UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

FOR THE QUARTERLY PERIOD ENDED SEPTEMBER 30, 2020

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

FOR THE TRANSITION PERIOD FROM __________TO _________

Commission File Number: 001-14788

Blackstone
Mortgage Trust

Blackstone Mortgage Trust, Inc.
(Exact name of Registrant as specified in its charter)

Maryland	**94-6181186**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**

345 Park Avenue, 15th Floor
New York, New York 10154
(Address of principal executive offices)(Zip Code)
(212) 655-0220
(Registrant's telephone number, including area code)
345 Park Avenue, 42nd Floor
New York, New York 10154
(Former name, former address and former fiscal year, if changed since last report)

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

Title of each class	Trading symbol(s)	Name of each exchange on which registered
Class A common stock, par value $0.01 per share	**BXMT**	**New York Stock Exchange**

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☒	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
		Emerging growth company	☐

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

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

The number of the registrant's outstanding shares of class A common stock, par value $0.01 per share, outstanding as of October 22, 2020 was 146,197,741 .

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Website Disclosure

We use our website (www.blackstonemortgagetrust.com) as a channel of distribution of company information. The information we post through this channel may be deemed material. Accordingly, investors should monitor this channel, in addition to following our press releases, Securities and Exchange Commission, or SEC, filings and public conference calls, and webcasts. In addition, you may automatically receive email alerts and other information about Blackstone Mortgage Trust when you enroll your email address by visiting the “Contact Us & E-mail Alerts” section of our website at http://ir.blackstonemortgagetrust.com. The contents of our website and any alerts are not, however, a part of this report.

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PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

Blackstone Mortgage Trust, Inc.
Consolidated Balance Sheets (Unaudited)
(in thousands, except share data)

	September 30, 2020	December 31, 2019
Assets		
Cash and cash equivalents	$ 427,028	$ 150,090
Loans receivable	16,468,703	16,164,801
Current expected credit loss reserve	(177,026)	—
Loans receivable, net	16,291,677	16,164,801
Other assets	158,099	236,980
Total Assets	$ 16,876,804	$ 16,551,871
Liabilities and Equity		
Secured debt agreements, net	$ 8,973,810	$ 10,054,930
Securitized debt obligations, net	2,168,083	1,187,084
Secured term loans, net	1,043,441	736,142
Convertible notes, net	615,541	613,071
Other liabilities	171,977	175,963
Total Liabilities	12,972,852	12,767,190
Commitments and contingencies	—	—
Equity		
Class A common stock, $0.01 par value, 400,000,000 shares authorized and 146,197,290 shares issued and outstanding as of September 30, 2020, and 200,000,000 shares authorized and 135,003,662 shares issued and outstanding as of December 31, 2019	1,462	1,350
Additional paid-in capital	4,693,982	4,370,014
Accumulated other comprehensive income (loss)	9,645	(16,233)
Accumulated deficit	(821,725)	(592,548)
Total Blackstone Mortgage Trust, Inc. stockholders' equity	3,883,364	3,762,583
Non-controlling interests	20,588	22,098
Total Equity	3,903,952	3,784,681
Total Liabilities and Equity	$ 16,876,804	$ 16,551,871

Note: The consolidated balance sheets as of September 30, 2020 and December 31, 2019 include assets of consolidated variable interest entities, or VIEs, that can only be used to settle obligations of each respective VIE, and liabilities of consolidated VIEs for which creditors do not have recourse to Blackstone Mortgage Trust, Inc. As of September 30, 2020 and December 31, 2019, assets of the consolidated VIEs totaled $2.6 billion and $1.4 billion, respectively, and liabilities of the consolidated VIEs totaled $2.2 billion and $1.2 billion, respectively. Refer to Note 15 for additional discussion of the VIEs.

See accompanying notes to consolidated financial statements.

Blackstone Mortgage Trust, Inc.
Consolidated Statements of Operations (Unaudited)
(in thousands, except share and per share data)

	Three Months Ended September 30, 2020	Three Months Ended September 30, 2019	Nine Months Ended September 30, 2020	Nine Months Ended September 30, 2019
Income from loans and other investments				
Interest and related income	$ 193,939	$ 213,873	$ 590,797	$ 662,001
Less: Interest and related expenses	78,978	111,957	268,070	347,536
Income from loans and other investments, net	114,961	101,916	322,727	314,465
Other expenses				
Management and incentive fees	18,985	17,502	58,758	58,276
General and administrative expenses	11,242	9,741	34,320	28,951
Total other expenses	30,227	27,243	93,078	87,227
Decrease (increase) in current expected credit loss reserve	6,055	—	(173,466)	—
Income before income taxes	90,789	74,673	56,183	227,238
Income tax provision (benefit)	20	(721)	192	(573)
Net income	90,769	75,394	55,991	227,811
Net income attributable to non-controlling interests	(909)	(497)	(1,937)	(1,176)
Net income attributable to Blackstone Mortgage Trust, Inc.	$ 89,860	$ 74,897	$ 54,054	$ 226,635
Net income per share of common stock basic and diluted	$ 0.61	$ 0.56	$ 0.39	$ 1.76
Weighted-average shares of common stock outstanding, basic and diluted	146,484,651	134,536,683	140,157,620	128,485,701

See accompanying notes to consolidated financial statements.

Blackstone Mortgage Trust, Inc.
Consolidated Statements of Comprehensive Income (Unaudited)
(in thousands)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	**2019**	**2020**	**2019**
Net income	$ 90,769	$ 75,394	$55,991	$227,811
Other comprehensive income				
Unrealized gain (loss) on foreign currency translation	62,656	(39,961)	14,488	(44,125)
Realized and unrealized (loss) gain on derivative financial instruments	(61,936)	35,987	11,390	44,953
Other comprehensive income (loss)	720	(3,974)	25,878	828
Comprehensive income	91,489	71,420	81,869	228,639
Comprehensive loss attributable to non-controlling interests	(909)	(497)	(1,937)	(1,176)
Comprehensive income attributable to Blackstone Mortgage Trust, Inc.	$ 90,580	$ 70,923	$79,932	$227,463

See accompanying notes to consolidated financial statements.

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Blackstone Mortgage Trust, Inc.
Consolidated Statements of Changes in Equity (Unaudited)
(in thousands)

	Blackstone Mortgage Trust, Inc.						
	Class A Common Stock	Additional Paid-In Capital	Accumulated Other Comprehensive (Loss) Income	Accumulated Deficit	Stockholders' Equity	Non-controlling Interests	Total Equity
Balance at December 31, 2019	$ 1,350	$4,370,014	$ (16,233)	$ (592,548)	$ 3,762,583	$ 22,098	$3,784,681
Adoption of ASU 2016-13, see Note 2	—	—	—	(17,565)	(17,565)	(85)	(17,650)
Shares of class A common stock issued, net	4	—	—	—	4	—	4
Restricted class A common stock earned	—	8,550	—	—	8,550	—	8,550
Dividends reinvested	—	162	—	(150)	12	—	12
Deferred directors' compensation	—	125	—	—	125	—	125
Other comprehensive income	—	—	34,481	—	34,481	—	34,481
Net (loss) income	—	—	—	(53,350)	(53,350)	67	(53,283)
Dividends declared on common stock, $0.62 per share	—	—	—	(83,920)	(83,920)	—	(83,920)
Contributions from non-controlling interests	—	—	—	—	—	8,108	8,108
Distributions to non-controlling interests	—	—	—	—	—	(6,681)	(6,681)
Balance at March 31, 2020	$ 1,354	$4,378,851	$ 18,248	$ (747,533)	$ 3,650,920	$ 23,507	$3,674,427
Shares of class A common stock issued, net	108	297,491	—	—	297,599	—	297,599
Restricted class A common stock earned	—	8,527	—	—	8,527	—	8,527
Dividends reinvested	—	165	—	(152)	13	—	13
Deferred directors' compensation	—	125	—	—	125	—	125
Other comprehensive loss	—	—	(9,323)	—	(9,323)	—	(9,323)
Net income	—	—	—	17,544	17,544	961	18,505
Dividends declared on common stock, $0.62 per share	—	—	—	(90,642)	(90,642)	—	(90,642)
Distributions to non-controlling interests	—	—	—	—	—	(3,447)	(3,447)
Balance at June 30, 2020	$ 1,462	$4,685,159	$ 8,925	$ (820,783)	$ 3,874,763	$ 21,021	$3,895,784
Restricted class A common stock earned	—	8,524	—	—	8,524	—	8,524
Dividends reinvested	—	174	—	(160)	14	—	14
Deferred directors' compensation	—	125	—	—	125	—	125
Other comprehensive income	—	—	720	—	720	—	720
Net income	—	—	—	89,860	89,860	909	90,769
Dividends declared on common stock, $0.62 per share	—	—	—	(90,642)	(90,642)	—	(90,642)
Contributions from non-controlling interests	—	—	—	—	—	323	323
Distributions to non-controlling interests	—	—	—	—	—	(1,665)	(1,665)
Balance at September 30, 2020	$ 1,462	$4,693,982	$ 9,645	$ (821,725)	$ 3,883,364	$ 20,588	$3,903,952

See accompanying notes to consolidated financial statements.

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Blackstone Mortgage Trust, Inc.
Consolidated Statements of Changes in Equity (Unaudited)
(in thousands)

	Blackstone Mortgage Trust, Inc.						
	Class A Common Stock	Additional Paid-In Capital	Accumulated Other Comprehensive (Loss) Income	Accumulated Deficit	Stockholders' Equity	Non-controlling Interests	Total Equity
Balance at December 31, 2018	$ 1,234	$3,966,540	$ (34,222)	$ (569,428)	$ 3,364,124	$ 10,483	$3,374,607
Shares of class A common stock issued, net	23	65,358	—	—	65,381	—	65,381
Restricted class A common stock earned	—	7,639	—	—	7,639	—	7,639
Dividends reinvested	—	143	—	(132)	11	—	11
Deferred directors' compensation	—	125	—	—	125	—	125
Other comprehensive income	—	—	3,466	—	3,466	—	3,466
Net income	—	—	—	76,565	76,565	302	76,867
Dividends declared on common stock, $0.62 per share	—	—	—	(77,913)	(77,913)	—	(77,913)
Contributions from non-controlling interests	—	—	—	—	—	1,470	1,470
Distributions to non-controlling interests	—	—	—	—	—	(64)	(64)
Balance at March 31, 2019	$ 1,257	$4,039,805	$ (30,756)	$ (570,908)	$ 3,439,398	$ 12,191	$3,451,589
Shares of class A common stock issued, net	86	306,866	—	—	306,952	—	306,952
Restricted class A common stock earned	—	7,629	—	—	7,629	—	7,629
Dividends reinvested	—	146	—	(138)	8	—	8
Deferred directors' compensation	—	125	—	—	125	—	125
Other comprehensive income	—	—	1,336	—	1,336	—	1,336
Net income	—	—	—	75,174	75,174	377	75,551
Dividends declared on common stock, $0.62 per share	—	—	—	(83,259)	(83,259)	—	(83,259)
Contributions from non-controlling interests	—	—	—	—	—	17,158	17,158
Distributions to non-controlling interests	—	—	—	—	—	(664)	(664)
Balance at June 30, 2019	$ 1,343	$4,354,571	$ (29,420)	$ (579,131)	$ 3,747,363	$ 29,062	$3,776,425
Restricted class A common stock earned	—	7,629	—	—	7,629	—	7,629
Dividends reinvested	—	151	—	(139)	12	—	12
Deferred directors' compensation	—	125	—	—	125	—	125
Other comprehensive loss	—	—	(3,974)	—	(3,974)	—	(3,974)
Net income	—	—	—	74,897	74,897	497	75,394
Dividends declared on common stock, $0.62 per share	—	—	—	(83,259)	(83,259)	—	(83,259)
Contributions from non-controlling interests	—	—	—	—	—	8,093	8,093
Distributions to non-controlling interests	—	—	—	—	—	(19,828)	(19,828)
Balance at September 30, 2019	$ 1,343	$4,362,476	$ (33,394)	$ (587,632)	$ 3,742,793	$ 17,824	$3,760,617

See accompanying notes to consolidated financial statements.

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Blackstone Mortgage Trust, Inc.
Consolidated Statements of Cash Flows (Unaudited)
(in thousands)

	Nine Months Ended September 30, 2020	Nine Months Ended September 30, 2019
Cash flows from operating activities		
Net income	$ 55,991	$ 227,811
Adjustments to reconcile net income to net cash provided by operating activities		
Satisfaction of management and incentive fees in stock	19,277	—
Non-cash compensation expense	25,978	23,276
Amortization of deferred fees on loans and debt securities	(43,516)	(40,110)
Amortization of deferred financing costs and premiums/discount on debt obligations	28,122	22,830
Increase in current expected credit loss reserve	173,466	—
Unrealized (gain) loss on assets denominated in foreign currencies, net	(648)	204
Unrealized gain on derivative financial instruments, net	(754)	(578)
Realized (gain) loss on derivative financial instruments, net	(481)	246
Changes in assets and liabilities, net		
Other assets	8,713	(3,518)
Other liabilities	(4,852)	(1,570)
Net cash provided by operating activities	261,296	228,591
Cash flows from investing activities		
Origination and fundings of loans receivable	(1,489,101)	(3,319,563)
Principal collections and sales proceeds from loans receivable and debt securities	1,358,640	2,589,622
Origination and exit fees received on loans receivable	14,215	32,527
Receipts under derivative financial instruments	87,286	35,756
Payments under derivative financial instruments	(98,216)	(4,650)
Collateral deposited under derivative agreements	(255,830)	(11,400)
Return of collateral deposited under derivative agreements	277,280	9,090
Net cash used in investing activities	(105,726)	(668,618)

continued…

See accompanying notes to consolidated financial statements.

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Blackstone Mortgage Trust, Inc.
Consolidated Statements of Cash Flows (Unaudited)
(in thousands)

	Nine Months Ended September 30, 2020	Nine Months Ended September 30, 2019
Cash flows from financing activities		
Borrowings under secured debt agreements	$ 2,428,841	$ 2,950,456
Repayments under secured debt agreements	(3,588,908)	(3,048,960)
Proceeds from issuance of collateralized loan obligations	1,243,125	—
Repayment of collateralized loan obligations	(253,260)	—
Proceeds from sale of loan participations	—	21,346
Repayment of loan participations	—	(115,874)
Net proceeds from secured term loan borrowings	315,438	498,750
Repayments of secured term loans	(6,428)	(1,250)
Payment of deferred financing costs	(34,726)	(25,710)
Contributions from non-controlling interests	8,431	26,721
Distributions to non-controlling interests	(11,793)	(20,556)
Net proceeds from issuance of class A common stock	278,322	372,329
Dividends paid on class A common stock	(258,264)	(237,702)
Net cash provided by financing activities	120,778	419,550
Net increase (decrease) in cash, cash equivalents, and restricted cash	276,348	(20,477)
Cash and cash equivalents at beginning of period	150,090	105,662
Effects of currency translation on cash and cash equivalents	590	(896)
Cash and cash equivalents at end of period	$ 427,028	$ 84,289
Supplemental disclosure of cash flows information		
Payments of interest	$ (242,564)	$ (324,013)
Payments of income taxes	$ (146)	$ (205)
Supplemental disclosure of non-cash investing and financing activities		
Dividends declared, not paid	$ (90,642)	$ (83,259)
Satisfaction of management and incentive fees in stock	$ 19,277	$ —
Loan principal payments held by servicer, net	$ 3,235	$ 56,843

See accompanying notes to consolidated financial statements.

Blackstone Mortgage Trust, Inc.
Notes to Consolidated Financial Statements
(Unaudited)

1. ORGANIZATION

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

Blackstone Mortgage Trust is a real estate finance company that originates senior loans collateralized by commercial real estate in North America, Europe, and Australia. Our portfolio is composed primarily of loans secured by high-quality, institutional assets in major markets, sponsored by experienced, well-capitalized real estate investment owners and operators. These senior loans are capitalized by accessing a variety of financing options, including our credit facilities, issuing CLOs or single-asset securitizations, and syndications of senior loan participations, depending on our view of the most prudent financing option available for each of our investments. We are not in the business of buying or trading securities, and the only securities we own are the retained interests from our securitization financing transactions, which we have not financed. We are externally managed by BXMT Advisors L.L.C., or our Manager, a subsidiary of The Blackstone Group Inc., or Blackstone, and are a real estate investment trust, or REIT, traded on the New York Stock Exchange, or NYSE, under the symbol “BXMT.” Our principal executive offices are located at 345 Park Avenue, 42nd Floor, New York, New York 10154. We were incorporated in Maryland in 1998, when we reorganized from a California common law business trust into a Maryland corporation.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying unaudited consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America, or GAAP, for interim financial information and the instructions to Form 10-Q and Rule 10-01 of Regulation S-X. The consolidated financial statements, including the notes thereto, are unaudited and exclude some of the disclosures required in audited financial statements. We believe we have made all necessary adjustments, consisting of only normal recurring items, so that the consolidated financial statements are presented fairly and that estimates made in preparing our consolidated financial statements are reasonable and prudent. The operating results presented for interim periods are not necessarily indicative of the results that may be expected for any other interim period or for the entire year. The accompanying unaudited consolidated interim financial statements should be read in conjunction with the audited consolidated financial statements included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2019 filed with the Securities and Exchange Commission, or the SEC.

Basis of Presentation

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

Principles of Consolidation

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

In the third quarter of 2018, we contributed a loan to a single asset securitization vehicle, or the 2018 Single Asset Securitization, which is a VIE, and invested in the related subordinate position. We are not the primary beneficiary of the VIE because we do not have the power to direct the activities that most significantly affect the VIE’s economic performance and, therefore, do not consolidate the 2018 Single Asset Securitization on our balance sheet.

Blackstone Mortgage Trust, Inc.
Notes to Consolidated Financial Statements (continued)
(Unaudited)

We have classified the subordinate position we own as a held-to-maturity debt security that is included in other assets on our consolidated balance sheets. Refer to Note 15 for additional discussion of our VIEs.

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

Use of Estimates

The preparation of consolidated financial statements in conformity with GAAP requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. As of September 30, 2020, there is an ongoing global outbreak of a novel coronavirus, or COVID-19, which has spread to over 200 countries and territories, including the United States, has spread to every state in the United States, and is continuing to spread. The World Health Organization has designated COVID-19 as a pandemic, and numerous countries, including the United States, have declared national emergencies with respect to COVID-19. The United States and other countries have reacted to the COVID-19 outbreak with unprecedented government intervention, including interest rate cuts and economic stimulus. The global impact of the outbreak has been rapidly evolving, and many countries have reacted by instituting, or strongly encouraging, quarantines and restrictions on travel, closing financial markets and/or restricting trading, limiting operations of non-essential offices, retail centers, hotels, and other businesses, and taking other restrictive measures designed to help slow the spread of COVID-19. Businesses are also implementing similar precautionary measures. Such measures, as well as the general uncertainty surrounding the dangers and impact of COVID-19, are creating disruption in global supply chains, increasing rates of unemployment and adversely impacting many industries, including the collateral underlying certain of our loans. Moreover, with the continued spread of COVID-19, governments and businesses are likely to take increasingly aggressive measures to help slow its spread. For this reason, among others, as COVID-19 continues to spread, the potential impacts, including a global, regional, or other economic recession, are increasingly uncertain and difficult to assess. The rapid development and fluidity of this situation preclude any prediction as to the ultimate adverse impact of COVID-19 on economic and market conditions. We believe the estimates and assumptions underlying our consolidated financial statements are reasonable and supportable based on the information available as of September 30, 2020, however uncertainty over the ultimate impact COVID-19 will have on the global economy generally, and our business in particular, makes any estimates and assumptions as of September 30, 2020 inherently less certain than they would be absent the current and potential impacts of COVID-19. Actual results may ultimately differ from those estimates.

Revenue Recognition

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

Cash and Cash Equivalents

Cash and cash equivalents represent cash held in banks and liquid investments with original maturities of three months or less. We may have bank balances in excess of federally insured amounts; however, we deposit our cash and cash equivalents with high credit-quality institutions to minimize credit risk exposure. We have not experienced, and do not expect, any losses on our cash or cash equivalents. As of both September 30, 2020 and December 31, 2019, we had no restricted cash on our consolidated balance sheets.

Blackstone Mortgage Trust, Inc.
Notes to Consolidated Financial Statements (continued)
(Unaudited)

Through our subsidiaries, we have oversight of certain servicing accounts held with third-party servicers, or Servicing Accounts, which relate to borrower escrows and other cash balances aggregating $339.1 million and $450.8 million as of September 30, 2020 and December 31, 2019, respectively. This cash is maintained in segregated bank accounts, and these amounts are not included in the assets and liabilities presented in our consolidated balance sheets. Cash in these Servicing Accounts will be transferred by the respective third-party servicer to the borrower or us under the terms of the applicable loan agreement upon occurrence of certain future events. We do not generate any revenue or incur any expenses as a result of these Servicing Accounts.

Loans Receivable

We originate and purchase commercial real estate debt and related instruments generally to be held as long-term investments at amortized cost.

Debt Securities Held-to-Maturity

We classify our debt securities as held-to-maturity, as we have the intent and ability to hold these securities until maturity. We include our debt securities in other assets on our consolidated balance sheets at amortized cost.

Current Expected Credit Losses Reserve

The current expected credit loss, or CECL, reserve required under Accounting Standard Update, or ASU, 2016-13 "Financial Instruments – Credit Losses – Measurement of Credit Losses on Financial Instruments (Topic 326)," or ASU 2016-13, reflects our current estimate of potential credit losses related to our loans and debt securities included in our consolidated balance sheets. The initial CECL reserve recorded on January 1, 2020 is reflected as a direct charge to retained earnings on our consolidated statements of changes in equity; however subsequent changes to the CECL reserve are recognized through net income on our consolidated statements of operations. While ASU 2016-13 does not require any particular method for determining the CECL reserve, it does specify the reserve should be based on relevant information about past events, including historical loss experience, current portfolio and market conditions, and reasonable and supportable forecasts for the duration of each respective loan. In addition, other than a few narrow exceptions, ASU 2016-13 requires that all financial instruments subject to the CECL model have some amount of loss reserve to reflect the GAAP principal underlying the CECL model that all loans, debt securities, and similar assets have some inherent risk of loss, regardless of credit quality, subordinate capital, or other mitigating factors.

We estimate our CECL reserve primarily using the Weighted Average Remaining Maturity, or WARM method, which has been identified as an acceptable loss-rate method for estimating CECL reserves in the Financial Accounting Standards Board Staff Q&A Topic 326, No. 1. The WARM method requires us to reference historic loan loss data across a comparable data set and apply such loss rate to each of our loans over their expected remaining term, taking into consideration expected economic conditions over the relevant timeframe. We apply the WARM method for the majority of our loan portfolio, which loans share similar risk characteristics. In certain instances, for loans with unique risk characteristics, we may instead use a probability-weighted model that considers the likelihood of default and expected loss given default for each such individual loan.

Application of the WARM method to estimate a CECL reserve requires judgment, including (i) the appropriate historical loan loss reference data, (ii) the expected timing and amount of future loan fundings and repayments, and (iii) the current credit quality of our portfolio and our expectations of performance and market conditions over the relevant time period. To estimate the historic loan losses relevant to our portfolio, we have augmented our historical loan performance, which includes zero realized loan losses since the launch of our senior loan origination business in 2013, with market loan loss data licensed from Trepp LLC. This database includes commercial mortgage-backed securities, or CMBS, issued since January 1, 1999 through August 31, 2020. Within this database, we focused our historical loss reference calculations on the most relevant subset of available CMBS data, which we determined based on loan metrics that are most comparable to our loan portfolio including asset type, geography, and origination loan-to-value, or LTV. We believe this CMBS data, which includes month-over-month loan and property performance, is the most relevant, available, and comparable dataset to our portfolio.

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Our loans typically include commitments to fund incremental proceeds to our borrowers over the life of the loan, which future funding commitments are also subject to the CECL model. The CECL reserve related to future loan fundings is recorded as a component of Other Liabilities on our consolidated balance sheets. This CECL reserve is estimated using the same process outlined above for our outstanding loan balances, and changes in this component of the CECL reserve will similarly impact our consolidated net income. For both the funded and unfunded portions of our loans, we consider our internal risk rating of each loan as the primary credit quality indicator underlying our assessment.

The CECL reserve is measured on a collective basis wherever similar risk characteristics exist within a pool of similar assets. We have identified the following pools and measure the reserve for credit losses using the following methods:

- **U.S. Loans** : WARM method that incorporates a subset of historical loss data, expected weighted-average remaining maturity of our loan pool, and an economic view.
- **Non-U.S. Loans** : WARM method that incorporates a subset of historical loss data, expected weighted average remaining maturity of our loan pool, and an economic view.
- **Unique Loans** : a probability of default and loss given default model, assessed on an individual basis.
- **Impaired Loans** : practical expedient applied for collateral-dependent loans. The CECL reserve is assessed on an individual basis for these loans by comparing the estimated fair value of the underlying collateral, less costs to sell, to the book value of the respective loan. These valuations require significant judgments, which include assumptions regarding capitalization rates, discount rates, leasing, creditworthiness of major tenants, occupancy rates, availability and cost of financing, exit plan, loan sponsorship, actions of other lenders, and other factors deemed relevant by our Manager. Actual losses, if any, could ultimately differ from these estimates.

We adopted ASU 2016-13 using the modified-retrospective method for all financial assets measured at amortized cost. Prior to our adoption, we had no loan loss provisions on our consolidated balance sheets. We recorded a cumulative-effective adjustment to the opening retained earnings in our consolidated statement of equity as of January 1, 2020. The following table details the impact of this adoption ($ in thousands):

	Impact of ASU 2016-13 Adoption
Assets:	
Loans	
U.S. Loans	$ 8,955
Non-U.S. Loans	3,631
Unique Loans	1,356
CECL reserve on loans	$ 13,942
CECL reserve on held-to-maturity debt securities	445
Liabilities:	
CECL reserve on unfunded loan commitments	3,263
Total impact of ASU 2016-13 adoption on retained earnings	$ 17,650

Contractual Term and Unfunded Loan Commitments

Expected credit losses are estimated over the contractual term of each loan, adjusted for expected prepayments. As part of our quarterly review of our loan portfolio, we assess the expected repayment date of each loan, which is used to determine the contractual term for purposes of computing our CECL reserve.

Additionally, the expected credit losses over the contractual period of our loans are subject to the obligation to extend credit through our unfunded loan commitments. The CECL reserve for unfunded loan commitments is adjusted quarterly, as we consider the expected timing of future funding obligations over the estimated life of the loan. The considerations in estimating our CECL reserve for unfunded loan commitments are similar to those used for the related outstanding loan receivables.

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Credit Quality Indicator

Our risk rating is our primary credit quality indicator in assessing our current expected credit loss reserve. Our Manager performs a quarterly risk review of our portfolio of loans, and assigns each loan a risk rating based on a variety of factors, including, without limitation, LTV, debt yield, property type, geographic and local market dynamics, physical condition, cash flow volatility, leasing and tenant profile, loan structure and exit plan, and project sponsorship. Based on a 5-point scale, our loans are rated "l" through "5," from less risk to greater risk, relative to our loan portfolio in the aggregate, which ratings are defined as follows:

1 - **Very Low Risk**

2 - **Low Risk**

3 - **Medium Risk**

4 - **High Risk/Potential for Loss:** A loan that has a risk of realizing a principal loss.

5 - **Impaired/Loss Likely:** A loan that has a very high risk of realizing a principal loss or has otherwise incurred a principal loss.

Estimation of Economic Conditions

In addition to the WARM method computations and probability-weighted models described above, our CECL reserve is also adjusted to reflect our estimation of the current and future economic conditions that impact the performance of the commercial real estate assets securing our loans. These estimations include unemployment rates, interest rates, and other macroeconomic factors impacting the likelihood and magnitude of potential credit losses for our loans during their anticipated term. In addition to the CMBS data we have licensed from Trepp LLC, we have also licensed certain macroeconomic financial forecasts to inform our view of the potential future impact that broader economic conditions may have on our loan portfolio's performance. These estimations require significant judgments about future events that, while based on the information available to us as of the balance sheet date, are ultimately indeterminate and the actual economic condition impacting our portfolio could vary significantly from the estimates we made as of September 30, 2020.

