

**Item 1: Cover Page**

**BXMT Advisors L.L.C.**

345 Park Avenue

New York, NY 10154

(212) 583-5000

[www.blackstone.com](http://www.blackstone.com)

as of March 31, 2017

Form ADV, Part 2A; the “Brochure” provides information about the qualifications and business practices of BXMT Advisors L.L.C., a Delaware limited liability company (“BXMT Advisors”).

If you have any questions about the contents of this Brochure, please contact Judy Turchin, Chief Compliance Officer for BXMT Advisors, at (212) 583-5000; [judy.turchin@blackstone.com](mailto:judy.turchin@blackstone.com). The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority.

Additional information about BXMT Advisors is also available at the SEC’s website [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) (click on the link “Investment Adviser Search”, select “Firm” and type in the name “BXMT Advisors L.L.C.”). The search results will provide you with both Parts 1 and 2A of BXMT Advisors’ Form ADV.

BXMT Advisors is registered with the SEC as an investment adviser. BXMT Advisors’ registration as an investment adviser does not imply any level of skill or training. The oral and written communications BXMT Advisors provides to you, including this Brochure, serve as information for you to use to evaluate BXMT Advisors and should be considered in your decision whether to invest in BXMT (as defined herein), the only vehicle currently advised by BXMT Advisors.

The Blackstone logo, featuring the word "Blackstone" in a white serif font on a black rectangular background.

## **Item 2: Material Changes**

BXMT Advisors was previously registered with the SEC in reliance on the Form ADV of Blackstone Real Estate Special Situations Advisors L.L.C. (“BRESSA”).

There has not been a material change to the Brochure since BRESSA’s last annual update on March 30, 2017.

However, please carefully read **Items 5, 8 and 10**, which describe certain fees and expenses, potential risk of loss and potential conflicts of interest, respectively.

BXMT Advisors, at any time, may update this Brochure and offer to send you a copy (either by electronic means (email) or in hard copy form).

If you would like another copy of this Brochure, please download it from the SEC’s website as indicated on the cover of this Brochure, or you may contact BXMT Advisors’ Chief Compliance Officer, Judy Turchin, at (212) 583-5000; [judy.turchin@blackstone.com](mailto:judy.turchin@blackstone.com).

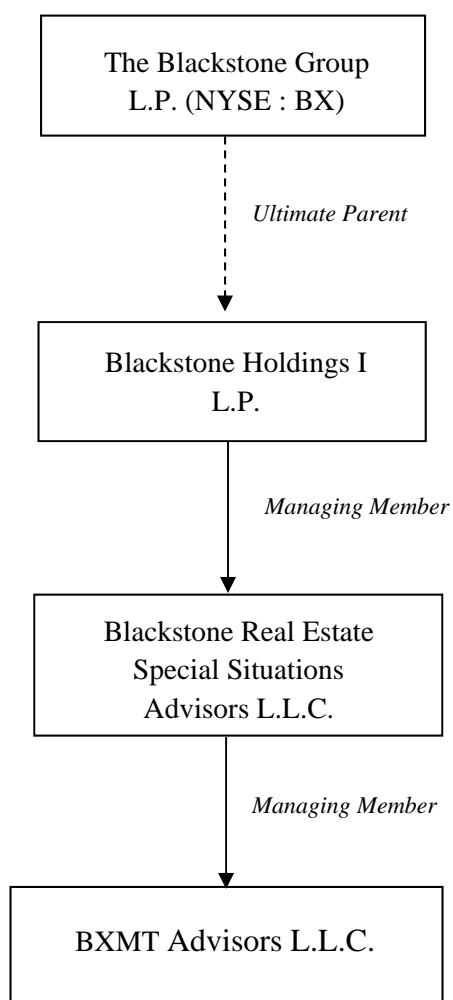
**Item 3: Table of Contents**

Item 1:	Cover Page .....	i
Item 2:	Material Changes .....	ii
Item 3:	Table of Contents .....	iii
Item 4:	Advisory Business .....	4
Item 5:	Fees and Compensation .....	7
Item 6:	Performance-Based Fees and Side-By-Side Management .....	13
Item 7:	Types of Clients .....	14
Item 8:	Methods of Analysis, Investment Strategies and Risk of Loss.....	15
Item 9:	Disciplinary Information.....	20
Item 10:	Other Financial Industry Activities and Affiliations .....	21
Item 11:	Code of Ethics, Participation or Interest in Client Transactions and Personal Trading ..	37
Item 12:	Brokerage Practices .....	39
Item 13:	Review of Accounts .....	41
Item 14:	Client Referrals and Other Compensation .....	42
Item 15:	Custody .....	43
Item 16:	Investment Discretion .....	44
Item 17:	Voting Client Securities (i.e., Proxy Voting).....	45
Item 18:	Financial Information.....	46
Item 19:	Requirements for State Registered Advisers .....	47

**Item 4: Advisory Business****Overview of the Firm**

BXMT Advisors L.L.C., a Delaware limited liability company (“BXMT Advisors”) has since its formation in December 2012 managed the investments and the day-to-day business and affairs of Blackstone Mortgage Trust, Inc., a publicly traded “real estate investment trust,” or “REIT,” which is listed on the New York Stock Exchange and trades under the ticker symbol “BXMT”, and its subsidiaries (together, “BXMT”). BXMT is a real estate finance company that originates and acquires senior loans collateralized by properties in North America and Europe.

The ultimate parent of BXMT Advisors is The Blackstone Group L.P., which is a publicly held limited partnership listed on the New York Stock Exchange that trades under the ticker symbol “BX”. Please see the structure chart below. The Blackstone Group L.P. (together with its affiliates, “Blackstone”) is a leading global alternative investment manager with investment vehicles focused on private equity, real estate, hedge fund solutions, non-investment grade credit, secondary private equity funds of funds and multi-asset class strategies. Please see **Item 10: Other Financial Industry Activities and Affiliations** for more information.



As of December 31, 2016, BXMT Advisors had regulatory assets under management of approximately \$8.85 billion on a discretionary basis. Please note that this figure is an unaudited estimate.

### Description of Advisory Services

BXMT Advisors manages the investments and the day-to-day business and affairs of BXMT, subject at all times to the terms and conditions of the BXMT Management Agreement (as defined below) between BXMT Advisors and BXMT and to the supervision of BXMT's board of directors (the "BXMT Board of Directors"). As external manager to BXMT, BXMT Advisors, among other things:

1. Identifies and analyzes investment opportunities;
2. Participates in the monitoring and evaluation of investments; and

3. Manages BXMT's investment activities and other business affairs in conformity with investment guidelines approved by the BXMT Board of Directors and other policies that are approved and monitored by the BXMT Board of Directors.

BXMT Advisors tailors its advisory services to the needs of BXMT. However, the individual needs of the investors in BXMT are not the basis of investment decisions by BXMT Advisors. Investment advice is provided directly to BXMT by BXMT Advisors and not individually to the investors therein.

## **Item 5: Fees and Compensation**

### **Management Fees and Performance Fees Payable to BXMT Advisors**

Pursuant to BXMT Advisors' management agreement with BXMT (as amended, supplemented or otherwise modified, the "BXMT Management Agreement"), BXMT Advisors is entitled to a management fee ("BXMT Management Fee"), payable quarterly, in an amount equal to the greater of (i) \$250,000 per annum (\$62,500 per quarter); and (ii) 1.50% per annum (0.375% per quarter) of BXMT's Equity (as defined in the BXMT Management Agreement). The BXMT Management Agreement includes further details on fees, compensation and related matters, including performance-based compensation (see **Item 6** below).

The BXMT Management Fee and performance-based compensation are invoiced to BXMT at an appropriate time following the applicable quarter.

### **Other Fees Payable to BXMT Advisors and its Affiliates**

BXMT is required to reimburse BXMT Advisors or its affiliates for documented costs and expenses incurred by it and its affiliates on BXMT's behalf except those specifically required to be borne by BXMT Advisors under the BXMT Management Agreement as described below. BXMT Advisors is responsible for the expenses related to any and all personnel of BXMT Advisors and its affiliates who provide services to BXMT pursuant to the BXMT Management Agreement or otherwise (including, without limitation, each of BXMT's officers and any of BXMT's directors who are also directors, officers or employees of BXMT Advisors or any of its affiliates), including, without limitation, salaries, bonus and other wages, payroll taxes and the cost of employee benefit plans of such personnel, and costs of insurance with respect to such personnel.

BXMT Advisors or its affiliates may also receive (i) fees from portfolio entities, if any, borrowers or other third parties (x) as compensation for the arranging, underwriting, syndication or refinancing of an investment, (y) as additional fees, including acquisition fees, special servicing and administrative fees, and (z) fees related to capital markets transactions and advice, investment banking, financial/advisory, healthcare consulting/brokerage, brokerage, capital market/credit origination, loan services, title and/or other types of insurance, consulting (including management consulting), group purchasing, asset/property management, due diligence and other services, (ii) fees from, or with respect to, BXMT's investments and from unconsummated transactions, including net break-up and topping fees, net commitment fees, net transaction fees, net monitoring fees, assumption, restructuring, directors' fees and net organization, financing, origination, divestment and similar fees, and (iii) fees associated with capital invested by co-investors relating to investments in which BXMT participates or

otherwise, in connection with a joint venture in which BXMT participates or otherwise with respect to assets or other interests retained by a seller or other commercial counterparty with respect to which BXMT Advisors or its affiliates performs services.

