitized Debt Obligations	**Count**	**Principal Balance**	**Book Value**	**Wtd. Avg. Yield/Cost[1]**	**Term[2]**
Collateralized Loan Obligation					
Collateral assets	30	$ 1,000,000	$ 1,000,000	5.46%	Nov. 2021
Financing provided	1	817,500	807,921	L+1.73%	June 2035
Single Asset Securitization					
Collateral assets[3]	1	668,728	665,201	L+3.60%	June 2023
Financing provided	1	474,620	474,358	L+1.98%	June 2033
Total					
Collateral assets	31	$ 1,668,728	$ 1,665,201	5.47%	
Financing provided[4]	2	$ 1,292,120	$ 1,282,279	L+1.82%	

			December 31, 2017		
Securitized Debt Obligations	**Count**	**Principal Balance**	**Book Value**	**Wtd. Avg. Yield/Cost[1]**	**Term[2]**
Collateralized Loan Obligation					
Collateral assets	31	$ 1,000,000	$ 1,000,000	5.16%	Nov. 2021
Financing provided	1	817,500	808,083	L+1.76%	June 2035
Single Asset Securitization					
Collateral assets[3]	1	656,406	652,880	L+3.60%	June 2023
Financing provided	1	474,620	474,328	L+1.94%	June 2033
Total					
Collateral assets	32	$ 1,656,406	$ 1,652,880	5.17%	
Financing provided[4]	2	$ 1,292,120	$ 1,282,411	L+1.83%	

(1) As of March 31, 2018, 98% of our loans financed by securitized debt obligations earned a floating rate of interest. As of December 31, 2017, 98% of our loans financed by securitized debt obligations earned a floating rate of interest. In addition to cash coupon, all-in yield includes the amortization of deferred origination and

extension fees, loan origination costs, purchase discounts, and accrual of exit fees. All-in yield for the total portfolio assume applicable floating benchmark rates for weighted-average calculation.

(2) Loan term represents weighted-average final maturity, assuming all extension options are exercised by the borrower. Repayments of securitized debt obligations are tied to timing of the related collateral loan asset repayments. The term of these obligations represents the rated final distribution date of the securitizations.

(3) The collateral assets for the Single Asset Securitization include the total loan amount, of which we securitized $500.0 million.

(4) During the three months ended March 31, 2018 and December 31, 2017, we recorded $11.0 million and $4.7 million of interest expense, respectively, related to our securitized debt obligations.

Blackstone Mortgage Trust, Inc.

Notes to Consolidated Financial Statements (continued)

(Unaudited)

8. CONVERTIBLE NOTES, NET

As of March 31, 2018, the following convertible senior notes, or Convertible Notes, were outstanding ($ in thousands):

Convertible Notes Issuance	Face Value	Coupon Rate	All-in Cost[(1)]	Conversion Rate[(2)]	Maturity
November 2013	$ 172,500	5.25%	5.87%	36.5472	December 1, 2018
May 2017	402,500	4.38%	4.85%	28.0324	May 5, 2022
March 2018	220,000	4.75%	5.33%	27.6052	March 15, 2023

(1) Includes issuance costs that are amortized through interest expense over the life of the Convertible Notes using the effective interest method.

(2) Represents the shares of class A common stock per $1,000 principal amount of Convertible Notes, which is equivalent to a conversion price of $27.36, $35.67, and $36.23 per share of class A common stock, respectively, for the November 2013, May 2017, and March 2018 convertible notes. As a result of exceeding the cumulative dividend threshold, as defined in the November 2013 convertible notes supplemental indenture, the conversion rate on the November 2013 convertible notes was most recently adjusted on March 28, 2018 from the prior conversion rate of 36.1380 shares of class A common stock per $1,000 principal amount of convertible notes, which was equivalent to a conversion price of $27.67 per share of class A common stock. The cumulative dividend threshold as defined in the respective May 2017 and March 2018 convertible notes supplemental indentures have not been exceeded as of March 31, 2018.

The Convertible Notes are convertible at the holders   option into shares of our class A common stock, only under specific circumstances, prior to the close of business on August 31, 2018, January 31, 2022, and December 14, 2022 for the November 2013, May 2017, and March 2018 convertible notes, respectively, at the applicable conversion rate in effect on the conversion date. Thereafter, the Convertible Notes are convertible at the option of the holder at any time until the second scheduled trading day immediately preceding the maturity date. We may not redeem the Convertible Notes prior to maturity. The last reported sale price of our class A common stock of $31.42 on March 29, 2018, the last trading day in the quarter ended March 31, 2018, was greater than the per share conversion price of the November 2013 convertible notes but less than the per share conversion price of the May 2017 and March 2018 convertible notes. We have the intent and ability to settle each series of the Convertible Notes in cash and, as a result, the Convertible Notes did not have any impact on our diluted earnings per share.

Upon our issuance of the November 2013 convertible notes, we recorded a $9.1 million discount based on the implied value of the conversion option and an assumed effective interest rate of 6.50%, as well as $4.1 million of initial issuance costs. Including the amortization of this discount and the issuance costs, our total cost of the November 2013

convertible notes issuance is 7.16% per annum.

Upon our issuance of the May 2017 convertible notes, we recorded a $979,000 discount based on the implied value of the conversion option and an assumed effective interest rate of 4.57%, as well as $8.4 million of initial debt discount and issuance costs. Including the amortization of the discount and issuance costs, our total cost of the May 2017 convertible notes issuance is 4.91% per annum.

Upon our issuance of the March 2018 convertible notes, we recorded a $1.5 million discount based on the implied value of the conversion option and an assumed effective interest rate of 5.25%, as well as $5.2 million of initial debt discount and issuance costs. Including the amortization of the discount and issuance costs, our total cost of the March 2018 convertible notes issuance is 5.49% per annum.

The following table details our interest expense related to the Convertible Notes ($ in thousands):

	Three Months Ended March 31,	
	2018	**2017**
Cash coupon	$ 6,783	$ 2,264
Discount and issuance cost amortization	1,189	713
Total interest expense	$ 7,972	$ 2,977

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Notes to Consolidated Financial Statements (continued)

(Unaudited)

The following table details the net book value of our Convertible Notes on our consolidated balance sheets ($ in thousands):

	March 31, 2018	December 31, 2017
Face value	$ 795,000	$ 575,000
Unamortized discount	(15,848)	(10,279)
Deferred financing costs	(1,082)	(810)
Net book value	$ 778,070	$ 563,911

Accrued interest payable for the Convertible Notes was $10.5 million and $3.7 million as of March 31, 2018 and December 31, 2017, respectively. Refer to Note 2 for additional discussion of our accounting policies for the Convertible Notes.

9. DERIVATIVE FINANCIAL INSTRUMENTS

The sole objective of our use of derivative financial instruments is to minimize the risks and/or costs associated with our investments and/or financing transactions. These derivatives may or may not qualify as net investment, cash flow, or fair value hedges under the hedge accounting requirements of ASC 815 Derivatives and Hedging. Derivatives not designated as hedges are not speculative and are used to manage our exposure to interest rate movements and other identified risks. For more information on the accounting for designated and non-designated hedges, refer to Note 2.

The use of derivative financial instruments involves certain risks, including the risk that the counterparties to these contractual arrangements do not perform as agreed. To mitigate this risk, we only enter into derivative financial instruments with counterparties that have appropriate credit ratings and are major financial institutions with which we and our affiliates may also have other financial relationships. We do not anticipate that any of the counterparties will fail to meet their obligations.

Net Investment Hedges of Foreign Currency Risk

Certain of our international investments expose us to fluctuations in foreign interest rates and currency exchange rates. These fluctuations may impact the value of our cash receipts and payments in terms of our functional currency, the U.S. Dollar. We use foreign currency forward contracts to protect the value or fix the amount of certain investments or cash flows in terms of the U.S. Dollar.

The following table details our outstanding foreign exchange derivatives that were designated as net investment hedges of foreign currency risk (notional amount in thousands):

March 31, 2018				December 31, 2017			
Foreign Currency Derivatives	**Number of Instruments**	**Notional Amount**		**Foreign Currency Derivatives**	**Number of Instruments**	**Notional Amount**	
Sell EUR Forward	2		185,000	Sell GBP Forward	1	£	112,700
Sell GBP Forward	1	£	112,700	Sell CAD Forward	1	C$	95,100
Sell CAD Forward	1	C$	89,800				

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Blackstone Mortgage Trust, Inc.

Notes to Consolidated Financial Statements (continued)

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Cash Flow Hedges of Interest Rate Risk

Certain of our financing transactions expose us to a fixed versus floating rate mismatch between our assets and liabilities. We use derivative financial instruments, which include interest rate caps and swaps, and may also include interest rate options, floors, and other interest rate derivative contracts, to hedge interest rate risk associated with our borrowings where there is potential for an index mismatch.

The following tables detail our outstanding interest rate derivatives that were designated as cash flow hedges of interest rate risk (notional amount in thousands):

March 31, 2018						
Interest Rate	Number of Instruments		Notional Amount	Strike	Index	Wtd.-Avg. Maturity (Years)
Interest Rate Swaps	4	C$	108,004	1.0%	CDOR	1.2
Interest Rate Caps	9	$	204,248	2.4%	USD LIBOR	1.2
Interest Rate Caps	3	C$	22,765	2.0%	CDOR	0.9

December 31, 2017						
Interest Rate	Number of Instruments		Notional Amount	Strike	Index	Wtd.-Avg. Maturity (Years)
Interest Rate Swaps	4	C$	108,094	1.0%	CDOR	1.4
Interest Rate Caps	9	$	204,248	2.4%	USD LIBOR	1.5
Interest Rate Caps	3	C$	23,370	2.0%	CDOR	0.3

Amounts reported in accumulated other comprehensive income (loss) related to derivatives will be reclassified to interest expense as interest payments are made on our floating rate debt. During the twelve months following March 31, 2018, we estimate that an additional $635,000 will be reclassified from accumulated other comprehensive income (loss) as an increase to interest income.

Non-designated Hedges

During the three months ended March 31, 2018 and 2017, we recorded gains of $215,000 and $90,000, respectively, related to non-designated hedges that were reported as a component of interest expense in our consolidated financial

statements.

The following tables summarize our non-designated hedges (notional amount in thousands):

March 31, 2018

Non-designated Hedges	Number of Instrument	Notional Amount
Buy GBP / Sell EUR Forward	1	12,857

December 31, 2017

Non-designated Hedges	Number of Instrument	Notional Amount
Buy GBP / Sell EUR Forward	1	12,857

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Notes to Consolidated Financial Statements (continued)

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Valuation of Derivative Instruments

The following table summarizes the fair value of our derivative financial instruments ($ in thousands):

	Fair Value of Derivatives in an Asset Position[1] as of		Fair Value of Derivatives in a Liability Position[2] as of	
	March 31, 2018	**December 31, 2017**	**March 31, 2018**	**December 31, 2017**
Derivatives designated as hedging instruments:				
Foreign exchange contracts	$ 1,716	$	$ 2,166	$ 4,872
Interest rate derivatives	1,249	1,214		
Total	$ 2,965	$ 1,214	$ 2,166	$ 4,872
Derivatives not designated as hedging instruments:				
Foreign exchange contracts	$ 154	$	$	$ 39
Interest rate derivatives				
Total	$ 154	$	$	$ 39
Total Derivatives	$ 3,119	$ 1,214	$ 2,166	$ 4,911

(1) Included in other assets in our consolidated balance sheets.
(2) Included in other liabilities in our consolidated balance sheets.

The following table presents the effect of our derivative financial instruments on our consolidated statements of operations ($ in thousands):

	Amount of Gain (Loss) Recognized in OCI on Derivatives	Location of Gain (Loss) Reclassified from Accumulated OCI into Income	Amount of Gain (Loss) Reclassified from Accumulated OCI into Income

Derivatives in Hedging Relationships	**Three Months Ended March 31,**			**Three Months Ended March 31,**	
	2018	**2017**		**2018**	**2017**
Net Investment Hedges					
Foreign exchange contracts[1]	$ (2,953)	$ (4,294)	Interest Expense	$	$
Cash Flow Hedges					
Interest rate derivatives	127	(105)	Interest Income (Expense)[2]	109	(474)
Total	$ (2,826)	$ (4,399)		$ 109	$ (474)

(1) During the three months ended March 31, 2018 and 2017, we paid net cash settlements of $7.4 million and $1.8 million, respectively, on our foreign currency forward contracts. Those amounts are included as a component of accumulated other comprehensive loss on our consolidated balance sheets.