Derivative Financial Instruments

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

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

On a quarterly basis, we also formally assess whether the derivative we designated in each hedging relationship is expected to be, and has been, highly effective in offsetting changes in the value or cash flows of the hedged items. If it is determined that a derivative is not highly effective at hedging the designated exposure, hedge accounting is discontinued and the changes in fair value of the instrument are included in net income prospectively. Effective April 1, 2020, our net investment hedges are assessed using a method based on changes in spot exchange rates. Gains and losses, representing hedge components excluded from the assessment of effectiveness, are recognized in interest income on our consolidated statements of operations over the contractual term of our net investment hedges on a systematic and rational basis, as documented at hedge inception in accordance with our accounting policy election. All other changes in the fair value of our derivative instruments that qualify as hedges are reported as a component of accumulated other comprehensive income (loss) on our consolidated financial statements. Deferred gains and losses are reclassified out of accumulated other comprehensive income (loss) and into net income in the same period or periods during which the hedged transaction affects earnings, and are presented in the same line item as the earnings effect of the hedged item. For cash flow hedges, this is typically when the periodic swap settlements are made, while for net investment hedges, this occurs when the hedged item is sold or substantially liquidated. To the extent a derivative does not qualify for hedge accounting and is deemed a non-designated hedge, the changes in its fair value are included in net income concurrently.

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Secured Debt Agreements

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

Senior Loan Participations

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

Secured Term Loans

We record our secured term loans as liabilities on our consolidated balance sheets. Where applicable, any issue discount or transaction expenses are deferred and amortized through the maturity date of the secured term loans as additional non-cash interest expense.

Convertible Notes

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

Deferred Financing Costs

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

Fair Value of Financial Instruments

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

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

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

- Level 1: Generally includes only unadjusted quoted prices that are available in active markets for identical financial instruments as of the reporting date.
- Level 2: Pricing inputs include quoted prices in active markets for similar instruments, quoted prices in less active or inactive markets for identical or similar instruments where multiple price quotes can be obtained, and other observable inputs, such as interest rates, yield curves, credit risks, and default rates.
- Level 3: Pricing inputs are unobservable for the financial instruments and include situations where there is little, if any, market activity for the financial instrument. These inputs require significant judgment or estimation by management of third-parties when determining fair value and generally represent anything that does not meet the criteria of Levels 1 and 2.

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

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

During the nine months ended September 30, 2020, we recorded an aggregate $69.7 million CECL reserve specifically related to two of our loans receivable with an aggregate outstanding principal balance of $338.8 million, as of September 30, 2020. The CECL reserve was recorded based on our Manager's estimation of the fair value of the loan's underlying collateral as of September 30, 2020. These loans receivable are therefore measured at fair value on a nonrecurring basis using significant unobservable inputs, and are classified as Level 3 assets in the fair value hierarchy. The significant unobservable inputs used to estimate the fair value of these loans receivable include the exit capitalization rate assumption used to forecast the future sale price of the underlying real estate collateral, which ranged from 4.25% to 4.80%.

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

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

- Cash and cash equivalents: The carrying amount of cash and cash equivalents approximates fair value.
- Loans receivable, net: The fair values of these loans were estimated by our Manager based on a discounted cash flow methodology, taking into consideration various factors including capitalization rates, discount rates, leasing, credit worthiness of major tenants, occupancy rates, availability and cost of financing, exit plan, loan sponsorship, actions of other lenders, and other factors deemed relevant by our Manager.
- Debt securities held-to-maturity: The fair value of these instruments was estimated by utilizing third-party pricing service providers assuming the securities are not sold prior to maturity. In determining the value of a particular investment, pricing service providers may use broker-dealer quotations, reported trades, or valuation estimates from their internal pricing models to determine the reported price.

Blackstone Mortgage Trust, Inc.
Notes to Consolidated Financial Statements (continued)
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- Derivative financial instruments: The fair value of our foreign currency and interest rate contracts was estimated using advice from a third-party derivative specialist, based on contractual cash flows and observable inputs comprising foreign currency rates and credit spreads.
- Secured debt agreements, net: The fair value of these instruments was estimated based on the rate at which a similar credit facility would currently be priced.
- Securitized debt obligations, net: The fair value of these instruments was estimated by utilizing third-party pricing service providers. In determining the value of a particular investment, pricing service providers may use broker-dealer quotations, reported trades, or valuation estimates from their internal pricing models to determine the reported price.
- Secured term loans, net: The fair value of these instruments was estimated by utilizing third-party pricing service providers. In determining the value of a particular investment, pricing service providers may use broker-dealer quotations, reported trades, or valuation estimates from their internal pricing models to determine the reported price.
- Convertible notes, net: Each series of the convertible notes is actively traded and their fair values were obtained using quoted market prices.

Income Taxes

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

Stock-Based Compensation

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

Earnings per Share

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

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

Foreign Currency

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

Blackstone Mortgage Trust, Inc.
Notes to Consolidated Financial Statements (continued)
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Underwriting Commissions and Offering Costs

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

Recent Accounting Pronouncements

In June 2016, the FASB issued ASU 2016-13 "Financial Instruments – Credit Losses – Measurement of Credit Losses on Financial Instruments (Topic 326)," or ASU 2016-13. ASU 2016-13 significantly changes how entities measure credit losses for most financial assets and certain other instruments that are not measured at fair value through net income. ASU 2016-13 replaced the incurred loss model under previous guidance with a CECL model for instruments measured at amortized cost, and requires entities to record reserves for available-for-sale debt securities rather than reduce the carrying amount, as they did previously under the other-than-temporary impairment model. It also simplified the accounting model for purchased credit-impaired debt securities and loans. We adopted ASU 2016-13 on January 1, 2020, and recorded a $17.7 million cumulative-effect adjustment to retained earnings.

In March 2020, the FASB issued ASU 2020-04 "Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting," or ASU 2020-04. ASU 2020-04 provides optional expedients and exceptions to GAAP requirements for modifications on debt instruments, leases, derivatives, and other contracts, related to the expected market transition from LIBOR, and certain other floating rate benchmark indices, or collectively, IBORs, to alternative reference rates. ASU 2020-04 generally considers contract modifications related to reference rate reform to be an event that does not require contract remeasurement at the modification date nor a reassessment of a previous accounting determination. The guidance in ASU 2020-04 is optional and may be elected over time, through December 31, 2022, as reference rate reform activities occur. Once ASU 2020-04 is elected, the guidance must be applied prospectively for all eligible contract modifications. In the first quarter of 2020, we have elected to apply the hedge accounting expedients, related to probability and the assessments of effectiveness, for future IBOR-indexed cash flows, to assume that the index upon which future hedged transactions will be based matches the index on the corresponding derivatives. Application of these expedients preserves the presentation of derivatives consistent with our past presentation. We continue to evaluate the impact of ASU 2020-04 and may apply other elections, as applicable, as the expected market transition from IBORs to alternative reference rates continues to develop.

In August 2020, the FASB issued ASU 2020-06 "Debt—Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging—Contracts in Entity's Own Equity (Subtopic 815-40): Accounting for Convertible Instruments and Contracts in an Entity's Own Equity," or ASU 2020-06. ASU 2020-06 simplifies the accounting for convertible debt by eliminating the beneficial conversion and cash conversion accounting models. ASU 2020-06 also updates the earnings per share calculation and requires entities to assume share settlement when the convertible debt can be settled in cash or shares. ASU 2020-06 is effective for fiscal years beginning after December 15, 2021 and is to be adopted through a cumulative-effect adjustment to the opening balance of retained earnings either at the date of adoption or in the first comparative period presented. Upon adoption of ASU 2020-06, convertible debt proceeds, unless issued with a substantial premium or an embedded conversion feature, will no longer be allocated between debt and equity components. This will reduce the issue discount and result in less non-cash interest expense in our consolidated financial statements. Additionally, ASU 2020-06 will result in the reporting of a diluted earnings per share, if the effect is dilutive, in our consolidated financial statements, regardless of our settlement intent.

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3. LOANS RECEIVABLE, NET

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

	September 30, 2020	December 31, 2019
Number of loans	123	128
Principal balance	$ 16,553,358	$ 16,277,343
Net book value	$ 16,291,677	$ 16,164,801
Unfunded loan commitments (1)	$ 3,330,847	$ 3,911,868
Weighted-average cash coupon (2)	L + 3.17%	L + 3.20%
Weighted-average all-in yield (2)	L + 3.53%	L + 3.55%
Weighted-average maximum maturity (years) (3)	3.3	3.8

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

(2) The weighted-average cash coupon and all-in yield are expressed as a spread over the relevant floating benchmark rates, which include USD LIBOR, GBP LIBOR, EURIBOR, BBSY, and CDOR, as applicable to each loan. As of September 30, 2020, 99% of our loans by principal balance earned a floating rate of interest, primarily indexed to USD LIBOR, and $13.4 billion of such loans earned interest based on floors that are above the applicable index. The other 1% of our loans earned a fixed rate of interest. We reflect our fixed rate loans as a spread over the relevant floating benchmark rates, as of September 30, 2020 and December 31, 2019, respectively, for purposes of the weighted-averages. As of December 31, 2019, 99% of our loans by total loan exposure earned a floating rate of interest, primarily indexed to USD LIBOR, and $6.1 billion of such loans earned interest based on floors that are above the applicable index. In addition to cash coupon, all-in yield includes the amortization of deferred origination and extension fees, loan origination costs, and purchase discounts, as well as the accrual of exit fees. Excludes loans accounted for under the cost-recovery method.

(3) Maximum maturity assumes all extension options are exercised by the borrower, however our loans may be repaid prior to such date. As of September 30, 2020, 42% of our loans by principal balance were subject to yield maintenance or other prepayment restrictions and 58% were open to repayment by the borrower without penalty. As of December 31, 2019, 61% of our loans by principal balance were subject to yield maintenance or other prepayment restrictions and 39% were open to repayment by the borrower without penalty.

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

	Principal Balance	Deferred Fees / Other Items (1)	Net Book Value
Loans Receivable, as of December 31, 2019	$16,277,343	$ (112,542)	$16,164,801
Loan fundings	1,489,101	—	1,489,101
Loan repayments and sales	(1,301,862)	—	(1,301,862)
Unrealized gain (loss) on foreign currency translation	88,776	(320)	88,456
Deferred fees and other items	—	(14,886)	(14,886)
Amortization of fees and other items	—	43,093	43,093
Loans Receivable, as of September 30, 2020	$16,553,358	$ (84,655)	$16,468,703
CECL reserve			(177,026)
Loans Receivable, net, as of September 30, 2020			$16,291,677

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

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

	September 30, 2020			
Property Type	Number of Loans	Net Book Value	Total Loan Exposure (1)(2)	Percentage of Portfolio
Office	59	$ 9,688,444	$10,107,222	60%
Hospitality	14	2,259,528	2,324,828	13
Multifamily	33	1,843,950	1,914,879	11
Industrial	7	873,714	877,510	5
Retail	4	539,099	551,335	3
Self-Storage	2	294,652	294,715	2
Condominium	2	240,484	252,181	1
Other	2	728,832	946,929	5
Total loans receivable	123	$16,468,703	$17,269,599	100%
CECL reserve		(177,026)		
Loans receivable, net		$16,291,677		

Geographic Location	Number of Loans	Net Book Value	Total Loan Exposure (1)(2)	Percentage of Portfolio
United States				
Northeast	25	$ 4,240,179	$ 4,261,164	25%
West	28	2,977,314	3,406,782	20
Southeast	25	2,454,675	2,508,960	15
Midwest	8	1,026,192	1,029,360	6
Southwest	10	604,194	606,033	4
Northwest	1	15,519	15,530	—
Subtotal	97	11,318,073	11,827,829	70
International				
United Kingdom	13	1,706,353	1,943,238	11
Ireland	1	1,256,417	1,264,446	7
Spain	2	1,236,397	1,241,676	7
Australia	2	241,333	242,183	1
Germany	1	203,444	239,662	1
Italy	1	204,286	205,994	1
Netherlands	1	100,929	101,968	1
Belgium	1	90,849	91,089	1
Canada	3	76,898	77,054	—
France	1	33,724	34,460	—
Subtotal	26	5,150,630	5,441,770	30
Total loans receivable	123	$16,468,703	$17,269,599	100%
CECL reserve		(177,026)		
Loans receivable, net		$16,291,677		

(1) In certain instances, we finance our loans through the non-recourse sale of a senior loan interest that is not included in our consolidated financial statements. See Note 2 for further discussion. Total loan exposure encompasses the entire loan we originated and financed, including $716.2 million of such non-consolidated senior interests as of September 30, 2020.

(2) Excludes investment exposure to the $807.7 million 2018 Single Asset Securitization. See Note 4 for details of the subordinate position we own in the 2018 Single Asset Securitization.

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December 31, 2019				
Property Type	**Number of Loans**	**Net Book Value**	**Total Loan Exposure (1)(2)**	**Percentage of Portfolio**
Office	63	$ 9,946,055	$10,266,567	61%
Hospitality	14	2,199,220	2,281,718	13
Multifamily	36	1,596,333	1,642,664	10
Industrial	5	603,917	607,423	4
Retail	3	373,045	381,040	2
Self-Storage	2	291,994	292,496	2
Condominium	1	232,778	234,260	1
Other	4	921,459	1,259,696	7
	128	$ 16,164,801	$ 16,965,864	100%

Geographic Location	**Number of Loans**	**Net Book Value**	**Total Loan Exposure (1)(2)**	**Percentage of Portfolio**
United States				
Northeast	25	$ 3,789,477	$ 3,815,580	22%
West	30	3,143,323	3,451,914	20
Southeast	23	2,321,444	2,334,852	14
Midwest	10	1,174,581	1,180,240	7
Southwest	11	464,989	467,532	3
Northwest	3	52,891	52,989	—
Subtotal	102	10,946,705	11,303,107	66
International				
United Kingdom	13	1,738,536	2,102,501	12
Ireland	1	1,318,196	1,330,647	8
Spain	2	1,231,061	1,237,809	7
Australia	3	360,047	361,763	2
Germany	1	195,081	251,020	1
Italy	1	178,740	180,897	1
Belgium	1	86,807	87,201	1
Canada	3	77,656	77,953	1
France	1	31,972	32,966	1
Subtotal	26	5,218,096	5,662,757	34
Total	128	$ 16,164,801	$ 16,965,864	100%

(1) In certain instances, we finance our loans through the non-recourse sale of a senior loan interest that is not included in our consolidated financial statements. See Note 2 for further discussion. Total loan exposure encompasses the entire loan we originated and financed, including $688.5 million of such non-consolidated senior interests as of December 31, 2019 .

(2) Excludes investment exposure to the $930.0 million 2018 Single Asset Securitization. See Note 4 for details of the subordinate position we own in the 2018 Single Asset Securitization.

Loan Risk Ratings

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

Blackstone Mortgage Trust, Inc.
Notes to Consolidated Financial Statements (continued)
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The following table allocates the principal balance and net book value of our loans receivable based on our internal risk ratings ($ in thousands):

	September 30, 2020			December 31, 2019		
Risk Rating	Number of Loans	Net Book Value	Total Loan Exposure [1] [2]	Number of Loans	Net Book Value	Total Loan Exposure [1] [2]
1	8	$ 723,220	$ 724,973	6	$ 376,379	$ 378,427
2	26	3,078,004	3,094,525	30	3,481,123	3,504,972
3	73	9,328,140	10,095,708	89	12,137,963	12,912,722
4	14	3,002,016	3,015,569	3	169,336	169,743
5	2	337,323	338,824	—	—	—
Total loans receivable	123	$ 16,468,703	$ 17,269,599	128	$ 16,164,801	$ 16,965,864
CECL reserve		(177,026)			—	
Loans receivable, net		$ 16,291,677			$ 16,164,801	

(1) In certain instances, we finance our loans through the non-recourse sale of a senior loan interest that is not included in our consolidated financial statements. See Note 2 for further discussion. Total loan exposure encompasses the entire loan we originated and financed, including $716.2 million and $688.5 million of such non-consolidated senior interests as of September 30, 2020 and December 31, 2019, respectively.

(2) Excludes investment exposure to the 2018 Single Asset Securitization of $807.7 million and $930.0 million as of September 30, 2020 and December 31, 2019, respectively. See Note 4 for details of the subordinate position we own in the 2018 Single Asset Securitization.

The weighted-average risk rating of our total loan exposure was 3.0 and 2.8 as of September 30, 2020 and December 31, 2019, respectively. The increase in the risk rating was primarily the result of loans with an aggregate principal balance of $3.2 billion that were downgraded to a “4” or “5” as of September 30, 2020 to reflect the higher risk in loans collateralized by hospitality assets and select other assets that are particularly negatively impacted by the COVID-19 pandemic.

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Current Expected Credit Loss Reserve

The CECL reserve required under GAAP reflects our current estimate of potential credit losses related to the loans and debt securities included in our consolidated balance sheets. Refer to Note 2 for further discussion of our CECL reserve. The following table presents the activity in our loans receivable CECL reserve by investment pool for the three and nine months ended September 30, 2020 ($ in thousands):

	U.S. Loans	Non-U.S. Loans	Unique Loans	Impaired Loans	Total
Loans Receivable, Net					
CECL reserve as of December 31, 2019	$ —	$ —	$ —	$ —	$ —
Initial CECL reserve on January 1, 2020	8,955	3,631	1,356	—	13,942
Increase in CECL reserve	41,687	23,149	28,587	69,661	163,084
CECL reserve as of September 30, 2020	$ 50,642	$ 26,780	$ 29,943	$ 69,661	$ 177,026
CECL reserve as of June 30, 2020	$ 61,404	$ 19,745	$ 27,240	$ 69,661	$ 178,050
(Decrease) increase in CECL reserve	(10,762)	7,035	2,703	—	(1,024)
CECL reserve as of September 30, 2020	$ 50,642	$ 26,780	$ 29,943	$ 69,661	$ 177,026

Our initial CECL reserve against our loans receivable portfolio of $13.9 million recorded on January 1, 2020 is reflected as a direct charge to retained earnings on our consolidated statements of changes in equity; however subsequent changes to the CECL reserve are recognized through net income on our consolidated statements of operations. During the three and nine months ended September 30, 2020, we recorded a decrease of $1.0 million and an increase of $163.1 million, respectively, in the current expected credit loss reserve against our loans receivable portfolio, bringing our total CECL reserve to $177.0 million as of September 30, 2020. This CECL reserve reflects the macroeconomic impact of the COVID-19 pandemic on commercial real estate markets generally, as well as certain loans assessed for impairment in our portfolio. See Note 2 for further discussion of COVID-19.

During the first quarter of 2020, we entered into a loan modification related to a multifamily asset in New York City, which is classified as a troubled debt restructuring under GAAP. This modification included, among other changes, a reduction in the loan's contractual interest payments and an extension of the loan's maturity date. As of September 30, 2020, we recorded a $ 14.8 million CECL reserve on this loan, which had an outstanding principal balance of $ 52.5 million, net of cost-recovery proceeds, as of September 30, 2020. The CECL reserve was recorded based on our Manager's estimation of the fair value of the loan's underlying collateral as of September 30, 2020, and to reflect ongoing loan modification discussions. As of September 30, 2020, the borrower was current with all terms of the loan, including payments of interest.

During the third quarter of 2020, we entered into a loan modification related to a hospitality asset in New York City, which is classified as a troubled debt restructuring under GAAP. This modification included, among other changes, a reduction in the loan's contractual interest payments and an extension of the loan's maturity date. As of September 30, 2020, we recorded a $54.9 million CECL reserve on this loan, which had an outstanding principal balance of $286.3 million, net of cost-recovery proceeds, as of September 30, 2020. The CECL reserve was recorded based on our Manager's estimation of the fair value of the loan's underlying collateral as of September 30, 2020.

As of July 1, 2020, the income accrual was suspended on the two loans detailed above, which had an aggregate outstanding principal balance of $338.8 million, as of September 30, 2020. No income was recorded on these loans during the three months ended September 30, 2020.

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Notes to Consolidated Financial Statements (continued)
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Our primary credit quality indicator is our risk ratings, which are further discussed above. The following table presents the net book value of our loan portfolio as of September 30, 2020 by year of origination, investment pool, and risk rating ($ in thousands):

		Net Book Value of Loans Receivable by Year of Origination (1)(2) As of September 30, 2020						
	Risk Rating	2020	2019	2018	2017	2016	Prior	Total
U.S. loans								
	1	$ 20,383	$ 200,677	$ 224,920	$ 43,995	$ 18,366	$ —	$ 508,341
	2	—	309,279	1,700,123	765,733	79,798	223,071	3,078,004
	3	600,826	2,276,870	1,555,355	1,128,881	230,250	220,539	6,012,721
	4	65,917	168,041	1,051,143	63,253	110,228	—	1,458,582
	5	—	—	—	—	—	—	—
Total U.S. loans		$ 687,126	$ 2,954,867	$ 4,531,541	$ 2,001,862	$ 438,642	$ 443,610	$ 11,057,648
Non-U.S. loans								
	1	$ —	$ —	$ 124,030	$ 90,849	$ —	$ —	$ 214,879
	2	—	—	—	—	—	—	—
	3	100,929	2,413,608	448,647	—	107,822	—	3,071,006
	4	—	244,183	—	—	—	—	244,183
	5	—	—	—	—	—	—	—
Total Non-U.S. loans		$ 100,929	$ 2,657,791	$ 572,677	$ 90,849	$ 107,822	$ —	$ 3,530,068
Unique loans								
	1	$ —	$ —	$ —	$ —	$ —	$ —	$ —
	2	—	—	—	—	—	—	—
	3	—	—	186,859	—	—	57,554	244,413
	4	—	307,037	992,214	—	—	—	1,299,251
	5	—	—	—	—	—	—	—
Total unique loans		$ —	$ 307,037	$ 1,179,073	$ —	$ —	$ 57,554	$ 1,543,664
Impaired loans								
	1	$ —	$ —	$ —	$ —	$ —	$ —	$ —
	2	—	—	—	—	—	—	—
	3	—	—	—	—	—	—	—
	4	—	—	—	—	—	—	—
	5	—	—	284,808	—	—	52,515	337,323
Total impaired loans		$ —	$ —	$ 284,808	$ —	$ —	$ 52,515	$ 337,323
Total loans receivable								
	1	$ 20,383	$ 200,677	$ 348,950	$ 134,844	$ 18,366	$ —	$ 723,220
	2	—	309,279	1,700,123	765,733	79,798	223,071	3,078,004
	3	701,755	4,690,478	2,190,861	1,128,881	338,072	278,093	9,328,140
	4	65,917	719,261	2,043,357	63,253	110,228	—	3,002,016
	5	—	—	284,808	—	—	52,515	337,323
Total loans receivable		$ 788,055	$ 5,919,695	$ 6,568,099	$ 2,092,711	$ 546,464	$ 553,679	$ 16,468,703
CECL reserve								(177,026)
Loans receivable, net								$ 16,291,677

(1) Date loan was originated or acquired by us. Origination dates are subsequently updated to reflect material loan modifications.
(2) Excludes the $75.3 million net book value of our held-to-maturity debt securities which represents our subordinate position we own in the 2018 Single Asset Securitization, and is included in other assets on our consolidated balance sheets. See Note 4 for details of the subordinate position we own in the 2018 Single Asset Securitization.

Blackstone Mortgage Trust, Inc.
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Multifamily Joint Venture

As discussed in Note 2, we entered into a Multifamily Joint Venture in April 2017. As of September 30, 2020 and December 31, 2019, our Multifamily Joint Venture held $566.1 million and $670.5 million of loans, respectively, which are included in the loan disclosures above. Refer to Note 2 for additional discussion of our Multifamily Joint Venture.

4. OTHER ASSETS AND LIABILITIES

Other Assets

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

	September 30, 2020	December 31, 2019
Debt securities held-to-maturity [(1)]	$ 77,297	$ 86,638
CECL reserve	(2,033)	—
Debt securities held-to-maturity, net	75,264	86,638
Accrued interest receivable	61,528	66,649
Collateral deposited under derivative agreements	9,350	30,800
Derivative assets	7,762	1,079
Loan portfolio payments held by servicer [(2)]	3,235	49,584
Prepaid taxes	376	376
Prepaid expenses	41	739
Other	543	1,115
Total	$ 158,099	$ 236,980

(1) Represents the subordinate position we own in the 2018 Single Asset Securitization, which held aggregate loan assets of $807.7 million and $930.0 million as of September 30, 2020 and December 31, 2019, respectively, with a yield to full maturity of L+10.0% and a maximum maturity date of June 9, 2025, assuming all extension options are exercised by the borrower. Refer to Note 15 for additional discussion.

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

Current Expected Credit Loss Reserve

The CECL reserve required under GAAP reflects our current estimate of potential credit losses related to the loans and debt securities included in our consolidated balance sheets. Refer to Note 2 for further discussion of our CECL reserve. The following table presents the activity in our debt securities CECL reserve by investment pool for the three and nine months ended September 30, 2020 ($ in thousands):

	U.S. Loans	Non-U.S. Loans	Unique Loans	Impaired Loans	Total
Debt Securities Held-To-Maturity					
CECL reserve as of December 31, 2019	$ —	$ —	$ —	$ —	$ —
Initial CECL reserve on January 1, 2020	445	—	—	—	445
Increase in CECL reserve	1,588	—	—	—	1,588
CECL reserve as of September 30, 2020	$ 2,033	$ —	$ —	$ —	$ 2,033
CECL reserve as of June 30, 2020	$ 4,119	$ —	$ —	$ —	$ 4,119
Decrease in CECL reserve	(2,086)	—	—		(2,086)
CECL reserve as of September 30, 2020	$ 2,033	$ —	$ —	$ —	$ 2,033

Blackstone Mortgage Trust, Inc.
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Our initial CECL reserve against our debt securities held-to-maturity of $445,000 recorded on January 1, 2020 is reflected as a direct charge to retained earnings on our consolidated statements of changes in equity; however subsequent changes to the CECL reserve are recognized through net income on our consolidated statements of operations. During the three and nine months ended September 30, 2020, we recorded a decrease of $2.1 million and an increase of $1.6 million, respectively, in the expected credit loss reserve against our debt securities held-to-maturity, bringing our total CECL reserve to $2.0 million as of September 30, 2020. This CECL reserve reflects the macroeconomic impact of the COVID-19 pandemic on commercial real estate markets generally and is not specific to any loan losses or impairments in our portfolio. See Note 2 for further discussion of COVID-19.

Other Liabilities

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

	September 30, 2020	December 31, 2019
Accrued dividends payable	$ 90,642	$ 83,702
Derivative liabilities	25,388	42,263
Accrued interest payable	21,162	24,831
Accrued management and incentive fees payable	18,985	20,159
Current expected credit loss reserve for unfunded loan commitments (1)	12,057	—
Accounts payable and other liabilities	3,743	5,008
Total	$ 171,977	$ 175,963

(1) Represents the CECL reserve related to our unfunded loan commitments. See Note 2 for further discussion of the CECL reserve.

