

[Table of Contents](#)***Fair Value of Loans Receivable***

As of December 31, 2015, we held 192 loans whose aggregate fair value was \$104,226,000. The fair values were determined using a present value technique for the anticipated future cash flows of the loans using certain key assumptions. Credit risk, or lack of credit risk in the case of our government guaranteed loans, was considered in the determination of the key assumptions used to fair value our loans receivable.

Debt

As of December 31, 2015, our debt consisted of fixed rate property-level mortgage notes payable, floating rate junior subordinated notes, a floating rate unsecured credit facility, and a floating rate term loan facility whose interest rate has been effectively converted to a fixed rate through interest rate swaps.

As of December 31, 2015, the carrying amount of our fixed rate mortgages payable was \$143,894,000, net of deferred loan costs, and the carrying amount of our floating rate debt which includes our junior subordinated notes, unsecured credit facility and term loan facility was \$511,763,000, net of deferred loan costs.

The fair value of our debt is calculated for disclosure purposes only and we do not include the mark to market adjustments related to our debt in our estimated NAV calculation. As of December 31, 2015, the estimated fair value of our debt was \$3,689,000 higher than the carrying amount of our debt net of deferred loan costs.

Fair Value of Cash, Other Assets and Other Liabilities

As of December 31, 2015, the carrying amounts of our cash, other assets and other liabilities approximates their fair values due to the liquid nature of such assets and the short-term nature of such liabilities.

Sensitivity Analysis

While we believe that the assumptions used in determining the appraised values of our investments in real estate are reasonable, certain changes in these assumptions could impact the calculation of such values.

The table below illustrates the impact on the estimated NAV per share if the capitalization rates or discount rates were adjusted by 25 basis points, assuming all other factors remain unchanged.

	Change in the NAV Per Share Due To	
	Decrease of 25 bps	Increase of 25 bps
Capitalization rates	\$ 0.83	\$ (0.76)
Discount rates	\$ 0.53	\$ (0.52)

Restrictions on Ownership and Transfer

Our charter, subject to certain exceptions, contains certain restrictions on the number of shares of our stock that a person may own. Our charter contains a stock ownership limit which prohibits any person, unless exempted by our Board of Directors, from acquiring or holding, directly or indirectly, applying attribution rules under the Code, shares of stock in excess of 9.8% in number of shares or value, whichever is more restrictive, of the aggregate of the outstanding shares of our stock or 9.8% of the number of shares or value, whichever is more restrictive, of the shares of our outstanding stock.

[Table of Contents](#)

Pursuant to our charter, our Board of Directors has the power to increase or decrease the percentage of stock that a person may beneficially or constructively own. However, any decreased stock ownership limit will not apply to any person whose percentage ownership of our stock is in excess of such decreased stock ownership limit until that person's percentage ownership of our stock equals or falls below the decreased stock ownership limit. Until such a person's percentage ownership of our stock falls below such decreased stock ownership limit, any further acquisition of stock will be in violation of the decreased stock ownership limit.

Our charter further prohibits (1) any person from beneficially or constructively owning our stock that (i) would result in us being "closely held" under Section 856(h) of the Code (without regard to whether the shares are owned during the last half of a taxable year), (ii) would cause us to constructively own 10% or more of the ownership interests in a tenant of our real property within the meaning of Section 856(d)(2)(B) of the Code or (iii) would otherwise cause us to fail to qualify as a REIT, or (2) any person from transferring our stock if such transfer would result in our stock being beneficially owned by fewer than 100 persons. Any person who acquires or attempts or intends to acquire beneficial or constructive ownership of our stock that will or may violate any of the foregoing restrictions on transfer and ownership, or who is the intended transferee of shares of our stock that are transferred to the trust (as described below), is required to give written notice immediately to us or, in the event of a proposed or attempted transfer, at least 15 days prior written notice to us and provide us with such other information as we may request in order to determine the effect of such transfer on our qualification as a REIT. The foregoing restrictions on transfer and ownership will not apply if our Board of Directors determines that it is no longer in our best interests to attempt to qualify, or to continue to qualify, as a REIT or that compliance with such restrictions is no longer required in order for us to qualify as a REIT.

Our Board of Directors, in its sole discretion, may exempt, prospectively or retroactively, a person from each of the foregoing restrictions except those listed under (1)(i), (iii) and (2) in the preceding paragraph. The person seeking an exemption must provide such representations, covenants and undertakings as our Board of Directors may deem appropriate to conclude that granting the exemption will not cause us to lose our qualification as a REIT. Our Board of Directors may also require a ruling from the IRS or an opinion of counsel in order to determine or ensure our qualification as a REIT in the context of granting such exemptions. Our Board of Directors has waived the 9.8% ownership limit and the restrictions listed under (1)(ii) in the preceding paragraph for Urban II, CIM REIT, CIM Urban Partners GP, LLC, the Manager and persons owning a direct or indirect interest in Urban II, CIM REIT, CIM Urban Partners GP, LLC or the Manager.

Any attempted transfer of shares of our stock which, if effective, would result in a violation of the foregoing restrictions will cause the number of shares of our stock causing the violation (rounded up to the nearest whole share) to be automatically transferred to a trust for the benefit of one or more charitable beneficiaries, and the proposed transferee will not acquire any rights in such stock. The automatic transfer will be deemed to be effective as of the close of business on the business day (as defined in our charter) prior to the date of the transfer. If, for any reason, the transfer to the trust does not occur or would not prevent a violation of the restrictions on transfer and ownership contained in our charter, our charter provides that the purported transfer will be treated as invalid from the outset. Shares of stock held in the trust will be issued and outstanding shares. The proposed transferee will not benefit economically from ownership of any stock held in the trust, will have no rights to dividends and no rights to vote or other rights attributable to the shares of stock held in the trust. The trustee of the trust will have all voting rights and rights to dividends or other distributions with respect to shares held in the trust. These rights will be exercised for the exclusive benefit of the charitable beneficiary. Any dividend or other distribution paid prior to our discovery that shares of our stock have been transferred to the trust will be paid by the recipient to the trustee upon demand. Any dividend or other distribution authorized but unpaid will be paid when due to the trustee. Any dividend or other

[Table of Contents](#)

distribution paid to the trustee will be held in trust for the charitable beneficiary. Subject to Maryland law, the trustee will have the authority to rescind as void any vote cast by the proposed transferee prior to our discovery that the shares have been transferred to the trust and to recast the vote in accordance with the desires of the trustee acting for the benefit of the charitable beneficiary. However, if we have already taken irreversible corporate action, then the trustee will not have the authority to rescind and recast the vote.

Within 20 days of receiving notice from us that shares of our stock have been transferred to the trust, the trustee will sell the shares to a person designated by the trustee, whose ownership of the shares will not violate the above ownership limitations. Upon such sale, the interest of, the charitable beneficiary in the shares sold will terminate and the trustee will distribute the net proceeds of the sale to the proposed transferee and to the charitable beneficiary as follows: the proposed transferee will receive the lesser of (1) the price paid by the proposed transferee for the shares, or, if the proposed transferee did not give value for the shares in connection with the event causing the shares to be held in the trust (e.g., a gift, devise or other similar transaction), the market price (as defined in our charter) of the shares on the day of the event causing the shares to be held in the trust and (2) the price per share received by the trustee from the sale or other disposition of the shares. The trustee may reduce the amount payable to the proposed transferee by the amount of dividends and other distributions paid to the proposed transferee and owned by the proposed transferee to the trust.

Any net sale proceeds in excess of the amount payable to the proposed transferee will be paid immediately to the charitable beneficiary. If, prior to our discovery that our stock have been transferred to the trust, the shares are sold by the proposed transferee, then (1) the shares shall be deemed to have been sold on behalf of the trust and (2) to the extent that the proposed transferee received an amount for the shares that exceeds the amount the proposed transferee was entitled to receive, the excess shall be paid to the trustee upon demand.

In addition, shares of our stock held in the trust will be deemed to have been offered for sale to us, or our designee, at a price per share equal to the lesser of the price per share in the transaction that resulted in the transfer to the trust (or, in the case of a devise or gift, the market price at the time of the devise or gift) and the market price on the date we, or our designee, accept the offer. We may reduce the amount payable to the proposed transferee by the amount of dividends and other distributions paid to the proposed transferee and owned by the proposed transferee to the trust. We will have the right to accept the offer until the trustee has sold the shares. Upon a sale to us, the interest of the charitable beneficiary in the shares sold will terminate and the trustee will distribute the net proceeds of the sale to the proposed transferee.

Every owner of more than 5% (or such lower percentage as required by the Code or the regulations promulgated thereunder) in number or in value of the outstanding shares of our stock within 30 days after the end of each taxable year, will be required to give written notice to us stating the name and address of such owner, the number of shares of each class and series of shares of our stock that the owner beneficially owns and a description of the manner in which the shares are held. Each owner shall provide to us such additional information as we may request to determine the effect, if any, of the beneficial ownership on our qualification as a REIT and to ensure compliance with the ownership limitations. In addition, each beneficial or constructive owner and each person who is holding shares of our stock for such owner will, upon demand, be required to provide to us such information as we may request to determine our qualification as a REIT and to comply with the requirements of any taxing authority or governmental authority or to determine such compliance and to ensure compliance with the ownership limits.

These ownership limitations could delay, defer or prevent a transaction or a change in control that might involve a premium price for our stock or might otherwise be in the best interests of our stockholders.

[Table of Contents](#)**Distribution Policy and Distributions**

Holders of our Series A Preferred Stock are entitled to receive, when, and as authorized by our Board of Directors and declared by us out of legally available funds, cumulative cash dividends on each share of our Series A Preferred Stock at an annual rate of five and one-half percent (5.5%) of the Stated Value. Dividends on each share of our Series A Preferred Stock will begin accruing on, and will be cumulative from, the date of issuance. We expect to pay dividends on the Series A Preferred Stock quarterly, unless our results of operations, our general financing conditions, general economic conditions, applicable provisions of Maryland law or other factors make it imprudent to do so. We also expect to authorize and declare dividends on the shares of Series A Preferred Stock on a quarterly basis commencing the first full quarter after we receive and accept aggregate subscriptions in excess of the minimum offering. Dividends will be payable on the 15th day of the month following the quarter for which the dividend was declared. The timing and amount of such dividends will be determined by our Board of Directors, in its sole discretion, and may vary from time to time.

Distributions will be paid to our stockholders when, and as authorized by our Board of Directors and declared by us out of legally available funds as of the record dates selected by our Board of Directors. We expect to continue to declare and pay distributions to our common stockholders quarterly unless our results of operations, our general financial condition, general economic conditions or other factors make it imprudent to do so. Distributions will be authorized at the discretion of our Board of Directors, which will be influenced in part by its intention to comply with the REIT requirements of the Code. We intend to make distributions sufficient to meet the annual distribution requirement and to avoid U.S. federal income and excise taxes on our earnings; however, it may not always be possible to do so. Our ability to maintain payment of dividends to our stockholders may be impacted by various factors, including the following:

- we may not have enough capital resources to pay such dividends due to changes in our cash requirements, capital spending plans, cash flow or financial position;
- decisions on whether, when and in which amounts to make any future dividends will remain at all times entirely at the discretion of the Board of Directors, which reserves the right to change our dividend practices at any time and for any reason; and
- we may desire to retain cash to maintain or improve any credit ratings we have or may obtain in the future.

We must distribute to our stockholders at least 90% of our REIT taxable income each year in order to meet the requirements for being treated as a REIT under the Code. This requirement is described in greater detail in the section entitled "Material U.S. Federal Income Tax Consequences—Annual Distribution Requirements" included elsewhere in this prospectus. Our directors may authorize distributions in excess of this percentage as they deem appropriate. Because we may receive income from interest or rents at various times during our fiscal year, distributions may not reflect our income earned in that particular distribution period, but may be made in anticipation of cash flow that we expect to receive during a later period and may be made in advance of actual receipt of funds in an attempt to make distributions relatively uniform. To allow for such differences in timing between the receipt of income and the payment of distributions, and the effect of required debt payments, among other things, could require us to borrow funds from third parties on a short-term basis, issue new securities, or sell assets to meet the distribution requirements that are necessary to achieve the tax benefits associated with qualifying as a REIT. These methods of obtaining funding could affect future distributions by increasing operating costs and decreasing available cash. In addition, such distributions may constitute a return of capital. See the section entitled "Material U.S. Federal Income Tax Consequences—Requirements for Qualification—General" included elsewhere in this prospectus.

[Table of Contents](#)**Transfer Agent and Registrar**

We expect the transfer agent and registrar for our shares of Series A Preferred Stock and the Warrants to be American Stock Transfer and Trust Company. American Stock Transfer and Trust Company currently acts as the transfer agent and registrar for our Common Stock.

[Table of Contents](#)

CERTAIN PROVISIONS OF THE MARYLAND GENERAL CORPORATION LAW AND OUR CHARTER AND BYLAWS

The following summary of certain provisions of Maryland law and our charter and bylaws contains the material terms of our charter and bylaws and is subject to, and qualified in its entirety by, reference to Maryland law and to our charter and bylaws.

Our Board of Directors

Our charter and bylaws provide that the number of directors may be established, increased or decreased by a majority of our entire Board of Directors, but may not be fewer than the minimum number required by the MGCL (which currently is one) or, unless our bylaws are amended, more than 25. Any vacancy on our Board of Directors, whether resulting from an increase in the number of directors or otherwise, may only be filled by the affirmative vote of a majority of the remaining directors, even if such a majority constitutes less than a quorum. Except as may be provided with respect to any class or series of our stock, at each annual meeting of our stockholders, each of our directors will be elected by the holders of our Common Stock to serve until the next annual meeting of our stockholders and until his or her successor is duly elected and qualifies.

Removal of Directors

Our charter provides that, subject to the rights of holders of one or more classes or series of preferred stock, a director may be removed with or without cause and by the affirmative vote of at least two-thirds of the votes entitled to be cast by our stockholders generally in the election of our directors. This provision, when coupled with the exclusive power of our Board of Directors to fill vacant directorships, may preclude stockholders from removing incumbent directors except by a substantial affirmative vote and filling the vacancies created by such removal with their own nominees.

Limitation of Liability and Indemnification

Maryland law permits a Maryland corporation to include in its charter a provision eliminating the liability of its directors and officers to the corporation and its stockholders for money damages except for liability resulting from (a) actual receipt of an improper benefit or profit in money, property or services or (b) active or deliberate dishonesty established in a judgment or other final adjudication to be material to the cause of action. Our charter contains a provision that eliminates the liability of our directors and officers to the maximum extent permitted by Maryland law.

Maryland law requires a Maryland corporation (unless its charter provides otherwise, which our charter does not) to indemnify a director or officer who has been successful, on the merits or otherwise, in the defense of any proceeding to which he or she is made, or threatened to be made, a party by reason of his or her service in that capacity. Maryland law permits a Maryland corporation to indemnify its present and former directors and officers, among others, against judgments, penalties, fines, settlements and reasonable expenses actually incurred by them in connection with any proceeding to which they may be made or threatened to be made a party by reason of their service in those or other capacities unless it is established that:

- an act or omission of the director or officer was material to the matter giving rise to the proceeding and:
 - was committed in bad faith; or
 - was the result of active and deliberate dishonesty;
- the director or officer actually received an improper personal benefit in money, property or services; or
- in the case of any criminal proceeding, the director or officer had reasonable cause to believe that the act or omission was unlawful.

[Table of Contents](#)

However, under Maryland law, a Maryland corporation may not indemnify for an adverse judgment in a suit by or in the right of the corporation or for a judgment of liability on the basis that personal benefit was improperly received, unless in either case a court orders indemnification and then only for expenses. In addition, Maryland law permits a Maryland corporation to advance reasonable expenses to a director or officer upon the corporation's receipt of:

- a written affirmation by the director or officer of his or her good faith belief that he or she has met the standard of conduct necessary for indemnification by the corporation; and
- a written undertaking by the director or officer or on the director's or officer's behalf to repay the amount paid or reimbursed by the corporation if it is ultimately determined that the director or officer did not meet the standard of conduct

Our charter and bylaws obligate us, to the maximum extent permitted by Maryland law, to indemnify and, without requiring a preliminary determination of the ultimate entitlement to indemnification, pay or reimburse reasonable expenses in advance of final disposition of a proceeding to:

- any present or former director or officer who is made, or threatened to be made, a party to, or witness in, the proceeding by reason of his or her service in that capacity; or
- any individual who, while a director or officer of our Company and at our Company's request, serves or has served another corporation, real estate investment trust, limited liability company, partnership, joint venture, trust, employee benefit plan or any other enterprise as a director, officer, trustee, member, manager or partner and who is made, or threatened to be made, a party to, or witness in, the proceeding by reason of his or her service in that capacity.

Our charter and bylaws also permit us, subject to approval from our Board of Directors, to indemnify and advance expenses to any person who served a predecessor of our Company in any of the capacities described above and to any employee or agent of our Company or a predecessor of our Company.

Indemnification Agreements

We have entered into indemnification agreements with each of our directors and named executive officers. Each Indemnification Agreement provides that we will indemnify and hold harmless each such director or named executive officer to the fullest extent permitted by law.

Business Combinations

Under the MGCL, certain "business combinations," including a merger, consolidation, statutory share exchange or, in certain circumstances, an asset transfer or issuance or reclassification of equity securities, between a Maryland corporation and an "interested stockholder" or an affiliate of such an interested stockholder, are prohibited for five years after the most recent date on which the interested stockholder becomes an interested stockholder. An "interested stockholder" is, generally, any person who beneficially owns, directly or indirectly, 10% or more of the voting power of the corporation's outstanding voting shares or an affiliate or associate of the corporation who, at any time within the two-year period prior to the date in question, was the beneficial owner, directly or indirectly, of 10% or more of the voting power of the then outstanding voting shares of the corporation.

After such five-year period, any such business combination must be recommended by the board of directors of the corporation and approved by the affirmative vote of at least (a) 80% of the votes entitled to be cast by holders of outstanding voting shares of the corporation and (b) two-thirds of the votes entitled to be cast by holders of voting shares of the corporation other than shares held by the interested stockholder with whom (or with whose affiliate) the business combination is to be effected or

[Table of Contents](#)

held by an affiliate or associate of the interested stockholder, unless, among other conditions, the corporation's common stockholders receive a minimum price (as defined in the MGCL) for their shares and the consideration is received in cash or in the same form as previously paid by the interested stockholder for its shares.

Under the MGCL, a person is not an "interested stockholder" if the board of directors approved in advance the transaction by which the person otherwise would have become an interested stockholder. A corporation's board of directors may provide that its approval is subject to compliance with any terms and conditions determined by it.

We have elected to opt out of these provisions of the MGCL by resolution of our Board of Directors. However, our Board of Directors may by resolution elect to repeal the foregoing opt-outs from the business combination provisions of the MGCL.

Control Share Acquisitions

The MGCL provides that a holder of "control shares" of a Maryland corporation acquired in a "control share acquisition" has no voting rights with respect to such shares except to the extent approved by the affirmative vote of two-thirds of the votes entitled to be cast on the matter, excluding any of the following persons entitled to exercise or direct the exercise of the voting power of such shares in the election of directors: (1) a person who makes or proposes to make a control share acquisition, (2) an officer of the corporation or (3) an employee of the corporation who is also a director of the corporation. "Control shares" are voting shares of stock that, if aggregated with all other such shares previously acquired, directly or indirectly, by the acquirer, or in respect of which the acquirer is able to exercise or direct the exercise of voting power (except solely by virtue of a revocable proxy), would entitle the acquirer to exercise voting power in electing directors within one of the following ranges of voting power: (A) one-tenth or more but less than one-third, (B) one-third or more but less than a majority or (C) a majority or more of all voting power.

Control shares do not include shares that the acquiring person is then entitled to vote as a result of having previously obtained stockholder approval or shares acquired directly from the corporation. A "control share acquisition" means the acquisition, directly or indirectly, of ownership of, or the power to direct the exercise of voting power with respect to, issued and outstanding control shares, subject to certain exceptions.

A person who has made or proposes to make a control share acquisition, upon satisfaction of certain conditions (including an undertaking to pay expenses and making an acquiring person statement (as described in the MGCL)), may compel the board of directors to call a special meeting of stockholders to be held within 50 days of demand to consider the voting rights of the control shares. If no request for a meeting is made, the corporation may itself present the question at any stockholders' meeting.

If voting rights of control shares are not approved at the meeting or if the acquiring person does not deliver an "acquiring person statement" as required by the statute, then, subject to certain conditions and limitations, the corporation may redeem any or all of the control shares (except those for which voting rights have previously been approved) for fair value determined, without regard to the absence of voting rights for the control shares, as of the date of any meeting of stockholders at which the voting rights of such shares are considered and not approved or, if no such meeting is held, as of the date of the last control share acquisition. If voting rights for control shares are approved at a stockholders' meeting and the acquirer becomes entitled to vote a majority of the shares entitled to vote, all other stockholders may exercise appraisal rights. The fair value of the shares as determined for purposes of such appraisal rights may not be less than the highest price per share paid by the acquirer in the control share acquisition.

[Table of Contents](#)

The control share acquisition statute does not apply to (a) shares acquired in a merger, consolidation or share exchange if the corporation is a party to the transaction or (b) acquisitions approved or exempted by the charter or bylaws of the corporation.

We have elected to opt out of these provisions of the MGCL pursuant to a provision in our bylaws. However, we may, by amendment to our bylaws, opt in to the control share provisions of the MGCL in the future.

Subtitle 8

Subtitle 8 of Title 3 of the MGCL permits a Maryland corporation with a class of equity securities registered under the Exchange Act and at least three independent directors to elect to be subject, by provision in its charter or bylaws or a resolution of its board of directors and notwithstanding any contrary provision in the charter or bylaws, to any or all of the following five provisions:

- a classified board consisting of three classes;
- a two-thirds vote requirement for removing a director;
- a requirement that the number of directors be fixed only by vote of the directors;
- a requirement that a vacancy on the board be filled only by the remaining directors and for the remainder of the full term of the class of directors in which the vacancy occurred; or
- a majority stockholder vote requirement for the calling of a special meeting of stockholders.

Our charter provides that, except as may be provided by our Board of Directors in setting the terms of any class or series of stock, we elect to be subject to the provisions of Subtitle 8 relating to the filling of vacancies on our Board of Directors. Through provisions in our charter and bylaws unrelated to Subtitle 8, we already (1) require a two-thirds vote for the removal of any director from the Board of Directors, (2) vest in the Board of Directors the exclusive power to fix the number of directorships, subject to limitations set forth in our charter and bylaws, and (3) require, unless called by the chairman of our Board of Directors, our president, our chief executive officer or our Board of Directors, the request of stockholders entitled to cast not less than a majority of all votes entitled to be cast on a matter at such meeting to call a special meeting. We have not elected to classify our board.

Dissolution, Amendment to the Charter and Other Extraordinary Actions

Under the MGCL, a Maryland corporation generally cannot dissolve, amend its charter, merge, sell all or substantially all of its assets, engage in a share exchange or convert into another entity unless declared advisable by the board of directors and approved by the affirmative vote of stockholders entitled to cast at least two-thirds of the votes entitled to be cast on the matter. However, a Maryland corporation may provide in its charter for approval of these matters by a lesser percentage, but not less than a majority of all of the votes entitled to be cast on the matter. Our charter provides for approval of any of these matters by the affirmative vote of stockholders entitled to cast a majority of the votes entitled to be cast on such matters, except that the affirmative vote of stockholders entitled to cast at least two-thirds of the votes entitled to be cast on such matter is required to amend the provisions of our charter relating to the removal of directors, the indemnification of our officers and directors, restrictions on ownership and transfer of our stock or the vote required to amend such provisions. Maryland law also permits a Maryland corporation to transfer all or substantially all of its assets without the approval of the stockholders of the corporation to an entity if all of the equity interests of the entity are owned, directly or indirectly, by the corporation. Because our operating assets may be held by CIM Urban or its subsidiaries, these subsidiaries may be able to merge or transfer all or substantially all of their assets without the approval of our stockholders.

[Table of Contents](#)**Meetings of Stockholders**

Under our bylaws, annual meetings of holders of our Common Stock must be held each year at a date, time and place determined by our Board of Directors. Special meetings of holders of our Common Stock may be called by the chairman of our Board of Directors, our chief executive officer, our president and our Board of Directors. Subject to the provisions of our bylaws, a special meeting of stockholders to act on any matter that may properly be considered at a meeting of stockholders must be called by our secretary upon the written request of stockholders entitled to cast a majority of all of the votes entitled to be cast on the matter at such meeting who have requested the special meeting in accordance with the procedures specified in our bylaws and provided the information and certifications required by our bylaws. Only matters set forth in the notice of a special meeting of stockholders may be considered and acted upon at such a meeting.

Advance Notice of Director Nominations and New Business

Our bylaws provide that with respect to an annual meeting of stockholders, nominations of persons for election to our Board of Directors and the proposal of business to be considered by stockholders may be made only (1) pursuant to our notice of the meeting, (2) by or at the direction of our Board of Directors, or (3) by a holder of our Common Stock who was a stockholder of record at the time of giving notice and at the time of our annual meeting, who is entitled to vote at the meeting and who has complied with the advance notice procedures set forth in our bylaws. Our bylaws provide that with respect to special meetings of our stockholders, only the business specified in our notice of meeting may be brought before the meeting, and nominations of persons for election to our Board of Directors may be made only (a) by or at the direction of our Board of Directors, or (b) provided that the special meeting has been called in accordance with our bylaws for the purpose of electing directors, by any holder of our Common Stock who was a stockholder of record at the time of giving notice and at the time of the special meeting, who is entitled to vote at the meeting and who has complied with the advance notice procedures set forth in our bylaws.

[Table of Contents](#)**MATERIAL U.S. FEDERAL INCOME TAX CONSEQUENCES**

The following discussion summarizes the taxation of CIM Commercial Trust Corporation, which we refer to as CIM Commercial, and the material U.S. federal income tax consequences to holders of CIM Commercial's Series A Preferred Stock, Warrants and Common Stock received upon exercise of the Warrants. This discussion is for your general information only. For purposes of this section under the heading "Material U.S. Federal Income Tax Consequences," references to "CIM Commercial" mean only CIM Commercial Trust Corporation and not its subsidiaries or other lower-tier entities, except as otherwise indicated. This summary is not tax advice. The tax treatment of a holder will vary depending upon the holder's particular situation, and this summary addresses only holders that hold these securities as capital assets and does not deal with all aspects of taxation that may be relevant to particular holders in light of their personal investment or tax circumstances. This summary also does not deal with all aspects of taxation that may be relevant to certain types of holders to which special provisions of the U.S. federal income tax laws apply, including:

- dealers in securities or currencies;
- traders in securities that elect to use a mark-to-market method of accounting for such traders' securities holdings;
- banks;
- insurance companies;
- tax-exempt organizations;
- persons liable for the alternative minimum tax;
- persons that hold securities that are a hedge, that are hedged against interest rate or currency risks or that are part of a straddle or conversion transaction;
- persons that purchase or sell shares or warrants as part of a wash sale for tax purposes; and
- a U.S. shareholder (as defined below) whose functional currency is not the U.S. dollar.

This summary is based on the Code, its legislative history, existing and proposed regulations under the Code, published rulings and court decisions. This summary describes the provisions of these sources of law only as they are currently in effect. All of these sources of law may change at any time, and any change in the law may apply retroactively.

If a partnership holds shares of stock or warrants, the U.S. federal income tax treatment of a partner will generally depend on the status of the partner and the tax treatment of the partnership. A partner in a partnership holding shares of stock or warrants should consult such partner's tax advisor with regard to the U.S. federal income tax treatment of an investment in the shares or warrants.

We urge you to consult with your own tax advisors regarding the tax consequences to you of acquiring, owning and selling Common Stock, Series A Preferred Stock and Warrants, including the federal, state, local and foreign tax consequences of acquiring, owning and selling these securities in your particular circumstances and potential changes in applicable laws.

As used in this section, the term "U.S. shareholder" means a holder of shares of CIM Commercial Common Stock, Series A Preferred Stock or Warrants who, for U.S. federal income tax purposes, is:

- a citizen or resident of the United States;
- a domestic corporation;
- an estate whose income is subject to U.S. federal income taxation regardless of the income's source; or

[Table of Contents](#)

- a trust if a United States court can exercise primary supervision over the trust's administration and one or more United States persons have authority to control all substantial decisions of the trust.

In this section, references to "CIM Commercial stock" include Common Stock and Series A Preferred Stock, unless otherwise specified.

Nonresident alien individuals, foreign corporations, foreign partnerships and estates or trusts that in either case are not subject to U.S. federal income tax on a net income basis, who own CIM Commercial stock or Warrants are referred to in this section as "non-U.S. shareholders."

Taxation of CIM Commercial as a REIT

In the opinion of Sullivan & Cromwell LLP, commencing with its taxable year ending December 31, 2014, CIM Commercial has been organized and operated in conformity with the requirements for qualification and taxation as a REIT under the Code for taxable years ending prior to the date hereof, and CIM Commercial's proposed method of operation will enable it to continue to meet the requirements for qualification and taxation as a REIT under the Code for subsequent taxable years. Investors should be aware, however, that opinions of counsel are not binding upon the Internal Revenue Service or any court.

In providing its opinion, Sullivan & Cromwell LLP is relying, without independent investigation, as to certain factual matters upon the statements and representations contained in certificates provided to Sullivan & Cromwell LLP with respect to CIM Commercial and its subsidiary that is also a REIT, which we refer to as the REIT Subsidiary.

CIM Commercial's qualification as a REIT under the Code will depend upon the continuing satisfaction by CIM Commercial and, given CIM Commercial's current ownership interests in the REIT Subsidiary, by the REIT Subsidiary, of requirements of the Code relating to qualification for REIT status. Some of these requirements depend upon actual operating results, distribution levels, diversity of stock ownership, asset composition, source of income and record keeping. Accordingly, while CIM Commercial intends to qualify to be taxed as a REIT for U.S. federal income tax purposes, the actual results of CIM Commercial or the REIT Subsidiary for any particular year might not satisfy these requirements. Neither Sullivan & Cromwell LLP nor any other such law firm will monitor the compliance of CIM Commercial or the REIT Subsidiary with the requirements for REIT qualification on an ongoing basis.

The sections of the Code applicable to REITs are highly technical and complex. The following discussion summarizes material aspects of these sections of the Code.

As a REIT, CIM Commercial generally will not have to pay U.S. federal corporate income taxes on CIM Commercial's net income that CIM Commercial currently distributes to its shareholders. This treatment substantially eliminates the "double taxation" at the corporate and shareholder levels that generally results from investment in a regular corporation. CIM Commercial's dividends, however, generally will not be eligible for (i) the reduced rates of tax applicable to dividends received by noncorporate holders and (ii) the corporate dividends-received deduction.

However, CIM Commercial may have to pay U.S. federal income tax as follows:

- First, if CIM Commercial has any undistributed REIT taxable income, including undistributed net capital gains, CIM Commercial will have to pay tax at regular corporate rates on such income and gains.
- Second, under certain circumstances, CIM Commercial may have to pay the alternative minimum tax on CIM Commercial's items of tax preference.

[Table of Contents](#)

- Third, if CIM Commercial has (a) net income from the sale or other disposition of "foreclosure property," as defined in the Code, which is held primarily for sale to customers in the ordinary course of business or (b) other non-qualifying income from foreclosure property, CIM Commercial will have to pay tax at the highest corporate rate on that income.
- Fourth, if CIM Commercial has net income from "prohibited transactions," as defined in the Code, CIM Commercial will have to pay a 100% tax on that income. Prohibited transactions are, in general, certain sales or other dispositions of property, other than foreclosure property, held primarily for sale to customers in the ordinary course of business.
- Fifth, if CIM Commercial should fail to satisfy the 75% gross income test or the 95% gross income test, as discussed below under "Requirements for Qualification—Income Tests," but has nonetheless maintained CIM Commercial's qualification as a REIT because CIM Commercial has satisfied some other requirements, CIM Commercial will have to pay a 100% tax on an amount equal to (a) the gross income attributable to the greater of (i) 75% of CIM Commercial's gross income over the amount of gross income that is qualifying income for purposes of the 75% test, and (ii) 95% of CIM Commercial's gross income over the amount of gross income that is qualifying income for purposes of the 95% test, multiplied by (b) a fraction intended to reflect CIM Commercial's profitability.
- Sixth, if CIM Commercial should fail to distribute during each calendar year at least the sum of (1) 85% of CIM Commercial's REIT ordinary income for that year, (2) 95% of CIM Commercial's REIT capital gain net income for that year and (3) any undistributed taxable income from prior periods, CIM Commercial would have to pay a 4% excise tax on the excess of that required distribution over the sum of the amounts actually distributed and retained amounts on which income tax is paid at the corporate level.
- Seventh, if CIM Commercial acquires any asset from a C corporation in certain transactions in which CIM Commercial must adopt the basis of the asset or any other property in the hands of the C corporation as the basis of the asset in the hands of CIM Commercial, and CIM Commercial recognizes gain on the disposition of that asset during the five-year period beginning on the date on which CIM Commercial acquired that asset, then CIM Commercial will have to pay tax on the built-in gain at the highest regular corporate rate. A C corporation generally has to pay full corporate-level tax.
- Eighth, if CIM Commercial derives "excess inclusion income" from a residual interest in a real estate mortgage investment conduit, or REMIC, or certain interests in a taxable mortgage pool, or TMP, CIM Commercial could be subject to corporate-level U.S. federal income tax at a 35% rate to the extent that such income is allocable to certain types of tax-exempt shareholders that are not subject to unrelated business income tax, such as government entities.
- Ninth, if CIM Commercial receives non-arm's-length income from a TRS (as defined under "Requirements for Qualification—Asset Tests"), or as a result of services provided by a TRS to tenants of CIM Commercial, CIM Commercial will be subject to a 100% tax on the amount of CIM Commercial's non-arm's-length income.
- Tenth, if CIM Commercial fails to satisfy a REIT asset test, as described below, due to reasonable cause and CIM Commercial nonetheless maintains its REIT qualification because of specified cure provisions, CIM Commercial will generally be required to pay a tax equal to the greater of \$50,000 or the highest corporate tax rate multiplied by the net income generated by the nonqualifying assets that caused CIM Commercial to fail such test.
- Eleventh, if CIM Commercial fails to satisfy any provision of the Code that would result in CIM Commercial's failure to qualify as a REIT (other than a violation of the REIT gross income tests or a violation of the asset tests described below) and the violation is due to reasonable

[Table of Contents](#)

cause, CIM Commercial may retain its REIT qualification but will be required to pay a penalty of \$50,000 for each such failure.

Requirements for Qualification

The Code defines a REIT as a corporation, trust or association:

- that is managed by one or more trustees or directors;
- the beneficial ownership of which is evidenced by transferable shares, or by transferable certificates of beneficial interest;
- that would otherwise be taxable as a domestic corporation, but for the sections of the Code defining and providing special rules for REITs;
- that is neither a financial institution nor an insurance company to which certain provisions of the Code apply;
- the beneficial ownership of which is held by 100 or more persons;
- during the last half of each taxable year, not more than 50% in value of the outstanding stock of which is owned, directly or constructively, by five or fewer individuals, as defined in the Code to include certain entities (the "not closely held requirement") and
- that meets certain other tests, including tests described below regarding the nature of its income and assets.

The Code provides that the conditions described in the first through fourth bullet points above must be met during the entire taxable year and that the condition described in the fifth bullet point above must be met during at least 335 days of a taxable year of 12 months, or during a proportionate part of a taxable year of less than 12 months.

CIM Commercial has satisfied the conditions described in the first through fifth bullet points of the second preceding paragraph and believes that it has also satisfied the condition described in the sixth bullet point of the second preceding paragraph. In addition, CIM Commercial's charter provides for restrictions regarding the ownership and transfer of CIM Commercial stock. These restrictions are intended to, among other things, assist CIM Commercial in continuing to satisfy the share ownership requirements described in the fifth and sixth bullet points of the preceding paragraph. The ownership and transfer restrictions pertaining to CIM Commercial stock are described in this proxy statement under the heading "Description of Capital Stock and Securities Offered—Restrictions on Ownership and Transfer."

Disregarded Entity Subsidiaries. A corporation that is a qualified REIT subsidiary, or QRS, as defined in the Code, will not be treated as a separate corporation, and all assets, liabilities and items of income, deduction and credit of a QRS will be treated as assets, liabilities and items of these kinds of CIM Commercial, unless CIM Commercial makes an election to treat such corporation as a TRS. Thus, in applying the requirements described in this section, CIM Commercial's QRSs (if any) will be ignored, and all assets, liabilities and items of income, deduction and credit of these subsidiaries will be treated as assets, liabilities and items of these kinds of CIM Commercial. References to "disregarded entity subsidiaries" in this section include QRSs.

Investments in Partnerships. If a REIT is a partner in a partnership, Treasury regulations provide that the REIT will be deemed to own its proportionate share of the assets of the partnership and will be deemed to be entitled to the income of the partnership attributable to that proportionate share. In addition, the character of the assets and gross income of the partnership will retain the same character in the hands of the REIT for purposes of the rules of the Code defining REITs, including satisfying the gross income tests and the asset tests. Thus, CIM Commercial's proportionate share of the assets,

[Table of Contents](#)

liabilities and items of income of any partnership in which CIM Commercial is a partner will be treated as assets, liabilities and items of income of CIM Commercial for purposes of applying the requirements described in this section. Thus, actions taken by partnerships in which CIM Commercial owns an interest, either directly or through one or more tiers of partnerships or disregarded entity subsidiaries, can affect CIM Commercial's ability to satisfy the REIT income and asset tests and the determination of whether CIM Commercial has net income from prohibited transactions. See the fourth bullet point under the heading "Taxation of CIM Commercial as a REIT" above for a brief description of prohibited transactions.

Taxable REIT Subsidiaries. A taxable REIT subsidiary, which we refer to as TRS, is any corporation in which a REIT directly or indirectly owns stock, provided that the REIT and that corporation make a joint election to treat that corporation as a TRS. The election can be revoked at any time as long as the REIT and the TRS revoke such election jointly. In addition, if a TRS holds, directly or indirectly, more than 35% of the securities of any other corporation other than a REIT (by vote or by value), then that other corporation is also treated as a TRS. A corporation can be a TRS with respect to more than one REIT.

A TRS is subject to U.S. federal income tax at regular corporate rates (currently a maximum rate of 35%), and may also be subject to state and local taxation. Any dividends paid or deemed paid by any one of CIM Commercial's TRSs will also be taxable, either (1) to CIM Commercial to the extent the dividend is retained by CIM Commercial or (2) to CIM Commercial's shareholders to the extent the dividends received from the TRS are paid to CIM Commercial's shareholders. CIM Commercial may hold more than 10% of the stock of a TRS without jeopardizing its qualification as a REIT under the Code notwithstanding the rule described below under "Asset Tests" that generally precludes ownership of more than 10% of any issuer's securities. However, as noted below, in order for CIM Commercial to qualify as a REIT under the Code, the securities of all of the TRSs in which CIM Commercial has invested either directly or indirectly may not represent more than 20% of the total value of CIM Commercial's assets (25% with respect to CIM Commercial's taxable years ending after December 31, 2009 and on or before December 31, 2017). CIM Commercial believes that the aggregate value of all of its interests in TRSs has represented less than 20% (and expects that for its taxable years ending after December 31, 2009 and on or before December 31, 2017, has represented and will continue to represent less than 25%) of the total value of CIM Commercial's assets; however, CIM Commercial cannot assure that this will always be true. Other than certain activities related to operating or managing a lodging or health care facility, a TRS may generally engage in any business including the provision of customary or non-customary services to tenants of the parent REIT.

Income Tests. In order to maintain CIM Commercial's qualification as a REIT, CIM Commercial annually must satisfy two gross income requirements.

- First, CIM Commercial must derive at least 75% of its gross income, excluding gross income from prohibited transactions, for each taxable year directly or indirectly from investments relating to real property, mortgages on real property or investments in REIT equity securities, including "rents from real property," as defined in the Code, or from certain types of temporary investments. Rents from real property generally include expenses of CIM Commercial that are paid or reimbursed by tenants.
- Second, at least 95% of CIM Commercial's gross income, excluding gross income from prohibited transactions, for each taxable year must be derived from real property investments as described in the preceding bullet point, dividends, interest and gain from the sale or disposition of stock or securities, or from any combination of these types of sources.

Rents that CIM Commercial receives will qualify as rents from real property in satisfying the gross income requirements for a REIT described above only if the rents satisfy several conditions.

[Table of Contents](#)

- First, the amount of rent must not be based in whole or in part on the income or profits of any person. However, an amount received or accrued generally will not be excluded from rents from real property solely because the rent is based on a fixed percentage or percentages of receipts or sales.
- Second, the Code provides that rents received from a tenant will not qualify as rents from real property in satisfying the gross income tests if CIM Commercial, directly or under the applicable attribution rules, owns a 10% or greater interest in that tenant; except that rents received from a TRS under certain circumstances qualify as rents from real property even if CIM Commercial owns more than a 10% interest in the subsidiary. We refer to a tenant in which CIM Commercial owns a 10% or greater interest as a "related party tenant."
- Third, if rent attributable to personal property leased in connection with a lease of real property is greater than 15% of the total rent received under the lease, then the portion of rent attributable to the personal property will not qualify as rents from real property.
- Finally, for rents received to qualify as rents from real property, except as described below, CIM Commercial generally must not operate or manage the property or furnish or render services to the tenants of the property, other than through an independent contractor from whom CIM Commercial derives no revenue or through a TRS. However, CIM Commercial may directly perform certain services that landlords usually or customarily render when renting space for occupancy only or that are not considered rendered to the occupant of the property.

CIM Commercial does not and will not derive rental income attributable to personal property, other than personal property leased in connection with the lease of real property, the amount of which is less than 15% of the total rent received under the lease.

CIM Commercial directly performs services for some of its tenants. CIM Commercial does not believe that the provision of these services will cause its gross income attributable to these tenants to fail to be treated as rents from real property. If CIM Commercial were to provide services to a tenant of a property of CIM Commercial other than those services landlords usually or customarily provide to tenants of properties of a similar class in the same geographic market when renting space for occupancy only, amounts received or accrued by CIM Commercial for any of these services will not be treated as rents from real property for purposes of the REIT gross income tests. However, the amounts received or accrued for these services will not cause other amounts received with respect to the property to fail to be treated as rents from real property unless the amounts treated as received in respect of the service, together with amounts received for certain management services, exceed 1% of all amounts received or accrued by CIM Commercial during the taxable year with respect to the property. If the sum of the amounts received in respect of the services to tenants and management services described in the preceding sentence exceeds the 1% threshold, then all amounts received or accrued by CIM Commercial with respect to the property will not qualify as rents from real property, even if CIM Commercial provides the impermissible service to some, but not all, of the tenants of the property.

The term "interest" generally does not include any amount received or accrued, directly or indirectly, if the determination of that amount depends in whole or in part on the income or profits of any person. However, an amount received or accrued generally will not be excluded from the term interest solely because the amount of the interest is based on a fixed percentage or percentages of receipts or sales.

From time to time, CIM Commercial may enter into hedging transactions with respect to one or more of CIM Commercial's assets or liabilities. CIM Commercial's hedging activities may include entering into interest rate swaps, caps, and floors, options to purchase these items, and futures and forward contracts. Except to the extent provided by Treasury regulations, any income CIM Commercial

[Table of Contents](#)

derives from a hedging transaction that is clearly identified as such as specified in the Code, including gain from the sale or disposition of such a hedging transaction, will not constitute gross income for purposes of the 75% or 95% gross income tests, and therefore will be excluded for purposes of these tests, but only to the extent that the transaction hedges indebtedness incurred or to be incurred by us to acquire or carry real estate. Income from any hedging transaction is however, nonqualifying for purposes of the 75% gross income test with respect to transactions entered into on or prior to June 30, 2008. The term "hedging transaction," as used above, generally means any transaction CIM Commercial enters into in the normal course of its business primarily to manage risk of interest rate or price changes or currency fluctuations with respect to borrowings made or to be made, or ordinary obligations incurred or to be incurred, by CIM Commercial. For transactions entered into after July 30, 2008, the term "hedging transaction" also includes any transaction entered into primarily to manage the risk of currency fluctuations with respect to any item of income or gain that would be qualifying income under the 75% or 95% gross income test (or any property that generates such income or gain), including gain from the termination of such a transaction. The term "hedging transaction" also includes hedges of other hedging transactions described in this paragraph. CIM Commercial intends to structure any hedging transactions in a manner that does not jeopardize its status as a REIT.

As a general matter, certain foreign currency gains recognized after July 30, 2008 by CIM Commercial will be excluded from gross income for purposes of one or both of the gross income tests, as follows.

"Real estate foreign exchange gain" will be excluded from gross income for purposes of both the 75% and 95% gross income test. Real estate foreign exchange gain generally includes foreign currency gain attributable to any item of income or gain that is qualifying income for purposes of the 75% gross income test, foreign currency gain attributable to the acquisition or ownership of (or becoming or being the obligor under) obligations secured by mortgages on real property or on interests in real property and certain foreign currency gain attributable to certain qualified business units of a REIT.

"Passive foreign exchange gain" will be excluded from gross income for purposes of the 95% gross income test. Passive foreign exchange gain generally includes real estate foreign exchange gain as described above, and also includes foreign currency gain attributable to any item of income or gain that is qualifying income for purposes of the 95% gross income test and foreign currency gain attributable to the acquisition or ownership of (or becoming or being the obligor under) obligations that would not fall within the scope of the definition of real estate foreign exchange gain.

If CIM Commercial fails to satisfy one or both of the 75% or 95% gross income tests for any taxable year, CIM Commercial may nevertheless qualify as a REIT for that year if CIM Commercial satisfies the requirements of other provisions of the Code that allow relief from disqualification as a REIT. These relief provisions will generally be available if:

- CIM Commercial's failure to meet the income tests was due to reasonable cause and not due to willful neglect and
- CIM Commercial files a schedule of each item of income in excess of the limitations described above in accordance with regulations to be prescribed by the Internal Revenue Service.

CIM Commercial might not be entitled to the benefit of these relief provisions, however. Even if these relief provisions apply, CIM Commercial would have to pay a tax on the excess income. The tax will be a 100% tax on an amount equal to (a) the gross income attributable to the greater of (i) 75% of CIM Commercial's gross income over the amount of gross income that is qualifying income for purposes of the 75% test and (ii) 95% of CIM Commercial's gross income over the amount of gross income that is qualifying income for purposes of the 95% test, multiplied by (b) a fraction intended to reflect CIM Commercial's profitability.

[Table of Contents](#)

Asset Tests. CIM Commercial, at the close of each quarter of its taxable year, must also satisfy four tests relating to the nature of its assets.

- First, at least 75% of the value of CIM Commercial's total assets must be represented by real estate assets, including (a) real estate assets held by CIM Commercial's disregarded entity subsidiaries (if any), CIM Commercial's allocable share of real estate assets held by partnerships in which CIM Commercial owns an interest and stock issued by another REIT, (b) for a period of one year from the date of CIM Commercial's receipt of proceeds of an offering of the shares of CIM Commercial stock or publicly offered debt with a term of at least five years, stock or debt instruments purchased with these proceeds and (c) cash, cash items and government securities.
- Second, not more than 25% of CIM Commercial's total assets may be represented by securities other than those in the 75% asset class (except that not more than 25% of CIM Commercial's total assets may be represented by "nonqualified" debt instruments issued by publicly offered REITs).
- Third, not more than 20% of CIM Commercial's total assets may constitute securities issued by TRSs (25% with respect to CIM Commercial's taxable years ending after December 31, 2009 and on or before December 31, 2017) and of the investments included in the 25% asset class, the value of any one issuer's securities, other than equity securities issued by another REIT or securities issued by a TRS, owned by CIM Commercial may not exceed 5% of the value of CIM Commercial's total assets. In addition, not more than 25% of the value of CIM Commercial's total assets may consist of "nonqualified" publicly offered REIT debt, as defined in Section 856(c)(5)(L) of the Code.
- Fourth, CIM Commercial may not own more than 10% of the vote or value of the outstanding securities of any one issuer, except for issuers that are REITs, disregarded entity subsidiaries or TRSs, or certain securities that qualify under a safe harbor provision of the Code (such as so-called "straight-debt" securities). Solely for the purposes of the 10% value test described above, the determination of CIM Commercial's interest in the assets of any partnership or limited liability company in which CIM Commercial owns an interest will be based on CIM Commercial's proportionate interest in any securities issued by the partnership or limited liability company, excluding for this purpose certain securities described in the Code.

If the Internal Revenue Service successfully challenges the partnership status of any of the partnerships in which CIM Commercial maintains a more than 10% vote or value interest, and the partnership is reclassified as a corporation or a publicly traded partnership taxable as a corporation, CIM Commercial could lose its REIT status. In addition, in the case of such a successful challenge, CIM Commercial could lose its REIT status if such recharacterization results in CIM Commercial otherwise failing one of the asset tests described above.

Certain relief provisions may be available to CIM Commercial if it fails to satisfy the asset tests described above after a 30-day cure period. Under these provisions, CIM Commercial will be deemed to have met the 5% and 10% REIT asset tests if the value of CIM Commercial's nonqualifying assets (i) does not exceed the lesser of (a) 1% of the total value of CIM Commercial's assets at the end of the applicable quarter and (b) \$10,000,000, and (ii) CIM Commercial disposes of the nonqualifying assets within (a) six months after the last day of the quarter in which the failure to satisfy the asset tests is discovered or (b) the period of time prescribed by Treasury regulations to be issued. For violations due to reasonable cause and not willful neglect that are not described in the preceding sentence, CIM Commercial may avoid disqualification as a REIT under any of the asset tests, after the 30-day cure period, by taking steps including (i) the disposition of the nonqualifying assets to meet the asset test within (a) six months after the last day of the quarter in which the failure to satisfy the asset tests is discovered or (b) the period of time prescribed by Treasury regulations to be issued, (ii) paying

[Table of Contents](#)

a tax equal to the greater of (a) \$50,000 or (b) the highest corporate tax rate multiplied by the net income generated by the nonqualifying assets, and (iii) disclosing certain information to the Internal Revenue Service.

Annual Distribution Requirements. CIM Commercial, in order to qualify as a REIT, is required to distribute dividends, other than capital gain dividends, to CIM Commercial's shareholders in an amount at least equal to (1) the sum of (a) 90% of CIM Commercial's "REIT taxable income," computed without regard to the dividends paid deduction and CIM Commercial's net capital gain, and (b) 90% of CIM Commercial's net after-tax income, if any, from foreclosure property minus (2) the sum of certain items of non-cash income.

In addition, if CIM Commercial acquired an asset from a C corporation in a carryover basis transaction and disposes of such asset within five years of acquiring the asset, CIM Commercial may be required to distribute at least 90% of the after-tax built-in gain, if any, recognized on the disposition of the asset.

These distributions must be paid in the taxable year to which the distributions relate, or in the following taxable year if declared before CIM Commercial timely files its tax return for the year to which the distributions relate and if paid on or before the first regular dividend payment after the declaration. However, for U.S. federal income tax purposes, these distributions that are declared in October, November or December as of a record date in such month and actually paid in January of the following year will be treated as if the distributions were paid on December 31 of the year declared.

To the extent that CIM Commercial does not distribute all of its net capital gain or distributes at least 90%, but less than 100%, of CIM Commercial's REIT taxable income, as adjusted, CIM Commercial will have to pay tax on the undistributed amounts at regular ordinary and capital gain corporate tax rates. Furthermore, if CIM Commercial fails to distribute during each calendar year at least the sum of (a) 85% of CIM Commercial's ordinary income for that year, (b) 95% of CIM Commercial's capital gain net income for that year and (c) any undistributed taxable income from prior periods, CIM Commercial would have to pay a 4% excise tax on the excess of the required distribution over the sum of the amounts actually distributed and retained amounts on which income tax is paid at the corporate level.

CIM Commercial intends to satisfy the annual distribution requirements.

From time to time, CIM Commercial may not have sufficient cash or other liquid assets to meet the 90% distribution requirement due to timing differences between (a) when CIM Commercial actually receives income and when CIM Commercial actually pays deductible expenses and (b) when CIM Commercial includes the income and deducts the expenses in arriving at CIM Commercial's taxable income. If timing differences of this kind occur, in order to meet the 90% distribution requirement, CIM Commercial may find it necessary to arrange for short-term, or possibly long-term, borrowings or to pay dividends in the form of taxable stock dividends.

Under certain circumstances, CIM Commercial may be able to rectify a failure to meet the distribution requirement for a year by paying "deficiency dividends" to shareholders in a later year, which may be included in CIM Commercial's deduction for dividends paid for the earlier year. Thus, CIM Commercial may be able to avoid being taxed on amounts distributed as deficiency dividends; however, CIM Commercial will be required to pay interest based upon the amount of any deduction taken for deficiency dividends.

Failure to Qualify as a REIT

If CIM Commercial would otherwise fail to qualify as a REIT because of a violation of one of the requirements described above, CIM Commercial's qualification as a REIT will not be terminated if the violation is due to reasonable cause and not willful neglect and CIM Commercial pays a penalty tax of

[Table of Contents](#)

\$50,000 for the violation. The immediately preceding sentence does not apply to violations of the income tests described above or a violation of the asset tests described above, each of which have specific relief provisions that are described above.

If CIM Commercial fails to qualify for taxation as a REIT in any taxable year, and the relief provisions do not apply, CIM Commercial will have to pay tax, including any applicable alternative minimum tax, on CIM Commercial's taxable income at regular corporate rates. CIM Commercial will not be able to deduct distributions to shareholders in any year in which CIM Commercial fails to qualify, nor will CIM Commercial be required to make distributions to shareholders. In this event, to the extent of current and accumulated earnings and profits, all distributions to shareholders will be taxable to the shareholders as dividend income (which may be subject to tax at preferential rates) and corporate distributees may be eligible for the dividends-received deduction if such distributees satisfy the relevant provisions of the Code. Unless entitled to relief under specific statutory provisions, CIM Commercial will also be disqualified from taxation as a REIT for the four taxable years following the year during which qualification was lost. CIM Commercial might not be entitled to the statutory relief described above in all circumstances.

Excess Inclusion Income

If CIM Commercial holds a residual interest in a REMIC or certain interests in a TMP from which CIM Commercial derives "excess inclusion income," CIM Commercial may be required to allocate such income among its shareholders in proportion to the dividends received by CIM Commercial's shareholders, even though CIM Commercial may not receive such income in cash. To the extent that excess inclusion income is allocable to a particular shareholder, the income (1) would not be allowed to be offset by any net operating losses otherwise available to the shareholder, (2) would be subject to tax as unrelated business taxable income in the hands of most types of shareholders that are otherwise generally exempt from U.S. federal income tax, and (3) would result in the application of U.S. federal income tax withholding at the maximum rate (30%), without reduction pursuant to any otherwise applicable income tax treaty, to the extent allocable to most types of foreign shareholders.

Taxation of Holders of Common Stock, Series A Preferred Stock or Warrants***U.S. Shareholders***

Allocation of Purchase Price of Unit as Between Series A Preferred Stock and Warrant. For U.S. federal income tax purposes, the purchase of each Unit will be treated as the purchase of (i) a share of Series A Preferred Stock and (ii) a Warrant to purchase 0.25 of a share of Common Stock. The purchase price for the Unit must be allocated as between the Series A Preferred Stock and the Warrant in proportion to their relative fair market values on the date that the Unit is purchased. The allocation of the purchase price will establish your initial tax basis for U.S. federal income tax purposes in your Series A Preferred Stock and the Warrant. You should consult your own tax advisor regarding the allocation of the purchase price between the share of Series A Preferred Stock and the Warrant.

If the allocation of the purchase price between the Series A Preferred Stock and the Warrant results in an "issue price" for the Series A Preferred Stock that is lower than the price at which the Series A Preferred Stock may be redeemed under certain circumstances, this difference in price (the "redemption premium") would be treated as a constructive distribution of additional stock on Series A Preferred Stock under Section 305(c) of the Code, unless the redemption premium is less than a statutory de minimis amount. If shares of the Series A Preferred Stock may be redeemed at more than one time, the time and price at which redemption is most likely to occur must be determined based on all the facts and circumstances as of the issue date. Any such constructive distribution must be taken into account under principles of the Code similar to the principles governing the inclusion of accrued original issue discount. Under those principles, a U.S. shareholder is required to include the redemption premium in gross income as it accrues under a constant yield method.

[Table of Contents](#)

We intend to take a position, through an appropriate valuation methodology, on an allocation of the purchase price for the Units between the shares of Series A Preferred Stock and the Warrants that comprise the Units. If the allocation results in a value for the Warrant in excess of the statutory de minimis amount, we would report the premium in gross income of U.S. shareholders as it accrues under a constant yield method and include the amount on the annual dividend reporting form, Form 1099-DIV. However, our position on the allocation of the purchase price to the Warrants is not binding on the Internal Revenue Service. If the Internal Revenue Service were to take a different position regarding such allocation, U.S. shareholders would be required to include a different amount of redemption premium in gross income as it accrues under a constant yield method and may be required to treat any gain recognized on the disposition of the Series A Preferred Stock as ordinary income rather than as capital gain.

Dividends. As long as CIM Commercial qualifies as a REIT, distributions made by CIM Commercial out of its current or accumulated earnings and profits, and not designated as capital gain dividends, will constitute dividends taxable to CIM Commercial's taxable U.S. shareholders as ordinary income. Noncorporate U.S. shareholders will generally not be entitled to the preferential tax rate applicable to certain types of dividends except with respect to the portion of any distribution (a) that represents income from dividends CIM Commercial received from a corporation in which CIM Commercial owns shares (but only if such dividends would be eligible for the lower rate on dividends if paid by the corporation to its individual shareholders), (b) that is equal to the sum of CIM Commercial's REIT taxable income (taking into account the dividends paid deduction available to CIM Commercial) and certain net built-in gain with respect to property acquired from a C corporation in certain transactions in which CIM Commercial must adopt the basis of the asset in the hands of the C corporation for CIM Commercial's previous taxable year and less any taxes paid by CIM Commercial during its previous taxable year, or (c) that represents earnings and profits that were accumulated in a prior non-REIT taxable year, in each case, provided that certain holding period and other requirements are satisfied at both CIM Commercial and individual shareholder level. Noncorporate U.S. shareholders should consult their own tax advisors to determine the impact of tax rates on dividends received from CIM Commercial. Distributions made by CIM Commercial will not be eligible for the dividends received deduction in the case of U.S. shareholders that are corporations. Distributions made by CIM Commercial that CIM Commercial properly designates as capital gain dividends will be taxable to U.S. shareholders as gain from the sale of a capital asset held for more than one year, to the extent that such dividends do not exceed CIM Commercial's actual net capital gain for the taxable year, without regard to the period for which a U.S. shareholder has held the shares of CIM Commercial stock. Thus, with certain limitations, capital gain dividends received by an individual U.S. shareholder may be eligible for preferential rates of taxation. U.S. shareholders that are corporations may, however, be required to treat up to 20% of certain capital gain dividends as ordinary income.

To the extent that CIM Commercial makes distributions not designated as capital gain dividends in excess of CIM Commercial's current and accumulated earnings and profits, these distributions will be treated first as a tax-free return of capital to each U.S. shareholder. Thus, these distributions will reduce the adjusted basis that the U.S. shareholder has in the shares of CIM Commercial stock for tax purposes by the amount of the distribution, but not below zero. Distributions in excess of a U.S. shareholder's adjusted basis in the shares of CIM Commercial stock will be taxable as capital gains, provided that the shares of CIM Commercial stock have been held as a capital asset. For purposes of determining the portion of distributions on separate classes of shares of CIM Commercial stock that will be treated as dividends for U.S. federal income tax purposes, current and accumulated earnings and profits will be allocated to distributions resulting from priority rights of Series A Preferred Stock before being allocated to other distributions.

As described above, dividends authorized by CIM Commercial in October, November, or December of any year and payable to a shareholder of record on a specified date in any of these

[Table of Contents](#)

months will be treated as both paid by CIM Commercial and received by the shareholder on December 31 of that year, provided that CIM Commercial actually pays the dividend on or before January 31 of the following calendar year. Shareholders may not include in their own income tax returns any net operating losses or capital losses of CIM Commercial.

CIM Commercial may make distributions to holders of shares of CIM Commercial stock that are paid in shares of CIM Commercial stock. In certain circumstances, these distributions may be intended to be treated as dividends for U.S. federal income tax purposes and a U.S. shareholder would, therefore, generally have taxable income with respect to such distributions of shares of CIM Commercial stock and may have a tax liability on account of such distribution in excess of the cash (if any) that is received.

U.S. shareholders holding shares of CIM Commercial stock at the close of CIM Commercial's taxable year will be required to include, in computing the U.S. shareholders' long-term capital gains for the taxable year in which the last day of CIM Commercial's taxable year falls, the amount of CIM Commercial's undistributed net capital gain that CIM Commercial designates in a written notice mailed to its shareholders. CIM Commercial may not designate amounts in excess of CIM Commercial's undistributed net capital gain for the taxable year. Each U.S. shareholder required to include the designated amount in determining the shareholder's long-term capital gains will be deemed to have paid, in the taxable year of the inclusion, the tax paid by CIM Commercial in respect of the undistributed net capital gains. U.S. shareholders to whom these rules apply will be allowed a credit or a refund, as the case may be, for the tax such shareholders are deemed to have paid. U.S. shareholders will increase their basis in the shares of CIM Commercial stock by the difference between the amount of the includible gains and the tax deemed paid by the shareholders in respect of these gains.

Distributions made by CIM Commercial and gain arising from a U.S. shareholder's sale or exchange of shares of CIM Commercial stock will not be treated as passive activity income. As a result, U.S. shareholders generally will not be able to apply any passive losses against that income or gain.

Sale or Exchange of CIM Commercial Stock or Warrants. When a U.S. shareholder sells or otherwise disposes of CIM Commercial stock or Warrants, the shareholder will recognize gain or loss for U.S. federal income tax purposes in an amount equal to the difference between (a) the amount of cash and the fair market value of any property received on the sale or other disposition, and (b) the holder's adjusted basis in the shares or Warrants for tax purposes. This gain or loss will be capital gain or loss if the U.S. shareholder has held the shares as capital assets. The gain or loss will be long-term gain or loss if the U.S. shareholder has held the shares or Warrants for more than one year. Long-term capital gain of an individual U.S. shareholder is generally taxed at preferential rates. In general, any loss recognized by a U.S. shareholder when the shareholder sells or otherwise disposes of CIM Commercial stock that the shareholder has held for six months or less, after applying certain holding period rules, will be treated as a long-term capital loss, to the extent of distributions received by the shareholder from CIM Commercial that were required to be treated as long-term capital gains.

Redemption of Series A Preferred Stock. CIM Commercial's Series A Preferred Stock may be redeemable by CIM Commercial under certain circumstances as described under "Description of Capital Stock and Securities Offered—Securities Offered In This Offering—Series A Preferred Stock". Any redemption of Series A Preferred Stock for cash will be a taxable transaction for United States Federal income tax purposes. If a redemption for cash by a U.S. shareholder is treated as a sale or redemption of such Series A Preferred Stock for United States Federal income tax purposes, the holder will recognize capital gain or loss equal to the difference between the purchase price and the U.S. shareholder's adjusted tax basis in the Series A Preferred Stock redeemed by us. The gain or loss would be long-term capital gain or loss if the holding period for the Series A Preferred Stock exceeds one year. The deductibility of capital losses may be subject to limitations.

[Table of Contents](#)

The receipt of cash by a shareholder in redemption of Series A Preferred Stock will be treated as a sale or redemption for United States federal income tax purposes if the redemption:

- is "not essentially equivalent to a dividend" with respect to the holder under the Code;
- is a "substantially disproportionate" redemption with respect to the holder under the Code; or
- results in a "complete termination" of the holder's stock interest in CIM Commercial under the Code.

In determining whether any of these tests has been met, a holder must take into account not only Series A Preferred Stock or any other class of CIM Commercial stock it actually owns, but also any of CIM Commercial's stock regardless of class it constructively owns within the meaning of the Code (stock that is owned, directly or indirectly, by certain members of the holder's family and certain entities (such as corporations, partnerships, trusts and estates) in which the holder has an equity interest as well as stock that may be acquired through options that it owns (which include Warrants)).

A distribution to a shareholder will be treated as "not essentially equivalent to a dividend" if the distribution results in a "meaningful reduction" in the shareholder's stock interest (taking into account all shares owned, regardless of class or series) in CIM Commercial. Whether the receipt of cash by a shareholder will result in a meaningful reduction of the shareholder's proportionate interest will depend on the shareholder's particular facts and circumstances. If, however, as a result of a redemption of Series A Preferred Stock, a U.S. shareholder whose relative stock interest (actual or constructive) in CIM Commercial is minimal and who exercises no control over corporate affairs suffers a reduction in its proportionate interest in CIM Commercial (including any ownership of stock constructively owned), the holder generally should be regarded as having suffered a "meaningful reduction" in its interest in CIM Commercial.

Satisfaction of the "substantially disproportionate" and "complete termination" exceptions is dependent upon compliance with certain objective tests set forth in the Code. A distribution to a shareholder will be "substantially disproportionate" if the percentage of CIM Commercial's outstanding voting stock actually and constructively owned by the shareholder immediately following the redemption of Series A Preferred Stock (treating Series A Preferred Stock redeemed as not outstanding) is less than 80% of the percentage of CIM Commercial's outstanding voting stock actually and constructively owned by the shareholder immediately before the redemption (treating Series A Preferred Stock redeemed pursuant to the tender offer as not outstanding), and immediately following the redemption the shareholder actually and constructively owns less than 50% of the total combined voting power of CIM Commercial. Because CIM Commercial's Series A Preferred Stock is nonvoting stock, a holder would have to reduce such holder's holdings in any of CIM Commercial's classes of voting stock to satisfy this test.

A distribution to a shareholder will result in a "complete termination" if either (1) all of the Series A Preferred Stock and all other classes of CIM Commercial's stock actually and constructively owned by the shareholder are redeemed or (2) all of the Series A Preferred Stock and CIM Commercial's other classes of stock actually owned by the shareholder are redeemed or otherwise disposed of and the shareholder is eligible to waive, and effectively waives, the attribution of CIM Commercial's stock constructively owned by the shareholder in accordance with the procedures described in the Code.

Any redemption may not be a redemption of all of CIM Commercial's Series A Preferred Stock. If CIM Commercial were to redeem less than all of the Series A Preferred Stock, a shareholder's ability to meet any of the three tests described above might be impaired. In consulting with their tax advisors, shareholders should discuss the consequences of a partial redemption of CIM Commercial's Series A Preferred Stock on the amount of CIM Commercial's stock actually and constructively owned by such holder required to produce the desired tax treatment.

[Table of Contents](#)

If a U.S. shareholder's receipt of cash attributable to a redemption of CIM Commercial's Series A Preferred Stock for cash does not meet one of the tests described above, then the cash received by such holder in the tender offer will be treated as a dividend and taxed as described above.

If the Series A Preferred Stock is redeemed for shares of Common Stock, you would not recognize gain or loss (except in respect of any Common Stock received that is attributable to accrued but unpaid dividends, which would be taxed as a dividend as described under "Dividends") and your basis in the Common Stock received would be the same as your basis in the redeemed Series A Preferred Stock. Your holding period in the Common Stock received would include your holding period in the redeemed Series A Preferred Stock.

Exercise of the Warrants. Upon the exercise of a Warrant for cash, you will not recognize gain or loss, and the amount paid for the Warrant plus the amount paid at exercise will be added to your basis in the Common Stock received. Your holding period for the Common Stock purchased pursuant to exercise of a Warrant for cash will generally begin on the day following the exercise and will not include the period you held the Warrant.

The tax consequences of the cashless exercise of a warrant are not clear. Cashless exercise of the Warrants may be treated as a tax-free non-recognition event (except with respect to any cash received in lieu of a fractional share) for U.S. federal income tax purposes, either because (i) the Warrants are treated as options to acquire a variable number of shares of Common Stock on exercise with no exercise price or (ii) the exchange of Warrants for shares of our Common Stock is treated as a recapitalization. In either case, a U.S. shareholder's tax basis in the Common Stock received will equal the U.S. shareholder's adjusted tax basis in the Warrants, less any basis attributable to any fractional share. Your receipt of cash in lieu of a fractional share of Common Stock will generally be treated as if you received the fractional share and then received such cash in redemption of the share. If the characterization described in clause (i) above applies, the holding period of Common Stock received upon the exercise of a Warrant should commence on the day after the Warrant is exercised, or possibly on the date of exercise. Alternatively, if the exercise of Warrants is treated as a recapitalization, the holding period of Common Stock received upon the exercise of a Warrant will include the U.S. shareholder's holding period for the Warrant.

It is also possible that a cashless exercise of the Warrants could be treated as a taxable exchange in which gain or loss would be recognized. The amount of gain or loss recognized on such exchange and its character as short-term or long-term would depend on the characterization of that exchange. If a U.S. shareholder is treated as selling a portion of the Warrants or underlying shares of our Common Stock for cash that is used to pay the exercise price for the Warrants, the amount of gain or loss would be the difference between that exercise price and such U.S. shareholder's adjusted tax basis attributable to the Warrants or shares of our Common Stock deemed to have been sold. If the U.S. shareholder is treated as selling Warrants, such U.S. shareholder would have long-term capital gain or loss if it has held the Warrants for more than one year. If the U.S. shareholder is treated as selling underlying shares of our common stock, such U.S. shareholder would have short-term capital gain or loss. In either case, a U.S. shareholder of a Warrant would also recognize gain or loss in respect of the cash received in lieu of any fractional share of our Common Stock otherwise issuable upon exercise in an amount equal to the difference between the amount of cash received and the portion of such U.S. shareholder's tax basis attributable to such fractional share. The deductibility of capital losses is subject to limitations. If a U.S. shareholder is treated as selling a portion of the Warrants or underlying shares of our common stock for cash that is used to pay the exercise price for the Warrants, such U.S. shareholder would have a tax basis in the shares of our Common Stock received equal to the aggregate basis in the Warrants plus the amount of gain recognized on such deemed exchange, and a holding period beginning on the day after the date of the exchange, or possibly on the day of the exchange.

[Table of Contents](#)

Alternatively, if the U.S. shareholder is treated as exchanging, in a taxable exchange, the Warrants for shares of our Common Stock received on exercise, the amount of gain or loss would be the difference between (1) the fair market value of our Common Stock and cash in lieu of any fractional share received on exercise and (2) the holder's adjusted tax basis in the Warrants. In that case, the U.S. shareholder would have long-term capital gain or loss with respect to the exchange if it has held the Warrants for more than one year and such U.S. shareholder would have a tax basis in the shares of our Common Stock received equal to their fair market value and a holding period beginning on the day after the date of the exchange.

Due to the absence of authority on the U.S. federal income tax treatment of the exercise of Warrants through net share settlement, there can be no assurance as to which, if any, of the alternative tax consequences and holding periods described above will be adopted by the Internal Revenue Service or a court. Accordingly, U.S. shareholders should consult their tax advisors regarding the tax consequences of the exercise of the Warrants.

Expiration of the Warrants. If the Warrant is allowed to lapse unexercised, you would generally have a capital loss equal to your basis in the Warrant. Such loss will be a long-term capital loss provided you held the Warrant for more than one year at the time the Warrant is allowed to lapse.

Adjustments to the Warrants. Pursuant to the terms of the Warrants, the exercise price at which the Common Stock may be purchased and/or the number of shares of Common Stock that may be purchased on exercise is subject to adjustment from time to time upon the occurrence of certain events. To the extent an adjustment, or failure to adjust, the number of shares of our Common Stock underlying the Warrants and/or the exercise price of the Warrants results in an increase in the proportionate interest of a holder in our assets or our earnings and profits, such holder will be treated as having received a distribution of property. Any such distribution will be taxable in accordance with the rules described under "Dividends" above. In the event such a deemed distribution is taxable, a U.S. shareholder's basis in its Warrants will be increased by an amount equal to the taxable distribution.

Backup Withholding. CIM Commercial will report to its U.S. shareholders and the Internal Revenue Service the amount of dividends paid during each calendar year, and the amount of tax withheld, if any. Under the backup withholding rules, backup withholding may apply to a shareholder with respect to dividends paid unless the holder (a) is a corporation or comes within certain other exempt categories and, when required, demonstrates this fact or (b) provides a taxpayer identification number, certifies as to no loss of exemption from backup withholding, and otherwise complies with applicable requirements of the backup withholding rules. The Internal Revenue Service may also impose penalties on a U.S. shareholder that does not provide CIM Commercial with such shareholder's correct taxpayer identification number. A shareholder may credit any amount paid as backup withholding against the shareholder's income tax liability. In addition, CIM Commercial may be required to withhold a portion of capital gain distributions to any shareholders who fail to certify their non-foreign status to CIM Commercial.

Taxation of Tax-Exempt Shareholders. The Internal Revenue Service has ruled that amounts distributed as dividends by a REIT generally do not constitute unrelated business taxable income when received by a tax-exempt entity. Based on that ruling, provided that a tax-exempt shareholder is not one of the types of entities described below and has not held its shares as "debt financed property" within the meaning of the Code, and the shares are not otherwise used in a trade or business, the dividend income from shares will not be unrelated business taxable income to a tax-exempt shareholder. Similarly, income from the sale of shares will not constitute unrelated business taxable income unless the tax-exempt shareholder has held the shares as "debt financed property" within the meaning of the Code or has used the shares in a trade or business.

[Table of Contents](#)

Notwithstanding the above paragraph, tax-exempt shareholders will be required to treat as unrelated business taxable income any dividends paid by CIM Commercial that are allocable to CIM Commercial's "excess inclusion" income, if any.

Income from an investment in CIM Commercial stock or Warrants will constitute unrelated business taxable income for tax-exempt shareholders that are social clubs, voluntary employee benefit associations, supplemental unemployment benefit trusts, and qualified group legal services plans exempt from U.S. federal income taxation under the applicable subsections of Section 501(c) of the Code, unless the organization is able to properly deduct amounts set aside or placed in reserve for certain purposes so as to offset the income generated by the CIM Commercial stock or Warrants. Prospective investors of the types described in the preceding sentence should consult such investors' own tax advisors concerning these "set aside" and reserve requirements.

Notwithstanding the foregoing, however, a portion of the dividends paid by a "pension-held REIT" will be treated as unrelated business taxable income to any trust that:

- is described in certain provisions of the Code relating to qualified pension, profit-sharing and stock bonus plans;
- is described in certain provisions of the Code relating to tax-exempt organizations and
- holds more than 10% (by value) of the equity interests in a REIT.

Tax-exempt qualified pension, profit-sharing and stock bonus plans described in the first bullet point above are referred to below as "qualified trusts." A REIT is a "pension-held REIT" if:

- the REIT would not have qualified as a REIT but for the fact that the Code provides that stock owned by qualified trusts will be treated, for purposes of the "not closely held" requirement, as owned by the beneficiaries of the trust (rather than by the trust itself); and
- either (a) at least one qualified trust holds more than 25% by value of the outstanding capital stock of CIM Commercial or (b) one or more qualified trusts, each of which owns more than 10% by value of the outstanding capital stock of CIM Commercial, hold in the aggregate more than 50% by value of the outstanding capital stock of CIM Commercial.

The percentage of any REIT dividend treated as unrelated business taxable income to a qualifying trust is equal to the ratio of (a) the gross income of CIM Commercial from unrelated trades or businesses, determined as though CIM Commercial were a qualified trust, less direct expenses related to this gross income to (b) the total gross income of CIM Commercial, less direct expenses related to the total gross income. A de minimis exception applies where this percentage is less than 5% for any year. CIM Commercial does not expect to be classified as a "pension-held REIT."

The rules described above under the heading "U.S. Shareholders" concerning the inclusion of CIM Commercial's designated undistributed net capital gains in the income of CIM Commercial's shareholders will apply to tax-exempt entities. Thus, tax-exempt entities will be allowed a credit or refund of the tax deemed paid by these entities in respect of the includible gains.

Medicare Tax. A U.S. shareholder that is an individual or estate, or a trust that does not fall into a special class of trusts that is exempt from such tax, is subject to a 3.8% tax on the lesser of (1) the U.S. shareholder's "net investment income" (or "undistributed net investment income" in the case of an estate or trust) for the relevant taxable year and (2) the excess of the U.S. shareholder's modified adjusted gross income for the taxable year over a certain threshold (which in the case of individuals is between \$125,000 and \$250,000, depending on the individual's circumstances). A holder's net investment income generally includes the holder's dividend income and the holder's net gains from the disposition of CIM Commercial stock or Warrants, unless such dividends or net gains are derived in the ordinary course of the conduct of a trade or business (other than a trade or business that consists of certain passive or trading activities). If you are a U.S. shareholder that is an individual, estate or trust, you are urged to consult your tax advisors regarding the applicability of the Medicare tax to your income and gains in respect of your investment in CIM Commercial stock and Warrants.

[Table of Contents](#)***Non-U.S. Shareholders***

The rules governing U.S. federal income taxation of non-U.S. shareholders are highly technical and complex. The following discussion is only a limited summary of these rules. Prospective non-U.S. shareholders should consult with their own tax advisors to determine the impact of U.S. federal, state and local income tax laws with regard to an investment in CIM Commercial stock and Warrants, including any reporting requirements.

Ordinary Dividends. Distributions, other than distributions that are treated as attributable to gain from sales or exchanges by CIM Commercial of U.S. real property interests, as discussed below, and other than distributions designated by CIM Commercial as capital gain dividends, which are not treated as ordinary dividends if paid on a class of CIM Commercial stock that is regularly traded on an established securities market located in the United States and such stock is held by a non-U.S. shareholder who does not own more than 10% of such class of stock at any time during the one year period ending on the date of distribution (see "Capital Gain Dividends" below), will be treated as ordinary income to the extent that the distributions are made out of CIM Commercial's current or accumulated earnings and profits. A withholding tax equal to 30% of the gross amount of the distribution will ordinarily apply to distributions of this kind to non-U.S. shareholders, unless an applicable tax treaty reduces that tax. However, if income from the investment in CIM Commercial stock or Warrants is treated as effectively connected with the non-U.S. shareholder's conduct of a U.S. trade or business or is attributable to a permanent establishment that the non-U.S. shareholder maintains in the United States if that is required by an applicable income tax treaty as a condition for subjecting the non-U.S. shareholder to U.S. taxation on a net income basis, tax at graduated rates will generally apply to the non-U.S. shareholder in the same manner as U.S. shareholders are taxed with respect to dividends, and the 30% branch profits tax may also apply if the shareholder is a foreign corporation. CIM Commercial expects that it or the required withholding agent will withhold U.S. tax at the rate of 30% on the gross amount of any dividends, other than dividends treated as attributable to gain from sales or exchanges of U.S. real property interests and capital gain dividends, paid to a non-U.S. shareholder, unless (a) a lower treaty rate applies and the required form evidencing eligibility for that reduced rate is filed with CIM Commercial or the appropriate withholding agent or (b) the non-U.S. shareholder files an IRS Form W-8-ECI or a successor form with CIM Commercial or the appropriate withholding agent claiming that the distributions are effectively connected with the non-U.S. shareholder's conduct of a U.S. trade or business and in either case other applicable requirements were met.

If a non-U.S. shareholder receives an allocation of "excess inclusion income" with respect to a REMIC residual interest or an interest in a TMP owned by CIM Commercial, the non-U.S. shareholder will be subject to U.S. federal income tax withholding at the maximum rate of 30% with respect to such allocation, without reduction pursuant to any otherwise applicable income tax treaty.

Return of Capital. Distributions in excess of CIM Commercial's current and accumulated earnings and profits, which are not treated as attributable to the gain from CIM Commercial's disposition of a U.S. real property interest, will not be taxable to a non-U.S. shareholder to the extent that the distributions do not exceed the non-U.S. shareholder's adjusted basis in such shareholder's CIM Commercial stock. Distributions of this kind will instead reduce the adjusted basis of such shares. To the extent that distributions of this kind exceed the non-U.S. shareholder's adjusted basis in such shareholder's shares of CIM Commercial stock, the distributions will give rise to tax liability if the non-U.S. shareholder otherwise would have to pay tax on any gain from the sale or disposition of the shares, as described below. If it cannot be determined at the time a distribution is made whether the distribution will be in excess of current and accumulated earnings and profits, withholding will apply to the distribution at the rate applicable to dividends. However, the non-U.S. shareholder may seek a refund of these amounts from the IRS if it is subsequently determined that the distribution was, in fact, in excess of CIM Commercial's current and accumulated earnings and profits.

[Table of Contents](#)

Also, CIM Commercial (or applicable withholding agent) could potentially be required to withhold at least 15% of any distribution in excess of CIM Commercial's current and accumulated earnings and profits, even if the non-U.S. shareholder is not liable for U.S. tax on the receipt of that distribution. However, a non-U.S. shareholder may seek a refund of these amounts from the IRS if the non-U.S. shareholder's tax liability with respect to the distribution is less than the amount withheld. Such withholding should generally not be required if a non-U.S. shareholder would not be taxed under the Foreign Investment in Real Property Tax Act of 1980, as amended, which we refer to as FIRPTA, upon a sale or exchange of CIM Commercial stock. See discussion below under "Sales of CIM Commercial Stock and Warrants."

Capital Gain Dividends. Distributions that are attributable to gains from sales or exchanges by CIM Commercial of U.S. real property interests that are paid with respect to any class of CIM Commercial stock that is regularly traded on an established securities market located in the United States and held by a non-U.S. shareholder who does not own more than 10% of such class of stock at any time during the one year period ending on the date of distribution will be treated as a normal distribution by CIM Commercial, and such distributions will be taxed as described above in "Ordinary Dividends."

Distributions that are not described in the preceding paragraph that are attributable to gains from sales or exchanges by CIM Commercial of U.S. real property interests will be taxed to a non-U.S. shareholder under the provisions of FIRPTA. Under this statute, these distributions are taxed to a non-U.S. shareholder as if the gains were effectively connected with a U.S. business. Thus, non-U.S. shareholders will be taxed on the distributions at the normal capital gain rates applicable to U.S. shareholders, subject to any applicable alternative minimum tax and special alternative minimum tax in the case of individuals, and the 30% branch profits tax may also apply if the shareholder is a foreign corporation. CIM Commercial (or applicable withholding agent) is required by applicable Treasury regulations under this statute to withhold 35% of any distribution that CIM Commercial could designate as a capital gain dividend. However, if CIM Commercial designates as a capital gain dividend a distribution made before the day CIM Commercial actually effects the designation, then although the distribution may be taxable to a non-U.S. shareholder, withholding does not apply to the distribution under this statute. Rather, CIM Commercial must effect the 35% withholding from distributions made on and after the date of the designation, until the distributions so withheld equal the amount of the prior distribution designated as a capital gain dividend. The non-U.S. shareholder may credit the amount withheld against its U.S. tax liability.

Distributions to a non-U.S. shareholder that are designated by CIM Commercial at the time of distribution as capital gain dividends that are not attributable to or treated as attributable to the disposition by CIM Commercial of a U.S. real property interest generally will not be subject to U.S. federal income taxation, except as described above.

Share Distributions. CIM Commercial has not made, but in the future may make distributions to holders of shares of CIM Commercial stock that are paid in shares of CIM Commercial stock. In certain circumstances, these distributions may be intended to be treated as dividends for U.S. federal income tax purposes and, accordingly, would be treated in a manner consistent with the discussion above under "Ordinary Dividends" and "Capital Gains Dividends." If CIM Commercial (or applicable withholding agent) is required to withhold an amount in excess of any cash distributed along with the shares of CIM Commercial stock, some of the shares that would otherwise be distributed will be retained and sold in order to satisfy such withholding obligations.

Sales of CIM Commercial Stock and Warrants. Gain recognized by a non-U.S. shareholder upon a sale or exchange of CIM Commercial stock or Warrants generally will not be taxed under FIRPTA if CIM Commercial is a "domestically controlled REIT," defined generally as a real estate investment, less than 50% in value of the stock of which is and was held directly or indirectly by foreign persons at

[Table of Contents](#)

all times during a specified testing period (provided that, if any class of CIM Commercial's stock or Warrants is regularly traded on an established securities market in the United States, a person holding less than 10% of such class during the testing period is presumed not to be a foreign person, unless CIM Commercial has actual knowledge otherwise). CIM Commercial believes that it is a "domestically controlled REIT," and, therefore, assuming that CIM Commercial continues to be a "domestically controlled REIT," that taxation under this statute generally will not apply to the sale of CIM Commercial stock or Warrants. However, gain to which this statute does not apply will be taxable to a non-U.S. shareholder if investment in the CIM Commercial stock or Warrants is treated as effectively connected with the non-U.S. shareholder's U.S. trade or business or is attributable to a permanent establishment that the non-U.S. shareholder maintains in the United States if that is required by an applicable income tax treaty as a condition for subjecting the non-U.S. shareholder to U.S. taxation on a net income basis. In this case, the same treatment will apply to the non-U.S. shareholder as to U.S. shareholders with respect to the gain. In addition, gain to which FIRPTA does not apply will be taxable to a non-U.S. shareholder if the non-U.S. shareholder is a nonresident alien individual who was present in the United States for 183 days or more during the taxable year and has a "tax home" in the United States, or maintains an office or a fixed place of business in the United States to which the gain is attributable. In this case, a 30% tax will apply to the nonresident alien individual's capital gains. A similar rule will apply to capital gain dividends to which this statute does not apply.

If CIM Commercial does not qualify as a "domestically controlled REIT," the tax consequences to a non-U.S. shareholder of a sale of CIM Commercial stock or Warrants depends upon whether such stock or Warrants are regularly traded on an established securities market and the amount of such stock or Warrants that is held by the non-U.S. shareholder. Specifically, a non-U.S. shareholder that holds a class of CIM Commercial stock that is traded on an established securities market will only be subject to FIRPTA in respect of a sale of such stock if the shareholder owned more than 10% of the interests of such class at any time during a specified period. This period is generally the shorter of the period that the non-U.S. shareholder owned such shares or Warrants or the five-year period ending on the date when the shareholder disposed of the shares or Warrants. A non-U.S. shareholder that holds shares or warrants of a class of CIM Commercial stock or Warrants that is not traded on an established securities market will only be subject to FIRPTA in respect of a sale of such shares or warrants if on the date the shares or warrants were acquired by the shareholder such shares or warrants had a fair market value greater than the fair market value on that date of 5% of (i) in the case of shares, the regularly traded class of CIM Commercial's outstanding shares with the lowest fair market value and (ii) in the case of warrants, CIM Commercial Common Stock. If a non-U.S. shareholder holds a class of CIM Commercial stock or Warrants that is not regularly traded on an established securities market, and subsequently acquires additional shares or warrants of the same class, then all such shares or warrants must be aggregated and valued as of the date of the subsequent acquisition for purposes of the 5% test that is described in the preceding sentence. If tax under FIRPTA applies to the gain on the sale of CIM Commercial stock or Warrants, the same treatment would apply to the non-U.S. shareholder as to U.S. shareholders with respect to the gain, subject to any applicable alternative minimum tax and a special alternative minimum tax in the case of nonresident alien individuals.

Adjustments under the Warrants. Pursuant to the terms of the Warrants, the exercise price at which the Common Stock may be purchased and/or the number of shares of Common Stock that may be purchased on exercise is subject to adjustment from time to time upon the occurrence of certain events. To the extent an adjustment, or failure to adjust, the number of shares of our Common Stock underlying the Warrants and/or the exercise price of the Warrants results in an increase in the proportionate interest of a holder in our assets or our earnings and profits, such holder will be treated as having received a distribution of property. Any such distribution will be taxable in accordance with the rules described under "Ordinary Dividends" above. To the extent such a distribution is subject to U.S. federal withholding tax, the tax may be set off against shares of our Common Stock to be delivered upon exercise of the Warrants.

[Table of Contents](#)

Additionally, under Treasury Regulations recently proposed by the IRS and the Treasury Department, we or a withholding agent may satisfy this withholding tax from future distributions we or the withholding agent pay to you or from other property owned by you that we or the withholding agent have in our custody.

This withholding tax could also apply if the Series A Preferred Stock is issued with a redemption premium, as discussed above under "U.S. Shareholders—Allocation of Purchase Price of Unit as Between Series A Preferred Stock and Warrant." The amount of any redemption premium would be subject to withholding as described above under "Ordinary Dividends" as the redemption premium accrues, but, as described in the immediately preceding paragraph, we may satisfy the withholding tax from future distributions we would otherwise pay to you.

Backup Withholding and Information Reporting. If you are a non-U.S. shareholder, we and other payors are required to report payments of dividends on IRS Form 1042-S even if the payments are exempt from withholding. However, you are otherwise generally exempt from backup withholding and information reporting requirements with respect to:

- dividend payments and
- the payment of the proceeds from the sale of CIM Commercial stock or Warrants effected at a U.S. office of a broker,

as long as the income associated with these payments is otherwise exempt from U.S. federal income tax, and:

- the payor or broker does not have actual knowledge or reason to know that you are a U.S. person and you have furnished to the payor or broker:
 - a valid IRS Form W-8BEN or W-8BEN-E, as applicable, or an acceptable substitute form upon which you certify, under penalties of perjury, that you are a non-U.S. person, or
 - other documentation upon which the payor or broker may rely to treat the payments as made to a non-U.S. person in accordance with U.S. Treasury regulations or
- you otherwise establish an exemption.

Payment of the proceeds from the sale of CIM Commercial stock or Warrants effected at a foreign office of a broker generally will not be subject to information reporting or backup withholding. However, a sale of such shares that is effected at a foreign office of a broker will be subject to information reporting and backup withholding if:

- the proceeds are transferred to an account maintained by you in the United States,
- the payment of proceeds or the confirmation of the sale is mailed to you at a United States address, or
- the sale has some other specified connection with the United States as provided in U.S. Treasury regulations,

unless the broker does not have actual knowledge or reason to know that you are a U.S. person and the documentation requirements described above are met or you otherwise establish an exemption.

In addition, a sale of CIM Commercial stock or Warrants will be subject to information reporting if it is effected at a foreign office of a broker that is:

- a U.S. person,
- a controlled foreign corporation for U.S. federal tax purposes,

[Table of Contents](#)

- a foreign person 50% or more of whose gross income is effectively connected with the conduct of a U.S. trade or business for a specified three-year period, or
- a foreign partnership, if at any time during its tax year:
 - one or more of such foreign partnership's partners are "U.S. persons," as defined in U.S. Treasury regulations, who in the aggregate hold more than 50% of the income or capital interest in the partnership or
 - such foreign partnership is engaged in the conduct of a U.S. trade or business,

unless the broker does not have actual knowledge or reason to know that you are a United States person and the documentation requirements described above are met or you otherwise establish an exemption. Backup withholding will apply if the sale is subject to information reporting and the broker has actual knowledge that you are a U.S. person.

You generally may obtain a refund of any amounts withheld under the backup withholding rules that exceed your income tax liability by filing a refund claim with the IRS.

FATCA Withholding

Pursuant to Sections 1471 through 1474 of the Code, commonly known as the Foreign Account Tax Compliance Act, which we refer to as FATCA, a 30% withholding tax, which we refer to as FATCA Withholding, may be imposed on certain payments to you or to certain foreign financial institutions, investment funds and other non-U.S. persons receiving payments on your behalf if you or such persons fail to comply with certain information reporting requirements. Such payments will include U.S.-source dividends and the gross proceeds from the sale or other disposition of stock that can produce U.S.-source dividends. Payments of dividends (including deemed dividends) that you receive in respect of CIM Commercial stock or Warrants could be affected by this withholding if you are subject to the FATCA information reporting requirements and fail to comply with them or if you hold CIM Commercial stock or Warrants through a non-U.S. person (e.g., a foreign bank or broker) that fails to comply with these requirements (even if payments to you would not otherwise have been subject to FATCA Withholding). However, FATCA Withholding will not apply to payments of gross proceeds from a sale or other disposition of CIM Commercial stock or Warrants before January 1, 2019. You should consult your own tax advisors regarding the relevant U.S. law and other official guidance on FATCA Withholding.

Federal Estate Taxes

CIM Commercial stock or Warrants held by a non-U.S. shareholder at the time of death will be included in the shareholder's gross estate for U.S. Federal estate tax purposes, unless an applicable estate tax treaty provides otherwise.

Other Tax Consequences

State or local taxation may apply to CIM Commercial and its shareholders in various state or local jurisdictions, including those in which CIM Commercial or its shareholders transact business or reside. The state and local tax treatment of CIM Commercial and its shareholders may not conform to the U.S. Federal income tax consequences discussed above. Consequently, prospective shareholders should consult their own tax advisors regarding the effect of state and local tax laws on an investment in CIM Commercial.

[Table of Contents](#)

PLAN OF DISTRIBUTION

General

We are offering a minimum of 400,000 shares and a maximum of 36,000,000 shares of our Series A Preferred Stock and Warrants to purchase up to a minimum of 100,000 shares and a maximum of 9,000,000 shares of our Common Stock in this offering through IAA, our dealer manager, on a "reasonable best efforts" basis, which means that the dealer manager is only required to use its good faith efforts and reasonable diligence to sell the Series A Preferred Stock and Warrants and has no firm commitment or obligation to purchase any specific number or dollar amount of the Series A Preferred Stock or Warrants. The Series A Preferred Stock and Warrants will be sold in Units, with each Unit consisting of (i) one share of Series A Preferred Stock with an initial stated value of \$25 per share, and (ii) one Warrant to purchase 0.25 of a share of common stock. The Warrants are exercisable by the holder at an exercise price that is set at a 15% premium to Applicable NAV. Each Unit will be sold at a public offering price of \$25 per Unit. Units will not be issued or certificated. The shares of Series A Preferred Stock and Warrants are immediately detachable and will be issued separately.

Until we reach the minimum offering of at least 400,000 Units, IAA, as the dealer manager, has agreed in accordance with the provisions of SEC Rule 15c2-4 to cause all funds received by IAA or soliciting dealers for the sale of the Units to be promptly deposited in an escrow account maintained by UMB Bank, N.A., which we refer to as the Escrow Agent, for the benefit of the investors in the offering. The Escrow Agent will exercise signature control on the escrow account and will act based on joint instructions from us and IAA. On the closing date for the minimum offering, the net proceeds in the escrow account maintained by the Escrow Agent will be delivered to us. If we do not complete this offering before the offering termination date, all amounts will be promptly returned as described below. In the event of any dispute between us and IAA as the dealer manager, including about whether the minimum offering has been sold and whether and how funds are to be reimbursed, the Escrow Agent is entitled to petition a court of competent jurisdiction to resolve any such dispute.

This offering is scheduled to terminate by June 28, 2018. Under rules promulgated by the SEC, in some circumstances we could continue this offering until as late as June 28, 2019, in our sole discretion. If we decide to continue this offering beyond June 28, 2018, we will supplement this prospectus accordingly. We may terminate this offering at any time.

We will sell Units using DTC Settlement or, under special circumstances, through DRS Settlement. Investors purchasing Units through DTC Settlement will coordinate with their registered representatives to pay the full purchase price for their Units. Notwithstanding the settlement procedures we use, all investors' funds will be forwarded to the escrow account and not released until we reach the minimum offering amount of at least 400,000 Units. When utilizing the DTC Settlement procedure, IAA and soliciting dealers will electronically transmit investors' funds directly to the escrow account, which will not be released until we reach the minimum offering of at least 400,000 Units. Investors who are permitted to utilize the DRS Settlement method will complete and sign subscription agreements, which will be delivered to the Escrow Agent or its designee. In addition, until we reach the minimum amount, investors will pay the full purchase price for their Units to the escrow agent (as set forth in the subscription agreement), to be held in the escrow account for the investors' benefit pending release to us as described herein. See "Settlement Procedures" for a description of the settlement procedures with respect to each of these settlement methods.

Compensation of Dealer Manager and Participating Broker-Dealers

We will pay to IAA selling commissions of up to 5% of the gross offering proceeds from this offering. We will also pay to IAA up to 2.75% of the gross offering proceeds from this offering as compensation for acting as dealer manager. As dealer manager, IAA will manage, direct and supervise its associated persons who will be wholesalers in connection with the offering. The combined selling

[Table of Contents](#)

commission, dealer manager fee and properly documented expenses associated with the offer, sale or distribution of the Units, which are paid by or reimbursed by the Company and are deemed components of underwriting compensation under this offering will not exceed 10% of the offering proceeds. We will not pay referral or similar fees to any accountants, attorneys or other persons in connection with the distribution of the Units.

In the event any of our directors and officers, both current and retired, and their family members, as well as affiliates of our Advisor, Manager and their directors, officers and employees, both current and retired, and their family members, entities owned substantially by such individuals, affiliated entities, and, if approved by our management, joint venture partners, consultants, service providers and business associates and family members thereof purchase Units in this offering, there will be no selling commissions paid by us in connection with any such sales. There will also be a discounted dealer manager fee of 1%. For purposes of this discount, we consider a family member to be a spouse, parent, child, sibling, cousin, mother- or father-in-law, son- or daughter-in-law or brother- or sister-in-law. We will receive increased net offering proceeds from such sales to such persons. Such persons will be expected to hold their Units purchased as stockholders for investment and not with a view towards distribution.

We expect IAA to authorize other broker-dealers that are members of FINRA, which we refer to as participating broker-dealers, to sell our Units. IAA may reallocate all or a portion of its selling commissions attributable to a participating broker-dealer. IAA may also reallocate a portion of its dealer manager fee earned on the proceeds raised by a participating broker-dealer, to such participating broker-dealer as a non-accountable marketing allowance. The amount of the reallocation to any participating broker-dealer will be determined by the dealer manager in its sole discretion.

We may also sell Units at a discount to the primary offering price of \$25.00 per share through the following distribution channels in the event that the investor:

- purchases Units through fee-based programs, also known as wrap accounts;
- purchases Units through participating broker dealers that have alternative fee arrangements with their clients;
- purchases Units through certain registered investment advisors;
- purchases Units through bank trust departments or any other organization or person authorized to act in a fiduciary capacity for its clients or customers; or
- is an endowment, foundation, pension fund or other institutional investor.

If an investor purchases Units through one of these distribution channels in the offering, we will sell the Units at a 5.0% discount, or at \$23.75 per Unit, reflecting that selling commissions are not being paid in connection with such purchases. The net proceeds to us will not be affected by any such reduction in selling commissions.

[Table of Contents](#)**Dealer Manager and Participating Broker-Dealer Compensation**

The table below sets forth the nature and estimated amount of all items viewed as "underwriting compensation" by FINRA, assuming we sell all the Units offered hereby.

Selling commissions (maximum)(1)	\$ 45,000,000
Dealer manager fee (maximum)(1)	24,750,000
Total	<u>\$ 69,750,000</u>

- (1) For purposes of this table, we have assumed no reduced or waived commissions or fees as discussed elsewhere in this "Plan of Distribution" section.

We will reimburse IAA or its designee for its bona fide due diligence expenses that are supported by a detailed and itemized invoice. We will also reimburse IAA for reimbursements it may make to selected dealers and RIAs for bona fide and documented due diligence expenses that have actually been incurred and are supported by detailed and itemized invoice(s), to the extent approved in advance by the Company. Also, to the extent approved in advance by the Company, we will reimburse IAA for bona fide and documented expenses associated with the offer, sale or distribution of the Units subject to FINRA rules in respect of underwriter compensation. The total of the selling commissions, dealer management fee, and bona fide and properly documented expenses associated with the offer, sale or distribution of the Units, which are paid by or reimbursed by the Company and are deemed components of underwriter compensation will not exceed 10% of the offering proceeds pursuant to FINRA Rule 2310(b)(4)(ii).

We or our affiliates also may provide permissible forms of non-cash compensation to registered representatives of our dealer manager and the participating broker-dealers. The value of such items will be considered underwriting compensation in connection with this offering. The combined selling commissions and dealer manager fee and such non-cash compensation under this offering will not exceed 10% of the offering proceeds. The dealer manager's legal expenses will be paid by the dealer manager from the dealer manager fee, except the Company will pay for expenses related to the FINRA filing and other expenses pre-approved by the Company.

To the extent permitted by law and our charter, we will indemnify the participating broker-dealers and IAA against certain civil liabilities, including certain liabilities arising under the Securities Act. However, the SEC takes the position that indemnification against liabilities arising under the Securities Act is against public policy and is not enforceable.

We will be responsible for the expenses of issuance and distribution of the Units in this offering, including registration fees, printing expenses and the Company's legal and accounting fees, which we estimate will total approximately \$3.8 million (excluding selling commissions and dealer manager fees).

The obligations of the dealer manager may be terminated in the event of a material adverse change in economic, political or financial conditions or upon the occurrence of certain other conditions specified in the dealer manager agreement between the Company and the Dealer Manager.

Settlement Procedures

If your broker-dealer uses DTC Settlement, then you can place an order for the purchase of Units through your broker-dealer. A broker-dealer using this service will have an account with DTC in which your funds are placed. Orders will be executed by your broker-dealer electronically and you must coordinate with your registered representative to pay the full purchase price of the Units and have such proceeds transmitted to the escrow account prior to us closing at the minimum offering of at least 400,000 Units. Thereafter, we anticipate monthly closing cycles and you should coordinate with your

[Table of Contents](#)

registered representative to pay the full purchase price for your Units by the future monthly settlement dates.

If the Company allows the alternative of DRS Settlement, you will have the option to elect to use DRS Settlement. If you elect to use DRS Settlement and the Company is accepting DRS subscriptions, you should complete and sign a subscription agreement similar to the one filed as an exhibit to the registration statement of which this prospectus is a part, which is available from your registered representative and which will be delivered to the escrow agent or its designee. In connection with a DRS Settlement subscription, until we reach the minimum amount, you should pay the full purchase price of the Units to the escrow agent as set forth in the subscription agreement. Subscribers may not withdraw funds from the escrow account or custodial account, as the case may be. Subscriptions will be effective upon our acceptance, and we reserve the right to reject any subscription in whole or in part.

After reaching the minimum offering amount of 400,000 Units, other methods of settlement, at the Company's sole discretion, may be available depending on your broker-dealer.

Irrespective of whether you purchase Units using DTC Settlement or DRS Settlement, by accepting Units you will be deemed to have accepted the terms of our charter.

Subject to compliance with Rule 15c2-4 of the Exchange Act, until we reach the minimum amount, our dealer manager or the broker-dealers participating in this offering promptly will deposit any checks received from subscribers in an escrow account maintained by UMB Bank, N.A., as Escrow Agent, by the end of the next business day following receipt of the subscriber's subscription documents and check. In certain circumstances where the subscription review procedures are more lengthy than customary or pursuant to a participating broker-dealer's internal supervising review procedures, a subscriber's check will be transmitted by the end of the next business day following receipt by the review office of the dealer, which will then be promptly deposited by the end of the next business day following receipt by the review office. Any subscription payments received by the Escrow Agent will be deposited into an interest bearing account in our name until such time as we have accepted or rejected the subscription and will be held in trust for your benefit, pending our acceptance of your subscription and reaching the minimum amount. Subscriptions will be accepted or rejected within 10 business days of receipt by us and, if rejected, all funds shall be returned to the rejected subscribers within 10 business days. If accepted, once we reach the minimum amount, the funds will be transferred into our general account on our next closing date. You will receive a confirmation of your purchase subsequent to a closing. We generally will admit stockholders on a monthly basis after closing of the minimum offering.

Suitability

Each participating dealer who sells Units on our behalf has the responsibility to make every reasonable effort to determine that the purchase of our Units is appropriate for the investor. In making this determination, the participating broker-dealer will rely on relevant information provided by the investor, including information as to the investor's age, investment objectives, investment experience, income, net worth, financial situation, other investments and other pertinent information, including that purchase of our Units is only suitable as a long-term investment for persons of adequate financial means with no need for immediate liquidity. Each investor should be aware that the participating broker-dealer will be responsible for determining whether this investment is appropriate for your portfolio.

However, you are required to represent and warrant in the subscription agreement or, if placing an order through your registered representative not through a subscription agreement in connection with a DTC Settlement, to the registered representative, that you have received a copy of this prospectus and have had sufficient time to review this prospectus. IAA and each participating broker-dealer shall maintain records of the information used to determine that an investment in the Units is suitable and

[Table of Contents](#)

appropriate for an investor. These records are required to be maintained for a period of at least six years.

Minimum Offering

All subscription proceeds will be placed in the escrow account pending our release. We initially will release subscription proceeds from escrow at such time as subscriptions aggregating at least the minimum offering of 400,000 Units have been transmitted to the escrow account and accepted by us. All offering proceeds from either the DTC Settlement or DRS Settlement procedures will be transmitted to the escrow account prior to achieving the minimum offering of 400,000 Units. Any Units purchased by our Advisor, our Manager, our directors or officers and other affiliated persons and entities will be counted in calculating the minimum offering. Subscribers may not withdraw funds from the escrow account.

If subscriptions for at least the minimum offering have not been received and accepted by June 28, 2018, our escrow agent will promptly so notify us, this offering will be terminated and your funds and subscription agreement will be promptly returned to you after the date of such termination. You will not receive interest on your subscription payment unless we fail to sell the minimum number of Units or reject your subscription, in which case, we will return your subscription payment to you with any interest that may have been earned on your subscription payment during escrow.

LEGAL MATTERS

The validity of the shares of Series A Preferred Stock and the issuance of the Warrants offered by this prospectus and certain other matters of Maryland law will be passed upon for us by Venable LLP. The description of the federal income tax consequences contained in the section of this prospectus captioned "Material U.S. Federal Income Tax Consequences" will be passed upon for us by Sullivan & Cromwell LLP.

EXPERTS

Our consolidated financial statements and schedules as of and for the years ended December 31, 2015 and 2014 and management's assessment of the effectiveness of internal control over financial reporting as of December 31, 2015 have been incorporated by reference in this prospectus in reliance upon the reports of BDO USA, LLP, registered independent public accountants, incorporated by reference herein and upon the authority of said firm as experts in accounting and auditing.

The consolidated financial statements of CIM Urban for the year ended December 31, 2013, and the 2013 financial information included in schedule III, incorporated by reference in this prospectus, have been audited by Deloitte & Touche LLP, an independent registered public accounting firm, as stated in their report incorporated by reference herein (which report expresses an unqualified opinion and includes an explanatory paragraph regarding the merger of CIM Urban with CIM Commercial (formerly PMC Commercial Trust)). Such consolidated financial statements and financial statement schedule have been so incorporated by reference in reliance upon the report of such firm given upon their authority as experts in accounting and auditing.

SUPPLEMENTAL SALES MATERIAL

In addition to this prospectus, we may utilize certain sales material in connection with the offering of the Units, although only when accompanied by or preceded by the delivery of this prospectus. The sales materials may include information relating to this offering and the past performance of our Advisor, Manager and their affiliates. In certain jurisdictions, some or all of our sales material may not be permitted and will not be used in those jurisdictions.

[Table of Contents](#)

The offering of Units is made only by means of this prospectus. The supplemental materials do not purport to be complete, and should not be considered a part of this prospectus or the registration statement of which this prospectus is a part, or as incorporated in this prospectus or said registration statement by reference, or as forming the basis of this offering.

WHERE YOU CAN FIND MORE INFORMATION

We are subject to the informational requirements of the Exchange Act and file with the SEC proxy statements, Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q and Current Reports on Form 8-K, as required of a U.S. listed company. You may read and copy any document we file at the SEC's public reference room at 100 F Street, NE, Room 1580, Washington, D.C. 20549. Please call the SEC at 1-888-SEC-0330 for further information on the public reference rooms. Our SEC filings are also available to the public from the SEC's web site at www.sec.gov or our website at www.cimcommercial.com. Written requests for copies of the documents we file with the SEC should be directed to: CIM Commercial, Attn: Investor Relations 17950 Preston Road, Suite 600, Dallas, Texas 75252.

[Table of Contents](#)

July 1, 2016

CIM COMMERCIAL TRUST CORPORATION

Minimum of 400,000 Units consisting of 400,000 Series A Preferred Stock and Warrants to Purchase 100,000 Shares of Common Stock

Maximum of 36,000,000 Units consisting of 36,000,000 Series A Preferred Stock and Warrants to Purchase 9,000,000 Shares of Common Stock

(Liquidation Preference \$25 per share of Series A Preferred Stock (subject to adjustment))

PROSPECTUS

INTERNATIONAL ASSETS ADVISORY, LLC

as Dealer Manager

You should only rely on the information contained in this prospectus. We have not authorized anyone to provide you with information different from that contained in this prospectus. You must not rely on unauthorized information. We are not, and the dealer manager and dealers are not, making an offer to sell securities in any jurisdiction in which the offer or sale is not permitted. Neither the delivery of this prospectus nor any sales made hereunder after the date of this prospectus shall create an implication that the information contained herein or the affairs of the Company have not changed since the date of this prospectus.

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

Notice of Effectiveness

Effectiveness Date: April 14, 2017
Accession Number: 0001047469-17-002508
Submission Type: POS AM

CIK: [0000908311](#)
Company Name: CIM Commercial Trust Corp
File Number: [333-210880](#)

8-K 1 a17-12810_18k.htm 8-K

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

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934

Date of report (Date of earliest event reported): **May 4, 2017**

Commission File Number 1-13610

CIM COMMERCIAL TRUST CORPORATION

(Exact name of registrant as specified in its charter)

Maryland
(State or other jurisdiction
of incorporation or organization)

75-6446078
(I.R.S. Employer
Identification No.)

17950 Preston Road, Suite 600, Dallas, TX 75252
(Address of principal executive offices)

(972) 349-3200
(Registrant's telephone number)

Former name, former address and former fiscal year, if changed since last report

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- ☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- ☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- ☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- ☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in as defined in Rule 405 of the Securities Act of 1933 (§ 230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§ 240.12b-2 of this chapter).

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. ☐

Item 5.07 Submission of Matters of a Vote of Security Holders

The Annual Meeting of Stockholders was held on May 4, 2017. A total of 83,841,144 shares were voted in person or by proxy, representing 99.75% of the shares entitled to be voted. The following are the final voting results on proposals considered and voted upon at the Annual Meeting, all of which are described in the Proxy Statement.

1. Election of Directors.

	<u>For</u>	<u>Withheld</u>	<u>Broker Non-Votes</u>
Douglas Bech	82,919,998	153,286	767,860
Robert Cresci	82,839,907	233,377	767,860
Kelly Eppich	82,794,576	278,708	767,860
Frank Golay, Jr.	82,920,384	152,900	767,860
Shaul Kuba	82,794,741	278,543	767,860
Richard Ressler	82,794,741	278,543	767,860
Avraham Shemesh	82,794,562	278,722	767,860

The directors will continue to serve as directors until such time as their successors are duly elected and qualified.

2. Ratification of the selection of BDO USA, LLC as the Company's independent registered public accounting firm for the fiscal year ending December 31, 2017.

For	83,808,738
Against	30,245
Abstentions	2,161
Broker Non-Votes	0

The foregoing proposal was approved.

3. Approval of executive compensation by a non-binding advisory vote.

For	82,639,622
Against	393,925
Abstentions	39,737
Broker Non-Votes	767,860

The foregoing proposal was approved.

4. Approval of frequency of the vote on executive compensation by a non-binding advisory vote.

Every 1-Year	83,013,345
Every 2-Years	7,507
Every 3-Years	16,671
Abstain	35,761
Broker Non-Votes	767,860

The 1-Year option was approved.

SIGNATURE

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.

Date: May 9, 2017

CIM COMMERCIAL TRUST CORPORATION

By: /s/ David Thompson

David Thompson, Chief Financial Officer

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 March 31, 2017

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 1-13610

CIM COMMERCIAL TRUST CORPORATION

(Exact name of registrant as specified in its charter)

Maryland

(State or other jurisdiction of
incorporation or organization)

17950 Preston Road, Suite 600, Dallas, TX 75252

(Address of principal executive offices)

75-6446078

(I.R.S. Employer
Identification No.)

(972) 349-3200

(Registrant's telephone number)

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 and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (Section 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the Registrant was required to submit and post such files). YES ☒ NO ☐

Indicate by check mark whether the Registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, 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 ☐

(Do not check if a
smaller reporting 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 ☒

As of May 5, 2017, the Registrant had outstanding 84,048,081 shares of common stock, par value \$0.001 per share.

[Table of Contents](#)

CIM COMMERCIAL TRUST CORPORATION AND SUBSIDIARIES

INDEX

	<u>PAGE NO.</u>
PART I. <i>Financial Information</i>	
Item 1. Financial Statements	
Consolidated Balance Sheets—March 31, 2017 and December 31, 2016 (Unaudited)	2
Consolidated Statements of Operations—Three Months Ended March 31, 2017 and 2016 (Unaudited)	3
Consolidated Statements of Comprehensive Income—Three Months Ended March 31, 2017 and 2016 (Unaudited)	4
Consolidated Statements of Equity—Three Months Ended March 31, 2017 and 2016 (Unaudited)	5
Consolidated Statements of Cash Flows—Three Months Ended March 31, 2017 and 2016 (Unaudited)	6
Notes to Consolidated Financial Statements (Unaudited)	8
Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations	34
Item 3. Quantitative and Qualitative Disclosures About Market Risk	44
Item 4. Controls and Procedures	44
 PART II. <i>Other Information</i>	
Item 1. Legal Proceedings	45
Item 1A. Risk Factors	45
Item 2. Unregistered Sales of Equity Securities and Use of Proceeds	45
Item 3. Defaults Upon Senior Securities	45
Item 4. Mine Safety Disclosures	45
Item 5. Other Information	45
Item 6. Exhibits	46

[Table of Contents](#)

PART I
Financial Information

Item 1.
Financial Statements

[Table of Contents](#)

CIM COMMERCIAL TRUST CORPORATION AND SUBSIDIARIES
Consolidated Balance Sheets
(In thousands, except share and per share data)

	March 31, 2017	December 31, 2016
	(Unaudited)	
ASSETS		
Investments in real estate, net	\$ 1,505,492	\$ 1,606,942
Cash and cash equivalents	404,346	144,449
Restricted cash	27,775	32,160
Accounts receivable, net	12,828	13,086
Deferred rent receivable and charges, net	106,744	116,354
Other intangible assets, net	17,199	17,623
Other assets	91,446	92,270
TOTAL ASSETS	<u>\$ 2,165,830</u>	<u>\$ 2,022,884</u>
LIABILITIES, REDEEMABLE PREFERRED STOCK AND EQUITY		
LIABILITIES:		
Debt, net	\$ 939,334	\$ 967,886
Accounts payable and accrued expenses	33,103	39,155
Intangible liabilities, net	1,426	3,576
Due to related parties	10,097	10,196
Other liabilities	34,837	34,056
Total liabilities	<u>1,018,797</u>	<u>1,054,869</u>
COMMITMENTS AND CONTINGENCIES (Note 16)		
REDEEMABLE PREFERRED STOCK: Series A, \$0.001 par value; 36,000,000 shares authorized; 144,698 and 61,435 shares issued and outstanding at March 31, 2017 and December 31, 2016, respectively; liquidation preference of \$25.00 per share		
	3,321	1,426
EQUITY:		
Common stock, \$0.001 par value; 900,000,000 shares authorized; 84,048,081 shares issued and outstanding	84	84
Additional paid-in capital	1,566,126	1,566,073
Accumulated other comprehensive income (loss)	1,043	(509)
Distributions in excess of earnings	(424,458)	(599,971)
Total stockholders' equity	<u>1,142,795</u>	<u>965,677</u>
Noncontrolling interests	917	912
Total equity	<u>1,143,712</u>	<u>966,589</u>
TOTAL LIABILITIES, REDEEMABLE PREFERRED STOCK AND EQUITY	<u>\$ 2,165,830</u>	<u>\$ 2,022,884</u>

The accompanying notes are an integral part of these consolidated financial statements.

[Table of Contents](#)

CIM COMMERCIAL TRUST CORPORATION AND SUBSIDIARIES
Consolidated Statements of Operations
(In thousands, except per share data)

	Three Months Ended March 31,	
	2017	2016
	(Unaudited)	
REVENUES:		
Rental and other property income	\$ 60,809	\$ 62,848
Expense reimbursements	3,030	2,928
Interest and other income	3,110	2,841
	<u>66,949</u>	<u>68,617</u>
EXPENSES:		
Rental and other property operating	22,960	31,278
Asset management and other fees to related parties	8,700	8,631
Interest	9,773	6,815
General and administrative	1,679	1,942
Transaction costs	13	149
Depreciation and amortization	17,231	18,058
	<u>60,356</u>	<u>66,873</u>
Gain on sale of real estate (Note 3)	187,734	24,739
INCOME FROM CONTINUING OPERATIONS BEFORE PROVISION FOR INCOME TAXES	194,327	26,483
Provision for income taxes	392	190
NET INCOME FROM CONTINUING OPERATIONS	<u>193,935</u>	<u>26,293</u>
DISCONTINUED OPERATIONS:		
Income from operations of assets held for sale (Note 7)	—	690
NET INCOME FROM DISCONTINUED OPERATIONS	<u>—</u>	<u>690</u>
NET INCOME	193,935	26,983
Net income attributable to noncontrolling interests	(5)	(3)
NET INCOME ATTRIBUTABLE TO THE COMPANY	193,930	26,980
Redeemable preferred stock dividends (Note 11)	(31)	—
NET INCOME AVAILABLE TO COMMON STOCKHOLDERS	<u>\$ 193,899</u>	<u>\$ 26,980</u>
BASIC AND DILUTED NET INCOME AVAILABLE TO COMMON STOCKHOLDERS PER SHARE:		
Continuing operations	<u>\$ 2.31</u>	<u>\$ 0.27</u>
Discontinued operations	<u>\$ —</u>	<u>\$ 0.01</u>
Net income	<u>\$ 2.31</u>	<u>\$ 0.28</u>
WEIGHTED AVERAGE SHARES OF COMMON STOCK OUTSTANDING:		
Basic	<u>84,048</u>	<u>97,662</u>
Diluted	<u>84,048</u>	<u>97,662</u>

The accompanying notes are an integral part of these consolidated financial statements.

[Table of Contents](#)

CIM COMMERCIAL TRUST CORPORATION AND SUBSIDIARIES
Consolidated Statements of Comprehensive Income
(In thousands)

	Three Months Ended March 31,	
	2017	2016
	(Unaudited)	
NET INCOME	\$ 193,935	\$ 26,983
Other comprehensive income (loss): cash flow hedges	1,552	(7,925)
COMPREHENSIVE INCOME	195,487	19,058
Comprehensive income attributable to noncontrolling interests	(5)	(3)
COMPREHENSIVE INCOME ATTRIBUTABLE TO THE COMPANY	\$ 195,482	\$ 19,055

The accompanying notes are an integral part of these consolidated financial statements.

[Table of Contents](#)

CIM COMMERCIAL TRUST CORPORATION AND SUBSIDIARIES
Consolidated Statements of Equity
(In thousands, except share and per share data)

Three Months Ended March 31, 2017							
	Common Stock Outstanding	Common Stock Par Value	Additional Paid-in Capital	Accumulated Other Comprehensive Income (Loss)	Distributions in Excess of Earnings	Noncontrolling Interests	Total Equity
	(Unaudited)						
Balances, December 31, 2016	84,048,081	\$ 84	\$ 1,566,073	\$ (509)	\$ (599,971)	\$ 912	\$ 966,589
Stock-based compensation expense	—	—	49	—	—	—	49
Common dividends (\$0.21875 per share)	—	—	—	—	(18,386)	—	(18,386)
Issuance of Warrants	—	—	4	—	—	—	4
Dividends to holders of Series A Preferred Stock (\$0.34375 per share)	—	—	—	—	(31)	—	(31)
Other comprehensive income (loss)	—	—	—	1,552	—	—	1,552
Net income	—	—	—	—	193,930	5	193,935
Balances, March 31, 2017	<u>84,048,081</u>	<u>\$ 84</u>	<u>\$ 1,566,126</u>	<u>\$ 1,043</u>	<u>\$ (424,458)</u>	<u>\$ 917</u>	<u>\$ 1,143,712</u>

Three Months Ended March 31, 2016							
	Common Stock Outstanding	Common Stock Par Value	Additional Paid-in Capital	Accumulated Other Comprehensive Income (Loss)	Distributions in Excess of Earnings	Noncontrolling Interests	Total Equity
	(Unaudited)						
Balances, December 31, 2015	97,589,598	\$ 98	\$ 1,820,451	\$ (2,519)	\$ (521,620)	\$ 937	\$ 1,297,347
Stock-based compensation expense	—	—	32	—	—	—	32
Issuance of shares pursuant to employment agreements	76,423	—	—	—	—	—	—
Common dividends (\$0.21875 per share)	—	—	—	—	(21,365)	—	(21,365)
Other comprehensive income (loss)	—	—	—	(7,925)	—	—	(7,925)
Net income	—	—	—	—	26,980	3	26,983
Balances, March 31, 2016	<u>97,666,021</u>	<u>\$ 98</u>	<u>\$ 1,820,483</u>	<u>\$ (10,444)</u>	<u>\$ (516,005)</u>	<u>\$ 940</u>	<u>\$ 1,295,072</u>

The accompanying notes are an integral part of these consolidated financial statements.

[Table of Contents](#)

CIM COMMERCIAL TRUST CORPORATION AND SUBSIDIARIES
Consolidated Statements of Cash Flows
(In thousands)

	Three Months Ended March 31,	
	2017	2016
	(Unaudited)	
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	\$ 193,935	\$ 26,983
Adjustments to reconcile net income to net cash provided by operating activities:		
Deferred rent and amortization of intangible assets, liabilities and lease inducements	(2,379)	(1,611)
Depreciation and amortization	17,231	18,058
Transfer of right to collect supplemental real estate tax reimbursements	(5,097)	—
Gain on sale of real estate	(187,734)	(24,739)
Straight line rent, below-market ground lease and amortization of intangible assets	441	443
Amortization of deferred loan costs	308	826
Amortization of premiums and discounts on debt	(160)	(211)
Unrealized premium adjustment	395	253
Amortization and accretion on loans receivable, net	67	(200)
Bad debt expense (recovery)	65	(168)
Deferred income taxes	183	42
Stock-based compensation	49	32
Loans funded, held for sale to secondary market	(6,303)	(10,043)
Proceeds from sale of guaranteed loans	9,336	6,765
Principal collected on loans subject to secured borrowings	1,554	429
Other operating activity	(106)	1,246
Changes in operating assets and liabilities:		
Accounts receivable and interest receivable	261	(1,397)
Other assets	(3,510)	(5,810)
Accounts payable and accrued expenses	(4,986)	129
Deferred leasing costs	(910)	(3,943)
Other liabilities	1,022	(109)
Due to related parties	(99)	93
Net cash provided by operating activities	13,563	7,068
CASH FLOWS FROM INVESTING ACTIVITIES:		
Additions to investments in real estate	(3,305)	(7,368)
Proceeds from sale of real estate property, net	289,939	42,782
Loans funded	(2,101)	(23,734)
Principal collected on loans	2,153	2,361
Restricted cash	4,385	(42,565)
Other investing activity	56	73
Net cash provided by (used in) investing activities	291,127	(28,451)

(Continued)

[Table of Contents](#)

CIM COMMERCIAL TRUST CORPORATION AND SUBSIDIARIES
Consolidated Statements of Cash Flows (Continued)
(In thousands)

	Three Months Ended March 31,	
	2017	2016
	(Unaudited)	
CASH FLOWS FROM FINANCING ACTIVITIES:		
Payment of mortgages payable	(26,477)	(1,068)
Payment of principal on secured borrowings	(1,554)	(429)
Proceeds from secured borrowings	—	9,897
Payment of deferred preferred stock offering costs	(261)	—
Payment of deferred loan costs	(4)	—
Payment of common dividends	(18,386)	(21,365)
Payment of borrowing costs	(6)	—
Net proceeds from issuance of Warrants	4	—
Net proceeds from issuance of Series A Preferred Stock	1,900	—
Payment of preferred stock dividends	(9)	—
Net cash used in financing activities	(44,793)	(12,965)
Change in cash balances included in assets held for sale	—	(2,296)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	259,897	(36,644)
CASH AND CASH EQUIVALENTS:		
Beginning of period	144,449	139,101
End of period	\$ 404,346	\$ 102,457
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash paid during the period for interest	\$ 9,718	\$ 6,205
Federal income taxes paid	\$ —	\$ —
SUPPLEMENTAL DISCLOSURES OF NONCASH INVESTING AND FINANCING ACTIVITIES:		
Additions to investments in real estate included in accounts payable and accrued expenses	\$ 8,203	\$ 7,663
Net increase (decrease) in fair value of derivatives applied to other comprehensive income (loss)	\$ 1,552	\$ (7,925)
Reduction of loan receivable and secured borrowings due to the SBA's repurchase of the guaranteed portion of a loan	\$ —	\$ 953
Additions to preferred stock offering costs included in accounts payable and accrued expenses	\$ 342	\$ —
Accrual of dividends payable to preferred stockholders	\$ 31	\$ —
Preferred stock offering costs offset against redeemable preferred stock	\$ 5	\$ —

The accompanying notes are an integral part of these consolidated financial statements.

CIM COMMERCIAL TRUST CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements as of March 31, 2017 and December 31, 2016, and for the Three Months Ended March 31, 2017 and 2016 (Unaudited)

1. ORGANIZATION AND OPERATIONS

CIM Commercial Trust Corporation ("CIM Commercial" or the "Company"), a Maryland corporation and real estate investment trust ("REIT"), or together with its wholly-owned subsidiaries (which, together with CIM Commercial, may be referred to as "we," "us" or "our") primarily invests in, owns, and operates Class A and creative office investments in vibrant and improving urban communities throughout the United States. These communities are located in areas that include traditional downtown areas and suburban main streets, which have high barriers to entry, high population density, improving demographic trends and a propensity for growth. We were originally organized in 1993 as PMC Commercial Trust ("PMC Commercial"), a Texas real estate investment trust.

On July 8, 2013, PMC Commercial entered into a merger agreement (the "Merger Agreement") with CIM Urban REIT, LLC ("CIM REIT"), an affiliate of CIM Group, L.P. ("CIM Group" or "CIM"), and subsidiaries of the respective parties. CIM REIT was a private commercial REIT and was the owner of CIM Urban Partners, L.P. ("CIM Urban"). The transaction (the "Merger") was completed on March 11, 2014 (the "Acquisition Date"). As a result of the Merger and related transactions, CIM Urban became our wholly-owned subsidiary.

Our common stock, \$0.001 par value per share ("Common Stock"), is currently traded on the NASDAQ Global Market under the ticker symbol "CMCT." We have authorized for issuance 900,000,000 shares of Common Stock and 100,000,000 shares of preferred stock.

CIM Commercial has qualified and intends to continue to qualify as a REIT, as defined in the Internal Revenue Code of 1986, as amended.

2. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

For more information regarding our significant accounting policies and estimates, please refer to "Basis of Presentation and Summary of Significant Accounting Policies" contained in Note 3 to our consolidated financial statements for the year ended December 31, 2016, included in our Annual Report on Form 10-K filed with the Securities and Exchange Commission ("SEC") on March 16, 2017.

Interim Financial Information—The accompanying interim consolidated financial statements of CIM Commercial have been prepared by our management in accordance with accounting principles generally accepted in the United States of America ("GAAP"). Certain information and note disclosures required for annual financial statements have been condensed or excluded pursuant to SEC rules and regulations. Accordingly, the interim consolidated financial statements do not include all of the information and notes required by GAAP for complete financial statements. The accompanying financial information reflects all adjustments which are, in the opinion of our management, of a normal recurring nature and necessary for a fair presentation of our financial position, results of operations and cash flows for the interim periods. Operating results for the three months ended March 31, 2017 are not necessarily indicative of the results that may be expected for the year ending December 31, 2017. Our accompanying interim consolidated financial statements should be read in conjunction with our audited consolidated financial statements and the notes thereto, included in our Annual Report on Form 10-K filed with the SEC on March 16, 2017.

Principles of Consolidation—The consolidated financial statements include the accounts of CIM Commercial and its subsidiaries. All intercompany transactions and balances have been eliminated in consolidation.

Investments in Real Estate—Real estate acquisitions are recorded at cost as of the acquisition date. Costs related to the acquisition of properties are expensed as incurred. Investments in real estate are stated at depreciated cost. Depreciation and amortization are recorded on a straight line basis over the estimated useful lives as follows:

Buildings and improvements	15 - 40 years
Furniture, fixtures, and equipment	3 - 5 years
Tenant improvements	Shorter of the useful lives or the terms of the related leases

CIM COMMERCIAL TRUST CORPORATION AND SUBSIDIARIES**Notes to Consolidated Financial Statements as of March 31, 2017 and December 31, 2016, and
for the Three Months Ended March 31, 2017 and 2016 (Unaudited)**

Improvements and replacements are capitalized when they extend the useful life, increase capacity, or improve the efficiency of the asset. Ordinary repairs and maintenance are expensed as incurred.

Investments in real estate are evaluated for impairment on a quarterly basis or whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount to the future net cash flows, undiscounted and without interest, expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the estimated fair value of the assets. The estimated fair value of the asset group identified for step two of the impairment testing under GAAP is based on either the income approach with market discount rate, terminal capitalization rate and rental rate assumptions being most critical, or on the sales comparison approach to similar properties. Assets to be disposed of are reported at the lower of the carrying amount or fair value, less costs to sell. No impairment of long-lived assets was recognized during the three months ended March 31, 2017 and 2016.

Derivative Financial Instruments—As part of our risk management and operational strategies, from time to time, we may enter into derivative contracts with various counterparties. All derivatives are recognized on the balance sheet at their estimated fair value. On the date that we enter into a derivative contract, we designate the derivative as a fair value hedge, a cash flow hedge, a foreign currency fair value or cash flow hedge, a hedge of a net investment in a foreign operation, or a trading or non-hedging instrument.

Changes in the estimated fair value of a derivative that is highly effective and that is designated and qualifies as a cash flow hedge, to the extent that the hedge is effective, are initially recorded in other comprehensive income ("OCI"), and are subsequently reclassified into earnings as a component of interest expense when the variability of cash flows of the hedged transaction affects earnings (e.g., when periodic settlements of a variable-rate asset or liability are recorded in earnings). Any hedge ineffectiveness (which represents the amount by which the changes in the estimated fair value of the derivative differ from the variability in the cash flows of the forecasted transaction) is recognized in current-period earnings as a component of interest expense. When an interest rate swap designated as a cash flow hedge no longer qualifies for hedge accounting, we recognize changes in estimated fair value of the hedge previously deferred to accumulated other comprehensive income ("AOCI"), along with any changes in estimated fair value occurring thereafter, through earnings. We classify cash flows from interest rate swap agreements as net cash provided from operating activities on the consolidated statements of cash flows as our accounting policy is to present the cash flows from the hedging instruments in the same category in the consolidated statements of cash flows as the category for the cash flows from the hedged items. See Note 13 for disclosures about our derivative financial instruments and hedging activities.

Loans Receivable—Our loans receivable included in other assets are carried at their unamortized principal balance less unamortized acquisition discounts and premiums, retained loan discounts and loan loss reserves. For loans originated under the Small Business Administration's ("SBA") 7(a) Guaranteed Loan Program ("SBA 7(a) Program"), we sell the portion of the loan that is guaranteed by the SBA. Upon sale of the SBA guaranteed portion of the loans, which are accounted for as sales, the unguaranteed portion of the loan retained by us is valued on a fair value basis and a discount (the "Retained Loan Discount") is recorded as a reduction in basis of the retained portion of the loan.

At the Acquisition Date, the carrying value of our loans was adjusted to estimated fair market value and acquisition discounts of \$33,907,000 were recorded, which are being accreted to interest and other income using the effective interest method. We sold substantially all of our commercial mortgage loans with unamortized acquisition discounts of \$15,951,000 to an unrelated third party in December 2015 (Note 7). Acquisition discounts of \$1,881,000 remained as of March 31, 2017 which have not yet been accreted to income.

A loan receivable is generally classified as non-accrual (a "Non-Accrual Loan") if (i) it is past due as to payment of principal or interest for a period of 60 days or more, (ii) any portion of the loan is classified as doubtful or is charged-off or (iii) the repayment in full of the principal and/or interest is in doubt. Generally, loans are charged-off when management determines that we will be unable to collect any remaining amounts due under the loan agreement, either through liquidation of collateral or other means. Interest income, included in interest and other income or discontinued operations, on a Non-Accrual Loan is recognized on either the cash basis or the cost recovery basis.

On a quarterly basis, and more frequently if indicators exist, we evaluate the collectability of our loans receivable. Our evaluation of collectability involves judgment, estimates, and a review of the ability of the borrower to make principal and interest payments, the underlying collateral and the borrowers' business models and future operations in accordance with Accounting

Standards Codification ("ASC") 450-20, *Contingencies—Loss Contingencies*, and ASC 310-10, *Receivables*. For the three months ended March 31, 2017 and 2016, we recorded a net impairment (recovery) of \$12,000 and \$(243,000) on our

CIM COMMERCIAL TRUST CORPORATION AND SUBSIDIARIES**Notes to Consolidated Financial Statements as of March 31, 2017 and December 31, 2016, and
for the Three Months Ended March 31, 2017 and 2016 (Unaudited)**

loans receivable, respectively. We establish a general loan loss reserve when available information indicates that it is probable a loss has occurred based on the carrying value of the portfolio and the amount of the loss can be reasonably estimated. Significant judgment is required in determining the general loan loss reserve, including estimates of the likelihood of default and the estimated fair value of the collateral. The general loan loss reserve includes those loans, which may have negative characteristics which have not yet become known to us. In addition to the reserves established on loans not considered impaired that have been evaluated under a specific evaluation, we establish the general loan loss reserve using a consistent methodology to determine a loss percentage to be applied to loan balances. These loss percentages are based on many factors, primarily cumulative and recent loss history and general economic conditions.

Deferred Rent Receivable and Charges—Deferred rent receivable and charges consist of deferred rent, deferred leasing costs, deferred offering costs (Note 11) and other deferred costs. Deferred rent receivable is \$63,252,000 and \$64,010,000 at March 31, 2017 and December 31, 2016, respectively. Deferred leasing costs, which represent lease commissions and other direct costs associated with the acquisition of tenants, are capitalized and amortized on a straight-line basis over the terms of the related leases. Deferred leasing costs of \$68,130,000 and \$76,063,000 are presented net of accumulated amortization of \$27,193,000 and \$25,914,000 at March 31, 2017 and December 31, 2016, respectively. Deferred offering costs represent direct costs incurred in connection with our offering of Units (as defined in Note 11), excluding costs specifically identifiable to a closing, such as commissions, dealer-manager fees, and other registration fees. For a specific issuance of Units, associated offering costs are reclassified as a reduction of proceeds raised on the issuance date. Offering costs incurred but not directly related to a specifically identifiable closing are deferred. Deferred offering costs are first allocated to each issuance on a pro-rata basis equal to the ratio of Units issued in an issuance to the maximum number of Units that are expected to be issued. Then, the deferred offering costs allocated to such issuance are further allocated to the Series A Preferred Stock (as defined in Note 11) and Warrants (as defined in Note 11) issued in such issuance based on the relative fair value of the instruments on the date of issuance. The deferred offering costs allocated to the Series A Preferred Stock and Warrants are reductions to temporary equity and permanent equity, respectively. Deferred offering costs of \$2,306,000 and \$2,060,000 related to our offering of Units are included in deferred rent receivable and charges at March 31, 2017 and December 31, 2016, respectively. Other deferred costs are \$249,000 and \$135,000 at March 31, 2017 and December 31, 2016, respectively.