(2) During the three months ended March 31, 2018, we recorded total interest and related income of $155.4 million which included interest income of $109,000 related to our cash flow hedges. During the three months ended March 31, 2017, we incurred total interest and related expenses of $46.7 million which included $474,000 related to our cash flow hedges.

Credit-Risk Related Contingent Features

We have entered into agreements with certain of our derivative counterparties that contain provisions where if we were to default on any of our indebtedness, including default where repayment of the indebtedness has not been accelerated by the lender, we may also be declared in default on our derivative obligations. In addition, certain of our agreements with our derivative counterparties require that we post collateral to secure net liability positions. As of March 31, 2018, we were in a net asset position with one of our derivative counterparties and in a net liability position with our other derivative counterparty, and posted collateral of $6.6 million under these derivative contracts. As of December 31, 2017, we were in a net asset position with one of our derivative counterparties and in a net liability position with our other derivative counterparty, and posted collateral of $4.1 million under these derivative contracts.

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10. EQUITY

Stock and Stock Equivalents

Authorized Capital

As of March 31, 2018, we had the authority to issue up to 300,000,000 shares of stock, consisting of 200,000,000 shares of class A common stock and 100,000,000 shares of preferred stock. Subject to applicable NYSE listing requirements, our board of directors is authorized to cause us to issue additional shares of authorized stock without stockholder approval. In addition, to the extent not issued, currently authorized stock may be reclassified between class A common stock and preferred stock. We did not have any shares of preferred stock issued and outstanding as of March 31, 2018.

Class A Common Stock and Deferred Stock Units

Holders of shares of our class A common stock are entitled to vote on all matters submitted to a vote of stockholders and are entitled to receive such dividends as may be authorized by our board of directors and declared by us, in all cases subject to the rights of the holders of shares of outstanding preferred stock, if any.

We also issue restricted class A common stock under our stock-based incentive plans. Refer to Note 13 for additional discussion of these long-term incentive plans. In addition to our class A common stock, we also issue deferred stock units to certain members of our board of directors in lieu of cash compensation for services rendered. These deferred stock units are non-voting, but carry the right to receive dividends in the form of additional deferred stock units in an amount equivalent to the cash dividends paid to holders of shares of class A common stock.

The following table details the movement in our outstanding shares of class A common stock, including restricted class A common stock and deferred stock units:

	Three Months Ended March 31,	
Common Stock Outstanding[1]	**2018**	**2017**
Beginning balance	108,081,077	94,709,290
Issuance of class A common stock[2]	455	270
Issuance of restricted class A common stock, net	309,775	277,815
Issuance of deferred stock units	7,871	6,415
Ending balance	108,399,178	94,993,790

(1) Includes deferred stock units held by members of our board of directors of 205,088 and 175,442 as of March 31, 2018 and 2017, respectively.
(2) Includes 455 and 270 shares issued under our dividend reinvestment program during the three months ended March 31, 2018 and 2017, respectively.

Dividend Reinvestment and Direct Stock Purchase Plan

On March 25, 2014, we adopted a dividend reinvestment and direct stock purchase plan, under which we registered and reserved for issuance, in the aggregate, 10,000,000 shares of class A common stock. Under the dividend reinvestment component of this plan, our class A common stockholders can designate all or a portion of their cash dividends to be reinvested in additional shares of class A common stock. The direct stock purchase component allows stockholders and new investors, subject to our approval, to purchase shares of class A common stock directly from us. During the three months ended March 31, 2018 and 2017, we issued 455 shares and 270 shares, respectively, of class A common stock under the dividend reinvestment component of the plan. As of March 31, 2018, a total of 9,996,471 shares of class A common stock remained available for issuance under the dividend reinvestment and direct stock purchase plan.

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Blackstone Mortgage Trust, Inc.

Notes to Consolidated Financial Statements (continued)

(Unaudited)

At the Market Stock Offering Program

On May 9, 2014, we entered into equity distribution agreements, or ATM Agreements, pursuant to which we may sell, from time to time, up to an aggregate sales price of $200.0 million of our class A common stock. On July 29, 2016, in connection with filing a new universal shelf registration statement on Form S-3, we entered into amendments to each of the ATM Agreements. Sales of class A common stock made pursuant to the ATM Agreements may be made in negotiated transactions or transactions that are deemed to be at the market offerings as defined in Rule 415 under the Securities Act of 1933, as amended. Actual sales will depend on a variety of factors including market conditions, the trading price of our class A common stock, our capital needs, and our determination of the appropriate sources of funding to meet such needs. We did not sell any shares of our class A common stock under the ATM Agreements during the three months ended March 31, 2018 and 2017. As of March 31, 2018, sales of our class A common stock with an aggregate sales price of $188.6 million remained available for issuance under the ATM Agreements.

Dividends

We generally intend to distribute substantially all of our taxable income, which does not necessarily equal net income as calculated in accordance with GAAP, to our stockholders each year to comply with the REIT provisions of the Internal Revenue Code of 1986, as amended, or the Internal Revenue Code. Our dividend policy remains subject to revision at the discretion of our board of directors. All distributions will be made at the discretion of our board of directors and will depend upon our taxable income, our financial condition, our maintenance of REIT status, applicable law, and other factors as our board of directors deems relevant.

On March 13, 2018, we declared a dividend of $0.62 per share, or $67.1 million, that was paid on April 16, 2018, to stockholders of record as of March 30, 2018. The following table details our dividend activity ($ in thousands, except per share data):

	Three Months Ended March 31,	
	2018	2017
Dividends declared per share of common stock	$ 0.62	$ 0.62
Total dividends declared	$ 67,066	$ 58,787

Earnings Per Share

We calculate our basic and diluted earnings per share using the two-class method for all periods presented as the unvested shares of our restricted class A common stock qualify as participating securities, as defined by GAAP. These restricted shares have the same rights as our other shares of class A common stock, including participating in any dividends, and therefore have been included in our basic and diluted net income per share calculation. Our Convertible Notes are excluded from dilutive earnings per share as we have the intent and ability to settle these instruments in cash.

The following table sets forth the calculation of basic and diluted net income per share of class A common stock based on the weighted-average of both restricted and unrestricted class A common stock outstanding ($ in thousands, except per share data):

	Three Months Ended March 31,	
	2018	2017
Net income[1]	$ 60,958	$ 51,405
Weighted-average shares outstanding, basic and diluted	108,397,598	94,993,386
Per share amount, basic and diluted	$ 0.56	$ 0.54

(1) Represents net income attributable to Blackstone Mortgage Trust, Inc.

Other Balance Sheet Items

Accumulated Other Comprehensive Loss

As of March 31, 2018, total accumulated other comprehensive loss was $21.9 million, primarily representing (i) $49.6 million of cumulative unrealized currency translation adjustments on assets and liabilities denominated in

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Blackstone Mortgage Trust, Inc.

Notes to Consolidated Financial Statements (continued)

(Unaudited)

foreign currencies and (ii) an offsetting $27.7 million of net realized and unrealized gains related to changes in the fair value of derivative instruments. As of December 31, 2017, total accumulated other comprehensive loss was $29.7 million, primarily representing (i) $60.3 million of cumulative unrealized currency translation adjustments on assets and liabilities denominated in foreign currencies and (ii) an offsetting $30.6 million of net realized and unrealized gains related to changes in the fair value of derivative instruments.

Non-Controlling Interests

The non-controlling interests included on our consolidated balance sheets represent the equity interests in our Multifamily Joint Venture that are not owned by us. A portion of our Multifamily Joint Venture s consolidated equity and results of operations are allocated to these non-controlling interests based on their pro rata ownership of our Multifamily Joint Venture. As of March 31, 2018, our Multifamily Joint Venture s total equity was $35.3 million, of which $30.0 million was owned by us, and $5.3 million was allocated to non-controlling interests. As of December 31, 2017, our Multifamily Joint Venture s total equity was $42.3 million, of which $36.0 million was owned by us, and $6.3 million was allocated to non-controlling interests.

11. OTHER EXPENSES

Our other expenses consist of the management and incentive fees we pay to our Manager and our general and administrative expenses.

Management and Incentive Fees

Pursuant to a management agreement between our Manager and us, or our Management Agreement, our Manager earns a base management fee in an amount equal to 1.50% per annum multiplied by our outstanding equity balance, as defined in the Management Agreement. In addition, our Manager is entitled to an incentive fee in an amount equal to the product of (i) 20% and (ii) the excess of (a) our Core Earnings (as defined in our Management Agreement) for the previous 12-month period over (b) an amount equal to 7.00% per annum multiplied by our outstanding Equity, provided that our Core Earnings over the prior three-year period is greater than zero. Core Earnings, as defined in our Management Agreement, is generally equal to our net income (loss) prepared in accordance with GAAP, excluding (i) certain non-cash items (ii) the net income (loss) related to our legacy portfolio and (iii) incentive management fees.

During the three months ended March 31, 2018 and 2017, we incurred $11.1 million and $9.6 million, respectively, of management fees payable to our Manager. In addition, during the three months ended March 31, 2018 and 2017, we incurred $4.4 million and $3.3 million, respectively, of incentive fees payable to our Manager.

As of March 31, 2018 and December 31, 2017 we had accrued management and incentive fees payable to our Manager of $15.5 million and $14.3 million, respectively.

Blackstone Mortgage Trust, Inc.

Notes to Consolidated Financial Statements (continued)

(Unaudited)

General and Administrative Expenses

General and administrative expenses consisted of the following ($ in thousands):

	Three Months Ended March 31,	
	2018	2017
Professional services[1]	$ 1,223	$ 1,017
Operating and other costs[1]	509	445
Subtotal	1,732	1,462
Non-cash compensation expenses		
Restricted class A common stock earned	6,851	5,813
Director stock-based compensation	125	94
Subtotal	6,976	5,907
Total BXMT expenses	8,708	7,369
Other expenses		59
Total general and administrative expenses	$ 8,708	$ 7,428

(1) During the three months ended March 31, 2018, we recognized an aggregate $101,000 of expenses related to our Multifamily Joint Venture. We did not recognize any expenses related to our Multifamily Joint Venture during the three months ended March 31, 2017.

12. INCOME TAXES

We elected to be taxed as a REIT, effective January 1, 2003, under the Internal Revenue Code for U.S. federal income tax purposes. We generally must distribute annually at least 90% of our net taxable income, subject to certain adjustments and excluding any net capital gain, in order for U.S. federal income tax not to apply to our earnings that we distribute. To the extent that we satisfy this distribution requirement, but distribute less than 100% of our net taxable income, we will be subject to U.S. federal income tax on our undistributed taxable income. In addition, we will be subject to a 4% nondeductible excise tax if the actual amount that we pay out to our stockholders in a calendar year is less than a minimum amount specified under U.S. federal tax laws.

Our qualification as a REIT also depends on our ability to meet various other requirements imposed by the Internal Revenue Code, which relate to organizational structure, diversity of stock ownership, and certain restrictions with

regard to the nature of our assets and the sources of our income. Even if we qualify as a REIT, we may be subject to certain U.S. federal income and excise taxes and state and local taxes on our income and assets. If we fail to maintain our qualification as a REIT for any taxable year, we may be subject to material penalties as well as federal, state, and local income tax on our taxable income at regular corporate rates and we would not be able to qualify as a REIT for the subsequent four full taxable years. As of March 31, 2018 and December 31, 2017, we were in compliance with all REIT requirements.

Securitization transactions could result in the creation of taxable mortgage pools for federal income tax purposes. As a REIT, so long as we own 100% of the equity interests in a taxable mortgage pool, we generally would not be adversely affected by the characterization of the securitization as a taxable mortgage pool. Certain categories of stockholders, however, such as foreign stockholders eligible for treaty or other benefits, stockholders with net operating losses, and certain tax-exempt stockholders that are subject to unrelated business income tax, or UBTI, could be subject to increased taxes on a portion of their dividend income from us that is attributable to the taxable mortgage pool. We currently own no UBTI producing assets and we do not intend to purchase or generate assets that produce UBTI distributions in the future.

During the three months ended March 31, 2018 and 2017, we recorded a current income tax provision of $120,000 and $89,000, respectively, primarily related to activities of our taxable REIT subsidiaries and various state and local taxes. We did not have any deferred tax assets or liabilities as of March 31, 2018 or December 31, 2017.

Effective January 1, 2018, under legislation from the Tax Cuts and Jobs Act of 2017, the maximum U.S. federal corporate income tax rate was reduced from 35% to 21%. Accordingly, to the extent that the activities of our taxable REIT subsidiaries generate taxable income in future periods, they may be subject to lower U.S. federal income tax rates.

Blackstone Mortgage Trust, Inc.

