

# Blackstone Mortgage Trust, Inc. Third Quarter 2017 Results

October 24, 2017

## BXMT Highlights

BXMT's \$10.7 billion portfolio of senior commercial real estate loans produced \$0.61 of GAAP EPS and \$0.69 of Core EPS<sup>(a)</sup> in 3Q driving TTM dividend coverage to 102%

### Income

**\$0.62**

3Q dividend

**8.0%**

dividend yield<sup>(b)</sup>

100% performing  
loan portfolio  
generates current  
cash income

### Stable

**\$10.7B**

senior loan portfolio

**61%**

Loan-to-Value<sup>(c)</sup>

Stable portfolio  
financed with long-  
term, match-funded  
liabilities

### Protected

**92%**

floating rate

**+\$0.26**

net interest income per 1%  
increase in LIBOR

Portfolio positioned for  
yield and value  
protection in changing  
rate environment

### Expertise

**\$1.1B**

3Q originations

**\$111B**

BX Real Estate investor  
capital under management

Blackstone Real  
Estate platform  
provides expert  
management

Information included in this presentation is as of or for the period ended September 30, 2017, unless otherwise indicated. YTD information is for the nine months ended September 30, 2017.

(a) See Appendix for a definition and reconciliation to GAAP net income

(b) Based on annualized dividend and BXMT closing price as of September 30, 2017

(c) Reflects LTV as of the date loans were originated or acquired by BXMT

## Third Quarter 2017 Results

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### Earnings & Dividends

- ▶ 3Q EPS of \$0.61 and Core Earnings<sup>(a)</sup> of \$0.69 per share; book value of \$26.52
- ▶ 3Q dividend of \$0.62 per share equates to an 8.0% dividend yield<sup>(b)</sup>

### Loan Originations

- ▶ 3Q origination of \$1.1 billion; YTD volume of \$3.6 billion up 33% from prior year
- ▶ Fundings under previously originated commitments in 3Q totaled \$172 million

### Portfolio Composition

- ▶ \$10.7 billion portfolio<sup>(c)</sup> with a weighted average origination LTV<sup>(d)</sup> of 61%
- ▶ Coastal markets emphasis with 41% of loans secured by assets in CA or NY

### Financing

- ▶ Debt-to-Equity ratio<sup>(e)</sup> of 2.6x; match funded long-term leverage
- ▶ \$115 million add-on issuance of 4.375% May 2022 convertible notes

### Interest Rates

- ▶ 92% of the portfolio is floating rate
- ▶ 1.0% increase in LIBOR would increase annual net interest income by \$0.26 per share

(a) See Appendix for a definition and reconciliation to GAAP net income

(b) Based on annualized dividend and BXMT closing price as of September 30, 2017

(c) Includes \$988 million of Non-Consolidated Senior Interests, see Appendix for definition

(d) Reflects LTV as of the date loans were originated or acquired by BXMT

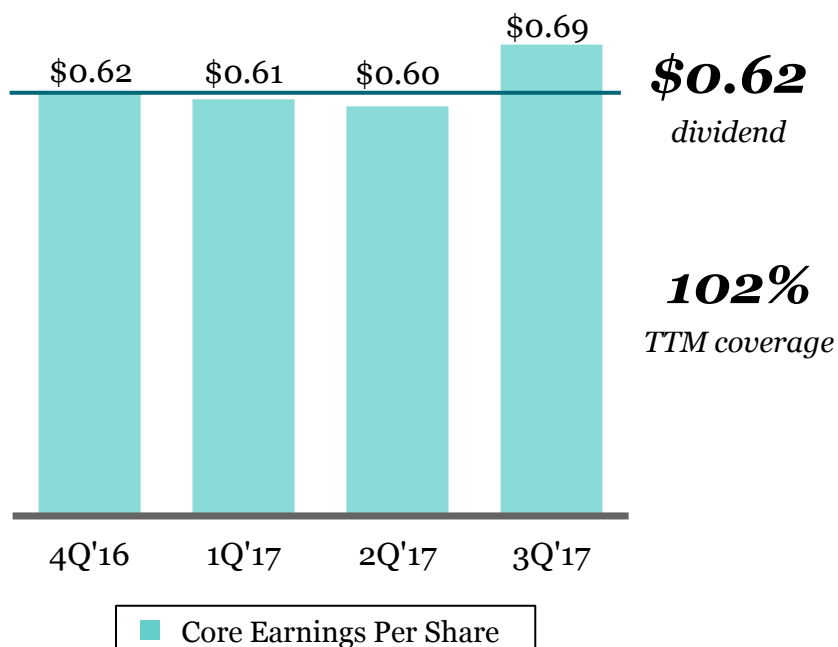
(e) Represents (i) total outstanding secured debt agreements and convertible notes, less cash, to (ii) total equity

