

BLACKSTONE MORTGAGE TRUST, INC.  
Form DEF 14A  
April 24, 2015  
Table of Contents

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**  
**Washington, D.C. 20549**  
**SCHEDULE 14A**  
**Proxy Statement Pursuant to Section 14(a) of the**  
**Securities Exchange Act of 1934**  
**(Amendment No.    )**

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to §240.14a-12

**BLACKSTONE MORTGAGE TRUST, INC.**

**(Name of Registrant as Specified In Its Charter)**

**(Name of Person(s) Filing Proxy Statement, if Other Than the Registrant)**

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

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(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:



Table of Contents

**345 Park Avenue, 42nd Floor**

**New York, New York 10154**

**To Our Stockholders:**

2014 was a terrific year for Blackstone Mortgage Trust, Inc. ( BXMT ) and our stockholders. In the second year following our re-IPO, we continued to build on the leadership position we've established in the market, originating \$3.4 billion of new loans during the year. This is an exceptional volume which effectively doubled the size of the business, and reflects our compelling value proposition and broad market presence. We've also garnered great acceptance as a large-scale lender, cementing an enduring reputation for fair dealing and generating a substantial base of repeat borrowers.

Our business continues to thrive within the broader Blackstone real estate platform—the leading real estate investor in the world. Our affiliation with Blackstone brings us many unique advantages, including tremendous access to deal-flow, the best financing terms, and unparalleled insights into properties and markets.

The strength of our platform has translated into compelling risk-adjusted returns for our stockholders. In fact, since our re-launch less than two years ago, we've generated a total return of 37% for our stockholders, exclusively within the risk profile of senior loans. And we've sharply grown the dividend from an annualized rate of \$1.80 per share in our first year to an annualized rate of \$2.08 per share exiting 2014.

A few additional highlights from the year:

**High-Quality Growth.** We doubled our asset base to \$4.5 billion at the end of 2014, expanded our global footprint and increased our number of borrower relationships to over 40. We haven't strayed from our discipline in search for growth or yield, and our loan portfolio remains almost 100% senior loans with strong underlying credit profiles.

**Larger Loan Sizes.** As the company has grown, we've targeted larger loans where we can better assert the advantage of our Blackstone affiliation. In addition, there is generally less competition at the higher end of the market. Our average new loan size was \$121 million exiting 2014, versus \$93 million at the end of the prior year.

**Repeat Borrowers.** More than half of our loans are now with sponsors that have borrowed more than once from BXMT, which is a strong validation of the way we do business.

**European Expansion.** Although not a new market for Blackstone, Europe represents a significant opportunity for BXMT. We opportunistically expanded our presence in Europe, which we believe is earlier in its recovery than the United States and where we believe we can generate higher attractive returns on more stabilized collateral.

**Greater Credit Capacity.** As our asset base has increased, we've kept pace on the right hand side of the balance sheet too, increasing the depth and diversity of our financing sources, bringing our total debt capacity to \$4.4 billion, without compromising market-leading terms and structure.

**Disciplined Capital Raises.** To support our growth, we raised a total of \$763 million in three common equity raises in 2014, all of which were accretive to book value per share. As we've grown, the hallmark of that growth has been discipline, and we've preserved the positive ramp in our dividend despite a growing equity base.

Post year-end, we announced the transformative acquisition of a \$4.6 billion portfolio of loans from GE Capital Real Estate, which significantly accelerates our effort to build scale and further advances our leadership position in the market. This was part of the larger acquisition of much of GE Capital's real estate business by

<sup>(1)</sup> Assumes shares owned continuously since the re-IPO and full participation in the dividend reinvestment program.

**Table of Contents**

Blackstone funds, and further highlights the unparalleled benefits of Blackstone sponsorship. We expect the acquisition to be materially accretive to our earnings and dividend.

I am very pleased with BXMT's accomplishments to date, and the position of strength with which we move into 2015. We're not slowing down, and I believe our company and our stockholders have much to look forward to. On behalf of myself, Stephen Plavin and the rest of the BXMT management team, as well as everyone at Blackstone, I thank you for your continued support.

Sincerely,

/s/ Michael B. Nash  
Executive Chairman

Table of Contents

**345 Park Avenue, 42nd Floor**

**New York, New York 10154**

April 24, 2015

Dear Fellow Stockholders:

You are cordially invited to attend the 2015 annual meeting of stockholders of Blackstone Mortgage Trust, Inc., a Maryland corporation, which will be held at 10:00 a.m., Eastern Daylight Time, on Tuesday, June 16, 2015, at the offices of Simpson Thacher & Bartlett LLP, 425 Lexington Avenue, New York, New York 10017. At the annual meeting, stockholders will be asked to:

elect eight director nominees listed herein;

ratify the appointment of Deloitte & Touche LLP as our independent registered public accounting firm for 2015;

consider a non-binding vote on executive compensation of our named executive officers; and

consider such other business as may properly come before the annual meeting and any adjournments or postponements thereof.

Details concerning those matters to come before stockholders at the annual meeting are described in the attached notice of annual meeting of stockholders and proxy statement.

Your management and your board of directors unanimously recommend that you vote **FOR** all nominees for directors, **FOR** the appointment of Deloitte & Touche LLP as the company's independent registered public accounting firm for 2015 and **FOR** the approval of the advisory resolution relating to the compensation of our named executive officers as disclosed in the accompanying proxy statement.

This year, we will be using the Notice and Access method of providing proxy materials to you via the Internet. We believe that this process will provide you with a convenient and quick way to access the proxy materials, including our proxy statement and 2014 annual report to stockholders, and authorize a proxy to vote your shares, while allowing us to conserve natural resources and reduce the costs of printing and distributing the proxy materials.

