

CIM Commercial Trust Corp
Form 424B3
May 14, 2018
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Filed Pursuant to Rule 424(b)(3)

Registration No. 333-210880

CIM COMMERCIAL TRUST CORPORATION

SUPPLEMENT NO. 1, DATED MAY 14, 2018,

TO THE PROSPECTUS, DATED APRIL 11, 2018

This prospectus supplement (this Supplement No. 1) is part of the prospectus of CIM Commercial Trust Corporation (the Company) dated April 11, 2018 (the Prospectus). This Supplement No. 1 supplements certain information contained in the Prospectus. This Supplement No. 1 should be read, and will be delivered, with the Prospectus. Capitalized terms used in this Supplement No. 1 but not defined in this Supplement No. 1 shall have the meanings ascribed to them in the Prospectus.

Form 10-Q for the Quarter Ended March 31, 2018

On May 10, 2018, the Company filed with the United States Securities and Exchange Commission its Quarterly Report on Form 10-Q for the quarter ended March 31, 2018. The Quarterly Report (excluding the exhibits thereto) is attached as Annex A to this Supplement No. 1.

Clarification Regarding the FINRA Estimated Per Share Value

As described in the section Plan of Distribution FINRA Estimated Per Share Value of the Prospectus, the Company calculated the estimated value of the Series A Preferred Stock as of December 31, 2017 by dividing (i) the fair values of the Company's investments in real estate and certain lending assets and the carrying amounts of the Company's other assets less the carrying amounts of the Company's liabilities, in each case as of December 31, 2017, by (ii) the number of shares of Series A Preferred Stock outstanding as of that date.

The terms of the Series A Preferred Stock expressly provide that the amount that a holder of Series A Preferred Stock would be entitled to receive upon the redemption of the Series A Preferred Stock or the liquidation of the Company would be equal to the stated value of the Series A Preferred Stock (i.e., \$25.00 per share), plus all accumulated, accrued and unpaid dividends thereon (the Maximum Value), subject to any applicable redemption fee in the case of a redemption by such holder. As a result, in no event would a holder of Series A Preferred Stock be entitled to receive an amount greater than the Maximum Value upon the redemption of such shares or the liquidation of the Company.

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Accordingly, although the estimated value of the Series A Preferred Stock, calculated based on the fair market values of the assets and liabilities of the Company as described above, exceeded the Maximum Value, the Company determined that the estimated value of the Series A Preferred Stock, as of December 31, 2017, was equal to the Maximum Value, or \$25.00 per share, plus accrued and unpaid dividends.

Extension of the Offering

The Prospectus provided for an initial offering period through June 28, 2018, subject to extension through June 28, 2019 in the Company's sole discretion. The Company has determined to extend the offering through June 28, 2019, subject to the right of the Company to terminate the offering at any time prior to June 28, 2019.

Form 8-K

On May 10, 2018, the Company filed with the United States Securities and Exchange Commission a Current Report on Form 8-K, which is attached as Annex B to this Supplement No. 1.

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Annex A

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One):

x

**QUARTERLY REPORT PURSUANT TO SECTION 13 OR
15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended March 31, 2018

OR

o

**TRANSITION REPORT PURSUANT TO SECTION 13 OR
15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from to

Commission File Number 1-13610

CIM COMMERCIAL TRUST CORPORATION

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(Exact name of registrant as specified in its charter)

Maryland
(State or other jurisdiction of
incorporation or organization)
17950 Preston Road, Suite 600, Dallas, TX 75252
(Address of principal executive offices)

75-6446078
(I.R.S. Employer
Identification No.)
(972) 349-3200
(Registrant's telephone number)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. YES NO

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

Indicate by check mark whether the Registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of large accelerated filer, accelerated filer, smaller reporting company, and emerging growth company in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer Non-accelerated filer
Smaller reporting company Emerging growth company (Do not check if a smaller reporting company)

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). YES NO

As of May 4, 2018, the Registrant had outstanding 43,795,073 shares of common stock, par value \$0.001 per share.

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PART I

Financial Information

Item 1.