Current Expected Credit Loss Reserve for Unfunded Loan Commitments

As of September 30, 2020, we had unfunded commitments of $3.3 billion related to 83 loans receivable. The expected credit losses over the contractual period of our loans are subject to the obligation to extend credit through our unfunded loan commitments. See Note 2 for further discussion of the CECL reserve related to our unfunded loan commitments, and Note 17 for further discussion of our unfunded loan commitments. The following table presents the activity in the CECL reserve related to our unfunded loan commitments by investment pool for the three and nine months ended September 30, 2020 ($ in thousands):

	U.S. Loans	Non-U.S. Loans	Unique Loans	Impaired Loans	Total
Unfunded Loan Commitments					
CECL reserve as of December 31, 2019	$ —	$ —	$ —	$ —	$ —
Initial CECL reserve on January 1, 2020	2,801	453	9	—	3,263
Increase in CECL reserve	6,378	2,357	59	—	8,794
CECL reserve as of September 30, 2020	$ 9,179	$ 2,810	$ 68	$ —	$12,057
CECL reserve as of June 30, 2020	$ 12,836	$ 2,078	$ 88	$ —	$15,002
(Decrease) increase in CECL reserve	(3,657)	732	(20)	—	(2,945)
CECL reserve as of September 30, 2020	$ 9,179	$ 2,810	$ 68	$ —	$12,057

Our initial CECL reserve against our unfunded loan commitments of $3.3 million recorded on January 1, 2020 is reflected as a direct charge to retained earnings on our consolidated statements of changes in equity; however subsequent changes to the CECL reserve are recognized through net income on our consolidated statements of operations. During the three and nine months ended September 30, 2020, we recorded a decrease of $2.9 million and an increase of $8.8 million, respectively, in the expected credit loss reserve against our unfunded loan commitments, bringing our total CECL reserve to $12.1 million as of September 30, 2020. This CECL reserve reflects the macroeconomic impact of the COVID-19 pandemic on commercial real estate markets generally and is not specific to any loan losses or impairments in our portfolio. See Note 2 for further discussion of COVID-19.

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5. SECURED DEBT AGREEMENTS, NET

During the three months ended June 30, 2020, we entered into agreements with seven of our secured credit facility lenders, representing an aggregate $7.9 billion of our secured credit facilities, to temporarily suspend credit mark provisions on certain of their portfolio assets in exchange for: (i) cash repayments; (ii) pledges of additional collateral; and (iii) reductions in our available borrowings.

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

	Secured Debt Agreements Borrowings Outstanding	
	September 30, 2020	December 31, 2019
Secured credit facilities	$ 8,651,313	$ 9,753,059
Asset-specific financings	348,964	330,879
Revolving credit agreement	—	—
Total secured debt agreements	$ 9,000,277	$ 10,083,938
Deferred financing costs [1]	(26,467)	(29,008)
Net book value of secured debt	$ 8,973,810	$ 10,054,930

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

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Secured Credit Facilities

The following table details our secured credit facilities as of September 30, 2020 ($ in thousands):

	September 30, 2020			
	Credit Facility Borrowings			Collateral
Lender	Potential (1)	Outstanding	Available (1)	Assets (2)
Deutsche Bank	$1,934,011	$1,934,011	$ —	$ 2,883,566
Barclays	1,627,322	1,426,298	201,024	2,097,701
Wells Fargo	1,499,543	1,221,880	277,663	2,002,238
Citibank	944,610	777,442	167,168	1,228,815
Goldman Sachs	593,306	593,306	—	802,599
Bank of America	546,168	546,168	—	761,960
MetLife	445,144	445,144	—	556,663
JP Morgan	430,856	403,503	27,353	578,524
Morgan Stanley	507,209	380,156	127,053	812,540
Santander	256,305	256,305	—	320,382
Société Générale	235,169	235,169	—	303,731
US Bank - Multi. JV (3)	217,668	212,482	5,186	272,084
Goldman Sachs - Multi. JV (3)	185,529	185,529	—	251,663
Bank of America - Multi. JV (3)	33,920	33,920	—	42,400
	$9,456,760	$8,651,313	$ 805,447	$12,914,866

(1) Potential borrowings represents the total amount we could draw under each facility based on collateral already approved and pledged. When undrawn, these amounts are immediately available to us at our sole discretion under the terms of each credit facility.
(2) Represents the principal balance of the collateral assets.
(3) These facilities finance the loan investments of our consolidated Multifamily Joint Venture. Refer to Note 2 for additional discussion of our Multifamily Joint Venture.

The weighted-average outstanding balance of our secured credit facilities was $9.0 billion for the nine months ended September 30, 2020. As of September 30, 2020, we had aggregate borrowings of $8.7 billion outstanding under our secured credit facilities, with a weighted-average cash coupon of LIBOR plus 1.62% per annum, a weighted-average all-in cost of credit, including associated fees and expenses, of LIBOR plus 1.82% per annum, and a weighted-average advance rate of 73.7%. As of September 30, 2020, outstanding borrowings under these facilities had a weighted-average maturity, including extension options, of 3.2 years.

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Notes to Consolidated Financial Statements (continued)
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The following table details our secured credit facilities as of December 31, 2019 ($ in thousands):

	December 31, 2019			
	Credit Facility Borrowings			Collateral
Lender	Potential (1)	Outstanding	Available (1)	Assets (2)
Wells Fargo	$ 2,056,769	$2,018,057	$ 38,712	$ 2,621,806
Deutsche Bank	2,037,795	1,971,860	65,935	2,573,447
Barclays	1,629,551	1,442,083	187,468	2,044,654
Citibank	1,159,888	1,109,837	50,051	1,473,745
Bank of America	603,660	513,660	90,000	775,678
Morgan Stanley	524,162	468,048	56,114	706,080
Goldman Sachs	474,338	450,000	24,338	632,013
MetLife	417,677	417,677	—	536,553
Société Générale	333,473	333,473	—	437,130
US Bank - Multi. JV (3)	279,838	279,552	286	350,034
JP Morgan	303,288	259,062	44,226	386,545
Santander	239,332	239,332	—	299,597
Goldman Sachs - Multi. JV (3)	203,846	203,846	—	261,461
Bank of America - Multi. JV (3)	46,572	46,572	—	58,957
	$10,310,189	$9,753,059	$ 557,130	$13,157,700

(1) Potential borrowings represents the total amount we could draw under each facility based on collateral already approved and pledged. When undrawn, these amounts are immediately available to us at our sole discretion under the terms of each credit facility.
(2) Represents the principal balance of the collateral assets.
(3) These facilities finance the loan investments of our consolidated Multifamily Joint Venture. Refer to Note 2 for additional discussion of our Multifamily Joint Venture.

The weighted-average outstanding balance of our secured credit facilities was $8.7 billion for the nine months ended December 31, 2019. As of December 31, 2019, we had aggregate borrowings of $9.8 billion outstanding under our secured credit facilities, with a weighted-average cash coupon of LIBOR plus 1.60% per annum, a weighted-average all-in cost of credit, including associated fees and expenses, of LIBOR plus 1.79% per annum, and a weighted-average advance rate of 79.4%. As of December 31, 2019, outstanding borrowings under these facilities had a weighted-average maturity, including extension options, of 3.6 years.

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

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The following tables outline the key terms of our credit facilities as of September 30, 2020:

Lender	Currency	Guarantee (1)	Margin Call (2)	Term/Maturity
Deutsche Bank	$ / €	61% (4)	Collateral marks only	Term matched (6)
Barclays	$ / £ / €	25%	Collateral marks only	Term matched (6)
Wells Fargo	$ / C$	25% (5)	Collateral marks only	Term matched (6)
Citibank	$ / £ / € / A$ / C$	25%	Collateral marks only	Term matched (6)
Goldman Sachs	$ / £ / €	25%	Collateral marks only	Term matched (6)
Bank of America	$	50%	Collateral marks only	May 21, 2024 (7)
MetLife	$	62%	Collateral marks only	September 23, 2025 (8)
JP Morgan	$ / £	43%	Collateral marks only	January 7, 2024 (9)
Morgan Stanley	$ / £ / €	25%	Collateral marks only	September 29, 2025 (10)
Santander	€	50%	Collateral marks only	Term matched (6)
Société Générale	$ / £ / €	25%	Collateral marks only	Term matched (6)
US Bank - Multi. JV (3)	$	25%	Collateral marks only	Term matched (6)
Goldman Sachs - Multi. JV (3)	$	25%	Collateral marks only	July 12, 2022 (11)
Bank of America - Multi. JV (3)	$	43%	Collateral marks only	July 19, 2023 (12)

(1) Other than amounts guaranteed based on specific collateral asset types, borrowings under our credit facilities are non-recourse to us.
(2) Margin call provisions under our credit facilities do not permit valuation adjustments based on capital markets events, and are limited to collateral-specific credit marks. These provisions have been temporarily suspended on certain of our facilities as described above.
(3) These facilities finance the loan investments of our consolidated Multifamily Joint Venture. Refer to Note 2 for additional discussion of our Multifamily Joint Venture.
(4) Specific borrowings outstanding of $920.3 million are 100% guaranteed. The remainder of the credit facility borrowings are 25% guaranteed.
(5) In addition to the 25% guarantee across all borrowings, there is an incremental guarantee of $146.6 million related to $195.5 million of specific borrowings outstanding.
(6) These secured credit facilities have various availability periods during which new advances can be made and which are generally subject to each lender's discretion. Maturity dates for advances outstanding are tied to the term of each respective collateral asset.
(7) Includes two one-year extension options which may be exercised at our sole discretion.
(8) Includes four one-year extension options which may be exercised at our sole discretion.
(9) Includes two one-year extension options which may be exercised at our sole discretion.
(10) Includes two one-year extension options which may be exercised at our sole discretion.
(11) Includes a one-year extension option which may be exercised at our sole discretion.
(12) Includes two one-year extension options which may be exercised at our sole discretion.

Currency	Potential Borrowings (1)	Outstanding Borrowings	Floating Rate Index (2)	Spread	Advance Rate (3)
$	$ 5,708,370	$ 4,910,317	USD LIBOR	L + 1.62%	74.2%
€	€ 2,094,044	€ 2,087,778	EURIBOR	E + 1.44%	73.8%
£	£ 819,779	£ 819,738	GBP LIBOR	L + 1.95%	71.5%
A$	A$ 245,254	A$ 245,254	BBSY	BBSY + 1.90%	72.5%
C$	C$ 78,791	C$ 78,794	CDOR	CDOR + 1.80%	76.8%
	$ 9,456,760	$ 8,651,313		INDEX + 1.62%	73.7%

(1) Potential borrowings represents the total amount we could draw under each facility based on collateral already approved and pledged. When undrawn, these amounts are immediately available to us at our sole discretion under the terms of each credit facility.
(2) Floating rate indices are generally matched to the payment timing under the terms of each secured credit facility and its respective collateral assets.
(3) Represents weighted-average advance rate based on the approved outstanding principal balance of the collateral assets pledged.

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Asset-Specific Financings

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

	September 30, 2020					
Asset-Specific Financings	Count	Principal Balance	Book Value	Wtd. Avg. Yield/Cost (1)	Guarantee (2)	Wtd. Avg. Term (3)
Collateral assets	4	$ 443,710	$ 429,574	L+4.70%	n/a	Jul. 2023
Financing provided	4	$ 348,964	$ 340,067	L+3.54%	$ 25,816	Jul. 2023

	December 31, 2019					
Asset-Specific Financings	Count	Principal Balance	Book Value	Wtd. Avg. Yield/Cost (1)	Guarantee (2)	Wtd. Avg. Term (3)
Collateral assets	4	$ 429,983	$ 417,820	L+4.90%	n/a	Mar. 2023
Financing provided	4	$ 330,879	$ 323,504	L+3.42%	$ 97,930	Mar. 2023

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

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

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

The weighted-average outstanding balance of our asset-specific financings was $309.1 million for the nine months ended September 30, 2020 and $216.5 million for the nine months ended December 31, 2019.

Revolving Credit Agreement

We have a $250.0 million full recourse secured revolving credit agreement with Barclays that is designed to finance first mortgage originations for up to nine months as a bridge to term financing or syndication. Advances under the agreement are subject to availability under a specified borrowing base and accrue interest at a per annum pricing rate equal to the sum of (i) an applicable base rate or Eurodollar rate and (ii) an applicable margin, in each case, dependent on the applicable type of loan collateral. The maturity date of the facility is April 4, 2023.

During the nine months ended September 30, 2020, we had no borrowings under the revolving credit agreement and we recorded interest expense of $1.2 million, including $575,000 of amortization of deferred fees and expenses.

During the nine months ended December 31, 2019, the weighted-average outstanding borrowings under the revolving credit agreement was $4.6 million, and we recorded interest expense of $1.6 million, including $779,000 of amortization of deferred fees and expenses. As of December 31, 2019, we had no outstanding borrowings under the agreement.

Debt Covenants

The guarantees related to our secured debt agreements contain the following financial covenants: (i) our ratio of earnings before interest, taxes, depreciation, and amortization, or EBITDA, to fixed charges, as defined in the agreements, shall be not less than 1.4 to 1.0; (ii) our tangible net worth, as defined in the agreements, shall not be less than $3.0 billion as of each measurement date plus 75% of the net cash proceeds of future equity issuances subsequent to September 30, 2020; (iii) cash liquidity shall not be less than the greater of (x) $10.0 million or (y) no more than 5% of our recourse indebtedness; and (iv) our indebtedness shall not exceed 83.33% of our total assets. As of September 30, 2020 and December 31, 2019, we were in compliance with these covenants. Refer to Note 7 for information regarding financial covenants contained in the agreements governing our senior secured term loan facility.

Blackstone Mortgage Trust, Inc.
Notes to Consolidated Financial Statements (continued)
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6. SECURITIZED DEBT OBLIGATIONS, NET

In the first quarter of 2020 and the fourth quarter of 2017, we financed certain pools of our loans through collateralized loan obligations, which we refer to as the 2020 CLO and 2017 CLO, respectively, or collectively, the CLOs. We have also financed one of our loans through a single asset securitization vehicle, or the 2017 Single Asset Securitization. The 2020 CLO, 2017 CLO, and the 2017 Single Asset Securitization have issued securitized debt obligations that are non-recourse to us. The CLOs and the 2017 Single Asset Securitization are consolidated in our financial statements. Refer to Note 15 for further discussion of our CLOs and 2017 Single Asset Securitization.

Blackstone Mortgage Trust, Inc.
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The following tables detail our securitized debt obligations ($ in thousands):

	September 30, 2020				
Securitized Debt Obligations	**Count**	**Principal Balance**	**Book Value**	**Wtd. Avg. Yield/Cost** (1)	**Term** (2)
2020 Collateralized Loan Obligation					
Collateral assets	33	$1,500,000	$1,500,000	L+3.17%	December 2023
Financing provided	1	1,243,125	1,232,688	L+1.43%	February 2038
2017 Collateralized Loan Obligation					
Collateral assets	16	713,953	713,953	L+3.34%	January 2023
Financing provided	1	531,453	530,466	L+1.78%	June 2035
2017 Single Asset Securitization					
Collateral assets (3)	1	615,772	615,138	L+3.57%	June 2023
Financing provided	1	404,929	404,929	L+1.63%	June 2033
Total					
Collateral assets	50	$2,829,725	$2,829,091	L+3.30%	
Financing provided (4)	3	$2,179,507	$2,168,083	L+1.55%	

	December 31, 2019				
Securitized Debt Obligations	**Count**	**Principal Balance**	**Book Value**	**Wtd. Avg. Yield/Cost** (1)	**Term** (2)
2017 Collateralized Loan Obligation					
Collateral assets	18	$ 897,522	$ 897,522	L+3.43%	September 2022
Financing provided	1	715,022	712,517	L+1.98%	June 2035
2017 Single Asset Securitization					
Collateral assets (3)	1	711,738	710,260	L+3.60%	June 2023
Financing provided	1	474,620	474,567	L+1.64%	June 2033
Total					
Collateral assets	19	$1,609,260	$1,607,782	L+3.51%	
Financing provided (4)	2	$1,189,642	$1,187,084	L+1.84%	

(1) In addition to cash coupon, all-in yield includes the amortization of deferred origination and extension fees, loan origination costs, purchase discounts, and accrual of exit fees. All-in yield for the total portfolio assume applicable floating benchmark rates for weighted-average calculation.

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

(3) The collateral assets for the 2017 Single Asset Securitization include the total loan amount, of which we securitized $500.0 million.

(4) During the three and nine months ended September 30, 2020, we recorded $9.1 million and $31.8 million, respectively, of interest expense related to our securitized debt obligations. During the three and nine months ended September 30, 2019, we recorded $11.9 million and $36.9 million, respectively, of interest expense related to our securitized debt obligations.

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7. SECURED TERM LOANS, NET

As of September 30, 2020, the following senior secured term loan facilities, or Secured Term Loans, were outstanding ($ in thousands):

Term Loans	Face Value	Interest Rate (1)	All-in Cost (1)(2)	Maturity
2019 Term Loan	$ 741,263	L+2.25%	L+2.52%	April 23, 2026
2020 Term Loan	$ 324,188	L+4.75%	L+5.60%	April 23, 2026

(1) The 2020 Term Loan includes a LIBOR floor of 1.00%.
(2) Includes issue discount and transaction expenses that are amortized through interest expense over the life of the Secured Term Loans.

The 2019 and 2020 Term Loans are partially amortizing, with an amount equal to 1.0% per annum of the aggregate principal balance due in quarterly installments. The issue discount and transaction expenses on the 2019 Term Loan were $1.6 million and $10.1 million, respectively, which will be amortized into interest expense over the life of the 2019 Term Loan. The issue discount and transaction expenses of the 2020 Term Loan were $9.6 million and $3.8 million, respectively, which will be amortized into interest expense over the life of the 2020 Term Loan.

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

	September 30, 2020	December 31, 2019
Face value	$ 1,065,451	$ 746,878
Unamortized discount	(10,273)	(1,456)
Deferred financing costs	(11,737)	(9,280)
Net book value	$ 1,043,441	$ 736,142

The guarantee under our Secured Term Loans contains the financial covenant that our indebtedness shall not exceed 83.33% of our total assets. As of September 30, 2020 and December 31, 2019, we were in compliance with this covenant. Refer to Note 2 for additional discussion of our accounting policies for the Secured Term Loans.

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8. CONVERTIBLE NOTES, NET

As of September 30, 2020, the following convertible senior notes, or Convertible Notes, were outstanding ($ in thousands):

Convertible Notes Issuance	Face Value	Interest Rate	All-in Cost (1)	Conversion Rate (2)	Maturity
May 2017	$ 402,500	4.38%	4.85%	28.0324	May 5, 2022
March 2018	$ 220,000	4.75%	5.33%	27.6052	March 15, 2023

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

(2) Represents the shares of class A common stock per $1,000 principal amount of Convertible Notes, which is equivalent to a conversion price of $35.67 and $36.23 per share of class A common stock, respectively, for the May 2017 and March 2018 convertible notes. The cumulative dividend threshold as defined in the respective May 2017 and March 2018 convertible notes supplemental indentures have not been exceeded as of September 30, 2020.

The Convertible Notes are convertible at the holders' option into shares of our class A common stock, only under specific circumstances, prior to the close of business on January 31, 2022 and December 14, 2022 for the May 2017 and March 2018 convertible notes, respectively, at the applicable conversion rate in effect on the conversion date. Thereafter, the Convertible Notes are convertible at the option of the holder at any time until the second scheduled trading day immediately preceding the maturity date. We may not redeem the Convertible Notes prior to maturity. The last reported sale price of our class A common stock of $21.97 on September 30, 2020 was less than the per share conversion price of the May 2017 and March 2018 convertible notes. We have the intent and ability to settle each series of the Convertible Notes in cash and, as a result, the potential conversion of the Convertible Notes did not have any impact on our diluted earnings per share.

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

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

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

	September 30, 2020	December 31, 2019
Face value	$ 622,500	$ 622,500
Unamortized discount	(6,504)	(8,801)
Deferred financing costs	(455)	(628)
Net book value	$ 615,541	$ 613,071

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
Cash coupon	$ 7,015	$ 7,015	$ 21,045	$ 21,045
Discount and issuance cost amortization	831	792	2,470	2,352
Total interest expense	$ 7,846	$ 7,807	$ 23,515	$ 23,397

Accrued interest payable for the Convertible Notes was $7.8 million and $6.0 million, as of September 30, 2020 and December 31, 2019, respectively. Refer to Note 2 for additional discussion of our accounting policies for the Convertible Notes.

Blackstone Mortgage Trust, Inc.
Notes to Consolidated Financial Statements (continued)
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9. DERIVATIVE FINANCIAL INSTRUMENTS

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

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

Cash Flow Hedges of Interest Rate Risk

Certain of our transactions expose us to interest rate risks, which include a fixed versus floating rate mismatch between our assets and liabilities. We use derivative financial instruments, which includes interest rate caps, and may also include interest rate swaps, options, floors, and other interest rate derivative contracts, to hedge interest rate risk.

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

September 30, 2020

Interest Rate Derivatives	Number of Instruments	Notional Amount	Strike	Index	Wtd.-Avg. Maturity (Years)
Interest Rate Caps	2	C$ 38,660	2.1%	CDOR	0.5

December 31, 2019

Interest Rate Derivatives	Number of Instruments	Notional Amount	Strike	Index	Wtd.-Avg. Maturity (Years)
Interest Rate Swaps	2	C$ 17,273	1.0%	CDOR	0.7
Interest Rate Caps	1	C$ 21,387	3.0%	CDOR	1.0

Amounts reported in accumulated other comprehensive income (loss) related to derivatives will be reclassified to interest expense as interest payments are made on our floating rate debt. During the twelve months following September 30, 2020, we estimate that an additional $7,000 will be reclassified from accumulated other comprehensive income (loss) as an increase to interest expense.

Net Investment Hedges of Foreign Currency Risk

Certain of our international investments expose us to fluctuations in foreign interest rates and currency exchange rates. These fluctuations may impact the value of our cash receipts and payments in terms of our functional currency, the U.S. dollar. We use foreign currency forward contracts to protect the value or fix the amount of certain investments or cash flows in terms of the U.S. dollar. During the three months ended March 31, 2020, we terminated all of our outstanding foreign currency forward contracts, with aggregate notional amounts of €552.1 million, £365.5 million, A$134.8 million, and C$23.7 million. During the three months ended June 30, 2020, we entered into foreign currency forward contracts with aggregate notional amounts of €620.4 million, £530.2 million, A$92.8 million, and C$24.4 million.

Blackstone Mortgage Trust, Inc.
Notes to Consolidated Financial Statements (continued)
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Designated Hedges of Foreign Currency Risk

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

September 30, 2020				December 31, 2019			
Foreign Currency Derivatives	Number of Instruments	Notional Amount		Foreign Currency Derivatives	Number of Instruments	Notional Amount	
Buy USD / Sell EUR Forward	7	€	750,566	Buy USD / Sell GBP Forward	4	£	527,100
Buy USD / Sell GBP Forward	5	£	365,987	Buy USD / Sell EUR Forward	5	€	525,600
Buy USD / Sell AUD Forward	1	A$	92,800	Buy USD / Sell AUD Forward	3	A$	135,600
Buy USD / Sell CAD Forward	2	C$	26,200	Buy USD / Sell CAD Forward	1	C$	23,200

Non-designated Hedges of Foreign Currency Risk

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

September 30, 2020				December 31, 2019			
Non-designated Hedges	Number of Instruments	Notional Amount		Non-designated Hedges	Number of Instruments	Notional Amount	
Buy EUR / Sell GBP Forward	2	£	145,737	Buy CAD / Sell USD Forward	1	C$	15,900
Buy USD / Sell EUR Forward	2	€	34,310	Buy USD / Sell CAD Forward	1	C$	15,900
Buy EUR / Sell USD Forward	2	€	25,900	Buy GBP / Sell EUR Forward	1	€	12,857
Buy USD / Sell GBP Forward	1	£	19,100	Buy AUD / Sell USD Forward	1	A$	10,000
Buy GBP / Sell USD Forward	1	£	19,100	Buy USD / Sell AUD Forward	1	A$	10,000

Financial Statement Impact of Hedges of Foreign Currency Risk

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

		Increase (Decrease) to Interest Income and Interest Expense Recognized from Foreign Exchange Contracts			
Foreign Exchange Contracts in Hedging Relationships	Location of Income (Expense) Recognized	Three Months Ended September 30, 2020		Nine Months Ended September 30, 2020	
Designated Hedges	Interest Income (1)	$	1,794	$	2,303
Non-Designated Hedges	Interest Income (1)		(227)		(222)
Non-Designated Hedges	Interest Expense (2)		669		(846)
Total		$	2,236	$	1,235

(1) Represents the forward points earned on our foreign currency forward contracts, which reflect the interest rate differentials between the applicable base rate for our foreign currency investments and USD LIBOR. These forward contracts effectively convert the rate exposure to USD LIBOR, resulting in additional interest income earned in U.S. dollar terms.

(2) Represents the spot rate movement in our non-designated hedges, which are marked-to-market and recognized in interest expense.

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Valuation and Other Comprehensive Income

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

	Fair Value of Derivatives in an Asset Position (1) as of		Fair Value of Derivatives in a Liability Position (2) as of	
	September 30, 2020	December 31, 2019	September 30, 2020	December 31, 2019
Derivatives designated as hedging instruments:				
Foreign exchange contracts	$ 6,117	$ —	$ 23,384	$ 41,728
Interest rate derivatives	1	96	—	—
Total	$ 6,118	$ 96	$ 23,384	$ 41,728
Derivatives not designated as hedging instruments:				
Foreign exchange contracts	$ 1,644	$ 983	$ 2,004	$ 535
Interest rate derivatives	—	—	—	—
Total	$ 1,644	$ 983	$ 2,004	$ 535
Total Derivatives	$ 7,762	$ 1,079	$ 25,388	$ 42,263

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

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

	Amount of Gain (Loss) Recognized in OCI on Derivatives		Location of Gain (Loss) Reclassified from Accumulated OCI into Income	Amount of Gain (Loss) Reclassified from Accumulated OCI into Income	
Derivatives in Hedging Relationships	Three Months Ended September 30, 2020	Nine Months Ended September 30, 2020		Three Months Ended September 30, 2020	Nine Months Ended September 30, 2020
Net Investment Hedges					
Foreign exchange contracts (1)	$ (61,942)	$ 11,487	Interest Expense	$ —	$ —
Cash Flow Hedges					
Interest rate derivatives	(5)	(88)	Interest Expense(2)	(11)	9
Total	$ (61,947)	$ 11,399		$ (11)	$ 9

(1) During the three and nine months ended September 30, 2020, we paid net cash settlements of $67.9 million and $10.9 million, respectively, on our foreign currency forward contracts. Those amounts are included as a component of accumulated other comprehensive income (loss) on our consolidated balance sheets.
(2) During the three months ended September 30, 2020, we recorded total interest and related expenses of $79.0 million, which included interest expenses of $11,000 related to our cash flow hedges. During the nine months ended September 30, 2020, we recorded total interest and related expenses of $268.1 million, which included $9,000 related to income generated by our cash flow hedges

Credit-Risk Related Contingent Features

We have entered into agreements with certain of our derivative counterparties that contain provisions where if we were to default on any of our indebtedness, including default where repayment of the indebtedness has not been accelerated by the lender, we may also be declared in default on our derivative obligations. In addition, certain of our agreements with our derivative counterparties require that we post collateral to secure net liability positions. As of September 30, 2020, we were in a net liability position with each such derivative counterparty and posted collateral of $9.4 million under these derivative contracts. As of December 31, 2019, we were in a net liability position with each such derivative counterparty and posted collateral of $30.8 million under these derivative contracts.

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10. EQUITY

Stock and Stock Equivalents

Authorized Capital

During the nine months ended September 30, 2020, we filed articles of amendment to our charter authorizing us to issue an additional 200,000,000 shares of common stock. As of September 30, 2020, we had the authority to issue up to 500,000,000 shares of stock, consisting of 400,000,000 shares of class A common stock and 100,000,000 shares of preferred stock. Subject to applicable NYSE listing requirements, our board of directors is authorized to cause us to issue additional shares of authorized stock without stockholder approval. In addition, to the extent not issued, currently authorized stock may be reclassified between class A common stock and preferred stock. We did not have any shares of preferred stock issued and outstanding as of September 30, 2020.

Class A Common Stock and Deferred Stock Units

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

The following table details our issuances of class A common stock during the nine months ended September 30, 2020 ($ in thousands, except share and per share data):

	Class A Common Stock Offerings		2020 Total /
	May 2020 (1)	June 2020	Wtd. Avg.
Shares issued	840,696	10,000,000	10,840,696
Gross share issue price (2)	$ 22.93	$ 28.20	$ 27.79
Net share issue price (3)	$ 22.93	$ 27.91	$ 27.52
Net proceeds (4)	$ 19,277	$ 278,322	$ 297,599

(1) Represents shares issued to our Manager in satisfaction of the management and incentive fees accrued in the first quarter of 2020. The per share price was calculated based on the volume-weighted average price on the NYSE of our class A common stock over the five trading days following our April 29, 2020 first quarter 2020 earnings conference call.