On or about April 28, 2015, we will mail to our stockholders a Notice of Internet Availability of Proxy Materials, which we refer to as the Notice and Access Card, containing instructions on how to access our proxy statement and our 2014 annual report to stockholders and authorize a proxy to vote electronically via the Internet or by telephone. The Notice and Access Card also contains instructions as to how you can receive a paper copy of our proxy materials and authorize a proxy to vote by mail.

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It is important that your shares be represented at the annual meeting and voted in accordance with your wishes. Whether or not you plan to attend the meeting, we urge you to complete a proxy as promptly as possible by Internet, telephone or mail so that your shares will be voted at the annual meeting. This will not limit your right to vote in person or to attend the meeting.

On behalf of the board of directors, I thank you for your continuing support.

Sincerely,

/s/ Stephen D. Plavin  
Stephen D. Plavin  
Chief Executive Officer, President and  
Director



**Table of Contents**

**345 Park Avenue, 42nd Floor**

**New York, New York 10154**

**NOTICE OF 2015 ANNUAL MEETING OF STOCKHOLDERS AND PROXY STATEMENT**

To our Stockholders:

We hereby notify you that Blackstone Mortgage Trust, Inc., a Maryland corporation (the Company), is holding its 2015 annual meeting of stockholders at the offices of Simpson Thacher & Bartlett LLP, 425 Lexington Avenue, New York, New York 10017, on Tuesday, June 16, 2015, at 10:00 a.m., Eastern Daylight Time. At the annual meeting, stockholders will be asked to:

1. elect eight director nominees listed herein;
2. ratify the appointment of Deloitte & Touche LLP as the Company's independent registered public accounting firm for 2015;
3. consider a non-binding vote on executive compensation of our named executive officers; and
4. consider such other business as may properly come before the annual meeting and any adjournments or postponements thereof.

You can vote your shares of class A common stock if the Company's records show that you were a stockholder of record as of the close of business on April 14, 2015, the record date for the annual meeting.

Stockholders, whether or not they expect to be present at the meeting, are requested to authorize a proxy to vote their shares electronically via the Internet, by telephone or by completing and returning the proxy card if you requested paper copies of the Company's proxy materials. Voting instructions are provided in the Notice of Internet Availability of Proxy Materials, or, if you requested paper copies, the instructions are printed on your proxy card and included in the accompanying proxy statement. Any person giving a proxy has the power to revoke it at any time prior to the meeting and stockholders who are present at the meeting may withdraw their proxies and vote in person.

Sincerely,

/s/ Randall S. Rothschild  
Randall S. Rothschild  
Secretary

April 24, 2015

Table of Contents

## TABLE OF CONTENTS

	<b>Page</b>
<u>GENERAL INFORMATION ABOUT THE ANNUAL MEETING AND VOTING</u>	1
<u>Where and when will the annual meeting be held?</u>	1
<u>Why did I receive a notice in the mail regarding the Internet availability of proxy materials instead of a paper copy of proxy materials?</u>	1
<u>Can I vote my shares by filling out and returning the Notice and Access Card?</u>	1
<u>How do I vote my shares in person at the annual meeting?</u>	2
<u>Do I need a ticket to be admitted to the annual meeting?</u>	2
<u>Do I also need to present identification to be admitted to the annual meeting?</u>	2
<u>What am I voting on?</u>	2
<u>Who can vote?</u>	2
<u>What constitutes a quorum?</u>	2
<u>What is the required vote for approval of each proposal?</u>	3
<u>What is a broker non-vote ?</u>	3
<u>How do I authorize a proxy to vote my shares?</u>	3
<u>How can I authorize a proxy to vote over the Internet or by telephone?</u>	4
<u>What do I do if my shares are held in street name ?</u>	4
<u>What if other matters come up at the annual meeting?</u>	4
<u>Can I change my vote or revoke my proxy after I authorize my proxy?</u>	4
<u>Who will count the votes?</u>	5
<u>Who pays for this proxy solicitation?</u>	5
<u>PROPOSAL 1 ELECTION OF DIRECTORS</u>	6
<u>Nominees for Election as Directors</u>	6
<u>The Board of Directors; Committees</u>	9
<u>Corporate Governance</u>	14
<u>Executive and Senior Officers</u>	15
<u>COMPENSATION COMMITTEE REPORT</u>	17
<u>EXECUTIVE COMPENSATION</u>	18
<u>Compensation Discussion and Analysis</u>	18
<u>Non-Employee Director Compensation</u>	23
<u>Section 16(a) Beneficial Ownership Reporting Compliance</u>	24
<u>Security Ownership of Certain Beneficial Owners and Management</u>	25
<u>Transactions With Related Persons, Promoters and Certain Control Persons</u>	26
<u>PROPOSAL 2 RATIFICATION OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM</u>	30
<u>Audit and Non-Audit Fees</u>	31
<u>Audit Committee Pre-Approval Policy</u>	32
<u>AUDIT COMMITTEE REPORT</u>	33
<u>PROPOSAL 3 ADVISORY VOTE ON EXECUTIVE COMPENSATION</u>	34
<u>ANNUAL REPORT</u>	35
<u>OTHER MATTERS</u>	35
<u>STOCKHOLDER PROPOSALS FOR THE 2016 ANNUAL MEETING</u>	35
<u>HOUSEHOLDING OF PROXY MATERIALS</u>	35



**Table of Contents**

**345 Park Avenue, 42nd Floor**

**New York, New York 10154**

**PROXY STATEMENT FOR**

**2015 ANNUAL MEETING OF STOCKHOLDERS**

**TO BE HELD ON JUNE 16, 2015**

This proxy statement is being furnished by and on behalf of the board of directors of Blackstone Mortgage Trust, Inc., a Maryland corporation, or the Company, BXMT, we, us or our, in connection with the solicitation of proxies to be voted at the 2015 annual meeting of stockholders, or the annual meeting. We are furnishing the proxy materials for the 2015 annual meeting electronically using the Internet through the mailing to our stockholders of a Notice of Internet Availability of Proxy Materials, or the Notice and Access Card. The Notice and Access Card furnishing this proxy statement and the enclosed proxy card and our 2014 annual report to stockholders will be first mailed to stockholders of record on or about April 28, 2015.