## Earnings & Dividends

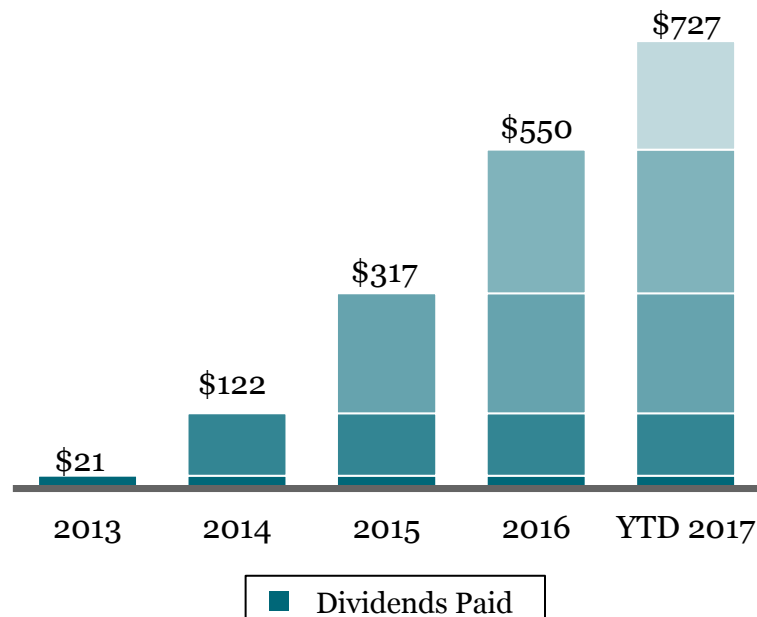
- ▶ GAAP earnings of \$0.61 per share (\$58 million) and Core Earnings<sup>(a)</sup> of \$0.69 per share (\$65 million)
- ▶ \$0.62 per share dividend equates to an 8.0% dividend yield<sup>(b)</sup>
- ▶ Book value of \$26.52 per share, up \$0.14 from prior quarter

(\$ in millions)

### TTM Dividend Coverage<sup>(c)</sup>



### Cumulative Dividends



(a) See Appendix for a definition and reconciliation to GAAP net income  
 (b) Based on annualized dividend and BXMT closing price as of September 30, 2017  
 (c) GAAP EPS of \$0.57, \$0.54, \$0.53 and \$0.61 as of 4Q'16, 1Q'17, 2Q'17 and 3Q'17, respectively

## Loan Originations

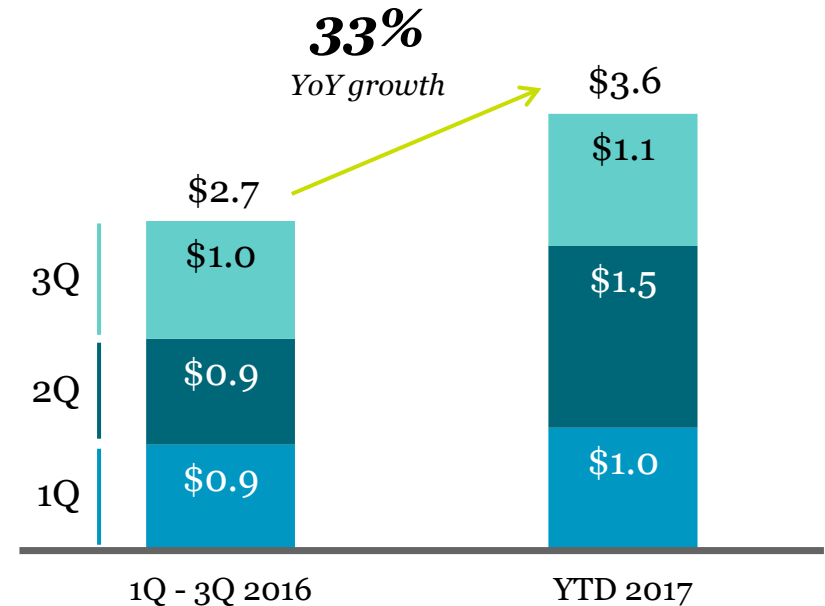
- ▶ Originated \$1.1 billion in 3Q with YTD 2017 totaling \$3.6 billion of originations, up 33% from prior year
- ▶ Fundings under previously originated commitments in the quarter totaled \$172 million
- ▶ 64% of 3Q originations are collateralized by assets located in California
- ▶ Originated 2 new construction loans totaling \$284 million that will contribute to outstandings in future periods

