CIM Commercial Trust Corp
Form PRE 14C
December 17, 2018
Table of Contents

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14C INFORMATION

Information Statement Pursuant to Section 14(c)
of the Securities Exchange Act of 1934 (Amendment No.)

Check the appropriate box:

x	Preliminary Information Statement
o	Confidential, for Use of the Commission Only (as permitted by Rule 14c-5(d)(2))
o	Definitive Information Statement

CIM Commercial Trust Corporation

(Name of Registrant As Specified In Its Charter)

Payment of Filing Fee (Check the appropriate box):

o	No fee required.
x	Fee computed on table below per Exchange Act Rules 14c-5(g) and 0-11.
1)	Title of each class of securities to which transaction applies: Not applicable
2)	Aggregate number of securities to which transaction applies: Not applicable
3)	Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined): Not applicable
4)	Proposed maximum aggregate value of transaction: $1,170,272,000.00*
5)	Total fee paid: $141,836.97**
*	Estimated solely for purposes of calculating the amount of the filing fee in accordance with Rule 0-11 under the Securities Exchange Act of 1934, as amended. The transaction value is the estimated aggregate gross consideration in cash expected to be received by CIM Commercial Trust Corporation in connection with the sale of certain of its assets as described herein.
**	The filing fee was calculated in accordance with Rule 0 11(c)(2) under the Securities Exchange Act of 1934, as amended, and Fee Rate Advisory #1 for Fiscal Year 2019, issued August 24, 2018, by multiplying the transaction value by 0.0001212.
o	Fee paid previously with preliminary materials.
o	Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.
1)	Amount Previously Paid: $
2)	Form, Schedule or Registration Statement No.:
3)	Filing Party:

4) Date Filed:

Table of Contents

CIM COMMERCIAL TRUST CORPORATION
17950 PRESTON ROAD, SUITE 600
DALLAS, TEXAS 75252

NOTICE OF STOCKHOLDER ACTION BY WRITTEN CONSENT

December , 2018

To our stockholders:

The Information Statement enclosed herewith has been filed with the Securities and Exchange Commission and is being furnished, pursuant to Section 14C of the Securities Exchange Act of 1934, as amended (the Exchange Act), to holders of shares of common stock, par value $0.001 per share (Common Stock), of CIM Commercial Trust Corporation (the Company, we or us).

The purpose of the Information Statement is to inform you that the Company has obtained the approval, by way of written consent in lieu of a meeting, of our principal stockholder, which owned 95.05% of the issued and outstanding shares of Common Stock as of the December 13, 2018 record date, of the sale of any or all of the properties of the Company listed in the immediately following sentence so long as the aggregate net proceeds from the sale(s) (excluding any property-level cash or restricted cash but after giving effect to any adjustments to the sale price of each property as any authorized officer of the Company determines customary or appropriate in these circumstances, including the settlement of any related property-level assets and liabilities, repayment, assumption, or defeasance of any related mortgage and the costs associated with such repayment, assumption or defeasance, and the costs and expenses incurred in connection with the sale(s)) are not less than 90% of the aggregate net asset value of the properties (determined as of September 30, 2018 on a fair value basis) that are sold (such sales, collectively, the Asset Sale). The properties included in the Asset Sale are 260 Townsend Street, 1333 Broadway, 1901 Harrison Street, 1 Kaiser Plaza, 2100 Franklin Street, 2101 Webster Street, 2353 Webster Street, 830 1st Street and 999 N Capitol Street. If all the properties that may be included in the Asset Sale are sold, based on information available to the Company as of the date hereof, the Company expects to receive aggregate net proceeds of approximately $690 million.

All necessary corporate approvals in connection with the Asset Sale have been duly obtained in accordance with the Maryland General Corporation Law and our charter and bylaws. As a result, no stockholder meeting will be held and no additional written consents will be sought by us. No dissenters rights will be afforded to our stockholders in connection with the Asset Sale.

WE ARE NOT ASKING YOU FOR A PROXY
AND YOU ARE REQUESTED NOT TO SEND US A PROXY

No action is required of you. Pursuant to rules under the Exchange Act, the Asset Sale may not be effected until at least 20 days after the date the Information Statement has been mailed to our stockholders, which date of mailing is on or about December , 2018. There can be no assurance that the Asset Sale will be consummated in whole or in part.