**GENERAL INFORMATION ABOUT THE ANNUAL MEETING AND VOTING**

In this section of the proxy statement, we answer some common questions regarding our 2015 annual meeting and the voting of shares at the meeting.

**Where and when will the annual meeting be held?**

The meeting will be held at the offices of Simpson Thacher & Bartlett LLP, 425 Lexington Avenue, New York, New York 10017 at 10:00 a.m., Eastern Daylight Time, on Tuesday, June 16, 2015.

**Why did I receive a notice in the mail regarding the Internet availability of proxy materials instead of a paper copy of proxy materials?**

The United States Securities and Exchange Commission, or the SEC, has approved Notice and Access rules relating to the delivery of proxy materials over the Internet. These rules permit us to furnish proxy materials, including this proxy statement and our annual report, to our stockholders by providing access to such documents on the Internet instead of mailing printed copies. Most stockholders will not receive paper copies of the proxy materials unless they request them. Instead, the Notice and Access Card, which will be mailed to our stockholders, provides instructions regarding how you may access and review all of the proxy materials on the Internet. The Notice and Access Card also instructs you as to how you may authorize your proxy via the Internet or by telephone. If you would like to receive a paper or email copy of our proxy materials, you should follow the instructions for requesting such materials printed on the Notice and Access Card.

**Can I vote my shares by filling out and returning the Notice and Access Card?**

No. The Notice and Access Card identifies the items to be voted on at the annual meeting, but you cannot vote by marking the Notice and Access Card and returning it. The Notice and Access Card provides instructions on how to authorize your proxy via the Internet or by telephone or vote in person at the annual meeting or to request a paper proxy card, which will contain instructions for authorizing a proxy by the Internet, by telephone or by returning a

signed paper proxy card.

## **Table of Contents**

### **How do I vote my shares in person at the annual meeting?**

First, you must satisfy the requirements for admission to the annual meeting (see below). Then, if you are a stockholder of record as of the close of business on April 14, 2015, and prefer to vote your shares at the annual meeting, you must bring *proof of identification along with your Notice and Access Card or proof of stock ownership*. You may vote shares held in street name at the annual meeting only if you obtain a signed proxy from the record holder (broker, bank or other nominee) giving you the right to vote the shares.

Even if you plan to attend the annual meeting, we encourage you to vote in advance by Internet, telephone or mail so that your vote will be counted even if you later decide not to attend the annual meeting.

### **Do I need a ticket to be admitted to the annual meeting?**

You will need your *proof of identification along with either your Notice and Access Card or proof of stock ownership* to enter the annual meeting. If your shares are held beneficially in the name of a bank, broker or other holder of record and you wish to be admitted to attend the annual meeting, you must present proof of your stock ownership, such as a bank or brokerage account statement.

### **Do I also need to present identification to be admitted to the annual meeting?**

Yes, all stockholders must present a form of personal identification in order to be admitted to the annual meeting.

**NO CAMERAS, RECORDING EQUIPMENT, ELECTRONIC DEVICES, LARGE BAGS, BRIEFCASES OR PACKAGES WILL BE PERMITTED AT THE ANNUAL MEETING.**

### **What am I voting on?**

There are three proposals scheduled to be considered and voted on at the annual meeting:

**Proposal 1:** Election of eight director nominees listed herein;

**Proposal 2:** Ratification of the appointment of Deloitte & Touche LLP as our independent registered public accounting firm for 2015; and

**Proposal 3:** Non-binding vote on executive compensation of our named executive officers.

### **Who can vote?**

You can vote your shares of class A common stock if our records show that you were the owner of the shares as of the close of business on April 14, 2015, the record date determining the stockholders who are entitled to vote at the annual meeting. As of April 14, 2015, there were a total of 58,451,077 shares of our class A common stock outstanding and entitled to vote at the annual meeting. You have one vote for each share of class A common stock that you own.

### **What constitutes a quorum?**

We will convene the annual meeting if stockholders representing the required quorum of shares of class A common stock entitled to vote either sign and return their paper proxy cards, authorize a proxy to vote electronically or telephonically or attend the meeting. The presence in person or by proxy of stockholders entitled to cast a majority of all the votes entitled to be cast at such meeting on any matter will constitute a quorum. If you sign and return your paper proxy card or authorize a proxy to vote electronically or telephonically, your shares will be counted to determine whether we have a quorum even if you abstain or fail to vote as indicated in the proxy materials. Broker non-votes and abstentions will also be considered present for the purpose of determining whether we have a quorum.

## Table of Contents

### **What is the required vote for approval of each proposal?**

**Proposal 1: Election of eight director nominees listed herein.** A plurality of all the votes cast on such election at the annual meeting is required for the election of each nominee for director. Plurality voting simply means that the number of candidates getting the highest number of affirmative votes cast at the annual meeting will be elected. Neither a properly executed proxy marked withhold nor broker non-votes will affect the outcome of this proposal.

**Proposal 2: Ratification of the appointment of Deloitte & Touche LLP as our independent registered public accounting firm for 2015.** A majority of the votes cast on the proposal at the annual meeting is required for the auditor ratification proposal. Abstentions and broker non-votes, if any, will not affect the outcome of this proposal. As described below, brokerage firms can vote your shares on this proposal.

**Proposal 3: Non-binding vote on executive compensation of our named executive officers.** A majority of the votes cast on the proposal at the annual meeting is required to approve the non-binding vote on executive compensation. Neither abstentions nor broker non-votes will affect the outcome of this proposal.