BXMT Advisors or its affiliates, from time to time, may also receive topping, break-up or other similar fees in connection with any unconsummated or terminated transaction. Such other fees may give rise to conflicts of interest in connection with BXMT's investment activities.

BXMT Advisors may engage affiliated service providers to provide various services to BXMT. As a result, Blackstone, through its interest in any such affiliated service providers (including, for example, LNLS (as defined in **Item 10**), the Blackstone Center of Excellence and CT Investment Management Co., LLC) receives (or will receive) fees and compensation resulting from BXMT and its investments. As a result, while Blackstone believes that any such affiliated service providers, when engaged, generally provides (or Blackstone believes they will provide) services at competitive market rates, there is an inherent conflict of interest that may incentivize Blackstone to engage its affiliated service provider over a third party. Please also see **Item 10: Other Financial Industry Activities and Affiliations – Service Providers** for more information.

In addition, BXMT Advisors also engages and retains on behalf of BXMT senior advisors, strategic advisors, consultants, and other similar professionals who are not employees or affiliates of BXMT Advisors, and who will, from time to time, receive payments from, or performance-based compensation (e.g., promote) from Blackstone or BXMT. Such payments and/or performance-based compensation, as applicable, will be paid at rates determined by Blackstone and/or BXMT Advisors, in its sole discretion.

Moreover, Blackstone and its personnel can be expected to receive certain intangible and/or other benefits and/or perquisites arising or resulting from their activities on behalf of BXMT, which will not be otherwise shared with BXMT. For example, airline travel or hotel stays incurred as BXMT expenses may result in "miles" or "points" or credit in loyalty/status programs, and such benefits and/or amounts will, whether or not de minimis or difficult to value, inure exclusively to Blackstone and/or such personnel (and not BXMT) even though the cost of the underlying service is borne by BXMT.

BXMT will bear the costs and expenses related to the organization or maintenance of any entity used to directly or indirectly acquire, hold or dispose of any investment or to otherwise facilitate BXMT's investment activities (including, without limitation, travel and other expenses related to underwriting and pursuing an investment (with respect to such entity and its activities), and the salary and benefits of any personnel reasonably necessary and/or advisable for the maintenance and operation of such entity), expenses of liquidating BXMT subsidiaries, capital raising and



investor-related services and other similar costs and expenses, and to the extent not reimbursed by a third-party, all third-party expenses incurred in connection with a proposed investment that is not ultimately made or a proposed disposition that is not actually consummated (including legal, tax, accounting, travel and other expenses related to underwriting and pursuing an investment, advisory, consulting and printing expenses and any liquidated damages, forfeited deposits, reverse termination fees or similar payments). Service providers (including affiliates of BXMT Advisors) may be retained for such purposes in accordance with the terms described in **Item 10 – Other Financial Industry Activities and Affiliations – Service Providers**.

BXMT may be required to make contingent funding commitments or guarantees to vehicles or entities in or alongside which BXMT invests and to provide other credit support arrangements in connection therewith. Such credit support may take the form of a guarantee, a letter of credit or other forms of promise to provide funding. Such credit support may result in fees, expenses and interest costs to BXMT, which could adversely impact the results of BXMT.

### Expenses

The following is a list of expenses that are typically borne by BXMT (and indirectly by the investors in BXMT) and paid directly to third parties. This list is not intended to be exhaustive; prospective and existing investors in BXMT are advised to review the BXMT Management Agreement and BXMT's SEC filings for a more extensive description of the expenses associated with an investment in BXMT. Please see **Item 12: Brokerage Practices** for a discussion of brokerage practices.

- Fees, costs and expenses in connection with the issuance and transaction costs incident to the acquisition, negotiation, structuring, trading, settling, disposition and financing of BXMT's investments and investments of its subsidiaries (whether or not consummated), including brokerage commissions, hedging costs, prime brokerage fees, custodial expenses, clearing and settlement charges, forfeited deposits, and other investment costs fees and expenses actually incurred in connection with the pursuit, making, holding, settling, monitoring or disposing of actual or potential investments.
- Fees, costs, and expenses of legal, tax, accounting, consulting, auditing (including internal audit), finance, administrative, investment banking, capital market and other similar services rendered to BXMT (including, where the context requires, through one or more third parties and/or affiliates of BXMT Advisors) or, if provided by BXMT Advisors' personnel, in accordance with the terms and conditions of the BXMT Management Agreement.

- The compensation and expenses of BXMT's directors (excluding those directors who are officers of BXMT Advisors) and the cost of liability insurance to indemnify BXMT's directors and officers.
- Interest and fees and expenses arising out of borrowings made by BXMT, including, but not limited to, costs associated with the establishment and maintenance of any of BXMT's credit facilities, other financing arrangements, or other indebtedness of BXMT's (including commitment fees, accounting fees, legal fees, closing and other similar costs) or any of BXMT's securities offerings.
- Expenses connected with communications to holders of BXMT's securities or securities of BXMT's subsidiaries and other bookkeeping and clerical work necessary in maintaining relations with holders of such securities and in complying with the continuous reporting and other requirements of governmental bodies or agencies, including, without limitation, all costs of preparing and filing required reports with the SEC, the costs payable by BXMT to any transfer agent and registrar in connection with the listing and/or trading of BXMT's securities on any exchange, the fees payable by BXMT to any such exchange in connection with its listing, costs of preparing, printing and mailing BXMT's annual report to its stockholders and proxy materials with respect to any meeting of BXMT's stockholders and any other reports or related statements.
- BXMT's allocable share of costs associated with technology-related expenses, including without limitation, any computer software or hardware, electronic equipment or purchased information technology services from third party vendors or affiliates of BXMT Advisors, technology service providers and related software/hardware utilized in connection with BXMT's investment and operational activities.
- BXMT's allocable share of expenses incurred by managers, officers, personnel and agents of BXMT Advisors for travel on BXMT's behalf and other out-of-pocket expenses incurred by them in connection with the purchase, financing, refinancing, sale or other disposition of an investment or the establishment and maintenance of any of BXMT's securitizations or any of its securities offerings.
- BXMT's allocable share of costs and expenses incurred with respect to market information systems and publications, research publications and materials, including, without limitation, news research and quotation equipment and services.
- The costs and expenses relating to ongoing regulatory compliance matters and regulatory reporting obligations relating to BXMT's activities.

- The costs of any litigation involving BXMT or its assets and the amount of any judgments or settlements paid in connection therewith, directors and officers, liability or other insurance and indemnification or extraordinary expense or liability relating to BXMT's affairs.
- All taxes and license fees.
- All insurance costs incurred in connection with the operation of BXMT's business except for the costs attributable to the insurance that BXMT Advisors elects to carry for itself and its personnel.
- BXMT's allocable share of costs and expenses incurred in contracting with third parties, in whole or in part, on BXMT's behalf.
- All other costs and expenses relating to BXMT's business and investment operations, including, without limitation, the costs and expenses of acquiring, owning, protecting, maintaining, developing and disposing of investments, including appraisal, reporting, audit and legal fees.
- Expenses relating to any office(s) or office facilities, including, but not limited to, disaster backup recovery sites and facilities, maintained for BXMT or its investments separate from the office or offices of BXMT Advisors.
- Expenses connected with the payments of interest, dividends or distributions in cash or any other form authorized or caused to be made by the BXMT Board of Directors to or on account of holders of BXMT's securities or of its subsidiaries, including, without limitation, in connection with any dividend reinvestment plan.
- Any judgment or settlement of pending or threatened proceedings (whether civil, criminal or otherwise) against BXMT or any of its subsidiaries, or against any trustee, director, partner, member or officer of BXMT or of any subsidiary in his or her capacity as such for which BXMT or any of its subsidiaries is required to indemnify such trustee, director, partner, member or officer by any court or governmental agency.
- All other expenses actually incurred by BXMT Advisors (except as otherwise described above) which are reasonably necessary for the performance by BXMT Advisors of its duties and functions under the BXMT Management Agreement.

BXMT is also required to reimburse BXMT Advisors or its affiliates for the documented costs and expenses incurred by BXMT Advisors and its affiliates except those specifically required to

be borne by BXMT Advisors under the BXMT Management Agreement. BXMT Advisors is therefore required from time to time to determine whether certain costs and expenses are to be borne by BXMT, on the one hand, or BXMT Advisors on the other hand, and, in the case of costs and expenses to be borne by BXMT which may also relate to Other Blackstone Vehicles (as defined in **Item 10**), the allocation of such costs and expenses among BXMT and such Other Blackstone Vehicles. Certain expenses may be suitable for only BXMT or participating Other Blackstone Vehicles and borne only by such Other Blackstone Vehicle, or, as is more often the case, expenses may be allocated *pro rata* among BXMT and participating Other Blackstone Vehicles even if the expenses relate only to particular vehicle(s) and/or investor(s) therein, such allocation may be calculated based on capital commitments, invested capital, available capital, or other metrics as determined by BXMT Advisors in its sole discretion. BXMT Advisors will make such judgments in its fair and reasonable discretion, notwithstanding its interest in the outcome, and may make corrective allocations should it determine that such corrections are necessary or advisable. The Audit Committee of the BXMT Board of Directors assists in the oversight and reviews on a periodic basis the costs and expenses for which BXMT Advisors seeks reimbursement. There can be no assurance that a different manner of allocation would not result in BXMT bearing less (or more) expenses.

