PMC COMMERCIAL TRUST /TX
Form 424B3
December 30, 2013
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Registration Statement No. 333-190934

PROXY STATEMENT/PROSPECTUS

PMC COMMERCIAL TRUST

17950 PRESTON ROAD, SUITE 600

DALLAS, TEXAS 75252

Dear PMC Commercial Trust Shareholder:

You are cordially invited to attend a special meeting of the shareholders of PMC Commercial Trust, a Texas real estate investment trust (PMC Commercial), at 10:00 a.m., Central Standard Time, on February 11, 2014 at the offices of Locke Lord LLP, 2200 Ross Avenue, Suite 2100, Dallas, Texas 75201.

At the special meeting, PMC Commercial shareholders will be asked to consider and vote upon a proposal to approve the issuance of common shares and preferred shares of PMC Commercial pursuant to the terms of the agreement and plan of merger dated as of July 8, 2013, by and among PMC Commercial, CIM Urban REIT, LLC (CIM REIT), and their respective merger subsidiaries. We refer to this document as the Merger Agreement in this proxy statement/prospectus, which references include amendments thereto, including the consent to assignment and limited waiver to agreement and plan of merger dated as of November 20, 2013 (the Consent and Waiver), and both the Merger Agreement itself and the Consent and Waiver are attached as Annex A to this proxy statement/prospectus.

Pursuant to the Merger Agreement: (a) a merger subsidiary of CIM REIT will merge with and into a merger subsidiary of PMC Commercial, at which time PMC Commercial will become the parent company of CIM Urban Partners L.P. (CIM Urban) and its subsidiaries; and (b) PMC Commercial will issue to Urban Partners II, LLC (Urban II), the members of which will be CIM REIT and CIM Urban Partners GP, LLC (the current general partner of CIM Urban), 22,000,003 common shares of PMC Commercial (the PMC Commercial Common Shares) and 65,028,571 Class A convertible cumulative preferred shares of PMC Commercial (the PMC Commercial Preferred Shares). Each PMC Commercial Preferred Share will be convertible into seven PMC Commercial Common Shares.

Under the terms of the Merger Agreement, the board of trust managers of PMC Commercial shall, on the last business day prior to consummation of the merger and the related transactions provided for in the Merger Agreement and the annexes, agreements and other documents referenced therein (the Merger), declare a special dividend payable to each shareholder on that day of $5.50 per PMC Commercial Common Share (plus that portion of PMC Commercial s regular quarterly dividend accrued through that day), which special dividend shall be payable on or prior to the tenth business day after consummation of the Merger. All of the PMC Commercial Common Shares outstanding immediately prior to the Merger will remain outstanding following the Merger. Assuming conversion of the PMC Commercial Preferred Shares, Urban II will receive approximately 97.8% of the PMC Commercial Common Shares issued and outstanding immediately after consummation of the Merger. PMC Commercial expects that, following the Merger, the PMC Commercial Common Shares will be listed on The NASDAQ Stock Market LLC.

PMC Commercial is providing this proxy statement/prospectus and accompanying proxy card to its shareholders in connection with the solicitation of proxies to be voted at the special meeting and at any adjournments or postponements of the special meeting. This proxy statement/prospectus also constitutes a prospectus of PMC Commercial. Whether or not you plan to attend the special meeting, we urge you to read this proxy statement/prospectus (and any documents incorporated into this proxy statement/prospectus by reference) carefully. Please pay particular attention to the section titled RISK FACTORS beginning on page 40.

PMC Commercial s board of trust managers has unanimously (i) determined that the Merger Agreement and the Merger, including the issuance of PMC Commercial Common Shares and PMC Commercial Preferred Shares as provided in the Merger Agreement, are advisable, fair to and in the best interests of PMC Commercial and its shareholders, and (ii) approved the Merger Agreement and the annexes attached thereto, as well as the Merger and the issuance of the PMC Commercial Common Shares and the PMC Commercial Preferred Shares, as provided in the Merger Agreement. PMC Commercial s board of trust managers unanimously recommends that PMC Commercial shareholders vote FOR the proposal to approve the issuance of PMC Commercial Common Shares and PMC

Commercial Preferred Shares as provided in the Merger Agreement (including the issuance of PMC Commercial Common Shares upon the conversion of such PMC Commercial Preferred Shares) (the Share Issuance Proposal). CIM REIT s director, CIM Urban Partners GP, LLC, has also approved the Merger Agreement and the Merger.

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The Merger cannot be completed unless the Share Issuance Proposal is approved by the affirmative vote of the holders of at least a majority of the PMC Commercial Common Shares that are present in person or by proxy at the special meeting. No other vote of the holders of PMC Commercial Common Shares is required to complete the Merger.

Your vote is very important. If you are a registered shareholder, please vote your shares as soon as possible using one of the following methods to ensure that your vote is counted, regardless of whether you expect to attend the special meeting in person: (1) call the toll-free number specified on the enclosed proxy card and follow the instructions when prompted, (2) access the internet website specified on the enclosed proxy card and follow the instructions provided to you, or (3) complete, sign, date and return the enclosed proxy card in the postage-paid envelope provided. If you hold your shares in street name through a bank, broker or other nominee, you will need to follow the instructions provided to you by your bank, broker or other nominee to ensure that your shares are represented and voted at the special meeting. If you are a registered shareholder and you attend the special meeting and wish to vote in person, you may withdraw your proxy with proper documentation and vote in person. A form of photo identification will be required for admission to the special meeting. For further information on admission, please refer to the question entitled Who can attend the special meeting? on page 7 of the proxy statement/prospectus.

On behalf of our board of trust managers, I thank you for your support and look forward to the successful completion of the Merger.

Sincerely,

December 30, 2013

Jan F. Salit

Chief Executive Officer and President

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of the securities to be issued under this proxy statement/prospectus or determined if this proxy statement/prospectus is accurate or complete. Any representation to the contrary is a criminal offense.

This proxy statement/prospectus is dated December 30, 2013, and is first being mailed to the shareholders of PMC Commercial on or about January 6, 2014.

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PMC COMMERCIAL TRUST

17950 PRESTON ROAD, SUITE 600

DALLAS, TEXAS 75252

NOTICE OF SPECIAL MEETING

OF SHAREHOLDERS OF PMC COMMERCIAL TRUST

TO BE HELD ON FEBRUARY 11, 2014

To the Shareholders of PMC Commercial Trust:

NOTICE IS HEREBY GIVEN that a special meeting of shareholders of PMC Commercial Trust, a Texas real estate investment trust (PMC Commercial), will be held at 10:00 a.m., Central Standard Time, on February 11, 2014, at the offices of Locke Lord LLP, 2200 Ross Avenue, Suite 2100, Dallas, Texas 75201. You are cordially invited to attend the special meeting of shareholders for the following purposes:

(1) *The Share Issuance Proposal* to consider and vote upon a proposal to approve the issuance of the common shares and preferred shares of PMC Commercial (including the common shares issuable upon conversion of such preferred shares) pursuant to the terms of that certain agreement and plan of merger, dated as of July 8, 2013 (as it may be amended from time to time and including the consent to assignment and limited waiver to agreement and plan of merger dated November 20, 2013, the Merger Agreement), by and among PMC Commercial, Southfork Merger Sub, LLC, a newly formed Delaware limited liability company and wholly-owned subsidiary of PMC Commercial (PMC Merger Sub), CIM REIT, and CIM Merger Sub, LLC, a newly formed Delaware limited liability company and wholly-owned subsidiary of CIM REIT (CIM Merger Sub) (the Share Issuance Proposal);

(2) *The Merger-Related Compensation Proposal* to consider and vote upon, through a non-binding advisory vote, certain compensation arrangements for PMC Commercial s named executive officers in connection with the merger and other transactions contemplated by the Merger Agreement (the Merger-Related Compensation Proposal);

(3) *The Adjournment Proposal* to consider and vote upon a proposal to adjourn the special meeting to a later date or dates, if necessary or appropriate for the purpose of soliciting additional votes for the approval of the Share Issuance Proposal; and

(4) to consider and transact such other procedural matters as may properly come before the special meeting of shareholders or any adjournment or postponement thereof.

The Share Issuance Proposal is not conditioned on the approval of the Merger-Related Compensation Proposal or the adjournment proposal, as approval of the Share Issuance Proposal is the only PMC Commercial shareholder approval required for consummation of the merger described in the Merger Agreement.

Only shareholders of PMC Commercial at the close of business on December 30, 2013 are entitled to notice of the special meeting of shareholders and to vote and have their votes counted at the special meeting of shareholders and any adjournments or postponements of the special meeting of shareholders. A complete list of PMC Commercial registered shareholders entitled to vote at the special meeting of shareholders will be available for ten days before the special meeting of shareholders at the principal executive offices of PMC Commercial for inspection by shareholders during usual business hours for any purpose germane to the special meeting of shareholders.

The transactions contemplated by the Merger Agreement will be consummated only if the holders of at least a majority of the shares that are present in person or by proxy at the special meeting vote in favor of the Share Issuance Proposal.

Thank you for your participation. We look forward to your continued support.

December 30, 2013 By Order of the Board of Trust Managers

Jan F. Salit

Chief Executive Officer and President

This notice is being mailed by PMC Commercial on or about January 6, 2014.

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ADDITIONAL INFORMATION

This proxy statement/prospectus incorporates important business and financial information about PMC Commercial from other documents that are not included in or delivered with this proxy statement/prospectus. This information is available for you to review at the public reference room of the Securities and Exchange Commission, or SEC, located at 100 F Street, N.E., Washington, D.C. 20549, and through the SEC s website at www.sec.gov.

If you have any questions or require additional information, or you wish to obtain the documents incorporated by reference into this proxy statement/prospectus free of charge, you may request them in writing or by telephone at the following address and telephone number:

PMC Commercial Trust		**AST Phoenix Advisors**
17950 Preston Road, Suite 600	or	6201 15th Avenue
Dallas, Texas 75252		Brooklyn, NY 11219
(972) 349-3235		(800) 780-7314
Attention: Investor Relations		

If you would like to request any documents, please do so by January 28, 2014 in order to receive them before the special meeting.

You also may obtain additional proxy cards and other information related to the proxy solicitation by contacting the appropriate contact listed above. You will not be charged for any of the documents that you request.

For a more detailed description of the information incorporated by reference in this proxy statement/prospectus and how you may obtain it, see the section entitled Where You Can Find More Information beginning on page 210.

ABOUT THIS DOCUMENT

This document, which forms part of a Registration Statement on Form S-4 filed with the SEC by PMC Commercial, constitutes a prospectus of PMC Commercial under Section 5 of the Securities Act of 1933, as amended (the Securities Act), with respect to the PMC Commercial Common Shares to be issued to Urban II pursuant to the terms of the Merger Agreement. This document also constitutes a proxy statement of PMC Commercial under Section 14(a) of the Securities Exchange Act of 1934, as amended (the Exchange Act).

You should rely only on the information contained or incorporated by reference into this proxy statement/prospectus. No one has been authorized to provide you with information that is different from that contained in, or incorporated by reference into, this proxy statement/prospectus. This proxy statement/prospectus is dated as of the date set forth on the cover hereof. You should not assume that the information contained in this proxy statement/prospectus is accurate as of any date other than that date. You should not assume that the information incorporated by reference into this proxy statement/prospectus is accurate as of any date other than the date of such incorporated document. Neither the mailing of this proxy statement/prospectus to PMC Commercial shareholders nor the issuance by PMC Commercial of its securities in connection with the Merger will create any implication to the contrary.

Information contained or incorporated by reference in this proxy statement/prospectus regarding PMC Commercial has been provided by PMC Commercial, and information contained in this proxy statement/prospectus regarding CIM Group has been provided by CIM REIT.

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ANNEXES

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QUESTIONS AND ANSWERS

The following questions and answers are intended to address briefly some commonly asked questions regarding the Merger Agreement, the Merger, the Share Issuance Proposal and the special meeting. These questions and answers do not address all questions that may be important to you as a shareholder. Please refer to the SUMMARY TERM SHEET beginning on page 12 and the more detailed information contained elsewhere in this proxy statement/prospectus and the annexes to this proxy statement/prospectus, which you should read carefully.

Unless otherwise indicated or the context requires otherwise:

- all references to the Advisor refer to CIM Urban REIT Management L.P., a California limited partnership that provides day-to-day management of CIM Urban s operations;
- all references to the Board of Trust Managers refer to the board of trust managers of PMC Commercial, and all references to a Trust Manager refer to a member thereof;
- all references to CIM Group refer to CIM Group LLC, a Delaware limited liability company, and its affiliates;
- all references to CIM Merger Sub refer to CIM Merger Sub, LLC, a newly formed Delaware limited liability company and wholly-owned subsidiary of CIM REIT;
- all references to CIM REIT refer to CIM Urban REIT, LLC, a Delaware limited liability company;
- all references to CIM Urban refer to CIM Urban Partners L.P., a Delaware limited partnership and subsidiary of CIM REIT;
- all references to the Consent and Waiver refer to the Consent to Assignment and Limited Waiver to Agreement and Plan of Merger dated as of November 20, 2013 by and among PMC Commercial, CIM REIT, PMC Merger Sub, and CIM Merger Sub, the terms of which were acknowledged and agreed to by a new subsidiary formed by CIM REIT, Urban II, a copy of which is attached and included in Annex A to this proxy statement/prospectus;
- all references to Manager refer to CIM Service Provider, LLC, a Delaware limited liability company, together with any of its affiliates appointed to act as manager pursuant to the Master Services Agreement;
- all references to Master Services Agreement refer to the Master Services Agreement to be entered into by the Manager and PMC Commercial and its subsidiaries effective upon consummation of the Merger;
- all references to the Merger refer to the merger of CIM Merger Sub with and into PMC Merger Sub, as contemplated by the Merger Agreement, together with the related transactions provided for in the Merger Agreement and the annexes, agreements and other documents referenced therein;
- all references to the Merger Agreement refer to the Agreement and Plan of Merger, dated as of July 8, 2013, as it may be amended from time to time and including the Consent and Waiver, among PMC Commercial, PMC Merger Sub, CIM REIT and CIM Merger

Sub, a copy of which is attached and included in Annex A to this proxy statement/prospectus;

all references to the Merger-Related Compensation Proposal refer to the proposed compensation arrangements for PMC Commercial s named executive officers in connection with the Merger;

all references to PMC Commercial refer to PMC Commercial Trust;

all references to PMC Commercial Common Shares refer to the common shares of beneficial interest, par value $0.01 per share, of PMC Commercial;

all references to PMC Commercial Preferred Shares refer to the Class A convertible cumulative preferred shares of beneficial interest, par value $0.01 per share, of PMC Commercial;

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all references to PMC Merger Sub refer to Southfork Merger Sub, LLC, a newly formed Delaware limited liability company and wholly-owned subsidiary of PMC Commercial;

all references to the Share Issuance Proposal refer to the proposed issuance of PMC Commercial Common Shares and PMC Commercial Preferred Shares pursuant to the Merger Agreement (including the issuance of PMC Commercial Common Shares upon the conversion of such PMC Commercial Preferred Shares);

all references to the Special Dividend refer to the dividend to be declared by the Board of Trust Managers to the holders of PMC Commercial Common Shares on the last business day prior to consummation of the Merger, providing for the payment of $5.50 per PMC Commercial Common Share plus that portion of PMC Commercial s regular quarterly dividend accrued through that day, which in accordance with the terms of the Merger Agreement shall be payable on or prior to the tenth business day after consummation of the Merger, and

all references to Urban II refer to Urban Partners II, LLC, the member of which is CIM REIT.

Q: **What is the proposed transaction?**

A: The proposed Merger, as described in the Merger Agreement. If the Share Issuance Proposal is approved by PMC Commercial shareholders and the other closing conditions specified in the Merger Agreement are satisfied or waived, the Merger will be consummated.

Q: **What will happen in the Merger?**

A: As a result of the Merger:

PMC Commercial will become the parent of CIM Urban and its subsidiaries; and

PMC Commercial will issue to Urban II 22,000,003 PMC Commercial Common Shares and 65,028,571 PMC Commercial Preferred Shares.

Q: **What will PMC Commercial shareholders receive as a result of the Merger?**

A: Pursuant to the declaration of the Board of Trust Managers, PMC Commercial shareholders on the last business day prior to consummation of the Merger will receive payment of the Special Dividend. In addition, each existing shareholder of PMC Commercial at the time of the Merger will continue to own the PMC Commercial Common Shares that such shareholder owned before the Merger. Assuming conversion of the PMC Commercial Preferred Shares issued in connection with the Merger, the shareholders of PMC Commercial prior to the Merger, on an aggregate basis, will own approximately 2.2% of the issued and outstanding PMC Commercial Common Shares immediately after the Merger.

Q: **What vote is required for PMC Commercial shareholders to approve the Share Issuance Proposal?**

A: Approval of the Share Issuance Proposal will require the affirmative vote of at least a majority of the shares present or represented by proxy at the special meeting. Approval of the Share Issuance Proposal is the only PMC Commercial shareholder approval required for consummation of the Merger.

Q: **What are some of the key terms of the PMC Commercial Preferred Shares to be issued to Urban II in connection with the Merger?**

A: The holder of each PMC Commercial Preferred Share is entitled to a cumulative dividend at the rate of 2.0% of $35.00 per year, which is subject to increase to 3.5% under certain conditions, and is convertible into seven PMC Commercial Common Shares.

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Q: **What will be the equity capitalization of PMC Commercial immediately after the Merger?**

A: Upon consummation of the Merger, existing shareholders of PMC Commercial will continue to own approximately 10.6 million PMC Commercial Common Shares and Urban II will own approximately 22.0 million PMC Commercial Common Shares and approximately 65.0 million PMC Commercial Preferred Shares. Assuming conversion of the PMC Commercial Preferred Shares, Urban II will hold approximately 97.8% of the PMC Commercial Common Shares issued and outstanding immediately following the consummation of the Merger.

Q: **What are some of the key actions required to consummate the Merger?**

A: The following are some of the key actions that must be taken to consummate the Merger:

- the approval of the Share Issuance Proposal by PMC Commercial s shareholders;
- any waiting period applicable to the Merger under the Hart-Scott-Rodino Antitrust Improvements Act of 1976 (the HSR Act) shall have been terminated or expired;
- a national securities exchange mutually acceptable to CIM REIT and PMC Commercial shall have approved for listing the PMC Commercial Common Shares;
- the Small Business Administration (the SBA) shall have approved those aspects of the Merger subject to its jurisdiction (which approvals include submitting license applications for the two SBIC licenses and filing an application for approval of change in ownership for the SBA 7(a) license held by First Western SBLC, Inc.) (see RISK FACTORS The Merger is subject to the receipt of consents and approvals from government entities and third parties that could delay completion of the Merger beginning on page 41), and such approvals shall not contain any terms or conditions that are unacceptable to CIM REIT or PMC Commercial or inconsistent with the Merger Agreement;
- the Registration Statement on Form S-4 to be filed with the SEC by PMC Commercial, of which this proxy statement/prospectus constitutes a part, shall have been declared effective, and no stop order or proceeding suspending the effectiveness of the Form S-4 has been initiated or threatened by the SEC;
- the filing of the certificate of merger with the Secretary of State of the State of Delaware (or at such later time as PMC Commercial and CIM REIT shall agree and specify in the certificate of merger to be filed with the Secretary of State of the State of Delaware) so that CIM Merger Sub will be merged with and into PMC Merger Sub; and
- the issuance by PMC Commercial to Urban II of 22,000,003 PMC Commercial Common Shares and 65,028,571 PMC Commercial Preferred Shares.