### **What is a broker non-vote ?**

A broker non-vote occurs when a nominee holding shares for a beneficial owner does not vote on a particular proposal because the nominee does not have discretionary voting power for that particular item and has not received instructions from the beneficial owner. Your shares may be voted on Proposal 2 if they are held in the name of a brokerage firm, even if you do not provide the brokerage firm with voting instructions. Brokerage firms have the authority under the New York Stock Exchange, or NYSE, rules to cast votes on certain routine matters if they do not receive instructions from their customers. The ratification of the appointment of Deloitte & Touche LLP as our independent auditors is considered a routine matter for which brokerage firms may vote shares for which they did not receive instructions from beneficial owners. All other items on this year's ballot are non-routine matters under the NYSE rules for which brokers may not vote absent voting instructions from the beneficial owner.

### **How do I authorize a proxy to vote my shares?**

Follow the instructions on the Notice and Access Card to authorize a proxy to vote your shares electronically via the Internet or by telephone. If you requested a paper copy of our proxy materials, follow the instructions printed on the paper proxy card to authorize a proxy to vote via the Internet, by telephone or by completing and returning the paper proxy card. The individuals named and designated as proxies will vote your shares as you instruct. You have the following choices in voting electronically, by telephone or by paper proxy card:

You may authorize a proxy to vote your shares on each proposal, in which case your shares will be voted in accordance with your choices.

In voting on directors, you can either authorize a proxy to vote FOR each director nominee or withhold your vote on all or certain director nominees specified by you.

You may authorize a proxy to vote FOR, against or abstain on the proposal to ratify the appointment of Deloitte & Touche LLP as our independent auditors for 2015.



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You may authorize a proxy to vote FOR , against or abstain regarding the non-binding vote on executive compensation of our named executive officers.

If you submit a signed proxy without indicating your vote on any matter, the designated proxies will vote to elect all eight nominees as directors, approve the ratification of the appointment of Deloitte & Touche LLP as our independent auditors for 2015 and approve the non-binding vote on executive compensation of our named executive officers.

**Table of Contents**

**How can I authorize a proxy to vote over the Internet or by telephone?**

To authorize a proxy to vote electronically via the Internet, go to [www.proxyvote.com](http://www.proxyvote.com) and follow the instructions. Please have your Notice and Access Card in hand when accessing the website, as it contains a 16-digit control number required to vote.

If you have access to a touch-tone telephone, you may authorize your proxy by dialing (800) 690-6903 and following the recorded instructions. You will need the 16-digit control number included on your Notice and Access Card or your proxy card in order to vote by telephone.

If you requested a paper copy of our proxy materials, in order to authorize a proxy to vote by telephone or over the Internet, you must either call the toll-free number reflected on the paper proxy card or go to [www.proxyvote.com](http://www.proxyvote.com) and follow the instructions. Please have your paper proxy card in hand when calling the toll-free number or accessing the website, as it contains a 16-digit control number required to vote.

You can authorize a proxy to vote via the Internet or by telephone at any time prior to 11:59 p.m., Eastern Daylight Time, June 15, 2015, the day before the annual meeting.

**What do I do if my shares are held in street name ?**

If your shares are held in a stock brokerage account or by a bank or other holder of record, you are considered the beneficial owner of shares held in street name. The Notice and Access Card or proxy materials, if you elected to receive a hard copy, has been forwarded to you by your broker, bank or other holder of record who is considered, with respect to those shares, the stockholder of record. As the beneficial owner, you have the right to direct your broker, bank or other holder of record on how to vote your shares by following their instructions for voting.

**What if other matters come up at the annual meeting?**

At the date this proxy statement went to press, we did not know of any matters to be properly presented at the annual meeting other than those referred to in this proxy statement. If other matters are properly presented at the meeting or any adjournment or postponement thereof for consideration, and you are a stockholder of record and have submitted a proxy card, the persons named in your proxy card will have the discretion to vote on those matters for you.

**Can I change my vote or revoke my proxy after I authorize my proxy?**

Yes. At any time before the vote on a proposal, you can change your vote either by:

executing or authorizing, dating and delivering to us a new proxy with a later date that is *received* no later than June 15, 2015;

voting again via the Internet or by telephone at a later time before the closing of those voting facilities at 11:59 p.m., Eastern Daylight Time, on June 15, 2015;

sending a written statement revoking your proxy card to our Corporate Secretary or any corporate officer of the Company, provided such statement is *received* no later than June 15, 2015; or

by attending the annual meeting, revoking your proxy and voting your shares in person. Your attendance at the annual meeting will not, by itself, revoke a proxy previously authorized by you. We will honor the proxy card or authorization with the latest date.

**Table of Contents**

Proxy revocation notices should be sent to Blackstone Mortgage Trust, Inc., 345 Park Avenue, 42nd Floor, New York, New York 10154, Attention: Secretary. New paper proxy cards should be sent to Vote Processing c/o Broadridge, 51 Mercedes Way, Edgewood, New York 11717.

**Who will count the votes?**

Representatives of Broadridge Financial Solutions, Inc. will count the votes and will serve as the independent inspector of election.

**Who pays for this proxy solicitation?**

We do. In addition to sending you these proxy materials, some of the employees of an affiliate of BXMT Advisors L.L.C., a Delaware limited liability company, or our Manager, may contact you by telephone, by mail or in person. None of these employees will receive any extra compensation for doing this. We have engaged Mackenzie Partners, Inc., an outside proxy solicitation firm, to solicit votes and the cost to us of engaging such a firm is estimated to be \$8,500, plus reasonable out-of-pocket expenses.

**Table of Contents****PROPOSAL 1 ELECTION OF DIRECTORS**

There are currently eight members of the board of directors. On April 22, 2015, the board of directors, upon recommendation of its corporate governance committee, unanimously nominated eight directors listed below for re-election to the board of directors at the annual meeting. All of the nominees are willing to serve as directors but, if any of them should decline or be unable to act as a director, the individuals designated in the proxy cards as proxies will exercise the discretionary authority provided to vote for the election of such substitute nominee selected by our board of directors, unless the board of directors alternatively acts to reduce the size of the board of directors or maintain a vacancy on the board of directors in accordance with our bylaws. The board of directors has no reason to believe that any such nominees will be unable or unwilling to serve.