(2) Represents the weighted-average gross price per share paid by the underwriters or sales agents, as applicable, in June 2020.

(3) Represents the weighted-average net proceeds per share after underwriting or sales discounts and commissions, as applicable, in June 2020.

(4) Net proceeds represents proceeds received from the underwriters less applicable transaction costs in June 2020.

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

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

Common Stock Outstanding [(1)]	Nine Months Ended September 30, 2020	2019
Beginning balance	135,263,728	123,664,577
Issuance of class A common stock [(2)]	10,842,295	10,535,507
Issuance of restricted class A common stock, net	351,333	317,339
Issuance of deferred stock units	33,790	23,428
Ending balance	146,491,146	134,540,851

(1) Includes deferred stock units held by members of our board of directors of 293,856 and 252,267 as of September 30, 2020 and 2019, respectively.
(2) Includes 1,599 and 879 shares issued under our dividend reinvestment program during the nine months ended September 30, 2020 and 2019, respectively.

Dividend Reinvestment and Direct Stock Purchase Plan

On March 25, 2014, we adopted a dividend reinvestment and direct stock purchase plan, under which we registered and reserved for issuance, in the aggregate, 10,000,000 shares of class A common stock. Under the dividend reinvestment component of this plan, our class A common stockholders can designate all or a portion of their cash dividends to be reinvested in additional shares of class A common stock. The direct stock purchase component allows stockholders and new investors, subject to our approval, to purchase shares of class A common stock directly from us. During the three and nine months ended September 30, 2020, we issued 628 shares and 1,599 shares, respectively, of class A common stock under the dividend reinvestment component of the plan compared to 326 shares and 879 shares, respectively, for the same periods in 2019. As of September 30, 2020, a total of 9,992,425 shares of class A common stock remained available for issuance under the dividend reinvestment and direct stock purchase plan.

At the Market Stock Offering Program

On November 14, 2018, we entered into six equity distribution agreements, or ATM Agreements, pursuant to which we may sell, from time to time, up to an aggregate sales price of $500.0 million of our class A common stock. On July 26, 2019, we amended our existing ATM Agreements and entered into one additional ATM Agreement. Sales of class A common stock made pursuant to our ATM Agreements may be made in negotiated transactions or transactions that are deemed to be "at the market" offerings as defined in Rule 415 under the Securities Act of 1933, as amended. Actual sales depend on a variety of factors including market conditions, the trading price of our class A common stock, our capital needs, and our determination of the appropriate sources of funding to meet such needs. We did not sell any shares of our class A common stock under ATM Agreements during the nine months ended September 30, 2020. During the nine months ended September 30, 2019, we issued and sold 1,909,628 shares of class A common stock under ATM Agreements, generating net proceeds totaling $65.4 million. As of September 30, 2020, sales of our class A common stock with an aggregate sales price of $363.8 million remained available for issuance under our ATM Agreements.

Dividends

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

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On September 15, 2020, we declared a dividend of $0.62 per share, or $90.6 million in aggregate, that was paid on October 15, 2020, to stockholders of record as of September 30, 2020. The following table details our dividend activity ($ in thousands, except per share data):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
Dividends declared per share of common stock	$ 0.62	$ 0.62	$ 1.86	$ 1.86
Total dividends declared	$ 90,642	$ 83,259	$ 265,205	$ 244,431

Earnings Per Share

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

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
Net income [(1)]	$ 89,860	$ 74,897	$ 54,054	$ 226,635
Weighted-average shares outstanding, basic and diluted	146,484,651	134,536,683	140,157,620	128,485,701
Per share amount, basic and diluted	$ 0.61	$ 0.56	$ 0.39	$ 1.76

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

Other Balance Sheet Items

Accumulated Other Comprehensive Income

As of September 30, 2020, total accumulated other comprehensive income was $9.6 million, primarily representing $75.8 million of net realized and unrealized gains related to changes in the fair value of derivative instruments, offset by $66.2 million of cumulative unrealized currency translation adjustments on assets and liabilities denominated in foreign currencies. As of December 31, 2019, total accumulated other comprehensive loss was $16.2 million, primarily representing $80.7 million of cumulative unrealized currency translation adjustments on assets and liabilities denominated in foreign currencies, offset by $64.5 million of net realized and unrealized gains related to changes in the fair value of derivative instruments.

Non-Controlling Interests

The non-controlling interests included on our consolidated balance sheets represent the equity interests in our Multifamily Joint Venture that are not owned by us. A portion of our Multifamily Joint Venture's consolidated equity and results of operations are allocated to these non-controlling interests based on their pro rata ownership of our Multifamily Joint Venture. As of September 30, 2020, our Multifamily Joint Venture's total equity was $137.3 million, of which $116.7 million was owned by us, and $20.6 million was allocated to non-controlling interests. As of December 31, 2019, our Multifamily Joint Venture's total equity was $147.3 million, of which $125.2 million was owned by us, and $22.1 million was allocated to non-controlling interests.

11. OTHER EXPENSES

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

Blackstone Mortgage Trust, Inc.
Notes to Consolidated Financial Statements (continued)
(Unaudited)

Management and Incentive Fees

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

During the three and nine months ended September 30, 2020, we incurred $15.6 million and $44.8 million, respectively, of management fees payable to our Manager, compared to $14.4 million and $40.8 million during the same period in 2019. In addition, during the three and nine months ended September 30, 2020, we incurred $3.4 million and $13.9 million, respectively, of incentive fees payable to our Manager, compared to $3.1 million and $17.4 million during the same period in 2019. During the nine months ended September 30, 2020, we issued 840,696 shares of class A common stock to our Manager in satisfaction of our aggregate $19.3 million of management and incentive fees accrued in the first quarter of 2020.

As of September 30, 2020 and December 31, 2019 we had accrued management and incentive fees payable to our Manager of $19.0 million and $20.2 million, respectively.

General and Administrative Expenses

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
Professional services [1]	$ 1,715	$ 1,177	$ 5,130	$ 3,616
Operating and other costs [1]	878	810	3,212	2,059
Subtotal	2,593	1,987	8,342	5,675
Non-cash compensation expenses				
Restricted class A common stock earned	8,524	7,629	25,603	22,901
Director stock-based compensation	125	125	375	375
Subtotal	8,649	7,754	25,978	23,276
Total general and administrative expenses	$ 11,242	$ 9,741	$34,320	$28,951

(1) During the three and nine months ended September 30, 2020, we recognized an aggregate $293,000 and $869,000, respectively, of expenses related to our Multifamily Joint Venture. During the three and nine months ended September 30, 2019, we recognized an aggregate $234,000 and $567,000, respectively, of expenses related to our Multifamily Joint Venture.

12. INCOME TAXES

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

Our qualification as a REIT also depends on our ability to meet various other requirements imposed by the Internal Revenue Code, which relate to organizational structure, diversity of stock ownership, and certain restrictions with regard to the nature of our assets and the sources of our income. Even if we qualify as a REIT, we may be subject to certain U.S. federal income and excise taxes and state and local taxes on our income and assets. If we fail to

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(Unaudited)

maintain our qualification as a REIT for any taxable year, we may be subject to material penalties as well as federal, state, and local income tax on our taxable income at regular corporate rates and we would not be able to qualify as a REIT for the subsequent four full taxable years. As of September 30, 2020 and December 31, 2019, we were in compliance with all REIT requirements.

Securitization transactions could result in the creation of taxable mortgage pools for federal income tax purposes. As a REIT, so long as we own 100% of the equity interests in a taxable mortgage pool, we generally would not be adversely affected by the characterization of the securitization as a taxable mortgage pool. Certain categories of stockholders, however, such as foreign stockholders eligible for treaty or other benefits, stockholders with net operating losses, and certain tax-exempt stockholders that are subject to unrelated business income tax, or UBTI, could be subject to increased taxes on a portion of their dividend income from us that is attributable to the taxable mortgage pool. We have not made UBTI distributions to our common stockholders and do not intend to make such UBTI distributions in the future.

During the three and nine months ended September 30, 2020, we recorded a current income tax provision of $20,000 and $192,000, respectively, primarily related to activities of our taxable REIT subsidiaries and various state and local taxes. During the three and nine months ended September 30, 2019, we recorded a current income tax benefit of $721,000 and $573,000, respectively. We did not have any deferred tax assets or liabilities as of September 30, 2020 or December 31, 2019.

We have net operating losses, or NOLs, generated by our predecessor business that may be carried forward and utilized in current or future periods. As a result of our issuance of 25,875,000 shares of class A common stock in May 2013, the availability of our NOLs is generally limited to $2.0 million per annum by change of control provisions promulgated by the Internal Revenue Service with respect to the ownership of Blackstone Mortgage Trust. As of December 31, 2019, we had estimated NOLs of $159.0 million that will expire in 2029, unless they are utilized by us prior to expiration.

As of September 30, 2020, tax years 2016 through 2019 remain subject to examination by taxing authorities.

13. STOCK-BASED INCENTIVE PLANS

We are externally managed by our Manager and do not currently have any employees. However, as of September 30, 2020, our Manager, certain individuals employed by an affiliate of our Manager, and certain members of our board of directors were compensated, in part, through our issuance of stock-based instruments.

We had stock-based incentive awards outstanding under nine benefit plans as of September 30, 2020. Seven of such benefit plans have expired and no new awards may be issued under them. Under our two current benefit plans, a maximum of 5,000,000 shares of our class A common stock may be issued to our Manager, our directors and officers, and certain employees of affiliates of our Manager. As of September 30, 2020, there were 2,858,223 shares available under our current benefit plans.

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

	Restricted Class A Common Stock	Weighted-Average Grant Date Fair Value Per Share
Balance as of December 31, 2019	1,698,582	$ 34.52
Granted	351,582	37.19
Vested	(753,535)	34.26
Forfeited	(249)	35.83
Balance as of September 30, 2020	1,296,380	$ 35.39

These shares generally vest in installments over a three-year period, pursuant to the terms of the respective award agreements and the terms of our current benefit plans. The 1,296,380 shares of restricted class A common stock outstanding as of September 30, 2020 will vest as follows: 250,897 shares will vest in 2020; 690,100 shares will vest

Blackstone Mortgage Trust, Inc.
Notes to Consolidated Financial Statements (continued)
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in 2021; and 355,383 shares will vest in 2022. As of September 30, 2020, total unrecognized compensation cost relating to unvested share-based compensation arrangements was $43.2 million based on the grant date fair value of shares granted subsequent to July 1, 2018. The compensation cost of our share based compensation arrangements for awards granted before July 1, 2018 is based on the closing price of our class A common stock of $31.43 on June 29, 2018, the last trading day prior to July 1, 2018. This cost is expected to be recognized over a weighted-average period of 1.0 years from September 30, 2020.

14. FAIR VALUES

Assets and Liabilities Measured at Fair Value

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

	September 30, 2020				December 31, 2019			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Assets								
Derivatives	$ —	$ 7,762	$ —	$ 7,762	$ —	$ 1,079	$ —	$ 1,079
Liabilities								
Derivatives	$ —	$ 25,388	$ —	$ 25,388	$ —	$ 42,263	$ —	$ 42,263

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

Fair Value of Financial Instruments

As discussed in Note 2, GAAP requires disclosure of fair value information about financial instruments, whether or not recognized in the statement of financial position, for which it is practicable to estimate that value.

The following table details the book value, face amount, and fair value of the financial instruments described in Note 2 ($ in thousands):

	September 30, 2020			December 31, 2019		
	Book Value	Face Amount	Fair Value	Book Value	Face Amount	Fair Value
Financial assets						
Cash and cash equivalents	$ 427,028	$ 427,028	$ 427,028	$ 150,090	$ 150,090	$ 150,090
Loans receivable, net	16,291,677	16,553,358	16,345,762	16,164,801	16,277,343	16,279,904
Debt securities held-to-maturity [(1)]	75,264	79,200	67,283	86,638	88,958	88,305
Financial liabilities						
Secured debt agreements, net	8,973,810	9,000,277	9,000,277	10,054,930	10,083,938	10,083,938
Securitized debt obligations, net	2,168,083	2,179,507	2,136,076	1,187,084	1,189,642	1,189,368
Secured term loans, net	1,043,441	1,065,451	1,029,662	736,142	746,878	750,769
Convertible notes, net	615,541	622,500	599,149	613,071	622,500	665,900

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

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

15. VARIABLE INTEREST ENTITIES

Consolidated Variable Interest Entities

We have financed a portion of our loans through the CLOs and the 2017 Single Asset Securitization, all of which are VIEs. We are the primary beneficiary of, and therefore consolidate, the CLOs and the 2017 Single Asset Securitization on our balance sheet as we (i) control the relevant interests of the CLOs and the 2017 Single Asset

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Securitization that give us power to direct the activities that most significantly affect the CLOs and the 2017 Single Asset Securitization, and (ii) have the right to receive benefits and obligation to absorb losses of the CLOs and the 2017 Single Asset Securitization through the subordinate interests we own.

The following table details the assets and liabilities of our consolidated CLOs and 2017 Single Asset Securitization VIEs ($ in thousands):

	September 30, 2020	December 31, 2019
Assets:		
Loans receivable	$ 2,640,535	$ 1,349,903
Current expected credit loss reserve	(12,341)	—
Loans receivable, net	2,628,194	1,349,903
Other assets	6,173	51,788
Total assets	$ 2,634,367	$ 1,401,691
Liabilities:		
Securitized debt obligations, net	$ 2,168,083	$ 1,187,084
Other liabilities	1,409	1,648
Total liabilities	$ 2,169,492	$ 1,188,732

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

Non-Consolidated Variable Interest Entities

In the third quarter of 2018, we contributed a $517.5 million loan to the $1.0 billion 2018 Single Asset Securitization, which is a VIE, and invested in the related $99.0 million subordinate position. We are not the primary beneficiary of the VIE because we do not have the power to direct the activities that most significantly affect the VIE's economic performance and, therefore, do not consolidate the 2018 Single Asset Securitization on our balance sheet. We have classified the subordinate position we own as a held-to-maturity debt security that is included in other assets on our consolidated balance sheets. Our maximum exposure to loss from the 2018 Single Asset Securitization is limited to our book value of $75.3 million as of September 30, 2020.

We are not obligated to provide, have not provided, and do not intend to provide financial support to these consolidated and non-consolidated VIEs.

16. TRANSACTIONS WITH RELATED PARTIES

We are managed by our Manager pursuant to the Management Agreement, the current term of which expires on December 19, 2020, and will be automatically renewed for a one-year term upon such date and each anniversary thereafter unless earlier terminated.

As of September 30, 2020 and December 31, 2019, our consolidated balance sheets included $19.0 million and $20.2 million of accrued management and incentive fees payable to our Manager, respectively. During the three and nine months ended September 30, 2020, we paid aggregate management and incentive fees of $20.5 million and $59.9 million, respectively, to our Manager, compared to $21.0 million and $59.4 million during the same periods of 2019. During the nine months ended September 30, 2020, we issued 840,696 shares of class A common stock to our Manager in satisfaction of our aggregate $19.3 million of management and incentive fees accrued in the first quarter of 2020. The per share price with respect to such issuance was calculated based on the volume-weighted average price on the NYSE of our class A common stock over the five trading days following our April 29, 2020 first quarter 2020 earnings conference call. In addition, during the three and nine months ended September 30, 2020, we reimbursed our Manager for expenses incurred on our behalf of $416,000 and $839,000, respectively, compared to $335,000 and $766,000 during the same periods of 2019.

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Notes to Consolidated Financial Statements (continued)
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As of September 30, 2020, our Manager held 643,698 shares of unvested restricted class A common stock, which had an aggregate grant date fair value of $22.2 million, and vest in installments over three years from the date of issuance. During the three and nine months ended September 30, 2020, we recorded non-cash expenses related to shares held by our Manager of $4.3 million and $12.8 million, respectively, compared to $3.8 million and $11.5 million during the same period of 2019. Refer to Note 13 for further details on our restricted class A common stock.

An affiliate of our Manager is the special servicer of the CLOs. This affiliate did not earn any special servicing fees related to the CLOs during the nine months ended September 30, 2020 or 2019.

During both the nine months ended September 30, 2020 and 2019, we originated two loans whereby the respective borrowers engaged an affiliate of our Manager to act as title insurance agent in connection with these transactions. We did not incur any expenses or receive any revenues as a result of these transactions.

During the three and nine months ended September 30, 2020, we incurred $98,000 and $369,000, respectively, of expenses for various administrative, compliance, and capital market data services to third-party service providers that are affiliates of our Manager, compared to $106,000 and $282,000 during the same periods of 2019.

In the second quarter of 2020, a Blackstone-advised investment vehicle acquired an aggregate $5.0 million participation, or 2%, of the total 2020 Term Loan as a part of a broad syndication lead-arranged by JP Morgan. Blackstone Securities Partners L.P., an affiliate of our Manager, was engaged as a book-runner for the transaction and received aggregate fees of $250,000 in such capacity. Both of these transactions were on terms equivalent to those of unaffiliated parties.

In the first quarter of 2020, we acquired a $140.0 million interest in a total $421.5 million senior loan to a borrower that is partially owned by a Blackstone-advised investment vehicle. We will forgo all non-economic rights under the loan, including voting rights, so long as we are an affiliate of the borrower. The senior loan terms were negotiated by third parties without our involvement and our 33% interest in the senior loan was made on such market terms.

In the third quarter of 2019, we originated $214.3 million of a total $437.4 million senior loan to an unaffiliated third party, which was part of a total financing that included a mezzanine loan originated by a Blackstone advised investment vehicle. We will forgo all non-economic rights under our loan, including voting rights, so long as any Blackstone advised investment vehicle controls the mezzanine loan. The senior loan terms, with respect to the mezzanine lender, were negotiated by a third party without our involvement and our 49% interest in the senior loan was made on such market terms. In the third quarter of 2020, we entered into a loan modification with the borrower, which was negotiated by the Blackstone advised investment vehicle that owns the mezzanine loan, and was approved by the third party, majority senior lender, on behalf of the entire senior loan.

In the third and fourth quarter of 2019, we acquired an aggregate €250.0 million of a total €1.6 billion senior loan to a borrower that is partially owned by a Blackstone-advised investment vehicle. We will forgo all non-economic rights under our loan, including voting rights, so long as the Blackstone-advised investment vehicle controls the borrower. The senior loan terms were negotiated by third parties without our involvement and our 16% interest in the senior loan was made on such market terms.

In the second and fourth quarter of 2019, certain Blackstone-advised investment vehicles acquired an aggregate $60.0 million participation, or 8%, of the total 2019 Term Loan as a part of a broad syndication lead-arranged by JP Morgan. Blackstone Securities Partners L.P., an affiliate of our Manager, was engaged as a book-runner for the transactions and received aggregate fees of $750,000 in such capacity. Both of these transactions were on terms equivalent to those of unaffiliated parties.

In the second quarter of 2019, we originated €191.8 million of a total €391.3 million senior loan to a borrower that is wholly owned by a Blackstone-advised investment vehicle. We will forgo all non-economic rights under the loan, including voting rights, so long as the Blackstone-advised investment vehicle controls the borrower. The senior loan terms were negotiated by a third-party without our involvement and our 49% interest in the senior loan was made on such market terms.

In the first quarter of 2019, we originated £240.1 million of a total £490.0 million senior loan to a borrower that is wholly owned by a Blackstone-advised investment vehicle. We will forgo all non-economic rights under the loan, including voting rights, so long as the Blackstone-advised investment vehicle controls the borrower. The senior loan

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Notes to Consolidated Financial Statements (continued)
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terms were negotiated by a third party without our involvement and our 49% interest in the senior loan was made on such market terms. In the second quarter of 2020, we entered into a loan modification with the borrower. The modification terms were negotiated by the third party, majority lender, without our involvement.

17. COMMITMENTS AND CONTINGENCIES

Impact of COVID-19

As further discussed in Note 2, the full extent of the impact of COVID-19 on the global economy generally, and our business in particular, is uncertain. As of September 30, 2020, no contingencies have been recorded on our consolidated balance sheet as a result of COVID-19, however as the global pandemic continues and the economic implications worsen, it may have long-term impacts on our financial condition, results of operations, and cash flows. Refer to Note 2 for further discussion of COVID-19.

Unfunded Commitments Under Loans Receivable

As of September 30, 2020, we had unfunded commitments of $3.3 billion related to 83 loans receivable. We generally finance the funding of our loan commitments on terms consistent with our overall credit facilities, with an average advance rate of 73.7% for such financed loans, resulting in identified financing for $2.3 billion of our aggregate unfunded loan commitments as of September 30, 2020. Some of our lenders, including substantially all of our financing of construction loans, are contractually obligated to fund their ratable portion of these loan commitments over time, while other lenders have some degree of discretion over future loan funding obligations. We expect to fund our loan commitments over the tenor of these loans, which have a weighted-average future funding period of 3.7 years. Our future loan fundings comprise funding for capital expenditures and construction, leasing costs, and interest and carry costs, and will vary depending on the progress of capital projects, leasing, and cash flows at the assets underlying our loans. Therefore, the exact timing and amounts of such future loan fundings are uncertain and will depend on the current and future performance of the underlying collateral assets. As a result of the COVID-19 pandemic, the progress of capital expenditures, construction, and leasing is anticipated to be slower than otherwise expected, and the pace of future funding relating to these capital needs may be commensurately slower.

Principal Debt Repayments

Our contractual principal debt repayments as of September 30, 2020 were as follows ($ in thousands):

		Payment Timing			
	Total Obligation	Less Than 1 Year	1 to 3 Years	3 to 5 Years	More Than 5 Years
Principal repayments under secured debt agreements [(1)]	$ 9,000,277	$ 126,030	$ 3,745,036	$ 4,922,430	$ 206,781
Principal repayments of secured term loans [(2)]	1,065,451	10,738	21,475	21,475	1,011,763
Principal repayments of convertible notes [(3)]	622,500	—	622,500	—	—
Total [(4)]	$ 10,688,228	$ 136,768	$ 4,389,011	$ 4,943,905	$ 1,218,544

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

(2) The Secured Term Loans are partially amortizing, with an amount equal to 1.0% per annum of the principal balance due in quarterly installments. Refer to Note 7 for further details on our secured term loans.

(3) Reflects the outstanding principal balance of Convertible Notes, excluding any potential conversion premium. Refer to Note 8 for further details on our Convertible Notes.

(4) Does not include $2.2 billion of securitized debt obligations and $716.2 million of non-consolidated senior interests, as the satisfaction of these liabilities will not require cash outlays from us.

Board of Directors' Compensation

As of September 30, 2020, of the eight members of our board of directors, our five independent directors are entitled to annual compensation of $175,000 each, $75,000 of which will be paid in the form of cash and $100,000 in the form of deferred stock units. The other three board members, including our chairman and our chief executive officer, are not compensated by us for their service as directors. In addition, (i) the chair of our audit committee receives additional annual cash compensation of $20,000, (ii) the other members of our audit committee receive additional annual cash compensation of $10,000, and (iii) the chairs of each of our compensation and corporate governance committees receive additional annual cash compensation of $10,000.

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Notes to Consolidated Financial Statements (continued)
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Litigation

From time to time, we may be involved in various claims and legal actions arising in the ordinary course of business. As of September 30, 2020, we were not involved in any material legal proceedings.

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

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

The following discussion should be read in conjunction with the unaudited consolidated financial statements and notes thereto appearing elsewhere in this quarterly report on Form 10-Q. In addition to historical data, this discussion contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, which reflect our current views with respect to, among other things, our business, operations and financial performance. You can identify these forward-looking statements by the use of words such as "intend," "goal," "estimate," "expect," "project," "projections," "plans," "seeks," "anticipates," "should," "could," "may," "designed to," "foreseeable future," "believe," "scheduled," and similar expressions. Such forward-looking statements are subject to various risks, uncertainties and assumptions. Our actual results or outcomes may differ materially from those in this discussion as a result of various factors, including but not limited to those discussed in Item 1A. Risk Factors in our annual report on Form 10-K for the year ended December 31, 2019, as well as in Part II. Item 1A. Risk Factors in our quarterly report on Form 10-Q for the fiscal period ended March 31, 2020 and elsewhere in this quarterly report on Form 10-Q.

Introduction

Blackstone Mortgage Trust is a real estate finance company that originates senior loans collateralized by commercial real estate in North America, Europe, and Australia. Our portfolio is composed primarily of loans secured by high-quality, institutional assets in major markets, sponsored by experienced, well-capitalized real estate investment owners and operators. These senior loans are capitalized by accessing a variety of financing options, including our credit facilities, issuing CLOs or single-asset securitizations, and syndications of senior loan participations, depending on our view of the most prudent financing option available for each of our investments. We are not in the business of buying or trading securities, and the only securities we own are the retained interests from our securitization financing transactions, which we have not financed. We are externally managed by BXMT Advisors L.L.C., or our Manager, a subsidiary of The Blackstone Group Inc., or Blackstone, and are traded on the New York Stock Exchange, or NYSE, under the symbol "BXMT."

We benefit from the deep knowledge, experience and information advantages of our Manager, which is a part of Blackstone's real estate platform. Blackstone Real Estate is one of the largest owners and operators of real estate in the world, with a proven track record of successfully navigating market cycles and emerging stronger through periods of volatility. The market-leading real estate expertise derived from the strength of the Blackstone platform deeply informs our credit and underwriting process, and gives us the tools to expertly asset manage our portfolio and work with our borrowers throughout periods of economic stress and uncertainty.

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

Recent Developments

As of September 30, 2020, there is an ongoing global outbreak of a novel coronavirus, or COVID-19, which has spread to over 200 countries and territories, including the United States, has spread to every state in the United States, and is continuing to spread. The World Health Organization has designated COVID-19 as a pandemic, and numerous countries, including the United States, have declared national emergencies with respect to COVID-19. The United States and other countries have reacted to the COVID-19 outbreak with unprecedented government intervention, including interest rate cuts and economic stimulus. The global impact of the outbreak has been rapidly evolving, and many countries have reacted by instituting, or strongly encouraging, quarantines and restrictions on travel, closing financial markets and/or restricting trading, limiting operations of non-essential offices, retail centers, hotels, and other businesses, and taking other restrictive measures designed to help slow the spread of COVID-19. Businesses are also implementing similar precautionary measures. Such measures, as well as the general uncertainty surrounding the dangers and impact of COVID-19, are creating disruption in global supply chains, increasing rates of unemployment and adversely impacting many industries, including the collateral underlying certain of our loans.

Moreover, with the continued spread of COVID-19, governments and businesses are likely to take increasingly aggressive measures to help slow its spread. For this reason, among others, as COVID-19 continues to spread, the potential impacts, including a global, regional, or other economic recession, are increasingly uncertain and difficult to assess.

The outbreak of COVID-19 and its impact on the current financial, economic and capital markets environment, and future developments in these and other areas present uncertainty and risk with respect to our financial condition, results of operations, liquidity, and ability to pay distributions. We expect that these impacts are likely to continue to some extent as the outbreak persists and potentially even longer. The rapid development and fluidity of this situation preclude any prediction as to the ultimate adverse impact of COVID-19 on economic and market conditions, and, as a result, present material uncertainty and risk with respect to us and the performance of our investments. The full extent of the impact and effects of COVID-19 will depend on future developments, including, among other factors, the duration and spread of the outbreak, along with related travel advisories, quarantines and restrictions, the recovery time of the disrupted supply chains and industries, the impact of labor market interruptions, the impact of government interventions, and uncertainty with respect to the duration of the global economic slowdown. For additional discussion with respect to the potential impact of the COVID-19 pandemic on our liquidity and capital resources, see “Liquidity and Capital Resources” below.