**Item 6: Performance-Based Fees and Side-By-Side Management**

Per the BXMT Management Agreement, BXMT Advisors has the ability to earn quarterly performance-based compensation of up to 20% of Core Earnings (as defined in the BXMT Management Agreement) after a 7% annual hurdle rate is exceeded for previous four quarters and core earnings for the 12 prior quarters is greater than zero. Performance-based compensation and fees are only made when specific conditions are met.

The fact that BXMT Advisors is in part compensated based on the performance of BXMT creates an incentive for BXMT Advisors to make investments on behalf of BXMT that are riskier or more speculative than would be the case in the absence of the performance-based compensation arrangement. However, investments by Blackstone in BXMT should tend to reduce the incentive to make more speculative investments or otherwise time the sale of investments in a manner motivated by the personal interests of Blackstone personnel.

## **Item 7:      Types of Clients**

BXMT Advisors serves as external manager for BXMT pursuant to the BXMT Management Agreement. BXMT's Class A Common Stock is listed on NYSE and investors in BXMT are not required to meet any suitability requirements.

**Item 8: Methods of Analysis, Investment Strategies and Risk of Loss****Analysis**

BXMT Advisors identifies and evaluates the investments in which BXMT invests. BXMT Advisors' analysis is based on certain criteria, which include, but are not limited to risk/return profile, capital structure, liquidity and investment performance.

**Investment Strategy**

BXMT's investment strategy is to originate loans and invest in debt and related instruments supported by institutional quality commercial real estate in attractive locations. BXMT directly originates, co-originates, and acquires debt instruments in conjunction with acquisitions, refinancings, and recapitalizations of commercial real estate in North America and Europe. In the case of loans BXMT acquires, BXMT focuses on performing loans that are supported by well-capitalized properties and portfolios. As market conditions evolve over time, BXMT expects to adapt as appropriate, and may expand or change its investment strategy by targeting assets such as subordinate mortgage loans, mezzanine loans, preferred equity, real estate securities and note financings.

BXMT Advisors' investment analysis methods include fundamental, technical and cyclical research. BXMT Advisors' investment team is generally responsible for evaluating securities, private loan and other products for investment, making investment allocation and investment selection for BXMT. BXMT Advisors' investment professionals, with the advice and assistance of legal counsel when deemed appropriate, also review portfolios for adherence to the applicable investment guidelines of BXMT.

BXMT Advisors pursues a disciplined investment strategy on behalf of BXMT, with a focus on fundamental research and bottoms-up valuation. In addition, BXMT Advisors leverages the existing expertise of Blackstone's real estate group ("Blackstone Real Estate Group" or "Real Estate Group") to help it focus on similar types of assets that Blackstone's other real estate funds or vehicles would pursue, but do not do so because those opportunities fall outside the core investment strategy of those funds or vehicles. BXMT Advisors generally will evaluate investment decisions without regard to event driven circumstances and will pay special attention to underlying asset-by-asset valuation, downside protection, long-term supply-demand fundamentals and financial sponsorship. For a more detailed summary of certain key aspects of the investment strategy BXMT Advisors will utilize on behalf of BXMT, a description of the types of investments in which BXMT is expected to invest, and a discussion of risk management procedures, please refer to the BXMT Management Agreement and BXMT's SEC filings which

are available to you by contacting BXMT Advisors at the address or telephone number on the cover page of the Brochure.

BXMT's business is currently focused on originating loans and investing in debt and related instruments supported by institutional quality commercial real estate in attractive locations. While the majority of BXMT's capital will likely continue to be invested in North America and Europe, BXMT benefits from Blackstone's global real estate debt platform. BXMT directly originates, co-originates, and acquires debt instruments in conjunction with acquisitions, refinancings, and recapitalizations of commercial real estate around the world. In the case of loans BXMT acquires, BXMT focuses on performing loans that are supported by well-capitalized properties and portfolios. As market conditions evolve over time, BXMT expects to adapt as appropriate. To capitalize on the investment opportunities that may be present at various other points of an economic cycle, BXMT may expand or change its investment strategy by targeting assets such as subordinate mortgage loans, mezzanine loans, preferred equity, real estate securities and note financings.

The Investment Committee of BRESSA and BXMT Advisors (the "Investment Committee") generally meets each week to discuss certain significant potential and pending transactions for BXMT and other vehicles managed by BRESSA or its subsidiaries. The Investment Committee discusses the transaction in depth with the transaction team and decides whether to pursue the transaction and on which terms. In addition to an in-depth discussion of the subject investment, the investment thesis and investment allocation, deal tactics and syndication strategies, if applicable, will usually be discussed by the Investment Committee and the transaction team. Smaller transactions are reviewed by a prescribed subset of the Investment Committee. The Investment Committee utilizes a consensus-based approach to decision making among its members.

BXMT also has an Investment Risk Management Committee, composed of three independent members of the BXMT Board of Directors, that is generally responsible for the supervision of BXMT Advisors' compliance with BXMT's investment guidelines, and must approve any proposed investment (i) of more than 25% of BXMT's Equity (as defined in the BXMT Management Agreement) in any individual investment or (ii) in excess of \$250 million.

The above is only a summary of the principal investment strategy employed by BXMT. The material risks associated with this strategy is set forth below. Please see the SEC filings of BXMT for a more complete description.



**Risk of Loss**

An investment in BXMT entails a significant degree of risk and therefore should be undertaken only by investors capable of evaluating the risks of an investment therein and bearing the risks such investments represent. Some of the more significant risks include the following:

1. BXMT's loans and investments expose it to risks associated with debt-oriented real estate investments generally.
2. Commercial real estate-related investments that are secured, directly or indirectly, by real property are subject to delinquency, foreclosure and loss, which could result in losses to BXMT.
3. Fluctuations in interest rates and credit spreads could reduce BXMT's ability to generate income on its investments, which could lead to a significant decrease in its results of operations, cash flows and the market value of its investments.
4. BXMT operates in a competitive market for lending and investment opportunities which has recently intensified, and competition may limit BXMT's ability to originate or acquire desirable loans and investments in or dispose of assets it targets and could also affect the yields of these assets and have a material adverse effect on BXMT's business, financial condition and results of operations.
5. Prepayment rates may adversely affect BXMT's financial performance and the value of certain of its assets.
6. Difficulty in redeploying the proceeds from repayments of BXMT's existing loans and investment may cause its financial performance and returns to investors to suffer.
7. If BXMT is unable to successfully integrate new assets and manage its growth, its results of operations and financial condition may suffer.
8. BXMT's significant amount of debt may subject it to increased risk of loss and could adversely affect its results of operations and financial condition.
9. BXMT's master repurchase agreements impose, and additional lending facilities may impose, restrictive covenants, which would restrict BXMT's flexibility to determine its operating policies and investment strategy.
10. BXMT's master repurchase agreements require, and bank credit facilities, repurchase agreements or other financing that BXMT may use in the future to finance its assets may require BXMT to provide additional collateral or pay down debt.
11. BXMT depends on BXMT Advisors and its personnel for its success. BXMT may not find a suitable replacement for BXMT Advisors if the BXMT Management Agreement is

terminated, or if key personnel leave the employment of BXMT Advisors or Blackstone or otherwise become unavailable to BXMT.

12. BXMT Advisors manages BXMT's portfolio pursuant to very broad investment guidelines and is not required to seek the approval of the BXMT Board of Directors for each investment, financing, asset allocation or hedging decision made by it, which may result in BXMT making riskier loans and investments and which could adversely affect BXMT's results of operations and financial condition.
13. BXMT Advisors' fee structure may not create proper incentives or may induce BXMT Advisors and its affiliates to make certain loans or investments, including speculative investments, which increase the risk of BXMT's loan and investment portfolio.
14. BXMT may compete with existing and future private and public investment vehicles established and/or managed by Blackstone or its affiliates, which may present various conflicts of interest that restrict BXMT's ability to pursue certain investment opportunities or take other actions that are beneficial to BXMT's business and result in decisions that are not in the best interests of BXMT's stockholders.
15. BXMT does not own the Blackstone name, but may use it as part of its corporate name pursuant to a trademark license agreement with an affiliate of Blackstone. Use of the name by other parties or the termination of BXMT's trademark license agreement may harm its business.
16. BXMT's investment strategy or guidelines, asset allocation or financing strategy may be changed without stockholder consent.
17. BXMT must manage its portfolio so that it do not become an investment company that is subject to regulation under the Investment Company Act of 1940, as amended.
18. If BXMT does not maintain its qualification as a REIT, it will be subject to tax as a regular corporation and could face a substantial tax liability. BXMT's taxable REIT subsidiaries are subject to income tax.
19. REITs, in certain circumstances, may incur tax liabilities that would reduce cash available for distribution to BXMT's stockholders.
20. Complying with REIT requirements may cause BXMT to forego otherwise attractive opportunities and limit BXMT's expansion opportunities.
21. The market price of BXMT's Class A Common Stock may fluctuate significantly.