**Nominees for Election as Directors**

The names, ages as of April 23, 2015 and existing positions with us of the nominees are as follows:

<b>Name</b>	<b>Age</b>	<b>Office or Position Held</b>
Michael B. Nash	54	Executive Chairman of the Board of Directors
Stephen D. Plavin	55	Chief Executive Officer, President and Director
Leonard W. Cotton	65	Director
Thomas E. Dobrowski	71	Director
Martin L. Edelman	73	Director
Henry N. Nassau	60	Director
Lynne B. Sagalyn	67	Director
John G. Schreiber	68	Director

The name, principal occupation for the last five years, selected biographical information and the period of service as our director of each of the nominees are set forth below.

*Michael B. Nash* has been a director since 2012 and is executive chairman of the board of directors. Mr. Nash is a senior managing director of The Blackstone Group L.P., or Blackstone, and the chief investment officer of Blackstone Real Estate Debt Strategies, or BREDS. He is also a member of the Real Estate Investment Committee for both BREDS and Blackstone Real Estate Advisors, or BREA. Mr. Nash has also served as a trustee of three registered investment companies in the Blackstone Real Estate Income Fund complex since October 2013. Mr. Nash is also a member of the board of directors of each of Hudson Pacific Properties, Inc. (NYSE: HPP), La Quinta Holdings Inc. (NYSE: LQ) and Landmark Apartment Trust of America, Inc. Before joining Blackstone in 2007, Mr. Nash was with Merrill Lynch from 1997 to 2007 where he led the firm's Real Estate Principal Investment Group Americas. Prior to joining Merrill Lynch, Mr. Nash was a Senior Vice President at Barclays Bank, where he worked from 1991 to 1997 in the bank's loan restructuring group. Prior to Barclays, he originated and structured real estate loans for Bank of Nova Scotia. Additionally, Mr. Nash worked at Deloitte & Touche LLP serving brokerage and other institutional clients. Mr. Nash graduated from State University of New York at Albany and received an M.B.A. from the Stern School of Business at New York University. We believe Mr. Nash's extensive experience with, and strong record of success in investing in, real estate-related assets provides our board of directors with valuable insights into developments in our industry.

*Stephen D. Plavin* has served as one of our directors and as our president and chief executive officer since December 2009. Mr. Plavin is also a senior managing director of Blackstone and our Manager and a member of the Real Estate Investment Committee for both BREDS and BREA. Before joining Blackstone, Mr. Plavin was also the chief

executive officer of CT Investment Management Co., LLC, or CTIMCO, a commercial real estate investment manager and rated special servicer that was wholly owned by our predecessor Capital Trust, Inc., or Capital Trust, and acquired by Blackstone in December 2012. Prior to joining Capital Trust in 1998, Mr. Plavin was co-head of Global Real Estate for The Chase Manhattan Bank and Chase Securities Inc., or Chase. During his tenure at Chase, from 1984 to 1998, Mr. Plavin also led business units responsible for commercial real estate

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**Table of Contents**

loan origination, syndication, structured finance, portfolio management and real estate owned sales. Mr. Plavin received a B.A. in English from Tufts University and an M.B.A. in Finance, Accounting and Marketing from the J.L. Kellogg Graduate School of Management at Northwestern University. Mr. Plavin is a member of the board of directors of each of Omega Healthcare Investors, Inc. (NYSE: OHI) and WCI Communities, Inc. (NYSE: WCIC). Mr. Plavin's experience and background as a senior member of our Company's management since 1998 has provided him with valuable knowledge of and experience with our business, which we believe positions him to contribute to our board's oversight functions.

*Leonard W. Cotton* has been a director since 2014. Mr. Cotton is the former vice chairman of Centerline Capital Group (a position he held from 2006 to 2008). He was also on the executive committee of the Commercial Real Estate Finance Council, or CREFC, from 2001 to 2010 and was president of CREFC from 2007 to 2008. Mr. Cotton previously served as chairman and chief executive officer of ARCap REIT (a position he held from 1995 to 2006), a real estate finance company acquired by Centerline Capital Group in 2006, and chairman and chief executive officer of ARCap REIT's predecessor, REMICap. During his tenure at ARCap REIT, Mr. Cotton was instrumental in establishing ARCap REIT as a nationally recognized CMBS investor in subordinated bonds. From 1992 to 2002, Mr. Cotton was a president and partner in Harbour Realty Advisors, a real estate-related special situation investment and commercial property management company. Prior to joining Harbour Realty Advisors, Mr. Cotton was engaged in a number of real estate related entrepreneurial endeavors, including acting as consultant on real estate workout strategies and the development of high-end residential properties. Mr. Cotton also serves on the board of trustees of Bowdoin College. He started his career in 1972 with Citibank, working in commercial real estate lending and workout business units. He also served as an independent director of FundCore Institutional Income Trust Inc., a public unlisted mortgage REIT, from 2010 to 2012 and is a former board member of the Real Estate Roundtable. Mr. Cotton received an M.B.A. in Finance from Columbia University and a B.A. in American History from Bowdoin College. Mr. Cotton has significant experience in various aspects of commercial real estate, including lending, equity investment and development, which we believe gives him unique insight into our investment activities.

*Thomas E. Dobrowski* has been a director since 1998. Mr. Dobrowski has been retired from General Motors Asset Management, or GMAM, an investment manager for several pension funds of General Motors, its subsidiaries and affiliates, as well as for several third party clients, since October 2005. From December 1994 until his retirement, he was the managing director of real estate and alternative investments for GMAM. Mr. Dobrowski is a member of the board of directors of Equity Lifestyle Properties, Inc. (NYSE: ELS), and previously served as a director and member of the audit committee of Equity Office Properties Trust until its sale in 2007 and was a former director of Taubman Centers, Inc. (NYSE: TCO) and Red Roof Inn, Inc. Mr. Dobrowski had a long career as a senior investment officer for a major pension plan investor and oversaw the original investment made by GMAM into the Company, which we believe gives him unique insight into our investment activities.