I. Key Financial Measures and Indicators

As a real estate finance company, we believe the key financial measures and indicators for our business are earnings per share, dividends declared, Core Earnings, and book value per share. For the three months ended September 30, 2020 we recorded earnings per share of $0.61, declared a dividend of $0.62 per share, and reported $0.63 per share of Core Earnings. In addition, our book value per share as of September 30, 2020 was $26.51. As further described below, Core Earnings is a measure that is not prepared in accordance with accounting principles generally accepted in the United States of America, or GAAP. We use Core Earnings to evaluate our performance excluding the effects of certain transactions and GAAP adjustments that we believe are not necessarily indicative of our current loan activity and operations.

Earnings Per Share and Dividends Declared

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

	Three Months Ended	
	September 30, 2020	June 30, 2020
Net income [(1)]	$ 89,860	$ 17,544
Weighted-average shares outstanding, basic and diluted	146,484,651	138,299,418
Net income per share, basic and diluted	$ 0.61	$ 0.13
Dividends declared per share	$ 0.62	$ 0.62

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

Core Earnings

Core Earnings is a non-GAAP measure, which we define as GAAP net income (loss), including realized gains and losses not otherwise included in GAAP net income (loss), and excluding (i) non-cash equity compensation expense, (ii) depreciation and amortization, (iii) unrealized gains (losses), (iv) net income (loss) attributable to our legacy portfolio, and (v) certain non-cash items. Core Earnings may also be adjusted from time to time to exclude one-time events pursuant to changes in GAAP and certain other non-cash charges as determined by our Manager, subject to approval by a majority of our independent directors. During the nine months ended September 30, 2020, we recorded a $173.5 million increase in the current expected credit loss, or CECL, reserve, which has been excluded from Core Earnings consistent with other unrealized gains (losses) pursuant to our existing policy for reporting Core Earnings and the terms of the management agreement between our Manager and us.

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

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

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

	Three Months Ended	
	September 30, 2020	June 30, 2020
Net income [(1)]	$ 89,860	$ 17,544
(Decrease) increase in current expected credit loss reserve	(6,055)	56,819
Non-cash compensation expense	8,649	8,652
Realized hedging and foreign currency (loss) income, net [(2)]	(7)	1,810
Other items	(240)	210
Adjustments attributable to non-controlling interests, net	143	139
Core Earnings	$ 92,350	$ 85,174
Weighted-average shares outstanding, basic and diluted	146,484,651	138,299,418
Core Earnings per share, basic and diluted	$ 0.63	$ 0.62

(1) Represents net income attributable to Blackstone Mortgage Trust.
(2) Represents realized (losses) gains on the repatriation of unhedged foreign currency. These amounts are not included in GAAP net income, but rather as a component of Other Comprehensive Income in our consolidated financial statements.

Book Value Per Share

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

	September 30, 2020	June 30, 2020
Stockholders' equity	$ 3,883,364	$ 3,874,763
Shares		
Class A common stock	146,197,290	146,196,662
Deferred stock units	293,856	281,143
Total outstanding	146,491,146	146,477,805
Book value per share	$ 26.51	$ 26.45

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II. Loan Portfolio

Loan fundings during the quarter totaled $342.1 million, including $93.6 million of non-consolidated senior interests. Loan repayments and sales during the quarter totaled $483.8 million, including $135.0 million of non-consolidated senior interests. We generated interest income of $193.9 million and incurred interest expense of $79.0 million during the quarter, which resulted in $115.0 million of net interest income during the three months ended September 30, 2020.

Portfolio Overview

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

	Three Months Ended September 30, 2020	Nine Months Ended September 30, 2020
Loan originations [(1)]	$ 33,141	$ 1,345,080
Loan fundings [(2)]	$ 342,067	$ 1,659,650
Loan repayments and sales [(3)]	(483,827)	(1,436,897)
Total net (repayments) fundings	$ (141,760)	$ 222,753

(1) Includes new loan originations and additional commitments made under existing loans.

(2) Loan fundings during the three and nine months ended September 30, 2020 include $93.6 million and $170.5 million, respectively, of additional fundings under related non-consolidated senior interests.

(3) Loan repayments and sales during the three months ended September 30, 2020 include $135.0 million of additional repayments or reduction of loan exposure under related non-consolidated senior interests.

The following table details overall statistics for our investment portfolio as of September 30, 2020 ($ in thousands):

		Total Investment Exposure		
	Balance Sheet Portfolio (1)	Loan Exposure (1)(2)	Other Investments (3)	Total Investment Portfolio
Number of investments	123	123	1	124
Principal balance	$ 16,553,358	$ 17,269,599	$ 807,714	$ 18,077,313
Net book value	$ 16,291,677	$ 16,291,677	$ 75,264	$ 16,366,941
Unfunded loan commitments (4)	$ 3,330,847	$ 4,205,012	$ —	$ 4,205,012
Weighted-average cash coupon (5)	L + 3.17%	L + 3.22%	L + 2.75%	L + 3.20%
Weighted-average all-in yield (5)	L + 3.53%	L + 3.58%	L + 3.04%	L + 3.56%
Weighted-average maximum maturity (years) (6)	3.3	3.3	4.7	3.4
Origination loan to value (LTV) (7)	64.6%	64.6%	42.6%	63.6%

(1) Excludes investment exposure to the $79.2 million subordinate position we own in the $807.7 million 2018 Single Asset Securitization. Refer to Notes 4 and 15 to our consolidated financial statements for further discussion of the 2018 Single Asset Securitization.

(2) In certain instances, we finance our loans through the non-recourse sale of a senior loan interest that is not included in our consolidated financial statements. Total loan exposure encompasses the entire loan we originated and financed, including $716.2 million of such non-consolidated senior interests that are not included in our balance sheet portfolio.

(3) Includes investment exposure to the $807.7 million 2018 Single Asset Securitization. We do not consolidate the 2018 Single Asset Securitization on our consolidated financial statements, and instead reflect our $79.2 million subordinate position as a component of other assets on our consolidated balance sheet. Refer to Notes 4 and 15 to our consolidated financial statements for further discussion of the 2018 Single Asset Securitization.

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

(5) The weighted-average cash coupon and all-in yield are expressed as a spread over the relevant floating benchmark rates, which include USD LIBOR, GBP LIBOR, EURIBOR, BBSY, and CDOR, as applicable to each investment. As of September 30, 2020, 98% of our investments by total investment exposure earned a floating rate of interest, primarily indexed to USD LIBOR, and $13.9 billion of such investments earned interest based on floors that are above the applicable index. The other 2% of our investments earned a fixed rate of interest, which we reflect as a spread over the relevant floating benchmark rates, as of September 30, 2020, for purposes of the weighted-averages. In addition to cash coupon, all-in yield includes the amortization of deferred origination and extension fees, loan origination costs, and purchase discounts, as well as the accrual of exit fees. Excludes loans accounted for under the cost-recovery method.

(6) Maximum maturity assumes all extension options are exercised by the borrower, however our loans and other investments may be repaid prior to such date. As of September 30, 2020, 42% of our loans and other investments by total investment exposure were subject to yield maintenance or other prepayment restrictions and 58% were open to repayment by the borrower without penalty.

(7) Based on LTV as of the dates loans and other investments were originated or acquired by us.

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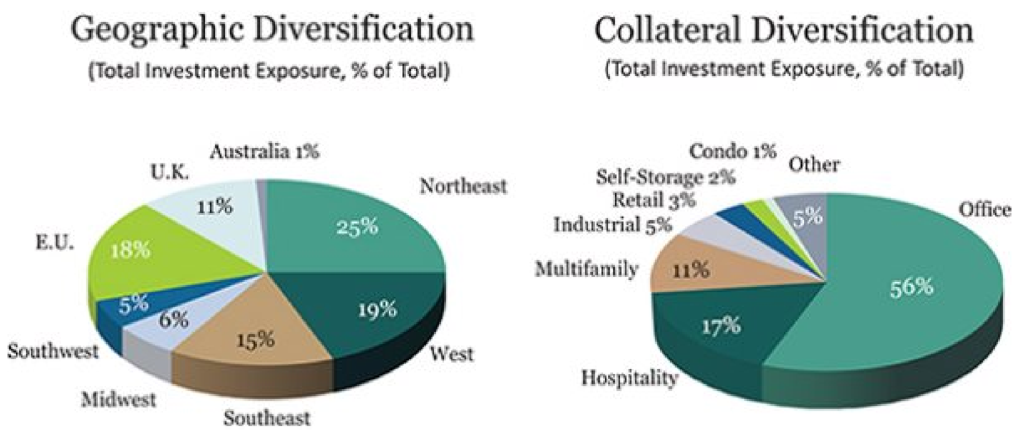
The following table details the floating benchmark rates for our investment portfolio as of September 30, 2020 ($/€/£/A$/C$ in thousands):

Investment Count	Currency	Total Investment Portfolio	Floating Rate Index (1)	Cash Coupon (2)	All-in Yield (2)
98	$	$ 12,635,544	USD LIBOR	L + 3.15%	L + 3.52%
8	€	€ 2,684,556	EURIBOR	E + 2.92%	E + 3.23%
13	£	£ 1,529,384	GBP LIBOR	L + 3.86%	L + 4.19%
2	A$	A$ 338,150	BBSY	BBSY + 4.01%	BBSY + 4.31%
3	C$	C$ 102,629	CDOR	CDOR + 3.97%	CDOR + 4.30%
124		$ 18,077,313		INDEX + 3.20%	INDEX + 3.56%

(1) We use foreign currency forward contracts to protect the value or fix the amount of certain investments or cash flows in terms of the U.S. dollar. We earn forward points on our forward contracts that reflect the interest rate differentials between the applicable base rate for our foreign currency investments and USD LIBOR. These forward contracts effectively convert the foreign currency rate exposure for such investments to USD LIBOR.

(2) The cash coupon and all-in yield of our fixed rate loans are reflected as a spread over USD LIBOR for purposes of the weighted-averages. In addition to cash coupon, all-in yield includes the amortization of deferred origination and extension fees, loan origination costs, and purchase discounts, as well as the accrual of exit fees. Excludes loans accounted for under the cost-recovery method.

The charts below detail the geographic distribution and types of properties securing our investment portfolio, as of September 30, 2020:



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

Portfolio Management

We collected 99% of the contractual interest payments that were due under our loans during the three months ended September 30, 2020, including with respect to loans collateralized by hospitality assets, which we believe demonstrates the overall strength of our loan portfolio and the commitment and financial wherewithal of our borrowers generally, which are primarily affiliated with large real estate private equity funds and other strong, well-capitalized, experienced sponsors.

We maintain a robust asset management relationship with our borrowers and have utilized these relationships to address the potential impacts of the COVID-19 pandemic on our loans secured by properties experiencing cash flow pressure, most significantly hospitality assets. Some of our borrowers have indicated that due to the impact of the COVID-19 pandemic, they will be unable to timely execute their business plans, have had to temporarily close their businesses, or have experienced other negative business consequences and have requested temporary interest deferral or forbearance, or other modifications of their loans. During the three months ended June 30, 2020, we closed 13 loan modifications, representing an aggregate principal balance of $2.4 billion. During the three months ended September 30, 2020, we closed 11 loan modifications, representing an aggregate principal balance of $1.7 billion. The loan modifications included term extensions, interest rate changes, repurposing of reserves, temporary deferrals of interest, and performance test or covenant waivers, many of which were coupled with additional equity commitments from sponsors.

We are generally encouraged by our borrowers' initial response to the COVID-19 pandemic's impacts on their properties. With limited exceptions, we believe our loan sponsors are committed to supporting assets collateralizing our loans through additional equity investments, and that we will benefit from our long-standing core business model of originating senior loans collateralized by large assets in major markets with experienced, well-capitalized institutional sponsors. Our investment portfolio's low origination weighted-average LTV of 63.6% as of September 30, 2020 reflects significant equity value that our sponsors are motivated to protect through periods of cyclical disruption. While we believe the principal amounts of our loans are generally adequately protected by underlying collateral value, there is a risk that we will not realize the entire principal value of certain investments.

Our Manager's portfolio monitoring and asset management operations benefit from the deep knowledge, experience, and information advantages derived from its position as part of Blackstone's real estate platform. Blackstone Real Estate is one of the largest owners and operators of real estate in the world, with a proven track record of successfully navigating market cycles and emerging stronger through periods of volatility. The market-leading real estate expertise derived from the strength of the Blackstone platform deeply informs our credit and underwriting process, and gives us the tools to expertly asset manage our portfolio and work with our borrowers throughout periods of economic stress and uncertainty.

As discussed in Note 2 to our consolidated financial statements, our Manager performs a quarterly review of our loan portfolio, assesses the performance of each loan, and assigns it a risk rating between "1" and "5," from less risk to greater risk. The weighted-average risk rating of our total loan exposure was 3.0 and 2.8 as of September 30, 2020 and December 31, 2019, respectively. The increase in the risk rating was primarily the result of loans with an aggregate principal balance of $3.2 billion that were downgraded to a "4" or "5" as of September 30, 2020 to reflect the higher risk in loans collateralized by hospitality assets and select other assets that are particularly negatively impacted by the COVID-19 pandemic.

The following table allocates the principal balance and total loan exposure balances based on our internal risk ratings ($ in thousands):

	September 30, 2020		
Risk Rating	**Number of Loans**	**Net Book Value**	**Total Loan Exposure (1)(2)**
1	8	$ 723,220	$ 724,973
2	26	3,078,004	3,094,525
3	73	9,328,140	10,095,708
4	14	3,002,016	3,015,569
5	2	337,323	338,824
Loans receivable	123	$16,468,703	$17,269,599
CECL reserve		(177,026)	
Loans receivable, net		$16,291,677	

(1) In certain instances, we finance our loans through the non-recourse sale of a senior loan interest that is not included in our consolidated financial statements. See Note 2 to our consolidated financial statements for further discussion. Total loan exposure encompasses the entire loan we originated and financed, including $716.2 million of such non-consolidated senior interests as of September 30, 2020.

(2) Excludes investment exposure to the $807.7 million 2018 Single Asset Securitization. Refer to Notes 4 and 15 to our consolidated financial statements for details of the subordinate position we own in the 2018 Single Asset Securitization.

Current Expected Credit Loss Reserve

The CECL reserve required by GAAP reflects our current estimate of potential credit losses related to our loans and debt securities included in our consolidated balance sheets. Other than a few narrow exceptions, GAAP requires that all financial instruments subject to the CECL model have some amount of loss reserve to reflect the GAAP principal underlying the CECL model that all loans, debt securities, and similar assets have some inherent risk of loss, regardless of credit quality, subordinate capital, or other mitigating factors.

Our initial CECL reserve of $17.7 million recorded on January 1, 2020 is reflected as a direct charge to retained earnings on our consolidated statements of changes in equity; however subsequent changes to the CECL reserve are recognized through net income on our consolidated statements of operations. During the nine months ended September 30, 2020, we recorded a $173.5 million increase in the current expected credit loss reserve, bringing our total CECL reserve to $191.2 million as of September 30, 2020. This CECL reserve reflects the macroeconomic impact of the COVID-19 pandemic on commercial real estate markets generally, as well as certain loans assessed for impairment in our portfolio. Further, this reserve is not reflective of what we expect our CECL reserve would be absent the current and potential future impacts of the COVID-19 pandemic. See Notes 2 and 3 to our consolidated financial statements for further discussion of our CECL reserve.

During the first quarter of 2020, we entered into a loan modification related to a multifamily asset in New York City, which is classified as a troubled debt restructuring under GAAP. As of September 30, 2020, we recorded a $14.8 million CECL reserve on this loan, which had an outstanding principal balance of $52.5 million, net of cost-recovery proceeds, as of September 30, 2020. The CECL reserve was recorded based on our estimation of the fair value of the loan’s underlying collateral as of September 30, 2020, and to reflect ongoing loan modification discussions. As of September 30, 2020, the borrower was current with all terms of the loan, including payments of interest.

During the third quarter of 2020, we entered into a loan modification related to a hospitality asset in New York City, which is classified as a troubled debt restructuring under GAAP. As of September 30, 2020, we recorded a $54.9 million CECL reserve on this loan, which had an outstanding principal balance of $286.3 million, net of cost-recovery proceeds, as of September 30, 2020. The CECL reserve was recorded based on our estimation of the fair value of the loan’s underlying collateral as of September 30, 2020.

As of July 1, 2020, the income accrual was suspended on the two loans detailed above, which had an aggregate outstanding principal balance of $338.8 million, as of September 30, 2020. No income was recorded on these loans during the three months ended September 30, 2020.

Multifamily Joint Venture

As of September 30, 2020, our Multifamily Joint Venture held $566.1 million of loans, which are included in the loan disclosures above. Refer to Note 2 to our consolidated financial statements for additional discussion of our Multifamily Joint Venture.

Portfolio Financing

Of our $12.6 billion of portfolio financing, $3.6 billion includes consolidated and non-consolidated securitized debt obligations, and non-consolidated senior interests, which are inherently non-mark to market, non-recourse, and term-matched to the financed assets, and we have $9.0 billion of borrowings under our credit facilities and asset-specific financings.

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

	Portfolio Financing Outstanding Principal Balance	
	September 30, 2020	December 31, 2019
Secured credit facilities	$ 8,651,313	$ 9,753,059
Asset-specific financings	348,964	330,879
Revolving credit agreement	—	—
Non-consolidated senior interests [(1)]	716,241	688,521
Securitized debt obligations	2,179,507	1,189,642
Non-consolidated securitized debt obligation [(2)]	728,514	841,062
Total portfolio financing	$ 12,624,539	$ 12,803,163

(1) These non-consolidated senior interests provide structural leverage for our net investments which are reflected in the form of mezzanine loans or other subordinate interests on our balance sheet and in our results of operations.

(2) Represents the senior non-consolidated investment exposure to the 2018 Single Asset Securitization. We own the related subordinate position, which is classified as a held-to-maturity debt security on our balance sheet. Refer to Notes 4 and 15 to our consolidated financial statements for details of the 2018 Single Asset Securitization.

Secured Credit Facilities

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

	September 30, 2020			
	Credit Facility Borrowings			
Lender	Potential [(1)]	Outstanding	Available [(1)]	Collateral Assets [(2)]
Deutsche Bank	$ 1,934,011	$ 1,934,011	$ —	$ 2,883,566
Barclays	1,627,322	1,426,298	201,024	2,097,701
Wells Fargo	1,499,543	1,221,880	277,663	2,002,238
Citibank	944,610	777,442	167,168	1,228,815
Goldman Sachs	593,306	593,306	—	802,599
Bank of America	546,168	546,168	—	761,960
MetLife	445,144	445,144	—	556,663
JP Morgan	430,856	403,503	27,353	578,524
Morgan Stanley	507,209	380,156	127,053	812,540
Santander	256,305	256,305	—	320,382
Société Générale	235,169	235,169	—	303,731
US Bank - Multi. JV [(3)]	217,668	212,482	5,186	272,084
Goldman Sachs - Multi. JV [(3)]	185,529	185,529	—	251,663
Bank of America - Multi. JV [(3)]	33,920	33,920	—	42,400
	$ 9,456,760	$ 8,651,313	$ 805,447	$ 12,914,866

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

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

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

Asset-Specific Financings

The following table details our asset-specific financings ($ in thousands):

	September 30, 2020					
Asset-Specific Financings	Count	Principal Balance	Book Value	Wtd. Avg. Yield/Cost (1)	Guarantee (2)	Wtd. Avg. Term (3)
Collateral assets	4	$443,710	$429,574	L+4.70%	n/a	Jul. 2023
Financing provided	4	$348,964	$340,067	L+3.54%	$ 25,816	Jul. 2023

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

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

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

Revolving Credit Agreement

We have a $250.0 million full recourse secured revolving credit agreement with Barclays that is designed to finance first mortgage originations for up to nine months as a bridge to term financing or syndication. Advances under the agreement are subject to availability under a specified borrowing base and accrue interest at a per annum pricing rate equal to the sum of (i) an applicable base rate or Eurodollar rate and (ii) an applicable margin, in each case, dependent on the applicable type of loan collateral. The maturity date of the facility is April 4, 2023. As of September 30, 2020, we had no outstanding borrowings under the agreement.

Non-Consolidated Senior Interests

In certain instances, we finance our loans through the non-recourse sale of a senior loan interest that is not included in our consolidated financial statements. These non-consolidated senior interests provide structural leverage for our net investments which are reflected in the form of mezzanine loans or other subordinate interests on our balance sheet and in our results of operations. The following table details the subordinate interests retained on our balance sheet and the related non-consolidated senior interests as of September 30, 2020 ($ in thousands):

	September 30, 2020					
Non-Consolidated Senior Interests	Count	Principal Balance	Book Value	Wtd. Avg. Yield/Cost (1)	Guarantee	Wtd. Avg. Term
Total loan	5	$895,939	n/a	5.87%	n/a	May 2024
Senior participation	5	$716,241	n/a	4.49%	n/a	May 2024

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

Securitized Debt Obligations

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

	September 30, 2020				
Securitized Debt Obligations	**Count**	**Principal Balance**	**Book Value**	**Wtd. Avg. Yield/Cost (1)**	**Term (2)**
2020 Collateralized Loan Obligation					
Collateral assets	33	$1,500,000	$1,500,000	L+3.17%	December 2023
Financing provided	1	1,243,125	1,232,688	L+1.43%	February 2038
2017 Collateralized Loan Obligation					
Collateral assets	16	713,953	713,953	L+3.34%	January 2023
Financing provided	1	531,453	530,466	L+1.78%	June 2035
2017 Single Asset Securitization					
Collateral assets (3)	1	615,772	615,138	L+3.57%	June 2023
Financing provided	1	404,929	404,929	L+1.63%	June 2033
Total					
Collateral assets	50	$2,829,725	$2,829,091	L+3.30%	
Financing provided (4)	3	$2,179,507	$2,168,083	L+1.55%	

(1) In addition to cash coupon, all-in yield includes the amortization of deferred origination and extension fees, loan origination costs, purchase discounts, and accrual of exit fees. All-in yield for the total portfolio assume applicable floating benchmark rates for weighted-average calculation.

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

(3) The collateral assets for the 2017 Single Asset Securitization include the total loan amount, of which we securitized $500.0 million.

(4) During the three and nine months ended September 30, 2020, we recorded $9.1 million and $31.8 million, respectively, of interest expense related to our securitized debt obligations.

Refer to Notes 6 and 15 to our consolidated financial statements for additional details of our securitized debt obligations.

Non-Consolidated Securitized Debt Obligation

In the third quarter of 2018, we contributed a senior loan to the 2018 Single Asset Securitization, and invested in the related subordinate position. We do not consolidate the 2018 Single Asset Securitization on our balance sheet. The non-consolidated securitized debt obligation provides structural leverage for our net investment which is reflected as a held-to-maturity debt security on our balance sheet. The following table details our non-consolidated securitized debt obligations ($ in thousands):

	September 30, 2020				
Debt Obligation	**Count**	**Principal Balance**	**Book Value**	**Wtd. Avg. Yield/Cost (1)**	**Wtd. Avg. Term (2)**
Collateral assets	1	$807,714	n/a	L+3.04%	Jun. 2025
Financing provided	1	$728,514	n/a	L+2.27%	Jun. 2025

(1) In addition to cash coupon, all-in yield includes the amortization of deferred origination and extension fees, loan origination costs, and purchase discounts.

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

Corporate Financing

Secured Term Loans

As of September 30, 2020, the following Secured Term Loans were outstanding ($ in thousands):

Term Loans	**Face Value**	**Interest Rate (1)**	**All-in Cost (1)(2)**	**Maturity**
2019 Term Loan	$ 741,263	L+2.25%	L+2.52%	April 23, 2026
2020 Term Loan	$ 324,188	L+4.75%	L+5.60%	April 23, 2026

(1) The 2020 Term Loan borrowing is subject to a LIBOR floor of 1.00%.

(2) Includes issue discount and transaction expenses that are amortized through interest expense over the life of the Secured Term Loans.

Refer to Notes 2 and 7 to our consolidated financial statements for additional discussion of our Secured Term Loans.

Convertible Notes

As of September 30, 2020, the following convertible senior notes, or Convertible Notes, were outstanding ($ in thousands):

Convertible Notes Issuance	Face Value	Interest Rate	All-in Cost (1)	Maturity
May 2017	$ 402,500	4.38%	4.85%	May 5, 2022
March 2018	$ 220,000	4.75%	5.33%	March 15, 2023

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

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

Floating Rate Portfolio

Generally, our business model is such that rising interest rates will increase our net income, while declining interest rates will decrease net income. As of September 30, 2020, 98% of our investments by total investment exposure earned a floating rate of interest and were financed with liabilities that pay interest at floating rates, which resulted in an amount of net equity that is positively correlated to rising interest rates, subject to the impact of interest rate floors on certain of our floating rate investments. As of September 30, 2020, the remaining 2% of our investments by total investment exposure earned a fixed rate of interest, but are financed with liabilities that pay interest at floating rates, which resulted in a negative correlation to rising interest rates to the extent of our financing. In certain instances where we have financed fixed rate assets with floating rate liabilities, we have purchased interest rate caps to limit our exposure to increases in interest rates on such liabilities.

Our liabilities are generally currency and index-matched to each collateral asset, resulting in a net exposure to movements in benchmark rates that varies by currency silo based on the relative proportion of floating rate assets and liabilities. The following table details our investment portfolio's net exposure to interest rates by currency as of September 30, 2020 ($/€/£/A$/C$ in thousands):

	USD	EUR	GBP	AUD	CAD
Floating rate loans (1)(2)(3)	$ 12,635,544	€ 2,836,813	£ 1,147,308	A$ 338,150	C$ 55,917
Floating rate debt (1)(4)	(9,691,490)	(2,087,778)	(819,738)	(245,254)	(78,794)
Net floating rate exposure (5)	$ 2,944,054	€ 749,035	£ 327,570	A$ 92,896	C$ (22,877)

(1) Our floating rate investments and related liabilities are indexed to the various benchmark rates relevant in each case in terms of currency and payment frequency. Therefore the net exposure to each benchmark rate is in direct proportion to our net assets indexed to that rate.

(2) Includes investment exposure to the 2018 Single Asset Securitization. Refer to Notes 4 and 15 to our consolidated financial statements for details of the subordinate position we own in the 2018 Single Asset Securitization.

(3) Euro balance includes a loan denominated in British Pound Sterling, with an outstanding principal balance of £145.7 million as of September 30, 2020, that is hedged to Euro exposure through a foreign currency forward contract. Refer to Note 9 to our consolidated financial statements for additional discussion of our foreign currency derivatives.

(4) Includes borrowings under secured debt agreements, non-consolidated senior interests, securitized debt obligations, non-consolidated securitized debt obligations, and secured term loans.

(5) In addition, we have two interest rate caps of C$38.7 million ($29.0 million as of September 30, 2020) to limit our exposure to increases in interest rates.

III. Our Results of Operations

Operating Results

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

	Three Months Ended September 30, 2020	Three Months Ended September 30, 2019	2020 vs. 2019 $	Nine Months Ended September 30, 2020	Nine Months Ended September 30, 2019	2020 vs. 2019 $
Income from loans and other investments						
Interest and related income	$193,939	$213,873	$(19,934)	$ 590,797	$662,001	$ (71,204)
Less: Interest and related expenses	78,978	111,957	(32,979)	268,070	347,536	(79,466)
Income from loans and other investments, net	114,961	101,916	13,045	322,727	314,465	8,262
Other expenses						
Management and incentive fees	18,985	17,502	1,483	58,758	58,276	482
General and administrative expenses	11,242	9,741	1,501	34,320	28,951	5,369
Total other expenses	30,227	27,243	2,984	93,078	87,227	5,851
Decrease (increase) in current expected credit loss reserve	6,055	—	6,055	(173,466)	—	(173,466)
Income before income taxes	90,789	74,673	16,116	56,183	227,238	(171,055)
Income tax provision (benefit)	20	(721)	741	192	(573)	765
Net income	90,769	75,394	15,375	55,991	227,811	(171,820)
Net income attributable to non-controlling interests	(909)	(497)	(412)	(1,937)	(1,176)	(761)
Net income attributable to Blackstone Mortgage Trust, Inc.	$ 89,860	$ 74,897	$ 14,963	$ 54,054	$226,635	$(172,581)
Net income per share - basic and diluted	$ 0.61	$ 0.56	$ 0.05	$ 0.39	$ 1.76	$ (1.37)
Dividends declared per share	$ 0.62	$ 0.62	$ —	$ 1.86	$ 1.86	$ —

Income from loans and other investments, net

Income from loans and other investments, net increased $13.0 million and $8.3 million during the three and nine months ended September 30, 2020, respectively, as compared to the corresponding periods in 2019. The increase in both periods was primarily due to (i) $13.4 billion of our loans earning interest based on floors that were above the applicable floating rate index, as of September 30, 2020, and (ii) an increase in the weighted-average principal balance of our loan portfolio by $2.1 billion and $2.0 billion during the three and nine months ended September 30, 2020, respectively, as compared to the corresponding periods in 2019. This was offset by (i) a decrease in LIBOR, (ii) an increase in the weighted-average principal balance of our outstanding financing arrangements by $2.0 billion and $1.9 billion during the three and nine months ended September 30, 2020, respectively, as compared to the corresponding periods in 2019 and (iii) a decline in interest income related to two loans that are accounted for under the cost-recovery method effective June 30, 2020.