Notes to Consolidated Financial Statements (continued)

(Unaudited)

We have net operating losses, or NOLs, generated by our predecessor business that may be carried forward and utilized in current or future periods. As a result of our issuance of 25,875,000 shares of class A common stock in May 2013, the availability of our NOLs is generally limited to $2.0 million per annum by change of control provisions promulgated by the Internal Revenue Service with respect to the ownership of Blackstone Mortgage Trust. As of December 31, 2017, we had estimated NOLs of $159.0 million that will expire in 2029, unless they are utilized by us prior to expiration.

As of March 31, 2018, tax years 2014 through 2017 remain subject to examination by taxing authorities.

13. STOCK-BASED INCENTIVE PLANS

We are externally managed by our Manager and do not currently have any employees. However, as of March 31, 2018, our Manager, certain individuals employed by an affiliate of our Manager, and certain members of our board of directors were compensated, in part, through the issuance of stock-based instruments.

We had stock-based incentive awards outstanding under seven benefit plans as of March 31, 2018: (i) our amended and restated 1997 non-employee director stock plan, or 1997 Plan; (ii) our 2007 long-term incentive plan, or 2007 Plan; (iii) our 2011 long-term incentive plan, or 2011 Plan; (iv) our 2013 stock incentive plan, or 2013 Plan; (v) our 2013 manager incentive plan, or 2013 Manager Plan; (vi) our 2016 stock incentive plan, or 2016 Plan; and (vii) our 2016 manager incentive plan, or 2016 Manager Plan. We refer to our 1997 Plan, our 2007 Plan, our 2011 Plan, our 2013 Plan, and our 2013 Manager Plan, collectively, as our Expired Plans and we refer to our 2016 Plan and 2016 Manager Plan, collectively, as our Current Plans.

Our Expired Plans have expired and no new awards may be issued under them. Under our Current Plans, a maximum of 2,400,000 shares of our class A common stock may be issued to our Manager, our directors and officers, and certain employees of affiliates of our Manager. As of March 31, 2018, there were 488,153 shares available under the Current Plans.

The following table details the movement in our outstanding shares of restricted class A common stock and the weighted-average grant date fair value per share:

	Restricted Class A Common Stock	Weighted-Average Grant Date Fair Value Per Share
Balance as of December 31, 2017	1,484,175	$ 30.61
Granted	318,741	31.83

Vested	(136,738)		28.92
Forfeited	(8,966)		30.54
Balance as of March 31, 2018	1,657,212	$	30.98

These shares generally vest in installments over a three-year period, pursuant to the terms of the respective award agreements and the terms of the Current Plans. The 1,657,212 shares of restricted class A common stock outstanding as of March 31, 2018 will vest as follows: 719,642 shares will vest in 2018; 620,323 shares will vest in 2019; and 317,247 shares will vest in 2020. As of March 31, 2018, total unrecognized compensation cost relating to nonvested share-based compensation arrangements was $42.0 million based on the closing price of our class A common stock of $31.42 on March 29, 2018, the last trading day in the quarter ended March 31, 2018. This cost is expected to be recognized over a weighted average period of 1.1 years from March 31, 2018.

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Blackstone Mortgage Trust, Inc.

Notes to Consolidated Financial Statements (continued)

(Unaudited)

14. FAIR VALUES

Assets and Liabilities Measured at Fair Value

The following table summarizes our assets and liabilities measured at fair value on a recurring basis ($ in thousands):

	March 31, 2018				December 31, 2017			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Assets								
Derivatives	$	$ 3,119	$	$ 3,119	$	$ 1,214	$	$ 1,214
Liabilities								
Derivatives	$	$ 2,166	$	$ 2,166	$	$ 4,911	$	$ 4,911

Refer to Note 2 for further discussion regarding fair value measurement.

Fair Value of Financial Instruments

As discussed in Note 2, GAAP requires disclosure of fair value information about financial instruments, whether or not recognized in the statement of financial position, for which it is practicable to estimate that value. The following table details the carrying amount, face amount, and fair value of the financial instruments described in Note 2 ($ in thousands):

	March 31, 2018			December 31, 2017		
	Carrying Amount	Face Amount	Fair Value	Carrying Amount	Face Amount	Fair Value
Financial assets						
Cash and cash equivalents	$ 57,396	$ 57,396	$ 57,396	$ 69,654	$ 69,654	$ 69,654
Restricted cash	17,082	17,082	17,082	32,864	32,864	32,864
Loans receivable, net	11,081,716	11,140,975	11,142,089	10,056,732	10,108,226	10,112,331
Financial liabilities						
	5,996,880	6,018,670	6,018,670	5,273,855	5,290,536	5,290,536

Secured debt agreements, net						
Loan participations sold, net	117,926	118,189	118,189	80,415	80,706	80,706
Securitized debt obligations, net	1,282,279	1,292,120	1,292,630	1,282,412	1,292,120	1,292,589
Convertible notes, net	778,070	795,000	811,348	563,911	575,000	610,201

Estimates of fair value for cash and cash equivalents, restricted cash, and convertible notes are measured using observable, quoted market prices, or Level 1 inputs. Estimates of fair value for securitized debt obligations are measured using observable, quoted market prices, in inactive markets, or Level 2 inputs. All other fair value significant estimates are measured using unobservable inputs, or Level 3 inputs. See Note 2 for further discussion regarding fair value measurement of certain of our assets and liabilities.

15. VARIABLE INTEREST ENTITIES

We have financed a portion of our loans through the CLO and the Single Asset Securitization, both of which are VIEs. We are the primary beneficiary and consolidate the CLO and the Single Asset Securitization on our balance sheet as we (i) control the relevant interests of the CLO and the Single Asset Securitization that give us power to direct the activities that most significantly affect the CLO and the Single Asset Securitization, and (ii) have the right to receive benefits and obligation to absorb losses of the CLO and the Single Asset Securitization through the subordinate interests we own.

Blackstone Mortgage Trust, Inc.

Notes to Consolidated Financial Statements (continued)

(Unaudited)

The following table details the assets and liabilities of our consolidated CLO and Single Asset Securitization VIEs ($ in thousands):

	March 31, 2018	December 31, 2017
Assets:		
Loans receivable, net	$ 1,500,000	$ 1,500,000
Other assets	4,582	2,407
Total assets	$ 1,504,582	$ 1,502,407
Liabilities:		
Securitized debt obligations, net	$ 1,282,279	$ 1,282,412
Other liabilities	1,860	1,379
Total liabilities	$ 1,284,139	$ 1,283,791

Assets held by these VIEs are restricted and can be used only to settle obligations of the VIEs, including the subordinate interests owned by us. The liabilities of these VIEs are non-recourse to us and can only be satisfied from the assets of the VIEs. The consolidation of these VIEs results in an increase in our gross assets, liabilities, interest income and interest expense, however it does not affect our stockholders equity or net income. We are not obligated to provide, have not provided, and do not intend to provide financial support to these VIEs.

16. TRANSACTIONS WITH RELATED PARTIES

We are managed by our Manager pursuant to the Management Agreement, the current term of which expires on December 19, 2018, and will be automatically renewed for a one-year term each anniversary thereafter unless earlier terminated.

As of March 31, 2018 and December 31, 2017, our consolidated balance sheet included $15.5 million and $14.3 million of accrued management and incentive fees payable to our Manager, respectively. During the three months ended March 31, 2018, we paid $14.3 million of management and incentive fees to our Manager, compared to $12.8 million during the same period of 2017. In addition, during the three months ended March 31, 2018, we reimbursed our Manager for $190,000 of expenses incurred on our behalf compared to $93,000 during the same period of 2017.

As of March 31, 2018, our Manager held 804,483 shares of unvested restricted class A common stock, which had an aggregate grant date fair value of $25.0 million, and vest in installments over three years from the date of issuance. During the three months ended March 31, 2018 and 2017, we recorded non-cash expenses related to shares held by

our Manager of $3.2 million and $2.9 million, respectively. We did not issue any shares of restricted class A common stock to our Manager during the three months ended March 31, 2018 or 2017, respectively. Refer to Note 13 for further details on our restricted class A common stock.

An affiliate of our Manager is the special servicer of the CLO. This affiliate did not earn any special servicing fees related to the CLO during the three months ended March 31, 2018 or 2017.

In March of 2018, we originated 1.0 billion of a total 7.3 billion senior term facility, or the Senior Term Facility, for the acquisition of a portfolio of Spanish real estate assets and a Spanish real estate management and loan servicing company by a joint venture between Banco Santander S.A and certain Blackstone-advised investment vehicles. These investment vehicles own 51% of the joint venture, and we will forgo all non-economic rights under the Senior Term Facility, including voting rights, so long as Blackstone-advised investment vehicles control the joint venture. The Senior Term Facility was negotiated by the joint venture with third-party investment banks without our involvement, and our 14% interest in the Senior Term Facility was made on such market terms.

In the first quarter of 2018, we originated a $330.0 million senior loan, the proceeds of which were used by the borrower to repay an existing loan owned by a Blackstone-advised investment vehicle.

During the three months ended March 31, 2017, we originated two loans whereby each respective borrower engaged an affiliate of our Manager to act as title insurance agent in connection with each transaction. We did not incur any expenses or receive any revenues as a result of these transactions. We did not have any similar transactions during the three months ended March 31, 2018.

Blackstone Mortgage Trust, Inc.

Notes to Consolidated Financial Statements (continued)

(Unaudited)

During the three months ended March 31, 2018 and 2017, we incurred $141,000 and $88,000, respectively, of expenses for various administrative, compliance, and capital market data services to third-party service providers that are affiliates of our Manager.

17. COMMITMENTS AND CONTINGENCIES

Unfunded Commitments Under Loans Receivable

As of March 31, 2018, we had unfunded commitments of $1.5 billion related to 74 loans receivable, which amounts will generally be funded to finance lease-related or capital expenditures by our borrowers. These future commitments will expire variously over the next five years.

Principal Debt Repayments

Our contractual principal debt repayments as of March 31, 2018 were as follows ($ in thousands):

		Payment Timing			
	Total Obligation	Less Than 1 Year	1 to 3 Years	3 to 5 Years	More Than 5 Years
Principal repayments under secured debt agreements[1]	$ 6,018,670	$ 276,366	$ 2,253,937	$ 3,380,694	$ 107,673
Principal repayments of convertible notes	795,000	172,500		622,500	
Total[2]	$ 6,813,670	$ 448,866	$ 2,253,937	$ 4,003,194	$ 107,673

(1) The allocation of repayments under our secured debt agreements is based on the earlier of (i) the maturity date of each facility, or (ii) the maximum maturity date of the collateral loans, assuming all extension options are exercised by the borrower.

(2) As of March 31, 2018, the total does not include $118.2 million of loan participations sold, $995.9 million of non-consolidated senior interests, and $1.3 billion of securitized debt obligations, as the satisfaction of these liabilities will not require cash outlays from us.

Litigation

From time to time, we may be involved in various claims and legal actions arising in the ordinary course of business. As of March 31, 2018, we were not involved in any material legal proceedings.

Board of Directors Compensation

As of March 31, 2018, of the eight members of our board of directors, our five independent directors are entitled to annual compensation of $175,000 each, $75,000 of which will be paid in the form of cash and $100,000 in the form of deferred stock units. The other three board members, including our chairman and our chief executive officer, serve as directors with no compensation. In addition, (i) the chair of our audit committee receives additional annual cash compensation of $20,000, (ii) the other members of our audit committee receive additional annual cash compensation of $10,000, and (iii) the chairs of each of our compensation and corporate governance committees receive additional annual cash compensation of $10,000.

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ITEM 2. MANAGEMENT S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

References herein to Blackstone Mortgage Trust, Company, we, us, or our refer to Blackstone Mortgage Trust, Inc. and its subsidiaries unless the context specifically requires otherwise.

The following discussion should be read in conjunction with the unaudited consolidated financial statements and notes thereto appearing elsewhere in this quarterly report on Form 10-Q. In addition to historical data, this discussion contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, which reflect our current views with respect to, among other things, our business, operations and financial performance. You can identify these forward-looking statements by the use of words such as intend, goal, estimate, expect, project, projections, plans, seeks, anticipates, should, could, may, designed to, foreseeable future, believe, scheduled, and similar expressions. Such forward-looking statements are subject to various risks, uncertainties and assumptions. Our actual results or outcomes may differ materially from those in this discussion as a result of various factors, including but not limited to those discussed in Item 1A. Risk Factors in our annual report on Form 10-K for the year ended December 31, 2017 and elsewhere in this quarterly report on Form 10-Q.

Introduction

Blackstone Mortgage Trust is a real estate finance company that originates senior loans collateralized by commercial real estate in North America and Europe. We are externally managed by BXMT Advisors L.L.C., or our Manager, a subsidiary of The Blackstone Group L.P., or Blackstone, and are a real estate investment trust, or REIT, traded on the New York Stock Exchange, or NYSE, under the symbol BXMT. We are headquartered in New York City.