Sincerely,

Charles E. Garner II
Chief Executive Officer

Table of Contents

CIM COMMERCIAL TRUST CORPORATION
17950 PRESTON ROAD, SUITE 600
DALLAS, TEXAS 75252

INFORMATION STATEMENT

WE ARE NOT ASKING YOU FOR A PROXY
AND YOU ARE REQUESTED NOT TO SEND US A PROXY

This Information Statement is being mailed or otherwise furnished to you by the board of directors (the Board of Directors) of CIM Commercial Trust Corporation (the Company, we, or us) to inform you that the Company has obtained the approval, by way of written consent in lieu of a meeting, of our principal stockholder (the Approving Stockholder) with respect to 41,627,739 shares of our common stock, par value $0.001 per share (Common Stock), as of December 13, 2018 (the Record Date), representing 95.05% of our then total issued and outstanding shares of Common Stock, of the sale of any or all of the properties of the Company listed in the immediately following sentence so long as the aggregate net proceeds from the sale(s) (excluding any property-level cash or restricted cash but after giving effect to any adjustments to the sale price of each property as any authorized officer of the Company determines customary or appropriate in these circumstances, including the settlement of any related property-level assets and liabilities, repayment, assumption, or defeasance of any related mortgage and the costs associated with such repayment, assumption or defeasance, and the costs and expenses incurred in connection with the sale(s)) are not less than 90% of the aggregate net asset value of the properties (determined as of September 30, 2018 on a fair value basis) that are sold (such sales, collectively, the Asset Sale). The properties included in the Asset Sale are 260 Townsend Street, 1333 Broadway, 1901 Harrison Street, 1 Kaiser Plaza, 2100 Franklin Street, 2101 Webster Street, 2353 Webster Street, 830 1st Street and 999 N Capitol Street. If all the properties that may be included in the Asset Sale are sold, based on information available to the Company as of the date hereof, the Company expects to receive aggregate net proceeds of approximately $690 million.

On December 4, 2018, our Board of Directors approved and declared advisable the Asset Sale and recommended that the Asset Sale be submitted for approval by the Approving Stockholder in accordance with the Maryland General Corporation Law (the MGCL) and our charter and bylaws. The Approving Stockholder, holding greater than a majority of the issued and outstanding shares of our Common Stock, has approved the Asset Sale by written consent in lieu of a meeting in accordance with the MGCL and Section 15 of Article II of our Bylaws.

Accordingly, all necessary corporate approvals in connection with the Asset Sale have been duly obtained. As a result, no stockholder meeting will be held and no additional written consents will be sought by us. No dissenters rights will be afforded to our stockholders in connection with the Asset Sale.

We are not asking you for a proxy and you are requested not to send us a proxy.

This Information Statement is being furnished solely for the purpose of informing the stockholders of the Company, in the manner prescribed under the Securities Exchange Act of 1934, as amended (the Exchange Act), of this corporate actions before it takes effect. Pursuant to rules under the Exchange Act, the Asset Sale may not be effected until at least 20 days after the date the Information Statement has been mailed to our stockholders. This Information Statement is first being mailed on or about December , 2018 to the holders of record of shares of Common Stock at the close of business on the Record Date. There can be no assurance that the Asset Sale will be consummated in whole or in part.

This Information Statement is dated December , 2018.

Table of Contents

TABLE OF CONTENTS

Table of Contents

SUMMARY TERM SHEET

The following is a brief summary of certain information contained elsewhere in this Information Statement, including the Annexes to this Information Statement. Reference is made to, and this summary is qualified in its entirety by, the more detailed information contained in this Information Statement and in the Annexes to this Information. You are urged to read this Information Statement and the Annexes to this Information Statement in their entirety.

The Asset Sale

- *Properties to be Sold*. The properties that may be included in the Asset Sale are 260 Townsend Street, 1333 Broadway, 1901 Harrison Street, 1 Kaiser Plaza, 2100 Franklin Street, 2101 Webster Street, 2353 Webster Street, 830 1st Street and 999 N Capitol Street. For further information, refer to The Asset Sale Properties to be Sold in this Information Statement.

- *Sale Price*. The Company is authorized to sell any or all of the properties in the Asset Sale so long as the aggregate net proceeds from the sale(s) (excluding any property-level cash or restricted cash but after giving effect to any adjustments to the sale price of each property as any authorized officer of the Company determines customary or appropriate in these circumstances, including the settlement of any related property-level assets and liabilities, repayment, assumption, or defeasance of any related mortgage and the costs associated with such repayment, assumption or defeasance, and the costs and expenses incurred in connection with the sale(s)) are not less than 90% of the aggregate net asset value of the properties (determined as of September 30, 2018 on a fair value basis) that are sold. If all the properties that may be included in the Asset Sale are sold, based on information available to the Company as of the date hereof, the Company expects to receive aggregate net proceeds of approximately $690 million.

- *Purchase and Sale Agreements*. We have actively marketed all properties expected to be sold in the Asset Sale. The Company has not entered into any definitive agreement with respect to the Asset Sale. There can be no assurance that the Asset Sale will be consummated, whether in whole or in part. Each of the Board of Directors and the Approving Stockholder has approved the sale of the properties described in this Information Statement at the aggregate purchase price described above, with all other terms to be negotiated by management of the Company.