Q: **What dividend rate does PMC Commercial expect to pay on PMC Commercial Common Shares after the Merger?**

A:

Subject to declaration by the then Board of Trust Managers, PMC Commercial expects to initially pay an annual dividend of $0.175 per PMC Commercial Common Share following the Merger, to be paid on a quarterly basis. For historical dividend information, please see COMPARATIVE SHARE INFORMATION Comparative PMC Commercial and CIM Urban Market Price and Dividend Information beginning on page 38 of this proxy statement/prospectus. Although property real estate investment trusts (REITs) usually pay shareholders a lower yield than mortgage REITs, PMC Commercial believes over time property REITs experience higher price appreciation on average than do mortgage REITs.

Q: **What will be the composition of the Board of Trust Managers following the Merger?**

A: The post-Merger Board of Trust Managers will consist of the following Trust Managers: Richard Ressler, Avraham Shemesh, Shaul Kuba, Kelly Eppich, Douglas Bech, Robert Cresci and Frank Golay.

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Q: **Why are PMC Commercial and CIM REIT proposing the Merger?**

A: The decision of the Board of Trust Managers to approve entry into the Merger Agreement and the annexes attached thereto was the result of careful consideration by the Board of Trust Managers of numerous factors, including the following material factors:

PMC Commercial is not a diversified company, as it is dependent on its SBA 7(a) mortgage loan product that is made to borrowers primarily in the limited service hospitality industry. Following the Merger, PMC Commercial s business will be diversified by product type, industry, tenant and asset class.

It is expected that the Merger will provide PMC Commercial with the ability to obtain capital on more attractive terms than are currently available and the opportunity to participate in the enhanced future growth potential of the combined company, including any potential growth as a result of its increased size.

The Merger provides PMC Commercial with the ability to increase significantly its size in the short term rather than building over time in an effort to achieve a critical asset mass.

Although property REITs usually pay shareholders a lower yield than mortgage REITs, PMC Commercial believes over time property REITs experience higher price appreciation on average than do mortgage REITs.

PMC Commercial s Common Shares have historically traded at a discount to the book value per PMC Commercial Common Share. The Board of Trust Managers believes that the Merger (including payment of the Special Dividend) will be accretive to the value of PMC Commercial Common Shares and provide a premium to the then-current market price of PMC Commercial Common Shares.

The Board of Trust Managers believes that the Merger is more favorable to PMC Commercial shareholders than remaining independent, liquidating, or the other strategic alternatives available to PMC Commercial, which belief was formed based on a number of factors, including its evaluation of PMC Commercial s current operations and projections and the potential strategic alternatives available to PMC Commercial and consideration of the bids submitted during the third party solicitation process with respect to a possible business combination transaction in 2011 and 2012, as well as discussions with various market participants in early 2013 and during the Go-Shop Period in 2013 (see the section titled THE MERGER Background of the Merger beginning on page 68).

The Board of Trust Managers believes that PMC Commercial s shareholders will likely benefit, over time, from the enhanced liquidity that should result from a much greater number of PMC Commercial Common Shares being held by a broader shareholder base.

PMC Commercial is a small public company that must bear the substantial fixed costs associated with being a public company, and the Merger will result in a substantially larger combined company with a larger base of business over which these costs can be spread, thus reducing these costs as a percentage of revenue.

The Board of Trust Managers believes that CIM Group s understanding of the business, operational and financial aspects of operating a real estate business will accrue to the benefit of PMC Commercial and its shareholders.

The Merger will provide PMC Commercial with the opportunity to invest in a portfolio of high quality performing real property assets that is managed by an experienced senior management team.

The Board of Trust Managers expects that PMC Commercial s lending operations and management team will continue and it will have enhanced opportunities for liquidity, growth and an expanded business model and platform.

The Merger Agreement provisions permit PMC Commercial to enter into or participate in discussions or negotiations with a third party that makes an unsolicited written acquisition proposal to engage in a business combination or similar transaction, if the Board of Trust Managers determines in good faith, after consultation with outside legal counsel, that the failure to do so would reasonably be expected to be inconsistent with its fiduciary duties and that the third party proposal, after consultation with outside legal counsel and its financial advisor, constitutes a superior proposal or could reasonably be expected to result in a superior proposal (see the section titled THE MERGER AGREEMENT Acquisition Proposals Unsolicited Offers beginning on page 99).

The opinion of Sandler O Neill + Partners, L.P., dated July 8, 2013, to the Board of Trust Managers, as to the fairness, from a financial point of view, of the issuance of PMC Commercial Common Shares and PMC Commercial Preferred Shares pursuant to the terms of the Merger Agreement together with the payment of the Special Dividend (the Merger Consideration), to PMC Commercial and its shareholders, which opinion was based on and subject to the procedures followed, assumptions made, matters considered and qualifications and limitations on the review undertaken, as more fully described below in the section THE MERGER Opinion of PMC Commercial s Financial Advisor beginning on page 77.

See the section titled THE MERGER Reasons of PMC Commercial s Board of Trust Managers for the Merger beginning on page 74.

CIM REIT s director, CIM Urban Partners GP, LLC, approved the Merger Agreement and the Merger. CIM REIT is proposing the Merger:

to provide CIM Urban with a flexible capital structure with which to efficiently pursue its business strategy of owning and growing its portfolio of substantially stabilized assets in submarkets in which CIM Group s opportunistic funds have targeted investment;

to allow potential investors who were previously unable to invest in CIM REIT, due to an inability to meet the minimum capital commitment requirements, to own interests in CIM Urban assets;

to allow potential investors who were previously unable to invest in CIM REIT, due to a restriction a potential investor may have faced regarding making investments in non-public vehicles, to own interests in CIM Urban assets;

to allow existing investors in CIM REIT who wish to continue owning interests in CIM Urban assets to do so through a publicly-traded, perpetual life liquid entity; and

as an economically efficient path to liquidity, over time, for existing investors in CIM REIT through a public vehicle.

Q: **What will be the strategy of PMC Commercial and its subsidiaries, including CIM Urban, after the Merger?**

A: PMC Commercial and/or its subsidiaries plan to (i) invest primarily in substantially stabilized real estate and real estate-related assets in high density, high barrier-to-entry urban markets throughout North America, in a manner similar to the current investment strategy of CIM Urban and (ii) continue to originate loans to small businesses collateralized by first liens on the real estate of the related business, in accordance with the current investment strategy of PMC Commercial but with a focus on expanding PMC Commercial s existing business of originating loans through the Small Business Administration s 7(a) Guaranteed Loan Program. The Advisor will provide the day-to-day management of CIM Urban s operations. CIM Group will manage most aspects of PMC Commercial s real estate business after the completion of the Merger, and it is anticipated that PMC Commercial will be the principal investment vehicle through which CIM Group will place substantially stabilized real estate investments.

PMC Commercial expects to generate additional value by:

expanding the existing CIM Urban portfolio through the acquisition of substantially stabilized real estate and real estate-related assets at yields which are accretive relative to the targeted dividend;

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increasing the leverage of the CIM Urban portfolio from its current 15.8% ratio[1] to a ratio more in line with the broad universe of REITs, which currently averages approximately 40%[2], and to the extent additional borrowing is then available, subsequently investing the proceeds of approximately $1.0 billion into additional investments; and

expanding, over time, into new real estate-related activities supported by CIM Group s broad real estate investment capabilities. These activities may include (i) originating and/or investing in a variety of loan products, including, but not limited to, mezzanine loans, commercial real estate loans and other types of loans, (ii) real estate development activities to create core property or otherwise, and/or (iii) forming an open-ended REIT to raise additional capital from institutional investors, which would involve a joint venture with CIM Urban. These new activities may be internally managed or externally managed by the Advisor or its affiliates.

Q: **What will happen in the post-Merger shareholder meeting contemplated by the Merger Agreement?**

A: If the Merger is consummated, PMC Commercial will hold another meeting of shareholders as soon as practicable thereafter to approve an increase in the number of authorized PMC Commercial Common Shares to one billion (thereby satisfying the condition provided for in the Merger Agreement for the automatic conversion of the PMC Commercial Preferred Shares issued in connection with the Merger into an aggregate of 455,199,997 PMC Commercial Common Shares). At this meeting, PMC Commercial shareholders may also be asked to approve (i) a reverse stock split of the outstanding PMC Commercial Common Shares, and/or (ii) the reincorporation of PMC Commercial from Texas to Maryland (the Reincorporation) so that PMC Commercial s corporate governance and the rights of shareholders will be governed by Maryland law and a proposed new Maryland charter (as attached hereto as Annex F, the Maryland Charter) and proposed new Maryland bylaws (as attached hereto as Annex G, the Maryland Bylaws) instead of Texas law and the Declaration of Trust of PMC Commercial and existing bylaws of PMC Commercial. The Reincorporation would be effected by a merger of PMC Commercial with and into a newly formed, wholly-owned Maryland corporate subsidiary. Urban II has agreed to vote its 97.8% post-Merger ownership of PMC Commercial Common Shares in favor of each of the proposals presented to shareholders at this meeting; as a consequence, if the Merger is consummated, there is a very high probability that the proposals to be presented at this subsequent shareholders meeting will be approved.

Q: **What are the reasons for the potential Reincorporation?**

A: The Maryland Charter and Maryland Bylaws and being governed by Maryland law would bring PMC Commercial s corporate governance more in line with that of other public REITs, as over 70% of which are currently organized under Maryland law. The Maryland Charter would also increase the number of authorized PMC Commercial Common Shares so that the condition provided for in the Merger Agreement for automatically converting the PMC Commercial Preferred Shares into PMC Commercial Common Shares would be satisfied.

[1] *Leverage ratio reflects the total debt outstanding, inclusive of CIM Urban s unsecured revolving credit lines of approximately $378 million, as of September 30, 2013, divided by CIM Urban s determination of the fair value of its total assets of approximately $2.4 billion, as of September 30, 2013. CIM Urban s determination of the fair value of its total assets as of September 30, 2013 reflects independent third-party appraised values for each of its investments as of December 31, 2012, increased by the cost of capital expenditures made during the period from January 1, 2013 to September 30, 2013. CIM Urban s real estate investments were appraised at December 31, 2012 using either the discounted cash flow or direct capitalization method. The weighted average discount rate, terminal capitalization rate and revenue growth rate for those investments valued using discounted cash flows were 8.1%, 6.9% and 3.4%, respectively. The weighted average terminal capitalization rate for those investments valued under the direct capitalization method was 4.8%.*

[2] *This average reflects the ratio of debt to gross asset value of each REIT covered by Morgan Stanley Equity Research; source: Weekly REIT Insights: Fall NAREIT Recap , November 18, 2013.*

For additional information about the Reincorporation, including a comparison of the rights of PMC Commercial shareholders and PMC Commercial s corporate governance before and after the potential Reincorporation, please see STRATEGY OF PMC COMMERCIAL AFTER THE MERGER The Reincorporation on page 188.

Q: **When and where is the special meeting?**

A: The special meeting of shareholders of PMC Commercial will be held on February 11, 2014, at the offices of Locke Lord LLP, 2200 Ross Avenue, Suite 2100, Dallas, Texas 75201, starting at 10:00 a.m. Central Standard Time.

Q: **Who can attend the special meeting?**

A: Only persons who are holders of PMC Commercial Common Shares as of the record date for the special meeting or who are invited guests of PMC Commercial may attend and be admitted to the special meeting. All shareholders attending the special meeting will be required to show photo identification (a valid driver s license, state identification or passport) prior to admission. If a shareholder s shares are registered in the name of a bank, broker or other custodian, the shareholder must also bring a proxy or a letter from that bank, broker or other custodian or their most recent brokerage account statement that confirms that the shareholder was a beneficial owner of PMC Commercial Common Shares as of the record date.

Q: **What matters will be voted on at the special meeting?**

A: You will be asked to consider and vote on the following proposals:

- to consider and vote to approve the Share Issuance Proposal;
- to consider and vote to approve, through a non-binding advisory vote, the Merger-Related Compensation Proposal;
- to consider and vote on the adjournment of the special meeting, if necessary or appropriate, for the purpose of soliciting additional votes for the approval of the Share Issuance Proposal; and
- to consider and transact such other procedural matters as may properly come before the special meeting or any adjournments or postponements of the special meeting.

Q: **How does the PMC Commercial Board of Trust Managers recommend that I vote on the proposals?**

A: The Board of Trust Managers unanimously recommends that you vote:

- FOR approval of the Share Issuance Proposal;

FOR approval of the Merger-Related Compensation Proposal; and

FOR adjournment of the special meeting, if necessary or appropriate, for the purpose of soliciting additional votes for the approval of the Share Issuance Proposal.

Q: **What vote is required for PMC Commercial shareholders to approve the Share Issuance Proposal?**

A: Approval of the Share Issuance Proposal will require the affirmative vote of at least a majority of the shares present or represented by proxy at the special meeting. The Share Issuance Proposal is not conditioned on the approval of the Merger-Related Compensation Proposal or the adjournment proposal, as approval of the Share Issuance Proposal is the only PMC Commercial shareholder approval required for consummation of the Merger.

Q: **What vote is required for PMC Commercial shareholders to approve the Merger-Related Compensation Proposal?**

A: In accordance with Section 14A of the Securities Exchange Act of 1934 (as amended, the Exchange Act), PMC Commercial is providing its shareholders with the opportunity to approve, through a non-binding

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advisory vote, certain compensation arrangements for PMC Commercial s named executive officers in connection with the Merger, as described in THE MERGER Advisory Vote on Merger-Related Compensation Proposal. Approval of the Merger-Related Compensation Proposal will require the affirmative vote of at least a majority of the shares present or represented by proxy at the special meeting.

Q: **What vote is required for PMC Commercial shareholders to approve the proposal to adjourn the special meeting, if necessary or appropriate, for the purpose of soliciting additional votes for the approval of the Share Issuance Proposal?**

A: Approval of the proposal to adjourn the special meeting, if necessary or appropriate, for the purpose of soliciting additional votes for the approval of the Share Issuance Proposal will require the affirmative vote of at least a majority of the shares present or represented by proxy at the special meeting. Less than a quorum may adjourn the special meeting.

Q: **How are votes counted?**

A: For the proposal to approve the Share Issuance Proposal, you may vote FOR, AGAINST or ABSTAIN . Abstentions will count for the purpose of determining whether a quorum is present at the special meeting. If you abstain, it will have the same effect as a vote against the approval of the Share Issuance Proposal. In addition, if your shares are held in the name of a bank, broker or other custodian, your bank, broker or other custodian will not vote your shares in the absence of specific instructions from you on how to vote your shares. Inasmuch as no routine matters will be voted upon at the special meeting, no broker non-votes will be cast at the special meeting, and therefore broker non-votes will have no effect on the vote count for the Share Issuance Proposal.

For the proposal to approve the Merger-Related Compensation Proposal through a non-binding advisory vote, you may vote FOR, AGAINST or ABSTAIN. If you abstain, it will have the same effect as a vote against the approval of the Merger-Related Compensation Proposal. No broker non-votes will be cast at the special meeting, and therefore broker non-votes will have no effect on the vote count for the Merger-Related Compensation Proposal.

For the proposal to adjourn the special meeting, if necessary or appropriate, for the purpose of soliciting additional votes for the approval of the Share Issuance Proposal, you may vote FOR, AGAINST or ABSTAIN . Abstentions will have the same effect as a vote against the proposal to adjourn the special meeting. No broker non-votes will be cast at the special meeting, and therefore broker non-votes will have no effect on the vote count for the proposal to adjourn the special meeting.

If you hold your shares in your name and you sign and return your proxy card without indicating your vote, your shares will be voted FOR the approval of the Share Issuance Proposal, FOR the approval of the Merger-Related Compensation Proposal, and FOR the adjournment of the special meeting, if necessary or appropriate, for the purpose of soliciting additional votes for the approval of the Share Issuance Proposal.

Q: **Who is entitled to vote at the special meeting?**

A: All holders of record of PMC Commercial Common Shares as of the close of business on December 30, 2013, which is the record date for the special meeting, are entitled to vote at the special meeting, unless a new record date is fixed for any adjournment or postponement of the special meeting. As of the record date, there were 10,596,220 issued and outstanding PMC Commercial Common Shares. The holder of each PMC Commercial Common Share outstanding on the record date is entitled to one vote per share on each proposal presented at the special meeting.

Q: **What happens if I sell my PMC Commercial Common Shares before the special meeting?**

A:

The record date of the special meeting is earlier than the date of the special meeting, the date that the Merger is expected to be completed and the record date for the Special Dividend in connection therewith. If

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you sell your PMC Commercial Common Shares after the record date for the special meeting, but before the record date for the Special Dividend, you will retain your right to vote at the special meeting, but you will have forfeited your right to receive the Special Dividend. In order to receive the Special Dividend, you must hold your PMC Commercial Common Shares through the record date of the Special Dividend, which is expected to be declared on the last business day prior to consummation of the Merger.

Q: **How do I vote?**

A: You may submit your proxy either by telephone, through the Internet or by mailing the enclosed proxy card, or you may vote in person at the special meeting.

To submit your proxy by telephone, dial the number indicated on the enclosed proxy card, and follow the recorded instructions. You will be asked to provide the company number and control number from the enclosed proxy card. To submit your proxy through the Internet, visit the website indicated on the enclosed proxy card. You will be asked to provide the company number and control number from the enclosed proxy card. Proxies submitted by telephone or through the Internet must be received by 11:59 p.m., Eastern Standard Time, on February 10, 2014.

To submit your proxy by mail, complete, date and sign each proxy card you receive and return it as promptly as practicable in the enclosed prepaid envelope. If you sign and return your proxy card, but do not mark the boxes showing how you wish to vote, your shares will be voted FOR the proposal to approve the Share Issuance Proposal, FOR the Merger Related Compensation Proposal and FOR the adjournment proposal.

If you hold your shares in street name, please read the immediately following question and answer.

Q: **My shares are held in street name by my bank, broker or other custodian. Will my bank, broker or other custodian vote my shares for me?**

A: Your bank, broker or other custodian will only be permitted to vote your shares if you instruct your bank, broker or other custodian how to vote. You should follow the procedures provided by your bank, broker or other custodian regarding the voting of your shares. If you do not instruct your bank, broker or other custodian how to vote your shares, your shares will not be voted and will have no effect on the vote count for the Share Issuance Proposal, the Merger-Related Compensation Proposal or the proposal to adjourn the special meeting. If you wish to vote in person at the special meeting, you will need to obtain a legal proxy from your bank, broker or other custodian in order to do so.