Redeemable Preferred Stock—Beginning on the date of original issuance of any given shares of Series A Preferred Stock (Note 11), the holder of such shares will have the right to require the Company to redeem such shares at a redemption price of 100% of the Stated Value (as defined in Note 11), plus accrued and unpaid dividends, subject to the payment of a redemption fee until the fifth anniversary of such issuance. From and after the fifth anniversary of the date of the original issuance, the holder will have the right to require the Company to redeem such shares at a redemption price of 100% of the Stated Value, plus accrued and unpaid dividends, without a redemption fee, and the Company will have the right (but not the obligation) to redeem such shares at 100% of the Stated Value, plus accrued and unpaid dividends. The applicable redemption price payable upon redemption of any Series A Preferred Stock will be in cash or, on or after the first anniversary of the issuance of such shares of Series A Preferred Stock to be redeemed, in the Company's sole discretion, in cash or in equal value through the issuance of shares of Common Stock, based on the volume weighted average price of our Common Stock for the 20 trading days prior to the redemption. Since a holder of Series A Preferred Stock has the right to request redemption of such shares and redemptions prior to the first anniversary are to be paid in cash, we have recorded the activity related to our Series A Preferred Stock in temporary equity. We recorded the activity related to our Warrants (Note 11) in permanent equity. On the first anniversary of the date of original issuance, we intend to reclassify the Series A Preferred Stock from temporary equity to permanent equity because the feature giving rise to temporary equity classification, the requirement to satisfy redemption requests in cash, lapses on the first anniversary date. Proceeds and expenses from the sale of the Units are allocated to the Series A Preferred Stock and Warrants using their relative fair values on the date of issuance.

Noncontrolling Interests—Noncontrolling interests represent the interests in various properties owned by third parties.

Restricted Cash—Our mortgage loan and hotel management agreements provide for depositing cash into restricted accounts reserved for property taxes, insurance, capital expenditures, free rent, tenant improvement and leasing commission obligations. Restricted cash also includes cash required to be segregated in connection with certain of our loans receivable.

Assets Held for Sale and Discontinued Operations—In the ordinary course of business, we may periodically enter into agreements relating to dispositions of investments. Some of these agreements are non-binding because either they do not obligate either party to pursue any transactions until the execution of a definitive agreement or they provide the potential buyer with the ability to terminate without penalty or forfeiture of any material deposit, subject to certain specified contingencies,

CIM COMMERCIAL TRUST CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements as of March 31, 2017 and December 31, 2016, and for the Three Months Ended March 31, 2017 and 2016 (Unaudited)

such as completion of due diligence at the discretion of such buyer. We do not classify assets that are subject to such non-binding agreements as held for sale.

We classify assets as held for sale, if material, when they meet the necessary criteria, which include: a) management commits to and actively embarks upon a plan to sell the assets, b) the assets to be sold are available for immediate sale in their present condition, c) the sale is expected to be completed within one year under terms usual and customary for such sales and d) actions required to complete the plan indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn. We generally believe that we meet these criteria when the plan for sale has been approved by our board of directors (the "Board of Directors"), there are no known significant contingencies related to the sale and management believes it is probable that the sale will be completed within one year.

Assets held for sale are recorded at the lower of cost or estimated fair value less cost to sell. In addition, if we were to determine that the asset disposal associated with assets held for sale or disposed of represents a strategic shift, the revenues, expenses and net gain (loss) on dispositions would be recorded in discontinued operations for all periods presented through the date of the applicable disposition.

Consolidation Considerations for Our Investments in Real Estate—ASC 810-10, *Consolidation*, addresses how a business enterprise should evaluate whether it has a controlling interest in an entity through means other than voting rights that would require the entity to be consolidated. We analyze our investments in real estate in accordance with this accounting standard to determine whether they are variable interest entities, and if so, whether we are the primary beneficiary. Our judgment with respect to our level of influence or control over an entity and whether we are the primary beneficiary of a variable interest entity involves consideration of various factors, including the form of our ownership interest, our voting interest, the size of our investment (including loans), and our ability to participate in major policy-making decisions. Our ability to correctly assess our influence or control over an entity affects the presentation of these investments in our consolidated financial statements.

Use of Estimates—The preparation of consolidated financial statements in conformity with GAAP requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Reclassifications—Certain prior period amounts have been reclassified to conform with the current period presentation. These reclassifications had no effect on previously reported net income or cash flows.

Recently Issued Accounting Pronouncements—In January 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2016-01, *Financial Instruments-Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities*, which is designed to improve the recognition and measurement of financial instruments through targeted changes to existing GAAP. The ASU requires an entity to: (i) measure equity investments at fair value through net income, with certain exceptions; (ii) present in OCI the changes in instrument-specific credit risk for financial liabilities measured using the fair value option; (iii) present financial assets and financial liabilities by measurement category and form of financial asset; (iv) calculate the fair value of financial instruments for disclosure purposes based on an exit price; and (v) assess a valuation allowance on deferred tax assets related to unrealized losses of available-for-sale debt securities in combination with other deferred tax assets. In addition, the ASU provides an election to subsequently measure certain nonmarketable equity investments at cost less any impairment and adjusted for certain observable price changes. The ASU also requires a qualitative impairment assessment of such equity investments and amends certain fair value disclosure requirements. For public business entities, the ASU is effective for annual reporting periods (including interim reporting periods within those periods) beginning after December 15, 2017. Early adoption by public entities to financial statements that have not yet been issued is permitted only for the provision related to instrument-specific credit risk. We are currently in the process of evaluating the impact of adoption of this new accounting guidance on our consolidated financial statements.

In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)*, which is intended to improve financial reporting about leasing transactions. Under the new guidance, a lessee will be required to recognize assets and liabilities for leases with lease terms of more than 12 months. Consistent with current GAAP, the recognition, measurement, and presentation of expenses and cash flows arising from a lease by a lessee primarily will depend on its classification as a finance or operating lease. However, unlike current GAAP, which requires a lessee to recognize only capital leases on the balance sheet, the new ASU will require a lessee to recognize both types of leases on the balance sheet. The lessor accounting will remain largely unchanged from current GAAP. However, the ASU contains some targeted improvements that are intended to align, where

CIM COMMERCIAL TRUST CORPORATION AND SUBSIDIARIES**Notes to Consolidated Financial Statements as of March 31, 2017 and December 31, 2016, and
for the Three Months Ended March 31, 2017 and 2016 (Unaudited)**

necessary, lessor accounting with the lessee accounting model and with the updated revenue recognition guidance issued in 2014. For public entities, the ASU is effective for annual reporting periods (including interim reporting periods within those periods) beginning after December 15, 2018. We are currently in the process of evaluating the impact of adoption of this new accounting guidance on our consolidated financial statements.

In March 2016, the FASB issued ASU No. 2016-09, *Compensation-Stock Compensation (Topic 718): Improvements to Employee Share-Based Payment Accounting*, which is intended to simplify several aspects of the accounting for share-based payment transactions, including accounting for income taxes, classification of excess tax benefits on the statement of cash flows, forfeitures, minimum statutory tax withholding requirements, and classification of employee taxes paid on the statement of cash flows when an employer withholds shares for tax-withholding purposes. In addition, the ASU eliminates certain guidance in ASC 718, which was indefinitely deferred shortly after the issuance of FASB Statement No. 123 (revised 2004), *Share-Based Payment*. For public entities, the ASU is effective for annual reporting periods (including interim reporting periods within those periods) beginning after December 15, 2016. Early adoption is permitted and an entity that elects early adoption must adopt all of the amendments in the same period. The adoption of this guidance did not have a material impact on our consolidated financial statements.

In June 2016, the FASB issued ASU No. 2016-13, *Financial Instruments-Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, which is intended to provide financial statement users with more decision-useful information about the expected credit losses on financial instruments and other commitments to extend credit held by a reporting entity. The amendments in the ASU replaces the incurred loss impairment methodology in current GAAP with a methodology that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information to inform credit loss estimates. For public entities, the ASU is effective for annual reporting periods (including interim reporting periods within those periods) beginning after December 15, 2019. Early adoption is permitted for annual reporting periods (including interim reporting periods within those periods) beginning after December 15, 2018. We are currently in the process of evaluating the impact of adoption of this new accounting guidance on our consolidated financial statements.

In August 2016, the FASB issued ASU No. 2016-15, *Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments*, which provides guidance on how certain cash receipts and cash payments are to be presented and classified in the statement of cash flows. For public entities, the ASU is effective for annual reporting periods (including interim reporting periods within those periods) beginning after December 15, 2017. Early adoption is permitted. We are currently in the process of evaluating the impact of adoption of this new accounting guidance on our consolidated financial statements.

In November 2016, the FASB issued ASU No. 2016-18, *Statement of Cash Flows (Topic 230): Restricted Cash*, which requires that a statement of cash flows explain the change during the period in the total cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents. Therefore, amounts generally described as restricted cash and restricted cash equivalents should be included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the statement of cash flows. The amendments in this update do not provide a definition of restricted cash or restricted cash equivalents. For public entities, the ASU is effective for annual reporting periods (including interim reporting periods within those periods) beginning after December 15, 2017. Early adoption is permitted. We are currently in the process of evaluating the impact of adoption of this new accounting guidance on our consolidated financial statements.

In December 2016, the FASB issued ASU No. 2016-20, *Technical Corrections and Improvements to Topic 606, Revenue from Contracts with Customers*, which make certain technical corrections and improvements to ASU 2014-09. For public entities, the ASU is effective for annual reporting periods (including interim reporting periods within those periods) beginning after December 15, 2017. Early adoption is permitted for annual reporting periods (including interim reporting periods within those periods) beginning after December 15, 2016. The adoption of this guidance is not expected to have a material impact on our consolidated financial statements.

In January 2017, the FASB issued ASU No. 2017-01, *Business Combinations: Clarifying the Definition of a Business*, which narrows the definition of a business and provides a framework that gives entities a basis for making reasonable judgments about whether a transaction involves an asset or a business. For public entities, the ASU is effective for annual reporting periods (including interim periods within those periods) beginning after December 15, 2017. Early adoption is permitted under certain circumstances as outlined in the ASU. We are currently in the process of evaluating the impact of adoption of this new accounting guidance on our consolidated financial statements.

CIM COMMERCIAL TRUST CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements as of March 31, 2017 and December 31, 2016, and for the Three Months Ended March 31, 2017 and 2016 (Unaudited)

3. ACQUISITIONS AND DISPOSITIONS

The fair value of real estate acquired is recorded to the acquired tangible assets, consisting primarily of land, land improvements, building and improvements, tenant improvements, and furniture, fixtures, and equipment, and identified intangible assets and liabilities, consisting of the value of acquired above-market and below-market leases, in-place leases and ground leases, if any, based in each case on their respective fair values. Loan premiums, in the case of above-market rate loans, or loan discounts, in the case of below-market rate loans, are recorded based on the fair value of any loans assumed in connection with acquiring the real estate.

There were no acquisitions during the three months ended March 31, 2017.

On March 28, 2017, we sold a 100% fee-simple interest in 211 Main Street located in San Francisco, California to an unrelated third party. The results of operations of this office property have been included in the consolidated statements of operations through the date of disposition. Transaction costs expensed in connection with this sale totaled \$2,943,000 and included a prepayment penalty of \$1,508,000 incurred in connection with the prepayment of the property's mortgage (Note 8).

Property	Asset Type	Date of Sale	Square Feet	Sales Price	Gain on Sale
(in thousands)					
211 Main Street, San Francisco, CA	Office	March 28, 2017	417,266	\$ 292,882	\$ 187,734

The following is the detail of the carrying amount of assets and liabilities at the time of the sale of 211 Main Street in March 2017:

		(in thousands)
<i>Assets</i>		
Investments in real estate, net		\$ 93,747
Deferred rent receivable and charges, net		10,822
Other intangible assets, net		32
Total assets		<u>104,601</u>
<i>Liabilities</i>		
Debt, net (1)		25,996
Intangible liabilities, net		<u>1,731</u>
Total liabilities		<u>27,727</u>

(1) Net of \$665,000 of premium on assumed mortgage.

There were no acquisitions during the three months ended March 31, 2016.

On February 2, 2016, we sold a 100% fee-simple interest in the Courtyard Oakland located in Oakland, California to an unrelated third party. The results of operations of this hotel have been included in the consolidated statement of operations through the date of disposition.

Property	Asset Type	Date of Sale	Rooms	Sales Price	Gain on Sale
(in thousands)					
Courtyard Oakland, Oakland, CA	Hotel	February 2, 2016	162	\$ 43,800	\$ 24,739

We have entered into five purchase and sale agreements, each as a separate transaction with unrelated third parties, for the sale of an office property located at 200 S College Street in Charlotte, North Carolina; an office property located at 980 9th Street and a parking structure located at 1010 8th Street, both in Sacramento, California; an office property located at 7083 Hollywood Boulevard in Los Angeles, California; a multifamily property located at 4649 Cole Avenue in Dallas, Texas; and

CIM COMMERCIAL TRUST CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements as of March 31, 2017 and December 31, 2016, and for the Three Months Ended March 31, 2017 and 2016 (Unaudited)

two multifamily properties located at 3636 McKinney Avenue and 3839 McKinney Avenue both in Dallas, Texas. The aggregate contract sales price for these properties is approximately \$409,400,000. In connection with these dispositions, approximately \$60,600,000 of the outstanding mortgages payable at March 31, 2017 will be repaid or assumed by the buyer. We expect the closings of these sales transactions to occur during the second and third quarters of 2017. Each of the purchase and sale agreements were either entered into or became subject to non-refundable deposits after March 31, 2017. Therefore, none of the individual properties have been classified as held for sale as of March 31, 2017.

4. INVESTMENTS IN REAL ESTATE

Investments in real estate consist of the following:

	March 31, 2017	December 31, 2016
	(in thousands)	
Land	\$ 329,200	\$ 343,564
Land improvements	26,009	26,177
Buildings and improvements	1,382,817	1,475,415
Furniture, fixtures, and equipment	4,847	4,955
Tenant improvements	151,072	159,677
Work in progress	10,456	11,706
Investments in real estate	1,904,401	2,021,494
Accumulated depreciation	(398,909)	(414,552)
Net investments in real estate	<u>\$ 1,505,492</u>	<u>\$ 1,606,942</u>

We recorded depreciation expense of \$14,684,000 and \$15,673,000 for the three months ended March 31, 2017 and 2016, respectively.

5. OTHER INTANGIBLE ASSETS

A schedule of our intangible assets and liabilities and related accumulated amortization and accretion as of March 31, 2017 and December 31, 2016 is as follows:

	Assets				Liabilities
	Acquired In-Place Leases	Tax Abatement	Acquired Below-Market Ground Lease	Trade Name and License	Acquired Below-Market Leases
March 31, 2017					
	(in thousands)				
Gross balance	\$ 11,551	\$ 4,273	\$ 11,685	\$ 2,957	\$ (6,719)
Accumulated amortization	(8,659)	(3,011)	(1,597)	—	5,293
	<u>\$ 2,892</u>	<u>\$ 1,262</u>	<u>\$ 10,088</u>	<u>\$ 2,957</u>	<u>\$ (1,426)</u>
Average useful life (in years)	<u>10</u>	<u>8</u>	<u>84</u>	<u>Indefinite</u>	<u>8</u>

CIM COMMERCIAL TRUST CORPORATION AND SUBSIDIARIES

**Notes to Consolidated Financial Statements as of March 31, 2017 and December 31, 2016, and
for the Three Months Ended March 31, 2017 and 2016 (Unaudited)**

	Assets					Liabilities
	Acquired Above- Market Leases (1)	Acquired In-Place Leases	Tax Abatement	Acquired Below- Market Ground Lease	Trade Name and License	Acquired Below- Market Leases (1)
December 31, 2016						
	(in thousands)					
Gross balance	\$ 215	\$ 11,551	\$ 4,273	\$ 11,685	\$ 2,957	\$ (18,893)
Accumulated amortization	(180)	(8,443)	(2,873)	(1,562)	—	15,317
	<u>\$ 35</u>	<u>\$ 3,108</u>	<u>\$ 1,400</u>	<u>\$ 10,123</u>	<u>\$ 2,957</u>	<u>\$ (3,576)</u>
Average useful life (in years)	<u>8</u>	<u>10</u>	<u>8</u>	<u>84</u>	Indefinite	<u>8</u>

- (1) Acquired above-market leases and certain acquired below-market leases are associated with an office property in San Francisco, California, which we sold in March 2017 (Note 3).

The amortization of the acquired above-market leases which decreased rental and other property income was \$3,000 and \$38,000 for the three months ended March 31, 2017 and 2016, respectively. The amortization of the acquired in-place leases included in depreciation and amortization expense was \$216,000 and \$380,000 for the three months ended March 31, 2017 and 2016, respectively. Included in depreciation and amortization expense was franchise affiliation fee amortization of \$0 and \$33,000 for the three months ended March 31, 2017 and 2016, respectively. Tax abatement amortization of \$138,000 for each of the three months ended March 31, 2017 and 2016 was included in rental and other property operating expenses. The amortization of the acquired below-market ground lease of \$35,000 for each of the three months ended March 31, 2017 and 2016 was included in rental and other property operating expenses. The amortization of the acquired below-market leases included in rental and other property income was \$419,000 and \$631,000 for the three months ended March 31, 2017 and 2016, respectively.

A schedule of future amortization and accretion of acquisition related intangible assets and liabilities as of March 31, 2017, is as follows:

Years Ending December 31,	Assets			Liabilities
	Acquired In-Place Leases	Tax Abatement	Acquired Below-Market Ground Lease	Acquired Below-Market Leases
	(in thousands)			
2017 (Nine months ending December 31, 2017)	\$ 655	\$ 413	\$ 105	\$ (709)
2018	733	551	140	(517)
2019	464	298	140	(200)
2020	207	—	140	—
2021	207	—	140	—
Thereafter	626	—	9,423	—
	<u>\$ 2,892</u>	<u>\$ 1,262</u>	<u>\$ 10,088</u>	<u>\$ (1,426)</u>

CIM COMMERCIAL TRUST CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements as of March 31, 2017 and December 31, 2016, and for the Three Months Ended March 31, 2017 and 2016 (Unaudited)

6. OTHER ASSETS

Other assets consist of the following:

	March 31, 2017	December 31, 2016
	(in thousands)	
SBA 7(a) loans, subject to credit risk	\$ 41,439	\$ 43,623
SBA 7(a) loans, subject to secured borrowings	27,854	29,524
Other assets	22,153	19,123
	<u>\$ 91,446</u>	<u>\$ 92,270</u>

SBA 7(a) Loans, Subject to Credit Risk—Represents the non-government guaranteed retained portion of loans originated under the SBA 7(a) Program and the government guaranteed portion of loans that have not yet been fully funded or sold.

SBA 7(a) Loans, Subject to Secured Borrowings—Represents the government guaranteed portion of loans which were sold with the proceeds received from the sale reflected as secured borrowings—government guaranteed loans. There is no credit risk associated with these loans since the SBA has guaranteed payment of the principal.

At March 31, 2017 and December 31, 2016, 99.0% and 99.7%, respectively, of our loans were current with the remainder (\$424,000 and \$249,000, respectively) greater than 29 days delinquent. We classify loans with negative characteristics in substandard categories ranging from special mention to doubtful. At March 31, 2017 and December 31, 2016, \$928,000 and \$804,000, respectively, of loans subject to credit risk were classified in substandard categories.

At March 31, 2017 and December 31, 2016, our loans were 93.2% and 94.6%, respectively, concentrated in the hospitality industry.

7. DISCONTINUED OPERATIONS

We had reflected the lending segment, which was acquired on the Acquisition Date as disclosed in Note 1, as held for sale commencing in 2014, based on a plan approved by the Board of Directors to sell the lending segment that, when completed, would have resulted in the deconsolidation of the lending segment, which at that time was focused on small business lending in the hospitality industry. In July 2015, to maximize value, we modified our strategy from a strategy of selling the lending segment as a whole to a strategy of soliciting buyers for components of the business, including our commercial mortgage loans and the SBA 7(a) lending platform. This change in the sale methodology resulted in the need to extend the period to complete the sale of the lending segment beyond one year. In connection with our plan, we expensed transaction costs of \$9,000 as incurred during the three months ended March 31, 2016.

On December 17, 2015, pursuant to the modified plan, we sold substantially all of our commercial mortgage loans with a carrying value of \$77,121,000 to an unrelated third party and recognized a gain of \$5,151,000. In September 2016, we discontinued our efforts to sell the SBA 7(a) lending platform, and the activities related to the SBA 7(a) lending platform have been reclassified to continuing operations for all periods presented.

On December 29, 2016, we sold our commercial real estate lending subsidiary, which was classified as held for sale and had a carrying value of \$27,587,000, which was equal to management's estimate of fair value, to a fund managed by an affiliate of CIM Group. We did not recognize any gain or loss in connection with the transaction. Management's estimate of fair value was determined with assistance from an independent third party valuation firm.

CIM COMMERCIAL TRUST CORPORATION AND SUBSIDIARIES**Notes to Consolidated Financial Statements as of March 31, 2017 and December 31, 2016, and
for the Three Months Ended March 31, 2017 and 2016 (Unaudited)**

The following is the detail of income from operations of assets held for sale classified as discontinued operations on the consolidated statements of operations for the three months ended March 31, 2016:

	Three Months Ended March 31, 2016
	(in thousands)
Revenue —Interest and other income	\$ 1,115
Expenses:	
Interest expense	288
Fees to related party	132
General and administrative	5
Total expenses	425
Income from operations of assets held for sale	\$ 690

CIM COMMERCIAL TRUST CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements as of March 31, 2017 and December 31, 2016, and for the Three Months Ended March 31, 2017 and 2016 (Unaudited)

8. DEBT

Information on our debt is as follows:

	March 31, 2017	December 31, 2016
	(in thousands)	
Mortgage loans with a fixed interest rate of 4.14% per annum, with monthly payments of interest only, and balances totaling \$392,000,000 due on July 1, 2026. The loans are nonrecourse.	\$ 392,000	\$ 392,000
Mortgage loan with a fixed interest rate of 4.50% per annum, with monthly payments of interest only for 10 years, and payments of interest and principal starting in February 2022. The loan has a \$42,008,000 balance due on January 5, 2027. The loan is nonrecourse.	46,000	46,000
Mortgage loans with a fixed interest rate of 5.39% per annum, with monthly payments of principal and interest, and balances totaling \$35,695,000 due on March 1, 2021. The loans are nonrecourse.	38,941	39,134
Mortgage loan with a fixed interest rate of 5.18% per annum, with monthly payments of principal and interest, and a balance of \$26,232,000 due on June 5, 2021. The loan is nonrecourse.	29,019	29,167
Mortgage loan with a fixed interest rate of 6.65% per annum, with monthly payments of principal and interest. The loan had a 25-year amortization schedule with a \$21,136,000 balance due on July 15, 2018. The loan was nonrecourse. The loan was repaid in March 2017 in connection with the sale of the property that was collateral for the loan.	—	26,136
	505,960	532,437
Deferred loan costs related to mortgage loans	(2,262)	(2,366)
Premiums and discounts on assumed mortgages, net	—	722
Total Mortgages Payable	503,698	530,793
Secured borrowing principal on SBA 7(a) loans sold for a premium and excess spread—variable rate, reset quarterly, based on prime rate with weighted average coupon rate of 4.60% and 4.13% at March 31, 2017 and December 31, 2016, respectively.	21,838	23,122
Secured borrowing principal on SBA 7(a) loans sold for excess spread—variable rate, reset quarterly, based on prime rate with weighted average coupon rate of 2.08% and 1.83% at March 31, 2017 and December 31, 2016, respectively.	4,507	4,777
	26,345	27,899
Unamortized premiums	1,955	2,077
Total Secured Borrowings—Government Guaranteed Loans	28,300	29,976
Unsecured term loan facility	385,000	385,000
Junior subordinated notes with a variable interest rate which resets quarterly based on the 90-day LIBOR plus 3.25%, with quarterly interest only payments. Balance due at maturity on March 30, 2035.	27,070	27,070
Unsecured credit facility	—	—
	412,070	412,070
Deferred loan costs related to unsecured term loan and credit facilities	(2,738)	(2,938)
Discount on junior subordinated notes	(1,996)	(2,015)
Total Other	407,336	407,117
Total Debt	\$ 939,334	\$ 967,886

The mortgages payable are secured by deeds of trust on certain of the properties and assignments of rents.

The junior subordinated notes may be redeemed at par at our option.

CIM COMMERCIAL TRUST CORPORATION AND SUBSIDIARIES**Notes to Consolidated Financial Statements as of March 31, 2017 and December 31, 2016, and
for the Three Months Ended March 31, 2017 and 2016 (Unaudited)**

Secured borrowings—government guaranteed loans represent sold loans which are treated as secured borrowings because the loan sales did not meet the derecognition criteria provided for in ASC 860-30, *Secured Borrowing and Collateral*. These loans included cash premiums that are amortized as a reduction to interest expense over the life of the loan using the effective interest method and are fully amortized when the underlying loan is repaid in full.

Deferred loan costs, which represent legal and third-party fees incurred in connection with our borrowing activities, are capitalized and amortized to interest expense on a straight-line basis over the life of the related loan, approximating the effective interest method. Deferred loan costs of \$6,961,000 and \$7,122,000 are presented net of accumulated amortization of \$1,961,000 and \$1,818,000 at March 31, 2017 and December 31, 2016, respectively, and are a reduction to total debt.

In September 2014, CIM Commercial entered into an \$850,000,000 unsecured credit facility with a bank syndicate consisting of a \$450,000,000 revolver, a \$325,000,000 term loan and a \$75,000,000 delayed-draw term loan. CIM Commercial is subject to certain financial maintenance covenants and a minimum property ownership condition. Outstanding advances under the revolver bear interest at (i) the base rate plus 0.20% to 1.00% or (ii) LIBOR plus 1.20% to 2.00%, depending on the maximum consolidated leverage ratio. Outstanding advances under the term loans bore interest at (i) the base rate plus 0.15% to 0.95% or (ii) LIBOR plus 1.15% to 1.95%, depending on the maximum consolidated leverage ratio. The revolver is also subject to an unused commitment fee of 0.15% or 0.25% depending on the amount of aggregate unused commitments. The delayed-draw term loan was also subject to an unused line fee of 0.25%. The credit facility was set to mature in September 2016 and prior to maturity, we exercised the first of two one year extension options through September 2017. Additionally, we permanently reduced the revolving credit commitment under the credit facility to \$200,000,000. At March 31, 2017 and December 31, 2016, \$0 was outstanding under the credit facility and \$200,000,000 was available for future borrowings. Proceeds from the unsecured credit facility were used for acquisitions, funding of a Common Stock tender offer in June 2016, general corporate purposes, and to repay mortgage loans and outstanding balances under our prior unsecured credit facilities. In June 2016, we entered into six mortgage loan agreements with an aggregate principal amount of \$392,000,000. A portion of the net proceeds from the loans was used to repay outstanding balances under our unsecured credit facility and the remaining portion was used to repurchase shares of our Common Stock in a private repurchase in September 2016.

In May 2015, CIM Commercial entered into an unsecured term loan facility with a bank syndicate pursuant to which CIM Commercial can borrow up to a maximum of \$385,000,000. The term loan facility ranks *pari passu* with CIM Commercial's unsecured credit facility described above; covenants under the term loan facility are substantially the same as those in the unsecured credit facility. Outstanding advances under the term loan facility bear interest at (i) the base rate plus 0.60% to 1.25% or (ii) LIBOR plus 1.60% to 2.25%, depending on the maximum consolidated leverage ratio. The unused portion of the term loan facility was also subject to an unused fee of 0.20%. With some exceptions, any prepayment of the term loan facility prior to May 9, 2017 was subject to a prepayment fee up to 2.00% of the outstanding principal amount. The term loan facility matures in May 2022. On November 2, 2015, \$385,000,000 was drawn under the term loan facility. At March 31, 2017 and December 31, 2016, \$385,000,000 was outstanding under the term loan facility. Proceeds from the term loan facility were used to repay balances outstanding under our unsecured credit facility. At March 31, 2017 and December 31, 2016, the variable interest rate on this unsecured term loan facility was 2.38% and 2.22%, respectively. The interest rate of the loan has been effectively converted to a fixed rate of 3.16% until May 8, 2020 through interest rate swaps (Note 13).

At March 31, 2017 and December 31, 2016, we were in compliance with all of our respective financial covenants under the unsecured credit and term loan facilities.

On March 28, 2017, in connection with the sale of an office property in San Francisco, California, we paid off a mortgage with an outstanding balance of \$25,331,000 using proceeds from the sale. Additionally, we paid a prepayment penalty of \$1,508,000 in connection with the prepayment of this mortgage (Note 3).

At March 31, 2017 and December 31, 2016, accrued interest and unused commitment fees payable of \$3,041,000 and \$3,133,000, respectively, are included in accounts payable and accrued expenses.

CIM COMMERCIAL TRUST CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements as of March 31, 2017 and December 31, 2016, and for the Three Months Ended March 31, 2017 and 2016 (Unaudited)

Future principal payments on our debt (face value) at March 31, 2017 are as follows:

Years Ending December 31,	Secured Borrowings Principal(1)	Mortgages Payable	Other(2)	Total
	(in thousands)			
2017 (Nine months ending December 31, 2017)	\$ 695	\$ 1,025	\$ —	\$ 1,720
2018	958	1,440	—	2,398
2019	992	1,519	—	2,511
2020	1,031	1,596	—	2,627
2021	1,072	62,380	—	63,452
Thereafter	21,597	438,000	412,070	871,667
	<u>\$ 26,345</u>	<u>\$ 505,960</u>	<u>\$ 412,070</u>	<u>\$ 944,375</u>

- (1) Principal payments are generally dependent upon cash flows received from the underlying loans. Our estimate of their repayment is based on scheduled principal payments on the underlying loans. Our estimate will differ from actual amounts to the extent we experience prepayments and/or loan liquidations or charge-offs. No payment is due unless payments are received from the borrowers on the underlying loans.
- (2) Represents the junior subordinated notes and unsecured term loan facility.

9. STOCK-BASED COMPENSATION PLANS

In April 2015, we granted awards of 2,000 restricted shares of Common Stock to each of the independent members of the Board of Directors (6,000 in aggregate) under the 2015 Equity Incentive Plan, which vested in April 2016 based on one year of continuous service. In addition, in May 2016, 3,392 restricted shares of Common Stock were granted to each of the independent members of the Board of Directors (10,176 in aggregate) under the 2015 Equity Incentive Plan, which will vest over one year of continuous service. Compensation expense related to these restricted shares of Common Stock is recognized over the vesting period. We recorded compensation expense of \$48,000 and \$27,000 for the three months ended March 31, 2017 and 2016, respectively, related to these restricted shares of Common Stock.

We issued to two of our executive officers an aggregate of 2,000 restricted shares of Common Stock on May 6, 2014, which were fully vested in May 2016, and an aggregate of 2,000 restricted shares of Common Stock on March 6, 2015, which were fully vested in March 2017. The restricted shares of Common Stock vested based on two years of continuous service with one-third of the shares of Common Stock vesting immediately upon issuance and one-third vesting at the end of each of the next two years from the date of issuance. Compensation expense related to these restricted shares of Common Stock was recognized over the vesting period. We recognized compensation expense of \$1,000 and \$5,000 for the three months ended March 31, 2017 and 2016, respectively, related to these restricted shares of Common Stock.

As of March 31, 2017, there was \$16,000 of total unrecognized compensation expense related to shares of Common Stock which will be recognized during the second quarter of 2017.

10. EARNINGS PER SHARE ("EPS")

The computations of basic EPS are based on our weighted average shares outstanding. The basic weighted average shares of Common Stock outstanding were 84,048,000 and 97,662,000 for the three months ended March 31, 2017 and 2016, respectively. We had no dilutive securities outstanding for each of the three months ended March 31, 2017 and 2016. Outstanding shares of Series A Preferred Stock and Warrants were not included in the computation of diluted EPS for the three months ended March 31, 2017 because their impact was deemed to be anti-dilutive. No shares of Series A Preferred Stock or Warrants were outstanding during the three months ended March 31, 2016.

EPS for the year-to-date period may differ from the sum of quarterly EPS amounts due to the required method for computing EPS in the respective periods. In addition, EPS is calculated independently for each component and may not be additive due to rounding.

CIM COMMERCIAL TRUST CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements as of March 31, 2017 and December 31, 2016, and for the Three Months Ended March 31, 2017 and 2016 (Unaudited)

The following table reconciles the numerator and denominator used in computing our basic and diluted per-share computations for net income available to common stockholders for the three months ended March 31, 2017 and 2016:

	Three Months Ended March 31,	
	2017	2016
	(in thousands, except share and per share amounts)	
Numerator:		
Net income from continuing operations	\$ 193,935	\$ 26,293
Net income attributable to noncontrolling interests	(5)	(3)
Redeemable preferred stock dividends	(31)	—
Numerator for basic and diluted net income from continuing operations available to common stockholders	193,899	26,290
Net income from discontinued operations	—	690
Numerator for basic and diluted net income available to common stockholders	<u>\$ 193,899</u>	<u>\$ 26,980</u>
Denominator:		
Basic weighted average shares outstanding	84,048	97,662
Effect of dilutive securities—contingently issuable shares and stock options	—	—
Diluted weighted average shares and common stock equivalents outstanding	<u>84,048</u>	<u>97,662</u>
Basic and diluted net income available to common stockholders per share:		
Continuing operations	\$ 2.31	\$ 0.27
Discontinued operations	—	0.01
Net income	<u>\$ 2.31</u>	<u>\$ 0.28</u>

11. REDEEMABLE PREFERRED STOCK

On April 22, 2016, we filed a registration statement with the Securities and Exchange Commission ("SEC") for up to \$900,000,000 of units (collectively, the "Units"), with each unit consisting of (i) one share of Series A Preferred Stock, par value \$0.001 per share, of the Company (collectively, the "Series A Preferred Stock") with an initial stated value of \$25.00 per share ("Stated Value") and (ii) one warrant (collectively, the "Warrants") to purchase 0.25 of a share of Common Stock (Note 12), which was declared effective on July 1, 2016 by the SEC. The registration statement allows us to sell up to a maximum of 36,000,000 Units. Our Series A Preferred Stock ranks senior to our Common Stock with respect to payment of dividends and distributions of amounts upon liquidation, dissolution or winding up. Proceeds and expenses from the sale of the Units are allocated to the Series A Preferred Stock and Warrants using their relative fair values on the date of issuance.

Our Series A Preferred Stock is redeemable at the option of the holder (the "Holder") or CIM Commercial. The redemption schedule of the Series A Preferred Stock allows redemptions at the option of the Holder from the date of original issuance of any given shares of Series A Preferred Stock through the second year at Stated Value, plus accrued and unpaid dividends, subject to the payment of a 13.0% redemption fee. After year two, the redemption fee decreases to 10.0% and after year five there is no redemption fee. Also, CIM Commercial has the right to redeem the Series A Preferred Stock after year five at Stated Value, plus accrued and unpaid dividends. At the Company's discretion, redemptions will be paid in cash or, on or after the first anniversary of the issuance of such shares of Series A Preferred Stock, an equal value of Common Stock based on the volume weighted average price of our Common Stock for the 20 trading days prior to the redemption. As of March 31, 2017, no shares of Series A Preferred Stock have been redeemed.

As of March 31, 2017, we had issued 144,698 Units and received gross proceeds of \$3,617,000 (\$3,599,000 of which were allocated to the Series A Preferred Stock in temporary equity and the remaining \$18,000 were allocated to the Warrants in permanent equity). In connection with such issuance, costs specifically identifiable to the offering of Units, such as commissions, dealer manager fees and other registration fees, totaled \$279,000 (\$270,000 of which were allocated to the Series A Preferred Stock in temporary equity and the remaining \$9,000 were allocated to the Warrants in permanent equity). In addition, as of

March 31, 2017, non issuance specific costs related to this offering totaled \$2,314,000. As of March 31, 2017, we have reclassified \$8,000 and a de minimis amount from deferred rent receivable and charges to temporary equity and

CIM COMMERCIAL TRUST CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements as of March 31, 2017 and December 31, 2016, and for the Three Months Ended March 31, 2017 and 2016 (Unaudited)

stockholders' equity, respectively, as a reduction to the gross proceeds received. Such reclassification was based on the number of Units issued during the period relative to the maximum number of Units expected to be issued under the offering.

Holders of Series A Preferred Stock are entitled to receive, if, as and when authorized by our Board of Directors, and declared by us out of legally available funds, cumulative cash dividends on each share of Series A Preferred Stock at an annual rate of 5.5% of the Stated Value (i.e., the equivalent of \$0.34375 per share per quarter). Dividends on each share of Series A Preferred Stock will begin accruing on, and will be cumulative from, the date of issuance. Cash dividends declared on our Series A Preferred Stock for the three months ended March 31, 2017 consist of the following:

Declaration Date	Payment Date	Number of Shares	Aggregate Dividends Declared (in thousands)
March 8, 2017	April 17, 2017	144,698	\$ 31

12. STOCKHOLDERS' EQUITY

Dividends

Dividends per share of Common Stock declared during the three months ended March 31, 2017 and 2016 consist of the following:

Declaration Date	Payment Date	Dividend Per Common Share
March 8, 2017	March 27, 2017	\$ 0.21875
March 8, 2016	March 29, 2016	\$ 0.21875

On April 5, 2017, we declared a special cash dividend of \$0.28 per share of Common Stock, or \$601,000 in the aggregate, that was paid on April 24, 2017 to stockholders of record on April 17, 2017. This special cash dividend allowed common stockholders that did not participate in the September 14, 2016 private repurchase to receive the economic benefit of such repurchase. The September 14, 2016 private repurchase consisted of the Company's repurchasing, in a privately negotiated transaction, canceling and retiring 3,628,116 shares of Common Stock from Urban Partners II, LLC ("Urban II"), a fund managed by an affiliate of CIM Group, the Manager and Advisor of CIM Commercial, and an affiliate of CIM REIT and CIM Urban, for an aggregate purchase price of \$79,819,000, or \$22.00 per share. Urban II waived its right to receive this special cash dividend.

Warrants

Each Unit consists of (i) one share of Series A Preferred Stock (Note 11) and (ii) one Warrant which allows the holder to purchase 0.25 of a share of Common Stock. The Warrants are exercisable beginning on the first anniversary of the date of original issuance until and including the fifth anniversary of the date of such issuance. The exercise price of each Warrant is at a 15.0% premium to the per share estimated net asset value of our Common Stock (as most recently published by us at the time of each issuance).

Proceeds and expenses from the sale of the Units are allocated to the Series A Preferred Stock and Warrants using their relative fair values on the date of issuance. As of March 31, 2017, we had issued 144,698 Warrants in connection with our offering of Units and allocated net proceeds of \$9,000, after specifically identifiable offering costs and allocated general offering costs, to the Warrants in permanent equity.

13. DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGING ACTIVITIES

Hedges of Interest Rate Risk

In order to manage financing costs and interest rate exposure related to our \$385,000,000 unsecured term loan facility (Note 8), on August 13, 2015, we entered into interest rate swap agreements with multiple counterparties. These swap agreements became effective on November 2, 2015. Each of our interest rate swap agreements meets the criteria for cash flow

CIM COMMERCIAL TRUST CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements as of March 31, 2017 and December 31, 2016, and for the Three Months Ended March 31, 2017 and 2016 (Unaudited)

hedge accounting treatment and we have designated the interest rate swap agreements as cash flow hedges of the risk of variability attributable to changes in the one-month LIBOR on the term loan facility. Accordingly, the interest rate swaps are recorded on the consolidated balance sheets at fair value and the changes in the fair value of the swaps are recorded in OCI and reclassified to earnings as an adjustment to interest expense as interest becomes receivable or payable (Note 2). We do not expect any significant losses from counterparty defaults related to our swap agreements.

Summary of Derivatives

The following table sets forth the key terms of our interest rate swap contracts:

Number of Interest Rate Swaps(1)(2)	Total Notional Amount (in thousands)	Fixed Rates	Floating Rate Index	Effective Date	Expiration Date
10	\$ 385,000	1.559% - 1.569%	One-Month LIBOR	11/2/2015	5/8/2020

(1) See Note 14 for our fair value disclosures.

(2) Our interest rate swaps are not subject to master netting arrangements.

These swaps hedge the future cash flows of interest payments on our \$385,000,000 unsecured term loan facility by fixing the rate until May 8, 2020 at a weighted average rate of 1.563% plus the credit spread, which was 1.60% at March 31, 2017 and December 31, 2016, or an all-in rate of 3.16%.

Credit-Risk-Related Contingent Features

Each of our interest rate swap agreements contains a provision under which we could also be declared in default under such agreements if we default on the term loan facility. As of March 31, 2017 and December 31, 2016, there have been no events of default under our interest rate swap agreements.

Impact of Hedges on AOCI and Consolidated Statements of Operations

The changes in the balance of each component of AOCI related to our interest rate swaps designated as cash flow hedges are as follows:

	Three Months Ended March 31,	
	2017	2016
	(in thousands)	
Accumulated other comprehensive income (loss), at beginning of period	\$ (509)	\$ (2,519)
Other comprehensive income (loss) before reclassifications	794	(9,033)
Amounts reclassified from accumulated other comprehensive income (loss) (1)	758	1,108
Net current period other comprehensive income (loss)	1,552	(7,925)
Accumulated other comprehensive income (loss), at end of period	\$ 1,043	\$ (10,444)

(1) The amounts from AOCI are reclassified as an increase to interest expense in the statements of operations.

Future Reclassifications from AOCI

We estimate that \$2,234,000 related to our derivatives designated as cash flow hedges will be reclassified out of AOCI as an increase to interest expense during the next twelve months.

CIM COMMERCIAL TRUST CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements as of March 31, 2017 and December 31, 2016, and for the Three Months Ended March 31, 2017 and 2016 (Unaudited)

14. FAIR VALUE OF FINANCIAL INSTRUMENTS

We determine the estimated fair value of financial assets and liabilities utilizing a hierarchy of valuation techniques based on whether the inputs to a fair value measurement are considered to be observable or unobservable in a marketplace. The hierarchy for inputs used in measuring fair value is as follows:

Level 1 Inputs—Quoted prices in active markets for identical assets or liabilities

Level 2 Inputs—Observable inputs other than quoted prices in active markets for identical assets and liabilities

Level 3 Inputs—Unobservable inputs

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes, the level within which the fair value measurement is categorized is based on the lowest level input that is significant to the fair value measurement.

Our derivative financial instruments (Note 13) are measured at fair value on a recurring basis and are presented on our consolidated balance sheets at fair value, on a gross basis, excluding accrued interest. The table below presents the fair value of our derivative financial instruments as well as their classification on our consolidated balance sheets:

	March 31, 2017	December 31, 2016	Level	Balance Sheet Location
	(in thousands)			
Assets (Liabilities):				
Interest rate swaps	\$ 1,043	\$ (509)	2	Other assets (Other liabilities)

Interest Rate Swaps—We estimate the fair value of our interest rate swaps by calculating the credit-adjusted present value of the expected future cash flows of each swap. The calculation incorporates the contractual terms of the derivatives, observable market interest rates which we consider to be Level 2 inputs, and credit risk adjustments, if any, to reflect the counterparty's as well as our own nonperformance risk.

The estimated fair values of those financial instruments which are not recorded at fair value on a recurring basis on our consolidated balance sheets are as follows:

	March 31, 2017		December 31, 2016		Level
	Carrying Amount	Estimated Fair Value	Carrying Amount	Estimated Fair Value	
	(in thousands)				
Assets:					
Loans receivable subject to credit risk	\$ 41,439	\$ 41,282	\$ 43,623	\$ 43,621	3
SBA 7(a) loans receivable, subject to secured borrowings	27,854	28,300	29,524	29,976	3
Other loans receivable	1,352	1,304	2,593	2,550	3
Liabilities:					
Mortgages payable	503,698	499,149	530,793	516,892	3
Junior subordinated notes	25,074	25,458	25,055	25,173	3

Management's estimation of the fair value of our financial instruments other than our interest rate swaps is based on a Level 3 valuation in the fair value hierarchy established for disclosure of how a company values its financial instruments. In general, quoted market prices from active markets for the identical financial instrument (Level 1 inputs), if available, should be used to value a financial instrument. If quoted prices are not available for the identical financial instrument, then a determination should be made if Level 2 inputs are available. Level 2 inputs include quoted prices for similar financial instruments in active markets for identical or similar financial instruments in markets that are not active (i.e., markets in which

CIM COMMERCIAL TRUST CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements as of March 31, 2017 and December 31, 2016, and for the Three Months Ended March 31, 2017 and 2016 (Unaudited)

there are few transactions for the financial instruments, the prices are not current, price quotations vary substantially, or in which little information is released publicly). There is limited reliable market information for our financial instruments other than our interest rate swaps and we utilize other methodologies based on unobservable inputs for valuation purposes since there are no Level 1 or Level 2 inputs available. Accordingly, Level 3 inputs are used to measure fair value.

In general, estimates of fair value may differ from the carrying amounts of the financial assets and liabilities primarily as a result of the effects of discounting future cash flows. Considerable judgment is required to interpret market data and develop estimates of fair value. Accordingly, the estimates presented are made at a point in time and may not be indicative of the amounts we could realize in a current market exchange.

The carrying amounts of our secured borrowings and unsecured credit and term loan facilities approximate their fair values, as the interest rates on these securities are variable and approximate current market interest rates.

Loans Receivable Subject to Credit Risk and Other Loans Receivable—Loans receivable were initially recorded at estimated fair value at the Acquisition Date. Loans receivable originated subsequent to the Acquisition Date are recorded at cost upon origination and adjusted by net loan origination fees and discounts. In order to determine the estimated fair value of our loans receivable, we use a present value technique for the anticipated future cash flows using certain assumptions. At March 31, 2017, our assumptions included discount rates ranging from 8.50% to 13.50% and prepayment rates ranging from 5.80% to 20.00%. At December 31, 2016, our assumptions included discount rates ranging from 8.25% to 13.25% and prepayment rates ranging from 5.80% to 20.00%.

SBA 7(a) Loans Receivable, Subject to Secured Borrowings—These loans receivable represent the government guaranteed portion of loans which were sold with the proceeds received from the sale reflected as secured borrowings—government guaranteed loans. There is no credit risk associated with these loans since the SBA has guaranteed payment of the principal. In order to determine the estimated fair value of these loans receivable, we use a present value technique for the anticipated future cash flows taking into consideration the lack of credit risk and using a range of prepayment rates from 6.70% to 20.00% at both March 31, 2017 and December 31, 2016.

Mortgages Payable—The fair values of mortgages payable are estimated based on current interest rates available for debt instruments with similar terms. The fair value of our mortgages payable is sensitive to fluctuations in interest rates. Discounted cash flow analysis is generally used to estimate the fair value of our mortgages payable, using rates ranging from 4.35% to 4.55% and 4.60% to 4.72% at March 31, 2017 and December 31, 2016, respectively.

Junior Subordinated Notes—The fair value of the junior subordinated notes is estimated based on current interest rates available for debt instruments with similar terms. Discounted cash flow analysis is generally used to estimate the fair value of our junior subordinated notes. The rate used was 4.90% and 4.83% at March 31, 2017 and December 31, 2016, respectively.

15. RELATED-PARTY TRANSACTIONS

In May 2005, CIM Urban and CIM Urban REIT Management, L.P., each an affiliate of CIM REIT and CIM Group, entered into an Investment Management Agreement, pursuant to which CIM Urban engaged CIM Urban REIT Management, L.P. to provide investment advisory services to CIM Urban. CIM Investment Advisors, LLC, an affiliate of CIM REIT and CIM Group, registered with the SEC as an investment adviser and, in connection with such registration, CIM Urban entered into a new Investment Management Agreement with CIM Investment Advisors, LLC, in December 2015, on terms substantially similar to those in the previous Investment Management Agreement, pursuant to which CIM Urban engaged CIM Investment Advisors, LLC to provide investment advisory services, and the previous Investment Management Agreement was terminated. "Advisor" refers to CIM Urban REIT Management, L.P. prior to December 10, 2015 and to CIM Investment Advisors, LLC on and after December 10, 2015.

CIM COMMERCIAL TRUST CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements as of March 31, 2017 and December 31, 2016, and for the Three Months Ended March 31, 2017 and 2016 (Unaudited)

CIM Urban pays asset management fees to the Advisor on a quarterly basis in arrears. The fee is calculated as a percentage of the daily average adjusted fair value of CIM Urban's investments, as defined, as follows:

Daily Average Adjusted Fair Value of CIM Urban's Investments		Quarterly Fee Percentage
From Greater of	To and Including	
(in thousands)		
\$ —	\$ 500,000	0.2500%
500,000	1,000,000	0.2375%
1,000,000	1,500,000	0.2250%
1,500,000	4,000,000	0.2125%
4,000,000	20,000,000	0.1000%

The Advisor earned asset management fees of \$6,414,000 and \$6,478,000 for the three months ended March 31, 2017 and 2016, respectively. At March 31, 2017 and December 31, 2016, asset management fees of \$6,410,000 and \$6,448,000, respectively, were due to the Advisor.

CIM Management, Inc. and certain of its affiliates (collectively, the "CIM Management Entities"), all affiliates of CIM REIT and CIM Group, provide property management, leasing, and development services to CIM Urban. The CIM Management Entities earned property management fees, which are included in rental and other property operating expenses, totaling \$1,432,000 and \$1,410,000 for the three months ended March 31, 2017 and 2016, respectively. CIM Urban also reimbursed the CIM Management Entities \$2,130,000 and \$1,762,000 during the three months ended March 31, 2017 and 2016, respectively, for the cost of on-site personnel incurred on behalf of CIM Urban, which is included in rental and other property operating expenses. The CIM Management Entities earned leasing commissions of \$161,000 and \$66,000 for the three months ended March 31, 2017 and 2016, respectively, which were capitalized to deferred charges. In addition, the CIM Management Entities earned construction management fees of \$184,000 and \$258,000 for the three months ended March 31, 2017 and 2016, respectively, which were capitalized to investments in real estate.

At March 31, 2017 and December 31, 2016, fees payable and expense reimbursements due to the CIM Management Entities of \$1,777,000 and \$2,027,000, respectively, are included in due to related parties. Also included in due from related parties as of March 31, 2017 and December 31, 2016, was \$416,000 and \$214,000, respectively, due from the CIM Management Entities and related parties.

On the Acquisition Date, pursuant to the terms of the Merger Agreement, CIM Commercial and its subsidiaries entered into the Master Services Agreement (the "Master Services Agreement") with CIM Service Provider, LLC (the "Manager"), an affiliate of CIM Group, pursuant to which the Manager agrees to provide or arrange for other service providers to provide management and administration services to CIM Commercial and its subsidiaries following the Merger. Pursuant to the Master Services Agreement, we appointed an affiliate of CIM Group as the manager of Urban Partners GP, LLC. Under the Master Services Agreement, CIM Commercial pays a base service fee (the "Base Service Fee") to the Manager initially set at \$1,000,000 per year (subject to an annual escalation by a specified inflation factor beginning on January 1, 2015), payable quarterly in arrears. The Manager earned a Base Service Fee of \$265,000 and \$254,000 for the three months ended March 31, 2017 and 2016, respectively. In addition, pursuant to the terms of the Master Services Agreement, the Manager may receive compensation and/or reimbursement for performing certain services for CIM Commercial and its subsidiaries that are not covered under the Base Service Fee. During the three months ended March 31, 2017 and 2016, such services performed by the Manager included accounting, tax, reporting, internal audit, legal, compliance, risk management, IT, human resources and corporate communications. The Manager's compensation is based on the salaries and benefits of the employees of the Manager and/or its affiliates who performed these services (allocated based on the percentage of time spent on the affairs of CIM Commercial and its subsidiaries). We expensed \$1,062,000 and \$866,000 for the three months ended March 31, 2017 and 2016, respectively, for such services which are included in asset management and other fees to related parties. At March 31, 2017 and December 31, 2016, \$2,326,000 and \$1,935,000 was due to the Manager, respectively, for such services.

On January 1, 2015, we entered into a Staffing and Reimbursement Agreement with CIM SBA Staffing, LLC ("CIM SBA"), an affiliate of CIM Group and our subsidiary, PMC Commercial Lending, LLC. The Agreement provides that CIM SBA will provide personnel and resources to us and that we will reimburse CIM SBA for the costs and expenses of providing such

CIM COMMERCIAL TRUST CORPORATION AND SUBSIDIARIES**Notes to Consolidated Financial Statements as of March 31, 2017 and December 31, 2016, and
for the Three Months Ended March 31, 2017 and 2016 (Unaudited)**

personnel and resources. For the three months ended March 31, 2017 and 2016, we incurred expenses related to services subject to reimbursement by us under this agreement of \$844,000 and \$930,000, respectively, which are included in asset management and other fees to related parties for lending segment costs included in continuing operations, \$115,000 and \$103,000, respectively, for corporate services, which are included in asset management and other fees to related parties, and \$0 and \$132,000, respectively, which are included in discontinued operations. In addition, we deferred personnel costs of \$44,000 and \$79,000 for the three months ended March 31, 2017 and 2016, respectively, associated with services provided for originating loans.

On October 1, 2015, an affiliate of CIM Group entered into a 5-year lease renewal with respect to a property owned by the Company. We recorded rental and other property income related to this tenant of \$27,000 for each of the three months ended March 31, 2017 and 2016.

16. COMMITMENTS AND CONTINGENCIES

Loan Commitments—Commitments to extend credit are agreements to lend to a customer provided the terms established in the contract are met. Our outstanding loan commitments to fund loans were \$11,784,000 at March 31, 2017 and are for prime-based loans to be originated by our subsidiary engaged in SBA 7(a) Program lending, the government guaranteed portion of which is intended to be sold. Commitments generally have fixed expiration dates. Since some commitments are expected to expire without being drawn upon, total commitment amounts do not necessarily represent future cash requirements.

General—In connection with the ownership and operation of real estate properties, we have certain obligations for the payment of tenant improvement allowances and lease commissions in connection with new leases and renewals. CIM Commercial had a total of \$39,362,000 in future obligations under leases to fund tenant improvements and other future construction obligations at March 31, 2017. At March 31, 2017, \$12,647,000 was funded to reserve accounts included in restricted cash on our consolidated balance sheet for these tenant improvement obligations in connection with the mortgage loan agreements entered into in June 2016.

Employment Agreements—We have employment agreements with two of our officers. Pursuant to these employment agreements, we issued an aggregate of 76,423 shares of Common Stock under the 2015 Equity Incentive Plan as retention bonuses to these officers in January 2016 (as each executive was not entitled to any disability, death or severance payments on such date). These shares vested immediately. We accrued associated payroll taxes of \$444,000 at December 31, 2015, which were paid in January 2016, and recorded no compensation expense during the three months ended March 31, 2017 and 2016 related to these retention bonuses. In addition, under certain circumstances, each of these employment agreements currently provides for (1) severance payment equal to the annual base salary paid to the officer and (2) death and disability payments in an amount equal to two times and one time, respectively, the annual base salary paid to the officers. At March 31, 2017, there was no unrecognized compensation expense related to these awards.

Litigation—We are not currently involved in any material pending or threatened legal proceedings nor, to our knowledge, are any material legal proceedings currently threatened against us, other than routine litigation arising in the ordinary course of business. In the normal course of business, we are periodically party to certain legal actions and proceedings involving matters that are generally incidental to our business. While the outcome of these legal actions and proceedings cannot be predicted with certainty, in management's opinion, the resolution of these legal proceedings and actions will not have a material adverse effect on our business, financial condition, results of operations, cash flow or our ability to satisfy our debt service obligations, to maintain our level of Common Stock or Series A Preferred Stock dividend distributions or to engage in further repurchases of Common Stock.

In April 2017, the City and County of San Francisco filed suit against certain subsidiaries of the Company claiming past due real property transfer tax relating to a transaction in a prior year totaling approximately \$11,500,000, including penalties and interest. The Company believes that it has defenses to, and intends to vigorously contest, the suit. Due to the early stage of the suit and the uncertainty and risks inherent in litigation, the Company cannot predict the ultimate outcome. However, the Company currently does not believe that any loss is probable and reasonably estimable. Accordingly, the Company has not recorded any liability related to the suit as of March 31, 2017 in the accompanying consolidated financial statements.

SBA Related—If the SBA establishes that a loss on an SBA guaranteed loan is attributable to significant technical deficiencies in the manner in which the loan was originated, funded or serviced under the SBA 7(a) Program, the SBA may seek recovery of the principal loss related to the deficiency from us. With respect to the guaranteed portion of SBA loans that have

CIM COMMERCIAL TRUST CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements as of March 31, 2017 and December 31, 2016, and for the Three Months Ended March 31, 2017 and 2016 (Unaudited)

been sold, the SBA will first honor its guarantee and then seek compensation from us in the event that a loss is deemed to be attributable to technical deficiencies. Based on historical experience, we do not expect that this contingency is probable to be asserted. However, if asserted, it could have a material adverse effect on our business, financial condition, results of operations, cash flow or our ability to satisfy our debt service obligations, to maintain our level of Common Stock or Series A Preferred Stock dividend distributions or to engage in further repurchases of Common Stock.

Environmental Matters—In connection with the ownership and operation of real estate properties, we may be potentially liable for costs and damages related to environmental matters, including asbestos-containing materials. We have not been notified by any governmental authority of any noncompliance, liability, or other claim in connection with any of the properties, and we are not aware of any other environmental condition with respect to any of the properties that management believes will have a material adverse effect on our business, financial condition, results of operations, cash flow or our ability to satisfy our debt service obligations, to maintain our level of Common Stock or Series A Preferred Stock dividend distributions or to engage in further repurchases of Common Stock.

Rent Expense—The ground lease for a property provides for current annual rent of \$503,000, payable quarterly, with increases every five years after July 1, 2015 based on the greater of 15% or 50% of the increase in the Consumer Price Index during a five-year adjustment period. In addition, commencing on July 1, 2040 and July 1, 2065, the rent payable during the balance of the lease term shall be increased by an amount equal to 10% of the rent payable during the immediately preceding lease year. The lease term is through May 31, 2089. If the landlord decides to sell the leased property, we have the right of first refusal.

Rent expense under this lease, which includes straight-line rent and amortization of acquired below-market ground lease, was \$438,000 for each of the three months ended March 31, 2017 and 2016. We record rent expense on a straight-line basis. Straight-line rent liability of \$13,566,000 and \$13,289,000 is included in other liabilities in the accompanying consolidated balance sheets as of March 31, 2017 and December 31, 2016, respectively.

We lease office space in Dallas, Texas under a lease which expires in May 2018. We recorded rent expense of \$56,000 and \$58,000 for the three months ended March 31, 2017 and 2016, respectively.

Scheduled future noncancelable minimum lease payments at March 31, 2017 are as follows:

Years Ending December 31,	(in thousands)
2017 (Nine months ending December 31, 2017)	\$ 562
2018	607
2019	503
2020	541
2021	578
Thereafter	127,101
	<u>\$ 129,892</u>

CIM COMMERCIAL TRUST CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements as of March 31, 2017 and December 31, 2016, and for the Three Months Ended March 31, 2017 and 2016 (Unaudited)

17. FUTURE MINIMUM LEASE RENTALS

Future minimum rental revenue under long-term operating leases at March 31, 2017, excluding tenant reimbursements of certain costs, are as follows:

Years Ending December 31,	Governmental Tenants	Other Tenants	Total
	(in thousands)		
2017 (Nine months ending December 31, 2017)	\$ 38,544	\$ 79,928	\$ 118,472
2018	50,744	98,960	149,704
2019	51,182	87,413	138,595
2020	49,089	75,792	124,881
2021	35,204	63,777	98,981
Thereafter	114,668	190,251	304,919
	<u>\$ 339,431</u>	<u>\$ 596,121</u>	<u>\$ 935,552</u>

18. CONCENTRATIONS

Tenant Revenue Concentrations—Rental revenue, excluding tenant reimbursements of certain costs, from the U.S. General Services Administration and other government agencies (collectively, "Governmental Tenants"), which primarily occupy properties located in Washington, D.C., accounted for approximately 19.5% and 20.1% of our rental and other property income for the three months ended March 31, 2017 and 2016, respectively. At March 31, 2017 and December 31, 2016, \$8,640,000 and \$8,339,000, respectively, was due from Governmental Tenants (Note 17).

Geographical Concentrations of Investments in Real Estate—As of March 31, 2017 and December 31, 2016, we owned 19 and 20 office properties, respectively, five multifamily properties, one and two hotel properties, respectively, three parking garages, and two development sites, one of which is being used as a parking lot. These properties are located in four states and Washington, D.C.

Our revenue concentrations from properties are as follows:

	Three Months Ended March 31,	
	2017	2016
California	63.2%	64.6%
Washington, D.C.	20.8	21.2
Texas	7.8	8.0
North Carolina	6.2	4.3
New York	2.0	1.9
	<u>100.0%</u>	<u>100.0%</u>

Our real estate investments concentrations from properties are as follows:

	March 31, 2017	December 31, 2016
California	47.6%	50.8%
Washington, D.C.	34.5	32.3
Texas	8.1	7.7
North Carolina	5.8	5.5
New York	4.0	3.7
	<u>100.0%</u>	<u>100.0%</u>

CIM COMMERCIAL TRUST CORPORATION AND SUBSIDIARIES**Notes to Consolidated Financial Statements as of March 31, 2017 and December 31, 2016, and
for the Three Months Ended March 31, 2017 and 2016 (Unaudited)****19. SEGMENT DISCLOSURE**

In accordance with ASC Topic 280, *Segment Reporting*, our reportable segments consist of three types of commercial real estate properties, namely, office, hotel and multifamily, as well as a segment for our lending business that is included in our continuing operations. The lending business that is held for sale for the three months ended March 31, 2016 is not included in our reportable segments. Management internally evaluates the operating performance and financial results of the segments based on net operating income. We also have certain general and administrative level activities, including public company expenses, legal, accounting, and tax preparation that are not considered separate operating segments. The reportable segments are accounted for on the same basis of accounting as described in the notes to our audited consolidated financial statements for the year ended December 31, 2016 included in our Annual Report on Form 10-K filed with the SEC on March 16, 2017.

We evaluate the performance of our real estate segments based on net operating income, which is defined as rental and other property income and expense reimbursements less property related expenses, and excludes non-property income and expenses, interest expense, depreciation and amortization, corporate related general and administrative expenses, gain (loss) on sale of real estate, transaction costs, and provision for income taxes. For the lending segment, we define net operating income as interest income net of interest expense and general overhead expenses.

CIM COMMERCIAL TRUST CORPORATION AND SUBSIDIARIES

**Notes to Consolidated Financial Statements as of March 31, 2017 and December 31, 2016, and
for the Three Months Ended March 31, 2017 and 2016 (Unaudited)**

The net operating income of our segments included in continuing operations for the three months ended March 31, 2017 and 2016 is as follows:

	Three Months Ended March 31,	
	2017	2016
	(in thousands)	
Office:		
Revenues	\$ 49,093	\$ 46,049
Property expenses:		
Operating	13,753	18,487
General and administrative	288	354
Total property expenses	14,041	18,841
Segment net operating income—office	35,052	27,208
Hotel:		
Revenues	10,518	15,283
Property expenses:		
Operating	6,439	9,955
General and administrative	4	87
Total property expenses	6,443	10,042
Segment net operating income—hotel	4,075	5,241
Multifamily:		
Revenues	5,003	5,058
Property expenses:		
Operating	2,768	2,836
General and administrative	229	258
Total property expenses	2,997	3,094
Segment net operating income—multifamily	2,006	1,964
Lending:		
Revenues	2,335	2,227
Lending expenses:		
Interest expense	142	189
Fees to related party	844	930
General and administrative	367	179
Total lending expenses	1,353	1,298
Segment net operating income—lending	982	929
Total segment net operating income	\$ 42,115	\$ 35,342

CIM COMMERCIAL TRUST CORPORATION AND SUBSIDIARIES

**Notes to Consolidated Financial Statements as of March 31, 2017 and December 31, 2016, and
for the Three Months Ended March 31, 2017 and 2016 (Unaudited)**

A reconciliation of our segment net operating income to net income attributable to the Company for the three months ended March 31, 2017 and 2016 is as follows:

	Three Months Ended March 31,	
	2017	2016
	(in thousands)	
Total segment net operating income	\$ 42,115	\$ 35,342
Asset management and other fees to related parties	(7,856)	(7,701)
Interest expense	(9,631)	(6,626)
General and administrative	(791)	(1,064)
Transaction costs	(13)	(149)
Depreciation and amortization	(17,231)	(18,058)
Gain on sale of real estate	187,734	24,739
Income from continuing operations before provision for income taxes	194,327	26,483
Provision for income taxes	(392)	(190)
Net income from continuing operations	193,935	26,293
Discontinued operations:		
Income from operations of assets held for sale	—	690
Net income from discontinued operations	—	690
Net income	193,935	26,983
Net income attributable to noncontrolling interests	(5)	(3)
Net income attributable to the Company	\$ 193,930	\$ 26,980

The condensed assets for each of the segments as of March 31, 2017 and December 31, 2016, along with capital expenditures and loan originations for the three months ended March 31, 2017 and 2016, are as follows:

	March 31, 2017	December 31, 2016
	(in thousands)	
Condensed assets:		
Office	\$ 1,453,857	\$ 1,568,702
Hotel	110,816	115,955
Multifamily	166,707	170,159
Lending assets	89,904	91,191
Non-segment assets	344,546	76,877
Total assets	\$ 2,165,830	\$ 2,022,884

CIM COMMERCIAL TRUST CORPORATION AND SUBSIDIARIES

**Notes to Consolidated Financial Statements as of March 31, 2017 and December 31, 2016, and
for the Three Months Ended March 31, 2017 and 2016 (Unaudited)**

	Three Months Ended March 31,	
	2017	2016
	(in thousands)	
Capital expenditures (1):		
Office	\$ 6,805	\$ 6,653
Hotel	46	150
Multifamily	130	131
Total capital expenditures	<u>6,981</u>	<u>6,934</u>
Loan originations	<u>8,404</u>	<u>33,777</u>
Total capital expenditures and loan originations	<u>\$ 15,385</u>	<u>\$ 40,711</u>

(1) Represents additions and improvements to real estate investments, excluding acquisitions.

[Table of Contents](#)**Item 2.****Management's Discussion and Analysis of Financial Condition and Results of Operations**

This Form 10-Q contains certain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934 (the "Exchange Act"), which are intended to be covered by the safe harbors created thereby. Such forward-looking statements can be identified by the use of forward-looking terminology such as "may," "will," "expect," "intend," "might," "believe," "anticipate," "seek," "plan," "estimate," "could," "would," "continue," "pursue," or "should" or the negative thereof or other variations or similar words or phrases. These statements include the plans and objectives of management for future operations, including, but not limited to, plans and objectives relating to future growth and availability of funds. The forward-looking statements included herein are based on current expectations and there can be no assurance that these expectations will be attained. Assumptions relating to the foregoing involve judgments with respect to, among other things, future economic, competitive and market conditions and future business decisions, all of which are difficult or impossible to predict accurately and many of which are beyond our control. Although we believe that the assumptions underlying the forward-looking statements are reasonable, any of the assumptions could be inaccurate and, therefore, there can be no assurance that the forward-looking statements included in this Form 10-Q will prove to be accurate. In light of the significant uncertainties inherent in the forward-looking statements included herein, the inclusion of such information should not be regarded as a representation by us or any other person that our objectives and plans will be achieved. Readers are cautioned not to place undue reliance on forward-looking statements. Forward-looking statements speak only as of the date they are made. We do not undertake to update them to reflect changes that occur after the date they are made.

The following discussion of our financial condition at March 31, 2017 and results of operations for the three months ended March 31, 2017 and 2016 should be read in conjunction with our Annual Report on Form 10-K for the year ended December 31, 2016. For a more detailed description of the risks affecting our financial condition and results of operations, see "Risk Factors" in Item 1A of our Annual Report on Form 10-K for the year ended December 31, 2016.

Executive Summary**Business Overview**

CIM Commercial is a Maryland corporation and REIT. Our principal business is to invest in, own, and operate Class A and creative office investments in vibrant and improving urban communities throughout the United States. These communities are located in areas that include traditional downtown areas and suburban main streets, which have high barriers to entry, high population density, improving demographic trends and a propensity for growth. We believe that the critical mass of redevelopment in such areas creates positive externalities, which enhance the value of substantially stabilized assets in the area. We believe that these assets will provide greater returns than similar assets in other markets, as a result of the improving demographics, public commitment, and significant private investment that characterize these areas.

Our two primary goals are (a) consistently growing our net asset value ("NAV") and cash flows per share of Common Stock through our principal business and (b) providing liquidity to our common stockholders at prices reflecting our NAV and cash flow prospects. In that regard, in June 2016 we completed a tender offer for 10 million shares of Common Stock at a price of \$21.00 per share of Common Stock, and in September 2016, we repurchased in a privately negotiated transaction, 3,628,116 shares of our Common Stock at \$22.00 per share from Urban II. In April 2017, we declared and paid a special cash dividend of \$0.28 per share of Common Stock, or \$601,000, to the common stockholders that did not participate in the September 2016 private repurchase. This special cash dividend allowed such common stockholders that did not participate in the September 2016 private repurchase to receive the economic benefit of such repurchase. In furtherance of our two primary goals, we anticipate additional share repurchases in the future.

We are managed by affiliates of CIM Group. Our wholly-owned subsidiary, CIM Urban, is party to an Investment Management Agreement with CIM Investment Advisors, LLC, an affiliate of CIM REIT and CIM Group, pursuant to which CIM Investment Advisors, LLC provides investment advisory services to CIM Urban. In addition, we are party to a Master Services Agreement with the Manager, an affiliate of CIM Group, pursuant to which the Manager agrees to provide or arrange for other service providers to provide management and administration services ("Base Service") to us and all of our direct and indirect subsidiaries. CIM Group is a vertically-integrated, full-service investment manager with multidisciplinary expertise and in-house research, acquisition, investment, development, finance, leasing, and management capabilities. CIM Group is headquartered in Los Angeles, California and has offices in Oakland, California; Bethesda, Maryland; Dallas, Texas; and New York, New York.

[Table of Contents](#)***Properties***

As of March 31, 2017, our real estate portfolio consisted of 23 office properties (including two parking garages, one of which has street level retail space, and two development sites, one of which is being used as a parking lot) totaling approximately 5.1 million rentable square feet, five multifamily properties comprised of 930 units, and one hotel with 503 rooms.

Strategy

Our investment strategy is to continue to primarily invest in Class A and creative office investments in vibrant and improving urban communities throughout the United States in a manner that will allow us to increase our NAV and cash flows per share of Common Stock. Our investment strategy is centered around CIM's community qualification process. We believe this strategy provides us with a significant competitive advantage when making urban real estate investments. The qualification process generally takes between six months and five years and is a critical component of CIM's investment evaluation. CIM examines the characteristics of a market to determine whether the district justifies the extensive efforts CIM undertakes in reviewing and making potential investments in its qualified communities ("Qualified Communities"). Qualified Communities generally fall into one of two categories: (i) transitional urban districts that have dedicated resources to become vibrant urban communities and (ii) well-established, thriving urban areas (typically major central business districts). Qualified Communities are distinct districts which have dedicated resources to become or are currently vibrant communities where people can live, work, shop and be entertained—all within walking distance or close proximity to public transportation. These areas also generally have high barriers to entry, high population density, improving demographic trends and a propensity for growth. CIM believes that a vast majority of the risks associated with making real asset investments are mitigated by accumulating local market knowledge of the community where the investment lies. CIM typically spends significant time and resources qualifying targeted investment communities prior to making any acquisitions. Since 1994, CIM Group has qualified 105 communities and has deployed capital in 63 of these Qualified Communities. Although we may not invest exclusively in Qualified Communities, it is expected that most of our investments will be identified through this systematic process. Our investments may also include side-by-side investments in one or more CIM Group-managed funds as well as a side-by-side or direct investment in a CIM Group-managed debt fund that principally originates loans secured directly or indirectly by commercial real estate properties. Furthermore, as part of our investment strategy, we may invest in or originate loans that are secured directly or indirectly by properties primarily located in Qualified Communities that meet our investment strategy. Such loans may include limited and/or non-recourse junior (mezzanine, B-note or 2nd lien) and senior construction loans that meet our investment strategy or limited and/or non-recourse junior (mezzanine, B-note or 2nd lien) and senior acquisition, bridge or repositioning loans.

CIM seeks to maximize the value of its investments through active asset management. CIM has extensive in-house research, acquisition, investment, development, financing, leasing and property management capabilities, which leverage its deep understanding of urban communities to position properties for multiple uses and to maximize operating income. As a fully integrated owner and operator, CIM's asset management capabilities are complemented by its in-house property management capabilities. Property managers prepare annual capital and operating budgets and monthly operating reports, monitor results and oversee vendor services, maintenance and capital improvement schedules. In addition, they ensure that revenue objectives are met, lease terms are followed, receivables are collected, preventative maintenance programs are implemented, vendors are evaluated and expenses are controlled. CIM's asset management committee reviews and approves strategic plans for each investment, including financial, leasing, marketing, property positioning and disposition plans. In addition, the asset management committee reviews and approves the annual business plan for each property, including its capital and operating budget. CIM's organizational structure provides for investment and asset management continuity through multi-disciplinary teams responsible for an asset from the time of the original investment recommendation, through the implementation of the asset's business plan, and any disposition activities.

As a matter of prudent management, we also regularly evaluate each investment within our portfolio as well as our strategies. Such review may result in dispositions when an investment no longer fits our overall objectives or investment strategies or when our view of the market value of such investment is equal to or exceeds its intrinsic value. As a result of such review, we sold an office building in Santa Ana, California in November 2015, a hotel in Oakland, California in February 2016, a hotel in Los Angeles, California in July 2016, and an office building in San Francisco, California in March 2017. In addition, we have entered into five purchase and sale agreements, each as a separate transaction with unrelated third parties, for the sale of an office property in Charlotte, North Carolina; an office property and a parking structure, both in Sacramento, California; an office property in Los Angeles, California; a multifamily property in Dallas, Texas; and two multifamily properties, both in Dallas, Texas. We expect the closings of these sales transactions to occur during the second and third quarters of 2017. Such review is likely to result in additional dispositions in 2017. We are considering using a substantial portion of the net proceeds of such dispositions to provide liquidity to our common stockholders from time to time in 2017 at prices reflecting our NAV and cash flow prospects.

[Table of Contents](#)**Lending Segment**

In order to allow CIM Commercial to increase its focus on Class A and creative office investments, our Board of Directors approved a plan in December 2014 for the lending segment that, when completed, would have resulted in the deconsolidation of the lending segment, which at that time was focused on small business lending in the hospitality industry. In July 2015, to maximize value, we modified our strategy from a strategy of selling the lending segment as a whole to a strategy of soliciting buyers for components of the business, including our commercial mortgage loans and the SBA 7(a) lending platform. This change in the sale methodology resulted in the need to extend the period to complete the sale of the remainder of the lending segment beyond one year. On December 17, 2015, pursuant to the modified plan, we sold substantially all of our commercial mortgage loans with a carrying value of \$77,121,000 to an unrelated third party and recognized a gain of \$5,151,000. In September 2016, we discontinued our efforts to sell the SBA 7(a) lending platform, and the activities related to the SBA 7(a) lending platform have been reclassified to continuing operations for all periods presented. On December 29, 2016, we sold our commercial real estate lending subsidiary, which was classified as held for sale and had a carrying value of \$27,587,000, which was equal to management's estimate of fair value, to a fund managed by an affiliate of CIM Group. We did not recognize any gain or loss in connection with the transaction. Management's estimate of fair value was determined with assistance from an independent third party valuation firm.

Through our SBA 7(a) lending platform, we are a national lender that primarily originates loans to small businesses. We identify loan origination opportunities through personal contacts, internet referrals, attendance at trade shows and meetings, direct mailings, advertisements in trade publications and other marketing methods. We also generate loans through referrals from real estate and loan brokers, franchise representatives, existing borrowers, lawyers and accountants.

Rental Rate Trends

Office Statistics: The following table sets forth occupancy rates and annualized rent per occupied square foot across our office portfolio as of the specified periods:

	As of March 31,	
	2017	2016
Occupancy	84.5%	83.2%
Annualized rent per occupied square foot (1)	\$ 38.12	\$ 36.59

- (1) Represents gross monthly base rent under leases commenced as of the specified periods, multiplied by twelve. This amount reflects total cash rent before abatements. Total abatements for the twelve months ended March 31, 2017 and 2016 were approximately \$4,928,000 and \$4,227,000, respectively. Where applicable, annualized rent has been grossed up by adding annualized expense reimbursements to base rent. Annualized rent for certain office properties includes rent attributable to retail.

Over the next four quarters, we expect to see expiring cash rents as set forth in the table below:

	For the Three Months Ended			
	June 30, 2017	September 30, 2017	December 31, 2017	March 31, 2018
Expiring Cash Rents:				
Expiring square feet (1)	203,447	57,921	72,021	148,240
Expiring rent per square foot (2)	\$ 28.83	\$ 33.47	\$ 42.06	\$ 34.05

- (1) All month-to-month tenants occupying a total of 62,505 square feet are included in the expiring leases in the first quarter listed.
- (2) Represents gross monthly base rent, as of March 31, 2017, under leases expiring during the periods above, multiplied by twelve. This amount reflects total cash rent before abatements. Where applicable, annualized rent has been grossed up by adding annualized expense reimbursements to base rent.

[Table of Contents](#)

During the three months ended March 31, 2017, we executed leases with terms longer than 12 months totaling 82,770 square feet. The table below sets forth information on certain of our executed leases during the three months ended March 31, 2017, excluding space that was vacant for more than one year:

	Number of Leases (1) (2)	Rentable Square Feet (2)	New Cash Rents per Square Foot (2) (3)	Expiring Cash Rents per Square Foot (2) (3)
Three months ended March 31, 2017 (3)	17	73,533	\$ 47.98	\$ 39.35

- (1) Based on the number of tenants.
- (2) Excludes leases for which the space was vacant for longer than one year, month-to-month leases, leases with an original term of less than 12 months, related party leases, and space where the previous tenant was a related party.
- (3) Cash rents represent gross monthly base rent, multiplied by twelve. This amount reflects total cash rent before abatements. Where applicable, annualized rent has been grossed up by adding annualized expense reimbursements to base rent.

Fluctuations in submarkets, buildings and terms of the leases cause large variations in these numbers and make predicting the changes in rent in any specific period difficult. Our rental and occupancy rates are impacted by general economic conditions, including the pace of regional and economic growth, and access to capital. Therefore, we cannot give any assurance that leases will be renewed or that available space will be re-leased at rental rates equal to or above the current market rates. Additionally, decreased demand and other negative trends or unforeseeable events that impair our ability to timely renew or re-lease space could have further negative effects on our future financial condition, results of operations and cash flows.

Multifamily Statistics: The following table sets forth occupancy rates and the monthly rent per occupied unit across our multifamily portfolio for the specified periods:

	As of March 31,	
	2017	2016
Occupancy	93.1%	93.5%
Monthly rent per occupied unit (1)	\$ 1,979	\$ 1,974

- (1) Represents gross monthly base rent under leases commenced as of the specified period, divided by occupied units. This amount reflects total cash rent before concessions.

Hotel Statistics: The following table sets forth the occupancy, average daily rate ("ADR") and revenue per available room ("RevPAR") for the hotel portfolio for the specified periods:

	For the Three Months Ended March 31,	
	2017	2016
Occupancy (1)	81.7%	81.1%
ADR (1)	\$ 168.59	\$ 142.07
RevPAR (1)	\$ 137.71	\$ 115.16

- (1) Occupancy, ADR, and RevPAR includes activity for hotels that were sold in 2016 for our period of ownership only.

[Table of Contents](#)**Results of Operations*****Comparison of the Three Months Ended March 31, 2017 to the Three Months Ended March 31, 2016*****Net Income**

	Three Months Ended March 31,		Change	
	2017	2016	\$	%
	(dollars in thousands)			
Total revenues	\$ 66,949	\$ 68,617	\$ (1,668)	(2.4)%
Total expenses	60,356	66,873	(6,517)	(9.7)%
Gain on sale of real estate	187,734	24,739	162,995	—
Net income from discontinued operations	—	690	(690)	—
Net income	193,935	26,983	166,952	—

Net income increased to \$193,935,000, or by \$166,952,000, for the three months ended March 31, 2017, compared to \$26,983,000 for the three months ended March 31, 2016. The increase is primarily attributable to an increase in the gain on sale of real estate of \$162,995,000 and an increase of \$6,773,000 in net operating income of our operating segments in continuing operations, partially offset by an increase of \$3,005,000 in interest expense and a decrease of \$690,000 in income from discontinued operations.

Funds from Operations ("FFO")

We believe that FFO is a widely recognized and appropriate measure of the performance of a REIT and that it is frequently used by securities analysts, investors and other interested parties in the evaluation of REITs, many of which present FFO when reporting their results. FFO represents net income (loss) available to common stockholders, computed in accordance with GAAP, excluding gains (or losses) from sales of real estate, and real estate depreciation and amortization. We calculate FFO in accordance with the standards established by the National Association of Real Estate Investment Trusts ("NAREIT").

Like any metric, FFO should not be used as the only measure of our performance because it excludes depreciation and amortization and captures neither the changes in the value of our real estate properties that result from use or market conditions nor the level of capital expenditures and leasing commissions necessary to maintain the operating performance of our properties, all of which have real economic effect and could materially impact our operating results. Other REITs may not calculate FFO in accordance with the standards established by the NAREIT; accordingly, our FFO may not be comparable to those other REITs' FFO. Therefore, FFO should be considered only as a supplement to net income as a measure of our performance and should not be used as a supplement to or substitute measure for cash flow from operating activities computed in accordance with GAAP. FFO should not be used as a measure of our liquidity, nor is it indicative of funds available to fund our cash needs, including our ability to pay dividends.

The following table sets forth a reconciliation of net income available to common stockholders to FFO available to common stockholders:

	Three Months Ended March 31,	
	2017	2016
	(in thousands)	
Net income available to common stockholders	\$ 193,899	\$ 26,980
Depreciation and amortization	17,231	18,058
Gain on sale of depreciable assets	(187,734)	(24,739)
FFO available to common stockholders	\$ 23,396	\$ 20,299

FFO available to common stockholders was \$23,396,000 for the three months ended March 31, 2017, an increase of \$3,097,000 compared to \$20,299,000 for the three months ended March 31, 2016. The increase in FFO was primarily attributable to an increase of \$6,773,000 in net operating income of our operating segments in continuing operations, partially offset by an increase of \$3,005,000 in interest expense and a decrease of \$690,000 in income from discontinued operations.

[Table of Contents](#)**Summary Segment Results**

CIM Commercial operates in four segments: office, hotel, multifamily properties and lending. Set forth and described below are summary segment results for our four segments included in continuing operations.

	Three Months Ended March 31,		Change	
	2017	2016	\$	%
(dollars in thousands)				
Revenues:				
Office	\$ 49,093	\$ 46,049	\$ 3,044	6.6 %
Hotel	10,518	15,283	(4,765)	(31.2)%
Multifamily	5,003	5,058	(55)	(1.1)%
Lending	2,335	2,227	108	4.8 %
Expenses:				
Office	14,041	18,841	(4,800)	(25.5)%
Hotel	6,443	10,042	(3,599)	(35.8)%
Multifamily	2,997	3,094	(97)	(3.1)%
Lending	1,353	1,298	55	4.2 %

Revenues

Office Revenue: Office revenue includes rental revenue from office properties, expense reimbursements and lease termination income. Office revenue increased to \$49,093,000, or by 6.6%, for the three months ended March 31, 2017 compared to \$46,049,000 for the three months ended March 31, 2016. The increase is primarily due to an increase in rental revenue at an office building in San Francisco, California resulting from the renewal, in November 2016, of a large lease at market rents, and revenue increases at our North Carolina property and at certain California properties due to increases in both occupancy and rental rates. These increases are partially offset by a revenue decrease at one of our Washington D.C. properties due to expiration of a lease with a large tenant in January 2016. Although we signed an approximately 113,000 square foot lease at the Washington D.C. property which experienced the loss of the large tenant in January 2016, the new tenant is not expected to take occupancy until late 2017. Therefore, we expect the decrease in revenue to be sustained until late 2017 at this property. Additionally, the sale of an office building in San Francisco, California in March 2017 as well as the pending sales of additional office buildings and a parking structure will, and the sale of any additional office properties during 2017 should, cause office revenue to decline in 2017. However, the magnitude of any such decrease cannot be predicted as it will depend on a number of factors such as the number of dispositions that occur in 2017 and any changes to revenue at our existing properties.

Hotel Revenue: Hotel revenue decreased to \$10,518,000, or by 31.2%, for the three months ended March 31, 2017 compared to \$15,283,000 for the three months ended March 31, 2016. The decrease is primarily due to the sale of two hotel properties in February and July 2016. Our hotel revenue is expected to decline materially in 2017 as a result of these sales.

Multifamily Revenue: Multifamily revenue decreased to \$5,003,000, or by 1.1%, for the three months ended March 31, 2017 compared to \$5,058,000 for the three months ended March 31, 2016. The decrease is primarily due to decreased rental rates at our Houston property. The pending sales of three multifamily buildings will, and the sale of any additional multifamily properties during 2017 should, cause multifamily revenue to decline in 2017. However, the magnitude of any such decrease cannot be predicted as it will depend on a number of factors such as the number of dispositions that occur in 2017 and any changes to revenue at our existing properties.

Lending Revenue: Represents revenue from our lending subsidiaries included in continuing operations, including interest income on loans and other loan related fee income. Lending revenue increased to \$2,335,000, or by 4.8%, for the three months ended March 31, 2017 compared to \$2,227,000 for the three months ended March 31, 2016. The increase is primarily due to a break-up fee related to a potential loan that was received during the three months ended March 31, 2017, partially offset by lower revenue as a result of recognition of accretion for discounts related to decreased prepayments on our loans.

Expenses

Office Expenses: Office expenses decreased to \$14,041,000, or by 25.5%, for the three months ended March 31, 2017 compared to \$18,841,000 for the three months ended March 31, 2016. The decrease is primarily due to reduced real estate taxes

[Table of Contents](#)

for the three months ended March 31, 2017 due to the transfer of the right to collect supplemental real estate tax reimbursements related to an office building in San Francisco, California in March 2017, partially offset by an increase in real estate taxes at one of our Washington D.C. properties, as the prior period included a tax refund that reduced expenses. The sale of an office building in San Francisco, California in March 2017 as well as the pending sales of additional office buildings and a parking structure will, and the sale of any additional office properties during 2017 should, cause office expenses to decline in 2017. However, the magnitude of any such decrease cannot be predicted as it will depend on a number of factors such as the number of dispositions that occur in 2017 and any changes to expenses at our existing properties.

Hotel Expenses: Hotel expenses decreased to \$6,443,000, or by 35.8%, for the three months ended March 31, 2017 compared to \$10,042,000 for the three months ended March 31, 2016. The decrease is primarily due to the sale of two hotel properties in February and July 2016. Our hotel expenses are expected to decline materially in 2017 as a result of these sales.

Multifamily Expenses: Multifamily expenses decreased to \$2,997,000, or by 3.1%, for the three months ended March 31, 2017 compared to \$3,094,000 for the three months ended March 31, 2016. The decrease is primarily due to a decrease in legal fees and lower expenses associated with operating our New York property. The pending sales of three multifamily buildings will, and the sale of any additional multifamily properties during 2017 should, cause multifamily expenses to decline in 2017. However, the magnitude of any such decrease cannot be predicted as it will depend on a number of factors such as the number of dispositions that occur in 2017 and any changes to expenses at our existing properties.

Lending Expenses: Lending expenses represent expenses from our lending subsidiaries included in continuing operations, including general and administrative expenses and fees to related party, related to the operation of the lending business. Lending expenses increased to \$1,353,000, or by 4.2%, for the three months ended March 31, 2017 compared to \$1,298,000 for the three months ended March 31, 2016, primarily due to the recognition of a provision for loan losses during the three months ended March 31, 2017 compared to a recovery of loan losses during the three months ended March 31, 2016.

Asset Management and Other Fees to Related Parties: Asset management fees totaled \$6,414,000 for the three months ended March 31, 2017 compared to \$6,478,000 for the three months ended March 31, 2016. Asset management fees are calculated based on a percentage of the daily average adjusted fair value of CIM Urban's investments, which are appraised in the fourth quarter of each year. The lower fees reflect a decrease in the adjusted fair value of CIM Urban's investments due to the sale of our two hotel properties in February and July 2016 as well as the sale of an office property in San Francisco, California in March 2017, offset by net increases in the fair value of CIM Urban's real estate investments based on the December 31, 2016 appraised values as well as incremental capital expenditures incurred in the first three months of 2017. CIM Commercial also pays a Base Service Fee to the Manager, a related party, which totaled \$265,000 for the three months ended March 31, 2017 compared to \$254,000 for the three months ended March 31, 2016. In addition, the Manager may receive compensation and/or reimbursement for performing certain services for CIM Commercial and its subsidiaries that are not covered under the Base Service Fee. For the three months ended March 31, 2017 and 2016, we expensed \$1,062,000 and \$866,000 for such services, respectively. For the three months ended March 31, 2017 and 2016, we also expensed \$115,000 and \$103,000, respectively, related to corporate services subject to reimbursement by us under the CIM SBA Staffing and Reimbursement Agreement.

Interest Expense: Interest expense, which is not allocated to our operating segments, was \$9,631,000 for the three months ended March 31, 2017, an increase of \$3,005,000 compared to \$6,626,000 in the corresponding period in 2016. The increase is primarily due to interest expense on our \$392,000,000 mortgage loans entered into in June 2016, partially offset by a decrease in interest expense, including the impact of interest rate swaps, and loan fee amortization expense under the unsecured credit and term loan facilities, mainly due to lower average outstanding loan balances under the unsecured credit facility. Our interest expense is expected to increase in 2017, as the mortgage loans entered into in 2016 will be outstanding for the full year in 2017, with such increase to be partially offset by interest expense savings resulting from the payoff of a \$25,331,000 mortgage in March 2017 in connection with the sale of an office property in San Francisco, California and any other such loans that secure properties that we may sell in 2017. However, the magnitude of any such increase cannot be predicted as it will depend on a number of factors such as usage of our revolving credit facility and whether any sale of encumbered properties occurs.

General and Administrative Expenses: General and administrative expenses, which have not been allocated to our operating segments, were \$791,000 for the three months ended March 31, 2017, a decrease of \$273,000 compared to \$1,064,000 in the corresponding period in 2016. The decrease is primarily due to a decrease in legal and other professional fees.

Transaction Costs: Transaction costs totaling \$13,000 for the three months ended March 31, 2017 represent a \$136,000 decrease from \$149,000 for the three months ended March 31, 2016, mainly due to a decrease in abandoned project costs.

[Table of Contents](#)

Depreciation and Amortization Expense: Depreciation and amortization expense was \$17,231,000 for the three months ended March 31, 2017, a decrease of \$827,000 compared to \$18,058,000 for the three months ended March 31, 2016. The decrease is primarily due to the sale of an office property in San Francisco, California held for sale starting in mid-February 2017, that was sold in March 2017, and the sale of our hotel properties in February and July 2016, partially offset by an increase in the depreciation expense associated with additional capital expenditures.

Provision for Income Taxes: Provision for income taxes was \$392,000 for the three months ended March 31, 2017, an increase of \$202,000 compared to \$190,000 for the three months ended March 31, 2016, due to increases in taxable income at our taxable REIT subsidiaries.

Discontinued Operations

Net Income from Discontinued Operations: Net income from discontinued operations represents revenues and expenses from the part of our lending segment that is included in discontinued operations, including interest income on loans and other loan related fee income, offset by expenses, which include general and administrative expenses, fees to related party, and direct interest expense. Net income from discontinued operations was \$0 for the three months ended March 31, 2017, a decrease of \$690,000 compared to \$690,000 for the three months ended March 31, 2016. The decrease is due to the sale of our commercial real estate lending subsidiary in December 2016.

Liquidity and Capital Resources

Sources and Uses of Funds

In September 2014, CIM Commercial entered into an \$850,000,000 unsecured credit facility with a bank syndicate consisting of a \$450,000,000 revolver, a \$325,000,000 term loan and a \$75,000,000 delayed-draw term loan. CIM Commercial is subject to certain financial maintenance covenants and a minimum property ownership condition. Outstanding advances under the revolver bear interest at (i) the base rate plus 0.20% to 1.00% or (ii) LIBOR plus 1.20% to 2.00%, depending on the maximum consolidated leverage ratio. Outstanding advances under the term loans bore interest at (i) the base rate plus 0.15% to 0.95% or (ii) LIBOR plus 1.15% to 1.95%, depending on the maximum consolidated leverage ratio. The revolver is also subject to an unused commitment fee of 0.15% or 0.25% depending on the amount of aggregate unused commitments. The delayed-draw term loan was also subject to an unused line fee of 0.25%. The credit facility was set to mature in September 2016 and prior to maturity, we exercised the first of two one-year extension options through September 2017. Additionally, we permanently reduced the revolving credit commitment under the credit facility to \$200,000,000. At April 30, 2017, March 31, 2017 and December 31, 2016, \$0 was outstanding under the credit facility and \$200,000,000 was available for future borrowings. Proceeds from the unsecured credit facility were used for acquisitions, funding of a Common Stock tender offer in June 2016, general corporate purposes, and to repay mortgage loans and outstanding balances under our prior unsecured credit facilities. In June 2016, we entered into six mortgage loan agreements with an aggregate principal amount of \$392,000,000. A portion of the net proceeds from the loans was used to repay outstanding balances under our unsecured credit facility and the remaining portion was used to repurchase shares of our Common Stock in a private repurchase in September 2016.

In May 2015, CIM Commercial entered into an unsecured term loan facility with a bank syndicate pursuant to which CIM Commercial can borrow up to a maximum of \$385,000,000. The term loan facility ranks pari passu with CIM Commercial's unsecured credit facility described above; covenants under the term loan facility are substantially the same as those in the unsecured credit facility. Outstanding advances under the term loan facility bear interest at (i) the base rate plus 0.60% to 1.25% or (ii) LIBOR plus 1.60% to 2.25%, depending on the maximum consolidated leverage ratio. The unused portion of the term loan facility was also subject to an unused fee of 0.20%. With some exceptions, any prepayment of the term loan facility prior to May 9, 2017 was subject to a prepayment fee up to 2.00% of the outstanding principal amount. The term loan facility matures in May 2022. On November 2, 2015, \$385,000,000 was drawn under the term loan facility. At April 30, 2017, March 31, 2017 and December 31, 2016, \$385,000,000 was outstanding under the term loan facility. Proceeds from the term loan facility were used to repay balances outstanding under our unsecured credit facility. At March 31, 2017 and December 31, 2016, the variable interest rate on this unsecured term loan facility was 2.38% and 2.22%, respectively. The interest rate of the loan has been effectively converted to a fixed rate of 3.16% until May 8, 2020 through interest rate swaps.

At March 31, 2017 and December 31, 2016, we were in compliance with all of our respective financial covenants under the unsecured credit and term loan facilities.

On March 28, 2017, in connection with the sale of an office property in San Francisco, California, we paid off a mortgage with an outstanding balance of \$25,331,000 using proceeds from the sale.

On April 22, 2016, we filed a registration statement with the SEC for up to \$900,000,000 of Units, with each Unit consisting of (i) one share of Series A Preferred Stock, par value \$0.001 per share, with an initial Stated Value of \$25.00 per share and (ii) one Warrant to purchase 0.25 of a share of Common Stock, which was declared effective on July 1, 2016 by the

[Table of Contents](#)

SEC. The registration statement allows us to sell up to a maximum of 36,000,000 Units. Holders of our Series A Preferred Stock are entitled to receive, if, as and when declared by the Board of Directors, cumulative cash dividends on each share of Series A Preferred Stock at an annual rate of 5.50% of the Stated Value. The exercise price of each Warrant will be at a 15.0% premium to the per share estimated NAV of our Common Stock (as most recently published by us at the time of each issuance). As of March 31, 2017, we had issued 144,698 Units and collected net proceeds of \$3,330,000 after commissions, fees and allocated costs. As of March 31, 2017, no shares of Series A Preferred Stock have been redeemed.

We currently have substantial borrowing capacity, and will likely finance our future activities through one or more of the following methods: (i) offerings of shares of Common Stock, preferred stock, senior unsecured securities, and/or other equity and debt securities; (ii) credit facilities and term loans; (iii) the addition of senior recourse or non-recourse debt using target acquisitions as well as existing investments as collateral; (iv) the sale of existing investments; and/or (v) cash flows from operations. We expect to employ leverage levels that are comparable to those of other commercial REITs engaged in business strategies similar to our own.

Our long-term liquidity needs will consist primarily of funds necessary for acquisitions of investments, development or repositioning of properties, capital expenditures, refinancing of indebtedness, repurchases of Common Stock (whether through one or more tender offers, share repurchases or otherwise), dividends on the Series A Preferred Stock or any other preferred stock we may issue and redemption of Series A Preferred Stock (if we choose to pay the redemption price in cash instead of in shares of our Common Stock) and dividend distributions on our Common Stock. We may not have sufficient funds on hand or may not be able to obtain additional financing to cover all of these long-term cash requirements although, it should be noted that we do not currently have any significant property development or repositioning projects planned. The nature of our business, and the requirements imposed by REIT rules that we distribute a substantial majority of our REIT taxable income on an annual basis in the form of dividends, may cause us to have substantial liquidity needs over the long-term. We will seek to satisfy our long term liquidity needs through one or more of the methods described in the immediately preceding paragraph. These sources of funding may not be available on attractive terms or at all. If we cannot obtain additional funding for our long-term liquidity needs, our investments may generate lower cash flows or decline in value, or both, which may cause us to sell assets at a time when we would not otherwise do so and could have a material adverse effect on our business, financial condition, results of operations, cash flow or our ability to satisfy our debt service obligations, to maintain our level of Common Stock or Series A Preferred Stock dividend distributions or to engage in further repurchases of Common Stock.

Available Borrowings, Cash Balances and Capital Resources

We have typically financed our capital needs through investor equity commitments, long-term secured mortgages, term loans, and unsecured short-term credit facilities. As of March 31, 2017 and December 31, 2016, we had total indebtedness of \$939,334,000 and \$967,886,000, respectively. Included in total indebtedness is \$385,000,000 of borrowings under credit and term loan facilities with total capacity of \$585,000,000 at both March 31, 2017 and December 31, 2016. As of April 30, 2017, \$385,000,000 (\$0 under the revolver and \$385,000,000 under the term loan) was outstanding under the credit and term loan facilities, and \$200,000,000 was available for future borrowings.

Cash Flow Analysis

Our cash and cash equivalents totaled \$404,346,000 and \$144,449,000 at March 31, 2017 and December 31, 2016, respectively. Our cash flows from operating activities are primarily dependent upon the occupancy level of our real estate assets, the rental rates achieved through our leases, and the collectability of rent and recoveries from our tenants. Our cash flows from operating activities are also impacted by fluctuations in operating expenses and other general and administrative costs. Net cash provided by operating activities totaled \$13,563,000 for the three months ended March 31, 2017 compared to \$7,068,000 for the three months ended March 31, 2016. The increase was mainly due to a \$3,740,000 decrease in loans funded, an increase of \$2,571,000 in proceeds from the sale of guaranteed loans, a \$1,125,000 increase in principal collected on loans subject to secured borrowings, and an increase of \$2,815,000 resulting from the lower level of working capital used compared to the prior period, partially offset by a \$1,352,000 decrease in other operating activity.

Our cash flows from investing activities are primarily related to property investments and sales, expenditures for development and redevelopment projects, capital expenditures and cash flows associated with loans originated at our lending segment. Net cash provided by investing activities for the three months ended March 31, 2017 was \$291,127,000 compared to net cash used in investing activities of \$28,451,000 in the corresponding period in 2016. The increase was primarily due to the net proceeds of \$289,939,000 from the sale of an office property in San Francisco, California in March 2017, compared to net proceeds of \$42,782,000 from the sale of our hotel property in February 2016, an increase in the change in restricted cash of \$46,950,000 primarily related to the anticipated Section 1031 Exchange in connection with the sale of the hotel property in February 2016, a decrease in funding for loans of \$21,633,000 and a decrease in additions to investments in real estate of \$4,063,000.

[Table of Contents](#)

Our cash flows from financing activities are generally impacted by borrowings and capital activities. Net cash used in financing activities for the three months ended March 31, 2017 was \$44,793,000 compared to \$12,965,000 in the corresponding period in 2016. We had net debt payments of \$28,031,000 for the three months ended March 31, 2017, mainly due to the prepayment of a mortgage in connection with the sale of an office building in San Francisco, California in March 2017, compared to net borrowings, inclusive of secured borrowings of the lending business, of \$8,400,000 for the three months ended March 31, 2016. Dividends of \$18,395,000 for the three months ended March 31, 2017 were sourced from net cash provided by operating activities of \$13,563,000 and cash on hand at the beginning of the period of \$144,449,000, while dividends of \$21,365,000 for the three months ended March 31, 2016 were sourced from net cash provided by operating activities of \$7,068,000 and cash on hand at the beginning of the period of \$139,101,000. Proceeds from the issuance of our Units consisting of Series A Preferred Stock and associated Warrants were \$1,904,000, while cash used for the payment of deferred stock offering costs totaled \$261,000.

Contractual Obligations, Commitments and Contingencies

During the three months ended March 31, 2017, there were no material changes outside the ordinary course of business in the information regarding specified contractual obligations contained in our Annual Report on Form 10-K for the year ended December 31, 2016.

Off-Balance Sheet Arrangements

At March 31, 2017, we did not have any off-balance sheet arrangements.

Recently Issued Accounting Pronouncements

Our recently issued accounting pronouncements are described in Note 2 to the consolidated financial statements included in this Form 10-Q.

Dividends

Holders of Series A Preferred Stock are entitled to receive, if, as and when authorized by our Board of Directors, and declared by us out of legally available funds, cumulative cash dividends on each share of Series A Preferred Stock at an annual rate of 5.5% of the Stated Value (i.e., the equivalent of \$0.34375 per share per quarter). Dividends on each share of Series A Preferred Stock will begin accruing on, and will be cumulative from, the date of issuance. Dividends will be payable on the 15th day of the month, or if such day is not a business day, on the first business day thereafter, following the quarter for which the dividend was declared. We expect to pay dividends on our Series A Preferred Stock quarterly, unless our results of operations, our general financing conditions, general economic conditions, applicable provisions of Maryland General Corporation Law ("MGCL") or other factors make it imprudent to do so. The timing and amount of such dividends will be determined by our Board of Directors, in its sole discretion, and may vary from time to time. Cash dividends declared on our Series A Preferred Stock for the three months ended March 31, 2017 consist of the following:

Declaration Date	Payment Date	Number of Shares	Aggregate Dividends Declared
			(in thousands)
March 8, 2017	April 17, 2017	144,698	\$ 31

Holders of our Common Stock are entitled to receive dividends, if, as and when authorized by the Board of Directors and declared by us. In determining our dividend policy, the Board of Directors considers many factors including the amount of cash resources available for dividend distributions, capital spending plans, cash flow, financial position, applicable requirements of the MGCL and any applicable contractual restrictions. Consequently, the dividend rate on a quarterly basis does not necessarily correlate directly to any individual factor. There can be no assurance that the future dividends declared by our Board of Directors will not differ materially from historical dividend levels. Dividends per share of Common Stock declared during the three months ended March 31, 2017 consist of the following:

Declaration Date	Payment Date	Dividend Per Common Share
March 8, 2017	March 27, 2017	\$ 0.21875

[Table of Contents](#)**Item 3.****Quantitative and Qualitative Disclosures About Market Risk**

The fair value of our mortgages payable is sensitive to fluctuations in interest rates. Discounted cash flow analysis is generally used to estimate the fair value of our mortgages payable, using rates ranging from 4.35% to 4.55% at March 31, 2017 and 4.60% to 4.72% at December 31, 2016. Mortgages payable with book values of \$503,698,000 and \$530,793,000 as of March 31, 2017 and December 31, 2016, respectively, have fair values of approximately \$499,149,000 and \$516,892,000, respectively.

Our future income, cash flows and fair values relevant to financial instruments are dependent upon prevalent market interest rates. Market risk refers to the risk of loss from adverse changes in market prices and interest rates. We are exposed to market risk in the form of changes in interest rates and the potential impact such changes may have on the cash flows from our floating rate debt or the fair values of our fixed rate debt. At March 31, 2017 and December 31, 2016 (excluding premiums, discounts, debt issuance costs, and any impact related to the interest rate swaps), \$505,960,000 (or 53.6%) and \$532,437,000 (or 54.8%) of our debt, respectively, was fixed rate mortgage loans, and \$438,415,000 (or 46.4%) and \$439,969,000 (or 45.2%), respectively, was floating rate borrowings. Based on the level of floating rate debt outstanding at March 31, 2017 and December 31, 2016, and before the impact of the interest rate swaps, a 12.5 basis point change in LIBOR would result in an annual impact to our earnings of approximately \$548,000 and \$550,000, respectively. We calculate interest rate sensitivity by multiplying the amount of floating rate debt by the respective change in rate. The sensitivity analysis does not take into consideration possible changes in the balances or fair value of our floating rate debt or the impact of interest rate swaps.

In order to manage financing costs and interest rate exposure related to our \$385,000,000 unsecured term loan facility, on August 13, 2015, we entered into interest rate swap agreements with multiple counterparties. These swap agreements became effective on November 2, 2015. These interest rate swaps effectively convert the interest rate on the term loan facility into a fixed weighted average rate of 1.563% plus the credit spread, which was 1.60% at March 31, 2017 and December 31, 2016, or an all-in rate of 3.16% until May 8, 2020. However, our use of these derivative instruments to hedge exposure to changes in interest rates exposes us to credit risk from the potential inability of our counterparties to perform under the terms of the agreements. We attempt to minimize this credit risk by contracting with what we believe to be high-quality financial counterparties. For a description of our derivative contracts, see Note 13 to our consolidated financial statements included in this Report.

Item 4.**Controls and Procedures****Evaluation of Disclosure Controls and Procedures**

As of the end of the period covered by this report, we carried out an evaluation, under the supervision and with the participation of our management, including our Principal Executive Officer and Principal Financial Officer, regarding the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act). Based on that evaluation, as of March 31, 2017, our Principal Executive Officer and Principal Financial Officer concluded, as of that time, that our disclosure controls and procedures were effective in ensuring that information required to be disclosed by us in the reports that we file or submit to the SEC under the Exchange Act is recorded, processed, summarized and reported within the time periods specified by the SEC's rules and forms and includes controls and procedures designed to ensure the information required to be disclosed by the Company in such reports is accumulated and communicated to management, including our Principal Executive Officer and Principal 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 that occurred during the quarter ended March 31, 2017 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

We are not currently involved in any material pending or threatened legal proceedings nor, to our knowledge, is any material legal proceeding currently threatened against us, other than routine litigation arising in the ordinary course of business. In the normal course of business we are periodically party to certain legal actions and proceedings involving matters that are generally incidental to our business. While the outcome of these legal actions and proceedings cannot be predicted with certainty, in management's opinion, the resolution of these legal proceedings and actions will not have a material adverse effect on our consolidated financial position, results of operations or cash flows.

Item 1A. Risk Factors

There have been no material changes to the risk factors disclosed in our Annual Report on Form 10-K for the year ended December 31, 2016.

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.

[Table of Contents](#)**Item 6. Exhibits**

Exhibit Number	Exhibit Description
10.1	Purchase and Sale Agreement, dated February 10, 2017, between CIM Urban REIT 211 Main St. (SF), LP and BPP 211 Main Owner LLC (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed with the SEC on March 31, 2017).
*31.1	Section 302 Officer Certification—Chief Executive Officer
*31.2	Section 302 Officer Certification—Chief Financial Officer
*32.1	Section 906 Officer Certification—Chief Executive Officer
*32.2	Section 906 Officer Certification—Chief Financial Officer
*101	Interactive data files pursuant to Rule 405 of Regulation S-T

* Filed herewith.

[Table of Contents](#)

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.

Dated: May 10, 2017

CIM COMMERCIAL TRUST CORPORATION

By: /s/ CHARLES E. GARNER II
Charles E. Garner II
Chief Executive Officer

Dated: May 10, 2017

By: /s/ DAVID THOMPSON
David Thompson
Chief Financial Officer

[Table of Contents](#)**Exhibit Index**

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*32.1	Section 906 Officer Certification—Chief Executive Officer
*32.2	Section 906 Officer Certification—Chief Financial Officer
*101	Interactive data files pursuant to Rule 405 of Regulation S-T

* Filed herewith.

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Filed Pursuant to Rule 424(b)(3)
Registration No. 333-210880

CIM COMMERCIAL TRUST CORPORATION**SUPPLEMENT NO. 7, DATED MAY 12, 2017,
TO THE PROSPECTUS, DATED JULY 1, 2016**

This prospectus supplement (this "Supplement No. 7") is part of the prospectus of CIM Commercial Trust Corporation (the "Company"), dated July 1, 2016 (the "Prospectus"), as supplemented by Supplement 6, dated April 14, 2017 ("Supplement No. 6"). This Supplement No. 7 supplements certain information contained in the Prospectus. This Supplement No. 7 should be read, and will be delivered, with the Prospectus and Supplement No. 6.

On May 9, 2017, the Company filed with the United States Securities and Exchange Commission (the "SEC") a Current Report on Form 8-K. The Form 8-K is attached as Annex A to this Supplement No. 7. On May 10, 2017, the Company filed with the SEC its Quarterly Report on Form 10-Q for the quarter ended March 31, 2017. The Quarterly Report (excluding the exhibits thereto) is attached as Annex B to this Supplement No. 7.

Annex A

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

FORM 8-K

**CURRENT REPORT
Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934**

Date of report (Date of earliest event reported): **May 4, 2017**

Commission File Number 1-13610

CIM COMMERCIAL TRUST CORPORATION
(Exact name of registrant as specified in its charter)

Maryland
(State or other jurisdiction
of incorporation or organization)

75-6446078
(I.R.S. Employer
Identification No.)

17950 Preston Road, Suite 600, Dallas, TX 75252
(Address of principal executive offices)

(972) 349-3200
(Registrant's telephone number)

Former name, former address and former fiscal year, if changed since last report

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- ☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- ☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- ☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- ☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in as defined in Rule 405 of the Securities Act of 1933 (§ 230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§ 240.12b-2 of this chapter).

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. ☐

Item 5.07 Submission of Matters of a Vote of Security Holders

The Annual Meeting of Stockholders was held on May 4, 2017. A total of 83,841,144 shares were voted in person or by proxy, representing 99.75% of the shares entitled to be voted. The following are the final voting results on proposals considered and voted upon at the Annual Meeting, all of which are described in the Proxy Statement.

1. Election of Directors.

	For	Withheld	Broker Non-Votes
Douglas Bech	82,919,998	153,286	767,860
Robert Cresci	82,839,907	233,377	767,860
Kelly Eppich	82,794,576	278,708	767,860
Frank Golay, Jr.	82,920,384	152,900	767,860
Shaul Kuba	82,794,741	278,543	767,860
Richard Ressler	82,794,741	278,543	767,860
Avraham Shemesh	82,794,562	278,722	767,860

The directors will continue to serve as directors until such time as their successors are duly elected and qualified.

2. Ratification of the selection of BDO USA, LLC as the Company's independent registered public accounting firm for the fiscal year ending December 31, 2017.

For	83,808,738
Against	30,245
Abstentions	2,161
Broker Non-Votes	0

The foregoing proposal was approved.

3. Approval of executive compensation by a non-binding advisory vote.

For	82,639,622
Against	393,925
Abstentions	39,737
Broker Non-Votes	767,860

The foregoing proposal was approved.

4. Approval of frequency of the vote on executive compensation by a non-binding advisory vote.

Every 1-Year	83,013,345
Every 2-Years	7,507
Every 3-Years	16,671
Abstain	35,761
Broker Non-Votes	767,860

The 1-Year option was approved.

2

SIGNATURE

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.

Date: May 9, 2017

CIM COMMERCIAL TRUST CORPORATION

By: /s/ David Thompson

David Thompson, Chief Financial Officer

3

Annex B

**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 March 31, 2017

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 1-13610

CIM COMMERCIAL TRUST CORPORATION

(Exact name of registrant as specified in its charter)

Maryland

(State or other jurisdiction of
incorporation or organization)

17950 Preston Road, Suite 600, Dallas, TX 75252

(Address of principal executive offices)

75-6446078

(I.R.S. Employer
Identification No.)

(972) 349-3200

(Registrant's telephone number)

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 and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (Section 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the Registrant was required to submit and post such files). YES ☒ NO ☐

Indicate by check mark whether the Registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, 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 ☐

(Do not check if a
smaller reporting
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 ☒

As of May 5, 2017, the Registrant had outstanding 84,048,081 shares of common stock, par value \$0.001 per share.

CIM COMMERCIAL TRUST CORPORATION AND SUBSIDIARIES

INDEX

	<u>PAGE NO.</u>
<u>PART I.</u>	
<u>Financial Information</u>	
<u>Item 1.</u>	
<u>Financial Statements</u>	
<u>Consolidated Balance Sheets—March 31, 2017 and December 31, 2016 (Unaudited)</u>	2
<u>Consolidated Statements of Operations—Three Months Ended March 31, 2017 and 2016 (Unaudited)</u>	3
<u>Consolidated Statements of Comprehensive Income—Three Months Ended</u>	4

March 31, 2017 and 2016 (Unaudited)

<u>Consolidated Statements of Equity—Three Months Ended March 31, 2017 and 2016 (Unaudited)</u>	5
<u>Consolidated Statements of Cash Flows—Three Months Ended March 31, 2017 and 2016 (Unaudited)</u>	6
<u>Notes to Consolidated Financial Statements (Unaudited)</u>	8
<u>Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations</u>	39
<u>Item 3. Quantitative and Qualitative Disclosures About Market Risk</u>	51
<u>Item 4. Controls and Procedures</u>	51

PART II. Other Information

<u>Item 1. Legal Proceedings</u>	53
<u>Item 1A. Risk Factors</u>	53
<u>Item 2. Unregistered Sales of Equity Securities and Use of Proceeds</u>	53
<u>Item 3. Defaults Upon Senior Securities</u>	53
<u>Item 4. Mine Safety Disclosures</u>	53
<u>Item 5. Other Information</u>	53
<u>Item 6. Exhibits</u>	54

PART I
Financial Information

Item 1.
Financial Statements

CIM COMMERCIAL TRUST CORPORATION AND SUBSIDIARIES**Consolidated Balance Sheets****(In thousands, except share and per share data)**

	<u>March 31, 2017</u>	<u>December 31, 2016</u>
	(Unaudited)	
ASSETS		
Investments in real estate, net	\$ 1,505,492	\$ 1,606,942
Cash and cash equivalents	404,346	144,449
Restricted cash	27,775	32,160
Accounts receivable, net	12,828	13,086
Deferred rent receivable and charges, net	106,744	116,354
Other intangible assets, net	17,199	17,623
Other assets	91,446	92,270
TOTAL ASSETS	<u><u>\$ 2,165,830</u></u>	<u><u>\$ 2,022,884</u></u>
LIABILITIES, REDEEMABLE PREFERRED STOCK AND EQUITY		
LIABILITIES:		
Debt, net	\$ 939,334	\$ 967,886
Accounts payable and accrued expenses	33,103	39,155
Intangible liabilities, net	1,426	3,576
Due to related parties	10,097	10,196
Other liabilities	<u>34,837</u>	<u>34,056</u>

Total liabilities	1,018,797	1,054,869
COMMITMENTS AND CONTINGENCIES (Note 16)		
REDEEMABLE PREFERRED STOCK: Series A, \$0.001 par value; 36,000,000 shares authorized; 144,698 and 61,435 shares issued and outstanding at March 31, 2017 and December 31, 2016, respectively; liquidation preference of \$25.00 per share	3,321	1,426
EQUITY:		
Common stock, \$0.001 par value; 900,000,000 shares authorized; 84,048,081 shares issued and outstanding	84	84
Additional paid-in capital	1,566,126	1,566,073
Accumulated other comprehensive income (loss)	1,043	(509)
Distributions in excess of earnings	(424,458)	(599,971)
Total stockholders' equity	1,142,795	965,677
Noncontrolling interests	917	912
Total equity	1,143,712	966,589
TOTAL LIABILITIES, REDEEMABLE PREFERRED STOCK AND EQUITY	\$ 2,165,830	\$ 2,022,884

The accompanying notes are an integral part of these consolidated financial statements.

CIM COMMERCIAL TRUST CORPORATION AND SUBSIDIARIES

Consolidated Statements of Operations

(In thousands, except per share data)

	Three Months Ended March 31,	
	2017	2016
	(Unaudited)	
REVENUES:		
Rental and other property income	\$ 60,809	\$ 62,848
Expense reimbursements	3,030	2,928
Interest and other income	3,110	2,841
	66,949	68,617
EXPENSES:		
Rental and other property operating	22,960	31,278
Asset management and other fees to related parties	8,700	8,631
Interest	9,773	6,815
General and administrative	1,679	1,942
Transaction costs	13	149
Depreciation and amortization	17,231	18,058
	60,356	66,873
Gain on sale of real estate (Note 3)	187,734	24,739
INCOME FROM CONTINUING OPERATIONS BEFORE PROVISION FOR INCOME TAXES	194,327	26,483
Provision for income taxes	392	190
NET INCOME FROM CONTINUING OPERATIONS	193,935	26,293
DISCONTINUED OPERATIONS:		
Income from operations of assets held for sale (Note 7)	—	690
NET INCOME FROM DISCONTINUED OPERATIONS	—	690
NET INCOME	193,935	26,983
Net income attributable to noncontrolling interests	(5)	(3)
NET INCOME ATTRIBUTABLE TO THE COMPANY		

	193,930	26,980
Redeemable preferred stock dividends (Note 11)	(31)	—
NET INCOME AVAILABLE TO COMMON STOCKHOLDERS	\$ 193,899	\$ 26,980
BASIC AND DILUTED NET INCOME AVAILABLE TO COMMON STOCKHOLDERS PER SHARE:		
Continuing operations	\$ 2.31	\$ 0.27
Discontinued operations	\$ —	\$ 0.01
Net income	\$ 2.31	\$ 0.28
WEIGHTED AVERAGE SHARES OF COMMON STOCK OUTSTANDING:		
Basic	84,048	97,662
Diluted	84,048	97,662

The accompanying notes are an integral part of these consolidated financial statements.

3

CIM COMMERCIAL TRUST CORPORATION AND SUBSIDIARIES
Consolidated Statements of Comprehensive Income
(In thousands)

	Three Months Ended March 31,	
	2017	2016
	(Unaudited)	
NET INCOME	\$ 193,935	\$ 26,983
Other comprehensive income (loss): cash flow hedges	1,552	(7,925)
COMPREHENSIVE INCOME	195,487	19,058
Comprehensive income attributable to noncontrolling interests	(5)	(3)
COMPREHENSIVE INCOME ATTRIBUTABLE TO THE COMPANY	\$ 195,482	\$ 19,055

The accompanying notes are an integral part of these consolidated financial statements.

4

CIM COMMERCIAL TRUST CORPORATION AND SUBSIDIARIES
Consolidated Statements of Equity
(In thousands, except share and per share data)

	Three Months Ended March 31, 2017						
	Common Stock Outstanding	Common Stock Par Value	Additional Paid-in Capital	Accumulated Other Comprehensive Income (Loss)	Distributions in Excess of Earnings	Noncontrolling Interests	Total Equity
	(Unaudited)						
Balances, December 31, 2016	84,048,081	\$ 84	\$ 1,566,073	\$ (509)	\$ (599,971)	\$ 912	\$ 966,589
Stock-based compensation expense	—	—	49	—	—	—	49
Common dividends (\$0.21875 per share)	—	—	—	—	(18,386)	—	(18,386)
Issuance of Warrants	—	—	4	—	—	—	4
Dividends to holders of Series A Preferred Stock (\$0.34375 per share)	—	—	—	—	(31)	—	(31)
Other comprehensive income (loss)	—	—	—	1,552	—	—	1,552
Net income	—	—	—	—	193,930	5	193,935
Balances, March 31, 2017	84,048,081	\$ 84	\$ 1,566,126	\$ 1,043	\$ (424,458)	\$ 917	\$ 1,143,712

Three Months Ended March 31, 2016

	Common Stock Outstanding	Common Stock Par Value	Additional Paid-in Capital	Accumulated Other Comprehensive Income (Loss) (Unaudited)	Distributions in Excess of Earnings	Noncontrolling Interests	Total Equity
Balances, December 31, 2015	97,589,598	\$ 98	\$ 1,820,451	\$ (2,519)	\$ (521,620)	\$ 937	\$ 1,297,347
Stock-based compensation expense	—	—	32	—	—	—	32
Issuance of shares pursuant to employment agreements	76,423	—	—	—	—	—	—
Common dividends (\$0.21875 per share)	—	—	—	—	(21,365)	—	(21,365)
Other comprehensive income (loss)	—	—	—	(7,925)	—	—	(7,925)
Net income	—	—	—	—	26,980	3	26,983
Balances, March 31, 2016	<u>97,666,021</u>	<u>\$ 98</u>	<u>\$ 1,820,483</u>	<u>\$ (10,444)</u>	<u>\$ (516,005)</u>	<u>\$ 940</u>	<u>\$ 1,295,072</u>

The accompanying notes are an integral part of these consolidated financial statements.

CIM COMMERCIAL TRUST CORPORATION AND SUBSIDIARIES

Consolidated Statements of Cash Flows

(In thousands)

	Three Months Ended March 31,	
	2017	2016
	(Unaudited)	
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	\$ 193,935	\$ 26,983
Adjustments to reconcile net income to net cash provided by operating activities:		
Deferred rent and amortization of intangible assets, liabilities and lease inducements	(2,379)	(1,611)
Depreciation and amortization	17,231	18,058
Transfer of right to collect supplemental real estate tax reimbursements	(5,097)	—
Gain on sale of real estate	(187,734)	(24,739)
Straight line rent, below-market ground lease and amortization of intangible assets	441	443
Amortization of deferred loan costs	308	826
Amortization of premiums and discounts on debt	(160)	(211)
Unrealized premium adjustment	395	253
Amortization and accretion on loans receivable, net	67	(200)
Bad debt expense (recovery)	65	(168)
Deferred income taxes	183	42
Stock-based compensation	49	32
Loans funded, held for sale to secondary market	(6,303)	(10,043)
Proceeds from sale of guaranteed loans	9,336	6,765
Principal collected on loans subject to secured borrowings	1,554	429
Other operating activity	(106)	1,246
Changes in operating assets and liabilities:		
Accounts receivable and interest receivable	261	(1,397)
Other assets	(3,510)	(5,810)
Accounts payable and accrued expenses	(4,986)	129
Deferred leasing costs	(910)	(3,943)
Other liabilities	1,022	(109)
Due to related parties	(99)	93
Net cash provided by operating activities	<u>13,563</u>	<u>7,068</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Additions to investments in real estate	(3,305)	(7,368)
Proceeds from sale of real estate property, net	289,939	42,782
Loans funded	(2,101)	(23,734)
Principal collected on loans	2,153	2,361
Restricted cash	4,385	(42,565)
Other investing activity	56	73
Net cash provided by (used in) investing activities	<u>291,127</u>	<u>(28,451)</u>

(Continued)

CIM COMMERCIAL TRUST CORPORATION AND SUBSIDIARIES
Consolidated Statements of Cash Flows (Continued)
(In thousands)

	Three Months Ended March 31,	
	2017	2016
	(Unaudited)	
CASH FLOWS FROM FINANCING ACTIVITIES:		
Payment of mortgages payable	(26,477)	(1,068)
Payment of principal on secured borrowings	(1,554)	(429)
Proceeds from secured borrowings	—	9,897
Payment of deferred preferred stock offering costs	(261)	—
Payment of deferred loan costs	(4)	—
Payment of common dividends	(18,386)	(21,365)
Payment of borrowing costs	(6)	—
Net proceeds from issuance of Warrants	4	—
Net proceeds from issuance of Series A Preferred Stock	1,900	—
Payment of preferred stock dividends	(9)	—
Net cash used in financing activities	(44,793)	(12,965)
Change in cash balances included in assets held for sale	—	(2,296)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	259,897	(36,644)
CASH AND CASH EQUIVALENTS:		
Beginning of period	144,449	139,101
End of period	<u>\$ 404,346</u>	<u>\$ 102,457</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash paid during the period for interest	<u>\$ 9,718</u>	<u>\$ 6,205</u>
Federal income taxes paid	<u>\$ —</u>	<u>\$ —</u>
SUPPLEMENTAL DISCLOSURES OF NONCASH INVESTING AND FINANCING ACTIVITIES:		
Additions to investments in real estate included in accounts payable and accrued expenses	<u>\$ 8,203</u>	<u>\$ 7,663</u>
Net increase (decrease) in fair value of derivatives applied to other comprehensive income (loss)	<u>\$ 1,552</u>	<u>\$ (7,925)</u>
Reduction of loan receivable and secured borrowings due to the SBA's repurchase of the guaranteed portion of a loan	<u>\$ —</u>	<u>\$ 953</u>
Additions to preferred stock offering costs included in accounts payable and accrued expenses	<u>\$ 342</u>	<u>\$ —</u>
Accrual of dividends payable to preferred stockholders	<u>\$ 31</u>	<u>\$ —</u>
Preferred stock offering costs offset against redeemable preferred stock	<u>\$ 5</u>	<u>\$ —</u>

The accompanying notes are an integral part of these consolidated financial statements.

CIM COMMERCIAL TRUST CORPORATION AND SUBSIDIARIES

**Notes to Consolidated Financial Statements as of March 31, 2017 and December 31, 2016, and
for the Three Months Ended March 31, 2017 and 2016 (Unaudited)**

1. ORGANIZATION AND OPERATIONS

CIM Commercial Trust Corporation (“CIM Commercial” or the “Company”), a Maryland corporation and real estate investment trust (“REIT”), or together with its wholly-owned subsidiaries (which, together with CIM Commercial, may be referred to as “we,” “us” or “our”) primarily invests in, owns, and operates Class A and creative office investments in vibrant and improving urban communities throughout the United States. These communities are located in areas that include traditional downtown areas and suburban main streets, which have high barriers to entry, high population density, improving demographic trends and a propensity for growth. We were originally organized in 1993 as PMC Commercial Trust (“PMC Commercial”), a Texas real estate investment trust.

On July 8, 2013, PMC Commercial entered into a merger agreement (the “Merger Agreement”) with CIM Urban REIT, LLC (“CIM REIT”), an affiliate of CIM Group, L.P. (“CIM Group” or “CIM”), and subsidiaries of the respective parties. CIM REIT was a private commercial REIT and was the owner of CIM Urban Partners, L.P. (“CIM Urban”). The transaction (the “Merger”) was completed on March 11, 2014 (the “Acquisition Date”). As a result of the Merger and related transactions, CIM Urban became our wholly-owned subsidiary.

Our common stock, \$0.001 par value per share (“Common Stock”), is currently traded on the NASDAQ Global Market under the ticker symbol “CMCT.” We have authorized for issuance 900,000,000 shares of Common Stock and 100,000,000 shares of preferred stock.

CIM Commercial has qualified and intends to continue to qualify as a REIT, as defined in the Internal Revenue Code of 1986, as amended.

2. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

For more information regarding our significant accounting policies and estimates, please refer to “Basis of Presentation and Summary of Significant Accounting Policies” contained in Note 3 to our consolidated financial statements for the year ended December 31, 2016, included in our Annual Report on Form 10-K filed with the Securities and Exchange Commission (“SEC”) on March 16, 2017.

Interim Financial Information—The accompanying interim consolidated financial statements of CIM Commercial have been prepared by our management in accordance with accounting principles generally accepted in the United States of America (“GAAP”). Certain information and note disclosures required for annual financial statements have been condensed or excluded pursuant to SEC rules and regulations. Accordingly, the interim consolidated financial statements do not include all of the information and notes required by GAAP for complete financial statements. The accompanying financial information reflects all adjustments which are, in the opinion of our management, of a normal recurring nature and necessary for a fair presentation of our financial position, results of operations and cash flows for the interim periods. Operating results for the three months ended March 31, 2017 are not necessarily indicative of the results that may be expected for the year ending December 31, 2017. Our accompanying interim consolidated financial statements should be read in conjunction with our audited consolidated financial statements and the notes thereto, included in our Annual Report on Form 10-K filed with the SEC on March 16, 2017.

Principles of Consolidation—The consolidated financial statements include the accounts of CIM Commercial and its subsidiaries. All intercompany transactions and balances have been eliminated in consolidation.

Investments in Real Estate—Real estate acquisitions are recorded at cost as of the acquisition date. Costs related to the acquisition of properties are expensed as incurred. Investments in real estate are stated at depreciated cost. Depreciation and amortization are recorded on a straight line basis over the estimated useful lives as follows:

8

CIM COMMERCIAL TRUST CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements as of March 31, 2017 and December 31, 2016, and for the Three Months Ended March 31, 2017 and 2016 (Unaudited)

Buildings and improvements	15 - 40 years
Furniture, fixtures, and equipment	3 - 5 years
Tenant improvements	Shorter of the useful lives or the terms of the related leases

Improvements and replacements are capitalized when they extend the useful life, increase capacity, or improve the efficiency of the asset. Ordinary repairs and maintenance are expensed as incurred.

Investments in real estate are evaluated for impairment on a quarterly basis or whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount to the future net cash flows, undiscounted and without interest, expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the estimated fair value of the assets. The estimated fair value of the asset group identified for step two of the impairment testing under GAAP is based on either the income approach with market discount rate, terminal capitalization rate and rental rate assumptions being most critical, or on the sales comparison approach to similar properties. Assets to be disposed of are reported at the lower of the carrying amount or fair value, less costs to sell. No impairment of long-lived assets was recognized during the three months ended March 31, 2017 and 2016.

Derivative Financial Instruments—As part of our risk management and operational strategies, from time to time, we may enter into derivative contracts with various counterparties. All derivatives are recognized on the balance sheet at their estimated fair value. On the date that we enter into a derivative contract, we designate the derivative as a fair value hedge, a cash flow hedge, a foreign currency fair value or cash flow hedge, a hedge of a net investment in a foreign operation, or a trading or non-hedging instrument.

Changes in the estimated fair value of a derivative that is highly effective and that is designated and qualifies as a cash flow hedge, to the extent that the hedge is effective, are initially recorded in other comprehensive income (“OCI”), and are subsequently reclassified into earnings as a component of interest expense when the variability of cash flows of the hedged transaction affects earnings (e.g., when periodic settlements of a variable-rate asset or liability are recorded in earnings). Any hedge ineffectiveness (which represents the amount by which the changes in the estimated fair value of the derivative differ from the variability in the cash flows of the forecasted transaction) is recognized in current-period earnings as a component of interest expense. When an interest rate swap designated as a cash flow hedge no longer qualifies for hedge accounting, we recognize changes in estimated fair value of the hedge previously deferred to accumulated other comprehensive income (“AOCI”), along with any changes in estimated fair value occurring thereafter, through earnings. We classify cash flows from interest rate swap agreements as net cash provided from operating activities on the consolidated statements of cash flows as our accounting policy is to present the cash flows from the hedging instruments in the same category in the consolidated statements of cash flows as the category for the cash flows from the hedged items. See Note 13 for disclosures about our derivative financial instruments and hedging activities.

Loans Receivable—Our loans receivable included in other assets are carried at their unamortized principal balance less unamortized acquisition discounts and premiums, retained loan discounts and loan loss reserves. For loans originated under the Small Business Administration’s (“SBA”) 7(a) Guaranteed Loan Program (“SBA 7(a) Program”), we sell the portion of the loan that is guaranteed by the SBA. Upon sale of the SBA guaranteed portion of the loans, which are accounted for as sales, the unguaranteed portion of the loan retained by us is valued on a fair value basis and a discount (the “Retained Loan Discount”) is recorded as a reduction in basis of the retained portion of the loan.

At the Acquisition Date, the carrying value of our loans was adjusted to estimated fair market value and acquisition discounts of \$33,907,000 were recorded, which are being accreted to interest and other income using the effective interest method. We sold substantially all of our commercial mortgage loans with unamortized acquisition discounts of \$15,951,000 to an unrelated third party in December 2015 (Note 7). Acquisition discounts of \$1,881,000 remained as of March 31, 2017 which have not yet been accreted to income.

CIM COMMERCIAL TRUST CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements as of March 31, 2017 and December 31, 2016, and for the Three Months Ended March 31, 2017 and 2016 (Unaudited)

A loan receivable is generally classified as non-accrual (a “Non-Accrual Loan”) if (i) it is past due as to payment of principal or interest for a period of 60 days or more, (ii) any portion of the loan is classified as doubtful or is charged-off or (iii) the repayment in full of the principal and/or interest is in doubt. Generally, loans are charged-off when management determines that we will be unable to collect any remaining amounts due under the loan agreement, either through liquidation of collateral or other means. Interest income, included in interest and other income or discontinued operations, on a Non-Accrual Loan is recognized on either the cash basis or the cost recovery basis.

On a quarterly basis, and more frequently if indicators exist, we evaluate the collectability of our loans receivable. Our evaluation of collectability involves judgment, estimates, and a review of the ability of the borrower to make principal and interest payments, the underlying collateral and the borrowers’ business models and future operations in accordance with Accounting Standards Codification (“ASC”) 450-20, *Contingencies—Loss Contingencies*, and ASC 310-10, *Receivables*. For the three months ended March 31, 2017 and 2016, we recorded a net impairment (recovery) of \$12,000 and \$(243,000) on our loans receivable, respectively. We establish a general loan loss reserve when available information indicates that it is probable a loss has occurred based on the carrying value of the portfolio and the amount of the loss can be reasonably estimated. Significant judgment is required in determining the general loan loss reserve, including estimates of the likelihood of default and the estimated fair value of the collateral. The general loan loss reserve includes those loans, which may have negative characteristics which have not yet become known to us. In addition to the reserves established on loans not considered impaired that have been evaluated under a specific evaluation, we establish the general loan loss reserve using a consistent methodology to determine a loss percentage to be applied to loan balances. These loss percentages are based on many factors, primarily cumulative and recent loss history and general economic conditions.