- *Federal Income Tax Consequences of the Asset Sale*. The expected federal income tax consequences of the Asset Sale to the Company are described in The Asset Sale Certain Federal Income Tax Consequences in this Information Statement.

- For further information regarding the Asset Sale, refer to The Asset Sale in this Information Statement.

No Appraisal Rights

Under the MGCL and the Company s charter and bylaws, the stockholders have no dissenters rights with respect to the Asset Sale. See No Appraisal Rights in this Information Statement.

Where You Can Find More Information

We are subject to the reporting requirements of the Exchange Act. In accordance with the Exchange Act, we are required to file periodic reports, proxy statements and other information with the Securities and Exchange Commission (the SEC) relating to our business, financial condition and other matters. See Where You Can Find More Information in this Information Statement for additional information regarding our reporting obligations.

Table of Contents

SPECIAL NOTE REGARDING FORWARD LOOKING STATEMENTS

This Information Statement contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Exchange Act, including a description of certain potential events. 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 the Company on a prospective basis. Further, statements that include words such as may, will, project, might, expect, target, believe, anticipate, intend, could, would, estimate, potential, forecast, seek, plan, or should or the negative or other words or expressions of similar meaning, may identify forward-looking statements.

The Company 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 the Company and involve a number of risks and uncertainties that could cause actual results to differ materially from those suggested by the forward-looking statements.

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 us to predict all of them. Nor can we 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. We undertake 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.

Table of Contents

ABOUT THE COMPANY

Company Overview

CIM Commercial Trust Corporation is a Maryland corporation and real estate investment trust (REIT). Our principal business is to acquire, own, and operate Class A and creative office assets 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 operated by affiliates of CIM Group, L.P. (CIM Group). CIM Group is a vertically-integrated owner and operator of real assets with multi-disciplinary expertise and in-house research, acquisition, credit analysis, development, finance, leasing, and property management capabilities. CIM Group is headquartered in Los Angeles, California and has offices in Oakland, California; Bethesda, Maryland; Dallas, Texas; New York, New York; Chicago, Illinois; and Phoenix, Arizona.

If the potential recapitalization of the Company, as described below in Potential Recapitalization, is completed, while we would remain principally focused on Class A and creative office assets (including improving and developing such assets), we may also participate more actively in other CIM Group urban real estate strategies and product types in order to broaden our participation in CIM Group s platform and capabilities for the benefit of all classes of stockholders. This may include investing in other urban product types directly, side-by-side with one or more funds of CIM Group, through direct deployment of capital in a CIM Group real estate or debt fund, or deploying capital in or originating loans that are secured directly or indirectly by properties primarily located in Qualified Communities that meet our strategy. Such loans may include limited and or non-recourse junior (mezzanine, B-note or 2nd lien) and senior acquisition, bridge or repositioning loans.

As of September 30, 2018, our real estate portfolio consisted of 21 assets, all of which are fee-simple properties. As of September 30, 2018, our 19 office properties (including one parking garage and two development sites, one of which is being used as a parking lot), totaling approximately 3.4 million rentable square feet, were 93.6% occupied and one hotel with an ancillary parking garage, which has a total of 503 rooms, had revenue per available room (RevPAR) of $134.14 for the nine months ended September 30, 2018.

Our Common Stock is currently traded on the Nasdaq Global Market (Nasdaq) and on the Tel Aviv Stock Exchange (the TASE), in each case under the ticker symbol CMCT. Our Series L preferred stock, par value $0.001 per share (Series L Preferred Stock), is currently traded on Nasdaq and on the TASE, in each case under the ticker symbol CMCTP. We have authorized for issuance 900,000,000 shares of common stock and 100,000,000 shares of preferred stock (Preferred Stock).

Our principal executive offices are located at 17950 Preston Road, Suite 600, Dallas, Texas 75252 and our telephone number is (972) 349-3200.

Potential Recapitalization

The Asset Sale represents a part of a broader plan of recapitalization that the Company is exploring with the purpose of, among other things, unlocking embedded value, enhancing growth prospects and improving the trading liquidity of its Common Stock. The potential recapitalization is expected to involve the Asset Sale, the Potential Repayment (as defined below), the Potential Return of Capital Event (as defined below) and the Potential CIM REIT Liquidation (as defined below) (collectively, the Potential Recapitalization). There can be no guarantee that any of the transactions described herein will occur or, if any or all of them occur, that they will occur in the form currently contemplated. If any or all of the transactions described herein occur, the financial information reported in this Information Statement may not necessarily be indicative of future operating results or operating conditions.

Repayment of Certain Indebtedness. If the Asset Sale occurs, we may use a portion of the net proceeds from the Asset Sale to repay balances on certain of the Company s indebtedness (the Potential Repayment).