Other expenses

Other expenses are composed of management and incentive fees payable to our Manager and general and administrative expenses. Other expenses increased by $3.0 million during the three months ended September 30, 2020 compared to the corresponding period in 2019 due to (i) an increase of $1.1 million of management fees payable to our Manager, primarily as a result of net proceeds received from the sale of shares of our class A common stock during 2019 and 2020, (ii) $895,000 of additional non-cash restricted stock amortization related to shares awarded under our long-term incentive plans, (iii) an increase of $606,000 of general operating expenses, and (iv) an increase of $336,000 of incentive fees payable to our Manager.

Other expenses increased by $5.9 million during the nine months ended September 30, 2020 compared to the corresponding period in 2019 due to (i) an increase of $4.0 million of management fees payable to our Manager, primarily as a result of net proceeds received from the sale of shares of our class A common stock during 2019 and 2020, (ii) $2.7 million of additional non-cash restricted stock amortization related to shares awarded under our long-term incentive plans, and (iii) an increase of $2.7 million of general operating expenses. This was partially offset by a decrease of $3.5 million of incentive fees payable to our Manager.

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Changes in current expected credit loss reserve

During the three months ended September 30, 2020, we recorded a $6.1 million decrease in the current expected credit loss reserve. During nine months ended September 30, 2020, we recorded a $173.5 million increase in the current expected credit loss reserve. This CECL reserve reflects the macroeconomic impact of the COVID-19 pandemic on commercial real estate markets generally, as well as certain loans assessed for impairment in our portfolio. This reserve is not reflective of what we expect our CECL reserve would be absent the current and potential future impacts of the COVID-19 pandemic. See Notes 2 and 3 to our consolidated financial statements for further discussion of our CECL reserve.

Net income attributable to non-controlling interests

During the three and nine months ended September 30, 2020, we recorded $909,000 and $1.9 million, respectively, of net income attributable to non-controlling interests related to our Multifamily Joint Venture.

Dividends per share

During the three months ended September 30, 2020, we declared a dividend of $0.62 per share, or $90.6 million in aggregate, which was paid on October 15, 2020 to common stockholders of record as of September 30, 2020. During the three months ended September 30, 2019, we declared a dividend of $0.62 per share, or $83.3 million in aggregate.

During the nine months ended September 30, 2020, we declared aggregate dividends of $1.86 per share, or $265.2 million. During the nine months ended September 30, 2019, we declared aggregate dividends of $1.86 per share, or $244.2 million.

IV. Liquidity and Capital Resources

Capitalization

We have capitalized our business to date primarily through the issuance and sale of shares of our class A common stock, borrowings under secured debt agreements, borrowings under secured term loans, and the issuance of convertible notes. As of September 30, 2020, our balance sheet included $1.7 billion of corporate debt and $12.6 billion of asset-level financing. No portion of our corporate debt matures before 2022 and our asset-specific financing is generally term-matched or matures in 2022 or later. Of our $12.6 billion of asset-level financing, $3.6 billion includes consolidated and non-consolidated securitized debt obligations and senior syndications, which are both inherently non-recourse, non-mark to market, and term-matched to the financed assets, and we have $9.0 billion of borrowings under our credit facilities and asset-specific financings.

Margin call provisions under our credit facilities do not permit valuation adjustments based on capital markets events, and are limited to collateral-specific credit marks generally determined on a commercially reasonable basis.

During the three months ended June 30, 2020, we entered into agreements with seven of our secured credit facility lenders, representing an aggregate $7.9 billion of our secured credit facilities, to temporarily suspend credit mark provisions on certain of their portfolio assets in exchange for: (i) cash repayments; (ii) pledges of additional collateral; and (iii) reductions of available borrowings.

We are in frequent, consistent dialogue with the providers of our secured credit facilities regarding our management of their collateral assets in light of the impacts of the COVID-19 pandemic. Our Manager’s robust, in-house asset management team has extensive experience managing loans throughout cycles, and maintains a rated special servicer as part of its broader real estate debt investment and asset management platform. The feedback we have received from our lenders indicates that they believe our Manager, as part of the broader Blackstone Real Estate platform, has a superior capability to manage the loans in our portfolio to a successful resolution.

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

Debt-to-Equity Ratio and Total Leverage Ratio

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

	September 30, 2020	December 31, 2019
Debt-to-equity ratio [(1)]	2.6x	3.0x
Total leverage ratio [(2)]	3.6x	3.7x

(1) Represents (i) total outstanding secured debt agreements, secured term loans, and convertible notes, less cash, to (ii) total equity, in each case at period end.

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

Sources of Liquidity

Our current sources of liquidity include cash and cash equivalents, available borrowings under our secured debt agreements, and net receivables from servicers related to loan repayments, which are set forth in the following table ($ in thousands):

	September 30, 2020	December 31, 2019
Cash and cash equivalents	$ 427,028	$ 150,090
Available borrowings under secured debt agreements	805,596	598,840
Loan principal payments held by servicer, net [(1)]	3,235	1,965
	$ 1,235,859	$ 750,895

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

Typically, loan repayments are our largest source of incremental liquidity. For the year ended December 31, 2019, loan repayments generated $998.2 million of liquidity, net of any related financings. Similarly, during the nine months ended September 30, 2020, loan repayments and sales generated $326.0 million of liquidity. We currently expect the pace of loan prepayments will slow while the impacts of the COVID-19 pandemic are ongoing, however, as of September 30, 2020, our portfolio does include $3.2 billion of loans with a final maturity date earlier than December 31, 2022.

During the nine months ended September 30, 2020, we generated cash flow from operating activities of $261.3 million. We expect, however, that the impact of the COVID-19 pandemic will put pressure on our cash flow from operations as we enter into loan modifications on certain of our loans permitting interest payments to be capitalized, and as we repay borrowings under our secured credit facilities. Additionally, during the nine months ended September 30, 2020, we received $315.4 million of net proceeds from borrowings under a secured term loan and $278.3 million of net proceeds from the issuance of shares of class A common stock. Furthermore, we are able to generate incremental liquidity through the replenishment provisions of our 2020 CLO, which allow us to replace a loan in the CLO that has been repaid by increasing the principal amount of existing CLO collateral assets to maintain the aggregate amount of collateral assets in the CLO, and the related financing outstanding.

We are focused on fortifying our balance sheet and enhancing our liquidity to best position us to weather near-term market uncertainty, satisfy our loan future funding and financing obligations and to potentially make opportunistic new investments, which may cause us to take some or all of the following actions: raise additional capital from offerings of securities, borrow additional capital, sell assets, pay our management and incentive fees in shares of our class A common stock, as we did with respect to such fees for the quarter ended March 31, 2020, and/or change our dividend practice, including by reducing the amount of, or temporarily suspending, our future dividends or paying our future dividends in kind for some period of time.

We have access to liquidity through public offerings of debt and equity securities. To facilitate such offerings, in July 2019, we filed a shelf registration statement with the SEC that is effective for a term of three years and expires at the end of July 2022. The amount of securities to be issued pursuant to this shelf registration statement was not specified when it was filed and there is no specific dollar limit on the amount of securities we may issue. The securities covered by this registration statement include: (i) class A common stock; (ii) preferred stock; (iii) debt securities; (iv) depositary shares representing preferred stock; (v) warrants; (vi) subscription rights; (vii) purchase contracts; and (viii) units consisting of one or more of such securities or any combination of these securities. The specifics of any future offerings, along with the use of proceeds of any securities offered, will be described in detail in a prospectus supplement, or other offering materials, at the time of any offering.

We may also access liquidity through a dividend reinvestment plan and direct stock purchase plan, under which 9,992,425 shares of class A common stock were available for issuance as of September 30, 2020, and our at-the-market stock offering program, pursuant to which we may sell, from time to time, up to $363.8 million of additional shares of our class A common stock as of September 30, 2020. Refer to Note 10 to our consolidated financial statements for additional details.

Liquidity Needs

In addition to our loan origination activity and general operating expenses, our primary liquidity needs include interest and principal payments under our $9.0 billion of outstanding borrowings under secured debt agreements, our Secured Term Loans, and our Convertible Notes.

In addition, we had aggregate unfunded loan commitments of $3.3 billion as of September 30, 2020. We generally finance the funding of our loan commitments on terms consistent with our overall credit facilities, with an average advance rate of 73.7% for such financed loans, resulting in identified financing for $2.3 billion of our aggregate unfunded loan commitments as of September 30, 2020. Some of our lenders, including substantially all of our financing of construction loans, are contractually obligated to fund their ratable portion of these loan commitments over time, while other lenders have some degree of discretion over future loan funding obligations. We expect to fund our loan commitments over the tenor of these loans, which have a weighted-average future funding period of 3.7 years. Our future loan fundings comprise funding for capital expenditures and construction, leasing costs, and interest and carry costs, and will vary depending on the progress of capital projects, leasing, and cash flows at the assets underlying our loans. Therefore, the exact timing and amounts of such future loan fundings are uncertain and will depend on the current and future performance of the underlying collateral assets. As a result of the COVID-19 pandemic, the progress of capital expenditures, construction, and leasing has been slower than otherwise expected, and the pace of future funding relating to these capital needs has been commensurately slower.

Contractual Obligations and Commitments

Our contractual obligations and commitments as of September 30, 2020 were as follows ($ in thousands):

		Payment Timing			
	Total Obligation	Less Than 1 Year	1 to 3 Years	3 to 5 Years	More Than 5 Years
Unfunded loan commitments [(1)]	$ 3,330,847	$ 62,299	$ 734,539	$ 2,248,804	$ 285,205
Principal repayments under secured debt agreements [(2)]	9,000,277	126,030	3,745,036	4,922,430	206,781
Principal repayments of secured term loans [(3)]	1,065,451	10,738	21,475	21,475	1,011,763
Principal repayments of convertible notes [(4)]	622,500	—	622,500	—	—
Interest payments [(2)(5)]	790,131	253,494	359,095	155,945	21,597
Total [(6)]	$ 14,809,206	$ 452,561	$ 5,482,645	$ 7,348,654	$ 1,525,346

(1) The allocation of our unfunded loan commitments is based on the earlier of the commitment expiration date or the final loan maturity date, however we may be obligated to fund these commitments earlier than such date **.**

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

(3) The Secured Term Loans are partially amortizing, with an amount equal to 1.0% per annum of the principal balance due in quarterly installments. Refer to Note 7 to our consolidated financial statements for further details on our secured term loans.

(4) Reflects the outstanding principal balance of convertible notes, excluding any potential conversion premium. Refer to Note 8 to our consolidated financial statements for further details on our convertible notes.

(5) Represents interest payments on our secured debt agreements, convertible notes, and Secured Term Loans. Future interest payment obligations are estimated assuming the interest rates in effect as of September 30, 2020 will remain constant into the future. This is only an estimate as actual amounts borrowed and interest rates will vary over time.

(6) Total does not include $716.2 million of non-consolidated senior interests and $2.9 billion of consolidated and non-consolidated securitized debt obligations, as the satisfaction of these liabilities will not require cash outlays from us.

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

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

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

Cash Flows

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

	Nine Months Ended September 30,	
	2020	2019
Cash flows provided by operating activities	$ 261,296	$ 228,591
Cash flows used in investing activities	(105,726)	(668,618)
Cash flows provided by financing activities	120,778	419,550
Net increase (decrease) in cash and cash equivalents	$ 276,348	$ (20,477)

We experienced a net increase in cash and cash equivalents of $276.3 million for the nine months ended September 30, 2020, compared to a net decrease of $20.5 million for the nine months ended September 30, 2019. During the nine months ended September 30, 2020, we received (i) $1.4 billion from loan principal collections and sales proceeds, (ii) $1.2 billion of proceeds from the issuance of collateralized loan obligations, (iii) $315.4 million of net proceeds from secured term loan borrowings, and (iv) $278.3 million in net proceeds from the issuance of shares of class A common stock. We used the proceeds from these activities to (i) fund $1.5 billion of new loans and (ii) repay a net $1.2 billion under our secured debt agreements.

Refer to Note 3 to our consolidated financial statements for further discussion of our loan activity. Refer to Notes 5 and 10 to our consolidated financial statements for further discussion of our secured debt agreements and equity.

V. Other Items

Income Taxes

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

Our qualification as a REIT also depends on our ability to meet various other requirements imposed by the Internal Revenue Code, which relate to organizational structure, diversity of stock ownership, and certain restrictions with regard to the nature of our assets and the sources of our income. Even if we qualify as a REIT, we may be subject to certain U.S. federal income and excise taxes and state and local taxes on our income and assets. If we fail to maintain our qualification as a REIT for any taxable year, we may be subject to material penalties as well as federal, state and local income tax on our taxable income at regular corporate rates and we would not be able to qualify as a REIT for the subsequent four full taxable years. As of September 30, 2020 and December 31, 2019, we were in compliance with all REIT requirements.

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

Off-Balance Sheet Arrangements

We have no off-balance sheet arrangements.

Critical Accounting Policies

Our discussion and analysis of our financial condition and results of operations is based upon our consolidated financial statements, which have been prepared in accordance with GAAP. The preparation of these financial statements requires our Manager to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses, and related disclosure of contingent assets and liabilities. Actual results could differ from these estimates. There have been no material changes to our Critical Accounting Policies described in our annual report on Form 10-K filed with the SEC on February 11, 2020, other than a supplement to the accounting policy for our current expected credit loss reserve. Refer to Note 2 to our consolidated financial statements for further description of the accounting policy for our current expected credit loss reserve and our other significant accounting policies.

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VI. Loan Portfolio Details

The following table provides details of our loan portfolio, on a loan-by-loan basis, as of September 30, 2020 ($ in millions):

	Loan Type [1]	Origination Date [2]	Total Loan [3][4]	Principal Balance [4]	Net Book Value	Cash Coupon [5]	All-in Yield [5]	Maximum Maturity [6]	Location	Property Type	Loan Per SQFT / Unit / Key	Origination LTV [2]	Risk Rating
1	Senior loan	8/14/2019	$ 1,264.4	$ 1,264.4	$ 1,256.4	L + 2.50%	L + 2.83%	12/23/2024	Dublin - IE	Office	$460 / sqft	74%	3
2	Senior loan	3/22/2018	995.1	995.1	992.2	L + 3.15%	L + 3.37%	3/15/2023	Diversified - Spain	Mixed-Use	n/a	71%	4
3	Senior loan	11/25/2019	724.2	645.6	646.3	L + 2.30%	L + 3.18%	12/9/2024	New York	Office	$925 / sqft	65%	3
4	Senior loan	5/11/2017	646.8	615.8	615.1	L + 3.40%	L + 3.57%	6/10/2023	Washington DC	Office	$302 / sqft	62%	3
5	Senior loan	8/22/2018	362.5	357.0	355.9	L + 3.15%	L + 3.49%	8/9/2023	Maui	Hospitality	$463,671 / key	61%	4
6	Senior loan	10/23/2018	352.4	347.4	347.1	L + 3.40%	L + 3.67%	1/23/2022	New York	Mixed-Use	$588 / sqft	65%	3
7	Senior loan	4/11/2018	355.0	344.5	344.0	L + 2.85%	L + 3.10%	5/1/2023	New York	Office	$437 / sqft	71%	2
8	Senior loan [4]	8/6/2015	315.2	315.2	57.6	5.75%	5.81%	10/29/2022	Diversified - EUR	Other	n/a	71%	3
9	Senior loan	1/11/2019	310.2	310.2	307.0	L + 4.35%	L + 4.70%	1/11/2026	Diversified - UK	Other	$306 / sqft	74%	4
10	Senior loan	11/30/2018	286.3	286.3	284.8	n/m [7]	n/m [7]	8/9/2025	New York	Hospitality	$306,870 / key	73%	5
11	Senior loan	2/27/2020	300.0	281.7	279.4	L + 2.70%	L + 3.03%	3/9/2025	New York	Mixed-Use	$884 / sqft	59%	3
12	Senior loan	7/31/2018	279.5	278.0	277.0	L + 3.10%	L + 3.52%	8/9/2022	San Francisco	Office	$701 / sqft	50%	2
13	Senior loan [4]	8/7/2019	745.8	270.3	52.1	L + 3.12%	L + 3.55%	9/9/2025	Los Angeles	Office	$183 / sqft	59%	3
14	Senior loan	12/11/2018	310.0	256.7	255.2	L + 2.55%	L + 2.96%	12/9/2023	Chicago	Office	$216 / sqft	78%	3
15	Senior loan	11/30/2018	253.9	248.2	247.2	L + 2.80%	L + 3.17%	12/9/2023	San Francisco	Hospitality	$364,513 / key	73%	4
16	Senior loan	9/23/2019	293.0	246.6	244.2	L + 3.00%	L + 3.22%	11/15/2024	Diversified - Spain	Hospitality	$131,649 / key	62%	4
17	Senior loan	9/30/2019	305.5	244.8	245.0	L + 3.66%	L + 3.75%	9/9/2024	Chicago	Office	$212 / sqft	58%	2
18	Senior loan	10/23/2018	290.4	241.1	239.8	L + 2.80%	L + 3.04%	11/9/2024	Atlanta	Office	$225 / sqft	64%	2
19	Senior loan	5/9/2018	242.9	232.9	232.8	L + 2.60%	L + 3.13%	5/9/2023	New York	Industrial	$66 / sqft	70%	2
20	Senior loan	4/17/2018	225.0	225.0	224.9	L + 3.25%	L + 3.47%	5/9/2023	New York	Office	$210 / sqft	45%	1
21	Senior loan	7/20/2017	249.7	220.8	220.5	L + 4.80%	L + 5.05%	8/9/2022	San Francisco	Office	$367 / sqft	58%	2
22	Senior loan	6/23/2015	209.4	209.4	209.1	L + 3.65%	L + 3.91%	5/8/2022	Washington DC	Office	$235 / sqft	72%	2
23	Senior loan	11/5/2019	225.5	206.0	204.3	L + 3.85%	L + 4.45%	2/21/2025	Diversified - IT	Industrial	$407 / sqft	66%	3
24	Senior loan	12/12/2019	260.5	201.5	200.7	L + 2.40%	L + 2.68%	12/9/2024	New York	Office	$96 / sqft	42%	1
25	Senior loan	8/31/2017	203.0	197.8	197.2	L + 2.50%	L + 2.85%	9/9/2023	Orange County	Office	$230 / sqft	64%	3
26	Senior loan	6/27/2019	224.8	197.1	195.7	L + 2.80%	L + 3.16%	8/15/2026	Berlin - DEU	Office	$423 / sqft	62%	3
27	Senior loan	12/22/2016	204.5	190.9	190.8	L + 2.90%	L + 2.98%	12/9/2022	New York	Office	$268 / sqft	64%	3
28	Senior loan	9/25/2019	190.1	190.1	189.1	L + 4.35%	L + 4.93%	9/26/2023	London - UK	Office	$867 / sqft	72%	3
29	Senior loan	11/23/2018	192.1	188.3	186.9	L + 2.62%	L + 2.87%	2/15/2024	Diversified - UK	Office	$1,142 / sqft	50%	3
30	Senior loan	6/4/2018	187.8	187.8	187.3	L + 3.50%	L + 3.86%	6/9/2024	New York	Hospitality	$309,308 / key	52%	4

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	Loan Type [1]	Origination Date [2]	Total Loan [3][4]	Principal Balance [4]	Net Book Value	Cash Coupon [5]	All-in Yield [5]	Maximum Maturity [6]	Location	Property Type	Loan Per SQFT / Unit / Key	Origination LTV [2]	Risk Rating
31	Senior loan	4/9/2018	1,486.5	185.0	173.2	L + 8.50%	L + 10.64%	6/9/2025	New York	Office	$525 / sqft	48%	2
32	Senior loan	9/14/2018	180.6	180.6	180.0	L + 3.50%	L + 3.85%	9/14/2023	Canberra - AU	Mixed-Use	$401 / sqft	68%	3
33	Senior loan	4/3/2018	178.6	177.3	177.0	L + 2.75%	L + 3.06%	4/9/2024	Dallas	Mixed-Use	$502 / sqft	64%	3
34	Senior loan	9/26/2019	175.0	175.0	174.5	L + 3.10%	L + 3.54%	1/9/2023	New York	Office	$256 / sqft	65%	3
35	Senior loan	12/21/2017	197.5	161.8	161.6	L + 2.65%	L + 3.06%	1/9/2023	Atlanta	Office	$121 / sqft	51%	2
36	Senior loan [4]	11/22/2019	470.0	157.3	30.6	L + 3.70%	L + 4.12%	12/9/2025	Los Angeles	Office	$158 / sqft	69%	3
37	Senior loan	9/4/2018	172.7	156.9	156.3	L + 3.00%	L + 3.39%	9/9/2023	Las Vegas	Hospitality	$189,901 / key	70%	4
38	Senior loan	8/23/2017	165.0	154.8	154.8	L + 3.25%	L + 3.58%	10/9/2022	Los Angeles	Office	$314 / sqft	74%	2
39	Senior loan	11/16/2018	211.9	153.8	152.4	L + 4.10%	L + 4.71%	12/9/2023	Fort Lauderdale	Mixed-Use	$432 / sqft	59%	3
40	Senior loan	12/6/2019	148.6	148.6	147.7	L + 2.80%	L + 3.31%	12/5/2024	London - UK	Office	$984 / sqft	75%	3
41	Senior loan	12/20/2019	145.2	145.2	143.9	L + 3.10%	L + 3.32%	12/18/2026	London - UK	Office	$722 / sqft	75%	3
42	Senior loan	5/11/2017	135.9	135.6	135.3	L + 3.40%	L + 3.64%	6/10/2023	Washington DC	Office	$311 / sqft	38%	2
43	Senior loan	11/14/2017	133.0	133.0	132.9	L + 2.75%	L + 3.00%	6/9/2023	Los Angeles	Hospitality	$532,000 / key	56%	3
44	Senior loan	1/17/2020	203.0	131.9	130.6	L + 2.75%	L + 3.07%	2/9/2025	New York	Mixed-Use	$109 / sqft	43%	3
45	Senior loan	9/5/2019	198.4	130.0	128.4	L + 2.75%	L + 3.27%	9/9/2024	New York	Office	$811 / sqft	62%	3
46	Senior loan	4/25/2019	210.0	128.2	127.4	L + 3.50%	L + 3.77%	9/1/2025	Los Angeles	Office	$576 / sqft	73%	3
47	Senior loan	12/14/2018	135.6	127.1	126.8	L + 2.90%	L + 3.25%	1/9/2024	Diversified - US	Industrial	$51 / sqft	57%	3
48	Senior loan	6/1/2018	130.5	124.7	124.0	L + 3.40%	L + 3.74%	5/28/2023	London - UK	Office	$846 / sqft	70%	1
49	Senior loan	11/27/2019	146.3	123.3	122.2	L + 2.75%	L + 3.13%	12/9/2024	Minneapolis	Office	$124 / sqft	64%	3
50	Senior loan	4/30/2018	165.6	117.3	116.3	L + 3.25%	L + 3.51%	4/30/2023	London - UK	Office	$528 / sqft	60%	3
51	Senior loan	6/28/2019	125.0	117.2	116.8	L + 2.75%	L + 2.91%	2/1/2024	Los Angeles	Office	$591 / sqft	48%	3
52	Senior loan	6/28/2019	188.6	116.7	114.8	L + 3.70%	L + 4.33%	6/27/2024	London - UK	Office	$381 / sqft	71%	3
53	Senior loan	3/10/2020	140.0	115.9	115.7	L + 2.50%	L + 2.67%	1/9/2025	New York	Mixed-Use	$75 / sqft	53%	3
54	Senior loan	7/15/2019	144.6	114.0	113.1	L + 2.90%	L + 3.25%	8/9/2024	Houston	Office	$206 / sqft	58%	3
55	Senior loan	10/17/2016	107.8	107.8	107.8	L + 3.95%	L + 3.96%	10/21/2021	Diversified - UK	Self-Storage	$148 / sqft	73%	3
56	Senior loan	12/21/2018	123.1	107.7	107.1	L + 2.60%	L + 3.00%	1/9/2024	Chicago	Office	$211 / key	72%	3
57	Senior loan	10/16/2018	113.7	104.8	104.4	L + 3.25%	L + 3.57%	11/9/2023	San Francisco	Hospitality	$228,253 / key	72%	4
58	Senior loan	11/30/2018	151.1	103.8	103.0	L + 2.55%	L + 2.80%	12/9/2024	Washington DC	Office	$296 / sqft	60%	3
59	Senior loan	3/13/2018	123.0	103.6	103.1	L + 3.00%	L + 3.27%	4/9/2025	Honolulu	Hospitality	$160,580 / key	50%	3
60	Senior loan	12/19/2018	106.7	103.0	102.9	L + 2.60%	L + 2.94%	12/9/2022	Chicago	Multi	$556,723 / unit	66%	2