(\$ in billions)

### 3Q 2017 Originations

- ✓ 100% senior loans
- ✓ 100% floating rate
- ✓ Weighted average LTV<sup>(a)</sup> of 63%
- ✓ Large loans: \$116 million avg. size<sup>(b)</sup>

### Origination Growth

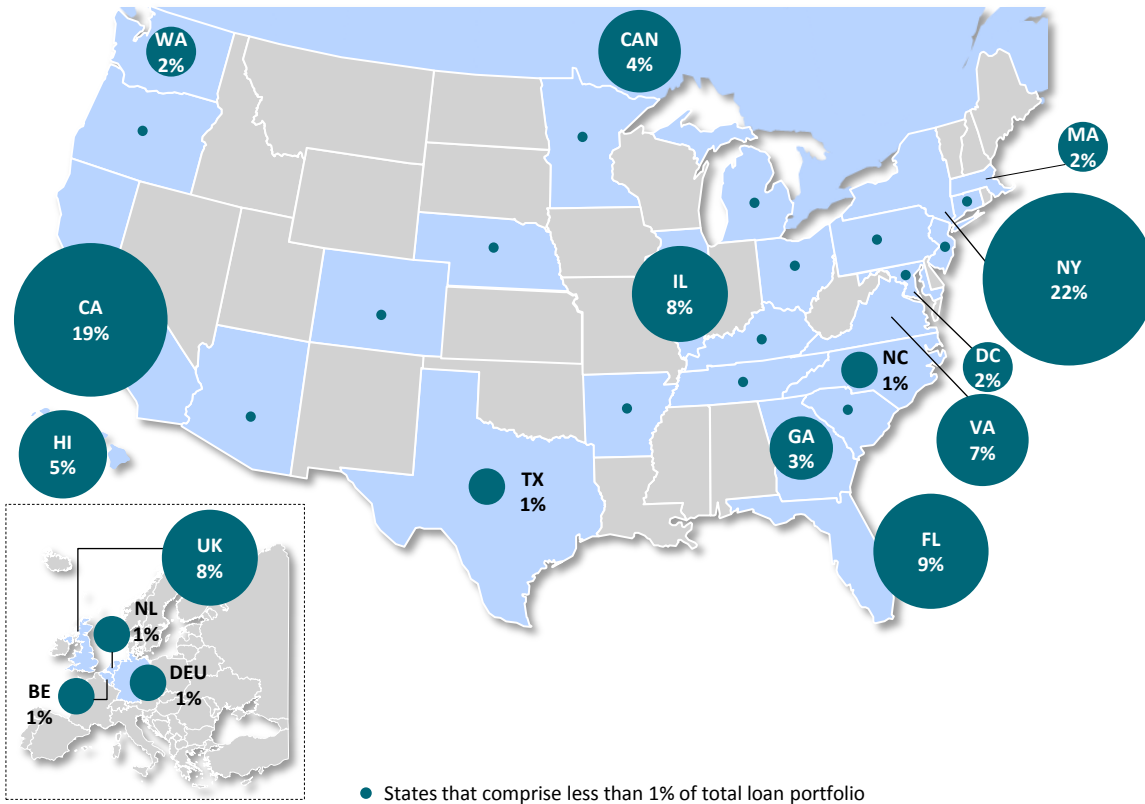


(a) Reflects LTV as of the date loans were originated or acquired by BXMT  
(b) Excludes loans originated in the BXMT-Walker & Dunlop joint venture