We conduct our operations as a REIT for U.S. federal income tax purposes. We generally will not be subject to U.S. federal income taxes on our taxable income to the extent that we annually distribute all of our net taxable income to stockholders and maintain our qualification as a REIT. We also operate our business in a manner that permits us to maintain an exclusion from registration under the Investment Company Act of 1940, as amended. We are organized as a holding company and conduct our business primarily through our various subsidiaries.

I. Key Financial Measures and Indicators

As a real estate finance company, we believe the key financial measures and indicators for our business are earnings per share, dividends declared, Core Earnings, and book value per share. For the three months ended March 31, 2018 we recorded earnings per share of $0.56, declared a dividend of $0.62 per share, and reported $0.64 per share of Core Earnings. In addition, our book value per share as of March 31, 2018 was $26.95. As further described below, Core Earnings is a measure that is not prepared in accordance with accounting principles generally accepted in the United States of America, or GAAP. We use Core Earnings to evaluate our performance excluding the effects of certain transactions and GAAP adjustments that we believe are not necessarily indicative of our current loan activity and operations.

Earnings Per Share and Dividends Declared

The following table sets forth the calculation of basic and diluted net income per share and dividends declared per share ($ in thousands, except per share data):

	Three Months Ended	
	March 31, 2018	December 31, 2017
Net income [(1)]	$ 60,958	$ 57,891
Weighted-average shares outstanding, basic and diluted	108,397,598	98,810,617
Net income per share, basic and diluted	$ 0.56	$ 0.59
Dividends declared per share	$ 0.62	$ 0.62

(1) Represents net income attributable to Blackstone Mortgage Trust, Inc.

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Core Earnings

Core Earnings is a non-GAAP measure, which we define as GAAP net income (loss), including realized gains and losses not otherwise included in GAAP net income (loss), and excluding (i) net income (loss) attributable to our CT Legacy Portfolio, (ii) non-cash equity compensation expense, (iii) depreciation and amortization, (iv) unrealized gains (losses), and (v) certain non-cash items. Core Earnings may also be adjusted from time to time to exclude one-time events pursuant to changes in GAAP and certain other non-cash charges as determined by our Manager, subject to approval by a majority of our independent directors.

We believe that Core Earnings provides meaningful information to consider in addition to our net income and cash flow from operating activities determined in accordance with GAAP. This adjusted measure helps us to evaluate our performance excluding the effects of certain transactions and GAAP adjustments that we believe are not necessarily indicative of our current loan portfolio and operations. Although, according to the management agreement between our Manager and us, or our Management Agreement, we calculate the incentive and base management fees due to our Manager using Core Earnings before incentive fees expense, we report Core Earnings after incentive fee expense, as we believe this is a more meaningful presentation of the economic performance of our class A common stock.

Core Earnings does not represent net income or cash generated from operating activities and should not be considered as an alternative to GAAP net income, or an indication of our GAAP cash flows from operations, a measure of our liquidity, or an indication of funds available for our cash needs. In addition, our methodology for calculating Core Earnings may differ from the methodologies employed by other companies to calculate the same or similar supplemental performance measures, and accordingly, our reported Core Earnings may not be comparable to the Core Earnings reported by other companies.

The following table provides a reconciliation of Core Earnings to GAAP net income ($ in thousands, except per share data):

	Three Months Ended	
	March 31, 2018	**December 31, 2017**
Net income[1]	$ 60,958	$ 57,891
Non-cash compensation expense	6,976	6,221
GE purchase discount accretion adjustment[2]	(17)	(483)
Other items	1,388	874
Core Earnings	$ 69,305	$ 64,503
Weighted-average shares outstanding, basic and diluted	108,397,598	98,810,617
Core Earnings per share, basic and diluted	$ 0.64	$ 0.65

(1) Represents net income attributable to Blackstone Mortgage Trust.
(2) Adjustment in respect of the deferral in Core Earnings of the accretion of a total $9.1 million of purchase discount attributable to a certain pool of GE portfolio loans until repayment in full of the remaining loans in the pool is substantially assured.

Book Value Per Share

The following table calculates our book value per share ($ in thousands, except per share data):

	March 31, 2018	December 31, 2017
Stockholders equity	$ 2,921,213	$ 2,911,066
Shares		
Class A common stock	108,194,090	107,883,860
Deferred stock units	205,088	197,217
Total outstanding	108,399,178	108,081,077
Book value per share	$ 26.95	$ 26.93

II. Loan Portfolio

During the quarter ended March 31, 2018, we originated $1.9 billion of loans. Loan fundings during the quarter totaled $2.0 billion, including $8.5 million of non-consolidated senior interests. Loan repayments during the quarter totaled $965.4 million, including $13.2 million of non-consolidated senior interests. We generated interest income of $155.4 million and incurred interest expense of $70.0 million during the quarter, which resulted in $85.4 million of net interest income during the three months ended March 31, 2018.

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Portfolio Overview

The following table details our loan origination activity ($ in thousands):

	Three Months Ended March 31, 2018		Three Months Ended December 31, 2017	
Loan originations[1]	$	1,886,740	$	1,235,678
Loan fundings[2]	$	1,986,723	$	1,294,863
Loan repayments[3]		(965,380)		(874,998)
Total net fundings	$	1,021,343	$	419,865

(1) Includes new loan originations and additional commitments made under existing loans.
(2) Loan fundings during the three months ended March 31, 2018 and December 31, 2017 include $8.5 million and $11.4 million, respectively, of additional fundings under related non-consolidated senior interests.
(3) Loan repayments during the three months ended March 31, 2018 and December 31, 2017 include $13.2 million and $17.1 million, respectively, of additional repayments under related non-consolidated senior interests.

The following table details overall statistics for our loan portfolio as of March 31, 2018 ($ in thousands):

		Total Loan Exposure[1]		
	Balance Sheet Portfolio	Total Loan Portfolio	Floating Rate Loans	Fixed Rate Loans
Number of loans	106	106	100	6
Principal balance	$ 11,140,975	$ 12,136,883	$ 11,449,638	$ 687,245
Net book value	$ 11,081,716	$ 12,075,491	$ 11,388,828	$ 686,663
Unfunded loan commitments[2]	$ 1,473,112	$ 1,504,268	$ 1,504,268	$
Weighted-average cash coupon[3]	5.50%	5.36%	L + 3.78%	4.63%
Weighted-average all-in yield[3]	5.88%	5.78%	L + 4.17%	5.71%
Weighted-average maximum maturity (years)[4]	3.7	3.7	3.6	3.8
Loan to value (LTV)[5]	62.4%	61.6%	61.1%	70.2%

(1)

In certain instances, we finance our loans through the non-recourse sale of a senior loan interest that is not included in our consolidated financial statements. Total loan exposure encompasses the entire loan we originated and financed, including $995.9 million of such non-consolidated senior interests that are not included in our balance sheet portfolio.

(2) Unfunded commitments will primarily be funded to finance our borrowers construction or development of real estate-related assets, capital improvements of existing assets, or lease-related expenditures. These commitments will generally be funded over the term of each loan, subject in certain cases to an expiration date.

(3) As of March 31, 2018, our floating rate loans were indexed to various benchmark rates, with 83% of floating rate loans by total loan exposure indexed to USD LIBOR based on total loan exposure. In addition to cash coupon, all-in yield includes the amortization of deferred origination and extension fees, loan origination costs, and purchase discounts, as well as the accrual of exit fees. Cash coupon and all-in yield for the total loan portfolio assume applicable floating benchmark rates as of March 31, 2018 for weighted-average calculation.

(4) Maximum maturity assumes all extension options are exercised by the borrower, however our loans may be repaid prior to such date. As of March 31, 2018, based on total loan exposure, 70% of our loans were subject to yield maintenance or other prepayment restrictions and 30% were open to repayment by the borrower without penalty.

(5) Based on LTV as of the dates loans were originated or acquired by us.

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The charts below detail the geographic distribution and types of properties securing these loans, as of March 31, 2018:

Refer to section VI of this Item 2 for details of our loan portfolio, on a loan-by-loan basis.

Asset Management

We actively manage the investments in our loan portfolio and exercise the rights afforded to us as a lender, including collateral level budget approvals, lease approvals, loan covenant enforcement, escrow/reserve management, collateral release approvals and other rights that we may negotiate.

As discussed in Note 2 to our consolidated financial statements, our Manager performs a quarterly review of our loan portfolio, assesses the performance of each loan, and assigns it a risk rating between 1 and 5, from less risk to greater risk. The following table allocates the principal balance and total loan exposure balances based on our internal risk ratings ($ in thousands):

Risk Rating	March 31, 2018		
	Number of Loans	**Net Book Value**	**Total Loan Exposure[1]**
1	2	$ 68,967	$ 69,057
2	34	3,135,997	3,148,059
3	70	7,876,752	8,919,767
4			
5			
	106	$ 11,081,716	$ 12,136,883

(1) In certain instances, we finance our loans through the non-recourse sale of a senior loan interest that is not included in our consolidated financial statements. See Note 2 to our consolidated financial statements for further discussion. Total loan exposure encompasses the entire loan we originated and financed, including $995.9 million of such non-consolidated senior interests as of March 31, 2018.

The weighted-average risk rating of our total loan exposure was 2.7 as of both March 31, 2018 and December 31, 2017. The risk rating of one of the loans in our portfolio with a net book value of $20.5 million was upgraded from a 4 as of December 31, 2017 to a 3 as of March 31, 2018. This loan was repaid in full in April 2018.

Multifamily Joint Venture

As of March 31, 2018, our Walker & Dunlop Multifamily Joint Venture held $155.3 million of loans, which are included in the loan disclosures above. Refer to Note 2 to our consolidated financial statements for additional discussion of our Multifamily Joint Venture.

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Portfolio Financing

Our portfolio financing arrangements include credit facilities, the GE portfolio acquisition facility, asset-specific financings, a revolving credit agreement, loan participations sold, non-consolidated senior interests, and securitized debt obligations.

The following table details our portfolio financing ($ in thousands):

	Portfolio Financing Outstanding Principal Balance	
	March 31, 2018	December 31, 2017
Credit facilities	$ 3,851,609	$ 4,068,249
Asset-specific financings	1,607,424	518,864
GE portfolio acquisition facility	559,637	703,423
Revolving credit agreement		
Loan participations sold	118,189	80,706
Non-consolidated senior interests	995,908	985,382
Securitized debt obligations	1,292,120	1,292,120
Total portfolio financing	$ 8,424,887	$ 7,648,744

Credit Facilities

The following table details our credit facilities ($ in thousands):

	March 31, 2018				
	Maximum	Collateral	Credit Borrowings		
Lender	Facility Size[1]	Assets[2]	Potential[3]	Outstanding	Available[3]
Wells Fargo	$ 2,000,000	$ 1,603,878	$ 1,205,597	$ 857,498	$ 348,099
MetLife	1,000,000	1,051,140	822,534	822,534	
Bank of America	1,000,000	820,016	637,992	637,992	
Citibank	750,000	548,629	430,290	430,290	
Société Générale[4]	492,000	375,742	300,871	300,871	
Deutsche Bank	500,000	360,564	265,643	265,643	
JP Morgan	500,000	558,426	421,250	210,212	211,038
Morgan Stanley[5]	700,900	594,549	457,971	203,204	254,767
Bank of America -	200,000	112,550	90,040	90,040	

Multi. JV[6]					
Goldman Sachs - Multi. JV[6]	250,000	42,774	33,325	33,325	
Barclays	1,000,000				
	$ 8,392,900	$ 6,068,268	$ 4,665,513	$ 3,851,609	$ 813,904

(1) Maximum facility size represents the largest amount of borrowings available under a given facility once sufficient collateral assets have been approved by the lender and pledged by us.
(2) Represents the principal balance of the collateral assets.
(3) Potential borrowings represents the total amount we could draw under each facility based on collateral already approved and pledged. When undrawn, these amounts are immediately available to us at our sole discretion under the terms of each credit facility.
(4) As of March 31, 2018, the Société Générale maximum facility size was composed of a 400.0 million facility size, which translated to $492.0 million as of such date.
(5) As of March 31, 2018, the Morgan Stanley maximum facility size was composed of a £500.0 million facility size, which translated to $700.9 million as of such date.
(6) These facilities finance the loan investments of our consolidated Multifamily Joint Venture. Refer to Note 2 to our consolidated financial statements for additional discussion of our Multifamily Joint Venture.

