

PMC COMMERCIAL TRUST /TX
Form S-4/A
November 20, 2013
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As filed with the Securities and Exchange Commission on November 20, 2013

Registration No. 333-190934

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

AMENDMENT No. 2
To
FORM S-4
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

PMC Commercial Trust

(Exact name of registrant as specified in its charter)

Texas (State or other jurisdiction of incorporation or organization)	6798 (Primary Standard Industrial Classification Code Number)	75-6446078 (I.R.S. Employer Identification Number)
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17950 Preston Road, Suite 600, Dallas, Texas 75252
(972) 349-3200

(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

Jan F. Salit
Chief Executive Officer and President
PMC Commercial Trust

17950 Preston Road, Suite 600

Dallas, Texas 75252

(972) 349-3200

(Name, address, including zip code, and telephone number, including area code, of agent for service)

With copies to:

X. Lane Folsom

John B. McKnight

Locke Lord LLP

2200 Ross Avenue, Suite 2200

Dallas, Texas 75201-6776

Gregory R.A. Dahlgren

Neal Aizenstein

DLA Piper LLP (US)

203 North LaSalle Street, Suite 1900

Chicago, IL 60601-1293

Approximate date of commencement of proposed sale of the securities to the public: As soon as practicable after this Registration Statement is declared effective and the satisfaction or waiver of all other conditions to the closing of the merger and other transactions described herein.

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If the securities being registered on this Form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, please check the following box. "

If this form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. "

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933, as amended, or until the Registration Statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to said Section 8(a), may determine.

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The information in this proxy statement/prospectus is not complete and may be changed. PMC Commercial Trust may not sell the securities offered by this proxy statement/prospectus until the registration statement filed with the Securities and Exchange Commission is effective. This proxy statement/prospectus is not an offer to sell these securities nor should it be considered a solicitation of an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

SUBJECT TO COMPLETION, DATED NOVEMBER 20, 2013

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 9:00 a.m., Central Daylight Time, on [], 2013 at [].

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 registered 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 39.

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,

[], 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 [], 2013, and is first being mailed to the shareholders of PMC Commercial on or about [], 2013.

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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 [], 2013

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 9:00 a.m., Central Daylight Time, on [], 2013, at []. 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 registered shareholders of PMC Commercial at the close of business on [], 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.

[], 2013

By Order of the Board of Trust Managers

Jan F. Salit

Chief Executive Officer and President
], 2013.

This notice was mailed by PMC Commercial on [

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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. You can also obtain the documents incorporated by reference into this proxy statement/prospectus free of charge by requesting them in writing or by telephone at the following address and telephone number:

PMC Commercial Trust

17950 Preston Road, Suite 600

Dallas, Texas 75252

(972) 349-3235

Attention: Investor Relations

or

AST Phoenix Advisors

6201 15th Avenue

Brooklyn, NY 11219

(800) 780-7314

If you would like to request any documents, please do so by [], 2013 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 209.

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

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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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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

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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 members of which are CIM REIT and CIM Urban Partners GP, LLC.

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 registered 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?

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- 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, and such approval 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 37 of this proxy statement/prospectus. Although property real estate investment trusts ("REITs") usually pay shareholders

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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 and Kelly Eppich, plus three independent Trust Managers to be appointed prior to the effective time of the Merger.

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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 67).

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.

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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

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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 98).

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 76.

See the section titled "THE MERGER - Reasons of PMC Commercial's Board of Trust Managers for the Merger" beginning on page 73.

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% ratio¹ 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.

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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 187.

Q: When and where is the special meeting?

A: The special meeting of shareholders of PMC Commercial will be held on [], 2013, at [], starting at 9:00 a.m. Central Daylight 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;

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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 [], 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 [] 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:

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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 1-800-[] using a touch-tone phone 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 [www.\[\]](http://www.[]). 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 [], []m., Central Daylight Time, on [], 2013.

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:

submitting a later proxy by telephone or through the Internet prior to [], []m., Central Daylight Time, on [], 2013,

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

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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 fourth quarter of 2013.

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 102.

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 113.

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 209.

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 209.

Parties to the Merger (Page 64)

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. PMCI 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 65)

Date, Time and Place. The special meeting of the PMC Commercial shareholders will be held at [] on [], 2013 at 9:00 a.m., Central Daylight 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 [], 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 [] 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:

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submitting a later proxy by telephone or through the Internet prior to [], [].m., Central Daylight Time, on [], 2013,

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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 67)

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.*

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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 162 and STRATEGY OF PMC COMMERCIAL AFTER THE MERGER Business Strategy beginning on page 186. 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 182.

Effective Time of the Merger (Page 90)

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 99)

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, and such approval 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;

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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 76)

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 76)

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 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**

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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 82)

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 November 14, 2013, was \$29,664.

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 (which since November 2012 are the salary amounts currently being paid to each of them). 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 84, 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 84, the estimated values of such grants for each of Messrs. Salit and Berlin are \$1,020,000 and \$765,000, 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.

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

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must honor all PMC Commercial benefit plans identified pursuant to the Merger Agreement, and (b) if the closing date occurs prior to December 31, 2013, PMC Commercial must (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 occurs prior to December 31, 2013, PMC Commercial, as controlled by Urban II, consistent with past practices, shall 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 96. 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 incurred from October 1, 2013 through the date of consummation of the Merger.

	Through September 30, 2013	October 1, 2013- Consummation of the Merger <i>(in thousands)</i>	Total Fees(1)
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-fee transaction costs incurred through September 30, 2013 of \$76,000 and anticipated non-fee transaction costs from October 1, 2013 through the consummation of the Merger of approximately \$600,000. 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.

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No Dissenters Rights (Page 208)

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 113)

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 112.

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 98 and THE MERGER AGREEMENT Termination Fees and Expenses beginning on page 102.

No-Shop Period (Page 98)

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 98 and THE MERGER AGREEMENT Termination Fees and Expenses beginning on page 102.

Termination of the Merger Agreement (Page 101)

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

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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 102)

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).

Summary of Key Risk Factors (Page 39)

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 39, and a summary of some key

risk factors follows.

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

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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

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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.

Share Ownership of Trust Managers and Executive Officers of PMC Commercial

At the close of business on [], 2013, the Trust Managers and executive officers of PMC Commercial and their affiliates held and were entitled to vote [] PMC Commercial Common Shares, collectively representing less than []% 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 209.

	Nine Months Ended September 30,		Years Ended December 31,				
	2013	2012	2012	2011	2010	2009	2008
	<i>(Dollars in thousands, except per share information)</i>						
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
	<i>(In thousands)</i>						
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.*

Table of Contents**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 165, 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.

Table of Contents**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) 58,279(D)	83,573
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) (2,910)(G)	\$ 538,245
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) (103,333)(I)	1,441,469
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