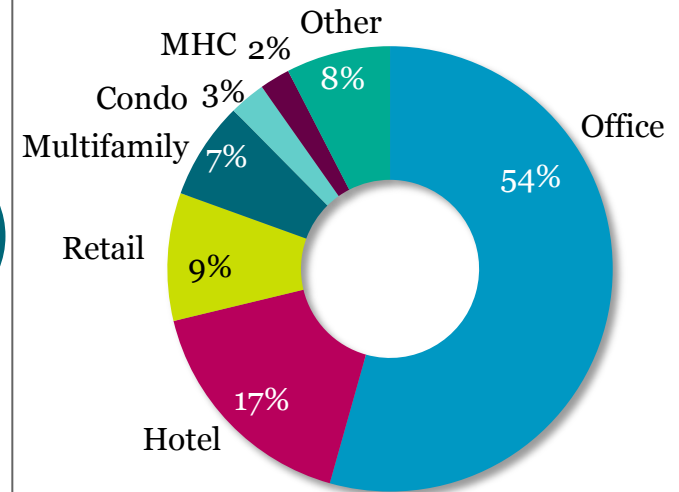
## Portfolio Composition

- ▶ \$10.7 billion portfolio comprising 111 senior loans secured by institutional quality real estate concentrated in major markets; 41% of loans secured by assets located in New York or California

### Geographic Diversification<sup>(a)</sup>



### Collateral Diversification<sup>(a)</sup>



### Weighted Average LTV<sup>(b)</sup>

61%

- (a) 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 in our Form 10-Q for further discussion. Total loan exposure encompasses the entire loan we originated and financed, including \$988 million of such Non-Consolidated Senior Interests as of September 30, 2017.
- (b) Reflects LTV as of the date loans were originated or acquired by BXMT

## Financing

- ▶ Total asset-level financing capacity of \$10.7 billion was 68% utilized at quarter-end
- ▶ Closed \$450 million of credit facility financing for bridge loans originated in the BXMT-Walker & Dunlop joint venture
- ▶ 3Q \$115 million add-on issuance of 4.375% May 2022 convertible notes increased total outstanding to \$403 million

(\$ in billions)

### Financing

Credit Facilities	Coupon of L+1.90%	\$5.9
Corporate Debt	Convertible Notes: 4.64% Secured Facility: L+2.25%	\$0.7
<b>Corporate Obligations</b>		<b>\$6.6</b>
Securitized Debt	Coupon of L+1.86%	\$0.5
Senior Loan Interests <sup>(a)</sup>	Pricing directly related to underlying collateral assets	\$1.0
<b>Total Leverage</b>		<b>\$8.3</b>

# 2.6x

Debt-to-Equity Ratio<sup>(b)</sup>

# 3.2x

Total Leverage Ratio<sup>(c)</sup>

(a) In addition to \$33 million of loan participations sold, includes \$988 million of Non-Consolidated Senior Interests, which result from non-recourse sales of senior loan interests in loans BXMT originates. BXMT's net investments in these loans are reflected in the form of mezzanine or other subordinate loans on BXMT's balance sheet.

(b) Represents (i) total outstanding secured debt agreements, convertible notes, less cash, to (ii) total equity

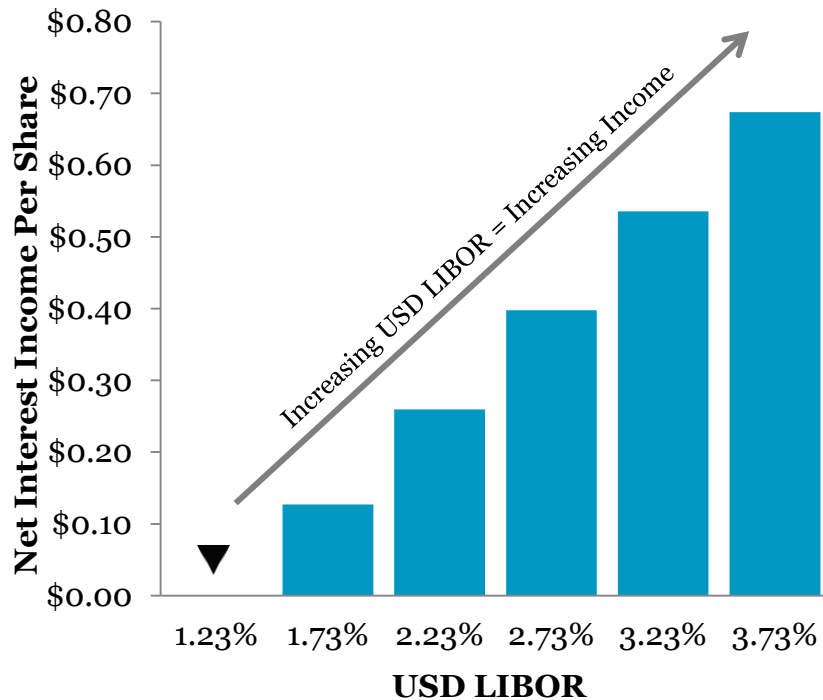
(c) Represents (i) total outstanding secured debt agreements, convertible notes, loan participations sold, Non-Consolidated Senior Interests, and securitized debt obligations, less cash, to (ii) total equity