Return of Capital to Holders of Common Stock. The net proceeds from the Asset Sale remaining following the Potential Repayment, as well as a portion of our unrestricted cash balances, may be used to return capital to holders of our Common Stock for consideration approximating our net asset value (NAV) per share of Common Stock, after certain adjustments (as described in Unaudited Pro Forma Consolidated Financial Information in this Information Statement), in one

Table of Contents

or more transactions, which may take the form of a special dividend, private repurchase or tender offer (collectively the Potential Return of Capital Event).

CIM REIT Liquidation. As of December 17, 2018, CIM Urban REIT, LLC, a fund operated by affiliates of CIM Group (CIM REIT), beneficially owns 95.05% of our outstanding Common Stock. We have been informed that, if the Asset Sale and Potential Return of Capital Event occur, CIM Group intends to liquidate CIM REIT by distributing to its members, consisting of 27 institutional investors, all shares of our Common Stock then held by CIM REIT (the Potential CIM REIT Liquidation). We expect that such distribution, if it occurs, will increase our public float to approximately 98% (from approximately 4% today), which is expected to improve trading volume over time and make our Common Stock eligible for inclusion in several indices.

Preferred Stock. The Company believes that there will be more clarity to the makeup of the Company s portfolio, the aggregate sale price in any asset sales and the trading price of the Company s common stock relative to its NAV following the Potential Recapitalization. The Company has met and consulted with certain holders of the Preferred Stock as it considers such engagement to be important and expects to continue to provide updates at significant milestones during the Potential Recapitalization process. Following the Potential Recapitalization, the Company intends to finalize any alternatives for its preferred stockholders with terms that the Company believes holders will then find satisfactory.

Table of Contents

AUTHORITY TO CONSUMMATE THE ASSET SALE

Under the MGCL and the Company s charter and bylaws, at a meeting of the stockholders at which a quorum is present, the affirmative vote of the holders of a majority of the outstanding shares of Common Stock is necessary to authorize the Asset Sale. Under the MGCL and the Company s charter and bylaws, any action that can be taken at an annual or special meeting of stockholders may be taken without a meeting if the action is advised, and submitted to the stockholders for approval, by the Board of Directors and a consent in writing or by electronic transmission of stockholders entitled to cast not less than the minimum number of votes that would be necessary to authorize or take the action at a meeting of stockholders (at which all shares entitled to vote thereon were present and voted) is delivered to the Company in accordance with the MGCL. The Company must give notice of any action taken by less than unanimous consent to each stockholder not later than 10 days after the effective time of such action. A written consent in favor of the Asset Sale has been received from the Approving Stockholder, which held the requisite voting power as of the Record Date to approve the Asset Sale. As a result, the Asset Sale has been approved and its consummation requires no additional stockholder vote.

Authorization by the Board of Directors

On December 4, 2018, our Board of Directors approved and declared advisable the Asset Sale and recommended that the Asset Sale be submitted for stockholder approval by written consent.

Approving Stockholder

The Approving Stockholder owned 41,627,739 shares of Common Stock as of the Record Date. On the Record Date, there were 43,795,073 shares of Common Stock issued and outstanding. Therefore, the shares owned by the Approving Stockholder represent 95.05% of our total issued and outstanding Common Stock. Each share of Common Stock entitles the holder to one vote per share. On December 17, 2018, the Approving Stockholder voted all of its shares of Common Stock by written consent in favor of the Asset Sale.

Accordingly, the Company has obtained all necessary corporate approvals in connection with the Asset Sale. The Company is not seeking written consent from any other stockholders, and the other stockholders will not be given an opportunity to vote with respect to the actions described in this Information Statement.

NO APPRAISAL RIGHTS

Stockholders are not entitled to exercise any rights of an objecting stockholder under Title 3, Subtitle 2 of the MGCL or any successor statute in connection with the Asset Sale. No further dissenters rights applicable to the Asset Sale are provided by the MGCL or the Company s governing documents. As a result, no stockholder is entitled to appraisal of its shares in connection with the Asset Sale.

6

Table of Contents

THE ASSET SALE

Properties to be Sold

The Asset Sale will involve the sale of any or all of the below properties.