Q: **How can I revoke or change my vote?**

A: You may revoke your proxy at any time before the vote is taken at the special meeting in any of the following ways:

- timely submitting later appropriate instructions by telephone or through the Internet,
- filing with the Corporate Secretary of PMC Commercial, before the taking of the vote at the special meeting, a written notice of revocation bearing a later date than the proxy card,
- duly executing a later dated proxy card relating to the same shares and delivering it to the Corporate Secretary of PMC Commercial before the taking of the vote at the special meeting, or

voting in person at the special meeting.

Your attendance at the special meeting does not automatically revoke your previously submitted proxy. If you have instructed your bank, broker or other custodian to vote your shares, the options described above for revoking your proxy do not apply. Instead, you must follow the directions provided by your bank, broker or other custodian to change your vote.

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Q: **What if I do not vote?**

A: If you are not represented (in person or by proxy) at the special meeting, it will have no effect on the vote count for any of the proposals. If you are represented (in person or by proxy) at the special meeting but do not vote, your presence will have the same effect as a vote cast against the Share Issuance Proposal, the Merger-Related Compensation Proposal and the proposal to adjourn the special meeting.

Q: **When do you expect to complete the Merger?**

A: We are working to complete the Merger during the first quarter of 2014.

Q: **What happens if the Merger is not completed?**

A: If the Share Issuance Proposal is not approved by PMC Commercial shareholders or if the Merger is not completed for any other reason, PMC Commercial would remain an independent company. Under certain circumstances, PMC Commercial may be required to pay CIM REIT a termination fee and reimburse CIM REIT for certain of its out-of-pocket expenses as described under THE MERGER AGREEMENT Termination Fees and Expenses beginning on page 103.

Q: **Am I entitled to exercise dissenters rights?**

A: No. Shareholders of PMC Commercial will not be entitled to exercise dissenters rights with respect to any matter to be voted upon at the special meeting. Any shareholder may abstain from or vote against any matters to be voted on at the special meeting.

Q: **Is the Merger expected to be taxable to me?**

A: The Special Dividend should be treated as a distribution from PMC Commercial to the holders of PMC Commercial Common Shares under Section 301 of the Internal Revenue Code of 1986, as amended (the Code).

You should consult your tax advisor for a complete analysis of the effect of the Merger on your federal, state and local and/or foreign taxes. Additional information relating to material U.S. federal income tax consequences of the Merger can be found in MATERIAL U.S. FEDERAL INCOME TAX CONSEQUENCES beginning on page 114.

Q: **How can I obtain additional information about PMC Commercial?**

A: PMC Commercial files annual, quarterly and current reports, proxy statements and other information with the Securities and Exchange Commission (the SEC). PMC Commercial will provide copies of its reports, proxy statements and other information, including this proxy statement/prospectus, without charge to any shareholder who makes a request to PMC Commercial Trust, 17950 Preston Road, Suite 600, Dallas, Texas 75252, Attention: Investor Relations, or at (972) 349-3235. PMC Commercial s filings with the SEC may also be accessed on the Internet at www.sec.gov or on the Investor Resources page of PMC Commercial s website at www.pmctrust.com. The information provided on PMC Commercial s website is not part of this proxy statement/prospectus and is not incorporated by reference into this proxy statement/prospectus. For a more detailed description of the information available, please see WHERE YOU CAN FIND MORE INFORMATION on page 210.

Q: **Who can help answer my questions?**

A: If you have additional questions about the Merger or the special meeting after reading this proxy statement/prospectus, please call PMC Commercial s proxy solicitor, AST Phoenix Advisors toll-free at (800) 780-7314. If your bank, broker or other custodian holds your shares, you may also call your bank, broker or other custodian for additional information.

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Q: **What else do I need to do now?**

A: You are urged to read this proxy statement/prospectus carefully and in its entirety, including its annexes, and to consider how the Merger affects you. Even if you plan to attend the special meeting, if you hold your shares in your own name as the registered shareholder, please vote your shares by completing, signing, dating and returning the enclosed proxy card. You can also attend the special meeting and vote, or change your prior vote, in person. If you hold your shares in street name through a bank, broker or other custodian, then you should have received this proxy statement/prospectus from that custodian, along with that custodian s proxy card which includes voting instructions and instructions to vote.

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SUMMARY TERM SHEET

The following summary highlights selected information in this proxy statement/prospectus and may not contain all the information that may be important to you with respect to the Merger Agreement, the Merger or the special meeting. Accordingly, you are encouraged to read this proxy statement/prospectus, including its annexes, carefully and in its entirety. Each item in this summary includes a page reference directing you to a more complete description of that topic. See also WHERE YOU CAN FIND MORE INFORMATION on page 210.

Parties to the Merger (Page 65)

PMC Commercial Trust

17950 Preston Road, Suite 600

Dallas, Texas 75252

(972) 349-3200

PMC Commercial is a Texas real estate investment trust organized in 1993 that primarily originates loans to small businesses collateralized by first liens on the real estate of the related business, predominantly in the hospitality industry (94% at September 30, 2013). Its operations are located in Dallas, Texas and include originating, servicing and selling the government guaranteed portions of certain loans. PMC Commercial originates loans, either directly or through its wholly-owned lending subsidiaries, as follows: First Western SBLC, Inc., PMC Investment Corporation and Western Financial Capital Corporation. First Western is licensed as a small business lending company that originates loans through the Small Business Administration s 7(a) Guaranteed Loan Program. PMCIC and Western Financial are licensed small business investment companies.

Southfork Merger Sub, LLC

c/o PMC Commercial Trust

17950 Preston Road, Suite 600

Dallas, Texas 75252

(972) 349-3200

Southfork Merger Sub, LLC, a Delaware limited liability company and wholly-owned subsidiary of PMC Commercial, or PMC Merger Sub , was formed solely for the purpose of completing the Merger and has not carried on any activities to date, except for activities incidental to its formation and activities undertaken in connection with the transactions contemplated by the Merger Agreement.

CIM Urban REIT, LLC

c/o CIM Group

6922 Hollywood Blvd., Ninth Floor

Los Angeles, California 90028

Attn: General Counsel

(323) 860-4900

CIM Urban REIT, LLC, a Delaware limited liability company, invests, through its operating partnership subsidiary, CIM Urban Partners L.P., primarily in substantially stabilized real estate and real estate-related assets in high density, high barrier to entry urban markets throughout North America, which CIM Group has targeted for opportunistic investment and which are likely, in CIM Group s opinion, to experience above-average rent growth relative to national averages and/or their neighboring central business district (CBDs).

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CIM Merger Sub, LLC

c/o CIM Group

6922 Hollywood Blvd., Ninth Floor

Los Angeles, California 90028

Attn: General Counsel

(323) 860-4900

CIM Merger Sub, LLC, a Delaware limited liability company and wholly-owned subsidiary of CIM REIT, was formed solely for the purpose of completing the Merger and has not carried on any activities to date, except for activities incidental to its formation and activities undertaken in connection with the transactions contemplated by the Merger Agreement.

The Special Meeting (Page 66)

Date, Time and Place. The special meeting of the PMC Commercial shareholders will be held at the offices of Locke Lord LLP, 2200 Ross Avenue, Suite 2100, Dallas, Texas 75201 on February 11, 2014 at 10:00 a.m., Central Standard Time.

Purpose. At the special meeting, PMC Commercial shareholders will be asked to approve the Share Issuance Proposal and to approve any adjournment of the special meeting, if necessary or appropriate, for the purpose of soliciting additional votes for the approval of the Share Issuance Proposal.

Record Date; Voting Rights. You are entitled to vote at the special meeting if you owned PMC Commercial Common Shares at the close of business on December 30, 2013, the record date for the special meeting, unless a new record date is fixed for any adjournment or postponement of the special meeting. As of the record date, there were 10,596,220 PMC Commercial Common Shares issued and outstanding. The holder of each PMC Commercial Common Share outstanding on the record date is entitled to one vote per share.

Quorum. The presence (in person or by proxy) of shareholders entitled to cast a majority of the votes of the PMC Commercial Common Shares at the special meeting shall constitute a quorum at the special meeting.

Required Vote. The approval of the Share Issuance Proposal requires the affirmative vote of at least a majority of the shares present or represented by proxy at the special meeting.

The approval of the Merger-Related Compensation Proposal requires the affirmative vote of at least a majority of the shares present or represented by proxy at the special meeting.

The approval of the proposal to adjourn the special meeting, if necessary or appropriate, for the purpose of soliciting additional votes for the approval of the Share Issuance Proposal will require the affirmative vote of at least a majority of the shares present or represented by proxy at the special meeting. Less than a quorum may adjourn the special meeting.

Voting; Proxies. Votes may be cast either in person or by a properly executed proxy at the special meeting. Abstentions will have the same effect as votes against the approval of the Share Issuance Proposal, the Merger-Related Compensation Proposal and the proposal to adjourn the special meeting. Inasmuch as no routine matters will be voted upon at the special meeting, no broker non-votes will be cast at the special meeting, and therefore broker non-votes will have no effect on the vote count for the Share Issuance Proposal, the Merger-Related Compensation Proposal or the proposal to adjourn the special meeting.

Revocation. Any proxy given by a shareholder pursuant to this solicitation may be revoked at any time before the vote is taken at the special meeting in any of the following ways:

timely submitting later appropriate instructions by telephone or through the Internet,

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- filing with the Corporate Secretary of PMC Commercial, before the taking of the vote at the special meeting, a written notice of revocation bearing a later date than the proxy card,

- duly executing a later dated proxy card relating to the same shares and delivering it to the Corporate Secretary of PMC Commercial before the taking of the vote at the special meeting, or

- voting in person at the special meeting, although attendance at the special meeting will not by itself constitute a revocation of a proxy.

Solicitation of Proxies; Costs. PMC Commercial is soliciting proxies on behalf of the Board of Trust Managers. PMC Commercial will bear the costs of soliciting proxies. In addition to the solicitation of proxies by use of the mails, proxies may be solicited from shareholders by Trust Managers, officers and employees of PMC Commercial in person or by telephone, by facsimile, on the Internet or other appropriate means of communications. No additional compensation, except for reimbursement of reasonable out-of-pocket expenses, will be paid to Trust Managers, officers and employees of PMC Commercial in connection with this solicitation. PMC Commercial has retained AST Phoenix Advisors to solicit, and for advice and assistance in connection with the solicitation of, proxies for the special meeting at a cost of $80,000, including out-of-pocket expenses, which cost may vary depending upon the specific services provided.

The Merger (Page 68)

Under the Merger Agreement, CIM Merger Sub will be merged with and into PMC Merger Sub. PMC Merger Sub will be the surviving entity in the Merger. Upon completion of the Merger:

- PMC Commercial will become the parent of CIM Urban and its subsidiaries; and

- PMC Commercial will issue to Urban II 22,000,003 PMC Commercial Common Shares and 65,028,571 PMC Commercial Preferred Shares.

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Post-Merger Structure

The following diagram summarizes the structure of PMC Commercial after the Merger, assuming that it is completed as provided in the Merger Agreement:

(1) Following the Merger, Urban II will own PMC Commercial Common Shares and PMC Commercial Preferred Shares representing ownership of approximately 97.8% of the total PMC Commercial Common Shares (assuming conversion of the PMC Commercial Preferred Shares). The pre-Merger holders of PMC Commercial Common Shares will own the remaining 2.2% of the total PMC Commercial Common Shares (assuming conversion of the PMC Commercial Preferred Shares).

(2) Effective upon the closing of the Merger, the Manager and PMC Commercial will enter into a Master Services Agreement pursuant to which an affiliate of CIM Group will become the manager of the general partner of CIM Urban.

(3) Pursuant to an Investment Management Agreement, the Advisor manages CIM Urban and its investments.

(4) The Manager and the Advisor are wholly-owned subsidiaries of the CIM Group. Shaul Kuba, Richard Ressler and Avi Shemesh, together with their respective heirs and trusts for the benefit of their respective heirs, directly and indirectly, control and are the majority owners of CIM Group and its subsidiaries. Messrs. Kuba, Ressler and Shemesh will, following the consummation of the Merger, serve as Trust Managers of PMC Commercial.

Following the consummation of the Merger, PMC Commercial s lending business will continue to be managed by PMC Commercial s existing employees and management team, and the Advisor will manage most aspects of PMC Commercial s real estate business pursuant to the Investment Management Agreement. See BUSINESS OF CIM URBAN Investment Management Agreement beginning on page 163 and STRATEGY OF PMC COMMERCIAL AFTER THE MERGER Business Strategy beginning on page 187. The Advisor is a wholly-owned subsidiary of CIM Group. Shaul Kuba, Richard Ressler and Avi Shemesh, together with their respective heirs and trusts for the benefit of their respective heirs, directly and indirectly, control and are the majority owners of CIM Group and its subsidiaries. Following the consummation of the Merger, Shaul Kuba, Richard Ressler, Avi Shemesh, Kelly Eppich, Douglas Bech, Robert Cresci and Frank Golay will serve as Trust Managers, Jan Salit will serve as President and Secretary, and David Thompson will serve as Chief Financial Officer of PMC Commercial. See MANAGEMENT OF PMC COMMERCIAL AFTER THE MERGER Management and Board of Trust Managers beginning on page 183.

Effective Time of the Merger (Page 91)

The Merger will become effective:

- at such time as the certificate of merger has been filed with the Secretary of State of the State of Delaware, or
- at such later time as PMC Commercial and CIM REIT shall agree and specify in the certificate of merger to be filed with the Secretary of State of the State of Delaware.

PMC Commercial and CIM REIT will cause the effective time to occur on the closing date, which will occur no later than the second business day after satisfaction or waiver of the conditions to consummation of the Merger.

Conditions to Complete the Merger (Page 100)

The obligations of PMC Commercial and CIM REIT to complete the Merger are subject to the satisfaction or waiver of a number of conditions, including, but not limited to, the following:

- the approval of the Share Issuance Proposal by PMC Commercial s shareholders;
- any waiting period applicable to the Merger under the HSR Act shall have been terminated or expired;
- a national securities exchange mutually acceptable to CIM REIT and PMC Commercial shall have approved for listing the PMC Commercial Common Shares;
- the SBA shall have approved those aspects of the Merger subject to its jurisdiction (which approvals include submitting license applications for the two SBIC licenses and filing an application for approval of change in ownership for the SBA 7(a) license held by First Western SBLC, Inc.) (see RISK FACTORS The Merger is subject to the receipt of consents and approvals from government entities and third parties that could delay completion of the Merger beginning on page 41), and such approvals shall not contain any terms or conditions that are unacceptable to CIM REIT or PMC Commercial or are inconsistent with the Merger Agreement;
- the registration statement on Form S-4 filed with the SEC by PMC Commercial, of which this proxy statement/prospectus constitutes a part, shall have been declared effective, and no stop order or proceeding suspending the effectiveness of the Form S-4 shall have been initiated or threatened by the SEC and not withdrawn;

no temporary restraining order, preliminary or permanent injunction or other order issued by any court of competent jurisdiction or other legal restraint or prohibition preventing the consummation of the Merger shall be in effect;

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PMC Commercial shall have received all state securities or blue sky permits and other authorizations necessary to issue the PMC Commercial Common Shares and the PMC Commercial Preferred Shares pursuant to the Merger Agreement;

all other consents, approvals, orders, authorizations, registrations, and declarations of any governmental entity required to consummate the Merger shall have been obtained and remain in full force and effect, except for such consents, approvals, orders, authorizations, registrations, or declarations which, if not obtained or made, would not prevent or delay in any material respect the consummation of the Merger or otherwise prevent the parties from performing their respective obligations under the Merger Agreement in any material respect or have a material adverse effect;

CIM REIT and PMC Commercial shall have received opinions of counsel to CIM REIT, dated as of the closing date, reasonably satisfactory to CIM REIT and PMC Commercial, that (A) after giving effect to the Merger, PMC 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, and (B) the Merger should qualify as a transfer of property by CIM REIT to PMC Commercial solely in exchange for shares of PMC Commercial, as described in section 351(a) of the Code;

since the date of the Merger Agreement, there shall have been no CIM Material Adverse Change or PMC Commercial Material Adverse Change (as such terms are defined under the section entitled THE MERGER AGREEMENT Conditions to Compete the Merger);

all consents and waivers from third parties necessary in connection with the consummation of the Merger shall have been obtained, other than such consents and waivers from third parties, which, if not obtained, would not result, individually or in the aggregate, in a CIM Material Adverse Effect or PMC Commercial Material Adverse Effect;

PMC Commercial shall have received an opinion of counsel to CIM REIT dated as of the closing date, reasonably satisfactory to PMC Commercial, to the effect that each REIT subsidiary of CIM Urban has been organized and operated in conformity with the requirements for qualification and taxation as a REIT under the Code at all times since the formation of such REIT subsidiary through the closing date; and

CIM REIT shall have received an opinion of counsel to PMC Commercial dated as of the closing date, reasonably satisfactory to CIM REIT, to the effect that, at all times since its taxable year ended December 31, 2007 through the closing date, PMC Commercial has been organized and operated in conformity with the requirements for qualification as a REIT under the Code.

Recommendation of PMC Commercial s Board of Trust Managers (Page 77)

After careful consideration, the Board of Trust Managers has unanimously (i) determined that the Merger Agreement and the Merger, including the issuance of PMC Commercial Common Shares and PMC Commercial Preferred Shares as provided in the Merger Agreement, are advisable, fair to and in the best interests of PMC Commercial and its shareholders, and (ii) approved the Merger Agreement and the annexes attached thereto, as well as the Merger and the issuance of the PMC Commercial Common Shares and the PMC Commercial Preferred Shares to Urban II, as provided in the Merger Agreement. **The Board of Trust Managers unanimously recommends that you vote FOR the approval of the Share Issuance Proposal and FOR adjournment of the special meeting, if necessary or appropriate, for the purpose of soliciting additional votes for the approval of the Share Issuance Proposal.**

Opinion of PMC Commercial s Financial Advisor (Page 77)

In connection with the Merger, the Board of Trust Managers received an opinion, dated July 8, 2013, of Sandler O Neill + Partners, L.P. as to the fairness, from a financial point of view, of the Merger Consideration to PMC Commercial and its shareholders. The full text of the written opinion is attached as Annex E to this proxy statement/prospectus and is incorporated herein by reference. The written opinion sets forth, among other things, the procedures followed, assumptions made, matters considered and qualifications and limitations on the review

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undertaken by Sandler O Neill in rendering its opinion. **The opinion was addressed to the Board of Trust Managers (in its capacity as such) for its information and use in connection with its evaluation of the Merger Consideration from a financial point of view and did not address any other terms, aspects or implications of the Merger. Sandler O Neill s opinion did not address the underlying business decision by PMC Commercial to enter into the Merger Agreement, the relative merits of the Merger compared with other alternative business strategies that might exist for PMC Commercial, or the effect of any other transaction in which PMC Commercial might engage. The opinion does not constitute a recommendation by Sandler O Neill, the Board of Trust Managers or any other person or entity in respect of any aspect of the Merger, including as to how any shareholder should vote or act in connection with the Merger, the Share Issuance Proposal, or any other matters.**

Interests of PMC Commercial Trust Managers and Executive Officers in the Merger (Page 83)

In considering the recommendation of the Board of Trust Managers, you should be aware that some of PMC Commercial s Trust Managers and executive officers have interests in the Merger that are different from, or in addition to, your interests as a shareholder and that may present actual or potential conflicts of interest. These interests are as follows:

- Accelerated vesting of an aggregate of 6,666 PMC Commercial Common Shares subject to vesting conditions, of which 3,333 shares are held by each of Jan F. Salit and Barry N. Berlin upon a change of control, including the Merger. The value of such PMC Commercial Common Shares held by each of Messrs. Salit and Berlin, based on the per share closing price on December 13, 2013, was $28,997.