## Interest Rates

- ▶ Core Earnings are positively correlated to changes in LIBOR, the benchmark index for 92% of BXMT's loans
- ▶ A 1.0% increase in USD LIBOR would increase net interest income per share by \$0.26 per annum

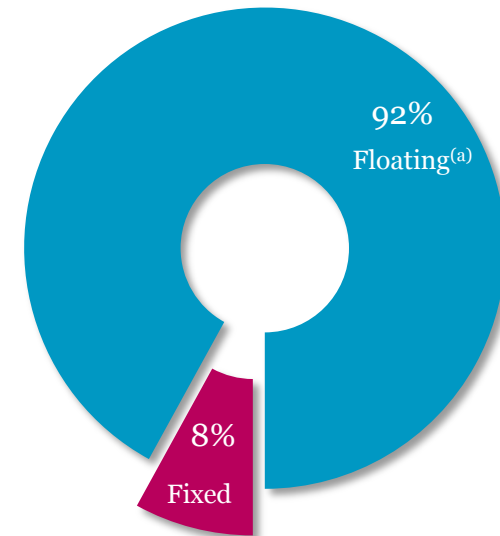
### Portfolio Income Sensitivity to USD LIBOR

(Annual Dollars of Net Interest Income Per Share)



### Portfolio Fixed vs. Floating

(% of Total Loan Exposure)



(a) As of September 30, 2017, \$274 million of floating rate loans earned interest based on floors that were above the applicable index, with an average floor of 1.24%



# Appendix

## Appendix – Third Quarter 2017 Operating Results & Net Funding

### Operating Results

(\$ in millions)

	GAAP Net Income	Adjustments	Core Earnings
Interest Income	\$ 146.4	\$ (0.1)	\$ 146.3
Interest Expense	(67.9)	0.5	(67.4)
Management and Incentive Fees	(13.2)	—	(13.2)
G&A / Other	(1.6)	1.1	(0.5)
Non-Cash Compensation	(5.9)	5.9	—
Net income attributable to non-controlling interests	(0.1)	—	(0.1)
<b>Total</b>	<b>\$ 57.7</b>	<b>\$ 7.4</b>	<b>\$ 65.1</b>

**\$0.61**

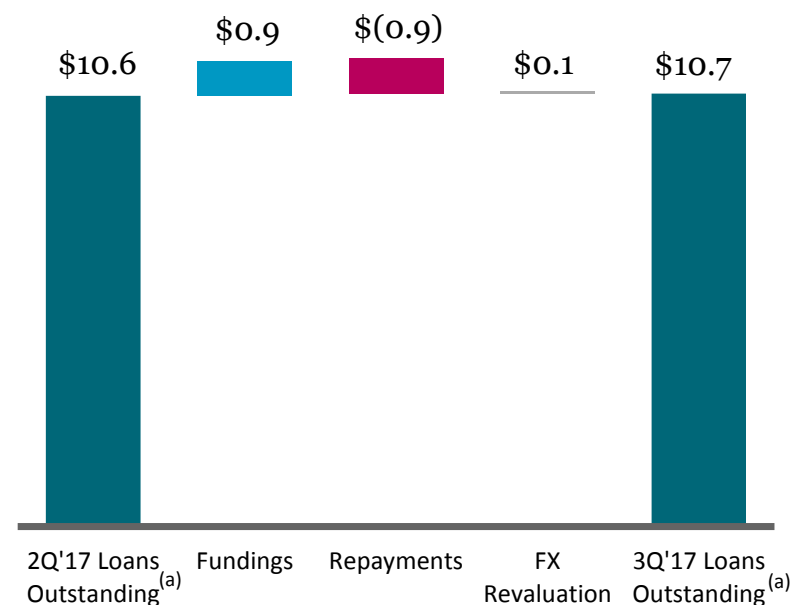
Net Income Per Share

**\$0.69**

Core Earnings Per Share

### Net Funding

(\$ in billions)