**Prospective investors are advised to review BXMT's SEC filings for a more extensive description of the applicable investment strategies and the risks of investing in BXMT.**

Stock markets, bond markets and real estate markets fluctuate substantially over time. As recent global and domestic economic events have indicated, performance of any investment is not guaranteed. As a result, there is a risk of loss of the assets BXMT Advisors manages that is out of its control. BXMT Advisors cannot guarantee any level of performance or that investors in BXMT will not experience a substantial or complete loss of their investment. There is no assurance that BXMT will be able to generate returns or that the returns will be commensurate with the risks inherent in its investment strategy. The marketability and value of any such investment will depend upon many factors beyond the control of BXMT Advisors. The expenses of BXMT may exceed its income, and an investor in BXMT could lose the entire amount of its investment. Therefore, an investor should only invest in BXMT if the investor can withstand a total loss of its investment. The past investment performance of BXMT cannot be taken to guarantee future results of BXMT or any investment in BXMT.

**Item 9: Disciplinary Information**

BXMT Advisors does not have any legal, financial or other “disciplinary” events to report. As a registered investment adviser, BXMT Advisors is obligated to disclose any legal or disciplinary event that would be material to a client or prospective client when evaluating the adviser’s advisory business or integrity of its management.

On occasion, in the ordinary course of its business, Blackstone is named as a defendant in a legal action. Although there can be no assurance of the outcome of such legal actions, BXMT Advisors does not believe that any current legal proceeding or claim to which Blackstone is a party would individually or in the aggregate materially affect BXMT Advisors and/or BXMT’s results of operations, financial position or cash flows.

Certain regulatory, litigation and other similar matters are disclosed in (i) Blackstone’s public filings (including, without limitation, its current, periodic and annual reports on Forms 8-K, 10-Q and 10-K), which may be accessed through the website of the SEC ([www.sec.gov](http://www.sec.gov)) or Blackstone (<http://ir.blackstone.com/investors/annual-reports-and-sec-filings/default.aspx>), (ii) materials made available through Blackstone’s online portal related to BXMT and (iii) BXMT’s public filings (including, without limitation, its current, periodic and annual reports on Forms 8-K, 10-Q and 10-K), which may be accessed through the website of the SEC ([www.sec.gov](http://www.sec.gov)) or BXMT ([www.blackstonemortgagetrust.com/investor-relations/](http://www.blackstonemortgagetrust.com/investor-relations/)).

## Item 10: Other Financial Industry Activities and Affiliations

### Other Financial Industry Activities

From time to time, various potential and actual conflicts of interest will arise as a result of the overall investment activities of Blackstone, BXMT, BXMT Advisors and its affiliates. The following briefly summarizes some of these conflicts, but is not intended to be an exhaustive list of all such conflicts. Blackstone and Blackstone personnel may in the future engage in further activities that may result in additional conflicts of interest not addressed herein. Investors in BXMT should consult BXMT's SEC filings for additional details on certain potential conflicts. Any references to Blackstone and BXMT Advisors in this section will be deemed to include their respective affiliates, partners, members, shareholders, officers, directors and employees.

***Other Blackstone Businesses and Activities.*** BXMT Advisors, Blackstone and their affiliates engage in a broad spectrum of activities, including a broad range of activities relating to investments in the real estate industry, and have invested or committed billions of dollars in capital through various investment funds, managed accounts and other vehicles affiliated with Blackstone. In the ordinary course of their business activities, BXMT Advisors, Blackstone and their affiliates may engage in activities where the interests of certain divisions of Blackstone and its affiliates, including BXMT Advisors, or the interests of their clients may conflict with the interests of BXMT and its stockholders. Certain of these divisions and entities affiliated with BXMT Advisors have or may have an investment strategy similar to BXMT's investment strategy and therefore may compete with BXMT. In particular, Blackstone Real Estate Debt Strategies ("BREDS"), part of Blackstone's real estate investment business, invests in a broad range of real estate-related debt investments via numerous different investment funds, managed accounts and other vehicles.

***Blackstone's Policies and Procedures.*** Specified policies and procedures implemented by Blackstone and its affiliates, including BXMT Advisors, to mitigate potential conflicts of interest and address certain regulatory requirements and contractual restrictions may reduce the advantages across Blackstone's and its affiliates' various businesses that Blackstone expects to draw on for purposes of pursuing attractive investment opportunities. Because Blackstone has many different asset management, advisory and other businesses, it is subject to a number of actual and potential conflicts of interest, greater regulatory oversight and more legal and contractual restrictions than that to which it would otherwise be subject if it had just one line of business. In addressing these conflicts and regulatory, legal and contractual requirements across its various businesses, Blackstone has implemented certain policies and procedures (e.g., information walls) that may reduce the benefits that Blackstone expects to utilize for purposes of identifying and managing its investments. For example, Blackstone may come into possession of material non-public information with respect to companies that are Blackstone's and its

affiliates' advisory clients in which BXMT Advisors may be considering making an investment or companies that are clients of Blackstone. As a consequence, that information, which could be of benefit to BXMT Advisors, might become restricted to those other businesses and otherwise be unavailable to BXMT Advisors, and could also restrict BXMT Advisors' activities. Additionally, the terms of confidentiality or other agreements with or related to companies in which any investment vehicle of Blackstone has or has considered making an investment or which is otherwise an advisory client of Blackstone and its affiliates may restrict or otherwise limit the ability of Blackstone or its affiliates, including BXMT Advisors, to engage in businesses or activities competitive with such companies.

***Performance-Based Compensation.*** BXMT pays BXMT Advisors base management fees regardless of the performance of BXMT's portfolio. BXMT Advisors' entitlement to base management fees, which is not based upon performance metrics or goals, might reduce its incentive to devote its time and effort to seeking loans and investments that provide attractive risk-adjusted returns for BXMT. Because the base management fees are also based in part on BXMT's outstanding equity, BXMT Advisors may also be incentivized to advance strategies that increase BXMT's equity, and there may be circumstances where increasing BXMT's equity will not optimize the returns for BXMT's stockholders. Consequently, BXMT is required to pay our Manager base management fees in a particular period despite experiencing a net loss or a decline in the value of BXMT's portfolio during that period.

In addition, BXMT Advisors has the ability to earn incentive fees each quarter based on BXMT's core earnings, which may create an incentive for BXMT Advisors to invest in assets with higher yield potential, which are generally riskier or more speculative, or sell an asset prematurely for a gain, in an effort to increase BXMT's short-term net income and thereby increase the incentive fees to which it is entitled. If BXMT's interests and those of BXMT Advisors are not aligned, the execution of BXMT's business plan and BXMT's results of operations could be adversely affected, which could adversely affect BXMT's results of operations and financial condition.

***Allocation of Investment Opportunities.*** Certain inherent conflicts of interest arise from the fact that Blackstone and its affiliates, including BXMT Advisors, will provide investment management and other services both to BXMT and to any other person or entity, whether or not the investment objectives or guidelines of any such other person or entity are similar to BXMT's, including, without limitation, the sponsoring, closing and/or managing of any investment funds, vehicles, REITs, accounts, products and/or other similar arrangements sponsored, advised, and/or managed by Blackstone or its affiliates, whether currently in existence or subsequently established (in each case, including any related successor funds, alternative vehicles, supplemental capital vehicles, surge funds, over-flow funds, co-investment vehicles and other

entities formed in connection with Blackstone or its affiliates side-by-side or additional general partner investments with respect thereto), which we refer to as the “Other Blackstone Vehicles.” The respective investment guidelines and programs of BXMT’s business and the Other Blackstone Vehicles may or may not overlap, in whole or in part, and if there is any such overlap investment opportunities will be allocated between BXMT and the Other Blackstone Vehicles in a manner that may result in fewer investment opportunities being allocated to BXMT than would have otherwise been the case in the absence of such Other Blackstone Vehicles. In particular, while BXMT’s primary investment strategies differ from those of Blackstone’s latest flagship real estate debt fund, Blackstone Real Estate Debt Strategies III L.P. and related separately managed accounts (“BREDS III”) and Blackstone Real Estate Debt Strategies High-Grade L.P. (“BREDS HG”), in that BXMT generally seeks to invest primarily in senior mortgage loans and other similar interests, BREDS III generally seeks to invest primarily in junior mortgage debt and mezzanine debt and BREDS HG generally seeks to invest primarily in senior mezzanine debt, a significant portion of the capital of BREDS III and BREDS HG (and/or other BREDS funds) may nonetheless be invested in investments that would also be appropriate for BXMT. The allocation methodology applied between BXMT and one or more of the Other Blackstone Vehicles may result in BXMT not participating (and/or not participating to the same extent) in certain investment opportunities in which BXMT would have otherwise participated had the related allocations been determined without regard to such guidelines and/or based only on the circumstances of those particular investments. BXMT Advisors, Blackstone or their affiliates may also give advice to the Other Blackstone Vehicles that may differ from advice given to BXMT even though their investment objectives may be the same or similar to BXMT’s.