- Benefits to be provided to Messrs. Salit and Berlin under their Restated Executive Employment Agreements, a summary of which follows. Under the Restated Executive Employment Agreements, each of Messrs. Salit and Berlin is entitled to a minimum annual salary of $425,000 and $350,000, respectively. The annual salary currently being paid to Messrs. Salit and Berlin is $450,000 and $375,000, respectively. The Board of Trust Managers may, in its discretion, increase the annual base salary and may also consider bonus compensation. However, under the Restated Executive Employment Agreements, if (1) in the case of Mr. Salit, the executive voluntarily resigns his employment no earlier than 12 months following the effective date of the agreement but no later than December 31, 2015 or, in the case of Mr. Berlin, the executive voluntarily resigns his employment on or before December 31, 2015 or (2) PMC Commercial terminates the executive s employment without Cause on or before December 31, 2015, the executive will be entitled to receive cash compensation equal to 2.99 times the average of the last three years compensation calculated as of the termination date, subject to certain other qualifications. As described in THE MERGER Advisory Vote on Merger Related Compensation Proposal beginning on page 85, such cash severance payments are estimated at approximately $1,480,000 and $1,410,000 for each of Messrs. Salit and Berlin, respectively. For purposes of the Restated Executive Employment Agreements, Cause means (1) the intentional, unapproved material misuse of corporate funds, (2) professional incompetence or (3) acts or omissions constituting gross negligence or willful misconduct of executive s obligations or otherwise relating to the business of PMC Commercial.

In addition, to the extent Mr. Salit or Mr. Berlin is employed by PMC Commercial on January 1, 2016 and such executive is not entitled to any disability, death or the severance payments detailed above under the Restated Executive Employment Agreement, the executive would receive, in the case of Mr. Salit, 300,000 restricted share awards (as defined in PMC Commercial s 2005 Equity Incentive Plan) and in the case of Mr. Berlin, 225,000 restricted share awards, as an equity retention bonus. Such restricted share awards would vest immediately upon grant. As described in THE MERGER Advisory Vote on Merger Related Compensation Proposal beginning on page 85, the estimated values of such grants for each of Messrs. Salit and Berlin are $960,000 and $720,000, respectively. In no event can either of Messrs. Salit and Berlin be entitled to receive both (a) the cash severance payment described above and (b) the aforementioned equity retention bonus.

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Continued employee benefits provided generally for PMC Commercial employees, including Messrs. Salit and Berlin, under the terms of the Merger Agreement, a summary of which follows. The Merger Agreement provides that (a) following the effective time of the Merger, PMC Commercial must honor all PMC Commercial benefit plans identified pursuant to the Merger Agreement, and (b) if the closing date occurred prior to December 31, 2013, PMC Commercial is obligated to (i) continue to sponsor through at least December 31, 2013 such benefit plans, and (ii) permit the continuing employees and their eligible dependents to participate in such benefit plans. In addition, subject to certain exceptions, CIM Group benefit plans must give each such continuing employee full credit for all service with PMC Commercial prior to the closing date of the Merger to the same extent as such continuing employee was entitled to under any similar PMC Commercial benefit plan.

The Merger Agreement also provides that, following the closing date of the Merger, CIM Group benefit plans providing benefits to any PMC Commercial continuing employee, including Messrs. Salit and Berlin, must, with respect to such continuing employee and their eligible dependents: (i) waive any pre-existing conditions, (ii) provide credit for prior service with PMC Commercial for purposes of satisfying any applicable waiting periods and (iii) give credit in the year in which the closing date occurs for any copayments, deductibles and out of pocket limits paid in such year prior to the closing date, in each case, as would have been applicable under the existing plans of PMC Commercial.

If the closing of the Merger occurred prior to December 31, 2013, PMC Commercial, as controlled by Urban II, consistent with past practices, is obligated to pay to each continuing employee, including Messrs. Salit and Berlin, an annual bonus payment due to such continuing employee under PMC Commercial s 2013 annual bonus plan. The annual bonus plan is administered by PMC Commercial s Compensation Committee, and the amounts payable thereunder are discretionary and recommended to the Board of Trust Managers. Additionally, prior to January 15, 2014, PMC Commercial, as controlled by Urban II, consistent with past practices, shall fund an employer profit sharing contribution to the PMC Commercial 401(k) plan for the plan year ending December 31, 2013 with at least the same funding level as was funded for the plan year ending December 31, 2012. For the plan year ending December 31, 2012, PMC Commercial funded a profit sharing contribution of $24,224 for each of Messrs. Salit and Berlin.

Indemnification and insurance coverage for PMC Commercial Trust Managers and executive officers, as provided in the Merger Agreement. See THE MERGER AGREEMENT Certain Other Covenants Indemnification beginning on page 97. The aggregate premiums that PMC Commercial expects to pay with respect to such insurance coverage is $250,000.

Estimated Transaction Fees

The following table sets forth the transaction fees incurred by PMC Commercial in connection with the Merger through September 30, 2013, as well as management s estimate of transaction fees to be incurred from October 1, 2013 through the date of consummation of the Merger.

	Through September 30, 2013	October 1, 2013- Consummation of the Merger	Total Fees(1)
		(in thousands)	
Legal	$ 838	$ 500	$ 1,338
Accounting	155	150	305
SEC Registration Fee	196		196
Financial Advisory Fee	350	3,350(2)	3,700
Total	$ 1,539	$ 4,000(3)	$ 5,539

(1) Excludes non-professional fee transaction costs incurred through September 30, 2013 of $76,000 and expected non-professional fee transaction costs from October 1, 2013 through the consummation of the

Merger of approximately $600,000. These non-professional fee transaction costs include printing, proxy solicitation, insurance and other miscellaneous costs incurred or expected to be incurred in connection with the Merger. Also excludes fees and costs related to defense of the lawsuit described under THE MERGER Litigation Relating to the Merger.

(2) Payment of up to this amount is contingent upon the consummation of the Merger.

(3) Total anticipated transaction fees and costs of PMC Commercial to be incurred subsequent to October 1, 2013 are approximately $4.6 million.

No Dissenters Rights (Page 209)

PMC Commercial shareholders will not be entitled to exercise dissenters or appraisal rights with respect to any matter to be voted upon at the special meeting.

Material U.S. Federal Income Tax Consequences (Page 114)

The Special Dividend should be treated as a distribution from PMC Commercial to the holders of PMC Commercial Common Shares under Section 301 of the Code.

You should consult your tax advisor for a complete analysis of the effect of the Merger on your federal, state and local and/or foreign taxes. Additional information of the material U.S. federal income tax consequences of the Merger can be found in MATERIAL U.S. FEDERAL INCOME TAX CONSEQUENCES beginning on page 114.

Acquisition Proposals; Go-Shop Period (Page 98)

The Go-Shop Period (as defined in THE MERGER AGREEMENT Acquisition Proposals Go-Shop Period) provided for in the Merger Agreement ended on August 6, 2013. During the Go-Shop Period, PMC Commercial and its representatives had the right to:

- initiate, solicit and encourage any inquiry or the making of any proposals or offers that constitute Acquisition Proposals (as defined in THE MERGER AGREEMENT Acquisition Proposals Go-Shop Period), including by way of providing access to non-public information to any person pursuant to a confidentiality agreement, and

- engage or enter into or otherwise participate in any discussions or negotiations with any persons or groups of persons with respect to any Acquisition Proposals or otherwise cooperate with or assist or participate in, or facilitate any such inquiries, proposals, discussions or negotiations or any effort or attempt to make any Acquisition Proposals.

See THE MERGER AGREEMENT Acquisition Proposals Go-Shop Period beginning on page 99 and THE MERGER AGREEMENT Termination Fees and Expenses beginning on page 103.

No-Shop Period (Page 99)

The No-Shop Period began after the Go-Shop Period terminated. Upon termination of the Go-Shop Period, PMC Commercial and its officers and representatives were obligated to immediately cease any discussions or negotiations with any persons that were ongoing with respect to an Acquisition Proposal.

During the No-Shop Period, PMC Commercial and its officers and representatives shall not (A) initiate, solicit or encourage any inquiries or the making of any proposal or offer that constitutes an Acquisition Proposal, (B) engage in or otherwise participate in any discussions or negotiations regarding, or provide any non-public information or data concerning PMC Commercial or its subsidiaries to any person relating to any Acquisition Proposal, (C) enter into any agreement or agreement in principle with respect to any Acquisition Proposal, or (D) otherwise knowingly facilitate any effort or attempt to make an Acquisition Proposal.

See THE MERGER AGREEMENT No-Shop Period beginning on page 99 and THE MERGER AGREEMENT Termination Fees and Expenses beginning on page 103.

Termination of the Merger Agreement (Page 102)

The Merger Agreement may be terminated by mutual written consent of PMC Commercial and CIM REIT at any time before the completion of the Merger (including after PMC Commercial shareholders have approved the Merger Agreement). In addition, either PMC Commercial or CIM REIT may terminate the Merger Agreement at any time before the completion of the Merger if:

- the Merger shall not have been consummated by March 31, 2014;
- the PMC Commercial shareholders meeting shall have been held and completed and PMC Commercial shareholder approval of the Merger shall not have been obtained at such PMC Commercial shareholders meeting or at any adjournment or postponement thereof; or
- any injunction permanently restraining, enjoining or otherwise prohibiting consummation of the Merger shall become final and non-appealable (whether before or after PMC Commercial shareholder approval has been obtained).

PMC Commercial may also terminate the Merger Agreement if any of the following occurs:

- (i) the Board of Trust Managers authorizes PMC Commercial to enter into definitive transaction documentation providing for a superior proposal, (ii) immediately prior to or substantially concurrently with the termination of the Merger Agreement, PMC Commercial enters into an alternative acquisition agreement with respect to a superior proposal and (iii) PMC Commercial pays to CIM REIT the applicable termination fee; or
- there has been a breach of any representation, warranty, covenant or agreement made by CIM REIT or CIM Merger Sub in the Merger Agreement such that the conditions set forth therein would not be satisfied and such breach or condition is not curable or, if curable, is not cured prior to the earlier of (i) 30 days after written notice thereof is given by PMC Commercial to CIM REIT and (ii) March 31, 2014.

CIM REIT may also terminate the Merger Agreement if any of the following occurs:

- the Board of Trust Managers fails to recommend in the Proxy Statement the Merger or shall make a change of recommendation or shall approve, recommend or endorse an alternative Acquisition Proposal or resolves or publicly proposes to do any of the foregoing; or there shall have been a material breach by any of PMC Commercial s Trust Managers, officers or managers of certain of PMC Commercial s covenants which cannot be or is not cured within five business days after written notice thereof; or
- there has been a breach of any representation, warranty, covenant or agreement made by PMC Commercial or PMC Merger Sub in the Merger Agreement such that the conditions set forth therein would not be satisfied and such breach cannot be or is not cured prior to the earlier of (i) 30 days after written notice thereof is given by CIM REIT to PMC Commercial and (ii) March 31, 2014.

Termination Fees and Expenses (Page 103)

If the Merger Agreement is terminated under certain circumstances, PMC Commercial shall pay CIM REIT a termination fee of (i) $4,000,000 (except that in the event the Merger Agreement was terminated by PMC Commercial in order to enter into an alternative acquisition agreement prior to the commencement of the No-Shop Period, the termination fee would have been equal to $3,000,000), plus (ii) all reasonable documented out-of-pocket expenses of CIM REIT up to $700,000 (exclusive of expenses incurred by PMC Commercial prior to the execution of the Merger Agreement and reimbursed by CIM REIT or its affiliates).

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Summary of Key Risk Factors (Page 40)

You should consider carefully all the risk factors together with all of the other information included in this proxy statement/prospectus before deciding how to vote. The risks are described in detail under the section RISK FACTORS beginning on page 40, and a summary of some key risk factors follows.

PMC Commercial shareholders will experience significant immediate dilution in percentage ownership and effective voting power;

there is no certainty as to the market value of the PMC Commercial shares to be issued to Urban II if the Merger is completed;

the market price of the PMC Commercial Common Shares may decline as a result of the Merger;

the Merger may not be completed, which could adversely affect PMC Commercial s business and the market price of PMC Commercial Common Shares;

the Board of Trust Managers will initially include a majority of Trust Managers affiliated with the Advisor, and Urban II will after the Merger have effective control over the outcome of all actions requiring PMC Commercial shareholder approval;

after the Merger, Urban II will control the vote required for conversion of the PMC Commercial Preferred Shares, which if not timely converted could materially adversely affect the PMC Commercial Common Shares (as well as the PMC Commercial Preferred Shares);

inasmuch as a majority of CIM Urban s properties, by aggregate net operating income and square feet, are located in Oakland, California and the District of Columbia, CIM Urban is particularly susceptible to events or conditions that could adversely affect those markets;

the Advisor s fees are based on the gross asset value of CIM Urban s assets, including any assets acquired by CIM Urban in the future. This fee arrangement may lead the Advisor to recommend riskier investments regardless of their long-term performance in an effort to maximize its compensation;

certain of the Trust Managers and executive officers of PMC Commercial after the Merger may face conflicts of interests related to positions they hold with the Advisor, CIM Group and their affiliates, which could result in decisions that are not in the best interests of PMC Commercial s shareholders;

CIM Urban competes with current and future investment entities affiliated with the Advisor for access to the benefits that CIM Urban s relationship with the Advisor provides to CIM Urban, including access to investment opportunities;

after the Merger, the business of CIM Urban will be managed by Urban GP Manager (as defined under the section entitled RISK FACTORS), an affiliate of Urban II, and PMC Commercial will have limited rights with respect to the management and control of CIM Urban;

CIM Urban is subject to certain investment limitations that may inhibit CIM Urban s ability to make investments that otherwise meet its investment strategy;

PMC Commercial cannot assure you that it will in the future be able to pay dividends;

following the Merger, subject to the Board of Trust Manager s supervision, the Manager will have the right to manage the business of PMC Commercial and its subsidiaries pursuant to the Master Services Agreement and other investment management agreements, which agreements may be assigned in certain circumstances without PMC Commercial s consent and may not be terminated by PMC Commercial, except in the case of the Master Services Agreement, in limited circumstances for cause, either or both of which contractual features may have a material adverse effect on PMC Commercial; and

the market price of PMC Commercial Common Shares may decline as a result of actual or potential sales of the PMC Commercial Common Shares, even if PMC Commercial s business is doing well.

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Share Ownership of Trust Managers and Executive Officers of PMC Commercial

At the close of business on December 30, 2013, the Trust Managers and executive officers of PMC Commercial and their affiliates held and were entitled to vote 481,773 PMC Commercial Common Shares, collectively representing approximately 4.5% of the PMC Commercial Common Shares outstanding and entitled to vote on that date. The Trust Managers and executive officers of PMC Commercial have each indicated that they expect to vote FOR the Share Issuance Proposal, FOR the Merger-Related Compensation Proposal and FOR the proposal to adjourn the special meeting to a later date or dates, if necessary or appropriate, to solicit additional proxies in favor of the proposal to approve the Share Issuance Proposal.

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SELECTED HISTORICAL CONSOLIDATED

FINANCIAL DATA OF PMC COMMERCIAL

The following table sets forth selected consolidated historical financial information derived from (i) PMC Commercial s unaudited consolidated financial statements as of and for the nine months ended September 30, 2013 and 2012 contained in its Quarterly Report on Form 10-Q filed with the SEC on November 12, 2013, a copy of which is incorporated herein by reference, and (ii) PMC Commercial s audited financial statements as of December 31, 2012 and 2011 and for the years ended December 31, 2012, 2011 and 2010 contained in its Annual Report on Form 10-K filed with the SEC on March 18, 2013, a copy of which is incorporated herein by reference. The selected historical financial information for each of the years ended December 31, 2009 and 2008 and the selected balance sheet data as of December 31, 2010, 2009 and 2008 have been derived from PMC Commercial s audited consolidated financial statements for such years contained in PMC Commercial s reports filed with the SEC, which are not incorporated by reference into this proxy statement/prospectus.

You should read the selected historical financial information presented below together with the financial statements included in PMC Commercial s Quarterly Report on Form 10-Q for the nine months ended September 30, 2013, filed with the SEC on November 12, 2013, and Annual Report on Form 10-K for the fiscal year ended December 31, 2012, filed with the SEC on March 18, 2013, each of which is incorporated herein by reference, and the accompanying notes and Management s Discussion and Analysis of Financial Condition and Results of Operations of PMC Commercial contained in such reports. See also WHERE YOU CAN FIND MORE INFORMATION on page 210.

	Nine Months Ended September 30,		Years Ended December 31,				
	2013	2012	2012	2011	2010	2009	2008
	(Dollars in thousands, except per share information)						
Total revenues(1)	$ 13,587	$ 12,615	$ 17,065	$ 16,076	$ 15,463	$ 16,267	$ 23,117
Total expenses(2)	$ 9,805	$ 11,758	$ 17,856	$ 11,270	$ 10,752	$ 10,377	$ 13,776
Income (loss) from continuing operations	$ 2,836	$ 546	$ (1,356)	$ 4,692	$ 4,842	$ 6,057	$ 9,022
Discontinued operations(3)	$ (323)	$ (643)	$ (823)	$ (1,045)	$ (545)	$ 704	$ 784
Net income (loss)(4)	$ 2,513	$ (97)	$ (2,179)	$ 3,647	$ 4,297	$ 6,761	$ 9,806
Basic weighted average common shares outstanding	10,594	10,584	10,585	10,570	10,554	10,573	10,767
Basic and diluted earnings (loss) per common share:							
Income (loss) from continuing operations(1)	$ 0.27	$ 0.05	$ (0.13)	$ 0.44	$ 0.46	$ 0.57	$ 0.84
Net income (loss)	$ 0.24	$ (0.01)	$ (0.21)	$ 0.34	$ 0.41	$ 0.64	$ 0.91
Dividends declared, common	$ 3,974	$ 5,083	$ 6,353	$ 6,767	$ 6,757	$ 7,445	$ 10,908
Dividends per common share	$ 0.375	$ 0.48	$ 0.60	$ 0.64	$ 0.64	$ 0.705	$ 1.015
Return on total assets(5)	3.19%	1.51%	0.73%	2.96%	3.41%	4.15%	6.15%
Return on equity(6)	2.44%	-0.09%	-1.53%	2.46%	2.85%	4.43%	6.33%

	At September 30,		At December 31,				
	2013	2012	2012	2011	2010 (7)	2009	2008
	(In thousands)						
Loans receivable, net	$ 230,052	$ 241,914	$ 238,991	$ 234,427	$ 233,218	$ 196,642	$ 179,807
Retained interests in transferred assets	$ 699	$ 797	$ 773	$ 996	$ 1,010	$ 12,527	$ 33,248
Total assets	$ 249,901	$ 254,344	$ 247,707	$ 251,247	$ 252,127	$ 228,243	$ 227,524
Debt	$ 104,505	$ 100,544	$ 97,168	$ 95,861	$ 92,969	$ 68,509	$ 61,814
Total beneficiaries equity	$ 136,899	$ 141,658	$ 138,326	$ 146,836	$ 149,660	$ 151,558	$ 153,462
Net asset value per common share	$ 13.00	$ 13.46	$ 13.15	$ 13.97	$ 14.26	$ 14.45	$ 14.43

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(1) The decrease in total revenues and income from continuing operations from 2008 to 2010 is primarily due to declines in LIBOR. At December 31, 2012 and September 30, 2013, approximately 53% and 55%, respectively, of PMC Commercial s loans were based on LIBOR. In addition, due to a change in accounting rules effective January 1, 2010, PMC Commercial s total revenues will fluctuate significantly based on secondary market loan sales and recorded premium income.