**\$10 million<sup>(b)</sup>**

Net Repayments

(a) Includes \$983 million and \$988 million of Non-Consolidated Senior Interests as of June 30, 2017 and September 30, 2017, respectively, see Appendix for definition  
 (b) Excludes the impact of changes in foreign currency rates and hedges for non-USD loans and financings

## Loan Portfolio Details

(\$ in millions)

	Loan Type	Origination Date <sup>(a)</sup>	Total Loan <sup>(b)</sup>	Principal Balance <sup>(b)</sup>	Net Book Value	Cash Coupon	All-In Yield	Maximum Maturity <sup>(c)</sup>	Location	Property Type	Loan Per SQFT / Unit / Key	Origination LTV <sup>(a)</sup>
Loan 1	Senior Loan	5/11/2017	\$ 753	\$ 645	\$ 641	L + 3.40%	L + 3.60%	6/10/2023	Virginia	Office	316 / sqft	62%
Loan 2	Senior Loan <sup>(b)</sup>	5/15/2015	590	531	90	L + 4.25%	L + 4.74%	5/15/2020	Miami	Retail	674 / sqft	36%
Loan 3	Senior Loan <sup>(b)</sup>	8/6/2015	495	495	90	4.49%	5.82%	10/29/2022	Diversified - EUR	Other	n/a	71%
Loan 4	Senior Loan	5/1/2015	320	295	294	L + 3.45%	L + 3.83%	5/1/2020	New York	Office	375 / sqft	68%
Loan 5	Senior Loan	1/7/2015	315	294	293	L + 3.50%	L + 3.71%	1/9/2021	New York	Office	252 / sqft	53%
Loan 6	Senior Loan	6/4/2015	274	274	278	L + 4.34%	L + 4.20%	9/2/2020	Diversified - CAN	Hotel	42,371 / key	54%
Loan 7	Senior Loan	3/31/2017	258	242	239	L + 4.15%	L + 4.54%	4/9/2022	Maui	Hotel	318,182 / key	75%
Loan 8	Senior Loan	6/23/2015	223	215	215	L + 3.65%	L + 3.97%	5/8/2022	Washington DC	Office	241 / sqft	72%
Loan 9	Senior Loan	7/31/2014	215	213	213	L + 3.40%	L + 3.52%	8/9/2019	Chicago	Office	281 / sqft	64%
Loan 10	Senior Loan	8/3/2016	276	194	192	L + 4.66%	L + 5.21%	8/9/2021	New York	Office	267 / sqft	57%
Loan 11	Senior Loan	8/19/2016	200	190	190	L + 3.64%	L + 4.10%	9/9/2021	New York	Office	579 / sqft	69%
Loan 12	Senior Loan	4/15/2016	200	189	188	L + 4.25%	L + 4.86%	5/9/2021	New York	Office	176 / sqft	40%
Loan 13	Senior Loan	2/25/2014	181	181	181	L + 4.75%	L + 5.07%	3/9/2019	Diversified - US	Hotel	95,113 / key	58%
Loan 14	Senior Loan <sup>(b)</sup>	6/30/2015	180	177	35	L + 4.75%	L + 5.16%	8/15/2022	San Francisco	Condo	827 / sqft	60%
Loan 15	Senior Loan	12/22/2016	205	172	171	L + 3.50%	L + 4.07%	1/9/2022	New York	Office	242 / sqft	66%
Loan 16-111	Senior Loans	Various	7,657	6,362	6,327	5.17% <sup>(d)</sup>	5.58% <sup>(d)</sup>	Various	Various	Various	Various	62%
<b>Total/Wtd. Avg.</b>			<b>\$ 12,342</b>	<b>\$ 10,669</b>	<b>\$ 9,637</b>	<b>5.13%</b>	<b>5.55%</b>	<b>3.4 years</b>				<b>61%</b>

(a) Date loan was originated or acquired by BXMT, and the LTV as of such date

(b) In certain instances, loans are financed through the non-recourse sale of a senior loan interest that is not included in the consolidated financial statements. As of September 30, 2017, three loans in the portfolio have been financed with an aggregate \$988 million of Non-Consolidated Senior Interests, which are included in the table above.