Financial Statements

A-1

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

	March 31, 2018	December 31, 2017
	(Unaudited)	
ASSETS		
Investments in real estate, net	\$ 1,085,165	\$ 957,725
Cash and cash equivalents	39,883	129,310
Restricted cash	30,311	27,008
Loans receivable, net	70,691	81,056
Accounts receivable, net	10,689	13,627
Deferred rent receivable and charges, net	86,001	84,748
Other intangible assets, net	12,569	6,381
Other assets	22,675	36,533
TOTAL ASSETS	\$ 1,357,984	\$ 1,336,388
LIABILITIES, REDEEMABLE PREFERRED STOCK, AND EQUITY		
LIABILITIES:		
Debt, net	\$ 641,257	\$ 630,852
Accounts payable and accrued expenses	28,715	26,394
Intangible liabilities, net	4,349	1,070
Due to related parties	9,640	8,814
Other liabilities	14,610	14,629
Total liabilities	698,571	681,759
COMMITMENTS AND CONTINGENCIES (Note 15)		
REDEEMABLE PREFERRED STOCK: Series A, \$0.001 par value;		
36,000,000 shares authorized; 1,533,088 and 1,531,408 shares issued and outstanding, respectively, at March 31, 2018 and 1,225,734 and 1,224,712 shares issued and outstanding, respectively, at December 31, 2017; liquidation preference of \$25.00 per share, subject to adjustment		
	34,928	27,924
EQUITY:		
Series A cumulative redeemable preferred stock, \$0.001 par value; 36,000,000 shares authorized; 144,698 and 143,433 shares issued and outstanding, respectively, at March 31, 2018 and 61,435 and 60,592 shares issued and outstanding, respectively, at December 31, 2017; liquidation preference of \$25.00 per share, subject to adjustment		
	3,568	1,508
Series L cumulative redeemable preferred stock, \$0.001 par value; 9,000,000 shares authorized; 8,080,740 shares issued and outstanding at March 31, 2018 and December 31, 2017; liquidation preference of \$28.37 per share, subject to adjustment		
	229,251	229,251
Common stock, \$0.001 par value; 900,000,000 shares authorized; 43,784,939 shares issued and outstanding at March 31, 2018 and December 31, 2017		
	44	44
Additional paid-in capital	792,512	792,631
Accumulated other comprehensive income	2,814	1,631
Distributions in excess of earnings	(404,598)	(399,250)
Total stockholders' equity	623,591	625,815

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Noncontrolling interests	894	890
Total equity	624,485	626,705
TOTAL LIABILITIES, REDEEMABLE PREFERRED STOCK, AND EQUITY	\$ 1,357,984	\$ 1,336,388

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

Table of Contents**CIM COMMERCIAL TRUST CORPORATION AND SUBSIDIARIES****Consolidated Statements of Operations**

(In thousands, except per share data)

	Three Months Ended March 31,	
	2018	2017
	(Unaudited)	
REVENUES:		
Rental and other property income	\$ 33,797	\$ 51,059
Hotel income	9,689	9,750
Expense reimbursements	1,609	3,030
Interest and other income	3,303	3,110
	48,398	66,949
EXPENSES:		
Rental and other property operating	18,020	22,960
Asset management and other fees to related parties	6,211	8,700
Interest	6,633	9,773
General and administrative	3,376	1,679
Transaction costs		13
Depreciation and amortization	13,148	17,231
	47,388	60,356
Gain on sale of real estate (Note 3)		187,734
INCOME BEFORE PROVISION FOR INCOME TAXES	1,010	194,327
Provision for income taxes	388	392
NET INCOME	622	193,935
Net income attributable to noncontrolling interests	(4)	(5)
NET INCOME ATTRIBUTABLE TO THE COMPANY	618	193,930
Redeemable preferred stock dividends accumulated (Note 10)	(3,152)	
Redeemable preferred stock dividends declared (Note 10)	(493)	(31)
Redeemable preferred stock redemptions (Note 10)	1	
NET (LOSS) INCOME AVAILABLE TO COMMON STOCKHOLDERS	\$ (3,026)	\$ 193,899
NET (LOSS) INCOME AVAILABLE TO COMMON STOCKHOLDERS PER SHARE:		
Basic	\$ (0.07)	\$ 2.31
Diluted	\$ (0.07)	\$ 2.31
WEIGHTED AVERAGE SHARES OF COMMON STOCK OUTSTANDING:		
Basic	43,785	84,048
Diluted	43,785	84,048

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

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CIM COMMERCIAL TRUST CORPORATION AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

(In thousands)

	Three Months Ended March 31,	
	2018	2017
	(Unaudited)	
NET INCOME	\$ 622	\$ 193,935
Other comprehensive income: cash flow hedges	1,183	1,552
COMPREHENSIVE INCOME	1,805	195,487
Comprehensive income attributable to noncontrolling interests	(4)	(5)
COMPREHENSIVE INCOME ATTRIBUTABLE TO THE COMPANY	\$ 1,801	\$ 195,482

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

Table of Contents**CIM COMMERCIAL TRUST CORPORATION AND SUBSIDIARIES****Consolidated Statements of Equity**

(In thousands, except share and per share data)