The weighted-average outstanding balance of our credit facilities was $4.1 billion for the three months ended March 31, 2018. As of March 31, 2018, we had aggregate borrowings of $3.9 billion outstanding under our credit facilities, with a weighted-average cash coupon of LIBOR plus 1.84% per annum, a weighted-average all-in cost of credit, including associated fees and expenses, of LIBOR plus 2.07% per annum, and a weighted-average advance rate of 78.8%. As of March 31, 2018, outstanding borrowings under these facilities had a weighted-average maturity, excluding extension options and term-out provisions, of 1.4 years.

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Borrowings under each facility are subject to the initial approval of eligible collateral loans by the lender and the maximum advance rate and pricing rate of individual advances are determined with reference to the attributes of the respective collateral loan.

GE Portfolio Acquisition Facility

During the second quarter of 2015, concurrently with our acquisition of the GE portfolio, we entered into an agreement with Wells Fargo to provide us with secured financing for the acquired portfolio. The GE portfolio acquisition facility is non-revolving and consists of a single master repurchase agreement providing for asset-specific borrowings for each collateral asset. The following table details our asset-specific borrowings related to the GE portfolio acquisition ($ in thousands):

	March 31, 2018					
Asset-Specific Financings	Count	Principal Balance[1]	Book Value	Wtd. Avg. Yield/Cost[2]	Guarantee[3]	Wtd. Avg. Term[4]
Collateral assets	13	$ 709,644	$ 711,057	5.91%	n/a	Mar. 2021
Financing provided	13	$ 559,637	$ 558,670	L+1.69%	$ 250,000	Mar. 2021

(1) As of March 31, 2018, this facility provided for $659.9 million of financing, of which $559.6 million was outstanding and an additional $100.3 million was available to finance future loan fundings in the GE portfolio.
(2) Includes fixed and floating rate loans and related liabilities which are indexed to the various benchmark rates relevant in each arrangement in terms of currency and payment frequency. Therefore, the net exposure to each benchmark rate is in direct proportion to our net assets indexed to that rate. In addition to cash coupon, yield/cost includes the amortization of deferred origination fees / financing costs.
(3) We guarantee obligations under the GE portfolio acquisition facility in an amount equal to the greater of (i) 25% of outstanding asset-specific borrowings, and (ii) $250.0 million.
(4) The weighted-average term is determined based on the maximum maturity of the corresponding loans, assuming all extension options are exercised by the borrower. Each of our asset-specific financings are term-matched to the corresponding collateral loans.

Asset-Specific Financings

The following tables detail our asset-specific financings ($ in thousands):

	March 31, 2018					
Asset-Specific Financings	Count	Principal Balance	Book Value	Wtd. Avg. Yield/Cost[1]	Guarantee[2]	Wtd. Avg. Term[3]
Collateral assets	7	$ 2,075,003	$ 2,060,036	L+3.82%	n/a	Jul. 2022
Financing provided[4]	7	$ 1,607,424	$ 1,600,256	L+1.76%	$ 1,229,828	Jul. 2022

(1) These floating rate loans and related liabilities are indexed to the various benchmark rates relevant in each arrangement in terms of currency and payment frequency. Therefore the net exposure to each benchmark rate is in direct proportion to our net assets indexed to that rate. In addition to cash coupon, yield/cost includes the amortization of deferred origination fees / financing costs.

(2) Other than amounts guaranteed on an asset-by-asset basis, borrowings under our asset-specific financings are non-recourse to us.

(3) The weighted-average term is determined based on the maximum maturity of the corresponding loans, assuming all extension options are exercised by the borrower. Each of our asset-specific financings are term-matched to the corresponding collateral loans.

(4) Borrowings of $498.0 million under these asset specific financings are cross collateralized with related credit facilities with the same lenders.

Refer to Note 5 to our consolidated financial statements for additional terms and details of our secured debt agreements, including certain financial covenants.

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Revolving Credit Agreement

We have entered into a $250.0 million full recourse secured revolving credit agreement with Barclays that is designed to finance first mortgage originations for up to six months as a bridge to term financing or syndication. Advances under the agreement are subject to availability under a specified borrowing base and accrue interest at a per annum pricing rate equal to the sum of (i) an applicable base rate or Eurodollar rate and (ii) an applicable margin, in each case, dependent on the applicable type of loan collateral. The maturity date of the facility is April 4, 2020.

During the three months ended March 31, 2018, we had no borrowings under the revolving credit agreement and we recorded interest expense of $532,000, including $260,000 of amortization of deferred fees and expenses.

Loan Participations Sold

The following table details our loan participations sold ($ in thousands):

	March 31, 2018					
Loan Participations Sold	**Count**	**Principal Balance**	**Book Value**	**Yield/Cost[1]**	**Guarantee[2]**	**Term**
Total loan	1	$ 178,602	$ 176,390	L+5.95%	n/a	Feb. 2022
Senior participation[3][4]	1	118,189	117,926	L+4.09%	n/a	Feb. 2022

(1) Our floating rate loans and related liabilities are indexed to the various benchmark rates relevant in each arrangement in terms of currency and payment frequency. Therefore the net exposure to each benchmark rate is in direct proportion to our net assets indexed to that rate. In addition to cash coupon, yield/cost includes the amortization of deferred fees / financing costs.
(2) As of March 31, 2018, our loan participations sold was non-recourse to us.
(3) During the three months ended March 31, 2018, we recorded $1.5 million of interest expense related to our loan participations sold, of which $1.4 million was paid in cash.
(4) The difference between principal balance and book value of loan participations sold is due to deferred financing costs of $263,000 as of March 31, 2018.

Refer to Note 6 to our consolidated financial statements for additional details of our loan participations sold.

Non-Consolidated Senior Interests

In certain instances, we finance our loans through the non-recourse sale of a senior loan interest that is not included in our consolidated financial statements. These non-consolidated senior interests provide structural leverage for our net investments which are reflected in the form of mezzanine loans or other subordinate interests on our balance sheet and in our results of operations. The following table details the subordinate interests retained on our balance sheet and the related non-consolidated senior interests as of March 31, 2018 ($ in thousands):

March 31, 2018			
Principal	**Book**	**Wtd. Avg.**	**Wtd. Avg.**

Non-Consolidated Senior Interests	Count		Balance	Value	Yield/Cost(1)	Guarantee	Term
Total loan	3	$	1,212,166	n/a	6.26%	n/a	Sept 2021
Senior participation	3		995,908	n/a	4.66%	n/a	Sept 2021

(1) Our floating rate loans and related liabilities were indexed to the various benchmark rates relevant in each arrangement in terms of currency and payment frequency. Therefore the net exposure to each benchmark rate is in direct proportion to our net assets indexed to that rate. In addition to cash coupon, all-in yield/cost includes the amortization of deferred fees / financing costs.

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Securitized Debt Obligations

The following table details our securitized debt obligations ($ in thousands):

	March 31, 2018				
Securitized Debt Obligations	**Count**	**Principal Balance**	**Book Value**	**Wtd. Avg. Yield/Cost(1)**	**Term(2)**
Collateralized Loan Obligation					
Collateral assets	30	$ 1,000,000	$ 1,000,000	5.46%	Nov. 2021
Financing provided	1	817,500	807,921	L+1.73%	June 2035
Single Asset Securitization					
Collateral assets(3)	1	668,728	665,201	L+3.60%	June 2023
Financing provided	1	474,620	474,358	L+1.98%	June 2033
Total					
Collateral assets	31	$ 1,668,728	$ 1,665,201	5.47%	
Financing provided(4)	2	$ 1,292,120	$ 1,282,279	L+1.82%	

(1) As of March 31, 2018, 98% of our loans financed by securitized debt obligations earned a floating rate of interest. In addition to cash coupon, all-in yield includes the amortization of deferred origination and extension fees, loan origination costs, purchase discounts, and accrual of exit fees. All-in yield for the total portfolio assume applicable floating benchmark rates for weighted-average calculation.

(2) Loan term represents weighted-average final maturity, assuming all extension options are exercised by the borrower. Repayments of securitized debt obligations are tied to timing of the related collateral loan asset repayments. The term of these obligations represents the rated final distribution date of the securitizations.

(3) The collateral assets for the Single Asset Securitization include the total loan amount, of which we securitized $500.0 million.

(4) During the three months ended March 31, 2018, we recorded $11.0 million of interest expense related to our securitized debt obligations.

Refer to Notes 7 and 15 to our consolidated financial statements for additional details of our securitized debt obligations.

Floating Rate Portfolio

Generally, our business model is such that rising interest rates will increase our net income, while declining interest rates will decrease net income. As of March 31, 2018, 94% of our loans by total loan exposure earned a floating rate of interest and were financed with liabilities that pay interest at floating rates, which resulted in an amount of net equity that is positively correlated to rising interest rates, subject to the impact of interest rate floors on certain of our floating rate loans. As of March 31, 2018, the remaining 6% of our loans by total loan exposure earned a fixed rate of interest, but are financed with liabilities that pay interest at floating rates, which resulted in a negative correlation to rising interest rates to the extent of our financing. In certain instances where we have financed fixed rate assets with floating rate liabilities, we have purchased interest rate swaps or caps to limit our exposure to increases in interest

rates on such liabilities.

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Our liabilities are generally currency and index-matched to each collateral asset, resulting in a net exposure to movements in benchmark rates that varies by currency silo based on the relative proportion of floating rate assets and liabilities. The following table details our loan portfolio s net exposure to interest rates by currency as of March 31, 2018 ($/£/ /C$ in thousands):

	USD	GBP	EUR	CAD
Floating rate loans[1]	$ 9,456,295	£ 269,502	1,101,031	C$ 336,643
Floating rate debt[1][2][3]	(6,443,085)	(132,771)	(859,225)	(298,518)
Net floating rate exposure[4]	$ 3,013,210	£ 136,731	241,806	C$ 38,125

(1) Our floating rate loans and related liabilities are indexed to the various benchmark rates relevant in each case in terms of currency and payment frequency. Therefore the net exposure to each benchmark rate is in direct proportion to our net assets indexed to that rate.
(2) Includes borrowings under secured debt agreements, loan participations sold, non-consolidated senior interests, and securitized debt obligations.
(3) Liabilities balance includes four interest rate swaps totaling C$108.0 million ($83.8 million as of March 31, 2018) that are used to hedge a portion of our fixed rate debt.
(4) In addition, we have interest rate caps of $204.2 million and C$22.8 million to limit our exposure to increases in interest rates.

Convertible Notes

As of March 31, 2018, the following convertible senior notes, or Convertible Notes, were outstanding ($ in thousands):

Convertible Notes Issuance	Face Value	Coupon Rate	All-in Cost[1]	Maturity
November 2013	$ 172,500	5.25%	5.87%	December 1, 2018
May 2017	402,500	4.38%	4.85%	May 5, 2022
March 2018	220,000	4.75%	5.33%	March 15, 2023

(1) Includes issuance costs that are amortized through interest expense over the life of the Convertible Notes using the effective interest method.

Refer to Notes 2 and 8 to our consolidated financial statements for additional discussion of our Convertible Notes.

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III. Our Results of Operations

Operating Results

The following table sets forth information regarding our consolidated results of operations ($ in thousands, except per share data):

	Three Months Ended March 31,		2018 vs 2017
	2018	2017	$
Income from loans and other investments			
Interest and related income	$ 155,425	$ 118,517	$ 36,908
Less: Interest and related expenses	69,989	46,674	23,315
Income from loans and other investments, net	85,436	71,843	13,593
Other expenses			
Management and incentive fees	15,492	12,921	2,571
General and administrative expenses	8,708	7,428	1,280
Total other expenses	24,200	20,349	3,851
Income before income taxes	61,236	51,494	9,742
Income tax provision	120	89	31
Net income	61,116	51,405	9,711
Net income attributable to non-controlling interests	(158)		(158)
Net income attributable to Blackstone Mortgage Trust, Inc.	$ 60,958	$ 51,405	$ 9,553
Net income per share - basic and diluted	$ 0.56	$ 0.54	$ 0.02
Dividends declared per share	$ 0.62	$ 0.62	$ 0.00

Income from loans and other investments, net

Income from loans and other investments, net increased $13.6 million during the three months ended March 31, 2018 compared to the corresponding period in 2017. The increase was primarily due to the increase in the weighted-average principal balance of our loan portfolio, which increased by $1.7 billion during the three months ended March 31, 2018, as compared to the corresponding period in 2017. This was offset by the increase in the weighted-average principal balance of our outstanding financing arrangements, which increased by $1.2 billion during the three months ended March 31, 2018, as compared to the corresponding period in 2017.