(2) During the nine months ended September 30, 2013, includes \$1.6 million of transaction fees and costs related to the Merger. During the nine months ended September 30, 2012, includes \$3.6 million related to evaluation of strategic alternatives. During 2012, includes \$3.9 million related to the evaluation of strategic alternatives and \$2.1 million of severance and related benefits expense.

(3) PMC Commercial foreclosed on the underlying collateral of three hospitality properties during 2010 which generated significant operating and impairment losses during the years ended December 31, 2010, 2011 and 2012 and the nine months ended September 30, 2012 and 2013.

(4) The decrease in net income (loss) from 2011 to 2012 is due primarily to costs associated with the evaluation of strategic alternatives of \$3.9 million and severance and related benefits expense of \$2.1 million during 2012. The increase in net income (loss) from the nine months ended September 30, 2012 to the nine months ended September 30, 2013 is primarily due to the elimination of fees and costs associated with evaluation of strategic alternatives of \$3.6 million during the nine months ended September 30, 2012 partially offset by \$1.6 million of transaction fees and costs during the nine months ended September 30, 2013.

(5) Earnings (loss) before interest expense and income taxes as a percentage of average total assets, percentages for the periods ending September 30, 2013 and 2012 have been annualized.

(6) Earnings (loss) as a percentage of average total beneficiaries equity, percentages for the periods ending September 30, 2013 and 2012 have been annualized.

(7) Effective January 1, 2010, due to a change in accounting rules, the assets and liabilities of the off-balance sheet securitizations were consolidated. In addition, effective January 1, 2010, due to a change in accounting rules, proceeds received from legally sold portions of loans pursuant to secondary market loan sales (those sold for excess spread or those sold for a 10% cash premium and excess spread) are permanently treated as secured borrowings for the life of the loan.

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SELECTED HISTORICAL CONSOLIDATED

FINANCIAL DATA OF CIM URBAN

The following table sets forth selected historical financial information derived from (i) CIM Urban s unaudited financial statements included elsewhere in this proxy statement/prospectus as of and for the nine months ended September 30, 2013 and 2012, (ii) CIM Urban s audited financial statements included elsewhere in this proxy statement/prospectus as of December 31, 2012 and 2011 and for the years ended December 31, 2012, 2011 and 2010 and (iii) CIM Urban s audited financial statements not included in this proxy statement/prospectus as of December 31, 2010, 2009 and 2008 and for the years ended December 31, 2009 and 2008. You should read the following selected financial data in conjunction with the section entitled CIM Urban s Management s Discussion and Analysis of Financial Condition and Results of Operations and the financial statements and the related notes appearing elsewhere in this proxy statement/prospectus.

Selected Historical Financial Data

In Thousands

	Nine Months Ended September 30,		Years Ended December 31,				
	2013	2012	2012	2011	2010	2009	2008
Statement of Operations Data:							
Revenues	$ 175,633	$ 174,238	$ 232,513	$ 213,293	$ 210,662	$ 196,296	$ 140,947
Expenses	163,244	157,236	212,716	206,984	205,117	201,678	135,777
Income (loss) from continuing operations(1)	**12,389**	**17,002**	**19,797**	**6,309**	**5,545**	**(5,382)**	**5,170**
Income (loss) from discontinued operations(2)					8,120	187	(1,794)
Net income (loss)	**12,389**	**17,002**	**19,797**	**6,309**	**13,665**	**(5,195)**	**3,376**
Noncontrolling interest	(103)	(99)	(208)	(187)	(137)	15	(292)
Net income (loss) attributable to CIM Urban	**$ 12,286**	**$ 16,903**	**$ 19,589**	**$ 6,122**	**$ 13,528**	**$ (5,180)**	**$ 3,084**
Funds From Operations (FFO)	$ 63,679	$ 68,805	$ 89,740	$ 75,113	$ 78,357	$ 76,643	$ 53,251
Dividends declared by CIM REIT(3)	$ 63,000	$ 56,000	$ 76,000	$ 68,000	$ 65,500	$ 57,500	$ 49,000

	At September 30,		At December 31,				
	2013	2012	2012	2011	2010	2009	2008
Balance Sheet Data:							
Total assets	$ 1,833,916	$ 1,881,446	$ 1,870,712	$ 1,916,009	$ 1,888,418	$ 2,024,172	$ 1,506,293
Debt	378,371	341,919	345,631	324,537	241,581	332,460	289,255
Equity	1,395,309	1,483,393	1,466,073	1,519,521	1,581,547	1,629,970	1,156,014

(1) The loss from continuing operations in 2009 reflects the impact of the loss of the primary tenant in two of CIM Urban s office properties located in the District of Columbia market during the period.

(2) The income (loss) from discontinued operations for the years ended December 31, 2010, 2009 and 2008 represent the activities of a hotel property that was sold in December 2010.

(3) Represents dividends declared by CIM REIT, which are funded by distributions from CIM Urban.

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UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL STATEMENTS

The following unaudited pro forma financial information is intended to show how the Merger might have affected historical financial statements as if the Merger had been completed on January 1, 2012, the beginning of the earliest period being presented, for the purposes of the statements of operations for the year ended December 31, 2012 and the nine months ended September 30, 2013, and on September 30, 2013 for balance sheet presentation. The unaudited pro forma condensed combined financial statements (the Pro Forma Financial Statements) are based on the historical consolidated financial position and results of operations of CIM Urban and PMC Commercial. The following should be read in conjunction with the audited and unaudited historical financial statements of CIM Urban and the notes thereto beginning on pages F-1 and F-7 respectively, the sections entitled CIM Urban s Management s Discussion and Analysis of Financial Condition and Results of Operations beginning on page 166, the audited and unaudited historical financial statements of PMC Commercial and the notes thereto incorporated herein by reference, Management s Discussion and Analysis of Financial Condition and Results of Operations in PMC Commercial s Annual Report on Form 10-K for the year ended December 31, 2012 and Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2013, each of which are incorporated herein by reference, and the other financial information contained in this proxy statement/prospectus.

U.S. Generally Accepted Accounting Principles (GAAP), require that for each business combination, one of the combining entities shall be identified as the acquirer, and the existence of a controlling financial interest shall be used to identify the acquirer in a business combination. In a business combination effected primarily by exchanging equity interests, the acquirer usually is the entity that issues its equity interests. However, the acquirer for accounting purposes may not be the legal acquirer (i.e., the entity that issues its equity interest to effect the business combination).

After taking in consideration all relevant facts, CIM Urban is considered to be the acquirer for accounting purposes primarily because it will obtain effective control of PMC Commercial. The Merger will constitute the acquisition of a business for purposes of Financial Accounting Standards Board s Accounting Standards Codification 805, Business Combinations, or ASC 805. As a result, PMC Commercial s assets and liabilities will be recorded at their estimated fair values. The allocation of the purchase price used in the unaudited pro forma condensed combined financial statements is based upon a preliminary valuation. Estimates and assumptions are subject to change upon finalization of these preliminary valuations within one year of consummation of the Merger.

As a result, the Merger will be accounted for as a reverse acquisition. At the transaction date, CIM Urban s assets and liabilities will be presented at their pre-combination amounts, and PMC Commercial s assets and liabilities will be recorded and measured at fair value. In addition, the consolidated equity will reflect PMC Commercial Common Shares and PMC Commercial Preferred Shares, at par value, as PMC Commercial is the legal acquirer. The total consolidated equity will consist of CIM Urban s equity just before the Merger, plus the fair value of assumed assets of PMC Commercial, net, as well as adjustments to equity caused by the consummation of the Merger, as per the guidance for business combinations in ASC 805.

The Pro Forma Financial Statements were prepared in accordance with Article 11 of SEC Regulation S-X. The pro forma adjustments reflecting the completion of the Merger are based upon the acquisition method of accounting in accordance with GAAP, and upon the assumptions set forth in the notes to the unaudited pro forma condensed combined financial statements.

The unaudited Pro Forma Financial Statements are not intended to represent or be indicative of the consolidated results of operations or financial position that would have been reported had the Merger been completed as of the dates presented, and should not be taken as representative of the future consolidated results of operations or financial position. The Pro Forma Financial Statements are based upon available information and certain assumptions that management believes are reasonable.

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The historical financial data has been adjusted to give pro forma effect to events that are (i) directly attributable to the Merger, (ii) factually supportable, and (iii) with respect to the statements of operations, expected to have a continuing impact on the combined results. The unaudited Pro Forma Financial Statements do not reflect any revenue enhancements, anticipated synergies, operating efficiencies, or cost savings that may be achieved. The allocation of the purchase price to the assets and liabilities acquired reflected in the pro forma financial data is preliminary and is based on management s estimates of the fair value and useful lives of the assets acquired and liabilities assumed and have been prepared to illustrate the estimated effect of the acquisition and certain other adjustments. Accordingly, the actual financial position and results of operations may differ from these pro forma amounts as additional information becomes available and as additional analyses are performed. There can be no assurance that the final valuations will not result in material changes to the preliminary estimated purchase price allocation.

The pro forma adjustments included in this proxy statement/prospectus are subject to change depending on changes in interest rates and the components of assets and liabilities and as additional information becomes available and additional analyses are performed. The final allocation of the purchase price will be determined after the Merger is completed and after completion of thorough analyses to determine the fair value of PMC Commercial s tangible and identifiable intangible assets and liabilities as of the date the Merger is completed. Increases or decreases in the fair values of the net assets as compared with the information shown in the Pro Forma Financial Statements may change the amount of the purchase price allocated to goodwill, if any, and other assets and liabilities and may impact CIM Urban s statements of operations due to adjustments in yield and/or amortization of the adjusted assets or liabilities. Any changes to PMC Commercial s equity, including results of operations from September 30, 2013 through the date the Merger is completed, will also change the purchase price allocation, which may include the recording of a lower or higher amount of goodwill and/or bargain purchase gain. The final adjustments may be materially different from the Pro Forma Financial Statements presented in this proxy statement/prospectus.

The pro forma information, while helpful in illustrating the financial characteristics of the combined company under one set of assumptions, does not reflect the effects of expected cost savings or expected increases in costs, or opportunities to earn additional revenue and, accordingly, does not attempt to predict or suggest future results. It also does not necessarily reflect what the historical benefits of the combined company would have been had the two companies been combined during these periods.

The unaudited pro forma equity and net income from continuing operations are qualified by the statements set forth under this caption and should not be considered indicative of the market value of PMC Commercial Common Shares or the actual or future results of operations of PMC Commercial for any period. Actual results may be materially different than the pro forma information presented.

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CIM Urban Partners

Unaudited Pro Forma Condensed Combined Balance Sheet

as of September 30, 2013

(In Thousands)

	Historical CIM Urban	Historical PMC Commercial (A)	Pro Forma Adjustments	Pro Forma Combined
Assets:				
Investments in real estate	$ 1,648,812	$	$	$ 1,648,812
Loans receivable	40,100	230,052	(28,810)(B)	241,342
Deferred rent receivable and charges	79,625			79,625
Cash and cash equivalents	17,305	12,589	(4,600)(C)	83,573
			58,279(D)	
Other intangible assets, net	18,674		2,000(E)	20,674
Other assets	29,400	7,260	(1,555)(F)	35,105
Total assets	$ 1,833,916	$ 249,901	$ 25,314	$ 2,109,131
Liabilities and Equity:				
Liabilities:				
Debt	$ 378,371	$ 104,505	$ 58,279(D)	$ 538,245
			(2,910)(G)	
Accounts payable and accrued expenses	23,838	2,975		26,813
Intangible liabilities, net	9,481			9,481
Due to related parties	6,181			6,181
Dividends payable		1,347	58,279(D)	59,626
Security deposits, deferred revenues, advances and other liabilities	20,736	3,275	1,475(H)	25,486
Total liabilities	438,607	112,102	115,123	665,832
Equity:				
Partners equity	1,392,559		(1,392,559)(I)	
Common stock		111	220(I)	331
Preferred stock			650(I)	650
Additional paid-in-capital		153,113	1,391,689(I)	1,441,469
			(103,333)(I)	
Treasury stock		(4,901)		(4,901)
Retained earnings and net unrealized appreciation		(11,424)	11,424(I)	
	1,392,559	136,899	(91,909)	1,437,549
Noncontrolling interests	2,750	900	2,100(J)	5,750
	1,395,309	137,799	(89,809)	1,443,299
Total liabilities and equity	$ 1,833,916	$ 249,901	$ 25,314	$ 2,109,131

The accompanying notes are an integral part of, and should be read together with, this unaudited pro forma condensed combined financial information.

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Unaudited Pro Forma Condensed Combined Statement of Operations

For the Nine Months Ended September 30, 2013

(in Thousands, except per share amounts)

	Historical CIM Urban	Historical PMC Commercial (A)	Pro Forma Adjustments	Pro Forma Combined
Revenue:				
Rent	$ 136,762	$	$	$ 136,762
Expense reimbursements	7,637			7,637
Hotel	28,696			28,696
Interest and fees	332	12,456	2,161(K)	14,949
Other income	2,206	1,131		3,337
	175,633	13,587	2,161	191,381
Expenses:				
Rental operating	56,020			56,020
Hotel operating	19,805			19,805
Asset management fees	16,282		750(L)	17,032
Interest	14,013	2,511	1,028(M)	17,552
Provision for loan losses		562		562
General and administrative	1,821	5,117	630(N)	7,568
Transaction costs	4,013	1,615	(4,235)(C)	1,393
Depreciation and amortization	51,290		300(E)	51,590
	163,244	9,805	(1,527)	171,522
Income before income tax and noncontrolling interests	12,389	3,782	3,688	19,859
Provision for income taxes		(946)	111(O)	(835)
Noncontrolling interests	(103)			(103)
Income from continuing operations	$ 12,286	$ 2,836	$ 3,799	$ 18,921
Income from continuing operations per share:				
Basic		$ 0.27		$ 0.04(P)
Diluted		$ 0.27		$ 0.04
Weighted average common shares outstanding:				
Basic		10,594		487,794(P)
Diluted		10,596		487,796

The accompanying notes are an integral part of, and should be read together with, this unaudited pro forma condensed combined financial information.

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Unaudited Pro Forma Condensed Combined Statement of Operations

For the Year Ended December 31, 2012

(In Thousands, except per share amounts)

	Historical CIM Urban	Historical PMC Commercial (A)	Pro Forma Adjustments	Pro Forma Combined
Revenue:				
Rent	$ 181,042	$	$	$ 181,042
Expense reimbursements	9,194			9,194
Hotel	36,858			36,858
Interest and fees	3,890	15,785	2,881(K)	22,556
Other income	1,529	1,280		2,809
	232,513	17,065	2,881	252,459
Expenses:				
Rental operating	74,006			74,006
Hotel operating	25,582			25,582
Asset management fees	20,924		1,000(L)	21,924
Interest	18,856	3,538	1,400(M)	23,794
Provision for loan losses		1,934		1,934
Acquisition related costs and strategic alternatives	632	3,870		4,502
Severance and related benefits		2,114		2,114
General and administrative	2,773	6,400	840(N)	10,013
Depreciation and amortization	69,943		400(E)	70,343
	212,716	17,856	3,640	234,212
Income (loss) before income tax and noncontrolling interests	19,797	(791)	(759)	18,247
Provision for income taxes		(565)	148(O)	(417)
Noncontrolling interests	(208)			(208)
Income (loss) from continuing operations	$ 19,589	$ (1,356)	$ (611)	$ 17,622
Income (loss) from continuing operations per share:				
Basic		$ (0.13)		$ 0.04(P)
Diluted		$ (0.13)		$ 0.04
Weighted average common shares outstanding:				
Basic		10,585		487,785(P)
Diluted		10,585		487,785

The accompanying notes are an integral part of, and should be read together with, this unaudited pro forma condensed combined financial information.

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Notes to Unaudited Pro Forma Condensed Combined Financial Statements

(In Thousands, except share and per share data)

Note 1: Description of the Merger

The Merger Agreement provides for the business combination of CIM Urban and PMC Commercial. Pursuant to the terms of the Merger Agreement, PMC Commercial will issue to Urban II 22,000,003 PMC Commercial Common Shares and 65,028,571 PMC Commercial Preferred Shares in connection with the Merger. Each PMC Commercial Preferred Share is entitled to a cumulative dividend at the rate of 2.0% of $35.00 per year, which is subject to increase to 3.5% under certain conditions, and is convertible into seven PMC Commercial Common Shares. In addition, pursuant to the declaration of the Board of Trust Managers, each holder of record of PMC Commercial Common Shares on the last day of business prior to the consummation of the Merger will be entitled to receive the Special Dividend of $5.50 per share, payable on or prior to the tenth business day after the consummation of the Merger. For purposes of the Pro Forma Financial Statements only, the total consideration to the holders of PMC Commercial Common Shares is comprised of the Special Dividend and the estimated fair value of the equity issuance which is based on the December 13, 2013 closing price of PMC Commercial Common Shares of $8.70 per share adjusted by the $5.50 Special Dividend per PMC Commercial Common Share. This amount of total consideration is not necessarily indicative of the actual consideration that holders of PMC Commercial Common Shares will receive in the Merger.

Note 2: Basis of Presentation

The foregoing unaudited pro forma financial information is based on the historical consolidated financial statements of CIM Urban and PMC Commercial after giving effect to the Merger and the assumptions and adjustments described in these notes to the unaudited Pro Forma Financial Statements.

The historical financial statements are presented under GAAP and, as such, the historical statements of income have been adjusted to remove the impact of any asset sales that qualify for discontinued operations treatment. The historical statements of operations present results through income from continuing operations.

The unaudited pro forma balance sheet as of September 30, 2013 is presented as if the Merger had occurred on September 30, 2013. The unaudited pro forma statements of operations for the nine months ended September 30, 2013 and the year ended December 31, 2012 are presented as if the Merger had taken place on January 1, 2012.