Property	Market	Sub-Market	Office and Retail Rentable Square Feet	% Occupied	Annualized Rent Per Occupied Square Foot (1)
Office					
1 Kaiser Plaza	Oakland, CA	Lake Merritt	535,324	93.7%	$ 41.51
2101 Webster Street	Oakland, CA	Lake Merritt	471,337	99.0%	$ 41.45
999 N Capitol Street	Washington, D.C.	Capitol Hill	315,983	90.1%	$ 46.80
1901 Harrison Street	Oakland, CA	Lake Merritt	280,610	81.9%	$ 45.25
1333 Broadway	Oakland, CA	City Center	251,155	94.3%	$ 42.16
830 1st Street	Washington, D.C.	Capitol Hill	247,337	100.0%	$ 43.88
2100 Franklin Street	Oakland, CA	Lake Merritt	216,828	98.9%	$ 41.82
260 Townsend Street	San Francisco, CA	South of Market	66,682	100.0%	$ 73.54
Parking Garage					
2353 Webster Street Parking Garage	Oakland, CA	Lake Merritt	N/A	N/A	N/A

(1) Represents gross monthly base rent, as of September 30, 2018, 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.

Sale Price

The Company is authorized to sell any or all of the properties in the Asset Sale so long as the aggregate net proceeds from the sale(s) (excluding any property-level cash or restricted cash but after giving effect to any adjustments to the sale price of each property as any authorized officer of the Company determines customary or appropriate in these circumstances, including the settlement of any related property-level assets and liabilities, repayment, assumption, or defeasance of any related mortgage and the costs associated with such repayment, assumption or defeasance, and the costs and expenses incurred in connection with the sale(s)) are not less than 90% of the aggregate net asset value of the properties (determined as of September 30, 2018 on a fair value basis) that are sold.

If all the properties that may be included in the Asset Sale are sold, based on information available to the Company as of the date hereof, the Company expects to receive aggregate net proceeds of approximately $690 million.

Purchase and Sale Agreements

We have actively marketed all properties expected to be sold in the Asset Sale. The Company has not entered into any definitive agreement with respect to the Asset Sale. There can be no assurance that the Asset Sale will be consummated, whether in whole or in part. Each of the Board of Directors and the Approving Stockholder has approved the sale of the properties described in this Information Statement at the aggregate purchase price described above, with all other terms to be negotiated by management of the Company.

Each purchase and sale agreement (PSA) is expected to specify a purchase price for the underlying property (or properties), subject to specified adjustments for costs and prorations customary for the locality in which such property is situated. Each buyer is expected to deposit for the benefit of the Company either a refundable cash deposit or a non-refundable cash deposit at the time of execution of the PSA for a customary portion of the sale price. Many of the PSAs are expected to stipulate a due diligence period following the execution of the agreement, during which the buyer thereunder is expected to have the right to examine and investigate all aspects of the subject property. For many of the PSAs, during the due diligence period, the buyer thereunder is expected to have the right to terminate the PSA without penalty for any reason or no reason. For many of the PSAs, if the buyer does not terminate the PSA within the due diligence period, the buyer s initial deposit is expected to become non-refundable.

Table of Contents

Each PSA is expected to contain customary representations and warranties, covenants and closing conditions. Each PSA is expected to include a condition that the sale not be consummated unless and until 20 days has elapsed since the mailing to our stockholders of a definitive Information Statement with respect to the sale of the property (which may be part of a sale of a larger group of properties) that we reasonably believe complies with the requirements of Regulation 14C of the Exchange Act.

Each PSA is expected to provide that if the Company breaches or defaults on its obligations thereunder after the due diligence period but prior to closing of the transaction and such breach or default remains uncured for the period specified in the PSA, the buyer may terminate the PSA and receive its initial deposit (unless such buyer s damages as a result of any representations or warranties being untrue, inaccurate or incorrect are or would be, in the aggregate, less than a specified threshold, in which case the buyer shall nevertheless be deemed to, and shall, waive such misrepresentations or breaches of warranty and shall consummate the transactions contemplated by the PSA, in most cases without any reduction of or credit against the purchase price).

We will be responsible for the fees of our brokers in connection with the sales of properties sold in the Asset Sale.

We do not expect that any purchaser or transferee of any property sold in the Asset Sale, or any of their respective affiliates, will have any material relationship to the Company or its affiliates. Nor do we expect that any purchaser or transferee, or any of their executive officers, directors, controlling persons or subsidiaries, will have or be expected to enter into any material agreement, arrangement or understanding with the Company or any of its executive officers, directors, controlling persons or subsidiaries. Additionally, we do not expect that any director or officer of the Company, or any of their respective affiliates, will have any substantial interest in the Asset Sale, other than by means of their interests in the Company as described in Security Ownership of Certain Beneficial Owners and Management in this Information Statement.

Approval of the Asset Sale

As described in Authority to Consummate the Asset Sale in this Information Statement, each of the Board of Directors and the Approving Stockholder has approved the sale of all or a portion of the properties set forth in Properties to be Sold in accordance with the terms regarding price set forth in Sale Price in this Information Statement, with all other terms to be negotiated by management of the Company.

The Company has broadly marketed each of the properties that may be sold in the Asset Sale. All negotiations have occurred and will continue to occur on an arm s length basis.