(c) Maximum maturity assumes all extension options are exercised; however, floating rate loans generally may be repaid prior to their final maturity without penalty

(d) Consists of both floating and fixed rates. Coupon and all-in yield assume applicable floating benchmark rates for weighted-average calculation.

## Consolidated Balance Sheets

(\$ in thousands, except per share data)

	September 30, 2017	December 31, 2016
<b>Assets</b>		
Cash and cash equivalents	\$ 61,221	\$ 75,567
Restricted Cash	32,864	—
Loans receivable, net	9,637,152	8,692,978
Other assets	45,680	44,070
<b>Total assets</b>	<b>\$ 9,776,917</b>	<b>\$ 8,812,615</b>
<b>Liabilities and equity</b>		
Secured debt agreements, net	\$ 6,079,135	\$ 5,716,354
Loan participations sold, net	33,193	348,077
Securitized debt obligations, net	474,298	—
Convertible notes, net	562,741	166,762
Other liabilities	101,758	87,819
<b>Total liabilities</b>	<b>7,251,125</b>	<b>6,319,012</b>
Commitments and contingencies	—	—
<b>Equity</b>		
Class A common stock, \$0.01 par value	948	945
Additional paid-in capital	3,109,094	3,089,997
Accumulated other comprehensive loss	(32,362)	(56,202)
Accumulated deficit	(558,066)	(541,137)
<b>Total Blackstone Mortgage Trust, Inc. stockholders' equity</b>	<b>2,519,614</b>	<b>2,493,603</b>
Non-controlling interests	6,178	—
<b>Total equity</b>	<b>2,525,792</b>	<b>2,493,603</b>
<b>Total liabilities and equity</b>	<b>\$ 9,776,917</b>	<b>\$ 8,812,615</b>

## Consolidated Statements of Operations

(\$ in thousands, except per share data)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2017	2016	2017	2016
Income from loans and other investments				
Interest and related income	\$ 146,446	\$ 128,190	\$ 391,787	\$ 381,686
Less: Interest and related expenses	67,891	45,373	168,917	139,819
Income from loans and other investments, net	78,555	82,817	222,870	241,867
Other expenses				
Management and incentive fees	13,243	13,701	40,557	43,161
General and administrative expenses	7,419	7,414	22,219	20,990
Total other expenses	20,662	21,115	62,776	64,151
Gain on investments at fair value	—	2,824	—	13,413
Income from equity investment in unconsolidated subsidiary	—	2,060	—	2,192
Income before income taxes	57,893	66,586	160,094	193,321
Income tax provision	83	194	265	281
<b>Net income</b>	<b>\$ 57,810</b>	<b>\$ 66,392</b>	<b>\$ 159,829</b>	<b>\$ 193,040</b>
Net income attributable to non-controlling interests	(88)	(1,598)	(88)	(8,119)
<b>Net income attributable to Blackstone Mortgage Trust, Inc.</b>	<b>\$ 57,722</b>	<b>\$ 64,794</b>	<b>\$ 159,741</b>	<b>\$ 184,921</b>
<b>Per share information (basic and diluted)</b>				
Weighted-average shares of common stock outstanding	95,013,087	94,071,537	95,004,188	94,067,923
<b>Net income per share of common stock</b>	<b>\$ 0.61</b>	<b>\$ 0.69</b>	<b>\$ 1.68</b>	<b>\$ 1.97</b>

## Per Share Calculations

(Amounts in thousands, except per share data)

### Core Earnings Reconciliation

	Three Months Ended	
	September 30, 2017	June 30, 2017
Net income <sup>(a)</sup>	\$ 57,722	\$ 50,613
Non-cash compensation expense	5,944	5,959
GE purchase discount accretion adjustment <sup>(b)</sup>	(138)	(198)
Other items	1,610	1,001
<b>Core Earnings</b>	<b>\$ 65,138</b>	<b>\$ 57,375</b>
Weighted-average shares outstanding, basic and diluted	95,013	95,006
<b>Core Earnings per share, basic and diluted</b>	<b>\$ 0.69</b>	<b>\$ 0.60</b>