CIM Urban is considered to be the acquirer for accounting purposes because it will obtain effective control of PMC Commercial. The Merger will constitute the acquisition of a business for purposes of ASC 805. As a result, PMC Commercial s assets and liabilities will be recorded at their fair values. The allocation of the purchase price used in the unaudited Pro Forma Financial Statements is based upon a preliminary valuation. Goodwill will be recognized as of the acquisition date in the amount equal to the excess of the purchase price (consideration) over the fair value of the identifiable net assets acquired. A bargain purchase gain will be recorded as of the acquisition date in the amount equal to the excess of the fair value of the identifiable net assets acquired over the excess of the purchase price (consideration). Based on CIM Urban s preliminary purchase price allocation, a bargain purchase gain of $11,082 is currently estimated to be recorded in the period the Merger is completed. Estimates and assumptions are subject to change upon finalization of these preliminary valuations.

The unaudited Pro Forma Financial Statements are not intended to represent or be indicative of the consolidated results of operations or financial position that would have been reported had the Merger been completed as of the dates presented, and should not be taken as representative of the future consolidated results of operations or financial position of the combined company. The Pro Forma Financial Statements are based upon available information and certain assumptions that the managements of CIM Urban and PMC Commercial believe are reasonable.

The unaudited Pro Forma Financial Statements do not reflect any revenue enhancements, operating efficiencies, or cost savings that may be achieved. The allocation of the purchase price to the assets and liabilities acquired reflected in this pro forma financial data is preliminary. Accordingly, the actual financial position and results of operations may differ from these pro forma amounts.

Note 3: Preliminary Purchase Accounting Allocation

The total purchase price is estimated based on the December 13, 2013 PMC Commercial Common Share closing price of $8.70 per share and is comprised of the following:

PMC Commercial shares outstanding (in thousands)(a)	10,596
Equity consideration price per common share(b)	$ 3.20
Estimated fair value of the equity consideration(c)	$ 33,908
Estimated payment in cash Special Dividend(d)	58,279
Estimated total purchase price	$ 92,187
Net book value of net assets at September 30, 2013	$ 136,899
Less transaction costs to be incurred by acquiree	(4,600)
Net tangible book value of net assets acquired	**132,299**
Fair value adjustments to net book value of net assets:	
Loans receivable	(28,810)
Debt	2,910
Noncontrolling interests	(2,100)
Deferred financing costs	(1,555)
Record identifiable intangible	2,000
Deferred tax liability	(1,475)
Special dividend liability	(58,279)
Total fair value adjustments	**(87,309)**
Fair value of net assets acquired	**$ 44,990**
Computation of Bargain Purchase Gain:	
Fair value of net assets acquired	$ 44,990
Fair value of PMC Commercial shares(b)	33,908
Bargain purchase gain	**$ 11,082**

(a) Number of shares of PMC Commercial Common Shares issued and outstanding as of September 30, 2013.

(b) Closing price of PMC Commercial Common Shares on the NYSE MKT on December 13, 2013 of $8.70 per share, adjusted by the $5.50 per PMC Commercial Common Share impact of the Special Dividend cash payment as discussed in (d) below.

(c) Number of PMC Commercial Common Shares outstanding multiplied by the estimated equity consideration price per common share.

(d) The cash payment is the Special Dividend, made in connection with the Merger to the PMC Commercial shareholders. PMC Commercial will make the $58,279 cash payment (or $5.50 per share) on or prior to the tenth business day after the consummation of the Merger, without interest, in the aggregate to the holders of PMC Commercial Common Shares on the last business day prior to the consummation of the Merger.

For pro forma purposes, the fair value of the PMC Commercial Common Shares used in determining the purchase price was $8.70 per share, representing the closing price as of December 13, 2013. The final purchase consideration could significantly differ from the amounts presented in the unaudited pro forma condensed financial information due to movement in the price of PMC Commercial Common Shares as of the closing of the Merger. A hypothetical change of 10% of the closing price of PMC Commercial Common Shares from $8.70 per share would result in a

$9.2 million change in estimated purchase price and goodwill / bargain purchase gain.

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Note 4: Reclassifications and Pro Forma Adjustments

(A) Certain reclassifications have been made to the historical balances of PMC Commercial to conform to the financial presentation of CIM Urban. PMC Commercial s premium income of $1,960 for the nine months ended September 30, 2013, and $1,889 for the year ended December 31, 2012, has been reclassified to interest and fees, and salaries and related benefits expense of $3,172 for the nine months ended September 30, 2013, and $4,273 for the year ended December 31, 2012, has been reclassified to general and administrative expense.

(B) The fair value of the loan portfolio acquired from PMC Commercial is estimated by CIM Urban to be less than book value. Based on management s judgment, CIM Urban applied an approximate discount of $28,810 to PMC Commercial s gross loan portfolio to estimate the fair value adjustment as of September 30, 2013. The adjustment reflects CIM Urban s estimates of the market interest rate differential on pools of loans. In addition, the estimated value of the loan portfolio reflects discounting to the anticipated cash flow from these loans receivable to reflect the value that would be attained on a sale of certain portions of the portfolio assuming they are not held to maturity. There can be no assurance that any portion of the loan portfolio will be sold prior to maturity or whether the adjusted value based on the pro forma discount will be achieved. The final value will be determined after the Merger is completed and after completion of a thorough analysis of the portfolio. The loan fair value adjustment will be amortized over the estimated remaining life of the loan portfolio. As adjusted, PMC Commercial s loans receivable estimated fair market value was $201,242 as of September 30, 2013.

(C) The estimated transaction fees and costs related to the Merger to be incurred by the acquiree are approximately $4,600. These fees and costs are included in the Pro Forma Condensed Combined Balance Sheet, but are not included in the Pro Forma Condensed Combined Statements of Operations. For purposes of the pro forma presentation, these fees and costs are assumed to be paid out in cash by PMC Commercial at September 30, 2013. However, several of these fees and costs may not actually be paid out in cash and would be accrued for or paid by PMC Commercial subsequent to consummation of the Merger.

These fees and costs consist of advisory fees of approximately $3,400, and legal, accounting, printing, proxy solicitation and other costs and fees of approximately $1,200.

In addition, fees and costs of $1,615 incurred by PMC Commercial and $2,620 incurred by CIM Urban during the nine months ended September 30, 2013 that specifically related to the Merger have been eliminated. There were no transaction costs eliminated during 2012.

The plan to integrate the operations of PMC Commercial and CIM Urban following the Merger is still being developed. The specific details of the plan will continue to be refined throughout the period prior to closing and will include assessments of employee benefit plans and contracts to determine the extent of any redundancies that may be eliminated. Certain decisions arising from these assessments may involve changing information systems and canceling contracts with service providers. Costs associated with these actions will be recorded based on the nature of the cost and timing of the integration actions.

(D) To reflect the increase in cash from borrowings on CIM Urban s credit facility in order to fund the Special Dividend, which is payable on or prior to the tenth business day following the effective date of the Merger in the amount of $5.50 per share for a total dividend of $58,279.

(E) To record an identifiable intangible asset of PMC Commercial. Adjustments to other intangible assets include an intangible of approximately $2,000 relating to the value of PMC Commercial s licenses to operate under programs of the SBA. The amortization of the value of the SBA license intangible is estimated at approximately $400 for the year ended December 31, 2012, and $300 for the nine months ended September 30, 2013 based on an estimated life of five years. Additional intangible assets may be identified and recorded upon completion of the detailed purchase price allocation.

(F) To write-off deferred financing costs of PMC Commercial totaling $1,555 as of the date of the Merger.

(G) The fair value of the debt acquired from PMC Commercial is estimated by CIM Urban to be less than book value. Based on management s judgment, CIM Urban applied a discount of $2,910 to PMC Commercial s

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debt to estimate the fair value adjustment as of September 30, 2013. As adjusted estimated fair value of PMC Commercial s debt was $101,595 as of September 30, 2013.

(H) To reflect the deferred tax liability associated with the net increase in value of the loan portfolio of PMC Commercial s taxable REIT subsidiaries. The estimated fair value increase was approximately $4,338 at September 30, 2013.

(I) Reflects the acquisition method of accounting based on the estimated fair value of the assets and liabilities of PMC Commercial as summarized below and the elimination of PMC Commercial s retained earnings and net unrealized appreciation accounts since PMC Commercial is not considered to be the accounting acquirer.

The adjustment reflects the reclassification of CIM Urban s partners equity to additional paid-in-capital and to reflect the issuance of 22,000,003 shares of $0.01 par value common stock and the issuance of 65,028,571 shares of $0.01 par value preferred stock. The 65,028,571 shares of PMC Commercial Preferred Shares are automatically converted into 455,199,997 PMC Commercial Common Shares upon an increase in the number of authorized PMC Commercial Common Shares that will accommodate a full conversion. This conversion is not assumed as of the September 30, 2013 date of the pro forma balance sheet, as the vote to increase the authorized number of shares will not occur concurrently with the Merger.

In addition to the reclassification described above, the equity of PMC Commercial has been adjusted as follows:

Adjustments:	
Additional Paid-in-Capital	$ (103,333)
Retained Earnings	11,424
	$ (91,909)
Detail:	
Fair value adjustments (Note 3)	$ (87,309)
Transaction costs to be incurred (Note 4C)	(4,600)
	$ (91,909)

(J) To adjust PMC Commercial s noncontrolling interests, representing cumulative preferred stock of a subsidiary, to estimated fair value of $3,000 as of the date of the Merger.

(K) To record the portion of the fair value adjustment to PMC Commercial s loans receivable classified as accretable yield that will be amortized over the estimated remaining life of the loan portfolio of ten years.

(L) To reflect the base services fee of $1,000 annually to be paid to the Manager pursuant to the Master Services Agreement.

(M) To record the estimated increase in interest expense related to the Merger, including (a) incremental interest expense associated with assumed borrowings to fund the Special Dividend of $874 and $1,166 during the nine months ended September 30, 2013 and the year ended December 31, 2012, respectively, (b) the amortization of debt discount associated with the fair value adjustment to PMC Commercial s outstanding debt balance at the assumed date of the Merger of $218 and $291 during the nine months ended September 30, 2013 and the year ended December 31, 2012, respectively, and (c) the elimination of the amortization of deferred financing charges of $64 and $57 recorded by PMC Commercial during the nine months ended September 30, 2013 and the year ended December 31, 2012, respectively.

The estimated increase in interest expense related to the Merger is computed at an assumed floating interest rate of 2.00% for both the year ended December 31, 2012 and the nine months ended September 30, 2013. Each 12.5 basis point change in the assumed interest rate would result in a change in interest expense of approximately $73 for the year ended December 31, 2012 and $54 for the nine months ended September 30, 2013.

(N) To record estimated incremental compensation expense associated with equity compensation awards that will be awarded to certain PMC Commercial executive officers as a result of the Merger. The total award is 525,000 restricted shares that amortize over a two-year service period. The value of the awards was

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determined to be $3.20 per share, which was the equity consideration price per common share which is based on the closing price of PMC Commercial of $8.70 per share on December 13, 2013 less the Special Dividend of $5.50 per share, which the executive officers are not entitled to receive. The related expense is recorded over the two-year service period post-Merger.

(O) Adjustments to income tax expense represent the tax effect of the pro forma adjustments relating to PMC Commercial s taxable REIT subsidiaries using a statutory rate of 34%.

(P) For purposes of calculating basic earnings per share, the 65,028,571 PMC Commercial Preferred Shares to be issued in connection with the Merger have been assumed to have been converted into 455,199,997 PMC Commercial Common Shares, as Urban II has agreed to vote its 97.8% post-Merger ownership of PMC Commercial Common Shares in favor of an increase in the number of authorized PMC Commercial Common Shares to one billion, thereby satisfying the condition for the automatic conversion of these shares.

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COMPARATIVE SHARE INFORMATION

Consolidated Per Share Information

The following table sets forth selected historical equity ownership information for PMC Commercial and CIM Urban and unaudited pro forma combined per share ownership information after giving effect to the Merger. This information is being provided to aid you in your analysis of the financial aspects of the Merger. The historical information should be read in conjunction with Selected Historical Consolidated Financial Data of CIM Urban, and Selected Historical Consolidated Financial Data of PMC Commercial included elsewhere in this proxy statement/prospectus and the historical consolidated and combined financial statements of PMC Commercial and CIM Urban and the related notes thereto included elsewhere in this proxy statement/prospectus. The unaudited pro forma combined per share information is derived from, and should be read in conjunction with, the unaudited pro forma condensed combined financial information and related notes included elsewhere in this proxy statement/prospectus.

CIM Urban is considered to be the acquirer for accounting purposes because it will obtain effective control of PMC Commercial. The Merger will constitute the acquisition of a business for purposes of ASC 805. As a result, PMC Commercial s assets and liabilities will be recorded at their fair values. The allocation of the purchase price used in the unaudited Pro Forma Financial Statements is based upon a preliminary valuation. Estimates and assumptions are subject to change upon finalization of these preliminary valuations.

The unaudited pro forma combined per share information does not purport to represent what the actual results of operations of PMC Commercial and CIM Urban would have been had the Merger been completed on the dates indicated or to project PMC Commercial s or CIM Urban s results of operations that may be achieved after the completion of the Merger. The unaudited pro forma book value per share information below does not purport to represent what the value of PMC Commercial and CIM Urban would have been had the Merger been completed on the dates indicated or the book value per share for any future date or period.

	Historical PMC Commercial(1)	Historical CIM Urban(2)	Unaudited Pro Forma Combined
Year Ended December 31, 2012			
Basic and diluted earnings (loss) per share (4)	$ (0.13)	$ 0.04	$ 0.04
Book value per share at December 31, 2012	$ 13.15	$ 3.07	
Dividends declared per share	$ 0.60	$ 0.16(3)	$ 0.17(5)
Nine Months Ended September 30, 2013			
Basic and diluted earnings per share (4)	$ 0.27	$ 0.03	$ 0.04
Book value per share at September 30, 2013	$ 13.00	$ 2.92	$ 2.96(6)
Dividends declared per share	$ 0.375	$ 0.13(3)	$ 0.13(5)

(1) *These per share amounts have been calculated based on the weighted average shares outstanding which includes all issued and outstanding PMC Commercial Common Shares.*

(2) *CIM Urban is currently organized as a limited partnership. Accordingly, these per share amounts have been calculated assuming the conversion of all PMC Commercial Preferred Shares issued in the Merger, which together with the 22,000,003 PMC Commercial Common Shares issued directly to Urban II in the Merger, yields an aggregate of 477,200,000 PMC Commercial Common Shares used in the calculations.*

(3) *Represents dividends declared by CIM REIT, which are funded by distributions from CIM Urban.*

(4) *Based upon income (loss) from continuing operations.*

(5) *No change in dividend policy is expected pursuant to the proposed Merger. Share information includes the 477,200,000 PMC Commercial Common Shares as discussed above in (2) and the basic weighted average of 10,585,000 and 10,594,000 PMC Commercial Common Shares during the year ended December 31, 2012 and the nine months ended September 30, 2013, respectively.*

(6) *Share information used in the calculation includes the 477,200,000 PMC Commercial Common Shares as discussed above in (2) and 10,596,000 PMC Commercial Common Shares outstanding as of September 30, 2013.*

Selected Comparative Historical Information

(In thousands)

	PMC Commercial	CIM Urban
Year Ended December 31, 2012		
Earnings (loss) (1)	$ (1,356)	$ 19,589
Book value at December 31, 2012	$ 139,226	$ 1,466,073
Dividends declared	$ 6,353	$ 76,000(2)
Nine Months Ended September 30, 2013 (unaudited)		
Earnings (1)	$ 2,836	$ 12,286
Book value at September 30, 2013	$ 137,799	$ 1,395,309
Dividends declared	$ 3,974	$ 63,000(2)

(1) *Represents income (loss) from continuing operations*

(2) Represents dividends declared by CIM REIT, which are funded by distributions from CIM Urban.

Comparative PMC Commercial and CIM Urban Market Price and Dividend Information

PMC Commercial s Market Price and Dividend Data

PMC Commercial Common Shares are traded on the NYSE MKT under the symbol PCC. The following table sets forth, for the periods indicated, the high and low sales prices as reported on the NYSE MKT (previously NYSE Amex) and the regular dividends per share declared by PMC Commercial for each such period.

Quarter Ended	High	Low	Regular Dividends Per Share
October 1, 2013 to December 23, 2013	$ 9.15	$ 8.55	$ 0.125
September 30, 2013	$ 10.24	$ 8.30	$ 0.125
June 30, 2013	$ 8.54	$ 7.28	$ 0.125
March 31, 2013	$ 7.60	$ 6.71	$ 0.125
December 31, 2012	$ 7.76	$ 6.06	$ 0.120
September 30, 2012	$ 8.25	$ 7.35	$ 0.160
June 30, 2012	$ 8.76	$ 7.50	$ 0.160
March 31, 2012	$ 9.00	$ 6.95	$ 0.160
December 31, 2011	$ 8.00	$ 6.84	$ 0.160
September 30, 2011	$ 8.56	$ 7.50	$ 0.160
June 30, 2011	$ 8.97	$ 8.19	$ 0.160
March 31, 2011	$ 9.45	$ 8.25	$ 0.160

As of December 23, 2013, there were approximately 660 holders of record of PMC Commercial Common Shares, excluding shareholders whose shares were held by brokerage firms, depositories and other institutional firms in street name for their customers.

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CIM Urban s Market Price and Dividend Data

There is no established public trading market for the equity interests of CIM Urban. At the close of business on December 30, 2013, CIM REIT was the sole holder of record of equity interests of CIM Urban. The following table sets forth, for the periods indicated, the dividends declared by CIM REIT per PMC Commercial Common Share which Urban II would have received after giving effect to the Merger.

Quarter Ended	CIM REIT Dividends Declared per PMC Commercial Common Share to be received(1)(2)	CIM REIT Dividends Declared(2) *(In thousands)*
September 30, 2013	$ 0.044	$ 21,000
June 30, 2013	$ 0.044	$ 21,000
March 31, 2013	$ 0.044	$ 21,000
December 31, 2012	$ 0.042	$ 20,000
September 30, 2012	$ 0.042	$ 20,000
June 30, 2012	$ 0.040	$ 19,000
March 31, 2012	$ 0.036	$ 17,000
December 31, 2011	$ 0.036	$ 17,000
September 30, 2011	$ 0.036	$ 17,000
June 30, 2011	$ 0.036	$ 17,000
March 31, 2011	$ 0.036	$ 17,000

(1) *Assuming the conversion of all PMC Commercial Preferred Shares issued in the Merger, which together with the 22,000,003 PMC Commercial Common Shares issued to Urban II in the Merger yields an aggregate of 477,200,000 PMC Commercial Common Shares used in the calculations.*

(2) Represents dividends declared by CIM REIT, which are funded by distributions from CIM Urban.