The Board of Directors believes the Asset Sale, as part of a broader plan of recapitalization of the Company, is in the best interests of the Company. The Board of Directors is exploring the recapitalization plan with the purpose of, among other things, unlocking embedded value, enhancing growth prospects and improving trading liquidity of the Common Stock. For further information regarding the potential recapitalization, see About the Company Potential Recapitalization in this prospectus.

Use of Proceeds

Proceeds received from the Asset Sale may be used to consummate the Potential Repayment and, together with a portion of the then available cash balances of the Company, to consummate the Potential Return of Capital Event.

Accounting Treatment

The Asset Sale will be accounted for by derecognizing the assets acquired and liabilities assumed by the buyer of each property being sold, which will result in a decrease to the Investments in real estate, net line item on our consolidated balance sheet, and may also result in decreases to one or more of the following line items on our consolidated balance sheet: Restricted cash, Accounts receivable, net, Deferred rent receivable and charges, net, Other intangible assets, net, Other assets, Debt, net, Accounts payable and accrued expenses, Due to related parties, and liabilities. Additionally, the proceeds from the Asset Sale will be recognized as an increase in Cash and cash equivalents on our consolidated balance sheet. The Asset Sale will also result in the recognition of a gain or loss related to each property that is sold, which will be reflected in the Gain (loss) on sale of real estate line item on our consolidated statement of operations.

Certain Federal Income Tax Consequences

The following discussion is a general summary of the anticipated material U.S. federal income tax consequences to the Company of the Asset Sale. The following discussion is based upon the Internal Revenue Code (the Code), its legislative history, currently applicable and proposed Treasury Regulations under the Code and published rulings and decisions, all as currently in effect as of the date of this Information Statement, and all of which are subject to change, possibly with retroactive effect. Tax consequences under state, local and non-U.S. laws, or federal laws other than those pertaining to income tax, are not addressed in this Information Statement. No rulings have been requested or received from the Internal Revenue Service (the IRS) as to the tax consequences of the Asset Sale and there is no intent to seek any such ruling. Accordingly, no assurance can be given that the IRS will not challenge the tax treatment of the Asset Sale discussed below or, if the IRS does challenge the tax treatment, that the IRS will not be successful.

The Asset Sale will be treated for U.S. federal income tax purposes as a transaction upon which we will recognize gain or loss. The amount of gain or loss we recognize with respect to the sale of a particular asset will be measured by the difference between the amount realized by us on the sale of that asset and our tax basis in that asset.

So long as we remain qualified as a REIT, we expect to be able to deduct our distributions to our stockholders treated as dividends for U.S. federal income tax purposes (to the extent of our earnings and profits, calculated without reduction for capital losses) in computing our taxable income for the taxable years in which we make distributions. We expect to distribute a dividend to our stockholders (or to engage in stock repurchase transactions treated as dividends for U.S. federal income tax purposes) in an amount at least equal to the amount of gain recognized on the Asset Sale. Accordingly, we do not expect to be subject to U.S. federal corporate income tax on any gain recognized on the Asset Sale. Should we lose our REIT status, we would be subject to U.S. federal corporate income tax on our taxable income and gain from operations and sales for the taxable year in which our qualification as a REIT terminates and any subsequent years, without deduction for distributions made to our stockholders.

So long as we remain qualified as a REIT, any net gain that we realize from prohibited transactions will be subject to a 100% tax. Prohibited transactions are sales of property held primarily for sale to customers in the ordinary course of a trade or business. Whether a real estate asset is property held primarily for sale to customers in the ordinary course of a trade or business is a highly factual determination. We believe that our properties are held for investment and the production of rental income, and that the Asset Sale will not give rise to any prohibited transactions. However, we cannot assure you that the IRS will not successfully challenge our position for purposes of applying the 100% tax.

Golden Parachute Compensation

To the best of our knowledge, there is no agreement or understanding, whether written or unwritten, between any named executive officer and any potential buyer of properties included in the Asset Sale concerning any type of compensation, whether present, deferred or contingent, that is based on or otherwise relates to the Asset Sale.

Table of Contents

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

Outstanding Voting Securities

As of the Record Date, there were 43,795,073 shares of Common Stock issued and outstanding. The Common Stock constitutes the only issued and outstanding class of voting securities of the Company. Each share of Common Stock entitles the holder thereof to one vote on all matters submitted to stockholders. The written consent of a majority of the issued and outstanding shares of Common Stock was necessary to authorize the Asset Sale.

Security Ownership of Certain Beneficial Owners and Management

Security Ownership of Our Directors and Executive Officers

The following table sets forth information regarding the beneficial ownership of our Common Stock, Series A preferred stock, par value $0.001 per share (Series A Preferred Stock) and Series L Preferred Stock as of December 13, 2018 by (1) each named executive officer, (2) each current director and (3) all executive officers and directors as a group.