*Martin L. Edelman* has been a director since 1997. Mr. Edelman has been Of Counsel to Paul Hastings LLP, and prior thereto Battle Fowler LLP, each a law firm that has provided services to us. He is a director of Equity Commonwealth (NYSE: EQC), Morgans Hotel Group Co. (NASDAQ: MHGC), Aldar Properties PJSC (ADX: ALDAR) and Advanced Micro Devices, Inc. (NASDAQ: AMD). He also served as a director of Avis Budget Group, Inc. (NASDAQ: CAR) from 1997 until 2013 and Ashford Hospitality Trust, Inc. (NYSE: AHT) from 2003 until 2014. Mr. Edelman is a senior advisor to Mubadala Development Company, the strategic investment vehicle of the government of Abu Dhabi. He is on the boards of the Jackie Robinson Foundation, The Intrepid Fallen Heroes Fund and the Fisher House Foundation. Mr. Edelman has extensive commercial real estate industry experience and knowledge developed over his nearly 40 years of practicing law, which we believe provides us with valuable perspectives into developments in our industry.

*Henry N. Nassau* has been a director since 2003. Mr. Nassau has been a partner since September 2003 and is chair of the corporate and securities group at the law firm Dechert LLP. Mr. Nassau was the chief operating officer of Internet Capital Group, Inc. (NASDAQ: ICGE), an Internet holding company, from December 2002



**Table of Contents**

until June 2003, having previously served as managing director, general counsel and secretary since May 1999. Mr. Nassau was previously a partner at Dechert LLP from September 1987 to May 1999 and was chair of the firm's business department from January 1998 to May 1999. At Dechert LLP, Mr. Nassau engages in the practice of corporate law, concentrating on mergers and acquisitions, public offerings, private equity and venture capital financing. Mr. Nassau also serves on the advisory board of RAF Industries and as a member of the board of directors of the Philadelphia Orchestra. Mr. Nassau has significant professional experience as an officer of a public company and as an attorney and partner in a major law firm, which we believe allows him to make unique contributions in the area of corporate governance.

*Lynne B. Sagalyn* has been a director since 1997. Dr. Sagalyn is the Earle W. Kazis and Benjamin Schore Professor of Real Estate at Columbia Business School where she is director of the Paul Milstein Center for Real Estate and the MBA Real Estate Program. This position marks a return to Columbia, where she had been a professor of finance and economics for more than twelve years, and to the MBA Real Estate Program, which she developed during that period. From 2004 until her return to Columbia in July 2008, Dr. Sagalyn held appointments at the University of Pennsylvania in both the School of Design (City Planning Department) and the Wharton School (Real Estate Department). Dr. Sagalyn is the vice chairman and a director of UDR, Inc. (NYSE: UDR), a self-administered REIT in the apartment communities sector. Dr. Sagalyn also serves as a member of the audit committee of Planned Parenthood of New York City, as a member of the board of directors of Regional Plan Association of New York, and as a member of the board of directors of The Skyscraper Museum. She has also served on the New York City Board of Education Chancellor's Commission on the Capital Plan. Through her prominent positions in graduate real estate programs of leading universities, we believe Dr. Sagalyn brings expertise in real estate and finance to our board and the audit committee, of which she is the chair.

*John G. Schreiber* has been a director since 2012. Mr. Schreiber is the president of Centaur Capital Partners, Inc. and a partner and co-founder of BREA. As co-chairman of the BREA Investment Committee, Mr. Schreiber has overseen all of Blackstone's real estate investments since 1992. Mr. Schreiber is also on the BREDS Investment Committee. Previously, Mr. Schreiber served as chairman and chief executive officer of JMB Urban Development Co. and executive vice president of JMB Realty Corp. During his twenty-year career at JMB, Mr. Schreiber was responsible for over \$10 billion of firm and client real estate investments and had overall responsibility for the firm's shopping center development activities. Mr. Schreiber is a past board member of Urban Shopping Centers, Inc., Host Hotels & Resorts, Inc. (NYSE: HST), The Rouse Company, AMLI Residential Properties Trust and General Growth Properties, Inc. (NYSE: GGP). He currently serves on the board of JMB Realty Corp., Brixmor Property Group Inc. (NYSE: BRX), Hilton Worldwide Holdings Inc. (NYSE: HLT), Hudson Pacific Properties, Inc. (NYSE: HPP) and a number of mutual funds managed by T. Rowe Price Associates. Mr. Schreiber graduated from Loyola University of Chicago and received an M.B.A. from Harvard Business School. We believe Mr. Schreiber's extensive experience with, and strong record of success in investing in, real estate-related assets provides our board of directors with valuable insights into developments in our industry.

**VOTING RECOMMENDATION**

**OUR BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT YOU VOTE FOR THE ELECTION OF EACH OF THE DIRECTOR NOMINEES NAMED ABOVE.**

## **Table of Contents**

### **The Board of Directors; Committees**

Our business is managed by our Manager, subject to the oversight and direction of our board of directors. Our board of directors has eight members and is currently comprised of Messrs. Nash, Plavin, Cotton, Dobrowski, Edelman, Nassau and Schreiber, and Dr. Sagalyn.

#### ***Director Independence***

Under our corporate governance guidelines and NYSE rules, the board of directors must be comprised of at least a majority of directors who qualify as independent directors. A director is not independent unless the board of directors affirmatively determines that he or she does not have a material relationship with us and the director must meet the bright-line test for independence set forth by the NYSE rules. Our corporate governance guidelines also require all members of the audit committee, the compensation committee and the corporate governance committee to be independent directors. Based upon its review, the board of directors has affirmatively determined that each of Messrs. Cotton, Dobrowski, Edelman and Nassau and Dr. Sagalyn is independent under all applicable criteria for independence set forth in the listing standards of the NYSE, including with respect to committee service.