Other expenses

Other expenses are composed of management and incentive fees payable to our Manager and general and administrative expenses. Other expenses increased by $3.9 million during the three months ended March 31, 2018 compared to the corresponding period in 2017 due to (i) an increase of $1.5 million of management fees payable to our Manager, primarily as a result of additional net proceeds received from the sale of our class A common stock in the fourth quarter of 2017, (ii) an increase of $1.1 million of incentive fees payable to our Manager as a result of an increase in Core Earnings, (iii) $1.0 million of additional non-cash restricted stock amortization related to shares awarded under our long-term incentive plans, and (iv) an increase of $263,000 of general operating expenses.

Net income attributable to non-controlling interests

During the three months ended March 31, 2018, we recognized $158,000 of net income attributable to non-controlling interests related to our Multifamily Joint Venture.

Dividends per share

During the three months ended March 31, 2018, we declared a dividend of $0.62 per share, or $67.1 million, which was paid on April 16, 2018 to common stockholders of record as of March 30, 2018. During the three months ended March 31, 2017, we declared a dividend of $0.62 per share, or $58.8 million.

IV. Liquidity and Capital Resources

Capitalization

We have capitalized our business to date through, among other things, the issuance and sale of shares of our class A common stock, borrowings under secured debt agreements, and the issuance and sale of Convertible Notes. As of March 31, 2018, we had 108,194,090 shares of our class A common stock outstanding representing $2.9 billion of stockholders equity, $6.0 billion of outstanding borrowings under secured debt agreements, and $795.0 million of Convertible Notes outstanding.

As of March 31, 2018, our secured debt agreements consisted of credit facilities with an outstanding balance of $3.9 billion, the GE portfolio acquisition facility with an outstanding balance of $559.6 million, and $1.6 billion of asset-specific financings. We also finance our business through the sale of loan participations and non-consolidated senior interests. As of March 31, 2018 we had $118.2 million of loan participations sold and $995.9 million of non-consolidated senior interests outstanding. In addition, as of March 31, 2018, our consolidated balance sheet included $1.3 billion of securitized debt obligations related to our CLO and our Single Asset Securitization.

See Notes 5, 6, 7, and 8 to our consolidated financial statements for additional details regarding our secured debt agreements, loan participations sold, securitized debt obligations, and Convertible Notes, respectively.

Debt-to-Equity Ratio and Total Leverage Ratio

The following table presents our debt-to-equity ratio and total leverage ratio:

	March 31, 2018	December 31, 2017
Debt-to-equity ratio(1)	2.3x	2.0x
Total leverage ratio(2)	3.1x	2.8x

(1) Represents (i) total outstanding secured debt agreements and convertible notes, less cash, to (ii) total equity, in each case at period end.
(2) Represents (i) total outstanding secured debt agreements, convertible notes, loan participations sold, non-consolidated senior interests, and securitized debt obligations, less cash, to (ii) total equity, in each case at period end.

Sources of Liquidity

Our primary sources of liquidity include cash and cash equivalents, available borrowings under our credit facilities and revolving credit agreement, and net receivables from servicers related to loan repayments which are set forth in the following table ($ in thousands):

	March 31, 2018	December 31, 2017
Cash and cash equivalents	$ 57,396	$ 69,654

Available borrowings under secured debt agreements	825,074	595,848
Loan principal payments held by servicer, net[1]	4,684	15,763
	$ 887,154	$ 681,265

(1) Represents loan principal payments held by our third-party servicer as of the balance sheet date which were remitted to us during the subsequent remittance cycle, net of the related secured debt balance.

In addition to our current sources of liquidity, we have access to liquidity through public offerings of debt and equity securities. To facilitate such offerings, in July 2016, we filed a shelf registration statement with the Securities and Exchange Commission, or the SEC, that is effective for a term of three years and expires in July 2019. The amount of securities to be issued pursuant to this shelf registration statement was not specified when it was filed and there is no specific dollar limit on the amount of securities we may issue. The securities covered by this registration statement include: (i) class A common stock; (ii) preferred stock; (iii) debt securities; (iv) depositary shares representing preferred stock; (v) warrants; (vi) subscription rights; (vii) purchase contracts; and (viii) units consisting of one or more of such securities or any combination of these securities. The specifics of any future offerings, along with the use of proceeds of any securities offered, will be described in detail in a prospectus supplement, or other offering materials, at the time of any offering.

We may also access liquidity through a dividend reinvestment plan and direct stock purchase plan, under which 9,996,471 shares of class A common stock were available for issuance as of March 31, 2018, and our at-the-market stock offering program, pursuant to which we may sell, from time to time, up to $188.6 million of additional shares of our class A common stock as of March 31, 2018. Refer to Note 10 to our consolidated financial statements for additional details.

Our existing loan portfolio also provides us with liquidity as loans are repaid or sold, in whole or in part, and the proceeds from such repayments become available for us to reinvest.

Liquidity Needs

In addition to our ongoing loan origination activity, our primary liquidity needs include interest and principal payments under our $6.0 billion of outstanding borrowings under secured debt agreements, our Convertible Notes, our unfunded loan commitments, dividend distributions to our stockholders, and operating expenses.

Contractual Obligations and Commitments

Our contractual obligations and commitments as of March 31, 2018 were as follows ($ in thousands):

		Payment Timing			
	Total Obligation	Less Than 1 Year	1 to 3 Years	3 to 5 Years	More Than 5 Years
Unfunded loan commitments[1]	$ 1,473,112	$ 317,943	$ 1,133,719	$ 21,450	$
Principal repayments under secured debt agreements[2]	6,018,670	276,366	2,253,937	3,380,694	107,673
Principal repayments of convertible notes	795,000	172,500		622,500	
Interest payments[2][3]	871,885	270,537	414,764	183,576	3,008
Total[4]	$ 9,158,667	$ 1,037,346	$ 3,802,420	$ 4,208,220	$ 110,681

(1) The allocation of our unfunded loan commitments is based on the earlier of the commitment expiration date or the loan maturity date.

(2) The allocation of repayments under our secured debt agreements for both principal and interest payments is based on the earlier of (i) the maturity date of each facility, or (ii) the maximum maturity date of the collateral loans, assuming all extension options are exercised by the borrower.

(3) Represents interest payments on our secured debt agreements and convertible notes. Future interest payment obligations are estimated assuming the amounts outstanding and the interest rates in effect as of March 31, 2018 will remain constant into the future. This is only an estimate as actual amounts borrowed and rates will vary over time.

(4) Total does not include $118.2 million of loan participations sold, $995.9 million of non-consolidated senior interests, and $1.3 billion of securitized debt obligations, as the satisfaction of these liabilities will not require cash outlays from us.

We are also required to settle our foreign currency forward contracts and interest rate swaps with our derivative counterparties upon maturity which, depending on foreign exchange and interest rate movements, may result in cash received from or due to the respective counterparty. The table above does not include these amounts as they are not fixed and determinable. Refer to Note 9 to our consolidated financial statement for details regarding our derivative contracts.

We are required to pay our Manager a base management fee, an incentive fee, and reimbursements for certain expenses pursuant to our Management Agreement. The table above does not include the amounts payable to our Manager under our Management Agreement as they are not fixed and determinable. Refer to Note 11 to our consolidated financial statements for additional terms and details of the fees payable under our Management Agreement.

As a REIT, we generally must distribute substantially all of our net taxable income to stockholders in the form of dividends to comply with the REIT provisions of the Internal Revenue Code of 1986, as amended, or the Internal Revenue Code. Our taxable income does not necessarily equal our net income as calculated in accordance with GAAP, or our Core Earnings as described above.

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Cash Flows

The following table provides a breakdown of the net change in our cash, cash equivalents, and restricted cash ($ in thousands):

	Three Months Ended March 31,	
	2018	2017
Cash flows provided by operating activities	$ 72,579	$ 57,374
Cash flows used in investing activities	(967,495)	(124,452)
Cash flows provided by financing activities	857,676	55,202
Net decrease in cash, cash equivalents, and restricted cash	$ (37,240)	$ (11,876)

We experienced a net decrease in cash, cash equivalents, and restricted cash of $37.2 million for the three months ended March 31, 2018, compared to a net decrease of $11.9 million for the three months ended March 31, 2017. During the three months ended March 31, 2018, we (i) received $1.0 billion of proceeds from loan principal collections, (ii) borrowed a net $684.0 million under our secured debt agreements, and (iii) received $214.5 million of net proceeds from the issuance of convertible notes. We used the proceeds from our loan repayments and financing activities to fund $2.0 billion of new loans during the three months ended March 31, 2018.

Refer to Note 3 to our consolidated financial statements for further discussion of our loan activity. Refer to Notes 5 and 8 to our consolidated financial statements for additional discussion of our secured debt agreements and convertible notes.

V. Other Items

Income Taxes

We elected to be taxed as a REIT, effective January 1, 2003, under the Internal Revenue Code for U.S. federal income tax purposes. We generally must distribute annually at least 90% of our net taxable income, subject to certain adjustments and excluding any net capital gain, in order for U.S. federal income tax not to apply to our earnings that we distribute. To the extent that we satisfy this distribution requirement, but distribute less than 100% of our net taxable income, we will be subject to U.S. federal income tax on our undistributed taxable income. In addition, we will be subject to a 4% nondeductible excise tax if the actual amount that we pay out to our stockholders in a calendar year is less than a minimum amount specified under U.S. federal tax laws.

Our qualification as a REIT also depends on our ability to meet various other requirements imposed by the Internal Revenue Code, which relate to organizational structure, diversity of stock ownership, and certain restrictions with regard to the nature of our assets and the sources of our income. Even if we qualify as a REIT, we may be subject to certain U.S. federal income and excise taxes and state and local taxes on our income and assets. If we fail to maintain our qualification as a REIT for any taxable year, we may be subject to material penalties as well as federal, state and local income tax on our taxable income at regular corporate rates and we would not be able to qualify as a REIT for the subsequent four full taxable years. As of March 31, 2018 and December 31, 2017, we were in compliance with all

REIT requirements.

Refer to Note 12 to our consolidated financial statements for additional discussion of our income taxes.

Off-Balance Sheet Arrangements

We have no off-balance sheet arrangements.

Critical Accounting Policies

Our discussion and analysis of our financial condition and results of operations is based upon our consolidated financial statements, which have been prepared in accordance with GAAP. The preparation of these financial statements requires our Manager to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses, and related disclosure of contingent assets and liabilities. Actual results could differ from these estimates. There have been no material changes to our Critical Accounting Policies described in our annual report on Form 10-K filed with the SEC on February 13, 2018.

Refer to Note 2 to our consolidated financial statements for the description of our significant accounting policies.

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VI. Loan Portfolio Details

The following table provides details of our loan portfolio, on a loan-by-loan basis, as of March 31, 2018 ($ in millions):