	Three Months Ended March 31, 2018										
	Common Stock		Preferred Stock		Series L		Accumulated		Distributions in Excess of	Non-controlling Interests	Total Equity
	Shares	Par Value	Series A Shares	Amount	Series L Shares	Amount	Additional Paid-in Capital (Unaudited)	Other Comprehensive Income			
Balances, December 31, 2017	43,784,939	\$ 44	60,592	\$ 1,508	8,080,740	\$ 229,251	\$ 792,631	\$ 1,631	\$ (399,250)	\$ 890	\$ 626,705
Stock-based compensation expense							38				38
Common dividends (\$0.125 per share)									(5,473)		(5,473)
Issuance of Series A Preferred Warrants							17				17
Dividends to holders of Series A Preferred Stock (\$0.34375 per share)									(493)		(493)
Reclassification of Series A Preferred Stock to permanent equity			82,841	2,060			(175)				1,885
Redemption of Series A Preferred Stock							1				1
Other comprehensive income								1,183			1,183
Net income									618	4	622
Balances, March 31, 2018	43,784,939	\$ 44	143,433	\$ 3,568	8,080,740	\$ 229,251	\$ 792,512	\$ 2,814	\$ (404,598)	\$ 894	\$ 624,485

	Three Months Ended March 31, 2017						
	Common Stock		Additional Paid-in Capital	Accumulated Other Comprehensive Income	Distributions in Excess of Earnings	Non-controlling Interests	Total Equity
	Shares	Par Value					

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					(Loss)								
					(Unaudited)								
Balances, December 31, 2016	84,048,081	\$	84	\$	1,566,073	\$	(509)	\$	(599,971)	\$	912	\$	966,589
Stock-based compensation expense					49								49
Common dividends (\$0.21875 per share)									(18,386)				(18,386)
Issuance of Series A Preferred Warrants					4								4
Dividends to holders of Series A Preferred Stock (\$0.34375 per share)									(31)				(31)
Other comprehensive income									1,552				1,552
Net income									193,930			5	193,935
Balances, March 31, 2017	84,048,081	\$	84	\$	1,566,126	\$	1,043	\$	(424,458)	\$	917	\$	1,143,712

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

Table of Contents**CIM COMMERCIAL TRUST CORPORATION AND SUBSIDIARIES****Consolidated Statements of Cash Flows**

(In thousands)

	Three Months Ended	
	2018	2017
	March 31,	
	(Unaudited)	
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	\$ 622	\$ 193,935
Adjustments to reconcile net income to net cash provided by operating activities:		
Deferred rent and amortization of intangible assets, liabilities and lease inducements	(1,388)	(2,379)
Depreciation and amortization	13,148	17,231
Transfer of right to collect supplemental real estate tax reimbursements		(5,097)
Gain on sale of real estate		(187,734)
Straight-line rent, below-market ground lease and amortization of intangible assets	(11)	441
Amortization of deferred loan costs	176	308
Amortization of premiums and discounts on debt	(34)	(160)
Unrealized premium adjustment	891	395
Amortization and accretion on loans receivable, net	(99)	67
Bad debt expense	109	65
Deferred income taxes	58	183
Stock-based compensation	38	49
Loans funded, held for sale to secondary market	(8,731)	(6,303)
Proceeds from sale of guaranteed loans	17,113	9,336
Principal collected on loans subject to secured borrowings	510	1,554
Other operating activity	(193)	(106)
Changes in operating assets and liabilities:		
Accounts receivable and interest receivable	2,834	261
Other assets	(5,115)	(3,510)
Accounts payable and accrued expenses	(1,998)	(4,986)
Deferred leasing costs	(1,040)	(910)
Other liabilities	(8)	1,022
Due to related parties	826	(99)
Net cash provided by operating activities	17,708	13,563
CASH FLOWS FROM INVESTING ACTIVITIES:		
Additions to investments in real estate	(4,119)	(3,305)
Acquisition of real estate	(112,048)	
Proceeds from sale of real estate, net		289,939
Loans funded	(2,910)	(2,101)
Principal collected on loans	3,679	2,153
Other investing activity	49	56
Net cash (used in) provided by investing activities	(115,349)	286,742

(Continued)

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

	Three Months Ended March 31,	
	2018	2017
	(Unaudited)	
CASH FLOWS FROM FINANCING ACTIVITIES:		
Payment of mortgages payable	(510)	(26,477)
Proceeds from revolving credit facility	10,000	
Payment of principal on secured borrowings		(1,554)
Proceeds from secured borrowings	773	
Payment of deferred preferred stock offering costs	(404)	(261)
Payment of deferred loan costs		(4)
Payment of common dividends	(5,473)	(18,386)
Payment of special cash dividends	(1,575)	
Payment of borrowing costs		(6)
Net proceeds from issuance of Series A Preferred Warrants	17	4
Net proceeds from issuance of Series A Preferred Stock	8,975	1,900
Payment of preferred stock dividends	(249)	(9)
Redemption of Series A Preferred Stock	(37)	
Net cash provided by (used in) financing activities	11,517	(44,793)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS AND RESTRICTED CASH	(86,124)	255,512
CASH AND CASH EQUIVALENTS AND RESTRICTED CASH:		