In making its determination that Mr. Edelman is an independent director, the board of directors considered that he is of counsel to Paul Hastings LLP, a law firm that from time to time has served as counsel for the underwriters in our public offering of securities. We do not compensate Paul Hastings for any of the services that they provide to the underwriters. In addition, the board of directors considered that an affiliate of the Manager made a loan on an arm's length basis with customary market terms to an entity in which Mr. Edelman had a 1% indirect equity interest. In making the determination that Mr. Nassau is an independent director, the board of directors considered that he is a partner at Dechert LLP, a law firm that from time to time has provided an affiliate of our Manager with legal representation with respect to various matters. Mr. Nassau was not involved in those legal representations, the fees paid by our Manager's affiliate to Dechert LLP were less than \$100,000 and Mr. Nassau's indirect interest in such fees were *de minimis*.

#### ***Board of Directors Composition***

The board of directors seeks to ensure that the board of directors is composed of members whose particular experience, qualifications, attributes and skills, when taken together, will allow the board of directors to satisfy its oversight responsibilities effectively. In that regard, the corporate governance committee is responsible for recommending candidates for all directorships to be filled by the board of directors or by the stockholders at an annual or special meeting. In identifying candidates, the corporate governance committee will review all nominees for director in accordance with the requirements and qualifications contained in the corporate governance guidelines and, subject to the requirements in the Purchase Agreement (as defined below), recommend that the board of directors select those nominees whose attributes the corporate governance committee believes would be most beneficial to us. In identifying candidates for membership on the board of directors, the corporate governance committee takes into account (i) minimum individual qualifications, such as personal integrity and moral character, willingness to apply sound business judgment, industry knowledge or experience and an ability to work collegially with the other members of the board of directors and (ii) all other factors it considers appropriate. While our corporate governance guidelines do not include an express diversity policy, we note that Dr. Lynne B. Sagalyn, who has been one of our longest standing directors, was recruited in part with a gender diversity goal in mind. The corporate governance committee has previously utilized the services of professional search firms and has also sought referrals from other members of the board of directors, management, stockholders and other sources.

Our board of directors currently has four standing committees: an audit committee, a compensation committee, a corporate governance committee and an investment risk management committee. The current written charters for each of the audit committee, compensation committee and corporate governance committee are available on our website, [www.bxmt.com](http://www.bxmt.com), under the Investor Relations tab by selecting Corporate Governance.

## **Table of Contents**

### ***Audit Committee***

The audit committee is currently comprised of Messrs. Cotton and Dobrowski and Dr. Sagalyn, with Dr. Sagalyn serving as the committee's chairperson. All audit committee members meet the independence criteria and have the qualifications set forth in the listing standards of the NYSE and Rule 10A-3 under the Securities Exchange Act of 1934, as amended, or Exchange Act. Each of Messrs. Cotton and Dobrowski is qualified as an audit committee financial expert within the meaning of Item 407(d)(5) of Regulation S-K under the Exchange Act, and our board of directors has determined that they each have the accounting and related financial management expertise within the meaning of the listing standards of the NYSE. The SEC has determined that the audit committee financial expert designation does not impose on a person with that designation any duties, obligations or liability that are greater than the duties, obligations or liability imposed on such person as a member of the audit committee of the board of directors in the absence of such designation.

The audit committee's primary duties are described in the audit committee charter and include:

appointing, retaining, determining the compensation of, overseeing, evaluating and, where appropriate, replacing our independent registered public accounting firm;

overseeing the quality and integrity of the Company's financial statements and internal controls;

assisting with the Company's compliance with legal and regulatory requirements and overall risk management profile;

reviewing the Company's transactions with related parties, including those with the Manager and/or affiliates of the Manager; and

preparing the report of the audit committee required by the rules of the SEC to be included in the Company's annual stockholders' meeting proxy statement.

The audit committee has adopted procedures for the processing of complaints relating to accounting, internal control and auditing matters in accordance with Rule 10A-3 under the Exchange Act. The audit committee oversees the review and handling of any complaints submitted pursuant to the foregoing procedures and of any whistleblower complaints subject to Section 21F of the Exchange Act.

### ***Compensation Committee***

The compensation committee is currently comprised of Messrs. Cotton, Edelman and Nassau and Dr. Sagalyn, with Mr. Nassau serving as the committee's chairperson. All compensation committee members meet the independence criteria set forth in the listing standards of the NYSE.

We are externally managed by our Manager pursuant to the second amended and restated management agreement with our Manager, or the Management Agreement, and as of the date hereof we have no employees. Since December 19, 2012, our executive officers have not received any cash compensation from us or any of our subsidiaries for serving as

executive officers. To the extent that we are responsible for paying the compensation and/or any other employee benefits of our executive officers and senior management, the compensation committee also oversees such compensation, including plans and programs relating to cash compensation, incentive compensation, equity-based awards and other benefits and perquisites, and administers any such plans or programs as required by the terms thereof.