Deferred Rent Receivable and Charges—Deferred rent receivable and charges consist of deferred rent, deferred leasing costs, deferred offering costs (Note 11) and other deferred costs. Deferred rent receivable is \$63,252,000 and \$64,010,000 at March 31, 2017 and December 31, 2016, respectively. Deferred leasing costs, which represent lease commissions and other direct costs associated with the acquisition of tenants, are capitalized and amortized on a straight-line basis over the terms of the related leases. Deferred leasing costs of \$68,130,000 and \$76,063,000 are presented net of accumulated amortization of \$27,193,000 and \$25,914,000 at March 31, 2017 and December 31, 2016, respectively. Deferred offering costs represent direct costs incurred in

connection with our offering of Units (as defined in Note 11), excluding costs specifically identifiable to a closing, such as commissions, dealer-manager fees, and other registration fees. For a specific issuance of Units, associated offering costs are reclassified as a reduction of proceeds raised on the issuance date. Offering costs incurred but not directly related to a specifically identifiable closing are deferred. Deferred offering costs are first allocated to each issuance on a pro-rata basis equal to the ratio of Units issued in an issuance to the maximum number of Units that are expected to be issued. Then, the deferred offering costs allocated to such issuance are further allocated to the Series A Preferred Stock (as defined in Note 11) and Warrants (as defined in Note 11) issued in such issuance based on the relative fair value of the instruments on the date of issuance. The deferred offering costs allocated to the Series A Preferred Stock and Warrants are reductions to temporary equity and permanent equity, respectively. Deferred offering costs of \$2,306,000 and \$2,060,000 related to our offering of Units are included in deferred rent receivable and charges at March 31, 2017 and December 31, 2016, respectively. Other deferred costs are \$249,000 and \$135,000 at March 31, 2017 and December 31, 2016, respectively.

Redeemable Preferred Stock—Beginning on the date of original issuance of any given shares of Series A Preferred Stock (Note 11), the holder of such shares will have the right to require the Company to redeem such shares at a redemption price of 100% of the Stated Value (as defined in Note 11), plus accrued and unpaid dividends, subject to the payment of a redemption fee until the fifth anniversary of such issuance. From and after the fifth anniversary of the date of the original issuance, the holder will have the right to require the Company to redeem such shares at a redemption price of 100% of the Stated Value, plus accrued and unpaid dividends, without a redemption fee, and the Company will have the right (but not the obligation) to redeem such shares at 100% of the Stated Value, plus accrued and unpaid dividends. The applicable redemption price payable upon redemption of any Series A Preferred Stock will be in cash or, on or after the first anniversary of the issuance of such shares of Series A Preferred Stock to be redeemed, in the Company's sole discretion, in cash or in equal value through the issuance of shares of Common Stock, based on the volume weighted average price of our Common Stock for the 20

CIM COMMERCIAL TRUST CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements as of March 31, 2017 and December 31, 2016, and for the Three Months Ended March 31, 2017 and 2016 (Unaudited)

trading days prior to the redemption. Since a holder of Series A Preferred Stock has the right to request redemption of such shares and redemptions prior to the first anniversary are to be paid in cash, we have recorded the activity related to our Series A Preferred Stock in temporary equity. We recorded the activity related to our Warrants (Note 11) in permanent equity. On the first anniversary of the date of original issuance, we intend to reclassify the Series A Preferred Stock from temporary equity to permanent equity because the feature giving rise to temporary equity classification, the requirement to satisfy redemption requests in cash, lapses on the first anniversary date. Proceeds and expenses from the sale of the Units are allocated to the Series A Preferred Stock and Warrants using their relative fair values on the date of issuance.

Noncontrolling Interests—Noncontrolling interests represent the interests in various properties owned by third parties.

Restricted Cash—Our mortgage loan and hotel management agreements provide for depositing cash into restricted accounts reserved for property taxes, insurance, capital expenditures, free rent, tenant improvement and leasing commission obligations. Restricted cash also includes cash required to be segregated in connection with certain of our loans receivable.

Assets Held for Sale and Discontinued Operations—In the ordinary course of business, we may periodically enter into agreements relating to dispositions of investments. Some of these agreements are non-binding because either they do not obligate either party to pursue any transactions until the execution of a definitive agreement or they provide the potential buyer with the ability to terminate without penalty or forfeiture of any material deposit, subject to certain specified contingencies, such as completion of due diligence at the discretion of such buyer. We do not classify assets that are subject to such non-binding agreements as held for sale.

We classify assets as held for sale, if material, when they meet the necessary criteria, which include: a) management commits to and actively embarks upon a plan to sell the assets, b) the assets to be sold are available for immediate sale in their present condition, c) the sale is expected to be completed within one year under terms usual and customary for such sales and d) actions required to complete the plan indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn. We generally believe that we meet these criteria when the plan for sale has been approved by our board of directors (the "Board of Directors"), there are no known significant contingencies related to the sale and management believes it is probable that the sale will be completed within one year.

Assets held for sale are recorded at the lower of cost or estimated fair value less cost to sell. In addition, if we were to determine that the asset disposal associated with assets held for sale or disposed of represents a strategic shift, the revenues,

expenses and net gain (loss) on dispositions would be recorded in discontinued operations for all periods presented through the date of the applicable disposition.

Consolidation Considerations for Our Investments in Real Estate—ASC 810-10, *Consolidation*, addresses how a business enterprise should evaluate whether it has a controlling interest in an entity through means other than voting rights that would require the entity to be consolidated. We analyze our investments in real estate in accordance with this accounting standard to determine whether they are variable interest entities, and if so, whether we are the primary beneficiary. Our judgment with respect to our level of influence or control over an entity and whether we are the primary beneficiary of a variable interest entity involves consideration of various factors, including the form of our ownership interest, our voting interest, the size of our investment (including loans), and our ability to participate in major policy-making decisions. Our ability to correctly assess our influence or control over an entity affects the presentation of these investments in our consolidated financial statements.

Use of Estimates—The preparation of consolidated financial statements in conformity with GAAP requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

CIM COMMERCIAL TRUST CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements as of March 31, 2017 and December 31, 2016, and for the Three Months Ended March 31, 2017 and 2016 (Unaudited)

Reclassifications—Certain prior period amounts have been reclassified to conform with the current period presentation. These reclassifications had no effect on previously reported net income or cash flows.

Recently Issued Accounting Pronouncements—In January 2016, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) No. 2016-01, *Financial Instruments—Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities*, which is designed to improve the recognition and measurement of financial instruments through targeted changes to existing GAAP. The ASU requires an entity to: (i) measure equity investments at fair value through net income, with certain exceptions; (ii) present in OCI the changes in instrument-specific credit risk for financial liabilities measured using the fair value option; (iii) present financial assets and financial liabilities by measurement category and form of financial asset; (iv) calculate the fair value of financial instruments for disclosure purposes based on an exit price; and (v) assess a valuation allowance on deferred tax assets related to unrealized losses of available-for-sale debt securities in combination with other deferred tax assets. In addition, the ASU provides an election to subsequently measure certain nonmarketable equity investments at cost less any impairment and adjusted for certain observable price changes. The ASU also requires a qualitative impairment assessment of such equity investments and amends certain fair value disclosure requirements. For public business entities, the ASU is effective for annual reporting periods (including interim reporting periods within those periods) beginning after December 15, 2017. Early adoption by public entities to financial statements that have not yet been issued is permitted only for the provision related to instrument-specific credit risk. We are currently in the process of evaluating the impact of adoption of this new accounting guidance on our consolidated financial statements.

In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)*, which is intended to improve financial reporting about leasing transactions. Under the new guidance, a lessee will be required to recognize assets and liabilities for leases with lease terms of more than 12 months. Consistent with current GAAP, the recognition, measurement, and presentation of expenses and cash flows arising from a lease by a lessee primarily will depend on its classification as a finance or operating lease. However, unlike current GAAP, which requires a lessee to recognize only capital leases on the balance sheet, the new ASU will require a lessee to recognize both types of leases on the balance sheet. The lessor accounting will remain largely unchanged from current GAAP. However, the ASU contains some targeted improvements that are intended to align, where necessary, lessor accounting with the lessee accounting model and with the updated revenue recognition guidance issued in 2014. For public entities, the ASU is effective for annual reporting periods (including interim reporting periods within those periods) beginning after December 15, 2018. We are currently in the process of evaluating the impact of adoption of this new accounting guidance on our consolidated financial statements.

In March 2016, the FASB issued ASU No. 2016-09, *Compensation—Stock Compensation (Topic 718): Improvements to Employee Share-Based Payment Accounting*, which is intended to simplify several aspects of the accounting for share-based payment transactions, including accounting for income taxes, classification of excess tax benefits on the statement of cash flows, forfeitures, minimum statutory tax withholding requirements, and classification of employee taxes paid on the statement of cash flows when an employer withholds shares for tax-withholding purposes. In addition, the ASU eliminates certain guidance in ASC 718, which was indefinitely deferred shortly after the issuance of FASB Statement No. 123 (revised 2004), *Share-Based Payment*. For public entities, the ASU is effective for annual reporting periods (including interim reporting periods within those periods)

beginning after December 15, 2016. Early adoption is permitted and an entity that elects early adoption must adopt all of the amendments in the same period. The adoption of this guidance did not have a material impact on our consolidated financial statements.

In June 2016, the FASB issued ASU No. 2016-13, *Financial Instruments-Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, which is intended to provide financial statement users with more decision-useful information about the expected credit losses on financial instruments and other commitments to extend credit held by a reporting entity. The amendments in the ASU replaces the incurred loss impairment methodology in current GAAP with a methodology that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information to inform credit loss estimates. For public entities, the ASU is effective for annual reporting periods (including interim reporting periods within those periods) beginning after December 15, 2019. Early adoption is permitted for annual

CIM COMMERCIAL TRUST CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements as of March 31, 2017 and December 31, 2016, and for the Three Months Ended March 31, 2017 and 2016 (Unaudited)

reporting periods (including interim reporting periods within those periods) beginning after December 15, 2018. We are currently in the process of evaluating the impact of adoption of this new accounting guidance on our consolidated financial statements.

In August 2016, the FASB issued ASU No. 2016-15, *Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments*, which provides guidance on how certain cash receipts and cash payments are to be presented and classified in the statement of cash flows. For public entities, the ASU is effective for annual reporting periods (including interim reporting periods within those periods) beginning after December 15, 2017. Early adoption is permitted. We are currently in the process of evaluating the impact of adoption of this new accounting guidance on our consolidated financial statements.

In November 2016, the FASB issued ASU No. 2016-18, *Statement of Cash Flows (Topic 230): Restricted Cash*, which requires that a statement of cash flows explain the change during the period in the total cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents. Therefore, amounts generally described as restricted cash and restricted cash equivalents should be included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the statement of cash flows. The amendments in this update do not provide a definition of restricted cash or restricted cash equivalents. For public entities, the ASU is effective for annual reporting periods (including interim reporting periods within those periods) beginning after December 15, 2017. Early adoption is permitted. We are currently in the process of evaluating the impact of adoption of this new accounting guidance on our consolidated financial statements.

In December 2016, the FASB issued ASU No. 2016-20, *Technical Corrections and Improvements to Topic 606, Revenue from Contracts with Customers*, which make certain technical corrections and improvements to ASU 2014-09. For public entities, the ASU is effective for annual reporting periods (including interim reporting periods within those periods) beginning after December 15, 2017. Early adoption is permitted for annual reporting periods (including interim reporting periods within those periods) beginning after December 15, 2016. The adoption of this guidance is not expected to have a material impact on our consolidated financial statements.

In January 2017, the FASB issued ASU No. 2017-01, *Business Combinations: Clarifying the Definition of a Business*, which narrows the definition of a business and provides a framework that gives entities a basis for making reasonable judgments about whether a transaction involves an asset or a business. For public entities, the ASU is effective for annual reporting periods (including interim periods within those periods) beginning after December 15, 2017. Early adoption is permitted under certain circumstances as outlined in the ASU. We are currently in the process of evaluating the impact of adoption of this new accounting guidance on our consolidated financial statements.

CIM COMMERCIAL TRUST CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements as of March 31, 2017 and December 31, 2016, and for the Three Months Ended March 31, 2017 and 2016 (Unaudited)

3. ACQUISITIONS AND DISPOSITIONS

The fair value of real estate acquired is recorded to the acquired tangible assets, consisting primarily of land, land improvements, building and improvements, tenant improvements, and furniture, fixtures, and equipment, and identified intangible assets and liabilities, consisting of the value of acquired above-market and below-market leases, in-place leases and ground leases, if any, based in each case on their respective fair values. Loan premiums, in the case of above-market rate loans, or loan discounts, in the case of below-market rate loans, are recorded based on the fair value of any loans assumed in connection with acquiring the real estate.

There were no acquisitions during the three months ended March 31, 2017.

On March 28, 2017, we sold a 100% fee-simple interest in 211 Main Street located in San Francisco, California to an unrelated third party. The results of operations of this office property have been included in the consolidated statements of operations through the date of disposition. Transaction costs expensed in connection with this sale totaled \$2,943,000 and included a prepayment penalty of \$1,508,000 incurred in connection with the prepayment of the property's mortgage (Note 8).

Property	Asset Type	Date of Sale	Square Feet	Sales Price	Gain on Sale
(in thousands)					
211 Main Street, San Francisco, CA	Office	March 28, 2017	417,266	\$ 292,882	\$ 187,734

The following is the detail of the carrying amount of assets and liabilities at the time of the sale of 211 Main Street in March 2017:

(in thousands)					
<i>Assets</i>					
Investments in real estate, net				\$	93,747
Deferred rent receivable and charges, net					10,822
Other intangible assets, net					32
Total assets					104,601
<i>Liabilities</i>					
Debt, net (1)					25,996
Intangible liabilities, net					1,731
Total liabilities					27,727

(1) Net of \$665,000 of premium on assumed mortgage.

There were no acquisitions during the three months ended March 31, 2016.

On February 2, 2016, we sold a 100% fee-simple interest in the Courtyard Oakland located in Oakland, California to an unrelated third party. The results of operations of this hotel have been included in the consolidated statement of operations through the date of disposition.

Property	Asset Type	Date of Sale	Rooms	Sales Price	Gain on Sale
(in thousands)					
Courtyard Oakland, Oakland, CA	Hotel	February 2, 2016	162	\$ 43,800	\$ 24,739

CIM COMMERCIAL TRUST CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements as of March 31, 2017 and December 31, 2016, and for the Three Months Ended March 31, 2017 and 2016 (Unaudited)

We have entered into five purchase and sale agreements, each as a separate transaction with unrelated third parties, for the sale of an office property located at 200 S College Street in Charlotte, North Carolina; an office property located at 980 9th Street and a parking structure located at 1010 8th Street, both in Sacramento, California; an office property located at 7083 Hollywood Boulevard in Los Angeles, California; a multifamily property located at 4649 Cole Avenue in Dallas, Texas; and two multifamily

properties located at 3636 McKinney Avenue and 3839 McKinney Avenue both in Dallas, Texas. The aggregate contract sales price for these properties is approximately \$409,400,000. In connection with these dispositions, approximately \$60,600,000 of the outstanding mortgages payable at March 31, 2017 will be repaid or assumed by the buyer. We expect the closings of these sales transactions to occur during the second and third quarters of 2017. Each of the purchase and sale agreements were either entered into or became subject to non-refundable deposits after March 31, 2017. Therefore, none of the individual properties have been classified as held for sale as of March 31, 2017.

4. INVESTMENTS IN REAL ESTATE

Investments in real estate consist of the following:

	March 31, 2017	December 31, 2016
	(in thousands)	
Land	\$ 329,200	\$ 343,564
Land improvements	26,009	26,177
Buildings and improvements	1,382,817	1,475,415
Furniture, fixtures, and equipment	4,847	4,955
Tenant improvements	151,072	159,677
Work in progress	10,456	11,706
Investments in real estate	1,904,401	2,021,494
Accumulated depreciation	(398,909)	(414,552)
Net investments in real estate	<u>\$ 1,505,492</u>	<u>\$ 1,606,942</u>

We recorded depreciation expense of \$14,684,000 and \$15,673,000 for the three months ended March 31, 2017 and 2016, respectively.

5. OTHER INTANGIBLE ASSETS

A schedule of our intangible assets and liabilities and related accumulated amortization and accretion as of March 31, 2017 and December 31, 2016 is as follows:

	Assets				Liabilities
	Acquired In-Place Leases	Tax Abatement	Acquired Below-Market Ground Lease	Trade Name and License	Acquired Below-Market Leases
March 31, 2017					
	(in thousands)				
Gross balance	\$ 11,551	\$ 4,273	\$ 11,685	\$ 2,957	\$ (6,719)
Accumulated amortization	(8,659)	(3,011)	(1,597)	—	5,293
	<u>\$ 2,892</u>	<u>\$ 1,262</u>	<u>\$ 10,088</u>	<u>\$ 2,957</u>	<u>\$ (1,426)</u>
Average useful life (in years)	<u>10</u>	<u>8</u>	<u>84</u>	<u>Indefinite</u>	<u>8</u>

CIM COMMERCIAL TRUST CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements as of March 31, 2017 and December 31, 2016, and for the Three Months Ended March 31, 2017 and 2016 (Unaudited)

	Assets					Liabilities
	Acquired Above- Market Leases (1)	Acquired In-Place Leases	Tax Abatement	Acquired Below- Market Ground Lease	Trade Name and License	Acquired Below- Market Leases (1)
December 31, 2016						

	(in thousands)					
Gross balance	\$ 215	\$ 11,551	\$ 4,273	\$ 11,685	\$ 2,957	\$ (18,893)
Accumulated amortization	(180)	(8,443)	(2,873)	(1,562)	—	15,317
	<u>\$ 35</u>	<u>\$ 3,108</u>	<u>\$ 1,400</u>	<u>\$ 10,123</u>	<u>\$ 2,957</u>	<u>\$ (3,576)</u>
Average useful life (in years)	<u>8</u>	<u>10</u>	<u>8</u>	<u>84</u>	<u>Indefinite</u>	<u>8</u>

- (1) Acquired above-market leases and certain acquired below-market leases are associated with an office property in San Francisco, California, which we sold in March 2017 (Note 3).

The amortization of the acquired above-market leases which decreased rental and other property income was \$3,000 and \$38,000 for the three months ended March 31, 2017 and 2016, respectively. The amortization of the acquired in-place leases included in depreciation and amortization expense was \$216,000 and \$380,000 for the three months ended March 31, 2017 and 2016, respectively. Included in depreciation and amortization expense was franchise affiliation fee amortization of \$0 and \$33,000 for the three months ended March 31, 2017 and 2016, respectively. Tax abatement amortization of \$138,000 for each of the three months ended March 31, 2017 and 2016 was included in rental and other property operating expenses. The amortization of the acquired below-market ground lease of \$35,000 for each of the three months ended March 31, 2017 and 2016 was included in rental and other property operating expenses. The amortization of the acquired below-market leases included in rental and other property income was \$419,000 and \$631,000 for the three months ended March 31, 2017 and 2016, respectively.

A schedule of future amortization and accretion of acquisition related intangible assets and liabilities as of March 31, 2017, is as follows:

Years Ending December 31,	Assets			Liabilities
	Acquired In-Place Leases	Tax Abatement	Acquired Below-Market Ground Lease	Acquired Below-Market Leases
	(in thousands)			
2017 (Nine months ending December 31, 2017)	\$ 655	\$ 413	\$ 105	\$ (709)
2018	733	551	140	(517)
2019	464	298	140	(200)
2020	207	—	140	—
2021	207	—	140	—
Thereafter	626	—	9,423	—
	<u>\$ 2,892</u>	<u>\$ 1,262</u>	<u>\$ 10,088</u>	<u>\$ (1,426)</u>

CIM COMMERCIAL TRUST CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements as of March 31, 2017 and December 31, 2016, and for the Three Months Ended March 31, 2017 and 2016 (Unaudited)

6. OTHER ASSETS

Other assets consist of the following:

	March 31, 2017	December 31, 2016
	(in thousands)	
SBA 7(a) loans, subject to credit risk	\$ 41,439	\$ 43,623
SBA 7(a) loans, subject to secured borrowings	27,854	29,524
Other assets	22,153	19,123
	<u>\$ 91,446</u>	<u>\$ 92,270</u>

SBA 7(a) Loans, Subject to Credit Risk—Represents the non-government guaranteed retained portion of loans originated under the SBA 7(a) Program and the government guaranteed portion of loans that have not yet been fully funded or sold.

SBA 7(a) Loans, Subject to Secured Borrowings—Represents the government guaranteed portion of loans which were sold with the proceeds received from the sale reflected as secured borrowings—government guaranteed loans. There is no credit risk associated with these loans since the SBA has guaranteed payment of the principal.

At March 31, 2017 and December 31, 2016, 99.0% and 99.7%, respectively, of our loans were current with the remainder (\$424,000 and \$249,000, respectively) greater than 29 days delinquent. We classify loans with negative characteristics in substandard categories ranging from special mention to doubtful. At March 31, 2017 and December 31, 2016, \$928,000 and \$804,000, respectively, of loans subject to credit risk were classified in substandard categories.

At March 31, 2017 and December 31, 2016, our loans were 93.2% and 94.6%, respectively, concentrated in the hospitality industry.

7. DISCONTINUED OPERATIONS

We had reflected the lending segment, which was acquired on the Acquisition Date as disclosed in Note 1, as held for sale commencing in 2014, based on a plan approved by the Board of Directors to sell the lending segment that, when completed, would have resulted in the deconsolidation of the lending segment, which at that time was focused on small business lending in the hospitality industry. In July 2015, to maximize value, we modified our strategy from a strategy of selling the lending segment as a whole to a strategy of soliciting buyers for components of the business, including our commercial mortgage loans and the SBA 7(a) lending platform. This change in the sale methodology resulted in the need to extend the period to complete the sale of the lending segment beyond one year. In connection with our plan, we expensed transaction costs of \$9,000 as incurred during the three months ended March 31, 2016.

On December 17, 2015, pursuant to the modified plan, we sold substantially all of our commercial mortgage loans with a carrying value of \$77,121,000 to an unrelated third party and recognized a gain of \$5,151,000. In September 2016, we discontinued our efforts to sell the SBA 7(a) lending platform, and the activities related to the SBA 7(a) lending platform have been reclassified to continuing operations for all periods presented.

On December 29, 2016, we sold our commercial real estate lending subsidiary, which was classified as held for sale and had a carrying value of \$27,587,000, which was equal to management's estimate of fair value, to a fund managed by an affiliate of CIM Group. We did not recognize any gain or loss in connection with the transaction. Management's estimate of fair value was determined with assistance from an independent third party valuation firm.

CIM COMMERCIAL TRUST CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements as of March 31, 2017 and December 31, 2016, and for the Three Months Ended March 31, 2017 and 2016 (Unaudited)

The following is the detail of income from operations of assets held for sale classified as discontinued operations on the consolidated statements of operations for the three months ended March 31, 2016:

	Three Months Ended March 31, 2016
	(in thousands)
Revenue —Interest and other income	\$ 1,115
Expenses:	
Interest expense	288
Fees to related party	132
General and administrative	5
Total expenses	425
Income from operations of assets held for sale	\$ 690

CIM COMMERCIAL TRUST CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements as of March 31, 2017 and December 31, 2016, and for the Three Months Ended March 31, 2017 and 2016 (Unaudited)

8. DEBT

Information on our debt is as follows:

	March 31, 2017	December 31, 2016
	(in thousands)	
Mortgage loans with a fixed interest rate of 4.14% per annum, with monthly payments of interest only, and balances totaling \$392,000,000 due on July 1, 2026. The loans are nonrecourse.	\$ 392,000	\$ 392,000
Mortgage loan with a fixed interest rate of 4.50% per annum, with monthly payments of interest only for 10 years, and payments of interest and principal starting in February 2022. The loan has a \$42,008,000 balance due on January 5, 2027. The loan is nonrecourse.	46,000	46,000
Mortgage loans with a fixed interest rate of 5.39% per annum, with monthly payments of principal and interest, and balances totaling \$35,695,000 due on March 1, 2021. The loans are nonrecourse.	38,941	39,134
Mortgage loan with a fixed interest rate of 5.18% per annum, with monthly payments of principal and interest, and a balance of \$26,232,000 due on June 5, 2021. The loan is nonrecourse.	29,019	29,167
Mortgage loan with a fixed interest rate of 6.65% per annum, with monthly payments of principal and interest. The loan had a 25-year amortization schedule with a \$21,136,000 balance due on July 15, 2018. The loan was nonrecourse. The loan was repaid in March 2017 in connection with the sale of the property that was collateral for the loan.	—	26,136
	505,960	532,437
Deferred loan costs related to mortgage loans	(2,262)	(2,366)
Premiums and discounts on assumed mortgages, net	—	722
Total Mortgages Payable	503,698	530,793
Secured borrowing principal on SBA 7(a) loans sold for a premium and excess spread—variable rate, reset quarterly, based on prime rate with weighted average coupon rate of 4.60% and 4.13% at March 31, 2017 and December 31, 2016, respectively.	21,838	23,122
Secured borrowing principal on SBA 7(a) loans sold for excess spread—variable rate, reset quarterly, based on prime rate with weighted average coupon rate of 2.08% and 1.83% at March 31, 2017 and December 31, 2016, respectively.	4,507	4,777
	26,345	27,899
Unamortized premiums	1,955	2,077
Total Secured Borrowings—Government Guaranteed Loans	28,300	29,976
Unsecured term loan facility	385,000	385,000
Junior subordinated notes with a variable interest rate which resets quarterly based on the 90-day LIBOR plus 3.25%, with quarterly interest only payments. Balance due at maturity on March 30, 2035.	27,070	27,070
Unsecured credit facility	—	—
	412,070	412,070
Deferred loan costs related to unsecured term loan and credit facilities	(2,738)	(2,938)
Discount on junior subordinated notes	(1,996)	(2,015)
Total Other	407,336	407,117
Total Debt	\$ 939,334	\$ 967,886

The mortgages payable are secured by deeds of trust on certain of the properties and assignments of rents.

The junior subordinated notes may be redeemed at par at our option.

CIM COMMERCIAL TRUST CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements as of March 31, 2017 and December 31, 2016, and for the Three Months Ended March 31, 2017 and 2016 (Unaudited)

Secured borrowings—government guaranteed loans represent sold loans which are treated as secured borrowings because the loan sales did not meet the derecognition criteria provided for in ASC 860-30, *Secured Borrowing and Collateral*. These loans included cash premiums that are amortized as a reduction to interest expense over the life of the loan using the effective interest method and are fully amortized when the underlying loan is repaid in full.

Deferred loan costs, which represent legal and third-party fees incurred in connection with our borrowing activities, are capitalized and amortized to interest expense on a straight-line basis over the life of the related loan, approximating the effective interest method. Deferred loan costs of \$6,961,000 and \$7,122,000 are presented net of accumulated amortization of \$1,961,000 and \$1,818,000 at March 31, 2017 and December 31, 2016, respectively, and are a reduction to total debt.

In September 2014, CIM Commercial entered into an \$850,000,000 unsecured credit facility with a bank syndicate consisting of a \$450,000,000 revolver, a \$325,000,000 term loan and a \$75,000,000 delayed-draw term loan. CIM Commercial is subject to certain financial maintenance covenants and a minimum property ownership condition. Outstanding advances under the revolver bear interest at (i) the base rate plus 0.20% to 1.00% or (ii) LIBOR plus 1.20% to 2.00%, depending on the maximum consolidated leverage ratio. Outstanding advances under the term loans bore interest at (i) the base rate plus 0.15% to 0.95% or (ii) LIBOR plus 1.15% to 1.95%, depending on the maximum consolidated leverage ratio. The revolver is also subject to an unused commitment fee of 0.15% or 0.25% depending on the amount of aggregate unused commitments. The delayed-draw term loan was also subject to an unused line fee of 0.25%. The credit facility was set to mature in September 2016 and prior to maturity, we exercised the first of two one year extension options through September 2017. Additionally, we permanently reduced the revolving credit commitment under the credit facility to \$200,000,000. At March 31, 2017 and December 31, 2016, \$0 was outstanding under the credit facility and \$200,000,000 was available for future borrowings. Proceeds from the unsecured credit facility were used for acquisitions, funding of a Common Stock tender offer in June 2016, general corporate purposes, and to repay mortgage loans and outstanding balances under our prior unsecured credit facilities. In June 2016, we entered into six mortgage loan agreements with an aggregate principal amount of \$392,000,000. A portion of the net proceeds from the loans was used to repay outstanding balances under our unsecured credit facility and the remaining portion was used to repurchase shares of our Common Stock in a private repurchase in September 2016.

In May 2015, CIM Commercial entered into an unsecured term loan facility with a bank syndicate pursuant to which CIM Commercial can borrow up to a maximum of \$385,000,000. The term loan facility ranks *pari passu* with CIM Commercial's unsecured credit facility described above; covenants under the term loan facility are substantially the same as those in the unsecured credit facility. Outstanding advances under the term loan facility bear interest at (i) the base rate plus 0.60% to 1.25% or (ii) LIBOR plus 1.60% to 2.25%, depending on the maximum consolidated leverage ratio. The unused portion of the term loan facility was also subject to an unused fee of 0.20%. With some exceptions, any prepayment of the term loan facility prior to May 9, 2017 was subject to a prepayment fee up to 2.00% of the outstanding principal amount. The term loan facility matures in May 2022. On November 2, 2015, \$385,000,000 was drawn under the term loan facility. At March 31, 2017 and December 31, 2016, \$385,000,000 was outstanding under the term loan facility. Proceeds from the term loan facility were used to repay balances outstanding under our unsecured credit facility. At March 31, 2017 and December 31, 2016, the variable interest rate on this unsecured term loan facility was 2.38% and 2.22%, respectively. The interest rate of the loan has been effectively converted to a fixed rate of 3.16% until May 8, 2020 through interest rate swaps (Note 13).

At March 31, 2017 and December 31, 2016, we were in compliance with all of our respective financial covenants under the unsecured credit and term loan facilities.

On March 28, 2017, in connection with the sale of an office property in San Francisco, California, we paid off a mortgage with an outstanding balance of \$25,331,000 using proceeds from the sale. Additionally, we paid a prepayment penalty of \$1,508,000 in connection with the prepayment of this mortgage (Note 3).

At March 31, 2017 and December 31, 2016, accrued interest and unused commitment fees payable of \$3,041,000 and \$3,133,000, respectively, are included in accounts payable and accrued expenses.

CIM COMMERCIAL TRUST CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements as of March 31, 2017 and December 31, 2016, and

for the Three Months Ended March 31, 2017 and 2016 (Unaudited)

Future principal payments on our debt (face value) at March 31, 2017 are as follows:

Years Ending December 31,	Secured Borrowings Principal(1)	Mortgages Payable	Other(2)	Total
	(in thousands)			
2017 (Nine months ending December 31, 2017)	\$ 695	\$ 1,025	\$ —	\$ 1,720
2018	958	1,440	—	2,398
2019	992	1,519	—	2,511
2020	1,031	1,596	—	2,627
2021	1,072	62,380	—	63,452
Thereafter	21,597	438,000	412,070	871,667
	<u>\$ 26,345</u>	<u>\$ 505,960</u>	<u>\$ 412,070</u>	<u>\$ 944,375</u>

(1) Principal payments are generally dependent upon cash flows received from the underlying loans. Our estimate of their repayment is based on scheduled principal payments on the underlying loans. Our estimate will differ from actual amounts to the extent we experience prepayments and/or loan liquidations or charge-offs. No payment is due unless payments are received from the borrowers on the underlying loans.

(2) Represents the junior subordinated notes and unsecured term loan facility.

9. STOCK-BASED COMPENSATION PLANS

In April 2015, we granted awards of 2,000 restricted shares of Common Stock to each of the independent members of the Board of Directors (6,000 in aggregate) under the 2015 Equity Incentive Plan, which vested in April 2016 based on one year of continuous service. In addition, in May 2016, 3,392 restricted shares of Common Stock were granted to each of the independent members of the Board of Directors (10,176 in aggregate) under the 2015 Equity Incentive Plan, which will vest over one year of continuous service. Compensation expense related to these restricted shares of Common Stock is recognized over the vesting period. We recorded compensation expense of \$48,000 and \$27,000 for the three months ended March 31, 2017 and 2016, respectively, related to these restricted shares of Common Stock.

We issued to two of our executive officers an aggregate of 2,000 restricted shares of Common Stock on May 6, 2014, which were fully vested in May 2016, and an aggregate of 2,000 restricted shares of Common Stock on March 6, 2015, which were fully vested in March 2017. The restricted shares of Common Stock vested based on two years of continuous service with one-third of the shares of Common Stock vesting immediately upon issuance and one-third vesting at the end of each of the next two years from the date of issuance. Compensation expense related to these restricted shares of Common Stock was recognized over the vesting period. We recognized compensation expense of \$1,000 and \$5,000 for the three months ended March 31, 2017 and 2016, respectively, related to these restricted shares of Common Stock.

As of March 31, 2017, there was \$16,000 of total unrecognized compensation expense related to shares of Common Stock which will be recognized during the second quarter of 2017.

10. EARNINGS PER SHARE ("EPS")

The computations of basic EPS are based on our weighted average shares outstanding. The basic weighted average shares of Common Stock outstanding were 84,048,000 and 97,662,000 for the three months ended March 31, 2017 and 2016, respectively. We had no dilutive securities outstanding for each of the three months ended March 31, 2017 and 2016. Outstanding shares of Series A Preferred Stock and Warrants were not included in the computation of diluted EPS for the three months ended March 31, 2017 because their impact was deemed to be anti-dilutive. No shares of Series A Preferred Stock or Warrants were outstanding during the three months ended March 31, 2016.

for the Three Months Ended March 31, 2017 and 2016 (Unaudited)

EPS for the year-to-date period may differ from the sum of quarterly EPS amounts due to the required method for computing EPS in the respective periods. In addition, EPS is calculated independently for each component and may not be additive due to rounding.

CIM COMMERCIAL TRUST CORPORATION AND SUBSIDIARIES

**Notes to Consolidated Financial Statements as of March 31, 2017 and December 31, 2016, and
for the Three Months Ended March 31, 2017 and 2016 (Unaudited)**

The following table reconciles the numerator and denominator used in computing our basic and diluted per-share computations for net income available to common stockholders for the three months ended March 31, 2017 and 2016:

	Three Months Ended March 31,	
	2017	2016
	(in thousands, except share and per share amounts)	
Numerator:		
Net income from continuing operations	\$ 193,935	\$ 26,293
Net income attributable to noncontrolling interests	(5)	(3)
Redeemable preferred stock dividends	(31)	—
Numerator for basic and diluted net income from continuing operations available to common stockholders	193,899	26,290
Net income from discontinued operations	—	690
Numerator for basic and diluted net income available to common stockholders	<u>\$ 193,899</u>	<u>\$ 26,980</u>
Denominator:		
Basic weighted average shares outstanding	84,048	97,662
Effect of dilutive securities—contingently issuable shares and stock options	—	—
Diluted weighted average shares and common stock equivalents outstanding	<u>84,048</u>	<u>97,662</u>
Basic and diluted net income available to common stockholders per share:		
Continuing operations	\$ 2.31	\$ 0.27
Discontinued operations	—	0.01
Net income	<u>\$ 2.31</u>	<u>\$ 0.28</u>

11. REDEEMABLE PREFERRED STOCK

On April 22, 2016, we filed a registration statement with the Securities and Exchange Commission (“SEC”) for up to \$900,000,000 of units (collectively, the “Units”), with each unit consisting of (i) one share of Series A Preferred Stock, par value \$0.001 per share, of the Company (collectively, the “Series A Preferred Stock”) with an initial stated value of \$25.00 per share (“Stated Value”) and (ii) one warrant (collectively, the “Warrants”) to purchase 0.25 of a share of Common Stock (Note 12), which was declared effective on July 1, 2016 by the SEC. The registration statement allows us to sell up to a maximum of 36,000,000 Units. Our Series A Preferred Stock ranks senior to our Common Stock with respect to payment of dividends and distributions of amounts upon liquidation, dissolution or winding up. Proceeds and expenses from the sale of the Units are allocated to the Series A Preferred Stock and Warrants using their relative fair values on the date of issuance.

Our Series A Preferred Stock is redeemable at the option of the holder (the “Holder”) or CIM Commercial. The redemption schedule of the Series A Preferred Stock allows redemptions at the option of the Holder from the date of original issuance of any given shares of Series A Preferred Stock through the second year at Stated Value, plus accrued and unpaid dividends, subject to the payment of a 13.0% redemption fee. After year two, the redemption fee decreases to 10.0% and after year five there is no redemption fee. Also, CIM Commercial has the right to redeem the Series A Preferred Stock after year five at Stated Value, plus accrued and unpaid dividends. At the Company’s discretion, redemptions will be paid in cash or, on or after the first anniversary of the issuance of such shares of Series A Preferred Stock, an equal value of Common Stock based on the volume weighted average price of our Common Stock for the 20 trading days prior to the redemption. As of March 31, 2017, no shares of Series A Preferred Stock have been redeemed.

As of March 31, 2017, we had issued 144,698 Units and received gross proceeds of \$3,617,000 (\$3,599,000 of which were allocated to the Series A Preferred Stock in temporary equity and the remaining \$18,000 were allocated to the Warrants in permanent equity). In connection with such issuance, costs specifically identifiable to the offering of Units, such as commissions, dealer manager fees and other registration fees, totaled \$279,000 (\$270,000 of which were allocated to the Series

CIM COMMERCIAL TRUST CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements as of March 31, 2017 and December 31, 2016, and for the Three Months Ended March 31, 2017 and 2016 (Unaudited)

A Preferred Stock in temporary equity and the remaining \$9,000 were allocated to the Warrants in permanent equity). In addition, as of March 31, 2017, non issuance specific costs related to this offering totaled \$2,314,000. As of March 31, 2017, we have reclassified \$8,000 and a de minimis amount from deferred rent receivable and charges to temporary equity and stockholders' equity, respectively, as a reduction to the gross proceeds received. Such reclassification was based on the number of Units issued during the period relative to the maximum number of Units expected to be issued under the offering.

Holders of Series A Preferred Stock are entitled to receive, if, as and when authorized by our Board of Directors, and declared by us out of legally available funds, cumulative cash dividends on each share of Series A Preferred Stock at an annual rate of 5.5% of the Stated Value (i.e., the equivalent of \$0.34375 per share per quarter). Dividends on each share of Series A Preferred Stock will begin accruing on, and will be cumulative from, the date of issuance. Cash dividends declared on our Series A Preferred Stock for the three months ended March 31, 2017 consist of the following:

Declaration Date	Payment Date	Number of Shares	Aggregate Dividends Declared (in thousands)
March 8, 2017	April 17, 2017	144,698	\$ 31

12. STOCKHOLDERS' EQUITY

Dividends

Dividends per share of Common Stock declared during the three months ended March 31, 2017 and 2016 consist of the following:

Declaration Date	Payment Date	Dividend Per Common Share
March 8, 2017	March 27, 2017	\$ 0.21875
March 8, 2016	March 29, 2016	\$ 0.21875

On April 5, 2017, we declared a special cash dividend of \$0.28 per share of Common Stock, or \$601,000 in the aggregate, that was paid on April 24, 2017 to stockholders of record on April 17, 2017. This special cash dividend allowed common stockholders that did not participate in the September 14, 2016 private repurchase to receive the economic benefit of such repurchase. The September 14, 2016 private repurchase consisted of the Company's repurchasing, in a privately negotiated transaction, canceling and retiring 3,628,116 shares of Common Stock from Urban Partners II, LLC ("Urban II"), a fund managed by an affiliate of CIM Group, the Manager and Advisor of CIM Commercial, and an affiliate of CIM REIT and CIM Urban, for an aggregate purchase price of \$79,819,000, or \$22.00 per share. Urban II waived its right to receive this special cash dividend.

Warrants

Each Unit consists of (i) one share of Series A Preferred Stock (Note 11) and (ii) one Warrant which allows the holder to purchase 0.25 of a share of Common Stock. The Warrants are exercisable beginning on the first anniversary of the date of original issuance until and including the fifth anniversary of the date of such issuance. The exercise price of each Warrant is at a 15.0% premium to the per share estimated net asset value of our Common Stock (as most recently published by us at the time of each issuance).

Proceeds and expenses from the sale of the Units are allocated to the Series A Preferred Stock and Warrants using their relative fair values on the date of issuance. As of March 31, 2017, we had issued 144,698 Warrants in connection with our offering

of Units and allocated net proceeds of \$9,000, after specifically identifiable offering costs and allocated general offering costs, to the Warrants in permanent equity.

CIM COMMERCIAL TRUST CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements as of March 31, 2017 and December 31, 2016, and for the Three Months Ended March 31, 2017 and 2016 (Unaudited)

13. DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGING ACTIVITIES

Hedges of Interest Rate Risk

In order to manage financing costs and interest rate exposure related to our \$385,000,000 unsecured term loan facility (Note 8), on August 13, 2015, we entered into interest rate swap agreements with multiple counterparties. These swap agreements became effective on November 2, 2015. Each of our interest rate swap agreements meets the criteria for cash flow hedge accounting treatment and we have designated the interest rate swap agreements as cash flow hedges of the risk of variability attributable to changes in the one-month LIBOR on the term loan facility. Accordingly, the interest rate swaps are recorded on the consolidated balance sheets at fair value and the changes in the fair value of the swaps are recorded in OCI and reclassified to earnings as an adjustment to interest expense as interest becomes receivable or payable (Note 2). We do not expect any significant losses from counterparty defaults related to our swap agreements.

Summary of Derivatives

The following table sets forth the key terms of our interest rate swap contracts:

Number of Interest Rate Swaps(1)(2)	Total Notional Amount (in thousands)	Fixed Rates	Floating Rate Index	Effective Date	Expiration Date
10	\$ 385,000	1.559% - 1.569%	One-Month LIBOR	11/2/2015	5/8/2020

(1) See Note 14 for our fair value disclosures.

(2) Our interest rate swaps are not subject to master netting arrangements.

These swaps hedge the future cash flows of interest payments on our \$385,000,000 unsecured term loan facility by fixing the rate until May 8, 2020 at a weighted average rate of 1.563% plus the credit spread, which was 1.60% at March 31, 2017 and December 31, 2016, or an all-in rate of 3.16%.

Credit-Risk-Related Contingent Features

Each of our interest rate swap agreements contains a provision under which we could also be declared in default under such agreements if we default on the term loan facility. As of March 31, 2017 and December 31, 2016, there have been no events of default under our interest rate swap agreements.

Impact of Hedges on AOCI and Consolidated Statements of Operations

The changes in the balance of each component of AOCI related to our interest rate swaps designated as cash flow hedges are as follows:

	Three Months Ended March 31,	
	2017	2016
	(in thousands)	
Accumulated other comprehensive income (loss), at beginning of period	\$ (509)	\$ (2,519)
Other comprehensive income (loss) before reclassifications	794	(9,033)
Amounts reclassified from accumulated other comprehensive income (loss) (1)	758	1,108
Net current period other comprehensive income (loss)	1,552	(7,925)

Accumulated other comprehensive income (loss), at end of period	\$	1,043	\$	(10,444)

CIM COMMERCIAL TRUST CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements as of March 31, 2017 and December 31, 2016, and for the Three Months Ended March 31, 2017 and 2016 (Unaudited)

- (1) The amounts from AOCI are reclassified as an increase to interest expense in the statements of operations.

Future Reclassifications from AOCI

We estimate that \$2,234,000 related to our derivatives designated as cash flow hedges will be reclassified out of AOCI as an increase to interest expense during the next twelve months.

CIM COMMERCIAL TRUST CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements as of March 31, 2017 and December 31, 2016, and for the Three Months Ended March 31, 2017 and 2016 (Unaudited)

14. FAIR VALUE OF FINANCIAL INSTRUMENTS

We determine the estimated fair value of financial assets and liabilities utilizing a hierarchy of valuation techniques based on whether the inputs to a fair value measurement are considered to be observable or unobservable in a marketplace. The hierarchy for inputs used in measuring fair value is as follows:

Level 1 Inputs—Quoted prices in active markets for identical assets or liabilities

Level 2 Inputs—Observable inputs other than quoted prices in active markets for identical assets and liabilities

Level 3 Inputs—Unobservable inputs

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes, the level within which the fair value measurement is categorized is based on the lowest level input that is significant to the fair value measurement.

Our derivative financial instruments (Note 13) are measured at fair value on a recurring basis and are presented on our consolidated balance sheets at fair value, on a gross basis, excluding accrued interest. The table below presents the fair value of our derivative financial instruments as well as their classification on our consolidated balance sheets:

	March 31, 2017	December 31, 2016	Level	Balance Sheet Location
	(in thousands)			
Assets (Liabilities):				
Interest rate swaps	\$ 1,043	\$ (509)	2	Other assets (Other liabilities)

Interest Rate Swaps—We estimate the fair value of our interest rate swaps by calculating the credit-adjusted present value of the expected future cash flows of each swap. The calculation incorporates the contractual terms of the derivatives, observable market interest rates which we consider to be Level 2 inputs, and credit risk adjustments, if any, to reflect the counterparty's as well as our own nonperformance risk.

The estimated fair values of those financial instruments which are not recorded at fair value on a recurring basis on our consolidated balance sheets are as follows:

	March 31, 2017		December 31, 2016		
	Carrying Amount	Estimated Fair Value	Carrying Amount	Estimated Fair Value	Level
	(in thousands)				
Assets:					
Loans receivable subject to credit risk	\$ 41,439	\$ 41,282	\$ 43,623	\$ 43,621	3
SBA 7(a) loans receivable, subject to secured borrowings	27,854	28,300	29,524	29,976	3
Other loans receivable	1,352	1,304	2,593	2,550	3
Liabilities:					
Mortgages payable	503,698	499,149	530,793	516,892	3
Junior subordinated notes	25,074	25,458	25,055	25,173	3

Management's estimation of the fair value of our financial instruments other than our interest rate swaps is based on a Level 3 valuation in the fair value hierarchy established for disclosure of how a company values its financial instruments. In

27

CIM COMMERCIAL TRUST CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements as of March 31, 2017 and December 31, 2016, and for the Three Months Ended March 31, 2017 and 2016 (Unaudited)

general, quoted market prices from active markets for the identical financial instrument (Level 1 inputs), if available, should be used to value a financial instrument. If quoted prices are not available for the identical financial instrument, then a determination should be made if Level 2 inputs are available. Level 2 inputs include quoted prices for similar financial instruments in active markets for identical or similar financial instruments in markets that are not active (i.e., markets in which there are few transactions for the financial instruments, the prices are not current, price quotations vary substantially, or in which little information is released publicly). There is limited reliable market information for our financial instruments other than our interest rate swaps and we utilize other methodologies based on unobservable inputs for valuation purposes since there are no Level 1 or Level 2 inputs available. Accordingly, Level 3 inputs are used to measure fair value.

In general, estimates of fair value may differ from the carrying amounts of the financial assets and liabilities primarily as a result of the effects of discounting future cash flows. Considerable judgment is required to interpret market data and develop estimates of fair value. Accordingly, the estimates presented are made at a point in time and may not be indicative of the amounts we could realize in a current market exchange.

The carrying amounts of our secured borrowings and unsecured credit and term loan facilities approximate their fair values, as the interest rates on these securities are variable and approximate current market interest rates.

Loans Receivable Subject to Credit Risk and Other Loans Receivable—Loans receivable were initially recorded at estimated fair value at the Acquisition Date. Loans receivable originated subsequent to the Acquisition Date are recorded at cost upon origination and adjusted by net loan origination fees and discounts. In order to determine the estimated fair value of our loans receivable, we use a present value technique for the anticipated future cash flows using certain assumptions. At March 31, 2017, our assumptions included discount rates ranging from 8.50% to 13.50% and prepayment rates ranging from 5.80% to 20.00%. At December 31, 2016, our assumptions included discount rates ranging from 8.25% to 13.25% and prepayment rates ranging from 5.80% to 20.00%.

SBA 7(a) Loans Receivable, Subject to Secured Borrowings—These loans receivable represent the government guaranteed portion of loans which were sold with the proceeds received from the sale reflected as secured borrowings—government guaranteed loans. There is no credit risk associated with these loans since the SBA has guaranteed payment of the principal. In order to determine the estimated fair value of these loans receivable, we use a present value technique for the anticipated future cash flows taking into consideration the lack of credit risk and using a range of prepayment rates from 6.70% to 20.00% at both March 31, 2017 and December 31, 2016.

Mortgages Payable—The fair values of mortgages payable are estimated based on current interest rates available for debt instruments with similar terms. The fair value of our mortgages payable is sensitive to fluctuations in interest rates.

Discounted cash flow analysis is generally used to estimate the fair value of our mortgages payable, using rates ranging from 4.35% to 4.55% and 4.60% to 4.72% at March 31, 2017 and December 31, 2016, respectively.

Junior Subordinated Notes—The fair value of the junior subordinated notes is estimated based on current interest rates available for debt instruments with similar terms. Discounted cash flow analysis is generally used to estimate the fair value of our junior subordinated notes. The rate used was 4.90% and 4.83% at March 31, 2017 and December 31, 2016, respectively.

15. RELATED-PARTY TRANSACTIONS

In May 2005, CIM Urban and CIM Urban REIT Management, L.P., each an affiliate of CIM REIT and CIM Group, entered into an Investment Management Agreement, pursuant to which CIM Urban engaged CIM Urban REIT Management, L.P. to provide investment advisory services to CIM Urban. CIM Investment Advisors, LLC, an affiliate of CIM REIT and CIM Group, registered with the SEC as an investment adviser and, in connection with such registration, CIM Urban entered into a new Investment Management Agreement with CIM Investment Advisors, LLC, in December 2015, on terms substantially similar to those in the previous Investment Management Agreement, pursuant to which CIM Urban engaged CIM Investment Advisors, LLC to provide investment advisory services, and the previous Investment Management Agreement was

28

CIM COMMERCIAL TRUST CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements as of March 31, 2017 and December 31, 2016, and for the Three Months Ended March 31, 2017 and 2016 (Unaudited)

terminated. “Advisor” refers to CIM Urban REIT Management, L.P. prior to December 10, 2015 and to CIM Investment Advisors, LLC on and after December 10, 2015.

29

CIM COMMERCIAL TRUST CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements as of March 31, 2017 and December 31, 2016, and for the Three Months Ended March 31, 2017 and 2016 (Unaudited)

CIM Urban pays asset management fees to the Advisor on a quarterly basis in arrears. The fee is calculated as a percentage of the daily average adjusted fair value of CIM Urban’s investments, as defined, as follows:

Daily Average Adjusted Fair Value of CIM Urban’s Investments		Quarterly Fee Percentage
From Greater of	To and Including	
(in thousands)		
\$ —	\$ 500,000	0.2500%
500,000	1,000,000	0.2375%
1,000,000	1,500,000	0.2250%
1,500,000	4,000,000	0.2125%
4,000,000	20,000,000	0.1000%

The Advisor earned asset management fees of \$6,414,000 and \$6,478,000 for the three months ended March 31, 2017 and 2016, respectively. At March 31, 2017 and December 31, 2016, asset management fees of \$6,410,000 and \$6,448,000, respectively, were due to the Advisor.

CIM Management, Inc. and certain of its affiliates (collectively, the “CIM Management Entities”), all affiliates of CIM REIT and CIM Group, provide property management, leasing, and development services to CIM Urban. The CIM Management Entities earned property management fees, which are included in rental and other property operating expenses, totaling \$1,432,000 and \$1,410,000 for the three months ended March 31, 2017 and 2016, respectively. CIM Urban also reimbursed the CIM Management Entities \$2,130,000 and \$1,762,000 during the three months ended March 31, 2017 and 2016, respectively, for the cost of on-site personnel incurred on behalf of CIM Urban, which is included in rental and other property operating expenses. The

CIM Management Entities earned leasing commissions of \$161,000 and \$66,000 for the three months ended March 31, 2017 and 2016, respectively, which were capitalized to deferred charges. In addition, the CIM Management Entities earned construction management fees of \$184,000 and \$258,000 for the three months ended March 31, 2017 and 2016, respectively, which were capitalized to investments in real estate.

At March 31, 2017 and December 31, 2016, fees payable and expense reimbursements due to the CIM Management Entities of \$1,777,000 and \$2,027,000, respectively, are included in due to related parties. Also included in due from related parties as of March 31, 2017 and December 31, 2016, was \$416,000 and \$214,000, respectively, due from the CIM Management Entities and related parties.

On the Acquisition Date, pursuant to the terms of the Merger Agreement, CIM Commercial and its subsidiaries entered into the Master Services Agreement (the "Master Services Agreement") with CIM Service Provider, LLC (the "Manager"), an affiliate of CIM Group, pursuant to which the Manager agrees to provide or arrange for other service providers to provide management and administration services to CIM Commercial and its subsidiaries following the Merger. Pursuant to the Master Services Agreement, we appointed an affiliate of CIM Group as the manager of Urban Partners GP, LLC. Under the Master Services Agreement, CIM Commercial pays a base service fee (the "Base Service Fee") to the Manager initially set at \$1,000,000 per year (subject to an annual escalation by a specified inflation factor beginning on January 1, 2015), payable quarterly in arrears. The Manager earned a Base Service Fee of \$265,000 and \$254,000 for the three months ended March 31, 2017 and 2016, respectively. In addition, pursuant to the terms of the Master Services Agreement, the Manager may receive compensation and/or reimbursement for performing certain services for CIM Commercial and its subsidiaries that are not covered under the Base Service Fee. During the three months ended March 31, 2017 and 2016, such services performed by the Manager included accounting, tax, reporting, internal audit, legal, compliance, risk management, IT, human resources and corporate communications. The Manager's compensation is based on the salaries and benefits of the employees of the Manager and/or its affiliates who performed these services (allocated based on the percentage of time spent on the affairs of CIM Commercial and its subsidiaries). We expensed \$1,062,000 and \$866,000 for the three months ended March 31, 2017 and 2016,

CIM COMMERCIAL TRUST CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements as of March 31, 2017 and December 31, 2016, and for the Three Months Ended March 31, 2017 and 2016 (Unaudited)

respectively, for such services which are included in asset management and other fees to related parties. At March 31, 2017 and December 31, 2016, \$2,326,000 and \$1,935,000 was due to the Manager, respectively, for such services.

On January 1, 2015, we entered into a Staffing and Reimbursement Agreement with CIM SBA Staffing, LLC ("CIM SBA"), an affiliate of CIM Group and our subsidiary, PMC Commercial Lending, LLC. The Agreement provides that CIM SBA will provide personnel and resources to us and that we will reimburse CIM SBA for the costs and expenses of providing such personnel and resources. For the three months ended March 31, 2017 and 2016, we incurred expenses related to services subject to reimbursement by us under this agreement of \$844,000 and \$930,000, respectively, which are included in asset management and other fees to related parties for lending segment costs included in continuing operations, \$115,000 and \$103,000, respectively, for corporate services, which are included in asset management and other fees to related parties, and \$0 and \$132,000, respectively, which are included in discontinued operations. In addition, we deferred personnel costs of \$44,000 and \$79,000 for the three months ended March 31, 2017 and 2016, respectively, associated with services provided for originating loans.

On October 1, 2015, an affiliate of CIM Group entered into a 5-year lease renewal with respect to a property owned by the Company. We recorded rental and other property income related to this tenant of \$27,000 for each of the three months ended March 31, 2017 and 2016.

16. COMMITMENTS AND CONTINGENCIES

Loan Commitments—Commitments to extend credit are agreements to lend to a customer provided the terms established in the contract are met. Our outstanding loan commitments to fund loans were \$11,784,000 at March 31, 2017 and are for prime-based loans to be originated by our subsidiary engaged in SBA 7(a) Program lending, the government guaranteed portion of which is intended to be sold. Commitments generally have fixed expiration dates. Since some commitments are expected to expire without being drawn upon, total commitment amounts do not necessarily represent future cash requirements.

General—In connection with the ownership and operation of real estate properties, we have certain obligations for the payment of tenant improvement allowances and lease commissions in connection with new leases and renewals. CIM Commercial had a total of \$39,362,000 in future obligations under leases to fund tenant improvements and other future construction obligations at March 31, 2017. At March 31, 2017, \$12,647,000 was funded to reserve accounts included in restricted cash on our consolidated

balance sheet for these tenant improvement obligations in connection with the mortgage loan agreements entered into in June 2016.

Employment Agreements—We have employment agreements with two of our officers. Pursuant to these employment agreements, we issued an aggregate of 76,423 shares of Common Stock under the 2015 Equity Incentive Plan as retention bonuses to these officers in January 2016 (as each executive was not entitled to any disability, death or severance payments on such date). These shares vested immediately. We accrued associated payroll taxes of \$444,000 at December 31, 2015, which were paid in January 2016, and recorded no compensation expense during the three months ended March 31, 2017 and 2016 related to these retention bonuses. In addition, under certain circumstances, each of these employment agreements currently provides for (1) severance payment equal to the annual base salary paid to the officer and (2) death and disability payments in an amount equal to two times and one time, respectively, the annual base salary paid to the officers. At March 31, 2017, there was no unrecognized compensation expense related to these awards.

Litigation—We are not currently involved in any material pending or threatened legal proceedings nor, to our knowledge, are any material legal proceedings currently threatened against us, other than routine litigation arising in the ordinary course of business. In the normal course of business, we are periodically party to certain legal actions and proceedings involving matters that are generally incidental to our business. While the outcome of these legal actions and proceedings cannot be predicted with certainty, in management's opinion, the resolution of these legal proceedings and actions will not have a material adverse effect on our business, financial condition, results of operations, cash flow or our ability to satisfy our debt service obligations, to maintain our level of Common Stock or Series A Preferred Stock dividend distributions or to engage in further repurchases of Common Stock.

CIM COMMERCIAL TRUST CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements as of March 31, 2017 and December 31, 2016, and for the Three Months Ended March 31, 2017 and 2016 (Unaudited)

In April 2017, the City and County of San Francisco filed suit against certain subsidiaries of the Company claiming past due real property transfer tax relating to a transaction in a prior year totaling approximately \$11,500,000, including penalties and interest. The Company believes that it has defenses to, and intends to vigorously contest, the suit. Due to the early stage of the suit and the uncertainty and risks inherent in litigation, the Company cannot predict the ultimate outcome. However, the Company currently does not believe that any loss is probable and reasonably estimable. Accordingly, the Company has not recorded any liability related to the suit as of March 31, 2017 in the accompanying consolidated financial statements.

SBA Related—If the SBA establishes that a loss on an SBA guaranteed loan is attributable to significant technical deficiencies in the manner in which the loan was originated, funded or serviced under the SBA 7(a) Program, the SBA may seek recovery of the principal loss related to the deficiency from us. With respect to the guaranteed portion of SBA loans that have been sold, the SBA will first honor its guarantee and then seek compensation from us in the event that a loss is deemed to be attributable to technical deficiencies. Based on historical experience, we do not expect that this contingency is probable to be asserted. However, if asserted, it could have a material adverse effect on our business, financial condition, results of operations, cash flow or our ability to satisfy our debt service obligations, to maintain our level of Common Stock or Series A Preferred Stock dividend distributions or to engage in further repurchases of Common Stock.

Environmental Matters—In connection with the ownership and operation of real estate properties, we may be potentially liable for costs and damages related to environmental matters, including asbestos-containing materials. We have not been notified by any governmental authority of any noncompliance, liability, or other claim in connection with any of the properties, and we are not aware of any other environmental condition with respect to any of the properties that management believes will have a material adverse effect on our business, financial condition, results of operations, cash flow or our ability to satisfy our debt service obligations, to maintain our level of Common Stock or Series A Preferred Stock dividend distributions or to engage in further repurchases of Common Stock.

Rent Expense—The ground lease for a property provides for current annual rent of \$503,000, payable quarterly, with increases every five years after July 1, 2015 based on the greater of 15% or 50% of the increase in the Consumer Price Index during a five-year adjustment period. In addition, commencing on July 1, 2040 and July 1, 2065, the rent payable during the balance of the lease term shall be increased by an amount equal to 10% of the rent payable during the immediately preceding lease year. The lease term is through May 31, 2089. If the landlord decides to sell the leased property, we have the right of first refusal.

Rent expense under this lease, which includes straight-line rent and amortization of acquired below-market ground lease, was \$438,000 for each of the three months ended March 31, 2017 and 2016. We record rent expense on a straight-line basis.

Straight-line rent liability of \$13,566,000 and \$13,289,000 is included in other liabilities in the accompanying consolidated balance sheets as of March 31, 2017 and December 31, 2016, respectively.

We lease office space in Dallas, Texas under a lease which expires in May 2018. We recorded rent expense of \$56,000 and \$58,000 for the three months ended March 31, 2017 and 2016, respectively.

Scheduled future noncancelable minimum lease payments at March 31, 2017 are as follows:

Years Ending December 31,	(in thousands)
2017 (Nine months ending December 31, 2017)	\$ 562
2018	607
2019	503
2020	541
2021	578
Thereafter	127,101
	<u>\$ 129,892</u>

CIM COMMERCIAL TRUST CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements as of March 31, 2017 and December 31, 2016, and for the Three Months Ended March 31, 2017 and 2016 (Unaudited)

17. FUTURE MINIMUM LEASE RENTALS

Future minimum rental revenue under long-term operating leases at March 31, 2017, excluding tenant reimbursements of certain costs, are as follows:

Years Ending December 31,	Governmental Tenants	Other Tenants	Total
	(in thousands)		
2017 (Nine months ending December 31, 2017)	\$ 38,544	\$ 79,928	\$ 118,472
2018	50,744	98,960	149,704
2019	51,182	87,413	138,595
2020	49,089	75,792	124,881
2021	35,204	63,777	98,981
Thereafter	114,668	190,251	304,919
	<u>\$ 339,431</u>	<u>\$ 596,121</u>	<u>\$ 935,552</u>

18. CONCENTRATIONS

Tenant Revenue Concentrations—Rental revenue, excluding tenant reimbursements of certain costs, from the U.S. General Services Administration and other government agencies (collectively, “Governmental Tenants”), which primarily occupy properties located in Washington, D.C., accounted for approximately 19.5% and 20.1% of our rental and other property income for the three months ended March 31, 2017 and 2016, respectively. At March 31, 2017 and December 31, 2016, \$8,640,000 and \$8,339,000, respectively, was due from Governmental Tenants (Note 17).

Geographical Concentrations of Investments in Real Estate—As of March 31, 2017 and December 31, 2016, we owned 19 and 20 office properties, respectively, five multifamily properties, one and two hotel properties, respectively, three parking garages, and two development sites, one of which is being used as a parking lot. These properties are located in four states and Washington, D.C.

Our revenue concentrations from properties are as follows:

	Three Months Ended March 31,	
	2017	2016
California	63.2%	64.6%

Washington, D.C.	20.8	21.2
Texas	7.8	8.0
North Carolina	6.2	4.3
New York	2.0	1.9
	<u>100.0%</u>	<u>100.0%</u>

Our real estate investments concentrations from properties are as follows:

33

CIM COMMERCIAL TRUST CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements as of March 31, 2017 and December 31, 2016, and for the Three Months Ended March 31, 2017 and 2016 (Unaudited)

	<u>March 31, 2017</u>	<u>December 31, 2016</u>
California	47.6%	50.8%
Washington, D.C.	34.5	32.3
Texas	8.1	7.7
North Carolina	5.8	5.5
New York	4.0	3.7
	<u>100.0%</u>	<u>100.0%</u>

34

CIM COMMERCIAL TRUST CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements as of March 31, 2017 and December 31, 2016, and for the Three Months Ended March 31, 2017 and 2016 (Unaudited)

19. SEGMENT DISCLOSURE

In accordance with ASC Topic 280, *Segment Reporting*, our reportable segments consist of three types of commercial real estate properties, namely, office, hotel and multifamily, as well as a segment for our lending business that is included in our continuing operations. The lending business that is held for sale for the three months ended March 31, 2016 is not included in our reportable segments. Management internally evaluates the operating performance and financial results of the segments based on net operating income. We also have certain general and administrative level activities, including public company expenses, legal, accounting, and tax preparation that are not considered separate operating segments. The reportable segments are accounted for on the same basis of accounting as described in the notes to our audited consolidated financial statements for the year ended December 31, 2016 included in our Annual Report on Form 10-K filed with the SEC on March 16, 2017.

We evaluate the performance of our real estate segments based on net operating income, which is defined as rental and other property income and expense reimbursements less property related expenses, and excludes non-property income and expenses, interest expense, depreciation and amortization, corporate related general and administrative expenses, gain (loss) on sale of real estate, transaction costs, and provision for income taxes. For the lending segment, we define net operating income as interest income net of interest expense and general overhead expenses.

35

CIM COMMERCIAL TRUST CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements as of March 31, 2017 and December 31, 2016, and for the Three Months Ended March 31, 2017 and 2016 (Unaudited)

The net operating income of our segments included in continuing operations for the three months ended March 31, 2017 and 2016 is as follows:

	Three Months Ended March 31,	
	2017	2016
	(in thousands)	
Office:		
Revenues	\$ 49,093	\$ 46,049
Property expenses:		
Operating	13,753	18,487
General and administrative	288	354
Total property expenses	14,041	18,841
Segment net operating income—office	35,052	27,208
Hotel:		
Revenues	10,518	15,283
Property expenses:		
Operating	6,439	9,955
General and administrative	4	87
Total property expenses	6,443	10,042
Segment net operating income—hotel	4,075	5,241
Multifamily:		
Revenues	5,003	5,058
Property expenses:		
Operating	2,768	2,836
General and administrative	229	258
Total property expenses	2,997	3,094
Segment net operating income—multifamily	2,006	1,964
Lending:		
Revenues	2,335	2,227
Lending expenses:		
Interest expense	142	189
Fees to related party	844	930
General and administrative	367	179
Total lending expenses	1,353	1,298
Segment net operating income—lending	982	929
Total segment net operating income	\$ 42,115	\$ 35,342

CIM COMMERCIAL TRUST CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements as of March 31, 2017 and December 31, 2016, and for the Three Months Ended March 31, 2017 and 2016 (Unaudited)

A reconciliation of our segment net operating income to net income attributable to the Company for the three months ended March 31, 2017 and 2016 is as follows:

	Three Months Ended March 31,	
	2017	2016
	(in thousands)	
Total segment net operating income	\$ 42,115	\$ 35,342

Asset management and other fees to related parties	(7,856)	(7,701)
Interest expense	(9,631)	(6,626)
General and administrative	(791)	(1,064)
Transaction costs	(13)	(149)
Depreciation and amortization	(17,231)	(18,058)
Gain on sale of real estate	187,734	24,739
Income from continuing operations before provision for income taxes	194,327	26,483
Provision for income taxes	(392)	(190)
Net income from continuing operations	193,935	26,293
Discontinued operations:		
Income from operations of assets held for sale	—	690
Net income from discontinued operations	—	690
Net income	193,935	26,983
Net income attributable to noncontrolling interests	(5)	(3)
Net income attributable to the Company	\$ 193,930	\$ 26,980

The condensed assets for each of the segments as of March 31, 2017 and December 31, 2016, along with capital expenditures and loan originations for the three months ended March 31, 2017 and 2016, are as follows:

	March 31, 2017	December 31, 2016
	(in thousands)	
Condensed assets:		
Office	\$ 1,453,857	\$ 1,568,702
Hotel	110,816	115,955
Multifamily	166,707	170,159
Lending assets	89,904	91,191
Non-segment assets	344,546	76,877
Total assets	\$ 2,165,830	\$ 2,022,884

CIM COMMERCIAL TRUST CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements as of March 31, 2017 and December 31, 2016, and for the Three Months Ended March 31, 2017 and 2016 (Unaudited)

	Three Months Ended March 31,	
	2017	2016
	(in thousands)	
Capital expenditures (1):		
Office	\$ 6,805	\$ 6,653
Hotel	46	150
Multifamily	130	131
Total capital expenditures	6,981	6,934
Loan originations	8,404	33,777
Total capital expenditures and loan originations	\$ 15,385	\$ 40,711

(1) Represents additions and improvements to real estate investments, excluding acquisitions.

Item 2.**Management's Discussion and Analysis of Financial Condition and Results of Operations**

This Form 10-Q contains certain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934 (the "Exchange Act"), which are intended to be covered by the safe harbors created thereby. Such forward-looking statements can be identified by the use of forward-looking terminology such as "may," "will," "expect," "intend," "might," "believe," "anticipate," "seek," "plan," "estimate," "could," "would," "continue," "pursue," or "should" or the negative thereof or other variations or similar words or phrases. These statements include the plans and objectives of management for future operations, including, but not limited to, plans and objectives relating to future growth and availability of funds. The forward-looking statements included herein are based on current expectations and there can be no assurance that these expectations will be attained. Assumptions relating to the foregoing involve judgments with respect to, among other things, future economic, competitive and market conditions and future business decisions, all of which are difficult or impossible to predict accurately and many of which are beyond our control. Although we believe that the assumptions underlying the forward-looking statements are reasonable, any of the assumptions could be inaccurate and, therefore, there can be no assurance that the forward-looking statements included in this Form 10-Q will prove to be accurate. In light of the significant uncertainties inherent in the forward-looking statements included herein, the inclusion of such information should not be regarded as a representation by us or any other person that our objectives and plans will be achieved. Readers are cautioned not to place undue reliance on forward-looking statements. Forward-looking statements speak only as of the date they are made. We do not undertake to update them to reflect changes that occur after the date they are made.

The following discussion of our financial condition at March 31, 2017 and results of operations for the three months ended March 31, 2017 and 2016 should be read in conjunction with our Annual Report on Form 10-K for the year ended December 31, 2016. For a more detailed description of the risks affecting our financial condition and results of operations, see "Risk Factors" in Item 1A of our Annual Report on Form 10-K for the year ended December 31, 2016.

Executive Summary***Business Overview***

CIM Commercial is a Maryland corporation and REIT. Our principal business is to invest in, own, and operate Class A and creative office investments in vibrant and improving urban communities throughout the United States. These communities are located in areas that include traditional downtown areas and suburban main streets, which have high barriers to entry, high population density, improving demographic trends and a propensity for growth. We believe that the critical mass of redevelopment in such areas creates positive externalities, which enhance the value of substantially stabilized assets in the area. We believe that these assets will provide greater returns than similar assets in other markets, as a result of the improving demographics, public commitment, and significant private investment that characterize these areas.

Our two primary goals are (a) consistently growing our net asset value ("NAV") and cash flows per share of Common Stock through our principal business and (b) providing liquidity to our common stockholders at prices reflecting our NAV and cash flow prospects. In that regard, in June 2016 we completed a tender offer for 10 million shares of Common Stock at a price of \$21.00 per share of Common Stock, and in September 2016, we repurchased in a privately negotiated transaction, 3,628,116 shares of our Common Stock at \$22.00 per share from Urban II. In April 2017, we declared and paid a special cash dividend of \$0.28 per share of Common Stock, or \$601,000, to the common stockholders that did not participate in the September 2016 private repurchase. This special cash dividend allowed such common stockholders that did not participate in the September 2016 private repurchase to receive the economic benefit of such repurchase. In furtherance of our two primary goals, we anticipate additional share repurchases in the future.

We are managed by affiliates of CIM Group. Our wholly-owned subsidiary, CIM Urban, is party to an Investment Management Agreement with CIM Investment Advisors, LLC, an affiliate of CIM REIT and CIM Group, pursuant to which CIM Investment Advisors, LLC provides investment advisory services to CIM Urban. In addition, we are party to a Master

Services Agreement with the Manager, an affiliate of CIM Group, pursuant to which the Manager agrees to provide or arrange for other service providers to provide management and administration services ("Base Service") to us and all of our direct and indirect subsidiaries. CIM Group is a vertically-integrated, full-service investment manager with multidisciplinary expertise and in-house research, acquisition, investment, development, finance, leasing, and management capabilities. CIM Group is headquartered in Los Angeles, California and has offices in Oakland, California; Bethesda, Maryland; Dallas, Texas; and New York, New York.

Properties

As of March 31, 2017, our real estate portfolio consisted of 23 office properties (including two parking garages, one of which has street level retail space, and two development sites, one of which is being used as a parking lot) totaling approximately 5.1 million rentable square feet, five multifamily properties comprised of 930 units, and one hotel with 503 rooms.

Strategy

Our investment strategy is to continue to primarily invest in Class A and creative office investments in vibrant and improving urban communities throughout the United States in a manner that will allow us to increase our NAV and cash flows per share of Common Stock. Our investment strategy is centered around CIM's community qualification process. We believe this strategy provides us with a significant competitive advantage when making urban real estate investments. The qualification process generally takes between six months and five years and is a critical component of CIM's investment evaluation. CIM examines the characteristics of a market to determine whether the district justifies the extensive efforts CIM undertakes in reviewing and making potential investments in its qualified communities ("Qualified Communities"). Qualified Communities generally fall into one of two categories: (i) transitional urban districts that have dedicated resources to become vibrant urban communities and (ii) well-established, thriving urban areas (typically major central business districts). Qualified Communities are distinct districts which have dedicated resources to become or are currently vibrant communities where people can live, work, shop and be entertained—all within walking distance or close proximity to public transportation. These areas also generally have high barriers to entry, high population density, improving demographic trends and a propensity for growth. CIM believes that a vast majority of the risks associated with making real asset investments are mitigated by accumulating local market knowledge of the community where the investment lies. CIM typically spends significant time and resources qualifying targeted investment communities prior to making any acquisitions. Since 1994, CIM Group has qualified 105 communities and has deployed capital in 63 of these Qualified Communities. Although we may not invest exclusively in Qualified Communities, it is expected that most of our investments will be identified through this systematic process. Our investments may also include side-by-side investments in one or more CIM Group-managed funds as well as a side-by-side or direct investment in a CIM Group-managed debt fund that principally originates loans secured directly or indirectly by commercial real estate properties. Furthermore, as part of our investment strategy, we may invest in or originate loans that are secured directly or indirectly by properties primarily located in Qualified Communities that meet our investment strategy. Such loans may include limited and/or non-recourse junior (mezzanine, B-note or 2nd lien) and senior construction loans that meet our investment strategy or limited and/or non-recourse junior (mezzanine, B-note or 2nd lien) and senior acquisition, bridge or repositioning loans.

CIM seeks to maximize the value of its investments through active asset management. CIM has extensive in-house research, acquisition, investment, development, financing, leasing and property management capabilities, which leverage its deep understanding of urban communities to position properties for multiple uses and to maximize operating income. As a fully integrated owner and operator, CIM's asset management capabilities are complemented by its in-house property management capabilities. Property managers prepare annual capital and operating budgets and monthly operating reports, monitor results and oversee vendor services, maintenance and capital improvement schedules. In addition, they ensure that revenue objectives are met, lease terms are followed, receivables are collected, preventative maintenance programs are implemented, vendors are evaluated and expenses are controlled. CIM's asset management committee reviews and approves strategic plans for each investment, including financial, leasing, marketing, property positioning and disposition plans. In addition, the asset management committee reviews and approves the annual business plan for each property, including its capital and operating budget. CIM's organizational structure provides for investment and asset management continuity through multi-disciplinary teams responsible for an asset from the time of the original investment recommendation, through the implementation of the asset's business plan, and any disposition activities.

As a matter of prudent management, we also regularly evaluate each investment within our portfolio as well as our strategies. Such review may result in dispositions when an investment no longer fits our overall objectives or investment strategies or when our view of the market value of such investment is equal to or exceeds its intrinsic value. As a result of such review, we sold an office building in Santa Ana, California in November 2015, a hotel in Oakland, California in February 2016, a hotel in Los Angeles, California in July 2016, and an office building in San Francisco, California in March 2017. In addition, we have entered into five purchase and sale agreements, each as a separate transaction with unrelated third parties, for the sale of an office property in Charlotte, North Carolina; an office property and a parking structure, both in Sacramento, California; an office property in Los Angeles, California; a multifamily property in Dallas, Texas; and two multifamily properties, both in Dallas, Texas. We expect the closings of these sales transactions to occur during the second and third quarters of 2017. Such review is likely to result in additional dispositions in 2017. We are considering using a substantial portion of the net proceeds of such dispositions to provide liquidity to our common stockholders from time to time in 2017 at prices reflecting our NAV and cash flow prospects.

Lending Segment

In order to allow CIM Commercial to increase its focus on Class A and creative office investments, our Board of Directors approved a plan in December 2014 for the lending segment that, when completed, would have resulted in the deconsolidation of the lending segment, which at that time was focused on small business lending in the hospitality industry. In July 2015, to maximize value, we modified our strategy from a strategy of selling the lending segment as a whole to a strategy of soliciting buyers for components of the business, including our commercial mortgage loans and the SBA 7(a) lending platform. This change in the sale methodology resulted in the need to extend the period to complete the sale of the remainder of the lending segment beyond one year. On December 17, 2015, pursuant to the modified plan, we sold substantially all of our commercial mortgage loans with a carrying value of \$77,121,000 to an unrelated third party and recognized a gain of \$5,151,000. In September 2016, we discontinued our efforts to sell the SBA 7(a) lending platform, and the activities related to the SBA 7(a) lending platform have been reclassified to continuing operations for all periods presented. On December 29, 2016, we sold our commercial real estate lending subsidiary, which was classified as held for sale and had a carrying value of \$27,587,000, which was equal to management's estimate of fair value, to a fund managed by an affiliate of CIM Group. We did not recognize any gain or loss in connection with the transaction. Management's estimate of fair value was determined with assistance from an independent third party valuation firm.

Through our SBA 7(a) lending platform, we are a national lender that primarily originates loans to small businesses. We identify loan origination opportunities through personal contacts, internet referrals, attendance at trade shows and meetings, direct mailings, advertisements in trade publications and other marketing methods. We also generate loans through referrals from real estate and loan brokers, franchise representatives, existing borrowers, lawyers and accountants.

Rental Rate Trends

Office Statistics: The following table sets forth occupancy rates and annualized rent per occupied square foot across our office portfolio as of the specified periods:

	As of March 31,	
	2017	2016
Occupancy	84.5%	83.2%
Annualized rent per occupied square foot (1)	\$ 38.12	\$ 36.59

- (1) Represents gross monthly base rent under leases commenced as of the specified periods, multiplied by twelve. This amount reflects total cash rent before abatements. Total abatements for the twelve months ended March 31, 2017 and 2016 were approximately \$4,928,000 and \$4,227,000, respectively. Where applicable, annualized rent has been grossed up by adding annualized expense reimbursements to base rent. Annualized rent for certain office properties includes rent attributable to retail.

Over the next four quarters, we expect to see expiring cash rents as set forth in the table below:

	For the Three Months Ended			
	June 30, 2017	September 30, 2017	December 31, 2017	March 31, 2018
Expiring Cash Rents:				
Expiring square feet (1)	203,447	57,921	72,021	148,240
Expiring rent per square foot (2)	\$ 28.83	\$ 33.47	\$ 42.06	\$ 34.05

- (1) All month-to-month tenants occupying a total of 62,505 square feet are included in the expiring leases in the first quarter listed.
- (2) Represents gross monthly base rent, as of March 31, 2017, under leases expiring during the periods above, multiplied by twelve. This amount reflects total cash rent before abatements. Where applicable, annualized rent has been grossed up by adding annualized expense reimbursements to base rent.

During the three months ended March 31, 2017, we executed leases with terms longer than 12 months totaling 82,770 square feet. The table below sets forth information on certain of our executed leases during the three months ended March 31, 2017, excluding space that was vacant for more than one year:

	Number of Leases (1) (2)	Rentable Square Feet (2)	New Cash Rents per Square Foot (2) (3)	Expiring Cash Rents per Square Foot (2) (3)
Three months ended March 31, 2017 (3)	17	73,533	\$ 47.98	\$ 39.35

(1) Based on the number of tenants.

(2) Excludes leases for which the space was vacant for longer than one year, month-to-month leases, leases with an original term of less than 12 months, related party leases, and space where the previous tenant was a related party.

(3) Cash rents represent gross monthly base rent, multiplied by twelve. This amount reflects total cash rent before abatements. Where applicable, annualized rent has been grossed up by adding annualized expense reimbursements to base rent.

Fluctuations in submarkets, buildings and terms of the leases cause large variations in these numbers and make predicting the changes in rent in any specific period difficult. Our rental and occupancy rates are impacted by general economic conditions, including the pace of regional and economic growth, and access to capital. Therefore, we cannot give any assurance that leases will be renewed or that available space will be re-leased at rental rates equal to or above the current market rates. Additionally, decreased demand and other negative trends or unforeseeable events that impair our ability to timely renew or re-lease space could have further negative effects on our future financial condition, results of operations and cash flows.

Multifamily Statistics: The following table sets forth occupancy rates and the monthly rent per occupied unit across our multifamily portfolio for the specified periods:

42

	As of March 31,	
	2017	2016
Occupancy	93.1%	93.5%
Monthly rent per occupied unit (1)	\$ 1,979	\$ 1,974

(1) Represents gross monthly base rent under leases commenced as of the specified period, divided by occupied units. This amount reflects total cash rent before concessions.

Hotel Statistics: The following table sets forth the occupancy, average daily rate (“ADR”) and revenue per available room (“RevPAR”) for the hotel portfolio for the specified periods:

	For the Three Months Ended March 31,	
	2017	2016
Occupancy (1)	81.7%	81.1%
ADR (1)	\$ 168.59	\$ 142.07
RevPAR (1)	\$ 137.71	\$ 115.16

(1) Occupancy, ADR, and RevPAR includes activity for hotels that were sold in 2016 for our period of ownership only.

43

Results of Operations

Comparison of the Three Months Ended March 31, 2017 to the Three Months Ended March 31, 2016

Net Income

	Three Months Ended March 31,		Change	
	2017	2016	\$	%
	(dollars in thousands)			
Total revenues	\$ 66,949	\$ 68,617	\$ (1,668)	(2.4)%
Total expenses	60,356	66,873	(6,517)	(9.7)%
Gain on sale of real estate	187,734	24,739	162,995	—
Net income from discontinued operations	—	690	(690)	—
Net income	193,935	26,983	166,952	—

Net income increased to \$193,935,000, or by \$166,952,000, for the three months ended March 31, 2017, compared to \$26,983,000 for the three months ended March 31, 2016. The increase is primarily attributable to an increase in the gain on sale of real estate of \$162,995,000 and an increase of \$6,773,000 in net operating income of our operating segments in continuing operations, partially offset by an increase of \$3,005,000 in interest expense and a decrease of \$690,000 in income from discontinued operations.

Funds from Operations ("FFO")

We believe that FFO is a widely recognized and appropriate measure of the performance of a REIT and that it is frequently used by securities analysts, investors and other interested parties in the evaluation of REITs, many of which present FFO when reporting their results. FFO represents net income (loss) available to common stockholders, computed in accordance with GAAP, excluding gains (or losses) from sales of real estate, and real estate depreciation and amortization. We calculate FFO in accordance with the standards established by the National Association of Real Estate Investment Trusts ("NAREIT").

Like any metric, FFO should not be used as the only measure of our performance because it excludes depreciation and amortization and captures neither the changes in the value of our real estate properties that result from use or market conditions nor the level of capital expenditures and leasing commissions necessary to maintain the operating performance of our properties, all of which have real economic effect and could materially impact our operating results. Other REITs may not calculate FFO in accordance with the standards established by the NAREIT; accordingly, our FFO may not be comparable to those other REITs' FFO. Therefore, FFO should be considered only as a supplement to net income as a measure of our performance and should not be used as a supplement to or substitute measure for cash flow from operating activities computed in accordance with GAAP. FFO should not be used as a measure of our liquidity, nor is it indicative of funds available to fund our cash needs, including our ability to pay dividends.

The following table sets forth a reconciliation of net income available to common stockholders to FFO available to common stockholders:

	Three Months Ended March 31,	
	2017	2016
	(in thousands)	
Net income available to common stockholders	\$ 193,899	\$ 26,980
Depreciation and amortization	17,231	18,058
Gain on sale of depreciable assets	(187,734)	(24,739)
FFO available to common stockholders	<u>\$ 23,396</u>	<u>\$ 20,299</u>

FFO available to common stockholders was \$23,396,000 for the three months ended March 31, 2017, an increase of \$3,097,000 compared to \$20,299,000 for the three months ended March 31, 2016. The increase in FFO was primarily attributable to an increase of \$6,773,000 in net operating income of our operating segments in continuing operations, partially offset by an increase of \$3,005,000 in interest expense and a decrease of \$690,000 in income from discontinued operations.

Summary Segment Results

CIM Commercial operates in four segments: office, hotel, multifamily properties and lending. Set forth and described below are summary segment results for our four segments included in continuing operations.

	Three Months Ended March 31,		Change	
	2017	2016	\$	%
(dollars in thousands)				
Revenues:				
Office	\$ 49,093	\$ 46,049	\$ 3,044	6.6 %
Hotel	10,518	15,283	(4,765)	(31.2)%
Multifamily	5,003	5,058	(55)	(1.1)%
Lending	2,335	2,227	108	4.8 %
Expenses:				
Office	14,041	18,841	(4,800)	(25.5)%
Hotel	6,443	10,042	(3,599)	(35.8)%
Multifamily	2,997	3,094	(97)	(3.1)%
Lending	1,353	1,298	55	4.2 %

Revenues

Office Revenue: Office revenue includes rental revenue from office properties, expense reimbursements and lease termination income. Office revenue increased to \$49,093,000, or by 6.6%, for the three months ended March 31, 2017 compared to \$46,049,000 for the three months ended March 31, 2016. The increase is primarily due to an increase in rental revenue at an office building in San Francisco, California resulting from the renewal, in November 2016, of a large lease at market rents, and revenue increases at our North Carolina property and at certain California properties due to increases in both occupancy and rental rates. These increases are partially offset by a revenue decrease at one of our Washington D.C. properties due to expiration of a lease with a large tenant in January 2016. Although we signed an approximately 113,000 square foot lease at the Washington D.C. property which experienced the loss of the large tenant in January 2016, the new tenant is not expected to take occupancy until late 2017. Therefore, we expect the decrease in revenue to be sustained until late 2017 at this property. Additionally, the sale of an office building in San Francisco, California in March 2017 as well as the pending sales of additional office buildings and a parking structure will, and the sale of any additional office properties during 2017 should, cause office revenue to decline in 2017. However, the magnitude of any such decrease cannot be predicted as it will depend on a number of factors such as the number of dispositions that occur in 2017 and any changes to revenue at our existing properties.

Hotel Revenue: Hotel revenue decreased to \$10,518,000, or by 31.2%, for the three months ended March 31, 2017 compared to \$15,283,000 for the three months ended March 31, 2016. The decrease is primarily due to the sale of two hotel properties in February and July 2016. Our hotel revenue is expected to decline materially in 2017 as a result of these sales.

Multifamily Revenue: Multifamily revenue decreased to \$5,003,000, or by 1.1%, for the three months ended March 31, 2017 compared to \$5,058,000 for the three months ended March 31, 2016. The decrease is primarily due to decreased rental rates at our Houston property. The pending sales of three multifamily buildings will, and the sale of any additional multifamily properties during 2017 should, cause multifamily revenue to decline in 2017. However, the magnitude of any such decrease cannot be predicted as it will depend on a number of factors such as the number of dispositions that occur in 2017 and any changes to revenue at our existing properties.

Lending Revenue: Represents revenue from our lending subsidiaries included in continuing operations, including interest income on loans and other loan related fee income. Lending revenue increased to \$2,335,000, or by 4.8%, for the three months ended March 31, 2017 compared to \$2,227,000 for the three months ended March 31, 2016. The increase is primarily due to a break-up fee related to a potential loan that was received during the three months ended March 31, 2017, partially offset by lower revenue as a result of recognition of accretion for discounts related to decreased prepayments on our loans.

Expenses

Office Expenses: Office expenses decreased to \$14,041,000, or by 25.5%, for the three months ended March 31, 2017 compared to \$18,841,000 for the three months ended March 31, 2016. The decrease is primarily due to reduced real estate taxes for the three months ended March 31, 2017 due to the transfer of the right to collect supplemental real estate tax reimbursements related to an office building in San Francisco, California in March 2017, partially offset by an increase in real estate taxes at one of our Washington D.C. properties, as the prior period included a tax refund that reduced expenses. The sale of an office building in San Francisco, California in March 2017 as well as the pending sales of additional office buildings and a parking structure will,

and the sale of any additional office properties during 2017 should, cause office expenses to decline in 2017. However, the magnitude of any such decrease cannot be predicted as it will depend on a number of factors such as the number of dispositions that occur in 2017 and any changes to expenses at our existing properties.

Hotel Expenses: Hotel expenses decreased to \$6,443,000, or by 35.8%, for the three months ended March 31, 2017 compared to \$10,042,000 for the three months ended March 31, 2016. The decrease is primarily due to the sale of two hotel properties in February and July 2016. Our hotel expenses are expected to decline materially in 2017 as a result of these sales.

Multifamily Expenses: Multifamily expenses decreased to \$2,997,000, or by 3.1%, for the three months ended March 31, 2017 compared to \$3,094,000 for the three months ended March 31, 2016. The decrease is primarily due to a decrease in legal fees and lower expenses associated with operating our New York property. The pending sales of three multifamily buildings will, and the sale of any additional multifamily properties during 2017 should, cause multifamily expenses to decline in 2017. However, the magnitude of any such decrease cannot be predicted as it will depend on a number of factors such as the number of dispositions that occur in 2017 and any changes to expenses at our existing properties.

Lending Expenses: Lending expenses represent expenses from our lending subsidiaries included in continuing operations, including general and administrative expenses and fees to related party, related to the operation of the lending business. Lending expenses increased to \$1,353,000, or by 4.2%, for the three months ended March 31, 2017 compared to \$1,298,000 for the three months ended March 31, 2016, primarily due to the recognition of a provision for loan losses during the three months ended March 31, 2017 compared to a recovery of loan losses during the three months ended March 31, 2016.

Asset Management and Other Fees to Related Parties: Asset management fees totaled \$6,414,000 for the three months ended March 31, 2017 compared to \$6,478,000 for the three months ended March 31, 2016. Asset management fees are calculated based on a percentage of the daily average adjusted fair value of CIM Urban's investments, which are appraised in the fourth quarter of each year. The lower fees reflect a decrease in the adjusted fair value of CIM Urban's investments due to the sale of our two hotel properties in February and July 2016 as well as the sale of an office property in San Francisco, California in March 2017, offset by net increases in the fair value of CIM Urban's real estate investments based on the December 31, 2016 appraised values as well as incremental capital expenditures incurred in the first three months of 2017. CIM Commercial also pays a Base Service Fee to the Manager, a related party, which totaled \$265,000 for the three months ended March 31, 2017 compared to \$254,000 for the three months ended March 31, 2016. In addition, the Manager may receive compensation and/or reimbursement for performing certain services for CIM Commercial and its subsidiaries that are not covered under the Base Service Fee. For the three months ended March 31, 2017 and 2016, we expensed \$1,062,000 and \$866,000 for such services, respectively. For the three months ended March 31, 2017 and 2016, we also expensed \$115,000 and \$103,000, respectively, related to corporate services subject to reimbursement by us under the CIM SBA Staffing and Reimbursement Agreement.

Interest Expense: Interest expense, which is not allocated to our operating segments, was \$9,631,000 for the three months ended March 31, 2017, an increase of \$3,005,000 compared to \$6,626,000 in the corresponding period in 2016. The increase is primarily due to interest expense on our \$392,000,000 mortgage loans entered into in June 2016, partially offset by a decrease in interest expense, including the impact of interest rate swaps, and loan fee amortization expense under the unsecured

credit and term loan facilities, mainly due to lower average outstanding loan balances under the unsecured credit facility. Our interest expense is expected to increase in 2017, as the mortgage loans entered into in 2016 will be outstanding for the full year in 2017, with such increase to be partially offset by interest expense savings resulting from the payoff of a \$25,331,000 mortgage in March 2017 in connection with the sale of an office property in San Francisco, California and any other such loans that secure properties that we may sell in 2017. However, the magnitude of any such increase cannot be predicted as it will depend on a number of factors such as usage of our revolving credit facility and whether any sale of encumbered properties occurs.

General and Administrative Expenses: General and administrative expenses, which have not been allocated to our operating segments, were \$791,000 for the three months ended March 31, 2017, a decrease of \$273,000 compared to \$1,064,000 in the corresponding period in 2016. The decrease is primarily due to a decrease in legal and other professional fees.

Transaction Costs: Transaction costs totaling \$13,000 for the three months ended March 31, 2017 represent a \$136,000 decrease from \$149,000 for the three months ended March 31, 2016, mainly due to a decrease in abandoned project costs.

Depreciation and Amortization Expense: Depreciation and amortization expense was \$17,231,000 for the three months ended March 31, 2017, a decrease of \$827,000 compared to \$18,058,000 for the three months ended March 31, 2016. The decrease is primarily due to the sale of an office property in San Francisco, California held for sale starting in mid-February 2017, that was sold in March 2017, and the sale of our hotel properties in February and July 2016, partially offset by an increase in the depreciation expense associated with additional capital expenditures.

Provision for Income Taxes: Provision for income taxes was \$392,000 for the three months ended March 31, 2017, an increase of \$202,000 compared to \$190,000 for the three months ended March 31, 2016, due to increases in taxable income at our taxable REIT subsidiaries.

Discontinued Operations

Net Income from Discontinued Operations: Net income from discontinued operations represents revenues and expenses from the part of our lending segment that is included in discontinued operations, including interest income on loans and other loan related fee income, offset by expenses, which include general and administrative expenses, fees to related party, and direct interest expense. Net income from discontinued operations was \$0 for the three months ended March 31, 2017, a decrease of \$690,000 compared to \$690,000 for the three months ended March 31, 2016. The decrease is due to the sale of our commercial real estate lending subsidiary in December 2016.

Liquidity and Capital Resources

Sources and Uses of Funds

In September 2014, CIM Commercial entered into an \$850,000,000 unsecured credit facility with a bank syndicate consisting of a \$450,000,000 revolver, a \$325,000,000 term loan and a \$75,000,000 delayed-draw term loan. CIM Commercial is subject to certain financial maintenance covenants and a minimum property ownership condition. Outstanding advances under the revolver bear interest at (i) the base rate plus 0.20% to 1.00% or (ii) LIBOR plus 1.20% to 2.00%, depending on the maximum consolidated leverage ratio. Outstanding advances under the term loans bore interest at (i) the base rate plus 0.15% to 0.95% or (ii) LIBOR plus 1.15% to 1.95%, depending on the maximum consolidated leverage ratio. The revolver is also subject to an unused commitment fee of 0.15% or 0.25% depending on the amount of aggregate unused commitments. The delayed-draw term loan was also subject to an unused line fee of 0.25%. The credit facility was set to mature in September 2016 and prior to maturity, we exercised the first of two one-year extension options through September 2017. Additionally, we permanently reduced the revolving credit commitment under the credit facility to \$200,000,000. At April 30, 2017, March 31, 2017 and December 31, 2016, \$0 was outstanding under the credit facility and \$200,000,000 was available for future borrowings. Proceeds from the unsecured credit facility were used for acquisitions, funding of a Common Stock tender offer in June 2016, general corporate purposes, and to repay mortgage loans and outstanding balances under our prior unsecured credit facilities. In June 2016, we entered into six mortgage loan agreements with an aggregate principal amount of \$392,000,000. A

portion of the net proceeds from the loans was used to repay outstanding balances under our unsecured credit facility and the remaining portion was used to repurchase shares of our Common Stock in a private repurchase in September 2016.

In May 2015, CIM Commercial entered into an unsecured term loan facility with a bank syndicate pursuant to which CIM Commercial can borrow up to a maximum of \$385,000,000. The term loan facility ranks pari passu with CIM Commercial's unsecured credit facility described above; covenants under the term loan facility are substantially the same as those in the unsecured credit facility. Outstanding advances under the term loan facility bear interest at (i) the base rate plus 0.60% to 1.25% or (ii) LIBOR plus 1.60% to 2.25%, depending on the maximum consolidated leverage ratio. The unused portion of the term loan facility was also subject to an unused fee of 0.20%. With some exceptions, any prepayment of the term loan facility prior to May 9, 2017 was subject to a prepayment fee up to 2.00% of the outstanding principal amount. The term loan facility matures in May 2022. On November 2, 2015, \$385,000,000 was drawn under the term loan facility. At April 30, 2017, March 31, 2017 and December 31, 2016, \$385,000,000 was outstanding under the term loan facility. Proceeds from the term loan facility were used to repay balances outstanding under our unsecured credit facility. At March 31, 2017 and December 31, 2016, the variable interest rate on this unsecured term loan facility was 2.38% and 2.22%, respectively. The interest rate of the loan has been effectively converted to a fixed rate of 3.16% until May 8, 2020 through interest rate swaps.

At March 31, 2017 and December 31, 2016, we were in compliance with all of our respective financial covenants under the unsecured credit and term loan facilities.

On March 28, 2017, in connection with the sale of an office property in San Francisco, California, we paid off a mortgage with an outstanding balance of \$25,331,000 using proceeds from the sale.

On April 22, 2016, we filed a registration statement with the SEC for up to \$900,000,000 of Units, with each Unit consisting of (i) one share of Series A Preferred Stock, par value \$0.001 per share, with an initial Stated Value of \$25.00 per share and (ii) one Warrant to purchase 0.25 of a share of Common Stock, which was declared effective on July 1, 2016 by the SEC. The registration statement allows us to sell up to a maximum of 36,000,000 Units. Holders of our Series A Preferred Stock are entitled to receive, if, as and when declared by the Board of Directors, cumulative cash dividends on each share of Series A Preferred Stock at an annual rate of 5.50% of the Stated Value. The exercise price of each Warrant will be at a 15.0% premium to the per share estimated NAV of our Common Stock (as most recently published by us at the time of each issuance). As of March 31,

2017, we had issued 144,698 Units and collected net proceeds of \$3,330,000 after commissions, fees and allocated costs. As of March 31, 2017, no shares of Series A Preferred Stock have been redeemed.

We currently have substantial borrowing capacity, and will likely finance our future activities through one or more of the following methods: (i) offerings of shares of Common Stock, preferred stock, senior unsecured securities, and/or other equity and debt securities; (ii) credit facilities and term loans; (iii) the addition of senior recourse or non-recourse debt using target acquisitions as well as existing investments as collateral; (iv) the sale of existing investments; and/or (v) cash flows from operations. We expect to employ leverage levels that are comparable to those of other commercial REITs engaged in business strategies similar to our own.

Our long-term liquidity needs will consist primarily of funds necessary for acquisitions of investments, development or repositioning of properties, capital expenditures, refinancing of indebtedness, repurchases of Common Stock (whether through one or more tender offers, share repurchases or otherwise), dividends on the Series A Preferred Stock or any other preferred stock we may issue and redemption of Series A Preferred Stock (if we choose to pay the redemption price in cash instead of in shares of our Common Stock) and dividend distributions on our Common Stock. We may not have sufficient funds on hand or may not be able to obtain additional financing to cover all of these long-term cash requirements although, it should be noted that we do not currently have any significant property development or repositioning projects planned. The nature of our business, and the requirements imposed by REIT rules that we distribute a substantial majority of our REIT taxable income on an annual basis in the form of dividends, may cause us to have substantial liquidity needs over the long-term. We will seek to satisfy our long term liquidity needs through one or more of the methods described in the immediately preceding paragraph. These sources of funding may not be available on attractive terms or at all. If we cannot obtain additional funding for our long-term liquidity needs, our investments may generate lower cash flows or decline in value, or both, which may cause us to sell assets at a time when we would not otherwise do so and could have a material adverse effect on our business, financial

condition, results of operations, cash flow or our ability to satisfy our debt service obligations, to maintain our level of Common Stock or Series A Preferred Stock dividend distributions or to engage in further repurchases of Common Stock.

Available Borrowings, Cash Balances and Capital Resources

We have typically financed our capital needs through investor equity commitments, long-term secured mortgages, term loans, and unsecured short-term credit facilities. As of March 31, 2017 and December 31, 2016, we had total indebtedness of \$939,334,000 and \$967,886,000, respectively. Included in total indebtedness is \$385,000,000 of borrowings under credit and term loan facilities with total capacity of \$585,000,000 at both March 31, 2017 and December 31, 2016. As of April 30, 2017, \$385,000,000 (\$0 under the revolver and \$385,000,000 under the term loan) was outstanding under the credit and term loan facilities, and \$200,000,000 was available for future borrowings.

Cash Flow Analysis

Our cash and cash equivalents totaled \$404,346,000 and \$144,449,000 at March 31, 2017 and December 31, 2016, respectively. Our cash flows from operating activities are primarily dependent upon the occupancy level of our real estate assets, the rental rates achieved through our leases, and the collectability of rent and recoveries from our tenants. Our cash flows from operating activities are also impacted by fluctuations in operating expenses and other general and administrative costs. Net cash provided by operating activities totaled \$13,563,000 for the three months ended March 31, 2017 compared to \$7,068,000 for the three months ended March 31, 2016. The increase was mainly due to a \$3,740,000 decrease in loans funded, an increase of \$2,571,000 in proceeds from the sale of guaranteed loans, a \$1,125,000 increase in principal collected on loans subject to secured borrowings, and an increase of \$2,815,000 resulting from the lower level of working capital used compared to the prior period, partially offset by a \$1,352,000 decrease in other operating activity.

Our cash flows from investing activities are primarily related to property investments and sales, expenditures for development and redevelopment projects, capital expenditures and cash flows associated with loans originated at our lending segment. Net cash provided by investing activities for the three months ended March 31, 2017 was \$291,127,000 compared to net cash used in investing activities of \$28,451,000 in the corresponding period in 2016. The increase was primarily due to the net proceeds of \$289,939,000 from the sale of an office property in San Francisco, California in March 2017, compared to net proceeds of \$42,782,000 from the sale of our hotel property in February 2016, an increase in the change in restricted cash of \$46,950,000 primarily related to the anticipated Section 1031 Exchange in connection with the sale of the hotel property in February 2016, a decrease in funding for loans of \$21,633,000 and a decrease in additions to investments in real estate of \$4,063,000.

Our cash flows from financing activities are generally impacted by borrowings and capital activities. Net cash used in financing activities for the three months ended March 31, 2017 was \$44,793,000 compared to \$12,965,000 in the corresponding period in 2016. We had net debt payments of \$28,031,000 for the three months ended March 31, 2017, mainly due to the

prepayment of a mortgage in connection with the sale of an office building in San Francisco, California in March 2017, compared to net borrowings, inclusive of secured borrowings of the lending business, of \$8,400,000 for the three months ended March 31, 2016. Dividends of \$18,395,000 for the three months ended March 31, 2017 were sourced from net cash provided by operating activities of \$13,563,000 and cash on hand at the beginning of the period of \$144,449,000, while dividends of \$21,365,000 for the three months ended March 31, 2016 were sourced from net cash provided by operating activities of \$7,068,000 and cash on hand at the beginning of the period of \$139,101,000. Proceeds from the issuance of our Units consisting of Series A Preferred Stock and associated Warrants were \$1,904,000, while cash used for the payment of deferred stock offering costs totaled \$261,000.

Contractual Obligations, Commitments and Contingencies

During the three months ended March 31, 2017, there were no material changes outside the ordinary course of business in the information regarding specified contractual obligations contained in our Annual Report on Form 10-K for the year ended December 31, 2016.

Off-Balance Sheet Arrangements

At March 31, 2017, we did not have any off-balance sheet arrangements.

49

Recently Issued Accounting Pronouncements

Our recently issued accounting pronouncements are described in Note 2 to the consolidated financial statements included in this Form 10-Q.

Dividends

Holders of Series A Preferred Stock are entitled to receive, if, as and when authorized by our Board of Directors, and declared by us out of legally available funds, cumulative cash dividends on each share of Series A Preferred Stock at an annual rate of 5.5% of the Stated Value (i.e., the equivalent of \$0.34375 per share per quarter). Dividends on each share of Series A Preferred Stock will begin accruing on, and will be cumulative from, the date of issuance. Dividends will be payable on the 15th day of the month, or if such day is not a business day, on the first business day thereafter, following the quarter for which the dividend was declared. We expect to pay dividends on our Series A Preferred Stock quarterly, unless our results of operations, our general financing conditions, general economic conditions, applicable provisions of Maryland General Corporation Law ("MGCL") or other factors make it imprudent to do so. The timing and amount of such dividends will be determined by our Board of Directors, in its sole discretion, and may vary from time to time. Cash dividends declared on our Series A Preferred Stock for the three months ended March 31, 2017 consist of the following:

Declaration Date	Payment Date	Number of Shares	Aggregate Dividends Declared (in thousands)
March 8, 2017	April 17, 2017	144,698	\$ 31

Holders of our Common Stock are entitled to receive dividends, if, as and when authorized by the Board of Directors and declared by us. In determining our dividend policy, the Board of Directors considers many factors including the amount of cash resources available for dividend distributions, capital spending plans, cash flow, financial position, applicable requirements of the MGCL and any applicable contractual restrictions. Consequently, the dividend rate on a quarterly basis does not necessarily correlate directly to any individual factor. There can be no assurance that the future dividends declared by our Board of Directors will not differ materially from historical dividend levels. Dividends per share of Common Stock declared during the three months ended March 31, 2017 consist of the following:

Declaration Date	Payment Date	Dividend Per Common Share
March 8, 2017	March 27, 2017	\$ 0.21875

50

Item 3.

Quantitative and Qualitative Disclosures About Market Risk

The fair value of our mortgages payable is sensitive to fluctuations in interest rates. Discounted cash flow analysis is generally used to estimate the fair value of our mortgages payable, using rates ranging from 4.35% to 4.55% at March 31, 2017 and 4.60% to 4.72% at December 31, 2016. Mortgages payable with book values of \$503,698,000 and \$530,793,000 as of March 31, 2017 and December 31, 2016, respectively, have fair values of approximately \$499,149,000 and \$516,892,000, respectively.

Our future income, cash flows and fair values relevant to financial instruments are dependent upon prevalent market interest rates. Market risk refers to the risk of loss from adverse changes in market prices and interest rates. We are exposed to market risk in the form of changes in interest rates and the potential impact such changes may have on the cash flows from our floating rate debt or the fair values of our fixed rate debt. At March 31, 2017 and December 31, 2016 (excluding premiums, discounts, debt issuance costs, and any impact related to the interest rate swaps), \$505,960,000 (or 53.6%) and \$532,437,000 (or 54.8%) of our debt, respectively, was fixed rate mortgage loans, and \$438,415,000 (or 46.4%) and \$439,969,000 (or 45.2%), respectively, was floating rate borrowings. Based on the level of floating rate debt outstanding at March 31, 2017 and December 31, 2016, and before the impact of the interest rate swaps, a 12.5 basis point change in LIBOR would result in an annual impact to our earnings of approximately \$548,000 and \$550,000, respectively. We calculate interest rate sensitivity by multiplying the amount of floating rate debt by the respective change in rate. The sensitivity analysis does not take into consideration possible changes in the balances or fair value of our floating rate debt or the impact of interest rate swaps.

In order to manage financing costs and interest rate exposure related to our \$385,000,000 unsecured term loan facility, on August 13, 2015, we entered into interest rate swap agreements with multiple counterparties. These swap agreements became effective on November 2, 2015. These interest rate swaps effectively convert the interest rate on the term loan facility into a fixed weighted average rate of 1.563% plus the credit spread, which was 1.60% at March 31, 2017 and December 31, 2016, or an all-in rate of 3.16% until May 8, 2020. However, our use of these derivative instruments to hedge exposure to changes in interest rates exposes us to credit risk from the potential inability of our counterparties to perform under the terms of the agreements. We attempt to minimize this credit risk by contracting with what we believe to be high-quality financial counterparties. For a description of our derivative contracts, see Note 13 to our consolidated financial statements included in this Report.

Item 4.

Controls and Procedures

Evaluation of Disclosure Controls and Procedures

As of the end of the period covered by this report, we carried out an evaluation, under the supervision and with the participation of our management, including our Principal Executive Officer and Principal Financial Officer, regarding the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act). Based on that evaluation, as of March 31, 2017, our Principal Executive Officer and Principal Financial Officer concluded, as of that time, that our disclosure controls and procedures were effective in ensuring that information required to be disclosed by us in the reports that we file or submit to the SEC under the Exchange Act is recorded, processed, summarized and reported within the time periods specified by the SEC's rules and forms and includes controls and procedures designed to ensure the information required to be disclosed by the Company in such reports is accumulated and communicated to management, including our Principal Executive Officer and Principal Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

51

Changes in Internal Control Over Financial Reporting

There have been no changes in our internal control over financial reporting that occurred during the quarter ended March 31, 2017 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

52

PART II

Other Information

Item 1. Legal Proceedings

We are not currently involved in any material pending or threatened legal proceedings nor, to our knowledge, is any material legal proceeding currently threatened against us, other than routine litigation arising in the ordinary course of business. In the normal course of business we are periodically party to certain legal actions and proceedings involving matters that are generally incidental to our business. While the outcome of these legal actions and proceedings cannot be predicted with certainty, in management's opinion, the resolution of these legal proceedings and actions will not have a material adverse effect on our consolidated financial position, results of operations or cash flows.

Item 1A. Risk Factors

There have been no material changes to the risk factors disclosed in our Annual Report on Form 10-K for the year ended December 31, 2016.

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.

53

Item 6. Exhibits

Exhibit Number	Exhibit Description
10.1	Purchase and Sale Agreement, dated February 10, 2017, between CIM Urban REIT 211 Main St. (SF), LP and BPP 211 Main Owner LLC (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed with the SEC on March 31, 2017).
*31.1	Section 302 Officer Certification—Chief Executive Officer
*31.2	Section 302 Officer Certification—Chief Financial Officer
*32.1	Section 906 Officer Certification—Chief Executive Officer
*32.2	Section 906 Officer Certification—Chief Financial Officer
*101	Interactive data files pursuant to Rule 405 of Regulation S-T

* Filed herewith.

54

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.

Dated: May 10, 2017

CIM COMMERCIAL TRUST CORPORATION

By: /s/ CHARLES E. GARNER II
Charles E. Garner II
Chief Executive Officer

Dated: May 10, 2017

By: /s/ DAVID THOMPSON
David Thompson
Chief Financial Officer

55

Exhibit Index

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10.1	Purchase and Sale Agreement, dated February 10, 2017, between CIM Urban REIT 211 Main St. (SF), LP and BPP 211 Main Owner LLC (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed with the SEC on March 31, 2017).
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*32.1	Section 906 Officer Certification—Chief Executive Officer
*32.2	Section 906 Officer Certification—Chief Financial Officer
*101	Interactive data files pursuant to Rule 405 of Regulation S-T

* Filed herewith.

56

Exhibit 31.1

CERTIFICATION PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Charles E. Garner II, certify that:

1. I have reviewed this quarterly report on Form 10-Q of CIM Commercial Trust Corporation;
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.

57

Date: May 10, 2017

/s/ CHARLES E. GARNER II
 Charles E. Garner II
 Chief Executive Officer

58

Exhibit 31.2

CERTIFICATION PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, David Thompson, certify that:

1. I have reviewed this quarterly report on Form 10-Q of CIM Commercial Trust Corporation;
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.

59

Date: May 10, 2017

/s/ DAVID THOMPSON
David Thompson
Chief Financial Officer

60

EXHIBIT 32.1

CERTIFICATION PURSUANT TO

SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of CIM Commercial Trust Corporation (the "Company") on Form 10-Q for the period ended March 31, 2017 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Charles E. Garner II, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; 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/ CHARLES E. GARNER II
Charles E. Garner II
Chief Executive Officer

May 10, 2017

EXHIBIT 32.2**CERTIFICATION PURSUANT TO****SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of CIM Commercial Trust Corporation (the “Company”) on Form 10-Q for the period ended March 31, 2017 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, David Thompson, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; 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/ DAVID THOMPSON

David Thompson

Chief Financial Officer

May 10, 2017

S-11 1 a17-12628_1s11.htm S-11

[Table of Contents](#)

As filed with the U.S. Securities and Exchange Commission on May 15, 2017

Registration No. 333-

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**Washington, D.C. 20549

FORM S-11**REGISTRATION STATEMENT
UNDER THE SECURITIES ACT OF 1933
OF CERTAIN REAL ESTATE COMPANIES**

CIM COMMERCIAL TRUST CORPORATION(Exact Name of Registrant as Specified in Its Charter)

**17950 Preston Road, Suite 600
Dallas, Texas 75252
(972) 349-3200**(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

**Charles E. Garner II
Chief Executive Officer
CIM Commercial Trust Corporation
17950 Preston Road, Suite 600
Dallas, Texas 75252
(972) 349-3200**(Name, address, including zip code, and telephone number, including area code, of agent for service)

Copies to:**Patrick S. Brown
Sullivan & Cromwell LLP
1888 Century Park East, Suite 2100
Los Angeles, California 90067
(310) 712-6600**

**Approximate date of commencement of proposed sale to the public:
As soon as practicable after this registration statement becomes effective.**

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, check the following box. ☐

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

If delivery of the prospectus is expected to be made pursuant to Rule 434, check the following box. ☐

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

Large accelerated filer ☐Accelerated filer ☐Non-accelerated filer ☐ (Do not check if a smaller reporting company)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 7(a)(2)(B) of the Securities Act. ☐

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the Registration Statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

CALCULATION OF REGISTRATION FEE

Title of securities to be registered	Proposed maximum aggregate offering price (1)	Amount of registration fee (2)
Series L Units, each Series L Unit consisting of ten shares of Series L Preferred Stock, par value \$0.001 per share.	\$ 100,000,000	\$ 11,590
Series L Preferred Stock included as part of the Series L Units	—	—
Total	\$ 100,000,000	\$ 11,590

(1) Estimated in accordance with Rule 457(o) under the Securities Act of 1933, as amended, or the Securities Act.

(2) This amount is being offset in its entirety with \$55,116.55 of unused fees that were previously paid in connection with the Registrant's filing of its Registration Statement on Form S-4, as amended (File No. 333-190934), initially filed with the Securities and Exchange Commission by the registrant on August 30, 2013 pursuant to Rule 457(p).

[Table of Contents](#)

The information set forth in this preliminary prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This preliminary prospectus is not an offer to sell these securities and is not soliciting an offer to buy these securities in any state where the offer or sale thereof is not permitted.

Subject to Completion. Dated May 15, 2017

PRELIMINARY PROSPECTUS

CIM Commercial Trust Corporation

Maximum of [•] Series L Units consisting of [•] Shares of Series L Preferred Stock

We are a publicly traded real estate investment trust, or REIT, primarily focused on investing in, owning, and operating Class A and creative office investments in vibrant and improving urban communities throughout the United States. We are managed by affiliates of CIM Group, L.P., which we refer to as CIM Group or CIM. Our wholly-owned subsidiary, CIM Urban Partners, L.P., which we refer to as CIM Urban, is party to an Investment Management Agreement with CIM Investment Advisors, LLC, an affiliate of CIM Group, pursuant to which CIM Investment Advisors, LLC provides investment advisory services to CIM Urban. In addition, we are party to a Master Services Agreement with CIM Service Provider, LLC, which we refer to as the Manager, an affiliate of CIM Group, pursuant to which the Manager agrees to provide or arrange for other service providers to provide management and administration services to us and all of our direct and indirect subsidiaries. CIM Group is a vertically-integrated, full-service investment manager with multi-disciplinary expertise and in-house research, acquisition, investment, development, finance, leasing, and management capabilities.

We are offering on a best-efforts basis up to [•] shares of our Series L Preferred Stock, par value \$0.001 per share, which we refer to as our Series L Preferred Stock. Each share of Series L Preferred Stock will have an initial "Series L Stated Value" of 100 Israeli new shekels, or ILS, per share, which will be converted for all purposes of computations based on the Series L Stated Value to U.S. dollars, or USD, at the Initial Exchange Rate (as defined herein). Our Series L Preferred Stock will be sold in units, or Series L Units, with each Series L Unit consisting of ten shares of our Series L Preferred Stock.

Our Series L Preferred Stock ranks, with respect to distributions, senior to our common stock, par value \$0.001 per share, which we refer to as our Common Stock except with respect to and only to the extent of the Initial Dividend (as defined herein), with respect to which it is junior, and junior to our Series A Preferred Stock, \$0.001 par value per share, which we refer to as our Series A Preferred Stock. Holders of our Series L Preferred Stock will have no voting rights.

We anticipate that the offering price will be between ILS [•] and ILS [•] per Series L Unit. The offering price will be determined in a tender process conducted pursuant to regulations of the Tel Aviv Stock Exchange, or the TASE, and the Israel Securities Authority, or ISA, and the price shall not be lower than ILS [•] (approximately \$[•]), or the Minimum Price. Unless the offering is fully subscribed at a price higher than the Minimum Price, the offering will be priced at the Minimum Price. For further details, see "Plan of Distribution" in this prospectus. We have appointed a member of the TASE to act as our offering coordinator to administrate the offering.

There is no established trading market for our Series L Preferred Stock. Although we intend to apply for a listing of our Series L Preferred Stock on the NASDAQ Global Market, which we refer to as NASDAQ, and the TASE, and for a listing of our Common Stock on the TASE, the development of a trading market cannot be assured. Our Common Stock is traded on NASDAQ, under the symbol "CMCT." The last reported NASDAQ sales price of our Common Stock on [•], 2017 was \$[•] per share.

The proceeds of the offering will be held in escrow for the benefit of potential investors until the closing of the offering and the actual issuance of the Series L Preferred Stock or its termination. For further details, see "Plan of Distribution" in this prospectus.

We have elected to qualify to be taxed as a REIT for U.S. federal income tax purposes. Our stock is subject to limitations on ownership and transfer that are primarily intended to assist us in qualifying as a REIT. Subject to certain exceptions, our charter generally prohibits any person from actually, beneficially or constructively owning more than 9.8% in value or number of shares,

whichever is more restrictive, of the aggregate of the outstanding shares of our capital stock, or 9.8% in value or number of shares, whichever is more restrictive, of the outstanding shares of our capital stock. See “Description of Capital Stock—Restrictions on Ownership and Transfer” included in this prospectus.

Investing in our securities involves significant risks. See “Risk Factors” on page 12 and included in our most recent Annual Report on Form 10-K for the year ended December 31, 2016 concerning factors you should consider before investing in our securities.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the adequacy or accuracy of this prospectus. Any representation to the contrary is a criminal offense.

	Per Series L Unit (1)	Maximum Offering
Public offering price (2)	\$ [•]	\$ [•]
Distribution commissions (3)	\$ [•]	\$ [•]
Proceeds, before expenses, to us	\$ [•]	\$ [•]

- (1) As converted from ILS to USD at the representative exchange rate of \$[•] USD per ILS, as published by the Bank of Israel on its website on [•], 2017.
- (2) Initial gross proceeds from the sale of the Series L Preferred Stock based upon the midpoint of the range on the cover of this prospectus.
- (3) The distribution commissions are expected to be [•]% of gross proceeds, as described in “Plan of Distribution” in this prospectus.

We have engaged Leumi Partners Underwriting Ltd., or Leumi, to act as the distributor for the offering in Israel. Leumi is under no obligation to sell any of the Series L Preferred Stock and will not be obligated to purchase any of the Series L Preferred Stock.

The date of this prospectus is , 2017

[Table of Contents](#)

TABLE OF CONTENTS

ABOUT THIS PROSPECTUS	1
INCORPORATION BY REFERENCE	1
PROSPECTUS SUMMARY	2
RISK FACTORS	12
SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS	23
ESTIMATED USE OF PROCEEDS	25
SECURITY OWNERSHIP OF OUR BOARD OF DIRECTORS, EXECUTIVE OFFICERS AND CURRENT BENEFICIAL OWNERS	26
DESCRIPTION OF OUR CAPITAL STOCK AND THE SECURITIES OFFERED	27
CERTAIN PROVISIONS OF THE MARYLAND GENERAL CORPORATION LAW AND OUR CHARTER AND BYLAWS	38
POLICIES WITH RESPECT TO CERTAIN ACTIVITIES	42
MATERIAL U.S. FEDERAL INCOME TAX CONSEQUENCES	45
MATERIAL ISRAELI TAX CONSEQUENCES	58
PLAN OF DISTRIBUTION	61
LEGAL MATTERS	66

[EXPERTS](#)

66

[WHERE YOU CAN FIND MORE INFORMATION](#)

66

[Table of Contents](#)**ABOUT THIS PROSPECTUS**

You should rely only on the information contained in or incorporated by reference into this prospectus and any supplement hereto. We have not authorized anyone to provide you with information different from that which is contained in this prospectus or to make representations as to matters not stated in this prospectus or any supplement hereto. If anyone provides you with different or inconsistent language, you should not rely on it. We are not making an offer to sell, or soliciting an offer to buy, any securities in any jurisdiction in which it is unlawful to do so. The information contained in this prospectus is accurate only as of the date of this prospectus, and any information incorporated by reference is accurate only as of the date of the document incorporated by reference, in each case, regardless of the time of delivery of this prospectus or any purchase of our securities. Our business, financial condition, results of operations, and prospects may have changed since those dates. To understand this offering fully, you should read this entire document carefully, as well as the “Risk Factors” included in our most recent Annual Report on Form 10-K for the year ended December 31, 2016.

This prospectus contains summaries of certain provisions contained in some of the documents described herein, but reference is made to the actual documents for complete information. All of the summaries are qualified in their entirety by the actual documents. Copies of some of the documents referred to herein have been filed as exhibits to the registration statement of which this prospectus is a part, and you may obtain copies of those documents as described below under the heading “Where You Can Find Additional Information.”

Unless otherwise indicated in this prospectus, “CIM Commercial,” the “Company,” “our company,” “we,” “us” and “our” refer to CIM Commercial Trust Corporation and its subsidiaries.

INCORPORATION BY REFERENCE

The Securities and Exchange Commission, which we refer to as the SEC, allows us to “incorporate by reference” the information that we file with it, which means that we can disclose important information to you by referring you to other documents. The information incorporated by reference is an important part of this prospectus. We incorporate by reference the following documents (other than information furnished rather than filed):

- the Company’s Annual Report on Form 10-K for the fiscal year ended December 31, 2016 filed on March 16, 2017;
- the Company’s Quarterly Report on Form 10-Q for the quarter ended March 31, 2017 filed on May 10, 2017; and
- the Company’s Current Reports on Form 8-K filed on February 16, 2017, March 31, 2017 and May 9, 2017.

We will provide without charge, upon written or oral request, a copy of any or all of the documents that are incorporated by reference into this prospectus and a copy of any or all other contracts or documents which are referred to in this prospectus. Requests should be directed to CIM Commercial, Attn: Investor Relations, 17950 Preston Road, Suite 600, Dallas, Texas 75252.

[Table of Contents](#)**PROSPECTUS SUMMARY**

The following summary highlights selected information contained elsewhere in this prospectus and in the documents incorporated by reference in this prospectus and does not contain all the information you will need in making your investment decision. You should read carefully this entire prospectus and the documents incorporated by reference in this prospectus before making your investment decision.

Our Company

CIM Commercial is a Maryland corporation and REIT that was originally incorporated in 1993 as PMC Commercial Trust. Our charter and bylaws were amended to their current forms on October 27, 2016 and April 28, 2014, respectively.

Our principal business is to invest in, own, and operate Class A and creative office investments in vibrant and improving urban communities throughout the United States. These communities are located in areas that include traditional downtown areas and suburban main streets, which have high barriers to entry, high population density, improving demographic trends and a propensity for growth. We believe that the critical mass of redevelopment in such areas creates positive externalities, which enhance the value of substantially stabilized assets in the area. We believe that these assets will provide greater returns than similar assets in other markets, as a result of the improving demographics, public commitment, and significant private investment that characterize these areas.

We are managed by affiliates of CIM Group, L.P., which we refer to as CIM Group or CIM. CIM Group is a vertically-integrated, full-service investment manager with multidisciplinary expertise and in-house research, acquisition, investment, development, finance, leasing, and management capabilities. CIM Group is headquartered in Los Angeles, California and has offices in Oakland, California; Bethesda, Maryland; Dallas, Texas; and New York, New York.

Our wholly-owned subsidiary, CIM Urban Partners, L.P., which we refer to as CIM Urban, is party to an Investment Management Agreement with CIM Investment Advisors, LLC, an affiliate of CIM Group, pursuant to which CIM Investment Advisors, LLC provides investment advisory services to CIM Urban. In addition, we are party to a Master Services Agreement with CIM Service Provider, LLC, which we refer to as the Manager, an affiliate of CIM Group, pursuant to which the Manager agrees to provide or arrange for other service providers to provide management and administration services to us and all of our direct and indirect subsidiaries.

We seek to utilize the CIM platform to acquire and improve assets within CIM's qualified communities, which we refer to as Qualified Communities. We believe assets in these markets provide greater returns as a result of improving demographics, public commitment, and significant private investment within the areas. Over time, we seek to expand our real estate investments in communities targeted by CIM Group for investment, supported by CIM Group's broad real estate investment capabilities, as part of our plan to prudently grow market value and earnings.

We invest primarily in substantially stabilized real estate and real estate-related assets located in areas that CIM has targeted for opportunistic investment. These areas include traditional downtown areas and suburban main streets, which have high barriers to entry, high population density, improving demographic trends and a propensity for growth. CIM believes that the critical mass of redevelopment in such areas creates positive externalities, which enhance the value of substantially stabilized assets in the area. CIM targets investments in diverse types of real estate assets, including office, retail, for-rent and for-sale multifamily residential, hotel, parking, and signage through CIM's extensive network and its current opportunistic investment activities.

As of March 31, 2017, our real estate portfolio consisted of 30 assets, all of which are fee-simple properties except one leasehold property. As of March 31, 2017, our 23 office properties (including two parking garages, one of which has street level retail space, and two development sites, one of which is being used as a parking lot), totaling approximately 5.1 million rentable square feet, were 84.5% occupied; five multifamily properties, comprised of 930 units, were 93.1% occupied; and two hotel properties (including one parking garage which has street level retail space), which has a total of 503 rooms, had revenue per available room of \$137.71 for the quarter ended March 31, 2017. For the quarter ended March 31, 2017, our office portfolio contributed approximately 73.3% of revenue from continuing operations, while our hotel portfolio contributed approximately 15.7%, our multifamily portfolio contributed approximately 7.5% and our lending segment contributed approximately 3.5%. See the "Business" and "Properties" sections in our most recent Annual Report on Form 10-K for the year ended December 31, 2016.

[Table of Contents](#)

We have elected to be taxed as a REIT for U.S. federal income tax purposes. To the extent we qualify for taxation as a REIT, we generally will not be subject to a federal corporate income tax on our taxable income that is distributed to our stockholders. We may, however, be subject to certain federal excise taxes and state and local taxes on our income and property. If we fail to qualify as a REIT in any taxable year, we will be subject to federal income taxes at regular corporate rates (including any applicable alternative minimum tax) and will not be able to qualify as a REIT for four subsequent taxable years. In order to remain qualified as a REIT under the Internal Revenue Code of 1986, as amended, which we refer to as the Code, we must satisfy various requirements in each taxable year, including, among others, limitations on share ownership, asset diversification, sources of income, and the distribution of at least 90% of our taxable income within the specified time in accordance with the Code.

Our Common Stock is currently traded on NASDAQ under the ticker symbol "CMCT." Our principal executive offices are located at 17950 Preston Road, Suite 600, Dallas, Texas 75252 and our telephone number is (972) 349-3200. Our internet address is <http://www.cimcommercial.com>. The information contained on our website is not part of this prospectus.

Our Business and Properties

For a discussion of our business and properties, see our Annual Report on Form 10-K for the year ended December 31, 2016 which is incorporated by reference in this prospectus. In addition, the following table summarizes the lease expirations for each of the next ten years and thereafter for the properties we owned as of March 31, 2017.

<u>Year of Lease Expiration</u>	<u>Number of Tenants</u>	<u>Square Feet of Expiring Leases</u>	<u>% of Square Feet Expiring</u>	<u>Annualized Rent (1) (in thousands)</u>	<u>% of Annualized Rent Expiring</u>	<u>Annualized Rent Per Occupied Square Foot</u>
2017(2)	86	333,389	7.7%	\$ 10,833	6.5%	\$ 32.49
2018	57	431,589	9.9%	\$ 16,453	9.9%	\$ 38.12
2019	55	525,777	12.1%	\$ 18,198	11.0%	\$ 34.61
2020	44	516,336	11.9%	\$ 19,194	11.6%	\$ 37.17
2021	42	703,160	16.2%	\$ 29,694	17.9%	\$ 42.23
2022	25	375,504	8.6%	\$ 14,263	8.6%	\$ 37.98
2023	23	371,079	8.5%	\$ 14,122	8.5%	\$ 38.06
2024	5	51,314	1.2%	\$ 1,732	1.0%	\$ 33.75
2025	12	393,232	9.0%	\$ 15,213	9.2%	\$ 38.69
2026	6	347,015	8.0%	\$ 15,903	9.6%	\$ 45.83
Thereafter	11	300,502	6.9%	\$ 10,175	6.2%	\$ 33.86
Total Occupied	366	4,348,897	100.0%	\$ 165,780	100.0%	\$ 38.12
Vacant		798,248				
Total Portfolio		5,147,145				

(1) Represents gross monthly base rent, as of March 31, 2017, multiplied by twelve. This amount reflects total cash rent before abatements. Where applicable, annualized rent has been grossed up by adding annualized expense reimbursements to base rent.

(2) Includes 62,505 square feet of month-to-month leases.

[Table of Contents](#)

Estimated Net Asset Value

As of April 14, 2017, we have established an estimated net asset value, or NAV, per share of Common Stock of \$23.14. Neither the Financial Industry Regulatory Authority, Inc., or FINRA, nor the SEC provides rules on the methodology we must use to determine our estimated NAV per share. The determination of estimated NAV involves a number of subjective assumptions, estimates and judgments that may not be accurate or complete. We believe there is no established practice among public REITs for calculating estimated NAV. Different firms using different property-specific, general real estate, capital markets, economic and other assumptions, estimates and judgments could derive an estimated NAV that could be significantly different from our estimated NAV. Thus, other public REITs' methodologies used to calculate estimated NAV may differ materially from ours. Additionally, the estimated NAV does not give effect to changes in value, investment activities, capital activities, indebtedness levels, and other various activities occurring after December 31, 2016 that would have an impact on our estimated NAV.

Overview

The estimated NAV per share of \$23.14 was calculated by CIM Investment Advisors, LLC, which we refer to as our Advisor, relying in part on appraisals of our real estate investments and the assets of our lending segment. The table below sets forth the material items included in the calculation of our estimated NAV.

	(\$ in thousands, except per share amount)
Investments in real estate - at fair value (1)	\$ 2,705,600
Loans receivable - at fair value (1)	76,147
Debt (1)	(937,188)
Cash and other assets net of other liabilities (1)	102,926
Redeemable preferred stock (1)	(1,426)
Noncontrolling interests (1)	(1,050)
Estimated NAV available to common stockholders	\$ 1,945,009
Shares of Common Stock outstanding (1)	84,048,081
Estimated NAV per share of Common Stock	\$ 23.14

(1) As of December 31, 2016.

We engaged various third party appraisal firms to perform appraisals of our real estate investments and the assets of our lending segment as of December 31, 2016. These appraisals were performed in accordance with standards set forth by the American Institute of Certified Public Accountants. Each of our appraisals was prepared by personnel who are subject to and in compliance with the code of professional ethics and the standards of professional conduct set forth by the certification programs of the professional appraisal organizations of which they are members.

Fair Value of Real Estate

As of December 31, 2016, our real estate portfolio consisted of (i) 24 office properties (including two parking garages, one of which has street level retail space, and two development sites, one of which is being used as a parking lot), totaling approximately 5.6 million rentable square feet, (ii) five multifamily properties comprised of 930 units, and (iii) one hotel which has a total of 503 rooms. As of December 31, 2016, our investments in real estate had an aggregate estimated fair value of approximately \$2,705,600,000.

The fair values of all our real estate assets, with the exception of the five multifamily properties, one parking garage and the two development sites, were determined using the income capitalization approach and more specifically utilizing discounted cash flow analyses as the primary methodology with the sales comparison approach being used as a secondary methodology. The fair values of our five multifamily properties and one parking garage were determined using the income capitalization approach and more specifically utilizing the direct capitalization methodology with the sales comparison approach being used as a secondary methodology. The sales comparison approach was utilized exclusively to value the two development sites.

[Table of Contents](#)

The discounted cash flow approach to valuing real estate investments involves projecting annual cash flows over a defined holding period as well as calculating a residual value for an investment at the end of the holding period. The residual value is calculated by applying a capitalization rate to the projected net operating income in the year following the projected sale. The present value of the future cash flows, including the residual value, is then calculated using an appropriate discount rate and the summation of these present values is the basis for an investment's fair value.

The direct capitalization approach to valuing real estate investments involves applying a capitalization rate to current annual net operating income with the resulting value being the basis for an investment's fair value.

The sales comparison approach to valuing real estate investments uses actual sales prices for comparable assets to determine the investment's fair value. The sales prices of the comparable assets are adjusted to reflect their condition relative to the subject property, the time and resources necessary to ready the comparable properties for sale, and the terms of the comparable properties sales.

The ranges of certain key assumptions used in the fair value measurement of the investments in real estate as of December 31, 2016 were as follows:

<u>Asset Type / Key Assumption</u>	<u>Range</u>	<u>Weighted Average</u>
Office and hotel assets		
Discount rate	6.5% - 9.5%	7.5%

Capitalization rate	5.5% - 8.3%	7.0%
Multifamily assets Capitalization rate	3.5% - 5.0%	4.3%

Fair Value of Loans Receivable

As of December 31, 2016, we held 181 loans whose aggregate fair value was approximately \$76,147,000. The fair values were determined using a present value technique for the anticipated future cash flows of the loans using certain key assumptions. Credit risk, or lack of credit risk in the case of our government guaranteed loans, was considered in the determination of the key assumptions used to determine the fair value our loans receivable.

Debt

As of December 31, 2016, our outstanding debt consisted of fixed rate property-level mortgage notes payable, floating rate junior subordinated notes, and a floating rate term loan facility whose interest rate has been effectively converted to a fixed rate through interest rate swaps.

As of December 31, 2016, the carrying amount of our fixed rate mortgages payable was approximately \$530,071,000, net of deferred loan costs, and the carrying amount of our floating rate debt which includes our junior subordinated notes, unsecured credit facility and term loan facility was approximately \$407,117,000, net of deferred loan costs.

The fair value of our debt is calculated for disclosure purposes only and we do not include the mark to market adjustments related to our debt in our estimated NAV calculation. As of December 31, 2016, the estimated fair value of our debt was approximately \$13,061,000 lower than the carrying amount of our debt net of deferred loan costs.

Fair Value of Cash, Other Assets and Other Liabilities

As of December 31, 2016, the carrying amounts of our cash, other assets and other liabilities approximates their fair values due to the liquid nature of such assets and the short-term nature of such liabilities.

[Table of Contents](#)

Redeemable Preferred Stock

As of December 31, 2016, our redeemable preferred stock consisted of gross proceeds allocated to the Series A Preferred Stock of \$1,528,000 offset by specifically identifiable issuance costs and non-issuance specific costs allocated to the Series A Preferred Stock of \$99,000 and \$3,000, respectively.

Sensitivity Analysis

The table below illustrates the impact on the estimated NAV per share if the capitalization rates or discount rates were adjusted by 25 basis points, assuming all other factors remain unchanged.

	Change in the NAV Per Share Due To	
	Decrease of 25 bps	Increase of 25 bps
Capitalization rates	\$ 0.99	\$ (0.84)
Discount rates	\$ 0.61	\$ (0.53)

[Table of Contents](#)

The Offering

Issuer	CIM Commercial Trust Corporation.
Preferred Stock Offered by Us	Up to [●] shares of Series L Preferred Stock will be offered as part of the Series L Units.
Ranking	The Series L Preferred Stock ranks, relative to our existing capital stock, with respect

to the payment of distributions:

- senior to our Common Stock, except with respect to and only to the extent of the Initial Dividend (as defined herein); and
- junior to our Series A Preferred Stock and our Common Stock (with respect to and only to the extent of the Initial Dividend).

The Series L Preferred Stock ranks, relative to our existing capital stock, with respect to rights upon our liquidation, dissolution or winding up:

- senior to our Common Stock, both (i) to the extent of the Series L Stated Value and (ii) following payment to holders of our Common Stock of an amount equal to any unpaid Initial Dividend, to the extent of any accrued and unpaid Series L Preferred Distributions (as defined herein);
- on parity with our Series A Preferred Stock, to the extent of the Series L Stated Value; and
- junior to our Series A Preferred Stock and Common Stock (to the extent of the Initial Dividend), in both instances with respect to any accrued and unpaid Series L Preferred Distributions.

Stated Value

Each share of Series L Preferred Stock will have an initial “Series L Stated Value” of 100 ILS, per share of Series L Preferred Stock, which ILS will be converted for all purposes of computations based on stated value (e.g., amounts of distributions, redemption price, etc.) to USD, at an exchange rate, which we refer to as the Initial Exchange Rate, equal to the weighted average of the ILS/USD exchange rates of all the transactions (which shall be no fewer than five of an equal size) completed by the Bank(s) (as defined below) through which the gross proceeds from the offering are converted to USD on the first TASE Trading Day (as defined below) following the Closing Day (as defined in “Plan of Distribution” in this prospectus).

[Table of Contents](#)

“TASE Trading Day” means any day on which the TASE is open for trading. For purposes of all exchange rate applications, the “Bank” means, at the selection of the Company for a given transaction, one of the commercial banks (including their subsidiaries) or foreign bank branches as published from time to time by the Bank of Israel on its website.

The Company will publish (a) the Initial Exchange Rate and (b) the initial Series L Stated Value as converted to USD at the Initial Exchange Rate in a Form 8-K filed with the SEC and an Immediate Report filed with the ISA after consummation of the offering. Following issuance, the Series L Stated Value will be subject to appropriate adjustment in relation to certain events, such as recapitalizations, stock dividends, stock splits, stock combinations, reclassifications or similar events affecting our Series L Preferred Stock, as set forth in the Articles Supplementary for our Series L Preferred Stock.

Distributions

Subject to certain exceptions, the holders of our Series L Preferred Stock are entitled to receive, if, as and when authorized by our Board of Directors and declared by us out of legally available funds, cumulative cash distributions in ILS on each share of Series L Preferred Stock at an annual rate of [●] percent ([●]%) of the Series L Stated Value (as converted to USD at the Initial Exchange Rate), which annual amount we refer to as the Annual Series L Preferred Distribution. We will be permitted to pay a portion or all of the Annual Series L Preferred Distribution, which we refer to as the Series L Preferred Distribution, out of legally available funds in respect of a given quarter of a fiscal year only if certain conditions, which we refer to as the Series L Distribution Conditions, are satisfied in the following order:

- first, if not previously declared in a prior quarter of such fiscal year, we must have declared the entire Initial Dividend (as described below), if any, with respect to our Common Stock for such fiscal year;
- second, we must have paid (or set apart for payment) in such fiscal year dividends on our Common Stock in an amount equal to or greater than the product of (i) the Initial Dividend multiplied by (ii) the ratio of (a) the portion of the Series L Preferred Distribution to be paid with respect to the given quarter divided by (b) the Annual Series L Preferred Distribution, plus the aggregate amount of any unpaid Initial Dividends that are payable for all prior quarters;
- third, we must have declared, at least one day following the satisfaction of the foregoing Series L Distribution Conditions, any Series L Preferred Distribution to be paid with respect to the given quarter, if any; and
- fourth, if not previously paid, we must have paid the entire amount set apart for payment related to the Initial Dividend pursuant to the second condition to the extent not previously paid.

The “Initial Dividend” for a given year is a minimum annual amount, in USD, that will be announced by us at the end of the prior fiscal year. While there are no limitations on the maximum amount of the Initial Dividend that can be paid in a particular year, it is our intention that we would not announce a Initial Dividend for any given year that, based on the information then reasonably available to us at the time of announcement, we believe would cause us to be unable to make a future distribution on our Series L Preferred Stock or on any other outstanding share of preferred stock. In certain circumstances, the Initial Dividend will be \$0, as described in “Description of Our Capital Stock and the Securities Offered—Securities Offered in This Offering—Series L Preferred Stock—Distributions” in this prospectus. Prior to this offering, our Board of Directors has established a Initial Dividend with respect to the remainder of 2017 in an amount equal to \$[•].

Subject to the discussion above, the Series L Preferred Distribution, if declared for any given quarter, will be paid each quarter on the Series L Preferred Distribution Payment Date to holders of record of our Series L Preferred Stock as of the close of business on the record date, which will be the last day of the quarter for which the Series L Preferred Distribution is declared (March 31st, June 30th, September 30th or December 31st, as applicable). The “Series L Preferred Distribution Payment Date” will be, at the selection of the Company, a date on or prior to the 18th day of the month following the quarter for which such distribution was declared; provided, however, that the Series L Preferred Distribution Payment Date may be later if so allowed by regulations of the TASE.

[Table of Contents](#)

We do not expect to declare and pay any Series L Preferred Distribution to the extent prohibited by applicable law or our charter or our results of operations, our general financing conditions, general economic conditions or other factors make it imprudent to do so.

On the Series L Preferred Distribution Payment Date, holders will receive payment, in ILS, at an exchange rate, which we refer to as the Current Exchange Rate, equal to the weighted average of the USD/ILS exchange rates of all the transactions (which shall be one or more) completed by the Bank(s) through which the payment is converted to ILS on the third TASE Trading Day preceding the Series L Preferred Distribution Payment Date.

Redemption at the Option of a Holder

From and after the fifth anniversary of the date of original issuance of the shares of Series L Preferred Stock (or earlier, in the event of an accrued and unpaid Series L Preferred Distribution prior to the fifth anniversary of the date of original issuance as

provided in “Description of our Capital Stock and the Securities Offered” in this prospectus), each holder will have the right to require the Company to redeem all or any of the shares of Series L Preferred Stock held by such holder at a redemption price equal to 100% of the Series L Stated Value (as converted to USD at the Initial Exchange Rate) plus, provided the Series L Distribution Conditions are satisfied at the effective time of redemption and the Company is otherwise permitted to pay Series L Preferred Distributions, any accrued and unpaid Series L Preferred Distributions through and including the effective date of the redemption. A holder that requests the Company to redeem its shares of Series L Preferred Stock at a time when the Series L Distribution Conditions are not satisfied will forfeit any accrued and unpaid Series L Preferred Distributions as of the effective date of redemption.

If a holder of shares of Series L Preferred Stock exercises its redemption right, we will pay the redemption price, at our option and in our sole discretion, except as provided below, in accordance with one of the following mechanisms:

- in cash in ILS, based on the Current Exchange Rate on the third TASE Trading Day preceding the Series L Preferred Distribution Payment Date;
- in equal value through the issuance of shares of Common Stock, with such value of Common Stock to be determined based on the lower of (i) our NAV per share of our Common Stock as most recently published by the Company as of the effective date of redemption and (ii) the Aggregate VWAP, as defined in “Description of our Capital Stock and the Securities Offered-Securities Offered in This Offering-Series L Preferred Stock-Redemption at the Option of a Holder” in this prospectus; or
- in a combination of cash, in ILS, and our Common Stock, based on the conversion mechanisms set forth above.

For more information on the payment of the redemption price by the Company in the event of redemption at the option of a holder, see “Description of our Capital Stock and the Securities Offered-Securities Offered in This Offering-Series L Preferred Stock-Redemption at the Option of a Holder” in this prospectus.

Our obligation to redeem any shares of our Series L Preferred Stock is limited to the extent that (i) we have sufficient funds available to fund any such redemption, in which case we will be required to redeem with shares of Common Stock, or (ii) we are restricted by applicable law, our charter, including the terms of our Series A Preferred Stock, or contractual obligations from making such redemption.

[Table of Contents](#)

Optional Redemption by the Company

We will have the right to redeem any or all shares of our Series L Preferred Stock from and after the fifth anniversary of the date of original issuance of the shares of our Series L Preferred Stock. We may redeem such shares at a redemption price equal to 100% of the Series L Stated Value (as converted to USD at the Initial Exchange Rate) plus any accrued and unpaid Series L Preferred Distributions through and including the effective date of the redemption. We have the right, at our option and in our sole discretion, to pay the redemption price in accordance with one of the mechanisms described above in “—Redemption at the Option of a Holder.”

If for any given quarter the Series L Distribution Conditions are not met or the Series L Preferred Distribution is in arrears as of the end of such quarter, we will not be able to exercise our redemption right.

Liquidation

Upon any voluntary or involuntary liquidation, dissolution or winding-up of our affairs, after payment or provision for our debts and other liabilities, our funds legally available for distribution to our stockholders will be distributed as follows:

- first, pro rata to (i) holders of our Series L Preferred Stock, in an amount per share equal to the Series L Stated Value, as converted to USD at the Initial Exchange Rate, (ii) holders of our Series A Preferred Stock, in an amount per share equal to the Series A Stated Value, as converted to USD, plus an amount equal to all accumulated, accrued and unpaid dividends (whether or not declared) on our Series A Preferred Stock and (iii) holders of any other class or series of capital stock ranking on parity with our Series L Preferred Stock and Series A Preferred Stock with respect to rights upon our redemption, liquidation, winding-up or dissolution, to the extent provided by the terms of such class or series of capital stock;
- second, to holders of our Common Stock in an amount equal to the amount of any unpaid Initial Dividend;
- third, to holders of our Series L Preferred Stock in an amount equal to any accrued and unpaid Series L Preferred Distribution; and
- fourth, to holders of our Common Stock and any other class or series of capital stock ranking junior to our Series L Preferred Stock.

Any liquidation preference on our Series L Preferred Stock will be paid by the Company in ILS, based on the Current Exchange Rate on the last TASE Trading Day preceding the date of payment.

Voting Rights

Our Series L Preferred Stock has no voting rights.

Exchange Listing

We intend to apply for the listing of our Series L Preferred Stock on NASDAQ under the symbol “[●]”, and the TASE under the symbol “[●].” No assurance can be given that our applications for these listings will be approved or that a trading market will develop.

Use of Proceeds

Assuming the maximum offering, we estimate that we will receive net proceeds from the sale of the Series L Units in this offering of approximately \$[●] after deducting estimated offering expenses, including the distribution fee and expenses payable by us of approximately \$[●]. We intend to use the net proceeds from this offering for general corporate purposes including, without limitation, acquisitions and additional investments consistent with our acquisition and asset management strategies, repayment of debt, working capital, and acquisitions of shares of our Common Stock, whether through one or more tender offers, share repurchases or otherwise. See “Estimated Use of Proceeds” in this prospectus.

[Table of Contents](#)

Restrictions on Ownership	Our charter generally prohibits any person from actually, beneficially or constructively owning more than 9.8% in value or number of shares, whichever is more restrictive, of the aggregate of the outstanding shares of our capital stock, or 9.8% in value or number of shares, whichever is more restrictive, of the outstanding shares of our Common Stock; however, our Board of Directors has waived these ownership limits for certain persons. See “Description of Our Capital Stock and the Securities Offered—Restrictions on Ownership and Transfer” included in this prospectus.
Risk Factors	An investment in our securities involves risks. Please read “Risk Factors” on page 12 and included in our most recent Annual Report on Form 10-K for the year ended December 31, 2016.
Where You Can Find More Information	Please refer to “Where You Can Find More Information” on page 64. Concurrently with the effectiveness of the registration statement of which this prospectus forms a part, we are publishing this prospectus with the ISA (see https://www.magna.isa.gov.il or http://maya.tase.co.il/).

Tender Process

An auction process, which we refer to as the Tender Process, will be used to determine the public offering price of our Series L Units offered in this offering, which we refer to as the Unit Price.

Customary with public offerings in Israel, the Tender Process is comprised of two steps. Prior to the date of this prospectus, we held an auction for Classified Investors who made revocable bids in the Early Bidding Process (both as defined in “Plan of Distribution” in this prospectus). After the registration statement, of which this prospectus forms a part, is declared effective by the SEC and after the date of publication of this prospectus with the ISA, we will hold a public tender process that is open to all investors in Israel who desire to participate, which we refer to as the Public Tender Process.

We have appointed Bank Leumi Le’Israel Ltd., of 9 Ahad Haam Street, Tel Aviv, Israel, a member of the TASE, which we refer to as the Offering Coordinator, to act as our offering coordinator to administer the offering. We will pay the Offering Coordinator a fixed fee of ILS [●] (approximately \$[●] USD) plus tax for its services based on a contractual arrangement.

We reserve the right to terminate the offering of our Series L Units at any time prior to our acceptance of any bids cast in the offering and there can be no assurances that the Tender Process will be completed or that you will be able to purchase Series L Units as a result.

[Table of Contents](#)

RISK FACTORS

Investing in our securities involves a high degree of risk. You should carefully read and consider the following risk factors, the risk factors incorporated by reference to our Annual Report on Form 10-K for the year ended December 31, 2016, and all other information contained in this prospectus or in the documents incorporated by reference before making a decision to purchase our securities. These factors, which are not all-inclusive, could have a material adverse effect on our business, financial condition, results of operations, cash flow or our ability to satisfy our debt obligations, to maintain our level of Common Stock or Series A Preferred Stock distributions, to pay Series L Preferred Stock distributions or to engage in repurchases of Common Stock. For more information, see the section entitled “Where You Can Find Additional Information.”

Risks Related to This Offering

The Authorized Entities (as defined below) will not be bound by suitability for customers purchasing the Series L Units akin to FINRA, Rule 2111.

To the Company’s knowledge, bank branches or other members of the TASE through which bids to purchase Series L Units will be submitted, which we refer to as the Authorized Entities, are not member firms or registered representatives of FINRA. As such, the Authorized Entities will not be subject to FINRA Rule 2111 (Suitability) which would require the registered representatives to take into account several factors such as the customer’s age, financial situation, and investment objectives, among others, before recommending investments to non-institutional, individual investors. Notwithstanding the foregoing, investment advisors in Israel are subject to the Israeli Regulation of Investment Advice, Investment Marketing and Portfolio Management Law, 5755-1995 that contains, among others, several provisions aimed at protecting the interest of investors, including a requirement to receive the investor approval for any transaction in securities that involves “high risk” (as defined therein).

There is currently no public market for our Series L Preferred Stock and no public market in Israel for our Common Stock, and no assurance can be made that any of such markets will develop.

There is no existing public market for our Series L Preferred Stock and there is no existing public market for our Common Stock in Israel. We do not intend to distribute and market our Series L Preferred Stock in the United States. Although we intend to apply for the listing of our (1) Series L Preferred Stock on NASDAQ and the TASE and (2) Common Stock on the TASE, no assurance can be given as to the following:

- the likelihood that, if approved for listing, an active trading market for these securities will develop or be sustained;
- the liquidity of any such market;
- the ability of holders of these securities to sell their securities; or

- the prices that holders of these securities may obtain upon their sale.

Additionally, our charter contains restrictions on the ownership and transfer of our capital stock, as described in “Description of Our Capital Stock and the Securities Offered—Restrictions on Ownership and Transfer of Capital Stock” in this prospectus. These restrictions may inhibit the ability of a holder to sell the Series L Preferred Stock or Common Stock promptly or at all. If a holder of our Series L Preferred Stock desires to sell his or her shares, he or she may only be able to sell them at a substantial discount from the price at which they were purchased. Therefore, our Series L Preferred Stock should be purchased only as a long term investment.

[Table of Contents](#)

The listing of our Common Stock and Series L Preferred Stock on more than one stock exchange may result in price variations that could adversely affect liquidity of the market for our securities.

Our Common Stock is listed on NASDAQ and we intend to list our Series L Preferred Stock on NASDAQ as well. Additionally, we intend to list our Series L Preferred Stock and Common Stock on the TASE. The dual-listing of our Series L Preferred Stock and Common Stock may result in price variations of our securities between the two exchanges due to a number of factors. First, trading in our securities on these markets takes place in different currencies (USD on NASDAQ and ILS on the TASE). In addition, the exchanges are open for trade at different times of the day and on different days. For example, NASDAQ opens generally during U.S. business hours, Monday through Friday, while the TASE opens generally during Israeli business hours, Sunday through Thursday. The two exchanges also observe different public holidays. Differences in the trading schedules, as well as volatility in the exchange rate of the two currencies, among other factors, may result different trading prices for our Series L Preferred Stock and Common Stock on the two exchanges. Any decrease in the trading price of our Series L Preferred Stock or Common Stock in one market could cause a decrease in the trading price of such security on the other market.

Although we believe the dual-listing of our Series L Preferred Stock and Common Stock will be beneficial for the Company and holders of our securities, it may adversely affect liquidity and trading prices for our Series L Preferred Stock and Common Stock on one or both of the exchanges as a result of circumstances that may be outside of our control. For example, transfers by investors of our securities from trading on one exchange to the other could result in increases or decreases in liquidity and/or trading prices on either or both of the exchanges. In addition, investors could seek to sell or buy our Series L Preferred Stock or Common Stock to take advantage of any price differences between the two markets through a practice referred to as arbitrage. Any arbitrage activity could create unexpected volatility in both the prices of and volumes of our Series L Preferred Stock and Common Stock available for trading on either exchange.

Changes in market conditions could adversely affect the market prices of our Common Stock and, if the applications to list on NASDAQ and/or the TASE are approved, our Series L Preferred Stock.

The market value of our Common Stock and, if our applications to list on NASDAQ and/or the TASE are approved, our Series L Preferred Stock, as with other publicly traded equity securities, will depend on various market conditions, which may change from time to time. In addition to the economic environment and future volatility in the securities and credit markets, the following market conditions may affect the values of our Series L Preferred Stock and/or Common Stock:

- the general reputation of REITs and the attractiveness of our equity securities in comparison to other equity securities, including securities issued by other real estate-based companies;
- our financial performance;
- general stock and bond market conditions;
- government action or regulation, including changes in tax law;
- increases in market interest rates, which may lead investors to expect a higher annual yield from our distributions in relation to the price of shares of our Common Stock or our Series L Preferred Stock;
- changes in federal tax laws;
- our ability to re-lease space as leases expire;
- strategic actions by us or our competitors, such as acquisitions or restructurings;
- changes in our credit ratings; and

- any negative change in the level of our distributions on shares of our Common Stock or our Series L Preferred Stock.

The market value of our Common Stock is based primarily upon the market's perception of our growth potential and our current and potential future earnings and cash dividends and our capital structure. Consequently, our Common Stock or our Series L Preferred Stock may trade at prices that are higher or lower than our net asset value per share of Common Stock or our Series L Preferred Stock. If our future earnings or cash dividends are less than expected, the market price of our Series L Preferred Stock and Common Stock could diminish.

[Table of Contents](#)

The limited trading market for our Common Stock subjects our share price to greater volatility and, as a result, a holder of our Common Stock may not be able to resell his or her shares at or above the price paid for them.

Although our Common Stock is listed for trading on NASDAQ, the volume of trading in our Common Stock has been lower than many other companies listed on NASDAQ because, as of [●], 2017, approximately 98.05% of our Common Stock is presently owned by Urban Partners II, LLC, an affiliate of CIM Group, which we refer to as Urban II, other affiliates of CIM Group and our executive officers and directors. A public trading market with depth, liquidity and orderliness depends on the presence in the market of willing buyers and sellers of our Common Stock at any given time. This presence depends on the individual decisions of investors and general economic and market conditions over which we have no control. Limited trading volume may subject our Common Stock to greater price volatility and may make it difficult for investors to sell shares at a price that is attractive to them.

Future sales of our shares of Common Stock may cause our market price to drop significantly, even if our business is doing well.

Urban II is entitled to registration rights, subject to certain limitations, with respect to our securities pursuant to the Registration Rights and Lockup Agreement dated March 11, 2014 between us and Urban II, which we refer to as the Registration Rights and Lockup Agreement. Urban II is entitled to require us, on up to eight occasions, to register under the Securities Act, our shares of Common Stock it received in connection with the merger between PMC Commercial Trust and CIM Urban REIT, LLC, an affiliate of CIM Group and the parent company of Urban II, which we refer to as CIM REIT, that was completed on March 11, 2014.

While Urban II was initially subject to lockup restrictions in the Registration Rights and Lockup Agreement, the lockup restrictions have expired and therefore, there may be significant pent-up demand by CIM REIT to sell shares of our Common Stock that it holds. A large volume of sales of shares of our Common Stock could decrease the prevailing market price of shares of our Common Stock and could impair our ability to raise additional capital through the sale of equity securities in the future. Even if a substantial number of sales of shares of our Common Stock do not occur, the mere perception of the possibility of these sales could depress the market price of shares of our Common Stock and have a negative effect on our ability to raise capital in the future.

Although our Series L Preferred Stock will be listed on NASDAQ (assuming our application for listing is approved), we do not expect an active trading market to develop in the United States.

Distributions on our Series L Preferred Stock, the liquidation preference and, at our option and in our sole discretion, the redemption price of our Series L Preferred Stock will be paid in ILS. As a result, we do not expect an active trading market for our Series L Preferred Stock to develop in the United States. If an active trading market does not develop or is not sustained, it may be difficult or impossible for a holder of our Series L Preferred Stock to resell his or her shares in the United States at or above the price paid for them.

The existing mechanism for the dual-listing of securities on NASDAQ and the TASE may be eliminated or otherwise altered such that we may be subject to additional regulatory burden and additional costs.

The existing Israeli regulatory regime provide a mechanism for the dual-listing of securities traded on NASDAQ and the TASE that does not impose any significant regulatory burden or significant costs on the Company. If this dual-listing regime is eliminated or otherwise altered such that the Company is unable or unwilling to comply with the regulatory requirements, we may incur additional costs and we may consider delisting of our Series L Preferred Stock or Common Stock from the TASE.

In the event our Common Stock is delisted from the TASE, we are likely to delist our Series L Preferred Stock from the TASE.

In the event our Common Stock is delisted from the TASE either pursuant to TASE requirements or at our decision, we are likely to delist our Series L Preferred Stock from the TASE and cease any reporting requirements in Israel. In such event, the holders of the Series L Preferred Stock may be able to trade their Series L Preferred Stock only on NASDAQ, which may not be an active market for that purpose.

[Table of Contents](#)

Our Series L Preferred Stock ranks junior to our Common Stock to the extent of the Initial Dividend (as defined below) and our Series A Preferred Stock with respect to distributions.

The rights of the holders of shares of our Series A Preferred Stock and, to the extent of the Initial Dividend, our Common Stock rank senior to the rights of the holders of shares of our Series L Preferred Stock as to distributions. Subject to certain exceptions, holders of our Series L Preferred Stock are entitled to cumulative cash distributions in ILS on each share of Series L Preferred Stock at an annual rate of [•] percent ([•]%) of the Series L Stated Value (as converted to USD at the Initial Exchange Rate), which annual amount we refer to as the Annual Series L Preferred Distribution. We will be permitted to declare and pay a portion or all of the Annual Series L Preferred Distribution, which we refer to as the Series L Preferred Distribution, in a given quarter only if the Series L Distribution Conditions are met. The Series L Distribution Conditions require the declaration and payment of the “Initial Dividend,” which for a given year is a minimum annual amount, in USD, that will be announced by us at the end of the prior fiscal year. While there are no limitations on the maximum amount of the Initial Dividend that can be paid in a particular year, it is our intention that we would not announce an Initial Dividend for any given year that, based on the information then reasonably available to us at the time of announcement, we believe would cause us to be unable to make a future distribution on our Series L Preferred Stock or on any other outstanding share of preferred stock.

Distributions made on the Series L Preferred Stock may be subject to U.S. withholding.

We do not expect to treat distributions with respect to our Series L Preferred Stock as being paid out of our earnings and profits if the sum of the dividends on the Series A Preferred Stock and the Initial Dividend exceeds our earnings and profits for each year. However, we may treat distributions with respect to Series L Preferred Stock as being paid out of our earnings and profits if earnings and profits are substantially higher than anticipated. This could occur, for example, if we engage in sales of assets that are not currently contemplated or our earnings and profits otherwise prove to be in excess of what we anticipated. In addition, it is possible distributions on the Series L Preferred Stock could be considered paid out of our earnings and profits if the Internal Revenue Service, or IRS, were to disagree with the manner in which we intend to allocate earnings and profits. Moreover, if the Initial Dividend is set to zero for a year as described in “Description of Our Capital Stock and the Securities Offered—Securities Offered in This Offering—Series L Preferred Stock—Distributions” in this prospectus, we expect that distributions made on our Series L Preferred Stock for such year will be paid out of our earnings and profits, in which case such distributions would be subject to withholding. For a further discussion, see “Material U.S. Federal Income Tax Consequences” in this prospectus.

In addition, if the portion of the Unit Price allocated to each share of Series L Preferred Stock is lower than the price at which our Series L Preferred Stock may be redeemed under certain circumstances (or if a non-U.S. stockholder is considered to have subscribed for its Series L Preferred Stock for less than such allocated portion of the Unit Price), this difference in price, which we refer to as the redemption premium, may be treated as a constructive distribution under Section 305(c) of the Code, unless the redemption premium is less than a statutory de minimis amount. The allocation of our earnings and profits to any constructive distribution described above is unclear. We believe it would be reasonable to take the position that any such constructive distribution should be allocated earnings and profits after earnings and profits are allocated first to dividends on our Series A Preferred Stock, the Initial Dividend and our Series L Preferred Distributions. Accordingly, unless our earnings and profits exceed the sum of the dividends on the Series A Preferred Stock, the Initial Dividend and the dividends on our Series L Preferred Stock for such year, we do not expect to treat any such constructive distributions as having been paid out of earnings and profits, and therefore do not expect to withhold on any such distributions in such year.

However, it is possible that any constructive distributions on our Series L Preferred Stock could be considered paid out of our earnings and profits if the IRS were to disagree with the manner in which we intend to allocate earnings and profits.

Changes in U.S. federal, state and local tax laws or regulations, with or without retroactive application, could have a negative effect on us.

New legislation, U.S. Treasury regulations, administrative interpretations or court decisions could significantly and negatively affect our ability to qualify to be taxed as a REIT and/or the U.S. federal income tax consequences to our investors and to us of such qualification. In addition, recent events and the shortfall in tax revenues for states and municipalities in recent years may lead to an increase in the frequency and size of such tax law changes. Even changes that do not impose greater taxes on us could potentially result in adverse consequences to our stockholders. For example, a decrease in corporate tax rates could decrease the attractiveness of the REIT structure relative to companies that are not organized as REITs.

The cash distributions received by holders of our Series L Preferred Stock may be less frequent or lower in amount than expected by such holders.

Our Board of Directors will determine the amount and timing of distributions on our Series L Preferred Stock. In making this determination, our Board of Directors will consider all relevant factors, including the amount of cash resources available for distributions, capital spending plans, cash flow, financial position, applicable requirements of the Maryland General Corporate Law, or the MGCL, and any applicable contractual restrictions. We cannot assure that we will be able to consistently generate sufficient available cash flow to fund distributions on our Series L Preferred Stock, nor can we assure that sufficient cash will be available to make distributions on our Series L Preferred Stock. While the holders are entitled to receive, if, as and when authorized by our Board of Directors and declared by us out of legally available funds, the Series L Preferred Distribution, we cannot predict with certainty the amount of distributions holders of our Series L Preferred Stock may receive and we may be unable to pay, maintain or increase distributions over time. Our ability to pay the Series L Preferred Distribution is limited by the conditions discussed in “Description of Our Capital Stock and the Securities Offered—Securities Offered in This Offering—Series L Preferred Stock—Distributions.”

[Table of Contents](#)

Any payment of distributions, the redemption price or the liquidation preference of our Series L Preferred Stock will be subject to currency risk, which will be borne entirely by holders of our Series L Preferred Stock.

The Company operates entirely within the United States and our financial results are reported in USD. However, distributions on and payments related to our Series L Preferred Stock will be calculated and declared by us in USD, but will be paid in ILS. As a result, holders of our Series L Preferred Stock will bear the currency risk associated with any distributions, redemption price or liquidation preference paid on shares of our Series L Preferred Stock. We will not adjust the terms of our Series L Preferred Stock to compensate for any changes in foreign currency exchange rates or policies.

Each share of Series L Preferred Stock will have an initial “Series L Stated Value” of 100 ILS per share of Series L Preferred Stock, which will be converted for all purposes of computations based on stated value (e.g., amounts of distributions, redemption price, etc.) to U.S. dollars, or USD, at an exchange rate, which we refer to as the Initial Exchange Rate, equal to the weighted average of the ILS/USD exchange rates of all the transactions (which shall be no fewer than five of an equal size) completed by the Bank(s) through which the gross proceeds from the offering are converted to USD on the first day on which the TASE is open for trading following the Closing Day (as defined in “Plan of Distribution” in this prospectus). As a result, the Series L Stated Value (as converted to USD at the Initial Exchange Rate) could be less than the initial Series L Stated Value (as converted to USD at a then prevailing exchange rate), depending on fluctuations in exchange rates between USD and ILS. The Series L Stated Value will also be subject to adjustment in relation to certain events as described in “Description of Our Capital Stock and the Securities Offered—Securities Offered in This Offering—Series L Preferred Stock—Stated Value.”

We will declare the amount of the Series L Preferred Distribution, if any, in USD no later than the earlier of (i) 20 days or (ii) eight TASE Trading Days prior to the end of any quarter for which a Series L Preferred Distribution is authorized by our Board of Directors. Holders will receive payment, in ILS, at an exchange rate, which we refer to as the Current Exchange Rate, equal to the weighted average of the USD/ILS exchange rates of all the transactions (which shall be one or more) completed by the Bank(s) through which the payment is converted to ILS on the third TASE Trading Day preceding the Series L Preferred Distribution Payment Date, which will be, at the selection of the Company, a date on or prior to the 18th day of the month following the quarter for which a distribution is declared; provided, however, that the Series L Preferred Distribution Payment Date may be later if so allowed by regulations of the TASE. As a result, holders of our Series L Preferred Stock may be exposed to fluctuations in the USD/ILS exchange rate between the date on which the Series L Preferred Distribution is converted from USD to ILS and the Series L Preferred Distribution Payment Date. This currency risk may affect the value of our Series L Preferred Stock. Specifically, as the value of USD relative to ILS declines, the ILS equivalent of our distributions on Series L Preferred Stock declared in USD will also decline. Therefore, distributions received by holders of our Series L Preferred Stock will likely fluctuate each quarter, even if the Company pays the full Series L Preferred Distribution due and payable each quarter.

From and after the fifth anniversary (or earlier in limited circumstances in the event of redemption at the option of a holder) of the date of original issuance of the shares of Series L Preferred Stock, each holder will have the right to require the Company to redeem, and the Company will also have the option to redeem, subject to conditions discussed in “Description of Our Capital Stock and Securities Offered—Securities Offered in This Offering—Series L Preferred Stock” in this prospectus, on a quarterly basis, all or any of the shares of our Series L Preferred Stock. To the extent the Company chooses to pay the redemption price in cash, the redemption price will be paid by the Company in ILS based on the Current Exchange Rate on the third TASE Trading Day preceding the Series L Preferred Distribution Payment Date (if pursuant to redemption at the option of a holder) or on the Series L Preferred Distribution Payment Date (if pursuant to redemption at the option of the Company). As a result, holders of our Series L Preferred Stock will be exposed to fluctuations in the USD to ILS exchange rate for a period of up to three TASE Trading Days.

Likewise, any liquidation preference payable to a holder of our Series L Preferred Stock will be paid in ILS and will present the same currency risks as detailed above.

We will not pay any portion of the redemption price related to accrued and unpaid Series L Preferred Distributions if the Series L Distribution Conditions are not satisfied.

From and after the fifth anniversary of the date of original issuance of the shares of Series L Preferred Stock (or earlier, as provided in the following paragraph), each holder will have the right to require the Company to redeem all or any of the shares of Series L Preferred Stock held by such holder at a redemption price equal to 100% of the Series L Stated Value (as converted to USD at the Initial Exchange Rate) plus, provided the Series L Distribution Conditions are satisfied and the Company is otherwise permitted to pay Series L Preferred Distributions as of the effective date of the redemption, any accrued and unpaid Series L Preferred Distributions through and including the effective date of the redemption. A holder that redeems Series L Preferred Stock at a time when the Series L Distribution Conditions are not satisfied will forfeit any accrued and unpaid Series L Preferred Distributions as of the effective date of redemption.

[Table of Contents](#)

Notwithstanding the foregoing, a holder will have the right to require the Company to redeem all or any shares of Series L Preferred Stock held by such holder at any time prior to the fifth anniversary of the date of issuance of such shares if the Company does not declare and pay in full the Series L Preferred Distribution for any completed quarterly period prior to such fifth anniversary and provided that the Company does not declare and pay all accrued and unpaid quarterly distributions prior to the effective date of such redemption; and provided, however, that no holder of our Series L Preferred Stock may redeem such shares at any time prior to the first anniversary of the date of original issuance if, as of the effective date of redemption, dividends on our Series A Preferred Stock are in arrears. The redemption price in those circumstances will be equal to 100% of the Series L Stated Value (as converted to USD at the Initial Exchange Rate) and the holder will forfeit any accrued and unpaid Series L Preferred Distributions as of the effective date of the redemption.

In addition, if for any given quarter the Series L Distribution Conditions are not met or the Company is in arrears the Series L Preferred Distribution as of such quarter, we will not be able to exercise our redemption right as the redemption price includes accrued and unpaid Series L Preferred Distributions through and including the effective date of the redemption.

If we are in arrears on our Series A Preferred Stock, holders of Series L Preferred Stock will not be able to exercise their accelerated right to redeem shares of Series L Preferred Stock in the first year following issuance.

A holder will have the right to require the Company to redeem all or any shares of Series L Preferred Stock held by such holder at any time prior to the fifth anniversary of the date of issuance of such shares if the Company does not declare and pay in full the Series L Preferred Distribution for any completed quarterly period prior to such fifth anniversary and provided that the Company does not declare and pay all accrued and unpaid quarterly distributions prior to the effective date of such redemption. During the first year after issuance, the redemption price in the event of any such accelerated redemption may be paid only in cash. Under the terms of our Series A Preferred Stock contained in our charter, if we are in arrears on our Series A Preferred Stock, we are not permitted to redeem shares of any class or series of securities ranking on parity or junior to the Series A Preferred Stock (other than in shares of junior stock). As a result of these provisions, if we are in arrears on our Series A Preferred Stock during the first year after issuance of our Series L Preferred Stock, no holder of our Series L Preferred Stock will be able to exercise that accelerated right of redemption during that first year.

An investment in our Series L Preferred Stock by a holder whose home currency is not ILS entails significant risks.

An investment in securities that are denominated in, and all payment in respect of which are to be made in, a currency other than the currency of the country in which the purchaser is resident or the currency in which the purchaser conducts its business or activities, which we refer to as the home currency, entails significant risks not associated with a similar investment in a security denominated in the home currency. These risks include the possibility of significant changes in rates of exchange between the home currency of the holder and ILS, costs of conversion between the home currency of the holder and ILS, and the possibility of the imposition or subsequent modification of foreign exchange controls.

Any distributions on, or cash redemption price related to, our Series L Preferred Stock will be paid in ILS. In the past, rates of exchange between ILS and certain currencies have been highly volatile and volatility may occur in the future. However, past fluctuations in any particular exchange rate are not necessarily indicative of fluctuations in the rate that may occur in the future. As the value of ILS declines in relation to the home currency of a holder of our Series L Preferred Stock, such holder will experience a decrease in the yield associated with our Series L Preferred Stock and may experience a loss.

The liquidation preference of our Series L Preferred Stock ranks subordinate to the claims of our creditors and, with respect to any accrued and unpaid Series L Preferred Distributions, subordinate to our Series A Preferred Stock and Common Stock to the extent of the Initial Dividend, and, with respect to the Series L Stated Value, on parity with our Series A Preferred Stock and any other capital stock on parity with respect to liquidation that we may issue in the future.

Upon any voluntary or involuntary liquidation, dissolution or winding-up of our affairs, after payment or provision for our debts and other liabilities, our assets legally available for distribution to our stockholders will be distributed as follows:

- first, pro rata to (i) holders of our Series L Preferred Stock, in an amount per share equal to the Series L Stated Value, as converted to USD at the Initial Exchange Rate, (ii) holders of our Series A Preferred Stock, in an amount per share equal to the Series A Stated Value (as defined in “Description of Our Capital Stock and the Securities Offered-Series A Preferred Stock” in this prospectus), plus an amount equal to all accumulated, accrued and unpaid dividends (whether or not declared) on of our Series A Preferred Stock and (iii) holders of any other class or series of capital stock ranking on parity with our Series L Preferred Stock and Series A Preferred Stock with respect to rights upon our redemption, liquidation, winding-up or dissolution, to the extent provided by the terms of such class or series of capital stock;

[Table of Contents](#)

- second, to holders of our Common Stock in an amount equal to the amount of any unpaid Initial Dividend;
- third, to holders of our Series L Preferred Stock in an amount equal to any accrued and unpaid Series L Preferred Distribution; and
- fourth, to holders of our Common Stock and any other class or series of capital stock ranking junior to our Series L Preferred Stock.

The rights of holders of our Series L Preferred Stock in relation to the rights of holders of our Series A Preferred Stock, Common Stock and other classes or series of capital stock could negatively impact the return on investment of our Series L Preferred Stock in the event the Company is liquidated, dissolved or wound-up. The terms of the Series L Preferred Stock do not restrict our ability to authorize or issue shares of a class or series of preferred stock with rights to distributions or upon liquidation that are on parity with or senior to the Series L Preferred Stock or to incur additional indebtedness. The terms of the Series L Preferred Stock do not contain any provision affording the holders of shares of Series L Preferred Stock protection in the event of a highly leveraged or other transaction, including a merger or the sale, lease or conveyance of all or substantially all of our assets or business.

The terms of our Series L Preferred Stock do not contain any financial covenants.

The terms of our Series L Preferred Stock do not contain any financial covenants such as limitations on indebtedness and distributions. As of March 31, 2017, our total consolidated indebtedness was approximately \$939,334,000, and we may incur additional debt in the future. The Series L Preferred Stock is subordinate to all of our existing and future debt and liabilities. Our future debt may include restrictions on our ability to pay distributions to preferred stockholders or make redemptions in the event of a default under such debt agreements or other circumstances. In addition, while the Series L Preferred Stock ranks senior to our Common Stock with respect to payment of distributions, except to the extent of the Initial Dividend, and amounts payable upon our liquidation, dissolution or winding up, to the extent of the Series L Stated Value, we are allowed to pay dividends on our Common Stock so long as we are current in the payment of the Series L Preferred Distribution and dividends on shares of our Series A Preferred Stock. Further, the terms of our Series L Preferred Stock do not restrict our ability to repurchase shares of our Common Stock so long as we are current in the payment of Series L Preferred Distributions. Such dividends on or repurchases of our Common Stock may reduce the amount of cash on hand to pay the redemption price of our Series L Preferred Stock in cash (if we so choose).

Holders of our Series L Preferred Stock will have no voting rights with respect to such shares.

The terms of our Series L Preferred Stock do not entitle holders to voting rights. Our Common Stock is currently the only class of our capital stock that carries any voting rights. Unless and until a holder of our Series L Preferred Stock acquires shares of our Common Stock upon the redemption of such shares, such holder will have no rights with respect to the shares of our Common Stock issuable upon redemption of our Series L Preferred Stock. If, at our discretion, a holder of our Series L Preferred Stock is issued shares of our Common Stock upon redemption, such holder will be entitled to exercise the rights of holders of our Common Stock only as to matters for which the record date occurs after the effective date of redemption.

Shares of Series L Preferred Stock may be redeemed for shares of Common Stock, which ranks junior to the Series L Preferred Stock, except to the extent of the Initial Dividend, with respect to distributions, and upon liquidation to the extent of the Series L Stated Value.

From and after the fifth anniversary (or earlier in limited circumstances) of the date of original issuance of the shares of Series L Preferred Stock, the holder of such shares may require us to redeem such shares, with the applicable redemption price payable, at our option and in our sole discretion, in cash, shares of our Common Stock or a combination of cash and shares of our Common Stock. For more information regarding the accelerated right of redemption, see “Description of Our Capital Stock and the Securities Offered—Securities Offered in This Offering—Series L Preferred Stock—Redemption at the Option of a Holder” in this prospectus. The rights of the holders of shares of Series L Preferred Stock rank senior to the rights of the holders of shares of our Common Stock as to distributions, except as to the Initial Dividend. Upon liquidation, dissolution or winding up of our Company, our Series L Preferred Stock ranks (a) (i) to the extent of the Series L Stated Value, subordinate to the claims of our creditors, (ii) to the extent of the Series L Stated Value, on parity with our Series A Preferred Stock and any other capital stock on parity with respect to liquidation that we may issue in the future and (iii) to the extent of the Series L Stated Value and, following payment to holders of Common Stock of an amount equal to any unpaid Initial Dividend, to the extent of an amount equal to any accrued and unpaid Series L Preferred Distributions, senior to our Common Stock, and (b) with respect to any accrued and unpaid Series L Preferred Distributions, subordinate to the claims of our creditors, our Series A Preferred Stock and, to the extent of the Initial Dividend, our Common Stock. See “Description of Our Capital Stock and the Securities Offered—Securities Offered in This Offering—Series L Preferred Stock—Liquidation Preference” in this prospectus.

[Table of Contents](#)

We have the option to redeem shares of Series L Preferred Stock under certain circumstances without the consent of the holder of such shares.

From and after the fifth anniversary of the date of original issuance of the shares of our Series L Preferred Stock, we will have the right (but not the obligation) to redeem any or all shares of our Series L Preferred Stock at a redemption price equal to 100% of the Series L Stated Value (as converted to USD at the Initial Exchange Rate) plus any accrued and unpaid Series L Preferred Distributions as of the effective date of redemption. However, if for any given quarter the Series L Distribution Conditions are not met, or we are in arrears on the Series L Preferred Distributions, we will not be able to exercise our redemption right.

We have the right, at our option and in our sole discretion, to pay the redemption price (1) in cash, in ILS, based on the Current Exchange Rate on the Series L Preferred Distribution Payment Date, (2) in equal value through the issuance of shares of Common Stock, with such value of Common Stock to be determined based on the lower of (i) our NAV per share of our Common Stock as most recently published by the Company as of the effective date of redemption and (ii) the Aggregate VWAP of our Common Stock (as described in “Description of Our Capital Stock and the Securities Offered—Securities Offered in This Offering—Series L Preferred Stock—Redemption at the Option of a Holder”), or (3) in a combination of cash, in ILS, and our Common Stock, based on the conversion mechanisms set forth in (1) and (2), respectively.

We have the option to pay the redemption price upon redemption of shares of Series L Preferred Stock in cash even if holders may receive more value for such shares if redeemed in Common Stock.

We have the right, at our option and in our sole discretion, to pay the redemption price upon redemption of shares of Series L Preferred Stock by the holder or by us (1) in cash, in ILS, based on the Current Exchange Rate on either (i) the third TASE Trading Day preceding the Series L Preferred Distribution Payment Date (if redeemed by the holder) or (ii) the Series L Preferred Distribution Payment Date (if redeemed by us), (2) in equal value through the issuance of shares of Common Stock, with such value of Common Stock to be determined based on the lower of (i) our NAV per share of our Common Stock as most recently published by the Company as of the effective date of redemption and (ii) the Aggregate VWAP of our Common Stock (as described in “Description of Our Capital Stock and the Securities Offered—Securities Offered in This Offering—Series L Preferred Stock—Redemption at the Option of a Holder”), or (3) in a combination of cash, in ILS, and our Common Stock, based on the conversion mechanisms set forth in (1) and (2), respectively. Even if the holder may receive more value for their shares of Series L Preferred Stock if the redemption price is paid in Common Stock, we have the option, in our sole discretion, to pay the redemption price in cash.

The ownership percentage of holders of our securities may be diluted if we issue new shares of Common Stock or other securities, and issuances of additional preferred stock or other securities by us may further subordinate the rights of the holders of our Series L Preferred Stock and Common Stock (which holders of Series L Preferred Stock may become upon receipt of redemption payments in shares of our Common Stock).

We may make redemption payments under the terms of our Series L Preferred Stock in shares of our Common Stock. Although the dollar amounts of such payments are unknown, the number of shares to be issued in connection with such payments

may fluctuate based on the price of our Common Stock. Any sales or perceived sales in the public market of shares of our Common Stock issuable upon such redemption payments could adversely affect prevailing market prices of shares of our Common Stock. The issuance of shares of our Common Stock upon such redemption payments also may have the effect of reducing our net income per share (or increasing our net loss per share) or reducing our NAV per share of Common Stock. In addition, the existence of our Series L Preferred Stock and Series A Preferred Stock may encourage short selling by market participants because the existence of redemption payments could depress the market price of shares of our Common Stock.

Our Board of Directors is authorized, without stockholder approval, to cause us to issue additional shares of our Common Stock or to raise capital through the issuance of shares of preferred stock and equity or debt securities convertible into Common Stock, preferred stock, options, warrants and other rights, on such terms and for such consideration as our Board of Directors in its sole discretion may determine. Any such issuance could result in dilution of the equity of our stockholders, as applicable. In addition, our Board of Directors may, in its sole discretion, authorize us to issue Common Stock or other equity or debt securities to persons from whom we purchase properties, as part or all of the purchase price of the property. Our Board of Directors, in its sole discretion, may determine the price of any Common Stock or other equity or debt securities issued in consideration of such properties or services provided, or to be provided, to us.

[Table of Contents](#)

Our charter also authorizes our Board of Directors, without stockholder approval, to designate and issue one or more classes or series of preferred stock in addition to our Series L Preferred Stock (and Series A Preferred Stock) and equity or debt securities convertible into preferred stock and to set the voting powers, conversion or other rights, preferences, restrictions, limitations as to dividends or other distributions and qualifications or terms or conditions of redemption of each class or series of shares so issued. If any additional preferred stock is publicly offered, the terms and conditions of such preferred stock (or other equity or debt securities convertible into preferred stock) will be set forth in a registration statement registering the issuance of such preferred stock or equity or debt securities convertible into preferred stock. Because our Board of Directors has the power to establish the preferences and rights of each class or series of preferred stock, it may afford the holders of any series or class of preferred stock preferences, powers, and rights senior to the rights of holders of Series L Preferred Stock or Common Stock. If we ever create and issue additional preferred stock or equity or debt securities convertible into preferred stock with a distribution preference over the Series L Preferred Stock or Common Stock, payment of any distribution preferences of such new outstanding preferred stock would reduce the amount of funds available for the payment of distributions on our Series L Preferred Stock or Common Stock. Further, holders of preferred stock are normally entitled to receive a preference payment if we liquidate, dissolve, or wind up before any payment is made to the holders of our Common Stock, likely reducing the amount the holders of our Common Stock would otherwise receive upon such an occurrence. In addition, under certain circumstances, the issuance of additional preferred stock may delay, prevent, render more difficult or tend to discourage, a merger, tender offer, or proxy contest, the assumption of control by a holder of a large block of our securities, or the removal of incumbent management.

Stockholders have no rights to buy additional shares of stock or other securities if we issue new shares of stock or other securities. We may issue Common Stock, convertible debt or preferred stock pursuant to subsequent public offerings or private placements. Investors in our Series L Preferred Stock or Common Stock who do not participate in any future stock issuances will experience dilution in the percentage of the issued and outstanding stock they own. In addition, depending on the terms and pricing of any future offerings and the value of our investments, such investors may experience dilution in the book value and fair market value of, and the amount of distributions paid on, their shares of Series L Preferred Stock and/or Common Stock, if any.

Our ability to redeem shares of our Series L Preferred Stock may be limited by Maryland law.

Under Maryland law, a corporation may redeem stock as long as, after giving effect to the redemption, the corporation is able to pay its debts as they become due in the usual course (the equity solvency test) and its total assets exceed the sum of its total liabilities plus, unless its charter permits otherwise, the amount that would be needed, if the corporation were to be dissolved at the time of the redemption, to satisfy the preferential rights upon dissolution of stockholders when preferential rights on dissolution are superior to those whose stock is being redeemed (the balance sheet solvency test). If the Company is insolvent at any time when a redemption of shares of Series L Preferred Stock is required to be made, the Company may not be able to effect such redemption.

Our charter contains restrictions upon ownership and transfer of the Series L Preferred Stock, which may impair the ability of holders to acquire the Series L Preferred Stock and the shares of Common Stock upon redemption of Series L Preferred Stock, if the Company elects to pay the redemption price in shares of Common Stock.

Our charter contains restrictions on ownership and transfer of the Series L Preferred Stock and Common Stock that are intended to assist us in maintaining our qualification as a REIT for federal income tax purposes, including a prohibition on the beneficial or constructive ownership of more than 9.8%, in number or value, whichever is more restrictive, of the aggregate of our outstanding shares of capital stock. See “Description of Our Capital Stock and the Securities Offered—Restrictions on Ownership and Transfer” in this prospectus. These ownership limitations should be considered prior to purchasing our Series L Preferred Stock.

Holders of our securities are subject to inflation risk.

Inflation is the reduction in the purchasing power of money resulting from the increase in the price of goods and services. Inflation risk is the risk that the inflation-adjusted, or “real,” value of an investment in our Series L Preferred Stock or Common Stock, or the income from that investment, will be worth less in the future. As inflation occurs, the real value of our Series L Preferred Stock and Common Stock may decline, and the value of our Series L Preferred Distribution will decline because the rate of distribution will remain the same.

[Table of Contents](#)

If market interest rates go up, prospective purchasers of shares of our Series L Preferred Stock or Common Stock may expect a higher distribution rate on their investment. Higher market interest rates would not, however, result in more funds for us to pay distributions and, to the contrary, would likely increase our borrowing costs and potentially decrease funds available for distributions, and higher interest rates will not change the distribution rate on the Series L Preferred Stock. Thus, higher market interest rates could cause the market price of our Series L Preferred Stock or Common Stock to decline.

Risks Related to the Tender Process

The Tender Process may result in a phenomenon known as the “winner’s curse,” and, as a result, investors may experience significant losses.

The Tender Process may result in a phenomenon known as the “winner’s curse.” At the conclusion of the Tender Process, bidders that receive allocations of our Series L Units in the offering, which we refer to as successful bidders, may infer that there is little incremental demand for our Series L Units above or equal to the public trading price. As a result, successful bidders may conclude that they paid too much for our Series L Units and could seek to immediately sell their Series L Units to limit their losses should the price of our Series L Preferred Stock decline. In this situation, other investors that did not submit successful bids may wait for this selling to be completed, resulting in reduced demand for our Series L Preferred Stock in the public market and a significant decline in the price of our Series L Preferred Stock. Therefore, we caution investors that submitting successful bids and receiving allocations may be followed by a significant decline in the value of their investment in our Series L Preferred Stock shortly after our offering.

The Tender Process may result in a situation in which less price-sensitive investors play a larger role in the determination of the Unit Price and constitute a larger portion of the investors in our offering, and, therefore, the Unit Price may not be sustainable.

In a typical public offering, a majority of the securities sold to the public are purchased by professional investors that have significant experience in determining valuations for companies. These professional investors typically have access to, or conduct their own, independent research and analysis regarding investments. Other investors typically have less access to this level of research and analysis, and, as a result, may be less sensitive to price when participating in the Tender Process. Because of the Tender Process, these less price-sensitive investors may have a greater influence in setting the Unit Price and may have a higher level of participation in our offering than is normal. This, in turn, could cause the Tender Process to result in a Unit Price that is higher than the price professional investors are willing to pay for our Series L Units. As a result, the market price of our Series L Preferred Stock may decrease once trading begins. Also, because professional investors may have a substantial degree of influence on the trading price of our Series L Preferred Stock over time, the price of our Series L Preferred Stock may decline and not recover after our offering. Furthermore, if the Unit Price is above the level that investors determine to be reasonable for our shares, certain investors might attempt to short sell the stock after trading begins, which would create additional downward pressure on the trading price of our Series L Preferred Stock.

Successful bidders may receive the full number Series L Units subject to their bids, so potential investors should not submit bids for more Series L Units than they are prepared to purchase.

Successful bidders may be allocated all or almost all of the Series L Units that they bid for in the auction. Therefore, we caution investors against submitting a bid that does not accurately represent the number of Series L Units that they are willing and prepared to purchase. Up to three bids may be submitted by a single bidder, and, in the case of a bidder who exceeds this limit, only the three highest offers will be considered. Multiple bids cast are independent of each other and, as a result, each of the three highest offers by a single bidder may result in an allocation of our Series L Units to such bidder. All submitted bids are revocable until the earlier of 5:30 p.m. Israel time on the Date of Tender or the close of operating hours of the Authorized Entities through which bids are submitted on the date of Tender as provided in “Plan of Distribution-Submission of Bids in the Public Tender Process” in this prospectus.

If research analysts publish or establish target prices for our Series L Preferred Stock that are below the allocated portion of the Unit Price per share of our Series L Preferred Stock, the price of our Series L Preferred Stock may fall.

Although the Unit Price may have little or no relationship to a price that would be determined using traditional indicators of value (such as our future prospects and those of our industry in general; our financial and operating information; multiples of revenue, earnings, cash flows and other operating metrics; market prices of our securities and other financial and operating information of companies engaged in activities similar to ours), research analysts may rely upon these valuation methods to establish target prices for our Series L Preferred Stock. If research analysts publish target prices for our Series L Preferred Stock that are below the allocation portion of the Unit Price per share of our Series L Preferred Stock, the market price of our Series L Preferred Stock may decline.

[Table of Contents](#)

The mechanics of the Tender Process make it difficult for persons not having an account with an Authorized Entity at the time of the Tender Process to place a bid for our Series L Units.

The Tender Process will be conducted in accordance with the Israeli Securities Law of 1968 and regulations promulgated thereunder as well as rules established by the TASE. Although the Tender Process is open to all persons who wish to participate, with the exception of the Early Bidding Process for Classified Investors as described in “Plan of Distribution—Early Bidding by Classified Investors” in this prospectus, bids for our Series L Units must be submitted through an Authorized Entity. This requirement may make it difficult and/or costly for persons without an account with an Authorized Entity to bid on our Series L Units. For a description of the Tender Process, including how to submit a bid for our Series L Units, see “Plan of Distribution” in this prospectus.

There is no minimum offering amount required to consummate this offering.

We are offering up to [•] Series L Units on a “best efforts” basis, and there is no minimum number of Series L Units which must be sold in order for us to consummate this offering. Accordingly, the amount of money raised may not be sufficient for us to meet our business objectives. Moreover, if only a small amount of money is raised, all or substantially all of the offering proceeds may be applied to cover the offering expenses and we will not otherwise benefit from the offering. Additionally, if few Series L Units are sold in the offering, but we nonetheless choose to complete the offering, there may not be enough shares to facilitate an active trading market for our Series L Preferred Stock. While Classified Investors have submitted bids prior to the commencement of the Public Tender Process (as described in “Plan of Distribution—Early Bidding by Classified Investors” in this prospectus), such bids are revocable until the earlier of 5:30 p.m. Israel time or the close of operating hours of the Authorized Entities through which bids are submitted on the Date of Tender. No assurance can be given that Classified Investors will participate in the Tender Process in those amounts, if at all.

[Table of Contents](#)

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

The information set forth herein contains “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, which we refer to as the Securities Act, and Section 21E of the Securities Exchange Act of 1934, which we refer to as the Exchange Act, which are intended to be covered by the safe harbors created thereby. You can identify these statements by the fact that they do not relate strictly to historical or current facts or discuss the business and affairs of CIM Commercial on a prospective basis. Further, statements that include words such as “may,” “will,” “project,” “might,” “expect,” “believe,” “anticipate,” “intend,” “target,” “could,” “would,” “estimate,” “continue,” “pursue” or “should” or the negative or other words or expressions of similar meaning, may identify forward-looking statements. CIM Commercial bases these forward-looking statements on particular assumptions that it has made in light of its experience, as well as its perception of expected future developments and other factors that it believes are appropriate under the circumstances. As you read and consider the information herein, you are cautioned to not place undue reliance on these forward-looking statements. These statements are not guarantees of performance or results and speak only as of the date of this prospectus. These forward-looking statements involve risks, uncertainties and assumptions. In light of these risks and uncertainties, there can be no assurance that the results and events contemplated by the forward-looking statements contained herein will in fact transpire. New factors emerge from time to time, and it is not possible for CIM Commercial to predict all of them. Nor can CIM Commercial assess the impact of each such factor or the extent to which any factor, or combination of factors may cause results to differ materially from those contained in any forward-looking statement.

Forward-looking statements are necessary estimates reflecting the judgment of CIM Commercial and involve a number of risks and uncertainties that could cause actual results to differ materially from those suggested by the forward-looking statements. Factors that could cause actual results to differ from those discussed in the forward-looking statements include but are not limited to:

- global, national, regional and local economic conditions;
- competition from other available space;
- local conditions such as an oversupply of space or a reduction in demand for real estate in the area;
- management of our properties;
- the development and/or redevelopment of our properties;
- changes in market rental rates;
- the timing and costs associated with property improvements and rentals;
- whether we are able to pass all or portions of any increases in operating costs through to tenants;
- changes in real estate taxes and other expenses;
- whether tenants and users such as customers and shoppers consider a property attractive;
- the financial condition of our tenants, including the extent of tenant bankruptcies or defaults;
- availability of financing on acceptable terms or at all;
- inflation, interest rate, securities market and monetary fluctuations;
- movements in interest rates;
- negative trends in our market capitalization and adverse changes in the price of our Common Stock;
- political instability;
- acts of war or terrorism;

[Table of Contents](#)

- changes in consumer spending, borrowings and savings habits;
- technological changes;
- our ability to obtain adequate insurance;
- changes in zoning laws and taxation;
- government regulation;
- consequences of any armed conflict involving, or terrorist attacks against, the United States or individual acts of violence in public spaces including retail centers;
- potential liability under environmental or other laws or regulations;
- natural disasters;
- general competitive factors;

- climate changes;
- the effect of changes in accounting policies and practices, as may be adopted by the regulatory agencies, as well as the Public Company Accounting Oversight Board, the Financial Accounting Standards Board and other accounting standard setters;
- ability to retain and attract skilled employees;
- changes in our organization, compensation and benefit plans; and
- our success at managing the risks involved in the foregoing items.

Forward-looking statements speak only as of the date on which such statements are made. We undertake no obligation to publicly update or release any revisions to these forward-looking statements to reflect events or circumstances after the date of this prospectus or to reflect the occurrence of unanticipated events, except as required by law.

[Table of Contents](#)

ESTIMATED USE OF PROCEEDS

We are offering up to [●] Series L Units on a best-efforts basis. The Unit Price will be determined by the Tender Process, as detailed in “Plan of Distribution” in this prospectus. There is no assurance that we will sell the maximum number of Series L Units offered by this offering or that we will sell any Series L Units at all. Assuming the maximum offering and an offering price per Series L Unit of ILS [●] (approximately \$[●]), which is the midpoint of the range listed on the cover of this prospectus, we estimate that we will receive net proceeds from the sale of the Series L Units in this offering of approximately \$[●] after deducting estimated offering expenses, including the distribution fee and expenses payable by us of approximately \$[●] as described in “Plan of Distribution” in this prospectus.

We intend to use the net proceeds from this offering for general corporate purposes including, without limitation, acquisitions and additional investments consistent with our acquisition and asset management strategies, repayment of debt, working capital, and acquisitions of shares of our Common Stock, whether through one or more tender offers, share repurchases or otherwise.

[Table of Contents](#)

SECURITY OWNERSHIP OF OUR BOARD OF DIRECTORS, EXECUTIVE OFFICERS AND CURRENT BENEFICIAL OWNERS

Directors and Executive Officers

The following table sets forth certain information regarding the beneficial ownership of our Common Stock and Series A Preferred Stock as of [●], 2017 by (1) each named executive officer, (2) each current director and (3) all executive officers and directors as a group.

Name of Beneficial Owner(1)	Common Stock		Series A Preferred Stock	
	No. of Shares	Percent of Class	No. of Shares	Percent of Class
Charles E. Garner II	9,779	*	20,000	13.8%
Jan F. Salit	52,601(2)	*	—	—
David Thompson	—	—	—	—
Richard Ressler	82,285,069(3)	97.90%	—	—
Avi Shemesh	82,270,023(3)	97.88%	—	—
Shaul Kuba	82,270,023(3)	97.88%	—	—
Kelly Eppich	5,163	*	—	—
Douglas Bech	12,392	*	—	—
Robert Cresci	7,633	*	—	—
Frank Golay, Jr.	7,392	*	—	—
Directors and Executive Officers as a group	82,411,255	98.05%	20,000	13.8%

(10 persons)

* Less than 1%.

- (1) The business address of Messrs. Garner, Salit, Bech, Cresci and Golay, for the purposes hereof, is c/o CIM Commercial Trust Corporation, 17950 Preston Road, Suite 600, Dallas, Texas 75252. The business address of Messrs. Thompson, Ressler, Shemesh, Kuba and Eppich, for the purposes hereof, is c/o CIM Group, 4700 Wilshire Boulevard, Los Angeles, California 90010.
- (2) Mr. Salit has sole voting and investment power over these shares, which include 122 shares held in an IRA.
- (3) CIM Group, LLC is the sole manager of CIM Urban Partners GP, LLC, which is the sole managing member of Urban II, which has the power to vote and dispose of these shares. Shaul Kuba, Richard Ressler and Avi Shemesh may be deemed to beneficially own these shares by virtue of their positions with CIM Group, LLC. Messrs. Ressler, Shemesh and Kuba may also be deemed to beneficially own 353,944 shares owned by CIM Service Provider, LLC of which CIM Group, LLC is the sole managing member. Messrs. Ressler, Shemesh and Kuba have shared voting and investment power over all of these shares. Each of Messrs. Ressler, Shemesh and Kuba disclaims beneficial ownership of all of these shares except to the extent of his pecuniary interest therein.

Beneficial Owners of More than 5% of our Common Stock

The following table sets forth certain information regarding the beneficial ownership of our Common Stock and Series A Preferred Stock based on filings with the SEC as of [●], 2017 by each person known by us to own beneficially more than 5% of our Common Stock.

Name of Beneficial Owner(1)	Common Stock		Series A Preferred Stock	
	No. of Shares	Percent of Class	No. of Shares	Percent of Class
Urban Partners II, LLC c/o CIM Group 4700 Wilshire Boulevard Los Angeles, California 90010	81,900,466	97.44%	—	—
Richard Ressler(1)	82,285,069	97.90%	—	—
Avi Shemesh(1)	82,270,023	97.88%	—	—
Shaul Kuba(1)	82,270,023	97.88%	—	—

- (1) The business address of Messrs. Ressler, Shemesh and Kuba, for the purposes hereof, is c/o CIM Group, 4700 Wilshire Boulevard, Los Angeles, California 90010. CIM Group, LLC is the sole manager of CIM Urban Partners GP, LLC, which is the sole managing member of Urban II, which has the power to vote and dispose of these shares. Shaul Kuba, Richard Ressler and Avi Shemesh may be deemed to beneficially own these shares by virtue of their positions with CIM Group, LLC. Messrs. Ressler, Shemesh and Kuba may also be deemed to beneficially own 353,944 shares owned by CIM Service Provider, LLC of which CIM Group, LLC is the sole managing member. Messrs. Ressler, Shemesh and Kuba have shared voting and investment power over all of these shares. Each of Messrs. Ressler, Shemesh and Kuba disclaims beneficial ownership of all of these shares except to the extent of his pecuniary interest therein.

[Table of Contents](#)

DESCRIPTION OF OUR CAPITAL STOCK AND THE SECURITIES OFFERED

In this section, references to “the Company,” “we,” “our,” and “us” refer only to CIM Commercial Trust Corporation and not its consolidated subsidiaries.

The following is a summary description of our capital stock, including the securities offered by this prospectus. This description is not complete and is qualified in its entirety by reference to the provisions of our charter and bylaws and the applicable provisions of the Maryland General Corporation Law, which we refer to as the MGCL. Our charter and bylaws are incorporated by reference as exhibits to the registration statement of which this prospectus forms a part and to our Annual Report on Form 10-K for the year ended December 31, 2016 (see “Where You Can Find More Information”).

General

Our charter provides that we may issue up to 900,000,000 shares of our Common Stock, and up to 100,000,000 shares of preferred stock, \$0.001 par value per share, or our Preferred Stock, of which 36,000,000 shares are classified as our Series A Preferred Stock and [●] shares are classified as our Series L Preferred Stock. Our charter authorizes our board of directors, which we refer to as our Board of Directors, to amend our charter to increase or decrease the aggregate number of shares of stock or the number of shares of stock of any class or series that we are authorized to issue with the approval of a majority of our entire Board of Directors and without stockholder approval.

As of [●], 2017, [●] shares of our Common Stock, [●] shares of our Series A Preferred Stock and [●] of our Series A Warrants (as defined below) were issued and outstanding. Our Common Stock was held by approximately [●] stockholders of record as of [●], 2017. Under Maryland law, our stockholders are not generally liable for our debts or obligations solely as a result of their status as stockholders.

Common Stock

Subject to the preferential rights of any other class or series of our stock and to the provisions of our charter regarding the restrictions on ownership and transfer of our stock, holders of shares of our Common Stock are entitled to receive dividends and other distributions on such shares if, as and when authorized by our Board of Directors out of funds legally available therefor and declared by us and to share ratably in the assets of our Company legally available for distribution to our stockholders in the event of our liquidation, dissolution or winding up after payment or establishment of reserves for all known debts and liabilities of our Company.

Subject to the provisions of our charter regarding the restrictions on ownership and transfer of our stock and except as may otherwise be specified in the terms of any class or series of our stock, each outstanding share of our Common Stock entitles the holder to one vote on all matters submitted to a vote of stockholders, including the election of directors, and, except as provided with respect to any other class or series of stock, the holders of shares of Common Stock will possess the exclusive voting power. There is no cumulative voting in the election of our directors. A plurality of all the votes cast at a meeting of stockholders duly called and at which a quorum is present shall be sufficient to elect a director. Each share of Common Stock entitles the holder thereof to vote for as many individuals as there are directors to be elected and for whose election the holder is entitled to vote. A majority of the votes cast at a meeting of stockholders duly called and at which a quorum is present shall be sufficient to approve any other matter which may properly come before the meeting, unless more than a majority of the votes cast is required by the MGCL or by our charter.

Except as set forth in the terms of our Series L Preferred Stock and described below (see “—Securities Offered in This Offering—Series L Preferred Stock—Distributions”), holders of shares of our Common Stock have no preference, conversion, exchange, sinking fund or redemption rights and have no preemptive rights to subscribe for any securities of our Company. Our charter provides that our common stockholders generally have no appraisal rights unless our Board of Directors determines prospectively that appraisal rights will apply to one or more transactions in which holders of our Common Stock would otherwise be entitled to exercise appraisal rights. Subject to the provisions of our charter regarding the restrictions on ownership and transfer of our stock, holders of our Common Stock will have equal dividend, liquidation and other rights.

Our Common Stock is traded on NASDAQ under the ticker symbol “CMCT.” We intend to apply for the listing of our Common Stock on the TASE under the symbol “[●].” No assurance can be given that our application for listing on the TASE will be approved or that a trading market on the TASE will develop.

[Table of Contents](#)

Series A Preferred Stock

Our Series A Preferred Stock has no voting rights and ranks senior to our Common Stock with respect to payment of dividends and distribution of amounts upon liquidation, dissolution or winding up. Holders of our Series A Preferred Stock are entitled to receive, if, as and when authorized by our Board of Directors, cumulative cash dividends, in USD, on each share of Series A Preferred Stock at an annual rate of five and one-half percent (5.5%) of the stated value, which is initially \$25.00, which we refer to as the Series A Stated Value, subject to appropriate adjustment in relation to certain events, such as recapitalizations, stock dividends, stock splits, stock combinations, reclassifications or similar events affecting our Series A Preferred Stock, as set forth in our charter. Dividends on each share of Series A Preferred Stock begin accruing on, and are cumulative from, the date of issuance.

Unless full cumulative dividends on our shares of Series A Preferred Stock for all past dividend periods have been or contemporaneously are declared and paid or declared and a sum sufficient for the payment thereof is set apart for payment, we are not permitted to:

- declare and pay or declare and set apart for payment dividends and we will not declare and make any other distribution of cash or other property (other than dividends or other distributions paid in shares of stock ranking junior to the Series A Preferred Stock as to the dividend rights or rights on our liquidation, winding-up or dissolution, and options, warrants or rights to purchase such shares), directly or indirectly, on or with respect to any shares of our Common Stock, our Series L Preferred Stock, or any other class or series of our stock ranking junior to or on parity with the Series A Preferred Stock as to dividend rights or rights on our liquidation, winding-up or dissolution for any period; or
- except by conversion into or exchange for shares of stock ranking junior to the Series A Preferred Stock as to dividend rights or rights on our liquidation, winding-up or dissolution, or options, warrants or rights to purchase such shares, redeem, purchase or otherwise acquire (other than a redemption, purchase or other acquisition of Common Stock made for purposes of an employee incentive or benefit plan) for any consideration, or pay or make available any monies for a sinking fund for the redemption of, any shares of our Common Stock, our Series L Preferred Stock, or any other class or series of our stock ranking junior to or on parity with the Series A Preferred Stock as to dividend rights or rights on our liquidation, winding-up or dissolution.

Holders of shares of our Series A Preferred Stock have the right to require us to redeem such shares beginning on the date of original issuance of such shares at a redemption price equal to the Series A Stated Value, less a redemption fee of 13% beginning on the date of original issuance until but excluding the second anniversary thereof or a redemption fee of 10% beginning on the second anniversary of the date of original issuance until but excluding the fifth anniversary of the date of original issuance, in each case plus any accrued but unpaid dividends. From and after the fifth anniversary of the date of original issuance of any shares of Series A Preferred Stock, we will have the right to redeem such shares at 100% of the Series A Stated Value, plus any accrued but unpaid dividends. If a holder of shares of Series A Preferred Stock causes the Company to redeem such shares, we will pay the redemption price in cash or, on or after the first anniversary of the issuance of the shares of Series A Preferred Stock to be redeemed, at our option and in our sole discretion, in equal value through the issuance of shares of Common Stock, based on the volume weighted average price of our Common Stock as quoted on NASDAQ for the 20 trading days prior to the redemption.

On July 1, 2016, we commenced our reasonable best efforts public offering of up to 36,000,000 units, with each unit consisting of one share of Series A Preferred Stock and one detachable warrant to purchase 0.25 of a share of our Common Stock, which we refer to as a Series A Warrant.

Series A Warrants

Each Series A Warrant is exercisable for 0.25 of a share of our Common Stock, subject to adjustment, at an exercise price equal to a 15% premium to the fair market net asset value of the Company per share of Common Stock as most recently published by the Company at the time of the issuance of the applicable Series A Warrant. Holders of our Series A Warrants may exercise their Series A Warrants at any time beginning on the first anniversary of the date of issuance up to 5:00 p.m., New York time, on the date that is the fifth anniversary of the date of issuance, which we refer to as the Series A Warrant Expiration Date. The Series A Warrants are exercisable, at the option of each holder, in whole, but not in part, for no less than 50 shares of our Common Stock, unless such holder does not at the time of exercise own a sufficient number of Series A Warrants to do so. Any Series A Warrant that is outstanding after the Series A Warrant Expiration Date of such Series A Warrant shall be automatically terminated.

[Table of Contents](#)

A holder of our Series A Warrants does not have the right to exercise any portion of a Series A Warrant to the extent that, after giving effect to the issuance of shares of our Common Stock upon such exercise, the holder (together with its affiliates and any other persons acting as a group together with such holder or any of its affiliates) would beneficially or constructively own shares of Common Stock (i) in excess of 9.8% in value or number of shares, whichever is more restrictive, of the shares of Common Stock outstanding or (ii) that would otherwise result in the violation of any of the restrictions on ownership transfer of our stock contained in our charter, in each case, immediately after giving effect to the issuance of shares of Common Stock upon exercise of the Series A Warrant, as discussed below in “Restrictions on Ownership and Transfer of Capital Stock.”

Securities Offered in This Offering

Our Board of Directors has classified and designated [•] authorized and unissued shares of our Preferred Stock as a series of redeemable preferred stock, designated as the Series L Preferred Stock. Our Series L Preferred Stock is being offered pursuant to this prospectus and will be issued as a part of up to [•] Series L Units, with each Series L Unit consisting of ten shares of our Series L Preferred Stock, which are immediately separable into individual shares upon issuance of the Series L Units.

Series L Preferred Stock

The following is a brief description of the terms of our Series L Preferred Stock. The description of our Series L Preferred Stock contained herein does not purport to be complete and is qualified in its entirety by reference to the Articles Supplementary for our Series L Preferred Stock, which are filed as an exhibit to the registration statement of which this prospectus forms a part. On [●], 2017, our Articles Supplementary were filed with and accepted for record by the State Department of Assessments and Taxation of Maryland.

Rank. Our Series L Preferred Stock ranks, with respect to rights upon our liquidation, winding-up or dissolution:

- senior to our Common Stock, both (i) to the extent of the Series L Stated Value and (ii) following payment to holders of Common Stock of an amount equal to any unpaid Initial Dividend, to the extent of an amount equal to any accrued and unpaid Series L Preferred Distributions, and any other class or series of our capital stock, the terms of which expressly provide that our Series L Preferred Stock ranks senior to such class or series as to rights on our liquidation, winding-up and dissolution;
- on parity with our Series A Preferred Stock, to the extent of the Series L Stated Value, and any other class or series of our capital stock, including capital stock issued in the future, the terms of which expressly provide that such class or series ranks on parity with the Series L Preferred Stock as to rights on our liquidation, winding-up and dissolution; and
- junior to our Series A Preferred Stock and Common Stock, to the extent of the Initial Dividend, in both instances with respect to any accrued and unpaid Series L Preferred Distributions (as defined herein), and each class or series of our capital stock, including capital stock issued in the future, the terms of which expressly provide that such class or series ranks senior to the Series L Preferred Stock as to rights on our liquidation, winding-up and dissolution.

Our Series L Preferred Stock ranks, with respect to distribution rights:

- senior to our Common Stock, except with respect to and only to the extent of the Initial Dividend as described below, and senior to any other class or series of our capital stock, the terms of which expressly provide that our Series L Preferred Stock ranks senior to such class or series as to distribution rights;
- on parity with each class or series of our capital stock, including capital stock issued in the future, the terms of which expressly provide that such class or series ranks on parity with the Series L Preferred Stock as to distribution rights; and
- junior to our Series A Preferred Stock, our Common Stock with respect to and only to the extent of the Initial Dividend as described below, and any other class or series of our capital stock, including capital stock issued in the future, the terms of which expressly provide that such class or series ranks senior to the Series L Preferred Stock as to distribution rights.

In addition, as an equity security, our Series L Preferred Stock is junior to all our existing and future debt obligations.

[Table of Contents](#)

Stated Value. Each share of Series L Preferred Stock will have an initial “Series L Stated Value” of 100 ILS per share of Series L Preferred Stock, which ILS will be converted for all purposes of computations based on stated value (e.g., amounts of distributions, redemption price, etc.) to U.S. dollars, or USD, at an exchange rate, which we refer to as the Initial Exchange Rate, equal to the weighted average of the ILS/USD exchange rates of all the transactions (which shall be no fewer than five of an equal size) completed by the Bank(s) through which the gross proceeds from the offering are converted to USD on the first TASE Trading Day (as defined below) following the Closing Day (as defined in “Plan of Distribution” in this prospectus). For purposes of all exchange rate applications, the “Bank” means, at the selection of the Company for a given transaction, one of the commercial banks (including their subsidiaries) or foreign bank branches as published from time to time by the Bank of Israel on its website. We will bear all fees and commissions with respect to the conversion services provided by any Bank in connection with distributions, redemption or liquidation.

The Company will publish (a) the Initial Exchange Rate and (b) the initial Series L Stated Value as converted to USD at the Initial Exchange Rate in a Form 8-K filed with the SEC and an Immediate Report filed with the ISA after consummation of the offering. Following issuance, the Series L Stated Value will be subject to appropriate adjustment in relation to certain events, such as recapitalizations, stock dividends, stock splits, stock combinations, reclassifications or similar events affecting our Series L Preferred Stock, as set forth in the Articles Supplementary for our Series L Preferred Stock.

Distributions. Subject to the discussion below, the holders of our Series L Preferred Stock are entitled to receive, if, as and when authorized by our Board of Directors and declared by us out of legally available funds, cumulative cash distributions in ILS on each share of Series L Preferred Stock at an annual rate of [●] percent ([●]%) of the Series L Stated Value (as converted to USD at the Initial Exchange Rate), which annual amount we refer to as the Annual Series L Preferred Distribution. Subject to the discussion below, the payment of any portion of the Annual Series L Preferred Distribution, which we refer to as a Series L Preferred Distribution, if declared for any given quarter, will be paid each quarter on the Series L Preferred Distribution Payment Date to holders of record of our Series L Preferred Stock as of the close of business on the record date, which will be the last day of the quarter for which the Series L Preferred Distribution is declared (March 31st, June 30th, September 30th or December 31st, as applicable). The “Series L Preferred Distribution Payment Date” will be, at the selection of the Company, a date on or prior to the 18th day of the month following the quarter for which such distribution was declared; provided, however, that the Series L Preferred Distribution Payment Date may be later if so allowed by regulations of the TASE. The timing and amount of such distributions will be determined by our Board of Directors, in its sole discretion, and may vary from time to time. We do not expect to declare and pay any Series L Preferred Distribution to the extent prohibited by applicable law or our charter or our results of operations, our general financing conditions, general economic conditions or other factors make it imprudent to do so. The first dividend on the Series L Preferred Stock is scheduled to be paid in January 2018 and will represent accrual for more than a full quarter, covering the period from, and including, the date of original issuance to December 31, 2017. Prior to declaring and paying the first Series L Preferred Distribution, in January 2018 the Company will (i) declare and set apart for payment the first quarter dividend on the Series A Preferred Stock, (ii) declare the Initial Dividend (as described below) for the entire year of 2018 and (iii) set apart for payment the portion of the Initial Dividend payable for the first quarter for 2018.

We will declare the amount of the Series L Preferred Distribution, if any, in USD no later than the earlier of (i) 20 days or (ii) eight TASE Trading Days, which we define to mean any day on which the TASE is open for trading, prior to the end of any quarter for which a Series L Preferred Distribution is authorized by our Board of Directors. On the Series L Preferred Distribution Payment Date, holders will receive payment, in ILS, at an exchange rate, which we refer to as the Current Exchange Rate, equal to the weighted average of the USD/ILS exchange rates of all the transactions (which shall be one or more) completed by the Bank(s) through which the payment is converted to ILS on the third TASE Trading Day preceding the Series L Preferred Distribution Payment Date. The Company will file an Immediate Report with the ISA (provided that our Series L Preferred Stock is listed on the TASE), and will issue a press release or publish on its website a notice, detailing the exact amount of the Series L Preferred Distribution, in ILS, to be paid in a given quarter no later than two TASE Trading Days prior to the Series L Preferred Distribution Payment Date.

The Series L Preferred Distribution will be subordinated to the payment of dividends on our Common Stock and our Series A Preferred Stock as follows. We will be permitted to pay the Series L Preferred Distribution, if any, out of legally available funds in respect of a given quarter of a fiscal year only if certain conditions, which we refer to as the Series L Distribution Conditions, are satisfied in the following order:

- first, if not previously declared in a prior quarter of such fiscal year, we must have declared the entire Initial Dividend (as described below), if any, with respect to our Common Stock for such fiscal year;
- second, we must have paid (or set apart for payment) in such fiscal year dividends on our Common Stock in an amount equal to or greater than the product of (i) the Initial Dividend multiplied by (ii) the ratio of (a) the portion of the Series L Preferred Distribution to be paid with respect to the given quarter divided by (b) the Annual Series L Preferred Distribution, plus the aggregate amount of any unpaid Initial Dividends that are payable for all prior quarters;
- third, we must have declared, at least one day following the satisfaction of the foregoing Series L Distribution Conditions, any Series L Preferred Distribution to be paid with respect to the given quarter, if any; and

[Table of Contents](#)

- fourth, if not previously paid, we must have paid the entire amount set apart for payment related to the Initial Dividend pursuant to the second condition to the extent not previously paid.

We expect that, in accordance with the Articles Supplementary for our Series L Preferred Stock, our Board of Directors will, in its sole discretion and subject to applicable law, authorize at the end of each fiscal year a minimum annual dividend, in USD, on shares of our Common Stock for the following fiscal year, which we refer to as the Initial Dividend. While there are no limitations on the maximum amount of the Initial Dividend that can be paid in a particular year, it is our intention that we would not announce a Initial Dividend for any given year that, based on the information then reasonably available to us at the time of announcement, we believe would cause us to be unable to make a future distribution on our Series L Preferred Stock or on any other outstanding share of preferred stock. Prior to this offering, our Board of Directors has established a Initial Dividend with respect to the remainder of 2017 in an amount equal to \$[●]. With respect to any fiscal year, dividends declared and paid on our Common Stock

at any time during that year will be deemed to constitute the Initial Dividend for such fiscal year until Common Stock dividends for such fiscal year have equaled such Initial Dividend. The record and payment dates with respect to any Common Stock dividends (including dividends that will be deemed to constitute the Initial Dividend for a given year, if any) will be set during such year in accordance with Maryland law, and we will not declare or pay any such Common Stock dividends to the extent prohibited by applicable law or our charter.

However, the Initial Dividend for a given year will be \$0 USD following any year in which:

- our Board of Directors does not authorize or we do not announce the Initial Dividend for such year;
- any amount of the Series L Preferred Distribution is in arrears as of the day following the Series L Preferred Distribution Payment Date with respect to the fourth quarter of such year, or
- the Leverage Ratio as of November 30 of such year exceeds 60%. The “Leverage Ratio” is the amount, expressed as a percentage, of Debt of the Company divided by Total Assets of the Company.

“Debt” means with respect to the Company and its consolidated subsidiaries, determined in accordance with GAAP and to the extent listed as debt on the balance sheet of the Company, without duplication, the aggregate amount of all outstanding debt for borrowed money issued under bonds, notes, loan agreements or similar instruments, net of all cash and cash equivalents of the Company and its subsidiaries. In no event (and for the avoidance of doubt) shall “Debt” include (i) issued and undrawn letters of credit, (ii) cash collateralized letters of credit, (iii) earn-out obligations and (iv) capital leases or operating leases. In no event shall the allocable portion of “Debt” of any entity at which the “Debt” is incurred exceed the Company’s direct or indirect equity ownership percentage of such entity or, for the avoidance of doubt, include the “Debt” of any person the investment in which is accounted for under the equity method. “Total Assets” means the fair value of the assets of the Company and its subsidiaries (on a consolidated basis) as determined by the Company consistent with the calculation of the Company’s NAV as most recently published by the Company, as modified from time to time. The Company’s good faith determination of the aggregate amount of “Debt” and “Total Assets” at any time shall be binding absent manifest error.

The Series L Preferred Distributions will accrue, in USD, from the date of original issuance and will be paid on the basis of a 360-day year consisting of twelve 30-day months. The Series L Preferred Distributions will accrue whether or not (i) we have earnings, (ii) the Initial Dividend has been declared or paid, (iii) there are funds legally available for the payment of such distributions and (iv) such distributions are authorized by our Board of Directors or declared by us. Accrued Series L Preferred Distributions will not bear interest. Dividends on each share of Series L Preferred Stock begin accruing on, and are cumulative from, the date of issuance; however, any accrued and unpaid Series L Preferred Distributions will not increase the Series L Stated Value.

Holders of shares of our Series L Preferred Stock are not entitled to any distribution in excess of full cumulative Series L Preferred Distributions on such shares. Unless full cumulative Series L Preferred Distributions for all past quarterly periods have been or contemporaneously are declared and paid or declared and a sum sufficient for the payment thereof is set apart for payment, we will not:

- declare and pay or declare and set apart for payment dividends and we will not declare and make any other distribution of cash or other property (other than dividends or other distributions paid in shares of stock ranking junior to the Series L Preferred Stock as to the distribution rights or rights on our liquidation, winding-up or dissolution, and options, warrants or rights to purchase such shares), directly or indirectly, on or with respect to any shares of our Common Stock other than in amounts up to but not exceeding the Initial Dividend, if any, or any class or series of our stock ranking junior to or on parity with the Series L Preferred Stock as to distribution rights for any period; or

[Table of Contents](#)

- except by conversion into or exchange for shares of stock ranking junior to the Series L Preferred Stock as to distribution rights or rights on our liquidation, winding-up or dissolution, or options, warrants or rights to purchase such shares, redeem, purchase or otherwise acquire (other than a redemption, purchase or other acquisition of Common Stock made for purposes of an employee incentive or benefit plan) for any consideration, or pay or make available any monies for a sinking fund for the redemption of, any Common Stock or any class or series of our stock ranking junior to or on parity with the Series L Preferred Stock as to distribution rights.

To the extent necessary to preserve our status as a REIT, the foregoing sentence, however, will not prohibit declaring or paying or setting apart for payment any dividend or other distribution on the Common Stock or the redemption of our capital stock pursuant to the restrictions on ownership and transfer contained in our charter.

Redemption at the Option of a Holder. From and after the fifth anniversary of the date of original issuance of the shares of Series L Preferred Stock (or earlier, as provided in the following paragraph), each holder will have the right to require the Company to redeem all or any of the shares of Series L Preferred Stock held by such holder at a redemption price equal to 100% of the Series L Stated Value (as converted to USD at the Initial Exchange Rate) plus, provided the Series L Distribution Conditions are satisfied at the effective time of redemption and the Company is otherwise permitted to pay Series L Preferred Distributions, any accrued and unpaid Series L Preferred Distributions through and including the effective date of the redemption. A holder that requests the Company to redeem its shares of Series L Preferred Stock at a time when the Series L Distribution Conditions are not satisfied will forfeit any accrued and unpaid Series L Preferred Distributions as of the effective date of redemption.

Notwithstanding the foregoing, a holder will have the right to require the Company, subject to the provisions of applicable law and our charter, to redeem all or any shares of Series L Preferred Stock held by such holder at any time prior to the fifth anniversary of the date of issuance of such shares if the Company does not declare and pay in full the Series L Preferred Distribution for any completed quarterly period prior to such fifth anniversary and provided that the Company does not declare and pay all accrued and unpaid quarterly distributions prior to the effective date of such redemption; and provided, however, that no holder of our Series L Preferred Stock may redeem such shares at any time prior to the first anniversary of the date of original issuance if, as of the effective date of redemption, dividends on our Series A Preferred Stock are in arrears. The redemption price in those circumstances will be equal to 100% of the Series L Stated Value (as converted to USD at the Initial Exchange Rate) and the holder will forfeit any accrued and unpaid Series L Preferred Distributions as of the effective date of the redemption.

Any redemption by a holder will be effective as of the last day of the quarter in which notice is delivered to the Redemption Coordinator (as defined below). The Redemption Coordinator will prepare a report of the notices of redemption received during each quarter and will provide such report to the Company no later than two TASE Trading Days after the Redemption Deadline (as defined below). No later than the seventh day following the end of the quarter in which any holder exercises its right to redeem shares of Series L Preferred Stock, we will file an Immediate Report with the ISA (provided that our Series L Preferred Stock is listed on the TASE), and will issue a press release or publish on our website a notice, detailing the number of shares to be redeemed and the method of payment (cash, our Common Stock or a combination thereof). The Company will file an Immediate Report with the ISA (provided that our Series L Preferred Stock is listed on the TASE), and will issue a press release or publish on its website a notice, indicating the exact amount of cash, in ILS, to be paid and/or the aggregate number of shares of Common Stock to be issued with respect to such redemption no later than two TASE Trading Days prior to the Series L Preferred Distribution Payment Date. The redemption price will be paid by the Company on the Series L Preferred Distribution Payment Date with respect to such quarter.

The redemption right with respect to the Series L Preferred Stock may be exercised by delivering written notice thereof to [•], or any other TASE member we designate as a replacement, which we refer to as the Redemption Coordinator. In the event we replace the Redemption Coordinator, we will issue a press release or publish on our website a notice of such change.

Holders of our Series L Preferred Stock who hold their shares through a TASE member may exercise their redemption rights by delivering written notice to their respective TASE members no later than 16 days (or, if such date is not a TASE Trading Day, the following TASE Trading Day) prior to the end of the quarter in which such redemption right is exercised, which date we refer to as the Redemption Deadline. Holders of our Series L Preferred Stock who hold their shares through other brokers should contact their brokers to receive instructions regarding the delivery of and deadlines for notice upon redemption, which deadlines could be sooner. TASE members and other brokers will deliver written any redemption notices timely received from their clients for a given quarter to the Redemption Coordinator no later than the first TASE Trading Day following the Redemption Deadline.

[Table of Contents](#)

If a holder of shares of Series L Preferred Stock exercises its redemption right, we will pay the redemption price, at our option and in our sole discretion, except as provided below, in accordance with one of the following mechanisms:

- 1) in cash in ILS, based on the Current Exchange Rate on the third TASE Trading Day preceding the Series L Preferred Distribution Payment Date;
- 2) in equal value through the issuance of shares of Common Stock, with such value of Common Stock to be determined based on the lower of (i) the net asset value of the Company, or our NAV, per share of our Common Stock as most recently published by the Company as of the effective date of redemption and (ii) the Aggregate VWAP of our Common Stock (as defined below); or
- 3) in a combination of cash, in ILS, and our Common Stock, based on the conversion mechanisms set forth above.

The “Aggregate VWAP” of our Common Stock, for purposes of redemption of our Series L Preferred Stock, is equal to the quotient of (a) the sum of (i) the volume-weighted average per share price of our Common Stock based on all the transactions

executed on the national securities exchange on which our Common Stock is traded in the United States, or U.S. Exchange, for the 20 days on which the U.S. Exchange or the TASE are open for trading prior to the end of the quarter in which such redemption is effective, multiplied by the total number of shares of Common Stock traded on the U.S. Exchange during such period, plus (ii) the volume-weighted average per share price of shares of our Common Stock based on all the transactions executed on the TASE, using daily share prices as converted to USD at the then prevailing representative exchange rate published by the Bank of Israel on its website for the purpose of such day, for the 20 days on which the U.S. Exchange or the TASE are open for trading prior to the end of the quarter in which such redemption is effective, multiplied by the total number of shares traded on the TASE during such period, divided by (b) the total number of shares of Common Stock traded on the U.S. Exchange and the TASE for purposes of the above calculations. If any such volume-weighted average price of our Common Stock used for calculation of Aggregate VWAP is unavailable for one or more days during the period of calculation, the volume-weighted average price for such day will be deemed equal to the market value of one share of our Common Stock on such trading day, as determined by our Company in a commercially reasonable manner, using a volume-weighted average price method.

However, if a holder exercises the accelerated right of redemption prior to the first anniversary of the date of issuance of our Series L Preferred Stock, as described above, we will pay the redemption price in cash, in ILS, based on the conversion mechanism set forth in (1) above. In addition, if at the time of redemption by the holder any amount of dividends on our shares of Series A Preferred Stock is in arrears, or we are otherwise restricted by our charter or applicable law from paying the redemption price in cash, we will pay the redemption price in Common Stock based on the conversion mechanism set forth in (2) above. However, in the event that a holder of our Series L Preferred Stock exercises the accelerated right of redemption prior to the first anniversary of the date of issuance of such shares and holder any amount of dividends on our shares of Series A Preferred Stock is in arrears as of the effective date of the redemption, such holder may not redeem its shares of Series L Preferred Stock. The Company will not pay any portion of the redemption price related to accrued and unpaid distributions if the Series L Distribution Conditions are not satisfied or the Company is otherwise not permitted to pay the Series L Preferred Distribution, in such case as of the effective date of the redemption.

Our obligation to redeem any shares of our Series L Preferred Stock is limited to the extent that (i) we have sufficient funds available to fund any such redemption, in which case we will be required to redeem with shares of Common Stock, or (ii) we are restricted by applicable law, our charter, including the terms of our Series A Preferred Stock, or contractual obligations from making such redemption.

Redemption at the Option of the Company. We will have the right to redeem any or all shares of our Series L Preferred Stock from and after the fifth anniversary of the date of original issuance of the shares of our Series L Preferred Stock. We may redeem such shares at a redemption price equal to 100% of the Series L Stated Value (as converted to USD at the Initial Exchange Rate) plus any accrued and unpaid Series L Preferred Distributions through and including the effective date of the redemption. We have the right, at our option and in our sole discretion, to pay the redemption price in accordance with one of the following mechanisms:

- 1) in cash in ILS, based on the Current Exchange Rate on the Series L Preferred Distribution Payment Date;
- 2) in equal value through the issuance of shares of Common Stock, with such value of Common Stock to be determined based on the lower of (i) the net asset value of the Company, or our NAV, per share of our Common Stock as most recently published by the Company as of the effective date of redemption and (ii) the Aggregate VWAP of our Common Stock; or
- 3) in a combination of cash, in ILS, and our Common Stock, based on the conversion mechanisms set forth above.

[Table of Contents](#)

If for any given quarter the Series L Distribution Conditions are not met or the Series L Preferred Distribution is in arrears as of the end of such quarter, we will not be able to exercise our redemption right as the redemption price includes accrued and unpaid Series L Preferred Distributions through and including the effective date of the redemption.

If fewer than all the outstanding shares of Series L Preferred Stock are to be redeemed, the Company will select those shares to be redeemed pro rata.

We may exercise our redemption right by delivering a written or electronic notice thereof to the record holders of shares of Series L Preferred Stock to be redeemed and, at least 5 days prior to the end of the quarter, filing an Immediate Report with the ISA (provided that our Series L Preferred Stock is listed on the TASE), and issuing a press release or publishing on our website a notice, detailing the number of shares to be redeemed and the method of payment (cash, our Common Stock or a combination thereof). The Company will file an Immediate Report with the ISA (provided that our Series L Preferred Stock is listed on the TASE), and will issue a press release or publish on its website a notice, indicating the exact amount of cash, in ILS, to be paid and/or the aggregate number of shares of Common Stock to be issued with respect to such redemption no later than the first TASE

Trading Day after the Series L Preferred Distribution Payment Date. The redemption price will be paid by the Company on the third TASE Trading Day following the Series L Preferred Distribution Payment Date with respect to such quarter, in exchange for the redeemed shares (which will be transferred from the holder of such shares, by its TASE member or other broker, to the Redemption Coordinator, and from the Redemption Coordinator to the Transfer Agent, as such terms are defined in “Plan of Distribution” in this prospectus). Such redemption will be effective as of the last day of the quarter in which the Company makes such filings.

If full cumulative Series L Preferred Distributions on all outstanding shares of Series L Preferred Stock have not been declared and paid or declared and set apart for payment for all past quarterly periods, except as provided by the restrictions on ownership and transfer set forth in our charter, neither the Company nor any of its affiliates may purchase or otherwise acquire shares of Series L Preferred Stock otherwise than pursuant to a purchase or exchange offer made on the same terms to all holders of shares of Series L Preferred Stock.

Fractional Shares. No fractional shares of Common Stock will be issued upon redemption of any shares of Series L Preferred Stock. Rather, we shall round down to the nearest whole number the aggregate number of shares of Common Stock to be issued to a particular holder upon redemption in a given quarter and shall pay cash, in ILS, in an amount equal to the fractional interest multiplied by the Aggregate VWAP or NAV per share of our Common Stock, as applicable, used to determine the number of shares of Common Stock issuable upon redemption, as converted from USD to ILS at the exchange rate described in “—Redemption at the Option of a Holder” and “—Redemption at the Option of the Company” above.

Liquidation Preference. Upon any voluntary or involuntary liquidation, dissolution or winding-up of our affairs, after payment or provision for our debts and other liabilities, our funds legally available for distribution to our stockholders will be distributed as follows:

- first, pro rata to (i) holders of our Series L Preferred Stock, in an amount per share equal to the Series L Stated Value, as converted to USD at the Initial Exchange Rate, (ii) holders of our Series A Preferred Stock, in an amount per share equal to the Series A Stated Value plus an amount equal to all accumulated, accrued and unpaid dividends (whether or not declared) on our Series A Preferred Stock and (iii) holders of any other class or series of capital stock ranking on parity with our Series L Preferred Stock and Series A Preferred Stock with respect to rights upon our redemption, liquidation, winding-up or dissolution, to the extent provided by the terms of such class or series of capital stock;
- second, to holders of our Common Stock in an amount equal to the amount of any unpaid Initial Dividend;
- third, to holders of our Series L Preferred Stock in an amount equal to any accrued and unpaid Series L Preferred Distribution; and
- fourth, to holders of our Common Stock and any other class or series of capital stock ranking junior to our Series L Preferred Stock.

Any liquidation preference on our Series L Preferred Stock will be paid by the Company in ILS, based on the Current Exchange Rate on the last TASE Trading Day preceding the date of payment.

If upon the voluntary or involuntary liquidation, dissolution or winding up of the Company, the available assets of the Company, or proceeds thereof, distributable among the holders of the Series L Preferred Stock is insufficient to pay in full the above described liquidation preference and the liquidating payments on any shares of any class or series of stock ranking on parity to the Series L Preferred Stock as to amounts payable upon our liquidation, dissolution or winding up, including the Series A Preferred Stock, such stock we refer to as Liquidation Parity Stock, then such assets, or the proceeds thereof, will be distributed among the holders of the Series L Preferred Stock and any such Liquidation Parity Stock ratably in the same proportion as the respective amounts that would be payable on such Series L Preferred Stock and any such Liquidation Parity Stock if all amounts payable thereon were paid in full.

[Table of Contents](#)

After payment of the full amount of the liquidating preference to which they are entitled, the holders of our shares of Series L Preferred Stock will have no right or claim to any of our remaining assets. The consolidation, merger or conversion of the Company with or into any other corporation, trust or entity or of any other corporation, trust or entity with or into the Company, or the sale or transfer of all or substantially all of the assets or business of the Company or a statutory share exchange, will not be deemed to constitute a voluntary or involuntary liquidation, dissolution or winding up of the Company.

In determining whether a distribution (other than upon voluntary or involuntary liquidation), by dividend, redemption or other acquisition of shares of our stock or otherwise, is permitted under the MGCL, amounts that would be needed, if we were to

be dissolved at the time of distribution, to satisfy the preferential rights upon dissolution of holders of the Series L Preferred Stock will not be added to our total liabilities.

Voting Rights. Our Series L Preferred Stock has no voting rights, and thus has no rights to vote on any dissolution, charter amendment, merger, sale of all or substantially all of our assets, share exchange or conversion. See “Certain Provisions of the Maryland General Corporation Law and Our Charter and Bylaws-Dissolution, Amendment to the Charter and Other Extraordinary Actions.”

Exchange Listing. We intend to apply for the listing of our Series L Preferred Stock on NASDAQ under the symbol “[●]”, and the TASE under the symbol “[●].” No assurance can be given that our applications for these listings will be approved or that a trading market will develop.

Classification or Reclassification of Capital Stock

Our charter authorizes our Board of Directors to classify and reclassify any unissued shares of Common Stock or Preferred Stock into other classes or series of stock, including one or more classes or series of stock that have priority with respect to voting rights, dividends or upon liquidation over our Common Stock or our Series L Preferred Stock, and authorizes us to issue the newly-classified shares. Prior to the issuance of shares of each new class or series, our Board of Directors is required by Maryland law and by our charter to set, subject to the provisions of our charter regarding the restrictions on ownership and transfer of our stock and the terms of any other class or series of our stock then outstanding, the preferences, conversion and other rights, voting powers, restrictions, limitations as to dividends and other distributions, qualifications and terms and conditions of redemption for each class or series. Our Board of Directors may take these actions without stockholder approval unless stockholder approval is required by the rules of any stock exchange or automatic quotation system on which our securities may be listed or traded or the terms of any other class or series of our stock. Therefore, our Board of Directors could authorize the issuance of shares of common or preferred stock with terms and conditions that could have the effect of delaying, deferring or preventing a change in control or other transaction that might involve a premium price for shares of our Common Stock or otherwise be in the best interest of our stockholders.

Restrictions on Ownership and Transfer of Capital Stock

Our charter, subject to certain exceptions, contains certain restrictions on the number of shares of our stock that a person may own. Our charter contains a stock ownership limit which prohibits any person, unless exempted by our Board of Directors, from acquiring or holding, directly or indirectly, applying attribution rules under the Code, shares of our capital stock in excess of 9.8% in number of shares or value, whichever is more restrictive, of the aggregate of the outstanding shares of our stock or 9.8% of the number of shares or value, whichever is more restrictive, of the shares of our outstanding Common Stock. Pursuant to our charter, our Board of Directors has the power to increase or decrease the percentage of stock that a person may beneficially or constructively own. However, any decreased stock ownership limit will not apply to any person whose percentage ownership of our stock is in excess of such decreased stock ownership limit until that person’s percentage ownership of our stock equals or falls below the decreased stock ownership limit. Until such a person’s percentage ownership of our stock falls below such decreased stock ownership limit, any further acquisition of stock will be in violation of the decreased stock ownership limit.

Our charter further prohibits (1) any person from beneficially or constructively owning our stock that (i) would result in us being “closely held” under Section 856(h) of the Code (without regard to whether the shares are owned during the last half of a taxable year), (ii) would cause us to constructively own 10% or more of the ownership interests in a tenant of our real property within the meaning of Section 856(d)(2)(B) of the Code or (iii) would otherwise cause us to fail to qualify as a REIT, or (2) any person from transferring our stock if such transfer would result in our stock being beneficially owned by fewer than 100 persons. Any person who acquires or attempts or intends to acquire beneficial or constructive ownership of our stock that will or may violate any of the foregoing restrictions on transfer and ownership, or who is the intended transferee of shares of our stock that are transferred to the trust (as described below), is required to give written notice immediately to us or, in the event of a proposed or attempted transfer, at least 15 days prior written notice to us and provide us with such other information as we may request in order to determine the effect of such transfer on our qualification as a REIT. The foregoing restrictions on transfer and ownership will not apply if our Board of Directors determines that it is no longer in our best interests to attempt to qualify, or to continue to qualify, as a REIT or that compliance with such restrictions is no longer required in order for us to qualify as a REIT.

[Table of Contents](#)

Our Board of Directors, in its sole discretion, may exempt, prospectively or retroactively, a person from each of the foregoing restrictions except those listed under (1)(i), (iii) and (2) in the preceding paragraph. The person seeking an exemption must provide such representations, covenants and undertakings as our Board of Directors may deem appropriate to conclude that granting the exemption will not cause us to lose our qualification as a REIT. Our Board of Directors may also require a ruling from the Internal Revenue Service or an opinion of counsel in order to determine or ensure our qualification as a REIT in the context of

granting such exemptions. Our Board of Directors has waived the 9.8% ownership limit and the restrictions listed under (1)(ii) in the preceding paragraph for Urban Partners II, LLC, an affiliate of CIM Group, which we refer to as Urban II, CIM Urban REIT, LLC, which we refer to as CIM REIT, CIM Urban Partners GP, LLC, the Manager and persons owning a direct or indirect interest in Urban II, CIM REIT, CIM Urban Partners GP, LLC or the Manager.

Any attempted transfer of shares of our stock which, if effective, would result in a violation of the foregoing restrictions will cause the number of shares of our stock causing the violation (rounded up to the nearest whole share) to be automatically transferred to a trust for the benefit of one or more charitable beneficiaries, and the proposed transferee will not acquire any rights in such stock. The automatic transfer will be deemed to be effective as of the close of business on the business day (as defined in our charter) prior to the date of the transfer. If, for any reason, the transfer to the trust does not occur or would not prevent a violation of the restrictions on transfer and ownership contained in our charter, our charter provides that the purported transfer will be treated as invalid from the outset. Shares of stock held in the trust will be issued and outstanding shares. The proposed transferee will not benefit economically from ownership of any stock held in the trust, will have no rights to dividends and no rights to vote or other rights attributable to the shares of stock held in the trust. The trustee of the trust will have all voting rights and rights to dividends or other distributions with respect to shares held in the trust. These rights will be exercised for the exclusive benefit of the charitable beneficiary. Any dividend or other distribution paid prior to our discovery that shares of our stock have been transferred to the trust will be paid by the recipient to the trustee upon demand. Any dividend or other distribution authorized but unpaid will be paid when due to the trustee. Any dividend or other distribution paid to the trustee will be held in trust for the charitable beneficiary. Subject to Maryland law, the trustee will have the authority to rescind as void any vote cast by the proposed transferee prior to our discovery that the shares have been transferred to the trust and to recast the vote in accordance with the desires of the trustee acting for the benefit of the charitable beneficiary. However, if we have already taken irreversible corporate action, then the trustee will not have the authority to rescind and recast the vote.

Within 20 days of receiving notice from us that shares of our stock have been transferred to the trust, the trustee will sell the shares to a person designated by the trustee, whose ownership of the shares will not violate the above ownership limitations. Upon such sale, the interest of the charitable beneficiary in the shares sold will terminate and the trustee will distribute the net proceeds of the sale to the proposed transferee and to the charitable beneficiary as follows: the proposed transferee will receive the lesser of (1) the price paid by the proposed transferee for the shares, or, if the proposed transferee did not give value for the shares in connection with the event causing the shares to be held in the trust (e.g., a gift, devise or other similar transaction), the market price (as defined in our charter) of the shares on the day of the event causing the shares to be held in the trust and (2) the price per share received by the trustee from the sale or other disposition of the shares. The trustee may reduce the amount payable to the proposed transferee by the amount of dividends and other distributions paid to the proposed transferee and owned by the proposed transferee to the trust.

Any net sale proceeds in excess of the amount payable to the proposed transferee will be paid immediately to the charitable beneficiary. If, prior to our discovery that our stock have been transferred to the trust, the shares are sold by the proposed transferee, then (1) the shares shall be deemed to have been sold on behalf of the trust and (2) to the extent that the proposed transferee received an amount for the shares that exceeds the amount the proposed transferee was entitled to receive, the excess shall be paid to the trustee upon demand.

In addition, shares of our stock held in the trust will be deemed to have been offered for sale to us, or our designee, at a price per share equal to the lesser of the price per share in the transaction that resulted in the transfer to the trust (or, in the case of a devise or gift, the market price at the time of the devise or gift) and the market price on the date we, or our designee, accept the offer. We may reduce the amount payable to the proposed transferee by the amount of dividends and other distributions paid to the proposed transferee and owned by the proposed transferee to the trust. We will have the right to accept the offer until the trustee has sold the shares. Upon a sale to us, the interest of the charitable beneficiary in the shares sold will terminate, and the trustee will distribute the net proceeds of the sale to the proposed transferee.

[Table of Contents](#)

Every owner of more than 5% (or such lower percentage as required by the Code or the regulations promulgated thereunder) in number or in value of the outstanding shares of our stock, including our Common Stock, within 30 days after the end of each taxable year, will be required to give written notice to us stating the name and address of such owner, the number of shares of each class and series of shares of our stock that the owner beneficially owns and a description of the manner in which the shares are held. Each owner shall provide to us such additional information as we may request to determine the effect, if any, of the beneficial ownership on our qualification as a REIT and to ensure compliance with the ownership limitations. In addition, each beneficial or constructive owner and each person who is holding shares of our stock for such owner will, upon demand, be required to provide to us such information as we may request to determine our qualification as a REIT and to comply with the requirements of any taxing authority or governmental authority or to determine such compliance and to ensure compliance with the ownership limits.

These ownership limitations could delay, defer or prevent a transaction or a change in control that might involve a premium price for our Common Stock or might otherwise be in the best interests of our stockholders.

Transfer Agent and Registrar

We expect the transfer agent and registrar for our shares of Series L Preferred Stock to be Computershare Trust Company, N.A. American Stock Transfer and Trust Company currently acts as the transfer agent and registrar for our Common Stock, Series A Preferred Stock and Series A Warrants.

[Table of Contents](#)

CERTAIN PROVISIONS OF THE MARYLAND GENERAL CORPORATION LAW AND OUR CHARTER AND BYLAWS

The following summary of certain provisions of the MGCL and our charter and bylaws contains the material terms of our charter and bylaws and is subject to, and qualified in its entirety by, reference to the MGCL and to our charter and bylaws. Our charter and bylaws are incorporated by reference as exhibits to the registration statement of which this prospectus forms a part.

Our Board of Directors

Our charter and bylaws provide that the number of directors may be established, increased or decreased by a majority of our entire Board of Directors, but may not be fewer than the minimum number required by the MGCL (which currently is one) or, unless our bylaws are amended, more than 25. Any vacancy on our Board of Directors, whether resulting from an increase in the number of directors or otherwise, may only be filled by the affirmative vote of a majority of the remaining directors, even if such a majority constitutes less than a quorum. Except as may be provided with respect to any class or series of our stock, at each annual meeting of our stockholders, each of our directors will be elected by the holders of our Common Stock to serve until the next annual meeting of our stockholders and until his or her successor is duly elected and qualifies.

Removal of Directors

Our charter provides that, subject to the rights of holders of one or more classes or series of preferred stock, a director may be removed with or without cause and by the affirmative vote of at least two-thirds of the votes entitled to be cast by our stockholders generally in the election of our directors. This provision, when coupled with the exclusive power of our Board of Directors to fill vacant directorships, may preclude stockholders from removing incumbent directors except by a substantial affirmative vote and filling the vacancies created by such removal with their own nominees.

Limitation of Liability and Indemnification

Maryland law permits a Maryland corporation to include in its charter a provision eliminating the liability of its directors and officers to the corporation and its stockholders for money damages except for liability resulting from (a) actual receipt of an improper benefit or profit in money, property or services or (b) active or deliberate dishonesty established in a judgment or other final adjudication to be material to the cause of action. Our charter contains a provision that eliminates the liability of our directors and officers to the maximum extent permitted by Maryland law.

Maryland law requires a Maryland corporation (unless its charter provides otherwise, which our charter does not) to indemnify a director or officer who has been successful, on the merits or otherwise, in the defense of any proceeding to which he or she is made, or threatened to be made, a party by reason of his or her service in that capacity. Maryland law permits a Maryland corporation to indemnify its present and former directors and officers, among others, against judgments, penalties, fines, settlements and reasonable expenses actually incurred by them in connection with any proceeding to which they may be made or threatened to be made a party by reason of their service in those or other capacities unless it is established that:

- an act or omission of the director or officer was material to the matter giving rise to the proceeding and
 - was committed in bad faith or
 - was the result of active and deliberate dishonesty;
- the director or officer actually received an improper personal benefit in money, property or services; or
- in the case of any criminal proceeding, the director or officer had reasonable cause to believe that the act or omission was unlawful.

However, under Maryland law, a Maryland corporation may not indemnify for an adverse judgment in a suit by or in the right of the corporation or for a judgment of liability on the basis that personal benefit was improperly received, unless in either case a court orders indemnification and then only for expenses. In addition, Maryland law permits a Maryland corporation to advance reasonable expenses to a director or officer upon the corporation's receipt of:

- a written affirmation by the director or officer of his or her good faith belief that he or she has met the standard of conduct necessary for indemnification by the corporation; and

[Table of Contents](#)

- a written undertaking by the director or officer or on the director's or officer's behalf to repay the amount paid or reimbursed by the corporation if it is ultimately determined that the director or officer did not meet the standard of conduct.

Our charter and bylaws obligate us, to the maximum extent permitted by Maryland law, to indemnify and, without requiring a preliminary determination of the ultimate entitlement to indemnification, pay or reimburse reasonable expenses in advance of final disposition of a proceeding to:

- any present or former director or officer who is made, or threatened to be made, a party to, or witness in, the proceeding by reason of his or her service in that capacity; or
- any individual who, while a director or officer of our Company and at our Company's request, serves or has served another corporation, real estate investment trust, limited liability company, partnership, joint venture, trust, employee benefit plan or any other enterprise as a director, officer, trustee, member, manager or partner and who is made, or threatened to be made, a party to, or witness in, the proceeding by reason of his or her service in that capacity.

Our charter and bylaws also permit us, subject to approval from our Board of Directors, to indemnify and advance expenses to any person who served a predecessor of our Company in any of the capacities described above and to any employee or agent of our Company or a predecessor of our Company.

Indemnification Agreements

We have entered into indemnification agreements with each of our directors and named executive officers. Each Indemnification Agreement provides that we will indemnify and hold harmless each such director or named executive officer to the fullest extent permitted by law.

Business Combinations

Under the MGCL, certain "business combinations," including a merger, consolidation, statutory share exchange or, in certain circumstances, an asset transfer or issuance or reclassification of equity securities, between a Maryland corporation and an "interested stockholder" or an affiliate of such an interested stockholder, are prohibited for five years after the most recent date on which the interested stockholder becomes an interested stockholder. An "interested stockholder" is, generally, any person who beneficially owns, directly or indirectly, 10% or more of the voting power of the corporation's outstanding voting shares or an affiliate or associate of the corporation who, at any time within the two-year period prior to the date in question, was the beneficial owner, directly or indirectly, of 10% or more of the voting power of the then outstanding voting shares of the corporation.

After such five-year period, any such business combination must be recommended by the board of directors of the corporation and approved by the affirmative vote of at least (a) 80% of the votes entitled to be cast by holders of outstanding voting shares of the corporation and (b) two-thirds of the votes entitled to be cast by holders of voting shares of the corporation other than shares held by the interested stockholder with whom (or with whose affiliate) the business combination is to be effected or held by an affiliate or associate of the interested stockholder, unless, among other conditions, the corporation's common stockholders receive a minimum price (as defined in the MGCL) for their shares and the consideration is received in cash or in the same form as previously paid by the interested stockholder for its shares.

Under the MGCL, a person is not an "interested stockholder" if the board of directors approved in advance the transaction by which the person otherwise would have become an interested stockholder. A corporation's board of directors may provide that its approval is subject to compliance with any terms and conditions determined by it.

We have elected to opt out of these provisions of the MGCL by resolution of our Board of Directors. However, our Board of Directors may by resolution elect to repeal the foregoing opt-outs from the business combination provisions of the MGCL.

[Table of Contents](#)**Control Share Acquisitions**

The MGCL provides that a holder of “control shares” of a Maryland corporation acquired in a “control share acquisition” has no voting rights with respect to such shares except to the extent approved by the affirmative vote of two-thirds of the votes entitled to be cast on the matter, excluding any of the following persons entitled to exercise or direct the exercise of the voting power of such shares in the election of directors: (1) a person who makes or proposes to make a control share acquisition, (2) an officer of the corporation or (3) an employee of the corporation who is also a director of the corporation. “Control shares” are voting shares of stock that, if aggregated with all other such shares previously acquired, directly or indirectly, by the acquirer, or in respect of which the acquirer is able to exercise or direct the exercise of voting power (except solely by virtue of a revocable proxy), would entitle the acquirer to exercise voting power in electing directors within one of the following ranges of voting power: (A) one-tenth or more but less than one-third, (B) one-third or more but less than a majority or (C) a majority or more of all voting power.

Control shares do not include shares that the acquiring person is then entitled to vote as a result of having previously obtained stockholder approval or shares acquired directly from the corporation. A “control share acquisition” means the acquisition, directly or indirectly, of ownership of, or the power to direct the exercise of voting power with respect to, issued and outstanding control shares, subject to certain exceptions.

A person who has made or proposes to make a control share acquisition, upon satisfaction of certain conditions (including an undertaking to pay expenses and making an acquiring person statement (as described in the MGCL)), may compel the board of directors to call a special meeting of stockholders to be held within 50 days of demand to consider the voting rights of the control shares. If no request for a meeting is made, the corporation may itself present the question at any stockholders’ meeting.

If voting rights of control shares are not approved at the meeting or if the acquiring person does not deliver an “acquiring person statement” as required by the statute, then, subject to certain conditions and limitations, the corporation may redeem any or all of the control shares (except those for which voting rights have previously been approved) for fair value determined, without regard to the absence of voting rights for the control shares, as of the date of any meeting of stockholders at which the voting rights of such shares are considered and not approved or, if no such meeting is held, as of the date of the last control share acquisition. If voting rights for control shares are approved at a stockholders’ meeting and the acquirer becomes entitled to vote a majority of the shares entitled to vote, all other stockholders may exercise appraisal rights. The fair value of the shares as determined for purposes of such appraisal rights may not be less than the highest price per share paid by the acquirer in the control share acquisition.

The control share acquisition statute does not apply to (a) shares acquired in a merger, consolidation or share exchange if the corporation is a party to the transaction or (b) acquisitions approved or exempted by the charter or bylaws of the corporation.

We have elected to opt out of these provisions of the MGCL pursuant to a provision in our bylaws. However, we may, by amendment to our bylaws, opt in to the control share provisions of the MGCL in the future.

Subtitle 8

Subtitle 8 of Title 3 of the MGCL permits a Maryland corporation with a class of equity securities registered under the Exchange Act and at least three independent directors to elect to be subject, by provision in its charter or bylaws or a resolution of its board of directors and notwithstanding any contrary provision in the charter or bylaws, to any or all of the following five provisions:

- a classified board consisting of three classes;
- a two-thirds vote requirement for removing a director;
- a requirement that the number of directors be fixed only by vote of the directors;
- a requirement that a vacancy on the board be filled only by the remaining directors and for the remainder of the full term of the class of directors in which the vacancy occurred; or
- a majority stockholder vote requirement for the calling of a stockholder-requested special meeting of stockholders.

[Table of Contents](#)

Our charter provides that, except as may be provided by our Board of Directors in setting the terms of any class or series of stock, we elect to be subject to the provisions of Subtitle 8 relating to the filling of vacancies on our Board of Directors. Through provisions in our charter and bylaws unrelated to Subtitle 8, we already (1) require a two-thirds vote for the removal of any director from the Board of Directors, (2) vest in the Board of Directors the exclusive power to fix the number of directorships, subject to limitations set forth in our charter and bylaws, and (3) require, unless called by the chairman of our Board of Directors, our president, our chief executive officer or our Board of Directors, the request of stockholders entitled to cast not less than a majority of all votes entitled to be cast on a matter at such meeting to call a special meeting. We have not elected to classify our board.

Dissolution, Amendment to the Charter and Other Extraordinary Actions

Under the MGCL, a Maryland corporation generally cannot dissolve, amend its charter, merge, sell all or substantially all of its assets, engage in a share exchange or convert into another entity unless declared advisable by the board of directors and approved by the affirmative vote of stockholders entitled to cast at least two-thirds of the votes entitled to be cast on the matter. However, a Maryland corporation may provide in its charter for approval of these matters by a lesser percentage, but not less than a majority of all of the votes entitled to be cast on the matter. Our charter provides for approval of any of these matters by the affirmative vote of stockholders entitled to cast a majority of the votes entitled to be cast on such matters, except that the affirmative vote of stockholders entitled to cast at least two-thirds of the votes entitled to be cast on such matter is required to amend the provisions of our charter relating to the removal of directors, the indemnification of our officers and directors, restrictions on ownership and transfer of our stock or the vote required to amend such provisions. Maryland law also permits a Maryland corporation to transfer all or substantially all of its assets without the approval of the stockholders of the corporation to an entity if all of the equity interests of the entity are owned, directly or indirectly, by the corporation. Because our operating assets may be held by our operating partnership or its subsidiaries, these subsidiaries may be able to merge or transfer all or substantially all of their assets without the approval of our stockholders.

Meetings of Stockholders

Under our bylaws, annual meetings of holders of our Common Stock must be held each year at a date, time and place determined by our Board of Directors. Special meetings of holders of our Common Stock may be called by the chairman of our Board of Directors, our chief executive officer, our president and our Board of Directors. Subject to the provisions of our bylaws, a special meeting of stockholders to act on any matter that may properly be considered at a meeting of stockholders must be called by our secretary upon the written request of stockholders entitled to cast a majority of all of the votes entitled to be cast on the matter at such meeting who have requested the special meeting in accordance with the procedures specified in our bylaws and provided the information and certifications required by our bylaws. Only matters set forth in the notice of a special meeting of stockholders may be considered and acted upon at such a meeting.

Advance Notice of Director Nominations and New Business

Our bylaws provide that with respect to an annual meeting of stockholders, nominations of persons for election to our Board of Directors and the proposal of business to be considered by stockholders may be made only (1) pursuant to our notice of the meeting, (2) by or at the direction of our Board of Directors, or (3) by a holder of our Common Stock who was a stockholder of record at the time of giving notice and at the time of our annual meeting, who is entitled to vote at the meeting and who has complied with the advance notice procedures set forth in our bylaws. Our bylaws provide that with respect to special meetings of our stockholders, only the business specified in our notice of meeting may be brought before the meeting, and nominations of persons for election to our Board of Directors may be made only (a) by or at the direction of our Board of Directors, or (b) provided that the special meeting has been called in accordance with our bylaws for the purpose of electing directors, by any holder of our Common Stock who was a stockholder of record at the time of giving notice and at the time of the special meeting, who is entitled to vote at the meeting and who has complied with the advance notice procedures set forth in our bylaws.

[Table of Contents](#)**POLICIES WITH RESPECT TO CERTAIN ACTIVITIES**

The following is a discussion of our investment policies and our policies with respect to certain other activities. These policies may be amended or revised from time to time by our Board of Directors without a vote of our stockholders.

Investment in Real Estate or Interests in Real Estate

Our investment strategy is to continue to primarily invest in Class A and creative office investments in vibrant and improving urban communities throughout the United States in a manner that will allow us to increase our net asset value, and cash flows per share of Common Stock. Our investment strategy is centered around CIM's community qualification process. We believe this strategy provides us with a significant competitive advantage when making urban real estate investments. The qualification process generally takes between six months and five years and is a critical component of CIM's investment evaluation. CIM examines the characteristics of a market to determine whether the district justifies the extensive efforts CIM undertakes in reviewing and making potential investments in its Qualified Communities. Qualified Communities generally fall into one of two categories: (i) transitional urban districts that have dedicated resources to become vibrant urban communities and (ii) well-established, thriving urban areas (typically major central business districts). Qualified Communities are distinct districts which have dedicated resources to become or are currently vibrant communities where people can live, work, shop and be entertained-all within walking distance or close proximity to public transportation. These areas also generally have high barriers to entry, high population density, improving demographic trends and a propensity for growth. CIM believes that a vast majority of the risks associated with making real asset investments are mitigated by accumulating local market knowledge of the community where the investment lies. CIM typically spends significant time and resources qualifying targeted investment communities prior to making any acquisitions. Since 1994, CIM Group has qualified 105 communities and has deployed capital in 63 of these Qualified Communities. Although we may not invest exclusively in Qualified Communities, it is expected that most of our investments will be identified through this systematic process. Our investments may also include side-by-side investments in one or more CIM Group-managed funds as well as a side-by-side or direct investment in a CIM Group-managed debt fund that principally originates loans secured directly or indirectly by commercial real estate properties. Further, as part of our investment strategy, we may invest in or originate loans that are secured directly or indirectly by properties primarily located in Qualified Communities that meet our investment strategy.

As a matter of prudent management, we also regularly evaluate each investment within our portfolio as well as our strategies. Such review may result in dispositions when an investment no longer fits our overall objectives or investment strategies or when our view of the market value of such investment is equal to or exceeds its intrinsic value. As a result of such review, we sold an office building in Santa Ana, California in November 2015, a hotel in Oakland, California in February 2016, a hotel in Los Angeles, California in July 2016 and an office building in San Francisco, California, in March 2017. Such review is likely to result in additional dispositions in 2017. The net proceeds of such dispositions may be used to provide liquidity to our common stockholders at prices reflecting our net asset value and cash flow prospects.

In addition to the business described above, through the Small Business Administration's, or the SBA's, 7(a) Guaranteed Loan Program, which we refer to as the SBA 7(a) Program, we are a national lender that primarily originates loans to small businesses. We sell the portion of the loan that is guaranteed by the SBA. We identify loan origination opportunities through personal contacts, internet referrals, attendance at trade shows and meetings, direct mailings, advertisements in trade publications and other marketing methods. We also generate loans through referrals from real estate and loan brokers, franchise representatives, existing borrowers, lawyers and accountants.

Other than as described above, we have no current plan to invest in debt or equity securities of other REITs, other entities engaged in real estate activities or securities of other issuers where such investment would be inconsistent with our investment objectives. However, subject to the percentage of ownership limitations and the income and asset tests necessary for REIT qualification, we may make such investments in the future, including for the purpose of exercising control over such entities. We have no current plan to invest in entities that are not engaged in real estate activities. We have not engaged in trading or underwriting of securities, and do not intend to do so as of the date of this prospectus.

While we seek to provide quarterly cash dividends and achieve long-term capital appreciation through increases in the value of our investments, we have not established a specific policy regarding the relative priority of these investment objectives.

We currently have substantial borrowing capacity, and will likely finance our future activities through one or more of the following methods: (i) offerings of shares of Common Stock, preferred stock, senior unsecured securities, and/or other equity and debt securities; (ii) credit facilities and term loans; (iii) the addition of senior recourse or non-recourse debt using target acquisitions as well as existing investments as collateral; (iv) the sale of existing investments; and/or (v) cash flows from operations. During the prior three years, we have not offered our Common Stock or other securities in exchange for property, but may engage in such activities in the future. We expect to employ leverage levels that are comparable to those of other commercial REITs engaged in business strategies similar to our own.

[Table of Contents](#)

Subject to the limitations described in the "Risk Factors" section in our most recent Annual Report on Form 10-K for the year ended December 31, 2016, we believe that our insurance policy specifications and insured limits are appropriate and adequate given the relative risk of loss and the cost of the coverage.

As of March 31, 2017, the Company had a total of \$39,362,000 in future obligations under leases to fund tenant improvements and other future construction obligations. As of March 31, 2017, \$12,647,000 was funded to reserve accounts included in restricted cash on our consolidated balance sheet for these tenant improvement obligations in connection with the mortgage loan agreements entered into June 2016. Aside from these contractual obligations, as of the date of this prospectus, the Company has no current active plans for major renovation, improvement or development of the Company's properties, other than ongoing repair and maintenance. However, we may in the future decide to engage in such activities.

Investments in Real Estate Mortgages

See “—Investment in Real Estate or Interests in Real Estate” above.

Investments in Securities of or Interests in Persons Primarily Engaged in Real Estate Activities and Investments in Other Securities

See “—Investment in Real Estate or Interests in Real Estate” above.

Conflicts of Interest

Our governing instruments do not restrict any of our directors, officers, stockholders or affiliates from having a pecuniary interest in an investment or transaction in which we have an interest or from conducting, for their own account, business activities of the type we conduct. However, our code of business conduct and ethics contains a conflicts of interest policy that requires our directors, officers and employees, as well as employees, officers, directors and members of CIM and its affiliates who provide services to us, to avoid any conflict, or the appearance of a conflict between their personal interest and the interests of the Company and to advance the legitimate interest of the Company. Persons subject to our code of business conduct and ethics are prohibited from (i) taking for themselves personally (or direct to a third party) opportunities, including investment opportunities, discovered through the use of their positions with the Company or through use of the Company's property or information, (ii) using the Company's property, information or position for their personal gain or the gain of a family member or (iii) competing or preparing to compete with the Company.

Additionally, our Board of Directors has adopted a written related person transaction policy. Under the policy, a “Related Person Transaction” includes certain transactions, arrangements or relationships (or any series of similar transactions, arrangements or relationships) in which the Company (including any of its subsidiaries) was, is or will be a participant, and in which a related person had, has or will have a direct or indirect material interest.

A “Related Person” is:

Any person who was in any of the following categories during the applicable period:

- a director or nominee for director;
- any executive officer; or
- any immediate family member of a director or executive officer, or of any nominee for director, which means any child, stepchild, parent, stepparent, spouse, sibling, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law, or sister-in-law of the director, executive officer, or nominee for director and any person (other than a tenant or employee) sharing the household of such security holder.

Any person who was in any of the following categories when a transaction in which such person had a direct or indirect material interest occurred or existed:

- any person who is known to the Company to be the beneficial owner of more than 5% of our Common Stock; and

[Table of Contents](#)

- any immediate family member of any such security holder, which means any child, stepchild, parent, stepparent, spouse, sibling, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law, or sister-in-law of such security holder and any person (other than a tenant or employee) sharing the household of such security holder.

A person who has a position or relationship within a firm, corporation or other entity that engages in a transaction with the Company will not be deemed to have an “indirect material interest” within the meaning of “Related Person Transaction” when the interest arises only:

- from such person's position as a director of another corporation or organization that is a party to the transaction;
- from the direct or indirect ownership by such person and all other persons specified in the definition of "Related Person" in the aggregate of less than 10% equity interest in another person (other than a partnership) which is a party to the transaction;
- from both such position and ownership; or
- from such person's position as a limited partner in a partnership in which the person and all other persons specified in the definition of "Related Person" have an interest of less than 10%, and the person is not a general partner of and does not hold another position in the partnership.

Each of the Company's executive officers is encouraged to help identify any potential Related Person Transaction. If a new Related Person Transaction is identified, it will initially be brought to the attention of the Chief Financial Officer, who will then prepare a recommendation to our Board of Directors and/or a committee thereof regarding whether the proposed transaction is reasonable and fair to the Company.

A committee comprised solely of independent directors, who are also independent of the Related Person Transaction in question, will determine whether to approve a Related Person Transaction. In general, the committee will only approve or ratify a Related Person Transaction if it determines, among other things, that the Related Person Transaction is reasonable and fair to the Company.

[Table of Contents](#)

MATERIAL U.S. FEDERAL INCOME TAX CONSEQUENCES

The following discussion summarizes the taxation of CIM Commercial and the material U.S. federal income tax consequences to non-U.S. stockholders (as defined below) of acquiring, holding and disposing of our Series L Preferred Stock and Common Stock received upon redemption of Series L Preferred Stock. This discussion is for your general information only. For purposes of this section under the heading "Material U.S. Federal Income Tax Consequences," references to "CIM Commercial" mean only CIM Commercial Trust Corporation and not its subsidiaries or other lower-tier entities, except as otherwise indicated. This summary is not tax advice. The tax treatment of a holder will vary depending upon the holder's particular situation, and this summary addresses only holders that hold these securities as capital assets and does not deal with all aspects of taxation that may be relevant to particular holders in light of their personal investment or tax circumstances. **This summary also does not address U.S. holders of Series L Preferred Stock and Common Stock.**

This summary is based on the Code, its legislative history, existing and proposed regulations under the Code, published rulings and court decisions. This summary describes the provisions of these sources of law only as they are currently in effect. All of these sources of law may change at any time, and any change in the law may apply retroactively. Changes in U.S. federal, state and local tax laws or regulations, with or without retroactive application, could have a negative effect on us. New legislation, U.S. Treasury regulations, administrative interpretations or court decisions could significantly and negatively affect our ability to qualify to be taxed as a REIT and/or the U.S. federal income tax consequences to our investors and to us of such qualification. In addition, recent events and the shortfall in tax revenues for states and municipalities in recent years may lead to an increase in the frequency and size of such tax law changes. Even changes that do not impose greater taxes on us could potentially result in adverse consequences to our stockholders. For example, a decrease in corporate tax rates could decrease the attractiveness of the REIT structure relative to companies that are not organized as REITs.

If a partnership holds shares of stock, the U.S. federal income tax treatment of a partner will generally depend on the status of the partner and the tax treatment of the partnership. A partner in a partnership holding shares of stock should consult such partner's tax advisor with regard to the U.S. federal income tax treatment of an investment in the shares.

We urge you to consult with your own tax advisors regarding the tax consequences to you of acquiring, owning and selling Series L Preferred Stock and Common Stock, including the federal, state, local and non-U.S. tax consequences of acquiring, owning and selling these securities in your particular circumstances and potential changes in applicable laws.

As used in this section, the term "non-U.S. stockholder" means a holder of shares of Series L Preferred Stock or Common Stock who, for U.S. federal income tax purposes, is:

- a nonresident alien individual;

- a non-U.S. corporation;
- a non-U.S. partnership; or
- an estate or trust that in either case is not subject to U.S. federal income tax on a net income basis.

In this section, references to “CIM Commercial stock” or “our stock” include Series L Preferred Stock and Common Stock, unless otherwise specified.

The term “non-U.S. stockholder” does not include a holder of shares of Series L Preferred Stock or Common Stock where:

- the gain of such holder is effectively connected with the conduct of a trade or business within the United States (and, if required by an applicable income tax treaty, such holder maintains a permanent establishment in the United States to which such gain is attributable);
- the holder is a nonresident alien individual present in the United States for 183 days or more during the taxable year of the disposition and certain other requirements are met.

Taxation of CIM Commercial as a REIT

In the opinion of Sullivan & Cromwell LLP, commencing with its taxable year ending December 31, 2014, CIM Commercial has been organized and operated in conformity with the requirements for qualification and taxation as a REIT under the Code for taxable years ending prior to the date hereof, and CIM Commercial’s proposed method of operation will enable CIM Commercial to continue to meet the requirements for qualification and taxation as a REIT under the Code for subsequent taxable years. Investors should be aware, however, that opinions of counsel are not binding upon the IRS or any court.

[Table of Contents](#)

In providing its opinion, Sullivan & Cromwell LLP is relying, without independent investigation, as to certain factual matters upon the statements and representations contained in certificates provided to Sullivan & Cromwell LLP with respect to CIM Commercial and its subsidiary that is also a REIT, which we refer to as the REIT Subsidiary.

CIM Commercial’s qualification as a REIT under the Code will depend upon the continuing satisfaction by CIM Commercial and, given CIM Commercial’s current ownership interests in the REIT Subsidiary, by the REIT Subsidiary, of requirements of the Code relating to qualification for REIT status. Some of these requirements depend upon actual operating results, distribution levels, diversity of stock ownership, asset composition, source of income and record keeping. Accordingly, while CIM Commercial intends to qualify to be taxed as a REIT for U.S. federal income tax purposes, the actual results of CIM Commercial or the REIT Subsidiary for any particular year might not satisfy these requirements. Neither Sullivan & Cromwell LLP nor any other law firm will monitor the compliance of CIM Commercial or the REIT Subsidiary with the requirements for REIT qualification on an ongoing basis.

The sections of the Code applicable to REITs are highly technical and complex. The following discussion summarizes material aspects of these sections of the Code.

As a REIT, CIM Commercial generally will not have to pay U.S. federal corporate income taxes on CIM Commercial’s net income that CIM Commercial currently distributes to its stockholders. This treatment substantially eliminates the “double taxation” at the corporate and stockholder levels that generally results from investment in a regular corporation. CIM Commercial’s dividends, however, generally will not be eligible for (i) the reduced rates of tax applicable to dividends received by non-corporate holders and (ii) the corporate dividends-received deduction.

However, CIM Commercial may have to pay U.S. federal income tax as follows:

- First, if CIM Commercial has any undistributed REIT taxable income, including undistributed net capital gains, CIM Commercial would have to pay tax at regular corporate rates on such income and gains.
- Second, under certain circumstances, CIM Commercial may have to pay the alternative minimum tax on CIM Commercial’s items of tax preference.
- Third, if CIM Commercial has (a) net income from the sale or other disposition of “foreclosure property,” as defined in the Code, which is held primarily for sale to customers in the ordinary course of business or (b) other non-

qualifying income from foreclosure property, CIM Commercial would have to pay tax at the highest corporate rate on that income.

- Fourth, if CIM Commercial has net income from “prohibited transactions,” as defined in the Code, CIM Commercial would have to pay a 100% tax on that income. Prohibited transactions are, in general, certain sales or other dispositions of property, other than foreclosure property, held primarily for sale to customers in the ordinary course of business.
- Fifth, if CIM Commercial should fail to satisfy the 75% gross income test or the 95% gross income test, as discussed below under “Requirements for Qualification—Income Tests,” but has nonetheless maintained CIM Commercial’s qualification as a REIT because CIM Commercial has satisfied some other requirements, CIM Commercial would have to pay a 100% tax on an amount equal to (a) the gross income attributable to the greater of (i) 75% of CIM Commercial’s gross income over the amount of gross income that is qualifying income for purposes of the 75% test, and (ii) 95% of CIM Commercial’s gross income over the amount of gross income that is qualifying income for purposes of the 95% test, multiplied by (b) a fraction intended to reflect CIM Commercial’s profitability.
- Sixth, if CIM Commercial should fail to distribute during each calendar year at least the sum of (1) 85% of CIM Commercial’s REIT ordinary income for that year, (2) 95% of CIM Commercial’s REIT capital gain net income for that year and (3) any undistributed taxable income from prior periods, CIM Commercial would have to pay a 4% excise tax on the excess of that required distribution over the sum of the amounts actually distributed and retained amounts on which income tax is paid at the corporate level.

[Table of Contents](#)

- Seventh, if CIM Commercial acquires any asset from a C corporation in certain transactions in which CIM Commercial must adopt the basis of the asset or any other property in the hands of the C corporation as the basis of the asset in the hands of CIM Commercial, and CIM Commercial recognizes gain on the disposition of that asset during the five-year period beginning on the date on which CIM Commercial acquired that asset, then CIM Commercial would have to pay tax on the built-in gain at the highest regular corporate rate.
- Eighth, if CIM Commercial derives “excess inclusion income” from a residual interest in a real estate mortgage investment conduit, or REMIC, or certain interests in a taxable mortgage pool, or TMP, CIM Commercial could be subject to corporate-level U.S. federal income tax at a 35% rate to the extent that such income is allocable to certain types of tax-exempt stockholders that are not subject to unrelated business income tax, such as government entities.
- Ninth, if CIM Commercial receives non-arm’s-length income from a TRS (as defined under “Requirements for Qualification—Asset Tests”), or as a result of services provided by a TRS to tenants of CIM Commercial, CIM Commercial would be subject to a 100% tax on the amount of CIM Commercial’s non-arm’s-length income.
- Tenth, if CIM Commercial fails to satisfy a REIT asset test, as described below, due to reasonable cause and CIM Commercial nonetheless maintains its REIT qualification because of specified cure provisions, CIM Commercial would generally be required to pay a tax equal to the greater of \$50,000 or the highest corporate tax rate multiplied by the net income generated by the nonqualifying assets that caused CIM Commercial to fail such test.
- Eleventh, if CIM Commercial fails to satisfy any provision of the Code that would result in CIM Commercial’s failure to qualify as a REIT (other than a violation of the REIT gross income tests or asset tests described below) and the violation is due to reasonable cause, CIM Commercial could retain its REIT qualification but would be required to pay a penalty of \$50,000 for each such failure.

Requirements for Qualification

The Code defines a REIT as a corporation, trust or association:

- that is managed by one or more trustees or directors;
- the beneficial ownership of which is evidenced by transferable shares, or by transferable certificates of beneficial interest;
- that would otherwise be taxable as a U.S. corporation, but for the sections of the Code defining and providing special rules for REITs;

- that is neither a financial institution nor an insurance company to which certain provisions of the Code apply;
- the beneficial ownership of which is held by 100 or more persons;
- during the last half of each taxable year, not more than 50% in value of the outstanding stock of which is owned, directly or constructively, by five or fewer individuals, as defined in the Code to include certain entities (the “not closely held requirement”); and
- that meets certain other tests, including tests described below regarding the nature of its income and assets.

The Code provides that the conditions described in the first through fourth bullet points above must be met during the entire taxable year and that the condition described in the fifth bullet point above must be met during at least 335 days of a taxable year of 12 months, or during a proportionate part of a taxable year of less than 12 months.

CIM Commercial has satisfied the conditions described in the first through fifth bullet points of the second preceding paragraph and believes that CIM Commercial has also satisfied the condition described in the sixth bullet point of the second preceding paragraph. In addition, CIM Commercial’s charter provides for restrictions regarding the ownership and transfer of CIM Commercial stock. These restrictions are intended to, among other things, assist CIM Commercial in continuing to satisfy the share ownership requirements described in the fifth and sixth bullet points of the preceding paragraph. The ownership and transfer restrictions pertaining to CIM Commercial stock are described in this prospectus under the heading “Description of Capital Stock and Securities Offered—Restrictions on Ownership and Transfer.”

[Table of Contents](#)

Disregarded Entity Subsidiaries. A corporation that is a qualified REIT subsidiary, or QRS, as defined in the Code, will not be treated as a separate corporation, and all assets, liabilities and items of income, deduction and credit of a QRS of CIM Commercial will be treated as assets, liabilities and items of these kinds of CIM Commercial, unless CIM Commercial makes an election to treat such corporation as a TRS. Thus, in applying the requirements described in this section, CIM Commercial’s QRSs (if any) will be ignored, and all assets, liabilities and items of income, deduction and credit of these subsidiaries will be treated as assets, liabilities and items of these kinds of CIM Commercial. References to “disregarded entity subsidiaries” in this section include QRSs.

Investments in Partnerships. If a REIT is a partner in a partnership, U.S. Treasury regulations provide that the REIT will be deemed to own its proportionate share of the assets of the partnership and will be deemed to be entitled to the income of the partnership attributable to that proportionate share. In addition, the character of the assets and gross income of the partnership will retain the same character in the hands of the REIT for purposes of the rules of the Code defining REITs, including satisfying the gross income tests and the asset tests. Thus, CIM Commercial’s proportionate share of the assets, liabilities and items of income of any partnership in which CIM Commercial is a partner will be treated as assets, liabilities and items of income of CIM Commercial for purposes of applying the requirements described in this section and actions taken by partnerships in which CIM Commercial owns an interest, either directly or through one or more tiers of partnerships or disregarded entity subsidiaries, can affect CIM Commercial’s ability to satisfy the REIT income and asset tests and the determination of whether CIM Commercial has net income from prohibited transactions. See the fourth bullet point under the heading “Taxation of CIM Commercial as a REIT” above for a brief description of prohibited transactions.

Taxable REIT Subsidiaries. A taxable REIT subsidiary, which we refer to as TRS, is any corporation in which a REIT directly or indirectly owns stock, provided that the REIT and that corporation make a joint election to treat that corporation as a TRS. The election can be revoked at any time as long as the REIT and the TRS revoke such election jointly. In addition, if a TRS holds, directly or indirectly, more than 35% of the securities of any other corporation other than a REIT (by vote or by value), then that other corporation is also treated as a TRS. A corporation can be a TRS with respect to more than one REIT.

A TRS is subject to U.S. federal income tax at regular corporate rates (currently a maximum rate of 35%), and may also be subject to state and local taxation. Any dividends paid or deemed paid by any one of CIM Commercial’s TRSs will also be taxable, either (1) to CIM Commercial to the extent the dividend is retained by CIM Commercial or (2) to CIM Commercial’s stockholders to the extent the dividends received from the TRS are paid to CIM Commercial’s stockholders. CIM Commercial may hold more than 10% of the stock of a TRS without jeopardizing its qualification as a REIT under the Code notwithstanding the rule described below under “Asset Tests” that generally precludes ownership of more than 10% of any issuer’s securities. However, as noted below, in order for CIM Commercial to qualify as a REIT under the Code, the securities of all of the TRSs in which CIM Commercial has invested either directly or indirectly may not represent more than 20% of the total value of CIM Commercial’s assets (25% with respect to CIM Commercial’s taxable years ending after December 31, 2009 and on or before December 31, 2017). CIM Commercial believes that the aggregate value of all of CIM Commercial’s interests in TRSs has represented less than 20% (and expects that for its taxable years ending after December 31, 2009 and on or before December 31,

2017, has represented and will continue to represent less than 25%) of the total value of CIM Commercial's assets; however, CIM Commercial cannot assure that this will always be true. Other than certain activities related to operating or managing a lodging or health care facility, a TRS may generally engage in any business including the provision of customary or non-customary services to tenants of the parent REIT.

Income Tests. In order to maintain CIM Commercial's qualification as a REIT, CIM Commercial annually must satisfy two gross income requirements.

- First, CIM Commercial must derive at least 75% of its gross income, excluding gross income from prohibited transactions, for each taxable year directly or indirectly from investments relating to real property, mortgages on real property or investments in REIT equity securities, including "rents from real property," as defined in the Code, or from certain types of temporary investments. Rents from real property generally include expenses of CIM Commercial that are paid or reimbursed by tenants.
- Second, at least 95% of CIM Commercial's gross income, excluding gross income from prohibited transactions, for each taxable year must be derived from real property investments as described in the preceding bullet point, dividends, interest and gain from the sale or disposition of stock or securities, or from any combination of these types of sources.

[Table of Contents](#)

Rents that CIM Commercial receives will qualify as rents from real property in satisfying the gross income requirements for a REIT described above only if the rents satisfy several conditions.

- First, the amount of rent must not be based in whole or in part on the income or profits of any person. However, an amount received or accrued generally will not be excluded from rents from real property solely because the rent is based on a fixed percentage or percentages of receipts or sales.
- Second, the Code provides that rents received from a tenant will not qualify as rents from real property in satisfying the gross income tests if CIM Commercial, directly or under the applicable attribution rules, owns a 10% or greater interest in that tenant; except that rents received from a TRS under certain circumstances qualify as rents from real property even if CIM Commercial owns more than a 10% interest in the subsidiary. We refer to a tenant in which CIM Commercial owns a 10% or greater interest as a "related party tenant."
- Third, if rent attributable to personal property leased in connection with a lease of real property is greater than 15% of the total rent received under the lease, then the portion of rent attributable to the personal property will not qualify as rents from real property.
- Finally, for rents received to qualify as rents from real property, except as described below, CIM Commercial generally must not operate or manage the property or furnish or render services to the tenants of the property, other than through an independent contractor from whom CIM Commercial derives no revenue or through a TRS. However, CIM Commercial may directly perform certain services that landlords usually or customarily render when renting space for occupancy only or that are not considered rendered to the occupant of the property.

CIM Commercial does not and will not derive rental income attributable to personal property, other than personal property leased in connection with the lease of real property, the amount of which is less than 15% of the total rent received under the lease.

CIM Commercial directly performs services for some of its tenants. CIM Commercial does not believe that the provision of these services will cause its gross income attributable to these tenants to fail to be treated as rents from real property. If CIM Commercial were to provide services to a tenant of a property of CIM Commercial other than those services landlords usually or customarily provide to tenants of properties of a similar class in the same geographic market when renting space for occupancy only, amounts received or accrued by CIM Commercial for any of these services will not be treated as rents from real property for purposes of the REIT gross income tests. However, the amounts received or accrued for these services will not cause other amounts received with respect to the property to fail to be treated as rents from real property unless the amounts treated as received in respect of the service, together with amounts received for certain management services, exceed 1% of all amounts received or accrued by CIM Commercial during the taxable year with respect to the property. If the sum of the amounts received in respect of the services to tenants and management services described in the preceding sentence exceeds the 1% threshold, then all amounts received or accrued by CIM Commercial with respect to the property will not qualify as rents from real property, even if CIM Commercial provides the impermissible service to some, but not all, of the tenants of the property.

The term “interest” generally does not include any amount received or accrued, directly or indirectly, if the determination of that amount depends in whole or in part on the income or profits of any person. However, an amount received or accrued generally will not be excluded from the term interest solely because the amount of the interest is based on a fixed percentage or percentages of receipts or sales.

From time to time, CIM Commercial may enter into hedging transactions with respect to one or more of CIM Commercial’s assets or liabilities. CIM Commercial’s hedging activities may include entering into interest rate swaps, caps, and floors, options to purchase these items, and futures and forward contracts. Except to the extent provided by U.S. Treasury regulations, any income CIM Commercial derives from a hedging transaction that is clearly identified as such as specified in the Code, including gain from the sale or disposition of such a hedging transaction, will not constitute gross income for purposes of the 75% or 95% gross income tests, and therefore will be excluded for purposes of these tests, but only to the extent that the transaction hedges indebtedness incurred or to be incurred by us to acquire or carry real estate. Income from any hedging transaction is however, nonqualifying for purposes of the 75% gross income test with respect to transactions entered into on or prior to July 30, 2008. The term “hedging transaction,” as used above, generally means any transaction CIM Commercial enters into in the normal course of its business primarily to manage risk of interest rate or price changes or currency fluctuations with respect to borrowings made or to be made, or ordinary obligations incurred or to be incurred, by CIM Commercial. For transactions entered into after July 30, 2008, the term “hedging transaction” also includes any transaction entered into primarily to manage the risk of currency fluctuations with respect to any item of income or gain that would be qualifying income under the 75% or 95% gross income test (or any property that generates such income or gain), including gain from the termination of such a transaction. The term “hedging transaction” also includes hedges of other hedging transactions described in this paragraph. CIM Commercial intends to structure any hedging transactions in a manner that does not jeopardize its status as a REIT.

[Table of Contents](#)

As a general matter, certain foreign currency gains recognized after July 30, 2008 by CIM Commercial will be excluded from gross income for purposes of one or both of the gross income tests, as follows.

“Real estate foreign exchange gain” will be excluded from gross income for purposes of both the 75% and 95% gross income test. Real estate foreign exchange gain generally includes foreign currency gain attributable to any item of income or gain that is qualifying income for purposes of the 75% gross income test, foreign currency gain attributable to the acquisition or ownership of (or becoming or being the obligor under) obligations secured by mortgages on real property or on interests in real property and certain foreign currency gain attributable to certain qualified business units of a REIT.

“Passive foreign exchange gain” will be excluded from gross income for purposes of the 95% gross income test. Passive foreign exchange gain generally includes real estate foreign exchange gain as described above, and also includes foreign currency gain attributable to any item of income or gain that is qualifying income for purposes of the 95% gross income test and foreign currency gain attributable to the acquisition or ownership of (or becoming or being the obligor under) obligations that would not fall within the scope of the definition of real estate foreign exchange gain.

If CIM Commercial fails to satisfy one or both of the 75% or 95% gross income tests for any taxable year, CIM Commercial may nevertheless qualify as a REIT for that year if CIM Commercial satisfies the requirements of other provisions of the Code that allow relief from disqualification as a REIT. These relief provisions will generally be available if:

- CIM Commercial’s failure to meet the income tests was due to reasonable cause and not due to willful neglect and
- CIM Commercial files a schedule of each item of income in excess of the limitations described above in accordance with regulations to be prescribed by the IRS.

CIM Commercial might not be entitled to the benefit of these relief provisions, however. Even if these relief provisions apply, CIM Commercial would have to pay a tax on the excess income. The tax will be a 100% tax on an amount equal to (a) the gross income attributable to the greater of (i) 75% of CIM Commercial’s gross income over the amount of gross income that is qualifying income for purposes of the 75% test and (ii) 95% of CIM Commercial’s gross income over the amount of gross income that is qualifying income for purposes of the 95% test, multiplied by (b) a fraction intended to reflect CIM Commercial’s profitability.

Asset Tests. CIM Commercial, at the close of each quarter of its taxable year, must also satisfy four tests relating to the nature of its assets.

- First, at least 75% of the value of CIM Commercial’s total assets must be represented by real estate assets, including (a) real estate assets held by CIM Commercial’s disregarded entity subsidiaries (if any), CIM Commercial’s allocable share of real estate assets held by partnerships in which CIM Commercial owns an interest and stock issued by

another REIT, (b) for a period of one year from the date of CIM Commercial's receipt of proceeds of an offering of the shares of CIM Commercial stock or publicly offered debt with a term of at least five years, stock or debt instruments purchased with these proceeds and (c) cash, cash items and government securities.

- Second, not more than 25% of CIM Commercial's total assets may be represented by securities other than those in the 75% asset class (except that not more than 25% of CIM Commercial's total assets may be represented by "nonqualified" debt instruments issued by publicly offered REITs).
- Third, not more than 20% of CIM Commercial's total assets may constitute securities issued by TRSs (25% with respect to CIM Commercial's taxable years ending after December 31, 2009 and on or before December 31, 2017) and of the investments included in the 25% asset class, the value of any one issuer's securities, other than equity securities issued by another REIT or securities issued by a TRS, owned by CIM Commercial may not exceed 5% of the value of CIM Commercial's total assets. In addition, not more than 25% of the value of CIM Commercial's total assets may consist of "nonqualified" publicly offered debt issued by a REIT, as defined in Section 856(c)(5)(L) of the Code.
- Fourth, CIM Commercial may not own more than 10% of the vote or value of the outstanding securities of any one issuer, except for issuers that are REITs, disregarded entity subsidiaries or TRSs, or certain securities that qualify under a safe harbor provision of the Code (such as so-called "straight-debt" securities). Solely for the purposes of the 10% value test described above, the determination of CIM Commercial's interest in the assets of any entity treated as a partnership for U.S. federal income tax purposes in which CIM Commercial owns an interest will be based on CIM Commercial's proportionate interest in any securities issued by such entity, excluding for this purpose certain securities described in the Code.

[Table of Contents](#)

If the IRS successfully challenges the partnership status of any of the partnerships in which CIM Commercial maintains a more than 10% vote or value interest, and the partnership is reclassified as a corporation or a publicly traded partnership taxable as a corporation, CIM Commercial could lose its REIT status. In addition, in the case of such a successful challenge, CIM Commercial could lose its REIT status if such recharacterization results in CIM Commercial otherwise failing one of the asset tests described above.

Certain relief provisions may be available to CIM Commercial if it fails to satisfy the asset tests described above after a 30-day cure period. Under these provisions, CIM Commercial will be deemed to have met the 5% and 10% REIT asset tests if the value of CIM Commercial's nonqualifying assets (i) does not exceed the lesser of (a) 1% of the total value of CIM Commercial's assets at the end of the applicable quarter and (b) \$10,000,000, and (ii) CIM Commercial disposes of the nonqualifying assets within (a) six months after the last day of the quarter in which the failure to satisfy the asset tests is discovered or (b) the period of time prescribed by U.S. Treasury regulations to be issued. For violations due to reasonable cause and not willful neglect that are not described in the preceding sentence, CIM Commercial may avoid disqualification as a REIT under any of the asset tests, after the 30-day cure period, by taking steps including (i) the disposition of the nonqualifying assets to meet the asset test within (a) six months after the last day of the quarter in which the failure to satisfy the asset tests is discovered or (b) the period of time prescribed by U.S. Treasury regulations to be issued, (ii) paying a tax equal to the greater of (a) \$50,000 or (b) the highest corporate tax rate multiplied by the net income generated by the nonqualifying assets, and (iii) disclosing certain information to the IRS.

Annual Distribution Requirements. CIM Commercial, in order to qualify as a REIT, is required to distribute dividends, other than capital gain dividends, to CIM Commercial's stockholders in an amount at least equal to (1) the sum of (a) 90% of CIM Commercial's "REIT taxable income," computed without regard to the dividends paid deduction and CIM Commercial's net capital gain, and (b) 90% of CIM Commercial's net after-tax income, if any, from foreclosure property minus (2) the sum of certain items of non-cash income.

In addition, if CIM Commercial acquired an asset from a C corporation in a carryover basis transaction and disposes of such asset within five years of acquiring the asset, CIM Commercial may be required to distribute at least 90% of the after-tax built-in gain, if any, recognized on the disposition of the asset.

These distributions must be paid in the taxable year to which the distributions relate, or in the following taxable year if declared before CIM Commercial timely files its tax return for the year to which the distributions relate and if paid on or before the first regular dividend payment after the declaration. However, for U.S. federal income tax purposes, these distributions that are declared in October, November or December as of a record date in such month and actually paid in January of the following year will be treated as if the distributions were paid on December 31 of the year declared.

To the extent that CIM Commercial does not distribute all of its net capital gain or distributes at least 90%, but less than 100%, of CIM Commercial's REIT taxable income, as adjusted, CIM Commercial will have to pay tax on the undistributed amounts at regular ordinary and capital gain corporate tax rates. Furthermore, if CIM Commercial fails to distribute during each calendar year at least the sum of (a) 85% of CIM Commercial's ordinary income for that year, (b) 95% of CIM Commercial's capital gain net income for that year and (c) any undistributed taxable income from prior periods, CIM Commercial would have to pay a 4% excise tax on the excess of the required distribution over the sum of the amounts actually distributed and retained amounts on which income tax is paid at the corporate level.

CIM Commercial intends to satisfy the annual distribution requirements.

From time to time, CIM Commercial may not have sufficient cash or other liquid assets to meet the 90% distribution requirement due to timing differences between (a) when CIM Commercial actually receives income and when CIM Commercial actually pays deductible expenses and (b) when CIM Commercial includes the income and deducts the expenses in arriving at CIM Commercial's taxable income. If timing differences of this kind occur, in order to meet the 90% distribution requirement, CIM Commercial may find it necessary to arrange for short-term, or possibly long-term, borrowings or to pay dividends in the form of taxable stock dividends.

Under certain circumstances, CIM Commercial may be able to rectify a failure to meet the distribution requirement for a year by paying "deficiency dividends" to stockholders in a later year, which may be included in CIM Commercial's deduction for dividends paid for the earlier year. Thus, CIM Commercial may be able to avoid being taxed on amounts distributed as deficiency dividends; however, CIM Commercial will be required to pay interest based upon the amount of any deduction taken for deficiency dividends.

[Table of Contents](#)

Failure to Qualify as a REIT

If CIM Commercial would otherwise fail to qualify as a REIT because of a violation of one of the requirements described above, CIM Commercial's qualification as a REIT will not be terminated if the violation is due to reasonable cause and not willful neglect and CIM Commercial pays a penalty tax of \$50,000 for the violation. The immediately preceding sentence does not apply to violations of the income tests described above or a violation of the asset tests described above, each of which have specific relief provisions that are described above.

If CIM Commercial fails to qualify for taxation as a REIT in any taxable year, and the relief provisions do not apply, CIM Commercial will have to pay tax, including any applicable alternative minimum tax, on CIM Commercial's taxable income at regular corporate rates. CIM Commercial will not be able to deduct distributions to stockholders in any year in which CIM Commercial fails to qualify, nor will CIM Commercial be required to make distributions to stockholders. In this event, to the extent of current and accumulated earnings and profits, all distributions to stockholders will be taxable to the stockholders as dividend income (which may be subject to tax at preferential rates) and corporate distributees may be eligible for the dividends-received deduction if such distributees satisfy the relevant provisions of the Code. Unless entitled to relief under specific statutory provisions, CIM Commercial will also be disqualified from taxation as a REIT for the four taxable years following the year during which qualification was lost. CIM Commercial might not be entitled to the statutory relief described above in all circumstances.

Excess Inclusion Income

If CIM Commercial holds a residual interest in a REMIC or certain interests in a TMP from which CIM Commercial derives "excess inclusion income," CIM Commercial may be required to allocate such income among its stockholders in proportion to the dividends received by CIM Commercial's stockholders, even though CIM Commercial may not receive such income in cash. To the extent that excess inclusion income is allocable to a particular stockholder, the income (1) would not be allowed to be offset by any net operating losses otherwise available to the stockholder, (2) would be subject to tax as unrelated business taxable income in the hands of most types of stockholders that are otherwise generally exempt from U.S. federal income tax, and (3) would result in the application of U.S. federal income tax withholding at the maximum rate (30%), without reduction pursuant to any otherwise applicable income tax treaty, to the extent allocable to most types of non-U.S. stockholders.

Taxation of Non-U.S. Stockholders of Series L Preferred Stock or Common Stock

The rules governing U.S. federal income taxation of non-U.S. stockholders are highly technical and complex. The following discussion is only a limited summary of these rules. Prospective non-U.S. stockholders should consult with their own tax advisors to determine the impact of U.S. federal, state and local income tax laws with regard to an investment in our Series L Preferred Stock or Common Stock, including any reporting requirements.

Taxation of Non-U.S. Stockholders of Series L Preferred Stock

Series L Preferred Stock. We do not expect distributions with respect to Series L Preferred Stock to be treated as paid out of CIM Commercial's earnings and profits if, as currently expected, the sum of the dividends on the Series A Preferred Stock and the Initial Dividend will exceed our earnings and profits for each year. Accordingly, we generally do not expect to withhold on distributions on the Series L Preferred Stock. However, it is possible that earnings and profits will be substantially higher than anticipated. This could occur, for example, if we engage in sales of assets that are not currently contemplated or our earnings and profits otherwise prove to be in excess of what we anticipated. In addition, it is possible distributions on the Series L Preferred Stock could be considered paid out of our earnings and profits if the IRS were to disagree with the manner in which we intend to allocate earnings and profits. Moreover, if the Initial Dividend is set to zero for a year as described in "Description of the Securities—Securities Offered in This Offering—Series L Preferred Stock—Distributions", we expect that distributions made on the Series L Preferred Stock for such year will be paid out of our earnings and profits, in which case such distributions would be subject to withholding. A non-U.S. stockholder may seek a refund of withheld amounts from the IRS if it is subsequently determined that the distribution was, in fact, not paid out of our current and accumulated earnings and profits.

Return of Capital. Distributions in excess of our current and accumulated earnings and profits, which are not treated as attributable to the gain from our disposition of a U.S. real property interest, generally will not be taxable to a non-U.S. stockholder and, to the extent we reasonably expect that the distribution will not be considered to be paid out of earnings and profits, we will not withhold. Distributions of this kind will instead reduce the adjusted basis of such shares. To the extent that distributions of this kind exceed the non-U.S. stockholder's adjusted basis in such stockholder's shares of Series L Preferred Stock, the distributions will give rise to tax liability only if the non-U.S. stockholder otherwise would have to pay tax on any gain from the sale or disposition of the shares, as described below.

[Table of Contents](#)

In addition, if a non-U.S. stockholder would be taxed upon a sale or exchange of Series L Preferred Stock (see discussion below under "*Sales of Series L Preferred Stock*."), we (or applicable withholding agent) would potentially be required to withhold at least 15% of any distribution in excess of our current and accumulated earnings and profits, even if the non-U.S. stockholder is not liable for U.S. tax on the receipt of that distribution. However, a non-U.S. stockholder may seek a refund of these amounts from the IRS if the non-U.S. stockholder's tax liability with respect to the distribution is less than the amount withheld. Such withholding should generally not be required if a non-U.S. stockholder would not be taxed upon a sale or exchange of Series L Preferred Stock.

Ordinary Dividends. Distributions, other than distributions that are treated as attributable to gain from sales or exchanges by us of U.S. real property interests, as discussed below, and other than distributions designated by us as capital gain dividends, which are not treated as ordinary dividends if paid on a class of our stock that is regularly traded on an established securities market located in the United States and such stock is held by a non-U.S. stockholder who does not own more than 10% of such class of stock at any time during the one year period ending on the date of distribution (see "Capital Gain Dividends" below), will be treated as ordinary income to the extent that the distributions are made out of our current or accumulated earnings and profits. A withholding tax equal to 30% of the gross amount of the distribution will ordinarily apply to distributions of this kind to non-U.S. stockholders (other than stockholders described below in "Qualified Stockholders and Qualified Foreign Pension Funds"), unless an applicable tax treaty reduces that tax. For example, the Convention between the Government of the United States of America and the Government of the State of Israel with respect to Taxes on Income (the "Israel-U.S. Treaty") provides that an Israeli resident individual who is a beneficial owner of U.S. REIT shares may be eligible for a 10% withholding rate if such individual owns less than a 10% interest in the REIT. The question of whether an individual may claim benefits under the Israel-U.S. Treaty will depend on an individual's specific circumstances.

We expect that it or the required withholding agent will withhold U.S. tax at the rate of 30% on the gross amount of any dividends paid out of our earnings and profits, other than dividends treated as attributable to gain from sales or exchanges of U.S. real property interests and capital gain dividends, paid to a non-U.S. stockholder, unless (a) a lower treaty rate applies and the required form evidencing eligibility for that reduced rate is filed with us or the appropriate withholding agent or (b) the non-U.S. stockholder files an IRS Form W-8ECI or a successor form with us or the appropriate withholding agent claiming that the distributions are effectively connected with the non-U.S. stockholder's conduct of a U.S. trade or business and, in either case, other applicable requirements are met.

If a non-U.S. stockholder receives an allocation of "excess inclusion income" with respect to a REMIC residual interest or an interest in a TMP owned by us, the non-U.S. stockholder would be subject to U.S. federal income tax withholding at the maximum rate of 30% with respect to such allocation, without reduction pursuant to any otherwise applicable income tax treaty.

Dividends (including capital gain dividends described below) authorized by us in October, November, or December of any year and payable to a stockholder of record on a specified date in any of these months will be treated as both paid by us and received by the stockholder on December 31 of that year, provided that we actually pay the dividend on or before January 31 of the following calendar year.

Capital Gain Dividends. Distributions that are attributable to gains from sales or exchanges by us of U.S. real property interests that are paid with respect to any of our stock that is regularly traded on an established securities market located in the United States and held by a non-U.S. stockholder who does not own more than 10% of such class of stock at any time during the one year period ending on the date of distribution will be treated as a normal distribution by us, and such distributions will be taxed as described above in “Ordinary Dividends.” Although the Series L Preferred Stock will be listed on NASDAQ, we expect that most, if not all, trading in the Series L Preferred Stock will take place on TASE, with the result that the Series L Preferred Stock may not be treated as regularly traded on a U.S. established securities market.

Distributions that are not described in the preceding paragraph that are attributable to gains from sales or exchanges by us of U.S. real property interests will be taxed to a non-U.S. stockholder under the provisions of the Foreign Investment in Real Property Tax Act of 1980, as amended, which we refer to as FIRPTA, except as described below under “Qualified Stockholders and Qualified Foreign Pension Funds.” Under FIRPTA, these distributions are taxed to a non-U.S. stockholder as if the gains were effectively connected with a U.S. business. Thus, non-U.S. stockholders will be taxed on the distributions at the normal capital gain rates applicable to U.S. persons, subject to any applicable alternative minimum tax and special alternative minimum tax in the case of individuals, and a 30% branch profits tax may also apply if the stockholder is a non-U.S. corporation. We (or applicable withholding agent) are required by applicable U.S. Treasury regulations under this statute to withhold 35% of any distribution that we could designate as a capital gain dividend. However, if we designate as a capital gain dividend a distribution made before the day we actually effect the designation, then although the distribution may be taxable to a non-U.S. stockholder, withholding would not apply to the distribution under FIRPTA. Rather, we must effect the 35% withholding from distributions made on and after the date of the designation, until the distributions so withheld equal the amount of the prior distribution designated as a capital gain dividend. The non-U.S. stockholder may credit the amount withheld against the non-U.S. stockholder’s U.S. tax liability.

[Table of Contents](#)

Distributions to a non-U.S. stockholder that are designated by us at the time of distribution as capital gain dividends that are not attributable to or treated as attributable to the disposition by us of a U.S. real property interest generally will not be subject to U.S. federal income taxation, except as described above.

Sales of Series L Preferred Stock. Gain recognized by a non-U.S. stockholder upon a sale or exchange of Series L Preferred Stock generally would not be taxed even under FIRPTA, if we are a “domestically controlled REIT,” defined generally as a REIT, less than 50% in value of the stock of which is and was held directly or indirectly by non-U.S. persons at all times during a specified testing period. We believe that we are a “domestically controlled REIT,” and, therefore, assuming that we continue to be a “domestically controlled REIT,” that taxation under this statute generally will not apply to the sale of our stock.

If we do not qualify as a “domestically controlled REIT,” the tax consequences to a non-U.S. stockholder of a sale of our stock depends upon whether such stock is regularly traded on an established securities market and the amount of such stock that is held by the non-U.S. stockholder. Specifically, a non-U.S. stockholder that holds shares of a class of our stock that is regularly traded on an established securities market will be subject to FIRPTA in respect of a sale of such stock only if the stockholder owned more than 10% of the interests of such class at any time during a specified period. This period is generally the shorter of the period that the non-U.S. stockholder owned such shares or the five-year period ending on the date when the stockholder disposed of the shares. A non-U.S. stockholder that holds shares of a class of our stock that is not traded on an established securities market will be subject to FIRPTA in respect of a sale of such shares if on the date the shares were acquired by the stockholder such shares had a fair market value greater than the fair market value on that date of 5% of the regularly traded class of our outstanding shares with the lowest fair market value. If a non-U.S. stockholder holds a class of our stock that is not regularly traded on an established securities market, and subsequently acquires additional shares of the same class, then all such shares must be aggregated and valued as of the date of the subsequent acquisition for purposes of the 5% test that is described in the preceding sentence. If tax under FIRPTA applies to the gain on the sale of our stock, the same treatment would apply to the non-U.S. stockholder as to U.S. stockholders with respect to the gain, subject to any applicable alternative minimum tax and a special alternative minimum tax in the case of nonresident alien individuals.

Although the Series L Preferred Stock is expected to be listed on TASE and NASDAQ, each of which is an established securities market, there can be no assurances that a sufficient trading market will develop on TASE or NASDAQ in order for the Series L Preferred Stock to be considered “regularly traded” for purposes of this test.

Redemption of Series L Preferred Stock. If a non-U.S. stockholder receives cash on redemption of its Series L Preferred Stock, the redemption will generally be treated as a sale or exchange described under “Taxation of Non-U.S. Stockholders of Series L Preferred Stock—Sale of Series L Preferred Stock.” If a non-U.S. stockholder receives Common Stock on redemption, a non-U.S. stockholder generally will not recognize gain or loss in respect of the receipt of Common Stock, unless (i) the fair market value of the Common Stock such non-U.S. stockholder receives is in excess of the liquidation value of the Series L Preferred Stock surrendered, in which case such excess may be treated as a distribution potentially taxable as a dividend, or (ii) a non-U.S. stockholder would have been subject to tax under FIRPTA upon a sale or exchange of Series L Preferred Stock but would not be

subject to tax under FIRPTA upon a sale or exchange of the Common Stock received therefor, in which case such non-U.S. stockholder should be treated as receiving the fair value of the Common Stock in an exchange subject to tax as described “–Taxation of Non-U.S. Stockholders of Series L Preferred Stock–Sale of Series L Preferred Stock.” In addition, even if a non-U.S. stockholder receives cash on redemption, if such non-U.S. stockholder continues to hold equity in us, it is possible the receipt of cash could also be treated as a distribution, which would be taxable as a dividend to the extent the distribution is considered to be paid out of our earnings and profits.

If the Unit Price per share of the Series L Preferred Stock is lower than the price at which the Series L Preferred Stock may be redeemed under certain circumstances (or if a non-U.S. stockholder is considered to have subscribed for its Series L Preferred Stock for less than the Unit Price), this difference in price (the “redemption premium”) may be treated as a constructive distribution under Section 305(c) of the Code, unless the redemption premium is less than a statutory de minimis amount.

[Table of Contents](#)

The allocation of our earnings and profits to any constructive distributions described above is unclear. We believe it would be reasonable to take the position that any such constructive distributions should be allocated earnings and profits after the allocation of earnings and profits with respect to distributions on the Series A Preferred Stock, the Initial Dividend, and the Series L Preferred Stock. Accordingly, unless our earnings and profits for a year exceed the sum of the dividends on the Series A Preferred Stock, the Initial Dividend and the dividends on the Series L Preferred Stock for such year, we do not expect to treat any such constructive distributions to be considered paid out of earnings and profits in such year, with the result that we do not expect to withhold on any such distributions in such years. However, it is possible that any such constructive distributions on Series L Preferred Stock could be considered paid out of our earnings and profits if the IRS were to disagree with the manner in which we intend to allocate earnings and profits. The amount of any redemption premium would be subject to withholding as described above as the redemption premium accrues.

Taxation of Non-U.S. Stockholders of Common Stock

Distributions. To the extent that all or a portion of a distribution on Common Stock is treated as having been made out of our earnings and profits, including in respect of the Initial Dividend, a non-U.S. stockholder of Common Stock should be treated as described above in “–Taxation of Non-U.S. Stockholders of Series L Preferred Stock–Ordinary Dividends” or “–Taxation of Non-U.S. Stockholders of Series L Preferred Stock–Capital Gain Dividends,” as the case may be. We believe our Common Stock will be treated as regularly traded on an established securities market located in the United States; however, there can be no assurances that this will be the case.

Share Distributions. We have not made, but in the future may make, distributions to holders of shares of our stock that are paid in shares of our stock. In certain circumstances, these distributions may be intended to be treated as dividends for U.S. federal income tax purposes and, accordingly, would be treated in a manner consistent with the discussion above under “–Taxation of Non-U.S. Stockholders of Series L Preferred Stock–Ordinary Dividends” and “–Taxation of Non-U.S. Stockholders of Series L Preferred Stock–Capital Gain Dividends.” If we (or applicable withholding agent) are required to withhold an amount in excess of any cash distributed along with the shares of our stock, some of the shares that would otherwise be distributed will be retained and sold in order to satisfy such withholding obligations.

Return of Capital. If distributions on Common Stock are not treated as having been made out of our earnings and profits, a non-U.S. stockholder of Common Stock should be treated as described above in “–Taxation of Non-U.S. Stockholders of Series L Preferred Stock–Return of Capital.”

In addition, if a non-U.S. stockholder would be taxed upon a sale or exchange of Series L Preferred Stock (see discussion above under “–Taxation of Non-U.S. Stockholders of Series L Preferred Stock–Sales of Series L Preferred Stock”), we (or applicable withholding agent) would potentially be required to withhold at least 15% of any distribution in excess of our current and accumulated earnings and profits, even if the non-U.S. stockholder is not liable for U.S. tax on the receipt of that distribution. However, a non-U.S. stockholder may seek a refund of these amounts from the IRS if the non-U.S. stockholder’s tax liability with respect to the distribution is less than the amount withheld. Such withholding should generally not be required if a non-U.S. stockholder would not be taxed upon a sale or exchange of our stock. See discussion below under “Sales of CIM Commercial Stock.”

Sales of CIM Commercial Stock. The sale of our stock by a non-U.S. stockholder should be treated as described above in “–Taxation of Non-U.S. Stockholders of Series L Preferred Stock–Sale of Series L Preferred Stock.” We believe our Common Stock will be treated as regularly traded on an established securities market; however, there can be no assurances that this will be the case.

Qualified Stockholders and Qualified Foreign Pension Funds

Our stock will not be treated as a U.S. real property interest subject to FIRPTA if the stock is held directly (or indirectly through one or more partnerships) by a “qualified stockholder” or “qualified foreign pension fund.” Similarly, any distribution made to a “qualified stockholder” or “qualified foreign pension fund” with respect to our stock will not be treated as gain from the sale or exchange of a U.S. real property interest to the extent our stock held by such qualified stockholder or qualified foreign pension fund is not treated as a U.S. real property interest.

[Table of Contents](#)

A “qualified stockholder” generally means a foreign person which (i) (x) is eligible for certain income tax treaty benefits and the principal class of interests of which is listed and regularly traded on at least one recognized stock exchange or (y) a foreign limited partnership that has an agreement with the United States for the exchange of information with respect to taxes, has a class of limited partnership units which is regularly traded on the New York Stock Exchange or NASDAQ, and such units’ value is greater than 50% of the value of all the partnership’s units; (ii) is a “qualified collective investment vehicle;” and (iii) maintains certain records with respect to certain of its owners. A “qualified collective investment vehicle” is a foreign person which (i) is entitled, under a comprehensive income tax treaty, to certain reduced withholding rates with respect to ordinary dividends paid by a REIT even if such person holds more than 10% of the stock of the REIT; (ii) (x) is a publicly traded partnership that is not treated as a corporation, (y) is a withholding foreign partnership for purposes of chapters 3, 4 and 61 of the Code, and (z) if the foreign partnership were a United States corporation, it would be a United States real property holding corporation, at any time during the five-year period ending on the date of disposition of, or distribution with respect to, such partnership’s interest in a REIT; or (iii) is designated as a qualified collective investment vehicle by the Secretary of the U.S. Treasury and is either fiscally transparent within the meaning of Section 894 of the Code or is required to include dividends in its gross income, but is entitled to a deduction for distribution to a person holding interests (other than interests solely as a creditor) in such foreign person.

Notwithstanding the foregoing, if a foreign investor in a qualified stockholder directly or indirectly, whether or not by reason of such investor’s ownership interest in the qualified stockholder, holds more than 10% of our stock, then a portion of the our stock held by the qualified stockholder (based on the foreign investor’s percentage ownership of the qualified stockholder) will be treated as a U.S. real property interest in the hands of the qualified stockholder and will be subject to FIRPTA.

A “qualified foreign pension fund” is any trust, corporation, or other organization or arrangement (A) which is created or organized under the law of a country other than the United States, (B) which is established to provide retirement or pension benefits to participants or beneficiaries that are current or former employees (or persons designated by such employees) of one or more employers in consideration for services rendered, (C) which does not have a single participant or beneficiary with a right to more than 5% of its assets or income, (D) which is subject to government regulation and provides annual information reporting about its beneficiaries to the relevant tax authorities in the country in which it is established or operates, and (E) with respect to which, under the laws of the country in which it is established or operates, (i) contributions to such organization or arrangement that would otherwise be subject to tax under such laws are deductible or excluded from the gross income of such entity or taxed at a reduced rate, or (ii) taxation of any investment income of such organization or arrangement is deferred or such income is taxed at a reduced rate.

Backup Withholding and Information Reporting

If you are a non-U.S. stockholder, we and other payors are required to report payments of dividends on IRS Form 1042-S even if the payments are exempt from withholding. However, you are otherwise generally exempt from backup withholding and information reporting requirements with respect to:

- dividend payments and
- the payment of the proceeds from the sale of our stock effected at a U.S. office of a broker,

as long as the income associated with these payments is otherwise exempt from U.S. federal income tax, and:

- the payor or broker does not have actual knowledge or reason to know that you are a U.S. person and you have furnished to the payor or broker:
 - a valid IRS Form W-8BEN or W-8BEN-E, as applicable, or an acceptable substitute form upon which you certify, under penalties of perjury, that you are a non-U.S. person, or
 - other documentation upon which the payor or broker may rely to treat the payments as made to a non-U.S. person in accordance with U.S. Treasury regulations or
- you otherwise establish an exemption.

Payment of the proceeds from the sale of our stock effected at a non-U.S. office of a broker generally will not be subject to information reporting or backup withholding. However, a sale of such shares that is effected at a non-U.S. office of a broker will be subject to information reporting and backup withholding if:

- the proceeds are transferred to an account maintained by you in the United States,
- the payment of proceeds or the confirmation of the sale is mailed to you at a United States address, or
- the sale has some other specified connection with the United States as provided in U.S. Treasury regulations,

unless the broker does not have actual knowledge or reason to know that you are a U.S. person and the documentation requirements described above are met or you otherwise establish an exemption.

[Table of Contents](#)

In addition, a sale of our stock will be subject to information reporting if it is effected at a non-U.S. office of a broker that is:

- a U.S. person,
- a controlled foreign corporation for U.S. federal tax purposes,
- a non-U.S. person 50% or more of whose gross income is effectively connected with the conduct of a U.S. trade or business for a specified three-year period, or
- a non-U.S. partnership, if at any time during its tax year:
 - one or more of such non-U.S. partnership's partners are "U.S. persons," as defined in U.S. Treasury regulations, who in the aggregate hold more than 50% of the income or capital interest in the partnership or
 - such non-U.S. partnership is engaged in the conduct of a U.S. trade or business,

unless the broker does not have actual knowledge or reason to know that you are a United States person and the documentation requirements described above are met or you otherwise establish an exemption. Backup withholding will apply if the sale is subject to information reporting and the broker has actual knowledge that you are a U.S. person.

You generally may obtain a refund of any amounts withheld under the backup withholding rules that exceed your income tax liability by filing a refund claim with the IRS.

FATCA Withholding

Pursuant to Sections 1471 through 1474 of the Code, commonly known as the Foreign Account Tax Compliance Act, which we refer to as FATCA, a 30% withholding tax, which we refer to as FATCA Withholding, may be imposed on certain payments to you or to certain foreign financial institutions, investment funds and other non-U.S. persons receiving payments on your behalf if you or such persons fail to comply with certain information reporting requirements. Such payments will include U.S.-source dividends and the gross proceeds from the sale or other disposition of stock that can produce U.S.-source dividends. Payments of dividends (including deemed dividends) that you receive in respect of our stock could be affected by this withholding if you are subject to the FATCA information reporting requirements and fail to comply with them or if you hold our stock through a non-U.S. person (e.g., a non-U.S. bank or broker) that fails to comply with these requirements (even if payments to you would not otherwise have been subject to FATCA Withholding). However, FATCA Withholding will not apply to payments of gross proceeds from a sale or other disposition of our stock before January 1, 2019. You should consult your own tax advisors regarding the relevant U.S. law and other official guidance on FATCA Withholding.

Federal Estate Taxes

Our stock held by a non-U.S. stockholder at the time of death will be included in the stockholder's gross estate for U.S. Federal estate tax purposes, unless an applicable estate tax treaty provides otherwise.

Other Tax Consequences

State or local taxation may apply to us and our stockholders in various state or local jurisdictions, including those in which we or our stockholders transact business or reside. The state and local tax treatment of us and our stockholders may not conform to the U.S. Federal income tax consequences discussed above. Consequently, prospective stockholders should consult their own tax advisors regarding the effect of state and local tax laws on an investment in us.

[Table of Contents](#)

MATERIAL ISRAELI TAX CONSEQUENCES

The taxation framework of traded Israeli REITs was introduced in Israel during April 2016 as part of an amendment to The Israeli Income Tax Ordinance of 1961 (New Version), which we refer to as the Ordinance. Based on the language of the Ordinance, and explanations contained in the amendment, the Company, as it is currently operated, should not be considered a REIT under the Ordinance.

In the absence of specific tax laws or common practices regarding the taxation of a non-Israeli REIT whose securities are traded in Israel, which we refer to as a Traded Foreign REIT, the following discussion assumes that a Traded Foreign REIT will be taxed as a corporation and that distributions with respect to, and gain or loss from the sale of, shares of the Series L Preferred Stock will be subject to income and withholding tax in Israel under the rules generally applicable to shares of common stock. However, the Israel Tax Authority, or ITA, has not issued a formal position regarding the taxation of traded preferred stock, and any future interpretation of the ITA may differ from these assumptions. For example, the ITA may classify the Series L Preferred Stock as a debt instrument and tax it accordingly. In the alternative, the ITA may choose to tax the dividend distributions based on the underlying character of the income (i.e., ordinary income or capital gain), similar to the U.S. tax treatment of such distributions as explained in “Material U.S. Federal Income Tax Consequences” in this prospectus.

The following discussion summarizes the material Israeli income tax consequences to stockholders from holding and disposing (including through redemption) of shares of Series L Preferred Stock. Due to the lack of official guidance and the fact that this offering by CIM Commercial is the first offering of securities by a Traded Foreign REIT, as well as the first offering of preferred stock, on the TASE, the following description with respect to the Israeli tax aspects of the Series L Preferred Stock is not intended to constitute a formal interpretation of the applicable law. This discussion is for your general information only. This summary is not tax advice and does not address all aspects of taxation that may be relevant to particular holders in light of their personal investments or tax circumstances.

We urge you to consult with your own tax advisor regarding the Israeli tax consequences to you of acquiring, holding and disposing of the Series L Preferred Stock and Common Stock given your particular circumstances and potential changes in applicable laws.

On December 29, 2016, Israel enacted a law that introduced certain amendments to its tax law, including a reduction of the corporate tax rates, which we refer to as the Israeli Corporate Tax Rate, as follows: beginning January 1, 2017, the corporate income tax rate became 24% and beginning January 1, 2018, and thereafter, the corporate income tax rate will be 23%. Furthermore, the marginal individual income tax rates were reduced to provide that the maximum tax rate is now 47%, referred to as the Maximum Marginal Rate, and the surtax (imposed on total annual income in excess of 640,000 ILS in 2017) was increased from 2% to 3%, which we refer to as the Surtax.

Dividend Income

In general, a dividend that is distributed to an Israeli resident individual shareholder is subject to income tax at a rate of 25% (and Surtax, if applicable). However, an individual that is a Substantial Shareholder (as defined below) is subject to income tax at a rate of 30% (and Surtax, if applicable). As to a corporation, a dividend sourced from outside of Israel is subject to the Israeli Corporate Tax Rate. A dividend sourced from outside of Israel that is received by a non-Israeli resident is not subject to Israeli taxation.

A “Substantial Shareholder,” as this term is defined in Section 88 of the Ordinance, is a person who holds, directly or indirectly, alone or together with Another (as defined in the Ordinance), at least 10% of one of the means of control in the company, on the date on which the dividend is received or on any other date in the 12 previous months.

Dividends received by an Exempt Trust Fund (as defined in the Ordinance) or an entity that is exempt from tax under the provisions of Section 9(2) of the Ordinance, referred to as a Section 9(2) Entity, will be exempt from Israeli income tax provided the taxpayer meets the requirements of such section. Liable Trust Funds (i.e., trust

[Table of Contents](#)

funds other than Exempt Trust Funds) will be subject to income tax at the rate that applies to an individual's income as described above.

According to the Income Tax Regulations (Withholding from interest, dividend and certain earnings), 2005, the withholding tax rate for dividends sourced outside of Israel will be 25% if received by an Israeli resident individual, or the Israeli Corporate Tax Rate if received by an Israeli corporation, unless an exemption or a reduced tax rate certificate is provided.

In general, under the Income Tax Regulations the TASE member through which the securities are held is in charge of withholding the Israeli tax from all distributions related to the Series L Preferred Stock and Common Stock, including dividend distributions.

Please note that if dividend distributions are not withheld completely in accordance with the above tax rates, as applicable, the provisions of Section 131 & 175(b) of the Ordinance and the regulations thereunder shall apply regarding the duty of reporting and advance payment by the holder.

Dividends received by a non-Israeli resident and sourced outside of Israel will not be subject to Israeli withholding tax. Furthermore, no tax will be withheld from dividends distributed to a Section 9(2) Entity or an Exempt Trust Fund.

Capital Gain

According to the provisions of the Ordinance, any real capital gain (i.e., not gain related to changes in indexes such as inflation or foreign currency exchange rates) from the sale (including through redemption) of the Series L Preferred Stock by an Israeli resident individual is subject to marginal income tax rates, which shall not exceed 25% (or 30% if the individual is a Substantial Shareholder), with the applicable rate deemed equal to the highest bracket of such individual's chargeable income plus the Surtax, if applicable. An individual that claimed interest and linkage differentials expenses with respect to the Series L Preferred Stock will be subject to income tax at a rate of 30% on the capital gain from the sale of such Series L Preferred Stock. These reduced tax rates shall not apply to an individual whose income from the sale of the Series L Preferred Stock is classified as income from a "business" or a "vocation" in accordance with the provisions of Section 2(1) of the Ordinance. In such case, the individual will be subject to a marginal rate up to the Maximum Marginal Rate, according to the provisions of Section 121 of the Ordinance and the Surtax, if applicable.

A corporation will be subject to the Israeli Corporate Tax Rate on the real capital gain from the sale (including through redemption) of the Series L Preferred Stock.

In general, a non-Israeli resident (individual or corporation) is not subject to Israeli capital gain tax if the gain is accrued or produced outside of Israel within the meaning of Section 89(b)(3) of the Ordinance (as explained below). A non-Israeli resident is also exempt from tax on capital gains derived from the sale of securities which are listed on a stock exchange in Israel, provided that the capital gain is not attributable to its (the investor's) permanent establishment in Israel, subject to the provisions of Section 97(b2) of the Ordinance. Section 89(b)(3) of the Ordinance provides that capital gain will be considered to be produced in Israel in the following instances: (1) the sold asset is located in Israel; (2) the sold asset is located abroad but is in essence a direct or indirect right to an asset or to stock in trade, or it is an indirect right to a real estate right or to an asset in a real estate association located in Israel ("the property"), but only in respect of the part of the sale consideration that stems from the property located in Israel; (3) a share or a right to a share in an Israeli corporation; (4) a right in a non-Israeli corporation, which in essence is the owner of a direct or indirect right to property located in Israel, but only in respect of that part of the sale consideration that stems from the property located in Israel. According to Section 68A of the Ordinance, these exemptions from Israel income tax will not apply to a non-Israeli resident corporation if Israeli residents are, directly or indirectly, the controlling shareholders, the beneficiaries or are entitled to 25% or more of the income or earnings of such foreign corporation.

An Exempt Trust Fund or Section 9(2) Entity are exempt from tax on capital gains derived from the sale of the Series L Preferred Stock provided the certain conditions of the section applicable to such entities are met. Liable Trust Funds will be subject to income tax at the rate that applies to an individual's income, as described above.

[Table of Contents](#)

According to the Income Tax Regulation (Withholding from Apposition, from payment or from capital gain in the sale of security, in the sale of a unit in trust fund or in future transaction), 2002, capital gain from the sale of the Series L Preferred Stock will be subject to withholding tax at a rate of 25% for an individual, and at the Israeli Corporate Tax Rate for a corporation, unless an exemption or a reduced tax rate certificate is provided. All subject to the offset of losses that the withholder is allowed to

deduct. Please note that capital gain derived from the sale of the Series L Preferred Stock which is delisted from the stock exchange will be subject to withholding tax at a rate of 30%, unless a reduced tax rate certificate is provided. Capital gain received by a non-Israeli resident and derived from the sale of the Series L Preferred Stock, will not be subject to Israeli withholding tax. In addition, no tax will be withheld from the capital gain of a Section 9(2) Entity or an Exempt Trust Fund.

In general under the Income Tax Regulations the TASE member through which the securities are held is in charge of withholding the Israeli tax from all distributions or payments related to the capital gain from the sale of or redemption of the Series L Preferred Stock and Common Stock.

If proceeds from the sale of Series L Preferred Stock are not withheld completely in accordance with the above tax rates, as applicable, the provisions of Section 91(d) of the Ordinance shall apply regarding the duty of reporting and advance payment by the holder.

Offset of Losses

In general, capital losses derived from the sale of the Series L Preferred Stock will create a loss offset provided that the seller (individual or corporation) would have been subject to tax had there instead been a capital gain. Such losses will be offset against real capital gain or same-year interest or dividend income in accordance with the principles of Section 92 of the Ordinance.

Foreign Tax Credit

According to the provisions of the Ordinance, a tax credit may be granted for foreign taxes paid on proceeds from the sale (including through redemption) of Series L Preferred Stock which are subject to tax in Israel. In general, the common practice is that the TASE member in charge of the withholding credits the foreign taxes provided the relevant certificates are submitted. With respect to dividend distributions to holders of the Series L Preferred Stock, upon each distribution, the Company or its agents will provide to the TASE member the amount of tax it withheld from each type of holder (e.g., individual or corporation), based on that holder's classification for U.S. federal income tax purposes. Accordingly, and based on proper certificates provided by the holder to the TASE member, the TASE member should deduct the U.S. tax withheld (based on the U.S. Israel income tax treaty) from the Israeli tax due from the specific holder, and the difference, if any, will be withheld for Israeli tax purposes. Please note that Israel is not obliged to grant a tax credit with respect to such foreign taxes unless they constitute a compulsory tax.

[Table of Contents](#)

PLAN OF DISTRIBUTION

We are offering up to [•] Series L Units, each consisting of ten shares of our Series L Preferred Stock, which are immediately separable into individual shares upon issuance, at a minimum price of ILS [•] per Series L Unit, or the Minimum Price, on a best-efforts basis to the public in Israel. There can be no assurance that all, or any, of our Series L Units offered by this prospectus will be sold.

We have engaged Leumi Partners Underwriting Ltd., or Leumi, to act as the distributor for the offering in Israel, subject to the terms and conditions described in an engagement agreement between us, Leumi and One Ha'am International LLC, dated March 16, 2017, which we refer to as the Distribution Agreement. Leumi is under no obligation to sell any of our Series L Preferred Stock and will not be obligated to purchase any of our Series L Preferred Stock. The Distribution Agreement provides that we will pay Leumi a fee upon completion of the offering in an amount equal to [•]% of the gross proceeds of the offering and will reimburse Leumi up to \$100,000 for reasonable expenses incurred by Leumi in connection with the offering.

The foregoing discussion does not attempt to summarize all substantive provisions of the Distribution Agreement, a copy of which has been filed as an exhibit to the registration statement of which this prospectus is a part.

We intend to list our Series L Preferred Stock for trading on NASDAQ and on the TASE. The approval for listing of our Series L Preferred Stock on NASDAQ and the TASE will not constitute a validation by either stock exchange of the information contained in this prospectus, or of the correctness or completeness thereof, and will not constitute an expression of either stock exchange of an opinion as to the Company, the quality of our Series L Preferred Stock or of the price at which our Series L Preferred Stock is offered. There is currently no public market for our Series L Preferred Stock. For more information, see "Risk Factors—There is currently no public market for our Series L Preferred Stock and no public market in Israel for our Common Stock, and no assurance can be made that any of such markets will develop" in this prospectus.

Overview of the Tender Process

An auction process, which we refer to as the Tender Process, will be used to determine the public offering price of our Series L Units offered in this offering, which we refer to as the Unit Price. The Tender Process will be conducted pursuant to the Israeli Securities Law of 1968 and the Israeli Securities Regulations (The Manner of Offering Securities to the Public) of 2007, or the Manner of Offering Regulations. The Tender Process, which is commonly used for public offerings in Israel, differs from the methods traditionally used in public offerings in the United States.

Customary with public offerings in Israel, the Tender Process is comprised of two steps. Prior to the date of this prospectus, we held an auction for investors in Israel meeting the definition of “Classified Investors” (as such term is defined in Section 1 of the Manner of Offering Regulations, which is summarized below), or Classified Investors, who made revocable bids in the early bidding process described below in “—Early Bidding for Classified Investors,” to participate in the public offer, which we refer to as the Early Bidding Process. The Minimum Price was established based on the results of the Early Bidding Process. After the registration statement, of which this prospectus forms a part, is declared effective by the SEC and after the date of publication of this prospectus with the ISA, we will hold a public tender process that is open to all investors in Israel who desire to participate, which we refer to as the Public Tender Process. Our directors and officers will not participate, or bid for Series L Units, in the offering.

“Classified Investors” includes those certain institutional investors (including pension funds, insurance companies, banks, and TASE members), companies with shareholders’ equity in excess of ILS 50 million and sophisticated individual investors, among others, meeting the definition in Section 1 of the Manner of Offering Regulations.

We have appointed Bank Leumi Le’Israel Ltd., of 9 Ahad Haam Street, Tel Aviv, Israel, a member of the TASE, which we refer to as the Offering Coordinator, to act as our offering coordinator to administer the offering. We will pay the Offering Coordinator a fixed fee of ILS [●] (approximately \$[●] USD) plus tax for its services based on a contractual arrangement.

We reserve the right to terminate the offering of our Series L Units at any time prior to our acceptance of any bids cast in the offering and there can be no assurances that the Tender Process will be completed or that you will be able to purchase Series L Units as a result.

Submission of Bids in the Public Tender Process

After effectiveness of the registration statement of which this prospectus forms a part, the Public Tender Process will commence on [●], 2017, or the Date of Tender, at 9:30 a.m. Israel time and will end on that day at 5:30 p.m. Israel time. Notwithstanding the foregoing, it is emphasized that the Public Tender Process will commence only following the lapse of at least seven hours and five trading hours on the TASE after the date of publication of this prospectus with the ISA.

[Table of Contents](#)

Each bid will specify the number of Series L Units the investor proposes to purchase and the price the investor is willing to pay for the Series L Units. Bids for Series L Units must be denominated in ILS in increments of ILS 1 (for example, ILS 1,000, ILS 1,001, ILS 1,002 and so forth) and the offered price per Series L Unit must not be less than the Minimum Price. A bid that is not stated in an increment of ILS 1 shall be rounded down to the nearest price increment. A bid that fails to indicate any price per Series L Units shall be deemed to be a bid stating the Minimum Price. A bid indicating a price per Series L Unit that is lower than the Minimum Price shall be deemed not to have been submitted.

Bids may be submitted for the purchase of whole Series L Units only. A bid for a portion of a Series L Unit shall be deemed a request for the number of whole Series L Units stated therein, and any fraction of a Series L Unit stated therein shall be deemed not to have been submitted. A bid that indicates an offer for less than one Series L Unit will not be accepted.

Each bidder may submit up to three offers, which may be for varying numbers of Series L Units and/or offered prices (not less than the Minimum Price), for our Series L Units. For this purpose, a “bidder” includes a family member who resides with the bidder as well as a Classified Investor that bids for Series L Units pursuant to the Early Bidding Process. All bids submitted by a Classified Investor (as described below under “—Early Bidding by Classified Investors”) during the Early Bidding Process and the Public Tender Process will be aggregated for purposes of this limit. Multiple bids submitted by a single bidder will be treated cumulatively, which means the Company may accept up to all three such bids. For purposes of the limit, the three highest offers submitted by a single bidder will be considered; all offers in excess of the limit will be deemed not to have been submitted.

All bids during the Public Tender Process must be submitted on forms that can be obtained from the Offering Coordinator, bank branches or other members of the TASE, which we refer to as the Authorized Entities. Such bids to purchase our Series L Units must be submitted to the Company through the Authorized Entities no later than the earlier of 5:30 p.m. Israel time on the Date of Tender or the close of operating hours of the Authorized Entities through which bids are submitted on the date of Tender. All bids placed in the Public Tender Process are revocable until such submission deadline.

The Authorized Entities shall transfer all bids received by them in sealed envelopes to the Offering Coordinator by 6:30 p.m. Israel time on the Date of Tender. The Offering Coordinator will place all bids in sealed envelopes into a sealed box that will remain closed until 6:30 p.m. Israel time on the Date of Tender. Only investors who submit bids during the Tender Process (including Classified Investors) will be permitted to purchase Series L Units.

The submission of bids by an Authorized Entity on behalf of its clients shall be deemed an irrevocable commitment on the part of the Authorized Entity to purchase any securities issued as a result of acceptance, whether full or partial, of such bids by the Company. The Authorized Entity will be responsible and liable to the Company and to the Offering Coordinator for the payment of the full consideration due to the Company in respect of such bids and which are accepted, in full or in part.

Results of the Tender Process and Determination of Unit Price

After 6:30 p.m. Israel time on the Date of Tender, the sealed box containing the bids submitted in the offering will be opened and the envelopes therein will be opened in the presence of (a) a representative of the Company, (b) a representative of the Offering Coordinator and (c) an accountant, who will supervise the proper execution of the Tender Process. The results of the Tender Process will be calculated and the bids will be processed as set forth below.

All Series L Units that we determine to sell in the offering will be issued at the same price per Series L Unit, or the Unit Price, which will equal the highest price at which bids for all of our Series L Units offered in this offering were placed, or, if the number of Series L Units for which bids were placed is lower than the number of Series L Units offered in this offering, the Minimum Price. After the revocability period described above, each bidder will be deemed to have committed to purchase all the Series L Units issued to such bidder as a result of a full or partial acceptance of such bidder's bid(s), pursuant to the procedures set forth below.

Our Series L Units will be issued, and the Unit Price will be determined, as follows:

- If the total number of Series L Units represented by bids (including bids by Classified Investors as discussed below) cast in the tender process is less than the total number of Series L Units offered to the public by this prospectus, all the bids will be accepted in full. In this case, the Unit Price will be the Minimum Price.

[Table of Contents](#)

- If the total number of Series L Units represented by bids (including bids by Classified Investors as discussed below) cast in the tender process is equal to or greater than the total number of Series L Units offered to the public by this prospectus, the Units Price will be the highest price at which all bids offered in the offering are allocated, and all Series L Units offered by this prospectus will be issued to bidders as follows:
 - Bids that state a price per Series L Unit that is less than the Unit Price will not be accepted.
 - Bids that state a price per Series L Unit that exceeds the Unit Price will be accepted in full.
 - Bids that state a price per Series L Unit equal to the Unit Price will be accepted on a pro-rata basis, so that a bidder will receive out of the remaining Series L Units for distribution (following our acceptance of bids (i) that state a price per Series L Unit that exceeds the Unit Price and (ii) made by Classified Investors in the Early Bidding Process at the Unit Price) a percentage of Series L Units bid for at the Unit Price by such bidder equal to the quotient of (a) the number of Series L Units bid for at the Unit Price by such bidder divided by (b) the total number of Series L Units included in all other bids stating the Unit Price (excluding the bids made by Classified Investors in the Early Bidding Process).

The Tender Process will be completed upon the Company's acceptance of the Unit Price by delivering notice to the Offering Coordinator on the Date of Tender. The Company, in its sole and absolute discretion, may choose not to accept the results of the Tender Process and terminate the offering.

This Tender Process will determine the proceeds to us, the only variables being the number of valid firm bids submitted and their associated prices. The Unit Price is determined by the bids, and thus we do not have the ability to arbitrarily choose the price at which Series L Units are offered pursuant to this offering, except with respect to the Minimum Price. We do not know how many bids will be submitted or what the prices will be for any such bids. The final allocation of Series L Units will be conducted in accordance with the Manner of Offering Regulations, applicable regulations of the TASE and guidelines of the Israel Securities Authority.

Fractional shares of our Series L Preferred Stock will not be issued to bidders. If the allocations of Series L Units detailed above will result in a fractional share, the number of shares allocated to such bidder will be rounded down to the nearest whole number. The fractional shares not issued in accordance with this rounding process will be aggregated and will be purchased, in a number of shares of our Series L Preferred Stock rounded down to the nearest whole number, by the Offering Coordinator.

Notice to Bidders and Payment of the Unit Price

On the first TASE trading day following the Date of Tender, which we refer to as the Closing Day, the Company will publish a press release announcing the results of the Tender Process and will file such press release with the ISA on MAGNA.

No later than 10:00 a.m. Israel time on the Closing Day, the Offering Coordinator will deliver via the Authorized Entities a notice to each investor who submitted one or more bids in the Tender Process. The notice will indicate (a) the Unit Price, as determined by the Tender Process, (b) the number of Series L Units that will be allocated to such bidder and (c) the aggregate consideration owed by such bidder for such Series L Units. A bidder who was allocated Series L Units shall have until 12:00 p.m. Israel time on the Closing Day to transfer to the Offering Coordinator, through the Authorized Entities, the aggregate consideration for such Series L Units.

The Special Account

Prior to the Date of Tender, the Offering Coordinator will open a special interest-bearing trust account, or the Special Account, in the Company's name with an Israeli bank. The Special Account will be managed exclusively by the Offering Coordinator in the Company's name, on the behalf of and for the benefit of investors in the offering. All proceeds received with respect to bids for our Series L Units that are accepted in the offering will be deposited in the Special Account.

By 12:00 p.m. Israel time on the Closing Day, the Authorized Entities will deposit in the Special Account the aggregate amount of consideration owed for Series L Units represented by bids cast by bidders through such Authorized Entities that are accepted by the Company in the Tender Process. Such funds will be deposited in liquid, unlinked ILS deposits and will bear interest on a daily basis.

Within three days on which both NASDAQ and the TASE are open for trading after the Date of Tender, or the Date of Issuance, the Offering Coordinator will transfer the balance of the funds in the Special Account remaining (after deducting the fees due to Leumi Pursuant to the Distribution Agreement, the early commitment fee and the Offering Coordinator's fee) to the Company (or per its instruction as stated below) against the delivery of the Series L Units issued in the offering.

[Table of Contents](#)

Early Bidding by Classified Investors

Prior to the Date of Tender, the Company held an Early Bidding Process for Classified Investors, pursuant to which the Classified Investors submitted revocable bids for Series L Units at a price greater than or equal to ILS [●] and in such quantities as indicated in the table below. Each Classified Investor has indicated its intent to purchase Series L Units at a minimum amount of ILS 800,000. Such early bids were provided with respect to an aggregate of [●] Series L Units, representing approximately [●]% of the Series L Units offered by this prospectus.

<u>Entity Name</u>	<u>Number of Units Bid for During the Early Bidding Process</u>	<u>Offer Price per Unit (in ILS)</u>
Total		

* Classified Investors that serve as distributors in this offering or entities related to such distributors.

It is noted that none of the above Classified Investors is an Interested Party (as such term is defined in the Israeli Securities Law) in the Company.

The bids submitted by the Classified Investors during the Early Bidding Process are fully revocable until the earlier of 5:30 p.m. Israel time or the close of operating hours of the Authorized Entities through which bids are submitted on the Date of Tender. The Company will deliver a notice to the Classified Investors upon the occurrence of any material offering milestones that occur after the Early Bidding Process and before effectiveness.

A Classified Investor may, on the Date of Tender, increase the price per Series L Unit offered by such Classified Investor during the Early Tender Process by delivering a written notice to the Offering Coordinator by 6:30 p.m. Israel time on the Date of Tender. A Classified Investor may also bid for additional Series L Units during the Public Tender Process; however, such excess Series L Units will not be subject to the Early Bidding Process described in the following paragraphs.

Pursuant to the Manner of Offering Regulations, in the event of Oversubscription, the issuance of securities to Classified Investors who bid in the Early Bidding Process at the Unit Price shall be as follows:

- If the Oversubscription is up to 5 times the offered number of Series L Units, each Classified Investor will be issued 100% of the number of Series L Units bid for by such Classified Investor at such time as such bids become irrevocable.
- If the Oversubscription is greater than 5 times the offered number of Series L Units, each Classified Investor will be issued 50% of the number of Series L Units bid for by such Classified Investor at such time as such bids become irrevocable.
- If the number of Units Remaining for Distribution is insufficient to allow for the allocation as set forth in the applicable preceding bullet, then the number of Series L Units issued to the Classified Investors will be pro rata to the bids subscribed for by the Classified Investors at the Unit Price at such time as such bids become irrevocable.

“Oversubscription” occurs only when the ratio between (a) the subscribed number of Series L Units at the Unit Price and (b) the Units Remaining for Distribution exceeds 1.

“Units Remaining for Distribution” is the number of Series L Units offered in the offering, after deducting the number of Series L Units for which bids were made at a price higher than the Unit Price.

Notwithstanding the foregoing allocation method, the total number of Series L Units subscribed for by Classified Investors shall not exceed the number stipulated in the Manner of Offering Regulations ($[\bullet]\%$ of the Minimum Unit Value). The “Minimum Unit Value” is the product of (a) the total number of Series L Units offered and (b) the Minimum Price. Receipt of bids by Classified Investors in the Early Bidding Process and the acceptance by the Company of such bids is in accordance with the principles determined in the Manner of Offering Regulations.

[Table of Contents](#)

Bids by Classified Investors will be submitted as part of the Public Tender Process and will be deemed to be bids submitted by the public for the purpose of determining the Unit Price in accordance with the mechanism stipulated in “—Results of the Tender Process and Determination of Share Price” above. If there is no Oversubscription, bids by Classified Investors will be deemed to be bids submitted by the public for the purpose of issuance of the Series L Units. Any Series L Units allocated to the Classified Investors will be sold to the Classified Investors at the Unit Price.

The Company will pay the Classified Investors who submitted bids in the Early Bidding Process an early commitment fee of $[\bullet]\%$ of the total consideration for the Series L Units included in such bid.

The Classified Investors will be responsible and liable to the Company, and to the Offering Coordinator through which the Classified Investors bid, for the payment of the full consideration due to the Company in respect of all bids accepted by the Company. The consideration owed by the Classified Investors for Series L Units allocated to them as described above shall be transferred to the Offering Coordinator through the TASE members by 10:30 a.m. Israel time on the Closing Day and will be deposited by the Offering Coordinator in the Special Account as discussed above in “—The Special Account.”

Issuance of Securities

On the Date of Issuance, the Company shall issue to the bidders, through Cede & Co., the shares of Series L Preferred Stock represented by bids which were accepted, in whole or in part, by the Company in the offering and for which the consideration was paid in full, by means of delivery of such shares Series L Preferred Stock in book-entry form to the bidders.

[Table of Contents](#)

LEGAL MATTERS

The validity of the shares of Series L Preferred Stock offered by this prospectus and certain other matters of Maryland law will be passed upon for us by Venable LLP. The description of the federal income tax consequences contained in the section of this prospectus captioned "Material U.S. Federal Income Tax Consequences" will be passed upon for us by Sullivan & Cromwell LLP. Sullivan & Cromwell LLP has acted as our counsel in connection with this offering.

EXPERTS

Our consolidated financial statements and schedules as of December 31, 2016 and 2015 and for the years ended December 31, 2016, 2015 and 2014 and management's assessment of the effectiveness of internal control over financial reporting as of December 31, 2016 have been incorporated by reference in this prospectus in reliance upon the reports of BDO USA, LLP, registered independent public accountants, incorporated by reference herein and upon the authority of said firm as experts in accounting and auditing.

WHERE YOU CAN FIND MORE INFORMATION

We are subject to the informational requirements of the Exchange Act and file with the SEC proxy statements, Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q and Current Reports on Form 8-K, as required of a U.S. listed company. You may read and copy any materials we file with the SEC at the SEC's public reference room at 100 F Street, NE, Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information regarding the public reference room. Our SEC filings are also available to the public from the SEC's web site at www.sec.gov or our website at www.cimcommercial.com, at <http://investors.cimcommercial.com/sec.cfm>. Written requests for copies of the documents we file with the SEC should be directed to: CIM Commercial, Attn: Investor Relations, 17950 Preston Road, Suite 600, Dallas, Texas 75252.

66

[Table of Contents](#)

, 2017

CIM COMMERCIAL TRUST CORPORATION

Maximum of [●] Series L Units consisting of [●] Shares of Series L Preferred Stock

PROSPECTUS

[Table of Contents](#)

PART II

INFORMATION NOT REQUIRED IN PROSPECTUS

Item 31. Other Expenses of Issuance and Distribution

Securities and Exchange Commission Registration Fee	\$ 11,590.00
Accounting Fees and Expenses(1)	\$
Legal Fees and Expenses(1)	\$
Miscellaneous Expenses(1)	\$
Total(1)	\$

* All expenses are estimates except for the Securities and Exchange Commission Registration Fee.

(1) To be furnished by amendment.

Item 32. Sales to Special Parties.

None.

Item 33. Recent Sales of Unregistered Securities and Use of Proceeds.

None.

Item 34. Indemnification of Directors and Officers.

Maryland law permits a Maryland corporation to include in its charter a provision eliminating the liability of its directors and officers to the corporation and its stockholders for money damages except for liability resulting from (a) actual receipt of an improper benefit or profit in money, property or services or (b) active or deliberate dishonesty established in a judgment or other final adjudication to be material to the cause of action. Our charter contains a provision that eliminates the liability of our directors and officers to the maximum extent permitted by Maryland law.

Maryland law requires a Maryland corporation (unless its charter provides otherwise, which our charter does not) to indemnify a director or officer who has been successful, on the merits or otherwise, in the defense of any proceeding to which he or she is made, or threatened to be made, a party by reason of his or her service in that capacity. Maryland law permits a Maryland corporation to indemnify its present and former directors and officers, among others, against judgments, penalties, fines, settlements and reasonable expenses actually incurred by them in connection with any proceeding to which they may be made or threatened to be made a party by reason of their service in those or other capacities unless it is established that:

- an act or omission of the director or officer was material to the matter giving rise to the proceeding and (i) was committed in bad faith or (ii) was the result of active and deliberate dishonesty;
- the director or officer actually received an improper personal benefit in money, property or services; or
- in the case of any criminal proceeding, the director or officer had reasonable cause to believe that the act or omission was unlawful.

However, under Maryland law, a Maryland corporation may not indemnify for an adverse judgment in a suit by or in the right of the corporation or for a judgment of liability on the basis that personal benefit was improperly received, unless in either case a court orders indemnification and then only for expenses. In addition, Maryland law permits a Maryland corporation to advance reasonable expenses to a director or officer upon the corporation's receipt of:

- a written affirmation by the director or officer of his or her good faith belief that he or she has met the standard of conduct necessary for indemnification by the corporation; and
- a written undertaking by the director or officer or on the director's or officer's behalf to repay the amount paid or reimbursed by the corporation if it is ultimately determined that the director or officer did not meet the standard of conduct.

II -1

[Table of Contents](#)

Our charter and bylaws obligate us, to the maximum extent permitted by Maryland law, to indemnify and, without requiring a preliminary determination of the ultimate entitlement to indemnification, pay or reimburse reasonable expenses in advance of final disposition of a proceeding to:

- any present or former director or officer who is made, or threatened to be made, a party to, or witness in, the proceeding by reason of his or her service in that capacity; or
- any individual who, while a director or officer of our Company and at our Company's request, serves or has served another corporation, real estate investment trust, limited liability company, partnership, joint venture, trust, employee benefit plan or any other enterprise as a director, officer, trustee, member, manager or partner and who is made, or threatened to be made, a party to, or witness in, the proceeding by reason of his or her service in that capacity.

Our charter and bylaws also permit us, subject to approval from our Board of Directors, to indemnify and advance expenses to any person who served a predecessor of our Company in any of the capacities described above and to any employee or agent of our Company or a predecessor of our Company.

Insofar as the foregoing provisions permit indemnification of directors, officer or persons controlling us for liability arising under the Securities Act, we have been informed that in the opinion of the SEC this indemnification is against public policy as expressed in the Securities Act and is therefore unenforceable.

Further, we have entered into an Indemnification Agreement with each of our directors and certain executive officers. Each Indemnification Agreement provides that we will indemnify and hold harmless each such director or named executive officer to the fullest extent permitted by law.

In addition, the Merger Agreement provides further indemnification to each manager, director or officer of the Company or any of its subsidiaries, together with such person's heirs, executors and administrators, which indemnification will survive the Merger for a period of six years, in the event of any threatened or actual claim, action, suit, demand, proceeding or investigation, whether civil, criminal or administrative, including any such claim, action, suit, demand, proceeding or investigation based in whole or in part on, or arising in whole or in part out of, or pertaining to (i) the fact that he or she is or was a manager, director or officer of the Company or any of its subsidiaries, or is or was serving at the request of the Company or any of its subsidiaries as a manager, director, officer, employee, fiduciary or agent of another corporation, partnership, joint venture, trust or other enterprise, or (ii) the discussion, negotiation, execution or performance of the Merger Agreement or any arrangement, agreement or document contemplated thereby or delivered in connection therewith, or otherwise directly or indirectly relating to the Merger Agreement or any such arrangement, agreement or document, or any of the transactions contemplated thereunder.

Item 35. Treatment of Proceeds From Stock Being Registered.

Not applicable.

Item 36. Exhibits.

The exhibits and financial statement schedules filed as part of this registration statement are as follows:

(a) Financial Statements. The section "Financial Statements and Supplementary Data" contained in our Annual Report on Form 10-K for the year ended December 31, 2016 is incorporated herein by reference.

(b) Exhibits. See Exhibit Index below.

Item 37. Undertakings

The undersigned Registrant hereby undertakes:

(1) To file, during any period in which offers or sales are being made, a post-effective amendment to this registration statement:

(i) To include any prospectus required by Section 10(a)(3) of the Securities Act;

II-2

[Table of Contents](#)

(ii) To reflect in the prospectus any facts or events arising after the effective date of the registration statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in the registration statement. Notwithstanding the foregoing, any increase or decrease in volume of securities offered (if the total dollar value of securities offered would not exceed that which was registered) and any deviation from the low or high end of the estimated maximum offering range may be reflected in the form of prospectus filed with the Commission pursuant to Rule 424(b) if, in the aggregate, the changes in volume and price represent no more than a 20 percent change in the maximum aggregate offering price set forth in the "Calculation of Registration Fee" table in the effective registration statement; and

(iii) To include any material information with respect to the plan of distribution not previously disclosed in the registration statement or any material change to such information in the registration statement.

(2) That, for the purpose of determining any liability under the Securities Act, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial *bona fide* offering thereof.

(3) To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.

(4) That, for the purpose of determining liability of the registrant under the Securities Act to any purchaser in the initial distribution of the securities, the undersigned registrant undertakes that in a primary offering of securities of the undersigned registrant pursuant to this registration statement, regardless of the underwriting method used to sell the securities to the purchaser,

if the securities are offered or sold to such purchaser by means of any of the following communications, the undersigned registrant will be a seller to the purchaser and will be considered to offer or sell such securities to such purchaser: (i) any preliminary prospectus or prospectus of the undersigned registrant relating to the offering required to be filed pursuant to Rule 424; (ii) any free writing prospectus relating to the offering prepared by or on behalf of the undersigned registrant or used or referred to by the undersigned registrant; (iii) the portion of any other free writing prospectus relating to the offering containing material information about the undersigned registrant or its securities provided by or on behalf of the undersigned registrant; and (iv) any other communication that is an offer in the offering made by the undersigned registrant to the purchaser.

(5) The undersigned registrant hereby undertakes: (1) to use its best efforts to distribute prior to the opening of bids, to prospective bidders, underwriters, and dealers, a reasonable number of copies of a prospectus which at that time meets the requirements of Section 10(a) of the Act, and relating to the securities offered at competitive bidding, as contained in the registration statement, together with any supplements thereto, and (2) to file an amendment to the registration statement reflecting the results of bidding, the terms of the reoffering and related matters to the extent required by the applicable form, not later than the first use, authorized by the issuer after the opening of bids, of a prospectus relating to the securities offered at competitive bidding, unless no further public offering of such securities by the issuer and no reoffering of such securities by the purchasers is proposed to be made.

(6) Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers and controlling persons of the registrant pursuant to the foregoing provisions, or otherwise, the registrant has been advised that in the opinion of the SEC such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

(7) For the purpose of determining any liability under the Securities Act, the information omitted from the form of prospectus filed as part of this registration statement in reliance upon Rule 430A and contained in a form of prospectus filed by the registrant pursuant to Rule 424(b)(1), or (4), or 497(h) under the Securities Act shall be deemed to be part of this registration statement as of the time it was declared effective.

(8) For the purpose of determining any liability under the Securities Act, each post-effective amendment that contains a form of prospectus shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial *bona fide* offering thereof.

II-3

[Table of Contents](#)

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-11 and has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the city of Los Angeles, state of California, on May 15, 2017.

CIM COMMERCIAL TRUST CORPORATION

Dated: May 15, 2017

By: /s/ DAVID THOMPSON

David Thompson
Chief Financial Officer

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Charles E. Garner II and David Thompson and each of them severally, his or her true and lawful attorney-in-fact with power of substitution and resubstitution to sign in his or her name, place and stead, in any and all capacities, to do any and all things and execute any and all instruments that such attorney may deem necessary or advisable under the Securities Act of 1933 and any rules, regulations and requirements of the U.S. Securities and Exchange Commission in connection with this registration statement, any other registration statements and exhibits thereto that is the subject of this registration statement, whether on Form S-11 or any other form under the Securities Act of 1933, as amended, and any and all applications, instruments and other documents to be filed with the Securities and Exchange Commission pertaining to the registration of securities covered hereby, with full power and authority to do and perform any and all acts and things as may be necessary or desirable in furtherance of such registration.

Pursuant to the requirements of the Securities Act of 1933, this registration statement has been signed by the following persons in the capacities and on the dates indicated.

Signature	Title	Date
<u>/s/ CHARLES E. GARNER II</u> Charles E. Garner II	<i>Chief Executive Officer (Principal Executive Officer)</i>	May 15, 2017
<u>/s/ DAVID THOMPSON</u> David Thompson	<i>Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer)</i>	May 15, 2017
<u>/s/ DOUGLAS BECH</u> Douglas Bech	<i>Director</i>	May 15, 2017
<u>/s/ ROBERT CRESCI</u> Robert Cresci	<i>Director</i>	May 15, 2017
<u>/s/ KELLY EPPICH</u> Kelly Eppich	<i>Director</i>	May 15, 2017
<u>/s/ FRANK H. GOLAY, JR.</u> Frank H. Golay, Jr.	<i>Director</i>	May 15, 2017
<u>/s/ SHAUL KUBA</u> Shaul Kuba	<i>Director</i>	May 15, 2017
<u>/s/ RICHARD RESSLER</u> Richard Ressler	<i>Director</i>	May 15, 2017
<u>/s/ AVRAHAM SHEMESH</u> Avraham Shemesh	<i>Director</i>	May 15, 2017
II-4		

[Table of Contents](#)

EXHIBIT INDEX

Exhibit No.	Document
**1.1	Engagement Agreement, dated March 16, 2017, among Leumi Partners Underwriters Ltd., One Ha'am International LLC and CIM Commercial Trust Corporation.
2.1	Agreement and Plan of Merger by and among CIM Urban REIT, LLC, CIM Merger Sub, LLC, PMC Commercial Trust and Southfork Merger Sub, LLC dated July 8, 2013 (incorporated by reference to Exhibit 2.1 to the Registrant's Current Report on Form 8-K dated July 8, 2013).
2.2	Agreement and Plan of Merger, dated April 28, 2014, between PMC Commercial Trust and PMC Commercial Merger Sub, Inc. (incorporated by reference to Appendix C to the Registrant's Definitive Proxy Statement on Schedule 14A filed with the SEC on April 14, 2014).
3.1	Articles of Amendment and Restatement of PMC Commercial Merger Sub, Inc. (incorporated by reference to the exhibits to the Registrant's Current Report on Form 8-K filed with the SEC on May 9, 2014).
3.1(a)	Articles of Amendment (Name Change) (incorporated by reference to the exhibits to the Registrant's Current Report on Form 8-K filed with the SEC on May 2, 2014).
3.1(b)	Articles of Amendment (Reverse Stock Split) (incorporated by reference to the exhibits to the Registrant's Current Report on Form 8-K filed with the SEC on May 2, 2014).

- 3.1(c) Articles of Amendment (Par Value Decrease) (incorporated by reference to the exhibits to the Registrant's Current Report on Form 8-K filed with the SEC on May 2, 2014).
- 3.2 Bylaws (incorporated by reference to Exhibit 3.2 to the Registrant's Current Report on Form 8-K filed with the SEC on May 2, 2014).
- *4.1 Form of Articles Supplementary for the Series L Preferred Stock.
- 4.2 Purchase Agreement among PMC Commercial Trust, PMC Preferred Capital Trust-A and Taberna Preferred Funding I, Ltd. dated March 15, 2005 (incorporated by reference to Exhibit 10.1 to the Registrant's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2005).
- 4.3 Junior Subordinated Indenture between PMC Commercial Trust and JPMorgan Chase Bank, National Association as Trustee dated March 15, 2005 (incorporated by reference to Exhibit 10.2 to the Registrant's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2005).
- 4.4 Amended and Restated Trust Agreement among PMC Commercial Trust, JPMorgan Chase Bank, National Association, Chase Bank USA, National Association and The Administrative Trustees Named Herein dated March 15, 2005 (incorporated by reference to Exhibit 10.3 to the Registrant's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2005).
- 4.5 Floating Rate Junior Subordinated Note due 2035 (incorporated by reference to Exhibit 10.5 to the Registrant's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2005).
- **5.1 Opinion of Venable LLP.
- **8.1 Opinion of Sullivan & Cromwell LLP.
- +10.1 2005 Equity Incentive Plan (incorporated by reference to Exhibit 10.1 to the Registrant's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2005).
- +10.2 First Amendment to PMC Commercial Trust 2005 Incentive Plan (incorporated by reference to Exhibit 10.2 to the Registrant's Annual Report on Form 10-K filed with the SEC on March 16, 2015).

II-5

[Table of Contents](#)

- +10.3 2015 Equity Incentive Plan (incorporated by reference to Annex A to the Registrant's Definitive Proxy Statement related to its 2015 annual meeting of stockholders, as filed with the SEC on April 17, 2015).
- +10.4 Amended and Restated Executive Employment Contract with Jan F. Salit dated August 30, 2013 (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed with the SEC on August 30, 2013).
- +10.5 Amended and Restated Executive Employment Contract with Barry N. Berlin dated August 30, 2013 (incorporated by reference to Exhibit 10.2 to the Registrant's Current Report on Form 8-K filed with the SEC on August 30, 2013).
- 10.6 Consent to Assignment and Limited Waiver to Agreement and Plan of Merger, dated as of November 20, 2013, by and among PMC Commercial Trust, CIM Urban REIT, LLC, Southfork Merger Sub, LLC, and CIM Merger Sub, LLC, the terms of which were acknowledged and agreed to by a new subsidiary formed by CIM Urban REIT, LLC, Urban Partners II, LLC (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed with the SEC on November 22, 2013).
- 10.7 Master Services Agreement dated March 11, 2014 by and among PMC Commercial Trust, certain of its subsidiaries, and CIM Service Provider, LLC (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed with the SEC on March 11, 2014).
- 10.8 Registration Rights and Lockup Agreement dated March 11, 2014 by and among Urban Partners II, LLC and PMC Commercial Trust (incorporated by reference to Exhibit 10.2 to the Registrant's Current Report on Form 8-K filed with the SEC on March 11, 2014).
- 10.9 Service Agreement, dated as of August 7, 2014, by and among CIM Commercial Trust Corporation and CIM Service Provider, LLC, under the Master Services Agreement dated March 11, 2014, by and among PMC Commercial Trust,

certain of its subsidiaries, and CIM Service Provider, LLC (incorporated by reference to Exhibit 10.8 to the Registrant's Quarterly Report on Form 10-Q filed with the SEC on August 11, 2014).

- 10.10 Form of Indemnification Agreement for directors and officers of CIM Commercial Trust Corporation (incorporated by reference to Exhibit 10.9 to the Registrant's Quarterly Report on Form 10-Q filed with the SEC on August 11, 2014).
- 10.11 Credit Agreement, dated as of September 30, 2014, among CIM Commercial Trust Corporation, each guarantor party thereto, each lender party thereto, Bank of America, N.A., as Administrative Agent, and JPMorgan Chase Bank, N.A. as Syndication Agent (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed with the SEC on October 1, 2014).
- 10.12 First Amendment to Credit Agreement, dated as of January 14, 2015, among CIM Commercial Trust Corporation, each Lender party thereto and Bank of America, N.A., as Administrative Agent (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed with the SEC on January 16, 2015).
- 10.13 Second Amendment to Credit Agreement, dated as of May 1, 2015, among CIM Commercial Trust Corporation, each Lender party thereto and Bank of America, N.A., as Administrative Agent (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed with the SEC on May 4, 2015)
- 10.14 Staffing and Reimbursement Agreement, dated as of January 1, 2015, by and between CIM SBA Staffing, LLC and PMC Commercial Lending, LLC. (incorporated by reference to Exhibit 10.14 to the Registrant's Annual Report on Form 10-K filed with the SEC on March 16, 2015).
- 10.15 Investment Management Agreement, dated as of May 20, 2005, between CIM Urban Partners, L.P. and CIM Urban REIT Management, L.P. (incorporated by reference to Exhibit 10.15 to the Registrant's Annual Report on Form 10-K filed with the SEC on March 16, 2015).
- 10.16 Investment Management Agreement, dated as of December 10, 2015, between CIM Urban Partners, L.P. and CIM Investment Advisors, LLC (incorporated by reference to Exhibit 10.16 to the Registrant's Annual Report on Form 10-K filed with the SEC on March 15, 2016).

II-6

[Table of Contents](#)

- 10.17 Second Amended and Restated Agreement and Limited Partnership of CIM Urban Partners, L.P., dated as of December 22, 2005, by and among CIM Urban Partners GP, Inc. and CIM Urban REIT, LLC. (incorporated by reference to Exhibit 10.16 to the Registrant's Annual Report on Form 10-K filed with the SEC on March 16, 2015).
- 10.18 Term Loan Agreement, dated as of May 8, 2015, among CIM Commercial Trust Corporation, each guarantor party thereto, Wells Fargo Bank, National Association, as Administrative Agent, Wells Fargo Securities, LLC and Capital One, National Association, as Joint Lead Arrangers and Joint Bookrunners, Capital One, National Association as Syndication Agent, PNC Bank, National Association as Documentation Agent and each lender party thereto (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed with the SEC on May 6, 2015).
- 10.19 Escrow Agreement, dated June 28, 2016, between CIM Commercial Trust Corporation and UMB Bank, N.A. (incorporated by reference to Exhibit 10.19 to the Pre-Effective Amendment No. 1 to the Form S-11 Registration Statement (333-210880) filed by Registrant with the SEC on June 29, 2016).
- 10.20 Amendment No. 1 to Escrow Agreement, dated August 11, 2016, among CIM Commercial Trust Corporation, International Assets Advisory, LLC and UMB Bank N.A. (incorporated by reference to Exhibit 10.20 to the Post-Effective Amendment No. 1 to the Form S-11 Registration Statement (333-210880) filed by Registrant with the SEC on August 11, 2016).
- 10.21 Purchase and Sale Agreement, dated February 10, 2017, between CIM Urban REIT 211 Main St. (SF), LP and BPP 211 Main Owner LLC. (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed with the SEC on March 31, 2017).
- 21.1 Subsidiaries of the Registrant (incorporated by reference to Exhibit 21.1 to the Registrant's Annual Report on Form 10-K filed with the SEC on March 16, 2017).
- *23.1 Consent of BDO USA, LLP.

- **23.2 Consent of Venable LLP (included in Exhibit 5.1).
- **23.3 Consent of Sullivan & Cromwell LLP (included in Exhibit 8.1).
- *24.1 Powers of Attorney (included on signature page).

-
- * Filed herewith.
 - ** To be filed by amendment.
 - + Management contract or compensatory plan.

8-K 1 a17-14403_18k.htm 8-K

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

**Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934**

Date of report (Date of earliest event reported): **June 1, 2017**

Commission File Number 1-13610

CIM COMMERCIAL TRUST CORPORATION

(Exact name of registrant as specified in its charter)

Maryland
(State or other jurisdiction
of incorporation or organization)

75-6446078
(I.R.S. Employer
Identification No.)

17950 Preston Road, Suite 600, Dallas, TX 75252
(Address of principal executive offices)

(972) 349-3200
(Registrant's telephone number)

Former name, former address and former fiscal year, if changed since last report: **PMC Commercial Trust**

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- ☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- ☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- ☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- ☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in as defined in Rule 405 of the Securities Act of 1933 (§ 230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§ 240.12b-2 of this chapter).

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. ☐

Item 2.02 Results of Operations and Financial Condition

The information provided in Item 7.01 of this Current Report on Form 8-K is incorporated by reference into this Item 2.02.

Item 7.01 Regulation FD Disclosure

A copy of the Company's Q1 2017 Investor Presentation is attached to this Form 8-K as Exhibit 99.1 and is incorporated by reference herein. Additionally, the Company has posted a copy of the presentation on its Investor Relations page at <http://investors.cimcommercial.com/events.cfm>.

The information in this Current Report on Form 8-K, including Exhibit 99.1, is being furnished and shall not be deemed "filed" for the purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or otherwise subject to the liabilities of that Section, nor shall it be deemed incorporated by reference into any filing of the Company under the Securities Act of 1933, as amended, or the Exchange Act, whether made before or after the date hereof, regardless of any general incorporation language in such filing.

Item 9.01 Financial Statements and Exhibits

<u>Exhibit No.</u>	<u>Description</u>
99.1	Investor Presentation Q1 2017
	2

SIGNATURE

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.

Date: June 1, 2017

CIM COMMERCIAL TRUST CORPORATION

By: /s/ David Thompson
David Thompson, Chief Financial Officer

3

EXHIBIT INDEX

<u>Exhibit No.</u>	<u>Description</u>
99.1	Investor Presentation Q1 2017
	4

FWP 1 a17-14403_2fwp.htm FWP

Free Writing Prospectus
Filed Pursuant to Rule 433
Dated June 1, 2017
Registration Statement No. 333-210880
Relating to Prospectus Dated July 1, 2016

FREE WRITING PROSPECTUS

CIM Commercial Trust Corporation Investor Presentation Q1 2017

CIM Commercial Trust Corporation (the “Company”) has filed a registration statement (including a prospectus and prospectus supplements) with the Securities and Exchange Commission (the “SEC”) for the offering to which this communication relates. Before you invest, you should read the prospectus and the prospectus supplements related to that registration statement and other documents the Company has filed with the SEC for more complete information about the Company and this offering. You may get these documents for free by visiting EDGAR on the SEC website at www.sec.gov, the Company’s website at <http://investors.cimcommercial.com/index.cfm> or by contacting Evolv Capital at 844-EVO-ALTS or info@evoalts.com.



IMPORTANT DISCLOSURES

CMCT

FORWARD-LOOKING STATEMENTS

The information set forth herein contains "forward-looking statements." You can identify these statements by the fact that they do not relate strictly to historical or current facts or they discuss the business and affairs of CIM Commercial Trust Corporation ("CIM Commercial" or "CMCT") on a prospective basis. Further, statements that include words such as "may," "will," "project," "might," "expect," "believe," "anticipate," "intend," "could," "would," "estimate," "continue," "pursue," or "should" or the negative or other words or expressions of similar meaning, may identify forward-looking statements.

CIM Commercial bases these forward-looking statements on particular assumptions that it has made in light of its experience as well as its perception of expected future developments and other factors that it believes are appropriate under the circumstances. These forward-looking statements are necessarily estimates reflecting the judgment of CIM Commercial and involve a number of risks and uncertainties that could cause actual results to differ materially from those suggested by the forward-looking statements. These forward-looking statements are subject to risks, uncertainties and other factors, including those set forth in CIM Commercial's Annual Report on Form 10-K for the fiscal year ended December 31, 2016.

As you read and consider the information herein, you are cautioned to not place undue reliance on these forward-looking statements. These statements are not guarantees of performance or results and speak only as of the date hereof. These forward-looking statements involve risks, uncertainties and assumptions. In light of these risks and uncertainties, there can be no assurance that the results and events contemplated by the forward-looking statements contained herein will in fact transpire. New factors emerge from time to time, and it is not possible for CIM Commercial to predict all of them. Nor can CIM Commercial assess the impact of each such factor or the extent to which any factor, or combination of factors, may cause results to differ materially from those contained in any forward-looking statement. CIM Commercial undertakes no obligation to publicly update or release any revisions to these forward-looking statements to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events, except as required by law.

CIM COMMERCIAL TRUST

CMCT

CIM COMMERCIAL (NASDAQ: CMCT)	- Primarily Class A and creative urban office REIT with NAV and cash flow per share upside - Share Price / Market Cap¹ \$16.10 / \$1.4 billion - NAV per Share / NAV² \$23.14 / \$1.9 billion
Portfolio	- Quality real estate portfolio in vibrant and improving urban markets including: - San Francisco Bay Area - Washington, DC - Los Angeles 23 office properties with 5.1 million rentable square feet^{1,3} - Office portfolio accounted for 84% of 1Q'17 cash NOI^{3,4}
CIM Group	- Manager of CMCT - Focused on consistently growing NAV and cash flows per share of common stock and providing liquidity to stockholders at prices reflecting NAV and cash flow prospects \$19.7 billion AUM, \$12.2 billion EUM with 80+ top-tier global institutional investors⁵ 620+ total employees¹ 15 principals including all of its founders¹ 345+ professionals¹ - Beneficial owner of 1.4 million shares of CMCT⁶

¹ As of March 31, 2017.

² Our most recently published net asset value ("NAV") per share of common stock was \$23.14 as disclosed in our S-11/A filed with the Securities and Exchange Commission on March 22, 2017. See "Net Asset Value" on page 17.

³ Includes ancillary properties. 3601 South Congress Avenue and Lindblade Media Center are each shown as one property but consist of 10 and 3 buildings, respectively.

⁴ Based on cash net operating income ("NOI"), which excludes income from the lending segment but includes income from 211 Main Street which was sold in March 2017. See Net Operating Income Reconciliation on page 22.

⁵ See "Assets and Equity Under Management" under "Important Disclosures" on page 23.

⁶ As of May 17, 2017. Includes shares owned by Principals of CIM Group L.P. ("CIM Group" or "CIM") and executive officers and directors of CMCT.

CMCT - INVESTMENT THESIS

Resources & Expertise of Premier Institutional Manager	▪ Large scale platform with vertically-integrated team ▪ Proprietary "Qualified Community" methodology ▪ Disciplined, relative-value investor with sightlines across all major U.S. urban markets
Coastal Urban Class A and Creative Office Investments	▪ Invested in high barrier-to-entry sub-markets where CIM Group anticipates outsized rent growth ▪ San Francisco Bay Area, Washington DC and Los Angeles account for 84% of office annualized rent¹
Same Store Growth Opportunity	▪ Lease-up (office portfolio 88.4% leased)² ▪ Below-market leases increasing to market rate ▪ Value-add / development
Maximizing Returns for Shareholders	▪ Focused on consistently growing NAV and cash flows per share of common stock ▪ Committed to providing liquidity to stockholders at prices reflecting NAV and cash flow prospects
Prudent Capital Structure	▪ 100% of debt matures in 2021+, 51% in 2026+^{2,3} ▪ 55% of debt is fixed rate; another 42% of debt is effectively fixed rate until May 2020 through interest rate swaps^{2,3} ▪ \$200 million undrawn revolving credit facility²

¹ Represents gross monthly base rent under leases commenced as of March 31, 2017, multiplied by twelve. This amount reflects total cash rent before abatements. Where applicable, annualized rent has been grossed up by adding annualized expense reimbursements to base rent. Annualized rent for certain office properties includes rent attributable to retail but excludes annualized rent for 211 Main Street, which was sold in March 2017.

² As of March 31, 2017.

³ Excludes premiums, discounts, debt issuance costs and secured borrowings on government guaranteed loans.

CIM GROUP - RESOURCES & EXPERTISE OF PREMIER INSTITUTIONAL MANAGER**CMCT**

Established	Established in 1994 as a partner for investors seeking to capitalize on U.S. urbanization
Experience	- Since inception, CIM Group has owned or currently has under development¹ 16.5 million square feet of office 6.2 million square feet of retail 20,800 residential units 7,000 hotel rooms
Office Locations	- Headquartered in Los Angeles - Offices in New York City, San Francisco Bay Area, Washington DC Metro Area and Dallas
Strategies	- Stabilized Equity - Value-Add Equity - Opportunistic Equity - Debt - Infrastructure



432 Park Avenue (New York)



1 Kaiser Plaza (Oakland)



11 Madison Avenue (New York)



800 North Capitol (Washington, DC)

¹ As of March 31, 2017, Residential units include both condo and apartment units.

The examples above have been selected to generally illustrate the investment philosophy of CIM Group, and may not be representative of future investments. Past performance is not a guarantee of future results.

CIM GROUP - RESOURCES & EXPERTISE OF PREMIER INSTITUTIONAL MANAGER

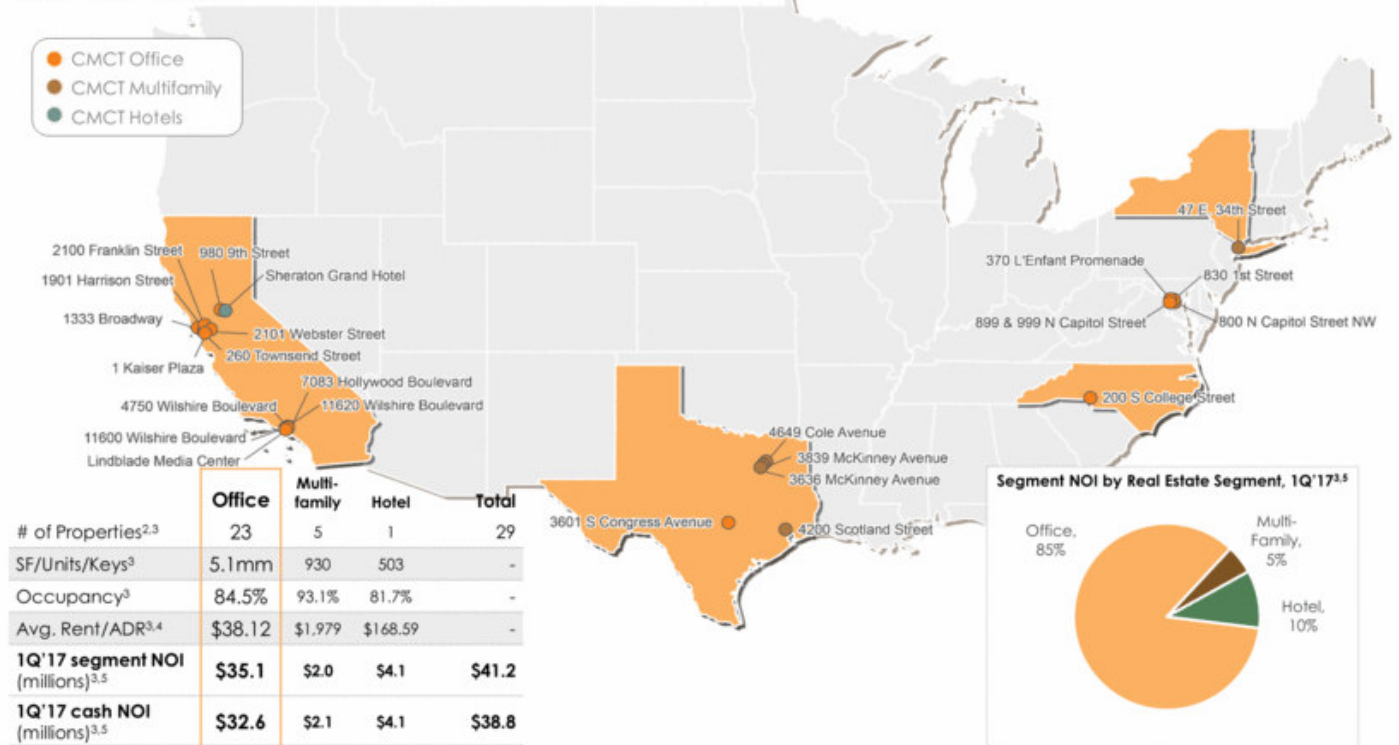
CMCT

CIM Group Competitive Advantages

Seasoned, Vertically-Integrated Team	▪ Full-service investment manager ▪ Research, investment, acquisition and finance ▪ Development, leasing and asset management
"Qualified Community" Methodology	▪ Sector-agnostic focus ▪ Market values that are below long-term intrinsic values ▪ Underserved or improving areas with dedicated resources that should lead to outsized rent growth
Disciplined Underwriting	▪ CIM underwrites prospective investments using multiple scenarios ▪ Employs current and long-term market growth rates, cap rates and interest rates ▪ Returns are primarily driven by improved asset and community performance, not cap rate compression or financial engineering

CMCT Benefits From CIM Group's Large-Scale Platform

Deal sourcing + Capital markets + Operational expertise

CMCT - COASTAL URBAN CLASS A AND CREATIVE OFFICE PORTFOLIO**CMCT**AS OF MARCH 31, 2017¹

Note: Cash NOI is defined as segment NOI adjusted to exclude straight line rent revenue/expense and amortization of intangible assets/liabilities. See Net Operating Income Reconciliation on page 22.

¹ CMCT has entered into contracts to sell three office buildings in Charlotte, Sacramento (includes a parking garage) and Los Angeles and three multifamily properties in Dallas closed in May 2017.

² 3601 South Congress Avenue and Lindblade Media Center are each shown as one property but consist of 10 and 3 buildings, respectively.

³ As of or for the three months ended March 31, 2017.

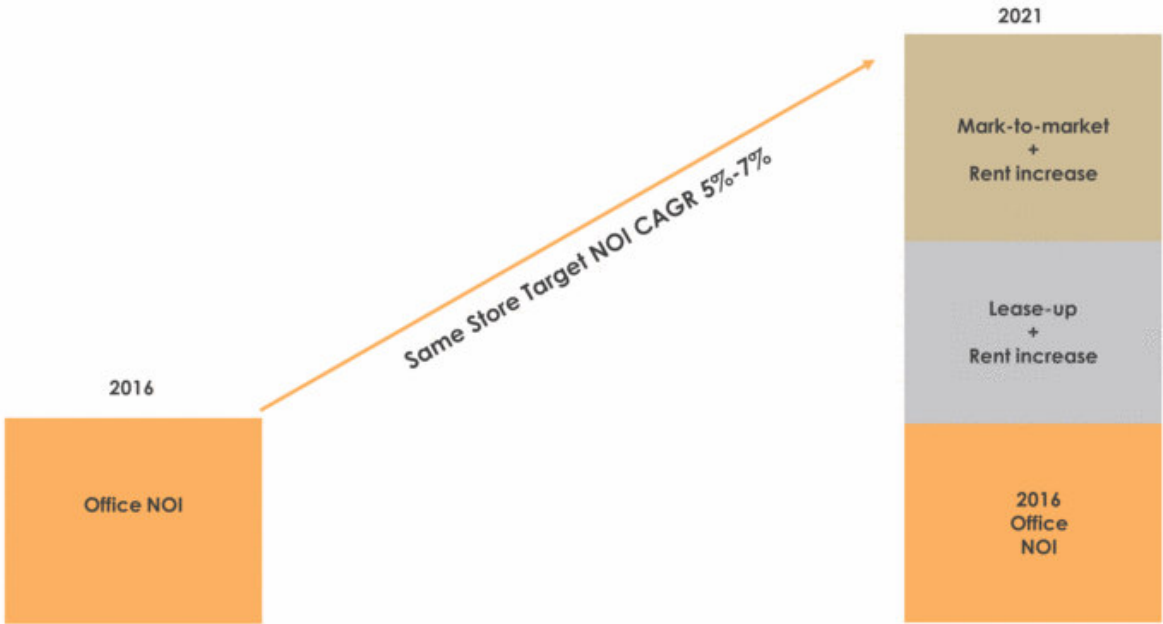
⁴ For office, represents gross monthly base rent per square foot under leases commenced as of March 31, 2017, multiplied by twelve. This amount reflects total cash rent before abatements. Where applicable, annualized rent has been grossed up by adding annualized expense reimbursements to base rent. Annualized rent for certain office properties includes rent attributable to retail. For multifamily, represents gross monthly base rent under leases commenced as of the specified period, divided by occupied units. This amount reflects total cash rent before concessions. Hotel average daily rate represents the average for the three months ended March 31, 2017.

⁵ Includes 211 Main Street which was sold in March 2017.

CMCT - SAME STORE GROWTH OPPORTUNITY



Targeting Same Store Office NOI¹ CAGR of 5% - 7% Through 2021



Additional 1%-2% CAGR potential from development on already owned sites.
¹ Reflects cash and segment NOI and excludes 211 Main Street which was sold in March 2017. Please see Important Disclosures on page 2.

CMCT - NET ASSET VALUE AND CASH FLOW PER SHARE & LIQUIDITY**CMCT**

- Focused on consistently growing NAV and cash flows per share
- Committed to providing liquidity to stockholders at prices reflecting the NAV and cash flow prospects

**Class A &
Creative Office**

- Superior office investments in vibrant and improving urban communities
- Strong embedded growth through mark-to-market and lease-up
- Targeting same store office NOI CAGR of 5% - 7% through 2021¹

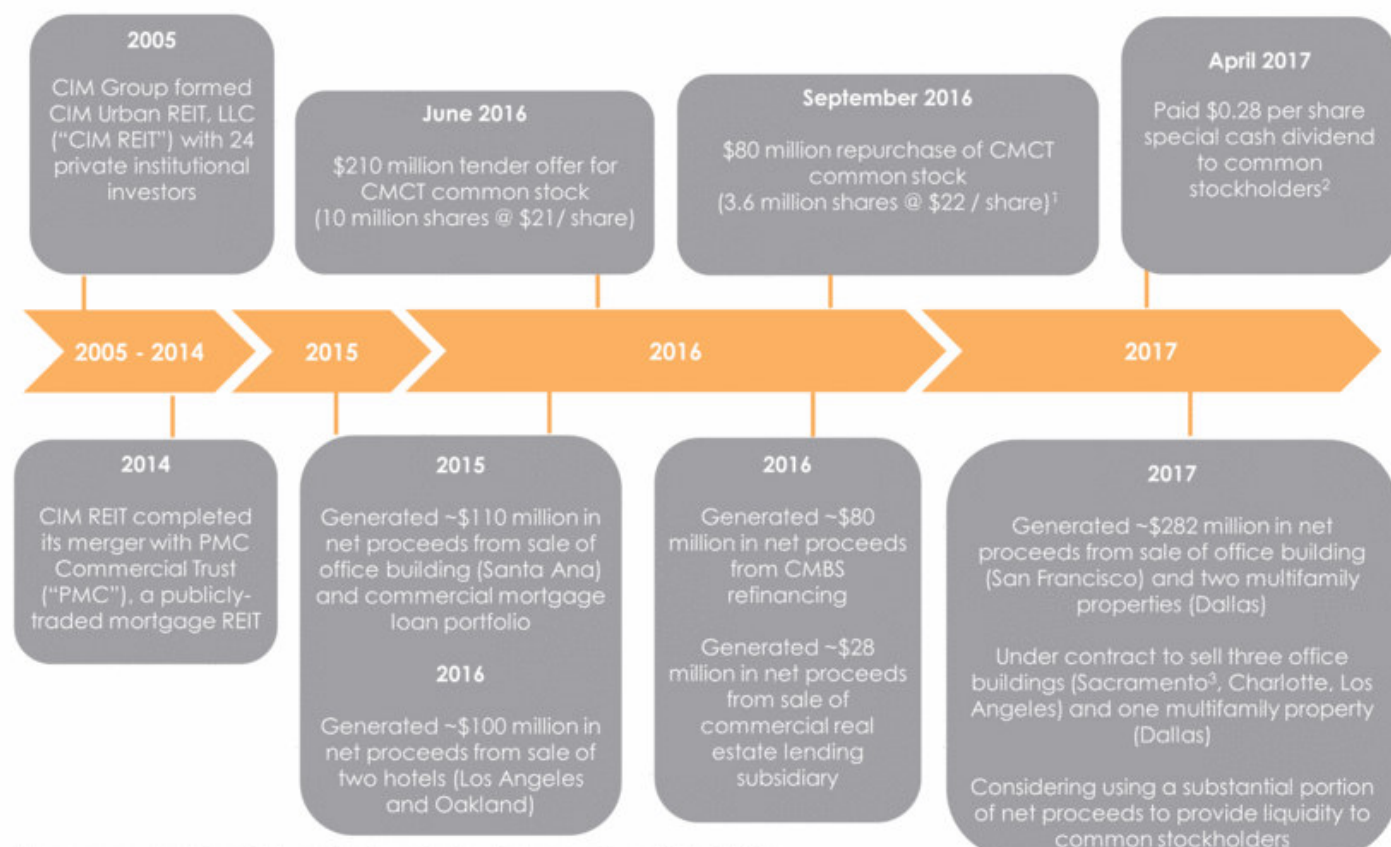
**Creative Capital
Markets
Opportunities**

- Pursuing opportunities to grow NAV/share, deliver strong returns and provide liquidity:
 - Common stock - primary and secondary issuances or share repurchases/tenders based on market conditions
 - Series A Preferred stock – public, non-traded offering synchronizes well with business plan / diverse and less cyclical funding option creates competitive advantage
 - Active debt capital management
 - Property sales and acquisitions
 - Mergers and acquisitions

¹ Reflects cash and segment NOI and excludes 211 Main Street which was sold in March 2017. Please see Important Disclosures on page 2.

CMCT - HIGHLY FOCUSED ON VALUE CREATION

CMCT



¹ Shares were repurchased in a privately negotiated transaction from a fund managed by an affiliate of CIM Group.

² This special cash dividend allowed stockholders that did not participate in the September 2016 private repurchase to receive the economic benefit of such repurchase. The fund managed by an affiliate of CIM Group that participated in the September 2016 private repurchase waived its right to receive this special cash dividend. The aggregate amount of this special cash dividend was approximately \$600,000.

³ Includes a parking garage.

APPENDIX

CIM GROUP - RESOURCES & EXPERTISE OF PREMIER INSTITUTIONAL MANAGER**CMCT**

CIM GROUP CO-FOUNDERS

**Richard Ressler***CIM Group Principal, CMCT Chairman of the Board*

- Founder and President of Orchard Capital Corp., a firm that provides consulting and advisory services to companies in which Orchard Capital or its affiliates invest
- Co-founded CIM Group in 1994 and chairs the firm's Investment and Asset Management Committees
- Chairman of the board of j2 Global, Inc. (NASDAQ: JCOM) and director of Presbia PLC (NASDAQ: LENS)
- Served as Chairman and CEO of JCOM from 1997 to 2000
- Chairman of executive committee and co-founder of predecessor of Orchard First Source Asset Management, an investment adviser focusing on middle market debt investments
- Co-founded and served as Vice Chairman of Brooke Group Limited, the predecessor of Vector Group, Limited (NYSE: VGR)
- Previously worked at Drexel Burnham Lambert, Inc. and began his career as an attorney with Cravath, Swaine and Moore, LLP
- B.A. from Brown University, and J.D. and M.B.A. degrees from Columbia University

**Avi Shemesh***CIM Group Principal and CMCT Board Member*

- Co-Founder and a Principal of CIM Group
- Responsible for the day-to-day operations of CIM Group, including strategic initiatives, property management, leasing and investor relations
- Head of CIM's Investments Group and serves on the firm's Investment and Asset Management Committees
- Active real asset investor for over 25 years
- Previously was involved in a number of successful entrepreneurial real estate activities, including co-founding Dekel Development, which developed a variety of commercial and multifamily properties in Los Angeles

**Shaul Kuba***CIM Group Principal and CMCT Board Member*

- Co-Founder and a Principal of CIM Group
- Responsible for the day-to-day operations of CIM Group, including leading the Development Group and sourcing new investment transactions
- Serves on the firm's Investment and Asset Management Committees
- Active real asset investor for over 25 years
- Previously was involved in a number of successful entrepreneurial real estate activities, including co-founding Dekel Development, which developed a variety of commercial and multifamily properties in Los Angeles

CIM GROUP- RESOURCES & EXPERTISE OF PREMIER INSTITUTIONAL MANAGER**CMCT**

MANAGEMENT

**Charles Garner***CMCT Chief Executive Officer, CIM Group Principal*

- CEO of CMCT and serves on CIM Group's Investment and Asset Management Committees
- Prior to joining CIM Group, worked closely with the firm in various capacities since 1996, including originating and managing Federal Realty Investment Trust's partnership with CIM Group
- Has been involved in billions of dollars of real estate transactions including the acquisition, joint venture investment, disposition and equity and debt financing of more than 100 properties
- Began career as a C.P.A. at PricewaterhouseCoopers and has held various transactional positions with Federal Realty, Walker & Dunlop and The Stout & Teague Companies
- B.S. degree in Management from Tulane University's A.B. Freeman School of Business

**David Thompson***CMCT Chief Financial Officer, CIM Group Principal*

- Prior to joining CIM Group in 2009, spent 15 years with Hilton Hotels Corporation, most recently as Senior Vice President and Controller responsible for worldwide financial reporting, financial planning and analysis, risk management, internal control and technical accounting compliance
- Tenure at Hilton included both SEC compliance as a public company and reporting as a private equity portfolio company
- Began career as a C.P.A. at Arthur Andersen & Co.

**Jan Salit***CMCT President and Secretary*

- Joined CMCT after merger of PMC Commercial Trust
- Previously was Chairman of the Board, CEO and Secretary of PMC Commercial Trust
- Prior to CEO role, held Chief Operating Officer and Chief Investment Officer roles with PMC Commercial Trust (joined predecessor firm in 1993)
- Prior to joining PMC Commercial Trust, held positions with Glenfed Financial Corporation (and its predecessor company ARMCO Financial Corporation) including Chief Financial Officer

**Terry Wachsner***CIM Group Principal, Property Management*

- Prior to joining CIM Group in 2005, was Director of Asset Services for Continental Development Corporation
- Prior to Continental, was Executive Managing Director for Kennedy-Wilson Properties, Ltd. where he was responsible for the operations and leasing of a 75 million square foot national portfolio of office, retail, industrial, and apartment properties
- From 1980 to 1998, headed up Heitman Properties, Ltd. as President of Property Management

CMCT - COASTAL URBAN CLASS A AND CREATIVE OFFICE PORTFOLIO

AS OF MARCH 31, 2017



Property	Market	Square Footage	Multi-family Units	Hotel Rooms
1 Kaiser Plaza	Oakland, CA	532,543		
2101 Webster Street	Oakland, CA	473,156		
1901 Harrison Street	Oakland, CA	273,110		
1333 Broadway	Oakland, CA	240,051		
2100 Franklin Street	Oakland, CA	216,828		
260 Townsend Street	San Francisco, CA	65,694		
11620 Wilshire Boulevard	Los Angeles, CA	192,858		
4750 Wilshire Boulevard	Los Angeles, CA	143,361		
7083 Hollywood Boulevard ¹	Los Angeles, CA	82,180		
11600 Wilshire Boulevard	Los Angeles, CA	55,638		
Lindblade Media Center	Los Angeles, CA	32,428		
370 L'Enfant Promenade	District of Columbia	407,321		
999 N Capital Street	District of Columbia	320,939		
899 N Capital Street	District of Columbia	314,667		
800 N Capital Street	District of Columbia	312,759		
830 1st Street	District of Columbia	247,337		
200 S College Street ¹	Charlotte, NC	567,865		
980 9th Street ¹	Sacramento, CA	454,793		
3601 S Congress Avenue	Austin, TX	182,484		
Total Office Portfolio		5,116,012		
4649 Cole Avenue ¹	Dallas, TX		334	
3636 McKinney Avenue ²	Dallas, TX		103	
3839 McKinney Avenue ²	Dallas, TX		75	
4200 Scotland Street	Houston, TX		308	
47 E 34th Street	New York, NY		110	
Total Multifamily Portfolio			930	
Sheraton Grand Hotel	Sacramento, CA			503
Total Hotel Portfolio				503
2353 Webster Street Parking Garage	Oakland, CA	NM		
2 Kaiser Plaza Parking Lot	Oakland, CA	NM		
901 N Capital Street (Development lot)	District of Columbia	NM		
1010 8th Street Parking Garage & Retail ¹	Sacramento, CA	31,133		
Sheraton Grand Hotel Parking Garage & Retail	Sacramento, CA	9,453		
Total Other		40,586		

¹ Under contract for sale.² Sold in May 2017.

3601 South Congress Avenue and Lindblade Media Center are each shown as one property but consist of 10 and 3 buildings, respectively.



CIM GROUP - QUALIFIED COMMUNITY METHODOLOGY



- CIM believes that its community qualification process provides it with a significant competitive advantage when making urban real estate investments.
- Since 1994, CIM has qualified 105 communities in high barrier-to-entry sub-markets and has invested in 63 of the communities. The qualification process generally takes between 6 months and 5 years and is a critical component of CIM's investment evaluation.
- CIM examines the characteristics of a market to determine whether the district justifies the extensive efforts CIM undertakes in reviewing and making potential investments in its Qualified Communities. The Communities are located in both primary and secondary urban centers, which can encompass (1) transitional urban districts and growth markets adjacent to Central Business Districts ("CBDs") and/or (2) well-established, thriving urban areas including major CBDs.

Qualification Criteria

Transitional Urban Districts

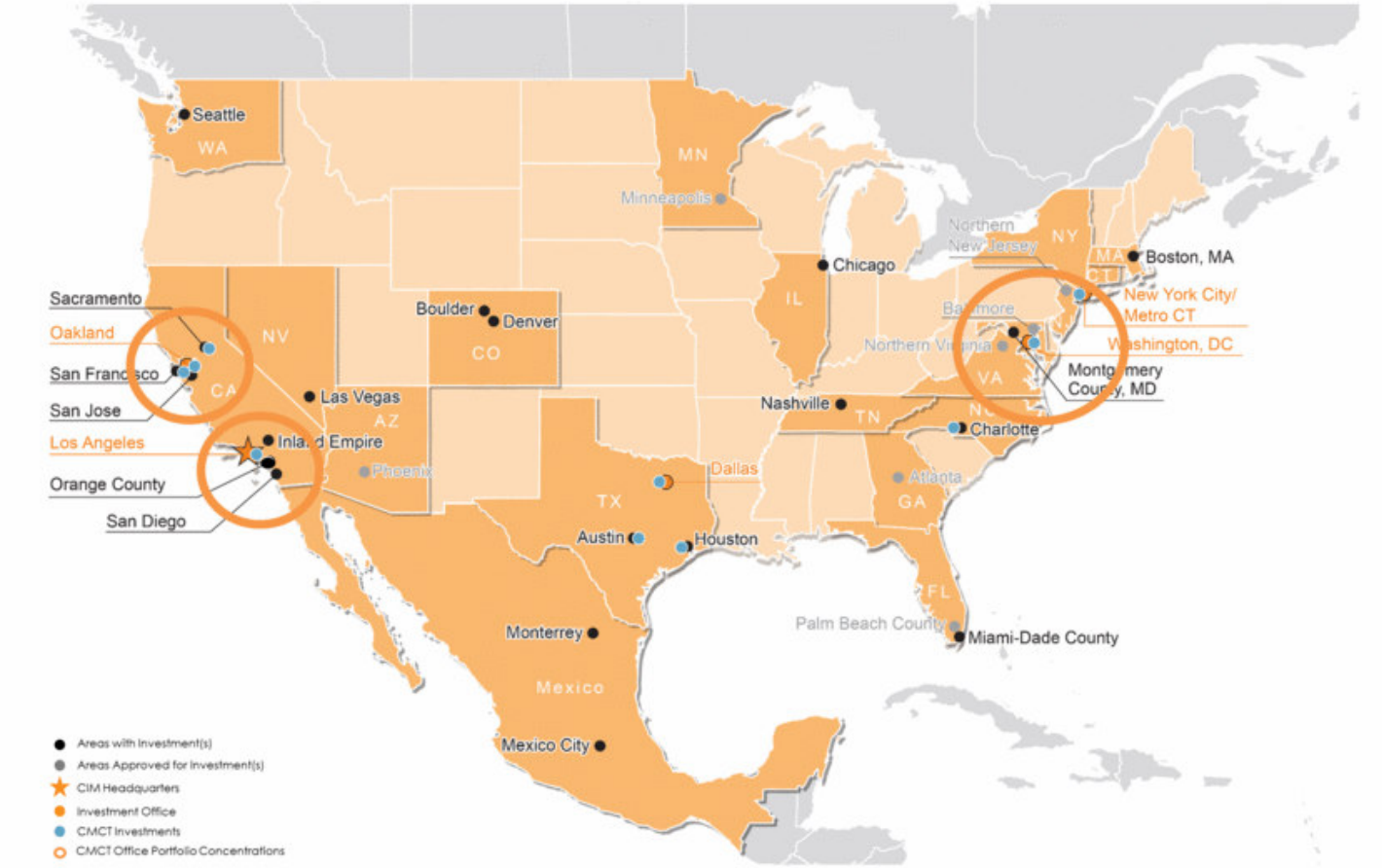
- Improving demographics
- Broad public support for CIM's investment approach
- Evidence of private investment from other institutional investors
- Underserved niches in the community's real estate infrastructure
- Potential to invest a minimum of \$100 million of opportunistic equity within five years

Thriving Urban Areas

- Positive demographic trends
- Public support for investment
- Opportunities below intrinsic value
- Potential to invest a minimum of \$100 million of opportunistic equity within five years

CIM GROUP - QUALIFIED COMMUNITIES

CMCT



CMCT - NET ASSET VALUE

The determination of estimated NAV involves a number of subjective assumptions, estimates and judgments that may not be accurate or complete. Further, different firms using different property-specific, general real estate, capital markets, economic and other assumptions, estimates and judgments could derive an estimated NAV that could be significantly different from our estimated NAV. Additionally, our estimated NAV does not give effect to changes in value, investment activities, capital activities, indebtedness levels, and other various activities occurring after December 31, 2016 that would have an impact on our estimated NAV.

The estimated NAV per share of \$23.14 was calculated by CIM Investment Advisors, LLC, relying in part on appraisals of our real estate investments and the assets of our lending segment. The table above sets forth the material items included in the calculation of our estimated NAV. We engaged various third party appraisal firms to perform appraisals of our real estate investments and the assets of our lending segment as of December 31, 2016. These appraisals were performed in accordance with standards set forth by the American Institute of Certified Public Accountants. Each of our appraisals was prepared by personnel who are subject to and in compliance with the code of professional ethics and the standards of professional conduct set forth by the certification programs of the professional appraisal organizations of which they are members. Please see our S-11/A filed with the Securities and Exchange Commission on March 22, 2017 for additional information.

	(\$ in thousands, except per share amount) ²	
		(Unaudited)
Investments in real estate - at fair value ¹	\$	2,705,600
Loans receivable - at fair value ¹		76,147
Debt ¹		(937,188)
Cash and other assets net of other liabilities ¹		102,926
Redeemable preferred stock ¹		(1,426)
Noncontrolling interests ¹		(1,050)
Estimated NAV available to common shareholders	\$	1,945,009
Shares of Common Stock outstanding¹		84,048,081
Estimated NAV per share of Common Stock	\$	23.14

¹ As of December 31, 2016.

² Includes 211 Main Street, which was sold in March 2017 and 3636 McKinney and 3839 McKinney, which were both sold in May 2017.

CMCT - CONSOLIDATED STATEMENTS OF OPERATIONS**CMCT**

	Three Months Ended	
	March 31,	
	2017	2016
(In thousands, except per share data)		
REVENUES:		
Rental and other property income	\$ 60,809	\$ 62,848
Expense reimbursements	3,030	2,928
Interest and other income	3,110	2,841
	<u>66,949</u>	<u>68,617</u>
EXPENSES:		
Rental and other property operating	22,960	31,278
Asset management and other fees to related parties	8,700	8,631
Interest	9,773	6,815
General and administrative	1,679	1,942
Transaction costs	13	149
Depreciation and amortization	17,231	18,058
	<u>60,356</u>	<u>66,873</u>
Gain on sale of real estate	187,734	24,739
INCOME FROM CONTINUING OPERATIONS BEFORE PROVISION FOR INCOME TAXES	<u>194,327</u>	<u>26,483</u>
Provision for income taxes	392	190
NET INCOME FROM CONTINUING OPERATIONS	<u>193,935</u>	<u>26,293</u>
DISCONTINUED OPERATIONS:		
Income from operations of assets held for sale	-	690
NET INCOME FROM DISCONTINUED OPERATIONS	<u>-</u>	<u>690</u>
NET INCOME	<u>193,935</u>	<u>26,983</u>
Net income attributable to noncontrolling interests	(5)	(3)
NET INCOME ATTRIBUTABLE TO THE COMPANY	<u>193,930</u>	<u>26,980</u>
Redeemable preferred stock dividends	(31)	-
NET INCOME AVAILABLE TO COMMON STOCKHOLDERS	<u>\$ 193,899</u>	<u>\$ 26,980</u>
BASIC AND DILUTED NET INCOME AVAILABLE TO COMMON STOCKHOLDERS PER SHARE:		
Continuing operations	\$ 2.31	\$ 0.27
Discontinued operations	\$ 0.00	\$ 0.01
Net income	<u>\$ 2.31</u>	<u>\$ 0.28</u>
WEIGHTED AVERAGE SHARES OF COMMON		
STOCK OUTSTANDING:		
Basic	<u>84,048</u>	<u>97,662</u>
Diluted	<u>84,048</u>	<u>97,662</u>

EPS for the year-to-date period may differ from the sum of quarterly EPS amounts due to the required method of computing EPS in the respective periods. In addition, EPS is calculated independently for each component and may not be additive due to rounding.

CMCT - FUNDS FROM OPERATIONS**CMCT**

	Three Months Ended March 31,	
	2017	2016
	(In thousands, except per share amounts)	
	(Unaudited)	
FUNDS FROM OPERATIONS (FFO)		
Net income available to common stockholders	\$ 193,899	\$ 26,980
Depreciation and amortization	17,231	18,058
Gain on sale of depreciable assets	(187,734)	(24,739)
FFO AVAILABLE TO COMMON STOCKHOLDERS	\$ 23,396	\$ 20,299
 BASIC AND DILUTED FFO PER SHARE:		
Net income available to common stockholders	\$ 2.31	\$ 0.28
Depreciation and amortization	0.21	0.18
Gain on sale of depreciable assets	(2.23)	(0.25)
FFO PER SHARE AVAILABLE TO COMMON STOCKHOLDERS	\$ 0.28	\$ 0.21
 WEIGHTED AVERAGE SHARES OF COMMON STOCK OUTSTANDING:		
Basic	84,048	97,662
Diluted	84,048	97,662

We believe that FFO is a widely recognized and appropriate measure of the performance of a REIT and that it is frequently used by security analysts, investors and other interested parties in the evaluation of REITs, many of which present FFO when reporting their results. FFO represents net income (loss) available to common stockholders, computed in accordance with GAAP, excluding gains (or losses) from sales of real estate, and real estate depreciation and amortization. We calculate FFO in accordance with the standards established by the National Association of Real Estate Investment Trusts ("NAREIT").

Like any metric, FFO should not be used as the only measure of our performance because it excludes depreciation and amortization and captures neither the changes in the value of our real estate properties that result from use or market conditions nor the level of capital expenditures and leasing commissions necessary to maintain the operating performance of our properties, all of which have real economic effect and could materially impact our operating results. Other REITs may not calculate FFO in accordance with the standards established by the NAREIT; accordingly, our FFO may not be comparable to those other REITs' FFO. Therefore, FFO should be considered only as a supplement to net income as a measure of our performance and should not be used as a supplement to or substitute measure for cash flow from operating activities computed in accordance with GAAP. FFO should not be used as a measure of our liquidity, nor is it indicative of funds available to fund our cash needs, including our ability to pay dividends.

The per share adjustments to net income available to common stockholders per share are calculated independently for each adjustment and may not be additive due to rounding.

CMCT - CONSOLIDATED BALANCE SHEETS

	March 31, 2017	December 31, 2016
	(in thousands) (Unaudited)	
ASSETS		
Investments in real estate, net	\$ 1,505,492	\$ 1,606,942
Cash and cash equivalents	404,346	144,449
Restricted cash	27,775	32,160
Accounts receivable, net	12,828	13,086
Deferred rent receivable and charges, net	106,744	116,354
Other intangible assets, net	17,199	17,623
Other assets	91,446	92,270
TOTAL ASSETS	\$ 2,165,830	\$ 2,022,884
LIABILITIES, REDEEMABLE PREFERRED STOCK AND EQUITY		
LIABILITIES:		
Debt, net	\$ 939,334	\$ 967,886
Accounts payable and accrued expenses	33,103	39,155
Intangible liabilities, net	1,426	3,576
Due to related parties	10,097	10,196
Other liabilities	34,837	34,056
Total liabilities	1,018,797	1,054,869
REDEEMABLE PREFERRED STOCK	3,321	1,426
EQUITY:		
Common stock	84	84
Additional paid-in capital	1,566,126	1,566,073
Accumulated other comprehensive income (loss)	1,043	(509)
Distributions in excess of earnings	(424,458)	(599,971)
Total stockholders' equity	1,142,795	965,677
Noncontrolling interests	917	912
Total equity	1,143,712	966,589
TOTAL LIABILITIES, REDEEMABLE PREFERRED STOCK AND EQUITY	\$ 2,165,830	\$ 2,022,884

CMCT - DEBT SUMMARY¹

As of March 31, 2017	Outstanding Principal Balance ²	Interest Rate	Maturity Date
	(In thousands, unaudited)		
4649 Cole Avenue ⁷	\$ 23,444	5.39%	03/01/2021
3636 McKinney Avenue ⁸	9,317	5.39%	03/01/2021
3839 McKinney Avenue ⁸	6,180	5.39%	03/01/2021
4200 Scotland Street	29,019	5.18%	06/05/2021
1 Kaiser Plaza	97,100	4.14%	07/01/2026
2101 Webster Street	83,000	4.14%	07/01/2026
2100 Franklin Street	80,000	4.14%	07/01/2026
1901 Harrison Street	42,500	4.14%	07/01/2026
1333 Broadway	39,500	4.14%	07/01/2026
260 Townsend Street	28,200	4.14%	07/01/2026
7083 Hollywood Boulevard ⁷	21,700	4.14%	07/01/2026
830 1 st Street	46,000	4.50%	01/05/2027
MORTGAGES PAYABLE	505,960	4.33%	
Unsecured Credit Facility ³	-	Variable	09/30/2017 ⁴
Unsecured Term Loan Facility ⁵	385,000	LIBOR + 1.60% ⁶	05/08/2022
Junior Subordinated Notes	27,070	LIBOR + 3.25%	03/30/2035
OTHER	412,070		
TOTAL DEBT	\$ 918,030		

1 Excludes \$26.3 million of secured borrowings-government guaranteed loans, which represent sold loans which are treated as secured borrowings because the loan sales did not meet the derecognition criteria provided for in ASC 860-30, Secured Borrowing and Collateral.

2 Excludes premiums, discounts and debt issuance costs.

3 At March 31, 2017, the interest rates applicable to the components of CIM Commercial's Unsecured Credit Facility were based on LIBOR plus an applicable spread determined by CIM Commercial's maximum leverage ratio, as defined in the credit agreement. In June 2016, all outstanding borrowings under the Unsecured Credit Facility were repaid. At March 31, 2017, \$0 was outstanding under the credit facility and \$200 million was available for future borrowings, as we permanently reduced the revolving credit commitment under the credit facility to \$200 million.

4 The credit facility was set to mature in September 2016 and, prior to maturity, we exercised the first of two one year extension options through September 2017.

5 The Unsecured Term Loan Facility ranks pari passu with CIM Commercial's Unsecured Credit Facility; covenants under the Unsecured Term Loan Facility are substantially the same as those in the Unsecured Credit Facility. At March 31, 2017, the interest rate was based on LIBOR plus an applicable spread determined by CIM Commercial's maximum leverage ratio, as defined in the credit agreement. With some exceptions, any prepayment of the Unsecured Term Loan Facility prior to May 2017 was subject to a prepayment fee up to 2% of the outstanding principal amount.

6 The interest rate of the loan has been effectively converted to a fixed rate of 3.16% until May 8, 2020 through interest rate swaps.

7 4649 Cole Avenue and 7083 Hollywood Boulevard are under contract for sale. Approximately \$45.1 million of the outstanding mortgages payable at March 31, 2017 on these properties will be repaid or assumed by the buyer.

8 3636 McKinney Avenue and 3839 McKinney Avenue were sold in May 2017 and \$15.5 million of the outstanding mortgages payable at March 31, 2017 were repaid.

NET OPERATING INCOME RECONCILIATION

CIM Commercial internally evaluates the operating performance and financial results of its segments based on segment net operating income, which is defined as rental and other property income and expense reimbursements less property related expenses, and excludes non-property income and expenses, interest expense, depreciation and amortization, corporate related general and administrative expenses, gain (loss) on sale of real estate, transaction costs and provision for income taxes. We also evaluate the operating performance and financial results of our operating segments using cash basis net operating income ("Cash NOI"). We define cash basis NOI as segment NOI adjusted to exclude the effect of the straight lining of rents, acquired above/below market lease amortization, and other adjustments required by GAAP.

Segment NOI and cash basis NOI are not a measure of operating results or cash flows from operating activities as measured by GAAP and should not be considered an alternative to income from continuing operations, or to cash flows as a measure of liquidity, or as an indication of our performance or of our ability to pay dividends. All companies may not calculate segment NOI or cash basis NOI in the same manner. We consider segment NOI and cash basis NOI to be useful performance measures to investors and management because, when compared across periods, they reflect the revenues and expenses directly associated with owning and operating our properties and the impact to operations from trends in occupancy rates, rental rates, and operating costs, providing a perspective not immediately apparent from income from continuing operations. Additionally, we believe that cash basis NOI is helpful to investors because it eliminates straight line rent and other non-cash adjustments to revenue and expenses. Below is a reconciliation of Cash NOI to segment net operating income and net income for the three months ended March 31, 2017.

Three Months Ended March 31, 2017					
	Office	Multifamily	Hotel	Lending	Total
	(In thousands, unaudited)				
Cash NOI	\$ 32,640	\$ 2,137	\$ 4,071	\$ 973	\$ 39,821
Deferred rent and amortization of intangible assets, liabilities and lease inducements	2,368	7	4	-	2,379
Straight line rent, below-market ground lease and amortization of intangible assets	(312)	(138)	-	9	(441)
Lease termination income	356	-	-	-	356
Segment Net Operating Income	\$ 35,052	\$ 2,006	\$ 4,075	\$ 982	\$ 42,115
Asset management and other fees to related parties					(7,856)
Interest expense					(9,631)
General and administrative					(791)
Transaction costs					(13)
Depreciation and amortization					(17,231)
Gain on sale of real estate					187,734
Income from continuing operations before provision for income taxes					194,327
Provision for income taxes					(392)
Net income					193,935
Net income attributable to noncontrolling interests					(5)
Net income attributable to the Company					\$ 193,930

IMPORTANT DISCLOSURES

Assets and Equity Under Management

Assets Under Management ("AUM"), or Gross AUM, represents (i) (a) for real assets, the aggregate total gross assets ("GAV") at fair value, including the shares of such assets owned by joint venture partners and co-investments, of all of CIM's advised accounts (each an "Account" and collectively, the "Accounts") or (b) for operating companies, the aggregate GAV less debt, including the shares of such assets owned by joint venture partners and co-investments, of all of the Accounts (not in duplication of the assets described in (i)(a)), plus (ii) the aggregate unfunded commitments of the Accounts, as of December 31, 2016 ("Report Date"). The GAV is calculated in accordance with U.S. generally accepted accounting principles on a fair value basis (the "Book Value") and generally represents the investment's third-party appraised value as of the Report Date, or as of December 31, 2016, as adjusted further by the result of any partial realizations and quarterly valuation adjustments based upon management's estimate of fair value, in each case through the Report Date other than as described below with respect to CIM REIT. The only investment currently held by CIM REIT consists of shares in CIM Commercial Trust Corporation ("CMCT"), a publicly traded company; the Book Value of CIM REIT is determined by assuming the underlying assets of CMCT are liquidated based upon management's estimate of fair value. CIM does not presently view the price of CMCT's publicly-traded shares to be a meaningful indication of the fair value of CIM REIT's interest in CMCT due to the fact that the publicly-traded shares of CMCT represent less than 3% of the outstanding shares of CMCT and are thinly-traded.

Equity Under Management ("EUM"), or Net AUM, represents (i) the aggregate NAV of the Accounts (as described below), plus (ii) the aggregate unfunded commitments of the Accounts. The NAV of each Account is based upon the aggregate amounts that would be distributable (prior to incentive fee allocations) to such Account assuming a "hypothetical liquidation" of the Account on the date of determination, assuming that: (x) investments are sold at their Book Value (as defined above); (y) debts are paid and other assets are collected; and (z) appropriate adjustments and/or allocations between equity investors are made in accordance with applicable documents, in each case as determined in accordance with applicable accounting guidance.

S-8 1 a17-14669_1s8.htm S-8

As filed with the Securities and Exchange Commission on June 2, 2017

Registration No. 333-

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

FORM S-8
REGISTRATION STATEMENT
Under
The Securities Act of 1933

CIM Commercial Trust Corporation

(Exact Name of Registrant as Specified in Its Charter)

Maryland
 (State or Other Jurisdiction of
 Incorporation or Organization)

75-6446078
 (I.R.S. Employer
 Identification No.)

17950 Preston Road, Suite 600
Dallas, Texas 75252
(972) 349-3200

(Address, Including Zip Code, of Registrant's Principal Executive Offices)

CIM Commercial Trust Corporation 2015 Equity Incentive Plan
 (Full Title of the Plan)

Charles E. Garner II
Chief Executive Officer
CIM Commercial Trust Corporation
17950 Preston Road, Suite 600
Dallas, Texas 75252
(972) 349-3200

(Name, address and telephone number, including area code, of agent for service)

Copy to:

Patrick S. Brown
 Sullivan & Cromwell LLP
 1888 Century Park East, Suite 2100
 Los Angeles, California 90067
 (310) 712-6600

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

Large accelerated filer	☐	Accelerated filer	☐
Non-accelerated filer	☐ (Do not check if a smaller reporting company)	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 7(a)(2)(B) of the Securities Act. ☐

CALCULATION OF REGISTRATION FEE

Title of Securities To Be Registered	Amount To Be Registered (1)	Proposed Maximum Offering Price Per Share (2)	Proposed Maximum Aggregate Offering Price (2)	Amount Of Registration Fee (3)

Common Stock, par value \$0.001 per share	278,824	\$	15.75	\$	4,391,478	\$	508.97

- (1) Pursuant to Rule 416 of the Securities Act of 1933, as amended (the "Securities Act"), this Registration Statement shall also cover any additional shares of Common Stock which become issuable under the Plan pursuant to this Registration Statement by reason of any stock dividend, stock split, recapitalization or any other similar transaction which results in an increase in the number of the Registrant's outstanding shares of Common Stock.
- (2) Estimated solely for the purpose of calculating the registration fee pursuant to Rule 457(c) and (h) under the Securities Act and based upon the average of the high and low prices of the shares of common stock of CIM Commercial Trust Corporation as reported on NASDAQ Global Market on May 31, 2017.
- (3) This amount is being offset in its entirety with \$43,526.55 of unused fees that were previously paid in connection with the Registrant's filing of its Registration Statement on Form S-4, as amended (File No. 333-190934), initially filed with the Securities and Exchange Commission by the registrant on August 30, 2013 pursuant to Rule 457(p).

PART I

INFORMATION REQUIRED IN THE SECTION 10(A) PROSPECTUS

All information required by Part I to be contained in the prospectus is omitted from this Registration Statement in accordance with the explanatory note to Part I of Form S-8 and Rule 428 under the Securities Act. This Registration Statement on Form S-8 is filed by CIM Commercial Trust Corporation (the "Company" or "Registrant") regarding the CIM Commercial Trust Corporation 2015 Equity Incentive Plan (the "Plan"). Documents containing the information required by Part I of the Registration Statement will be sent or given to Plan Participants as specified by Rule 428(b)(1) of the Securities Act.

PART II

INFORMATION REQUIRED IN THE REGISTRATION STATEMENT

Item 3. Incorporation of Documents by Reference

The rules of the Securities and Exchange Commission (the "Commission") allow the Registrant to "incorporate by reference" information into this Registration Statement. This means that the Registrant can disclose important information to you by referring you to another document.

The Registrant incorporates herein by reference the following documents which have been filed by the Registrant with the Commission:

1. Annual Report on Form 10-K for the year ended December 31, 2016 ("fiscal 2016"), filed with the Commission on March 16, 2017;
2. Quarterly Report on Form 10-Q for the quarter ended March 31, 2017 filed with the Commission on May 10, 2017;
3. The description of the Registrant's common stock contained in the Registrant's Registration Statement on Form 8-A filed on March 11, 2014 under the Securities Exchange Act of 1934, as amended (the "Exchange Act"); and
4. All other reports filed pursuant to Section 13(a) or 15(d) of the Exchange Act since the end of fiscal 2016.

All documents filed by the Registrant pursuant to Section 13(a), 13(c), 14 or 15(d) of the Exchange Act after the date of this Registration Statement and prior to the filing of a post-effective amendment to this Registration Statement indicating that all securities offered have been sold or which deregisters all securities then remaining unsold, shall be deemed to be incorporated by reference into this Registration Statement and to be a part hereof from the date of filing of such documents. Statements contained in a document incorporated or deemed to be incorporated by reference herein, or contained in this Registration Statement, shall be deemed to be modified or superseded for purposes of this Registration Statement to the extent that a statement contained herein or in any other subsequently filed document which also is or is deemed to be incorporated by reference herein modifies or supersedes such statement. Any such statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Registration Statement. Nothing in this registration statement shall be deemed to incorporate information furnished but not filed with the Commission pursuant to Item 2.02 or Item 7.01 of Form 8-K.

Item 4. Description of Securities

The Registrant's Common Stock is registered under Section 12(b) of the Exchange Act.

Item 5. Interests of Named Experts and Counsel

Not applicable.

Item 6. Indemnification of Directors and Officers

Maryland law permits a Maryland corporation to include in its charter a provision eliminating the liability of its directors and officers to the corporation and its stockholders for money damages except for liability resulting from (a) actual receipt of an improper benefit or profit in money, property or services or (b) active or deliberate dishonesty established in a judgment or other final adjudication to be material to the cause of action. The Company's charter contains a provision that eliminates the liability of the Company's directors and officers to the maximum extent permitted by Maryland law.

2

Maryland law requires a Maryland corporation (unless its charter provides otherwise, which the Company's charter does not) to indemnify a director or officer who has been successful, on the merits or otherwise, in the defense of any proceeding to which he or she is made, or threatened to be made, a party by reason of his or her service in that capacity. Maryland law permits a Maryland corporation to indemnify its present and former directors and officers, among others, against judgments, penalties, fines, settlements and reasonable expenses actually incurred by them in connection with any proceeding to which they may be made or threatened to be made a party by reason of their service in those or other capacities unless it is established that:

- an act or omission of the director or officer was material to the matter giving rise to the proceeding and:
 - was committed in bad faith; or
 - was the result of active and deliberate dishonesty;
- the director or officer actually received an improper personal benefit in money, property or services; or
- in the case of any criminal proceeding, the director or officer had reasonable cause to believe that the act or omission was unlawful

However, under Maryland law, a Maryland corporation may not indemnify for an adverse judgment in a suit by or in the right of the corporation or for a judgment of liability on the basis that personal benefit was improperly received, unless in either case a court orders indemnification and then only for expenses. In addition, Maryland law permits a Maryland corporation to advance reasonable expenses to a director or officer upon the corporation's receipt of:

- a written affirmation by the director or officer of his or her good faith belief that he or she has met the standard of conduct necessary for indemnification by the corporation; and
- a written undertaking by the director or officer or on the director's or officer's behalf to repay the amount paid or reimbursed by the corporation if it is ultimately determined that the director or officer did not meet the standard of conduct.

The Company's charter and bylaws obligate the Company, to the maximum extent permitted by Maryland law, to indemnify and, without requiring a preliminary determination of the ultimate entitlement to indemnification, pay or reimburse reasonable expenses in advance of final disposition of a proceeding to:

- any present or former director or officer who is made, or threatened to be made, a party to, or witness in, the proceeding by reason of his or her service in that capacity; or
- any individual who, while a director or officer of the Company and at the Company's request, serves or has served another corporation, real estate investment trust, limited liability company, partnership, joint venture, trust, employee benefit plan or any other enterprise as a director, officer, trustee, member, manager or partner and who is made, or threatened to be made, a party to, or witness in, the proceeding by reason of his or her service in that capacity.

The Company's charter and bylaws also permits the Company, subject to approval from the Company's Board of Directors, to indemnify and advance expenses to any person who served a predecessor of the Company in any of the capacities described above and to any employee or agent of the Company or a predecessor of the Company.

Insofar as the foregoing provisions permit indemnification of directors, officer or persons controlling the Company for liability arising under the Securities Act, the Company has been informed that in the opinion of the SEC this indemnification is against public policy as expressed in the Securities Act and is therefore unenforceable.

Further, the Company has entered into an Indemnification Agreement with each of its directors and certain executive officers. Each Indemnification Agreement provides that the Company will indemnify and hold harmless each such director or named executive officer to the fullest extent permitted by law.

In addition, the Merger Agreement, dated March 11, 2014 (the “Merger Agreement”), between PMC Commercial Trust (“PMC Commercial”) and CIM Urban REIT, LLC (“CIM REIT”), which provided for the business combination of CIM REIT’s wholly-owned subsidiary, CIM Urban Partners, L.P., and PMC Commercial (the “Merger”), provides further indemnification to each manager, director or officer of the Company or any of its subsidiaries, together with such person’s heirs, executors and administrators, which indemnification will survive the Merger for a period of six years, in the event of any threatened or actual claim, action, suit, demand, proceeding or investigation, whether civil, criminal or administrative, including any such claim, action, suit, demand, proceeding or investigation based in whole or in part on, or arising in whole or in part out of, or pertaining to (i) the fact that he or she is or was a manager, director or officer of the Company or any of its subsidiaries, or is or was serving at the request of the Company or any of its subsidiaries as a manager, director, officer, employee, fiduciary or agent of another corporation, partnership, joint venture, trust or other enterprise, or (ii) the discussion, negotiation, execution or performance of the Merger Agreement or any arrangement, agreement or document contemplated thereby or delivered in connection therewith, or otherwise directly or indirectly relating to the Merger Agreement or any such arrangement, agreement or document, or any of the transactions contemplated thereunder.

Item 7. Exemption From Registration Claimed

Not applicable.

Item 8. Exhibits

The exhibits are listed in the Exhibit Index below.

Item 9. Undertakings

(a) The undersigned Registrant hereby undertakes:

(1) To file, during any period in which offers or sales are being made, a post-effective amendment to this registration statement:

(i) To include any prospectus required by Section 10(a)(3) of the Securities Act;

(ii) To reflect in the prospectus any facts or events arising after the effective date of this Registration Statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in this Registration Statement;

(iii) To include any material information with respect to the plan of distribution not previously disclosed in the Registration Statement or any material change to such information in this Registration Statement; *provided, however*, that paragraphs (a)(1)(i) and (a)(1)(ii) do not apply if the information required to be included in a post-effective amendment by those paragraphs is contained in periodic reports filed with or furnished to the Commission by the Registrant pursuant to Section 13 or Section 15(d) of the Exchange Act that are incorporated by reference in this Registration Statement.

(2) That, for the purpose of determining any liability under the Securities Act, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(3) To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.

(b) The undersigned Registrant hereby undertakes that, for purposes of determining any liability under the Securities Act, each filing of the Registrant’s annual report pursuant to Section 13(a) or Section 15(d) of the Exchange Act and each filing of an employee benefit plan’s annual report pursuant to Section 15(d) of the Exchange Act that is incorporated by reference in this Registration Statement shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial *bona fide* offering thereof.

(c) Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers and controlling persons of the Registrant pursuant to the foregoing provisions, or otherwise, the Registrant has been advised that in the opinion of the Commission such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. In

the event that a claim for indemnification against such liabilities (other than the payment by the Registrant of expenses incurred or paid by a director, officer or controlling person of the Registrant in the successful defense of any action, suit or proceeding) is asserted against the Registrant by such director, officer or controlling person in connection with the securities being registered, the Registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the Registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-8 and has duly caused this Registration Statement on Form S-8 to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Los Angeles, State of California, on this 2nd day of June, 2017.

CIM Commercial Trust Corporation

Dated: June 2, 2017

By: /s/ David Thompson
 Name: David Thompson
 Title: Chief Financial Officer

POWERS OF ATTORNEY

Each person whose signature appears below hereby constitutes and appoints Charles E. Garner II and David Thompson and each of them, his true and lawful attorney-in-fact and agent, with full power of substitution and resubstitution, for him and in his name, place and stead, in any and all capacities, to sign any and all amendments to this registration statement, as amended (including post-effective amendments to the registration statement and any such related registration statements), and to file the same, with all exhibits thereto, and any other documents in connection therewith, granting unto said attorneys-in-fact and agents full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or their substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, this Registration Statement has been signed by the following persons in the capacities and on the dates indicated:

Signatures	Title	Date
<u>/s/ Charles E. Garner II</u> Charles E. Garner II	Chief Executive Officer (Principal Executive Officer)	June 2, 2017
<u>/s / David Thompson</u> David Thompson	Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer)	June 2, 2017
<u>/s/ Douglas Bech</u> Douglas Bech	Director	June 2, 2017
<u>/s/ Robert Cresci</u> Robert Cresci	Director	June 2, 2017
<u>/s/ Kelly Eppich</u> Kelly Eppich	Director	June 2, 2017
<u>/s/ Frank Golay, Jr.</u> Frank Golay Jr.	Director	June 2, 2017
<u>/s/ Shaul Kuba</u> Shaul Kuba	Director	June 2, 2017
<u>/s/ Richard Ressler</u>	Director	June 2, 2017

Richard Ressler

/s/ Avraham Shemesh
 Avraham Shemesh

Director

June 2, 2017

5

EXHIBIT INDEX

Exhibit No.	Description
4.1	Articles of Amendment and Restatement of PMC Commercial Merger Sub, Inc. (incorporated by reference to the exhibits to the Registrant's Current Report on Form 8-K filed with the SEC on May 9, 2014).
4.1(a)	Articles of Amendment (Name Change) (incorporated by reference to the exhibits to the Registrant's Current Report on Form 8-K filed with the SEC on May 2, 2014).
4.1(b)	Articles of Amendment (Reverse Stock Split) (incorporated by reference to the exhibits to the Registrant's Current Report on Form 8-K filed with the SEC on May 2, 2014).
4.1(c)	Articles of Amendment (Par Value Decrease) (incorporated by reference to the exhibits to the Registrant's Current Report on Form 8-K filed with the SEC on May 2, 2014).
4.1(d)	Articles Supplementary (incorporated by reference to the exhibits to the Registrant's Current Report on Form 8-K filed with the SEC on October 27, 2016).
4.2	Bylaws (incorporated by reference to Exhibit 3.2 to the Registrant's Current Report on Form 8-K filed with the SEC on May 2, 2014).
4.3	Purchase Agreement among PMC Commercial Trust, PMC Preferred Capital Trust-A and Taberna Preferred Funding I, Ltd. dated March 15, 2005 (incorporated by reference to Exhibit 10.1 to the Registrant's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2005).
4.4	Junior Subordinated Indenture between PMC Commercial Trust and JPMorgan Chase Bank, National Association as Trustee dated March 15, 2005 (incorporated by reference to Exhibit 10.2 to the Registrant's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2005).
4.5	Amended and Restated Trust Agreement among PMC Commercial Trust, JPMorgan Chase Bank, National Association, Chase Bank USA, National Association and The Administrative Trustees Named Herein dated March 15, 2005 (incorporated by reference to Exhibit 10.3 to the Registrant's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2005).
4.6	Preferred Securities Certificate (incorporated by reference to Exhibit 10.4 to the Registrant's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2005).
4.7	Floating Rate Junior Subordinated Note due 2035 (incorporated by reference to Exhibit 10.5 to the Registrant's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2005).
4.8	2005 Equity Incentive Plan (incorporated by reference to Exhibit 10.1 to the Registrant's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2005).
4.9	Warrant Agreement, dated June 28, 2016, between CIM Commercial Trust Corporation and American Stock Transfer & Trust Company, LLC (incorporated by reference to Exhibit 4.2 to the Registrant's Registration Statement on Form S-11/A filed with the SEC on June 28, 2016).
4.10	First Amendment to PMC Commercial Trust 2005 Incentive Plan (incorporated by reference to Exhibit 10.2 to the Registrant's Annual Report on Form 10 K filed with the SEC on March 16, 2015).
4.11	2015 Equity Incentive Plan (incorporated by reference to Annex A to the Registrant's Definitive Proxy Statement related to its 2015 annual meeting of stockholders, as filed with the SEC on April 17, 2015).
*5.1	Opinion of Venable LLP.

- *23.1 Consent of BDO USA, LLP.
- *23.2 Consent of Venable LLP (included in Exhibit 5.1).
- *24.1 Powers of Attorney (included on signature page).

* Filed herewith.

SC 13D/A 1 a17-15211_1sc13da.htm SC 13D/A

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

SCHEDULE 13D/A

**Under the Securities Exchange Act of 1934
(Amendment No. 2)***

CIM COMMERCIAL TRUST CORPORATION

(Name of Issuer)

Common Stock, par value \$0.001 per share

(Title of Class of Securities)

125525105

(CUSIP Number)

**David Thompson c/o CIM Group LLC
4700 Wilshire Boulevard
Los Angeles, California 90010
Telephone: (323) 860 - 4900**

(Name, Address and Telephone Number of Person
Authorized to Receive Notices and Communications)

June 12, 2017

(Date of Event Which Requires Filing of this Statement)

If the filing person has previously filed a statement on Schedule 13G to report the acquisition that is the subject of this Schedule 13D, and is filing this schedule because of §§240.13d-1(e), 240.13d-1(f) or 240.13d-1(g), check the following box. ☐

Note: Schedules filed in paper format shall include a signed original and five copies of the schedule, including all exhibits. See Rule 13d-7 for other parties to whom copies are to be sent.

* The remainder of this cover page shall be filled out for a reporting person's initial filing on this form with respect to the subject class of securities, and for any subsequent amendment containing information which would alter disclosures provided in a prior cover page.

The information required on the remainder of this cover page shall not be deemed to be "filed" for the purpose of Section 18 of the Securities Exchange Act of 1934 ("Act") or otherwise subject to the liabilities of that section of the Act but shall be subject to all other provisions of the Act (however, see the Notes).

CUSIP No. 125525105

1. Names of Reporting Persons
Urban Partners II, LLC

2. Check the Appropriate Box if a Member of a Group (See Instructions)

(a) ☒

(b) ☐

3. SEC Use Only

4. Source of Funds (See Instructions)
OO

5. Check if Disclosure of Legal Proceedings Is Required Pursuant to Items 2(d) or 2(e) ☐

6. Citizenship or Place of Organization
Delaware

7. Sole Voting Power
55,718,648

Number of
Shares
Beneficially
Owned by
Each
Person With

8. Shared Voting Power
0

9. Sole Dispositive Power
55,718,648

10. Shared Dispositive Power
0

11. Aggregate Amount Beneficially Owned by Each Reporting Person
55,718,648

12. Check if the Aggregate Amount in Row (11) Excludes Certain Shares (See Instructions) ☐

13. Percent of Class Represented by Amount in Row (11)
96.27%

14. Type of Reporting Person (See Instructions)
OO

CUSIP No. 125525105

	1.	Names of Reporting Persons Richard Ressler
	2.	Check the Appropriate Box if a Member of a Group (See Instructions) (a) ☒ (b) ☐
	3.	SEC Use Only
	4.	Source of Funds (See Instructions) OO
	5.	Check if Disclosure of Legal Proceedings Is Required Pursuant to Items 2(d) or 2(e) ☐
	6.	Citizenship or Place of Organization United States
	7.	Sole Voting Power 30,659(1)
Number of Shares Beneficially Owned by Each Person With	8.	Shared Voting Power 56,072,592(1)
	9.	Sole Dispositive Power 30,659(1)
	10.	Shared Dispositive Power 56,072,592(1)
	11.	Aggregate Amount Beneficially Owned by Each Reporting Person 56,103,251(1)

12. Check if the Aggregate Amount in Row (11) Excludes Certain Shares (See Instructions) ☐

13. Percent of Class Represented by Amount in Row (11)
96.94%

14. Type of Reporting Person (See Instructions)
IN

(1) The Reporting Person disclaims beneficial ownership of the reported Common Shares except to the extent of his pecuniary interest therein, and the inclusion of such shares in this Amendment No. 2 shall not be deemed an admission of beneficial ownership of all of the reported shares for any purpose.

3

CUSIP No. 125525105

1. Names of Reporting Persons
Avraham Shemesh

2. Check the Appropriate Box if a Member of a Group (See Instructions)

(a) ☒

(b) ☐

3. SEC Use Only

4. Source of Funds (See Instructions)
OO

5. Check if Disclosure of Legal Proceedings Is Required Pursuant to Items 2(d) or 2(e) ☐

6. Citizenship or Place of Organization
United States

	7.	Sole Voting Power 0	
Number of Shares Beneficially Owned by Each Person With	8.	Shared Voting Power 56,088,205(2)	
	9.	Sole Dispositive Power 0	
	10.	Shared Dispositive Power 56,088,205(2)	
11.	Aggregate Amount Beneficially Owned by Each Reporting Person 56,088,205(2)		
12.	Check if the Aggregate Amount in Row (11) Excludes Certain Shares (See Instructions) ☐		
13.	Percent of Class Represented by Amount in Row (11) 96.91%		
14.	Type of Reporting Person (See Instructions) IN		

(2) The Reporting Person disclaims beneficial ownership of the reported Common Shares except to the extent of his pecuniary interest therein, and the inclusion of such shares in this Amendment No. 2 shall not be deemed an admission of beneficial ownership of all of the reported shares for any purpose.

CUSIP No. 125525105

1.	Names of Reporting Persons Shaul Kuba	
2.	Check the Appropriate Box if a Member of a Group (See Instructions)	
(a)	☒	

(b) ☐

3. SEC Use Only

4. Source of Funds (See Instructions)
OO5. Check if Disclosure of Legal Proceedings Is Required Pursuant to Items 2(d) or 2(e) ☐6. Citizenship or Place of Organization
United States7. Sole Voting Power
0Number of
Shares
Beneficially
Owned by
Each
Person With8. Shared Voting Power
56,088,205 (3)9. Sole Dispositive Power
010. Shared Dispositive Power
56,088,205 (3)11. Aggregate Amount Beneficially Owned by Each Reporting Person
56,088,205 (3)12. Check if the Aggregate Amount in Row (11) Excludes Certain Shares (See Instructions) ☐13. Percent of Class Represented by Amount in Row (11)
96.91%14. Type of Reporting Person (See Instructions)
IN

(3) The Reporting Person disclaims beneficial ownership of the reported Common Shares except to the extent of his pecuniary interest therein, and the inclusion of such shares in this Amendment No. 2 shall not be deemed an admission of beneficial ownership of all of the reported shares for any purpose.

CUSIP No. 125525105

1.	Names of Reporting Persons	CIM Service Provider, LLC
2.	Check the Appropriate Box if a Member of a Group (See Instructions)	
	(a)	☒
	(b)	☐
3.	SEC Use Only	
4.	Source of Funds (See Instructions)	AF
5.	Check if Disclosure of Legal Proceedings Is Required Pursuant to Items 2(d) or 2(e)	☐
6.	Citizenship or Place of Organization	Delaware
	7.	Sole Voting Power 353,944(4)
Number of Shares Beneficially Owned by Each Person With	8.	Shared Voting Power 55,718,648(4)
	9.	Sole Dispositive Power 353,944(4)
	10.	Shared Dispositive Power 55,718,648 (4)

11. Aggregate Amount Beneficially Owned by Each Reporting Person
56,072,592(4)

12. Check if the Aggregate Amount in Row (11) Excludes Certain Shares (See Instructions) ☐

13. Percent of Class Represented by Amount in Row (11)
96.88%

14. Type of Reporting Person (See Instructions)
OO

(4) The Reporting Person disclaims beneficial ownership of the reported Common Shares except to the extent of his pecuniary interest therein, and the inclusion of such shares in this Amendment No. 2 shall not be deemed an admission of beneficial ownership of all of the reported shares for any purpose.

6

Reference is made to the initial statement on Schedule 13D (the "Initial Statement") filed with the Securities and Exchange Commission (the "SEC") on March 11, 2014 by Urban Partners II, LLC, a Delaware limited liability company ("Urban II"), Richard Ressler, Avraham Shemesh, Shaul Kuba and CIM Service Provider, LLC, a Delaware limited liability company ("CIM Manager" and, collectively with the foregoing, the "Reporting Persons") and relates to the common stock, par value \$0.001 per share (the "Common Shares") of CIM Commercial Trust Corporation, a Maryland real estate investment trust (formerly, PMC Commercial Trust) (the "Issuer"), as further amended by Amendment No. 1 dated September 19, 2016 (the "Amendment No. 1" and, together with the Initial Statement, the "Schedule 13D Filing"). The address of the principal executive office of the Issuer is 17950 Preston Road, Suite 600, Dallas, Texas 75252.

This Amendment No. 2 to Schedule 13D (this "Amendment No. 2") is being filed to reflect a change in the Reporting Persons' percentage beneficial ownership of the Common Shares as a result of a repurchase of 26,181,818 Common Shares by the Issuer from Urban II on June 12, 2017 (the "Second Share Repurchase"). The information set forth in this Amendment No. 2 regarding percentage beneficial ownership is as of the date hereof and assumes there are 57,875,848 Common Shares outstanding by subtracting the number of Common Shares repurchased in the Second Share Repurchase (26,181,818 Common Shares) from the number of Common Shares outstanding as reported on the Issuer's Quarterly Report on Form 10-Q as filed with the SEC on May 10, 2017 (84,048,081 Common Shares) and adding the number of Common Shares granted to the Issuer's independent directors on June 9, 2017 (9,585 Common Shares).

Except as otherwise described herein, the information contained in the Schedule 13D Filing remains in effect. Capitalized terms used but not defined in this Amendment No. 2 shall have the respective meanings set forth with respect thereto in the Schedule 13D Filing.

Item 5. Interest in Securities of the Issuer

Items 5(a) and (b) of the Schedule 13D Filing are hereby amended and restated in their entirety as follows:

(a) Urban II directly owns 55,718,648 Common Shares, which represent approximately 96.27% of the outstanding Common Shares.

Mr. Ressler may be deemed to beneficially own 56,103,251 Common Shares, or approximately 96.94% of the outstanding Common Shares. Mr. Shemesh may be deemed to beneficially own 56,088,205 Common Shares, or approximately 96.91% of the outstanding Common Shares. Mr. Kuba may be deemed to beneficially own 56,088,205 Common Shares, or approximately 96.91% of the outstanding Common Shares. CIM Manager may be deemed to beneficially own 56,072,592 Common Shares, or approximately 96.88% of the outstanding Common Shares.

Messrs. Ressler, Shemesh and Kuba may be deemed to indirectly beneficially own the 55,718,648 Common Shares held by Urban II by virtue of their positions with CIM Group, LLC, the sole equity member of CIM Manager and the sole manager of CIM Urban Partners GP, LLC, which is the sole managing member of Urban II.

Messrs. Ressler, Shemesh and Kuba may be deemed to indirectly beneficially own the 353,944 Common Shares through the holdings of CIM Manager. Mr. Ressler directly owns 30,659 Common Shares. Mr. Shemesh is the indirect beneficial owner of 15,613 Common Shares through the holdings of The Shemesh Family Trust by virtue of being the grantor of The Shemesh Family Trust. Mr. Kuba is the indirect beneficial owner of 15,613 Common Shares through the holdings of The Kuba Family Trust by virtue of being the grantor of The Kuba Family Trust. CIM Manager directly owns 353,944 Common Shares. CIM Manager may be deemed to indirectly beneficially own the 55,718,648 Common Shares held by Urban II by virtue of being a member of a group with Urban II and Messrs. Ressler, Shemesh and Kuba. Each of the Reporting Persons disclaims beneficial ownership of the reported Common Shares except to the extent of his or its pecuniary interest therein, and the inclusion of such shares in this Amendment No. 2 shall not be deemed an admission of beneficial ownership of all of the reported shares for any purpose.

The percentage of Common Shares outstanding reported as beneficially owned by each person herein on the date hereof

7

assumes there are 57,875,848 Common Shares outstanding by subtracting the number of Common Shares repurchased in the Second Share Repurchase (26,181,818 Common Shares) from the number of Common Shares outstanding as reported on the Issuer's Quarterly Report on Form 10-Q as filed with the SEC on May 10, 2017 (84,048,081 Common Shares) and adding the number of Common Shares granted to the Issuer's independent directors on June 9, 2017 (9,585 Common Shares).

(b) Urban II has the sole power to vote and dispose of 55,718,648 Common Shares. Mr. Ressler has the sole power to vote and dispose of 30,659 Common Shares and the shared power to vote and dispose of 56,072,592 Common Shares. Messrs. Shemesh and Kuba each have the shared power to vote and dispose of 56,088,205 Common Shares. CIM Manager has the sole power to vote and dispose of 353,944 Common Shares and the shared power to vote and dispose of 56,072,592 Common Shares.

8

SIGNATURE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct. Date: June 13, 2017

URBAN PARTNERS II, LLC, a Delaware limited liability company

By: CIM Urban Partners GP, LLC, a California limited liability company, its general partner

By: /s/ David Thompson
Name: David Thompson
Title: Vice President and Chief Financial Officer

/s/ Richard Ressler
Richard Ressler

/s/ Avraham Shemesh
Avraham Shemesh

/s/ Shaul Kuba
Shaul Kuba

CIM SERVICE PROVIDER, LLC, a Delaware limited liability company

By: /s/ David Thompson
Name: David Thompson
Title: Vice President and Chief Financial Officer

S-11/A 1 a17-12628_1s11a.htm S-11/A

[Table of Contents](#)

As filed with the U.S. Securities and Exchange Commission on July 10, 2017

Registration No. 333-218019

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**Washington, D.C. 20549

Amendment No. 1
to**FORM S-11****REGISTRATION STATEMENT
UNDER THE SECURITIES ACT OF 1933
OF CERTAIN REAL ESTATE COMPANIES**

CIM COMMERCIAL TRUST CORPORATION(Exact Name of Registrant as Specified in Its Charter)

**17950 Preston Road, Suite 600
Dallas, Texas 75252
(972) 349-3200**(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

**Charles E. Garner II
Chief Executive Officer
CIM Commercial Trust Corporation
17950 Preston Road, Suite 600
Dallas, Texas 75252
(972) 349-3200**(Name, address, including zip code, and telephone number, including area code, of agent for service)

Copies to:**Patrick S. Brown
Sullivan & Cromwell LLP
1888 Century Park East, Suite 2100
Los Angeles, California 90067
(310) 712-6600**

**Approximate date of commencement of proposed sale to the public:
As soon as practicable after this registration statement becomes effective.**

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, check the following box. ☐

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

If delivery of the prospectus is expected to be made pursuant to Rule 434, check the following box. ☐

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

Large accelerated filer ☐Accelerated filer ☐Non-accelerated filer ☐ (Do not check if a smaller reporting company)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 7(a)(2)(B) of the Securities Act. ☐

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the Registration Statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

[Table of Contents](#)

The information set forth in this preliminary prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This preliminary prospectus is not an offer to sell these securities and is not soliciting an offer to buy these securities in any state where the offer or sale thereof is not permitted.

Subject to Completion. Dated July 10, 2017

PRELIMINARY PROSPECTUS

CIM Commercial Trust Corporation

Maximum of [●] Series L Units consisting of [●] Shares of Series L Preferred Stock

We are a publicly traded real estate investment trust, or REIT, primarily focused on investing in, owning, and operating Class A and creative office investments in vibrant and improving urban communities throughout the United States. We are managed by affiliates of CIM Group, L.P., which we refer to as CIM Group or CIM. Our wholly-owned subsidiary, CIM Urban Partners, L.P., which we refer to as CIM Urban, is party to an Investment Management Agreement with CIM Investment Advisors, LLC, an affiliate of CIM Group, pursuant to which CIM Investment Advisors, LLC provides investment advisory services to CIM Urban. In addition, we are party to a Master Services Agreement with CIM Service Provider, LLC, which we refer to as the Manager, an affiliate of CIM Group, pursuant to which the Manager agrees to provide or arrange for other service providers to provide management and administration services to us and all of our direct and indirect subsidiaries. CIM Group is a vertically-integrated, full-service investment manager with multi-disciplinary expertise and in-house research, acquisition, investment, development, finance, leasing, and management capabilities.

We are offering on a best-efforts basis up to [●] shares of our Series L Preferred Stock, par value \$0.001 per share, which we refer to as our Series L Preferred Stock. Each share of Series L Preferred Stock will have an initial “Series L Stated Value” of 100 Israeli new shekels, or ILS, per share, which will be converted for all purposes of computations based on the Series L Stated Value to U.S. dollars, or USD, at the Initial Exchange Rate (as defined herein). Our Series L Preferred Stock will be sold in units, or Series L Units, with each Series L Unit consisting of ten shares of our Series L Preferred Stock.

Our Series L Preferred Stock ranks, with respect to distributions, senior to our common stock, par value \$0.001 per share, which we refer to as our Common Stock except with respect to and only to the extent of the Initial Dividend (as defined herein), with respect to which it is junior, and junior to our Series A Preferred Stock, \$0.001 par value per share, which we refer to as our Series A Preferred Stock. Holders of our Series L Preferred Stock will have no voting rights.

We anticipate that the offering price will be between ILS 100 and ILS 110 per Series L Unit. The offering price will be determined in a tender process conducted pursuant to regulations of the Tel Aviv Stock Exchange, or the TASE, and the Israel Securities Authority, or ISA, and the price shall not be lower than ILS [●] (approximately \$[●]), or the Minimum Price. Unless the offering is fully subscribed at a price higher than the Minimum Price, the offering will be priced at the Minimum Price. For further details, see “Plan of Distribution” in this prospectus. We have appointed a member of the TASE to act as our offering coordinator to administrate the offering.

There is no established trading market for our Series L Preferred Stock. Although we intend to apply for a listing of our Series L Preferred Stock on the NASDAQ Global Market, which we refer to as NASDAQ, and the TASE, and for a listing of our Common Stock on the TASE, the development of a trading market cannot be assured. Our Common Stock is traded on NASDAQ, under the symbol “CMCT.” The last reported NASDAQ sales price of our Common Stock on [●], 2017 was \$[●] per share.

The proceeds of the offering will be held in escrow for the benefit of potential investors until the closing of the offering and the actual issuance of the Series L Preferred Stock or its termination. For further details, see “Plan of Distribution” in this prospectus.

We have elected to qualify to be taxed as a REIT for U.S. federal income tax purposes. Our stock is subject to limitations on ownership and transfer that are primarily intended to assist us in qualifying as a REIT. Subject to certain exceptions, our charter generally prohibits any person from actually, beneficially or constructively owning more than 9.8% in value or number of shares, whichever is more restrictive, of the aggregate of the outstanding shares of our capital stock, or 9.8% in value or number of shares, whichever is more restrictive, of the outstanding shares of our capital stock. See “Description of Capital Stock—Restrictions on Ownership and Transfer” included in this prospectus.

Investing in our securities involves significant risks. See “Risk Factors” on page 12 and included in our most recent Annual Report on Form 10-K for the year ended December 31, 2016 concerning factors you should consider before investing in our securities.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the adequacy or accuracy of this prospectus. Any representation to the contrary is a criminal offense.

	<u>Per Series L Unit (1)</u>	<u>Maximum Offering</u>
Public offering price (2)	\$ [•]	\$ [•]
Distribution commissions (3)	\$ [•]	\$ [•]
Proceeds, before expenses, to us	\$ [•]	\$ [•]

- (1) As converted from ILS to USD at the representative exchange rate of \$[•] USD per ILS, as published by the Bank of Israel on its website on [•], 2017.
- (2) Initial gross proceeds from the sale of the Series L Preferred Stock based upon the midpoint of the range on the cover of this prospectus.
- (3) The distribution commissions are expected to be [•]% of gross proceeds, as described in “Plan of Distribution” in this prospectus.

We have engaged Leumi Partners Underwriting Ltd., or Leumi, to act as the distributor for the offering in Israel. Leumi is under no obligation to sell any of the Series L Preferred Stock and will not be obligated to purchase any of the Series L Preferred Stock.

The date of this prospectus is , 2017

[Table of Contents](#)

TABLE OF CONTENTS

ABOUT THIS PROSPECTUS	1
INCORPORATION BY REFERENCE	1
PROSPECTUS SUMMARY	2
RISK FACTORS	12
SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS	23
ESTIMATED USE OF PROCEEDS	25
SECURITY OWNERSHIP OF OUR BOARD OF DIRECTORS, EXECUTIVE OFFICERS AND CURRENT BENEFICIAL OWNERS	26
DESCRIPTION OF OUR CAPITAL STOCK AND THE SECURITIES OFFERED	27
CERTAIN PROVISIONS OF THE MARYLAND GENERAL CORPORATION LAW AND OUR CHARTER AND BYLAWS	38
POLICIES WITH RESPECT TO CERTAIN ACTIVITIES	42
MATERIAL U.S. FEDERAL INCOME TAX CONSEQUENCES	45
MATERIAL ISRAELI TAX CONSEQUENCES	58
PLAN OF DISTRIBUTION	61
LEGAL MATTERS	66
EXPERTS	66
WHERE YOU CAN FIND MORE INFORMATION	66

[Table of Contents](#)

ABOUT THIS PROSPECTUS

You should rely only on the information contained in or incorporated by reference into this prospectus and any supplement hereto. We have not authorized anyone to provide you with information different from that which is contained in this prospectus or to make representations as to matters not stated in this prospectus or any supplement hereto. If anyone provides you with different or inconsistent language, you should not rely on it. We are not making an offer to sell, or soliciting an offer to buy, any securities in any jurisdiction in which it is unlawful to do so. The information contained in this prospectus is accurate only as of the date of this prospectus, and any information incorporated by reference is accurate only as of the date of the document incorporated by reference, in each case, regardless of the time of delivery of this prospectus or any purchase of our securities. Our business, financial condition, results of operations, and prospects may have changed since those dates. To understand this offering fully, you should read this entire document carefully, as well as the “Risk Factors” included in our most recent Annual Report on Form 10-K for the year ended December 31, 2016.

This prospectus contains summaries of certain provisions contained in some of the documents described herein, but reference is made to the actual documents for complete information. All of the summaries are qualified in their entirety by the actual documents. Copies of some of the documents referred to herein have been filed as exhibits to the registration statement of which this prospectus is a part, and you may obtain copies of those documents as described below under the heading “Where You Can Find Additional Information.”

Unless otherwise indicated in this prospectus, “CIM Commercial,” the “Company,” “our company,” “we,” “us” and “our” refer to CIM Commercial Trust Corporation and its subsidiaries.

INCORPORATION BY REFERENCE

The Securities and Exchange Commission, which we refer to as the SEC, allows us to “incorporate by reference” the information that we file with it, which means that we can disclose important information to you by referring you to other documents. The information incorporated by reference is an important part of this prospectus. We incorporate by reference the following documents (other than information furnished rather than filed):

- the Company’s Annual Report on Form 10-K for the fiscal year ended December 31, 2016 filed on March 16, 2017;
- the Company’s Quarterly Report on Form 10-Q for the quarter ended March 31, 2017 filed on May 10, 2017; and
- the Company’s Current Reports on Form 8-K filed on February 16, 2017, March 31, 2017 and May 9, 2017.

We will provide without charge, upon written or oral request, a copy of any or all of the documents that are incorporated by reference into this prospectus and a copy of any or all other contracts or documents which are referred to in this prospectus. Requests should be directed to CIM Commercial, Attn: Investor Relations, 17950 Preston Road, Suite 600, Dallas, Texas 75252.

[Table of Contents](#)

PROSPECTUS SUMMARY

The following summary highlights selected information contained elsewhere in this prospectus and in the documents incorporated by reference in this prospectus and does not contain all the information you will need in making your investment decision. You should read carefully this entire prospectus and the documents incorporated by reference in this prospectus before making your investment decision.

Our Company

CIM Commercial is a Maryland corporation and REIT that was originally incorporated in 1993 as PMC Commercial Trust. Our charter and bylaws were amended to their current forms on October 27, 2016 and April 28, 2014, respectively.

Our principal business is to invest in, own, and operate Class A and creative office investments in vibrant and improving urban communities throughout the United States. These communities are located in areas that include traditional downtown areas and suburban main streets, which have high barriers to entry, high population density, improving demographic trends and a propensity for growth. We believe that the critical mass of redevelopment in such areas creates positive externalities, which enhance the value of substantially stabilized assets in the area. We believe that these assets will provide greater returns than similar assets in other markets, as a result of the improving demographics, public commitment, and significant private investment that characterize these areas.

We are managed by affiliates of CIM Group, L.P., which we refer to as CIM Group or CIM. CIM Group is a vertically-integrated, full-service investment manager with multidisciplinary expertise and in-house research, acquisition, investment, development, finance, leasing, and management capabilities. CIM Group is headquartered in Los Angeles, California and has offices in Oakland, California; Bethesda, Maryland; Dallas, Texas; and New York, New York.

Our wholly-owned subsidiary, CIM Urban Partners, L.P., which we refer to as CIM Urban, is party to an Investment Management Agreement with CIM Investment Advisors, LLC, an affiliate of CIM Group, pursuant to which CIM Investment Advisors, LLC provides investment advisory services to CIM Urban. In addition, we are party to a Master Services Agreement with CIM Service Provider, LLC, which we refer to as the Manager, an affiliate of CIM Group, pursuant to which the Manager agrees to provide or arrange for other service providers to provide management and administration services to us and all of our direct and indirect subsidiaries.

We seek to utilize the CIM platform to acquire and improve assets within CIM's qualified communities, which we refer to as Qualified Communities. We believe assets in these markets provide greater returns as a result of improving demographics, public commitment, and significant private investment within the areas. Over time, we seek to expand our real estate investments in communities targeted by CIM Group for investment, supported by CIM Group's broad real estate investment capabilities, as part of our plan to prudently grow market value and earnings.

We invest primarily in substantially stabilized real estate and real estate-related assets located in areas that CIM has targeted for opportunistic investment. These areas include traditional downtown areas and suburban main streets, which have high barriers to entry, high population density, improving demographic trends and a propensity for growth. CIM believes that the critical mass of redevelopment in such areas creates positive externalities, which enhance the value of substantially stabilized assets in the area. CIM targets investments in diverse types of real estate assets, including office, retail, for-rent and for-sale multifamily residential, hotel, parking, and signage through CIM's extensive network and its current opportunistic investment activities.

As of March 31, 2017, our real estate portfolio consisted of 30 assets, all of which are fee-simple properties except one leasehold property. As of March 31, 2017, our 23 office properties (including two parking garages, one of which has street level retail space, and two development sites, one of which is being used as a parking lot), totaling approximately 5.1 million rentable square feet, were 84.5% occupied; five multifamily properties, comprised of 930 units, were 93.1% occupied; and two hotel properties (including one parking garage which has street level retail space), which has a total of 503 rooms, had revenue per available room of \$137.71 for the quarter ended March 31, 2017. For the quarter ended March 31, 2017, our office portfolio contributed approximately 73.3% of revenue from continuing operations, while our hotel portfolio contributed approximately 15.7%, our multifamily portfolio contributed approximately 7.5% and our lending segment contributed approximately 3.5%. See the "Business" and "Properties" sections in our most recent Annual Report on Form 10-K for the year ended December 31, 2016.

[Table of Contents](#)

We have elected to be taxed as a REIT for U.S. federal income tax purposes. To the extent we qualify for taxation as a REIT, we generally will not be subject to a federal corporate income tax on our taxable income that is distributed to our stockholders. We may, however, be subject to certain federal excise taxes and state and local taxes on our income and property. If we fail to qualify as a REIT in any taxable year, we will be subject to federal income taxes at regular corporate rates (including any applicable alternative minimum tax) and will not be able to qualify as a REIT for four subsequent taxable years. In order to remain qualified as a REIT under the Internal Revenue Code of 1986, as amended, which we refer to as the Code, we must satisfy various requirements in each taxable year, including, among others, limitations on share ownership, asset diversification, sources of income, and the distribution of at least 90% of our taxable income within the specified time in accordance with the Code.

Our Common Stock is currently traded on NASDAQ under the ticker symbol "CMCT." Our principal executive offices are located at 17950 Preston Road, Suite 600, Dallas, Texas 75252 and our telephone number is (972) 349-3200. Our internet address is <http://www.cimcommercial.com>. The information contained on our website is not part of this prospectus.

Our Business and Properties

For a discussion of our business and properties, see our Annual Report on Form 10-K for the year ended December 31, 2016 which is incorporated by reference in this prospectus. In addition, the following table summarizes the lease expirations for each of the next ten years and thereafter for the properties we owned as of March 31, 2017.

Year of Lease Expiration	Number of Tenants	Square Feet of Expiring Leases	% of Square Feet Expiring	Annualized Rent (1) (in thousands)	% of Annualized Rent Expiring	Annualized Rent Per Occupied Square Foot
2017(2)	86	333,389	7.7%	\$ 10,833	6.5%	\$ 32.49

2018	57	431,589	9.9%	\$	16,453	9.9%	\$	38.12
2019	55	525,777	12.1%	\$	18,198	11.0%	\$	34.61
2020	44	516,336	11.9%	\$	19,194	11.6%	\$	37.17
2021	42	703,160	16.2%	\$	29,694	17.9%	\$	42.23
2022	25	375,504	8.6%	\$	14,263	8.6%	\$	37.98
2023	23	371,079	8.5%	\$	14,122	8.5%	\$	38.06
2024	5	51,314	1.2%	\$	1,732	1.0%	\$	33.75
2025	12	393,232	9.0%	\$	15,213	9.2%	\$	38.69
2026	6	347,015	8.0%	\$	15,903	9.6%	\$	45.83
Thereafter	11	300,502	6.9%	\$	10,175	6.2%	\$	33.86
Total Occupied	366	4,348,897	100.0%	\$	165,780	100.0%	\$	38.12
Vacant		798,248						
Total Portfolio		5,147,145						

(1) Represents gross monthly base rent, as of March 31, 2017, multiplied by twelve. This amount reflects total cash rent before abatements. Where applicable, annualized rent has been grossed up by adding annualized expense reimbursements to base rent.

(2) Includes 62,505 square feet of month-to-month leases.

[Table of Contents](#)

Estimated Net Asset Value

As of April 14, 2017, we have established an estimated net asset value, or NAV, per share of Common Stock of \$23.14. Neither the Financial Industry Regulatory Authority, Inc., or FINRA, nor the SEC provides rules on the methodology we must use to determine our estimated NAV per share. The determination of estimated NAV involves a number of subjective assumptions, estimates and judgments that may not be accurate or complete. We believe there is no established practice among public REITs for calculating estimated NAV. Different firms using different property-specific, general real estate, capital markets, economic and other assumptions, estimates and judgments could derive an estimated NAV that could be significantly different from our estimated NAV. Thus, other public REITs' methodologies used to calculate estimated NAV may differ materially from ours. Additionally, the estimated NAV does not give effect to changes in value, investment activities, capital activities, indebtedness levels, and other various activities occurring after December 31, 2016 that would have an impact on our estimated NAV.

Overview

The estimated NAV per share of \$23.14 was calculated by CIM Investment Advisors, LLC, which we refer to as our Advisor, relying in part on appraisals of our real estate investments and the assets of our lending segment. The table below sets forth the material items included in the calculation of our estimated NAV.

	(\$ in thousands, except per share amount)
Investments in real estate - at fair value (1)	\$ 2,705,600
Loans receivable - at fair value (1)	76,147
Debt (1)	(937,188)
Cash and other assets net of other liabilities (1)	102,926
Redeemable preferred stock (1)	(1,426)

Noncontrolling interests (1)	(1,050)
Estimated NAV available to common stockholders	\$ 1,945,009
Shares of Common Stock outstanding (1)	84,048,081
Estimated NAV per share of Common Stock	\$ 23.14

(1) As of December 31, 2016.

We engaged various third party appraisal firms to perform appraisals of our real estate investments and the assets of our lending segment as of December 31, 2016. These appraisals were performed in accordance with standards set forth by the American Institute of Certified Public Accountants. Each of our appraisals was prepared by personnel who are subject to and in compliance with the code of professional ethics and the standards of professional conduct set forth by the certification programs of the professional appraisal organizations of which they are members.

Fair Value of Real Estate

As of December 31, 2016, our real estate portfolio consisted of (i) 24 office properties (including two parking garages, one of which has street level retail space, and two development sites, one of which is being used as a parking lot), totaling approximately 5.6 million rentable square feet, (ii) five multifamily properties comprised of 930 units, and (iii) one hotel which has a total of 503 rooms. As of December 31, 2016, our investments in real estate had an aggregate estimated fair value of approximately \$2,705,600,000.

The fair values of all our real estate assets, with the exception of the five multifamily properties, one parking garage and the two development sites, were determined using the income capitalization approach and more specifically utilizing discounted cash flow analyses as the primary methodology with the sales comparison approach being used as a secondary methodology. The fair values of our five multifamily properties and one parking garage were determined using the income capitalization approach and more specifically utilizing the direct capitalization methodology with the sales comparison approach being used as a secondary methodology. The sales comparison approach was utilized exclusively to value the two development sites.

4

[Table of Contents](#)

The discounted cash flow approach to valuing real estate investments involves projecting annual cash flows over a defined holding period as well as calculating a residual value for an investment at the end of the holding period. The residual value is calculated by applying a capitalization rate to the projected net operating income in the year following the projected sale. The present value of the future cash flows, including the residual value, is then calculated using an appropriate discount rate and the summation of these present values is the basis for an investment's fair value.

The direct capitalization approach to valuing real estate investments involves applying a capitalization rate to current annual net operating income with the resulting value being the basis for an investment's fair value.

The sales comparison approach to valuing real estate investments uses actual sales prices for comparable assets to determine the investment's fair value. The sales prices of the comparable assets are adjusted to reflect their condition relative to the subject property, the time and resources necessary to ready the comparable properties for sale, and the terms of the comparable properties sales.

The ranges of certain key assumptions used in the fair value measurement of the investments in real estate as of December 31, 2016 were as follows:

<u>Asset Type / Key Assumption</u>	<u>Range</u>	<u>Weighted Average</u>
Office and hotel assets		
Discount rate	6.5% - 9.5%	7.5%
Capitalization rate	5.5% - 8.3%	7.0%
Multifamily assets		
Capitalization rate	3.5% - 5.0%	4.3%

Fair Value of Loans Receivable

As of December 31, 2016, we held 181 loans whose aggregate fair value was approximately \$76,147,000. The fair values were determined using a present value technique for the anticipated future cash flows of the loans using certain key assumptions.

Credit risk, or lack of credit risk in the case of our government guaranteed loans, was considered in the determination of the key assumptions used to determine the fair value our loans receivable.

Debt

As of December 31, 2016, our outstanding debt consisted of fixed rate property-level mortgage notes payable, floating rate junior subordinated notes, and a floating rate term loan facility whose interest rate has been effectively converted to a fixed rate through interest rate swaps.

As of December 31, 2016, the carrying amount of our fixed rate mortgages payable was approximately \$530,071,000, net of deferred loan costs, and the carrying amount of our floating rate debt which includes our junior subordinated notes, unsecured credit facility and term loan facility was approximately \$407,117,000, net of deferred loan costs.

The fair value of our debt is calculated for disclosure purposes only and we do not include the mark to market adjustments related to our debt in our estimated NAV calculation. As of December 31, 2016, the estimated fair value of our debt was approximately \$13,061,000 lower than the carrying amount of our debt net of deferred loan costs.

Fair Value of Cash, Other Assets and Other Liabilities

As of December 31, 2016, the carrying amounts of our cash, other assets and other liabilities approximates their fair values due to the liquid nature of such assets and the short-term nature of such liabilities.

[Table of Contents](#)

Redeemable Preferred Stock

As of December 31, 2016, our redeemable preferred stock consisted of gross proceeds allocated to the Series A Preferred Stock of \$1,528,000 offset by specifically identifiable issuance costs and non-issuance specific costs allocated to the Series A Preferred Stock of \$99,000 and \$3,000, respectively.

Sensitivity Analysis

The table below illustrates the impact on the estimated NAV per share if the capitalization rates or discount rates were adjusted by 25 basis points, assuming all other factors remain unchanged.

	Change in the NAV Per Share Due To	
	Decrease of 25 bps	Increase of 25 bps
Capitalization rates	\$ 0.99	\$ (0.84)
Discount rates	\$ 0.61	\$ (0.53)

[Table of Contents](#)

The Offering

Issuer	CIM Commercial Trust Corporation.
Preferred Stock Offered by Us	Up to [●] shares of Series L Preferred Stock will be offered as part of the Series L Units.
Ranking	The Series L Preferred Stock ranks, relative to our existing capital stock, with respect to the payment of distributions: - senior to our Common Stock, except with respect to and only to the extent of the Initial Dividend (as defined herein); and - junior to our Series A Preferred Stock and our Common Stock (with respect to and only to the extent of the Initial Dividend).

The Series L Preferred Stock ranks, relative to our existing capital stock, with respect to rights upon our liquidation, dissolution or winding up:

- senior to our Common Stock, both (i) to the extent of the Series L Stated Value and (ii) following payment to holders of our Common Stock of an amount equal to any unpaid Initial Dividend, to the extent of any accrued and unpaid Series L Preferred Distributions (as defined herein);
- on parity with our Series A Preferred Stock, to the extent of the Series L Stated Value; and
- junior to our Series A Preferred Stock and Common Stock (to the extent of the Initial Dividend), in both instances with respect to any accrued and unpaid Series L Preferred Distributions.

Stated Value

Each share of Series L Preferred Stock will have an initial “Series L Stated Value” of 100 ILS, per share of Series L Preferred Stock, which ILS will be converted for all purposes of computations based on stated value (e.g., amounts of distributions, redemption price, etc.) to USD, at an exchange rate, which we refer to as the Initial Exchange Rate, equal to the weighted average of the ILS/USD exchange rates of all the transactions (which shall be no fewer than five of an equal size) completed by the Bank(s) (as defined below) through which the gross proceeds from the offering are converted to USD on the first TASE Trading Day (as defined below) following the Closing Day (as defined in “Plan of Distribution” in this prospectus).

[Table of Contents](#)

“TASE Trading Day” means any day on which the TASE is open for trading. For purposes of all exchange rate applications, the “Bank” means, at the selection of the Company for a given transaction, one of the commercial banks (including their subsidiaries) or foreign bank branches as published from time to time by the Bank of Israel on its website.

The Company will publish (a) the Initial Exchange Rate and (b) the initial Series L Stated Value as converted to USD at the Initial Exchange Rate in a Form 8-K filed with the SEC and an Immediate Report filed with the ISA after consummation of the offering. Following issuance, the Series L Stated Value will be subject to appropriate adjustment in relation to certain events, such as recapitalizations, stock dividends, stock splits, stock combinations, reclassifications or similar events affecting our Series L Preferred Stock, as set forth in the Articles Supplementary for our Series L Preferred Stock.

Distributions

Subject to certain exceptions, the holders of our Series L Preferred Stock are entitled to receive, if, as and when authorized by our Board of Directors and declared by us out of legally available funds, cumulative cash distributions in ILS on each share of Series L Preferred Stock at an annual rate of 5.5 percent (5.5%) of the Series L Stated Value (as converted to USD at the Initial Exchange Rate), which annual amount we refer to as the Annual Series L Preferred Distribution. We will be permitted to pay a portion or all of the Annual Series L Preferred Distribution, which we refer to as the Series L Preferred Distribution, out of legally available funds in respect of a given quarter of a fiscal year only if certain conditions, which we refer to as the Series L Distribution Conditions, are satisfied in the following order:

- first, if not previously declared in a prior quarter of such fiscal year, we must have declared the entire Initial Dividend (as described below), if any, with respect to our Common Stock for such fiscal year;
- second, we must have paid (or set apart for payment) in such fiscal year dividends on our Common Stock in an amount equal to or greater than the product of (i) the Initial Dividend multiplied by (ii) the ratio of (a) the portion of the Series L Preferred Distribution to be paid with respect to the given

quarter divided by (b) the Annual Series L Preferred Distribution, plus the aggregate amount of any unpaid Initial Dividends that are payable for all prior quarters;

- third, we must have declared, at least one day following the satisfaction of the foregoing Series L Distribution Conditions, any Series L Preferred Distribution to be paid with respect to the given quarter, if any; and
- fourth, if not previously paid, we must have paid the entire amount set apart for payment related to the Initial Dividend pursuant to the second condition to the extent not previously paid.

The “Initial Dividend” for a given year is a minimum annual amount, in USD, that will be announced by us at the end of the prior fiscal year. While there are no limitations on the maximum amount of the Initial Dividend that can be paid in a particular year, it is our intention that we would not announce a Initial Dividend for any given year that, based on the information then reasonably available to us at the time of announcement, we believe would cause us to be unable to make a future distribution on our Series L Preferred Stock or on any other outstanding share of preferred stock. In certain circumstances, the Initial Dividend will be \$0, as described in “Description of Our Capital Stock and the Securities Offered—Securities Offered in This Offering—Series L Preferred Stock—Distributions” in this prospectus. Prior to this offering, our Board of Directors has established a Initial Dividend with respect to the remainder of 2017 in an amount equal to \$[•].

Subject to the discussion above, the Series L Preferred Distribution, if declared for any given quarter, will be paid each quarter on the Series L Preferred Distribution Payment Date to holders of record of our Series L Preferred Stock as of the close of business on the record date, which will be the last day of the quarter for which the Series L Preferred Distribution is declared (March 31st, June 30th, September 30th or December 31st, as applicable). The “Series L Preferred Distribution Payment Date” will be, at the selection of the Company, a date on or prior to the 18th day of the month following the quarter for which such distribution was declared; provided, however, that the Series L Preferred Distribution Payment Date may be later if so allowed by regulations of the TASE.

[Table of Contents](#)

We do not expect to declare and pay any Series L Preferred Distribution to the extent prohibited by applicable law or our charter or our results of operations, our general financing conditions, general economic conditions or other factors make it imprudent to do so.

On the Series L Preferred Distribution Payment Date, holders will receive payment, in ILS, at an exchange rate, which we refer to as the Current Exchange Rate, equal to the weighted average of the USD/ILS exchange rates of all the transactions (which shall be one or more) completed by the Bank(s) through which the payment is converted to ILS on the third TASE Trading Day preceding the Series L Preferred Distribution Payment Date.

Redemption at the Option of a Holder

From and after the fifth anniversary of the date of original issuance of the shares of Series L Preferred Stock (or earlier, in the event of an accrued and unpaid Series L Preferred Distribution prior to the fifth anniversary of the date of original issuance as provided in “Description of our Capital Stock and the Securities Offered” in this prospectus), each holder will have the right to require the Company to redeem all or any of the shares of Series L Preferred Stock held by such holder at a redemption price equal to 100% of the Series L Stated Value (as converted to USD at the Initial Exchange Rate) plus, provided the Series L Distribution Conditions are satisfied at the effective time of redemption and the Company is otherwise permitted to pay Series L Preferred Distributions, any accrued and unpaid Series L Preferred Distributions through and including the effective date of the redemption. A holder that requests the

Company to redeem its shares of Series L Preferred Stock at a time when the Series L Distribution Conditions are not satisfied will forfeit any accrued and unpaid Series L Preferred Distributions as of the effective date of redemption.

If a holder of shares of Series L Preferred Stock exercises its redemption right, we will pay the redemption price, at our option and in our sole discretion, except as provided below, in accordance with one of the following mechanisms:

- in cash in ILS, based on the Current Exchange Rate on the third TASE Trading Day preceding the Series L Preferred Distribution Payment Date;
- in equal value through the issuance of shares of Common Stock, with such value of Common Stock to be determined based on the lower of (i) our NAV per share of our Common Stock as most recently published by the Company as of the effective date of redemption and (ii) the Aggregate VWAP, as defined in “Description of our Capital Stock and the Securities Offered-Securities Offered in This Offering-Series L Preferred Stock-Redemption at the Option of a Holder” in this prospectus; or
- in a combination of cash, in ILS, and our Common Stock, based on the conversion mechanisms set forth above.

For more information on the payment of the redemption price by the Company in the event of redemption at the option of a holder, see “Description of our Capital Stock and the Securities Offered-Securities Offered in This Offering-Series L Preferred Stock-Redemption at the Option of a Holder” in this prospectus.

Our obligation to redeem any shares of our Series L Preferred Stock is limited to the extent that (i) we have sufficient funds available to fund any such redemption, in which case we will be required to redeem with shares of Common Stock, or (ii) we are restricted by applicable law, our charter, including the terms of our Series A Preferred Stock, or contractual obligations from making such redemption.

[Table of Contents](#)

Optional Redemption by the Company

We will have the right to redeem any or all shares of our Series L Preferred Stock from and after the fifth anniversary of the date of original issuance of the shares of our Series L Preferred Stock. We may redeem such shares at a redemption price equal to 100% of the Series L Stated Value (as converted to USD at the Initial Exchange Rate) plus any accrued and unpaid Series L Preferred Distributions through and including the effective date of the redemption. We have the right, at our option and in our sole discretion, to pay the redemption price in accordance with one of the mechanisms described above in “—Redemption at the Option of a Holder.”

If for any given quarter the Series L Distribution Conditions are not met or the Series L Preferred Distribution is in arrears as of the end of such quarter, we will not be able to exercise our redemption right.

Liquidation

Upon any voluntary or involuntary liquidation, dissolution or winding-up of our affairs, after payment or provision for our debts and other liabilities, our funds legally available for distribution to our stockholders will be distributed as follows:

- first, pro rata to (i) holders of our Series L Preferred Stock, in an amount per share equal to the Series L Stated Value, as converted to USD at the Initial Exchange Rate, (ii) holders of our Series A Preferred Stock, in an amount per share equal to the Series A Stated Value, as converted to USD, plus an amount equal to all accumulated, accrued and unpaid dividends (whether or not declared) on our Series A Preferred Stock and (iii) holders of any other class or series of capital stock ranking on parity with our Series L Preferred Stock and Series A Preferred Stock with respect to rights upon our redemption,

	liquidation, winding-up or dissolution, to the extent provided by the terms of such class or series of capital stock; • second, to holders of our Common Stock in an amount equal to the amount of any unpaid Initial Dividend; • third, to holders of our Series L Preferred Stock in an amount equal to any accrued and unpaid Series L Preferred Distribution; and • fourth, to holders of our Common Stock and any other class or series of capital stock ranking junior to our Series L Preferred Stock. Any liquidation preference on our Series L Preferred Stock will be paid by the Company in ILS, based on the Current Exchange Rate on the last TASE Trading Day preceding the date of payment.
<i>Voting Rights</i>	Our Series L Preferred Stock has no voting rights.
<i>Exchange Listing</i>	We intend to apply for the listing of our Series L Preferred Stock on NASDAQ under the symbol “[●]”, and the TASE under the symbol “[●].” No assurance can be given that our applications for these listings will be approved or that a trading market will develop.
Use of Proceeds	Assuming the maximum offering, we estimate that we will receive net proceeds from the sale of the Series L Units in this offering of approximately \$[●] after deducting estimated offering expenses, including the distribution fee and expenses payable by us of approximately \$[●]. We intend to use the net proceeds from this offering for general corporate purposes including, without limitation, acquisitions and additional investments consistent with our acquisition and asset management strategies, repayment of debt, working capital, and acquisitions of shares of our Common Stock, whether through one or more tender offers, share repurchases or otherwise. See “Estimated Use of Proceeds” in this prospectus.

[Table of Contents](#)

Restrictions on Ownership	Our charter generally prohibits any person from actually, beneficially or constructively owning more than 9.8% in value or number of shares, whichever is more restrictive, of the aggregate of the outstanding shares of our capital stock, or 9.8% in value or number of shares, whichever is more restrictive, of the outstanding shares of our Common Stock; however, our Board of Directors has waived these ownership limits for certain persons. See “Description of Our Capital Stock and the Securities Offered—Restrictions on Ownership and Transfer” included in this prospectus.
Risk Factors	An investment in our securities involves risks. Please read “Risk Factors” on page 12 and included in our most recent Annual Report on Form 10-K for the year ended December 31, 2016.
Where You Can Find More Information	Please refer to “Where You Can Find More Information” on page 66. Concurrently with the effectiveness of the registration statement of which this prospectus forms a part, we are publishing this prospectus with the ISA (see https://www.magna.isa.gov.il or http://maya.tase.co.il/).
Tender Process	An auction process, which we refer to as the Tender Process, will be used to determine the public offering price of our Series L Units offered in this offering, which we refer to as the Unit Price. Customary with public offerings in Israel, the Tender Process is comprised of two steps. Prior to the date of this prospectus, we held an auction for Classified Investors who made revocable bids in the Early Bidding Process (both as defined in

“Plan of Distribution” in this prospectus). After the registration statement, of which this prospectus forms a part, is declared effective by the SEC and after the date of publication of this prospectus with the ISA, we will hold a public tender process that is open to all investors in Israel who desire to participate, which we refer to as the Public Tender Process.

We have appointed Bank Leumi Le’Israel Ltd., of 9 Ahad Haam Street, Tel Aviv, Israel, a member of the TASE, which we refer to as the Offering Coordinator, to act as our offering coordinator to administer the offering. We will pay the Offering Coordinator a fixed fee of ILS [●] (approximately \$[●] USD) plus tax for its services based on a contractual arrangement.

We reserve the right to terminate the offering of our Series L Units at any time prior to our acceptance of any bids cast in the offering and there can be no assurances that the Tender Process will be completed or that you will be able to purchase Series L Units as a result.

[Table of Contents](#)

RISK FACTORS

Investing in our securities involves a high degree of risk. You should carefully read and consider the following risk factors, the risk factors incorporated by reference to our Annual Report on Form 10-K for the year ended December 31, 2016, and all other information contained in this prospectus or in the documents incorporated by reference before making a decision to purchase our securities. These factors, which are not all-inclusive, could have a material adverse effect on our business, financial condition, results of operations, cash flow or our ability to satisfy our debt obligations, to maintain our level of Common Stock or Series A Preferred Stock distributions, to pay Series L Preferred Stock distributions or to engage in repurchases of Common Stock. For more information, see the section entitled “Where You Can Find Additional Information.”

Risks Related to This Offering

The Authorized Entities (as defined below) will not be bound by suitability for customers purchasing the Series L Units akin to FINRA, Rule 2111.

To the Company’s knowledge, bank branches or other members of the TASE through which bids to purchase Series L Units will be submitted, which we refer to as the Authorized Entities, are not member firms or registered representatives of FINRA. As such, the Authorized Entities will not be subject to FINRA Rule 2111 (Suitability) which would require the registered representatives to take into account several factors such as the customer’s age, financial situation, and investment objectives, among others, before recommending investments to non-institutional, individual investors. Notwithstanding the foregoing, investment advisors in Israel are subject to the Israeli Regulation of Investment Advice, Investment Marketing and Portfolio Management Law, 5755-1995 that contains, among others, several provisions aimed at protecting the interest of investors, including a requirement to receive the investor approval for any transaction in securities that involves “high risk” (as defined therein).

There is currently no public market for our Series L Preferred Stock and no public market in Israel for our Common Stock, and no assurance can be made that any of such markets will develop.

There is no existing public market for our Series L Preferred Stock and there is no existing public market for our Common Stock in Israel. We do not intend to distribute and market our Series L Preferred Stock in the United States. Although we intend to apply for the listing of our (1) Series L Preferred Stock on NASDAQ and the TASE and (2) Common Stock on the TASE, no assurance can be given as to the following:

- the likelihood that, if approved for listing, an active trading market for these securities will develop or be sustained;
- the liquidity of any such market;
- the ability of holders of these securities to sell their securities; or
- the prices that holders of these securities may obtain upon their sale.

Additionally, our charter contains restrictions on the ownership and transfer of our capital stock, as described in “Description of Our Capital Stock and the Securities Offered—Restrictions on Ownership and Transfer of Capital Stock” in this prospectus. These restrictions may inhibit the ability of a holder to sell the Series L Preferred Stock or Common Stock promptly or at all. If a holder of our Series L Preferred Stock desires to sell his or her shares, he or she may only be able to sell them at a substantial discount from the price at which they were purchased. Therefore, our Series L Preferred Stock should be purchased only as a long term investment.

[Table of Contents](#)

The listing of our Common Stock and Series L Preferred Stock on more than one stock exchange may result in price variations that could adversely affect liquidity of the market for our securities.

Our Common Stock is listed on NASDAQ and we intend to list our Series L Preferred Stock on NASDAQ as well. Additionally, we intend to list our Series L Preferred Stock and Common Stock on the TASE. The dual-listing of our Series L Preferred Stock and Common Stock may result in price variations of our securities between the two exchanges due to a number of factors. First, trading in our securities on these markets takes place in different currencies (USD on NASDAQ and ILS on the TASE). In addition, the exchanges are open for trade at different times of the day and on different days. For example, NASDAQ opens generally during U.S. business hours, Monday through Friday, while the TASE opens generally during Israeli business hours, Sunday through Thursday. The two exchanges also observe different public holidays. Differences in the trading schedules, as well as volatility in the exchange rate of the two currencies, among other factors, may result different trading prices for our Series L Preferred Stock and Common Stock on the two exchanges. Any decrease in the trading price of our Series L Preferred Stock or Common Stock in one market could cause a decrease in the trading price of such security on the other market.

Although we believe the dual-listing of our Series L Preferred Stock and Common Stock will be beneficial for the Company and holders of our securities, it may adversely affect liquidity and trading prices for our Series L Preferred Stock and Common Stock on one or both of the exchanges as a result of circumstances that may be outside of our control. For example, transfers by investors of our securities from trading on one exchange to the other could result in increases or decreases in liquidity and/or trading prices on either or both of the exchanges. In addition, investors could seek to sell or buy our Series L Preferred Stock or Common Stock to take advantage of any price differences between the two markets through a practice referred to as arbitrage. Any arbitrage activity could create unexpected volatility in both the prices of and volumes of our Series L Preferred Stock and Common Stock available for trading on either exchange.

Changes in market conditions could adversely affect the market prices of our Common Stock and, if the applications to list on NASDAQ and/or the TASE are approved, our Series L Preferred Stock.

The market value of our Common Stock and, if our applications to list on NASDAQ and/or the TASE are approved, our Series L Preferred Stock, as with other publicly traded equity securities, will depend on various market conditions, which may change from time to time. In addition to the economic environment and future volatility in the securities and credit markets, the following market conditions may affect the values of our Series L Preferred Stock and/or Common Stock:

- the general reputation of REITs and the attractiveness of our equity securities in comparison to other equity securities, including securities issued by other real estate-based companies;
- our financial performance;
- general stock and bond market conditions;
- government action or regulation, including changes in tax law;
- increases in market interest rates, which may lead investors to expect a higher annual yield from our distributions in relation to the price of shares of our Common Stock or our Series L Preferred Stock;
- changes in federal tax laws;
- our ability to re-lease space as leases expire;
- strategic actions by us or our competitors, such as acquisitions or restructurings;
- changes in our credit ratings; and
- any negative change in the level of our distributions on shares of our Common Stock or our Series L Preferred Stock.

The market value of our Common Stock is based primarily upon the market's perception of our growth potential and our current and potential future earnings and cash dividends and our capital structure. Consequently, our Common Stock or our Series L Preferred Stock may trade at prices that are higher or lower than our net asset value per share of Common Stock or our Series L Preferred Stock. If our future earnings or cash dividends are less than expected, the market price of our Series L Preferred Stock and Common Stock could diminish.

[Table of Contents](#)

The limited trading market for our Common Stock subjects our share price to greater volatility and, as a result, a holder of our Common Stock may not be able to resell his or her shares at or above the price paid for them.

Although our Common Stock is listed for trading on NASDAQ, the volume of trading in our Common Stock has been lower than many other companies listed on NASDAQ because, as of [•], 2017, approximately 98.05% of our Common Stock is presently owned by Urban Partners II, LLC, an affiliate of CIM Group, which we refer to as Urban II, other affiliates of CIM Group and our executive officers and directors. A public trading market with depth, liquidity and orderliness depends on the presence in the market of willing buyers and sellers of our Common Stock at any given time. This presence depends on the individual decisions of investors and general economic and market conditions over which we have no control. Limited trading volume may subject our Common Stock to greater price volatility and may make it difficult for investors to sell shares at a price that is attractive to them.

Future sales of our shares of Common Stock may cause our market price to drop significantly, even if our business is doing well.

Urban II is entitled to registration rights, subject to certain limitations, with respect to our securities pursuant to the Registration Rights and Lockup Agreement dated March 11, 2014 between us and Urban II, which we refer to as the Registration Rights and Lockup Agreement. Urban II is entitled to require us, on up to eight occasions, to register under the Securities Act, our shares of Common Stock it received in connection with the merger between PMC Commercial Trust and CIM Urban REIT, LLC, an affiliate of CIM Group and the parent company of Urban II, which we refer to as CIM REIT, that was completed on March 11, 2014.

While Urban II was initially subject to lockup restrictions in the Registration Rights and Lockup Agreement, the lockup restrictions have expired and therefore, there may be significant pent-up demand by CIM REIT to sell shares of our Common Stock that it holds. A large volume of sales of shares of our Common Stock could decrease the prevailing market price of shares of our Common Stock and could impair our ability to raise additional capital through the sale of equity securities in the future. Even if a substantial number of sales of shares of our Common Stock do not occur, the mere perception of the possibility of these sales could depress the market price of shares of our Common Stock and have a negative effect on our ability to raise capital in the future.

Although our Series L Preferred Stock will be listed on NASDAQ (assuming our application for listing is approved), we do not expect an active trading market to develop in the United States.

Distributions on our Series L Preferred Stock, the liquidation preference and, at our option and in our sole discretion, the redemption price of our Series L Preferred Stock will be paid in ILS. As a result, we do not expect an active trading market for our Series L Preferred Stock to develop in the United States. If an active trading market does not develop or is not sustained, it may be difficult or impossible for a holder of our Series L Preferred Stock to resell his or her shares in the United States at or above the price paid for them.

The existing mechanism for the dual-listing of securities on NASDAQ and the TASE may be eliminated or otherwise altered such that we may be subject to additional regulatory burden and additional costs.

The existing Israeli regulatory regime provide a mechanism for the dual-listing of securities traded on NASDAQ and the TASE that does not impose any significant regulatory burden or significant costs on the Company. If this dual-listing regime is eliminated or otherwise altered such that the Company is unable or unwilling to comply with the regulatory requirements, we may incur additional costs and we may consider delisting of our Series L Preferred Stock or Common Stock from the TASE.

In the event our Common Stock is delisted from the TASE, we are likely to delist our Series L Preferred Stock from the TASE.

In the event our Common Stock is delisted from the TASE either pursuant to TASE requirements or at our decision, we are likely to delist our Series L Preferred Stock from the TASE and cease any reporting requirements in Israel. In such event, the holders of the Series L Preferred Stock may be able to trade their Series L Preferred Stock only on NASDAQ, which may not be an active market for that purpose.

Our Series L Preferred Stock ranks junior to our Common Stock to the extent of the Initial Dividend (as defined below) and our Series A Preferred Stock with respect to distributions.

The rights of the holders of shares of our Series A Preferred Stock and, to the extent of the Initial Dividend, our Common Stock rank senior to the rights of the holders of shares of our Series L Preferred Stock as to distributions. Subject to certain exceptions, holders of our Series L Preferred Stock are entitled to cumulative cash distributions in ILS on each share of Series L Preferred Stock at an annual rate of 5.5 percent (5.5%) of the Series L Stated Value (as converted to USD at the Initial Exchange Rate), which annual amount we refer to as the Annual Series L Preferred Distribution. We will be permitted to declare and pay a portion or all of the Annual Series L Preferred Distribution, which we refer to as the Series L Preferred Distribution, in a given quarter only if the Series L Distribution Conditions are met. The Series L Distribution Conditions require the declaration and payment of the “Initial Dividend,” which for a given year is a minimum annual amount, in USD, that will be announced by us at the end of the prior fiscal year. While there are no limitations on the maximum amount of the Initial Dividend that can be paid in a particular year, it is our intention that we would not announce an Initial Dividend for any given year that, based on the information then reasonably available to us at the time of announcement, we believe would cause us to be unable to make a future distribution on our Series L Preferred Stock or on any other outstanding share of preferred stock.

Distributions made on the Series L Preferred Stock may be subject to U.S. withholding.

We do not expect to treat distributions with respect to our Series L Preferred Stock as being paid out of our earnings and profits if the sum of the dividends on the Series A Preferred Stock and the Initial Dividend exceeds our earnings and profits for each year. However, we may treat distributions with respect to Series L Preferred Stock as being paid out of our earnings and profits if earnings and profits are substantially higher than anticipated. This could occur, for example, if we engage in sales of assets that are not currently contemplated or our earnings and profits otherwise prove to be in excess of what we anticipated. In addition, it is possible distributions on the Series L Preferred Stock could be considered paid out of our earnings and profits if the Internal Revenue Service, or IRS, were to disagree with the manner in which we intend to allocate earnings and profits. Moreover, if the Initial Dividend is set to zero for a year as described in “Description of Our Capital Stock and the Securities Offered—Securities Offered in This Offering—Series L Preferred Stock—Distributions” in this prospectus, we expect that distributions made on our Series L Preferred Stock for such year will be paid out of our earnings and profits, in which case such distributions would be subject to withholding. For a further discussion, see “Material U.S. Federal Income Tax Consequences” in this prospectus.

In addition, if the portion of the Unit Price allocated to each share of Series L Preferred Stock is lower than the price at which our Series L Preferred Stock may be redeemed under certain circumstances (or if a non-U.S. stockholder is considered to have subscribed for its Series L Preferred Stock for less than such allocated portion of the Unit Price), this difference in price, which we refer to as the redemption premium, may be treated as a constructive distribution under Section 305(c) of the Code, unless the redemption premium is less than a statutory de minimis amount. The allocation of our earnings and profits to any constructive distribution described above is unclear. We believe it would be reasonable to take the position that any such constructive distribution should be allocated earnings and profits after earnings and profits are allocated first to dividends on our Series A Preferred Stock, the Initial Dividend and our Series L Preferred Distributions. Accordingly, unless our earnings and profits exceed the sum of the dividends on the Series A Preferred Stock, the Initial Dividend and the dividends on our Series L Preferred Stock for such year, we do not expect to treat any such constructive distributions as having been paid out of earnings and profits, and therefore do not expect to withhold on any such distributions in such year.

However, it is possible that any constructive distributions on our Series L Preferred Stock could be considered paid out of our earnings and profits if the IRS were to disagree with the manner in which we intend to allocate earnings and profits.

Changes in U.S. federal, state and local tax laws or regulations, with or without retroactive application, could have a negative effect on us.

New legislation, U.S. Treasury regulations, administrative interpretations or court decisions could significantly and negatively affect our ability to qualify to be taxed as a REIT and/or the U.S. federal income tax consequences to our investors and to us of such qualification. In addition, recent events and the shortfall in tax revenues for states and municipalities in recent years may lead to an increase in the frequency and size of such tax law changes. Even changes that do not impose greater taxes on us could potentially result in adverse consequences to our stockholders. For example, a decrease in corporate tax rates could decrease the attractiveness of the REIT structure relative to companies that are not organized as REITs.

The cash distributions received by holders of our Series L Preferred Stock may be less frequent or lower in amount than expected by such holders.

Our Board of Directors will determine the amount and timing of distributions on our Series L Preferred Stock. In making this determination, our Board of Directors will consider all relevant factors, including the amount of cash resources available for distributions, capital spending plans, cash flow, financial position, applicable requirements of the Maryland General Corporate Law, or the MGCL, and any applicable contractual restrictions. We cannot assure that we will be able to consistently generate sufficient available cash flow to fund distributions on our Series L Preferred Stock, nor can we assure that sufficient cash will be

available to make distributions on our Series L Preferred Stock. While the holders are entitled to receive, if, as and when authorized by our Board of Directors and declared by us out of legally available funds, the Series L Preferred Distribution, we cannot predict with certainty the amount of distributions holders of our Series L Preferred Stock may receive and we may be unable to pay, maintain or increase distributions over time. Our ability to pay the Series L Preferred Distribution is limited by the conditions discussed in “Description of Our Capital Stock and the Securities Offered—Securities Offered in This Offering—Series L Preferred Stock—Distributions.”

[Table of Contents](#)

Any payment of distributions, the redemption price or the liquidation preference of our Series L Preferred Stock will be subject to currency risk, which will be borne entirely by holders of our Series L Preferred Stock.

The Company operates entirely within the United States and our financial results are reported in USD. However, distributions on and payments related to our Series L Preferred Stock will be calculated and declared by us in USD, but will be paid in ILS. As a result, holders of our Series L Preferred Stock will bear the currency risk associated with any distributions, redemption price or liquidation preference paid on shares of our Series L Preferred Stock. We will not adjust the terms of our Series L Preferred Stock to compensate for any changes in foreign currency exchange rates or policies.

Each share of Series L Preferred Stock will have an initial “Series L Stated Value” of 100 ILS per share of Series L Preferred Stock, which will be converted for all purposes of computations based on stated value (e.g., amounts of distributions, redemption price, etc.) to U.S. dollars, or USD, at an exchange rate, which we refer to as the Initial Exchange Rate, equal to the weighted average of the ILS/USD exchange rates of all the transactions (which shall be no fewer than five of an equal size) completed by the Bank(s) through which the gross proceeds from the offering are converted to USD on the first day on which the TASE is open for trading following the Closing Day (as defined in “Plan of Distribution” in this prospectus). As a result, the Series L Stated Value (as converted to USD at the Initial Exchange Rate) could be less than the initial Series L Stated Value (as converted to USD at a then prevailing exchange rate), depending on fluctuations in exchange rates between USD and ILS. The Series L Stated Value will also be subject to adjustment in relation to certain events as described in “Description of Our Capital Stock and the Securities Offered—Securities Offered in This Offering—Series L Preferred Stock—Stated Value.”

We will declare the amount of the Series L Preferred Distribution, if any, in USD no later than the earlier of (i) 20 days or (ii) eight TASE Trading Days prior to the end of any quarter for which a Series L Preferred Distribution is authorized by our Board of Directors. Holders will receive payment, in ILS, at an exchange rate, which we refer to as the Current Exchange Rate, equal to the weighted average of the USD/ILS exchange rates of all the transactions (which shall be one or more) completed by the Bank(s) through which the payment is converted to ILS on the third TASE Trading Day preceding the Series L Preferred Distribution Payment Date, which will be, at the selection of the Company, a date on or prior to the 18th day of the month following the quarter for which a distribution is declared; provided, however, that the Series L Preferred Distribution Payment Date may be later if so allowed by regulations of the TASE. As a result, holders of our Series L Preferred Stock may be exposed to fluctuations in the USD/ILS exchange rate between the date on which the Series L Preferred Distribution is converted from USD to ILS and the Series L Preferred Distribution Payment Date. This currency risk may affect the value of our Series L Preferred Stock. Specifically, as the value of USD relative to ILS declines, the ILS equivalent of our distributions on Series L Preferred Stock declared in USD will also decline. Therefore, distributions received by holders of our Series L Preferred Stock will likely fluctuate each quarter, even if the Company pays the full Series L Preferred Distribution due and payable each quarter.

From and after the fifth anniversary (or earlier in limited circumstances in the event of redemption at the option of a holder) of the date of original issuance of the shares of Series L Preferred Stock, each holder will have the right to require the Company to redeem, and the Company will also have the option to redeem, subject to conditions discussed in “Description of Our Capital Stock and Securities Offered—Securities Offered in This Offering—Series L Preferred Stock” in this prospectus, on a quarterly basis, all or any of the shares of our Series L Preferred Stock. To the extent the Company chooses to pay the redemption price in cash, the redemption price will be paid by the Company in ILS based on the Current Exchange Rate on the third TASE Trading Day preceding the Series L Preferred Distribution Payment Date (if pursuant to redemption at the option of a holder) or on the Series L Preferred Distribution Payment Date (if pursuant to redemption at the option of the Company). As a result, holders of our Series L Preferred Stock will be exposed to fluctuations in the USD to ILS exchange rate for a period of up to three TASE Trading Days.

Likewise, any liquidation preference payable to a holder of our Series L Preferred Stock will be paid in ILS and will present the same currency risks as detailed above.

We will not pay any portion of the redemption price related to accrued and unpaid Series L Preferred Distributions if the Series L Distribution Conditions are not satisfied.

From and after the fifth anniversary of the date of original issuance of the shares of Series L Preferred Stock (or earlier, as provided in the following paragraph), each holder will have the right to require the Company to redeem all or any of the shares of

Series L Preferred Stock held by such holder at a redemption price equal to 100% of the Series L Stated Value (as converted to USD at the Initial Exchange Rate) plus, provided the Series L Distribution Conditions are satisfied and the Company is otherwise permitted to pay Series L Preferred Distributions as of the effective date of the redemption, any accrued and unpaid Series L Preferred Distributions through and including the effective date of the redemption. A holder that redeems Series L Preferred Stock at a time when the Series L Distribution Conditions are not satisfied will forfeit any accrued and unpaid Series L Preferred Distributions as of the effective date of redemption.

[Table of Contents](#)

Notwithstanding the foregoing, a holder will have the right to require the Company to redeem all or any shares of Series L Preferred Stock held by such holder at any time prior to the fifth anniversary of the date of issuance of such shares if the Company does not declare and pay in full the Series L Preferred Distribution for any completed quarterly period prior to such fifth anniversary and provided that the Company does not declare and pay all accrued and unpaid quarterly distributions prior to the effective date of such redemption; and provided, however, that no holder of our Series L Preferred Stock may redeem such shares at any time prior to the first anniversary of the date of original issuance if, as of the effective date of redemption, dividends on our Series A Preferred Stock are in arrears. The redemption price in those circumstances will be equal to 100% of the Series L Stated Value (as converted to USD at the Initial Exchange Rate) and the holder will forfeit any accrued and unpaid Series L Preferred Distributions as of the effective date of the redemption.

In addition, if for any given quarter the Series L Distribution Conditions are not met or the Company is in arrears the Series L Preferred Distribution as of such quarter, we will not be able to exercise our redemption right as the redemption price includes accrued and unpaid Series L Preferred Distributions through and including the effective date of the redemption.

If we are in arrears on our Series A Preferred Stock, holders of Series L Preferred Stock will not be able to exercise their accelerated right to redeem shares of Series L Preferred Stock in the first year following issuance.

A holder will have the right to require the Company to redeem all or any shares of Series L Preferred Stock held by such holder at any time prior to the fifth anniversary of the date of issuance of such shares if the Company does not declare and pay in full the Series L Preferred Distribution for any completed quarterly period prior to such fifth anniversary and provided that the Company does not declare and pay all accrued and unpaid quarterly distributions prior to the effective date of such redemption. During the first year after issuance, the redemption price in the event of any such accelerated redemption may be paid only in cash. Under the terms of our Series A Preferred Stock contained in our charter, if we are in arrears on our Series A Preferred Stock, we are not permitted to redeem shares of any class or series of securities ranking on parity or junior to the Series A Preferred Stock (other than in shares of junior stock). As a result of these provisions, if we are in arrears on our Series A Preferred Stock during the first year after issuance of our Series L Preferred Stock, no holder of our Series L Preferred Stock will be able to exercise that accelerated right of redemption during that first year.

An investment in our Series L Preferred Stock by a holder whose home currency is not ILS entails significant risks.

An investment in securities that are denominated in, and all payment in respect of which are to be made in, a currency other than the currency of the country in which the purchaser is resident or the currency in which the purchaser conducts its business or activities, which we refer to as the home currency, entails significant risks not associated with a similar investment in a security denominated in the home currency. These risks include the possibility of significant changes in rates of exchange between the home currency of the holder and ILS, costs of conversion between the home currency of the holder and ILS, and the possibility of the imposition or subsequent modification of foreign exchange controls.

Any distributions on, or cash redemption price related to, our Series L Preferred Stock will be paid in ILS. In the past, rates of exchange between ILS and certain currencies have been highly volatile and volatility may occur in the future. However, past fluctuations in any particular exchange rate are not necessarily indicative of fluctuations in the rate that may occur in the future. As the value of ILS declines in relation to the home currency of a holder of our Series L Preferred Stock, such holder will experience a decrease in the yield associated with our Series L Preferred Stock and may experience a loss.

The liquidation preference of our Series L Preferred Stock ranks subordinate to the claims of our creditors and, with respect to any accrued and unpaid Series L Preferred Distributions, subordinate to our Series A Preferred Stock and Common Stock to the extent of the Initial Dividend, and, with respect to the Series L Stated Value, on parity with our Series A Preferred Stock and any other capital stock on parity with respect to liquidation that we may issue in the future.

Upon any voluntary or involuntary liquidation, dissolution or winding-up of our affairs, after payment or provision for our debts and other liabilities, our assets legally available for distribution to our stockholders will be distributed as follows:

- first, pro rata to (i) holders of our Series L Preferred Stock, in an amount per share equal to the Series L Stated Value, as converted to USD at the Initial Exchange Rate, (ii) holders of our Series A Preferred Stock, in an amount per share

equal to the Series A Stated Value (as defined in “Description of Our Capital Stock and the Securities Offered—Series A Preferred Stock” in this prospectus), plus an amount equal to all accumulated, accrued and unpaid dividends (whether or not declared) on of our Series A Preferred Stock and (iii) holders of any other class or series of capital stock ranking on parity with our Series L Preferred Stock and Series A Preferred Stock with respect to rights upon our redemption, liquidation, winding-up or dissolution, to the extent provided by the terms of such class or series of capital stock;

[Table of Contents](#)

- second, to holders of our Common Stock in an amount equal to the amount of any unpaid Initial Dividend;
- third, to holders of our Series L Preferred Stock in an amount equal to any accrued and unpaid Series L Preferred Distribution; and
- fourth, to holders of our Common Stock and any other class or series of capital stock ranking junior to our Series L Preferred Stock.

The rights of holders of our Series L Preferred Stock in relation to the rights of holders of our Series A Preferred Stock, Common Stock and other classes or series of capital stock could negatively impact the return on investment of our Series L Preferred Stock in the event the Company is liquidated, dissolved or wound-up. The terms of the Series L Preferred Stock do not restrict our ability to authorize or issue shares of a class or series of preferred stock with rights to distributions or upon liquidation that are on parity with or senior to the Series L Preferred Stock or to incur additional indebtedness. The terms of the Series L Preferred Stock do not contain any provision affording the holders of shares of Series L Preferred Stock protection in the event of a highly leveraged or other transaction, including a merger or the sale, lease or conveyance of all or substantially all of our assets or business.

The terms of our Series L Preferred Stock do not contain any financial covenants.

The terms of our Series L Preferred Stock do not contain any financial covenants such as limitations on indebtedness and distributions. As of March 31, 2017, our total consolidated indebtedness was approximately \$939,334,000, and we may incur additional debt in the future. The Series L Preferred Stock is subordinate to all of our existing and future debt and liabilities. Our future debt may include restrictions on our ability to pay distributions to preferred stockholders or make redemptions in the event of a default under such debt agreements or other circumstances. In addition, while the Series L Preferred Stock ranks senior to our Common Stock with respect to payment of distributions, except to the extent of the Initial Dividend, and amounts payable upon our liquidation, dissolution or winding up, to the extent of the Series L Stated Value, we are allowed to pay dividends on our Common Stock so long as we are current in the payment of the Series L Preferred Distribution and dividends on shares of our Series A Preferred Stock. Further, the terms of our Series L Preferred Stock do not restrict our ability to repurchase shares of our Common Stock so long as we are current in the payment of Series L Preferred Distributions. Such dividends on or repurchases of our Common Stock may reduce the amount of cash on hand to pay the redemption price of our Series L Preferred Stock in cash (if we so choose).

Holders of our Series L Preferred Stock will have no voting rights with respect to such shares.

The terms of our Series L Preferred Stock do not entitle holders to voting rights. Our Common Stock is currently the only class of our capital stock that carries any voting rights. Unless and until a holder of our Series L Preferred Stock acquires shares of our Common Stock upon the redemption of such shares, such holder will have no rights with respect to the shares of our Common Stock issuable upon redemption of our Series L Preferred Stock. If, at our discretion, a holder of our Series L Preferred Stock is issued shares of our Common Stock upon redemption, such holder will be entitled to exercise the rights of holders of our Common Stock only as to matters for which the record date occurs after the effective date of redemption.

Shares of Series L Preferred Stock may be redeemed for shares of Common Stock, which ranks junior to the Series L Preferred Stock, except to the extent of the Initial Dividend, with respect to distributions, and upon liquidation to the extent of the Series L Stated Value.

From and after the fifth anniversary (or earlier in limited circumstances) of the date of original issuance of the shares of Series L Preferred Stock, the holder of such shares may require us to redeem such shares, with the applicable redemption price payable, at our option and in our sole discretion, in cash, shares of our Common Stock or a combination of cash and shares of our Common Stock. For more information regarding the accelerated right of redemption, see “Description of Our Capital Stock and the Securities Offered—Securities Offered in This Offering—Series L Preferred Stock—Redemption at the Option of a Holder” in this prospectus. The rights of the holders of shares of Series L Preferred Stock rank senior to the rights of the holders of shares of our Common Stock as to distributions, except as to the Initial Dividend. Upon liquidation, dissolution or winding up of our Company, our

Series L Preferred Stock ranks (a) (i) to the extent of the Series L Stated Value, subordinate to the claims of our creditors, (ii) to the extent of the Series L Stated Value, on parity with our Series A Preferred Stock and any other capital stock on parity with respect to liquidation that we may issue in the future and (iii) to the extent of the Series L Stated Value and, following payment to holders of Common Stock of an amount equal to any unpaid Initial Dividend, to the extent of an amount equal to any accrued and unpaid Series L Preferred Distributions, senior to our Common Stock, and (b) with respect to any accrued and unpaid Series L Preferred Distributions, subordinate to the claims of our creditors, our Series A Preferred Stock and, to the extent of the Initial Dividend, our Common Stock. See “Description of Our Capital Stock and the Securities Offered—Securities Offered in This Offering—Series L Preferred Stock—Liquidation Preference” in this prospectus.

[Table of Contents](#)

We have the option to redeem shares of Series L Preferred Stock under certain circumstances without the consent of the holder of such shares.

From and after the fifth anniversary of the date of original issuance of the shares of our Series L Preferred Stock, we will have the right (but not the obligation) to redeem any or all shares of our Series L Preferred Stock at a redemption price equal to 100% of the Series L Stated Value (as converted to USD at the Initial Exchange Rate) plus any accrued and unpaid Series L Preferred Distributions as of the effective date of redemption. However, if for any given quarter the Series L Distribution Conditions are not met, or we are in arrears on the Series L Preferred Distributions, we will not be able to exercise our redemption right.

We have the right, at our option and in our sole discretion, to pay the redemption price (1) in cash, in ILS, based on the Current Exchange Rate on the Series L Preferred Distribution Payment Date, (2) in equal value through the issuance of shares of Common Stock, with such value of Common Stock to be determined based on the lower of (i) our NAV per share of our Common Stock as most recently published by the Company as of the effective date of redemption and (ii) the Aggregate VWAP of our Common Stock (as described in “Description of Our Capital Stock and the Securities Offered—Securities Offered in This Offering—Series L Preferred Stock—Redemption at the Option of a Holder”), or (3) in a combination of cash, in ILS, and our Common Stock, based on the conversion mechanisms set forth in (1) and (2), respectively.

We have the option to pay the redemption price upon redemption of shares of Series L Preferred Stock in cash even if holders may receive more value for such shares if redeemed in Common Stock.

We have the right, at our option and in our sole discretion, to pay the redemption price upon redemption of shares of Series L Preferred Stock by the holder or by us (1) in cash, in ILS, based on the Current Exchange Rate on either (i) the third TASE Trading Day preceding the Series L Preferred Distribution Payment Date (if redeemed by the holder) or (ii) the Series L Preferred Distribution Payment Date (if redeemed by us), (2) in equal value through the issuance of shares of Common Stock, with such value of Common Stock to be determined based on the lower of (i) our NAV per share of our Common Stock as most recently published by the Company as of the effective date of redemption and (ii) the Aggregate VWAP of our Common Stock (as described in “Description of Our Capital Stock and the Securities Offered—Securities Offered in This Offering—Series L Preferred Stock—Redemption at the Option of a Holder”), or (3) in a combination of cash, in ILS, and our Common Stock, based on the conversion mechanisms set forth in (1) and (2), respectively. Even if the holder may receive more value for their shares of Series L Preferred Stock if the redemption price is paid in Common Stock, we have the option, in our sole discretion, to pay the redemption price in cash.

The ownership percentage of holders of our securities may be diluted if we issue new shares of Common Stock or other securities, and issuances of additional preferred stock or other securities by us may further subordinate the rights of the holders of our Series L Preferred Stock and Common Stock (which holders of Series L Preferred Stock may become upon receipt of redemption payments in shares of our Common Stock).

We may make redemption payments under the terms of our Series L Preferred Stock in shares of our Common Stock. Although the dollar amounts of such payments are unknown, the number of shares to be issued in connection with such payments may fluctuate based on the price of our Common Stock. Any sales or perceived sales in the public market of shares of our Common Stock issuable upon such redemption payments could adversely affect prevailing market prices of shares of our Common Stock. The issuance of shares of our Common Stock upon such redemption payments also may have the effect of reducing our net income per share (or increasing our net loss per share) or reducing our NAV per share of Common Stock. In addition, the existence of our Series L Preferred Stock and Series A Preferred Stock may encourage short selling by market participants because the existence of redemption payments could depress the market price of shares of our Common Stock.

Our Board of Directors is authorized, without stockholder approval, to cause us to issue additional shares of our Common Stock or to raise capital through the issuance of shares of preferred stock and equity or debt securities convertible into Common Stock, preferred stock, options, warrants and other rights, on such terms and for such consideration as our Board of Directors in its sole discretion may determine. Any such issuance could result in dilution of the equity of our stockholders, as applicable. In

addition, our Board of Directors may, in its sole discretion, authorize us to issue Common Stock or other equity or debt securities to persons from whom we purchase properties, as part or all of the purchase price of the property. Our Board of Directors, in its sole discretion, may determine the price of any Common Stock or other equity or debt securities issued in consideration of such properties or services provided, or to be provided, to us.

[Table of Contents](#)

Our charter also authorizes our Board of Directors, without stockholder approval, to designate and issue one or more classes or series of preferred stock in addition to our Series L Preferred Stock (and Series A Preferred Stock) and equity or debt securities convertible into preferred stock and to set the voting powers, conversion or other rights, preferences, restrictions, limitations as to dividends or other distributions and qualifications or terms or conditions of redemption of each class or series of shares so issued. If any additional preferred stock is publicly offered, the terms and conditions of such preferred stock (or other equity or debt securities convertible into preferred stock) will be set forth in a registration statement registering the issuance of such preferred stock or equity or debt securities convertible into preferred stock. Because our Board of Directors has the power to establish the preferences and rights of each class or series of preferred stock, it may afford the holders of any series or class of preferred stock preferences, powers, and rights senior to the rights of holders of Series L Preferred Stock or Common Stock. If we ever create and issue additional preferred stock or equity or debt securities convertible into preferred stock with a distribution preference over the Series L Preferred Stock or Common Stock, payment of any distribution preferences of such new outstanding preferred stock would reduce the amount of funds available for the payment of distributions on our Series L Preferred Stock or Common Stock. Further, holders of preferred stock are normally entitled to receive a preference payment if we liquidate, dissolve, or wind up before any payment is made to the holders of our Common Stock, likely reducing the amount the holders of our Common Stock would otherwise receive upon such an occurrence. In addition, under certain circumstances, the issuance of additional preferred stock may delay, prevent, render more difficult or tend to discourage, a merger, tender offer, or proxy contest, the assumption of control by a holder of a large block of our securities, or the removal of incumbent management.

Stockholders have no rights to buy additional shares of stock or other securities if we issue new shares of stock or other securities. We may issue Common Stock, convertible debt or preferred stock pursuant to subsequent public offerings or private placements. Investors in our Series L Preferred Stock or Common Stock who do not participate in any future stock issuances will experience dilution in the percentage of the issued and outstanding stock they own. In addition, depending on the terms and pricing of any future offerings and the value of our investments, such investors may experience dilution in the book value and fair market value of, and the amount of distributions paid on, their shares of Series L Preferred Stock and/or Common Stock, if any.

Our ability to redeem shares of our Series L Preferred Stock may be limited by Maryland law.

Under Maryland law, a corporation may redeem stock as long as, after giving effect to the redemption, the corporation is able to pay its debts as they become due in the usual course (the equity solvency test) and its total assets exceed the sum of its total liabilities plus, unless its charter permits otherwise, the amount that would be needed, if the corporation were to be dissolved at the time of the redemption, to satisfy the preferential rights upon dissolution of stockholders when preferential rights on dissolution are superior to those whose stock is being redeemed (the balance sheet solvency test). If the Company is insolvent at any time when a redemption of shares of Series L Preferred Stock is required to be made, the Company may not be able to effect such redemption.

Our charter contains restrictions upon ownership and transfer of the Series L Preferred Stock, which may impair the ability of holders to acquire the Series L Preferred Stock and the shares of our Common Stock upon redemption of Series L Preferred Stock, if the Company elects to pay the redemption price in shares of Common Stock.

Our charter contains restrictions on ownership and transfer of the Series L Preferred Stock and Common Stock that are intended to assist us in maintaining our qualification as a REIT for federal income tax purposes, including a prohibition on the beneficial or constructive ownership of more than 9.8%, in number or value, whichever is more restrictive, of the aggregate of our outstanding shares of capital stock. See “Description of Our Capital Stock and the Securities Offered—Restrictions on Ownership and Transfer” in this prospectus. These ownership limitations should be considered prior to purchasing our Series L Preferred Stock.

Holders of our securities are subject to inflation risk.

Inflation is the reduction in the purchasing power of money resulting from the increase in the price of goods and services. Inflation risk is the risk that the inflation-adjusted, or “real,” value of an investment in our Series L Preferred Stock or Common Stock, or the income from that investment, will be worth less in the future. As inflation occurs, the real value of our Series L Preferred Stock and Common Stock may decline, and the value of our Series L Preferred Distribution will decline because the rate of distribution will remain the same.

[Table of Contents](#)

If market interest rates go up, prospective purchasers of shares of our Series L Preferred Stock or Common Stock may expect a higher distribution rate on their investment. Higher market interest rates would not, however, result in more funds for us to pay distributions and, to the contrary, would likely increase our borrowing costs and potentially decrease funds available for distributions, and higher interest rates will not change the distribution rate on the Series L Preferred Stock. Thus, higher market interest rates could cause the market price of our Series L Preferred Stock or Common Stock to decline.

Risks Related to the Tender Process

The Tender Process may result in a phenomenon known as the “winner’s curse,” and, as a result, investors may experience significant losses.

The Tender Process may result in a phenomenon known as the “winner’s curse.” At the conclusion of the Tender Process, bidders that receive allocations of our Series L Units in the offering, which we refer to as successful bidders, may infer that there is little incremental demand for our Series L Units above or equal to the public trading price. As a result, successful bidders may conclude that they paid too much for our Series L Units and could seek to immediately sell their Series L Units to limit their losses should the price of our Series L Preferred Stock decline. In this situation, other investors that did not submit successful bids may wait for this selling to be completed, resulting in reduced demand for our Series L Preferred Stock in the public market and a significant decline in the price of our Series L Preferred Stock. Therefore, we caution investors that submitting successful bids and receiving allocations may be followed by a significant decline in the value of their investment in our Series L Preferred Stock shortly after our offering.

The Tender Process may result in a situation in which less price-sensitive investors play a larger role in the determination of the Unit Price and constitute a larger portion of the investors in our offering, and, therefore, the Unit Price may not be sustainable.

In a typical public offering, a majority of the securities sold to the public are purchased by professional investors that have significant experience in determining valuations for companies. These professional investors typically have access to, or conduct their own, independent research and analysis regarding investments. Other investors typically have less access to this level of research and analysis, and, as a result, may be less sensitive to price when participating in the Tender Process. Because of the Tender Process, these less price-sensitive investors may have a greater influence in setting the Unit Price and may have a higher level of participation in our offering than is normal. This, in turn, could cause the Tender Process to result in a Unit Price that is higher than the price professional investors are willing to pay for our Series L Units. As a result, the market price of our Series L Preferred Stock may decrease once trading begins. Also, because professional investors may have a substantial degree of influence on the trading price of our Series L Preferred Stock over time, the price of our Series L Preferred Stock may decline and not recover after our offering. Furthermore, if the Unit Price is above the level that investors determine to be reasonable for our shares, certain investors might attempt to short sell the stock after trading begins, which would create additional downward pressure on the trading price of our Series L Preferred Stock.

Successful bidders may receive the full number Series L Units subject to their bids, so potential investors should not submit bids for more Series L Units than they are prepared to purchase.

Successful bidders may be allocated all or almost all of the Series L Units that they bid for in the auction. Therefore, we caution investors against submitting a bid that does not accurately represent the number of Series L Units that they are willing and prepared to purchase. Up to three bids may be submitted by a single bidder, and, in the case of a bidder who exceeds this limit, only the three highest offers will be considered. Multiple bids cast are independent of each other and, as a result, each of the three highest offers by a single bidder may result in an allocation of our Series L Units to such bidder. All submitted bids are revocable until the earlier of 5:30 p.m. Israel time on the Date of Tender or the close of operating hours of the Authorized Entities through which bids are submitted on the date of Tender as provided in “Plan of Distribution-Submission of Bids in the Public Tender Process” in this prospectus.

If research analysts publish or establish target prices for our Series L Preferred Stock that are below the allocated portion of the Unit Price per share of our Series L Preferred Stock, the price of our Series L Preferred Stock may fall.

Although the Unit Price may have little or no relationship to a price that would be determined using traditional indicators of value (such as our future prospects and those of our industry in general; our financial and operating information; multiples of revenue, earnings, cash flows and other operating metrics; market prices of our securities and other financial and operating information of companies engaged in activities similar to ours), research analysts may rely upon these valuation methods to establish target prices for our Series L Preferred Stock. If research analysts publish target prices for our Series L Preferred Stock that are below the allocation portion of the Unit Price per share of our Series L Preferred Stock, the market price of our Series L Preferred Stock may decline.

[Table of Contents](#)***The mechanics of the Tender Process make it difficult for persons not having an account with an Authorized Entity at the time of the Tender Process to place a bid for our Series L Units.***

The Tender Process will be conducted in accordance with the Israeli Securities Law of 1968 and regulations promulgated thereunder as well as rules established by the TASE. Although the Tender Process is open to all persons who wish to participate, with the exception of the Early Bidding Process for Classified Investors as described in “Plan of Distribution—Early Bidding by Classified Investors” in this prospectus, bids for our Series L Units must be submitted through an Authorized Entity. This requirement may make it difficult and/or costly for persons without an account with an Authorized Entity to bid on our Series L Units. For a description of the Tender Process, including how to submit a bid for our Series L Units, see “Plan of Distribution” in this prospectus.

There is no minimum offering amount required to consummate this offering.

We are offering up to [•] Series L Units on a “best efforts” basis, and there is no minimum number of Series L Units which must be sold in order for us to consummate this offering. Accordingly, the amount of money raised may not be sufficient for us to meet our business objectives. Moreover, if only a small amount of money is raised, all or substantially all of the offering proceeds may be applied to cover the offering expenses and we will not otherwise benefit from the offering. Additionally, if few Series L Units are sold in the offering, but we nonetheless choose to complete the offering, there may not be enough shares to facilitate an active trading market for our Series L Preferred Stock. While Classified Investors have submitted bids prior to the commencement of the Public Tender Process (as described in “Plan of Distribution—Early Bidding by Classified Investors” in this prospectus), such bids are revocable until the earlier of 5:30 p.m. Israel time or the close of operating hours of the Authorized Entities through which bids are submitted on the Date of Tender. No assurance can be given that Classified Investors will participate in the Tender Process in those amounts, if at all.

[Table of Contents](#)**SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS**

The information set forth herein contains “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, which we refer to as the Securities Act, and Section 21E of the Securities Exchange Act of 1934, which we refer to as the Exchange Act, which are intended to be covered by the safe harbors created thereby. You can identify these statements by the fact that they do not relate strictly to historical or current facts or discuss the business and affairs of CIM Commercial on a prospective basis. Further, statements that include words such as “may,” “will,” “project,” “might,” “expect,” “believe,” “anticipate,” “intend,” “target,” “could,” “would,” “estimate,” “continue,” “pursue” or “should” or the negative or other words or expressions of similar meaning, may identify forward-looking statements. CIM Commercial bases these forward-looking statements on particular assumptions that it has made in light of its experience, as well as its perception of expected future developments and other factors that it believes are appropriate under the circumstances. As you read and consider the information herein, you are cautioned to not place undue reliance on these forward-looking statements. These statements are not guarantees of performance or results and speak only as of the date of this prospectus. These forward-looking statements involve risks, uncertainties and assumptions. In light of these risks and uncertainties, there can be no assurance that the results and events contemplated by the forward-looking statements contained herein will in fact transpire. New factors emerge from time to time, and it is not possible for CIM Commercial to predict all of them. Nor can CIM Commercial assess the impact of each such factor or the extent to which any factor, or combination of factors may cause results to differ materially from those contained in any forward-looking statement.

Forward-looking statements are necessary estimates reflecting the judgment of CIM Commercial and involve a number of risks and uncertainties that could cause actual results to differ materially from those suggested by the forward-looking statements. Factors that could cause actual results to differ from those discussed in the forward-looking statements include but are not limited to:

- global, national, regional and local economic conditions;
- competition from other available space;
- local conditions such as an oversupply of space or a reduction in demand for real estate in the area;
- management of our properties;

- the development and/or redevelopment of our properties;
- changes in market rental rates;
- the timing and costs associated with property improvements and rentals;
- whether we are able to pass all or portions of any increases in operating costs through to tenants;
- changes in real estate taxes and other expenses;
- whether tenants and users such as customers and shoppers consider a property attractive;
- the financial condition of our tenants, including the extent of tenant bankruptcies or defaults;
- availability of financing on acceptable terms or at all;
- inflation, interest rate, securities market and monetary fluctuations;
- movements in interest rates;
- negative trends in our market capitalization and adverse changes in the price of our Common Stock;
- political instability;
- acts of war or terrorism;

[Table of Contents](#)

- changes in consumer spending, borrowings and savings habits;
- technological changes;
- our ability to obtain adequate insurance;
- changes in zoning laws and taxation;
- government regulation;
- consequences of any armed conflict involving, or terrorist attacks against, the United States or individual acts of violence in public spaces including retail centers;
- potential liability under environmental or other laws or regulations;
- natural disasters;
- general competitive factors;
- climate changes;
- the effect of changes in accounting policies and practices, as may be adopted by the regulatory agencies, as well as the Public Company Accounting Oversight Board, the Financial Accounting Standards Board and other accounting standard setters;
- ability to retain and attract skilled employees;
- changes in our organization, compensation and benefit plans; and
- our success at managing the risks involved in the foregoing items.

Forward-looking statements speak only as of the date on which such statements are made. We undertake no obligation to publicly update or release any revisions to these forward-looking statements to reflect events or circumstances after the date of this prospectus or to reflect the occurrence of unanticipated events, except as required by law.

[Table of Contents](#)

ESTIMATED USE OF PROCEEDS

We are offering up to [●] Series L Units on a best-efforts basis. The Unit Price will be determined by the Tender Process, as detailed in “Plan of Distribution” in this prospectus. There is no assurance that we will sell the maximum number of Series L Units offered by this offering or that we will sell any Series L Units at all. Assuming the maximum offering and an offering price per Series L Unit of ILS 105 (approximately \$[●]), which is the midpoint of the range listed on the cover of this prospectus, we estimate that we will receive net proceeds from the sale of the Series L Units in this offering of approximately \$[●] after deducting estimated offering expenses, including the distribution fee and expenses payable by us of approximately \$[●] as described in “Plan of Distribution” in this prospectus.

We intend to use the net proceeds from this offering for general corporate purposes including, without limitation, acquisitions and additional investments consistent with our acquisition and asset management strategies, repayment of debt, working capital, and acquisitions of shares of our Common Stock, whether through one or more tender offers, share repurchases or otherwise.

[Table of Contents](#)

SECURITY OWNERSHIP OF OUR BOARD OF DIRECTORS, EXECUTIVE OFFICERS AND CURRENT BENEFICIAL OWNERS

Directors and Executive Officers

The following table sets forth certain information regarding the beneficial ownership of our Common Stock and Series A Preferred Stock as of [●], 2017 by (1) each named executive officer, (2) each current director and (3) all executive officers and directors as a group.

Name of Beneficial Owner(1)	Common Stock		Series A Preferred Stock	
	No. of Shares	Percent of Class	No. of Shares	Percent of Class
Charles E. Garner II	9,779	*	20,000	13.8%
Jan F. Salit	52,601(2)	*	—	—
David Thompson	—	—	—	—
Richard Ressler	82,285,069(3)	97.90%	—	—
Avi Shemesh	82,270,023(3)	97.88%	—	—
Shaul Kuba	82,270,023(3)	97.88%	—	—
Kelly Eppich	5,163	*	—	—
Douglas Bech	12,392	*	—	—
Robert Cresci	7,633	*	—	—
Frank Golay, Jr.	7,392	*	—	—
Directors and Executive Officers as a group (10 persons)	82,411,255	98.05%	20,000	13.8%

* Less than 1%.

(1) The business address of Messrs. Garner, Salit, Bech, Cresci and Golay, for the purposes hereof, is c/o CIM Commercial Trust Corporation, 17950 Preston Road, Suite 600, Dallas, Texas 75252. The business address of Messrs. Thompson, Ressler, Shemesh, Kuba and Eppich, for the purposes hereof, is c/o CIM Group, 4700 Wilshire Boulevard, Los Angeles, California 90010.

(2) Mr. Salit has sole voting and investment power over these shares, which include 122 shares held in an IRA.

- (3) CIM Group, LLC is the sole manager of CIM Urban Partners GP, LLC, which is the sole managing member of Urban II, which has the power to vote and dispose of these shares. Shaul Kuba, Richard Ressler and Avi Shemesh may be deemed to beneficially own these shares by virtue of their positions with CIM Group, LLC. Messrs. Ressler, Shemesh and Kuba may also be deemed to beneficially own 353,944 shares owned by CIM Service Provider, LLC of which CIM Group, LLC is the sole managing member. Messrs. Ressler, Shemesh and Kuba have shared voting and investment power over all of these shares. Each of Messrs. Ressler, Shemesh and Kuba disclaims beneficial ownership of all of these shares except to the extent of his pecuniary interest therein.

Beneficial Owners of More than 5% of our Common Stock

The following table sets forth certain information regarding the beneficial ownership of our Common Stock and Series A Preferred Stock based on filings with the SEC as of [●], 2017 by each person known by us to own beneficially more than 5% of our Common Stock.

Name of Beneficial Owner(1)	Common Stock		Series A Preferred Stock	
	No. of Shares	Percent of Class	No. of Shares	Percent of Class
Urban Partners II, LLC c/o CIM Group 4700 Wilshire Boulevard Los Angeles, California 90010	81,900,466	97.44%	—	—
Richard Ressler(1)	82,285,069	97.90%	—	—
Avi Shemesh(1)	82,270,023	97.88%	—	—
Shaul Kuba(1)	82,270,023	97.88%	—	—

- (1) The business address of Messrs. Ressler, Shemesh and Kuba, for the purposes hereof, is c/o CIM Group, 4700 Wilshire Boulevard, Los Angeles, California 90010. CIM Group, LLC is the sole manager of CIM Urban Partners GP, LLC, which is the sole managing member of Urban II, which has the power to vote and dispose of these shares. Shaul Kuba, Richard Ressler and Avi Shemesh may be deemed to beneficially own these shares by virtue of their positions with CIM Group, LLC. Messrs. Ressler, Shemesh and Kuba may also be deemed to beneficially own 353,944 shares owned by CIM Service Provider, LLC of which CIM Group, LLC is the sole managing member. Messrs. Ressler, Shemesh and Kuba have shared voting and investment power over all of these shares. Each of Messrs. Ressler, Shemesh and Kuba disclaims beneficial ownership of all of these shares except to the extent of his pecuniary interest therein.

[Table of Contents](#)

DESCRIPTION OF OUR CAPITAL STOCK AND THE SECURITIES OFFERED

In this section, references to “the Company,” “we,” “our,” and “us” refer only to CIM Commercial Trust Corporation and not its consolidated subsidiaries.

The following is a summary description of our capital stock, including the securities offered by this prospectus. This description is not complete and is qualified in its entirety by reference to the provisions of our charter and bylaws and the applicable provisions of the Maryland General Corporation Law, which we refer to as the MGCL. Our charter and bylaws are incorporated by reference as exhibits to the registration statement of which this prospectus forms a part and to our Annual Report on Form 10-K for the year ended December 31, 2016 (see “Where You Can Find More Information”).

General

Our charter provides that we may issue up to 900,000,000 shares of our Common Stock, and up to 100,000,000 shares of preferred stock, \$0.001 par value per share, or our Preferred Stock, of which 36,000,000 shares are classified as our Series A Preferred Stock and [●] shares are classified as our Series L Preferred Stock. Our charter authorizes our board of directors, which we refer to as our Board of Directors, to amend our charter to increase or decrease the aggregate number of shares of stock or the number of shares of stock of any class or series that we are authorized to issue with the approval of a majority of our entire Board of Directors and without stockholder approval.

As of [●], 2017, [●] shares of our Common Stock, [●] shares of our Series A Preferred Stock and [●] of our Series A Warrants (as defined below) were issued and outstanding. Our Common Stock was held by approximately [●] stockholders of record as of [●], 2017. Under Maryland law, our stockholders are not generally liable for our debts or obligations solely as a result of their status as stockholders.

Common Stock

Subject to the preferential rights of any other class or series of our stock and to the provisions of our charter regarding the restrictions on ownership and transfer of our stock, holders of shares of our Common Stock are entitled to receive dividends and other distributions on such shares if, as and when authorized by our Board of Directors out of funds legally available therefor and declared by us and to share ratably in the assets of our Company legally available for distribution to our stockholders in the event of our liquidation, dissolution or winding up after payment or establishment of reserves for all known debts and liabilities of our Company.

Subject to the provisions of our charter regarding the restrictions on ownership and transfer of our stock and except as may otherwise be specified in the terms of any class or series of our stock, each outstanding share of our Common Stock entitles the holder to one vote on all matters submitted to a vote of stockholders, including the election of directors, and, except as provided with respect to any other class or series of stock, the holders of shares of Common Stock will possess the exclusive voting power. There is no cumulative voting in the election of our directors. A plurality of all the votes cast at a meeting of stockholders duly called and at which a quorum is present shall be sufficient to elect a director. Each share of Common Stock entitles the holder thereof to vote for as many individuals as there are directors to be elected and for whose election the holder is entitled to vote. A majority of the votes cast at a meeting of stockholders duly called and at which a quorum is present shall be sufficient to approve any other matter which may properly come before the meeting, unless more than a majority of the votes cast is required by the MGCL or by our charter.

Except as set forth in the terms of our Series L Preferred Stock and described below (see “—Securities Offered in This Offering—Series L Preferred Stock—Distributions”), holders of shares of our Common Stock have no preference, conversion, exchange, sinking fund or redemption rights and have no preemptive rights to subscribe for any securities of our Company. Our charter provides that our common stockholders generally have no appraisal rights unless our Board of Directors determines prospectively that appraisal rights will apply to one or more transactions in which holders of our Common Stock would otherwise be entitled to exercise appraisal rights. Subject to the provisions of our charter regarding the restrictions on ownership and transfer of our stock, holders of our Common Stock will have equal dividend, liquidation and other rights.

Our Common Stock is traded on NASDAQ under the ticker symbol “CMCT.” We intend to apply for the listing of our Common Stock on the TASE under the symbol “[•].” No assurance can be given that our application for listing on the TASE will be approved or that a trading market on the TASE will develop.

[Table of Contents](#)

Series A Preferred Stock

Our Series A Preferred Stock has no voting rights and ranks senior to our Common Stock with respect to payment of dividends and distribution of amounts upon liquidation, dissolution or winding up. Holders of our Series A Preferred Stock are entitled to receive, if, as and when authorized by our Board of Directors, cumulative cash dividends, in USD, on each share of Series A Preferred Stock at an annual rate of five and one-half percent (5.5%) of the stated value, which is initially \$25.00, which we refer to as the Series A Stated Value, subject to appropriate adjustment in relation to certain events, such as recapitalizations, stock dividends, stock splits, stock combinations, reclassifications or similar events affecting our Series A Preferred Stock, as set forth in our charter. Dividends on each share of Series A Preferred Stock begin accruing on, and are cumulative from, the date of issuance.

Unless full cumulative dividends on our shares of Series A Preferred Stock for all past dividend periods have been or contemporaneously are declared and paid or declared and a sum sufficient for the payment thereof is set apart for payment, we are not permitted to:

- declare and pay or declare and set apart for payment dividends and we will not declare and make any other distribution of cash or other property (other than dividends or other distributions paid in shares of stock ranking junior to the Series A Preferred Stock as to the dividend rights or rights on our liquidation, winding-up or dissolution, and options, warrants or rights to purchase such shares), directly or indirectly, on or with respect to any shares of our Common Stock, our Series L Preferred Stock, or any other class or series of our stock ranking junior to or on parity with the Series A Preferred Stock as to dividend rights or rights on our liquidation, winding-up or dissolution for any period; or
- except by conversion into or exchange for shares of stock ranking junior to the Series A Preferred Stock as to dividend rights or rights on our liquidation, winding-up or dissolution, or options, warrants or rights to purchase such shares, redeem, purchase or otherwise acquire (other than a redemption, purchase or other acquisition of Common Stock made for purposes of an employee incentive or benefit plan) for any consideration, or pay or make available

any monies for a sinking fund for the redemption of, any shares of our Common Stock, our Series L Preferred Stock, or any other class or series of our stock ranking junior to or on parity with the Series A Preferred Stock as to dividend rights or rights on our liquidation, winding-up or dissolution.

Holders of shares of our Series A Preferred Stock have the right to require us to redeem such shares beginning on the date of original issuance of such shares at a redemption price equal to the Series A Stated Value, less a redemption fee of 13% beginning on the date of original issuance until but excluding the second anniversary thereof or a redemption fee of 10% beginning on the second anniversary of the date of original issuance until but excluding the fifth anniversary of the date of original issuance, in each case plus any accrued but unpaid dividends. From and after the fifth anniversary of the date of original issuance of any shares of Series A Preferred Stock, we will have the right to redeem such shares at 100% of the Series A Stated Value, plus any accrued but unpaid dividends. If a holder of shares of Series A Preferred Stock causes the Company to redeem such shares, we will pay the redemption price in cash or, on or after the first anniversary of the issuance of the shares of Series A Preferred Stock to be redeemed, at our option and in our sole discretion, in equal value through the issuance of shares of Common Stock, based on the volume weighted average price of our Common Stock as quoted on NASDAQ for the 20 trading days prior to the redemption.

On July 1, 2016, we commenced our reasonable best efforts public offering of up to 36,000,000 units, with each unit consisting of one share of Series A Preferred Stock and one detachable warrant to purchase 0.25 of a share of our Common Stock, which we refer to as a Series A Warrant.

Series A Warrants

Each Series A Warrant is exercisable for 0.25 of a share of our Common Stock, subject to adjustment, at an exercise price equal to a 15% premium to the fair market net asset value of the Company per share of Common Stock as most recently published by the Company at the time of the issuance of the applicable Series A Warrant. Holders of our Series A Warrants may exercise their Series A Warrants at any time beginning on the first anniversary of the date of issuance up to 5:00 p.m., New York time, on the date that is the fifth anniversary of the date of issuance, which we refer to as the Series A Warrant Expiration Date. The Series A Warrants are exercisable, at the option of each holder, in whole, but not in part, for no less than 50 shares of our Common Stock, unless such holder does not at the time of exercise own a sufficient number of Series A Warrants to do so. Any Series A Warrant that is outstanding after the Series A Warrant Expiration Date of such Series A Warrant shall be automatically terminated.

[Table of Contents](#)

A holder of our Series A Warrants does not have the right to exercise any portion of a Series A Warrant to the extent that, after giving effect to the issuance of shares of our Common Stock upon such exercise, the holder (together with its affiliates and any other persons acting as a group together with such holder or any of its affiliates) would beneficially or constructively own shares of Common Stock (i) in excess of 9.8% in value or number of shares, whichever is more restrictive, of the shares of Common Stock outstanding or (ii) that would otherwise result in the violation of any of the restrictions on ownership transfer of our stock contained in our charter, in each case, immediately after giving effect to the issuance of shares of Common Stock upon exercise of the Series A Warrant, as discussed below in “Restrictions on Ownership and Transfer of Capital Stock.”

Securities Offered in This Offering

Our Board of Directors has classified and designated [•] authorized and unissued shares of our Preferred Stock as a series of redeemable preferred stock, designated as the Series L Preferred Stock. Our Series L Preferred Stock is being offered pursuant to this prospectus and will be issued as a part of up to [•] Series L Units, with each Series L Unit consisting of ten shares of our Series L Preferred Stock, which are immediately separable into individual shares upon issuance of the Series L Units.

Series L Preferred Stock

The following is a brief description of the terms of our Series L Preferred Stock. The description of our Series L Preferred Stock contained herein does not purport to be complete and is qualified in its entirety by reference to the Articles Supplementary for our Series L Preferred Stock, which are filed as an exhibit to the registration statement of which this prospectus forms a part. On [•], 2017, our Articles Supplementary were filed with and accepted for record by the State Department of Assessments and Taxation of Maryland.

Rank. Our Series L Preferred Stock ranks, with respect to rights upon our liquidation, winding-up or dissolution:

- senior to our Common Stock, both (i) to the extent of the Series L Stated Value and (ii) following payment to holders of Common Stock of an amount equal to any unpaid Initial Dividend, to the extent of an amount equal to any accrued and unpaid Series L Preferred Distributions, and any other class or series of our capital stock, the terms of which

expressly provide that our Series L Preferred Stock ranks senior to such class or series as to rights on our liquidation, winding-up and dissolution;

- on parity with our Series A Preferred Stock, to the extent of the Series L Stated Value, and any other class or series of our capital stock, including capital stock issued in the future, the terms of which expressly provide that such class or series ranks on parity with the Series L Preferred Stock as to rights on our liquidation, winding-up and dissolution; and
- junior to our Series A Preferred Stock and Common Stock, to the extent of the Initial Dividend, in both instances with respect to any accrued and unpaid Series L Preferred Distributions (as defined herein), and each class or series of our capital stock, including capital stock issued in the future, the terms of which expressly provide that such class or series ranks senior to the Series L Preferred Stock as to rights on our liquidation, winding-up and dissolution.

Our Series L Preferred Stock ranks, with respect to distribution rights:

- senior to our Common Stock, except with respect to and only to the extent of the Initial Dividend as described below, and senior to any other class or series of our capital stock, the terms of which expressly provide that our Series L Preferred Stock ranks senior to such class or series as to distribution rights;
- on parity with each class or series of our capital stock, including capital stock issued in the future, the terms of which expressly provide that such class or series ranks on parity with the Series L Preferred Stock as to distribution rights; and
- junior to our Series A Preferred Stock, our Common Stock with respect to and only to the extent of the Initial Dividend as described below, and any other class or series of our capital stock, including capital stock issued in the future, the terms of which expressly provide that such class or series ranks senior to the Series L Preferred Stock as to distribution rights.

In addition, as an equity security, our Series L Preferred Stock is junior to all our existing and future debt obligations.

[Table of Contents](#)

Stated Value. Each share of Series L Preferred Stock will have an initial “Series L Stated Value” of 100 ILS per share of Series L Preferred Stock, which ILS will be converted for all purposes of computations based on stated value (e.g., amounts of distributions, redemption price, etc.) to U.S. dollars, or USD, at an exchange rate, which we refer to as the Initial Exchange Rate, equal to the weighted average of the ILS/USD exchange rates of all the transactions (which shall be no fewer than five of an equal size) completed by the Bank(s) through which the gross proceeds from the offering are converted to USD on the first TASE Trading Day (as defined below) following the Closing Day (as defined in “Plan of Distribution” in this prospectus). For purposes of all exchange rate applications, the “Bank” means, at the selection of the Company for a given transaction, one of the commercial banks (including their subsidiaries) or foreign bank branches as published from time to time by the Bank of Israel on its website. We will bear all fees and commissions with respect to the conversion services provided by any Bank in connection with distributions, redemption or liquidation.

The Company will publish (a) the Initial Exchange Rate and (b) the initial Series L Stated Value as converted to USD at the Initial Exchange Rate in a Form 8-K filed with the SEC and an Immediate Report filed with the ISA after consummation of the offering. Following issuance, the Series L Stated Value will be subject to appropriate adjustment in relation to certain events, such as recapitalizations, stock dividends, stock splits, stock combinations, reclassifications or similar events affecting our Series L Preferred Stock, as set forth in the Articles Supplementary for our Series L Preferred Stock.

Distributions. Subject to the discussion below, the holders of our Series L Preferred Stock are entitled to receive, if, as and when authorized by our Board of Directors and declared by us out of legally available funds, cumulative cash distributions in ILS on each share of Series L Preferred Stock at an annual rate of 5.5 percent (5.5%) of the Series L Stated Value (as converted to USD at the Initial Exchange Rate), which annual amount we refer to as the Annual Series L Preferred Distribution. Subject to the discussion below, the payment of any portion of the Annual Series L Preferred Distribution, which we refer to as a Series L Preferred Distribution, if declared for any given quarter, will be paid each quarter on the Series L Preferred Distribution Payment Date to holders of record of our Series L Preferred Stock as of the close of business on the record date, which will be the last day of the quarter for which the Series L Preferred Distribution is declared (March 31st, June 30th, September 30th or December 31st, as applicable). The “Series L Preferred Distribution Payment Date” will be, at the selection of the Company, a date on or prior to the 18th day of the month following the quarter for which such distribution was declared; provided, however, that the Series L Preferred Distribution Payment Date may be later if so allowed by regulations of the TASE. The timing and amount of such distributions will be determined by our Board of Directors, in its sole discretion, and may vary from time to time. We do not expect

to declare and pay any Series L Preferred Distribution to the extent prohibited by applicable law or our charter or our results of operations, our general financing conditions, general economic conditions or other factors make it imprudent to do so. The first dividend on the Series L Preferred Stock is scheduled to be paid in January 2018 and will represent accrual for more than a full quarter, covering the period from, and including, the date of original issuance to December 31, 2017. Prior to declaring and paying the first Series L Preferred Distribution, in January 2018 the Company will (i) declare and set apart for payment the first quarter dividend on the Series A Preferred Stock, (ii) declare the Initial Dividend (as described below) for the entire year of 2018 and (iii) set apart for payment the portion of the Initial Dividend payable for the first quarter for 2018.

We will declare the amount of the Series L Preferred Distribution, if any, in USD no later than the earlier of (i) 20 days or (ii) eight TASE Trading Days, which we define to mean any day on which the TASE is open for trading, prior to the end of any quarter for which a Series L Preferred Distribution is authorized by our Board of Directors. On the Series L Preferred Distribution Payment Date, holders will receive payment, in ILS, at an exchange rate, which we refer to as the Current Exchange Rate, equal to the weighted average of the USD/ILS exchange rates of all the transactions (which shall be one or more) completed by the Bank(s) through which the payment is converted to ILS on the third TASE Trading Day preceding the Series L Preferred Distribution Payment Date. The Company will file an Immediate Report with the ISA (provided that our Series L Preferred Stock is listed on the TASE), and will issue a press release or publish on its website a notice, detailing the exact amount of the Series L Preferred Distribution, in ILS, to be paid in a given quarter no later than two TASE Trading Days prior to the Series L Preferred Distribution Payment Date.

The Series L Preferred Distribution will be subordinated to the payment of dividends on our Common Stock and our Series A Preferred Stock as follows. We will be permitted to pay the Series L Preferred Distribution, if any, out of legally available funds in respect of a given quarter of a fiscal year only if certain conditions, which we refer to as the Series L Distribution Conditions, are satisfied in the following order:

- first, if not previously declared in a prior quarter of such fiscal year, we must have declared the entire Initial Dividend (as described below), if any, with respect to our Common Stock for such fiscal year;
- second, we must have paid (or set apart for payment) in such fiscal year dividends on our Common Stock in an amount equal to or greater than the product of (i) the Initial Dividend multiplied by (ii) the ratio of (a) the portion of the Series L Preferred Distribution to be paid with respect to the given quarter divided by (b) the Annual Series L Preferred Distribution, plus the aggregate amount of any unpaid Initial Dividends that are payable for all prior quarters;
- third, we must have declared, at least one day following the satisfaction of the foregoing Series L Distribution Conditions, any Series L Preferred Distribution to be paid with respect to the given quarter, if any; and

[Table of Contents](#)

- fourth, if not previously paid, we must have paid the entire amount set apart for payment related to the Initial Dividend pursuant to the second condition to the extent not previously paid.

We expect that, in accordance with the Articles Supplementary for our Series L Preferred Stock, our Board of Directors will, in its sole discretion and subject to applicable law, authorize at the end of each fiscal year a minimum annual dividend, in USD, on shares of our Common Stock for the following fiscal year, which we refer to as the Initial Dividend. While there are no limitations on the maximum amount of the Initial Dividend that can be paid in a particular year, it is our intention that we would not announce a Initial Dividend for any given year that, based on the information then reasonably available to us at the time of announcement, we believe would cause us to be unable to make a future distribution on our Series L Preferred Stock or on any other outstanding share of preferred stock. Prior to this offering, our Board of Directors has established a Initial Dividend with respect to the remainder of 2017 in an amount equal to \$[•]. With respect to any fiscal year, dividends declared and paid on our Common Stock at any time during that year will be deemed to constitute the Initial Dividend for such fiscal year until Common Stock dividends for such fiscal year have equaled such Initial Dividend. The record and payment dates with respect to any Common Stock dividends (including dividends that will be deemed to constitute the Initial Dividend for a given year, if any) will be set during such year in accordance with Maryland law, and we will not declare or pay any such Common Stock dividends to the extent prohibited by applicable law or our charter.

However, the Initial Dividend for a given year will be \$0 USD following any year in which:

- our Board of Directors does not authorize or we do not announce the Initial Dividend for such year;
- any amount of the Series L Preferred Distribution is in arrears as of the day following the Series L Preferred Distribution Payment Date with respect to the fourth quarter of such year, or

- the Leverage Ratio as of November 30 of such year exceeds 60%. The “Leverage Ratio” is the amount, expressed as a percentage, of Debt of the Company divided by Total Assets of the Company.

“Debt” means with respect to the Company and its consolidated subsidiaries, determined in accordance with GAAP and to the extent listed as debt on the balance sheet of the Company, without duplication, the aggregate amount of all outstanding debt for borrowed money issued under bonds, notes, loan agreements or similar instruments, net of all cash and cash equivalents of the Company and its subsidiaries. In no event (and for the avoidance of doubt) shall “Debt” include (i) issued and undrawn letters of credit, (ii) cash collateralized letters of credit, (iii) earn-out obligations and (iv) capital leases or operating leases. In no event shall the allocable portion of “Debt” of any entity at which the “Debt” is incurred exceed the Company’s direct or indirect equity ownership percentage of such entity or, for the avoidance of doubt, include the “Debt” of any person the investment in which is accounted for under the equity method. “Total Assets” means the fair value of the assets of the Company and its subsidiaries (on a consolidated basis) as determined by the Company consistent with the calculation of the Company’s NAV as most recently published by the Company, as modified from time to time. The Company’s good faith determination of the aggregate amount of “Debt” and “Total Assets” at any time shall be binding absent manifest error.

The Series L Preferred Distributions will accrue, in USD, from the date of original issuance and will be paid on the basis of a 360-day year consisting of twelve 30-day months. The Series L Preferred Distributions will accrue whether or not (i) we have earnings, (ii) the Initial Dividend has been declared or paid, (iii) there are funds legally available for the payment of such distributions and (iv) such distributions are authorized by our Board of Directors or declared by us. Accrued Series L Preferred Distributions will not bear interest. Dividends on each share of Series L Preferred Stock begin accruing on, and are cumulative from, the date of issuance; however, any accrued and unpaid Series L Preferred Distributions will not increase the Series L Stated Value.

Holders of shares of our Series L Preferred Stock are not entitled to any distribution in excess of full cumulative Series L Preferred Distributions on such shares. Unless full cumulative Series L Preferred Distributions for all past quarterly periods have been or contemporaneously are declared and paid or declared and a sum sufficient for the payment thereof is set apart for payment, we will not:

- declare and pay or declare and set apart for payment dividends and we will not declare and make any other distribution of cash or other property (other than dividends or other distributions paid in shares of stock ranking junior to the Series L Preferred Stock as to the distribution rights or rights on our liquidation, winding-up or dissolution, and options, warrants or rights to purchase such shares), directly or indirectly, on or with respect to any shares of our Common Stock other than in amounts up to but not exceeding the Initial Dividend, if any, or any class or series of our stock ranking junior to or on parity with the Series L Preferred Stock as to distribution rights for any period; or

[Table of Contents](#)

- except by conversion into or exchange for shares of stock ranking junior to the Series L Preferred Stock as to distribution rights or rights on our liquidation, winding-up or dissolution, or options, warrants or rights to purchase such shares, redeem, purchase or otherwise acquire (other than a redemption, purchase or other acquisition of Common Stock made for purposes of an employee incentive or benefit plan) for any consideration, or pay or make available any monies for a sinking fund for the redemption of, any Common Stock or any class or series of our stock ranking junior to or on parity with the Series L Preferred Stock as to distribution rights.

To the extent necessary to preserve our status as a REIT, the foregoing sentence, however, will not prohibit declaring or paying or setting apart for payment any dividend or other distribution on the Common Stock or the redemption of our capital stock pursuant to the restrictions on ownership and transfer contained in our charter.

Redemption at the Option of a Holder. From and after the fifth anniversary of the date of original issuance of the shares of Series L Preferred Stock (or earlier, as provided in the following paragraph), each holder will have the right to require the Company to redeem all or any of the shares of Series L Preferred Stock held by such holder at a redemption price equal to 100% of the Series L Stated Value (as converted to USD at the Initial Exchange Rate) plus, provided the Series L Distribution Conditions are satisfied at the effective time of redemption and the Company is otherwise permitted to pay Series L Preferred Distributions, any accrued and unpaid Series L Preferred Distributions through and including the effective date of the redemption. A holder that requests the Company to redeem its shares of Series L Preferred Stock at a time when the Series L Distribution Conditions are not satisfied will forfeit any accrued and unpaid Series L Preferred Distributions as of the effective date of redemption.

Notwithstanding the foregoing, a holder will have the right to require the Company, subject to the provisions of applicable law and our charter, to redeem all or any shares of Series L Preferred Stock held by such holder at any time prior to the fifth

anniversary of the date of issuance of such shares if the Company does not declare and pay in full the Series L Preferred Distribution for any completed quarterly period prior to such fifth anniversary and provided that the Company does not declare and pay all accrued and unpaid quarterly distributions prior to the effective date of such redemption; and provided, however, that no holder of our Series L Preferred Stock may redeem such shares at any time prior to the first anniversary of the date of original issuance if, as of the effective date of redemption, dividends on our Series A Preferred Stock are in arrears. The redemption price in those circumstances will be equal to 100% of the Series L Stated Value (as converted to USD at the Initial Exchange Rate) and the holder will forfeit any accrued and unpaid Series L Preferred Distributions as of the effective date of the redemption.

Any redemption by a holder will be effective as of the last day of the quarter in which notice is delivered to the Redemption Coordinator (as defined below). The Redemption Coordinator will prepare a report of the notices of redemption received during each quarter and will provide such report to the Company no later than two TASE Trading Days after the Redemption Deadline (as defined below). No later than the seventh day following the end of the quarter in which any holder exercises its right to redeem shares of Series L Preferred Stock, we will file an Immediate Report with the ISA (provided that our Series L Preferred Stock is listed on the TASE), and will issue a press release or publish on our website a notice, detailing the number of shares to be redeemed and the method of payment (cash, our Common Stock or a combination thereof). The Company will file an Immediate Report with the ISA (provided that our Series L Preferred Stock is listed on the TASE), and will issue a press release or publish on its website a notice, indicating the exact amount of cash, in ILS, to be paid and/or the aggregate number of shares of Common Stock to be issued with respect to such redemption no later than two TASE Trading Days prior to the Series L Preferred Distribution Payment Date. The redemption price will be paid by the Company on the Series L Preferred Distribution Payment Date with respect to such quarter.

The redemption right with respect to the Series L Preferred Stock may be exercised by delivering written notice thereof to [•], or any other TASE member we designate as a replacement, which we refer to as the Redemption Coordinator. In the event we replace the Redemption Coordinator, we will issue a press release or publish on our website a notice of such change.

Holders of our Series L Preferred Stock who hold their shares through a TASE member may exercise their redemption rights by delivering written notice to their respective TASE members no later than 16 days (or, if such date is not a TASE Trading Day, the following TASE Trading Day) prior to the end of the quarter in which such redemption right is exercised, which date we refer to as the Redemption Deadline. Holders of our Series L Preferred Stock who hold their shares through other brokers should contact their brokers to receive instructions regarding the delivery of and deadlines for notice upon redemption, which deadlines could be sooner. TASE members and other brokers will deliver written any redemption notices timely received from their clients for a given quarter to the Redemption Coordinator no later than the first TASE Trading Day following the Redemption Deadline.

[Table of Contents](#)

If a holder of shares of Series L Preferred Stock exercises its redemption right, we will pay the redemption price, at our option and in our sole discretion, except as provided below, in accordance with one of the following mechanisms:

- 1) in cash in ILS, based on the Current Exchange Rate on the third TASE Trading Day preceding the Series L Preferred Distribution Payment Date;
- 2) in equal value through the issuance of shares of Common Stock, with such value of Common Stock to be determined based on the lower of (i) the net asset value of the Company, or our NAV, per share of our Common Stock as most recently published by the Company as of the effective date of redemption and (ii) the Aggregate VWAP of our Common Stock (as defined below); or
- 3) in a combination of cash, in ILS, and our Common Stock, based on the conversion mechanisms set forth above.

The “Aggregate VWAP” of our Common Stock, for purposes of redemption of our Series L Preferred Stock, is equal to the quotient of (a) the sum of (i) the volume-weighted average per share price of our Common Stock based on all the transactions executed on the national securities exchange on which our Common Stock is traded in the United States, or U.S. Exchange, for the 20 days on which the U.S. Exchange or the TASE are open for trading prior to the end of the quarter in which such redemption is effective, multiplied by the total number of shares of Common Stock traded on the U.S. Exchange during such period, plus (ii) the volume-weighted average per share price of shares of our Common Stock based on all the transactions executed on the TASE, using daily share prices as converted to USD at the then prevailing representative exchange rate published by the Bank of Israel on its website for the purpose of such day, for the 20 days on which the U.S. Exchange or the TASE are open for trading prior to the end of the quarter in which such redemption is effective, multiplied by the total number of shares traded on the TASE during such period, divided by (b) the total number of shares of Common Stock traded on the U.S. Exchange and the TASE for purposes of the above calculations. If any such volume-weighted average price of our Common Stock used for calculation of Aggregate VWAP is unavailable for one or more days during the period of calculation, the volume-weighted average price for such day will be deemed equal to the market value of one share of our Common Stock on such trading day, as determined by our Company in a commercially reasonable manner, using a volume-weighted average price method.

However, if a holder exercises the accelerated right of redemption prior to the first anniversary of the date of issuance of our Series L Preferred Stock, as described above, we will pay the redemption price in cash, in ILS, based on the conversion mechanism set forth in (1) above. In addition, if at the time of redemption by the holder any amount of dividends on our shares of Series A Preferred Stock is in arrears, or we are otherwise restricted by our charter or applicable law from paying the redemption price in cash, we will pay the redemption price in Common Stock based on the conversion mechanism set forth in (2) above. However, in the event that a holder of our Series L Preferred Stock exercises the accelerated right of redemption prior to the first anniversary of the date of issuance of such shares and holder any amount of dividends on our shares of Series A Preferred Stock is in arrears as of the effective date of the redemption, such holder may not redeem its shares of Series L Preferred Stock. The Company will not pay any portion of the redemption price related to accrued and unpaid distributions if the Series L Distribution Conditions are not satisfied or the Company is otherwise not permitted to pay the Series L Preferred Distribution, in such case as of the effective date of the redemption.

Our obligation to redeem any shares of our Series L Preferred Stock is limited to the extent that (i) we have sufficient funds available to fund any such redemption, in which case we will be required to redeem with shares of Common Stock, or (ii) we are restricted by applicable law, our charter, including the terms of our Series A Preferred Stock, or contractual obligations from making such redemption.

Redemption at the Option of the Company. We will have the right to redeem any or all shares of our Series L Preferred Stock from and after the fifth anniversary of the date of original issuance of the shares of our Series L Preferred Stock. We may redeem such shares at a redemption price equal to 100% of the Series L Stated Value (as converted to USD at the Initial Exchange Rate) plus any accrued and unpaid Series L Preferred Distributions through and including the effective date of the redemption. We have the right, at our option and in our sole discretion, to pay the redemption price in accordance with one of the following mechanisms:

- 1) in cash in ILS, based on the Current Exchange Rate on the Series L Preferred Distribution Payment Date;
- 2) in equal value through the issuance of shares of Common Stock, with such value of Common Stock to be determined based on the lower of (i) the net asset value of the Company, or our NAV, per share of our Common Stock as most recently published by the Company as of the effective date of redemption and (ii) the Aggregate VWAP of our Common Stock; or
- 3) in a combination of cash, in ILS, and our Common Stock, based on the conversion mechanisms set forth above.

[Table of Contents](#)

If for any given quarter the Series L Distribution Conditions are not met or the Series L Preferred Distribution is in arrears as of the end of such quarter, we will not be able to exercise our redemption right as the redemption price includes accrued and unpaid Series L Preferred Distributions through and including the effective date of the redemption.

If fewer than all the outstanding shares of Series L Preferred Stock are to be redeemed, the Company will select those shares to be redeemed pro rata.

We may exercise our redemption right by delivering a written or electronic notice thereof to the record holders of shares of Series L Preferred Stock to be redeemed and, at least 5 days prior to the end of the quarter, filing an Immediate Report with the ISA (provided that our Series L Preferred Stock is listed on the TASE), and issuing a press release or publishing on our website a notice, detailing the number of shares to be redeemed and the method of payment (cash, our Common Stock or a combination thereof). The Company will file an Immediate Report with the ISA (provided that our Series L Preferred Stock is listed on the TASE), and will issue a press release or publish on its website a notice, indicating the exact amount of cash, in ILS, to be paid and/or the aggregate number of shares of Common Stock to be issued with respect to such redemption no later than the first TASE Trading Day after the Series L Preferred Distribution Payment Date. The redemption price will be paid by the Company on the third TASE Trading Day following the Series L Preferred Distribution Payment Date with respect to such quarter, in exchange for the redeemed shares (which will be transferred from the holder of such shares, by its TASE member or other broker, to the Redemption Coordinator, and from the Redemption Coordinator to the Transfer Agent, as such terms are defined in "Plan of Distribution" in this prospectus). Such redemption will be effective as of the last day of the quarter in which the Company makes such filings.

If full cumulative Series L Preferred Distributions on all outstanding shares of Series L Preferred Stock have not been declared and paid or declared and set apart for payment for all past quarterly periods, except as provided by the restrictions on ownership and transfer set forth in our charter, neither the Company nor any of its affiliates may purchase or otherwise acquire shares of Series L Preferred Stock otherwise than pursuant to a purchase or exchange offer made on the same terms to all holders of shares of Series L Preferred Stock.

Fractional Shares. No fractional shares of Common Stock will be issued upon redemption of any shares of Series L Preferred Stock. Rather, we shall round down to the nearest whole number the aggregate number of shares of Common Stock to be issued to a particular holder upon redemption in a given quarter and shall pay cash, in ILS, in an amount equal to the fractional interest multiplied by the Aggregate VWAP or NAV per share of our Common Stock, as applicable, used to determine the number of shares of Common Stock issuable upon redemption, as converted from USD to ILS at the exchange rate described in “—Redemption at the Option of a Holder” and “—Redemption at the Option of the Company” above.

Liquidation Preference. Upon any voluntary or involuntary liquidation, dissolution or winding-up of our affairs, after payment or provision for our debts and other liabilities, our funds legally available for distribution to our stockholders will be distributed as follows:

- first, pro rata to (i) holders of our Series L Preferred Stock, in an amount per share equal to the Series L Stated Value, as converted to USD at the Initial Exchange Rate, (ii) holders of our Series A Preferred Stock, in an amount per share equal to the Series A Stated Value plus an amount equal to all accumulated, accrued and unpaid dividends (whether or not declared) on our Series A Preferred Stock and (iii) holders of any other class or series of capital stock ranking on parity with our Series L Preferred Stock and Series A Preferred Stock with respect to rights upon our redemption, liquidation, winding-up or dissolution, to the extent provided by the terms of such class or series of capital stock;
- second, to holders of our Common Stock in an amount equal to the amount of any unpaid Initial Dividend;
- third, to holders of our Series L Preferred Stock in an amount equal to any accrued and unpaid Series L Preferred Distribution; and
- fourth, to holders of our Common Stock and any other class or series of capital stock ranking junior to our Series L Preferred Stock.

Any liquidation preference on our Series L Preferred Stock will be paid by the Company in ILS, based on the Current Exchange Rate on the last TASE Trading Day preceding the date of payment.

If upon the voluntary or involuntary liquidation, dissolution or winding up of the Company, the available assets of the Company, or proceeds thereof, distributable among the holders of the Series L Preferred Stock is insufficient to pay in full the above described liquidation preference and the liquidating payments on any shares of any class or series of stock ranking on parity to the Series L Preferred Stock as to amounts payable upon our liquidation, dissolution or winding up, including the Series A Preferred Stock, such stock we refer to as Liquidation Parity Stock, then such assets, or the proceeds thereof, will be distributed among the holders of the Series L Preferred Stock and any such Liquidation Parity Stock ratably in the same proportion as the respective amounts that would be payable on such Series L Preferred Stock and any such Liquidation Parity Stock if all amounts payable thereon were paid in full.

[Table of Contents](#)

After payment of the full amount of the liquidating preference to which they are entitled, the holders of our shares of Series L Preferred Stock will have no right or claim to any of our remaining assets. The consolidation, merger or conversion of the Company with or into any other corporation, trust or entity or of any other corporation, trust or entity with or into the Company, or the sale or transfer of all or substantially all of the assets or business of the Company or a statutory share exchange, will not be deemed to constitute a voluntary or involuntary liquidation, dissolution or winding up of the Company.

In determining whether a distribution (other than upon voluntary or involuntary liquidation), by dividend, redemption or other acquisition of shares of our stock or otherwise, is permitted under the MGCL, amounts that would be needed, if we were to be dissolved at the time of distribution, to satisfy the preferential rights upon dissolution of holders of the Series L Preferred Stock will not be added to our total liabilities.

Voting Rights. Our Series L Preferred Stock has no voting rights, and thus has no rights to vote on any dissolution, charter amendment, merger, sale of all or substantially all of our assets, share exchange or conversion. See “Certain Provisions of the Maryland General Corporation Law and Our Charter and Bylaws-Dissolution, Amendment to the Charter and Other Extraordinary Actions.”

Exchange Listing. We intend to apply for the listing of our Series L Preferred Stock on NASDAQ under the symbol “[●]”, and the TASE under the symbol “[●].” No assurance can be given that our applications for these listings will be approved or that a trading market will develop.

Classification or Reclassification of Capital Stock

Our charter authorizes our Board of Directors to classify and reclassify any unissued shares of Common Stock or Preferred Stock into other classes or series of stock, including one or more classes or series of stock that have priority with respect to voting rights, dividends or upon liquidation over our Common Stock or our Series L Preferred Stock, and authorizes us to issue the newly-classified shares. Prior to the issuance of shares of each new class or series, our Board of Directors is required by Maryland law and by our charter to set, subject to the provisions of our charter regarding the restrictions on ownership and transfer of our stock and the terms of any other class or series of our stock then outstanding, the preferences, conversion and other rights, voting powers, restrictions, limitations as to dividends and other distributions, qualifications and terms and conditions of redemption for each class or series. Our Board of Directors may take these actions without stockholder approval unless stockholder approval is required by the rules of any stock exchange or automatic quotation system on which our securities may be listed or traded or the terms of any other class or series of our stock. Therefore, our Board of Directors could authorize the issuance of shares of common or preferred stock with terms and conditions that could have the effect of delaying, deferring or preventing a change in control or other transaction that might involve a premium price for shares of our Common Stock or otherwise be in the best interest of our stockholders.

Restrictions on Ownership and Transfer of Capital Stock

Our charter, subject to certain exceptions, contains certain restrictions on the number of shares of our stock that a person may own. Our charter contains a stock ownership limit which prohibits any person, unless exempted by our Board of Directors, from acquiring or holding, directly or indirectly, applying attribution rules under the Code, shares of our capital stock in excess of 9.8% in number of shares or value, whichever is more restrictive, of the aggregate of the outstanding shares of our stock or 9.8% of the number of shares or value, whichever is more restrictive, of the shares of our outstanding Common Stock. Pursuant to our charter, our Board of Directors has the power to increase or decrease the percentage of stock that a person may beneficially or constructively own. However, any decreased stock ownership limit will not apply to any person whose percentage ownership of our stock is in excess of such decreased stock ownership limit until that person's percentage ownership of our stock equals or falls below the decreased stock ownership limit. Until such a person's percentage ownership of our stock falls below such decreased stock ownership limit, any further acquisition of stock will be in violation of the decreased stock ownership limit.

Our charter further prohibits (1) any person from beneficially or constructively owning our stock that (i) would result in us being "closely held" under Section 856(h) of the Code (without regard to whether the shares are owned during the last half of a taxable year), (ii) would cause us to constructively own 10% or more of the ownership interests in a tenant of our real property within the meaning of Section 856(d)(2)(B) of the Code or (iii) would otherwise cause us to fail to qualify as a REIT, or (2) any person from transferring our stock if such transfer would result in our stock being beneficially owned by fewer than 100 persons. Any person who acquires or attempts or intends to acquire beneficial or constructive ownership of our stock that will or may violate any of the foregoing restrictions on transfer and ownership, or who is the intended transferee of shares of our stock that are transferred to the trust (as described below), is required to give written notice immediately to us or, in the event of a proposed or attempted transfer, at least 15 days prior written notice to us and provide us with such other information as we may request in order to determine the effect of such transfer on our qualification as a REIT. The foregoing restrictions on transfer and ownership will not apply if our Board of Directors determines that it is no longer in our best interests to attempt to qualify, or to continue to qualify, as a REIT or that compliance with such restrictions is no longer required in order for us to qualify as a REIT.

[Table of Contents](#)

Our Board of Directors, in its sole discretion, may exempt, prospectively or retroactively, a person from each of the foregoing restrictions except those listed under (1)(i), (iii) and (2) in the preceding paragraph. The person seeking an exemption must provide such representations, covenants and undertakings as our Board of Directors may deem appropriate to conclude that granting the exemption will not cause us to lose our qualification as a REIT. Our Board of Directors may also require a ruling from the Internal Revenue Service or an opinion of counsel in order to determine or ensure our qualification as a REIT in the context of granting such exemptions. Our Board of Directors has waived the 9.8% ownership limit and the restrictions listed under (1)(ii) in the preceding paragraph for Urban Partners II, LLC, an affiliate of CIM Group, which we refer to as Urban II, CIM Urban REIT, LLC, which we refer to as CIM REIT, CIM Urban Partners GP, LLC, the Manager and persons owning a direct or indirect interest in Urban II, CIM REIT, CIM Urban Partners GP, LLC or the Manager.

Any attempted transfer of shares of our stock which, if effective, would result in a violation of the foregoing restrictions will cause the number of shares of our stock causing the violation (rounded up to the nearest whole share) to be automatically transferred to a trust for the benefit of one or more charitable beneficiaries, and the proposed transferee will not acquire any rights in such stock. The automatic transfer will be deemed to be effective as of the close of business on the business day (as defined in our charter) prior to the date of the transfer. If, for any reason, the transfer to the trust does not occur or would not prevent a violation of the restrictions on transfer and ownership contained in our charter, our charter provides that the purported transfer will be treated as invalid from the outset. Shares of stock held in the trust will be issued and outstanding shares. The proposed transferee will not benefit economically from ownership of any stock held in the trust, will have no rights to dividends and no

rights to vote or other rights attributable to the shares of stock held in the trust. The trustee of the trust will have all voting rights and rights to dividends or other distributions with respect to shares held in the trust. These rights will be exercised for the exclusive benefit of the charitable beneficiary. Any dividend or other distribution paid prior to our discovery that shares of our stock have been transferred to the trust will be paid by the recipient to the trustee upon demand. Any dividend or other distribution authorized but unpaid will be paid when due to the trustee. Any dividend or other distribution paid to the trustee will be held in trust for the charitable beneficiary. Subject to Maryland law, the trustee will have the authority to rescind as void any vote cast by the proposed transferee prior to our discovery that the shares have been transferred to the trust and to recast the vote in accordance with the desires of the trustee acting for the benefit of the charitable beneficiary. However, if we have already taken irreversible corporate action, then the trustee will not have the authority to rescind and recast the vote.

Within 20 days of receiving notice from us that shares of our stock have been transferred to the trust, the trustee will sell the shares to a person designated by the trustee, whose ownership of the shares will not violate the above ownership limitations. Upon such sale, the interest of the charitable beneficiary in the shares sold will terminate and the trustee will distribute the net proceeds of the sale to the proposed transferee and to the charitable beneficiary as follows: the proposed transferee will receive the lesser of (1) the price paid by the proposed transferee for the shares, or, if the proposed transferee did not give value for the shares in connection with the event causing the shares to be held in the trust (e.g., a gift, devise or other similar transaction), the market price (as defined in our charter) of the shares on the day of the event causing the shares to be held in the trust and (2) the price per share received by the trustee from the sale or other disposition of the shares. The trustee may reduce the amount payable to the proposed transferee by the amount of dividends and other distributions paid to the proposed transferee and owned by the proposed transferee to the trust.

Any net sale proceeds in excess of the amount payable to the proposed transferee will be paid immediately to the charitable beneficiary. If, prior to our discovery that our stock have been transferred to the trust, the shares are sold by the proposed transferee, then (1) the shares shall be deemed to have been sold on behalf of the trust and (2) to the extent that the proposed transferee received an amount for the shares that exceeds the amount the proposed transferee was entitled to receive, the excess shall be paid to the trustee upon demand.

In addition, shares of our stock held in the trust will be deemed to have been offered for sale to us, or our designee, at a price per share equal to the lesser of the price per share in the transaction that resulted in the transfer to the trust (or, in the case of a devise or gift, the market price at the time of the devise or gift) and the market price on the date we, or our designee, accept the offer. We may reduce the amount payable to the proposed transferee by the amount of dividends and other distributions paid to the proposed transferee and owned by the proposed transferee to the trust. We will have the right to accept the offer until the trustee has sold the shares. Upon a sale to us, the interest of the charitable beneficiary in the shares sold will terminate, and the trustee will distribute the net proceeds of the sale to the proposed transferee.

[Table of Contents](#)

Every owner of more than 5% (or such lower percentage as required by the Code or the regulations promulgated thereunder) in number or in value of the outstanding shares of our stock, including our Common Stock, within 30 days after the end of each taxable year, will be required to give written notice to us stating the name and address of such owner, the number of shares of each class and series of shares of our stock that the owner beneficially owns and a description of the manner in which the shares are held. Each owner shall provide to us such additional information as we may request to determine the effect, if any, of the beneficial ownership on our qualification as a REIT and to ensure compliance with the ownership limitations. In addition, each beneficial or constructive owner and each person who is holding shares of our stock for such owner will, upon demand, be required to provide to us such information as we may request to determine our qualification as a REIT and to comply with the requirements of any taxing authority or governmental authority or to determine such compliance and to ensure compliance with the ownership limits.

These ownership limitations could delay, defer or prevent a transaction or a change in control that might involve a premium price for our Common Stock or might otherwise be in the best interests of our stockholders.

Transfer Agent and Registrar

We expect the transfer agent and registrar for our shares of Series L Preferred Stock to be Computershare Trust Company, N.A. American Stock Transfer and Trust Company currently acts as the transfer agent and registrar for our Common Stock, Series A Preferred Stock and Series A Warrants.

[Table of Contents](#)

CERTAIN PROVISIONS OF THE MARYLAND GENERAL CORPORATION LAW AND OUR CHARTER AND BYLAWS

The following summary of certain provisions of the MGCL and our charter and bylaws contains the material terms of our charter and bylaws and is subject to, and qualified in its entirety by, reference to the MGCL and to our charter and bylaws. Our charter and bylaws are incorporated by reference as exhibits to the registration statement of which this prospectus forms a part.

Our Board of Directors

Our charter and bylaws provide that the number of directors may be established, increased or decreased by a majority of our entire Board of Directors, but may not be fewer than the minimum number required by the MGCL (which currently is one) or, unless our bylaws are amended, more than 25. Any vacancy on our Board of Directors, whether resulting from an increase in the number of directors or otherwise, may only be filled by the affirmative vote of a majority of the remaining directors, even if such a majority constitutes less than a quorum. Except as may be provided with respect to any class or series of our stock, at each annual meeting of our stockholders, each of our directors will be elected by the holders of our Common Stock to serve until the next annual meeting of our stockholders and until his or her successor is duly elected and qualifies.

Removal of Directors

Our charter provides that, subject to the rights of holders of one or more classes or series of preferred stock, a director may be removed with or without cause and by the affirmative vote of at least two-thirds of the votes entitled to be cast by our stockholders generally in the election of our directors. This provision, when coupled with the exclusive power of our Board of Directors to fill vacant directorships, may preclude stockholders from removing incumbent directors except by a substantial affirmative vote and filling the vacancies created by such removal with their own nominees.

Limitation of Liability and Indemnification

Maryland law permits a Maryland corporation to include in its charter a provision eliminating the liability of its directors and officers to the corporation and its stockholders for money damages except for liability resulting from (a) actual receipt of an improper benefit or profit in money, property or services or (b) active or deliberate dishonesty established in a judgment or other final adjudication to be material to the cause of action. Our charter contains a provision that eliminates the liability of our directors and officers to the maximum extent permitted by Maryland law.

Maryland law requires a Maryland corporation (unless its charter provides otherwise, which our charter does not) to indemnify a director or officer who has been successful, on the merits or otherwise, in the defense of any proceeding to which he or she is made, or threatened to be made, a party by reason of his or her service in that capacity. Maryland law permits a Maryland corporation to indemnify its present and former directors and officers, among others, against judgments, penalties, fines, settlements and reasonable expenses actually incurred by them in connection with any proceeding to which they may be made or threatened to be made a party by reason of their service in those or other capacities unless it is established that:

- an act or omission of the director or officer was material to the matter giving rise to the proceeding and
 - was committed in bad faith or
 - was the result of active and deliberate dishonesty;
- the director or officer actually received an improper personal benefit in money, property or services; or
- in the case of any criminal proceeding, the director or officer had reasonable cause to believe that the act or omission was unlawful.

However, under Maryland law, a Maryland corporation may not indemnify for an adverse judgment in a suit by or in the right of the corporation or for a judgment of liability on the basis that personal benefit was improperly received, unless in either case a court orders indemnification and then only for expenses. In addition, Maryland law permits a Maryland corporation to advance reasonable expenses to a director or officer upon the corporation's receipt of:

- a written affirmation by the director or officer of his or her good faith belief that he or she has met the standard of conduct necessary for indemnification by the corporation; and

- a written undertaking by the director or officer or on the director's or officer's behalf to repay the amount paid or reimbursed by the corporation if it is ultimately determined that the director or officer did not meet the standard of conduct.

Our charter and bylaws obligate us, to the maximum extent permitted by Maryland law, to indemnify and, without requiring a preliminary determination of the ultimate entitlement to indemnification, pay or reimburse reasonable expenses in advance of final disposition of a proceeding to:

- any present or former director or officer who is made, or threatened to be made, a party to, or witness in, the proceeding by reason of his or her service in that capacity; or
- any individual who, while a director or officer of our Company and at our Company's request, serves or has served another corporation, real estate investment trust, limited liability company, partnership, joint venture, trust, employee benefit plan or any other enterprise as a director, officer, trustee, member, manager or partner and who is made, or threatened to be made, a party to, or witness in, the proceeding by reason of his or her service in that capacity.

Our charter and bylaws also permit us, subject to approval from our Board of Directors, to indemnify and advance expenses to any person who served a predecessor of our Company in any of the capacities described above and to any employee or agent of our Company or a predecessor of our Company.

Indemnification Agreements

We have entered into indemnification agreements with each of our directors and named executive officers. Each Indemnification Agreement provides that we will indemnify and hold harmless each such director or named executive officer to the fullest extent permitted by law.

Business Combinations

Under the MGCL, certain "business combinations," including a merger, consolidation, statutory share exchange or, in certain circumstances, an asset transfer or issuance or reclassification of equity securities, between a Maryland corporation and an "interested stockholder" or an affiliate of such an interested stockholder, are prohibited for five years after the most recent date on which the interested stockholder becomes an interested stockholder. An "interested stockholder" is, generally, any person who beneficially owns, directly or indirectly, 10% or more of the voting power of the corporation's outstanding voting shares or an affiliate or associate of the corporation who, at any time within the two-year period prior to the date in question, was the beneficial owner, directly or indirectly, of 10% or more of the voting power of the then outstanding voting shares of the corporation.

After such five-year period, any such business combination must be recommended by the board of directors of the corporation and approved by the affirmative vote of at least (a) 80% of the votes entitled to be cast by holders of outstanding voting shares of the corporation and (b) two-thirds of the votes entitled to be cast by holders of voting shares of the corporation other than shares held by the interested stockholder with whom (or with whose affiliate) the business combination is to be effected or held by an affiliate or associate of the interested stockholder, unless, among other conditions, the corporation's common stockholders receive a minimum price (as defined in the MGCL) for their shares and the consideration is received in cash or in the same form as previously paid by the interested stockholder for its shares.

Under the MGCL, a person is not an "interested stockholder" if the board of directors approved in advance the transaction by which the person otherwise would have become an interested stockholder. A corporation's board of directors may provide that its approval is subject to compliance with any terms and conditions determined by it.

We have elected to opt out of these provisions of the MGCL by resolution of our Board of Directors. However, our Board of Directors may by resolution elect to repeal the foregoing opt-outs from the business combination provisions of the MGCL.

Control Share Acquisitions

The MGCL provides that a holder of "control shares" of a Maryland corporation acquired in a "control share acquisition" has no voting rights with respect to such shares except to the extent approved by the affirmative vote of two-thirds of the votes entitled to be cast on the matter, excluding any of the following persons entitled to exercise or direct the exercise of the voting power of such shares in the election of directors: (1) a person who makes or proposes to make a control share acquisition, (2) an officer of the corporation or (3) an employee of the corporation who is also a director of the corporation. "Control shares" are

voting shares of stock that, if aggregated with all other such shares previously acquired, directly or indirectly, by the acquirer, or in respect of which the acquirer is able to exercise or direct the exercise of voting power (except solely by virtue of a revocable proxy), would entitle the acquirer to exercise voting power in electing directors within one of the following ranges of voting power: (A) one-tenth or more but less than one-third, (B) one-third or more but less than a majority or (C) a majority or more of all voting power.

Control shares do not include shares that the acquiring person is then entitled to vote as a result of having previously obtained stockholder approval or shares acquired directly from the corporation. A “control share acquisition” means the acquisition, directly or indirectly, of ownership of, or the power to direct the exercise of voting power with respect to, issued and outstanding control shares, subject to certain exceptions.

A person who has made or proposes to make a control share acquisition, upon satisfaction of certain conditions (including an undertaking to pay expenses and making an acquiring person statement (as described in the MGCL)), may compel the board of directors to call a special meeting of stockholders to be held within 50 days of demand to consider the voting rights of the control shares. If no request for a meeting is made, the corporation may itself present the question at any stockholders’ meeting.

If voting rights of control shares are not approved at the meeting or if the acquiring person does not deliver an “acquiring person statement” as required by the statute, then, subject to certain conditions and limitations, the corporation may redeem any or all of the control shares (except those for which voting rights have previously been approved) for fair value determined, without regard to the absence of voting rights for the control shares, as of the date of any meeting of stockholders at which the voting rights of such shares are considered and not approved or, if no such meeting is held, as of the date of the last control share acquisition. If voting rights for control shares are approved at a stockholders’ meeting and the acquirer becomes entitled to vote a majority of the shares entitled to vote, all other stockholders may exercise appraisal rights. The fair value of the shares as determined for purposes of such appraisal rights may not be less than the highest price per share paid by the acquirer in the control share acquisition.

The control share acquisition statute does not apply to (a) shares acquired in a merger, consolidation or share exchange if the corporation is a party to the transaction or (b) acquisitions approved or exempted by the charter or bylaws of the corporation.

We have elected to opt out of these provisions of the MGCL pursuant to a provision in our bylaws. However, we may, by amendment to our bylaws, opt in to the control share provisions of the MGCL in the future.

Subtitle 8

Subtitle 8 of Title 3 of the MGCL permits a Maryland corporation with a class of equity securities registered under the Exchange Act and at least three independent directors to elect to be subject, by provision in its charter or bylaws or a resolution of its board of directors and notwithstanding any contrary provision in the charter or bylaws, to any or all of the following five provisions:

- a classified board consisting of three classes;
- a two-thirds vote requirement for removing a director;
- a requirement that the number of directors be fixed only by vote of the directors;
- a requirement that a vacancy on the board be filled only by the remaining directors and for the remainder of the full term of the class of directors in which the vacancy occurred; or
- a majority stockholder vote requirement for the calling of a stockholder-requested special meeting of stockholders.

[Table of Contents](#)

Our charter provides that, except as may be provided by our Board of Directors in setting the terms of any class or series of stock, we elect to be subject to the provisions of Subtitle 8 relating to the filling of vacancies on our Board of Directors. Through provisions in our charter and bylaws unrelated to Subtitle 8, we already (1) require a two-thirds vote for the removal of any director from the Board of Directors, (2) vest in the Board of Directors the exclusive power to fix the number of directorships, subject to limitations set forth in our charter and bylaws, and (3) require, unless called by the chairman of our Board of Directors, our president, our chief executive officer or our Board of Directors, the request of stockholders entitled to cast not less than a majority of all votes entitled to be cast on a matter at such meeting to call a special meeting. We have not elected to classify our board.

Dissolution, Amendment to the Charter and Other Extraordinary Actions

Under the MGCL, a Maryland corporation generally cannot dissolve, amend its charter, merge, sell all or substantially all of its assets, engage in a share exchange or convert into another entity unless declared advisable by the board of directors and approved by the affirmative vote of stockholders entitled to cast at least two-thirds of the votes entitled to be cast on the matter. However, a Maryland corporation may provide in its charter for approval of these matters by a lesser percentage, but not less than a majority of all of the votes entitled to be cast on the matter. Our charter provides for approval of any of these matters by the affirmative vote of stockholders entitled to cast a majority of the votes entitled to be cast on such matters, except that the affirmative vote of stockholders entitled to cast at least two-thirds of the votes entitled to be cast on such matter is required to amend the provisions of our charter relating to the removal of directors, the indemnification of our officers and directors, restrictions on ownership and transfer of our stock or the vote required to amend such provisions. Maryland law also permits a Maryland corporation to transfer all or substantially all of its assets without the approval of the stockholders of the corporation to an entity if all of the equity interests of the entity are owned, directly or indirectly, by the corporation. Because our operating assets may be held by our operating partnership or its subsidiaries, these subsidiaries may be able to merge or transfer all or substantially all of their assets without the approval of our stockholders.

Meetings of Stockholders

Under our bylaws, annual meetings of holders of our Common Stock must be held each year at a date, time and place determined by our Board of Directors. Special meetings of holders of our Common Stock may be called by the chairman of our Board of Directors, our chief executive officer, our president and our Board of Directors. Subject to the provisions of our bylaws, a special meeting of stockholders to act on any matter that may properly be considered at a meeting of stockholders must be called by our secretary upon the written request of stockholders entitled to cast a majority of all of the votes entitled to be cast on the matter at such meeting who have requested the special meeting in accordance with the procedures specified in our bylaws and provided the information and certifications required by our bylaws. Only matters set forth in the notice of a special meeting of stockholders may be considered and acted upon at such a meeting.

Advance Notice of Director Nominations and New Business

Our bylaws provide that with respect to an annual meeting of stockholders, nominations of persons for election to our Board of Directors and the proposal of business to be considered by stockholders may be made only (1) pursuant to our notice of the meeting, (2) by or at the direction of our Board of Directors, or (3) by a holder of our Common Stock who was a stockholder of record at the time of giving notice and at the time of our annual meeting, who is entitled to vote at the meeting and who has complied with the advance notice procedures set forth in our bylaws. Our bylaws provide that with respect to special meetings of our stockholders, only the business specified in our notice of meeting may be brought before the meeting, and nominations of persons for election to our Board of Directors may be made only (a) by or at the direction of our Board of Directors, or (b) provided that the special meeting has been called in accordance with our bylaws for the purpose of electing directors, by any holder of our Common Stock who was a stockholder of record at the time of giving notice and at the time of the special meeting, who is entitled to vote at the meeting and who has complied with the advance notice procedures set forth in our bylaws.

[Table of Contents](#)

POLICIES WITH RESPECT TO CERTAIN ACTIVITIES

The following is a discussion of our investment policies and our policies with respect to certain other activities. These policies may be amended or revised from time to time by our Board of Directors without a vote of our stockholders.

Investment in Real Estate or Interests in Real Estate

Our investment strategy is to continue to primarily invest in Class A and creative office investments in vibrant and improving urban communities throughout the United States in a manner that will allow us to increase our net asset value, and cash flows per share of Common Stock. Our investment strategy is centered around CIM's community qualification process. We believe this strategy provides us with a significant competitive advantage when making urban real estate investments. The qualification process generally takes between six months and five years and is a critical component of CIM's investment evaluation. CIM examines the characteristics of a market to determine whether the district justifies the extensive efforts CIM undertakes in reviewing and making potential investments in its Qualified Communities. Qualified Communities generally fall into one of two categories: (i) transitional urban districts that have dedicated resources to become vibrant urban communities and (ii) well-established, thriving urban areas (typically major central business districts). Qualified Communities are distinct districts which have dedicated resources to become or are currently vibrant communities where people can live, work, shop and be entertained-all within walking distance or close proximity to public transportation. These areas also generally have high barriers to entry, high population density, improving demographic trends and a propensity for growth. CIM believes that a vast majority of the risks associated with making real asset investments are mitigated by accumulating local market knowledge of the community where the investment lies. CIM typically spends significant time and resources qualifying targeted investment communities prior to making

any acquisitions. Since 1994, CIM Group has qualified 105 communities and has deployed capital in 63 of these Qualified Communities. Although we may not invest exclusively in Qualified Communities, it is expected that most of our investments will be identified through this systematic process. Our investments may also include side-by-side investments in one or more CIM Group-managed funds as well as a side-by-side or direct investment in a CIM Group-managed debt fund that principally originates loans secured directly or indirectly by commercial real estate properties. Further, as part of our investment strategy, we may invest in or originate loans that are secured directly or indirectly by properties primarily located in Qualified Communities that meet our investment strategy.

As a matter of prudent management, we also regularly evaluate each investment within our portfolio as well as our strategies. Such review may result in dispositions when an investment no longer fits our overall objectives or investment strategies or when our view of the market value of such investment is equal to or exceeds its intrinsic value. As a result of such review, we sold an office building in Santa Ana, California in November 2015, a hotel in Oakland, California in February 2016, a hotel in Los Angeles, California in July 2016 and an office building in San Francisco, California, in March 2017. Such review is likely to result in additional dispositions in 2017. The net proceeds of such dispositions may be used to provide liquidity to our common stockholders at prices reflecting our net asset value and cash flow prospects.

In addition to the business described above, through the Small Business Administration's, or the SBA's, 7(a) Guaranteed Loan Program, which we refer to as the SBA 7(a) Program, we are a national lender that primarily originates loans to small businesses. We sell the portion of the loan that is guaranteed by the SBA. We identify loan origination opportunities through personal contacts, internet referrals, attendance at trade shows and meetings, direct mailings, advertisements in trade publications and other marketing methods. We also generate loans through referrals from real estate and loan brokers, franchise representatives, existing borrowers, lawyers and accountants.

Other than as described above, we have no current plan to invest in debt or equity securities of other REITs, other entities engaged in real estate activities or securities of other issuers where such investment would be inconsistent with our investment objectives. However, subject to the percentage of ownership limitations and the income and asset tests necessary for REIT qualification, we may make such investments in the future, including for the purpose of exercising control over such entities. We have no current plan to invest in entities that are not engaged in real estate activities. We have not engaged in trading or underwriting of securities, and do not intend to do so as of the date of this prospectus.

While we seek to provide quarterly cash dividends and achieve long-term capital appreciation through increases in the value of our investments, we have not established a specific policy regarding the relative priority of these investment objectives.

We currently have substantial borrowing capacity, and will likely finance our future activities through one or more of the following methods: (i) offerings of shares of Common Stock, preferred stock, senior unsecured securities, and/or other equity and debt securities; (ii) credit facilities and term loans; (iii) the addition of senior recourse or non-recourse debt using target acquisitions as well as existing investments as collateral; (iv) the sale of existing investments; and/or (v) cash flows from operations. During the prior three years, we have not offered our Common Stock or other securities in exchange for property, but may engage in such activities in the future. We expect to employ leverage levels that are comparable to those of other commercial REITs engaged in business strategies similar to our own.

[Table of Contents](#)

Subject to the limitations described in the "Risk Factors" section in our most recent Annual Report on Form 10-K for the year ended December 31, 2016, we believe that our insurance policy specifications and insured limits are appropriate and adequate given the relative risk of loss and the cost of the coverage.

As of March 31, 2017, the Company had a total of \$39,362,000 in future obligations under leases to fund tenant improvements and other future construction obligations. As of March 31, 2017, \$12,647,000 was funded to reserve accounts included in restricted cash on our consolidated balance sheet for these tenant improvement obligations in connection with the mortgage loan agreements entered into June 2016. Aside from these contractual obligations, as of the date of this prospectus, the Company has no current active plans for major renovation, improvement or development of the Company's properties, other than ongoing repair and maintenance. However, we may in the future decide to engage in such activities.

Investments in Real Estate Mortgages

See "—Investment in Real Estate or Interests in Real Estate" above.

Investments in Securities of or Interests in Persons Primarily Engaged in Real Estate Activities and Investments in Other Securities

See "—Investment in Real Estate or Interests in Real Estate" above.

Conflicts of Interest

Our governing instruments do not restrict any of our directors, officers, stockholders or affiliates from having a pecuniary interest in an investment or transaction in which we have an interest or from conducting, for their own account, business activities of the type we conduct. However, our code of business conduct and ethics contains a conflicts of interest policy that requires our directors, officers and employees, as well as employees, officers, directors and members of CIM and its affiliates who provide services to us, to avoid any conflict, or the appearance of a conflict between their personal interest and the interests of the Company and to advance the legitimate interest of the Company. Persons subject to our code of business conduct and ethics are prohibited from (i) taking for themselves personally (or direct to a third party) opportunities, including investment opportunities, discovered through the use of their positions with the Company or through use of the Company's property or information, (ii) using the Company's property, information or position for their personal gain or the gain of a family member or (iii) competing or preparing to compete with the Company.

Additionally, our Board of Directors has adopted a written related person transaction policy. Under the policy, a "Related Person Transaction" includes certain transactions, arrangements or relationships (or any series of similar transactions, arrangements or relationships) in which the Company (including any of its subsidiaries) was, is or will be a participant, and in which a related person had, has or will have a direct or indirect material interest.

A "Related Person" is:

Any person who was in any of the following categories during the applicable period:

- a director or nominee for director;
- any executive officer; or
- any immediate family member of a director or executive officer, or of any nominee for director, which means any child, stepchild, parent, stepparent, spouse, sibling, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law, or sister-in-law of the director, executive officer, or nominee for director and any person (other than a tenant or employee) sharing the household of such security holder.

Any person who was in any of the following categories when a transaction in which such person had a direct or indirect material interest occurred or existed:

- any person who is known to the Company to be the beneficial owner of more than 5% of our Common Stock; and

[Table of Contents](#)

- any immediate family member of any such security holder, which means any child, stepchild, parent, stepparent, spouse, sibling, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law, or sister-in-law of such security holder and any person (other than a tenant or employee) sharing the household of such security holder.

A person who has a position or relationship within a firm, corporation or other entity that engages in a transaction with the Company will not be deemed to have an "indirect material interest" within the meaning of "Related Person Transaction" when the interest arises only:

- from such person's position as a director of another corporation or organization that is a party to the transaction;
- from the direct or indirect ownership by such person and all other persons specified in the definition of "Related Person" in the aggregate of less than 10% equity interest in another person (other than a partnership) which is a party to the transaction;
- from both such position and ownership; or
- from such person's position as a limited partner in a partnership in which the person and all other persons specified in the definition of "Related Person" have an interest of less than 10%, and the person is not a general partner of and does not hold another position in the partnership.

Each of the Company's executive officers is encouraged to help identify any potential Related Person Transaction. If a new Related Person Transaction is identified, it will initially be brought to the attention of the Chief Financial Officer, who will

then prepare a recommendation to our Board of Directors and/or a committee thereof regarding whether the proposed transaction is reasonable and fair to the Company.

A committee comprised solely of independent directors, who are also independent of the Related Person Transaction in question, will determine whether to approve a Related Person Transaction. In general, the committee will only approve or ratify a Related Person Transaction if it determines, among other things, that the Related Person Transaction is reasonable and fair to the Company.

[Table of Contents](#)

MATERIAL U.S. FEDERAL INCOME TAX CONSEQUENCES

The following discussion summarizes the taxation of CIM Commercial and the material U.S. federal income tax consequences to non-U.S. stockholders (as defined below) of acquiring, holding and disposing of our Series L Preferred Stock and Common Stock received upon redemption of Series L Preferred Stock. This discussion is for your general information only. For purposes of this section under the heading “Material U.S. Federal Income Tax Consequences,” references to “CIM Commercial” mean only CIM Commercial Trust Corporation and not its subsidiaries or other lower-tier entities, except as otherwise indicated. This summary is not tax advice. The tax treatment of a holder will vary depending upon the holder’s particular situation, and this summary addresses only holders that hold these securities as capital assets and does not deal with all aspects of taxation that may be relevant to particular holders in light of their personal investment or tax circumstances. **This summary also does not address U.S. holders of Series L Preferred Stock and Common Stock.**

This summary is based on the Code, its legislative history, existing and proposed regulations under the Code, published rulings and court decisions. This summary describes the provisions of these sources of law only as they are currently in effect. All of these sources of law may change at any time, and any change in the law may apply retroactively. Changes in U.S. federal, state and local tax laws or regulations, with or without retroactive application, could have a negative effect on us. New legislation, U.S. Treasury regulations, administrative interpretations or court decisions could significantly and negatively affect our ability to qualify to be taxed as a REIT and/or the U.S. federal income tax consequences to our investors and to us of such qualification. In addition, recent events and the shortfall in tax revenues for states and municipalities in recent years may lead to an increase in the frequency and size of such tax law changes. Even changes that do not impose greater taxes on us could potentially result in adverse consequences to our stockholders. For example, a decrease in corporate tax rates could decrease the attractiveness of the REIT structure relative to companies that are not organized as REITs.

If a partnership holds shares of stock, the U.S. federal income tax treatment of a partner will generally depend on the status of the partner and the tax treatment of the partnership. A partner in a partnership holding shares of stock should consult such partner’s tax advisor with regard to the U.S. federal income tax treatment of an investment in the shares.

We urge you to consult with your own tax advisors regarding the tax consequences to you of acquiring, owning and selling Series L Preferred Stock and Common Stock, including the federal, state, local and non-U.S. tax consequences of acquiring, owning and selling these securities in your particular circumstances and potential changes in applicable laws.

As used in this section, the term “non-U.S. stockholder” means a holder of shares of Series L Preferred Stock or Common Stock who, for U.S. federal income tax purposes, is:

- a nonresident alien individual;
- a non-U.S. corporation;
- a non-U.S. partnership; or
- an estate or trust that in either case is not subject to U.S. federal income tax on a net income basis.

In this section, references to “CIM Commercial stock” or “our stock” include Series L Preferred Stock and Common Stock, unless otherwise specified.

The term “non-U.S. stockholder” does not include a holder of shares of Series L Preferred Stock or Common Stock where:

- the gain of such holder is effectively connected with the conduct of a trade or business within the United States (and, if required by an applicable income tax treaty, such holder maintains a permanent establishment in the United States to which such gain is attributable);

- the holder is a nonresident alien individual present in the United States for 183 days or more during the taxable year of the disposition and certain other requirements are met.

Taxation of CIM Commercial as a REIT

In the opinion of Sullivan & Cromwell LLP, commencing with its taxable year ending December 31, 2014, CIM Commercial has been organized and operated in conformity with the requirements for qualification and taxation as a REIT under the Code for taxable years ending prior to the date hereof, and CIM Commercial's proposed method of operation will enable CIM Commercial to continue to meet the requirements for qualification and taxation as a REIT under the Code for subsequent taxable years. Investors should be aware, however, that opinions of counsel are not binding upon the IRS or any court.

[Table of Contents](#)

In providing its opinion, Sullivan & Cromwell LLP is relying, without independent investigation, as to certain factual matters upon the statements and representations contained in certificates provided to Sullivan & Cromwell LLP with respect to CIM Commercial and its subsidiary that is also a REIT, which we refer to as the REIT Subsidiary.

CIM Commercial's qualification as a REIT under the Code will depend upon the continuing satisfaction by CIM Commercial and, given CIM Commercial's current ownership interests in the REIT Subsidiary, by the REIT Subsidiary, of requirements of the Code relating to qualification for REIT status. Some of these requirements depend upon actual operating results, distribution levels, diversity of stock ownership, asset composition, source of income and record keeping. Accordingly, while CIM Commercial intends to qualify to be taxed as a REIT for U.S. federal income tax purposes, the actual results of CIM Commercial or the REIT Subsidiary for any particular year might not satisfy these requirements. Neither Sullivan & Cromwell LLP nor any other law firm will monitor the compliance of CIM Commercial or the REIT Subsidiary with the requirements for REIT qualification on an ongoing basis.

The sections of the Code applicable to REITs are highly technical and complex. The following discussion summarizes material aspects of these sections of the Code.

As a REIT, CIM Commercial generally will not have to pay U.S. federal corporate income taxes on CIM Commercial's net income that CIM Commercial currently distributes to its stockholders. This treatment substantially eliminates the "double taxation" at the corporate and stockholder levels that generally results from investment in a regular corporation. CIM Commercial's dividends, however, generally will not be eligible for (i) the reduced rates of tax applicable to dividends received by non-corporate holders and (ii) the corporate dividends-received deduction.

However, CIM Commercial may have to pay U.S. federal income tax as follows:

- First, if CIM Commercial has any undistributed REIT taxable income, including undistributed net capital gains, CIM Commercial would have to pay tax at regular corporate rates on such income and gains.
- Second, under certain circumstances, CIM Commercial may have to pay the alternative minimum tax on CIM Commercial's items of tax preference.
- Third, if CIM Commercial has (a) net income from the sale or other disposition of "foreclosure property," as defined in the Code, which is held primarily for sale to customers in the ordinary course of business or (b) other non-qualifying income from foreclosure property, CIM Commercial would have to pay tax at the highest corporate rate on that income.
- Fourth, if CIM Commercial has net income from "prohibited transactions," as defined in the Code, CIM Commercial would have to pay a 100% tax on that income. Prohibited transactions are, in general, certain sales or other dispositions of property, other than foreclosure property, held primarily for sale to customers in the ordinary course of business.
- Fifth, if CIM Commercial should fail to satisfy the 75% gross income test or the 95% gross income test, as discussed below under "Requirements for Qualification—Income Tests," but has nonetheless maintained CIM Commercial's qualification as a REIT because CIM Commercial has satisfied some other requirements, CIM Commercial would have to pay a 100% tax on an amount equal to (a) the gross income attributable to the greater of (i) 75% of CIM Commercial's gross income over the amount of gross income that is qualifying income for purposes of the 75% test, and (ii) 95% of CIM Commercial's gross income over the amount of gross income that is qualifying income for purposes of the 95% test, multiplied by (b) a fraction intended to reflect CIM Commercial's profitability.

- Sixth, if CIM Commercial should fail to distribute during each calendar year at least the sum of (1) 85% of CIM Commercial's REIT ordinary income for that year, (2) 95% of CIM Commercial's REIT capital gain net income for that year and (3) any undistributed taxable income from prior periods, CIM Commercial would have to pay a 4% excise tax on the excess of that required distribution over the sum of the amounts actually distributed and retained amounts on which income tax is paid at the corporate level.

[Table of Contents](#)

- Seventh, if CIM Commercial acquires any asset from a C corporation in certain transactions in which CIM Commercial must adopt the basis of the asset or any other property in the hands of the C corporation as the basis of the asset in the hands of CIM Commercial, and CIM Commercial recognizes gain on the disposition of that asset during the five-year period beginning on the date on which CIM Commercial acquired that asset, then CIM Commercial would have to pay tax on the built-in gain at the highest regular corporate rate.
- Eighth, if CIM Commercial derives "excess inclusion income" from a residual interest in a real estate mortgage investment conduit, or REMIC, or certain interests in a taxable mortgage pool, or TMP, CIM Commercial could be subject to corporate-level U.S. federal income tax at a 35% rate to the extent that such income is allocable to certain types of tax-exempt stockholders that are not subject to unrelated business income tax, such as government entities.
- Ninth, if CIM Commercial receives non-arm's-length income from a TRS (as defined under "Requirements for Qualification—Asset Tests"), or as a result of services provided by a TRS to tenants of CIM Commercial, CIM Commercial would be subject to a 100% tax on the amount of CIM Commercial's non-arm's-length income.
- Tenth, if CIM Commercial fails to satisfy a REIT asset test, as described below, due to reasonable cause and CIM Commercial nonetheless maintains its REIT qualification because of specified cure provisions, CIM Commercial would generally be required to pay a tax equal to the greater of \$50,000 or the highest corporate tax rate multiplied by the net income generated by the nonqualifying assets that caused CIM Commercial to fail such test.
- Eleventh, if CIM Commercial fails to satisfy any provision of the Code that would result in CIM Commercial's failure to qualify as a REIT (other than a violation of the REIT gross income tests or asset tests described below) and the violation is due to reasonable cause, CIM Commercial could retain its REIT qualification but would be required to pay a penalty of \$50,000 for each such failure.

Requirements for Qualification

The Code defines a REIT as a corporation, trust or association:

- that is managed by one or more trustees or directors;
- the beneficial ownership of which is evidenced by transferable shares, or by transferable certificates of beneficial interest;
- that would otherwise be taxable as a U.S. corporation, but for the sections of the Code defining and providing special rules for REITs;
- that is neither a financial institution nor an insurance company to which certain provisions of the Code apply;
- the beneficial ownership of which is held by 100 or more persons;
- during the last half of each taxable year, not more than 50% in value of the outstanding stock of which is owned, directly or constructively, by five or fewer individuals, as defined in the Code to include certain entities (the "not closely held requirement"); and
- that meets certain other tests, including tests described below regarding the nature of its income and assets.

The Code provides that the conditions described in the first through fourth bullet points above must be met during the entire taxable year and that the condition described in the fifth bullet point above must be met during at least 335 days of a taxable year of 12 months, or during a proportionate part of a taxable year of less than 12 months.

CIM Commercial has satisfied the conditions described in the first through fifth bullet points of the second preceding paragraph and believes that CIM Commercial has also satisfied the condition described in the sixth bullet point of the second preceding paragraph. In addition, CIM Commercial's charter provides for restrictions regarding the ownership and transfer of CIM Commercial stock. These restrictions are intended to, among other things, assist CIM Commercial in continuing to satisfy the share ownership requirements described in the fifth and sixth bullet points of the preceding paragraph. The ownership and transfer restrictions pertaining to CIM Commercial stock are described in this prospectus under the heading "Description of Capital Stock and Securities Offered—Restrictions on Ownership and Transfer."

[Table of Contents](#)

Disregarded Entity Subsidiaries. A corporation that is a qualified REIT subsidiary, or QRS, as defined in the Code, will not be treated as a separate corporation, and all assets, liabilities and items of income, deduction and credit of a QRS of CIM Commercial will be treated as assets, liabilities and items of these kinds of CIM Commercial, unless CIM Commercial makes an election to treat such corporation as a TRS. Thus, in applying the requirements described in this section, CIM Commercial's QRSs (if any) will be ignored, and all assets, liabilities and items of income, deduction and credit of these subsidiaries will be treated as assets, liabilities and items of these kinds of CIM Commercial. References to "disregarded entity subsidiaries" in this section include QRSs.

Investments in Partnerships. If a REIT is a partner in a partnership, U.S. Treasury regulations provide that the REIT will be deemed to own its proportionate share of the assets of the partnership and will be deemed to be entitled to the income of the partnership attributable to that proportionate share. In addition, the character of the assets and gross income of the partnership will retain the same character in the hands of the REIT for purposes of the rules of the Code defining REITs, including satisfying the gross income tests and the asset tests. Thus, CIM Commercial's proportionate share of the assets, liabilities and items of income of any partnership in which CIM Commercial is a partner will be treated as assets, liabilities and items of income of CIM Commercial for purposes of applying the requirements described in this section and actions taken by partnerships in which CIM Commercial owns an interest, either directly or through one or more tiers of partnerships or disregarded entity subsidiaries, can affect CIM Commercial's ability to satisfy the REIT income and asset tests and the determination of whether CIM Commercial has net income from prohibited transactions. See the fourth bullet point under the heading "Taxation of CIM Commercial as a REIT" above for a brief description of prohibited transactions.

Taxable REIT Subsidiaries. A taxable REIT subsidiary, which we refer to as TRS, is any corporation in which a REIT directly or indirectly owns stock, provided that the REIT and that corporation make a joint election to treat that corporation as a TRS. The election can be revoked at any time as long as the REIT and the TRS revoke such election jointly. In addition, if a TRS holds, directly or indirectly, more than 35% of the securities of any other corporation other than a REIT (by vote or by value), then that other corporation is also treated as a TRS. A corporation can be a TRS with respect to more than one REIT.

A TRS is subject to U.S. federal income tax at regular corporate rates (currently a maximum rate of 35%), and may also be subject to state and local taxation. Any dividends paid or deemed paid by any one of CIM Commercial's TRSs will also be taxable, either (1) to CIM Commercial to the extent the dividend is retained by CIM Commercial or (2) to CIM Commercial's stockholders to the extent the dividends received from the TRS are paid to CIM Commercial's stockholders. CIM Commercial may hold more than 10% of the stock of a TRS without jeopardizing its qualification as a REIT under the Code notwithstanding the rule described below under "Asset Tests" that generally precludes ownership of more than 10% of any issuer's securities. However, as noted below, in order for CIM Commercial to qualify as a REIT under the Code, the securities of all of the TRSs in which CIM Commercial has invested either directly or indirectly may not represent more than 20% of the total value of CIM Commercial's assets (25% with respect to CIM Commercial's taxable years ending after December 31, 2009 and on or before December 31, 2017). CIM Commercial believes that the aggregate value of all of CIM Commercial's interests in TRSs has represented less than 20% (and expects that for its taxable years ending after December 31, 2009 and on or before December 31, 2017, has represented and will continue to represent less than 25%) of the total value of CIM Commercial's assets; however, CIM Commercial cannot assure that this will always be true. Other than certain activities related to operating or managing a lodging or health care facility, a TRS may generally engage in any business including the provision of customary or non-customary services to tenants of the parent REIT.

Income Tests. In order to maintain CIM Commercial's qualification as a REIT, CIM Commercial annually must satisfy two gross income requirements.

- First, CIM Commercial must derive at least 75% of its gross income, excluding gross income from prohibited transactions, for each taxable year directly or indirectly from investments relating to real property, mortgages on real property or investments in REIT equity securities, including "rents from real property," as defined in the Code, or from certain types of temporary investments. Rents from real property generally include expenses of CIM Commercial that are paid or reimbursed by tenants.

- Second, at least 95% of CIM Commercial's gross income, excluding gross income from prohibited transactions, for each taxable year must be derived from real property investments as described in the preceding bullet point, dividends, interest and gain from the sale or disposition of stock or securities, or from any combination of these types of sources.

[Table of Contents](#)

Rents that CIM Commercial receives will qualify as rents from real property in satisfying the gross income requirements for a REIT described above only if the rents satisfy several conditions.

- First, the amount of rent must not be based in whole or in part on the income or profits of any person. However, an amount received or accrued generally will not be excluded from rents from real property solely because the rent is based on a fixed percentage or percentages of receipts or sales.
- Second, the Code provides that rents received from a tenant will not qualify as rents from real property in satisfying the gross income tests if CIM Commercial, directly or under the applicable attribution rules, owns a 10% or greater interest in that tenant; except that rents received from a TRS under certain circumstances qualify as rents from real property even if CIM Commercial owns more than a 10% interest in the subsidiary. We refer to a tenant in which CIM Commercial owns a 10% or greater interest as a "related party tenant."
- Third, if rent attributable to personal property leased in connection with a lease of real property is greater than 15% of the total rent received under the lease, then the portion of rent attributable to the personal property will not qualify as rents from real property.
- Finally, for rents received to qualify as rents from real property, except as described below, CIM Commercial generally must not operate or manage the property or furnish or render services to the tenants of the property, other than through an independent contractor from whom CIM Commercial derives no revenue or through a TRS. However, CIM Commercial may directly perform certain services that landlords usually or customarily render when renting space for occupancy only or that are not considered rendered to the occupant of the property.

CIM Commercial does not and will not derive rental income attributable to personal property, other than personal property leased in connection with the lease of real property, the amount of which is less than 15% of the total rent received under the lease.

CIM Commercial directly performs services for some of its tenants. CIM Commercial does not believe that the provision of these services will cause its gross income attributable to these tenants to fail to be treated as rents from real property. If CIM Commercial were to provide services to a tenant of a property of CIM Commercial other than those services landlords usually or customarily provide to tenants of properties of a similar class in the same geographic market when renting space for occupancy only, amounts received or accrued by CIM Commercial for any of these services will not be treated as rents from real property for purposes of the REIT gross income tests. However, the amounts received or accrued for these services will not cause other amounts received with respect to the property to fail to be treated as rents from real property unless the amounts treated as received in respect of the service, together with amounts received for certain management services, exceed 1% of all amounts received or accrued by CIM Commercial during the taxable year with respect to the property. If the sum of the amounts received in respect of the services to tenants and management services described in the preceding sentence exceeds the 1% threshold, then all amounts received or accrued by CIM Commercial with respect to the property will not qualify as rents from real property, even if CIM Commercial provides the impermissible service to some, but not all, of the tenants of the property.

The term "interest" generally does not include any amount received or accrued, directly or indirectly, if the determination of that amount depends in whole or in part on the income or profits of any person. However, an amount received or accrued generally will not be excluded from the term interest solely because the amount of the interest is based on a fixed percentage or percentages of receipts or sales.

From time to time, CIM Commercial may enter into hedging transactions with respect to one or more of CIM Commercial's assets or liabilities. CIM Commercial's hedging activities may include entering into interest rate swaps, caps, and floors, options to purchase these items, and futures and forward contracts. Except to the extent provided by U.S. Treasury regulations, any income CIM Commercial derives from a hedging transaction that is clearly identified as such as specified in the Code, including gain from the sale or disposition of such a hedging transaction, will not constitute gross income for purposes of the 75% or 95% gross income tests, and therefore will be excluded for purposes of these tests, but only to the extent that the transaction hedges indebtedness incurred or to be incurred by us to acquire or carry real estate. Income from any hedging transaction is however, nonqualifying for purposes of the 75% gross income test with respect to transactions entered into on or prior to July 30, 2008. The term "hedging transaction," as used above, generally means any transaction CIM Commercial enters

into in the normal course of its business primarily to manage risk of interest rate or price changes or currency fluctuations with respect to borrowings made or to be made, or ordinary obligations incurred or to be incurred, by CIM Commercial. For transactions entered into after July 30, 2008, the term “hedging transaction” also includes any transaction entered into primarily to manage the risk of currency fluctuations with respect to any item of income or gain that would be qualifying income under the 75% or 95% gross income test (or any property that generates such income or gain), including gain from the termination of such a transaction. The term “hedging transaction” also includes hedges of other hedging transactions described in this paragraph. CIM Commercial intends to structure any hedging transactions in a manner that does not jeopardize its status as a REIT.

[Table of Contents](#)

As a general matter, certain foreign currency gains recognized after July 30, 2008 by CIM Commercial will be excluded from gross income for purposes of one or both of the gross income tests, as follows.

“Real estate foreign exchange gain” will be excluded from gross income for purposes of both the 75% and 95% gross income test. Real estate foreign exchange gain generally includes foreign currency gain attributable to any item of income or gain that is qualifying income for purposes of the 75% gross income test, foreign currency gain attributable to the acquisition or ownership of (or becoming or being the obligor under) obligations secured by mortgages on real property or on interests in real property and certain foreign currency gain attributable to certain qualified business units of a REIT.

“Passive foreign exchange gain” will be excluded from gross income for purposes of the 95% gross income test. Passive foreign exchange gain generally includes real estate foreign exchange gain as described above, and also includes foreign currency gain attributable to any item of income or gain that is qualifying income for purposes of the 95% gross income test and foreign currency gain attributable to the acquisition or ownership of (or becoming or being the obligor under) obligations that would not fall within the scope of the definition of real estate foreign exchange gain.

If CIM Commercial fails to satisfy one or both of the 75% or 95% gross income tests for any taxable year, CIM Commercial may nevertheless qualify as a REIT for that year if CIM Commercial satisfies the requirements of other provisions of the Code that allow relief from disqualification as a REIT. These relief provisions will generally be available if:

- CIM Commercial’s failure to meet the income tests was due to reasonable cause and not due to willful neglect and
- CIM Commercial files a schedule of each item of income in excess of the limitations described above in accordance with regulations to be prescribed by the IRS.

CIM Commercial might not be entitled to the benefit of these relief provisions, however. Even if these relief provisions apply, CIM Commercial would have to pay a tax on the excess income. The tax will be a 100% tax on an amount equal to (a) the gross income attributable to the greater of (i) 75% of CIM Commercial’s gross income over the amount of gross income that is qualifying income for purposes of the 75% test and (ii) 95% of CIM Commercial’s gross income over the amount of gross income that is qualifying income for purposes of the 95% test, multiplied by (b) a fraction intended to reflect CIM Commercial’s profitability.

Asset Tests. CIM Commercial, at the close of each quarter of its taxable year, must also satisfy four tests relating to the nature of its assets.

- First, at least 75% of the value of CIM Commercial’s total assets must be represented by real estate assets, including (a) real estate assets held by CIM Commercial’s disregarded entity subsidiaries (if any), CIM Commercial’s allocable share of real estate assets held by partnerships in which CIM Commercial owns an interest and stock issued by another REIT, (b) for a period of one year from the date of CIM Commercial’s receipt of proceeds of an offering of the shares of CIM Commercial stock or publicly offered debt with a term of at least five years, stock or debt instruments purchased with these proceeds and (c) cash, cash items and government securities.
- Second, not more than 25% of CIM Commercial’s total assets may be represented by securities other than those in the 75% asset class (except that not more than 25% of CIM Commercial’s total assets may be represented by “nonqualified” debt instruments issued by publicly offered REITs).
- Third, not more than 20% of CIM Commercial’s total assets may constitute securities issued by TRSs (25% with respect to CIM Commercial’s taxable years ending after December 31, 2009 and on or before December 31, 2017) and of the investments included in the 25% asset class, the value of any one issuer’s securities, other than equity securities issued by another REIT or securities issued by a TRS, owned by CIM Commercial may not exceed 5% of the value of CIM Commercial’s total assets. In addition, not more than 25% of the value of CIM Commercial’s total

assets may consist of “nonqualified” publicly offered debt issued by a REIT, as defined in Section 856(c)(5)(L) of the Code.

- Fourth, CIM Commercial may not own more than 10% of the vote or value of the outstanding securities of any one issuer, except for issuers that are REITs, disregarded entity subsidiaries or TRSs, or certain securities that qualify under a safe harbor provision of the Code (such as so-called “straight-debt” securities). Solely for the purposes of the 10% value test described above, the determination of CIM Commercial’s interest in the assets of any entity treated as a partnership for U.S. federal income tax purposes in which CIM Commercial owns an interest will be based on CIM Commercial’s proportionate interest in any securities issued by such entity, excluding for this purpose certain securities described in the Code.

[Table of Contents](#)

If the IRS successfully challenges the partnership status of any of the partnerships in which CIM Commercial maintains a more than 10% vote or value interest, and the partnership is reclassified as a corporation or a publicly traded partnership taxable as a corporation, CIM Commercial could lose its REIT status. In addition, in the case of such a successful challenge, CIM Commercial could lose its REIT status if such recharacterization results in CIM Commercial otherwise failing one of the asset tests described above.

Certain relief provisions may be available to CIM Commercial if it fails to satisfy the asset tests described above after a 30-day cure period. Under these provisions, CIM Commercial will be deemed to have met the 5% and 10% REIT asset tests if the value of CIM Commercial’s nonqualifying assets (i) does not exceed the lesser of (a) 1% of the total value of CIM Commercial’s assets at the end of the applicable quarter and (b) \$10,000,000, and (ii) CIM Commercial disposes of the nonqualifying assets within (a) six months after the last day of the quarter in which the failure to satisfy the asset tests is discovered or (b) the period of time prescribed by U.S. Treasury regulations to be issued. For violations due to reasonable cause and not willful neglect that are not described in the preceding sentence, CIM Commercial may avoid disqualification as a REIT under any of the asset tests, after the 30-day cure period, by taking steps including (i) the disposition of the nonqualifying assets to meet the asset test within (a) six months after the last day of the quarter in which the failure to satisfy the asset tests is discovered or (b) the period of time prescribed by U.S. Treasury regulations to be issued, (ii) paying a tax equal to the greater of (a) \$50,000 or (b) the highest corporate tax rate multiplied by the net income generated by the nonqualifying assets, and (iii) disclosing certain information to the IRS.

Annual Distribution Requirements. CIM Commercial, in order to qualify as a REIT, is required to distribute dividends, other than capital gain dividends, to CIM Commercial’s stockholders in an amount at least equal to (1) the sum of (a) 90% of CIM Commercial’s “REIT taxable income,” computed without regard to the dividends paid deduction and CIM Commercial’s net capital gain, and (b) 90% of CIM Commercial’s net after-tax income, if any, from foreclosure property minus (2) the sum of certain items of non-cash income.

In addition, if CIM Commercial acquired an asset from a C corporation in a carryover basis transaction and disposes of such asset within five years of acquiring the asset, CIM Commercial may be required to distribute at least 90% of the after-tax built-in gain, if any, recognized on the disposition of the asset.

These distributions must be paid in the taxable year to which the distributions relate, or in the following taxable year if declared before CIM Commercial timely files its tax return for the year to which the distributions relate and if paid on or before the first regular dividend payment after the declaration. However, for U.S. federal income tax purposes, these distributions that are declared in October, November or December as of a record date in such month and actually paid in January of the following year will be treated as if the distributions were paid on December 31 of the year declared.

To the extent that CIM Commercial does not distribute all of its net capital gain or distributes at least 90%, but less than 100%, of CIM Commercial’s REIT taxable income, as adjusted, CIM Commercial will have to pay tax on the undistributed amounts at regular ordinary and capital gain corporate tax rates. Furthermore, if CIM Commercial fails to distribute during each calendar year at least the sum of (a) 85% of CIM Commercial’s ordinary income for that year, (b) 95% of CIM Commercial’s capital gain net income for that year and (c) any undistributed taxable income from prior periods, CIM Commercial would have to pay a 4% excise tax on the excess of the required distribution over the sum of the amounts actually distributed and retained amounts on which income tax is paid at the corporate level.

CIM Commercial intends to satisfy the annual distribution requirements.

From time to time, CIM Commercial may not have sufficient cash or other liquid assets to meet the 90% distribution requirement due to timing differences between (a) when CIM Commercial actually receives income and when CIM Commercial actually pays deductible expenses and (b) when CIM Commercial includes the income and deducts the expenses in arriving at CIM Commercial’s taxable income. If timing differences of this kind occur, in order to meet the 90% distribution requirement, CIM

Commercial may find it necessary to arrange for short-term, or possibly long-term, borrowings or to pay dividends in the form of taxable stock dividends.

Under certain circumstances, CIM Commercial may be able to rectify a failure to meet the distribution requirement for a year by paying “deficiency dividends” to stockholders in a later year, which may be included in CIM Commercial’s deduction for dividends paid for the earlier year. Thus, CIM Commercial may be able to avoid being taxed on amounts distributed as deficiency dividends; however, CIM Commercial will be required to pay interest based upon the amount of any deduction taken for deficiency dividends.

[Table of Contents](#)

Failure to Qualify as a REIT

If CIM Commercial would otherwise fail to qualify as a REIT because of a violation of one of the requirements described above, CIM Commercial’s qualification as a REIT will not be terminated if the violation is due to reasonable cause and not willful neglect and CIM Commercial pays a penalty tax of \$50,000 for the violation. The immediately preceding sentence does not apply to violations of the income tests described above or a violation of the asset tests described above, each of which have specific relief provisions that are described above.

If CIM Commercial fails to qualify for taxation as a REIT in any taxable year, and the relief provisions do not apply, CIM Commercial will have to pay tax, including any applicable alternative minimum tax, on CIM Commercial’s taxable income at regular corporate rates. CIM Commercial will not be able to deduct distributions to stockholders in any year in which CIM Commercial fails to qualify, nor will CIM Commercial be required to make distributions to stockholders. In this event, to the extent of current and accumulated earnings and profits, all distributions to stockholders will be taxable to the stockholders as dividend income (which may be subject to tax at preferential rates) and corporate distributees may be eligible for the dividends-received deduction if such distributees satisfy the relevant provisions of the Code. Unless entitled to relief under specific statutory provisions, CIM Commercial will also be disqualified from taxation as a REIT for the four taxable years following the year during which qualification was lost. CIM Commercial might not be entitled to the statutory relief described above in all circumstances.

Excess Inclusion Income

If CIM Commercial holds a residual interest in a REMIC or certain interests in a TMP from which CIM Commercial derives “excess inclusion income,” CIM Commercial may be required to allocate such income among its stockholders in proportion to the dividends received by CIM Commercial’s stockholders, even though CIM Commercial may not receive such income in cash. To the extent that excess inclusion income is allocable to a particular stockholder, the income (1) would not be allowed to be offset by any net operating losses otherwise available to the stockholder, (2) would be subject to tax as unrelated business taxable income in the hands of most types of stockholders that are otherwise generally exempt from U.S. federal income tax, and (3) would result in the application of U.S. federal income tax withholding at the maximum rate (30%), without reduction pursuant to any otherwise applicable income tax treaty, to the extent allocable to most types of non-U.S. stockholders.

Taxation of Non-U.S. Stockholders of Series L Preferred Stock or Common Stock

The rules governing U.S. federal income taxation of non-U.S. stockholders are highly technical and complex. The following discussion is only a limited summary of these rules. Prospective non-U.S. stockholders should consult with their own tax advisors to determine the impact of U.S. federal, state and local income tax laws with regard to an investment in our Series L Preferred Stock or Common Stock, including any reporting requirements.

Taxation of Non-U.S. Stockholders of Series L Preferred Stock

Series L Preferred Stock. We do not expect distributions with respect to Series L Preferred Stock to be treated as paid out of CIM Commercial’s earnings and profits if, as currently expected, the sum of the dividends on the Series A Preferred Stock and the Initial Dividend will exceed our earnings and profits for each year. Accordingly, we generally do not expect to withhold on distributions on the Series L Preferred Stock. However, it is possible that earnings and profits will be substantially higher than anticipated. This could occur, for example, if we engage in sales of assets that are not currently contemplated or our earnings and profits otherwise prove to be in excess of what we anticipated. In addition, it is possible distributions on the Series L Preferred Stock could be considered paid out of our earnings and profits if the IRS were to disagree with the manner in which we intend to allocate earnings and profits. Moreover, if the Initial Dividend is set to zero for a year as described in “Description of the Securities—Securities Offered in This Offering—Series L Preferred Stock—Distributions”, we expect that distributions made on the Series L Preferred Stock for such year will be paid out of our earnings and profits, in which case such distributions would be subject to withholding. A non-U.S. stockholder may seek a refund of withheld amounts from the IRS if it is subsequently determined that the distribution was, in fact, not paid out of our current and accumulated earnings and profits.

Return of Capital. Distributions in excess of our current and accumulated earnings and profits, which are not treated as attributable to the gain from our disposition of a U.S. real property interest, generally will not be taxable to a non-U.S. stockholder and, to the extent we reasonably expect that the distribution will not be considered to be paid out of earnings and profits, we will not withhold. Distributions of this kind will instead reduce the adjusted basis of such shares. To the extent that distributions of this kind exceed the non-U.S. stockholder's adjusted basis in such stockholder's shares of Series L Preferred Stock, the distributions will give rise to tax liability only if the non-U.S. stockholder otherwise would have to pay tax on any gain from the sale or disposition of the shares, as described below.

[Table of Contents](#)

In addition, if a non-U.S. stockholder would be taxed upon a sale or exchange of Series L Preferred Stock (see discussion below under "*Sales of Series L Preferred Stock*."), we (or applicable withholding agent) would potentially be required to withhold at least 15% of any distribution in excess of our current and accumulated earnings and profits, even if the non-U.S. stockholder is not liable for U.S. tax on the receipt of that distribution. However, a non-U.S. stockholder may seek a refund of these amounts from the IRS if the non-U.S. stockholder's tax liability with respect to the distribution is less than the amount withheld. Such withholding should generally not be required if a non-U.S. stockholder would not be taxed upon a sale or exchange of Series L Preferred Stock.

Ordinary Dividends. Distributions, other than distributions that are treated as attributable to gain from sales or exchanges by us of U.S. real property interests, as discussed below, and other than distributions designated by us as capital gain dividends, which are not treated as ordinary dividends if paid on a class of our stock that is regularly traded on an established securities market located in the United States and such stock is held by a non-U.S. stockholder who does not own more than 10% of such class of stock at any time during the one year period ending on the date of distribution (see "*Capital Gain Dividends*" below), will be treated as ordinary income to the extent that the distributions are made out of our current or accumulated earnings and profits. A withholding tax equal to 30% of the gross amount of the distribution will ordinarily apply to distributions of this kind to non-U.S. stockholders (other than stockholders described below in "*Qualified Stockholders and Qualified Foreign Pension Funds*"), unless an applicable tax treaty reduces that tax. For example, the Convention between the Government of the United States of America and the Government of the State of Israel with respect to Taxes on Income (the "Israel-U.S. Treaty") provides that an Israeli resident individual who is a beneficial owner of U.S. REIT shares may be eligible for a 10% withholding rate if such individual owns less than a 10% interest in the REIT. The question of whether an individual may claim benefits under the Israel-U.S. Treaty will depend on an individual's specific circumstances.

We expect that it or the required withholding agent will withhold U.S. tax at the rate of 30% on the gross amount of any dividends paid out of our earnings and profits, other than dividends treated as attributable to gain from sales or exchanges of U.S. real property interests and capital gain dividends, paid to a non-U.S. stockholder, unless (a) a lower treaty rate applies and the required form evidencing eligibility for that reduced rate is filed with us or the appropriate withholding agent or (b) the non-U.S. stockholder files an IRS Form W-8ECI or a successor form with us or the appropriate withholding agent claiming that the distributions are effectively connected with the non-U.S. stockholder's conduct of a U.S. trade or business and, in either case, other applicable requirements are met.

If a non-U.S. stockholder receives an allocation of "excess inclusion income" with respect to a REMIC residual interest or an interest in a TMP owned by us, the non-U.S. stockholder would be subject to U.S. federal income tax withholding at the maximum rate of 30% with respect to such allocation, without reduction pursuant to any otherwise applicable income tax treaty.

Dividends (including capital gain dividends described below) authorized by us in October, November, or December of any year and payable to a stockholder of record on a specified date in any of these months will be treated as both paid by us and received by the stockholder on December 31 of that year, provided that we actually pay the dividend on or before January 31 of the following calendar year.

Capital Gain Dividends. Distributions that are attributable to gains from sales or exchanges by us of U.S. real property interests that are paid with respect to any of our stock that is regularly traded on an established securities market located in the United States and held by a non-U.S. stockholder who does not own more than 10% of such class of stock at any time during the one year period ending on the date of distribution will be treated as a normal distribution by us, and such distributions will be taxed as described above in "*Ordinary Dividends*." Although the Series L Preferred Stock will be listed on NASDAQ, we expect that most, if not all, trading in the Series L Preferred Stock will take place on TASE, with the result that the Series L Preferred Stock may not be treated as regularly traded on a U.S. established securities market.

Distributions that are not described in the preceding paragraph that are attributable to gains from sales or exchanges by us of U.S. real property interests will be taxed to a non-U.S. stockholder under the provisions of the Foreign Investment in Real Property Tax Act of 1980, as amended, which we refer to as FIRPTA, except as described below under "*Qualified Stockholders and Qualified Foreign Pension Funds*." Under FIRPTA, these distributions are taxed to a non-U.S. stockholder as if the gains were effectively connected with a U.S. business. Thus, non-U.S. stockholders will be taxed on the distributions at the normal capital

gain rates applicable to U.S. persons, subject to any applicable alternative minimum tax and special alternative minimum tax in the case of individuals, and a 30% branch profits tax may also apply if the stockholder is a non-U.S. corporation. We (or applicable withholding agent) are required by applicable U.S. Treasury regulations under this statute to withhold 35% of any distribution that we could designate as a capital gain dividend. However, if we designate as a capital gain dividend a distribution made before the day we actually effect the designation, then although the distribution may be taxable to a non-U.S. stockholder, withholding would not apply to the distribution under FIRPTA. Rather, we must effect the 35% withholding from distributions made on and after the date of the designation, until the distributions so withheld equal the amount of the prior distribution designated as a capital gain dividend. The non-U.S. stockholder may credit the amount withheld against the non-U.S. stockholder's U.S. tax liability.

[Table of Contents](#)

Distributions to a non-U.S. stockholder that are designated by us at the time of distribution as capital gain dividends that are not attributable to or treated as attributable to the disposition by us of a U.S. real property interest generally will not be subject to U.S. federal income taxation, except as described above.

Sales of Series L Preferred Stock. Gain recognized by a non-U.S. stockholder upon a sale or exchange of Series L Preferred Stock generally would not be taxed even under FIRPTA, if we are a "domestically controlled REIT," defined generally as a REIT, less than 50% in value of the stock of which is and was held directly or indirectly by non-U.S. persons at all times during a specified testing period. We believe that we are a "domestically controlled REIT," and, therefore, assuming that we continue to be a "domestically controlled REIT," that taxation under this statute generally will not apply to the sale of our stock.

If we do not qualify as a "domestically controlled REIT," the tax consequences to a non-U.S. stockholder of a sale of our stock depends upon whether such stock is regularly traded on an established securities market and the amount of such stock that is held by the non-U.S. stockholder. Specifically, a non-U.S. stockholder that holds shares of a class of our stock that is regularly traded on an established securities market will be subject to FIRPTA in respect of a sale of such stock only if the stockholder owned more than 10% of the interests of such class at any time during a specified period. This period is generally the shorter of the period that the non-U.S. stockholder owned such shares or the five-year period ending on the date when the stockholder disposed of the shares. A non-U.S. stockholder that holds shares of a class of our stock that is not traded on an established securities market will be subject to FIRPTA in respect of a sale of such shares if on the date the shares were acquired by the stockholder such shares had a fair market value greater than the fair market value on that date of 5% of the regularly traded class of our outstanding shares with the lowest fair market value. If a non-U.S. stockholder holds a class of our stock that is not regularly traded on an established securities market, and subsequently acquires additional shares of the same class, then all such shares must be aggregated and valued as of the date of the subsequent acquisition for purposes of the 5% test that is described in the preceding sentence. If tax under FIRPTA applies to the gain on the sale of our stock, the same treatment would apply to the non-U.S. stockholder as to U.S. stockholders with respect to the gain, subject to any applicable alternative minimum tax and a special alternative minimum tax in the case of nonresident alien individuals.

Although the Series L Preferred Stock is expected to be listed on TASE and NASDAQ, each of which is an established securities market, there can be no assurances that a sufficient trading market will develop on TASE or NASDAQ in order for the Series L Preferred Stock to be considered "regularly traded" for purposes of this test.

Redemption of Series L Preferred Stock. If a non-U.S. stockholder receives cash on redemption of its Series L Preferred Stock, the redemption will generally be treated as a sale or exchange described under "Taxation of Non-U.S. Stockholders of Series L Preferred Stock—Sale of Series L Preferred Stock." If a non-U.S. stockholder receives Common Stock on redemption, a non-U.S. stockholder generally will not recognize gain or loss in respect of the receipt of Common Stock, unless (i) the fair market value of the Common Stock such non-U.S. stockholder receives is in excess of the liquidation value of the Series L Preferred Stock surrendered, in which case such excess may be treated as a distribution potentially taxable as a dividend, or (ii) a non-U.S. stockholder would have been subject to tax under FIRPTA upon a sale or exchange of Series L Preferred Stock but would not be subject to tax under FIRPTA upon a sale or exchange of the Common Stock received therefor, in which case such non-U.S. stockholder should be treated as receiving the fair value of the Common Stock in an exchange subject to tax as described "Taxation of Non-U.S. Stockholders of Series L Preferred Stock—Sale of Series L Preferred Stock." In addition, even if a non-U.S. stockholder receives cash on redemption, if such non-U.S. stockholder continues to hold equity in us, it is possible the receipt of cash could also be treated as a distribution, which would be taxable as a dividend to the extent the distribution is considered to be paid out of our earnings and profits.

If the Unit Price per share of the Series L Preferred Stock is lower than the price at which the Series L Preferred Stock may be redeemed under certain circumstances (or if a non-U.S. stockholder is considered to have subscribed for its Series L Preferred Stock for less than the Unit Price), this difference in price (the "redemption premium") may be treated as a constructive distribution under Section 305(c) of the Code, unless the redemption premium is less than a statutory de minimis amount.

[Table of Contents](#)

The allocation of our earnings and profits to any constructive distributions described above is unclear. We believe it would be reasonable to take the position that any such constructive distributions should be allocated earnings and profits after the allocation of earnings and profits with respect to distributions on the Series A Preferred Stock, the Initial Dividend, and the Series L Preferred Stock. Accordingly, unless our earnings and profits for a year exceed the sum of the dividends on the Series A Preferred Stock, the Initial Dividend and the dividends on the Series L Preferred Stock for such year, we do not expect to treat any such constructive distributions to be considered paid out of earnings and profits in such year, with the result that we do not expect to withhold on any such distributions in such years. However, it is possible that any such constructive distributions on Series L Preferred Stock could be considered paid out of our earnings and profits if the IRS were to disagree with the manner in which we intend to allocate earnings and profits. The amount of any redemption premium would be subject to withholding as described above as the redemption premium accrues.

Taxation of Non-U.S. Stockholders of Common Stock

Distributions. To the extent that all or a portion of a distribution on Common Stock is treated as having been made out of our earnings and profits, including in respect of the Initial Dividend, a non-U.S. stockholder of Common Stock should be treated as described above in “–Taxation of Non-U.S. Stockholders of Series L Preferred Stock–Ordinary Dividends” or “–Taxation of Non-U.S. Stockholders of Series L Preferred Stock–Capital Gain Dividends,” as the case may be. We believe our Common Stock will be treated as regularly traded on an established securities market located in the United States; however, there can be no assurances that this will be the case.

Share Distributions. We have not made, but in the future may make, distributions to holders of shares of our stock that are paid in shares of our stock. In certain circumstances, these distributions may be intended to be treated as dividends for U.S. federal income tax purposes and, accordingly, would be treated in a manner consistent with the discussion above under “–Taxation of Non-U.S. Stockholders of Series L Preferred Stock–Ordinary Dividends” and “–Taxation of Non-U.S. Stockholders of Series L Preferred Stock–Capital Gain Dividends.” If we (or applicable withholding agent) are required to withhold an amount in excess of any cash distributed along with the shares of our stock, some of the shares that would otherwise be distributed will be retained and sold in order to satisfy such withholding obligations.

Return of Capital. If distributions on Common Stock are not treated as having been made out of our earnings and profits, a non-U.S. stockholder of Common Stock should be treated as described above in “–Taxation of Non-U.S. Stockholders of Series L Preferred Stock–Return of Capital.”

In addition, if a non-U.S. stockholder would be taxed upon a sale or exchange of Series L Preferred Stock (see discussion above under “–Taxation of Non-U.S. Stockholders of Series L Preferred Stock–Sales of Series L Preferred Stock”), we (or applicable withholding agent) would potentially be required to withhold at least 15% of any distribution in excess of our current and accumulated earnings and profits, even if the non-U.S. stockholder is not liable for U.S. tax on the receipt of that distribution. However, a non-U.S. stockholder may seek a refund of these amounts from the IRS if the non-U.S. stockholder’s tax liability with respect to the distribution is less than the amount withheld. Such withholding should generally not be required if a non-U.S. stockholder would not be taxed upon a sale or exchange of our stock. See discussion below under “Sales of CIM Commercial Stock.”

Sales of CIM Commercial Stock. The sale of our stock by a non-U.S. stockholder should be treated as described above in “–Taxation of Non-U.S. Stockholders of Series L Preferred Stock–Sale of Series L Preferred Stock.” We believe our Common Stock will be treated as regularly traded on an established securities market; however, there can be no assurances that this will be the case.

Qualified Stockholders and Qualified Foreign Pension Funds

Our stock will not be treated as a U.S. real property interest subject to FIRPTA if the stock is held directly (or indirectly through one or more partnerships) by a “qualified stockholder” or “qualified foreign pension fund.” Similarly, any distribution made to a “qualified stockholder” or “qualified foreign pension fund” with respect to our stock will not be treated as gain from the sale or exchange of a U.S. real property interest to the extent our stock held by such qualified stockholder or qualified foreign pension fund is not treated as a U.S. real property interest.

[Table of Contents](#)

A “qualified stockholder” generally means a foreign person which (i) (x) is eligible for certain income tax treaty benefits and the principal class of interests of which is listed and regularly traded on at least one recognized stock exchange or (y) a foreign

limited partnership that has an agreement with the United States for the exchange of information with respect to taxes, has a class of limited partnership units which is regularly traded on the New York Stock Exchange or NASDAQ, and such units' value is greater than 50% of the value of all the partnership's units; (ii) is a "qualified collective investment vehicle;" and (iii) maintains certain records with respect to certain of its owners. A "qualified collective investment vehicle" is a foreign person which (i) is entitled, under a comprehensive income tax treaty, to certain reduced withholding rates with respect to ordinary dividends paid by a REIT even if such person holds more than 10% of the stock of the REIT; (ii) (x) is a publicly traded partnership that is not treated as a corporation, (y) is a withholding foreign partnership for purposes of chapters 3, 4 and 61 of the Code, and (z) if the foreign partnership were a United States corporation, it would be a United States real property holding corporation, at any time during the five-year period ending on the date of disposition of, or distribution with respect to, such partnership's interest in a REIT; or (iii) is designated as a qualified collective investment vehicle by the Secretary of the U.S. Treasury and is either fiscally transparent within the meaning of Section 894 of the Code or is required to include dividends in its gross income, but is entitled to a deduction for distribution to a person holding interests (other than interests solely as a creditor) in such foreign person.

Notwithstanding the foregoing, if a foreign investor in a qualified stockholder directly or indirectly, whether or not by reason of such investor's ownership interest in the qualified stockholder, holds more than 10% of our stock, then a portion of the our stock held by the qualified stockholder (based on the foreign investor's percentage ownership of the qualified stockholder) will be treated as a U.S. real property interest in the hands of the qualified stockholder and will be subject to FIRPTA.

A "qualified foreign pension fund" is any trust, corporation, or other organization or arrangement (A) which is created or organized under the law of a country other than the United States, (B) which is established to provide retirement or pension benefits to participants or beneficiaries that are current or former employees (or persons designated by such employees) of one or more employers in consideration for services rendered, (C) which does not have a single participant or beneficiary with a right to more than 5% of its assets or income, (D) which is subject to government regulation and provides annual information reporting about its beneficiaries to the relevant tax authorities in the country in which it is established or operates, and (E) with respect to which, under the laws of the country in which it is established or operates, (i) contributions to such organization or arrangement that would otherwise be subject to tax under such laws are deductible or excluded from the gross income of such entity or taxed at a reduced rate, or (ii) taxation of any investment income of such organization or arrangement is deferred or such income is taxed at a reduced rate.

Backup Withholding and Information Reporting

If you are a non-U.S. stockholder, we and other payors are required to report payments of dividends on IRS Form 1042-S even if the payments are exempt from withholding. However, you are otherwise generally exempt from backup withholding and information reporting requirements with respect to:

- dividend payments and
- the payment of the proceeds from the sale of our stock effected at a U.S. office of a broker,

as long as the income associated with these payments is otherwise exempt from U.S. federal income tax, and:

- the payor or broker does not have actual knowledge or reason to know that you are a U.S. person and you have furnished to the payor or broker:
 - a valid IRS Form W-8BEN or W-8BEN-E, as applicable, or an acceptable substitute form upon which you certify, under penalties of perjury, that you are a non-U.S. person, or
 - other documentation upon which the payor or broker may rely to treat the payments as made to a non-U.S. person in accordance with U.S. Treasury regulations or
- you otherwise establish an exemption.

Payment of the proceeds from the sale of our stock effected at a non-U.S. office of a broker generally will not be subject to information reporting or backup withholding. However, a sale of such shares that is effected at a non-U.S. office of a broker will be subject to information reporting and backup withholding if:

- the proceeds are transferred to an account maintained by you in the United States,
- the payment of proceeds or the confirmation of the sale is mailed to you at a United States address, or
- the sale has some other specified connection with the United States as provided in U.S. Treasury regulations,

unless the broker does not have actual knowledge or reason to know that you are a U.S. person and the documentation requirements described above are met or you otherwise establish an exemption.

[Table of Contents](#)

In addition, a sale of our stock will be subject to information reporting if it is effected at a non-U.S. office of a broker that is:

- a U.S. person,
- a controlled foreign corporation for U.S. federal tax purposes,
- a non-U.S. person 50% or more of whose gross income is effectively connected with the conduct of a U.S. trade or business for a specified three-year period, or
- a non-U.S. partnership, if at any time during its tax year:
 - one or more of such non-U.S. partnership's partners are "U.S. persons," as defined in U.S. Treasury regulations, who in the aggregate hold more than 50% of the income or capital interest in the partnership or
 - such non-U.S. partnership is engaged in the conduct of a U.S. trade or business,

unless the broker does not have actual knowledge or reason to know that you are a United States person and the documentation requirements described above are met or you otherwise establish an exemption. Backup withholding will apply if the sale is subject to information reporting and the broker has actual knowledge that you are a U.S. person.

You generally may obtain a refund of any amounts withheld under the backup withholding rules that exceed your income tax liability by filing a refund claim with the IRS.

FATCA Withholding

Pursuant to Sections 1471 through 1474 of the Code, commonly known as the Foreign Account Tax Compliance Act, which we refer to as FATCA, a 30% withholding tax, which we refer to as FATCA Withholding, may be imposed on certain payments to you or to certain foreign financial institutions, investment funds and other non-U.S. persons receiving payments on your behalf if you or such persons fail to comply with certain information reporting requirements. Such payments will include U.S.-source dividends and the gross proceeds from the sale or other disposition of stock that can produce U.S.-source dividends. Payments of dividends (including deemed dividends) that you receive in respect of our stock could be affected by this withholding if you are subject to the FATCA information reporting requirements and fail to comply with them or if you hold our stock through a non-U.S. person (e.g., a non-U.S. bank or broker) that fails to comply with these requirements (even if payments to you would not otherwise have been subject to FATCA Withholding). However, FATCA Withholding will not apply to payments of gross proceeds from a sale or other disposition of our stock before January 1, 2019. You should consult your own tax advisors regarding the relevant U.S. law and other official guidance on FATCA Withholding.

Federal Estate Taxes

Our stock held by a non-U.S. stockholder at the time of death will be included in the stockholder's gross estate for U.S. Federal estate tax purposes, unless an applicable estate tax treaty provides otherwise.

Other Tax Consequences

State or local taxation may apply to us and our stockholders in various state or local jurisdictions, including those in which we or our stockholders transact business or reside. The state and local tax treatment of us and our stockholders may not conform to the U.S. Federal income tax consequences discussed above. Consequently, prospective stockholders should consult their own tax advisors regarding the effect of state and local tax laws on an investment in us.

[Table of Contents](#)

MATERIAL ISRAELI TAX CONSEQUENCES

The taxation framework of traded Israeli REITs was introduced in Israel during April 2016 as part of an amendment to The Israeli Income Tax Ordinance of 1961 (New Version), which we refer to as the Ordinance. Based on the language of the Ordinance, and explanations contained in the amendment, the Company, as it is currently operated, should not be considered a REIT under the Ordinance.

In the absence of specific tax laws or common practices regarding the taxation of a non-Israeli REIT whose securities are traded in Israel, which we refer to as a Traded Foreign REIT, the following discussion assumes that a Traded Foreign REIT will be taxed as a corporation and that distributions with respect to, and gain or loss from the sale of, shares of the Series L Preferred Stock will be subject to income and withholding tax in Israel under the rules generally applicable to shares of common stock. However, the Israel Tax Authority, or ITA, has not issued a formal position regarding the taxation of traded preferred stock, and any future interpretation of the ITA may differ from these assumptions. For example, the ITA may classify the Series L Preferred Stock as a debt instrument and tax it accordingly. In the alternative, the ITA may choose to tax the dividend distributions based on the underlying character of the income (i.e., ordinary income or capital gain), similar to the U.S. tax treatment of such distributions as explained in “Material U.S. Federal Income Tax Consequences” in this prospectus.

The following discussion summarizes the material Israeli income tax consequences to stockholders from holding and disposing (including through redemption) of shares of Series L Preferred Stock. Due to the lack of official guidance and the fact that this offering by CIM Commercial is the first offering of securities by a Traded Foreign REIT, as well as the first offering of preferred stock, on the TASE, the following description with respect to the Israeli tax aspects of the Series L Preferred Stock is not intended to constitute a formal interpretation of the applicable law. This discussion is for your general information only. This summary is not tax advice and does not address all aspects of taxation that may be relevant to particular holders in light of their personal investments or tax circumstances.

We urge you to consult with your own tax advisor regarding the Israeli tax consequences to you of acquiring, holding and disposing of the Series L Preferred Stock and Common Stock given your particular circumstances and potential changes in applicable laws.

On December 29, 2016, Israel enacted a law that introduced certain amendments to its tax law, including a reduction of the corporate tax rates, which we refer to as the Israeli Corporate Tax Rate, as follows: beginning January 1, 2017, the corporate income tax rate became 24% and beginning January 1, 2018, and thereafter, the corporate income tax rate will be 23%. Furthermore, the marginal individual income tax rates were reduced to provide that the maximum tax rate is now 47%, referred to as the Maximum Marginal Rate, and the surtax (imposed on total annual income in excess of 640,000 ILS in 2017) was increased from 2% to 3%, which we refer to as the Surtax.

Dividend Income

In general, a dividend that is distributed to an Israeli resident individual shareholder is subject to income tax at a rate of 25% (and Surtax, if applicable). However, an individual that is a Substantial Shareholder (as defined below) is subject to income tax at a rate of 30% (and Surtax, if applicable). As to a corporation, a dividend sourced from outside of Israel is subject to the Israeli Corporate Tax Rate. A dividend sourced from outside of Israel that is received by a non-Israeli resident is not subject to Israeli taxation.

A “Substantial Shareholder,” as this term is defined in Section 88 of the Ordinance, is a person who holds, directly or indirectly, alone or together with Another (as defined in the Ordinance), at least 10% of one of the means of control in the company, on the date on which the dividend is received or on any other date in the 12 previous months.

Dividends received by an Exempt Trust Fund (as defined in the Ordinance) or an entity that is exempt from tax under the provisions of Section 9(2) of the Ordinance, referred to as a Section 9(2) Entity, will be exempt from Israeli income tax provided the taxpayer meets the requirements of such section. Liable Trust Funds (i.e., trust

[Table of Contents](#)

funds other than Exempt Trust Funds) will be subject to income tax at the rate that applies to an individual’s income as described above.

According to the Income Tax Regulations (Withholding from interest, dividend and certain earnings), 2005, the withholding tax rate for dividends sourced outside of Israel will be 25% if received by an Israeli resident individual, or the Israeli Corporate Tax Rate if received by an Israeli corporation, unless an exemption or a reduced tax rate certificate is provided.

In general, under the Income Tax Regulations the TASE member through which the securities are held is in charge of withholding the Israeli tax from all distributions related to the Series L Preferred Stock and Common Stock, including dividend distributions.

Please note that if dividend distributions are not withheld completely in accordance with the above tax rates, as applicable, the provisions of Section 131 & 175(b) of the Ordinance and the regulations thereunder shall apply regarding the duty of reporting and advance payment by the holder.

Dividends received by a non-Israeli resident and sourced outside of Israel will not be subject to Israeli withholding tax. Furthermore, no tax will be withheld from dividends distributed to a Section 9(2) Entity or an Exempt Trust Fund.

Capital Gain

According to the provisions of the Ordinance, any real capital gain (i.e., not gain related to changes in indexes such as inflation or foreign currency exchange rates) from the sale (including through redemption) of the Series L Preferred Stock by an Israeli resident individual is subject to marginal income tax rates, which shall not exceed 25% (or 30% if the individual is a Substantial Shareholder), with the applicable rate deemed equal to the highest bracket of such individual's chargeable income plus the Surtax, if applicable. An individual that claimed interest and linkage differentials expenses with respect to the Series L Preferred Stock will be subject to income tax at a rate of 30% on the capital gain from the sale of such Series L Preferred Stock. These reduced tax rates shall not apply to an individual whose income from the sale of the Series L Preferred Stock is classified as income from a "business" or a "vocation" in accordance with the provisions of Section 2(1) of the Ordinance. In such case, the individual will be subject to a marginal rate up to the Maximum Marginal Rate, according to the provisions of Section 121 of the Ordinance and the Surtax, if applicable.

A corporation will be subject to the Israeli Corporate Tax Rate on the real capital gain from the sale (including through redemption) of the Series L Preferred Stock.

In general, a non-Israeli resident (individual or corporation) is not subject to Israeli capital gain tax if the gain is accrued or produced outside of Israel within the meaning of Section 89(b)(3) of the Ordinance (as explained below). A non-Israeli resident is also exempt from tax on capital gains derived from the sale of securities which are listed on a stock exchange in Israel, provided that the capital gain is not attributable to its (the investor's) permanent establishment in Israel, subject to the provisions of Section 97(b2) of the Ordinance. Section 89(b)(3) of the Ordinance provides that capital gain will be considered to be produced in Israel in the following instances: (1) the sold asset is located in Israel; (2) the sold asset is located abroad but is in essence a direct or indirect right to an asset or to stock in trade, or it is an indirect right to a real estate right or to an asset in a real estate association located in Israel ("the property"), but only in respect of the part of the sale consideration that stems from the property located in Israel; (3) a share or a right to a share in an Israeli corporation; (4) a right in a non-Israeli corporation, which in essence is the owner of a direct or indirect right to property located in Israel, but only in respect of that part of the sale consideration that stems from the property located in Israel. According to Section 68A of the Ordinance, these exemptions from Israel income tax will not apply to a non-Israeli resident corporation if Israeli residents are, directly or indirectly, the controlling shareholders, the beneficiaries or are entitled to 25% or more of the income or earnings of such foreign corporation.

An Exempt Trust Fund or Section 9(2) Entity are exempt from tax on capital gains derived from the sale of the Series L Preferred Stock provided the certain conditions of the section applicable to such entities are met. Liable Trust Funds will be subject to income tax at the rate that applies to an individual's income, as described above.

[Table of Contents](#)

According to the Income Tax Regulation (Withholding from Apposition, from payment or from capital gain in the sale of security, in the sale of a unit in trust fund or in future transaction), 2002, capital gain from the sale of the Series L Preferred Stock will be subject to withholding tax at a rate of 25% for an individual, and at the Israeli Corporate Tax Rate for a corporation, unless an exemption or a reduced tax rate certificate is provided. All subject to the offset of losses that the withholder is allowed to deduct. Please note that capital gain derived from the sale of the Series L Preferred Stock which is delisted from the stock exchange will be subject to withholding tax at a rate of 30%, unless a reduced tax rate certificate is provided. Capital gain received by a non-Israeli resident and derived from the sale of the Series L Preferred Stock, will not be subject to Israeli withholding tax. In addition, no tax will be withheld from the capital gain of a Section 9(2) Entity or an Exempt Trust Fund.

In general under the Income Tax Regulations the TASE member through which the securities are held is in charge of withholding the Israeli tax from all distributions or payments related to the capital gain from the sale of or redemption of the Series L Preferred Stock and Common Stock.

If proceeds from the sale of Series L Preferred Stock are not withheld completely in accordance with the above tax rates, as applicable, the provisions of Section 91(d) of the Ordinance shall apply regarding the duty of reporting and advance payment by the holder.

Offset of Losses

In general, capital losses derived from the sale of the Series L Preferred Stock will create a loss offset provided that the seller (individual or corporation) would have been subject to tax had there instead been a capital gain. Such losses will be offset against real capital gain or same-year interest or dividend income in accordance with the principles of Section 92 of the Ordinance.

Foreign Tax Credit

According to the provisions of the Ordinance, a tax credit may be granted for foreign taxes paid on proceeds from the sale (including through redemption) of Series L Preferred Stock which are subject to tax in Israel. In general, the common practice is that the TASE member in charge of the withholding credits the foreign taxes provided the relevant certificates are submitted. With respect to dividend distributions to holders of the Series L Preferred Stock, upon each distribution, the Company or its agents will provide to the TASE member the amount of tax it withheld from each type of holder (e.g., individual or corporation), based on that holder's classification for U.S. federal income tax purposes. Accordingly, and based on proper certificates provided by the holder to the TASE member, the TASE member should deduct the U.S. tax withheld (based on the U.S. Israel income tax treaty) from the Israeli tax due from the specific holder, and the difference, if any, will be withheld for Israeli tax purposes. Please note that Israel is not obliged to grant a tax credit with respect to such foreign taxes unless they constitute a compulsory tax.

[Table of Contents](#)

PLAN OF DISTRIBUTION

We are offering up to [•] Series L Units, each consisting of ten shares of our Series L Preferred Stock, which are immediately separable into individual shares upon issuance, at a minimum price of ILS [•] per Series L Unit, or the Minimum Price, on a best-efforts basis to the public in Israel. There can be no assurance that all, or any, of our Series L Units offered by this prospectus will be sold.

We have engaged Leumi Partners Underwriting Ltd., or Leumi, to act as the distributor for the offering in Israel, subject to the terms and conditions described in an engagement agreement between us, Leumi and One Ha'am International LLC, dated March 16, 2017, which we refer to as the Distribution Agreement. Leumi is under no obligation to sell any of our Series L Preferred Stock and will not be obligated to purchase any of our Series L Preferred Stock. The Distribution Agreement provides that we will pay Leumi a fee upon completion of the offering in an amount equal to [•]% of the gross proceeds of the offering and will reimburse Leumi up to \$100,000 for reasonable expenses incurred by Leumi in connection with the offering.

The foregoing discussion does not attempt to summarize all substantive provisions of the Distribution Agreement, a copy of which has been filed as an exhibit to the registration statement of which this prospectus is a part.

We intend to list our Series L Preferred Stock for trading on NASDAQ and on the TASE. The approval for listing of our Series L Preferred Stock on NASDAQ and the TASE will not constitute a validation by either stock exchange of the information contained in this prospectus, or of the correctness or completeness thereof, and will not constitute an expression of either stock exchange of an opinion as to the Company, the quality of our Series L Preferred Stock or of the price at which our Series L Preferred Stock is offered. There is currently no public market for our Series L Preferred Stock. For more information, see "Risk Factors—There is currently no public market for our Series L Preferred Stock and no public market in Israel for our Common Stock, and no assurance can be made that any of such markets will develop" in this prospectus.

Overview of the Tender Process

An auction process, which we refer to as the Tender Process, will be used to determine the public offering price of our Series L Units offered in this offering, which we refer to as the Unit Price. The Tender Process will be conducted pursuant to the Israeli Securities Law of 1968 and the Israeli Securities Regulations (The Manner of Offering Securities to the Public) of 2007, or the Manner of Offering Regulations. The Tender Process, which is commonly used for public offerings in Israel, differs from the methods traditionally used in public offerings in the United States.

Customary with public offerings in Israel, the Tender Process is comprised of two steps. Prior to the date of this prospectus, we held an auction for investors in Israel meeting the definition of "Classified Investors" (as such term is defined in Section 1 of the Manner of Offering Regulations, which is summarized below), or Classified Investors, who made revocable bids in the early bidding process described below in "—Early Bidding for Classified Investors," to participate in the public offer, which we refer to as the Early Bidding Process. The Minimum Price was established based on the results of the Early Bidding Process. After the registration statement, of which this prospectus forms a part, is declared effective by the SEC and after the date of publication of this prospectus with the ISA, we will hold a public tender process that is open to all investors in Israel who desire to participate, which we refer to as the Public Tender Process. Our directors and officers will not participate, or bid for Series L Units, in the offering.

“Classified Investors” includes those certain institutional investors (including pension funds, insurance companies, banks, and TASE members), companies with shareholders’ equity in excess of ILS 50 million and sophisticated individual investors, among others, meeting the definition in Section 1 of the Manner of Offering Regulations.

We have appointed Bank Leumi Le’Israel Ltd., of 9 Ahad Haam Street, Tel Aviv, Israel, a member of the TASE, which we refer to as the Offering Coordinator, to act as our offering coordinator to administer the offering. We will pay the Offering Coordinator a fixed fee of ILS [●] (approximately \$[●] USD) plus tax for its services based on a contractual arrangement.

We reserve the right to terminate the offering of our Series L Units at any time prior to our acceptance of any bids cast in the offering and there can be no assurances that the Tender Process will be completed or that you will be able to purchase Series L Units as a result.

Submission of Bids in the Public Tender Process

After effectiveness of the registration statement of which this prospectus forms a part, the Public Tender Process will commence on [●], 2017, or the Date of Tender, at 9:30 a.m. Israel time and will end on that day at 5:30 p.m. Israel time. Notwithstanding the foregoing, it is emphasized that the Public Tender Process will commence only following the lapse of at least seven hours and five trading hours on the TASE after the date of publication of this prospectus with the ISA.

[Table of Contents](#)

Each bid will specify the number of Series L Units the investor proposes to purchase and the price the investor is willing to pay for the Series L Units. Bids for Series L Units must be denominated in ILS in increments of ILS 1 (for example, ILS 1,000, ILS 1,001, ILS 1,002 and so forth) and the offered price per Series L Unit must not be less than the Minimum Price. A bid that is not stated in an increment of ILS 1 shall be rounded down to the nearest price increment. A bid that fails to indicate any price per Series L Units shall be deemed to be a bid stating the Minimum Price. A bid indicating a price per Series L Unit that is lower than the Minimum Price shall be deemed not to have been submitted.

Bids may be submitted for the purchase of whole Series L Units only. A bid for a portion of a Series L Unit shall be deemed a request for the number of whole Series L Units stated therein, and any fraction of a Series L Unit stated therein shall be deemed not to have been submitted. A bid that indicates an offer for less than one Series L Unit will not be accepted.

Each bidder may submit up to three offers, which may be for varying numbers of Series L Units and/or offered prices (not less than the Minimum Price), for our Series L Units. For this purpose, a “bidder” includes a family member who resides with the bidder as well as a Classified Investor that bids for Series L Units pursuant to the Early Bidding Process. All bids submitted by a Classified Investor (as described below under “—Early Bidding by Classified Investors”) during the Early Bidding Process and the Public Tender Process will be aggregated for purposes of this limit. Multiple bids submitted by a single bidder will be treated cumulatively, which means the Company may accept up to all three such bids. For purposes of the limit, the three highest offers submitted by a single bidder will be considered; all offers in excess of the limit will be deemed not to have been submitted.

All bids during the Public Tender Process must be submitted on forms that can be obtained from the Offering Coordinator, bank branches or other members of the TASE, which we refer to as the Authorized Entities. Such bids to purchase our Series L Units must be submitted to the Company through the Authorized Entities no later than the earlier of 5:30 p.m. Israel time on the Date of Tender or the close of operating hours of the Authorized Entities through which bids are submitted on the date of Tender. All bids placed in the Public Tender Process are revocable until such submission deadline.

The Authorized Entities shall transfer all bids received by them in sealed envelopes to the Offering Coordinator by 6:30 p.m. Israel time on the Date of Tender. The Offering Coordinator will place all bids in sealed envelopes into a sealed box that will remain closed until 6:30 p.m. Israel time on the Date of Tender. Only investors who submit bids during the Tender Process (including Classified Investors) will be permitted to purchase Series L Units.

The submission of bids by an Authorized Entity on behalf of its clients shall be deemed an irrevocable commitment on the part of the Authorized Entity to purchase any securities issued as a result of acceptance, whether full or partial, of such bids by the Company. The Authorized Entity will be responsible and liable to the Company and to the Offering Coordinator for the payment of the full consideration due to the Company in respect of such bids and which are accepted, in full or in part.

Results of the Tender Process and Determination of Unit Price

After 6:30 p.m. Israel time on the Date of Tender, the sealed box containing the bids submitted in the offering will be opened and the envelopes therein will be opened in the presence of (a) a representative of the Company, (b) a representative of the

Offering Coordinator and (c) an accountant, who will supervise the proper execution of the Tender Process. The results of the Tender Process will be calculated and the bids will be processed as set forth below.

All Series L Units that we determine to sell in the offering will be issued at the same price per Series L Unit, or the Unit Price, which will equal the highest price at which bids for all of our Series L Units offered in this offering were placed, or, if the number of Series L Units for which bids were placed is lower than the number of Series L Units offered in this offering, the Minimum Price. After the revocability period described above, each bidder will be deemed to have committed to purchase all the Series L Units issued to such bidder as a result of a full or partial acceptance of such bidder's bid(s), pursuant to the procedures set forth below.

Our Series L Units will be issued, and the Unit Price will be determined, as follows:

- If the total number of Series L Units represented by bids (including bids by Classified Investors as discussed below) cast in the tender process is less than the total number of Series L Units offered to the public by this prospectus, all the bids will be accepted in full. In this case, the Unit Price will be the Minimum Price.

[Table of Contents](#)

- If the total number of Series L Units represented by bids (including bids by Classified Investors as discussed below) cast in the tender process is equal to or greater than the total number of Series L Units offered to the public by this prospectus, the Units Price will be the highest price at which all bids offered in the offering are allocated, and all Series L Units offered by this prospectus will be issued to bidders as follows:
 - Bids that state a price per Series L Unit that is less than the Unit Price will not be accepted.
 - Bids that state a price per Series L Unit that exceeds the Unit Price will be accepted in full.
 - Bids that state a price per Series L Unit equal to the Unit Price will be accepted on a pro-rata basis, so that a bidder will receive out of the remaining Series L Units for distribution (following our acceptance of bids (i) that state a price per Series L Unit that exceeds the Unit Price and (ii) made by Classified Investors in the Early Bidding Process at the Unit Price) a percentage of Series L Units bid for at the Unit Price by such bidder equal to the quotient of (a) the number of Series L Units bid for at the Unit Price by such bidder divided by (b) the total number of Series L Units included in all other bids stating the Unit Price (excluding the bids made by Classified Investors in the Early Bidding Process).

The Tender Process will be completed upon the Company's acceptance of the Unit Price by delivering notice to the Offering Coordinator on the Date of Tender. The Company, in its sole and absolute discretion, may choose not to accept the results of the Tender Process and terminate the offering.

This Tender Process will determine the proceeds to us, the only variables being the number of valid firm bids submitted and their associated prices. The Unit Price is determined by the bids, and thus we do not have the ability to arbitrarily choose the price at which Series L Units are offered pursuant to this offering, except with respect to the Minimum Price. We do not know how many bids will be submitted or what the prices will be for any such bids. The final allocation of Series L Units will be conducted in accordance with the Manner of Offering Regulations, applicable regulations of the TASE and guidelines of the Israel Securities Authority.

Fractional shares of our Series L Preferred Stock will not be issued to bidders. If the allocations of Series L Units detailed above will result in a fractional share, the number of shares allocated to such bidder will be rounded down to the nearest whole number. The fractional shares not issued in accordance with this rounding process will be aggregated and will be purchased, in a number of shares of our Series L Preferred Stock rounded down to the nearest whole number, by the Offering Coordinator.

Notice to Bidders and Payment of the Unit Price

On the first TASE trading day following the Date of Tender, which we refer to as the Closing Day, the Company will publish a press release announcing the results of the Tender Process and will file such press release with the ISA on MAGNA.

No later than 10:00 a.m. Israel time on the Closing Day, the Offering Coordinator will deliver via the Authorized Entities a notice to each investor who submitted one or more bids in the Tender Process. The notice will indicate (a) the Unit Price, as determined by the Tender Process, (b) the number of Series L Units that will be allocated to such bidder and (c) the aggregate consideration owed by such bidder for such Series L Units. A bidder who was allocated Series L Units shall have until 12:00

p.m. Israel time on the Closing Day to transfer to the Offering Coordinator, through the Authorized Entities, the aggregate consideration for such Series L Units.

The Special Account

Prior to the Date of Tender, the Offering Coordinator will open a special interest-bearing trust account, or the Special Account, in the Company's name with an Israeli bank. The Special Account will be managed exclusively by the Offering Coordinator in the Company's name, on the behalf of and for the benefit of investors in the offering. All proceeds received with respect to bids for our Series L Units that are accepted in the offering will be deposited in the Special Account.

By 12:00 p.m. Israel time on the Closing Day, the Authorized Entities will deposit in the Special Account the aggregate amount of consideration owed for Series L Units represented by bids cast by bidders through such Authorized Entities that are accepted by the Company in the Tender Process. Such funds will be deposited in liquid, unlinked ILS deposits and will bear interest on a daily basis.

Within three days on which both NASDAQ and the TASE are open for trading after the Date of Tender, or the Date of Issuance, the Offering Coordinator will transfer the balance of the funds in the Special Account remaining (after deducting the fees due to Leumi Pursuant to the Distribution Agreement, the early commitment fee and the Offering Coordinator's fee) to the Company (or per its instruction as stated below) against the delivery of the Series L Units issued in the offering.

[Table of Contents](#)

Early Bidding by Classified Investors

Prior to the Date of Tender, the Company held an Early Bidding Process for Classified Investors, pursuant to which the Classified Investors submitted revocable bids for Series L Units at a price greater than or equal to ILS [●] and in such quantities as indicated in the table below. Each Classified Investor has indicated its intent to purchase Series L Units at a minimum amount of ILS 800,000. Such early bids were provided with respect to an aggregate of [●] Series L Units, representing approximately [●]% of the Series L Units offered by this prospectus.

<u>Entity Name</u>	<u>Number of Units Bid for During the Early Bidding Process</u>	<u>Offer Price per Unit (in ILS)</u>
Total		

* Classified Investors that serve as distributors in this offering or entities related to such distributors.

It is noted that none of the above Classified Investors is an Interested Party (as such term is defined in the Israeli Securities Law) in the Company.

The bids submitted by the Classified Investors during the Early Bidding Process are fully revocable until the earlier of 5:30 p.m. Israel time or the close of operating hours of the Authorized Entities through which bids are submitted on the Date of Tender. The Company will deliver a notice to the Classified Investors upon the occurrence of any material offering milestones that occur after the Early Bidding Process and before effectiveness.

A Classified Investor may, on the Date of Tender, increase the price per Series L Unit offered by such Classified Investor during the Early Tender Process by delivering a written notice to the Offering Coordinator by 6:30 p.m. Israel time on the Date of Tender. A Classified Investor may also bid for additional Series L Units during the Public Tender Process; however, such excess Series L Units will not be subject to the Early Bidding Process described in the following paragraphs.

Pursuant to the Manner of Offering Regulations, in the event of Oversubscription, the issuance of securities to Classified Investors who bid in the Early Bidding Process at the Unit Price shall be as follows:

- If the Oversubscription is up to 5 times the offered number of Series L Units, each Classified Investor will be issued 100% of the number of Series L Units bid for by such Classified Investor at such time as such bids become irrevocable.
- If the Oversubscription is greater than 5 times the offered number of Series L Units, each Classified Investor will be issued 50% of the number of Series L Units bid for by such Classified Investor at such time as such bids become

irrevocable.

- If the number of Units Remaining for Distribution is insufficient to allow for the allocation as set forth in the applicable preceding bullet, then the number of Series L Units issued to the Classified Investors will be pro rata to the bids subscribed for by the Classified Investors at the Unit Price at such time as such bids become irrevocable.

“Oversubscription” occurs only when the ratio between (a) the subscribed number of Series L Units at the Unit Price and (b) the Units Remaining for Distribution exceeds 1.

“Units Remaining for Distribution” is the number of Series L Units offered in the offering, after deducting the number of Series L Units for which bids were made at a price higher than the Unit Price.

Notwithstanding the foregoing allocation method, the total number of Series L Units subscribed for by Classified Investors shall not exceed the number stipulated in the Manner of Offering Regulations ([•] % of the Minimum Unit Value). The “Minimum Unit Value” is the product of (a) the total number of Series L Units offered and (b) the Minimum Price. Receipt of bids by Classified Investors in the Early Bidding Process and the acceptance by the Company of such bids is in accordance with the principles determined in the Manner of Offering Regulations.

[Table of Contents](#)

Bids by Classified Investors will be submitted as part of the Public Tender Process and will be deemed to be bids submitted by the public for the purpose of determining the Unit Price in accordance with the mechanism stipulated in “—Results of the Tender Process and Determination of Share Price” above. If there is no Oversubscription, bids by Classified Investors will be deemed to be bids submitted by the public for the purpose of issuance of the Series L Units. Any Series L Units allocated to the Classified Investors will be sold to the Classified Investors at the Unit Price.

The Company will pay the Classified Investors who submitted bids in the Early Bidding Process an early commitment fee of [•] % of the total consideration for the Series L Units included in such bid.

The Classified Investors will be responsible and liable to the Company, and to the Offering Coordinator through which the Classified Investors bid, for the payment of the full consideration due to the Company in respect of all bids accepted by the Company. The consideration owed by the Classified Investors for Series L Units allocated to them as described above shall be transferred to the Offering Coordinator through the TASE members by 10:30 a.m. Israel time on the Closing Day and will be deposited by the Offering Coordinator in the Special Account as discussed above in “—The Special Account.”

Issuance of Securities

On the Date of Issuance, the Company shall issue to the bidders, through Cede & Co., the shares of Series L Preferred Stock represented by bids which were accepted, in whole or in part, by the Company in the offering and for which the consideration was paid in full, by means of delivery of such shares Series L Preferred Stock in book-entry form to the bidders.

[Table of Contents](#)

LEGAL MATTERS

The validity of the shares of Series L Preferred Stock offered by this prospectus and certain other matters of Maryland law will be passed upon for us by Venable LLP. The description of the federal income tax consequences contained in the section of this prospectus captioned “Material U.S. Federal Income Tax Consequences” will be passed upon for us by Sullivan & Cromwell LLP. Sullivan & Cromwell LLP has acted as our counsel in connection with this offering.

EXPERTS

Our consolidated financial statements and schedules as of December 31, 2016 and 2015 and for the years ended December 31, 2016, 2015 and 2014 and management’s assessment of the effectiveness of internal control over financial reporting as of December 31, 2016 have been incorporated by reference in this prospectus in reliance upon the reports of BDO USA, LLP, registered independent public accountants, incorporated by reference herein and upon the authority of said firm as experts in accounting and auditing.