As a result, BXMT may invest in real estate related debt investments alongside certain Other Blackstone Vehicles that are part of the BREDS program and other vehicles focusing on real estate related debt investments, including, but not limited to, BREDS III and BREDS HG. To the extent any Other Blackstone Vehicles otherwise have investment objectives or guidelines that overlap with BXMT’s, in whole or in part, investment opportunities that fall within such common objectives or guidelines will generally be allocated among one or more of BXMT and such Other Blackstone Vehicles on a basis that BXMT Advisors and applicable Blackstone affiliates determine to be fair and reasonable in its sole discretion, subject to (i) any applicable investment parameters, limitations and other contractual provisions applicable to BXMT and such Other Blackstone Vehicles, (ii) BXMT and such Other Blackstone Vehicles having available capital with respect thereto, and (iii) legal, tax, accounting, regulatory and other considerations deemed relevant by BXMT Advisors and its affiliates (including, without limitation, the relative risk-return profile of such investment and instrument type, the specific nature and terms of the investment, size and type of the investment, relative investment strategies and primary investment mandates, portfolio diversification concerns, contractual obligations, relative amounts of capital available for investment in each vehicle and other anticipated uses of

capital, the source of the investment opportunity, anticipated holding period and remaining investment periods, co-investment arrangements, the different liquidity positions and requirements in each fund or vehicle, the ability of a client, fund and/or vehicle to employ leverage, hedging, derivatives, or other similar strategies in connection with acquiring, holding or disposing of the particular investment opportunity, and any requirements or other terms of any existing leverage facilities, the credit/default profile of an issuer and other considerations deemed relevant in good faith). With respect to BREDS III, BXMT Advisors and its affiliates currently intend to allocate certain opportunities falling within an overlapping investment focus with BXMT in a manner such that 50% of the amount of the investment opportunity is allocated to BREDS III, on the one hand, and to BXMT, on the other hand, subject to variation on a case-by-case basis in circumstances where BXMT Advisors and its affiliates determine in good faith that doing so is appropriate or more equitable under the circumstances. There is no assurance, however, that any such conflicts arising out of the foregoing will be resolved in BXMT's favor. BXMT Advisors is entitled to amend its investment objectives or guidelines at any time without prior notice or BXMT's consent.

***Investments in Different Levels or Classes of an Issuer's Securities.*** BXMT and the Other Blackstone Vehicles in the future will likely make investments at different levels of an issuer's or borrower's capital structure (e.g., an investment by an Other Blackstone Vehicle in an equity, debt or mezzanine interest with respect to the same portfolio entity in which BXMT owns a debt interest or vice versa) or otherwise in different classes of the same issuer's securities. BXMT may make investments that are senior or junior to, or have rights and interests different from or adverse to, the investments made by the Other Blackstone Vehicles. Such investments may conflict with the interests of such Other Blackstone Vehicles in related investments, and the potential for any such conflicts of interests may be heightened in the event of a default or restructuring of any such investments. Actions may be taken for the Other Blackstone Vehicles that are adverse to BXMT, including with respect to the timing and manner of sale and actions taken in circumstances of financial distress. In addition, in connection with such investments, Blackstone will generally seek to implement certain procedures to mitigate conflicts of interest which typically involve maintaining a non-controlling interest in any such investment and a forbearance of rights, including certain non-economic rights, relating to the Other Blackstone Vehicles, such as where Blackstone may cause BXMT to decline to exercise certain control-and/or foreclosure-related rights with respect to a portfolio entity (including following the vote of other third party lenders generally or otherwise recusing itself with respect to decisions), including with respect to defaults, foreclosures, workouts, restructurings and/or exit opportunities, subject to certain limitations. The BXMT Management Agreement requires BXMT Advisors to keep the BXMT Board of Directors reasonably informed on a periodic basis in connection with the foregoing, including with respect to transactions that involve investments at different levels of an issuer's or borrower's capital structure, as to which BXMT Advisors has



agreed to provide the BXMT Board of Directors with quarterly updates. BXMT currently holds mortgage and mezzanine loans and other investments in which Blackstone affiliates have interests in the collateral securing or backing such investments. While Blackstone will seek to resolve any conflicts in a fair and equitable manner with respect to conflicts resolution among the Other Blackstone Vehicles generally, such transactions are not required to be presented to the BXMT Board of Directors for approval, and there can be no assurance that any conflicts will be resolved in BXMT's favor.

***Assignment and Sharing or Limitation of Rights.*** BXMT may invest alongside Other Blackstone Vehicles and in connection therewith may, for legal, tax, regulatory or other reasons which may be unrelated to BXMT, share with or assign to such Other Blackstone Vehicles certain of BXMT's rights, in whole or in part, or to limit BXMT's rights, including in certain instances certain control- and/or foreclosure-related rights with respect to such shared investments and/or otherwise agree to implement certain procedures to ameliorate conflicts of interest which may in certain circumstances involve a forbearance of BXMT's rights. To the extent BXMT holds an interest in a loan or security that is different (including with respect to their relative seniority) than those held by such Other Blackstone Vehicles (and vice versa), BXMT Advisors and its affiliates may be presented and/or may have limited or no rights with respect to decisions when the interests of the funds/vehicles are in conflict. Such sharing or assignment of rights could make it more difficult to protect BXMT's interests and could give rise to a conflict (which may be exacerbated in the case of financial distress) and could result in another Other Blackstone Vehicle exercising such rights in a way adverse to BXMT.

***Providing Debt Financings in connection with Acquisitions by Third Parties of Assets Owned by Other Blackstone Vehicles.*** BXMT has, and in the future is likely to provide financing (i) as part of the bid or acquisition by a third party to acquire interests in (or otherwise make an investment in the underlying assets of) a portfolio entity owned by one or more Other Blackstone Vehicles or their affiliates of assets or interests (and/or portfolios thereof) owned by a third party) and/or (ii) with respect to one or more portfolio entities or borrowers in connection with a proposed acquisition or investment by one or more Other Blackstone Vehicles or affiliates relating to such portfolio entities and/or their underlying assets. This may include making commitments to provide financing at, prior to or around the time that any such purchaser commits to or makes such investments. BXMT will also likely make investments and provide debt financing with respect to portfolio entities in which Other Blackstone Vehicles and/or affiliates hold or propose to acquire an interest. While the terms and conditions of any such debt commitments and related arrangements will generally be on market terms, the involvement of BXMT and/or such Other Blackstone Vehicles or affiliates in such transactions may affect the terms of such transactions or arrangements and/or may otherwise influence Blackstone's decisions with respect to the management of BXMT and/or such Other Blackstone Vehicles

and/or the relevant portfolio entity, which will give rise to potential or actual conflicts of interests and which may adversely impact BXMT.

***Pursuit of Differing Strategies.*** At times, the investment professionals employed by BXMT Advisors or its affiliates and other investment vehicles affiliated with BXMT Advisors and/or Blackstone may determine that an investment opportunity may be appropriate for only some of the accounts, clients, entities, funds and/or investment vehicles for which he or she exercises investment responsibility, or may decide that certain of the accounts, clients, entities, funds and/or investment vehicles should take differing positions with respect to a particular security. In these cases, the investment professionals may place separate transactions for one or more accounts, clients, entities, funds and/or investment vehicles which may affect the market price of the security or the execution of the transaction, or both, to the detriment or benefit of one or more other accounts, clients, entities, funds and/or investment vehicles. For example, an investment professional may determine that it would be in the interest of another account to sell a security that BXMT holds long, potentially resulting in a decrease in the market value of the security held by BXMT.

***Variation in Financial and Other Benefits.*** A conflict of interest arises where the financial or other benefits available to BXMT Advisors or its affiliates differ among the accounts, clients, entities, funds and/or investment vehicles that it manages. If the amount or structure of the base management fee, incentive fee and/or BXMT Advisors' or its affiliates' compensation differs among accounts, clients, entities, funds and/or investment vehicles (such as where certain funds or accounts pay higher base management fees, incentive fees, performance-based management fees or other fees), BXMT Advisors might be motivated to help certain accounts, clients, entities, funds and/or investment vehicles over others. Similarly, the desire to maintain assets under management or to enhance BXMT Advisors' performance record or to derive other rewards, financial or otherwise, could influence BXMT Advisors in affording preferential treatment to those accounts, clients, entities, funds and/or investment vehicles that could most significantly benefit BXMT Advisors or its affiliates. BXMT Advisors may, for example, have an incentive to allocate favorable or limited opportunity investments or structure the timing of investments to favor such accounts, clients, entities, funds and/or investment vehicles. Additionally, BXMT Advisors might be motivated to favor accounts, clients, entities, funds and/or investment vehicles in which it has an ownership interest or in which Blackstone and/or its affiliates have ownership interests. Conversely, if an investment professional at BXMT Advisors or its affiliates does not personally hold an investment in the fund but holds investments in other Blackstone affiliated vehicles, such investment professional's conflicts of interest with respect to BXMT may be more acute.

***Underwriting, Advisory and Other Relationships.*** As part of its regular business, Blackstone provides a broad range of underwriting, investment banking, placement agent services and other services. In connection with selling investments by way of a public offering, a Blackstone broker-dealer may act as the managing underwriter or a member of the underwriting syndicate on a firm commitment basis and purchase securities on that basis. Blackstone may retain any commissions, remuneration, or other profits and receive compensation from such underwriting activities, which have the potential to create conflicts of interest. Blackstone may also participate in underwriting syndicates from time to time with respect to BXMT or portfolio companies of Other Blackstone Vehicles, or may otherwise be involved in the private placement of debt or equity securities issued by BXMT or such portfolio companies, or otherwise in arranging financings with respect thereto. Subject to applicable law, Blackstone may receive underwriting fees, placement commissions, or other compensation with respect to such activities, which will not be shared with BXMT or its stockholders. Where Blackstone serves as underwriter with respect to a portfolio company's securities, BXMT or the applicable Other Blackstone Vehicle holding such securities may be subject to a "lock-up" period following the offering under applicable regulations during which time BXMT's ability to sell any securities that BXMT continues to hold is restricted. This may prejudice BXMT's ability to dispose of such securities at an opportune time.