In particular, the compensation committee's primary duties are described in the compensation committee charter and include:

to the extent that we are responsible for paying the compensation and/or any other employee benefits of our chief executive officer, reviewing and approving corporate goals and objectives relevant to the compensation of our chief executive officer, evaluating the performance of our chief executive officer in light of those goals and objectives, and either as a committee or together with the other independent directors (as directed by our board of directors) to determine and approve our chief executive officer's compensation level based on this evaluation;

**Table of Contents**

determining the long-term incentive component, if any, of our chief executive officer's compensation that we are responsible for paying by considering, among other factors selected by the compensation committee, our performance and relative stockholder return, our chief executive officer's individual performance, including progress on strategic objectives, the value of similar incentive awards to chief executive officers at comparable companies, and the awards given to our chief executive officer in past years;

to the extent that we are responsible for paying incentive compensation and equity-based compensation to our employees or the employees of any external manager, considering the recommendations of our chief executive officer with respect to non-chief executive officer management and key employee compensation and determining and approving such compensation;

to the extent that we are responsible for paying incentive compensation and equity-based compensation to our employees or the employees of any external manager, reviewing and making recommendations to our board of directors with respect to incentive compensation plans and equity-based compensation plans or material changes to any such existing plans and discharging and administering any such plans as required by the terms thereof;

overseeing the preparation of the compensation discussion and analysis and related disclosures for inclusion in our annual report or proxy statement in accordance with the rules of the SEC;

preparing and approving any compensation committee report required to be included in our annual report or proxy statement in accordance with applicable SEC regulations;

to the extent that we are responsible for sponsoring or managing executive compensation programs, periodically reviewing, as and when determined appropriate, executive compensation programs and total compensation levels;

reviewing and making recommendations to our board of directors concerning compensation arrangements for members of our board of directors who are not employees of the Company, the Manager or any of its affiliates;

in consultation with management, overseeing regulatory compliance with respect to compensation matters, including overseeing our policies on structuring compensation programs to preserve tax deductibility, and, as and when required or desired, establishing performance goals and confirming that performance goals have been attained for purposes of Section 162(m) of the Internal Revenue Code of 1986, as amended, or the Code;

reviewing and approving any severance or similar termination payments proposed to be made by the Company to any of our current or former executive officers; and

performing any other duties or responsibilities expressly delegated to the compensation committee by our board of directors from time to time relating to our compensation programs.

The compensation committee shall have the resources and authority appropriate to discharge its duties and responsibilities, including the sole authority to retain, on terms it deems appropriate, legal counsel and other experts or consultants as it deems appropriate, without obtaining the approval of our board of directors or management. The compensation committee shall have the sole authority to select and retain a compensation consultant to assist in the evaluation of chief executive officer compensation.

The compensation committee may, in its discretion, delegate all or a portion of its duties and responsibilities to a subcommittee of the committee. In particular, the committee may delegate the approval of certain transactions to a subcommittee consisting solely of members of the compensation committee who are (i) Non-Employee Directors for the purposes of Rule 16b-3 under the Exchange Act and (ii) outside directors for the purposes of Section 162(m) of the Code.

**Table of Contents**

***Compensation Committee Interlocks and Insider Participation***

The compensation committee is currently comprised of Messrs. Cotton, Edelman and Nassau and Dr. Sagalyn, none of whom were officers or employees of the Company during the fiscal year ended December 31, 2014, and none of whom had any relationship requiring disclosure by the Company under Item 404 of Regulation S-K under the Exchange Act. None of our executive officers has served on the board of directors or compensation committee of any other entity that has or has had one or more executive officers who served as a member of our board of directors or our compensation committee during the fiscal year ended December 31, 2014.

***Corporate Governance Committee***

The corporate governance committee is currently comprised of Messrs. Dobrowski and Nassau and Dr. Sagalyn, with Mr. Nassau serving as the committee's chairperson. All corporate governance committee members meet the independence criteria set forth in the listing standards of the NYSE.

Among other things, the corporate governance committee identifies qualified individuals to become members of the board of directors, recommends to the board of directors individuals to be designated as nominees for election as directors at the annual meetings of stockholders, develops and recommends to the board of directors our corporate governance guidelines and oversees the annual review of the Management Agreement. More specifically, the corporate governance committee is responsible for reviewing, on an annual basis, the requisite skills and characteristics of individual members of the board of directors, as well as the composition of the board as a whole, in the context of our needs. The corporate governance committee will review all nominees for director, including those recommended by stockholders, in accordance with requirements and qualifications set forth in our corporate governance guidelines and will, subject to the requirements of the Purchase Agreement, recommend that the board of directors select those nominees whose attributes it believes would be most beneficial to us. This review involves an assessment of the personal qualities and characteristics, accomplishments and business reputation of director candidates. The corporate governance committee will assess candidates' qualifications based on the following minimum criteria, which may be modified from time to time by the corporate governance committee:

demonstrated personal integrity and moral character;

willingness to apply sound and independent business judgment for the long-term interests of stockholders;

relevant business or professional experience, technical expertise or specialized skills;

personality traits and background that appear to fit with those of the other directors to produce a collegial and cooperative board responsive to the Company's needs; and

ability to commit sufficient time to effectively carry out the substantial duties of a director.

***Investment Risk Management Committee***



The investment risk management committee is comprised of independent directors and currently consists of Messrs. Cotton, Dobrowski and Edelman, with Mr. Edelman serving as the committee's chairperson. The investment risk management committee is currently responsible for the supervision of our Manager's compliance with our investment guidelines and conducting periodic reviews of our loan and investment portfolio. In addition, any proposed investment (i) of more than 25% of our Equity (as defined in the Management Agreement) in any individual investment or (ii) in excess of \$250.0 million requires the approval of a majority of the members of the investment risk management committee.

**Table of Contents**

***Meetings***

Directors are expected to attend board meetings and meetings of the committees on which they serve, to spend the time needed and to meet as frequently as necessary, in order to properly discharge their responsibilities. Our board of directors conducts its business through meetings of the board of directors, actions taken by written consent in lieu of meetings and by actions of its committees. During the fiscal year ended December 31, 2014, the board of directors held eight meetings. During the fiscal year 2014, (i) the audit committee held four meetings, (ii) the compensation committee held three meetings, (iii) the corporate governance committee held two meetings and (iv) the investment risk management committee held three meetings. Each director attended at least 75% of the combined number of meetings of the board of directors and meetings of committees on which he or she served during the period in 2014 in which he or she served as a director or member of such committee, as applicable.

We do not have a formal policy regarding attendance by directors at our annual meeting of stockholders but invite and encourage a