Recent Closing Prices

The following table sets forth the closing per share sales prices of PMC Commercial Common Shares as reported on the NYSE MKT on December 23, 2013, the latest practicable trading day before the date of this proxy statement/prospectus, and on July 5, 2013, the last full trading day before the public announcement of the execution of the Merger Agreement by PMC Commercial:

	PMC Commercial Common Shares
December 23, 2013	$ 8.85
July 5, 2013	$ 8.44

Following the effective time of the Merger, the PMC Commercial Common Shares are expected to be listed on The NASDAQ Stock Market LLC.

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RISK FACTORS

In addition to the other information contained in or incorporated by reference in this proxy statement/prospectus, you should carefully consider the following risk factors in deciding whether to vote or instruct your vote to be cast to approve the proposals described in this proxy statement/prospectus.

Risks Related to the Merger

PMC Commercial s shareholders will experience significant immediate dilution in percentage ownership and effective voting power as a consequence of the issuance of the PMC Commercial Common Shares and PMC Commercial Preferred Shares to Urban II as consideration in the Merger.

The Merger will significantly dilute the ownership position and effective voting power of the current PMC Commercial shareholders. Following the issuance of the PMC Commercial Common Shares and PMC Commercial Preferred Shares to Urban II pursuant to the Merger Agreement (and assuming conversion of the PMC Commercial Preferred Shares pursuant to the Merger Agreement), the current PMC Commercial shareholders will hold approximately 2.2% of the PMC Commercial Common Shares issued and outstanding immediately after consummation of the Merger.

PMC Commercial s shareholders cannot be certain of the market value of the PMC Commercial Common Shares and PMC Commercial Preferred Shares that will be issued to Urban II if the Merger is completed.

In connection with the closing of the Merger, PMC Commercial will issue 22,000,003 PMC Commercial Common Shares and 65,028,571 PMC Commercial Preferred Shares to Urban II. Because the number of shares to be issued in connection with the Merger is fixed, the market value of the PMC Commercial shares issued in connection with the Merger will depend upon the market price of a PMC Commercial Common Share upon completion of the Merger. The market value of PMC Commercial Common Shares will fluctuate prior to completion of the Merger and therefore may be different at the time the Merger is consummated than it was at the time the Merger Agreement was negotiated, signed and at the time of the special meeting. Share price changes may result from a variety of factors that are beyond PMC Commercial s control, including general market and economic conditions and changes in business prospects. Accordingly, PMC Commercial shareholders cannot be certain of the market value of the PMC Commercial shares that will be issued to Urban II in connection with the Merger or the market value of PMC Commercial Common Shares at any time after the Merger.

The market price of the PMC Commercial Common Shares may decline as a result of the Merger.

The market price of the PMC Commercial Common Shares may decline as a result of the Merger if PMC Commercial does not achieve the perceived benefits of the Merger as rapidly as or to the extent anticipated by its shareholders or financial or industry analysts, or the effect of the Merger on PMC Commercial s financial results is not consistent with the expectations of its shareholders or financial or industry analysts.

In addition, following the Merger, PMC Commercial shareholders will own interests in a company with an expanded business with a different mix of assets, risks and liabilities. Existing PMC Commercial shareholders may not wish to continue to invest in PMC Commercial post-Merger, or for other reasons may wish to dispose of some or all of their PMC Commercial Common Shares. If, following the Merger, large amounts of PMC Commercial Common Shares are sold, the price of PMC Commercial Common Shares could decline substantially.

The Merger may not be completed, which could adversely affect PMC Commercial s business.

Completion of the Merger is subject to the satisfaction of various conditions, including approval of the Share Issuance Proposal by PMC Commercial shareholders and the other conditions described in the Merger

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Agreement. Neither PMC Commercial nor CIM REIT can guarantee when or if these conditions will be satisfied or that the Merger will be successfully completed. In the event that the Merger is not completed, PMC Commercial may be subject to several risks, including the following:

PMC Commercial management s and employees attention from day-to-day business may be diverted.

PMC Commercial would still be required to pay significant transaction costs related to the Merger, including legal, accounting, financial adviser, filing, printing and mailing expenses, and under certain circumstances would be required to pay a termination fee of $4,000,000 and reimburse CIM REIT s out-of-pocket transaction expenses up to $700,000 (exclusive of expenses incurred by PMC Commercial prior to the execution of the Merger Agreement and reimbursed by CIM REIT or its affiliates). See THE MERGER AGREEMENT Termination Fees and Expenses beginning on page 103.

To the extent the costs incurred by PMC Commercial were to cause it to be unable to comply with the covenants under its revolving credit facility, an event of default would occur. The existence of an event of default could restrict PMC Commercial from borrowing under the revolving credit facility and from paying dividends to its shareholders. The occurrence of an event of default would also permit the lender to accelerate repayment of all amounts due and to terminate its commitment to lend thereunder.

If the Merger is not completed, these risks could materially affect the business and financial results of PMC Commercial and the market price of PMC Commercial Common Shares.

The Merger is subject to the receipt of consents and approvals from government entities and third parties that could delay completion of the Merger or impose conditions that could have a material adverse effect on PMC Commercial or CIM Urban or cause abandonment of the Merger, which may adversely affect the value of PMC Commercial Common Shares.

Completion of the Merger is conditioned upon the consent of the SBA. As a part of the approval process, license applications must be submitted for the SBIC licenses held by PMC Investment Corporation and Western Financial Capital Corporation. The licensing application process can be a lengthy and time consuming process. There can be no assurance that the SBA will approve either or both of the applications or that the timeframe for obtaining any such approval will be acceptable to the parties. The failure to obtain the SBA s approval of the SBIC license applications in a timely manner or at all could result in the suspension or forfeiture of the licenses and may require the repayment in full of approximately $27.5 million in outstanding SBIC debentures and $3.0 million in preferred stock obligations. In addition, an application for approval of change in ownership has been filed for the SBA 7(a) license held by First Western SBLC Inc. A substantial delay in obtaining approval from the SBA or the imposition of unfavorable terms and conditions by the SBA could have an adverse effect on the business, financial condition or results of operations of PMC Commercial, or may cause the abandonment of the Merger.

Completion of the Merger is also subject to approval by certain third parties. A substantial delay in obtaining such approvals, the failure to obtain such approvals or the imposition of unfavorable terms or conditions could have an adverse effect on the business, financial condition or results of operations of PMC Commercial or CIM Urban, or may cause the abandonment of the Merger.

The Merger will result in changes to the Board of Trust Managers and initially, a majority of the Trust Managers will be affiliated with the Advisor and will not be independent; and Urban II will have effective control over the outcome of all actions requiring the approval of PMC Commercial shareholders, which might adversely affect the market price of the PMC Commercial Common Shares.

After the closing of the Merger and assuming conversion of the PMC Commercial Preferred Shares, Urban II will own approximately 97.8% of the outstanding PMC Commercial Common Shares. As a result, PMC Commercial will be a controlled company, which is a company in which over 50% of the voting power is held by an individual, a group or another company. As a controlled company, PMC Commercial will not be required to comply with certain national securities exchange rules requiring a board of directors with a majority of independent directors, a compensation committee composed entirely of independent directors and a nominating committee composed entirely of independent directors. PMC Commercial s other shareholders will not have the same corporate governance protections that they would otherwise have if PMC Commercial were not a controlled company.

Urban II will have the ability to determine the outcome of all corporate actions of PMC Commercial requiring shareholder approval, including the ability to elect or remove all of the Trust Managers. Following the closing of the Merger, the Board of Trust Managers will consist of four Trust Managers who are affiliated with the Advisor and three independent Trust Managers who are recommended for membership on the Board of Trust Managers by the Advisor. Accordingly, PMC Commercial will not have the benefit of a Board of Trust Managers with a majority of independent Trust Managers, and there is a risk that the interests of Urban II and these Trust Managers will not be consistent with the interests of other holders of PMC Commercial Common Shares.

In addition to the effects described above, this concentration of ownership may have the effect of delaying or preventing a change in control and might adversely affect the market price of the PMC Commercial Common Shares.

The Merger Agreement may be terminated by either PMC Commercial or CIM REIT if the Merger is not consummated by March 31, 2014.

Either PMC Commercial or CIM REIT may terminate the Merger Agreement if the Merger has not been consummated by March 31, 2014, whether such date is before or after the approval of PMC Commercial s shareholders is obtained. However, this termination right will not be available to a party if that party failed to fulfill its obligations under the Merger Agreement and that failure was the primary cause of, or the primary factor that resulted in, the failure to consummate the Merger. For more information, see THE MERGER AGREEMENT Termination of the Merger Agreement beginning on page 102.

After the Merger is completed, Urban II will control the vote required for the conversion of the PMC Commercial Preferred Shares into PMC Commercial Common Shares to occur, which could materially and adversely affect the holders of PMC Commercial Common Shares (and PMC Commercial Preferred Shares) if such conversion is delayed or does not occur at all.

The Board of Trust Managers has authorized the issuance of the PMC Commercial Preferred Shares, consisting of 65,028,571 Class A Convertible Cumulative Preferred Shares, $.01 par value per share (liquidation preference $17.50 per share). The PMC Commercial Preferred Shares will rank senior to the PMC Commercial Common Shares, as to distributions and with respect to distribution rights or payments upon liquidation, dissolution or winding up of PMC Commercial. The holders of the PMC Commercial Preferred Shares will be entitled to receive, when and as authorized by the Board of Trust Managers and declared by PMC Commercial, cumulative distributions at the rate of 2% of $35.00 per share per year; provided that if the PMC Commercial Preferred Shares are converted on or before the date that is six months from the effective date of the Merger (which date may be extended due to certain force majeure events as provided in the Statement of Designation setting forth the terms of the PMC Commercial Preferred Shares), the distribution amount payable on the PMC Commercial Preferred Shares will be calculated at the rate of 3.5% of $35.00 per year. Pursuant to the Merger Agreement, each PMC Commercial Preferred Share will automatically convert into seven PMC Commercial Common Shares on the first business day on which, pursuant to the PMC Commercial Declaration of Trust, there are sufficient authorized but unissued shares to convert all of the PMC Commercial Preferred Shares into PMC Commercial Common Shares.

Pursuant to the Merger Agreement, if the Merger is completed, CIM REIT has agreed to cause PMC Commercial, and PMC Commercial has agreed, to hold another meeting of PMC Commercial shareholders as soon as practicable thereafter to approve, among other things, an increase in the number of authorized

PMC Commercial Common Shares to one billion (thereby satisfying the condition for the automatic conversion of the PMC Commercial Preferred Shares issued in connection with the Merger into an aggregate of 455,199,997 PMC Commercial Common Shares). After the Merger is completed, Urban II will hold a sufficient number of shares to control the vote required for the conversion of the PMC Commercial Preferred Shares to occur. In the event that the conversion of the PMC Commercial Preferred Shares into PMC Commercial Common Shares is delayed or does not occur at all, the rights of the holders of PMC Commercial Common Shares (as well as the PMC Commercial Preferred Shares) could be materially and adversely affected. For more information, see THE TERMS OF THE PMC COMMERCIAL PREFERRED SHARES beginning on page 104.

After the Merger is completed, Urban II will have the ability to make the Reincorporation occur, which will cause the holders of PMC Commercial Common Shares to have different rights that may be less advantageous than their current rights.

After the closing of the Merger, PMC Commercial shareholders may be asked to approve the Reincorporation so that PMC Commercial s corporate governance and the rights of its shareholders will be governed by Maryland law, the Maryland Charter and the Maryland Bylaws, instead of Texas law, PMC Commercial s existing Declaration of Trust and existing bylaws. In the event that Urban II decides to make the Reincorporation occur, Urban II will hold a sufficient number of shares to control the vote required to make the Reincorporation occur. Following any Reincorporation, holders of PMC Commercial Common Shares will have different rights that may be less advantageous than the rights they currently have. You may conclude that your rights as a shareholder of PMC Commercial after the Reincorporation may be less advantageous than the rights you currently have as a shareholder of PMC Commercial. For a detailed discussion of your rights as a shareholder of PMC Commercial after the Reincorporation and the significant differences between your current rights as a shareholder of PMC Commercial and your rights as a shareholder of PMC Commercial after the Reincorporation, see STRATEGY OF PMC COMMERCIAL AFTER THE MERGER The Reincorporation beginning on page 188.

Uncertainties associated with the Merger may have a negative impact on business relationships.

The announcement of the Merger may have a negative impact on PMC Commercial business relationships. Moreover, due to operating covenants in the Merger Agreement, PMC Commercial may be unable, during the pendency of the Merger, to pursue certain strategic transactions and otherwise pursue actions that are not in the ordinary course of business even if such actions would prove beneficial. These events could have a material negative impact on PMC Commercial s results of operations and financial condition.

Some of the Trust Managers and executive officers of PMC Commercial have interests in seeing the Merger completed that are different from, or in addition to, those of the PMC Commercial shareholders.

Some of the Trust Managers and executive officers of PMC Commercial have arrangements that provide them with interests in the Merger that are different from, or in addition to, those of the shareholders of PMC Commercial. These interests include, among other things, acceleration of equity awards, benefits under employment agreements and continuation of employee benefits and indemnification and insurance arrangements. These interests, among other things, may influence the Trust Managers and executive officers of PMC Commercial to support or approve the Merger. See THE MERGER Interests of PMC Commercial Trust Managers and Executive Officers in the Merger beginning on page 83.

The Merger Agreement contains provisions that could discourage a potential competing acquirer of PMC Commercial from submitting an alternative Acquisition Proposal or that could result in any competing Acquisition Proposal being at a lower price than it might otherwise be.

Under the Merger Agreement, PMC Commercial agreed not to, beginning on the date that is 31 days after the date of the Merger Agreement, (i) solicit proposals relating to alternative Acquisition Proposals or (ii) engage or participate in discussions or negotiations with, or provide non-public information to, any person relating to any such alternative Acquisition Proposal, subject to certain limited exceptions where the failure to take certain action would be inconsistent with the legal duties of the Board of Trust Managers under applicable law. See THE MERGER AGREEMENT Acquisition Proposals Go Shop Period beginning on page 99. Even if a person submitted an alternative Acquisition Proposal, prior to recommending such alternative Acquisition Proposal to its shareholders as a superior proposal and terminating the Merger Agreement, PMC Commercial would be required to negotiate with CIM REIT in good faith for a period of five business days (to the extent CIM REIT desires to negotiate) to revise the terms of the Merger Agreement in response to such alternative Acquisition Proposal. In addition, upon termination of the Merger Agreement in certain circumstances, PMC Commercial may be required to pay a termination fee and expense reimbursement as directed by CIM REIT. See THE MERGER AGREEMENT Termination Fees and Expenses beginning on page 103. These provisions could discourage a potential competing acquirer that might have an interest in acquiring all or a significant part of PMC Commercial from considering or submitting an alternative Acquisition Proposal. These provisions could also result in a potential competing acquirer proposing to pay a lower price per share than it might otherwise have proposed to pay because of the incremental expense of the termination fee and expense reimbursement that may become payable by PMC Commercial in certain circumstances.

In connection with the proposed Merger, one lawsuit has been filed and is pending, as of December 23, 2013, seeking, among other things, to enjoin the Merger and damages for lost shareholder value; an adverse judgment in this lawsuit may prevent the Merger from becoming effective within the expected timeframe or at all.

Shareholders of PMC Commercial have filed a lawsuit against PMC Commercial, members of the Board of Trust Managers and CIM REIT challenging the Merger. The complaint alleges, among other things, that the Trust Managers and PMC Commercial breached PMC Commercial s Declaration of Trust and have conspired to deprive PMC Commercial s shareholders of the right to approve or decline the Merger, to approve or decline of the sale of PMC Commercial and to approve or decline the authorization of the PMC Commercial Common Shares necessary to support the conversion rights of the PMC Commercial Preferred Shares. The complaint alleges that CIM REIT is liable as a principal and for tortiously interfering with the rights of shareholders under the PMC Commercial Declaration of Trust and causing or inducing the foregoing breaches. The complaint further alleges the Trust Managers breached their fiduciary duties to PMC Commercial shareholders in connection with the Merger, and claims that CIM REIT aided and abetted those alleged breaches of fiduciary duty. The complaint seeks an order enjoining consummation of the Merger, an order certifying the matter as a class action for damages, damages for lost shareholder value, exemplary damages, attorney s fees and costs, appointment of a receiver, if justice so demands, in order to preserve and maximize shareholder value, and all other such relief as the court may find reasonable and necessary to which plaintiffs may be entitled. On November 12, 2013, the plaintiffs filed an amended petition to add PMC Merger Sub as a defendant to the lawsuit.

While PMC Commercial and CIM REIT management deny the allegations in the complaint and intend to defend vigorously against these allegations, PMC Commercial and CIM REIT cannot assure you as to the outcome of this, or any similar future lawsuits, including the costs associated with defending these claims or any other liabilities that may be incurred in connection with the litigation or settlement of these claims. If the plaintiffs are successful in obtaining an injunction prohibiting the parties from completing the Merger on the agreed-upon terms, such an injunction may prevent the completion of the Merger in the expected time frame, or may prevent it from being completed altogether. Whether or not the plaintiffs claims are successful, this type of litigation is often expensive and diverts management s attention and resources, which could adversely affect the operation of the businesses of PMC Commercial and CIM REIT. For more information about the litigation related to the Merger, see THE MERGER Litigation Relating to the Merger beginning on page 89.

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Risks Related to CIM Urban s Business and Properties

The following risk factors apply to the business and operations of CIM Urban and also will apply to the consolidated business and operations of PMC Commercial following the completion of the Merger. Any of the risk factors described below could significantly and adversely affect CIM Urban s business, prospects, revenues, gross profit, cash flows, financial condition and results of operations.

Capital and credit market conditions may adversely affect demand for CIM Urban s properties and the overall availability and cost of credit.

In periods when the capital and credit markets experience significant volatility, demand for CIM Urban s properties and the overall availability and cost of credit may be adversely affected. No assurances can be given that the capital and credit market conditions will not have a material adverse effect on CIM Urban s business, financial condition or results of operations.

In addition, CIM Urban s business and results of operations could be adversely affected by significant volatility in the capital and credit markets as follows:

The tenants in CIM Urban s office properties may experience a deterioration in their sales or other revenue, or experience a constraint on the availability of credit necessary to fund operations, which in turn may adversely impact those tenants ability to pay contractual base rents and tenant recoveries. Some tenants may terminate their occupancy due to an inability to operate profitably for an extended period of time, impacting CIM Urban s ability to maintain occupancy levels.

Constraints on the availability of credit to tenants, necessary to purchase and install improvements, fixtures and equipment and to fund start-up business expenses, could impact CIM Urban s ability to procure new tenants for spaces currently vacant in existing office properties or properties under development.

CIM Urban s joint venture and other co-investment partners could experience difficulty obtaining financing in the future for the same reasons discussed above. Their inability to obtain financing on acceptable terms, or at all, could negatively impact CIM Urban s ability to acquire additional properties.

Current general economic conditions could have an adverse effect on the office, lodging and apartment communities industries.