In the regular course of its investment banking business, Blackstone represents potential purchasers, sellers and other involved parties, including corporations, financial buyers, management, shareholders and institutions, with respect to assets that are suitable for investment by BXMT. In such case, Blackstone's client would typically require Blackstone to act exclusively on its behalf, thereby precluding BXMT from acquiring such assets. Blackstone will be under no obligation to decline any such engagement to make the investment opportunity available to BXMT.

Blackstone has long-term relationships with a significant number of corporations and their senior management. In determining whether to invest in a particular transaction on BXMT's behalf, BXMT Advisors may consider those relationships (subject to its obligations under the BXMT Management Agreement), which may result in certain transactions that BXMT Advisors will not undertake on BXMT's behalf in view of such relationships.

***Service Providers.*** Certain of BXMT's service providers, or their affiliates (including accountants, administrators, lenders, brokers, attorneys, consultants and investment banking or commercial banking firms) may also provide goods or services to or have business, personal or other relationships with Blackstone. Such service providers may be sources of investment opportunities or co-investors or commercial counterparties. Such relationships may influence BXMT Advisors in deciding whether to select such service provider. In certain circumstances,

service providers, or their affiliates, may charge different rates or have different arrangements for services provided to Blackstone or its affiliates as compared to services provided to BXMT, which in certain circumstances may result in more favorable rates or arrangements than those payable by BXMT. In addition, in instances where multiple Blackstone businesses may be exploring a potential individual investment, certain of these service providers may choose to be engaged by other Blackstone affiliates rather than BXMT.

Blackstone partnered with a leading national title agency to create Lexington National Land Services (“LNLS”), a title agent company. LNLS acts as an agent for one or more underwriters in issuing title policies in connection with investments by BXMT, Other Blackstone Vehicles and third parties, including, from time to time, BXMT’s borrowers. LNLS focuses on transactions in rate-regulated states where the cost of title insurance is non-negotiable. LNLS will not perform services in nonregulated states related to BXMT’s or Other Blackstone Vehicles’ investments unless it is in the context of a portfolio transaction that includes properties in rate regulated states, as part of a syndicate of title insurance companies where the rate is negotiated by other insurers or their agents, or when a third party is paying all or a material portion of the premium. LNLS earns fees, which would have otherwise been paid to third parties, by providing title agency services and facilitating the placement of title insurance with underwriters. Blackstone receives distributions from LNLS in connection with BXMT’s investments based on its equity interest in LNLS. In each case, there will be no related offset to BXMT. As a result, while Blackstone believes the venture will provide services at or better than those provided by third parties (even in jurisdictions where insurance rates are regulated), there is an inherent conflict of interest that would incentivize BXMT recommend that BXMT’s borrowers engage LNLS over a third party. BXMT will not incur any expenses or receive any revenues when BXMT’s borrowers engage LNLS.

***Material, Non-Public Information.*** BXMT, directly or through Blackstone, BXMT Advisors or certain of their respective affiliates may come into possession of material non-public information with respect to an issuer in which BXMT has invested or may invest. Should this occur, BXMT Advisors may be restricted from buying or selling securities, derivatives or loans of the issuer on BXMT’s behalf until such time as the information becomes public or is no longer deemed material. Disclosure of such information to the personnel responsible for management of BXMT’s business may be on a need-to-know basis only, and BXMT may not be free to act upon any such information. Therefore, BXMT and/or BXMT Advisors may not have access to material non-public information in the possession of Blackstone which might be relevant to an investment decision to be made by BXMT Advisors on BXMT’s behalf, and BXMT Advisors may initiate a transaction or purchase or sell an investment which, if such information had been known to it, may not have been undertaken. Due to these restrictions, BXMT Advisors may not be able to initiate a transaction on BXMT’s behalf that it otherwise might have initiated and may

not be able to purchase or sell an investment that it otherwise might have purchased or sold, which could negatively affect BXMT's operations.

**Possible Future Activities.** BXMT Advisors and its affiliates may expand the range of services that they provide over time. Except as and to the extent expressly provided in the BXMT Management Agreement, BXMT Advisors and its affiliates will not be restricted in the scope of its business or in the performance of any such services (whether now offered or undertaken in the future) even if such activities could give rise to conflicts of interest, and whether or not such conflicts are described herein. BXMT Advisors, Blackstone and their affiliates continue to develop relationships with a significant number of companies, financial sponsors and their senior managers, including relationships with clients who may hold or may have held investments similar to those intended to be made by BXMT. These clients may themselves represent appropriate investment opportunities for BXMT or may compete with BXMT for investment opportunities.

**Transactions with Other Blackstone Vehicles.** From time to time, BXMT may enter into purchase and sale transactions with Other Blackstone Vehicles. Such transactions will be conducted in accordance with, and subject to, the terms and conditions of the BXMT Management Agreement (including the requirement that sales to or acquisitions of investments from Blackstone, any Other Blackstone Vehicle or any of their affiliates be approved in advance by a majority of BXMT's independent directors) and BXMT's code of business conduct and ethics and applicable laws and regulations.

**Loan Refinancings.** BXMT may from time to time seek to participate in investments relating to the refinancing of loans held by the Other Blackstone Vehicles (including the BREDS funds). While it is expected that BXMT's participation in connection with such refinancing transactions will be at arms' length and on market/contract terms, such transactions may give rise to potential or actual conflicts of interest.

**Employment Relationships.** BXMT's success will depend to a significant extent upon the efforts, experience, diligence, skill, and network of business contacts of the executive officers and key personnel of BXMT Advisors and its affiliates. BXMT is managed by senior professionals of Blackstone. These individuals will evaluate, negotiate, execute and monitor BXMT's loans and investments and advise it regarding maintenance of BXMT's REIT status and its exclusion from regulation under the Investment Company Act; therefore, BXMT's success will depend on their continued service with BXMT Advisors and its affiliates.

Three Blackstone employees serve on BXMT's board of directors, including the executive chairman of BXMT's board of directors and Stephen D. Plavin, BXMT's chief executive officer. In addition, BXMT's chief financial officer and BXMT's other executive

officers are also employees of Blackstone and/or one or more of its affiliates, and BXMT Advisors is a Blackstone affiliate.

***Allocation of Personnel.*** Neither BXMT Advisors nor any other Blackstone affiliate is obligated to dedicate any specific personnel exclusively to BXMT, nor are they or their personnel obligated to dedicate any specific portion of their time to the management of BXMT's business. As a result, BXMT Advisors may have conflicts in allocating its time, resources and services among our business and any other investment vehicles and accounts BXMT Advisors (or its personnel) may manage. Each of BXMT's officers is also an employee of BXMT Advisors or another Blackstone affiliate, who has now or may be expected to have significant responsibilities for other investment vehicles currently managed by Blackstone and its affiliates. Consequently, BXMT may not receive the level of support and assistance that we otherwise might receive if BXMT were internally managed. BXMT Advisors and its affiliates are not restricted from entering into other investment advisory relationships or from engaging in other business activities.

***Elimination of Duties.*** BXMT's charter contains provisions designed to reduce or eliminate duties of Blackstone and its affiliates (as such term is defined in the charter), and of BXMT's directors or any person BXMT's directors control to refrain from competing with BXMT or to present to BXMT business opportunities that otherwise may exist in the absence of such charter provisions. Under BXMT's charter, Blackstone and its affiliates and BXMT's directors or any person BXMT's directors control will not be obligated to present to BXMT opportunities unless those opportunities are expressly offered to such person in his or her capacity as a director or officer of BXMT and those persons will be able to engage in competing activities without any restriction imposed as a result of Blackstone's or its affiliates' status as a stockholder or Blackstone's affiliates' status as officers or directors of BXMT.

***Other Affiliate Transactions.*** BXMT Advisors may on BXMT's behalf acquire debt issued by a borrower in which a separate equity or another debt investment has been made by Blackstone or its other affiliates, including the BREDS funds. In connection with investments in which BXMT participates alongside Other Blackstone Vehicles (including the BREDS funds), BXMT may from time to time share certain rights with such Other Blackstone Vehicles relating to such investments for legal, tax, regulatory or other similar reasons, including, in certain instances, certain control-related rights with respect to jointly-held investments. When making any such investments, there may be conflicting interests. There can be no assurance that the return on BXMT's investment will be equivalent to or better than the returns obtained by Blackstone or its other affiliates.

Blackstone may enter into one or more strategic relationships in certain regions or with respect to certain types of investments that, although intended to provide greater opportunities for BXMT,

may require BXMT to share such opportunities or otherwise limit the amount of an opportunity BXMT can otherwise take.

Further conflicts could arise once BXMT and Blackstone or its affiliates have made their respective investments. For example, if a company goes into bankruptcy or reorganization, becomes insolvent or otherwise experiences financial distress or is unable to meet its payment obligations or comply with covenants relating to securities held by BXMT or by the Blackstone or its affiliates, Blackstone or its affiliates may have an interest that conflicts with BXMT's interests or Blackstone or its affiliates may have information regarding the company that BXMT does not have access to. If additional financing is necessary as a result of financial or other difficulties, it may not be in BXMT's best interests to provide such additional financing. If Blackstone or its affiliates were to lose their respective investments as a result of such difficulties, the ability of BXMT Advisors to recommend actions in BXMT's best interests might be impaired.