### Book Value per Share

	September 30, 2017	June 30, 2017
Stockholders' equity	\$ 2,519,614	\$ 2,506,473
Shares		
Class A common stock	94,828	94,828
Deferred stock units	190	182
Total outstanding	95,018	95,010
<b>Book value per share</b>	<b>\$ 26.52</b>	<b>\$ 26.38</b>

### Earnings per Share

	Three Months Ended	
	September 30, 2017	June 30, 2017
Net income <sup>(a)</sup>	\$ 57,722	\$ 50,613
Weighted-average shares outstanding, basic and diluted	95,013	95,006
<b>Earnings per share, basic and diluted</b>	<b>\$ 0.61</b>	<b>\$ 0.53</b>

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

(b) 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 pending the repayment of those loans

## Reconciliation of Net Income to Core Earnings

(Amounts in Thousands, Except per Share Data)

	Three Months Ended			
	Dec 31, 2016	Mar 31, 2017	Jun 30, 2017	Sep 30, 2017
Net income <sup>(a)</sup>	\$ 53,375	\$ 51,405	\$ 50,613	\$ 57,722
CT Legacy Portfolio net income	(502)	—	—	—
Non-cash compensation expense	4,955	5,907	5,959	5,944
GE purchase discount accretion adjustment <sup>(b)</sup>	(320)	(216)	(198)	(138)
Other items	742	1,024	1,001	1,610
Core Earnings	\$ 58,250	\$ 58,120	\$ 57,375	\$ 65,138
Weighted-average shares outstanding, basic and diluted	94,456	94,993	95,006	95,013
<b>Net income per share, basic and diluted</b>	<b>\$ 0.57</b>	<b>\$ 0.54</b>	<b>\$ 0.53</b>	<b>\$ 0.61</b>
<b>Core Earnings per share, basic and diluted</b>	<b>\$ 0.62</b>	<b>\$ 0.61</b>	<b>\$ 0.60</b>	<b>\$ 0.69</b>

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

(b) 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 pending the repayment of those loans

## Definitions

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**Core Earnings:** Blackstone Mortgage Trust, Inc. (“BXMT”) discloses Core Earnings, a financial measure that is calculated and presented on the basis of methodologies other than in accordance with generally accepted accounting principles in the United States of America (“GAAP”) in this presentation.

Core Earnings is an adjusted measure that helps BXMT evaluate its performance excluding the effects of certain transactions and GAAP adjustments that it believes are not necessarily indicative of its current loan origination portfolio and operations. Although according to its management agreement BXMT calculates the incentive and base management fees due to its Manager using Core Earnings before incentive fees expense, beginning with the third quarter of 2015, BXMT reports Core Earnings after incentive fees expense, as BXMT believes this is a more meaningful presentation of the economic performance of its class A common stock.

Core Earnings is defined 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 the 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 BXMT’s manager, subject to approval by a majority of its independent directors.

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 BXMT’s GAAP cash flows from operations, a measure of BXMT’s liquidity, or an indication of funds available for its cash needs. In addition, BXMT’s 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, its reported Core Earnings may not be comparable to the Core Earnings reported by other companies.

**Non-Consolidated Senior Interests:** Senior interests in loans originated and syndicated to third parties. These non-recourse loan participations constitute additional financing capacity and are included in discussions of the loan portfolio.



## Forward-Looking Statements

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This presentation may contain 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 BXMT's current views with respect to, among other things, its operations and financial performance. You can identify these forward-looking statements by the use of words such as "outlook," "indicator," "believes," "expects," "potential," "continues," "may," "will," "should," "seeks," "predicts," "intends," "plans," "estimates," "anticipates" or the negative version of these words or other comparable words. Such forward-looking statements are subject to various risks and uncertainties. Accordingly, there are or will be important factors that could cause actual outcomes or results to differ materially from those indicated in these statements. BXMT believes these factors include but are not limited to those described under the section entitled "Risk Factors" in its Annual Report on Form 10-K for the fiscal year ended December 31, 2016, as such factors may be updated from time to time in its periodic filings with the Securities and Exchange Commission ("SEC") which are accessible on the SEC's website at [www.sec.gov](http://www.sec.gov). These factors should not be construed as exhaustive and should be read in conjunction with the other cautionary statements that are included in this presentation and in the filings. BXMT assumes no obligation to update or supplement forward-looking statements that become untrue because of subsequent events or circumstances.