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	Loan Type [(1)]	Origination Date [(2)]	Total Loan [(3)(4)]	Principal Balance [(4)]	Net Book Value	Cash Coupon [(5)]	All-in Yield [(5)]	Maximum Maturity [(6)]	Location	Property Type	Loan Per SQFT / Unit / Key	Origination LTV [(2)]	Risk Rating
61	Senior loan	3/25/2020	124.9	102.0	100.9	L + 2.40%	L + 2.78%	3/31/2025	Diversified - NL	Multi	$124,503 / unit	65%	3
62	Senior loan [(4)]	9/22/2017	111.7	100.0	25.0	L + 5.25%	L + 6.80%	10/9/2022	San Francisco	Multi	$547,745 / unit	46%	3
63	Senior loan	12/23/2019	109.7	94.3	93.6	L + 2.70%	L + 3.03%	1/9/2025	Miami	Multi	$326,262 / unit	68%	3
64	Senior loan	3/28/2019	98.4	93.7	93.6	L + 3.25%	L + 3.40%	1/9/2024	New York	Hospitality	$242,198 / key	63%	4
65	Senior loan	5/16/2014	92.0	92.0	91.9	L + 3.85%	L + 4.04%	7/9/2022	Miami	Office	$198 / sqft	67%	3
66	Senior loan	12/10/2018	114.7	91.9	91.0	L + 2.95%	L + 3.34%	12/3/2024	London - UK	Office	$439 / sqft	72%	3
67	Senior loan	4/12/2018	103.1	91.8	91.5	L + 2.75%	L + 3.06%	5/9/2023	San Francisco	Office	$239 / sqft	72%	2
68	Senior loan	8/18/2017	91.1	91.1	90.8	L + 4.10%	L + 4.41%	8/18/2022	Brussels - BE	Office	$141 / sqft	59%	1
69	Senior loan	3/31/2017	96.9	88.4	88.7	L + 4.30%	L + 4.69%	4/9/2022	New York	Office	$434 / sqft	64%	3
70	Senior loan	2/18/2015	87.7	87.7	87.8	L + 3.75%	L + 4.00%	10/9/2020	Diversified - CA	Office	$181 / sqft	71%	3
71	Senior loan	11/22/2019	85.0	85.0	84.7	L + 2.99%	L + 3.27%	12/1/2024	San Jose	Multi	$317,164 / unit	62%	3
72	Senior loan	6/29/2016	83.4	80.0	79.8	L + 2.80%	L + 3.04%	7/9/2021	Miami	Office	$308 / sqft	64%	2
73	Senior loan	2/20/2019	131.1	75.8	74.6	L + 3.25%	L + 3.89%	2/19/2024	London - UK	Office	$372 / sqft	61%	3
74	Senior loan	6/18/2019	75.0	75.0	74.5	L + 2.75%	L + 3.15%	7/9/2024	Napa Valley	Hospitality	$785,340 / key	74%	4
75	Senior loan	10/17/2018	80.4	73.9	73.8	L + 2.60%	L + 3.03%	11/9/2023	San Francisco	Office	$460 / sqft	68%	2
76	Senior loan	6/27/2019	84.0	73.4	73.0	L + 2.50%	L + 2.77%	7/9/2024	West Palm Beach	Office	$252 / sqft	70%	3
77	Senior loan	7/26/2018	84.1	73.3	73.3	L + 2.75%	L + 2.85%	7/1/2024	Columbus	Multi	$69,038 / unit	69%	3
78	Senior loan	4/5/2018	85.3	71.2	71.0	L + 3.10%	L + 3.51%	4/9/2023	Diversified - US	Industrial	$26 / sqft	54%	3
79	Senior loan	3/21/2018	74.3	69.4	69.2	L + 3.10%	L + 3.33%	3/21/2024	Jacksonville	Office	$91 / sqft	72%	2
80	Senior loan	10/1/2019	354.1	68.9	65.3	L + 3.75%	L + 4.24%	10/9/2025	Atlanta	Mixed-Use	$366 / sqft	70%	3
81	Senior loan	1/30/2020	104.4	66.7	65.9	L + 2.85%	L + 3.22%	2/9/2026	Honolulu	Hospitality	$214,341 / key	63%	4
82	Senior loan	8/22/2019	74.3	65.0	64.5	L + 2.55%	L + 2.93%	9/9/2024	Los Angeles	Office	$389 / sqft	63%	3
83	Senior loan	6/29/2017	63.4	63.4	63.3	L + 3.40%	L + 3.65%	7/9/2023	New York	Multi	$184,768 / unit	69%	4
84	Senior loan	10/5/2018	61.6	61.6	61.3	L + 5.50%	L + 5.65%	10/5/2021	Sydney - AU	Office	$654 / sqft	78%	3
85	Senior loan	11/30/2016	65.2	56.7	56.7	L + 3.10%	L + 3.32%	12/9/2021	Chicago	Retail	$1,167 / sqft	54%	4
86	Senior loan	10/6/2017	55.9	55.8	55.8	L + 2.95%	L + 3.21%	10/9/2022	Nashville	Multi	$99,598 / unit	74%	2
87	Senior loan	10/31/2018	63.3	55.3	55.3	L + 5.00%	L + 5.70%	11/9/2023	New York	Multi	$287,460 / unit	61%	2
88	Senior loan	8/16/2019	54.3	54.3	54.2	L + 2.75%	L + 2.95%	9/1/2022	Sarasota	Multi	$238,158 / unit	76%	3
89	Senior loan	6/26/2019	68.8	53.9	53.4	L + 3.35%	L + 3.66%	6/20/2024	London - UK	Office	$609 / sqft	61%	3
90	Senior loan	11/23/2016	53.6	53.6	53.6	L + 3.50%	L + 3.80%	12/9/2022	New York	Multi	$223,254 / unit	65%	4

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	Loan Type [1]	Origination Date [2]	Total Loan [3][4]	Principal Balance [4]	Net Book Value	Cash Coupon [5]	All-in Yield [5]	Maximum Maturity [6]	Location	Property Type	Loan Per SQFT / Unit / Key	Origination LTV [2]	Risk Rating
91	Senior loan [4]	3/23/2020	348.6	53.1	9.5	L + 3.75%	L + 4.40%	1/9/2025	Nashville	Mixed-Use	$304 / sqft	78%	3
92	Senior loan	3/11/2014	52.5	52.5	52.5	n/m[7]	n/m[7]	11/9/2020	New York	Multi	$590,052 / unit	65%	5
93	Senior loan	8/14/2019	70.3	51.6	51.1	L + 2.45%	L + 2.87%	9/9/2024	Los Angeles	Office	$591 / sqft	57%	3
94	Senior loan	6/12/2019	55.0	48.3	48.3	L + 3.25%	L + 3.37%	7/1/2022	Grand Rapids	Multi	$92,529 / unit	69%	3
95	Senior loan	8/29/2017	51.2	47.5	47.5	L + 3.10%	L + 3.52%	10/9/2022	Southern California	Industrial	$96 / sqft	65%	3
96	Senior loan	11/3/2017	45.0	44.0	44.0	L + 3.00 %	L + 3.08%	11/1/2022	Los Angeles	Office	$205 / sqft	50%	1
97	Senior loan	2/21/2020	43.8	43.8	43.6	L + 2.95 %	L + 3.27%	3/1/2025	Atlanta	Multi	$137,304 / unit	68%	3
98	Senior loan	6/26/2015	41.0	41.0	40.9	L + 3.75 %	L + 4.36%	1/9/2021	San Diego	Office	$187 / sqft	73%	3
99	Senior loan	2/20/2019	50.3	40.5	40.2	L + 3.50 %	L + 3.91%	3/9/2024	Calgary - CAN	Office	$111 / sqft	52%	3
100	Senior loan	12/27/2016	39.5	39.5	39.4	L + 3.10 %	L + 3.45%	1/9/2022	New York	Multi	$784,286 / unit	64%	3
101	Senior loan	10/31/2018	45.1	39.2	39.4	L + 5.00 %	L + 6.51%	11/9/2023	New York	Condo	$413 / sqft	64%	3
102	Senior loan	12/13/2019	37.5	34.5	33.7	L + 3.55 %	L + 4.49%	6/12/2024	Diversified - FR	Industrial	$24 / sqft	55%	3
103	Senior loan	10/31/2019	33.9	33.1	33.1	L + 3.25 %	L + 3.34%	11/1/2024	Raleigh	Multi	$163,209 / unit	52%	3
104	Senior loan	10/31/2019	31.5	31.5	31.4	L + 3.25 %	L + 3.33%	11/1/2024	Atlanta	Multi	$165,711 / unit	60%	3
105	Senior loan	10/31/2019	30.2	29.9	29.9	L + 3.25%	L + 3.33%	11/1/2024	Austin	Multi	$158,352 / unit	52%	3
106	Senior loan	10/31/2019	27.2	27.2	27.2	L + 3.25%	L + 3.32%	11/1/2024	Austin	Multi	$135,323 / unit	53%	3
107	Senior loan	6/26/2019	25.5	25.5	25.5	L + 3.25%	L + 3.93%	10/1/2020	Lake Charles	Multi	$95,149 / unit	73%	2
108	Senior loan	5/31/2019	24.4	24.4	24.4	L + 4.00%	L + 4.20%	6/1/2022	Denver	Multi	$162,720 / unit	59%	2
109	Senior loan	12/15/2017	22.5	22.5	22.5	L + 3.50%	L + 3.50%	12/9/2020	Diversified - US	Hospitality	$340,809 / key	50%	3
110	Senior loan	3/24/2020	22.0	22.0	22.0	L + 3.25%	L + 3.26%	10/1/2021	San Jose	Multi	$400,000 / unit	58%	3
111	Senior loan	12/23/2019	26.2	20.8	20.6	L + 2.85%	L + 3.21%	1/9/2025	Miami	Office	$349 / sqft	68%	3
112	Senior loan	2/26/2020	20.4	20.4	20.4	L + 2.80%	L + 3.27%	3/1/2021	Atlanta	Multi	$85,356 / unit	36%	1
113	Senior loan	6/15/2018	22.0	20.4	20.6	L + 3.60%	L + 3.67%	7/1/2022	Phoenix	Multi	$71,430 / unit	78%	2
114	Senior loan	3/8/2017	20.4	20.4	20.5	4.79% [8]	5.12% [8]	12/23/2021	Montreal - CAN	Office	$56 / sqft	45%	2
115	Senior loan	4/26/2019	20.0	20.0	20.0	L + 2.93%	L + 3.38%	5/1/2024	Nashville	Multi	$198,020 / unit	73%	3
116	Senior loan	12/21/2018	22.9	20.0	19.9	L + 3.25%	L + 3.48%	1/1/2024	Daytona Beach	Multi	$74,627 / unit	77%	2
117	Senior loan	10/20/2017	17.2	17.2	17.2	L + 4.25%	L + 4.28%	11/1/2021	Houston	Multi	$136,508 / unit	56%	2
118	Senior loan	3/30/2016	16.1	16.1	16.2	5.15%	5.25%	9/3/2021	Diversified - CAN	Self-Storage	$3,518 / unit	56%	1
119	Senior loan	6/21/2019	14.8	14.5	14.4	L + 3.30%	L + 3.41%	7/1/2022	Portland	Multi	$130,180 / unit	66%	2
120	Senior loan	4/30/2019	15.5	14.5	14.4	L + 3.00%	L + 3.32%	5/1/2024	Houston	Multi	$46,865 / unit	78%	3

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	Loan Type (1)	Origination Date (2)	Total Loan (3)(4)	Principal Balance (4)	Net Book Value	Cash Coupon (5)	All-in Yield (5)	Maximum Maturity (6)	Location	Property Type	Loan Per SQFT / Unit / Key	Origination LTV (2)	Risk Rating
121	Senior loan	2/28/2019	15.3	14.1	14.1	L + 3.00%	L + 3.29%	3/1/2024	San Antonio	Multi	$61,454 / unit	75%	3
122	Senior loan	5/22/2014	14.0	14.0	14.0	L + 2.90%	L + 3.15%	6/15/2021	Orange County	Office	$25 / sqft	74%	2
123	Senior loan	9/1/2016	2.1	2.1	2.1	L + 4.20%	L + 4.92%	9/1/2022	Atlanta	Multi	$23,284 / unit	72%	1
	CECL reserve				(177.0)								
	Loans receivable, net		$21,474.6	$ 17,269.6	$16,291.7	L + 3.22 %	L + 3.58 %	3.3 yrs				65%	3.0

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

(2) Date loan was originated or acquired by us, and the LTV as of such date. Origination dates are subsequently updated to reflect material loan modifications.

(3) Total loan amount reflects outstanding principal balance as well as any related unfunded loan commitment.

(4) In certain instances, we finance our loans through the non-recourse sale of a senior loan interest that is not included in our consolidated financial statements. As of September 30, 2020, five loans in our portfolio have been financed with an aggregate $716.2 million of non-consolidated senior interest, which are included in the table above. Portfolio excludes our $79.2 million subordinate position in the $807.7 million 2018 Single Asset Securitization. Refer to Notes 4 and 15 to our consolidated financial statements for details of the 2018 Single Asset Securitization.

(5) The weighted-average cash coupon and all-in yield are expressed as a spread over the relevant floating benchmark rates, which include USD LIBOR, GBP LIBOR, EURIBOR, BBSY, and CDOR, as applicable to each loan. As of September 30, 2020, 98% of our loans by total loan exposure earned a floating rate of interest, primarily indexed to USD LIBOR, and $13.9 billion of such loans earned interest based on floors that are above the applicable index. The other 2% of our loans earned a fixed rate of interest, which we reflect as a spread over the relevant floating benchmark rates, as of September 30, 2020, for purposes of the weighted-averages. In addition to cash coupon, all-in yield includes the amortization of deferred origination and extension fees, loan origination costs, and purchase discounts, as well as the accrual of exit fees. Excludes loans accounted for under the cost-recovery method.

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

(7) Loans are accounted for under the cost-recovery method.

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

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Interest Rate Risk

Investment Portfolio Net Interest Income

Generally, our business model is such that rising interest rates will increase our net income, while declining interest rates will decrease net income. As of September 30, 2020, 98% of our investments by total investment exposure earned a floating rate of interest and were financed with liabilities that pay interest at floating rates, which resulted in an amount of net equity that is positively correlated to rising interest rates, subject to the impact of interest rate floors on certain of our floating rate loans. As of September 30, 2020, the remaining 2% of our investments by total investment exposure earned a fixed rate of interest, but are financed with liabilities that pay interest at floating rates, which resulted in a negative correlation to rising interest rates to the extent of our financing. In certain instances where we have financed fixed rate assets with floating rate liabilities, we have purchased interest rate caps to limit our exposure to increases in interest rates on such liabilities.

Certain jurisdictions are currently reforming or phasing out their Interbank Offered Rates, or IBORS, including, without limitation, the London Interbank Offered Rate, Euro Interbank Offered Rate, the Canadian Dollar Offered Rate and the Australian Bank Bill Swap Reference Rate. The timing of the anticipated reforms or phase-outs vary by jurisdiction, with most of the reforms or phase-outs currently scheduled to take effect at the end of calendar year 2021. We are evaluating the operational impact of such changes on existing transactions and contractual arrangements and managing transition efforts. Refer to “Part I. Item 1A. Risk Factors — Risks Related to Our Lending and Investment Activities — The expected discontinuation of currently used financial reference rates and use of alternative replacement reference rates may adversely affect interest expense related to our loans and investments or otherwise adversely affect our results of operations, cash flows and the market value of our investments.” of our Annual Report on Form 10-K for the year ended December 31, 2019.

The following table projects the impact on our interest income and expense, net of incentive fees, for the twelve-month period following September 30, 2020, assuming an immediate increase or decrease of both 25 and 50 basis points in the applicable interest rate benchmark by currency ($ in thousands):

			Interest Rate Sensitivity as of September 30, 2020			
			Increase in Rates		Decrease in Rates (4)	
Currency	Assets (Liabilities) Sensitive to Changes in Interest Rates (1)(2)(3)		25 Basis Points	50 Basis Points	25 Basis Points	50 Basis Points
USD	$ 12,635,544	Income	$ 6,697	$ 13,940	$ (3,708)	$ (3,708)
	(9,691,490)	Expense	(15,630)	(31,626)	9,269	9,269
	$ 2,944,054	Net interest	$ (8,933)	$ (17,686)	$ 5,561	$ 5,561
EUR (5)	$ 3,325,028	Income	$ —	$ 37	$ —	$ —
	(2,447,084)	Expense	—	(27)	—	—
	$ 877,944	Net interest	$ —	$ 10	$ —	$ —
GBP	$ 1,482,322	Income	$ 1,413	$ 3,226	$ (317)	$ (317)
	(1,059,101)	Expense	(2,118)	(4,236)	516	516
	$ 423,221	Net interest	$ (705)	$ (1,010)	$ 199	$ 199
AUD	$ 242,183	Income	$ —	$ —	$ —	$ —
	(175,651)	Expense	(351)	(703)	197	197
	$ 66,532	Net interest	$ (351)	$ (703)	$ 197	$ 197
CAD	$ 41,983	Income	$ 3	$ 6	$ (3)	$ (6)
	(59,159)	Expense	(118)	(237)	118	228
	$ (17,176)	Net interest	$ (115)	$ (231)	$ 115	$ 222
		Total net interest	$ (10,104)	$ (19,620)	$ 6,072	$ 6,179

(1) Our floating rate loans and related liabilities are indexed to the various benchmark rates relevant in each case in terms of currency and payment frequency. Therefore the net exposure to each benchmark rate is in direct proportion to our net assets indexed to that rate. Increases (decreases) in interest income and expense are presented net of incentive fees. In addition, $13.9 billion of our loans earned interest based on floors that are above the applicable index as of September 30, 2020. Refer to Note 11 to our consolidated financial statements for additional details of our incentive fee calculation.

(2) Includes investment exposure to the 2018 Single Asset Securitization. Refer to Notes 4 and 15 to our consolidated financial statements for details of the subordinate position we own in the 2018 Single Asset Securitization.

(3) Includes amounts outstanding under secured debt agreements, non-consolidated senior interests, securitized debt obligations, non-consolidated securitized debt obligations, and secured term loans.

(4) Decrease in rates assumes the applicable benchmark rate for each currency does not decrease below 0%.

(5) Assets balance includes a loan denominated in British Pound Sterling, with an outstanding principal balance of £145.7 million as of September 30, 2020, that is hedged to Euro exposure through a foreign currency forward contract. Refer to Note 9 to our consolidated financial statements for additional discussion of our foreign currency derivatives.

Investment Portfolio Value

As of September 30, 2020, 2% of our investments by investment exposure earned a fixed rate of interest and as such, the values of such loans are sensitive to changes in interest rates. We generally hold all of our investments to maturity and so do not expect to realize gains or losses on our fixed rate investment portfolio as a result of movements in market interest rates.

Risk of Non-Performance

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

Credit Risks

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

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

The COVID-19 pandemic has significantly impacted the commercial real estate markets, causing reduced occupancy, requests from tenants for rent deferral or abatement, and delays in construction and development projects currently planned or underway. These negative conditions have persisted, and in the future may continue to persist and impair our borrowers' ability to pay principal and interest due to us under our loan agreements. We maintain a robust asset management relationship with our borrowers and have utilized these relationships to address the potential impacts of the COVID-19 pandemic on our loans secured by properties experiencing cash flow pressure, most significantly hospitality assets. Some of our borrowers have indicated that due to the impact of the COVID-19 pandemic, they will be unable to timely execute their business plans, have had to temporarily close their businesses, or have experienced other negative business consequences and have requested temporary interest deferral or forbearance, or other modifications of their loans. During the three months ended June 30, 2020, we closed 13 loan modifications, representing an aggregate principal balance of $2.4 billion. During the three months ended September 30, 2020, we closed 11 loan modifications, representing an aggregate principal balance of $1.7 billion. The loan modifications included term extensions, interest rate changes, repurposing of reserves, temporary deferrals of interest, and performance test or covenant waivers, many of which were coupled with additional equity commitments from sponsors.

We are generally encouraged by our borrowers' initial response to the COVID-19 pandemic's impacts on their properties. With limited exceptions, we believe our loan sponsors are committed to supporting assets collateralizing our loans through additional equity investments, and that we will benefit from our long-standing core business model of originating senior loans collateralized by large assets in major markets with experienced, well-capitalized institutional sponsors. Our investment portfolio's low origination weighted-average LTV of 63.6% as of September 30, 2020, reflects significant equity value that our sponsors are motivated to protect through periods of cyclical disruption. While we believe the principal amounts of our loans are generally adequately protected by underlying collateral value, there is a risk that we will not realize the entire principal value of certain investments.

Our Manager's portfolio monitoring and asset management operations benefit from the deep knowledge, experience, and information advantages derived from its position as part of Blackstone's real estate platform. Blackstone Real Estate is one of the largest owners and operators of real estate in the world, with a proven track record of successfully navigating market cycles and emerging stronger through periods of volatility. The market-leading real estate expertise derived from the strength of the Blackstone platform deeply informs our credit and underwriting process, and gives us the tools to expertly asset manage our portfolio and work with our borrowers throughout periods of economic stress and uncertainty.

Capital Market Risks

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

The COVID-19 pandemic has resulted in extreme volatility in a variety of global markets, including the real estate-related debt markets. U.S. financial markets, in particular, are experiencing limited liquidity and forced selling by certain market participants with insufficient liquidity available to meet current obligations has put further downward pressure on asset prices. In reaction to these tumultuous and unpredictable market conditions, banks and other lenders have generally restricted lending activity and requested margin posting or repayments where applicable for secured loans collateralized by assets with depressed valuations.

Margin call provisions under our credit facilities do not permit valuation adjustments based on capital markets events, and are limited to collateral-specific credit marks generally determined on a commercially reasonable basis. During the three months ended June 30, 2020, we entered into agreements with seven of our secured credit facility lenders, representing an aggregate $7.9 billion of our secured credit facilities, to temporarily suspend credit mark provisions on certain of their portfolio assets in exchange for: (i) cash repayments; (ii) pledges of additional collateral; and (iii) reductions of available borrowings.

Counterparty Risk

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

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

Currency Risk

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

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

	September 30, 2020			
Foreign currency assets [1][2]	€ 2,852,201	£ 1,389,519	A$ 342,309	C$ 106,906
Foreign currency liabilities [1]	(2,087,547)	(1,021,207)	(246,062)	(78,848)
Foreign currency contracts - notional	(758,976)	(365,987)	(92,800)	(26,200)
Net exposure to exchange rate fluctuations	€ 5,678	£ 2,325	A$ 3,447	C$ 1,858

(1) Balances include non-consolidated senior interests of £199.3 million.

(2) Euro balance includes a loan denominated in British Pound Sterling, with an outstanding principal balance of £145.7 million as of September 30, 2020, that is hedged to Euro exposure through a foreign currency forward contract. Refer to Note 9 to our consolidated financial statements for additional discussion of our foreign currency derivatives.

Substantially all of our net asset exposure to the Euro, the British Pound Sterling, the Australian Dollar, and the Canadian Dollar has been hedged with foreign currency forward contracts.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

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

Changes in Internal Control over Financial Reporting

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

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

From time to time, we may be involved in various claims and legal actions arising in the ordinary course of business. As of September 30, 2020, we were not involved in any material legal proceedings.

ITEM 1A. RISK FACTORS

There have been no material changes to the risk factors previously disclosed under Part I, Item 1A of our Annual Report on Form 10-K for the year ended December 31, 2019, as updated by the information disclosed under Part II, Item 1A of our Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2020.

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

None.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS

10.1	Fourth Amendment, dated as of September 30, 2020, to Fourth Amended and Restated Master Repurchase Agreement, dated as of February 15, 2019, among Parlex 2 Finance, LLC, Parlex 2A Finco, LLC, Parlex 2 UK Finco, LLC, Parlex 2 Eur Finco, LLC, Parlex 2 AU Finco, LLC, Parlex 2 CAD Finco, LLC, and Citibank, N.A.
10.2	First Amendment, dated August 25, 2020, to Amended and Restated Master Repurchase Agreement, dated as of June 19, 2019, by and among Parlex 3A Finco, LLC, Parlex 3A UK Finco, LLC, Parlex 3A Eur Finco, LLC and Barclays Bank plc.
31.1	Certification of Chief Executive Officer, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2	Certification of Chief Financial Officer, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1 +	Certification of Chief Executive Officer, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.2 +	Certification of Chief Financial Officer, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101.INS	Inline XBRL Instance Document– the instance document does not appear in the interactive data file because its XBRL tags are embedded within the inline XBRL document
101.SCH	Inline XBRL Taxonomy Extension Schema Document
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

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

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

SIGNATURES

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

	BLACKSTONE MORTGAGE TRUST, INC.
October 29, 2020	/s/ Stephen D. Plavin
Date	Stephen D. Plavin Chief Executive Officer (Principal Executive Officer)
October 29, 2020	/s/ Anthony F. Marone, Jr.
Date	Anthony F. Marone, Jr. Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer)

Exhibit 10.1

EXECUTION VERSION

FOURTH AMENDMENT TO FOURTH AMENDED AND RESTATED MASTER REPURCHASE AGREEMENT

THIS FOURTH AMENDMENT TO FOURTH AMENDED AND RESTATED MASTER REPURCHASE AGREEMENT (this " Amendment"), dated as of September 30, 2020 (the "Effective Date"), is made by and among PARLEX 2 FINANCE, LLC, a Delaware limited liability company ("Parlex 2"), PARLEX 2A FINCO, LLC, a Delaware limited liability company ("Parlex 2A"), PARLEX 2 UK FINCO, LLC, a Delaware limited liability company ("Parlex 2 UK"), PARLEX 2 EUR FINCO, LLC, a Delaware limited liability company ("Parlex 2 EUR"), PARLEX 2 AU FINCO, LLC, a Delaware limited liability company ("Parlex 2 AU"), PARLEX 2 CAD FINCO, LLC, a Delaware limited liability company ("Parlex 2 CAD", and together with Parlex 2, Parlex 2A, Parlex 2 UK, Parlex 2 EUR, Parlex 2 AU and any other Person when such Person joins as a Seller hereunder from time to time, individually and/or collectively as the context may require, "Seller"), BLACKSTONE MORTGAGE TRUST, INC., a Maryland corporation ("Guarantor") (for the purpose of acknowledging and agreeing to the provision set forth in Section 3 hereof), and CITIBANK, N.A., a national banking association ("Buyer").

W I T N E S S E T H:

WHEREAS, Seller and Buyer have entered into that certain Fourth Amended and Restated Master Repurchase Agreement, dated as of February 15, 2019, as amended by that certain First Amendment to Fourth Amended and Restated Master Repurchase Agreement, dated as of June 7, 2019, by and among Seller, Guarantor and Buyer, as further amended by that certain Second Amendment to Fourth Amended and Restated Master Repurchase Agreement, dated as of July 16, 2019, by and among Seller, Guarantor and Buyer, and as further amended by that certain Third Amendment to Fourth Amended and Restated Master Repurchase Agreement, dated as of February 19, 2020, by and among Seller, Guarantor and Buyer (as the same may be further amended, supplemented, extended, restated, replaced or otherwise modified from time to time, the "Repurchase Agreement");

WHEREAS, all capitalized terms used herein and not otherwise defined shall have the respective meanings set forth in the Repurchase Agreement;

WHEREAS, Seller and Buyer desire to modify certain terms and provisions of the Repurchase Agreement as set forth herein.

NOW, THEREFORE, in consideration of ten dollars ($10) and for other good and valuable consideration, the receipt and legal sufficiency of which are hereby acknowledged, Seller and Buyer covenant and agree as follows as of the Effective Date and Guarantor acknowledges and agrees as to the provision set forth in Section 3 as of the Effective Date:

1. Modification of Repurchase Agreement. The Repurchase Agreement is hereby modified as of the Effective Date as follows:

(a) The definitions of "Alternative Rate", "Alternative Rate Transaction" and "Spread Adjustment" in Section 2 of the Repurchase Agreement are hereby deleted in their entirety.

(b) The following definitions in Section 2 of the Repurchase Agreement are hereby deleted in their entirety and the following corresponding definitions are substituted therefor:

"Facility Availability Period" shall mean the period commencing on June 12, 2013 and ending on September 30, 2023 (or if such day is not a Business Day, the next succeeding Business Day). Notwithstanding anything herein to the contrary, at any time during the Facility Availability Period, Seller may request an extension of the Facility Availability Period which extension shall be in Buyer's sole discretion and subject to terms and conditions determined by Buyer in its sole discretion.

"Index Rate" shall have the meaning set forth in the Fee Agreement.

"Pricing Rate" shall mean, for any Pricing Rate Period, an annual rate equal to the EURIBO Rate, LIBO Rate, BBSY Rate or CDOR Rate, as applicable, for such Pricing Rate Period (as specified in the related Confirmation) plus the Applicable Spread for such Transaction and shall be subject to adjustment and/or conversion as provided in the Transaction Documents (including, without limitation, as provided in Section 3(g) of this Agreement on and after an Index Transition Date, to the Applicable Alternative Rate).

"Pricing Rate Determination Date" shall mean, with respect to any Pricing Rate Period with respect to any Transaction:

(a) if the Applicable Index with respect to such Pricing Rate Period is EURIBOR, LIBOR, the BBSY Rate or the CDOR Rate (or, if applicable, the Prime Rate), the second (2nd) Business Day preceding the first day of such Pricing Rate Period (or, in the case of a Foreign Purchased Loan (AU) only, the first day of such Pricing Rate Period); or

(b) if the Applicable Index with respect to such Pricing Rate Period is a Replacement Index, a date Buyer reasonably determines, on or prior to the applicable Index Transition Date, that is consistent with Market Practice in implementing the applicable Index Transition.