### **Other Financial Industry Affiliations**

BXMT Advisors is an affiliate of the following entities:

<b>Broker-Dealer Entities</b>	
Blackstone Advisory Partners L.P. ("BAP")	Provides a variety of limited investment banking services
FEF Distributors LLC*	Serves as distributor and principal underwriter to the First Eagle mutual funds and private investment funds
Incenter Securities Group LLC***	Provides a variety of limited investment banking services
<b>Investment Advisor Entities</b>	
Blackstone Alternative Asset Management L.P.	Manages a series of private and closed-end funds engaged in multi-manager investment programs ( <i>i.e.</i> , fund of hedge funds)
Blackstone Alternative Investment Advisors L.L.C.	Provides investment advisory services to open end mutual funds

Blackstone Alternative Solutions L.L.C.	Provides investment advisory services to private investment funds which participate in a broad range of direct investment opportunities
Blackstone Clean Technology Advisors L.L.C.	Provides investment advisory services to private investment funds specializing in the cleantech energy sector
Blackstone Communications Advisors I L.L.C.	Provides investment advisory services to a private investment fund specializing in communications-related private equity investments
Blackstone Core Equity Advisors L.L.C.	Provides investment advisory services to various private equity funds
Blackstone Debt Advisors L.P.	Provides investment advisory services to a number of debt-focused private investment funds
Blackstone Management Partners L.L.C.	Provides investment advisory services to various private equity funds
Blackstone Management Partners IV L.L.C.	Provides investment advisory services to various private equity funds
Blackstone Mezzanine Advisors L.P.	Provides investment advisory services to private investment funds specializing in mezzanine financing
Blackstone Property Advisors L.P.	Provides investment advisory services to various private real estate investment funds
Blackstone Real Estate Advisors Europe L.P.	Provides investment advisory services to various real estate investment funds
Blackstone Real Estate Income Advisors L.L.C.	Provides investment advisory services to one or more registered closed-end real estate investment funds
Blackstone Real Estate Advisors International L.L.C.	Provides investment advisory services to various private real estate investment funds
Blackstone Real Estate Advisors L.P.	Provides investment advisory services to various private real estate investment funds



Blackstone Real Estate Advisors IV L.L.C.	Provides investment advisory services to various private real estate investment funds
Blackstone Real Estate Advisors V L.P.	Provides investment advisory services to various private real estate investment funds
Blackstone Real Estate Special Situations Advisors L.L.C.	Provides investment advisory services to various private real estate investment funds
Blackstone Real Estate Special Situations Advisors (Isobel) L.L.C.	Provides investment advisory services to private investment funds and accounts which invest primarily in public and private debt and other interests of real estate assets and real estate-related holdings
Blackstone Strategic Alliance Advisors L.L.C.	Manages a series of private funds engaged in a hedge fund “seeding” program
Blackstone Strategic Capital Advisors L.L.C.	Manages private funds engaged in acquisitions of minority interests in alternative asset managers
Blackstone Tactical Opportunities Advisors L.L.C.	Provides investment advisory services to multi-discipline, multi-asset class private funds
Blackstone Multi-Asset Advisors L.L.C.	Provides investment advisory services to various private investment funds focusing on investments across Blackstone’s private equity, real asset, credit, hedge fund and opportunistic alternative asset management strategies
Blackstone Treasury Solutions Advisors L.L.C.	Provides investment advisory services to funds invested primarily in diversified fixed income and hedge fund products
Blackstone / GSO Debt Funds Europe Limited	Provides investment advisory services to a number of debt-focused private investment funds
Blackstone / GSO Debt Funds Management Europe Limited	Provides investment advisory services to a number of debt-focused private investment funds and separately managed accounts
Blackstone / GSO Debt Funds Management Europe II Limited	Provides investment advisory services to a number of debt-focused private investment funds

BSCA Advisors L.L.C.	Provides investment advisory services to certain co-investment vehicles relating to funds managed by Blackstone Strategic Capital Advisors L.L.C.
BX REIT Advisors L.L.C.	Provides investment advisory services to a public, non-traded REIT
CT High Grade Mezzanine Manager, LLC	Provides investment advisory services to assets owned by a third party insurance company
CT High Grade Partners II Manager, LLC	Provides investment advisory services to real estate debt and securities private funds, managed accounts and CDOs focused on loans and securities backed by commercial real estate assets
CT Investment Management Co., LLC	Provides investment advisory services to real estate debt and securities private funds, managed accounts and CDOs focused on loans and securities backed by commercial real estate assets
First Eagle Investment Management, LLC*	Provides investment advisory services to mutual funds, private investment funds, institutional accounts and high net worth individuals
GSO Capital Advisors LLC	Provides investment advisory services to a number of debt-focused private investment funds and separately managed accounts
GSO Capital Advisors II LLC	Provides investment advisory services to a number of debt-focused separately managed accounts
GSO Capital Partners International LLP	Provides investment advisory services to a number of debt-focused private investment funds and separately managed accounts
GSO Capital Partners LP	Provides investment advisory services to a number of debt-focused private investment funds and closed-end funds
GSO/Blackstone Debt Funds Management LLC	Provides investment advisory services to a number of debt-focused private investment funds, closed-end funds and separately managed accounts

Incenter Capital Management LLC***	Provides investment advisory services to mortgage related asset private funds
Strategic Partners Fund Solutions Advisors L.P.	Provides investment advisory services to a number of pooled investment and custom vehicles operating as private investment funds
The Blackstone Group International Partners LLP	U.K. investment advisory firm, which serves as a sub-advisor to the registrant
<b>Registered Commodity Trading Advisor and/or Registered Commodity Pool Operator Entities</b>	
Blackstone Alternative Investment Advisors LLC (CTA/CPO)	Provides investment advisory services to open end mutual funds
Blackstone Alternative Solutions L.L.C. (CTA/CPO)	Provides investment advisory services to private investment funds which participate in a broad range of direct investment opportunities
Blackstone Strategic Alliance Advisors L.L.C. (CTA/CPO)	Manages a series of private funds engaged in a hedge fund “seeding” program
Blackstone Strategic Capital Advisors L.L.C. (CTA/CPO)	Manages private funds engaged in acquisitions of minority interests in alternative asset managers
First Eagle Investment Management, LLC* (CTA/CPO)	Provides investment advisory services to mutual funds, private investment funds, institutional accounts and high net worth individuals
Blackstone Alternative Asset Management Associates L.L.C. (CPO)	Serves as general partner of BAAM Funds which are structured as limited partnerships

Blackstone Treasury Solutions Advisors L.L.C. (CPO)	Provides investment advisory services to funds invested primarily in diversified fixed income and hedge fund products
<b>Insurance Entities</b>	
Boston National Holdings LLC***	A wholly owned subsidiary of Incenter and is a title insurance agency
Lexington National Land Services**	Places title insurance and provide title services for real property owned by various funds and/or their portfolio entities
Rothsay Life Plc***	Life insurer specializing in bulk annuities and other de-risking solutions for defined benefit pension schemes and insurance companies

\* Portfolio entity of affiliated private equity fund

\*\* Joint venture between Blackstone and an existing title agent

\*\*\* Portfolio entity of affiliated investment funds

Various management personnel are registered with the Blackstone broker-dealer, BAP. Blackstone does not believe these registrations, in and of themselves, create conflicts for investors.

In addition, other present and future activities of Blackstone and its affiliates (including BXMT Advisors) will from time to time give rise to additional conflicts of interest relating to BXMT and its investment activities. In the event that any such conflict of interest arises, Blackstone will attempt to resolve such conflicts in a fair and equitable manner. Investors should be aware that conflicts will not necessarily be resolved in favor of BXMT's interests.

**A more detailed description of applicable conflicts of interest is set forth in BXMT's SEC filings.**

**Item 11: Code of Ethics, Participation or Interest in Client Transactions and Personal Trading**

BXMT Advisors is governed by the Blackstone Code of Ethics (the “Code of Ethics”). The Code of Ethics governs a number of potential conflicts of interest which exist when providing advisory services to BXMT. The Code of Ethics is reasonably designed to ensure that BXMT Advisors meets its fiduciary obligations and to instill a culture of compliance within BXMT Advisors. An additional benefit of the Code of Ethics is to detect and prevent violations of securities laws.

The Code of Ethics is distributed to each employee at the time of hire and annually thereafter, and it is available on Blackstone’s intranet website. BXMT Advisors also supplements the Code of Ethics with ongoing monitoring of employee activity.

The Code of Ethics includes, among other items, the following:

- Requirements related to confidentiality;
- Limitations on, and reporting of, gifts and entertainment;
- Pre-clearance of political contributions;
- Pre-clearance and reporting of employee personal securities transactions;
- Pre-clearance of outside business activities; and
- Protection of persons who engage in “whistle blowing” activities from retaliation.

On an annual basis, Blackstone requires all employees to certify that they are in compliance with the Code of Ethics.

Blackstone offers many different products and services across its many businesses and there are several potential conflicts of interest which will from time to time arise. Please see **Item 10: Other Financial Industry Activities and Affiliations** for a list of investment-related potential conflicts, including, in particular, “Allocation of Investment Opportunities” describing conflicts related to allocation of investment opportunities among Other Blackstone Vehicles. BXMT Advisors has adopted policies and procedures reasonably designed to address such potential conflicts of interest.