The United States continues to be in a post-recessionary slow-growth environment, which has experienced historically high levels of unemployment. Uncertainty over the depth and duration of this economic environment continues to have a negative impact on the office, lodging and apartment communities industries. There is some general consensus among economists that the economy in the United States emerged from a recessionary environment in 2009, but high unemployment levels were evident in 2010, 2011, 2012 and 2013. As a result, CIM Urban and the office, lodging and apartment communities industries may, among other things, experience reductions in revenue resulting from lower rental rates and occupancy levels. Accordingly, CIM Urban s financial results could be impacted by the economic environment, and future financial results and growth could be further harmed until a more expansive national economic environment is prevalent. A weaker than anticipated economic recovery, or a return to a recessionary national economic environment, could result in low or decreased levels of business and consumer travel, negatively impacting the lodging industry. Moreover, in the event of another recession, the office and apartment communities industries could experience reductions in rental rates, occupancy levels, property valuations and increases in operating costs such as advertising and turnover expenses. Such an economic outcome could also negatively impact CIM Urban and its tenants future growth prospects and could significantly impact their results of operations.

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CIM Urban s operating performance is subject to risks associated with the lodging industry.

The success of CIM Urban s hotel properties depends largely on the property operators ability to adapt to dominant trends in the lodging industry as well as disruptions such as greater competitive pressures, increased consolidation, industry overbuilding, dependence on consumer spending patterns and changing demographics, the introduction of new concepts and products, availability of labor, price levels and macroeconomic and microeconomic conditions. The success of a particular hotel brand, the ability of a hotel brand to fulfill any obligations to operators of its business, and trends in the lodging industry may affect CIM Urban s income and cash available for dividends.

The lodging industry could also experience a significant decline in occupancy and average daily rates due to a reduction in business and/or leisure travel. General economic conditions, increased fuel costs, natural disasters and terrorist attacks are a few factors that could affect an individual s willingness to travel.

A majority of CIM Urban s properties, by aggregate net operating income and square feet, are located in California and the District of Columbia. CIM Urban is dependent on the California and the District of Columbia office and hotel markets and economies, and is therefore susceptible to risks of events in those markets that could adversely affect CIM Urban s business, such as adverse market conditions, changes in local laws or regulations and natural disasters.

Because CIM Urban s properties in California (and particularly, in Oakland, California) and the District of Columbia represent a significant portion of CIM Urban s portfolio by aggregate net operating income and square feet, CIM Urban is exposed to greater economic risks than if it owned a more geographically dispersed portfolio. CIM Urban is susceptible to adverse developments in the California (and particularly, in Oakland) and the District of Columbia economic and regulatory environments (such as business layoffs or downsizing, industry slowdowns, relocations of businesses, increases in real estate and other taxes, costs of complying with governmental regulations or increased regulation and other factors) as well as natural disasters that occur in these areas (such as earthquakes, floods and other events). In addition, the State of California is also regarded as more litigious and more highly regulated and taxed than many states, which may reduce demand for office and hotel space in California. Any adverse developments in the economy or real estate markets in California (and particularly, in Oakland) or the District of Columbia, or any decrease in demand for office or hotel space resulting from the California (and particularly, in Oakland) or the District of Columbia regulatory or business environments, could adversely impact CIM Urban s financial condition, results of operations and cash flow.

Investments in office buildings that have government tenants are subject to the risks associated with conducting business with the U.S. federal government.

Investments in office buildings that have government tenants are subject to risks associated with conducting business with the U.S. federal government. Congressional action to reduce budgetary spending by the United States could limit the funding of government agencies or other organizations. Adverse developments and/or conditions affecting government tenants could reduce demand for space, impact the credit-worthiness of such tenants or force such tenants to curtail operations, which could impair their ability to meet their rent obligations to CIM Urban and, accordingly, could have a material adverse effect on CIM Urban s results of operations. The risks of conducting business with the U.S. federal government also include the risk of civil and criminal fines and the risk of public scrutiny of CIM Urban s performance at high profile sites.

CIM Urban s operating performance is subject to risks associated with the real estate industry.

Real estate investments are subject to various risks and fluctuations and cycles in value and demand, many of which are beyond the control of CIM Urban. Certain events may decrease cash available for dividends, as well as the value of CIM Urban s properties. These events include, but are not limited to:

- adverse changes in economic and socioeconomic conditions;

- vacancies or CIM Urban s inability to rent space on favorable terms;

- adverse changes in financial conditions of buyers, sellers and tenants of properties;
- inability to collect rent from tenants;
- competition from other real estate investors with significant capital, including other real estate operating companies, publicly-traded REITs and institutional investment funds;
- reductions in the level of demand for office, hotel and apartment community space and changes in the relative popularity of properties;
- increases in the supply of office, hotel and apartment community space;
- fluctuations in interest rates, which could adversely affect CIM Urban s ability, or the ability of buyers and tenants of properties, to obtain financing on favorable terms or at all;
- dependence on third parties to provide leasing, brokerage, property management and other services with respect to CIM Urban s investments;
- increases in expenses, including insurance costs, labor costs, utility prices, real estate assessments and other taxes and costs of compliance with laws, regulations and governmental policies, and CIM Urban s inability to pass on some or all of these increases to CIM Urban s tenants; and
- changes in, and changes in enforcement of, laws, regulations and governmental policies, including, without limitation, health, safety, environmental, zoning and tax laws, governmental fiscal policies and the Americans with Disabilities Act (ADA) of 1990.

In addition, periods of economic slowdown or recession, rising interest rates or declining demand for real estate, or the public perception that any of these events may occur, could result in a general decline in rents or an increased incidence of defaults under existing leases. If CIM Urban cannot operate its properties so as to meet its financial expectations, CIM Urban s financial condition, results of operations, cash flow and ability to satisfy its debt service obligations and to pay dividends could be adversely affected. There can be no assurance that CIM Urban can achieve its economic objectives.

Tenant concentration increases the risk that cash flow could be interrupted.

CIM Urban is, and expects that it will continue to be, subject to a degree of tenant concentration at certain of its properties. In the event that a tenant occupying a significant portion of one or more of CIM Urban s properties or whose rental income represents a significant portion of the rental revenue at such property or properties were to experience financial weakness or file bankruptcy, it would more negatively impact CIM Urban s financial condition and results of operations than if the tenant did not occupy multiple properties or occupied a smaller portion of a single property.

CIM Urban has a concentration of government tenants across its portfolio. The reduction of government funding for such government agencies and other organizations and changes in regulations governing such agencies and organizations could have a material adverse effect on CIM Urban s investments in office buildings with government tenants.

CIM Urban has incurred indebtedness and expects to incur significant additional indebtedness on a consolidated basis, which may affect its ability to pay dividends, may expose it to interest rate fluctuation risk and may expose it to the risk of default under CIM Urban s debt obligations.

As of September 30, 2013, the total consolidated indebtedness of CIM Urban was approximately $378 million. CIM Urban expects to incur significant additional indebtedness, including through the use and potential expansion of its existing revolving credit lines or the use of a new credit line, and there are no restrictions on the amount of indebtedness that CIM Urban may incur. The degree of leverage could make CIM Urban more vulnerable to a downturn in business or the economy generally.

Payments of principal and interest on borrowings may leave CIM Urban s property-owning entities with insufficient cash resources to operate its properties and/or pay distributions. The incurrence of substantial outstanding indebtedness by CIM Urban, and the limitations imposed by the debt agreements of CIM Urban, could have significant other adverse consequences, including the following:

- the cash flow of CIM Urban may be insufficient to meet its required principal and interest payments;
- CIM Urban may be unable to borrow additional funds as needed or on favorable terms, which could adversely affect CIM Urban s liquidity for acquisitions or operations;
- CIM Urban may be unable to refinance its indebtedness at maturity or the refinancing terms may be less favorable than the terms of CIM Urban s original indebtedness;
- CIM Urban may be forced to dispose of one or more of its properties, possibly on disadvantageous terms;
- CIM Urban will be exposed to interest and future interest rate volatility with respect to indebtedness that is variable rate; and
- any property-owning entity may default on its obligations and the lenders or mortgagees may foreclose on CIM Urban s properties and execute on any collateral that secures their loans.

If any one of these events were to occur, CIM Urban s financial condition, results of operations, cash flow, and ability to satisfy its debt service obligations and to pay dividends could be adversely affected. In addition, any foreclosure on CIM Urban s properties could create taxable income without accompanying cash proceeds, which could adversely affect CIM Urban s ability to meet the REIT distribution requirements imposed by the Code.

CIM Urban may be unable to refinance its indebtedness at maturity or the refinancing terms may be less favorable than the terms of CIM Urban s original indebtedness.

Upon maturity of indebtedness obtained by CIM Urban, there is no assurance that replacement financing can be obtained or, if it is obtained, that interest rates and other terms would be as favorable as for the original indebtedness. Inability to refinance indebtedness on favorable terms may compel CIM Urban to attempt to dispose of the property or other properties on terms less favorable than might be obtained at a later date. In addition, if the indebtedness matured before refinancing could be procured, the lender could foreclose on the collateral and CIM Urban might suffer losses as a result of that foreclosure. Further, lenders may require insurance against terrorist acts, particularly for large properties in urban areas, and the unavailability of such insurance may make it difficult to finance or refinance investments.

Third parties seeking to satisfy a liability of CIM Urban may have recourse against all of CIM Urban s assets generally.

CIM Urban s assets, including any investments made by CIM Urban and any funds held by CIM Urban, may be available to satisfy all liabilities and other obligations of CIM Urban. If CIM Urban becomes subject to a liability, parties seeking to have the liability satisfied may have recourse to CIM Urban s assets generally and not be limited to any particular asset, such as the asset representing the investment giving rise to the liability. In particular, CIM Urban has a recourse, unsecured line of credit. In the event CIM Urban is unable to pay its obligations as they become due under the line of credit, the lender may pursue any or all of CIM Urban s assets.

CIM Urban may become subject to risks and liabilities unique to joint venture relationships.

As of the date of this proxy statement/prospectus, CIM Urban owns two properties through joint venture investments in which it co-invests with another investor. CIM Urban s business plan contemplates further acquisitions of properties through joint ventures and sales to institutions of partial ownership of properties that it wholly owns. Real estate is relatively difficult to sell quickly. CIM Urban may be unable to realize its investment

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objectives by a sale of equity at attractive prices within any given period of time or may otherwise be unable to complete any exit strategy. In particular, these risks could arise from weakness in or even the lack of an established market for a property, changes in the financial condition or prospects of prospective purchasers, changes in domestic or international economic conditions and changes in laws, regulations or fiscal policies of jurisdictions in which the property is located. Joint venture investments involve certain risks, including that joint venture partners may control or share certain approval rights over major decisions or might have economic or other business interests or goals that are inconsistent with the business interests of CIM Urban or goals that would affect CIM Urban s ability to operate the property. The occurrence of one or more of the foregoing events could adversely affect CIM Urban s financial condition, results of operations and cash flow and CIM Urban s ability to pay dividends.

CIM Urban s success depends on the ability of the Advisor to manage its investments, and the Advisor s failure to manage its investments in a sufficient manner could have a material adverse effect on CIM Urban s business strategy, the value of its real estate investments and results of operations.

CIM Urban presently has no employees. CIM Urban depends on the Advisor s ability to manage its investments in a manner sufficient to maintain or increase revenues and to generate sufficient revenues in excess of its operating and other expenses. The Advisor is not required to dedicate any particular number of employees or employee hours to CIM Urban s business in order to fulfill its obligations under the Investment Management Agreement entered into between CIM Urban and the Advisor (the Investment Management Agreement). CIM Urban believes that its success depends to a significant extent upon the experience of the Advisor s senior management team, whose continued service is not guaranteed. CIM Urban is subject to the risk that upon termination of the Investment Management Agreement, no suitable replacement will be found to manage CIM Urban. If the Investment Management Agreement is terminated, CIM Urban may not be able to execute its business plan and may suffer losses, which could have a material adverse effect on its ability to make distributions. The Advisor s failure to manage CIM Urban and its investments will adversely affect the underlying value of CIM Urban s real estate investments, the results of its operations and its ability to make distributions and to pay amounts due on its indebtedness. The terms of the Investment Management Agreement provide that it can only be terminated by the mutual agreement of CIM Urban and the Advisor. Accordingly, CIM Urban is subject to the further risk that it does not have the ability to unilaterally terminate the Investment Management Agreement in the event of the Advisor s poor performance.

The Manager s and Advisor s fees are payable regardless of CIM Urban s and PMC Commercial s performance, which may reduce their incentive to devote time and resources to CIM Urban s portfolio.

Pursuant to the Master Services Agreement, the Manager is entitled to receive a base services fee of $1 million per year, regardless of the performance of PMC Commercial, and is also entitled to receive fees related to the provision of transactional and other services. The Advisor is entitled to receive an asset management fee based upon the gross asset value of CIM Urban s assets, including any assets acquired by CIM Urban in the future. See BUSINESS OF CIM URBAN Investment Management Agreement beginning on page 163. The Manager s and the Advisor s entitlement to substantial non-performance based compensation might reduce their incentive to devote their time and effort to seeking profitable opportunities for CIM Urban s portfolio.

The Advisor s fees are based on the gross asset value of CIM Urban s assets, including any assets acquired by CIM Urban in the future. This fee arrangement may lead the Advisor to recommend riskier investments regardless of their long-term performance in an effort to maximize its compensation.

The Advisor s fees are based on the gross asset value of CIM Urban s assets, including any assets acquired by CIM Urban in the future, which may provide incentive for the Advisor to invest in assets that are riskier investments regardless of their performance. Consequently, the Advisor may recommend investments that are not necessarily in the best interest of PMC Commercial s shareholders in order to maximize its compensation.

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Neither CIM Urban nor PMC Commercial has the right pursuant to the terms of the Investment Management Agreement to terminate unilaterally the Investment Management Agreement in the event of CIM Urban s poor investment performance or mismanagement by the Advisor.

The Advisor, the Manager and their respective affiliates may engage in additional management or investment opportunities which compete with PMC Commercial and its subsidiaries, which could result in decisions that are not in the best interests of PMC Commercial s shareholders.

The Investment Management Agreement with the Advisor and the Master Services Agreement with the Manager do not prevent the Advisor and the Manager, as applicable, and their respective affiliates from engaging in additional management or investment opportunities, some of which could compete with PMC Commercial and its subsidiaries. The Advisor, the Manager and their respective affiliates may engage in additional management or investment opportunities that have overlapping objectives with CIM Urban, and may thus face conflicts in the allocation of investment opportunities to these other investments. Allocation of investment opportunities is at the discretion of the Advisor and/or the Manager and there is no guarantee that this allocation would be made in the best interest of the PMC Commercial shareholders.

CIM Urban competes with current and future investment entities affiliated with the Advisor for access to the benefits that CIM Urban s relationship with the Advisor provides to CIM Urban, including access to investment opportunities.

There may be conflicts of interest in allocating investment opportunities to CIM Urban and other funds, investment vehicles and ventures managed by the Advisor. For example, the Advisor currently serves as the investment manager of CIM VI (Urban REIT), LLC and its parallel funds (collectively, CIM VI), a private fund formed to invest in substantially stabilized real estate and real estate-related assets located in urban areas that CIM Group has already qualified for investment. There will be a significant overlap in the assets and investment strategies of CIM Urban and CIM VI, and many of the same investment personnel will provide services to both entities. Although there are no contractual restrictions limiting the ability of CIM Urban to acquire additional properties, it is the intention of CIM Group not to provide CIM Urban with acquisition opportunities until the equity capital of CIM VI is fully committed. As of the date of this proxy statement/prospectus, approximately $63 million of equity in CIM VI remains uncommitted; since January 1, 2013, CIM VI has committed and/or invested $549 million of equity in connection with the purchase, or commitment to purchase, of $784 million of real estate assets. Further, the Advisor and its affiliates may in the future form additional funds or sponsor additional investment vehicles and ventures that have overlapping objectives with CIM Urban and therefore may compete with CIM Urban for investment opportunities. The ability of the Advisor, the Manager and their officers and employees to engage in other business activities, including the management of other investment vehicles sponsored by CIM Group, may reduce the time the Advisor and the Manager spend managing the activities of CIM Urban and PMC Commercial.

The business of CIM Urban will be managed by Urban GP Manager, an affiliate of CIM Group, and PMC Commercial will have limited rights with respect to the management and control of CIM Urban.

Pursuant to the Master Services Agreement, PMC Commercial has agreed to appoint a member of the Manager or any of its affiliates, as designated by the Manager, as the manager (the Urban GP Manager) of Urban Partners GP, LLC, the general partner of CIM Urban (the CIM Urban GP). Subject to the limitations set forth in the governing documents of CIM Urban and the CIM Urban GP, the Urban GP Manager will have the power and authority to manage, to direct the management, business and affairs of and to make all decisions to be made by or on behalf of (x) the CIM Urban GP and (y) CIM Urban. PMC Commercial will be an indirect limited partner of CIM Urban; the rights and obligations of PMC Commercial will be subject to the limitations set forth in CIM Urban s partnership agreement (the CIM Urban Partnership Agreement); and, except as set forth in the Master Services Agreement and the rights specifically reserved to limited partners by the CIM Urban Partnership Agreement and applicable law, PMC Commercial will have no part in the management and control of CIM Urban.

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PMC Commercial may only remove the Urban GP Manager as the manager of the CIM Urban GP for cause (as defined in the Master Services Agreement). Removal for cause also requires the approval of the holders of at least 66 2/3% of the outstanding shares of PMC Commercial (excluding for this purpose any shares held by the Manager and any affiliates of the Manager, except to the extent set forth in the immediately following sentence). Notwithstanding the foregoing, CIM REIT will have the right to vote any shares of PMC Commercial that it owns with respect to any vote held to remove the Urban GP Manager as the manager of the CIM Urban GP; provided, however, if any such removal vote is held after the second anniversary of the Master Services Agreement, CIM REIT shall obtain voting instructions from certain of its non-affiliated investors with respect to voting the shares beneficially owned by such non-affiliated investors and CIM REIT shall vote the number of shares beneficially owned by each such non-affiliated investor as so instructed by such non-affiliated investor. Upon removal, a replacement manager will be appointed by the independent Trust Managers.

Following consummation of the Merger, the CIM Urban Partnership Agreement will remain in place and CIM Urban will continue to be subject to the investment limitations set forth therein, unless approved by CIM Urban s advisory committee, which may inhibit CIM Urban s ability to make investments that otherwise meet its investment strategy.

Following consummation of the Merger, the CIM Urban Partnership Agreement, as may be amended from time to time, will remain in place. Accordingly, CIM Urban will continue to be subject to the investment limitations set forth therein, and, without the approval of its advisory committee, which consists of representatives of certain non-affiliated members of CIM REIT, it may not:

invest more than the lesser of (x) 25% of the aggregate capital commitments of its partners and (y) $500 million of capital contributions in any one asset or company; provided, however, that the foregoing limitation shall not apply to an investment consisting of a portfolio of, or a company or other entity owning, multiple assets (i.e., the foregoing limitation shall apply to each individual asset in any such portfolio or entity);

(i) invest more than 25% of the aggregate capital commitments of its partners in any metropolitan statistical area (MSA) with a population of 1,000,000