"Pricing Rate Period" shall mean, with respect to a Remittance Date during which the Applicable Index is:

(a) EURIBOR, LIBOR, the BBSY Rate or the CDOR Rate (or, if applicable, the Prime Rate), (i) in the case of the first Pricing Rate Period with respect to any Transaction, the period commencing on and including the Purchase Date for such

Transaction and ending on and excluding the following Remittance Date, and (ii) in the case of any subsequent Pricing Rate Period, the period commencing on and including such Remittance Date and ending on and excluding the following Remittance Date; provided, however, that in no event shall any Pricing Rate Period end subsequent to the Repurchase Date; or

(b) the Replacement Index, a period Buyer determines is consistent with Market Practice implementing the applicable Index Transition.

(c) The following defined terms are hereby added to Section 2 of the Repurchase Agreement in their appropriate alphabetical location as follows:

"Applicable Alternative Rate" shall have the meaning set forth in the Fee Agreement.

"Applicable Index" shall have the meaning set forth in the Fee Agreement.

"Available Tenor" shall mean, as of any date of determination and with respect to the then-current Applicable Index, as applicable, any tenor for such Applicable Index or payment period for Price Differential or interest calculated with reference to such Applicable Index, as applicable, that is or may be used for determining the length of a Pricing Rate Period pursuant to this Agreement as of such date.

"CAD Reference Banks" shall mean any four major reference banks in the Toronto interbank market selected by Buyer.

"CDOR Rate" shall mean, with respect to any Pricing Rate Period related to any Foreign Purchased Loan (CAD), the average rate per annum (rounded upward, if necessary, to the nearest 1/100 of 1%) applicable to CA Dollar bankers' acceptances for a period equal in length to one month or three months, as applicable, that appears (a) on page CDOR01 or CDOR03, as applicable, of the Bloomberg Professional Service screen (or any replacement Bloomberg Professional Service page which displays that rate) or (b) on the appropriate page of such other information service which publishes that rate from time to time in place of Bloomberg Professional Services, in each case as of 10:00 a.m., Toronto time, on the related Pricing Rate Determination Date (the "CDOR Screen Rate"). If such page or service ceases to be available, Buyer may specify another page or service displaying the relevant rate after consultation with Seller.

If the CDOR Screen Rate is not available, Buyer shall request the principal Toronto office of the CAD Reference Banks to provide the rate such bank is quoting as its discount rate for purchase of CA Dollar bankers' acceptances in an amount not less than the Repurchase Price of the applicable Transaction for a one or three month period, as applicable, as of 10:00 a.m., Toronto time, on the related Pricing Rate Determination Date.

If at least one such offered quotation is provided, the CDOR Rate with respect to the relevant Pricing Rate Period related to a Foreign Purchased Loan (CAD) shall be (i) where more than one offered quotation is provided by the CAD Reference Banks, the arithmetic mean (rounded upwards to four decimal places) of all of such offered quotations or (ii) where only one offered quotation is provided by the CAD Reference Banks, such offered quotation (rounded upwards to four decimal places).

If at or about noon, Toronto time, on the related Pricing Rate Determination Date, no CAD Reference Banks have provided quotations, then the CDOR Rate with respect to the relevant Pricing Rate Period related to a Foreign Purchased Loan (CAD) shall be the rate determined by Buyer, as a percentage rate per annum, of the cost to Buyer of funding an amount not less than the Repurchase Price for the applicable Transaction in CA Dollars from whatever source it may reasonably select.

The CDOR Rate shall be determined by Buyer or its agent pursuant to the terms of this Repurchase Agreement, which determination shall be conclusive absent manifest error. If the calculation of the CDOR Rate with respect to a Pricing Rate Period results in a CDOR Rate of less than zero (0), the CDOR Rate shall be deemed to be zero (0) for all purposes of this Agreement with respect to such Pricing Rate Period.

"CDOR Screen Rate" shall have the meaning set forth in the definition of CDOR Rate.

"Conforming Changes" shall mean any technical, administrative or operational changes (including, but not limited to, changes to the definition of "Business Day", the definition of "Pricing Rate Determination Date", the definition of "Pricing Rate Period", the timing and frequency of determining rates and other administrative matters) which Buyer reasonably determines are both (i) appropriate to implement the Index Transition and (ii) consistent with Market Practice (or, if Buyer decides that adoption of any portion of such Market Practice is not administratively feasible or if Buyer reasonably determines that no Market Practice for the administration of such Index Transition exists, in such other manner of administration as Buyer decides is reasonably necessary in connection with the administration of this Agreement and the other Transaction Documents).

"Corresponding Tenor" shall mean, with respect to any Available Tenor, as applicable, either a tenor (including overnight) or an interest payment period having approximately the same length (disregarding Business Day adjustment) as such Available Tenor.

"Daily Compounded SOFR" shall mean, for any day, SOFR, with interest accruing on a compounded daily basis, with the methodology and conventions for this rate (which will include compounding in arrears with a lookback) being established by Buyer in accordance with the methodology and conventions for this rate selected or recommended by the Relevant Governmental Body for determining "Daily Compounded SOFR" for business loans; provided, that if Buyer decides that any such convention is not administratively feasible for Buyer, then Buyer may establish another convention in its reasonable discretion.

"Delaware LLC Act" shall mean Chapter 18 of the Delaware Limited Liability Company Act, 6 Del. C. §§ 18-101 et seq., as amended.

"Division/Series Transaction" shall mean, with respect to any Person that is a limited liability company organized under the laws of the State of Delaware, any event or transaction where such Person (a) divides into two or more Persons (whether or not the original Person or Subsidiary thereof survives such division) or (b) creates, or reorganizes into, one or more series, in each case, as contemplated under the laws of the State of Delaware, including without limitation Section 18-217 of the Delaware LLC Act.

"Index" shall have the meaning set forth in the Fee Agreement.

"Index Transition" shall have the meaning set forth in the Fee Agreement.

"Index Transition Date" shall mean the next subsequent Pricing Rate Determination Date which is at least ten (10) Business Days following the date of delivery of an Index Transition Notice.

"Index Transition Event" shall mean the occurrence of a determination by Buyer that one of the following events has occurred with respect to the then-current Applicable Index:

(a) a public statement or publication of information by or on behalf of the administrator of such Applicable Index (or the published component used in the calculation thereof) announcing that the administrator has ceased or will cease to provide all Available Tenors of such Applicable Index (or such component thereof), permanently or indefinitely; provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide any Available Tenor of such Applicable Index (or such component thereof);

(b) a public statement or publication of information by the regulatory supervisor for the administrator of such Applicable Index (or the published component used in the calculation thereof), a Relevant Governmental Body, an insolvency official with jurisdiction over the administrator for such Applicable Index (or such component), a resolution authority with jurisdiction over the administrator for such Applicable Index (or such component) or a court or an entity with similar insolvency or resolution authority over the administrator for such Applicable Index (or such component), which states that the administrator of such Applicable Index (or such component) has ceased or will cease to provide all Available Tenors of such Applicable Index (or such component thereof) permanently or indefinitely; provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide any Available Tenor of such Applicable Index (or such component thereof); or

(c) a public statement or publication of information by the regulatory supervisor for the administrator of such Applicable Index (or the published component used in the calculation thereof) announcing that all Available Tenors of such Applicable Index (or such component thereof) are no longer representative.

For the avoidance of doubt, an "Index Transition Event" will be deemed to have occurred with respect to any Applicable Index if a public statement or publication of information set forth above has occurred with respect to each then-current Available Tenor of such Applicable Index (or the published component used in the calculation thereof).

"Index Transition Notice" shall mean a notice given by Buyer which:

(a) sets forth in reasonable detail the circumstances of the Index Transition;

(b) designates an Index Transition Date; and

(c) if feasible, identifies other Interest Determinations and Conforming Changes to implement such Index Transition.

"Interest Determination" shall mean any determination related to an Index or an Index Transition.

"ISDA Definitions" shall mean the 2006 ISDA Definitions published by the International Swaps and Derivatives Association, Inc. or any successor thereto, as amended or supplemented from time to time, or any successor definitional booklet for interest rate derivatives published from time to time.

"Market Practice" shall mean the practice and course of dealing, including the manner of implementing Index Transitions, under repurchase facilities for Similar Loans with similarly situated counterparties domiciled in the United States.

"Rate Adjustment" shall mean, with respect to any Index Transition for any applicable Pricing Rate Period and Available Tenor, an adjustment which may be zero (0) or a positive or negative value, and which adjustment shall be the first alternative set forth in the order below:

(a) the adjustment, or method for calculating such adjustment, as of the Index Transition Date that has been selected, endorsed or recommended by the Relevant Governmental Body for such Index Transition for the applicable Corresponding Tenor;

(b) the adjustment as of the Index Transition Date that would apply to the fallback rate for a derivative transaction referencing the ISDA Definitions to be effective upon an index cessation event with respect to such Index Transition for the applicable Corresponding Tenor; and

(c) the adjustment that has been selected by Buyer in its reasonable discretion for the applicable Corresponding Tenor consistently with Market Practice for handling such Index Transition, giving due consideration to the then-prevailing market convention for determining a spread adjustment, or method for calculating or determining such adjustment, for the replacement of the then-current Index with the applicable Replacement Index for U.S. dollar denominated floating rate commercial real estate mortgage loans as of the Index Transition Date.

"Relevant Governmental Body" shall mean:

(a) the Federal Reserve Board or the Federal Reserve Bank of New York; or

(b) a committee officially endorsed or convened by the Federal Reserve Board or the Federal Reserve Bank of New York, or any successor thereto.

"Replacement Index" shall mean, for any Available Tenor, as of the relevant Index Transition Date and thereafter until a subsequent Index Transition Date or the Repurchase Date, the first alternative Index set forth in the order below that Buyer determines is available and appropriate for the transaction and consistent with Market Practice:

(a) Term SOFR;

(b) Daily Compounded SOFR; or

(c) an Index selected by Buyer as the replacement for the then-current Applicable Index for the applicable Corresponding Tenor giving due consideration to any selection or recommendation of a replacement Index or the mechanism for determining such an Index by the Relevant Governmental Body.

If the Replacement Index as determined pursuant to clause (a), (b) or (c) above would be less than zero (0), the Replacement Index shall be deemed to be zero (0) for all purposes of this Agreement with respect to the applicable Pricing Rate Period.

"SOFR" shall mean, with respect to any Business Day, a rate per annum equal to the secured overnight financing rate for such Business Day published by the SOFR Administrator on the SOFR Administrator's Website on the immediately succeeding Business Day.

"SOFR Administrator" shall mean the Federal Reserve Bank of New York (or a successor administrator of the secured overnight financing rate).

"SOFR Administrator's Website" shall mean the website of the Federal Reserve Bank of New York, currently at http://www.newyorkfed.org, or any successor source for the secured overnight financing rate identified as such by the SOFR Administrator from time to time.

"Term SOFR" shall mean, for the applicable Corresponding Tenor as of the applicable Pricing Rate Determination Date, the forward-looking term rate based on SOFR that has been selected or recommended by the Relevant Governmental Body.

(d) Sections 3(g), 3(h) and 3(i) of the Repurchase Agreement are hereby deleted in their entirety and replaced with the following:

"(g) Upon Buyer's reasonable determination that an Index Transition Event has occurred:

(i) Buyer shall provide an Index Transition Notice to Seller;

(ii) the Applicable Index shall transition, as of the Index Transition Date, to a Replacement Index identified in accordance with the definition thereof and the provisions hereof; and

(iii) the Rate Adjustment shall transition in accordance with the definition thereof.

To the extent of any such determination by Buyer that an Index Transition Event has occurred, such determination and imposition of a Replacement Index will not be applied to Seller unless Buyer is imposing changes similar in substance on its similarly situated customers domiciled in the United States under repurchase facilities under which Buyer has a comparable contractual right, which repurchase facilities finance commercial real estate mortgage loans of similar type, size and duration to the affected Purchased Loans and which are otherwise similar to such Purchased Loans in a manner which is material to Buyer's determination hereunder ("Similar Loans").

Notwithstanding anything to the contrary herein or in any other Transaction Documents, Buyer shall have the right (subject to disclosure to and discussion with Seller in advance of formal notice) to make Conforming Changes to the Transaction Documents from time to time in connection with an Index Transition Event, and such Conforming Changes shall become effective without any further action or consent by Seller but only after delivery of written notice thereof by Buyer to Seller.

(h) Notwithstanding any other provision herein, if the adoption of or any change in any Requirement of Law or in the interpretation or application thereof shall make it unlawful for Buyer to effect or continue Transactions as contemplated by the Transaction Documents, (a) the commitment, if any, of Buyer hereunder to enter into new Transactions shall forthwith be canceled, and (b) unless a Replacement Index becomes effective as provided in Section 3(g)(ii), the Pricing Rate for the Transactions then outstanding shall be converted automatically to a per annum rate equal to the Prime Rate plus 100 basis points (1.00%) on the last day of the then current Pricing Rate Period or within such earlier period as may be required by law. If any such conversion of a Transaction occurs on a day which is not the last day of the then current Pricing Rate Period with respect to such Transaction, Seller shall pay to Buyer such amounts, if any, as may be required pursuant to Section 3(i) of this Agreement.

(i) Upon written demand by Buyer, Seller shall indemnify Buyer and hold Buyer harmless from any net actual, out-of-pocket loss or expense (not to include any indirect or consequential damages including, without limitation, any lost profit or opportunity) which Buyer sustains or incurs as a consequence of (i) default by Seller in terminating any Transaction after Seller has given a notice in accordance with Section 3(d) hereof of a termination of a Transaction, (ii) any payment of the Repurchase Price on any day other than a Remittance Date or the Repurchase Date (including, without limitation, any such actual, out-of-pocket loss or expense arising from the reemployment of funds obtained by Buyer to maintain Transactions hereunder or from customary and reasonable fees payable to terminate the deposits from which such funds were obtained), (iii) a default by Seller in selling Eligible Loans after Seller has notified Buyer of a proposed Transaction and Buyer has agreed to purchase such Eligible Loans in accordance with the provisions of this Agreement or (iv) any Interest Determination which results in a transition to a Replacement Index on a day which is not the last day of the then current Pricing Rate Period. A certificate as to such actual costs, losses, damages and expenses, setting forth the calculations therefor shall be submitted promptly by Buyer to Seller."

(e) Section 3(l) of the Repurchase Agreement is hereby deleted in its entirety and replaced with the following:

"(l) Notwithstanding the foregoing or anything herein or in the Fee Agreement to the contrary, (x) no Exit Fee shall be due and payable in connection with the early repurchase of a Purchased Loan if Seller repurchases such Purchased Loan within sixty (60) days after the Index Transition Date for the related Transaction, (y) if Buyer notifies Seller of its entitlement to additional amounts pursuant to Section 3(j) or 3(k), then provided Seller pays such additional amounts pursuant to Section 3(j) or 3(k), Seller may consummate an early repurchase of all of the Purchased Loans and terminate this Agreement and the other Transaction Documents without payment of the Exit Fee and (z) no Exit Fee shall be due and payable in connection with any reduction in outstanding Purchase Price or consummation of an early repurchase of a Purchased Loan in accordance with Section 4(a)."

(f) The following Section 11(k) shall be added to the Repurchase Agreement in its proper location, the word "or" shall be deleted at the end of Section 11(i) and the second Section 11(h) of the Repurchase Agreement is hereby deleted in its entirety and replaced with the following Section 11(j):

"(j) take any action that will cause its "centre of main interests" as such term is used in the Recast Insolvency Regulation) to be located in the United Kingdom or Europe or register as a company in any jurisdiction other than Delaware; or"

(k) suffer a Change of Control that Buyer has not consented to or enter into or permit any Division/Series Transaction with respect to Seller."

2. Seller's Representations. Seller has taken all necessary action to authorize the execution, delivery and performance of this Amendment. This Amendment has been duly executed and delivered by or on behalf of Seller and constitutes the legal, valid and binding obligation of Seller enforceable against Seller in accordance with its terms subject to bankruptcy, insolvency, and other limitations on creditors' rights generally and to equitable principles. No Event of Default has occurred and is continuing, and no Event of Default will occur as a result of the execution, delivery and performance by Seller of this Amendment. Any consent, approval, authorization, order, registration or qualification of or with any Governmental Authority required for the execution, delivery and performance by Seller of this Amendment has been obtained and is in full force and effect (other than consents, approvals, authorizations, orders, registrations or qualifications that if not obtained, are not reasonably likely to have a Material Adverse Effect).

3. Reaffirmation of Guaranty. Guarantor has executed this Amendment for the purpose of acknowledging and agreeing that, notwithstanding the execution and delivery of this Amendment and the amendment of the Repurchase Agreement hereunder, all of Guarantor's obligations under the Guaranty remain in full force and effect and the same are hereby irrevocably and unconditionally ratified and confirmed by Guarantor in all respects.

4. Full Force and Effect. Except as expressly modified hereby, all of the terms, covenants and conditions of the Repurchase Agreement and the other Transaction Documents remain unmodified and in full force and effect and are hereby ratified and confirmed by Seller. Any inconsistency between this Amendment and the Repurchase Agreement (as it existed before this Amendment) shall be resolved in favor of this Amendment, whether or not this Amendment specifically modifies the particular provision(s) in the Repurchase Agreement inconsistent with this Amendment. All references to the "Agreement" in the Repurchase Agreement or to the "Repurchase Agreement" in any of the other Transaction Documents shall mean and refer to the Repurchase Agreement as modified and amended hereby.

5. No Waiver. The execution, delivery and effectiveness of this Amendment shall not operate as a waiver of any right, power or remedy of the Buyer under the Repurchase Agreement, any of the other Transaction Documents or any other document, instrument or agreement executed and/or delivered in connection therewith.

6. Headings. Each of the captions contained in this Amendment are for the convenience of reference only and shall not define or limit the provisions hereof.

7. Counterparts. This Amendment may be executed in any number of counterparts, and all such counterparts shall together constitute the same agreement. Signatures delivered by email (in PDF format) shall be considered binding with the same force and effect as original signatures

8. Governing Law. This Amendment shall be governed in accordance with the terms and provisions of Section 20 of the Repurchase Agreement.

[No Further Text on this Page; Signature Pages Follow]

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be executed by their duly authorized representatives as of the day and year first above written and effective as of the Effective Date.

BUYER:

CITIBANK, N.A.

By: /s/ Richard Schlenger
Name: Richard Schlenger
Title: Authorized Signatory

[SIGNATURES CONTINUE ON NEXT PAGE]

[*Signature Page to Fourth Amendment to Fourth Amended and Restated Master Repurchase Agreement*]

SELLER:

PARLEX 2 FINANCE, LLC,
a Delaware limited liability company

By: /s/ Douglas N. Armer
Name: Douglas N. Armer
Title: Executive Vice President, Capital Markets and Treasurer

PARLEX 2A FINCO, LLC,
a Delaware limited liability company

By: /s/ Douglas N. Armer
Name: Douglas N. Armer
Title: Executive Vice President, Capital Markets and Treasurer

PARLEX 2 UK FINCO, LLC,
a Delaware limited liability company

By: /s/ Douglas N. Armer
Name: Douglas N. Armer
Title: Executive Vice President, Capital Markets and Treasurer

PARLEX 2 EUR FINCO, LLC,
a Delaware limited liability company

By: /s/ Douglas N. Armer
Name: Douglas N. Armer
Title: Executive Vice President, Capital Markets and Treasurer

[*Signature Page to Fourth Amendment to Fourth Amended and Restated Master Repurchase Agreement*]

PARLEX 2 CAD FINCO, LLC,
a Delaware limited liability company

By: /s/ Douglas N. Armer
Name: Douglas N. Armer
Title: Executive Vice President, Capital Markets and Treasurer

PARLEX 2 AU FINCO, LLC,
a Delaware limited liability company

By: /s/ Douglas N. Armer
Name: Douglas N. Armer
Title: Executive Vice President, Capital Markets and Treasurer

[SIGNATURES CONTINUE ON NEXT PAGE]

GUARANTOR:

BLACKSTONE MORTGAGE TRUST, INC.,

By: /s/ Douglas N. Armer
Name: Douglas N. Armer
Title: Executive Vice President, Capital Markets and Treasurer

[*Signature Page to Fourth Amendment to Fourth Amended and Restated Master Repurchase Agreement*]

Exhibit 10.2

EXECUTION VERSION

FIRST AMENDMENT TO AMENDED AND RESTATED MASTER REPURCHASE AGREEMENT

FIRST AMENDMENT TO AMENDED AND RESTATED MASTER REPURCHASE AGREEMENT, dated August 25, 2020 (this "Amendment"), by and between **BARCLAYS BANK PLC**, a public limited company organized under the laws of England and Wales (together with its successors and assigns, "Purchaser"), **PARLEX 3A FINCO, LLC**, a limited liability company organized under the laws of the State of Delaware ("US Seller"), **PARLEX 3A UK FINCO, LLC**, a limited liability company organized under the laws of the State of Delaware ("UK Seller"), and **PARLEX 3A EU FINCO, LLC**, a limited liability company organized under the laws of the State of Delaware ("EUR Seller," and together with US Seller, UK Seller, and each of their respective successors and permitted assigns, each, a "Seller" and collectively, "Sellers"). Capitalized terms used and not otherwise defined herein shall have the meanings given to such terms in the Repurchase Agreement (as defined below and as amended hereby).

RECITALS

WHEREAS, Sellers and Purchaser are parties to that certain Amended and Restated Master Repurchase Agreement, dated as of June 19, 2019 (the "Existing Repurchase Agreement" and, as amended by this Amendment, and as hereafter further amended, modified, restated, replaced, waived, substituted, supplemented or extended from time to time, the "Repurchase Agreement"); and

WHEREAS, Purchaser and Sellers desire to make certain amendments and modifications to the Existing Repurchase Agreement as further set forth herein.

NOW THEREFORE, in consideration of the foregoing recitals, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto, intending to be legally bound, agree as follows:

ARTICLE 1

AMENDMENT TO REPURCHASE AGREEMENT

Article 2 of the Existing Repurchase Agreement is hereby amended by deleting the definition of "Availability Period" in its entirety and replacing it with the following:

> "Availability Period" shall mean the period (i) beginning on the Closing Date and (ii) ending June 17, 2021, as such date may be extended pursuant to Article 3(f).

ARTICLE 2

REPRESENTATIONS

Each Seller represents and warrants to Purchaser, as of the date of this Amendment, as follows:

(a) excluding any MTM Representations and as disclosed in a Requested Exceptions Report approved by Purchaser in accordance with the terms of the Repurchase Agreement, all representations and warranties made by it in the Existing Repurchase Agreement are true and correct;

(a) it is duly incorporated or organized, validly existing and in good standing under the laws of its jurisdiction of organization and is duly qualified in each jurisdiction necessary to conduct business as presently conducted;

(b) it is duly authorized to execute and deliver this Amendment and to perform its obligations under the Existing Repurchase Agreement, as amended and modified hereby, and has taken all necessary action to authorize such execution, delivery and performance;

(c) the person signing this Amendment on its behalf is duly authorized to do so on its behalf;

(d) the execution, delivery and performance of this Amendment will not violate any Requirement of Law applicable to it or its organizational documents or any agreement by which it is bound or by which any of its assets are affected;

(e) this Amendment has been duly executed and delivered by it;

(f) the Existing Repurchase Agreement, as amended and modified hereby, constitutes its legal, valid and binding obligation, enforceable against it in accordance with its terms, except as enforceability may be limited by bankruptcy, insolvency, other limitations on creditors' rights generally and general principles of equity; and

(h) no Material Adverse Effect, Margin Deficit Event, Default or Event of Default has occurred and is continuing.

ARTICLE 3

EXPENSES

Seller shall promptly pay all of Purchaser's actual out-of-pocket costs and expenses, including reasonable fees and expenses of accountants, outside attorneys and advisors, incurred in connection with the preparation, negotiation, execution and consummation of this Amendment.

ARTICLE 4

GOVERNING LAW

THIS AMENDMENT (AND ANY CLAIM OR CONTROVERSY HEREUNDER) SHALL BE CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, AND THE OBLIGATIONS, RIGHTS, AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS WITHOUT REGARD TO THE CONFLICT OF LAWS DOCTRINE APPLIED IN SUCH STATE (OTHER THAN SECTIONS 5-1401 AND 5-1402 OF THE GENERAL OBLIGATIONS LAW OF THE STATE OF NEW YORK).

ARTICLE 5

MISCELLANEOUS

(a) Except as expressly amended or modified hereby, the Repurchase Agreement and the other Transaction Documents shall each be and shall remain in full force and effect in accordance with their terms and are hereby ratified and confirmed. All references to the Transaction Documents shall be deemed to mean the Transaction Documents as modified by this Amendment.

(b) This Amendment may be executed in counterparts, each of which so executed shall be deemed to be an original, but all of such counterparts shall together constitute but one and the same instrument. The parties intend that faxed signatures and electronically imaged signatures (such as PDF files) shall constitute original signatures and are binding on all parties.

(c) The headings in this Amendment are for convenience of reference only and shall not affect the interpretation or construction of this Amendment.

(d) This Amendment may not be amended or otherwise modified, waived or supplemented except as provided in the Repurchase Agreement.

(e) This Amendment contains a final and complete integration of all prior expressions by the parties with respect to the subject matter hereof and shall constitute the entire agreement among the parties with respect to such subject matter, superseding all prior oral or written understandings.

(f) This Amendment and the Repurchase Agreement, as amended and modified hereby, is a single Transaction Document and shall be construed in accordance with the terms and provisions of the Repurchase Agreement.

[SIGNATURES FOLLOW]

IN WITNESS WHEREOF, the parties have caused this Amendment to be duly executed as of the date first above written.

PURCHASER:

BARCLAYS BANK PLC, a public limited company organized under the laws of England and Wales

By: /s/ Francis X. Gilhool
Name: Francis X. Gilhool
Title: MD

[SIGNATURES CONTINUE ON FOLLOWING PAGE]

US SELLER:

PARLEX 3A FINCO, LLC,
a Delaware limited liability company

By: /s/ Douglas N. Armer
Name: Douglas N. Armer
Title: Executive Vice President, Capital Markets, and Treasurer

UK SELLER:

PARLEX 3A UK FINCO, LLC,
a Delaware limited liability company

By: /s/ Douglas N. Armer
Name: Douglas N. Armer
Title: Executive Vice President, Capital Markets, and Treasurer

EUR SELLER:

PARLEX 3A EUR FINCO, LLC,
a Delaware limited liability company

By: /s/ Douglas N. Armer
Name: Douglas N. Armer
Title: Executive Vice President, Capital Markets, and Treasurer

Exhibit 31.1

CERTIFICATION
PURSUANT TO 17 CFR 240.13a-14
PROMULGATED UNDER
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Stephen D. Plavin, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Blackstone Mortgage Trust, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

5. The registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: October 29, 2020

/s/ Stephen D. Plavin

Stephen D. Plavin
Chief Executive Officer

Exhibit 31.2

CERTIFICATION
PURSUANT TO 17 CFR 240.13a-14
PROMULGATED UNDER
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Anthony F. Marone, Jr., certify that:

1. I have reviewed this quarterly report on Form 10-Q of Blackstone Mortgage Trust, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: October 29, 2020

/s/ Anthony F. Marone, Jr.
Anthony F. Marone, Jr.
Chief Financial Officer

Exhibit 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Blackstone Mortgage Trust, Inc. (the "Company") on Form 10-Q for the period ended September 30, 2020 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Stephen D. Plavin, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Stephen D. Plavin
Stephen D. Plavin
Chief Executive Officer
October 29, 2020

This certification accompanies each Report pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and shall not, except to the extent required by the Sarbanes-Oxley Act of 2002, be deemed filed by the Company for purposes of Section 18 of the Securities Exchange Act of 1934, as amended.

A signed original of this written statement required by Section 906 has been provided by the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

Exhibit 32.2

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Blackstone Mortgage Trust, Inc. (the "Company") on Form 10-Q for the period ended September 30, 2020 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Anthony F. Marone, Jr., Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Anthony F. Marone, Jr.

Anthony F. Marone, Jr.
Chief Financial Officer
October 29, 2020

This certification accompanies each Report pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and shall not, except to the extent required by the Sarbanes-Oxley Act of 2002, be deemed filed by the Company for purposes of Section 18 of the Securities Exchange Act of 1934, as amended.

A signed original of this written statement required by Section 906 has been provided by the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.