BXMT Advisors’ related persons will from time to time have bought or sold, or will subsequently buy or sell, for their personal accounts, securities which are also purchased or sold for the account of BXMT. BXMT Advisors and its related personnel are subject to guidelines governing the ability to trade in personal accounts. The guidelines generally require that such

personal securities transactions receive pre-clearance from the Blackstone Legal and Compliance Department. These guidelines are reasonably designed to comply with SEC requirements that registered investment advisers have a Code of Ethics. In addition, Blackstone has implemented certain policies and procedures (e.g., information walls) to restrict access to material non-public information. Blackstone's Code of Ethics is available for review upon request.

You may request a copy of Blackstone's Code of Ethics by contacting BXMT Advisors' Chief Compliance Officer, Judy Turchin; (212) 583-5000; [judy.turchin@blackstone.com](mailto:judy.turchin@blackstone.com).

BXMT Advisors does not participate in principal trading generally; however, BXMT Advisors would be permitted to if BXMT Advisors obtained appropriate approvals.

**Item 12: Brokerage Practices**

BXMT Advisors does not generally trade in public securities. In the event BXMT Advisors executes a brokerage transaction for BXMT (*e.g.*, trades in public securities as part of or following an initial public offering of a portfolio entity), BXMT Advisors will generally consider qualitative factors including, but not limited to, the broker's reliability and execution capabilities for the transaction, the commissions charged by the broker, and the broker's reputation and responsiveness to requests for trade data and other financial information.

BXMT has appointed U.S. Bank, National Association and Wells Fargo Bank, N.A. as its custodians. BXMT may engage other or additional custodians, prime brokers and executing brokers at any time.

Portfolio transactions are allocated to brokers in consideration of such factors as price, the ability of the brokers to effect the transactions and any research or investment management-related services provided by such brokers that BXMT Advisors believes to be of benefit to BXMT.

Securities transactions can be expected to generate brokerage commissions and other compensation, all of which BXMT, not BXMT Advisors or any of its affiliates, will be obligated to pay. BXMT Advisors has complete discretion in deciding what brokers and dealers BXMT will use and in negotiating the rates of compensation BXMT will pay. In addition to using brokers as "agents" and paying commissions, BXMT may buy or sell securities directly from or to dealers acting as principals at prices that include markups or markdowns.

A Brokerage Review and Best Execution Committee meets on a quarterly basis to review a schedule of the executing brokers and dealers utilized by BRESSA and BXMT Advisors, if any, during the preceding quarter and the commissions paid to, and services received from, such brokers and dealers, to evaluate reasonableness in light of services received and consistency with BRESSA's and BXMT Advisors' policies and procedures.

Trade errors are evaluated on a case-by-case basis. If BXMT Advisors determines that BXMT Advisors gross negligence, willful misconduct or fraud was the direct cause of a trade error, BXMT Advisors generally will compensate BXMT for any losses resulting from such trade error. Broker-dealers may not be compensated via commissions or BXMT transactions for absorbing a trading error for which BXMT Advisors is required to compensate BXMT under its policy. Where a third party's negligence or wrongdoing causes a trading error that results in a material loss to BXMT, BXMT Advisors will attempt to recover the amount of the loss from the third party for BXMT, but BXMT Advisors does not assume responsibility for compensating BXMT, or making the third party compensate BXMT, in such cases.

BXMT Advisors may combine purchase or sale orders on behalf of BXMT with orders for other accounts to which BXMT Advisors or any of its affiliates may provide investment services and allocate the securities or other assets so purchased or sold on an average price basis, or by any other method of equitable allocation, among such accounts.

**Research and Other Soft Dollar Benefits**

Research (proprietary or otherwise) or investment-related services provided by brokers through which portfolio transactions for BXMT are executed, settled and cleared may include research reports on particular industries and companies, economic surveys and analyses, recommendations as to specific securities, on-line quotations, news and research services. BXMT Advisors may use “soft dollars” generated by BXMT to pay for certain research and non-research related services and products used by BXMT Advisors within the safe harbor afforded by Section 28(e) of the U.S. Securities Exchange Act of 1934, as amended. However, BXMT Advisors does not currently have any “soft dollar” arrangements.

BXMT Advisors does not select nor recommend broker-dealers based on investor referrals nor does BXMT Advisors participate in directed brokerage practices.



## **Item 13: Review of Accounts**

### **Review of Accounts**

Currently, the only accounts under the supervision of BXMT Advisors are the accounts of BXMT. The accounts and investment positions of BXMT are monitored by BXMT Advisors personnel on a regular and current basis. BXMT Advisors might periodically review on an expedited basis the assets of BXMT following a unique occurrence in the financial industry or market generally.

The Investment Committee generally meets each week to discuss certain significant potential and pending transactions for BXMT and other vehicles managed by BRESSA or its subsidiaries. The Investment Committee discusses the transaction in depth with the transaction team and decides whether to pursue the transaction and on which terms. In addition to an in-depth discussion of the subject investment, the investment thesis and investment allocation, deal tactics and syndication strategies, if applicable, will usually be discussed by the Investment Committee and the transaction team. Smaller transactions are reviewed by a prescribed subset of the Investment Committee. The Investment Committee utilizes a consensus-based approach to decision making among its members.

The investment approval process is further described in “Investment Strategies” in **Item 8: Methods of Analysis, Investment Strategies and Risk of Loss**. In addition, BXMT Advisors manages its investments through proactive asset management, as well as regular global asset reviews and quarterly valuation meetings.

### **Reports to BXMT**

BXMT Advisors provides periodic reports to the BXMT Board of Directors relating to the operating performance of BXMT’s investments and certain other matters pertaining to BXMT Advisors’ obligations under the BXMT Management Agreement.

### **Reports to Investors in BXMT**

Investors in BXMT are able to obtain annual reports (including annual audited financial statements of BXMT), quarterly reports, current reports, proxy statements and other information for BXMT through the SEC’s EDGAR database or from the investor relations portion of BXMT’s website ([www.blackstonemortgagetrust.com](http://www.blackstonemortgagetrust.com)).

**Item 14: Client Referrals and Other Compensation**

BXMT compensates broker-dealers who assist it in obtaining capital in the form of commissions or underwriting discounts. Such amounts are generally payable by BXMT, and BXMT's stockholders' indirectly bear such expenses as holders of BXMT stock.

BAP, an affiliate of BXMT Advisors, has acted and will likely act as an underwriter in stock offerings by BXMT. Please see **Item 10: Other Financial Industry Activities and Affiliations** for more information.

**Item 15: Custody**

Rule 206(4)-2, as amended (the “Custody Rule”), of the Investment Advisers Act of 1940, as amended (the “Advisers Act”), defines custody as holding client securities or funds or having any authority to obtain possession of them. BXMT Advisors is deemed to have custody of BXMT’s securities and assets by virtue of its access to, or control over, such securities and funds as BXMT’s manager. BXMT Advisors generally complies with the Custody Rule by, among other things, providing all investors in BXMT with audited financial statements.

**Item 16: Investment Discretion**

BXMT Advisors maintains the authority to manage, directly or indirectly, BXMT on a discretionary basis, subject to the overall supervision of the BXMT Board of Directors in accordance with the investment guidelines, objectives, limitations and other provisions and terms set forth in BXMT's organizational documents and the BXMT Management Agreement.

**Item 17: Voting Client Securities (i.e., Proxy Voting)****Proxy Policy**

Rule 206(4)-6 under the Advisers Act (the “Proxy Rule”) requires registered investment advisers that exercise voting authority over client securities to implement proxy voting policies. Because BXMT Advisors will generally be deemed to have authority to vote proxies relating to the entities in which BXMT invests, BXMT Advisors has adopted a set of policies and procedures (together, the “Policy”) in compliance with the Proxy Rule. To the extent that BXMT Advisors exercises or is deemed to be exercising voting authority over BXMT’s securities, the Policy is reasonably designed and implemented in a manner reasonably expected to ensure that voting with respect to proxy proposals, amendments, consents or resolutions (collectively, “proxies”) is exercised in a manner that serves the best interest of BXMT, as determined by BXMT Advisors in its sole discretion. Notwithstanding the foregoing, because proxy proposals and individual company facts and circumstances may vary, BXMT Advisors may not always vote proxies in accordance with the Policy. In addition, many possible proxy matters are not covered in the Policy. Generally, BXMT Advisors will vote proxies (i) in favor of management’s recommendation for the election of the BXMT Board of Directors and (ii) to approve the financial statements as presented by management.

From time to time, conflicts may arise between the interests of BXMT, on the one hand, and the interests of BXMT Advisors or its affiliates, on the other hand. If a material conflict is identified by the Chief Compliance Officer, Head of Asset Management and/or Chief Operating Officer, the Real Estate Group will determine whether voting in accordance with BXMT Advisors’ proxy voting guidelines is in the best interests of BXMT. BXMT Advisors, in its sole discretion, may elect not to vote a proxy if unduly burdensome.

Investors may request a copy of the Policy and the voting records relating to proxies as provided by the Proxy Rule by contacting BXMT Advisors’ Chief Compliance Officer, Judy Turchin; (212) 583-5000; [judy.turchin@blackstone.com](mailto:judy.turchin@blackstone.com).

## **Item 18: Financial Information**

BXMT Advisors has not been the subject of a bankruptcy petition at any time during the past ten years and is not aware of any financial condition reasonably likely to impair its ability to meet contractual commitments to its investors.

**Item 19: Requirements for State Registered Advisers**

This item is not applicable as BXMT Advisors is not registered in any state.