	Loan Type[(1)]	Origination Date[(2)]	Total Loan[(3)]	Principal Balance[(3)]	Net Book Value	Cash Coupon[(4)]	All-in Yield[(4)]	Maximum Maturity[(5)]	Location
1	Senior loan	3/22/2018	$ 1,230.0	$1,230.0	$ 1,220.2	L + 3.15%	L + 3.40%	3/15/2023	Diversified - Spain
2	Senior loan	5/11/2017	752.6	668.7	665.2	L + 3.40%	L + 3.60%	6/10/2023	Northern Virginia
3	Senior loan[(3)]	5/15/2015	590.0	555.4	94.1	L + 4.25%	L + 4.58%	5/15/2020	Miami
4	Senior loan[(3)]	8/6/2015	517.6	517.6	93.8	4.49%	5.81%	10/29/2022	Diversified - EUR
5	Senior loan	1/7/2015	315.0	297.9	297.4	L + 3.50%	L + 3.71%	1/9/2021	New York
6	Senior loan	5/1/2015	320.3	294.5	294.4	L + 3.45%	L + 3.83%	5/1/2020	New York
7	Senior loan	2/13/2018	330.0	294.0	293.4	L + 3.42%	L + 3.54%	3/9/2023	New York
8	Senior loan	3/31/2017	258.4	241.5	239.7	L + 4.15%	L + 4.54%	4/9/2022	Maui
9	Senior loan	12/22/2017	225.0	225.0	223.0	L + 2.80%	L + 3.16%	1/9/2023	Chicago
10	Senior loan	6/4/2015	222.9	222.9	225.4	L + 4.20%	L + 4.20%	3/19/2021	Diversified - CAN
11	Senior loan	6/23/2015	221.6	214.8	214.5	L + 3.65%	L + 4.00%	5/8/2022	Washington DC
12	Senior loan	8/3/2016	275.9	208.1	206.8	L + 4.66%	L + 5.23%	8/9/2021	New York
13	Senior loan	2/25/2014	195.0	195.0	194.2	L + 4.01%	L + 4.46%	3/9/2021	Diversified - US
14	Senior loan	8/19/2016	200.0	189.8	189.9	L + 3.64%	L + 4.10%	9/9/2021	New York
15	Senior loan	4/15/2016	200.0	188.8	188.7	L + 4.25%	L + 4.86%	5/9/2021	New York
16	Senior loan	1/26/2017	287.8	178.5	176.2	L + 5.50%	L + 5.95%	2/9/2022	Boston
17	Senior loan	12/22/2016	204.5	178.2	177.3	L + 3.50%	L + 4.07%	1/9/2022	New York
18	Senior loan	3/8/2016	181.2	171.3	170.4	L + 3.55%	L + 3.85%	3/9/2021	Orange County
19	Senior loan	8/17/2016	187.0	169.0	168.1	L + 3.75%	L + 4.13%	9/9/2021	San Francisco
20	Senior loan	5/16/2017	189.2	167.4	166.0	L + 3.90%	L + 4.29%	5/16/2021	Chicago
21	Senior loan	8/31/2017	183.0	166.7	165.2	L + 3.00%	L + 3.40%	9/9/2022	Orange County
22	Senior loan	11/30/2017	197.4	159.1	157.4	L + 3.80%	L + 4.20%	12/9/2022	San Jose
23	Senior loan	2/12/2016	225.0	150.6	148.5	L + 5.75%	L + 7.10%	2/11/2021	Seattle
24	Senior loan	10/5/2016	145.5	144.4	143.9	L + 4.35%	L + 4.84%	10/9/2021	Diversified - US
25	Senior loan[(3)]	6/30/2015	142.2	139.2	27.5	L + 4.75%	L + 5.26%	8/15/2022	San Francisco
26	Senior loan	8/23/2017	165.0	136.1	134.7	L + 3.25%	L + 3.64%	10/9/2022	Los Angeles
27	Senior loan	1/30/2014	133.4	133.4	133.0	L + 4.30%	L + 5.83%	6/1/2018	New York
28	Senior loan	10/26/2016	129.4	129.4	128.7	L + 4.20%	L + 4.57%	11/9/2021	Oakland
29	Senior loan	11/14/2017	128.5	128.5	127.4	L + 3.80%	L + 4.16%	12/9/2022	Huntington Beach
30	Senior loan	12/21/2017	182.5	127.5	125.8	L + 3.25%	L + 3.68%	1/9/2023	Atlanta

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	Loan Type[1]	Origination Date[2]	Total Loan[3]	Principal Balance[3]	Net Book Value	Cash Coupon[4]	All-in Yield[4]	Maximum Maturity[5]	Location
31	Senior loan	6/29/2017	141.1	124.2	123.2	L + 3.35%	L + 3.77%	7/9/2022	Torrance
32	Senior loan	10/17/2016	120.6	120.6	119.9	L + 3.95%	L + 3.98%	10/21/2021	Diversified - UK
33	Senior loan	11/2/2017	140.0	120.0	118.8	L + 3.20%	L + 3.62%	11/9/2022	Boston
34	Senior loan	12/9/2014	131.2	113.6	113.3	L + 3.65%	L + 3.80%	12/9/2021	Diversified - US
35	Senior loan	2/18/2016	112.1	112.1	112.1	L + 3.75%	L + 4.41%	4/20/2019	London - UK
36	Senior loan	2/20/2014	110.0	110.0	109.8	L + 3.95%	L + 4.16%	3/9/2021	Long Island
37	Senior loan	7/28/2016	119.0	107.2	106.6	L + 3.60%	L + 4.00%	8/9/2021	Atlanta
38	Senior loan	6/24/2015	107.3	104.9	104.8	L + 4.25%	L + 4.62%	7/9/2020	Honolulu
39	Senior loan	3/21/2018	113.2	104.0	103.0	L + 3.10%	L + 3.36%	3/21/2024	Jacksonville
40	Senior loan	3/13/2018	123.0	103.0	101.8	L + 3.50%	L + 3.83%	4/9/2025	Honolulu
41	Senior loan	1/22/2016	128.5	99.9	99.5	L + 4.25%	L + 4.69%	2/9/2021	Los Angeles
42	Senior loan	5/22/2014	100.0	96.3	96.2	L + 3.75%	L + 4.07%	6/15/2021	Orange County
43	Senior loan	1/31/2017	134.8	96.1	95.1	L + 5.00%	L + 5.49%	2/9/2022	Boston
44	Senior loan	3/10/2016	98.5	94.4	94.1	L + 4.10%	L + 4.52%	4/9/2021	Chicago
45	Senior loan	5/16/2014	100.0	93.0	92.7	L + 3.85%	L + 4.21%	4/9/2022	Miami
46	Senior loan	2/18/2015	89.9	85.6	85.6	L + 3.75%	L + 3.87%	3/9/2020	Diversified - CA
47	Senior loan	2/27/2015	102.2	85.5	84.8	L + 3.55%	L + 3.90%	4/28/2022	Chicago
48	Senior loan	2/12/2016	100.0	82.2	81.9	L + 4.15%	L + 4.46%	3/9/2021	Long Island
49	Senior loan	7/11/2014	87.2	82.2	81.8	L + 3.55%	L + 3.83%	8/9/2020	Chicago
50	Senior loan	10/28/2014	85.0	82.1	81.9	L + 3.75%	L + 4.01%	11/9/2019	New York
51	Senior loan	5/1/2015	83.5	81.4	81.4	L + 3.95%	L + 4.31%	5/9/2020	Maryland
52	Senior loan	8/18/2017	76.3	76.3	75.7	L + 4.10%	L + 4.46%	8/18/2022	Brussels
53	Senior loan	3/31/2017	91.2	71.8	71.2	L + 4.30%	L + 4.89%	4/9/2022	New York
54	Senior loan	6/4/2015	74.7	71.3	72.1	5.14%[6]	5.43 %[6]	3/28/2019	Diversified - CAN
55	Senior loan	5/11/2017	135.9	67.8	66.7	L + 3.40%	L + 3.91%	6/10/2023	Northern Virginia
56	Senior loan	10/6/2014	67.0	67.0	66.9	L + 4.35%	L + 4.61%	10/9/2019	Long Island
57	Senior loan	6/29/2016	75.4	66.8	66.5	L + 3.65%	L + 4.08%	7/9/2021	Fort Lauderdale
58	Senior loan	11/30/2016	79.0	66.6	66.2	L + 3.95%	L + 4.39%	12/9/2021	Chicago
59	Senior loan	9/1/2017	72.0	64.0	63.4	L + 4.15%	L + 4.58%	9/9/2021	New York
60	Senior loan	3/11/2014	65.0	62.3	62.3	L + 4.50%	L + 4.77%	4/9/2019	New York

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	Loan Type[1]	Origination Date[2]	Total Loan[3]	Principal Balance[3]	Net Book Value	Cash Coupon[4]	All-in Yield[4]	Maximum Maturity[5]	Location
61	Senior loan	11/28/2013	65.9	62.2	62.4	L + 4.15%	L + 5.10%	1/20/2020	London - UK
62	Senior loan	5/9/2017	73.7	61.2	60.7	L + 3.85%	L + 4.30%	5/9/2022	New York
63	Senior loan	7/13/2017	86.3	60.0	59.3	L + 3.75%	L + 4.18%	8/9/2022	Honolulu
64	Senior loan	1/13/2014	60.0	60.0	59.9	L + 3.45%	L + 4.89%	6/9/2020	New York
65	Senior loan	6/29/2017	64.2	57.5	57.0	L + 3.40%	L + 3.71%	7/9/2023	New York
66	Senior loan	10/6/2017	55.9	54.6	54.3	L + 2.95%	L + 3.21%	10/9/2022	Nashville
67	Senior loan	9/9/2014	56.0	52.5	52.4	L + 4.00%	L + 4.25%	9/9/2019	Ft. Lauderdale
68	Senior loan	11/23/2016	55.4	51.6	51.3	L + 3.50%	L + 3.80%	12/9/2022	New York
69	Senior loan	11/1/2017	52.1	51.2	50.9	L + 2.95%	L + 3.21%	11/9/2022	Denver
70	Senior loan	5/20/2015	58.0	50.0	50.0	5.34%[6]	5.62%[6]	6/30/2019	Charlotte
71	Senior loan	12/27/2016	57.2	49.5	49.1	L + 4.65%	L + 5.08%	1/9/2022	New York
72	Senior loan	2/9/2017	48.8	46.5	46.1	L + 4.50%	L + 4.98%	2/9/2022	London
73	Senior loan	11/19/2015	48.7	45.9	45.9	L + 4.00%	L + 4.50%	10/9/2018	New York
74	Senior loan	9/22/2016	46.0	45.5	45.5	L + 4.25%	L + 4.90%	10/9/2019	New York
75	Senior loan	5/20/2015	45.0	44.0	43.8	L + 3.00%	L + 3.33%	11/1/2022	Los Angeles
76	Senior loan	8/29/2017	51.2	43.5	43.1	L + 3.10%	L + 3.52%	10/9/2022	Southern California
77	Senior loan	10/6/2017	41.1	41.0	40.7	L + 2.95%	L + 3.20%	10/9/2022	Las Vegas
78	Senior loan	10/30/2017	41.0	41.0	41.0	L + 3.95%	L + 4.38%	5/1/2019	Washington DC
79	Senior loan	6/26/2015	42.1	39.4	39.4	L + 3.75%	L + 3.76%	7/9/2020	San Diego
80	Senior loan	8/25/2015	43.8	37.4	37.3	L + 4.50%	L + 4.76%	9/9/2018	Los Angeles
81	Senior loan	11/17/2014	37.2	37.2	37.2	L + 5.50%	L + 5.76%	12/9/2019	Diversified - CAN
82	Senior loan	10/22/2015	36.4	36.4	36.4	L + 4.50%	L + 4.76%	10/22/2018	London - UK
83	Senior loan	9/1/2016	35.2	35.2	35.2	L + 4.35%	L + 4.95%	9/1/2021	Atlanta
84	Senior loan	10/6/2017	34.8	34.6	34.4	L + 2.95%	L + 3.20%	10/9/2022	Las Vegas
85	Senior loan	6/12/2014	34.4	34.4	34.2	L + 4.00%	L + 4.23%	6/30/2020	Los Angeles
86	Senior loan	11/15/2017	34.0	34.0	33.9	L + 4.35%	L + 4.85%	6/1/2019	Sacramento
87	Senior loan	4/17/2015	33.2	33.2	33.2	L + 4.50%	L + 4.95%	4/20/2020	Hague - NL
88	Senior loan	5/20/2015	36.3	31.8	31.8	L + 3.60%	L + 4.10%	7/11/2019	Los Angeles
89	Senior loan	5/28/2015	48.6	31.6	31.5	L + 4.00%	L + 4.58%	6/30/2020	Los Angeles
90	Senior loan	5/8/2017	80.0	30.3	29.5	L + 3.75%	L + 4.63%	5/8/2022	Washington DC

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	Loan Type(1)	Origination Date(2)	Total Loan(3)	Principal Balance(3)	Net Book Value	Cash Coupon(4)	All-in Yield(4)	Maximum Maturity(5)	Location
91	Senior loan	3/1/2018	28.0	28.0	27.7	L + 2.95%	L + 3.31%	3/9/2023	Houston
92	Senior loan	1/30/2018	28.0	28.0	27.7	L + 2.90%	L + 3.26%	2/9/2023	Houston
93	Senior loan	12/15/2017	22.5	22.5	22.1	L + 3.25%	L + 4.31%	12/9/2020	Diversified - US
94	Senior loan	5/28/2015	20.5	20.5	20.5	L + 3.95%	L + 5.68%	3/31/2019	Pittsburgh
95	Senior loan	6/4/2015	20.4	20.4	20.3	4.50%	5.05%	12/23/2021	Montreal - CAN
96	Senior loan	7/20/2017	193.2	19.4	17.4	L + 5.10%	L + 6.16%	8/9/2022	Oakland
97	Senior loan	6/4/2015	17.5	17.5	17.5	4.63%	5.02%	3/1/2019	Ontario - CAN
98	Senior loan	6/4/2015	16.7	16.7	16.8	5.20%	5.55%	9/4/2020	Diversified - CAN
99	Senior loan	11/2/2017	17.9	16.4	16.4	L + 3.90%	L + 4.24%	11/1/2020	Phoenix
100	Senior loan	3/9/2018	17.8	16.3	16.3	L + 3.75%	L + 4.00%	4/1/2023	Los Angeles
101	Senior loan	6/18/2014	14.8	14.8	14.8	L + 4.00%	L + 4.38%	7/20/2019	Diversified - NL
102	Senior loan	10/20/2017	17.2	14.0	13.9	L + 4.25%	L + 4.62%	11/1/2021	Houston
103	Senior loan	9/6/2017	13.3	13.3	13.3	L + 4.25%	L + 5.16%	4/1/2019	Austin
104	Senior loan	7/13/2017	13.1	13.1	13.1	L + 4.50%	L + 4.90%	2/1/2020	Orlando
105	Senior loan	7/21/2017	7.3	7.3	7.3	L + 5.00%	L + 5.35%	7/1/2019	Phoenix
106	Senior loan	9/22/2017	91.0	0.0	(0.9)	L + 5.25%	L + 6.00%	10/9/2022	Oakland
			$ 13,641.2	$12,136.9	$ 11,081.7	5.36%	5.78%	3.7 yrs	

(1) Senior loans include senior mortgages and similar credit quality loans, including related contiguous subordinate loans and pari passu participations in senior mortgage loans.