	Common Stock		**Series A Preferred Stock**		**Series L Preferred Stock**	
Name of Beneficial Owner (1)	**No. of Shares**	**Percent of Class**	**No. of Shares**	**Percent of Class**	**No. of Shares**	**Percent of Class**
Charles E. Garner II	9,779	*	20,000	0.75%		
Jan F. Salit	52,601(2)	*				
David Thompson						
Richard Ressler	42,012,342(3)	95.93%				
Avi Shemesh	41,997,296(3)	95.90%				
Shaul Kuba	41,997,296(3)	95.90%				
Kelly Eppich	5,163	*				
Douglas Bech	18,965	*				
Robert Cresci	14,206	*				
Frank Golay, Jr.	13,965	*				
Directors and Executive Officers as a group (10 persons)	**42,127,021**	**96.19%**	**20,000**	**0.75%**		

* 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 investment retirement account.

(3) CIM Group is the sole manager of CIM Urban Partners GP, LLC, which is the sole managing member of Urban Partners II, LLC, 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, Series A Preferred Stock and Series L Preferred Stock based on filings with the SEC as of December 13, 2018 by each person known by us to beneficially own more than 5% of our Common Stock.

Table of Contents

Name and Address of Beneficial Owner(1)	Common Stock No. of Shares	Common Stock Percent of Class	Series A Preferred Stock No. of Shares	Series A Preferred Stock Percent of Class	Series L Preferred Stock No. of Shares	Series L Preferred Stock Percent of Class
Urban Partners II, LLC c/o CIM Group 4700 Wilshire Boulevard Los Angeles, California 90010	41,627,739	95.05%				
Richard Ressler(1)	42,012,342(2)	95.93%				
Avi Shemesh(1)	41,997,296(2)	95.90%				
Shaul Kuba(1)	41,997,296(2)	95.90%				

(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.

(2) CIM Group, LLC is the sole manager of CIM Urban Partners GP, LLC, which is the sole managing member of Urban Partners II, LLC, 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

SELECTED FINANCIAL DATA

The following is a summary of our selected financial data as of and for the nine-month period ended September 30, 2018 and 2017 and each of the five years in the period ended December 31, 2017. You should read the following financial data in conjunction with the information set forth under Management s Discussion and Analysis of Financial Condition and Results of Operations and the consolidated financial statements and the related notes thereto included in this Information Statement for the nine months ended September 30, 2018 and the years ended December 31, 2017, 2016 and 2015.

	Nine Months Ended September 30,		Year Ended December 31,				
	2018	2017	2017	2016	2015	2014	2013
	(in thousands, except per share data)						
Total revenues	$ 147,597	$ 183,632	$ 236,376	$ 265,931	$ 276,948	$ 262,827	$ 235,813
Total expenses	144,760	203,473	256,979	273,239	273,122	253,998	221,134
Bargain purchase gain						4,918	
Gain on sale of real estate		378,732	401,737	39,666	3,092		
Income from continuing operations before provision for income taxes	2,837	358,891	381,134	32,358	6,918	13,747	14,679
Provision for income taxes	795	1,193	1,376	1,646	806	604	
Net income from continuing operations	2,042	357,698	379,758	30,712	6,112	13,143	14,679
Net income from discontinued operations (1)				3,853	18,291	11,455	
Net income	2,042	357,698	379,758	34,565	24,403	24,598	14,679
Net income attributable to noncontrolling interests	(15)	(10)	(21)	(18)	(11)	(220)	(213)
Net income attributable to the Company	2,027	357,688	379,737	34,547	24,392	24,378	14,466
Redeemable preferred stock dividends accumulated	(9,456)		(1,436)				
Redeemable preferred stock dividends declared	(1,924)	(241)	(490)	(9)			
Redeemable preferred stock redemptions	3		2				
Net (loss) income attributable to common stockholders	$ (9,350)	$ 357,447	$ 377,813	$ 34,538	$ 24,392	$ 24,378	$ 14,466
Funds from operations attributable to common stockholders	$ 30,433	$ 37,279	$ 47,540	$ 66,840	$ 93,661	$ 93,425	$ 83,110
Common dividends (2)	$ 16,421	$ 32,854	$ 38,327	$ 77,316	$ 85,389	$ 85,048	$ 104,035
Common dividends per share (3)	$ 0.375	$ 0.469	$ 0.594	$ 0.875	$ 0.875	$ 0.875	$ 1.090
Weighted average shares of common stock outstanding (3)							
Basic	43,791	73,503	69,062	91,328	97,588	97,173	95,440
Diluted	43,791	73,503	69,070	91,328	97,588	97,176	95,440

(1) Net income from discontinued operations represents revenues and expenses from the parts of our lending segment acquired in March 2014 in connection with the Merger, which were discontinued during 2016 and 2015. On December 17, 2015, 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. 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.

(2) Dividends in 2017 do not include the special cash dividends that allowed the common stockholders that did not participate in the September 14, 2016, June 12, 2017 and December 18, 2017 private share repurchases to receive the economic benefit of such repurchases. Urban Partners II, LLC (Urban II), an affiliate of CIM REIT and CIM Urban Partners, L.P. (CIM Urban), waived its right to receive these special dividends as to its shares of our Common Stock owned as of the applicable record dates. Dividends in 2014 do not include PMC Commercial s pre-Merger dividends or the special dividend paid to PMC Commercial s stockholders; however, these amounts do include the dividends paid on the shares of preferred stock issued to Urban II in connection with the Merger on an as converted basis. Dividends in 2013 through

Table of Contents

March 11, 2014 represent distributions by CIM Urban in respect of its limited partnership interests. Dividends in the year ended December 31, 2013 include five distributions.

(3) Unaudited pro forma, as if the issuance of shares in connection with the Merger occurred on January 1, 2013.

	At September 30,		At December 31,				
	2018	2017	2017	2016	2015	2014	2013
				(in thousands)			
Total assets	$ 1,391,715	$ 1,591,304	$ 1,336,388	$ 2,022,884	$ 2,092,060	$ 2,088,902	$ 1,832,349
Debt	664,400	780,016	630,852	967,886	693,956	644,835	392,977
Redeemable preferred stock	43,145	12,976	27,924	1,426			
Equity	623,438	711,899	626,705	966,589	1,297,347	1,359,816	1,376,483

Table of Contents

UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL INFORMATION

The unaudited pro forma consolidated financial information has been derived from our historical audited consolidated statement of operations for the year ended December 31, 2017, and our historical unaudited consolidated balance sheet and consolidated statement of operations in each case as of and for the nine months ended September 30, 2018. The unaudited pro forma consolidated financial information has been prepared to reflect the following contemplated transactions:

- the Asset Sale;
- the Potential Repayment; and
- the Potential Return of Capital Event.

The unaudited pro forma consolidated balance sheet as of September 30, 2018 gives effect to the above transactions as if they had been consummated on September 30, 2018. The unaudited pro forma consolidated statements of operations for the nine months ended September 30, 2018 and for the year ended December 31, 2017 give effect to the above transactions as if they had occurred on January 1, 2017, the beginning of the earliest period presented.

The Company has not entered into a definitive agreement with respect to any of the above transactions. There can be no assurance that any or all of the above transactions will occur, that the terms on which we engage in any or all of such transactions will be as currently anticipated or that the effects of any or all of such transactions set forth in the unaudited pro forma consolidated financial information will be realized. See Special Note Regarding Forward-Looking Statements in this Information Statement. The unaudited pro forma consolidated financial statements are based on assumptions and adjustments set forth in the accompanying notes. The pro forma adjustments are directly attributable to the transactions described above and are factually supportable based on the preliminary information available and assumptions that the Company considers reasonable at the time of preparation of this Information Statement.

The unaudited pro forma consolidated financial information is presented for illustrative purposes only in compliance with the disclosure requirements of the SEC and should not be considered indicative of the operating results or financial position of the Company had the transactions above been consummated on the dates indicated, nor should such information be considered indicative of the future operating results or financial position of the Company if the transactions described above are consummated. Actual results may be materially different than the pro forma information presented.

The unaudited pro forma consolidated financial statements and the accompanying notes should be read in conjunction with Management s Discussion and Analysis of Financial Condition and Results of Operations in this Information Statement and the Company s historical audited consolidated financial statements for the year ended December 31, 2017 and the Company s historical unaudited consolidated financial statements for the period ended September 30, 2018, included in this Information Statement.

Table of Contents

CIM COMMERCIAL TRUST CORPORATION

UNAUDITED PRO FORMA CONSOLIDATED BALANCE SHEET

As of September 30, 2018

(dollars in thousands, except per share data)

			Pro Forma Adjustments		
	Historical (A)	Adjustments for the Asset Sale (B)	Adjustments for the Potential Repayment (D)	Adjustments for the Potential Return of Capital Event (E)	Pro Forma
ASSETS					
Investments in real estate, net	$ 1,066,971	$ (526,880)	$	$	$ 540,091
Cash and cash equivalents	97,040	690,491	(86,712)	(690,300)	10,519
Restricted cash	21,524	(12,862)			8,662
Loans receivable, net	81,898				81,898
Accounts receivable, net	8,085	(4,135)			3,950
Deferred rent receivable and charges, net	86,337	(64,569)			21,768