WHERE YOU CAN FIND MORE INFORMATION

We are subject to the informational requirements of the Exchange Act and file with the SEC proxy statements, Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q and Current Reports on Form 8-K, as required of a U.S. listed company. You may read and copy any materials we file with the SEC at the SEC's public reference room at 100 F Street, NE, Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information regarding the public reference room. Our SEC filings are also available to the public from the SEC's web site at www.sec.gov or our website at www.cimcommercial.com, at <http://investors.cimcommercial.com/sec.cfm>. Written requests for copies of the documents we file with the SEC should be directed to: CIM Commercial, Attn: Investor Relations, 17950 Preston Road, Suite 600, Dallas, Texas 75252.

66

[Table of Contents](#)

, 2017

CIM COMMERCIAL TRUST CORPORATION**Maximum of [●] Series L Units consisting of [●] Shares of Series L Preferred Stock****PROSPECTUS**[Table of Contents](#)**PART II****INFORMATION NOT REQUIRED IN PROSPECTUS****Item 31. Other Expenses of Issuance and Distribution**

Securities and Exchange Commission Registration Fee	\$	11,590.00
Accounting Fees and Expenses(1)	\$	
Legal Fees and Expenses(1)	\$	
Miscellaneous Expenses(1)	\$	
Total(1)	\$	

* All expenses are estimates except for the Securities and Exchange Commission Registration Fee.

(1) To be furnished by amendment.

Item 32. Sales to Special Parties.

None.

Item 33. Recent Sales of Unregistered Securities and Use of Proceeds.

None.

Item 34. Indemnification of Directors and Officers.

Maryland law permits a Maryland corporation to include in its charter a provision eliminating the liability of its directors and officers to the corporation and its stockholders for money damages except for liability resulting from (a) actual receipt of an improper benefit or profit in money, property or services or (b) active or deliberate dishonesty established in a judgment or other final adjudication to be material to the cause of action. Our charter contains a provision that eliminates the liability of our directors and officers to the maximum extent permitted by Maryland law.

Maryland law requires a Maryland corporation (unless its charter provides otherwise, which our charter does not) to indemnify a director or officer who has been successful, on the merits or otherwise, in the defense of any proceeding to which he or she is made, or threatened to be made, a party by reason of his or her service in that capacity. Maryland law permits a Maryland corporation to indemnify its present and former directors and officers, among others, against judgments, penalties, fines, settlements and reasonable expenses actually incurred by them in connection with any proceeding to which they may be made or threatened to be made a party by reason of their service in those or other capacities unless it is established that:

- an act or omission of the director or officer was material to the matter giving rise to the proceeding and (i) was committed in bad faith or (ii) was the result of active and deliberate dishonesty;
- the director or officer actually received an improper personal benefit in money, property or services; or
- in the case of any criminal proceeding, the director or officer had reasonable cause to believe that the act or omission was unlawful.

However, under Maryland law, a Maryland corporation may not indemnify for an adverse judgment in a suit by or in the right of the corporation or for a judgment of liability on the basis that personal benefit was improperly received, unless in either case a court orders indemnification and then only for expenses. In addition, Maryland law permits a Maryland corporation to advance reasonable expenses to a director or officer upon the corporation's receipt of:

- a written affirmation by the director or officer of his or her good faith belief that he or she has met the standard of conduct necessary for indemnification by the corporation; and
- a written undertaking by the director or officer or on the director's or officer's behalf to repay the amount paid or reimbursed by the corporation if it is ultimately determined that the director or officer did not meet the standard of conduct.

II -1

[Table of Contents](#)

Our charter and bylaws obligate us, to the maximum extent permitted by Maryland law, to indemnify and, without requiring a preliminary determination of the ultimate entitlement to indemnification, pay or reimburse reasonable expenses in advance of final disposition of a proceeding to:

- any present or former director or officer who is made, or threatened to be made, a party to, or witness in, the proceeding by reason of his or her service in that capacity; or
- any individual who, while a director or officer of our Company and at our Company's request, serves or has served another corporation, real estate investment trust, limited liability company, partnership, joint venture, trust, employee benefit plan or any other enterprise as a director, officer, trustee, member, manager or partner and who is made, or threatened to be made, a party to, or witness in, the proceeding by reason of his or her service in that capacity.

Our charter and bylaws also permit us, subject to approval from our Board of Directors, to indemnify and advance expenses to any person who served a predecessor of our Company in any of the capacities described above and to any employee or agent of our Company or a predecessor of our Company.

Insofar as the foregoing provisions permit indemnification of directors, officer or persons controlling us for liability arising under the Securities Act, we have been informed that in the opinion of the SEC this indemnification is against public policy as expressed in the Securities Act and is therefore unenforceable.

Further, we have entered into an Indemnification Agreement with each of our directors and certain executive officers. Each Indemnification Agreement provides that we will indemnify and hold harmless each such director or named executive officer to the fullest extent permitted by law.

In addition, the Merger Agreement provides further indemnification to each manager, director or officer of the Company or any of its subsidiaries, together with such person's heirs, executors and administrators, which indemnification will survive the Merger for a period of six years, in the event of any threatened or actual claim, action, suit, demand, proceeding or investigation, whether civil, criminal or administrative, including any such claim, action, suit, demand, proceeding or investigation based in whole or in part on, or arising in whole or in part out of, or pertaining to (i) the fact that he or she is or was a manager, director or officer of the Company or any of its subsidiaries, or is or was serving at the request of the Company or any of its subsidiaries as a manager, director, officer, employee, fiduciary or agent of another corporation, partnership, joint venture, trust or other enterprise, or (ii) the discussion, negotiation, execution or performance of the Merger Agreement or any arrangement, agreement or document

contemplated thereby or delivered in connection therewith, or otherwise directly or indirectly relating to the Merger Agreement or any such arrangement, agreement or document, or any of the transactions contemplated thereunder.

Item 35. Treatment of Proceeds From Stock Being Registered.

Not applicable.

Item 36. Exhibits.

The exhibits and financial statement schedules filed as part of this registration statement are as follows:

(a) Financial Statements. The section "Financial Statements and Supplementary Data" contained in our Annual Report on Form 10-K for the year ended December 31, 2016 is incorporated herein by reference.

(b) Exhibits. See Exhibit Index below.

Item 37. Undertakings

The undersigned Registrant hereby undertakes:

(1) To file, during any period in which offers or sales are being made, a post-effective amendment to this registration statement:

(i) To include any prospectus required by Section 10(a)(3) of the Securities Act;

II-2

[Table of Contents](#)

(ii) To reflect in the prospectus any facts or events arising after the effective date of the registration statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in the registration statement. Notwithstanding the foregoing, any increase or decrease in volume of securities offered (if the total dollar value of securities offered would not exceed that which was registered) and any deviation from the low or high end of the estimated maximum offering range may be reflected in the form of prospectus filed with the Commission pursuant to Rule 424(b) if, in the aggregate, the changes in volume and price represent no more than a 20 percent change in the maximum aggregate offering price set forth in the "Calculation of Registration Fee" table in the effective registration statement; and

(iii) To include any material information with respect to the plan of distribution not previously disclosed in the registration statement or any material change to such information in the registration statement.

(2) That, for the purpose of determining any liability under the Securities Act, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial *bona fide* offering thereof.

(3) To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.

(4) That, for the purpose of determining liability of the registrant under the Securities Act to any purchaser in the initial distribution of the securities, the undersigned registrant undertakes that in a primary offering of securities of the undersigned registrant pursuant to this registration statement, regardless of the underwriting method used to sell the securities to the purchaser, if the securities are offered or sold to such purchaser by means of any of the following communications, the undersigned registrant will be a seller to the purchaser and will be considered to offer or sell such securities to such purchaser: (i) any preliminary prospectus or prospectus of the undersigned registrant relating to the offering required to be filed pursuant to Rule 424; (ii) any free writing prospectus relating to the offering prepared by or on behalf of the undersigned registrant or used or referred to by the undersigned registrant; (iii) the portion of any other free writing prospectus relating to the offering containing material information about the undersigned registrant or its securities provided by or on behalf of the undersigned registrant; and (iv) any other communication that is an offer in the offering made by the undersigned registrant to the purchaser.

(5) The undersigned registrant hereby undertakes: (1) to use its best efforts to distribute prior to the opening of bids, to prospective bidders, underwriters, and dealers, a reasonable number of copies of a prospectus which at that time meets the requirements of Section 10(a) of the Act, and relating to the securities offered at competitive bidding, as contained in the registration statement, together with any supplements thereto, and (2) to file an amendment to the registration statement reflecting the results of bidding, the terms of the reoffering and related matters to the extent required by the applicable form, not later than

the first use, authorized by the issuer after the opening of bids, of a prospectus relating to the securities offered at competitive bidding, unless no further public offering of such securities by the issuer and no reoffering of such securities by the purchasers is proposed to be made.

(6) Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers and controlling persons of the registrant pursuant to the foregoing provisions, or otherwise, the registrant has been advised that in the opinion of the SEC such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

(7) For the purpose of determining any liability under the Securities Act, the information omitted from the form of prospectus filed as part of this registration statement in reliance upon Rule 430A and contained in a form of prospectus filed by the registrant pursuant to Rule 424(b)(1), or (4), or 497(h) under the Securities Act shall be deemed to be part of this registration statement as of the time it was declared effective.

(8) For the purpose of determining any liability under the Securities Act, each post-effective amendment that contains a form of prospectus shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial *bona fide* offering thereof.

II-3

[Table of Contents](#)

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-11 and has duly caused this Amendment No. 1 to the registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the city of Los Angeles, state of California, on July 10, 2017.

Dated: July 10, 2017

CIM COMMERCIAL TRUST CORPORATION

By: /s/ CHARLES E. GARNER II

Charles E. Garner II
Chief Executive Officer

Pursuant to the requirements of the Securities Act of 1933, this Amendment No.1 to the registration statement has been signed by the following persons in the capacities and on the dates indicated.

Signature	Title	Date
<u>/s/ CHARLES E. GARNER II</u> Charles E. Garner II	Chief Executive Officer (Principal Executive Officer)	July 10, 2017
*		
<u>David Thompson</u>	Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer)	July 10, 2017
*		
<u>Douglas Bech</u>	Director	July 10, 2017
*		
<u>Robert Cresci</u>	Director	July 10, 2017
*		
<u>Kelly Eppich</u>	Director	July 10, 2017
*		

 Frank H. Golay, Jr.

Director

July 10, 2017

*

Shaul Kuba

Director

July 10, 2017

*

Richard Ressler

Director

July 10, 2017

*

Avraham Shemesh

Director

July 10, 2017

By: /s/ CHARLES E. GARNER II

Charles E. Garner II

Attorney-in-Fact

July 10, 2017

II-4

[Table of Contents](#)**EXHIBIT INDEX**

Exhibit No.	Document
**1.1	Engagement Agreement, dated March 16, 2017, among Leumi Partners Underwriters Ltd., One Ha'am International LLC and CIM Commercial Trust Corporation.
2.1	Agreement and Plan of Merger by and among CIM Urban REIT, LLC, CIM Merger Sub, LLC, PMC Commercial Trust and Southfork Merger Sub, LLC dated July 8, 2013 (incorporated by reference to Exhibit 2.1 to the Registrant's Current Report on Form 8-K dated July 8, 2013).
2.2	Agreement and Plan of Merger, dated April 28, 2014, between PMC Commercial Trust and PMC Commercial Merger Sub, Inc. (incorporated by reference to Appendix C to the Registrant's Definitive Proxy Statement on Schedule 14A filed with the SEC on April 14, 2014).
3.1	Articles of Amendment and Restatement of PMC Commercial Merger Sub, Inc. (incorporated by reference to the exhibits to the Registrant's Current Report on Form 8-K filed with the SEC on May 9, 2014).
3.1(a)	Articles of Amendment (Name Change) (incorporated by reference to the exhibits to the Registrant's Current Report on Form 8-K filed with the SEC on May 2, 2014).
3.1(b)	Articles of Amendment (Reverse Stock Split) (incorporated by reference to the exhibits to the Registrant's Current Report on Form 8-K filed with the SEC on May 2, 2014).
3.1(c)	Articles of Amendment (Par Value Decrease) (incorporated by reference to the exhibits to the Registrant's Current Report on Form 8-K filed with the SEC on May 2, 2014).
3.2	Bylaws (incorporated by reference to Exhibit 3.2 to the Registrant's Current Report on Form 8-K filed with the SEC on May 2, 2014).
***4.1	Form of Articles Supplementary for the Series L Preferred Stock.
4.2	Purchase Agreement among PMC Commercial Trust, PMC Preferred Capital Trust-A and Taberna Preferred Funding I, Ltd. dated March 15, 2005 (incorporated by reference to Exhibit 10.1 to the Registrant's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2005).
4.3	Junior Subordinated Indenture between PMC Commercial Trust and JPMorgan Chase Bank, National Association as Trustee dated March 15, 2005 (incorporated by reference to Exhibit 10.2 to the Registrant's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2005).
4.4	Amended and Restated Trust Agreement among PMC Commercial Trust, JPMorgan Chase Bank, National Association, Chase Bank USA, National Association and The Administrative Trustees Named Herein dated March 15, 2005 (incorporated by reference to Exhibit 10.3 to the Registrant's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2005).

- 4.5 Floating Rate Junior Subordinated Note due 2035 (incorporated by reference to Exhibit 10.5 to the Registrant's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2005).
- **5.1 Opinion of Venable LLP.
- **8.1 Opinion of Sullivan & Cromwell LLP.
- +10.1 2005 Equity Incentive Plan (incorporated by reference to Exhibit 10.1 to the Registrant's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2005).
- +10.2 First Amendment to PMC Commercial Trust 2005 Incentive Plan (incorporated by reference to Exhibit 10.2 to the Registrant's Annual Report on Form 10-K filed with the SEC on March 16, 2015).

II-5

[Table of Contents](#)

- +10.3 2015 Equity Incentive Plan (incorporated by reference to Annex A to the Registrant's Definitive Proxy Statement related to its 2015 annual meeting of stockholders, as filed with the SEC on April 17, 2015).
- +10.4 Amended and Restated Executive Employment Contract with Jan F. Salit dated August 30, 2013 (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed with the SEC on August 30, 2013).
- +10.5 Amended and Restated Executive Employment Contract with Barry N. Berlin dated August 30, 2013 (incorporated by reference to Exhibit 10.2 to the Registrant's Current Report on Form 8-K filed with the SEC on August 30, 2013).
- 10.6 Consent to Assignment and Limited Waiver to Agreement and Plan of Merger, dated as of November 20, 2013, by and among PMC Commercial Trust, CIM Urban REIT, LLC, Southfork Merger Sub, LLC, and CIM Merger Sub, LLC, the terms of which were acknowledged and agreed to by a new subsidiary formed by CIM Urban REIT, LLC, Urban Partners II, LLC (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed with the SEC on November 22, 2013).
- 10.7 Master Services Agreement dated March 11, 2014 by and among PMC Commercial Trust, certain of its subsidiaries, and CIM Service Provider, LLC (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed with the SEC on March 11, 2014).
- 10.8 Registration Rights and Lockup Agreement dated March 11, 2014 by and among Urban Partners II, LLC and PMC Commercial Trust (incorporated by reference to Exhibit 10.2 to the Registrant's Current Report on Form 8-K filed with the SEC on March 11, 2014).
- 10.9 Service Agreement, dated as of August 7, 2014, by and among CIM Commercial Trust Corporation and CIM Service Provider, LLC, under the Master Services Agreement dated March 11, 2014, by and among PMC Commercial Trust, certain of its subsidiaries, and CIM Service Provider, LLC (incorporated by reference to Exhibit 10.8 to the Registrant's Quarterly Report on Form 10-Q filed with the SEC on August 11, 2014).
- 10.10 Form of Indemnification Agreement for directors and officers of CIM Commercial Trust Corporation (incorporated by reference to Exhibit 10.9 to the Registrant's Quarterly Report on Form 10-Q filed with the SEC on August 11, 2014).
- 10.11 Credit Agreement, dated as of September 30, 2014, among CIM Commercial Trust Corporation, each guarantor party thereto, each lender party thereto, Bank of America, N.A., as Administrative Agent, and JPMorgan Chase Bank, N.A. as Syndication Agent (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed with the SEC on October 1, 2014).
- 10.12 First Amendment to Credit Agreement, dated as of January 14, 2015, among CIM Commercial Trust Corporation, each Lender party thereto and Bank of America, N.A., as Administrative Agent (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed with the SEC on January 16, 2015).
- 10.13 Second Amendment to Credit Agreement, dated as of May 1, 2015, among CIM Commercial Trust Corporation, each Lender party thereto and Bank of America, N.A., as Administrative Agent (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed with the SEC on May 4, 2015).
- 10.14 Staffing and Reimbursement Agreement, dated as of January 1, 2015, by and between CIM SBA Staffing, LLC and

PMC Commercial Lending, LLC. (incorporated by reference to Exhibit 10.14 to the Registrant's Annual Report on Form 10-K filed with the SEC on March 16, 2015).

- 10.15 Investment Management Agreement, dated as of May 20, 2005, between CIM Urban Partners, L.P. and CIM Urban REIT Management, L.P. (incorporated by reference to Exhibit 10.15 to the Registrant's Annual Report on Form 10-K filed with the SEC on March 16, 2015).
- 10.16 Investment Management Agreement, dated as of December 10, 2015, between CIM Urban Partners, L.P. and CIM Investment Advisors, LLC (incorporated by reference to Exhibit 10.16 to the Registrant's Annual Report on Form 10-K filed with the SEC on March 15, 2016).

II-6

[Table of Contents](#)

- 10.17 Second Amended and Restated Agreement and Limited Partnership of CIM Urban Partners, L.P., dated as of December 22, 2005, by and among CIM Urban Partners GP, Inc. and CIM Urban REIT, LLC. (incorporated by reference to Exhibit 10.16 to the Registrant's Annual Report on Form 10-K filed with the SEC on March 16, 2015).
- 10.18 Term Loan Agreement, dated as of May 8, 2015, among CIM Commercial Trust Corporation, each guarantor party thereto, Wells Fargo Bank, National Association, as Administrative Agent, Wells Fargo Securities, LLC and Capital One, National Association, as Joint Lead Arrangers and Joint Bookrunners, Capital One, National Association as Syndication Agent, PNC Bank, National Association as Documentation Agent and each lender party thereto (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed with the SEC on May 6, 2015).
- 10.19 Escrow Agreement, dated June 28, 2016, between CIM Commercial Trust Corporation and UMB Bank, N.A. (incorporated by reference to Exhibit 10.19 to the Pre-Effective Amendment No. 1 to the Form S-11 Registration Statement (333-210880) filed by Registrant with the SEC on June 29, 2016).
- 10.20 Amendment No. 1 to Escrow Agreement, dated August 11, 2016, among CIM Commercial Trust Corporation, International Assets Advisory, LLC and UMB Bank N.A. (incorporated by reference to Exhibit 10.20 to the Post-Effective Amendment No. 1 to the Form S-11 Registration Statement (333-210880) filed by Registrant with the SEC on August 11, 2016).
- 10.21 Purchase and Sale Agreement, dated February 10, 2017, between CIM Urban REIT 211 Main St. (SF), LP and BPP 211 Main Owner LLC. (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed with the SEC on March 31, 2017).
- 21.1 Subsidiaries of the Registrant (incorporated by reference to Exhibit 21.1 to the Registrant's Annual Report on Form 10-K filed with the SEC on March 16, 2017).
- *23.1 Consent of BDO USA, LLP.
- **23.2 Consent of Venable LLP (included in Exhibit 5.1).
- **23.3 Consent of Sullivan & Cromwell LLP (included in Exhibit 8.1).
- ***24.1 Powers of Attorney (included on signature page).

-
- * Filed herewith.
- ** To be filed by amendment.
- *** Previously filed with the Form S-11 Registration Statement (333-218019) filed by Registrant on May 15, 2017.
- + Management contract or compensatory plan.

II-7

8-K 1 a17-12628_28k.htm 8-K

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934

Date of report (Date of earliest event reported): **July 10, 2017**

Commission File Number 1-13610

CIM COMMERCIAL TRUST CORPORATION

(Exact name of registrant as specified in its charter)

Maryland
(State or other jurisdiction
of incorporation or organization)

75-6446078
(I.R.S. Employer
Identification No.)

17950 Preston Road, Suite 600, Dallas, TX 75252
(Address of principal executive offices)

(972) 349-3200
(Registrant's telephone number)

Former name, former address and former fiscal year, if changed since last report: **PMC Commercial Trust**

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- ☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- ☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- ☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- ☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in as defined in Rule 405 of the Securities Act of 1933 (§ 230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§ 240.12b-2 of this chapter).

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. ☐

Item 2.02 Results of Operations and Financial Condition

The information provided in Item 7.01 of this Current Report on Form 8-K is incorporated by reference into this Item 2.02.

Item 7.01 Regulation FD Disclosure

A copy of the Company's July 2017 Investor Presentation is attached to this Form 8-K as Exhibit 99.1 and is incorporated by reference herein. Additionally, the Company has posted a copy of the presentation on its Investor Relations page at <http://investors.cimcommercial.com/events.cfm>.

The information in this Current Report on Form 8-K, including Exhibit 99.1, is being furnished and shall not be deemed "filed" for the purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or otherwise subject to the liabilities of that Section, nor shall it be deemed incorporated by reference into any filing of the Company under the Securities Act of 1933, as amended, or the Exchange Act, whether made before or after the date hereof, regardless of any general incorporation language in such filing.

Item 9.01 Financial Statements and Exhibits

<u>Exhibit No.</u>	<u>Description</u>
99.1	Investor Presentation July 2017
	2

SIGNATURE

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.

Date: July 10, 2017

CIM COMMERCIAL TRUST CORPORATION

By: /s/ David Thompson
David Thompson, Chief Financial Officer

3

EXHIBIT INDEX

<u>Exhibit No.</u>	<u>Description</u>
99.1	Investor Presentation July 2017
	4

FWP 1 a17-11125_2fwp.htm FWP

Free Writing Prospectus
Filed Pursuant to Rule 433
Dated July 10, 2017

Registration Statement Nos. 333-203639; 333-210880; 333-218019

FREE WRITING PROSPECTUS

CIM Commercial Trust Corporation Investor Presentation July 2017

CIM Commercial Trust Corporation (the “Company”) has filed registration statements (including a prospectus and prospectus supplements, as applicable) with the Securities and Exchange Commission (the “SEC”) for the offerings to which this communication relates. Before you invest, you should read the prospectus and the prospectus supplements related to the applicable registration statement and other documents the Company has filed with the SEC for more complete information about the Company and the offerings. You may get these documents for free by visiting the Company’s website at <http://investors.cimcommercial.com/index.cfm>, or, as to the offering described in Registration Statement No. 333-210880 (relating to the Series A Units consisting of Series A Preferred Stock and Warrants), by contacting Evolv Capital at 844-EVO-ALTS or info@evoalts.com.

You may also access the applicable prospectus for free on the SEC website at www.sec.gov as follows:

- [Post-Effective Amendment No. 2 to Form S-11, dated March 30, 2017, relating to Registration Statement No. 333-203639;](#)
- [Prospectus Supplement No. 7, dated May 12, 2017, to the Prospectus, dated July 1, 2016, relating to Registration Statement No. 333-210880; and](#)
- [Amendment No. 1 to Form S-11, dated July 10, 2017, relating to Registration Statement No. 333-218019.](#)



IMPORTANT DISCLOSURES

The logo for CIM Commercial Trust Corporation (CMCT) is displayed in a bold, orange, sans-serif font.

FORWARD-LOOKING STATEMENTS

The information set forth herein contains "forward-looking statements." You can identify these statements by the fact that they do not relate strictly to historical or current facts or they discuss the business and affairs of CIM Commercial Trust Corporation ("CIM Commercial" or "CMCT") on a prospective basis. Further, statements that include words such as "may," "will," "project," "might," "expect," "believe," "anticipate," "intend," "could," "would," "estimate," "continue," "pursue," or "should" or the negative or other words or expressions of similar meaning, may identify forward-looking statements.

CIM Commercial bases these forward-looking statements on particular assumptions that it has made in light of its experience as well as its perception of expected future developments and other factors that it believes are appropriate under the circumstances. These forward-looking statements are necessarily estimates reflecting the judgment of CIM Commercial and involve a number of risks and uncertainties that could cause actual results to differ materially from those suggested by the forward-looking statements. These forward-looking statements are subject to risks, uncertainties and other factors, including those set forth in CIM Commercial's Annual Report on Form 10-K for the fiscal year ended December 31, 2016.

As you read and consider the information herein, you are cautioned to not place undue reliance on these forward-looking statements. These statements are not guarantees of performance or results and speak only as of the date hereof. These forward-looking statements involve risks, uncertainties and assumptions. In light of these risks and uncertainties, there can be no assurance that the results and events contemplated by the forward-looking statements contained herein will in fact transpire. New factors emerge from time to time, and it is not possible for CIM Commercial to predict all of them. Nor can CIM Commercial assess the impact of each such factor or the extent to which any factor, or combination of factors, may cause results to differ materially from those contained in any forward-looking statement. CIM Commercial undertakes no obligation to publicly update or release any revisions to these forward-looking statements to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events, except as required by law.

IMPORTANT DISCLOSURES**CMCT**

Free Writing Prospectus
Filed Pursuant to Rule 433
Dated July 10, 2017

Registration Statement Nos. 333-203639; 333-210880; 333-218019

FREE WRITING PROSPECTUS

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CMCT – INVESTMENT THESIS

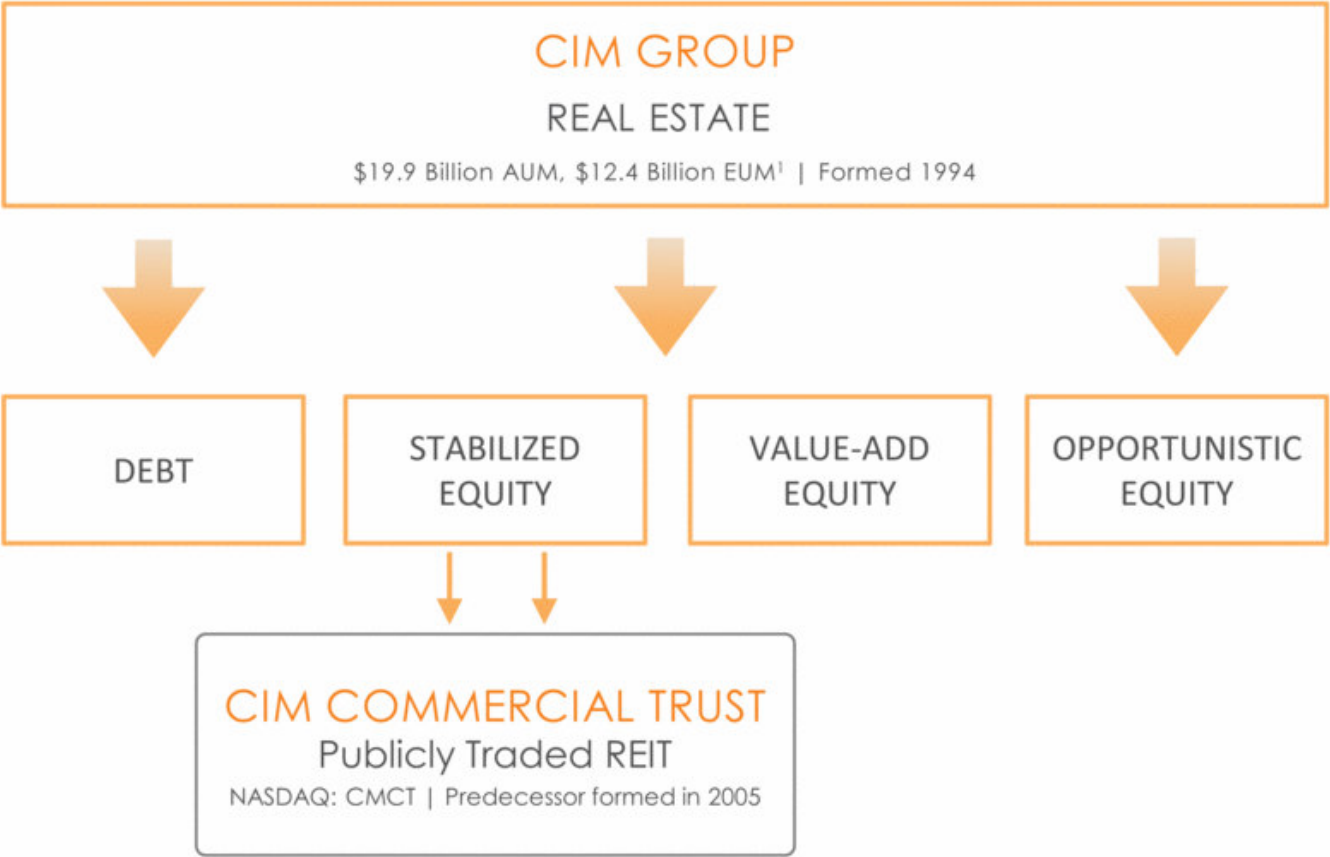
Resources & Expertise of Premier Institutional Manager	▪ Large scale platform with vertically-integrated team ▪ Proprietary "Qualified Community" methodology ▪ Disciplined, relative-value investor with sightlines across all major U.S. urban markets
Class A and Creative Office Investments in Gateway Markets	▪ Invested in high barrier-to-entry sub-markets where CIM Group anticipates outsized rent growth ▪ San Francisco Bay Area, Washington DC, Los Angeles and Austin
Same Store Growth Opportunity	▪ Lease-up (office portfolio 90.4% leased)^{1,2} ▪ Below-market leases increasing to market rate ▪ Value-add / development
Attractive And Flexible Capital Structure	▪ 100% of debt matures in 2021+, 51% in 2026+^{2,3} ▪ 55% of debt is fixed rate; another 42% of debt is effectively fixed rate until May 2020 through interest rate swaps^{2,3} ▪ Target capital structure of 45% common equity, 25% preferred equity and 30% debt enhances common equity returns with low relative risk
Maximizing Returns for Shareholders	▪ Growing NAV and cash flows per share of common stock ▪ Providing liquidity to stockholders at prices reflecting NAV and cash flow prospects ▪ With capital structure implemented, targeted ~15% total return on equity

¹ Excludes 980 9th Street, 1010 8th Street Parking Garage & Retail and 200 S College Street (sold in June 2017) and 7083 Hollywood Boulevard (under contract for sale).

² As of March 31, 2017.

³ Excludes premiums, discounts, debt issuance costs and secured borrowings on government guaranteed loans.

CIM GROUP



¹ See "Assets and Equity Under Management" under "Important Disclosures" on page 31.

CIM GROUP – RESOURCES & EXPERTISE OF PREMIER INSTITUTIONAL MANAGER

CMCT

Established	Established in 1994 as a partner for investors seeking to capitalize on U.S. urbanization
Experience	- Since inception, CIM Group has owned or currently has under development¹ 16.5 million square feet of office 6.3 million square feet of retail 20,800 residential units 7,000 hotel rooms
Office Locations	- Headquartered in Los Angeles - Investment offices in NYC, San Francisco Bay Area, Washington DC Metro Area and Dallas
Strategies	- Stabilized Equity - Value-Add Equity - Opportunistic Equity - Debt



432 Park Avenue (New York)



1 Kaiser Plaza (Oakland)



11 Madison Avenue (New York)



Dolby Theatre (Hollywood)

¹ As of March 31, 2017, Residential units include both condo and apartment units.
The examples above have been selected to generally illustrate the investment philosophy of CIM Group, and may not be representative of future investments. Past performance is not a guarantee of future results.

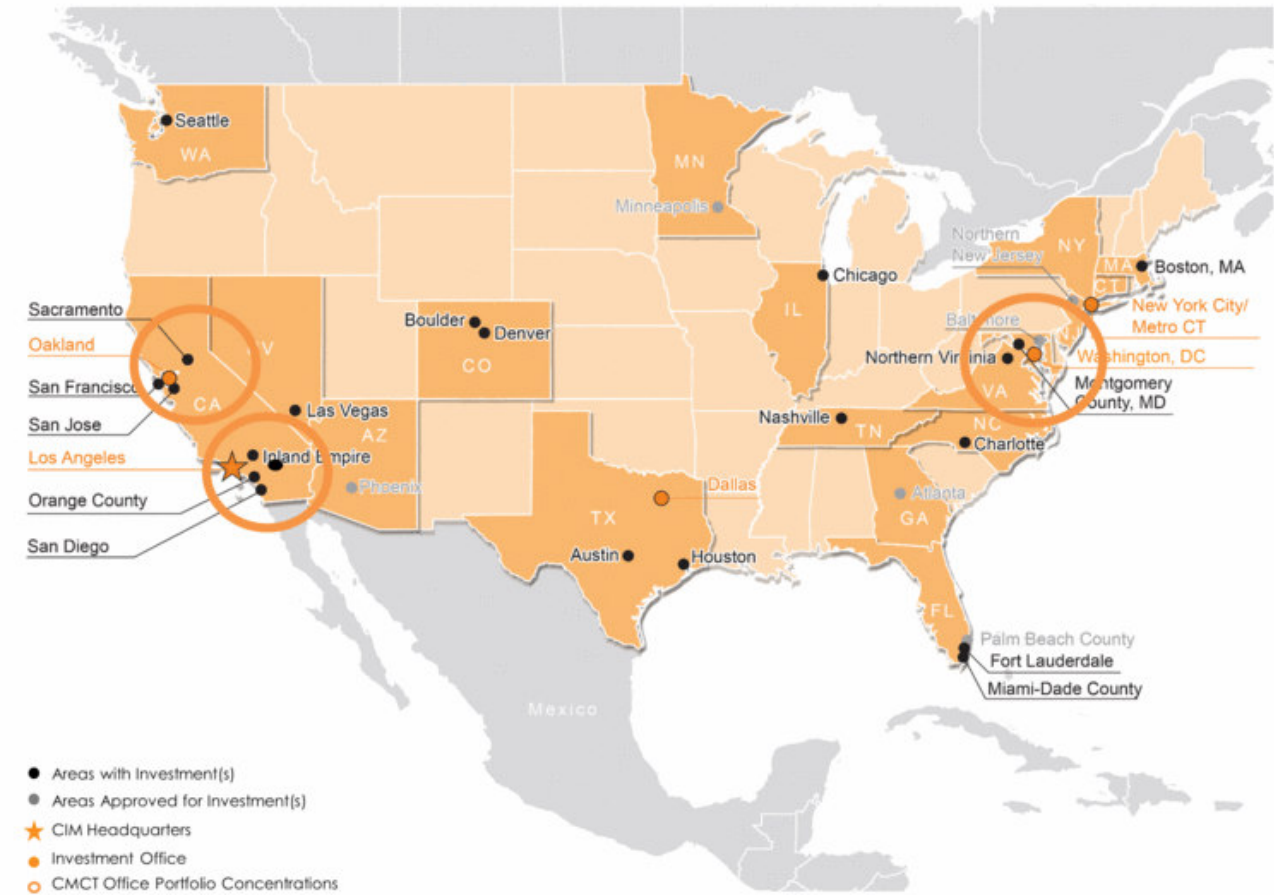
CIM GROUP – RESOURCES & EXPERTISE OF PREMIER INSTITUTIONAL MANAGER**CMCT****CIM GROUP COMPETITIVE ADVANTAGES**

Seasoned, Vertically-Integrated Team	▪ Full-service investment manager ▪ Research, investment, acquisition and finance ▪ Development, leasing and asset management
"Qualified Community" Methodology	▪ Sector-agnostic focus ▪ Market values that are below long-term intrinsic values ▪ Underserved or improving areas with dedicated resources that should lead to outsized rent growth
Disciplined Underwriting	▪ CIM underwrites prospective investments using multiple scenarios ▪ Employs current and long-term market growth rates, cap rates and interest rates ▪ Returns are primarily driven by improved asset and community performance, not cap rate compression or financial engineering

CMCT Benefits From CIM Group's Large-Scale Platform
Deal sourcing + Capital markets + Operational expertise

CIM GROUP – U.S. QUALIFIED COMMUNITIES

CMCT



CIM COMMERCIAL TRUST (NASDAQ: CMCT)

CIM COMMERCIAL TRUST

CMCT

CIM COMMERCIAL (NASDAQ: CMCT)	▪ Primarily Class A and creative urban office REIT with NAV and cash flow per share upside ▪ Share Price¹ / Market Cap \$15.85 / \$0.9 billion ▪ NAV per Share / NAV² \$23.08 / \$1.3 billion
Portfolio	▪ Quality office portfolio in vibrant and improving urban markets including: – San Francisco Bay Area – Washington, DC – Los Angeles ▪ 19 office properties with 4.0 million rentable square feet³
CIM Group	▪ Manager of CMCT ▪ Focused on consistently growing NAV and cash flows per share of common stock and providing liquidity to stockholders at prices reflecting NAV and cash flow prospects ▪ \$19.9 billion AUM, \$12.4 billion EUM with 80+ global institutional investors⁴ ▪ 650+ total employees¹ – 15 principals including all of its founders¹ – 360+ professionals¹ ▪ Beneficial owner of 1.1 million shares of CMCT⁵

¹ As of July 7, 2017. Market cap reflects June 2017 private repurchase of 26,181,818 shares.

² See "Net Asset Value" on page 31.

³ As of March 31, 2017. Includes ancillary properties. Excludes 980 9th Street, 1010 8th Street Parking Garage & Retail and 200 S College Street, which were sold in June 2017, as well as 7083 Hollywood Boulevard which is under contract to be sold. 3601 South Congress Avenue and Lindblade Media Center are each shown as one property but consist of 10 and 3 buildings, respectively.

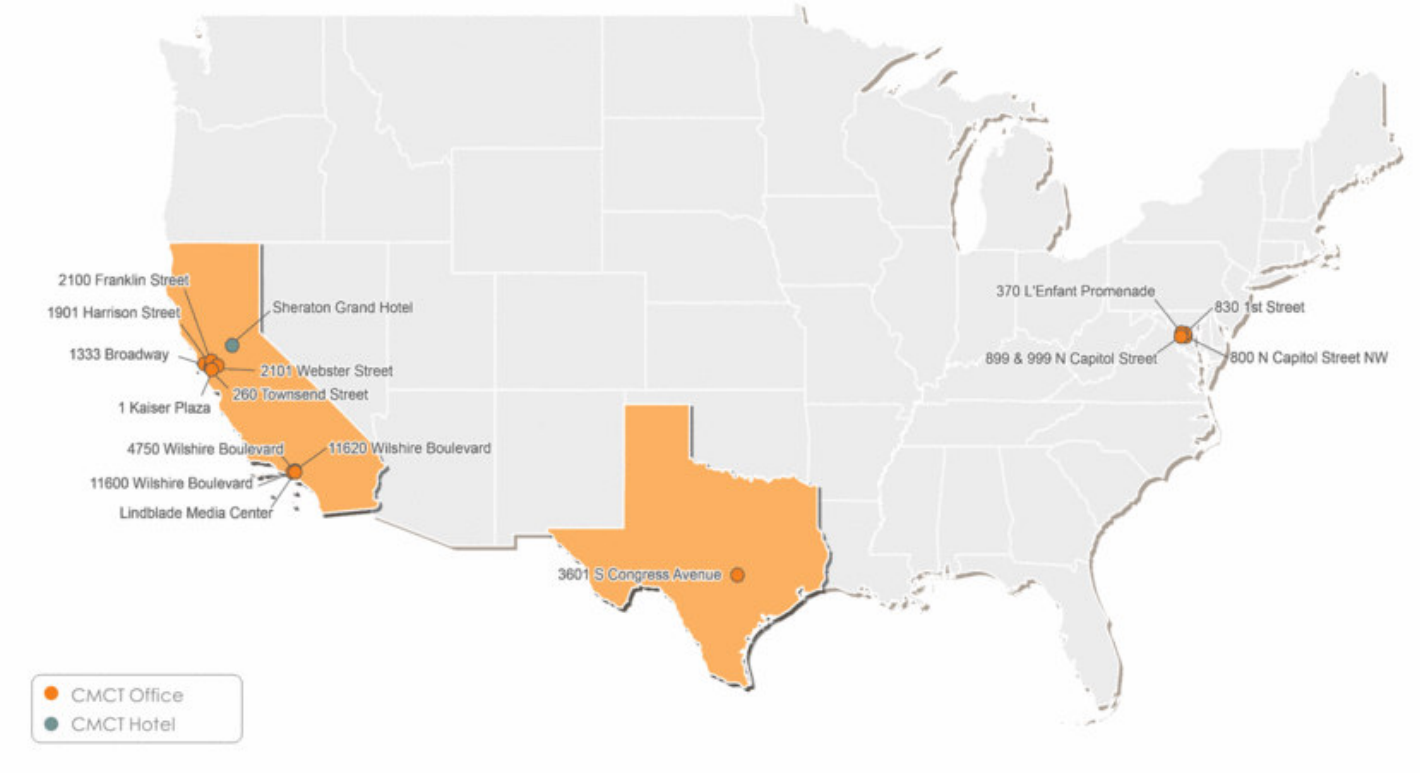
⁴ See "Assets and Equity Under Management" under "Important Disclosures" on page 31.

⁵ As of June 30, 2017. Includes shares owned by Principals of CIM Group LP, ("CIM Group" or "CIM") and executive officers and directors of CMCT.

CMCT – CLASS A AND CREATIVE OFFICE PORTFOLIO IN GATEWAY MARKETS



AS OF MARCH 31, 2017¹



¹ Excludes 980 9th Street, 1010 8th Street Parking Garage & Retail and 200 S College Street, which were sold in June 2017, as well as 7083 Hollywood Boulevard, 47 E. 34th Street and 4200 Scotland Street which are under contract to be sold. 3601 South Congress Avenue and Lindblade Media Center are each shown as one property but consist of 10 and 3 buildings, respectively.

CMCT – CLASS A AND CREATIVE OFFICE PORTFOLIO IN GATEWAY MARKETS**CMCT**

AS OF MARCH 31, 2017

Location	Sub-Market	Square Footage	% of Total	% Occupied	% Leased	Annualized Cash Rent (in 000s) ¹	Annualized Cash Rent Per Occupied SF
NORTHERN CALIFORNIA							
Oakland, CA							
1 Kaiser Plaza	Lake Merritt	532,543	13.2%	96.2%	96.9%	\$ 19,789	\$ 38.61
2101 Webster Street	Lake Merritt	473,156	11.8%	98.9%	98.9%	17,901	38.24
1901 Harrison Street	Lake Merritt	273,110	6.9%	98.2%	98.2%	9,695	36.14
1333 Broadway	City Center	240,051	6.0%	92.9%	92.9%	7,349	32.94
2100 Franklin Street	Lake Merritt	216,828	5.4%	98.9%	98.9%	8,442	39.35
Total Oakland, CA		1,735,688	43.3%	97.1%	97.3%	63,176	37.49
San Francisco, CA							
260 Townsend Street	South of Market	65,694	1.6%	74.5%	84.8%	3,499	71.45
Total San Francisco, CA		65,694	1.6%	74.5%	84.8%	3,499	71.45
TOTAL NORTHERN CALIFORNIA		1,801,382	44.9%	96.3%	96.8%	\$ 66,675	\$ 38.44
SOUTHERN CALIFORNIA							
Los Angeles, CA							
11620 Wilshire Boulevard	West Los Angeles	192,858	4.8%	93.5%	98.1%	\$ 6,931	\$ 38.43
4750 Wilshire Boulevard	Mid-Wilshire	143,361	3.6%	100.0%	100.0%	3,782	26.38
11600 Wilshire Boulevard	West Los Angeles	55,638	1.4%	84.3%	86.1%	2,401	51.22
Linoblade Media Center	West Los Angeles	32,428	0.8%	100.0%	100.0%	1,380	42.56
Total Los Angeles, CA		424,285	10.6%	95.0%	97.3%	14,494	35.96
TOTAL SOUTHERN CALIFORNIA		424,285	10.6%	95.0%	97.3%	\$ 14,494	\$ 35.96
EAST							
Washington, DC							
370 L'Enfant Promenade	Southwest	407,321	10.2%	39.1%	66.9%	\$ 8,882	\$ 55.77
999 N Capital Street	Capitol Hill	320,939	8.0%	84.6%	84.6%	12,718	46.83
899 N Capital Street	Capitol Hill	314,667	7.8%	74.0%	84.1%	11,669	50.09
800 N Capital Street	Capitol Hill	312,759	7.8%	76.1%	76.1%	10,716	45.01
830 1st Street	Capitol Hill	247,337	6.2%	100.0%	100.0%	10,859	43.90
Total Washington, DC		1,603,023	40.0%	71.7%	80.7%	54,844	47.72
TOTAL EAST		1,603,023	40.0%	71.7%	80.7%	\$ 54,844	\$ 47.72
SOUTHWEST							
Austin, TX							
3601 S Congress Avenue	South	182,484	4.5%	90.2%	95.7%	\$ 5,434	\$ 32.99
TOTAL SOUTHWEST		182,484	4.5%	90.2%	95.7%	\$ 5,434	\$ 32.99
TOTAL OFFICE PORTFOLIO		4,011,174	100.0%	86.1%	90.4%	\$ 141,447	\$ 40.96

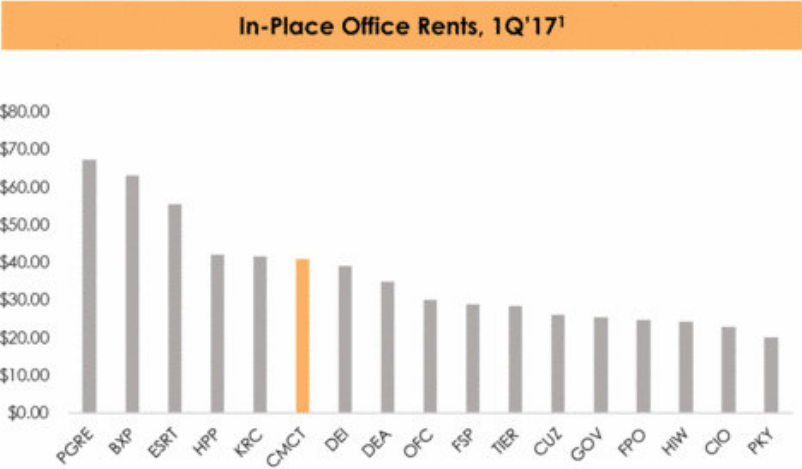
¹ Represents gross monthly base rent, as of March 31, 2017, multiplied by twelve. The amount reflects total cash rent before abatements. Where applicable, annualized rent has been grossed up by adding annualized expense reimbursement to base rent.

Note: Excludes 980 9th Street, 1010 8th Street Parking Garage & Retail and 200 S College Street, which were sold in June 2017, as well as 7083 Hollywood Boulevard, which is under contract to be sold.



CMCT – CLASS A AND CREATIVE OFFICE PORTFOLIO IN GATEWAY MARKETS

CMCT



¹ Per Square foot. For CMCT, represents gross monthly base rent per square foot under leases commenced as of March 31, 2017, multiplied by twelve. This amount reflects total cash rent before abatements. Where applicable, annualized rent has been grossed up by adding annualized expense reimbursements to base rent. Annualized rent for certain office properties includes rent attributable to retail. CMCT excludes 980 9th Street, 1010 8th Street Parking Garage & Retail and 200 S College Street, which were sold in June 2017, as well as 7083 Hollywood Boulevard which is under contract to be sold. Others sourced from SNL Financial and company reports. KRC in-place rents are as of December 31, 2016.

CMCT – KEY MARKET: LAKE MERRITT & OAKLAND CBD

CMCT

**CMCT In-Place
Rents
\$37.49**

**Class A Asking
Rents¹
\$52.32**

FAVORABLE OFFICE DYNAMICS

- **Relative Value vs. San Francisco CBD (Class A asking rents):**
 - SF - \$72.01¹
 - Lake Merritt - \$52.32¹
- **Limited New Office Supply in Lake Merritt / Oakland CBD:** Last major office project completed in 2008²
- **Proposition M:** San Francisco office development limited to 875,000 square feet per year

AN IMPROVING COMMUNITY

- **Transportation:** All six BART lines and every major highway run through Oakland
- **Amenities Base:** Oakland emerging as a "cool" place to live and work
- **Residential Development:**
 - ~6,200 new units in 2017-2019 (v. ~150,000 existing)³
 - **Residential Monthly Asking Rents²**
 - SF - \$2,946
 - Oakland - \$2,134



CMCT INVESTMENTS	ASSET TYPE	SQF	OCCUPIED %	IN-PLACE RENTS
1 Kaiser Plaza	Office	532,543	96.2%	\$38.61
2101 Webster Street	Office	473,156	98.9%	\$38.24
1901 Harrison Street	Office	273,110	98.2%	\$36.14
1333 Broadway	Office	240,051	92.9%	\$32.94
2100 Franklin	Office	216,828	98.9%	\$39.35
2 Kaiser Plaza ⁴	Land	-		
2353 Webster Street	Garage	-		
Total		1,735,688	97.1%	\$37.49

¹ Source: Cushman & Wakefield Class A office buildings (per square foot).

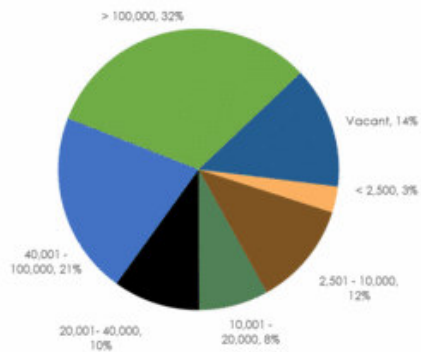
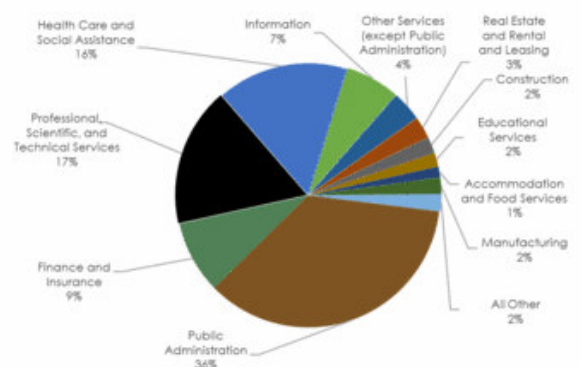
² Source: Costar.

³ Source: Reis.

⁴ 2 Kaiser Plaza Parking Lot is a 44,642 square foot parcel of land currently being used as a surface parking lot. We are pursuing entitlements allowing us to develop a building with approximately 440,000 to 840,000 rentable square feet.

CMCT – HIGH QUALITY & DIVERSE TENANT BASE

Tenant	Property	Credit Rating (S&P / Moody's / Fitch)	Lease Expiration	Annualized Rent (in thousands)	% of Annualized Rent ¹	Rentable Square Feet	% of Rentable Square Feet
Kaiser Foundation Health Plan, Inc.	1 Kaiser Plaza / 2101 Webster Street	A+ / I - / A+	2017-2027	18,045	12.8%	469,227	11.7%
Department of Education	Various	A++ / Aaa / AAA	2025-2026	\$ 11,113	7.9%	252,592	6.3%
The District of Columbia	899 N Capitol Street	AA / Aa1 / AA	2021	9,248	6.5%	174,203	4.3%
Pandora Media, Inc.	2100 Franklin Street/2101 Webster Street	- / - / -	2020	7,155	5.1%	184,875	4.6%
Wells Fargo Bank, N.A.	1901 Harrison Street	A / A2 / A+	2018-2023	5,124	3.6%	147,520	3.7%
Internal Revenue Service	999 N Capitol Street	A++ / Aaa / AAA	2021	\$ 4,532	3.2%	100,500	2.5%
Farmers Group, Inc.	4750 White Boulevard	A+ / A2 / -	2019	3,782	2.7%	143,361	3.6%
Neighborhood Reinvestment Corporation	999 N Capitol Street	- / - / -	2023	3,369	2.4%	67,611	1.7%
Federal Maritime Commission	800 N Capitol Street	A++ / Aaa / AAA	2022	\$ 3,392	2.4%	66,017	1.6%
Accenture	370 L'Enfant Promenade/1 Kaiser Plaza	A+ / A1 / A+	2017-2018	2,959	2.1%	55,120	1.4%
Total for Top Ten Tenants				68,719	48.7%	1,441,026	41.4%
All Other Tenants				72,728	51.3%	1,791,389	44.7%
Vacant				-	-%	558,759	13.9%
Total for Portfolio				\$ 141,447	100.0%	4,011,174	100.0%

Lease Size Diversification²Industry Diversification³

¹ Represents gross monthly base rent, as of March 31, 2017, multiplied by twelve. This amount reflects total cash rent before abatements. Where applicable, annualized rent has been grossed up by adding annualized expense reimbursements to base rent.

² Based on square footage as of March 31, 2017.

³ Based on gross monthly base rent, as of March 31, 2017, multiplied by twelve. This amount reflects total cash rent before abatements. Where applicable, annualized rent has been grossed up by adding annualized expense reimbursements to base rent.

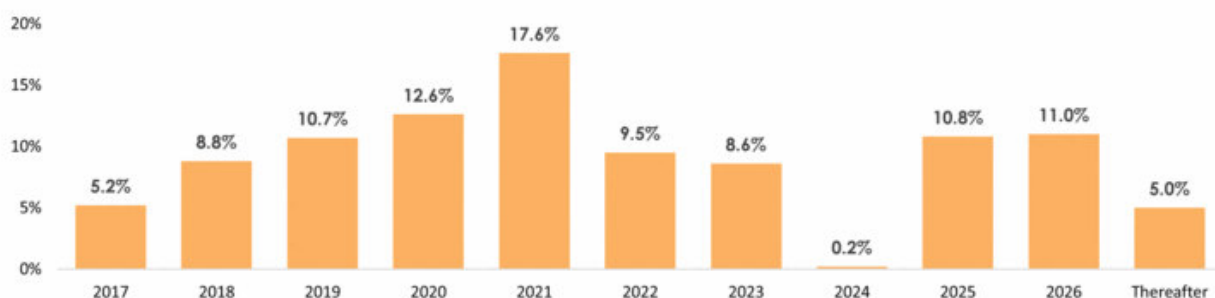
Excludes 980 9th Street, 1010 8th Street Parking Garage & Retail and 200 S College Street, which were sold in June 2017, as well as 7083 Hollywood Boulevard which is under contract to be sold.

CMCT – POSITIVE LEASING TRENDS / MANAGEABLE LEASE EXPIRATIONS

CMCT

	Three Months Ended				
	31-Mar-17	31-Dec-16	30-Sep-16	30-Jun-16	31-Mar-16
All					
Number of Transactions ¹	18	13	8	17	8
Square Footage	76,604	80,995	158,122	171,117	132,734
All - Recurring²					
New Cash Rental Rate ³	\$ 49.32	\$ 41.83	\$ 49.32	\$ 46.12	\$ 34.71
Expiring Cash Rental Rate ³	\$ 39.78	\$ 40.74	\$ 50.42	\$ 36.94	\$ 32.46
Square Footage	67,367	67,932	124,196	164,446	11,185
Cash rent spread %	24%	3%	-2%	25%	7%

Lease Expirations as a % of Annualized Office Rent⁴



¹ Based on the number of tenants.

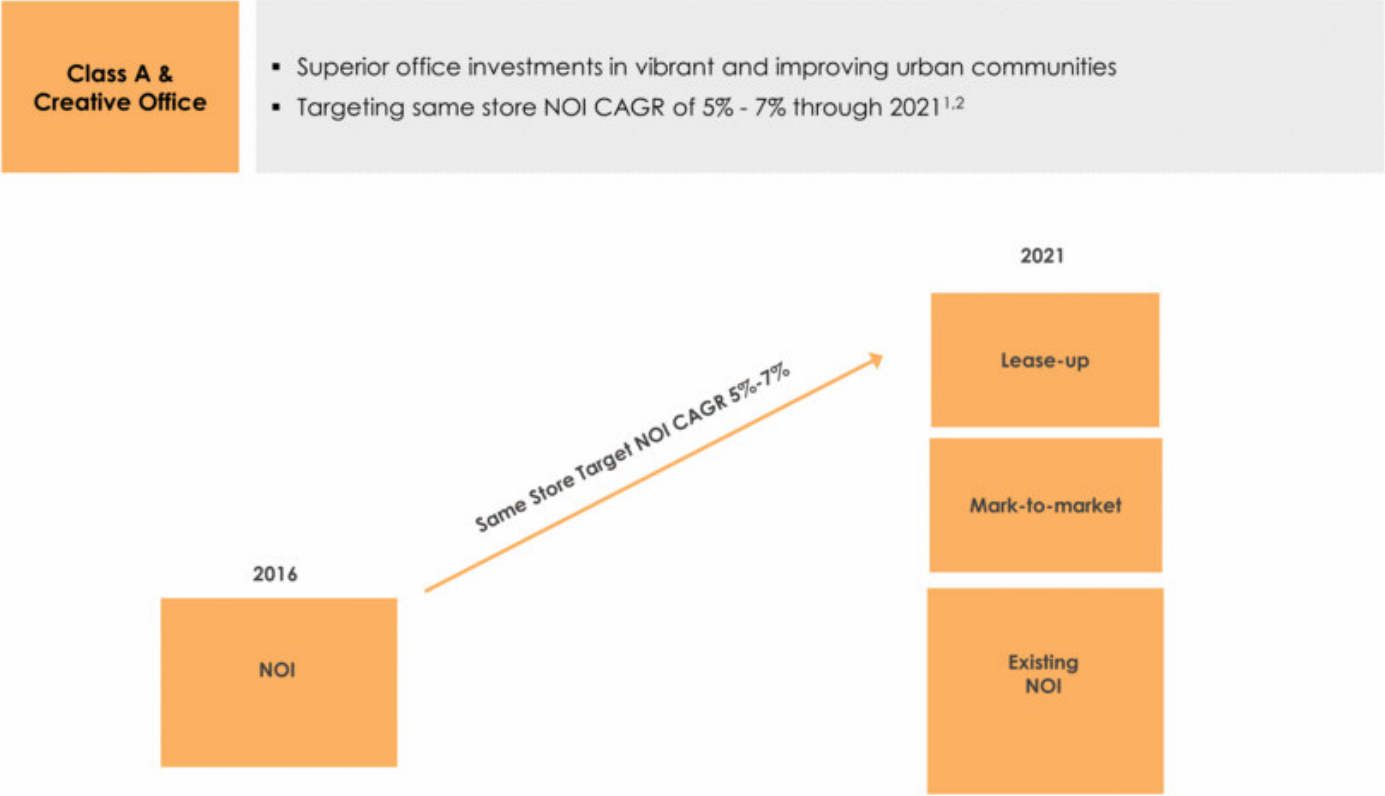
² Excludes leases for which the space was vacant for longer than one year, month-to-month leases, leases with an original term of less than 12 months, related party leases, and space where the previous tenant was a related party.

³ Cash rents represent gross monthly base rent, multiplied by twelve. This amount reflects total cash rent before abatements. Where applicable, annualized rent has been grossed up by adding annualized expense reimbursements to base rent.

⁴ Represents gross monthly base rent, as of March 31, 2017, multiplied by twelve. This amount reflects total cash rent before abatements. Where applicable, annualized rent has been grossed up by adding annualized expense reimbursements to base rent.

Note: Excludes 980 9th Street, 1010 8th Street Parking Garage & Retail and 200 S College Street, which were sold in June 2017, as well as 7083 Hollywood Boulevard which is under contract to be sold.

CMCT – SAME STORE GROWTH OPPORTUNITY



¹ Additional 1%-2% CAGR potential from development of already owned sites.
² Reflects cash and segment NOI. Please see Important Disclosures on page 2.
Note: Excludes 3636 McKinney Avenue and 3839 McKinney Avenue (sold in May 2017), 4649 Cole Avenue, 980 9th Street, 1010 8th Street Parking Garage & Retail and 200 S College Street (sold in June 2017), 7083 Hollywood Boulevard, 47 E. 34th Street and 4200 Scotland Street which are under contract to be sold

CMCT – ATTRACTIVE AND FLEXIBLE BALANCE SHEET

CMCT

Net Asset Value^{1,2}

(\$ in thousands, except share and per share amount)

		(Unaudited)
Investments in real estate - at fair value ²	\$	1,863,571
Loans receivable - at fair value ³		71,053
Debt ²		(821,965)
Cash and other assets net of other liabilities ²		227,327
Redeemable preferred stock ³		(1,064)
Noncontrolling interests ³		(3,321)
Estimated NAV available to common shareholders	\$	1,335,601
Shares of Common Stock outstanding²		57,866,263
Estimated NAV per share of Common Stock	\$	23.08

Pro-forma 1Q'17 NOI^{2,3}

		(\$ in thousands)
		(Unaudited)
Total 1Q'17 Cash NOI	\$	39,821
Less NOI from assets sold or under contract		13,922
Proforma Cash NOI	\$	25,899

Fixed vs. Floating Debt^{4,5,6}



Long-Term Maturities^{4,5}



¹ See "Net Asset Value" under "Important Disclosures" on page 31.

² As of March 31, 2017, adjusted for June share repurchase, the sale of 3636 McKinney Avenue and 3839 McKinney Avenue (May 2017), 4649 Cole Avenue, 980 9th Street, 1010 8th Street Parking Garage & Retail and 200 S College Street (June 2017), 7083 Hollywood Boulevard, 47 E. 34th Street and 4200 Scotland Street (are under contract to be sold).

³ See "Net Operating Income Reconciliation" on page 30.

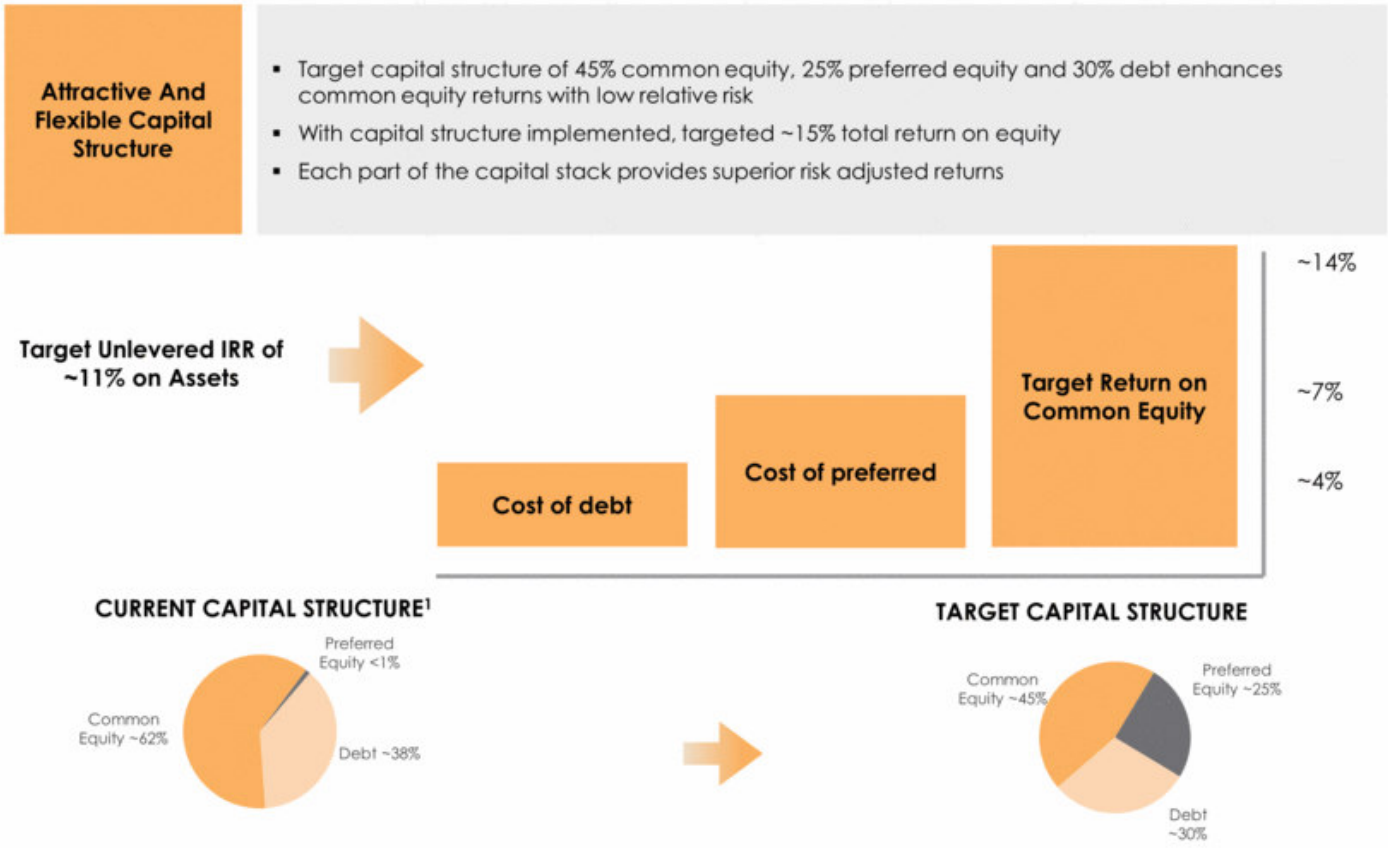
⁴ As of March 31, 2017.

⁵ Excludes premiums, discounts, debt issuance costs and secured borrowings on government guaranteed loans.

⁶ The interest rate on the \$385 million term loan has been effectively converted to a fixed rate of 3.16% until May 8, 2020 through interest rate swaps.

CMCT – ATTRACTIVE AND FLEXIBLE CAPITAL STRUCTURE - STRONG RETURNS

CMCT



¹ Based on fair value. Adjusted for the sale of 3636 McKinney Avenue and 3839 McKinney Avenue (sold in May 2017), 4649 Cole Avenue, 980 9th Street, 1010 8th Street Parking Garage & Retail and 200 S College Street (sold in June 2017), 7083 Hollywood Boulevard, 47 E. 34th Street and 4200 Scotland Street which are under contract to be sold and June 2017 share repurchase and special dividends.

CMCT – HIGHLY FOCUSED ON VALUE CREATION AND TOTAL RETURN**CMCT****Active and opportunistic portfolio management to maximize returns to stockholders**

2015-2016		Providing Liquidity to Shareholders									
▪ Proceeds from asset sales ~\$210 million ▪ Proceeds from CMBS refi ~\$80 million		<table><tr><th>Date</th><th>Liquidity</th></tr><tr><td>6/2016</td><td>\$210 million tender offer @ \$21/share</td></tr><tr><td>9/2016</td><td>\$80 million repurchase @ \$22/share¹</td></tr></table>	Date	Liquidity	6/2016	\$210 million tender offer @ \$21/share	9/2016	\$80 million repurchase @ \$22/share ¹			
Date	Liquidity										
6/2016	\$210 million tender offer @ \$21/share										
9/2016	\$80 million repurchase @ \$22/share ¹										
1H'17		Providing Liquidity to Shareholders									
▪ Expect proceeds of ~\$709 from assets already sold or under contract to be sold		<table><tr><th>Date</th><th>Liquidity</th></tr><tr><td>4/2017</td><td>\$0.28 per share special cash dividend²</td></tr><tr><td>6/2017</td><td>\$576 million repurchase @ \$22/share¹</td></tr><tr><td>6/2017</td><td>\$1.98 per share special cash dividend²</td></tr></table>	Date	Liquidity	4/2017	\$0.28 per share special cash dividend ²	6/2017	\$576 million repurchase @ \$22/share ¹	6/2017	\$1.98 per share special cash dividend ²	
Date	Liquidity										
4/2017	\$0.28 per share special cash dividend ²										
6/2017	\$576 million repurchase @ \$22/share ¹										
6/2017	\$1.98 per share special cash dividend ²										
2H'17		Providing Liquidity to Shareholders									
▪ Evaluating additional asset sales to deliver value to stockholders		▪ Considering using a substantial portion of the net proceeds of such dispositions to provide liquidity to our common stockholders at prices reflecting our NAV and cash flow prospects									
Provided ~\$871 million of liquidity to stockholders since June 2016 ³											

¹ Shares were repurchased in a privately negotiated transaction from a fund managed by an affiliate of CIM Group.

² Paid special cash dividend to common stockholders; the affiliated fund waived its right to receive the special dividends.

³ Excludes regular cash dividends.

APPENDIX

CIM GROUP – QUALIFIED COMMUNITY METHODOLOGY



- CIM believes that its community qualification process provides it with a significant competitive advantage when making urban real estate investments.
- Since 1994, CIM has qualified 105 communities in high barrier-to-entry sub-markets and has invested in 63 of the communities. The qualification process generally takes between 6 months and 5 years and is a critical component of CIM's investment evaluation.
- CIM examines the characteristics of a market to determine whether the district justifies the extensive efforts CIM undertakes in reviewing and making potential investments in its Qualified Communities. The Communities are located in both primary and secondary urban centers, which can encompass (1) transitional urban districts and growth markets adjacent to Central Business Districts ("CBDs") and/or (2) well-established, thriving urban areas including major CBDs.

QUALIFICATION CRITERIA

Transitional Urban Districts	Thriving Urban Areas
▪ Improving demographics ▪ Broad public support for CIM's investment approach ▪ Evidence of private investment from other institutional investors ▪ Underserved niches in the community's real estate infrastructure ▪ Potential to invest a minimum of \$100 million of opportunistic equity within five years	▪ Positive demographic trends ▪ Public support for investment ▪ Opportunities below intrinsic value ▪ Potential to invest a minimum of \$100 million of opportunistic equity within five years

CIM GROUP – RESOURCES & EXPERTISE OF PREMIER INSTITUTIONAL MANAGER**CMCT**

CIM GROUP CO-FOUNDERS

**Richard Ressler***CIM Group Principal, CMCT Chairman of the Board*

- Founder and President of Orchard Capital Corp., a firm that provides consulting and advisory services to companies in which Orchard Capital or its affiliates invest
- Co-founded CIM Group in 1994 and chairs the firm's Investment and Asset Management Committees
- Chairman of the board of j2 Global, Inc. (NASDAQ: JCOM) and director of Presbia PLC (NASDAQ: LENS)
- Served as Chairman and CEO of JCOM from 1997 to 2000
- Chairman of executive committee and co-founder of predecessor of Orchard First Source Asset Management, an investment adviser focusing on middle market debt investments
- Co-founded and served as Vice Chairman of Brooke Group Limited, the predecessor of Vector Group, Limited (NYSE: VGR)
- Previously worked at Drexel Burnham Lambert, Inc. and began his career as an attorney with Cravath, Swaine and Moore, LLP
- B.A. from Brown University, and J.D. and M.B.A. degrees from Columbia University

**Avi Shemesh***CIM Group Principal and CMCT Board Member*

- Co-Founder and a Principal of CIM Group
- Responsible for the day-to-day operations of CIM Group, including strategic initiatives, property management, leasing and investor relations
- Head of CIM's Investments Group and serves on the firm's Investment and Asset Management Committees
- Active real asset investor for over 25 years
- Previously was involved in a number of successful entrepreneurial real estate activities, including co-founding Dekel Development, which developed a variety of commercial and multifamily properties in Los Angeles

**Shaul Kuba***CIM Group Principal and CMCT Board Member*

- Co-Founder and a Principal of CIM Group
- Responsible for the day-to-day operations of CIM Group, including leading the Development Group and sourcing new investment transactions
- Serves on the firm's Investment and Asset Management Committees
- Active real asset investor for over 25 years
- Previously was involved in a number of successful entrepreneurial real estate activities, including co-founding Dekel Development, which developed a variety of commercial and multifamily properties in Los Angeles

CIM GROUP – RESOURCES & EXPERTISE OF PREMIER INSTITUTIONAL MANAGER**CMCT**

MANAGEMENT

**Charles Garner***CMCT Chief Executive Officer, CIM Group Principal*

- CEO of CMCT and serves on CIM Group's Investment and Asset Management Committees
- Prior to joining CIM Group, worked closely with the firm in various capacities since 1996, including originating and managing Federal Realty Investment Trust's partnership with CIM Group
- Has been involved in billions of dollars of real estate transactions including the acquisition, joint venture investment, disposition and equity and debt financing of more than 100 properties
- Began career as a C.P.A. at PricewaterhouseCoopers and has held various transactional positions with Federal Realty, Walker & Dunlop and The Stout & Teague Companies
- B.S. degree in Management from Tulane University's A.B. Freeman School of Business

**David Thompson***CMCT Chief Financial Officer, CIM Group Principal*

- Prior to joining CIM Group in 2009, spent 15 years with Hilton Hotels Corporation, most recently as Senior Vice President and Controller responsible for worldwide financial reporting, financial planning and analysis, risk management, internal control and technical accounting compliance
- Tenure at Hilton included both SEC compliance as a public company and reporting as a private equity portfolio company
- Began career as a C.P.A. at Arthur Andersen & Co.

**Jan Salit***CMCT President and Secretary*

- Joined CMCT after merger of PMC Commercial Trust
- Previously was Chairman of the Board, CEO and Secretary of PMC Commercial Trust
- Prior to CEO role, held Chief Operating Officer and Chief Investment Officer roles with PMC Commercial Trust (joined predecessor firm in 1993)
- Prior to joining PMC Commercial Trust, held positions with Glenfed Financial Corporation (and its predecessor company ARMCO Financial Corporation) including Chief Financial Officer

**Terry Wachsner***CIM Group Principal, Property Management*

- Prior to joining CIM Group in 2005, was Director of Asset Services for Continental Development Corporation
- Prior to Continental, was Executive Managing Director for Kennedy-Wilson Properties, Ltd. where he was responsible for the operations and leasing of a 75 million square foot national portfolio of office, retail, industrial, and apartment properties
- From 1980 to 1998, headed up Heitman Properties, Ltd. as President of Property Management

CMCT – CONSOLIDATED STATEMENTS OF OPERATIONS

	Three Months Ended	
	March 31,	
	2017	2016
(In thousands, except per share data)		
REVENUES:	(Unaudited)	
Rental and other property income	\$ 60,809	\$ 62,848
Expense reimbursements	3,030	2,928
Interest and other income	3,110	2,841
	<u>66,949</u>	<u>68,617</u>
EXPENSES:		
Rental and other property operating	22,960	31,278
Asset management and other fees to related parties	8,700	8,631
Interest	9,773	6,815
General and administrative	1,679	1,942
Transaction costs	13	149
Depreciation and amortization	17,231	18,058
	<u>60,356</u>	<u>66,873</u>
Gain on sale of real estate	187,734	24,739
INCOME FROM CONTINUING OPERATIONS BEFORE PROVISION FOR INCOME TAXES	<u>194,327</u>	<u>26,483</u>
Provision for income taxes	392	190
NET INCOME FROM CONTINUING OPERATIONS	<u>193,935</u>	<u>26,293</u>
DISCONTINUED OPERATIONS:		
Income from operations of assets held for sale	-	690
NET INCOME FROM DISCONTINUED OPERATIONS	<u>-</u>	<u>690</u>
NET INCOME	<u>193,935</u>	<u>26,983</u>
Net income attributable to noncontrolling interests	(5)	(3)
NET INCOME ATTRIBUTABLE TO THE COMPANY	<u>193,930</u>	<u>26,980</u>
Redeemable preferred stock dividends	(31)	-
NET INCOME AVAILABLE TO COMMON STOCKHOLDERS	<u>\$ 193,899</u>	<u>\$ 26,980</u>
BASIC AND DILUTED NET INCOME AVAILABLE TO COMMON STOCKHOLDERS PER SHARE:		
Continuing operations	\$ 2.31	\$ 0.27
Discontinued operations	\$ 0.00	\$ 0.01
Net income	<u>\$ 2.31</u>	<u>\$ 0.28</u>
WBGHTE AVERAGE SHARES OF COMMON		
STOCK OUTSTANDING:		
Basic	<u>84,048</u>	<u>97,662</u>
Diluted	<u>84,048</u>	<u>97,662</u>

EPS for the year-to-date period may differ from the sum of quarterly EPS amounts due to the required method of computing EPS in the respective periods. In addition, EPS is calculated independently for each component and may not be additive due to rounding.

CMCT – FUNDS FROM OPERATIONS

	Three Months Ended	
	March 31,	
	2017	2016
	(in thousands, except per share amounts)	
	(Unaudited)	
FUNDS FROM OPERATIONS (FFO)		
Net income available to common stockholders	\$ 193,899	\$ 26,980
Depreciation and amortization	17,231	18,058
Gain on sale of depreciable assets	(187,734)	(24,739)
FFO AVAILABLE TO COMMON STOCKHOLDERS	\$ 23,396	\$ 20,299
BASIC AND DILUTED FFO PER SHARE:		
Net income available to common stockholders	\$ 2.31	\$ 0.28
Depreciation and amortization	0.21	0.18
Gain on sale of depreciable assets	(2.23)	(0.25)
FFO PER SHARE AVAILABLE TO COMMON STOCKHOLDERS	\$ 0.28	\$ 0.21
WEIGHTED AVERAGE SHARES OF COMMON STOCK OUTSTANDING:		
Basic	84,048	97,662
Diluted	84,048	97,662

We believe that FFO is a widely recognized and appropriate measure of the performance of a REIT and that it is frequently used by security analysts, investors and other interested parties in the evaluation of REITs, many of which present FFO when reporting their results. FFO represents net income (loss) available to common stockholders, computed in accordance with GAAP, excluding gains (or losses) from sales of real estate, and real estate depreciation and amortization. We calculate FFO in accordance with the standards established by the National Association of Real Estate Investment Trusts ("NAREIT").

Like any metric, FFO should not be used as the only measure of our performance because it excludes depreciation and amortization and captures neither the changes in the value of our real estate properties that result from use or market conditions nor the level of capital expenditures and leasing commissions necessary to maintain the operating performance of our properties, all of which have real economic effect and could materially impact our operating results. Other REITs may not calculate FFO in accordance with the standards established by the NAREIT; accordingly, our FFO may not be comparable to those other REITs' FFO. Therefore, FFO should be considered only as a supplement to net income as a measure of our performance and should not be used as a supplement to or substitute measure for cash flow from operating activities computed in accordance with GAAP. FFO should not be used as a measure of our liquidity, nor is it indicative of funds available to fund our cash needs, including our ability to pay dividends.

The per share adjustments to net income available to common stockholders per share are calculated independently for each adjustment and may not be additive due to rounding.

CMCT – CONSOLIDATED BALANCE SHEETS

	March 31, 2017	December 31, 2016
	(in thousands)	
	(Unaudited)	
ASSETS		
Investments in real estate, net	\$ 1,505,492	\$ 1,606,942
Cash and cash equivalents	404,346	144,449
Restricted cash	27,775	32,160
Accounts receivable, net	12,828	13,086
Deferred rent receivable and charges, net	106,744	116,354
Other intangible assets, net	17,199	17,623
Other assets	91,446	92,270
TOTAL ASSETS	\$ 2,165,830	\$ 2,022,884
LIABILITIES, REDEEMABLE PREFERRED STOCK AND EQUITY		
LIABILITIES:		
Debt, net	\$ 939,334	\$ 967,886
Accounts payable and accrued expenses	33,103	39,155
Intangible liabilities, net	1,426	3,576
Due to related parties	10,097	10,196
Other liabilities	34,837	34,056
Total liabilities	1,018,797	1,054,869
REDEEMABLE PREFERRED STOCK	3,321	1,426
EQUITY:		
Common stock	84	84
Additional paid-in capital	1,566,126	1,566,073
Accumulated other comprehensive income (loss)	1,043	(509)
Distributions in excess of earnings	(424,458)	(599,971)
Total stockholders' equity	1,142,795	965,677
Noncontrolling interests	917	912
Total equity	1,143,712	966,589
TOTAL LIABILITIES, REDEEMABLE PREFERRED STOCK AND EQUITY	\$ 2,165,830	\$ 2,022,884

CMCT – DEBT SUMMARY¹

As of March 31, 2017	Oustanding Principal Balance ^{1,2}	Interest Rate	Maturity Date
	(In thousands, unaudited)		
4649 Cole Avenue ⁸	\$ 23,444	5.39%	03/01/2021
3636 McKinney Avenue ⁸	9,317	5.39%	03/01/2021
3839 McKinney Avenue ⁸	6,180	5.39%	03/01/2021
4200 Scotland Street	29,019	5.18%	06/05/2021
1 Kaiser Plaza	97,100	4.14%	07/01/2026
2101 Webster Street	83,000	4.14%	07/01/2026
2100 Franklin Street	80,000	4.14%	07/01/2026
1901 Harrison Street	42,500	4.14%	07/01/2026
1333 Broadway	39,500	4.14%	07/01/2026
260 Townsend Street	28,200	4.14%	07/01/2026
7083 Hollywood Boulevard ⁷	21,700	4.14%	07/01/2026
830 1 st Street	46,000	4.50%	01/05/2027
MORTGAGES PAYABLE	505,960	4.33%	
Unsecured Credit Facility ³	-	Variable	09/30/2017 ⁴
Unsecured Term Loan Facility ⁵	385,000	LIBOR + 1.60% ⁶	05/08/2022
Junior Subordinated Notes	27,070	LIBOR + 3.25%	03/30/2035
OTHER	412,070		
TOTAL DEBT	\$ 918,030		

¹ Excludes \$26.3 million of secured borrowings-government guaranteed loans, which represent sold loans which are treated as secured borrowings because the loan sales did not meet the derecognition criteria provided for in ASC 860-30, Secured Borrowing and Collateral.

² Excludes premiums, discounts and debt issuance costs.

³ At March 31, 2017, the interest rates applicable to the components of CIM Commercial's Unsecured Credit Facility were based on LIBOR plus an applicable spread determined by CIM Commercial's maximum leverage ratio, as defined in the credit agreement. In June 2016, all outstanding borrowings under the Unsecured Credit Facility were repaid. At March 31, 2017, \$0 was outstanding under the credit facility and \$200 million was available for future borrowings, as we permanently reduced the revolving credit commitment under the credit facility to \$200 million.

⁴ The credit facility was set to mature in September 2016 and, prior to maturity, we exercised the first of two one year extension options through September 2017.

⁵ The Unsecured Term Loan Facility ranks pari passu with CIM Commercial's Unsecured Credit Facility; covenants under the Unsecured Term Loan Facility are substantially the same as those in the Unsecured Credit Facility. At March 31, 2017, the interest rate was based on LIBOR plus an applicable spread determined by CIM Commercial's maximum leverage ratio, as defined in the credit agreement. With some exceptions, any prepayment of the Unsecured Term Loan Facility prior to May 2017 was subject to a prepayment fee up to 2% of the outstanding principal amount.

⁶ The interest rate of the loan has been effectively converted to a fixed rate of 3.16% until May 8, 2020 through interest rate swaps.

⁷ 7083 Hollywood Boulevard is under contract for sale. Approximately \$21.7 million of the outstanding mortgages payable at March 31, 2017 on this property will be repaid or assumed by the buyer.

⁸ 3636 McKinney Avenue and 3839 McKinney Avenue were sold in May 2017 and \$15.5 million of the outstanding mortgages payable at March 31, 2017 were repaid. 4649 Cole Avenue was sold in June 2017 and \$23.4 million of the outstanding mortgages payable at March 31, 2017 was repaid.

NET OPERATING INCOME RECONCILIATION

CIM Commercial internally evaluates the operating performance and financial results of its segments based on segment net operating income, which is defined as rental and other property income and expense reimbursements less property related expenses, and excludes non-property income and expenses, interest expense, depreciation and amortization, corporate related general and administrative expenses, gain (loss) on sale of real estate, transaction costs and provision for income taxes. We also evaluate the operating performance and financial results of our operating segments using cash basis net operating income ("Cash NOI"). We define cash NOI as segment NOI adjusted to exclude the effect of the straight lining of rents, acquired above/below market lease amortization, and other adjustments required by GAAP.

Segment NOI and cash NOI are not a measure of operating results or cash flows from operating activities as measured by GAAP and should not be considered an alternative to income from continuing operations, or to cash flows as a measure of liquidity, or as an indication of our performance or of our ability to pay dividends. All companies may not calculate segment NOI or cash NOI in the same manner. We consider segment NOI and cash NOI to be useful performance measures to investors and management because, when compared across periods, they reflect the revenues and expenses directly associated with owning and operating our properties and the impact to operations from trends in occupancy rates, rental rates, and operating costs, providing a perspective not immediately apparent from income from continuing operations. Additionally, we believe that cash NOI is helpful to investors because it eliminates straight line rent and other non-cash adjustments to revenue and expenses. Below is a reconciliation of Cash NOI to segment net operating income and net income for the three months ended March 31, 2017.

	Three Months Ended March 31, 2017				
	Office	Multifamily	Hotel	Lending	Total
	(in thousands, unaudited)				
Cash NOI	\$ 32,640	\$ 2,137	\$ 4,071	\$ 973	\$ 39,821
Deferred rent and amortization of intangible assets, liabilities and lease inducements	2,368	7	4	-	2,379
Straight line rent, below-market ground lease and amortization of intangible assets	(312)	(138)	-	9	(441)
Lease termination income	356	-	-	-	356
Segment Net Operating Income	\$ 35,052	\$ 2,006	\$ 4,075	\$ 982	\$ 42,115
Asset management and other fees to related parties					(7,856)
Interest expense					(9,631)
General and administrative					(791)
Transaction costs					(13)
Depreciation and amortization					(17,231)
Gain on sale of real estate					187,734
Income from continuing operations before provision for income taxes					194,327
Provision for income taxes					(392)
Net income					193,935
Net income attributable to noncontrolling interests					(5)
Net income attributable to the Company					\$ 193,930

IMPORTANT DISCLOSURES

Assets and Equity Under Management

Assets Under Management ("AUM"), or Gross AUM, represents (i)(a) for real assets, the aggregate total gross assets ("GAV") at fair value, including the shares of such assets owned by joint venture partners and co-investments, of all of CIM's advised accounts (each an "Account" and collectively, the "Accounts") or (b) for operating companies, the aggregate GAV less debt, including the shares of such assets owned by joint venture partners and co-investments, of all of the Accounts (not in duplication of the assets described in (i)(a)), plus (ii) the aggregate unfunded commitments of the Accounts, as of March 31, 2017 ("Report Date"). The GAV is calculated in accordance with U.S. generally accepted accounting principles on a fair value basis (the "Book Value") and generally represents the investment's third-party appraised value as of the Report Date, or as of March 31, 2017, as adjusted further by the result of any partial realizations and quarterly valuation adjustments based upon management's estimate of fair value, in each case through the Report Date other than as described below with respect to CIM REIT. The only investment currently held by CIM REIT consists of shares in CIM Commercial Trust Corporation ("CMCT"), a publicly traded company; the Book Value of CIM REIT is determined by assuming the underlying assets of CMCT are liquidated based upon management's estimate of fair value. CIM does not presently view the price of CMCT's publicly-traded shares to be a meaningful indication of the fair value of CIM REIT's interest in CMCT due to the fact that the publicly-traded shares of CMCT represent less than 3% of the outstanding shares of CMCT and are thinly-traded.

Equity Under Management ("EUM"), or Net AUM, represents (i) the aggregate NAV of the Accounts (as described below), plus (ii) the aggregate unfunded commitments of the Accounts. The NAV of each Account is based upon the aggregate amounts that would be distributable (prior to incentive fee allocations) to such Account assuming a "hypothetical liquidation" of the Account on the date of determination, assuming that: (x) investments are sold at their Book Value (as defined above); (y) debts are paid and other assets are collected; and (z) appropriate adjustments and/or allocations between equity investors are made in accordance with applicable documents, in each case as determined in accordance with applicable accounting guidance.

Net Asset Value

The estimated Net Asset Value ("NAV") contained herein is CMCT's pro forma NAV given effect to certain transactions that have not been completed. Accordingly, the NAV contained herein should not be treated as "Applicable NAV" for purposes of CMCT's Series A Pref Stock offering.

The determination of estimated NAV involves a number of subjective assumptions, estimates and judgments that may not be accurate or complete. Further, different firms using different property-specific, general real estate, capital markets, economic and other assumptions, estimates and judgments could derive an estimated NAV that could be significantly different from our estimated NAV. Additionally, our estimated NAV does not give effect to changes in value, investment activities, capital activities, indebtedness levels, and other various activities occurring after December 31, 2016 that would have an impact on our estimated NAV, other than the sale of 211 Main Street (sold in March 2017), 3636 McKinney Avenue and 3839 McKinney Avenue (sold in May 2017), 4649 Cole Avenue, 980 9th Street, 1010 8th Street Parking Garage & Retail and 200 S College Street (sold in June 2017), 7083 Hollywood Boulevard, 47 E. 34th Street and 4200 Scotland Street which are under contract to be sold and the private share repurchase in June 2017.

The estimated NAV per share of \$23.08 was calculated by CIM Investment Advisors, LLC, relying in part on appraisals of our real estate investments and the assets of our lending segment. The table on page 19 sets forth the material items included in the calculation of our estimated NAV. We engaged various third party appraisal firms to perform appraisals of our real estate investments and the assets of our lending segment as of December 31, 2016. These appraisals were performed in accordance with standards set forth by the American Institute of Certified Public Accountants. Each of our appraisals was prepared by personnel who are subject to and in compliance with the code of professional ethics and the standards of professional conduct set forth by the certification programs of the professional appraisal organizations of which they are members.

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Free Writing Prospectus
Filed Pursuant to Rule 433
Dated July 10, 2017

Registration Statement Nos. 333-203639; 333-210880; 333-218019

FREE WRITING PROSPECTUS

CIM Commercial Trust Corporation Investor Presentation July 2017

CIM Commercial Trust Corporation (the “Company”) has filed registration statements (including a prospectus and prospectus supplements, as applicable) with the Securities and Exchange Commission (the “SEC”) for the offerings to which this communication relates. Before you invest, you should read the prospectus and the prospectus supplements related to the applicable registration statement and other documents the Company has filed with the SEC for more complete information about the Company and the offerings. You may get these documents for free by visiting the Company’s website at <http://investors.cimcommercial.com/index.cfm>, or, as to the offering described in Registration Statement No. 333-210880 (relating to the Series A Units consisting of Series A Preferred Stock and Warrants), by contacting Evolv Capital at 844-EVO-ALTS or info@evoalts.com.

You may also access the applicable prospectus for free on the SEC website at www.sec.gov as follows:

- [Post-Effective Amendment No. 2 to Form S-11, dated March 30, 2017, relating to Registration Statement No. 333-203639;](#)
- [Prospectus Supplement No. 7, dated May 12, 2017, to the Prospectus, dated July 1, 2016, relating to Registration Statement No. 333-210880; and](#)
- [Amendment No. 1 to Form S-11, dated July 10, 2017, relating to Registration Statement No. 333-218019.](#)



IMPORTANT DISCLOSURES



FORWARD-LOOKING STATEMENTS

The information set forth herein contains "forward-looking statements." You can identify these statements by the fact that they do not relate strictly to historical or current facts or they discuss the business and affairs of CIM Commercial Trust Corporation ("CIM Commercial" or "CMCT") on a prospective basis. Further, statements that include words such as "may," "will," "project," "might," "expect," "believe," "anticipate," "intend," "could," "would," "estimate," "continue," "pursue," or "should" or the negative or other words or expressions of similar meaning, may identify forward-looking statements.

CIM Commercial bases these forward-looking statements on particular assumptions that it has made in light of its experience as well as its perception of expected future developments and other factors that it believes are appropriate under the circumstances. These forward-looking statements are necessarily estimates reflecting the judgment of CIM Commercial and involve a number of risks and uncertainties that could cause actual results to differ materially from those suggested by the forward-looking statements. These forward-looking statements are subject to risks, uncertainties and other factors, including those set forth in CIM Commercial's Annual Report on Form 10-K for the fiscal year ended December 31, 2016.

As you read and consider the information herein, you are cautioned to not place undue reliance on these forward-looking statements. These statements are not guarantees of performance or results and speak only as of the date hereof. These forward-looking statements involve risks, uncertainties and assumptions. In light of these risks and uncertainties, there can be no assurance that the results and events contemplated by the forward-looking statements contained herein will in fact transpire. New factors emerge from time to time, and it is not possible for CIM Commercial to predict all of them. Nor can CIM Commercial assess the impact of each such factor or the extent to which any factor, or combination of factors, may cause results to differ materially from those contained in any forward-looking statement. CIM Commercial undertakes no obligation to publicly update or release any revisions to these forward-looking statements to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events, except as required by law.

IMPORTANT DISCLOSURES**CMCT**

Free Writing Prospectus
Filed Pursuant to Rule 433
Dated July 10, 2017

Registration Statement Nos. 333-203639; 333-210880; 333-218019

FREE WRITING PROSPECTUS

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CMCT – INVESTMENT THESIS

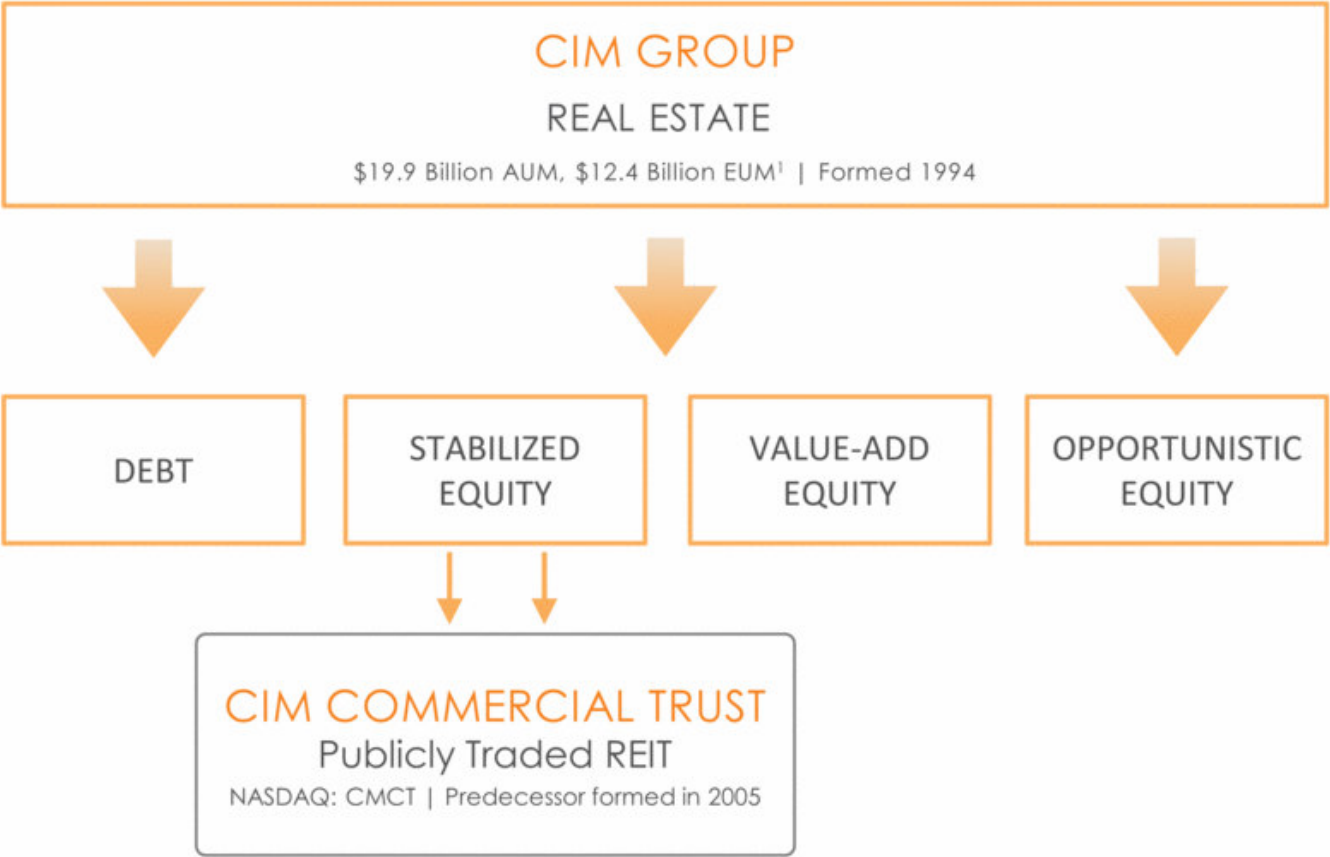
Resources & Expertise of Premier Institutional Manager	▪ Large scale platform with vertically-integrated team ▪ Proprietary "Qualified Community" methodology ▪ Disciplined, relative-value investor with sightlines across all major U.S. urban markets
Class A and Creative Office Investments in Gateway Markets	▪ Invested in high barrier-to-entry sub-markets where CIM Group anticipates outsized rent growth ▪ San Francisco Bay Area, Washington DC, Los Angeles and Austin
Same Store Growth Opportunity	▪ Lease-up (office portfolio 90.4% leased)^{1,2} ▪ Below-market leases increasing to market rate ▪ Value-add / development
Attractive And Flexible Capital Structure	▪ 100% of debt matures in 2021+, 51% in 2026+^{2,3} ▪ 55% of debt is fixed rate; another 42% of debt is effectively fixed rate until May 2020 through interest rate swaps^{2,3} ▪ Target capital structure of 45% common equity, 25% preferred equity and 30% debt enhances common equity returns with low relative risk
Maximizing Returns for Shareholders	▪ Growing NAV and cash flows per share of common stock ▪ Providing liquidity to stockholders at prices reflecting NAV and cash flow prospects ▪ With capital structure implemented, targeted ~15% total return on equity

¹ Excludes 980 9th Street, 1010 8th Street Parking Garage & Retail and 200 S College Street (sold in June 2017) and 7083 Hollywood Boulevard (under contract for sale).

² As of March 31, 2017.

³ Excludes premiums, discounts, debt issuance costs and secured borrowings on government guaranteed loans.

CIM GROUP



¹ See "Assets and Equity Under Management" under "Important Disclosures" on page 31.

CIM GROUP – RESOURCES & EXPERTISE OF PREMIER INSTITUTIONAL MANAGER

CMCT

Established	Established in 1994 as a partner for investors seeking to capitalize on U.S. urbanization
Experience	- Since inception, CIM Group has owned or currently has under development¹ 16.5 million square feet of office 6.3 million square feet of retail 20,800 residential units 7,000 hotel rooms
Office Locations	- Headquartered in Los Angeles - Investment offices in NYC, San Francisco Bay Area, Washington DC Metro Area and Dallas
Strategies	- Stabilized Equity - Value-Add Equity - Opportunistic Equity - Debt



432 Park Avenue (New York)



1 Kaiser Plaza (Oakland)



11 Madison Avenue (New York)



Dolby Theatre (Hollywood)

¹ As of March 31, 2017, Residential units include both condo and apartment units.
The examples above have been selected to generally illustrate the investment philosophy of CIM Group, and may not be representative of future investments. Past performance is not a guarantee of future results.

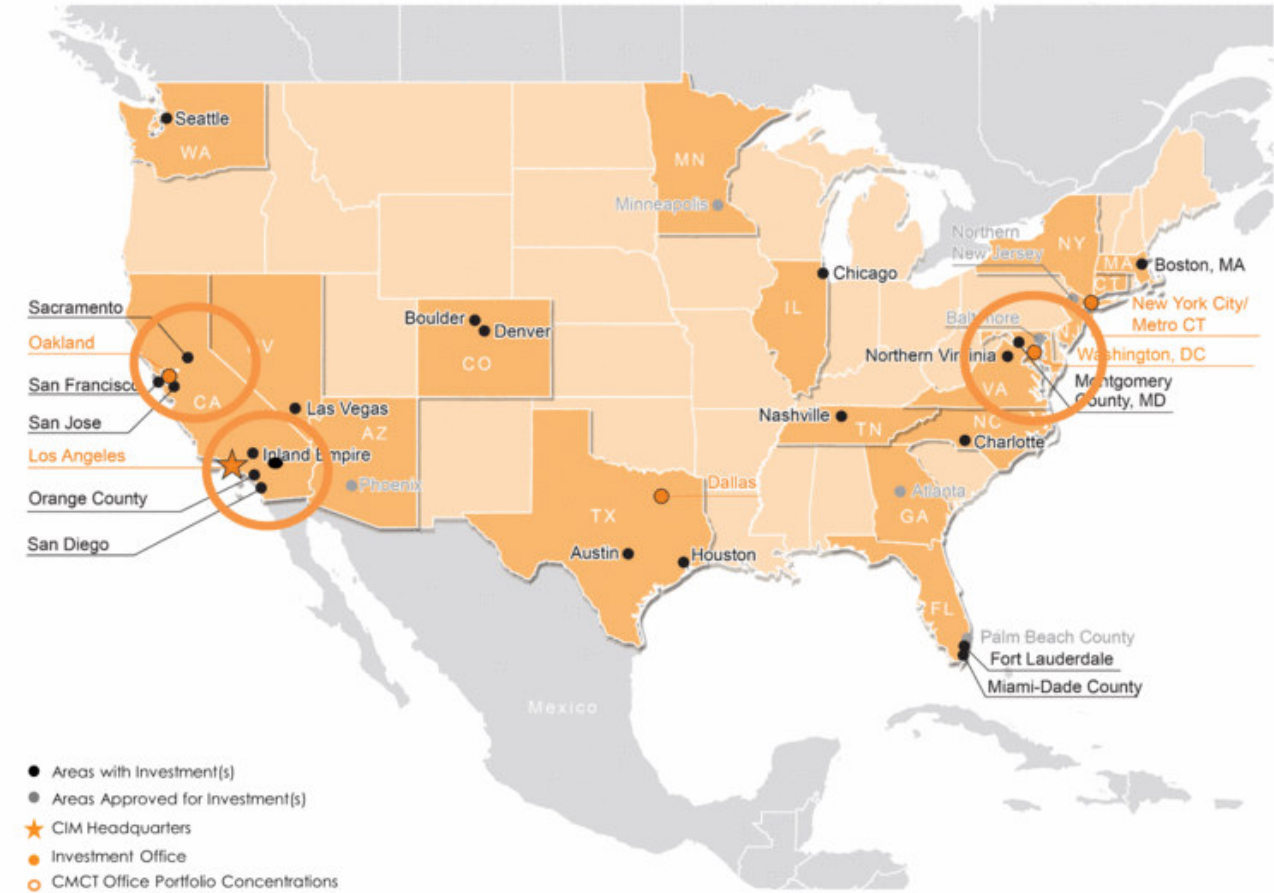
CIM GROUP – RESOURCES & EXPERTISE OF PREMIER INSTITUTIONAL MANAGER**CMCT****CIM GROUP COMPETITIVE ADVANTAGES**

Seasoned, Vertically-Integrated Team	▪ Full-service investment manager ▪ Research, investment, acquisition and finance ▪ Development, leasing and asset management
"Qualified Community" Methodology	▪ Sector-agnostic focus ▪ Market values that are below long-term intrinsic values ▪ Underserved or improving areas with dedicated resources that should lead to outsized rent growth
Disciplined Underwriting	▪ CIM underwrites prospective investments using multiple scenarios ▪ Employs current and long-term market growth rates, cap rates and interest rates ▪ Returns are primarily driven by improved asset and community performance, not cap rate compression or financial engineering

CMCT Benefits From CIM Group's Large-Scale Platform
Deal sourcing + Capital markets + Operational expertise

CIM GROUP – U.S. QUALIFIED COMMUNITIES

CMCT



CIM COMMERCIAL TRUST (NASDAQ: CMCT)

CIM COMMERCIAL TRUST**CMCT**

CIM COMMERCIAL (NASDAQ: CMCT)	▪ Primarily Class A and creative urban office REIT with NAV and cash flow per share upside ▪ Share Price¹ / Market Cap \$15.85 / \$0.9 billion ▪ NAV per Share / NAV² \$23.08 / \$1.3 billion
Portfolio	▪ Quality office portfolio in vibrant and improving urban markets including: – San Francisco Bay Area – Washington, DC – Los Angeles ▪ 19 office properties with 4.0 million rentable square feet³
CIM Group	▪ Manager of CMCT ▪ Focused on consistently growing NAV and cash flows per share of common stock and providing liquidity to stockholders at prices reflecting NAV and cash flow prospects ▪ \$19.9 billion AUM, \$12.4 billion EUM with 80+ global institutional investors⁴ ▪ 650+ total employees¹ – 15 principals including all of its founders¹ – 360+ professionals¹ ▪ Beneficial owner of 1.1 million shares of CMCT⁵

¹ As of July 7, 2017. Market cap reflects June 2017 private repurchase of 26,181,818 shares.

² See "Net Asset Value" on page 31.

³ As of March 31, 2017. Includes ancillary properties. Excludes 980 9th Street, 1010 8th Street Parking Garage & Retail and 200 S College Street, which were sold in June 2017, as well as 7083 Hollywood Boulevard which is under contract to be sold. 3601 South Congress Avenue and Lindblade Media Center are each shown as one property but consist of 10 and 3 buildings, respectively.

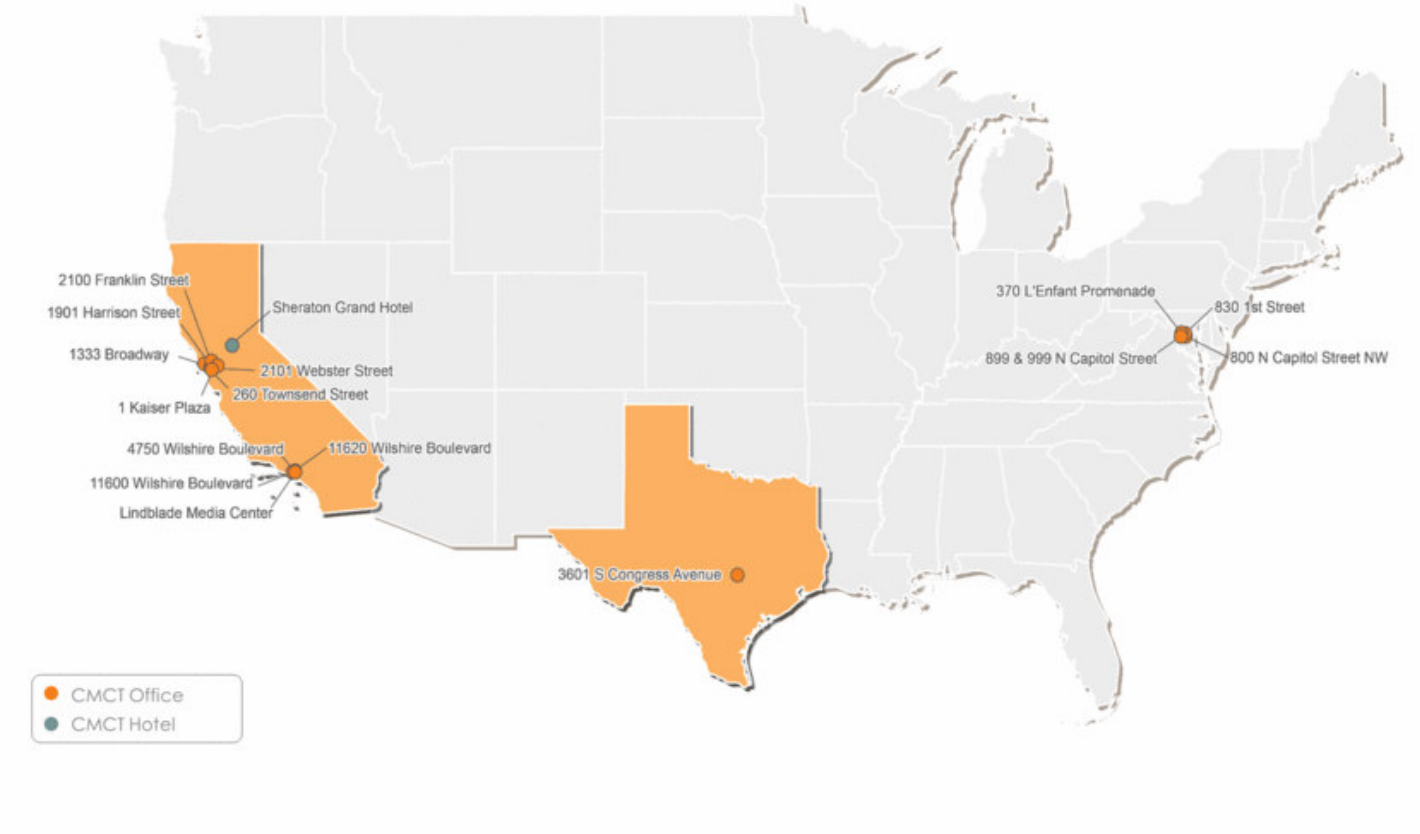
⁴ See "Assets and Equity Under Management" under "Important Disclosures" on page 31.

⁵ As of June 30, 2017. Includes shares owned by Principals of CIM Group LP, ("CIM Group" or "CIM") and executive officers and directors of CMCT.

CMCT – CLASS A AND CREATIVE OFFICE PORTFOLIO IN GATEWAY MARKETS



AS OF MARCH 31, 2017¹



¹ Excludes 980 9th Street, 1010 8th Street Parking Garage & Retail and 200 S College Street, which were sold in June 2017, as well as 7083 Hollywood Boulevard, 47 E. 34th Street and 4200 Scotland Street which are under contract to be sold. 3601 South Congress Avenue and Lindblade Media Center are each shown as one property but consist of 10 and 3 buildings, respectively.

CMCT – CLASS A AND CREATIVE OFFICE PORTFOLIO IN GATEWAY MARKETS**CMCT**

AS OF MARCH 31, 2017

Location	Sub-Market	Square Footage	% of Total	% Occupied	% Leased	Annualized Cash Rent (in 000s) ¹	Annualized Cash Rent Per Occupied SF
NORTHERN CALIFORNIA							
Oakland, CA							
1 Kaiser Plaza	Lake Merritt	532,543	13.2%	96.2%	96.9%	\$ 19,789	\$ 38.61
2101 Webster Street	Lake Merritt	473,156	11.8%	98.9%	98.9%	17,901	38.24
1901 Harrison Street	Lake Merritt	273,110	6.9%	98.2%	98.2%	9,695	36.14
1333 Broadway	City Center	240,051	6.0%	92.9%	92.9%	7,349	32.94
2100 Franklin Street	Lake Merritt	216,828	5.4%	98.9%	98.9%	8,442	39.35
Total Oakland, CA		1,735,688	43.3%	97.1%	97.3%	63,176	37.49
San Francisco, CA							
260 Townsend Street	South of Market	65,694	1.6%	74.5%	84.8%	3,499	71.45
Total San Francisco, CA		65,694	1.6%	74.5%	84.8%	3,499	71.45
TOTAL NORTHERN CALIFORNIA		1,801,382	44.9%	96.3%	96.8%	\$ 66,675	\$ 38.44
SOUTHERN CALIFORNIA							
Los Angeles, CA							
11620 Wilshire Boulevard	West Los Angeles	192,858	4.8%	93.5%	98.1%	\$ 6,931	\$ 38.43
4750 Wilshire Boulevard	Mid-Wilshire	143,361	3.6%	100.0%	100.0%	3,782	26.38
11600 Wilshire Boulevard	West Los Angeles	55,638	1.4%	84.3%	86.1%	2,401	51.22
Linablade Media Center	West Los Angeles	32,428	0.8%	100.0%	100.0%	1,380	42.56
Total Los Angeles, CA		424,285	10.6%	95.0%	97.3%	14,494	35.96
TOTAL SOUTHERN CALIFORNIA		424,285	10.6%	95.0%	97.3%	\$ 14,494	\$ 35.96
EAST							
Washington, DC							
370 L'Enfant Promenade	Southwest	407,321	10.2%	39.1%	66.9%	\$ 8,882	\$ 55.77
999 N Capitol Street	Capitol Hill	320,939	8.0%	84.6%	84.6%	12,718	46.83
899 N Capitol Street	Capitol Hill	314,667	7.8%	74.0%	84.1%	11,669	50.09
800 N Capitol Street	Capitol Hill	312,759	7.8%	76.1%	76.1%	10,716	45.01
830 1st Street	Capitol Hill	247,337	6.2%	100.0%	100.0%	10,859	43.90
Total Washington, DC		1,603,023	40.0%	71.7%	80.7%	54,844	47.72
TOTAL EAST		1,603,023	40.0%	71.7%	80.7%	\$ 54,844	\$ 47.72
SOUTHWEST							
Austin, TX							
3601 S Congress Avenue	South	182,484	4.5%	90.2%	95.7%	\$ 5,434	\$ 32.99
TOTAL SOUTHWEST		182,484	4.5%	90.2%	95.7%	\$ 5,434	\$ 32.99
TOTAL OFFICE PORTFOLIO		4,011,174	100.0%	86.1%	90.4%	\$ 141,447	\$ 40.96

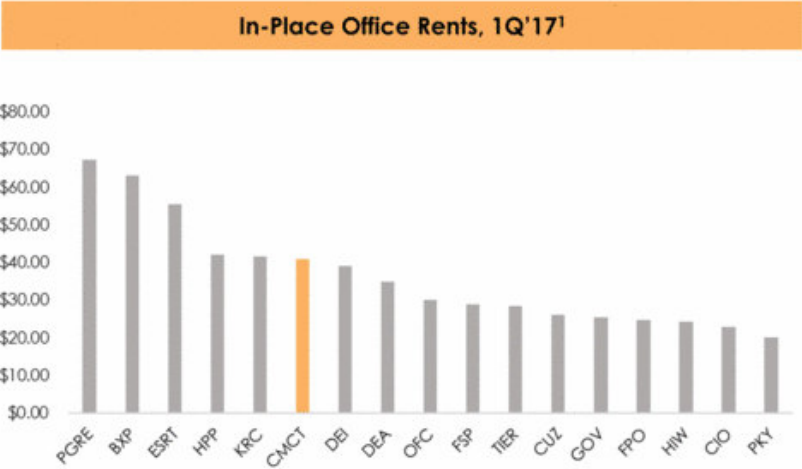
¹ Represents gross monthly base rent, as of March 31, 2017, multiplied by twelve. The amount reflects total cash rent before abatements. Where applicable, annualized rent has been grossed up by adding annualized expense reimbursement to base rent.

Note: Excludes 980 9th Street, 1010 8th Street Parking Garage & Retail and 200 S College Street, which were sold in June 2017, as well as 7083 Hollywood Boulevard, which is under contract to be sold.



CMCT – CLASS A AND CREATIVE OFFICE PORTFOLIO IN GATEWAY MARKETS

CMCT



¹ Per Square foot. For CMCT, represents gross monthly base rent per square foot under leases commenced as of March 31, 2017, multiplied by twelve. This amount reflects total cash rent before abatements. Where applicable, annualized rent has been grossed up by adding annualized expense reimbursements to base rent. Annualized rent for certain office properties includes rent attributable to retail. CMCT excludes 980 9th Street, 1010 8th Street Parking Garage & Retail and 200 S College Street, which were sold in June 2017, as well as 7083 Hollywood Boulevard which is under contract to be sold. Others sourced from SNL Financial and company reports. KRC in-place rents are as of December 31, 2016.

CMCT – KEY MARKET: LAKE MERRITT & OAKLAND CBD

CMCT

**CMCT In-Place
Rents
\$37.49**

**Class A Asking
Rents¹
\$52.32**

FAVORABLE OFFICE DYNAMICS

- **Relative Value vs. San Francisco CBD (Class A asking rents):**
 - SF - \$72.01¹
 - Lake Merritt - \$52.32¹
- **Limited New Office Supply in Lake Merritt / Oakland CBD:** Last major office project completed in 2008²
- **Proposition M:** San Francisco office development limited to 875,000 square feet per year

AN IMPROVING COMMUNITY

- **Transportation:** All six BART lines and every major highway run through Oakland
- **Amenities Base:** Oakland emerging as a "cool" place to live and work
- **Residential Development:**
 - ~6,200 new units in 2017-2019 (v. ~150,000 existing)³
 - **Residential Monthly Asking Rents²**
 - SF - \$2,946
 - Oakland - \$2,134



CMCT INVESTMENTS	ASSET TYPE	SQF	OCCUPIED %	IN-PLACE RENTS
1 Kaiser Plaza	Office	532,543	96.2%	\$38.61
2101 Webster Street	Office	473,156	98.9%	\$38.24
1901 Harrison Street	Office	273,110	98.2%	\$36.14
1333 Broadway	Office	240,051	92.9%	\$32.94
2100 Franklin	Office	216,828	98.9%	\$39.35
2 Kaiser Plaza ⁴	Land	-		
2353 Webster Street	Garage	-		
Total		1,735,688	97.1%	\$37.49

¹ Source: Cushman & Wakefield Class A office buildings (per square foot).

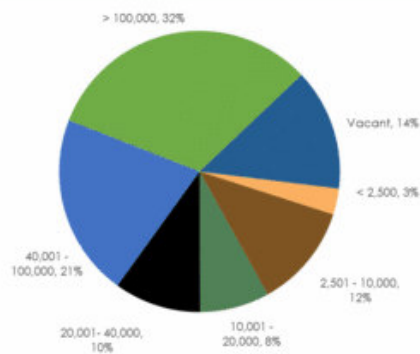
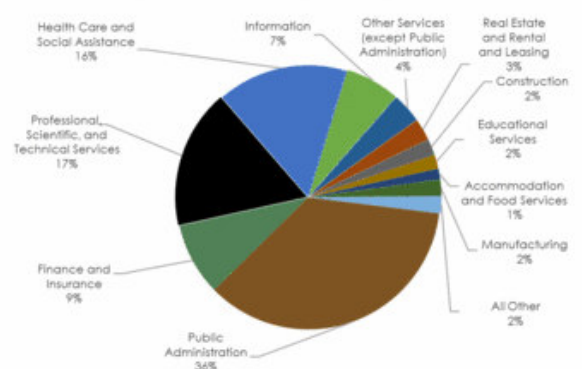
² Source: Costar.

³ Source: Reis.

⁴ 2 Kaiser Plaza Parking Lot is a 44,642 square foot parcel of land currently being used as a surface parking lot. We are pursuing entitlements allowing us to develop a building with approximately 440,000 to 840,000 rentable square feet.

CMCT – HIGH QUALITY & DIVERSE TENANT BASE

Tenant	Property	Credit Rating (S&P / Moody's / Fitch)	Lease Expiration	Annualized Rent (in thousands)	% of Annualized Rent ¹	Rentable Square Feet	% of Rentable Square Feet
Kaiser Foundation Health Plan, Inc.	1 Kaiser Plaza / 2101 Webster Street	Aa- / - / Aa-	2017-2027	18,045	12.8%	469,227	11.7%
Department of Education	Various	Aa+ / Aaa / AAA	2025-2026	\$ 11,113	7.9%	252,592	6.3%
The District of Columbia	899 N Capitol Street	Aa / Aa1 / Aa	2021	9,248	6.5%	174,203	4.3%
Pandora Media, Inc.	2100 Franklin Street / 2101 Webster Street	- / - / -	2020	7,155	5.1%	184,875	4.6%
Wells Fargo Bank, N.A.	1901 Harrison Street	A / A2 / Aa-	2018-2023	5,124	3.6%	147,520	3.7%
Internal Revenue Service	999 N Capitol Street	Aa+ / Aaa / AAA	2021	\$ 4,532	3.2%	100,500	2.5%
Farmers Group, Inc.	4750 White Boulevard	Aa / A2 / -	2019	3,782	2.7%	143,361	3.6%
Neighborhood Reinvestment Corporation	999 N Capitol Street	- / - / -	2023	3,369	2.4%	67,611	1.7%
Federal Maritime Commission	800 N Capitol Street	Aa+ / Aaa / AAA	2022	\$ 3,392	2.4%	66,017	1.6%
Accenture	370 L'Enfant Promenade / 1 Kaiser Plaza	Aa / A1 / Aa-	2017-2018	2,959	2.1%	55,120	1.4%
Total for Top Ten Tenants				68,719	48.7%	1,441,026	41.4%
All Other Tenants				72,728	51.3%	1,791,389	44.7%
Vacant				-	-%	558,759	13.9%
Total for Portfolio				\$ 141,447	100.0%	4,011,174	100.0%

Lease Size Diversification²Industry Diversification³

¹ Represents gross monthly base rent, as of March 31, 2017, multiplied by twelve. This amount reflects total cash rent before abatements. Where applicable, annualized rent has been grossed up by adding annualized expense reimbursements to base rent.

² Based on square footage as of March 31, 2017.

³ Based on gross monthly base rent, as of March 31, 2017, multiplied by twelve. This amount reflects total cash rent before abatements. Where applicable, annualized rent has been grossed up by adding annualized expense reimbursements to base rent.

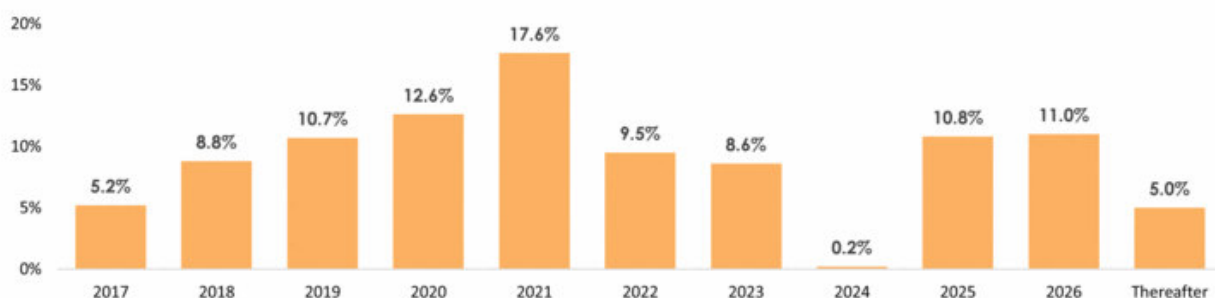
Excludes 980 9th Street, 1010 8th Street Parking Garage & Retail and 200 S College Street, which were sold in June 2017, as well as 7083 Hollywood Boulevard which is under contract to be sold.

CMCT – POSITIVE LEASING TRENDS / MANAGEABLE LEASE EXPIRATIONS

CMCT

	Three Months Ended				
	31-Mar-17	31-Dec-16	30-Sep-16	30-Jun-16	31-Mar-16
All					
Number of Transactions ¹	18	13	8	17	8
Square Footage	76,604	80,995	158,122	171,117	132,734
All - Recurring²					
New Cash Rental Rate ³	\$ 49.32	\$ 41.83	\$ 49.32	\$ 46.12	\$ 34.71
Expiring Cash Rental Rate ³	\$ 39.78	\$ 40.74	\$ 50.42	\$ 36.94	\$ 32.46
Square Footage	67,367	67,932	124,196	164,446	11,185
Cash rent spread %	24%	3%	-2%	25%	7%

Lease Expirations as a % of Annualized Office Rent⁴



¹ Based on the number of tenants.

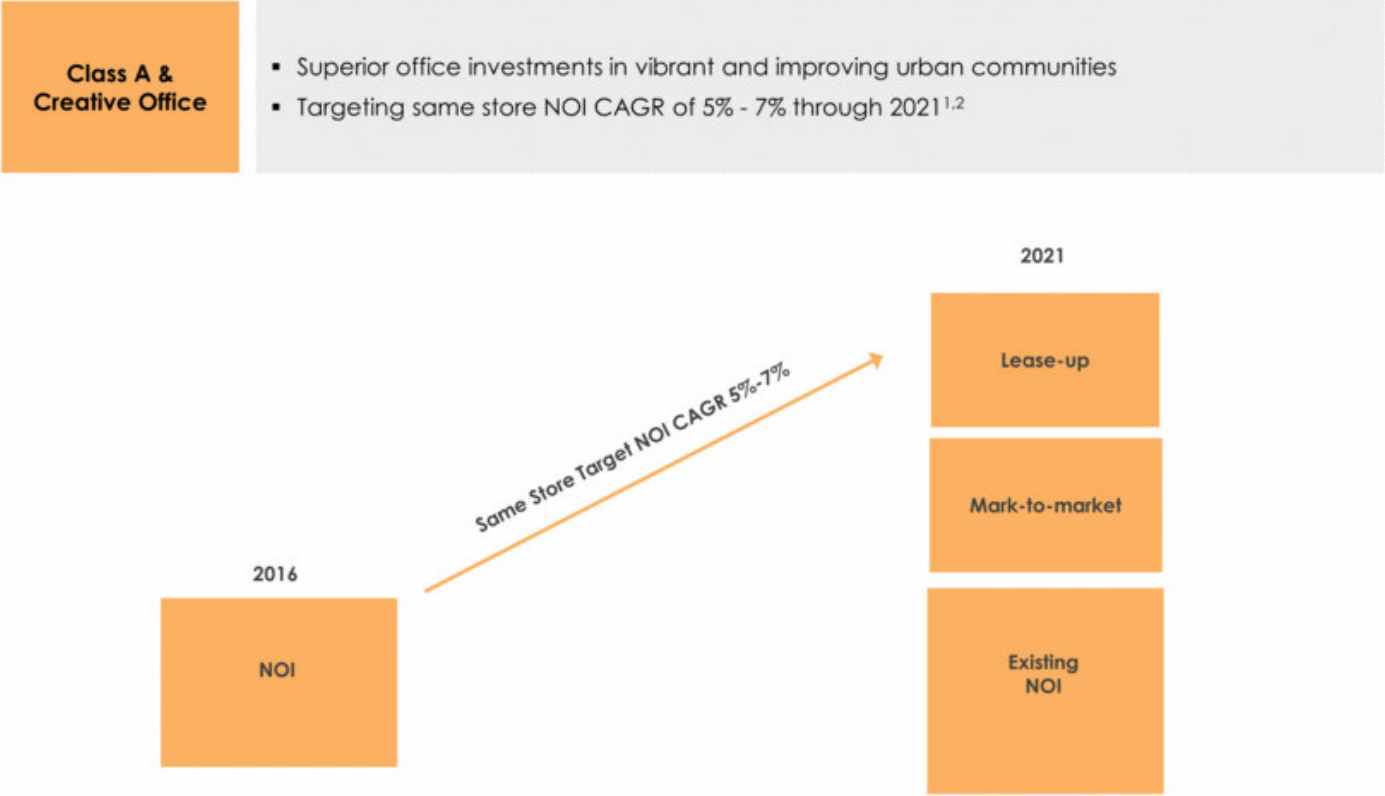
² Excludes leases for which the space was vacant for longer than one year, month-to-month leases, leases with an original term of less than 12 months, related party leases, and space where the previous tenant was a related party.

³ Cash rents represent gross monthly base rent, multiplied by twelve. This amount reflects total cash rent before abatements. Where applicable, annualized rent has been grossed up by adding annualized expense reimbursements to base rent.

⁴ Represents gross monthly base rent, as of March 31, 2017, multiplied by twelve. This amount reflects total cash rent before abatements. Where applicable, annualized rent has been grossed up by adding annualized expense reimbursements to base rent.

Note: Excludes 980 9th Street, 1010 8th Street Parking Garage & Retail and 200 S College Street, which were sold in June 2017, as well as 7083 Hollywood Boulevard which is under contract to be sold.

CMCT – SAME STORE GROWTH OPPORTUNITY



¹ Additional 1%-2% CAGR potential from development of already owned sites.
² Reflects cash and segment NOI. Please see Important Disclosures on page 2.
Note: Excludes 3636 McKinney Avenue and 3839 McKinney Avenue (sold in May 2017), 4649 Cole Avenue, 980 9th Street, 1010 8th Street Parking Garage & Retail and 200 S College Street (sold in June 2017), 7083 Hollywood Boulevard, 47 E. 34th Street and 4200 Scotland Street which are under contract to be sold

CMCT – ATTRACTIVE AND FLEXIBLE BALANCE SHEET

CMCT

Net Asset Value^{1,2}

(\$ in thousands, except share and per share amount)

		(Unaudited)
Investments in real estate - at fair value ²	\$	1,863,571
Loans receivable - at fair value ³		71,053
Debt ²		(821,965)
Cash and other assets net of other liabilities ²		227,327
Redeemable preferred stock ³		(1,064)
Noncontrolling interests ³		(3,321)
Estimated NAV available to common shareholders	\$	1,335,601
Shares of Common Stock outstanding²		57,866,263
Estimated NAV per share of Common Stock	\$	23.08

Pro-forma 1Q'17 NOI^{2,3}

		(\$ in thousands)
		(Unaudited)
Total 1Q'17 Cash NOI	\$	39,821
Less NOI from assets sold or under contract		13,922
Proforma Cash NOI	\$	25,899

Fixed vs. Floating Debt^{4,5,6}



Long-Term Maturities^{4,5}



¹ See "Net Asset Value" under "Important Disclosures" on page 31.

² As of March 31, 2017, adjusted for June share repurchase, the sale of 3636 McKinney Avenue and 3839 McKinney Avenue (May 2017), 4649 Cole Avenue, 980 9th Street, 1010 8th Street Parking Garage & Retail and 200 S College Street (June 2017), 7083 Hollywood Boulevard, 47 E. 34th Street and 4200 Scotland Street (are under contract to be sold).

³ See "Net Operating Income Reconciliation" on page 30.

⁴ As of March 31, 2017.

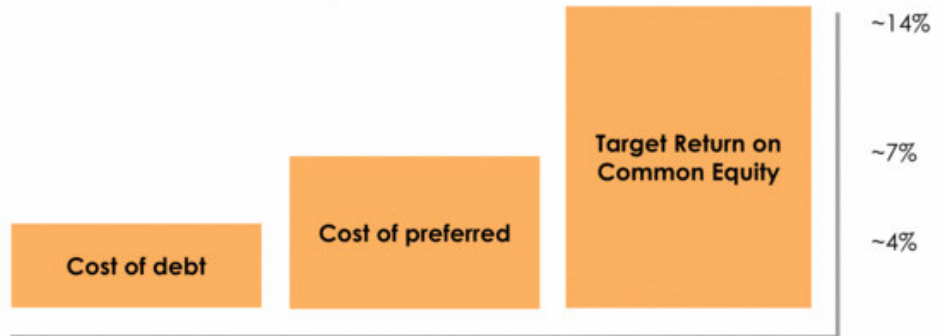
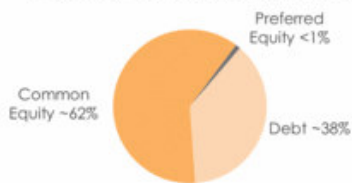
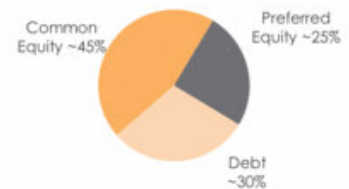
⁵ Excludes premiums, discounts, debt issuance costs and secured borrowings on government guaranteed loans.

⁶ The interest rate on the \$385 million term loan has been effectively converted to a fixed rate of 3.16% until May 8, 2020 through interest rate swaps.

CMCT – ATTRACTIVE AND FLEXIBLE CAPITAL STRUCTURE - STRONG RETURNS**CMCT****Attractive And Flexible Capital Structure**

- Target capital structure of 45% common equity, 25% preferred equity and 30% debt enhances common equity returns with low relative risk
- With capital structure implemented, targeted ~15% total return on equity
- Each part of the capital stack provides superior risk adjusted returns

Target Unlevered IRR of
~11% on Assets

**CURRENT CAPITAL STRUCTURE¹****TARGET CAPITAL STRUCTURE**

¹ Based on fair value. Adjusted for the sale of 3636 McKinney Avenue and 3839 McKinney Avenue (sold in May 2017), 4649 Cole Avenue, 980 9th Street, 1010 8th Street Parking Garage & Retail and 200 S College Street (sold in June 2017), 7083 Hollywood Boulevard, 47 E. 34th Street and 4200 Scotland Street which are under contract to be sold and June 2017 share repurchase and special dividends.

CMCT – HIGHLY FOCUSED ON VALUE CREATION AND TOTAL RETURN**CMCT****Active and opportunistic portfolio management to maximize returns to stockholders**

2015-2016		Providing Liquidity to Shareholders									
▪ Proceeds from asset sales ~\$210 million ▪ Proceeds from CMBS refi ~\$80 million		<table><thead><tr><th>Date</th><th>Liquidity</th></tr></thead><tbody><tr><td>6/2016</td><td>\$210 million tender offer @ \$21/share</td></tr><tr><td>9/2016</td><td>\$80 million repurchase @ \$22/share¹</td></tr></tbody></table>	Date	Liquidity	6/2016	\$210 million tender offer @ \$21/share	9/2016	\$80 million repurchase @ \$22/share ¹			
Date	Liquidity										
6/2016	\$210 million tender offer @ \$21/share										
9/2016	\$80 million repurchase @ \$22/share ¹										
1H'17		Providing Liquidity to Shareholders									
▪ Expect proceeds of ~\$709 from assets already sold or under contract to be sold		<table><thead><tr><th>Date</th><th>Liquidity</th></tr></thead><tbody><tr><td>4/2017</td><td>\$0.28 per share special cash dividend²</td></tr><tr><td>6/2017</td><td>\$576 million repurchase @ \$22/share¹</td></tr><tr><td>6/2017</td><td>\$1.98 per share special cash dividend²</td></tr></tbody></table>	Date	Liquidity	4/2017	\$0.28 per share special cash dividend ²	6/2017	\$576 million repurchase @ \$22/share ¹	6/2017	\$1.98 per share special cash dividend ²	
Date	Liquidity										
4/2017	\$0.28 per share special cash dividend ²										
6/2017	\$576 million repurchase @ \$22/share ¹										
6/2017	\$1.98 per share special cash dividend ²										
2H'17		Providing Liquidity to Shareholders									
▪ Evaluating additional asset sales to deliver value to stockholders		▪ Considering using a substantial portion of the net proceeds of such dispositions to provide liquidity to our common stockholders at prices reflecting our NAV and cash flow prospects									
Provided ~\$871 million of liquidity to stockholders since June 2016 ³											

¹ Shares were repurchased in a privately negotiated transaction from a fund managed by an affiliate of CIM Group.

² Paid special cash dividend to common stockholders; the affiliated fund waived its right to receive the special dividends.

³ Excludes regular cash dividends.

APPENDIX

CIM GROUP – QUALIFIED COMMUNITY METHODOLOGY

CMCT

- CIM believes that its community qualification process provides it with a significant competitive advantage when making urban real estate investments.
- Since 1994, CIM has qualified 105 communities in high barrier-to-entry sub-markets and has invested in 63 of the communities. The qualification process generally takes between 6 months and 5 years and is a critical component of CIM's investment evaluation.
- CIM examines the characteristics of a market to determine whether the district justifies the extensive efforts CIM undertakes in reviewing and making potential investments in its Qualified Communities. The Communities are located in both primary and secondary urban centers, which can encompass (1) transitional urban districts and growth markets adjacent to Central Business Districts ("CBDs") and/or (2) well-established, thriving urban areas including major CBDs.

QUALIFICATION CRITERIA

Transitional Urban Districts	Thriving Urban Areas
▪ Improving demographics ▪ Broad public support for CIM's investment approach ▪ Evidence of private investment from other institutional investors ▪ Underserved niches in the community's real estate infrastructure ▪ Potential to invest a minimum of \$100 million of opportunistic equity within five years	▪ Positive demographic trends ▪ Public support for investment ▪ Opportunities below intrinsic value ▪ Potential to invest a minimum of \$100 million of opportunistic equity within five years