(2) Date loan was originated or acquired by us, and the LTV as of such date. Dates are not updated for subsequent loan modifications or upsizes.

(3) In certain instances, we finance our loans through the non-recourse sale of a senior loan interest that is not included in our consolidated financial statements. As of March 31, 2018, three loans in our portfolio have been financed with an aggregate $995.9 million of non-consolidated senior interest, which are included in the table above.

(4) As of March 31, 2018, our floating rate loans were indexed to various benchmark rates, with 83% of floating rate loans by loan exposure indexed to USD LIBOR. In addition to cash coupon, all-in yield includes the amortization of deferred origination and extension fees, loan origination costs, and purchase discounts, as well as the accrual of exit fees.

(5) Maximum maturity assumes all extension options are exercised, however our loans may be repaid prior to such date.

(6) Loan consists of one or more floating and fixed rate tranches. Coupon and all-in yield assume applicable floating benchmark rates for weighted-average calculation.

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ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK
Interest Rate Risk

Loan Portfolio Net Interest Income

Generally, our business model is such that rising interest rates will increase our net income, while declining interest rates will decrease net income. As of March 31, 2018, 94% of our loans by total loan exposure earned a floating rate of interest and were financed with liabilities that pay interest at floating rates, which resulted in an amount of net equity that is positively correlated to rising interest rates, subject to the impact of interest rate floors on certain of our floating rate loans. As of March 31, 2018, the remaining 6% of our loans by total loan exposure earned a fixed rate of interest, but are financed with liabilities that pay interest at floating rates, which resulted in a negative correlation to rising interest rates to the extent of our financing. In certain instances where we have financed fixed rate assets with floating rate liabilities, we have purchased interest rate swaps or caps to limit our exposure to increases in interest rates on such liabilities.

The following table projects the impact on our interest income and expense for the twelve-month period following March 31, 2018, assuming an immediate increase or decrease of both 25 and 50 basis points in the applicable interest rate benchmark by currency ($ in thousands):

Currency	Assets (Liabilities) Subject to Interest Rate Sensitivity[1][2]		25 Basis Point Increase	25 Basis Point Decrease	50 Basis Point Increase	50 Basis Point Decrease
USD	$ 9,456,295	Interest income	$ 23,641	$ (23,416)	$ 47,281	$ (46,756)
	(6,443,085)	Interest expense	(15,836)	16,108	(31,433)	32,215
	$ 3,013,210	Total	$ 7,805	$ (7,308)	$ 15,848	$ (14,541)
GBP	$ 377,788	Interest income	$ 944	$ (944)	$ 1,889	$ (1,889)
	(186,118)	Interest expense	(465)	465	(931)	931
	$ 191,670	Total	$ 479	$ (479)	$ 958	$ (958)
EUR	$ 1,354,268	Interest income	$	$	$ 2,329	$
	(1,056,847)	Interest expense			(1,818)	
	$ 297,421	Total	$	$	$ 511	$
CAD[3]	$ 261,288	Interest income	$ 653	$ (653)	$ 1,306	$ (1,306)
	(231,697)	Interest expense	(579)	579	(1,117)	1,158
	$ 29,591	Total	$ 74	$ (74)	$ 189	$ (148)

Total	$ 8,358	$ (7,861)	$ 17,506	$ (15,647)

(1) Our floating rate loans and related liabilities are indexed to the various benchmark rates relevant in each case in terms of currency and payment frequency. Therefore the net exposure to each benchmark rate is in direct proportion to our net assets indexed to that rate.
(2) Includes borrowings under secured debt agreements, loan participations sold, non-consolidated senior interests, and securitized debt obligations.
(3) Liabilities balance includes four interest rate swaps totaling C$108.0 million ($83.8 million as of March 31, 2018) that are used to hedge a portion of our fixed rate debt.

Loan Portfolio Value

As of March 31, 2018, 6% of our loans by total loan exposure earned a fixed rate of interest and as such, the values of such loans are sensitive to changes in interest rates. We generally hold all of our loans to maturity and so do not expect to realize gains or losses on our fixed rate loan portfolio as a result of movements in market interest rates.

Risk of Non-Performance

In addition to the risks related to fluctuations in cash flows and asset values associated with movements in interest rates, there is also the risk of non-performance on floating rate assets. In the case of a significant increase in interest rates, the additional debt service payments due from our borrowers may strain the operating cash flows of the collateral real estate assets and, potentially, contribute to non-performance or, in severe cases, default. This risk is partially mitigated by various facts we consider during our underwriting process, which in certain cases include a requirement for our borrower to purchase an interest rate cap contract.

Credit Risks

Our loans and investments are also subject to credit risk. The performance and value of our loans and investments depend upon the sponsors ability to operate the properties that serve as our collateral so that they produce cash flows adequate to pay interest and principal due to us. To monitor this risk, our Manager s asset management team reviews our investment portfolios and in certain instances is in regular contact with our borrowers, monitoring performance of the collateral and enforcing our rights as necessary.

In addition, we are exposed to the risks generally associated with the commercial real estate market, including variances in occupancy rates, capitalization rates, absorption rates, and other macroeconomic factors beyond our control. We seek to manage these risks through our underwriting and asset management processes.

Capital Market Risks

We are exposed to risks related to the equity capital markets, and our related ability to raise capital through the issuance of our class A common stock or other equity instruments. We are also exposed to risks related to the debt capital markets, and our related ability to finance our business through borrowings under credit facilities or other debt instruments. As a REIT, we are required to distribute a significant portion of our taxable income annually, which constrains our ability to accumulate operating cash flow and therefore requires us to utilize debt or equity capital to finance our business. We seek to mitigate these risks by monitoring the debt and equity capital markets to inform our decisions on the amount, timing, and terms of capital we raise.

Counterparty Risk

The nature of our business requires us to hold our cash and cash equivalents and obtain financing from various financial institutions. This exposes us to the risk that these financial institutions may not fulfill their obligations to us under these various contractual arrangements. We mitigate this exposure by depositing our cash and cash equivalents and entering into financing agreements with high credit-quality institutions.

The nature of our loans and investments also exposes us to the risk that our counterparties do not make required interest and principal payments on scheduled due dates. We seek to manage this risk through a comprehensive credit analysis prior to making an investment and active monitoring of the asset portfolios that serve as our collateral.

Currency Risk

Our loans and investments that are denominated in a foreign currency are also subject to risks related to fluctuations in currency rates. We mitigate this exposure by matching the currency of our foreign currency assets to the currency of the borrowings that finance those assets. As a result, we substantially reduce our exposure to changes in portfolio value related to changes in foreign currency rates. In certain circumstances, we may also enter into foreign currency

derivative contracts to further mitigate this exposure.

The following table outlines our assets and liabilities that are denominated in a foreign currency (£/ /C$ in thousands):

			March 31, 2018		
Foreign currency assets[1]	£	643,876	1,121,768	C$	507,408
Foreign currency liabilities[1]		(435,459)	(855,979)		(407,165)
Foreign currency contracts - notional		(112,700)	(185,000)		(89,800)
Net exposure to exchange rate fluctuations	£	95,717	80,789	C$	10,443

(1) Balances include non-consolidated senior interests of £302.0 million

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We estimate that a 10% appreciation of the United States Dollar relative to the British Pound Sterling and the Euro would result in a decline in our net assets in U.S. Dollar terms of $29.2 million and $32.7 million, respectively, as of March 31, 2018. Substantially all of our net asset exposure to the Canadian Dollar has been hedged with foreign currency forward contracts.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

An evaluation of the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rule 13a-15(e) under the Securities Exchange Act of 1934, as amended (the Exchange Act)), as of the end of the period covered by this quarterly report on Form 10-Q was made under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer. Based upon this evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that our disclosure controls and procedures (a) are effective to ensure that information required to be disclosed by us in reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported within the time periods specified by SEC rules and forms and (b) include, without limitation, controls and procedures designed to ensure that information required to be disclosed by us in reports filed or submitted under the Exchange Act is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

Changes in Internal Controls over Financial Reporting

There have been no changes in our internal control over financial reporting (as defined in Rule 13a-15(f) of the Exchange Act) that occurred during the period covered by this quarterly report on Form 10-Q that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

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PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

From time to time, we may be involved in various claims and legal actions arising in the ordinary course of business. As of March 31, 2018, we were not involved in any material legal proceedings.

ITEM 1A. RISK FACTORS

There have been no material changes to the risk factors previously disclosed under Item 1A of our Annual Report on Form 10-K for the year ended December 31, 2017.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

None.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS

Exhibit Number	Exhibit Description
10.1	Senior Facilities Agreement, dated March 2, 2018, between Project Quasar Pledgeco S.L.U., Bank of America Merrill Lynch International Limited, Deutsche Bank AG, London Branch, J.P. Morgan Securities PLC, Morgan Stanley Bank, N.A., Morgan Stanley Principal Funding, Inc., Parlex 15 Lux Eur Finco, S.À.R.L., The Royal Bank of Scotland PLC, SOF Investments S.À.R.L. and Situs Asset Management Limited.
10.2	Third Supplemental Indenture, dated March 27, 2018, between Blackstone Mortgage Trust, Inc. and The Bank of New York Mellon Trust Company, N.A., as trustee (filed as Exhibit 4.2 to the Company s Current Report on Form 8-K (File No. 001-14788) filed with the Commission on March 27, 2018 and incorporated herein by reference).
10.3	Form of 4.75% Convertible Senior Notes due 2023 (included as Exhibit A in Exhibit 10.2).
10.4	Amendment No. 8 to Amended and Restated Master Repurchase and Securities Contract, dated as of March 13, 2018, between Parlex 5 Finco, LLC and Wells Fargo Bank, National Association.
10.5	First Amendment to Second Amended and Restated Master Repurchase Agreement, dated as of December 21, 2017, among Parlex 2 Finance, LLC, Parlex 2A Finco, LLC, Parlex 2 UK Finco, LLC, Parlex 2 EUR Finco, LLC, Blackstone Mortgage Trust, Inc. and Citibank, N.A.
10.6	Second Amendment to Second Amended and Restated Master Repurchase Agreement, dated as of March 30, 2018, among Parlex 2 Finance, LLC, Parlex 2A Finco, LLC, Parlex 2 UK Finco, LLC, Parlex 2 EUR Finco, LLC, Blackstone Mortgage Trust, Inc. and Citibank, N.A.
10.7	Amendment No. 5 to Master Repurchase Agreement, dated as of December 21, 2017, among Parlex 1 Finance, LLC and Bank of America, N.A.
10.8	Amendment No. 6 to Master Repurchase Agreement, dated as of March 30, 2018, among Parlex 1 Finance, LLC and Bank of America, N.A.
31.1	Certification of Chief Executive Officer, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2	Certification of Chief Financial Officer, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1 +	Certification of Chief Executive Officer, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.2 +	Certification of Chief Financial Officer, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101.INS	XBRL Instance Document

101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document

+ This exhibit shall not be deemed filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the Exchange Act) or otherwise subject to the liability of that Section. Such exhibit shall not be deemed incorporated into any filing under the Securities Act of 1933, as amended (the Securities Act), or the Exchange Act.

The agreements and other documents filed as exhibits to this report are not intended to provide factual information or other disclosure other than with respect to the terms of the agreements or other documents themselves, and you should not rely on them for that purpose. In particular, any representations and warranties made by us in these agreements or other documents were made solely within the specific context of the relevant agreement or document and may not describe the actual state of affairs as of the date they were made or at any other time.

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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.

	BLACKSTONE MORTGAGE TRUST, INC.
April 24, 2018 Date	/s/ Stephen D. Plavin Stephen D. Plavin Chief Executive Officer (Principal Executive Officer)
April 24, 2018 Date	/s/ Anthony F. Marone, Jr. Anthony F. Marone, Jr. Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer)